IMPROVING LIVES. BUILDING COMMUNITY. to be the best utility in the country

FINANCE & OPERATIONS COMMITTEE

8th Floor, 21 West Church Street, Jacksonville, FL 32202
September 9, 2022 | 9:00 am – 11:00 am

WELCOME

Meeting Called to Order Adoption of Agenda (Action) Approval of Minutes – May 23, 2022 (Action)	General Joseph DiSalvo, Chair
Safety Briefing & Values Moment	Randall Barnes, Treasurer

COMMENTS / PRESENTATIONS

Comments from the Public	Public

FOR COMMITTEE CONSIDERATION

Reliable and Resilient Infrastructure Update Authorization for Property Acquisition - Nocatee South Water Facility (Action) Authorization for Eminent Domain Circuit 663 (Action)	Laura Dutton, Chief Strategy Officer Michael Corbitt, Director, Real Estate
Electric Integrated Resource Plan Update	Raynetta Curry Marshall, Chief Operating Officer
Fuel Rate Volatility Energy Market Risk Management Policy (Action)	Nancy Reinker, Manager, Fuels Management Services
Technology, Tools, and Data	Brad Krol, Chief Information Officer
Pricing Policy (Action)	Victor Blackshear, Director, Financial Planning & Rates

ADDITIONAL INFORMATION

Appendix A: Investment Policy

Appendix B: Debt Management Policy

Appendix C: Electric System and Water & Sewer System Reserve Fund Report

Appendix D: JEA Energy Market Risk Management Policy Report

OTHER BUSINESS & CLOSING CONSIDERATIONS

Old & Other New Business / Open Discussion Announcements – Next Meeting December 16, 2022 Adjournment	General Joseph DiSalvo, Chair

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Finance & Operations Committee

September 9, 2022

To submit a public comment to be read during the meeting, please email Melissa Charleroy at charmm2@jea.com. Public comments must be received no later than 9:10 am.

To provide public comment via WebEx, please refer to the Public Notice on jea.com for detailed instructions.

If you experience any technical difficulties during the meeting, contact Ontario Blackmon at (904) 665-4203 or JEA's WebEx Support Team at webexsupport@jea.com.

Safety Briefing & Values Moment

Randall Barnes

Treasurer

Safety Briefing

In the event of an emergency, JEA Security will call 911 and coordinate any required evacuation

Emergency Evacuation Route (use stairwell)

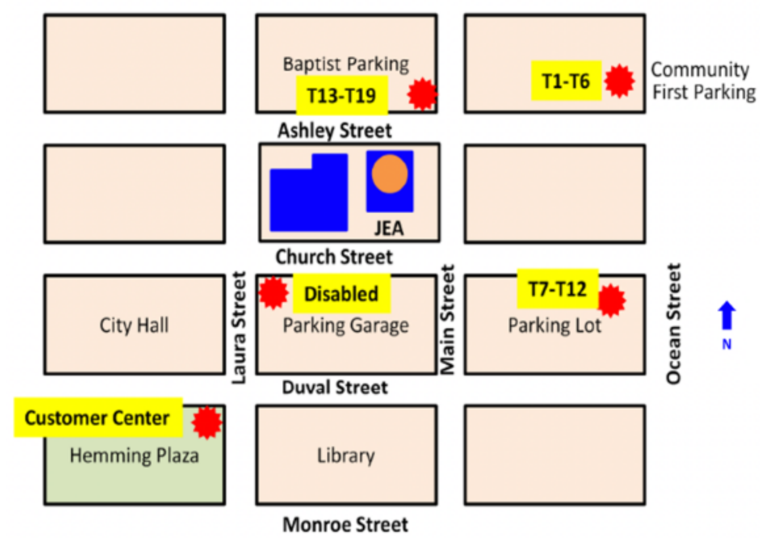
Assembly Location: Parking Lot (corner of Church & Ocean St.)

Safety or Medical Assistance: Notify JEA Security Officer

Hazard & Situational Awareness

Cell Phone & Computer Etiquette

EVACUATION ASSEMBLY CENTERS
During normal business hours



Be Prepared for Emergencies

INTEGRITY

We place the highest standard on ethics and personal responsibility, worthy of the trust our customers and colleagues place in us.

Doing the right thing all the time

People with integrity

- Always choose honesty
- Put the needs of others first
- Assume innocence
- Are humble
- Always show up

Consistently exhibiting integrity builds trust

JEA Building Community

Reliable & Resilient Infrastructure

Laura Dutton
Chief Strategy Officer
&
Michael Corbitt
Director, Real Estate

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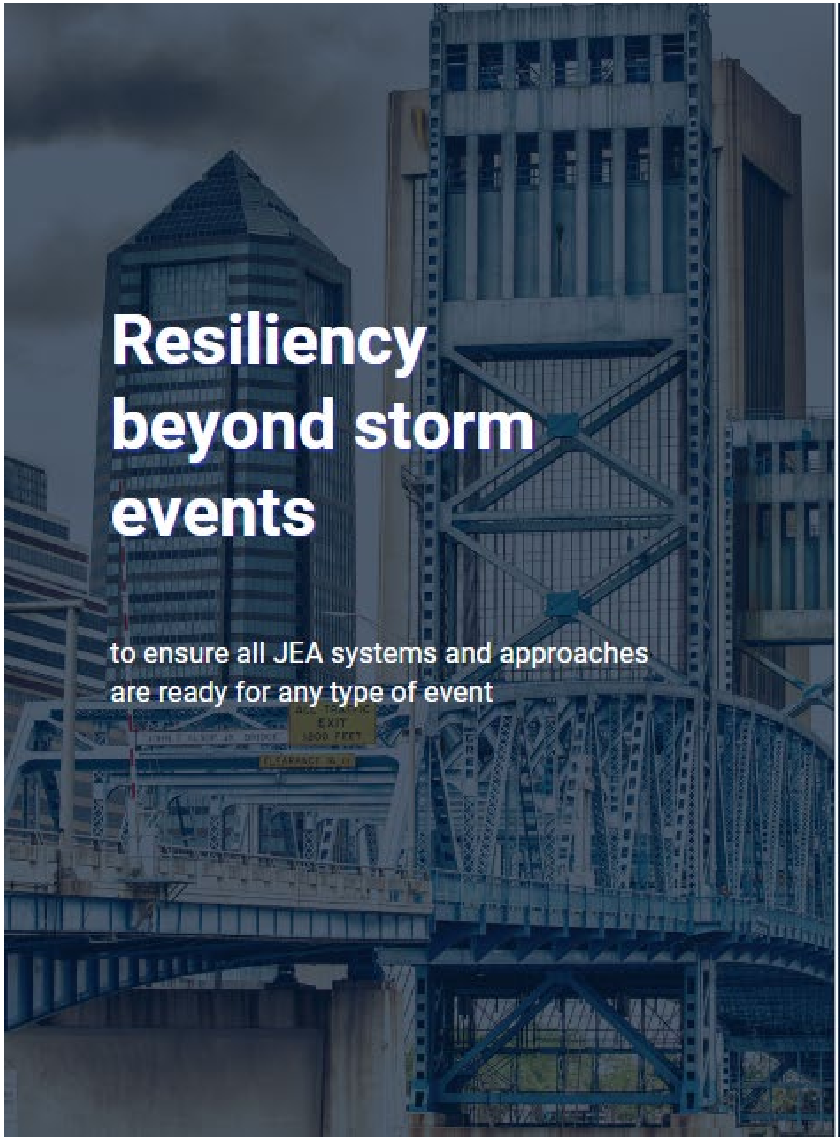


Resiliency beyond storm events

to ensure all JEA systems and approaches are ready for any type of event

- Overhead to Underground utilities study underway
- Developing communications plan for extreme weather events
- Finalizing mapping system to alert for telecommunications issues
- Grid modernization with fiber and private long-term evolution network
- Bringing in additional expertise - new Manager of Emergency Preparedness
- Refining Incident Command Structure

Nocatee South Water Facility

Committee Consideration

The Real Estate Department will request the Board of Directors authorization to negotiate and execute a Purchase and Sale agreement to acquire 3.76 acres for a new water facility at the appraised value of $1,435,000

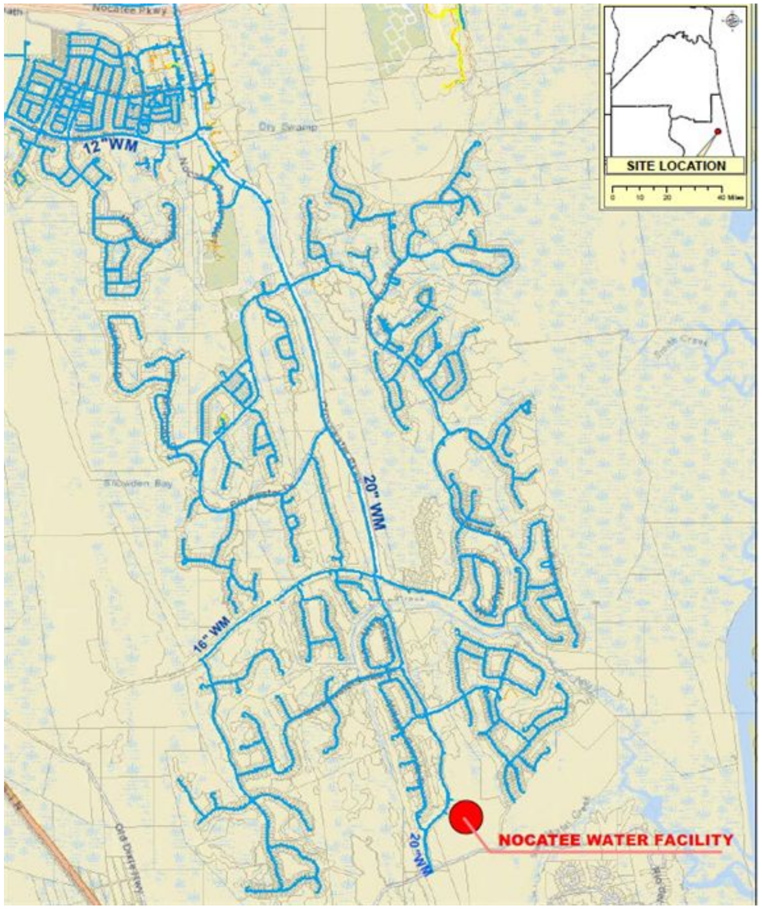
Overview and Need

Resilient and Reliable Infrastructure

Acquisition of site is necessary to provide redundancy and resilient service for the continued growth of Nocatee community

Currently no water facilities in the area, new facility will reduce stress on existing water supplied by water mains along US 1

This facility will serve approximately 3,500 to 4,000 customers

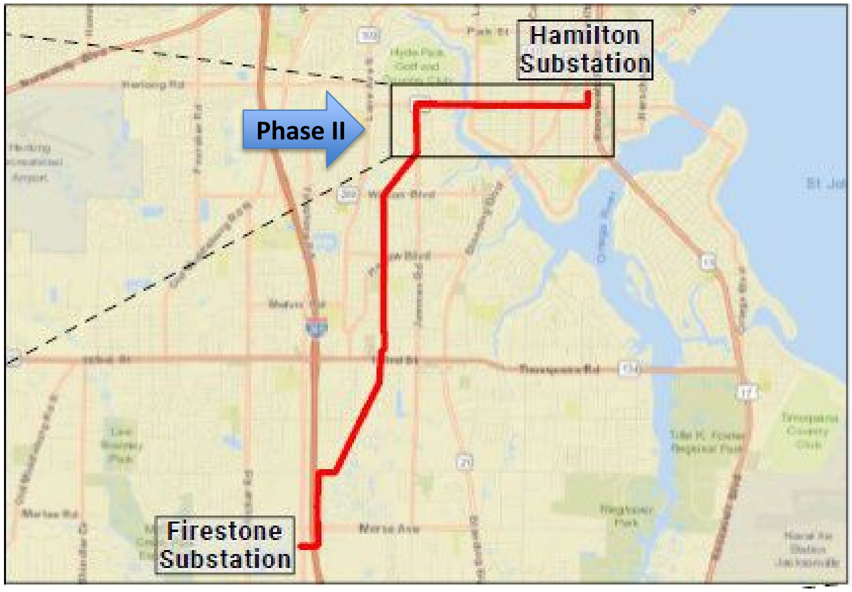


Resilient and Reliable Infrastructure

Circuit 663 - Transmission Project

Committee Consideration

The Real Estate Department will request the Board of Directors authorization to proceed with eminent domain notifications and filings to acquire easements for Phase II of the electric transmission corridor project Circuit 663



Overview and Need

Resilient and Reliable Infrastructure

Overall transmission rebuild and extension from Firestone to Hamilton will create redundancy in the system and relieve existing over utilized circuit

Majority of property rights have been acquired or under negotiations; only four properties remaining

Authorization for eminent domain notice and filing will allow project to move forward

Resilient and Reliable Infrastructure

Electric Integrated Resource Plan

Raynetta Curry Marshall
Chief Operating Officer

Integrated Resource Plan (IRP)

How do we choose among future new generation resources and demand side measures necessary to meet system load growth, reliability standards, and environmental considerations at the best value to customers?

A very complex problem…

Must meet peak demand plus a 15% reserve margin while reliably and cost-effectively serving customer's energy requirements

Must account for varying load, fuel, carbon, and other forecasts over time

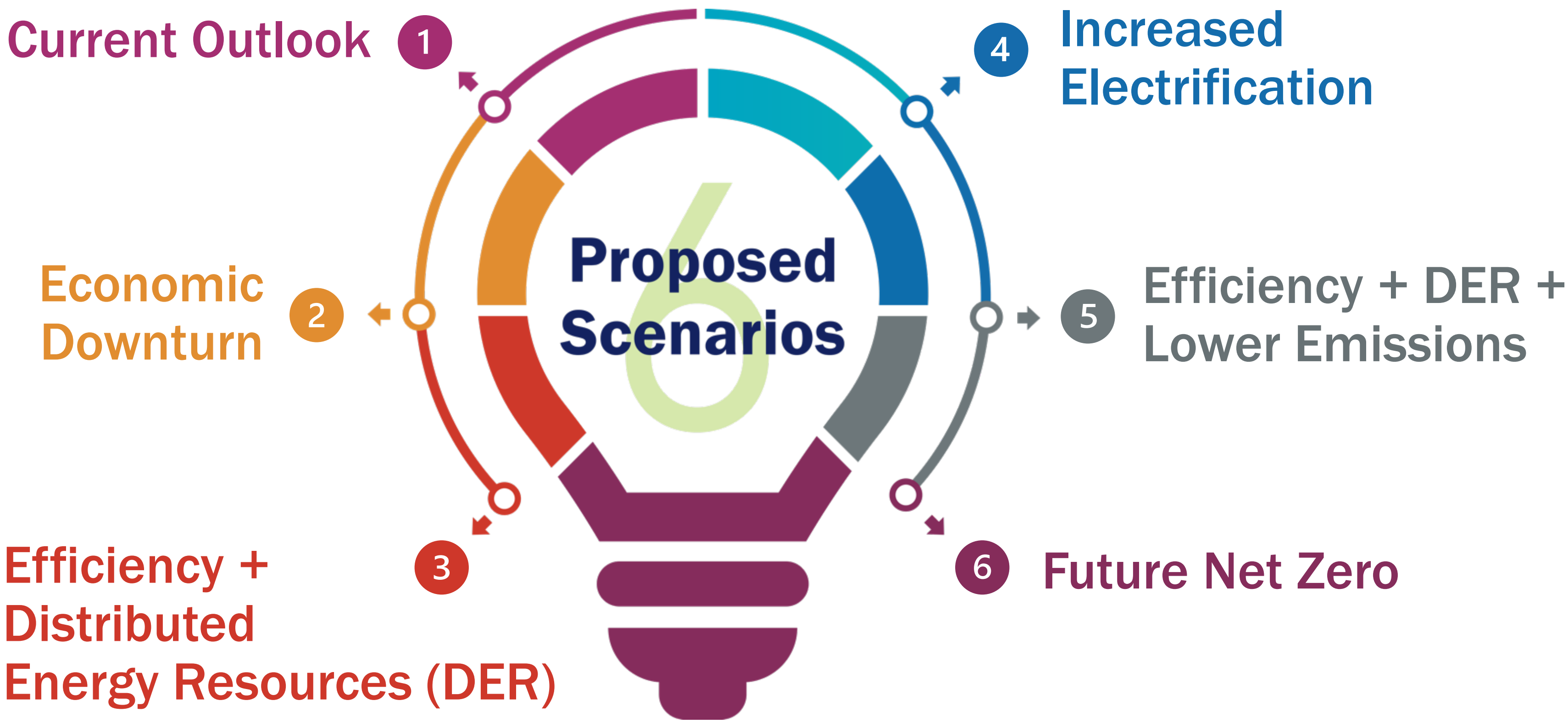
Must account for capacity changes due to:

- Retirement of existing resources
- Expiration of Power Purchase Agreements (PPAs)
- Addition of intermittent renewables and firming natural gas resources

Must account for increasing capital and operating costs for existing and new resources and costs for Demand-Side Management (DSM) measures

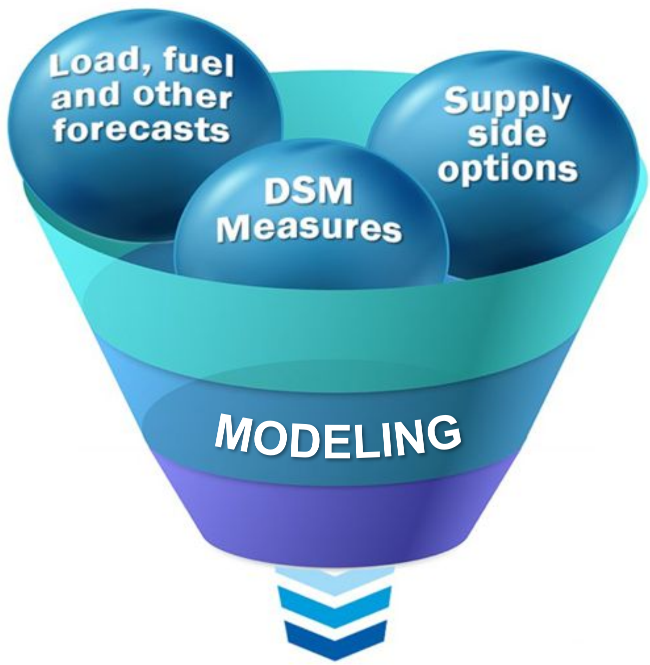
Integrated Resource Plan

Proposed Scenarios



Integrated Resource Plan

Capacity Expansion and Operation Modeling



Optimal Capacity Expansion and Operation

In process of performing capacity expansion and operation modeling for each scenario

Results will reflect optimal and cost-effective resource option selections (capacity expansion) and system operation (operating simulation)

Integrated Resource Plan

Estimated Completion: May 2023

Upcoming Activities:

September 2022

IRP Stakeholder Meeting #5 – Initial Modeling Results

November 2022

IRP Stakeholder Meeting #6 – Revised Modeling and Studies Results

December 2022

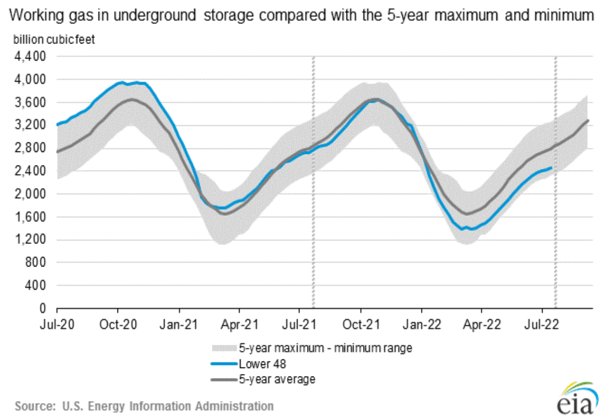
IRP Stakeholder Meeting #7 – Present Preferred Plan

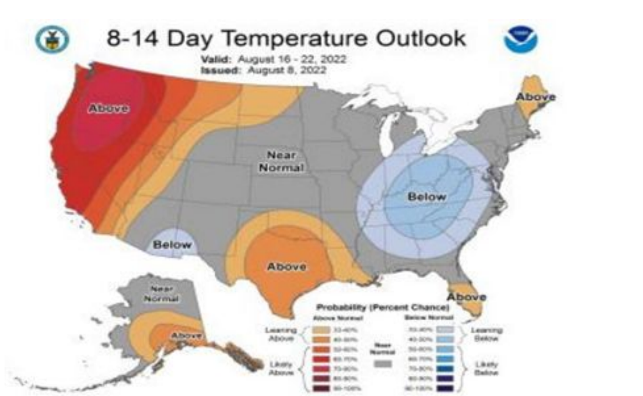
Update to the Finance & Operations Committee with a follow-up to the Board in January 2023

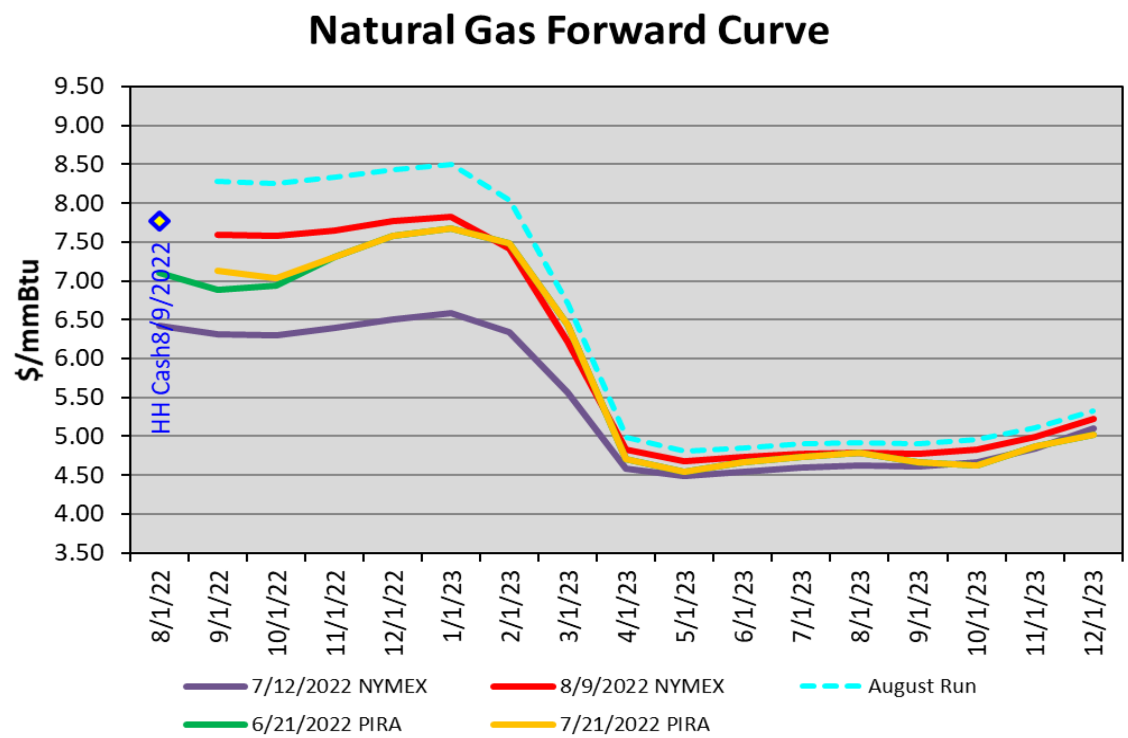
Fuel Rate Volatility

Nancy Reinker
Manager, Fuels Management Services

Natural Gas Market Prices







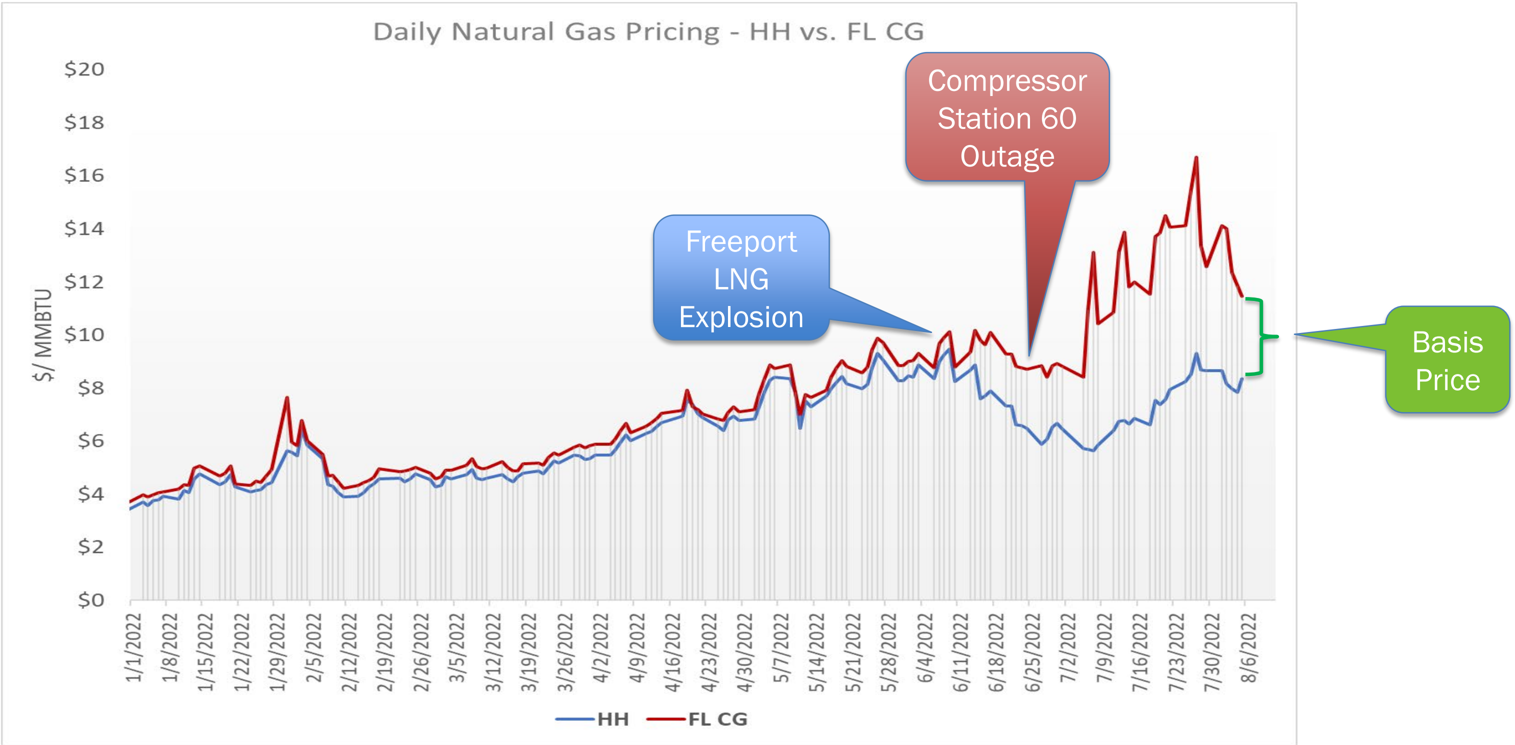
* Commodity prices without transportation costs
HH – Henry Hub
PIRA – Petroleum Industry Research Associates Energy Group – now S&P Global Platts

Some impacts on gas prices include storage inventories and weather/electric load

Natural Gas Market Prices

JEA

Basis price is the difference between any two pricing points



HH – Henry Hub FL CG – Florida City Gate LNG – Liquified Natural Gas

The gas basis price to Jacksonville has increased since June

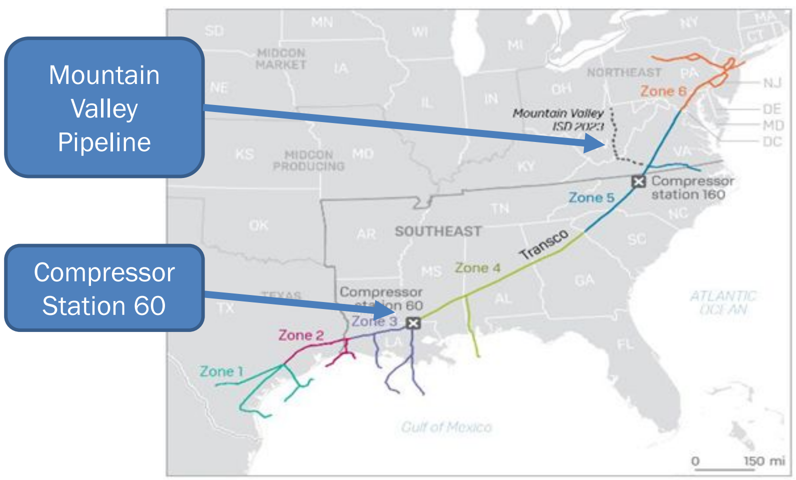
Why is the Southeast/Florida Basis Expanding?

Unplanned/Extended Pipeline Maintenance Outage Transco Compressor Station 60 limited Southeast inflows by 800,000 MMBtu/day

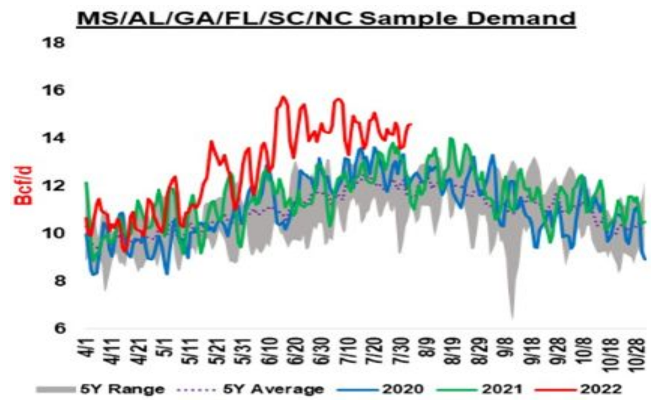
- No capacity to increase inflows from Northeast until Mountain Valley Pipeline is approved

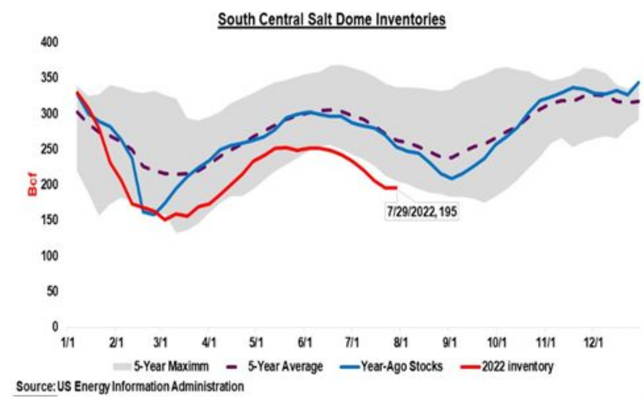
Increased demand for power generation as utilities across the Southeast grapple with a constrained coal and a limited fuel switch and above average temperatures

Diminishing Southeast Salt Dome Storage inventory levels this summer to cover increase power generation and need to replenish prior to winter



Source: S&P Global Commodity Insights, Williams Co., Equitrans Midstream





Information provided by The Energy Authority

Basis price increase is due to compressor outage, increased demand, and low inventories

Where's it Going - Short Term and Long Term

August/September 2022

Expecting strong/elevated basis to persist through September until the full return to service of compressor station 60 (increased flows)

October 2022 to March 2023

Basis could soften as demand falls off, but Southeast storage will need to be refilled and will be a competition for molecules to fill storage ahead of winter

Shoulder season outages and continued coal conservation could keep gas generation for power sticky

April 2023 forward

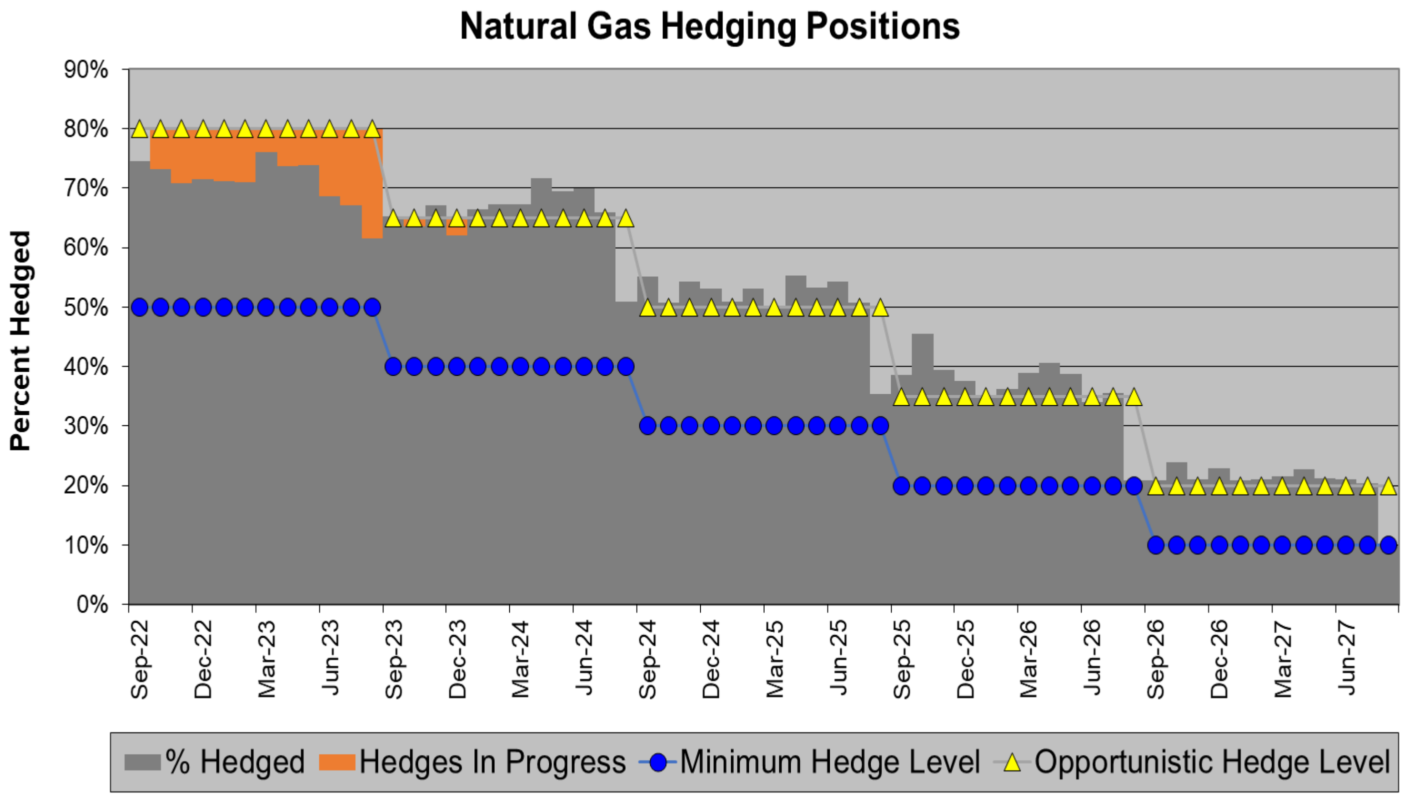
Could see basis soften forward (will hinge on winter storage positions) with potential in-service of Mountain Valley Pipeline

However, the structural limitations could persist and risks remain…which is why the forward basis remains elevated

Information provided by The Energy Authority

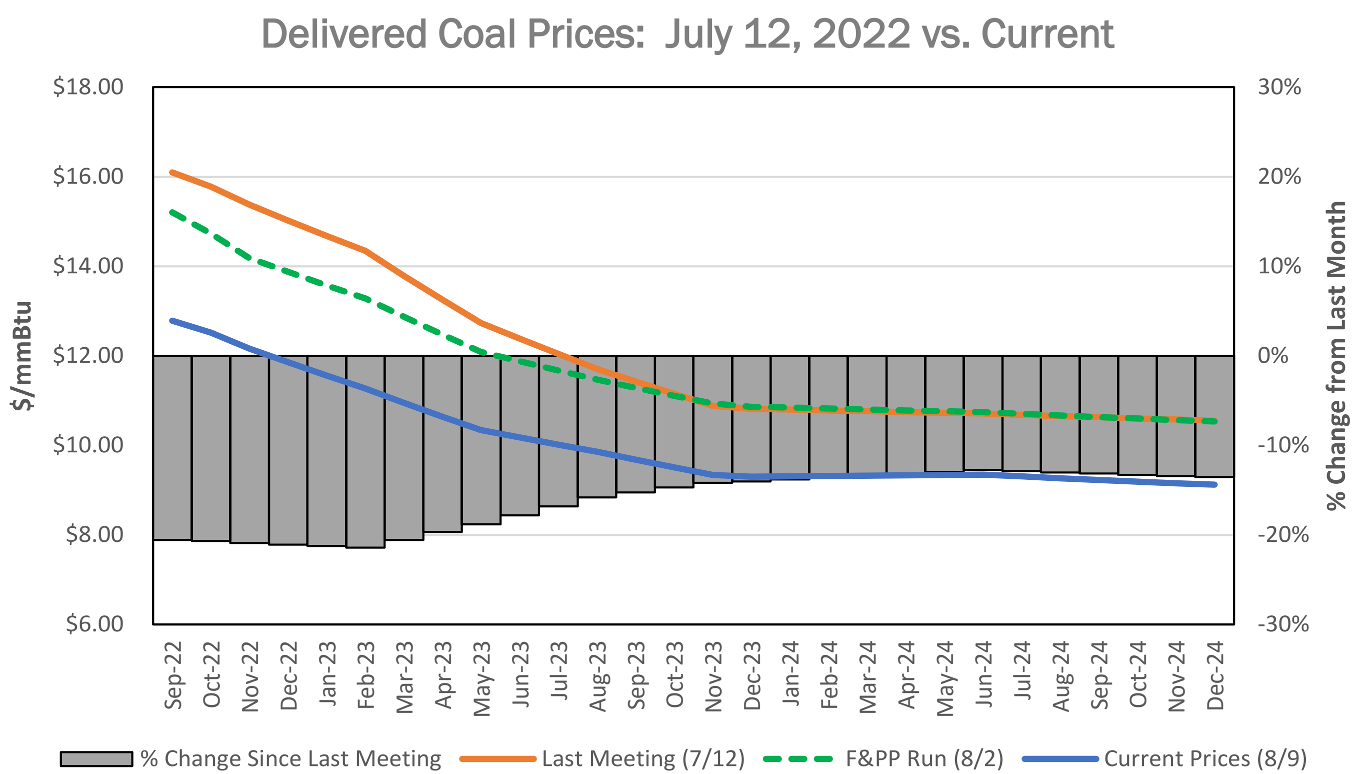
Basis price projected to remain elevated into 2023

Natural Gas Hedging Activity



5-year hedging strategy reduces risk to price volatility

Coal Futures Market



F&PP – Fuel and Purchase Power

Coal futures prices are high and look to decrease in the future

Coal Spot Market

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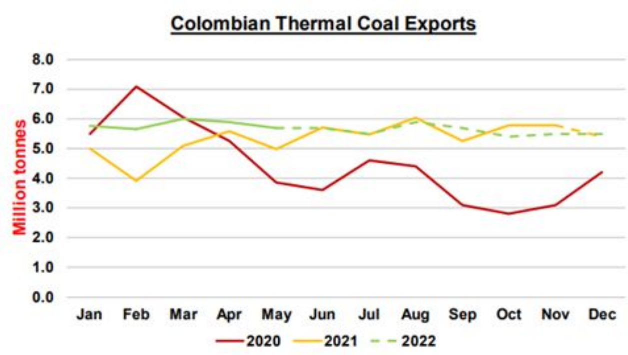
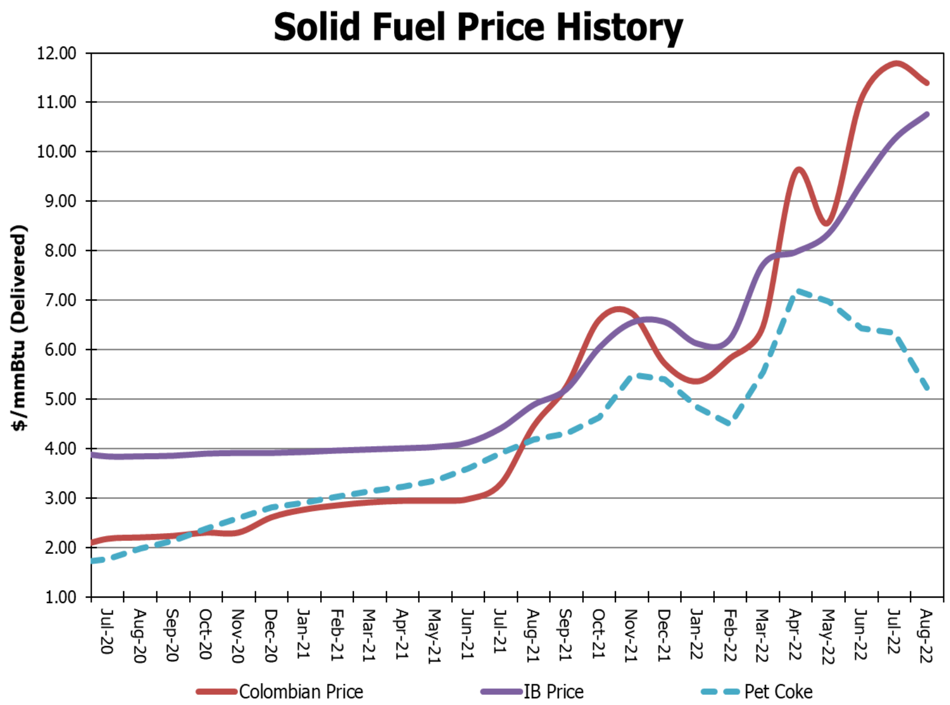
July 2022 Prices
Colombian - $11.78/mmBtu
Illinois Basin (IB) - $10.25/mmBtu
Petcoke - $6.33/mmBtu





Coal spot prices have risen dramatically over the past year

Petroleum Coke Spot Market

JEA

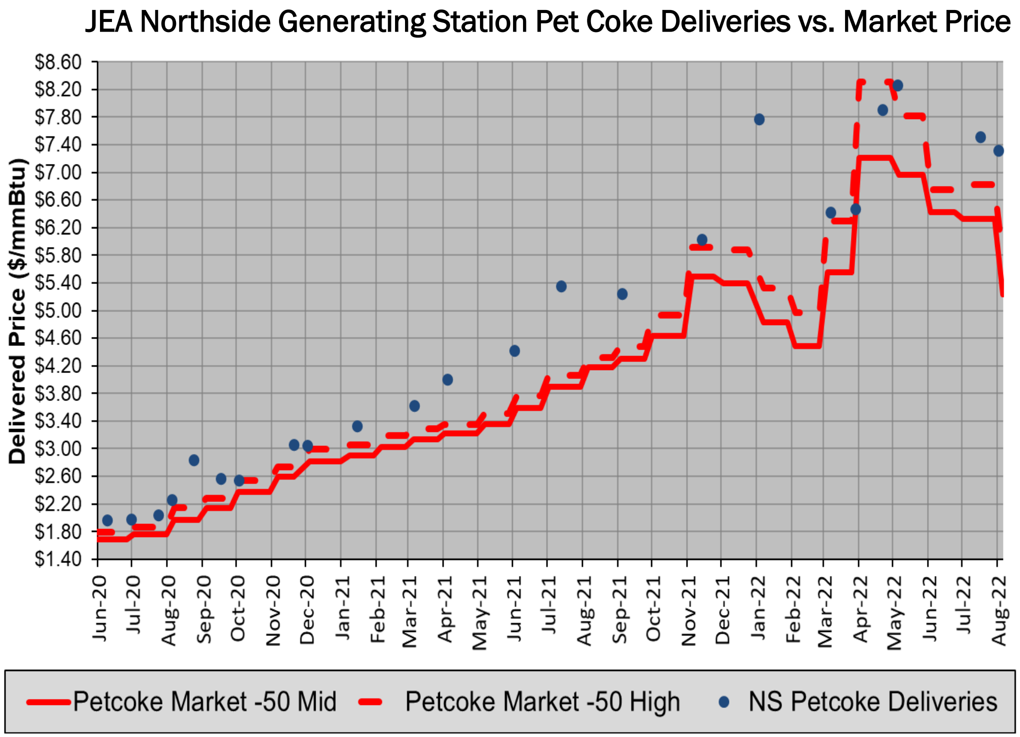
July decreased by $34/ton ($1.10/mmBtu)

Availability of Venezuelan pet coke and Russian coal to India and China reducing demand for pet coke from the US

India buyers prefer Russian coal over pet coke as an economical alternative

Pet coke is bearish and prices are dropping like a rock, a US based trader stated

Starting second half of July, every day the pet coke market continues to go down



Pet coke prices are starting to decline faster than coal

Northside Generating Station

Limestone Supply

Supplier continues to negotiate with the Mexican government

A Canadian source has supplied JEA with approximately 50,000 tons of material in mid-August

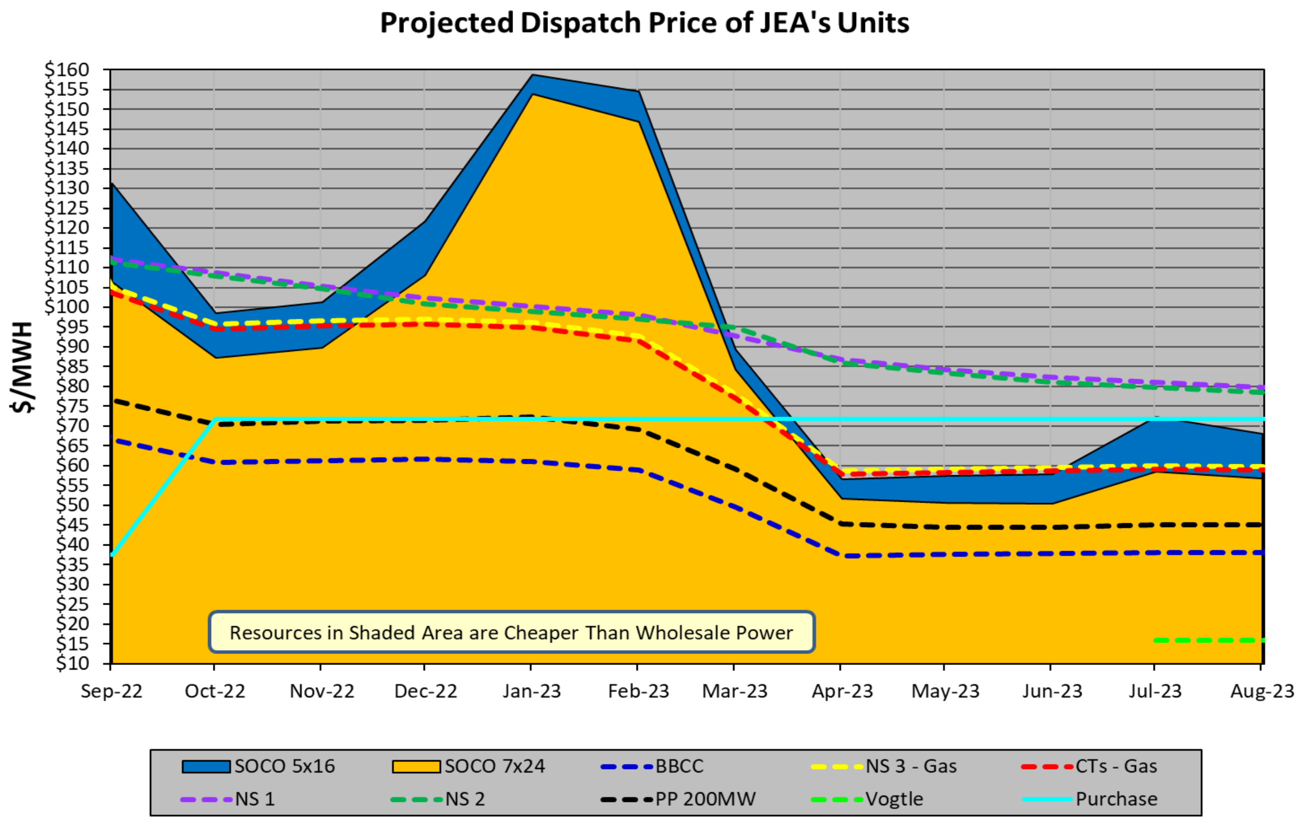
Delivered price for the Canadian product will be $40.78/NT versus current contract rate of $29.40/NT due to higher vessel transport costs

Total increased cost on dispatch report is $0.08/mmBtu

JEA continues to pursue additional limestone sources

Multiple options for limestone supply for the circulating fluidized beds progressing

Projected Dispatch Price of JEA's Units



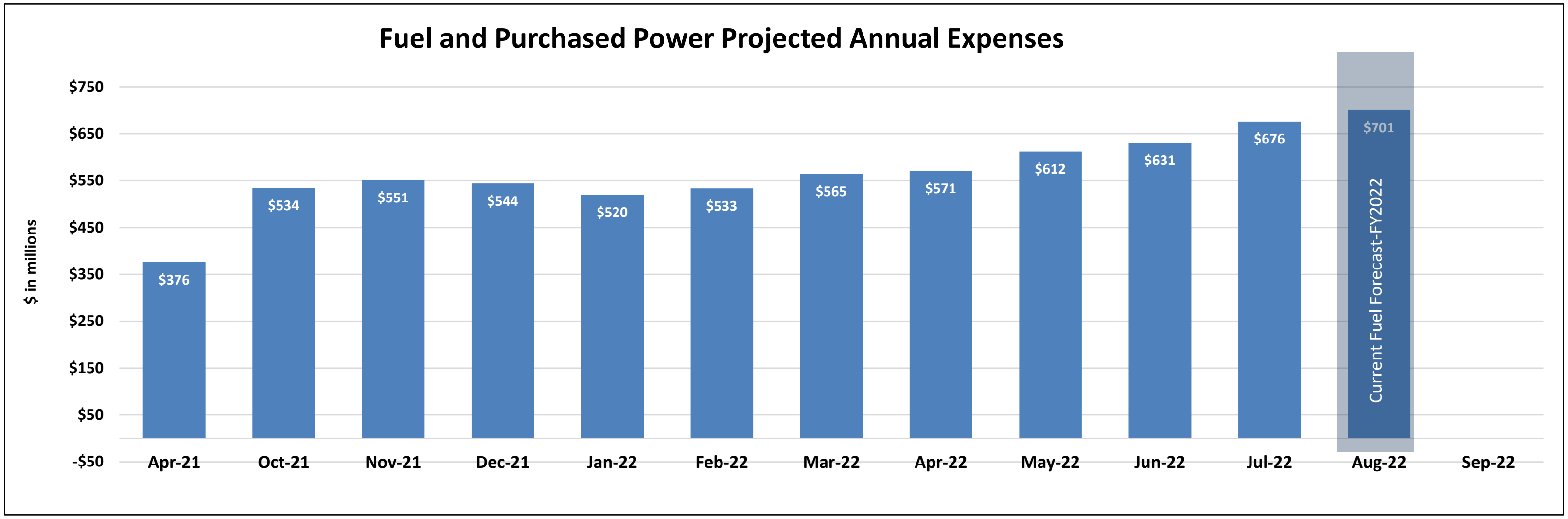
SOCO – Southern Company BBCC – Brandy Branch Combined Cycle NS 3 – Northside Unit 3 CTs – Combustion Turbines
NS1 – Northside Unit 1 NS2 – Northside Unit 2 PP – Purchase Power (Florida Power and Light)

JEA units to be dispatched economically for winter operation

Projected Annual Fuel Expenses by Forecast Period

JEA

8-9-22



	Budget **			FY 2022 Projected Annual Fuel and Purchased Power Expenses									
Monthly Projections	**Apr-21**	**Oct-21**	**Nov-21**	**Dec-21**	**Jan-22**	**Feb-22**	**Mar-22**	**Apr-22**	**May-22**	**Jun-22**	**Jul-22**	**Aug-22**	**Sep-22**
Forecasted Expenses - FY22 *	$376	$534	$551	$544	$520	$533	$565	$571	$612	$631	$676	$701	
Expense Variance - Month over Month	$0	$158	$17	($7)	($24)	$13	$31	$6	$41	$19	$45	$25	
Forecasted Sales - FY22	12,200	12,200	12,321	12,373	12,286	12,253	12,197	12,212	12,279	12,339	12,432	12,427	
				FY 2023 Projected Annual Fuel and Purchased Power Expenses									
Forecasted Expenses - FY23 *	$350	$407	$411	$409	$406	$461	$551	$592	$672	$711	$628	$755	
Expense Variance - Month over Month	$0	$57	$4	($2)	($3)	$55	$90	$41	$80	$39	($83)	$127	
Forecasted Sales - FY23	12,000	12,000	12,000	12,000	12,200	12,200	12,200	12,200	12,200	12,200	12,206	12,208	

*Reflects total annual fuel and purchased power expense projection as it changes month to month

**Reflects FY22 and FY23 fuel and purchased power expense projection at the time of FY22 budget creation (Apr-2021)

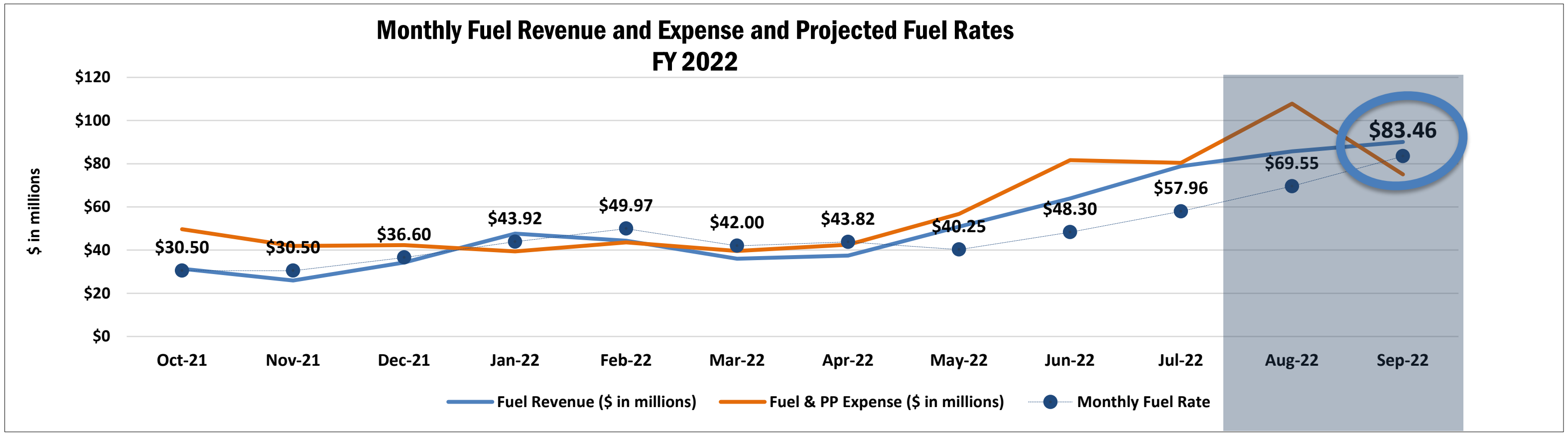
Projected FY 2022 fuel expenses as of August

Projected FY 2022 & 2023 Monthly Fuel Rates

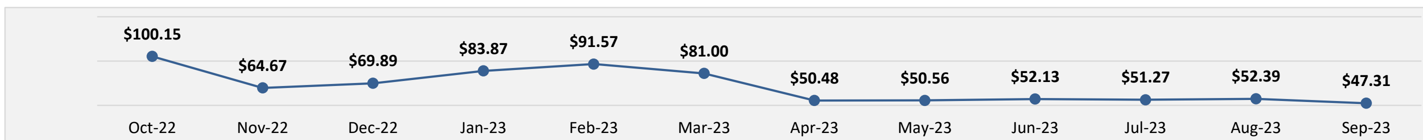
JEA

8-9-2022

FY 2022



FY 2023



FY 2022 Forecasted Fuel and Purchased Power Expenses

Monthly Projections	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Actual (A) or Projection (P)	A	A	A	A	A	A	A	A	A	A	P	P
Fuel Revenue ($ in millions)	$31	$26	$34	$48	$44	$36	$37	$51	$64	$79	$86	$90
Fuel & PP Expense ($ in millions)	$50	$42	$42	$39	$44	$40	$43	$57	$82	$80	$108	$75
Cumulative Over/(Under) Collected Balance	**$24**	**$8**	**($1)**	**$8**	**$9**	**$5**	**$0**	**($6)**	**($24)**	**($25)**	**($47)**	**($32)**
Cost per MWh	$48.17	$48.76	$46.73	$38.44	$52.18	$43.01	$46.79	$50.08	$66.95	$64.00	$87.46	$69.58
True Up and Adjustments Per MWh*	($17.67)	($18.26)	($10.14)	$5.47	($2.21)	($1.01)	($2.97)	($9.83)	($18.65)	($6.04)	($17.91)	$13.88
Fuel Rate Charged per MWh	**$30.50**	**$30.50**	**$36.60**	**$43.92**	**$49.97**	**$42.00**	**$43.82**	**$40.25**	**$48.30**	**$57.96**	**$69.55**	**$83.46**
Monthly Fuel Rate Percentage Change		0%	20%	20%	14%	-16%	4%	-8%	20%	20%	20%	20%

September monthly fuel rate calculated to be $83.46/MWh

Fuel Rate Volatility Summary

JEA recognizes customers are feeling the impact of higher electric bills due to increased fuel costs

All energy markets world-wide are experiencing volatile fuel supply issues and high prices through higher commodity and fuel transportation costs

Fuel prices are forecasted to remain extremely elevated through the winter but still elevated over historical price levels

Mitigation efforts by JEA to reduce fuel price volatility include:

- A robust natural gas hedging strategy
- Advance procurement of solid fuel, natural gas, and purchase power
- Continued extensive efforts to reduce electric generating fuel costs and subsequently customer bills

Energy Market Risk Management Policy

Nancy Reinker
Manager, Fuels Management Services

Energy Market Risk Management Policy

JEA

Based on a review by JEA and The Energy Authority (TEA)

Non-substantive changes to the Energy Market Risk Management Policy (EMRP) include:

- Align language with current organizational structure
- Improve language related to clarity and current processes with respect to discussion of risks, business practices, exposure limits, credit policy, reporting and policy acknowledgment, and distribution
- Improve language to bring clarity to the roles and responsibilities of the Fuel and Purchase Power Committee

Note: The Board approved a change to the Energy Market Risk Management Policy at the last meeting to increase the MD/CEO transaction authorization limit to $100M

This requested change incorporates language improvements to the policy

Staff requests the Finance & Operations Committee recommend the proposed changes to the Board for approval

Technology, Tools, and Data

Brad Krol
Chief Information Officer

National Institute of Standards and Technology (NIST) Cyber Security Framework

Identify
Asset Management, Business Environment, Governance, Risk Assessment, and Risk Management Strategy

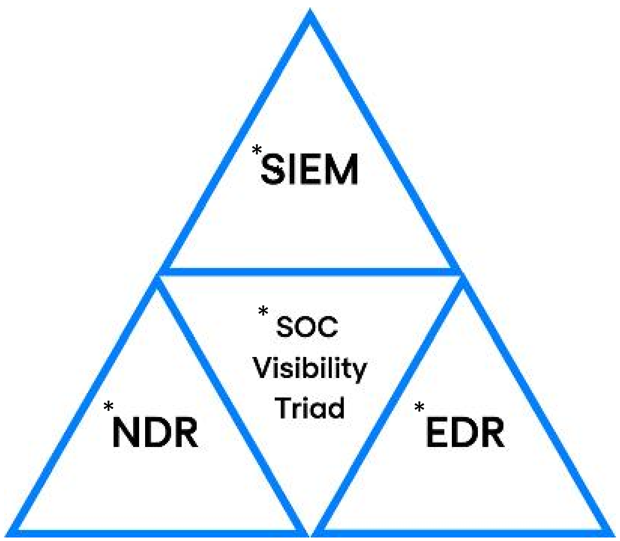
Protect
Access Control, Awareness and Training, Data Security, Information Protection Processes and Procedures, Maintenance, and Protective Technology

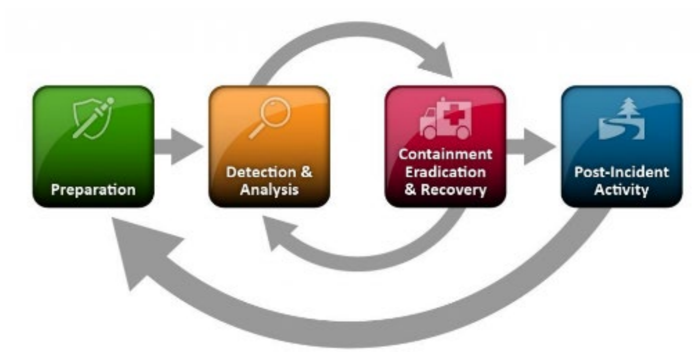
Detect
Anomalies and Events, Security Continuous Monitoring, and Detection Processes

Respond
Response Planning, Communications, Analysis, Mitigation, and Improvements

Recover
Recovery Planning, Improvements, and Communications

Detect and Respond





Network and Endpoint

Monitor network traffic and endpoint activity to detect

Incident Response

Responding to malicious cyber activities

Forensics

Investigation and analysis techniques to gather and preserve evidence

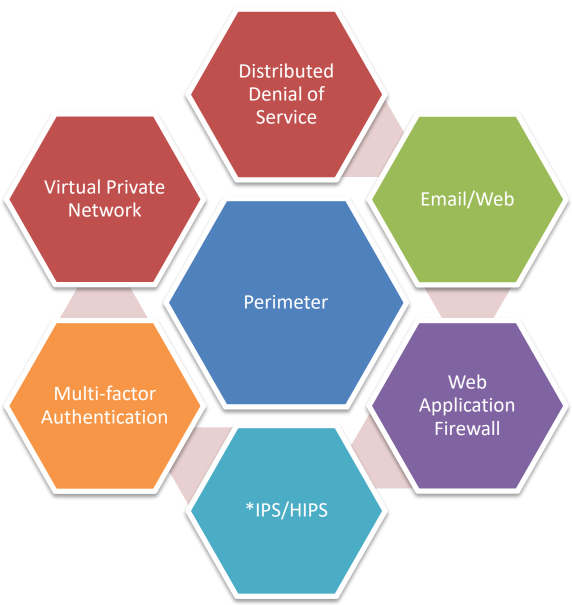
SIEM – Security Information and Event Management
NDR – Network Detection & Response
SOC Visibility Triad – Security Operations
EDR – Endpoint Detection and Response

Protection Controls

Email

Web

Data

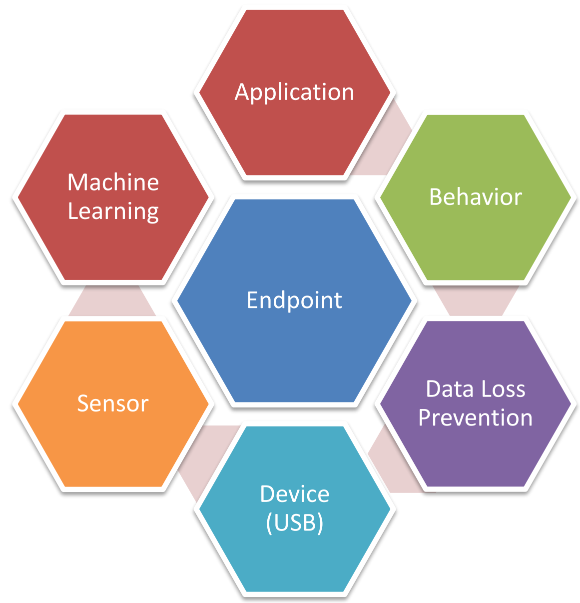


Perimeter

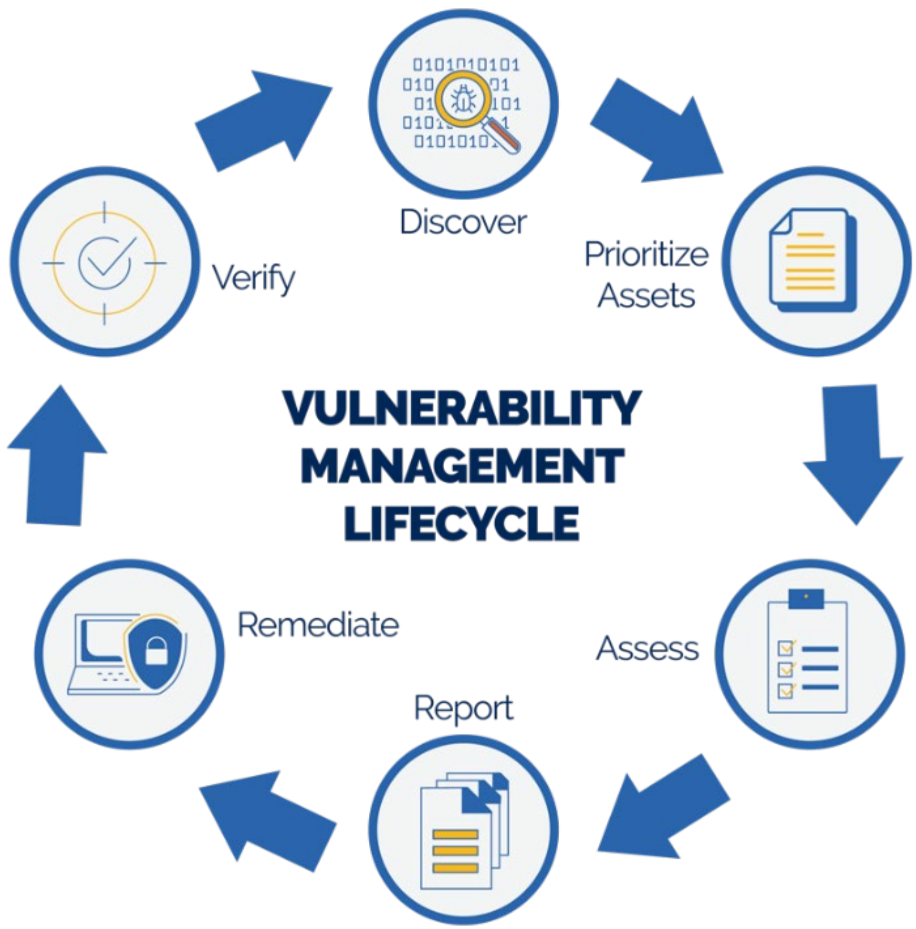
The perimeter is protected by a layered defense-in-depth approach

Endpoint

Endpoint protection provides multiple detection services



IPS/HIPS – Intrusion Protection Services / Host Intrusion Protection Services



Vulnerability Management

alongside other security tactics, is <u>vital</u> for organizations to prioritize possible threats and minimize their attack surface

Awareness is a foundational component of the Information Security program

Security awareness training helps to minimize this risk thus reducing the potential financial and reputational damage to the brand

CURRENTS
PRESENTATIONS
HOW-TOs, TIPS, and GUIDES
POSTERS
TRAINING DOCUMENTS

Assessments

- External Data Protection (Cloud) Questionnaires
- Risk Assessments
- Vulnerability Scans
- Incident Response Exercises

Pricing Policy Revisions

Victor Blackshear
Director, Financial Planning & Rates

Pricing Policy Revisions

Purpose

The Pricing Policy is intended to provide broad guidance and to facilitate the management, control, and oversight of JEA's pricing structure

Goal

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

Recommendations

Rate Setting Methodology

Electric Financial Metrics

Stabilization Fund & Rates

Pricing Policy Revisions

Regulatory Accounting requires Utility Basis Rate Setting Methodology

In 2015, JEA adopted Accounting Standards Codification (ASC) 980 and **regulatory accounting.** ASC 980 provides that a utility can follow regulatory accounting if three criteria are met: Independent Board; rates based on cost; and utility can recover revenue based on the set rates

Regulatory Accounting allows the creation of regulatory assets and liabilities

This enables JEA to defer expenses until they are included in the rates charged to customers

In order to adopt Regulatory Accounting, JEA had to change its rate setting methodology from cash basis to utility basis

Utility basis allows for the rate to be set using depreciation expense and presents the challenge of determining and disclosing a target **rate of return**

Rate of Return includes inflationary increases in asset replacement costs plus interest expense

During the calculation, the rate is solved for after projecting cash flows in our long-term financial models

This provides better matching of revenues and expenses and avoids large swings in net income and rates

Pricing Policy Revisions

Pricing Policy: Clarifying Utility Basis Rate Setting Methodology

Current

The policy has references to JEA historical practice of cash basis rate setting

These references include debt service and capital expenditures

Proposed

The policy will consistently reference JEA's required practice of utility basis rate setting

Mentions of debt service and capital required will be replaced with **depreciation expense and rate of return**

The proposed changes provide consistency on how the Pricing Policy aligns with JEA regulatory accounting requirements

Pricing Policy Revisions

Electric Financial Metrics

Current

Minimum debt service coverage of 2.2x

Minimum 150 to 250 days of liquidity

Debt to Asset goal of 60%

Proposed

Minimum debt service coverage of 2.2x

Minimum 150 to 250 days of liquidity

Debt to Asset goal of <u>50%</u>

<u>Minimum fixed charge coverage of 1.6x</u>

The proposed changes align with credit rating agency guidelines for an AA rated utility

Pricing Policy Revisions

Stabilization Fund & Rate Changes

Current

Customer Benefit Stabilization

This fund was established to collect revenue through Residential Conservation Charge to be used for Customer Benefit expenses like energy efficiency programs

Environmental (E&W) Stabilizations

These funds were established to collect revenue through Environmental Charge to be used for environmental expenditures and regulatory program needs

Non-Fuel Purchased Power Stabilization

This fund was established to reimburse non-fuel purchased power expenses related to Vogtle debt principal payments

Proposed

Phase out Customer Benefit Stabilization

Eliminate Conservation charge and recover costs of the Customer Benefit Programs through Base rate charges

Phase out Environmental (E&W) Stabilizations

Eliminate Environmental charges and recover costs of the Environmental and Regulatory expenditures through Base rate charges

Expand Non-Fuel Purchased Power Stabilization

To assist in the timing of any non-fuel purchased power expenses at the discretion of CEO/Managing Director or designee

The proposed changes provide greater flexibility to fund and support JEA's strategies and is a neutral revenue requirement impact

Pricing Policy Revisions Recommendations

JEA

Rate Setting Methodology

Electric Financial Metrics

Stabilization Fund & Rates

Other Policy Administrative Items

Revise leadership designations

Add regulatory accounting language to Fuel Pricing

Reference to Cost Participation policy to Water/Wastewater Pricing

Removal of the outdated Five Year Projection section

Staff requests the Finance & Operations Committee recommend the proposed changes to the Board for approval

Fuel Rate Volatility

Supplemental Information

Natural Gas Hedging Positions

JEA

	Wells Fargo		RBC		Shell		NextEra		Market	Average	Total %	
Month	Price	% Hedged	Price	% Hedged	Price	% Hedged	Price	% Hedged	Price	Price	Hedged	Month
Sep-22	$ 2.47	10%	$ 2.62	21%	$ 3.99	31%	$ 2.54	12%	$ 7.59	$ 3.16	75%	Sep-22
Oct-22	$ 4.32	17%	$ 2.62	21%	$ 8.04	22%	$ 2.56	13%	$ 7.58	$ 4.64	73%	Oct-22
Nov-22	$ 2.47	11%	$ 2.62	23%	$ 7.56	23%	$ 2.65	13%	$ 7.65	$ 4.20	71%	Nov-22
Dec-22	$ 2.47	11%	$ 2.64	27%	$ 7.14	21%	$ 2.85	13%	$ 7.77	$ 3.95	71%	Dec-22
Jan-23	$ 2.47	28%	$ 5.30	13%	$ 7.10	19%	$ 2.95	11%	$ 7.83	$ 4.30	71%	Jan-23
Feb-23	$ 2.47	30%	$ 2.70	5%	$ 6.59	24%	$ 2.88	12%	$ 7.42	$ 3.97	71%	Feb-23
Mar-23	$ 2.47	34%	$ -	0%	$ 6.15	29%	$ 2.70	13%	$ 6.21	$ 3.91	76%	Mar-23
Apr-23	$ 2.47	43%	$ -	0%	$ 4.75	13%	$ 2.37	17%	$ 4.82	$ 2.86	74%	Apr-23
May-23	$ 2.47	34%	$ -	0%	$ 4.93	27%	$ 2.31	13%	$ 4.68	$ 3.33	74%	May-23
Jun-23	$ 2.47	28%	$ 3.13	7%	$ 5.13	23%	$ 2.34	11%	$ 4.73	$ 3.41	69%	Jun-23
Jul-23	$ 2.47	27%	$ 3.14	7%	$ 5.20	23%	$ 2.38	11%	$ 4.78	$ 3.45	67%	Jul-23
Aug-23	$ 2.47	27%	$ 2.34	4%	$ 5.25	20%	$ 2.39	10%	$ 4.79	$ 3.35	62%	Aug-23
Sep-23	$ 2.47	34%	$ -	0%	$ 5.34	18%	$ 2.38	13%	$ 4.78	$ 3.25	65%	Sep-23
Oct-23	$ 2.81	39%	$ 4.95	6%	$ 5.97	5%	$ 2.41	13%	$ 4.82	$ 3.19	64%	Oct-23
Nov-23	$ 2.47	40%	$ 4.95	7%	$ 6.09	4%	$ 2.53	16%	$ 5.00	$ 2.98	67%	Nov-23
Dec-23	$ 2.47	36%	$ 4.95	7%	$ 6.32		$ 2.76	14%	$ 5.22	$ 3.11	62%	Dec-23
Jan-24	$ 3.96	13%	$ 4.13	24%	$ 5.20	18%	$ 2.88	11%	$ 5.38	$ 4.16	66%	Jan-24
Feb-24	$ 3.99	12%	$ 3.92	24%	$ 5.06	17%	$ 2.83	13%	$ 5.23	$ 4.02	67%	Feb-24
Mar-24	$ 4.13	11%	$ 3.83	27%	$ 4.79	14%	$ 2.69	16%	$ 4.86	$ 3.80	67%	Mar-24
Apr-24	$ 4.13	11%	$ 2.60	14%	$ 3.67	31%	$ 2.34	16%	$ 4.28	$ 3.24	72%	Apr-24
May-24	$ 3.51	18%	$ 2.60	11%	$ 3.70	26%	$ 2.30	13%	$ 4.23	$ 3.20	69%	May-24
Jun-24	$ 3.10	8%	$ 3.95	29%	$ 3.68	22%	$ 2.34	11%	$ 4.31	$ 3.51	70%	Jun-24
Jul-24	$ 3.09	14%	$ 3.70	20%	$ 3.83	23%	$ 2.38	10%	$ 4.39	$ 3.43	66%	Jul-24
Aug-24	$ 3.11	12%	$ 2.79	9%	$ 3.77	20%	$ 2.39	10%	$ 4.42	$ 3.18	51%	Aug-24
Sep-24	$ 3.14	9%	$ 2.60	10%	$ 3.63	23%	$ 2.39	12%	$ 4.40	$ 3.08	55%	Sep-24
Oct-24	$ 3.22	7%	$ 2.67	12%	$ 3.94	18%	$ 2.42	14%	$ 4.46	$ 3.13	51%	Oct-24
Nov-24	$ 3.28	10%	$ 2.60	15%	$ 4.75	11%	$ 2.54	18%	$ 4.65	$ 3.13	54%	Nov-24
Dec-24	$ 3.41	12%	$ 2.87	15%	$ 4.76	10%	$ 2.77	16%	$ 5.02	$ 3.31	53%	Dec-24
Jan-25	$ 4.21	20%	$ 3.16	6%	$ 4.96	12%	$ 2.88	12%	$ 5.18	$ 3.94	51%	Jan-25
Feb-25	$ 4.31	20%	$ 3.16	7%	$ 4.96	13%	$ 2.84	14%	$ 5.05	$ 3.93	53%	Feb-25

	Wells Fargo		RBC		Shell		NextEra		Market	Average	Total %	
Month	Price	% Hedged	Price	% Hedged	Price	% Hedged	Price	% Hedged	Price	Price	Hedged	Month
Mar-25	$ 4.01	17%	$ 3.16	8%	$ 4.76	8%	$ 2.69	17%	$ 4.71	$ 3.57	50%	Mar-25
Apr-25	$ 3.47	11%	$ 3.06	15%	$ 4.34	12%	$ 2.36	17%	$ 4.14	$ 3.20	55%	Apr-25
May-25	$ 3.14	15%	$ 3.06	13%	$ 4.33	10%	$ 2.34	15%	$ 4.09	$ 3.13	53%	May-25
Jun-25	$ 4.05	24%	$ 3.06	10%	$ 4.32	8%	$ 2.37	12%	$ 4.14	$ 3.54	54%	Jun-25
Jul-25	$ 3.01	10%	$ 3.06	9%	$ 4.31	22%	$ 2.41	10%	$ 4.22	$ 3.46	51%	Jul-25
Aug-25	$ 3.17	11%	$ 3.06	8%	$ 4.37	7%	$ 2.41	10%	$ 4.24	$ 3.18	35%	Aug-25
Sep-25	$ 3.04	8%	$ 3.06	11%	$ 4.22	7%	$ 2.40	12%	$ 4.23	$ 3.06	39%	Sep-25
Oct-25	$ 3.06	11%	$ 3.06	13%	$ 3.92	6%	$ 2.43	15%	$ 4.29	$ 2.97	45%	Oct-25
Nov-25	$ 3.13	10%	$ 3.16	7%	$ 4.66	6%	$ 2.53	16%	$ 4.47	$ 3.11	39%	Nov-25
Dec-25	$ 3.26	10%	$ 3.16	7%	$ 4.63	5%	$ 2.75	15%	$ 4.83	$ 3.21	37%	Dec-25
Jan-26	$ -	0%	$ 4.42	8%	$ 4.28	15%	$ 2.87	13%	$ 4.99	$ 3.80	35%	Jan-26
Feb-26	$ -	0%	$ 4.31	6%	$ 4.40	16%	$ 2.82	14%	$ 4.86	$ 3.76	36%	Feb-26
Mar-26	$ -	0%	$ 4.31	7%	$ 4.54	15%	$ 2.68	17%	$ 4.54	$ 3.69	39%	Mar-26
Apr-26	$ 2.92	6%	$ 4.31	7%	$ 4.59	11%	$ 2.35	17%	$ 4.04	$ 3.39	41%	Apr-26
May-26	$ 2.92	5%	$ 4.31	6%	$ 3.84	14%	$ 2.33	14%	$ 4.00	$ 3.24	39%	May-26
Jun-26	$ 2.92	4%	$ 4.53	14%	$ 3.37	4%	$ 2.36	12%	$ 4.07	$ 3.45	34%	Jun-26
Jul-26	$ 2.92	4%	$ -	0%	$ 3.85	22%	$ 2.40	10%	$ 4.13	$ 3.33	36%	Jul-26
Aug-26	$ 2.92	4%	$ -	0%	$ 3.20	7%	$ 2.40	10%	$ 4.15	$ 2.76	21%	Aug-26
Sep-26	$ 2.92	4%	$ -	0%	$ 3.83	4%	$ 2.40	13%	$ 4.14	$ 2.77	21%	Sep-26
Oct-26	$ 2.92	6%	$ -	0%	$ 4.28	2%	$ 2.43	16%	$ 4.20	$ 2.70	24%	Oct-26
Nov-26	$ -	0%	$ -	0%	$ 4.60	4%	$ 2.53	17%	$ 4.38	$ 2.90	21%	Nov-26
Dec-26	$ -	0%	$ -	0%	$ 3.37	7%	$ 2.74	16%	$ 4.73	$ 2.93	23%	Dec-26
Jan-27	$ -	0%	$ 4.69	1%	$ 4.54	6%	$ 2.88	14%	$ 4.90	$ 3.46	21%	Jan-27
Feb-27	$ -	0%	$ 4.69	1%	$ 4.54	6%	$ 2.84	14%	$ 4.77	$ 3.44	21%	Feb-27
Mar-27	$ -	0%	$ 4.69	1%	$ 4.54	6%	$ 2.70	14%	$ 4.48	$ 3.35	21%	Mar-27
Apr-27	$ -	0%	$ -	0%	$ 4.54	7%	$ 2.37	16%	$ 4.00	$ 3.02	23%	Apr-27
May-27	$ -	0%	$ 4.00	3%	$ 4.54	5%	$ 2.35	13%	$ 3.97	$ 3.15	21%	May-27
Jun-27	$ -	0%	$ -	0%	$ 4.31	10%	$ 2.38	11%	$ 4.04	$ 3.27	21%	Jun-27
Jul-27	$ -	0%	$ -	0%	$ 4.20	10%	$ 2.41	10%	$ 4.11	$ 3.30	20%	Jul-27
Aug-27	$ -	0%	$ -	0%	$ -	0%	$ 2.42	10%	$ 4.11	$ 2.42	10%	Aug-27
Average		13%		9%		14%		13%	$ 4.86	$ 3.47	49%	Average

(orange)	Hedged in Opportunistic Range
(blue)	Below Minimum Hedge Level

5-year hedging strategy reduces risk to price volatility

JEA FINANCE & OPERATIONS COMMITTEE MINUTES
May 23, 2022

The Finance & Operations Committee of JEA met at 9:00 am on Monday, May 23, 2022 on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. The meeting was properly noticed, and the public was invited to attend this meeting in-person at the physical location and virtually via WebEx.

WELCOME

Meeting Called to Order – Committee Chair General Joseph DiSalvo called the meeting to order at 9:00 am. Committee members Marty Lanahan and Rick Morales, being present for the meeting constituted a quorum. Board members Bobby Stein and John Baker were also in attendance in-person.

Others in attendance in-person were Jody Brooks, Chief Administrative Officer; Ted Phillips, Chief Financial Officer; Joe Orfano, Vice President, Financial Services and Treasurer; and Regina Ross, Chief Legal Officer, Office of General Counsel.

Jay Stowe, Managing Director/CEO; Laura Dutton, Chief Strategy Officer; Raynetta Marshall, Chief Operating Officer; Laura Schepis, Chief External Affairs Officer; Sheila Pressley, Chief Customer Officer; Brad Krol, Chief Information Officer; Kurtis Wilson, Vice President, Government Relations; Paul Mitchell, Vice President, Economic Development; Alan McElroy, Vice President, Supply Chain and Operations Support; Mark Stultz, Vice President, Communications; Ricky Erixton, Vice President, Electric Systems; and Stephen Datz, Vice President, Technical Services, participated in the meeting via WebEx.

Adoption of the Agenda – On ***motion*** by Marty Lanahan and seconded by Bobby Stein, the agenda was approved.

Approval of Minutes – On ***motion*** by Marty Lanahan and seconded by Rick Morales, the February 11, 2022 Finance and Audit Committee meeting minutes were approved.

Safety Briefing and Moment – Melissa Charleroy, Board Services Manager, provided a Safety Briefing.

Comments from the Public – There were no in-person, virtual, or emailed public comments.

FOR COMMITTEE CONSIDERATION

FY23 Budget – Juli Crawford, Director, Financial Planning & Analysis, presented the FY23 Budget which included a discussion on the budget process, operating and capital budget components, financial projections for the Electric, Water, and District Energy Systems, fuel and purchased power expenses, contributions to the rate stabilization fund, electric, water, and chilled water rates, government transfers to the City of Jacksonville, and FY23 labor costs. Committee members held discussions.

On ***motion*** by Marty Lanahan and seconded by Bobby Stein, Resolution 2022-12 adopting the recommendation to approve the proposed Fiscal Year 2023 operating and capital budgets; authorizing the Managing Director/Chief Executive Officer, or designee, to submit the proposed budget to the City of Jacksonville, providing for correction of errors; and providing for an effective date was unanimously approved.

Electric System Cost of Service Study – Juli Crawford, Director, Financial Planning & Analysis, presented the Electric System Cost of Service Study progress update as a follow-up to the February 11, 2022 Finance and Audit Committee presentation. Ms. Crawford noted a draft Cost of Service and Rate Restructuring Report has been received from the consultant. Ms. Crawford reviewed the tentative recommendations as outlined in the materials and provided a timeline for final recommended action to take place in the mid-year of fiscal year 2023, with rates to potentially be affective in April 2023. Ms. Crawford noted that staff is working to address customer impact and communication. This presentation was received for information.

District Energy System Cost-of-Service Results & Recommendations – Juli Crawford, Director, Financial Planning & Analysis, presented the District Energy System Cost-of-Service results and recommendations as a follow-up to the February 11, 2022 Finance & Audit Committee presentation. Ms. Crawford provided a review of the current District Energy System customers, results, and recommendations based on the Jacobs Engineering analysis which included establishing clear connection fees and contract terms, establishing demand rates based on plant and variable rates, penalties that encourage efficient use of the system, establishing performance metrics, and developing a growth strategy for new customers. Ms. Crawford provided a review of next steps which includes a rate hearing at the September 20, 2022 JEA Board meeting. Mr. Phillips extended appreciation to Ms. Crawford and her team for their hard work. This presentation was received for information.

Modifications to JEA Disclosure Policies and Procedures – Joe Orfano, Vice President, Financial Services and Treasurer, presented the Disclosure Policies and Procedures were originally approved by the Board in May 2015. Based on best practices, Mr. Orfano reviewed the proposed procedural changes as recommended by Greenberg Traurig, JEA's disclosure council. The recommended revisions separate the Board's strategic responsibilities from the execution and administration of the disclosure policies by the leadership team and staff. The proposed changes will allow any revisions to the Disclosure Procedures to be subject to the approval by the Chief Financial Officer and will become effective immediately without approval by the Board.

On ***motion*** by Bobby Stein and seconded by Marty Lanahan, Resolution 2022-05 to adopt the modification to JEA's Disclosure Policies and Procedures were unanimously approved.

Mr. Stein stepped out at 9:48 am and returned at 9:50 am.

Annual Disclosure Reports – Joe Orfano, Vice President, Financial Services and Treasurer, noted this presentation is a follow-up to the February 22, 2022 presentation to the Board. Board Members were provided a copy of the draft Annual Disclosure Reports on February 23, 2022. Mr. Orfano provided a review of edits related to Project J. Additional information will be provided at the May 24, 2022 Board of Directors meeting.

On ***motion*** by Marty Lanahan and seconded by Rick Morales, Resolution 2022-06 to authorize the modifications to the Annual Disclosure Reports and to authorize the filing and use of the Annual Disclosure Reports was unanimously approved.

Increase in JEA Guaranty to The Energy Authority – Joe Orfano, Vice President, Financial Services and Treasurer, presented the seven members of The Energy Authority provide trade support to The Energy Authority (TEA) through guaranties supporting transactional, advisory, and investment activities. Mr. Orfano reviewed the rationale for member trade guaranties and noted Joanie Teofilo, President and Chief Executive Officer, will provide a presentation at the May 24, 2022 JEA Board of Directors Meeting. TEA requested an increase from $164 million to $340 million with a phase-in of JEA's guaranty limits to $45 million on or before June 1 and to $60 million on or before December 1.

Mr. Orfano extended appreciation to Ms. Ross for her support in finalizing the documentation. Board Members held discussions.

On ***motion*** by Rick Morales and seconded by Marty Lanahan, Resolution 2022-11 to amend the agreements to increase JEA's guaranty amount to TEA as follows: $45,000,000 on or before June 1, 2022, and $60,000,000 on or before December 1, 2022, to authorize the Managing Director/Chief Executive Office, or designee, to execute amended agreements was unanimously approved.

Eminent Domain – Paul Mitchell, Vice President, Economic Development, provided a review of the real estate team. Mr. Mitchell provided a review of the purpose and process of utilizing eminent domain noting the last time eminent domain was brought before the Board of Directors was in 2018.

Southside Integrated Piping System – Brandon Traub, Real Estate Coordinator, provided a review of the Southside Integrated Piping System including the purpose for the land, benefits of acquiring the land, timeline of negotiations, and construction timeframe.

On ***motion*** by Bobby Stein and seconded by Marty Lanahan, Resolution 2022-08 authorizing the Managing Director/Chief Executive Officer to negotiate and acquire and enter into acquisition agreements and to execute on behalf of JEA such documents as may be required for acquisition of utility easement rights for the Southside Integrated Piping System was unanimously approved.

Circuit 663 – Brandon Traub, Real Estate Coordinator, provided a review of the Circuit 663 request for eminent domain including the purpose of the land, benefits of acquiring the land, timeline of negotiations, and construction timeframe. Board Members held discussions.

On ***motion*** by Bobby Stein and seconded by Marty Lanahan, Resolution 2022-09 authorizing the Managing Director/Chief Executive Officer to negotiate and acquire and enter into acquisition agreements and to execute on behalf of JEA such documents as may be required for acquisition of utility easement rights for Circuit 663 was unanimously approved.

Proposed Cost Participation Policy – Robert Zammataro, P.E., presented staff has been working with the development community over the past six months to hear their concerns. Mr. Zammataro provided a review of the existing and proposed Cost Participation policy. Board members held discussions.

On ***motion*** by Bobby Stein and seconded by Marty Lanahan, Resolution 2022-10 to revise the Cost Participation Policy was unanimously approved.

Mr. Stowe and Board members expressed appreciation to Mr. Zammataro and team. Mr. Phillips thanked Ms. Crawford and staff for their great work on the FY23 budget and Cost of Service studies.

ADDITIONAL INFORMATION

Appendix A: Plant Capacity Fee Implementation – Provided for information only

Appendix B: Compliance with JEA's Disclosure Policies and Procedures – Provided for information only

Appendix C: Jacksonville Small and Emerging Business Update – Provided for information only

Appendix D: Hurricane Preparedness – Provided for information only

Appendix E: Electric System and Water & Sewer System Reserve Fund Report – Provided for information only

Appendix F: JEA Energy Risk Management Policy Report – Provided for information only

Appendix G: Annual Disclosure Reports – Provided for information only

CLOSING CONSIDERATIONS

First Coast Regional Utilities / 301 Partners – Ms. Ross provided a review of the processes and timeline related to the First Coast Regional Utilities plant, settlement agreement, and Cost Participation Agreement in relation to 301 Partners. Ms. Ross will provide an update to the Board at the May 24, 2022 meeting.

Announcements – Next Meeting September 9, 2022

Adjournment – With no further business coming before the Committee, General DiSalvo declared the meeting adjourned at 10:19 am.

APPROVED BY:

____
Joseph DiSalvo, Committee Chair

Date: ____________________________

Submitted by:

____
Melissa Charleroy
Board Services Manager

BOARD RESOLUTION: 2022-21
September 20, 2022

A RESOLUTION TO DELEGATE AUTHORITY TO NEGOTIATE AND EXECUTE A PURCHASE AGREEMENT TO THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR IN ACCORDANCE WITH JEA CHARTER SECTION 21.10.

WHEREAS, the purchase of real property for a new water facility will provide for JEA's continued system growth and reliability;

WHEREAS, the JEA Charter, Section 21.10, provides that the JEA Board may delegate the authority to an officer, agent or employee of JEA by resolution to execute purchase and sale agreements;

WHEREAS, the Real Estate Services Procurement Directive dated May 26, 2016 requires Board approval for all real estate purchases of more than $500,000.00;

WHEREAS, JEA staff has negotiated, and Office of General Counsel has approved, acceptable terms and conditions for the purchase of a 3.76± acre parcel of real property more particularly described in the purchase agreement and property description attached hereto as **Exhibit A** (the "Subject Property");

WHEREAS, JEA's current appraisal of the Subject Property has estimated the property value to be $1,435,000.00; and

WHEREAS, JEA Real Estate Services has requested and the Seller has agreed to a purchase price of $1,435,000.00.

BE IT RESOLVED by the JEA Board of Directors that:

1. The Board hereby approves the Purchase Agreement between Sonoc Company, LLC, a Delaware limited liability company, and JEA in substantially the form attached hereto as **Exhibit A**.

2. The Board hereby delegates to the Chief Executive Officer and Managing Director or his designee to execute the Purchase Agreement in its substantial form and any and all documents in connection with the Purchase Agreement and all other documentation as may be reasonably required to consummate the real estate transaction.

3. The purchase price for the Subject Property shall not exceed $1,435,000.00 without additional approval by the JEA Board of Directors.

Dated this 20th day of September 2022.

____
JEA Board Chair

____
JEA Board Secretary

Form Approved by

____
Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

INTER-OFFICE MEMORANDUM
September 20, 2022

SUBJECT:	**REAL PROPERTY PURCHASE – NOCATEE SOUTH WATER FACILITY**
	Jay Stowe, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
In support of JEA's water system growth and reliability, JEA Real Estate Services has negotiated the purchase of a 3.76 acre parcel from Sonoc Company, LLC, a Delaware limited liability company, for a new water facility. The parcel is located off Crosswater Parkway in South Nocatee.

DISCUSSION:
The subject parcel will allow for the construction of a proposed water facility to continue to provide the most reliable water service to a growing area in our service territory. The site is adequately sized for plant design and provides sufficient land buffer.

FINANCIAL IMPACT:
JEA's current appraisal on the subject 3.76 acre site reflects an appraised amount of $1,435,000.00. The purchase price for the real property rights has been negotiated with the seller for the appraised amount of $1,435,000.00.

RECOMMENDATION:
That the Board of Directors approve the purchase of real property as outlined in Resolution 2022-21.

Jay Stowe, Managing Director/CEO

BLT/MAC

Attachments:
Resolution 2022-21
Purchase Agreement
Location Map

Ver 2.2 02/01/2014

Ownership Interest:

SONOC COMPANY, LLC, a Delaware limited liability company

- Robert H. Pritchard, President/Manager
- Harry D. Francis, VP/Treasurer/Asst. Secretary
- Scott A. Oko, VP
- Judy B. Morgan, Secretary
- D.D.I. Inc., a Florida corporation, Member
  - Jed V. Davis, Director/COB/President/CEO
  - Harry D. Francis, VP/Treasurer
  - A. Dano Davis, Director
  - Scott A. Oko, VP/Asst. Secretary
  - Judy B. Morgan, Secretary
  - Robert H. Pritchard, EVP/COO
  - Caroline D. Fitzgerald, Director
  - T. Wayne Davis, Director
  - Scott R. Stephens, Director

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT ("Agreement") is made and entered as of the date on which the latter of the parties hereto executes this Agreement (the "Effective Date") by and between **JEA**, a body politic and corporate ("Buyer"), and **SONOC COMPANY, LLC,** a Delaware limited liability company ("Seller").

W I T N E S S E T H:

In consideration of the mutual undertakings of the parties set forth in this Agreement and of other valuable considerations, the receipt and sufficiency of which the parties hereby acknowledge the parties hereby agree as follows:

1. The Property. Subject to the terms and provisions of this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, all of the following described property in St. Johns County, Florida (collectively, the "Property"): the tract of land containing approximately 3.76 acres as described on Exhibit A (the "Land"), together with all improvements and structures, if any, located on the Land, all tenements, hereditaments and appurtenances relating to the Land; all mineral rights owned and held by Seller relating to the Land, whether surface or subsurface, or otherwise; and all vegetation, timber and timber rights related to the Land. Seller shall reserve an easement encumbering a portion of the Property as set forth in Sections 4 and 5.

2. Purchase Price and Deposit.

a. Purchase Price. The purchase price ("Purchase Price") to be paid by Buyer to Seller at Closing for the Property shall be One Million Four Hundred Thirty-five Thousand Dollars ($1,435,000.00).

b. Deposit. Within ten (10) business days after Buyer and Seller have executed this Agreement, Buyer shall deliver to Edwards Cohen, as escrow agent ("Escrow Agent"), by cashier's check or wired funds, a deposit in an amount equal to Twenty Five Thousand Dollars ($25,000.00) (the "Deposit"), to be deposited by the Escrow Agent in an IOTA trust account. If the sale of the Property is consummated pursuant to the terms of this Agreement, the Deposit shall be paid to Seller and applied to the payment of the Purchase Price.

3. Title, Survey, Buyer's Review, Inspection.

a. Title. Buyer shall, on or before ten (10) days after the Effective Date, at Buyer's cost and expense, obtain and deliver to Seller an owner's title insurance commitment issued through Buyer's attorney as agent for Fidelity National Title Insurance Company ("Title Company"), committing to insure Buyer's title to the Property in the total amount of the Purchase Price ("Commitment"). The policy, when issued, shall insure in Buyer good and insurable title to the Property, in fee simple, free and clear of all liens and encumbrances, subject to such other matters appearing in the Commitment which Buyer has approved or accepted as title exceptions under Section 3c and any matters as specifically referred to in this Agreement, including the Reserved Easement (as hereinafter defined).

b. Survey. Buyer shall, on or before ten (10) days after the Effective Date, at Buyer's cost and expense, obtain a current boundary survey of the Land (the "Survey"), prepared by a licensed Florida land surveyor and acceptable to Buyer in its reasonable discretion. The Survey will show each Schedule B exception contained in the Commitment and its effect on the Land. To the extent necessary, Buyer shall have the Survey updated to a date within ninety (90) days prior to Closing so as to allow the Title Company to delete the standard survey exception from the Commitment at Closing.

c. Review of Title and Survey.

i. Buyer shall have a period (the "Title Review Period") ending thirty (30) days after the Effective Date, to notify Seller of any objections Buyer has to any matters shown or referred to in the Commitment or the Survey. Any title encumbrances or exceptions which are set forth in the Commitment or the Survey and to which Buyer does not object on or prior to the last day of the Title Review Period shall be deemed to be "Permitted Exceptions" to the status of Seller's title; provided, however, that no mortgages or other liquated final non-appealable judgements affecting all or any portion of the Land created by, through or under Seller, or any matters created by Seller in violation of the provisions of this Agreement, shall be Permitted Exceptions.

ii. With regard to items (other than Permitted Exceptions) to which Buyer does object within the Title Review Period, Seller shall have the right, but not the obligation, to attempt to cure such objections. Seller shall notify Buyer no later than ten (10) days after receipt of Buyer's objections as to Seller's intent to cure. If Seller elects to not attempt a cure, then Buyer shall have the right to either waive the objections (which shall become Permitted Exceptions) or terminate this Agreement by notice delivered to Seller no later than the end of the Inspection Period, and upon such termination Buyer shall receive the return of the Deposit. If Buyer fails to timely terminate, then it shall be deemed to have waived such objections. If Seller elects to attempt to cure such objections, then Seller shall have until the end of the Inspection Period in which to attempt to cure such objections, except that objections as to any matters typically cured at real estate closings, such as requirements and standard exceptions which are satisfied and deleted by delivery of an owner's affidavit, authority documents or mortgage releases, shall be satisfied at Closing; provided, however, Seller shall be under no obligation to incur out of pocket costs to cure defects in title. If Seller is unable to cure such objections or fails to notify Buyer of such cure by the end of the Inspection Period, Buyer at its option may waive the objections not cured or terminate this Agreement by notice to Seller no later than the end of the Inspection Period and upon such termination Buyer shall receive the return of the Deposit. If Seller is able to cure such defects, then Buyer shall have no right to terminate the Agreement under this Section 3c.

d. Inspection Period.

i. Buyer and its agents shall, at their own risk and expense, at any time prior to Closing, have the right and privilege to enter upon any portion of the Property to inspect, examine, survey and otherwise perform or conduct such tests, inspections, studies, audits, or other evaluations as Buyer may deem necessary in conjunction with Buyer's acquisition of the Property, including, but not limited to, final determination of wetlands, environmental testing, and an engineering feasibility study which may include topographic surveys, core borings, soil test pits and load bearing tests, as may be required by Buyer to determine the physical characteristics of the substrata of the Property. Buyer may not conduct any borings or other invasive testing, including, without limitation, borings for a Phase II environmental study, without Seller's consent. Following Buyer's inspection of the Property, Buyer shall restore the Property to its original condition, normal wear and tear excepted. Subject to the provisions and limitations of Section 768.28, Florida Statutes, which are neither waived, expanded, or altered hereby, Buyer shall indemnify and hold Seller harmless from and against any and all claims, costs, expenses and damages to persons and/or property incurred by, through, or out of the Buyer's entry and inspections on the Property, unless caused by preexisting environmental conditions of the Property or Seller's gross negligence. Seller shall make available to Buyer, within thirty (30) days of the Effective Date, at the offices of Seller or Seller's consultants, for Buyer's inspection and copying, copies of all engineering studies, zoning information, soil investigations and reports, water and sewer studies, topographic maps, platting materials, site plans, permits, approvals, if any, and applications for permits and approvals, and any other materials presently in existence concerning the Property, in the possession of Seller or its consultants, which materials will be returned by Buyer if this Agreement does not close. Seller makes no representations as to the accuracy or completeness of such materials. Seller acknowledges that Buyer may conduct its own investigation regarding the Property and the accuracy of any representations and warranties of Seller contained herein. Seller authorizes Buyer to consult, at Buyer's expense, with Seller's engineers, surveyors and other agents pertaining to the Property and, at Buyer's expense, to consult those governmental agencies having jurisdiction over approvals or permits relating to the Property. Prior to any meeting with governmental agency, Buyer shall provide Seller with at least three (3) days' notice of such meeting and an opportunity to participate. For the purposes hereof, Seller's representative shall be J. Michael White, and such notice may be given by telephone, email, or other writing, notwithstanding the notice provisions of this Agreement.

ii. If any inspections disclose matters unsatisfactory to Buyer in Buyer's sole and absolute discretion, Buyer may cancel this Agreement and, if such cancellation occurs on or before ninety (90) days after the Effective Date ("Inspection Period"), receive a refund of the Deposit. In the event that Buyer does not terminate this Agreement prior to the end of the Inspection Period, then the Deposit shall be deemed non-refundable to Buyer (but fully applicable against the Purchase Price) unless this Agreement is terminated pursuant to a provision of this Agreement which expressly provides for the Deposit to be returned to Buyer.

iii. Except as specifically set forth in this Agreement and in the documents to be delivered at Closing, Buyer is acquiring the Property "as is," "where is" and "with all faults," and Seller has not made and does not and will not make any representations or warranties, express or implied, including any with respect to the quality, physical condition, expenses, legal status, zoning, value, utility or potential of the Property, or any other matter or thing affecting or relating to the Property or this Agreement that might be pertinent in considering whether to purchase the Property or to make and enter into this Agreement (including, without limitation, the accuracy or completeness of any documents delivered or made available to Buyer relating to the Property).

4. Conveyance Documents. Seller shall convey to Buyer fee simple title to the Land by special warranty deed, free and clear of all liens and encumbrances, except the Permitted Exceptions and the Reserved Easement (hereinafter defined). For a period commencing on the Closing Date and ending on the date that is fifty (50) years thereafter (the "Restriction Expiration Date"), the Property may only be used for the development and operation of the Permitted Use (as defined below). The deed shall restrict use of the Property only for utility uses (including, without limitation, water and/or reuse water facilities) (the "Permitted Use"); provided that in no event shall the Permitted Use allow any of the following: (i) any electrical or other power generation facility or improvements (including, without limitation, any coal fired or nuclear power plant; provided that renewable energy improvements such as solar panels and windfarms and associated improvements shall be allowed); (ii) any communication improvements or structures that do not exclusively serve the Permitted Use; (iii) any improvements or structures (other than communications towers or poles exclusively serving the Permitted Use which shall not exceed sixty feet (60') in height above ground level) exceeding fifty feet (50') in height above ground level; (iv) any mining operation; petroleum refining or other processing or bulk storage of petroleum; or (v) landfill or other similar use. From and after the Restriction Expiration Date, the Property may be used for any lawful purpose.

5. Reserved Easement. At Closing, Seller shall reserve to itself, its successors and assigns, a perpetual, non-exclusive easement for ingress, egress, and landscaping ("Reserved Easement"), on, upon, over and below the surface of the land described in Exhibit B attached hereto and made a part hereof (the "Reserved Easement Area"). The Reserved Easement includes the right of Seller to mow, maintain, repair, replace, and add landscaping that does not unreasonably interfere with the proper operation, maintenance, repair, or replacement of Buyer's utility facilities that may be located within the Reserved Easement Area from time to time.

6. Buyer Approvals. Although the Closing is not conditioned upon issuance of any permits or approvals, Buyer shall have the right to pursue all approvals deemed necessary by Buyer for its use of the Property and for the construction of Buyer's planned facilities ("Buyer Approvals"). Seller shall, at no cost to Buyer, execute such property owner authorizations and applications necessary for Buyer to seek the Buyer Approvals. Buyer shall provide Seller with copies of all applications for all land use amendments, re-zonings and other local permits and approvals with respect to the Property prior to submittal to the applicable governmental

authorities. In addition, Buyer agrees to make copies of all applications for non-local permits and approvals with respect to the Property available for inspection by Seller and its agents at any reasonable time during normal business hours at JEA's downtown offices, and Seller shall be permitted to make any copies it deems desirable at its own expense. Buyer agrees that it shall be responsible for satisfaction of all conditions and obligations set forth in any permits and approvals affecting the Property obtained by Buyer.

7. Site Plan Approval Right.

a. Buyer and Seller shall use reasonably diligent efforts and act in good faith to develop and agree on a site plan for Buyer's intended use of the Property as permitted herein ("Site Plan"). Buyer shall develop the proposed Site Plan and submit to Seller for approval, not to be unreasonably withheld, conditioned, or delayed. Seller shall notify Buyer in writing whether it approves or disapproves of the Site Plan within thirty (30) days after Buyer's submission of the Site Plan to Seller. In the event that Seller does not approve or disapprove of the Site Plan in the foregoing thirty (30) day period, then Buyer shall have the right to send a second notice to Seller requesting Seller's approval or comments on the Site Plan and if Seller fails to respond within five (5) business says after such second notice, then Seller shall be deemed to have approved such Site Plan. If Seller disapproves of the Site Plan, Seller shall specify in reasonably specific detail the reasons for such disapproval, in which case Buyer shall cause Site Plan to be revised in accordance with Seller's reasonable objections and submit the revised Site Plan to Seller within five (5) business days of receipt of Seller's written comments for Seller's review and approval. Seller shall notify Buyer in writing whether it approves or disapproves of the resubmitted Site Plan within five (5) business days after its receipt of the revised Site Plan. In the event that Seller does not approve or disapprove of the Site Plan in the foregoing five (5) business day period, Seller shall be deemed to have approved of the Site Plan. This process shall be repeated until the Site Plan has been finally approved (or deemed approved) by Seller.

b. In the event that Buyer requires any Material Changes (as hereinafter defined) to the Site Plan after Seller has approved it (or approval is deemed given), such Material Changes shall require the approval of Seller. Changes which are not Material Changes shall not require the approval of Seller. Seller's approval of Material Changes proposed by Buyer shall not be unreasonably withheld, conditioned or delayed, and shall be deemed given if no written response to the proposed Material Changes is received by Buyer within fifteen (15) days of their submittal to Seller in writing. For purposes of this provision, "Material Changes" shall mean changes that substantially alter the location of ingress and egress points to and from public rights of ways or the location of Buyer's proposed water facility building; provided, that changes to the Site Plan that are required by applicable governmental authorities as a condition of obtaining permits or approvals for the proposed development on the Property shall not be deemed Material Changes and shall not require Seller's approval.

c. This Section 7 shall survive Closing; provided however, that subsequent to Buyer's construction of improvements on the Property in accordance with the Site Plan approved or deemed approved by Seller, this Section 7 and the Seller's approval rights shall expire and terminate.

8. Casualty and Eminent Domain. Risk of loss as to the Property resulting from any condemnation or eminent domain proceeding which is commenced or has been threatened before the Closing, and risk of loss to the Property due to fire, flood or any other cause before the Closing, shall remain with Seller. If before the Closing the Property or any portion thereof shall be materially damaged, or if the Property or any portion thereof shall be subjected to the bona fide threat of condemnation or shall become the subject of any proceedings, judicial, administrative or otherwise, with respect to the taking by eminent domain or condemnation, then Buyer may terminate this Agreement by written notice to Seller given within ten (10) days after notice of the damage or taking (in the event of such termination of this Agreement, Buyer shall receive the return of the Deposit (and any interest accrued thereon)). If the Closing Date is within the aforesaid 10-day period, then the Closing shall be extended to the next business day following the end of said 10-day period. If no such election to terminate is made, this Agreement shall remain in full force and effect and the purchase contemplated herein, less any interest taken by eminent domain or condemnation, shall be effected with no further adjustment, and upon the Closing of this purchase, Seller shall assign, transfer and set over to Buyer all of the right, title and interest of Seller in and to any awards that have been or that may thereafter be made for such taking, and Seller shall assign, transfer and set over to Buyer any insurance proceeds that may thereafter be made for such damage or destruction (provided that Buyer pay any deductible under such policies). For the purposes of this paragraph, the phrase "material damage" or similar phrase means damage that would impair the use of the Property for Buyer's intended purpose (or would increase the cost required to use the Property for Buyer's intended purpose by an amount in excess of $100,000).

9. Default and Remedies.

a. Notice of Default. In the event either party is in default of any provision hereof, the non-defaulting party, as a condition precedent to the exercise of its remedies, shall be required to give the defaulting party written notice of the same. The defaulting party shall have ten (10) business days from the receipt of such notice to cure the default; provided that it shall be an immediate event of default should a party fail to appear at Closing and perform the obligations it is required to perform at Closing and no notice and right to cure shall be available. If the defaulting party timely cures the default, the default shall be deemed waived and this Agreement shall continue in full force and effect. If the defaulting party does not timely cure such default, the non-defaulting party shall be entitled to pursue its remedies as set forth in this Section 9 below, as applicable.

b. Remedies of Seller. If Buyer shall default in the performance of any of the terms and conditions of this Agreement, or if the Closing shall not occur through the fault of Buyer, then Seller, as Seller's sole and exclusive remedy for such default, shall be entitled to terminate this Agreement by written notice to Buyer and retain Buyer's Deposit (and any accrued interest thereon) as liquidated damages. Seller and Buyer agree that the actual damages that would be incurred by Seller for a default of Buyer hereunder are uncertain and cannot be readily ascertained, and that the Deposit is a reasonable estimate of such actual damages and does not constitute a penalty. Notwithstanding the foregoing, Seller shall have all remedies available at law or in equity as to any of Buyer's indemnity, defense and hold harmless obligations (subject to the provisions and limitations of Section 768.28, Florida Statutes, which are neither waived, expanded, or altered), and the amount of the Deposit shall not be a limitation on Seller's remedies as to such matters. Notwithstanding anything in this Agreement to the contrary, if Buyer has failed to deliver any part of the Deposit required under this Agreement and an event occurs which entitles Seller to receive the Deposit under this Agreement, then Buyer shall be obligated to pay such amount of the Deposit to Seller in cash upon demand by Seller.

c. Remedies of Buyer. In the event of a default by Seller hereunder, Buyer may, at Buyer's option, do any of the following: (i) terminate this Agreement by written notice delivered to Seller at or prior to the Closing and receive the return of the Deposit; (ii) enforce specific performance of this Agreement against Seller; or (iii) to the extent specific performance is unavailable as a remedy due to Seller wrongfully conveying the Property or a portion thereof to a third party while this Agreement is in full force and effect, Buyer may bring an action against Seller for actual damages (specifically excluding consequential, punitive and special damages). If Buyer intends to pursue specific performance, Buyer must file an action for specific performance against Seller by no later than ninety (90) days after the outside Closing date under this Agreement, failing which Buyer shall be deemed to have elected option (i) above.

10. Real Estate Commission. Seller represents and warrants to Buyer that Seller has not dealt with any real estate broker or salesman with respect to the transactions contemplated under this Agreement and Seller agrees to indemnify Buyer and hold Buyer harmless from any loss, liability, damage, cost or expense (including, without limitation, reasonable attorneys' fees) paid or incurred by Buyer by reason of any claim to any broker's, finder's or other fee in connection with the transactions contemplated under this Agreement by any party claiming by, through or under Seller. Buyer represents and warrants to Seller that Buyer has not dealt with any real estate broker or salesman with respect to the transactions contemplated under this Agreement and Buyer agrees to indemnify Seller and hold Seller harmless from any loss, liability, damage, cost or expense (including, without limitation, reasonable attorneys' fees) paid or incurred by Seller by reason of any claim to any broker's, finder's or other fee in connection with the transactions contemplated under this Agreement by any party claiming by, through or under Buyer.

11. Seller's Representations and Warranties. Seller hereby represents and warrants to Buyer as of the date hereof that:

a. except as may be reflected in the Commitment, and except for this Agreement, there are no contracts or agreements outstanding (whether for sale, exchange or otherwise) which affect any portion of the Property or its operation;

b. to Seller's actual knowledge, there is no action, suit, proceeding or claim affecting the Property or any portion thereof nor affecting Seller and relating to the ownership, operation, use or occupancy of the Property pending or being prosecuted in any court or by or before any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentality nor, to the actual knowledge of Seller, is any such action, suit, proceeding or claim threatened or being asserted;

c. to Seller's actual knowledge, no portion of the Property is the subject of any pending condemnation or eminent domain proceeding, or any other litigation or proceeding, and Seller has not received any written notice and has no actual knowledge that any such proceeding is proposed or contemplated;

d. to the best of Seller's knowledge, Seller is not prohibited from consummating the transactions contemplated in this Agreement, by any law, regulation, agreement, restriction, order or judgment;

e. there are no adverse parties in possession of the Property or of any part thereof and no parties in possession thereof except Seller, and, except as to any documents or matters disclosed by the Commitment, Seller has not granted any license, lease, or other right relating to the use or possession of the Property;

f. there are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or pursuant to any other debtor relief laws contemplated by Seller or filed by Seller or pending against Seller or the Property;

g. Seller has full right, title and authority to enter into this Agreement and except as reflected in the Commitment, no other party has any right, option, interest, or claim to all or any part of the Property, whether subject to purchase contract, option agreement, right of first refusal, reversionary or future interests, or right of reverter;

h. except for governmental costs and fees for permits and approvals and taxes and assessments and except as disclosed in the Commitment, Seller has neither made nor to Seller's actual knowledge is Seller bound by any commitments to any governmental authority, utility company, school board, church or other religious body, or any homeowners' association, or to any other organization, group or individual relating to the Property, which would impose an obligation upon Buyer or its successors or assigns to make any contributions or dedications of money or land or to construct, install or maintain any improvements of a public or private nature on or off the Property; and

i. Seller has not, and to Seller's actual knowledge, Seller's agents, employees or contractors have not, released or deposited any chemical waste, toxic or hazardous materials or substances, chemicals or wastes in excess of regulatory levels upon or below the surface of the Property or into any water system, and, to Seller's actual knowledge, no such chemical waste, toxic or hazardous materials or substances, chemicals or wastes are situated upon or buried in the Property.

At Closing, Seller shall deliver a certificate certifying that its representations and warranties contained herein are true and correct as of the Closing Date or to the extent of changed circumstances, shall evidence such changed circumstances to the affected parties knowledge (the "Changed Circumstances"). If the Changed Circumstances are material in nature and result from the acts of Seller, then such Changed Circumstances shall be deemed a violation of the representations contained herein and Buyer shall have those remedies provided for a default under this Agreement. In all other instances where the Changed Circumstances are material in nature, Buyer shall have the right to terminate this Agreement and receive a refund of the Deposit and the parties shall have no further obligations under this Agreement, except those that specifically survive the termination hereof. All of Seller's warranties and representations shall survive Closing for a period of 180 days from the Closing, and no action may be taken by Buyer in connection with such representations and warranties after such date, and the parties' sole remedy for any breach of the representations and warranties contained herein discovered after Closing shall be an action for actual damages.

12. Closing. The consummation of the transaction contemplated hereby for the purchase of the Property (the "Closing") shall take place on or before the date that is thirty (30) days after expiration of the Inspection Period. The Closing shall take place at the offices of Escrow Agent, or at such other place as may be mutually selected by Buyer and Seller.

13. Documents to be delivered at Closing. At Closing, Seller shall deliver the following documents, as their interests may appear as to the portion of the Property subject to such documents:

a. Special Warranty Deed (the "Deed") duly executed and acknowledged by Seller, in form and substance reasonably acceptable to Buyer and Seller, conveying to Buyer the Land in marketable fee simple, free and clear of any lien, encumbrance or exception other than the Permitted Exceptions, but subject to the Reserved Easement. The Deed shall be in substantially the form attached hereto as Exhibit C.

b. all documentation reasonably necessary to allow Buyer or Buyer's attorney, as title agent for the Title Company, to delete from the title commitment and the Owner's Policy of Title Insurance (the "Owner Title Policy") all of the standard exceptions (except for taxes and assessments not yet due and payable, and except for any standard exceptions which may only be deleted upon a review of a survey of the Land) and to delete any exceptions other than the Permitted Exceptions;

c. a duly executed Owner's Title Affidavit, in form and substance customarily used by and acceptable to the Title Company, sufficient to enable the Title Company to delete the "gap" exception and the standard exceptions (except for taxes and assessments not yet due and payable and except for any standard exceptions which may only be deleted upon a review of a survey of the Land) from the Owner Title Policy;

d. a properly completed and executed beneficial interest affidavit and disclosure statement as required by Section 286.23, Florida Statutes;

e. a certificate that Seller (or its sole member, if Seller is a disregarded entity) is not a foreign person or entity for the purposes of Section 1445 of the United States Internal Revenue Code of 1986;

f. possession of the Land, subject only to the Permitted Exceptions;

g. such evidence of the legal existence and good standing of Seller, and the authority and capacity of Seller and its representatives as Buyer or the Title Company may reasonably require; and

h. a closing settlement statement consistent with the terms of this Agreement.

14. Closing Costs.

a. At Closing, Seller shall pay:

(i) Documentary stamp taxes on the Deed;
(ii) Seller's attorneys' fees;
(iii) Recording fees for curative title documents.

b. At Closing, Buyer shall pay:

(i) Buyer's attorneys' fees;
(ii) Buyer's inspection costs;
(iii) The cost of the Survey;
(iv) Recording fees;
(v) The Owner Title Policy issued pursuant to the Commitment.

15. Taxes and Assessments. All real estate taxes and assessments which are or which may become a lien against the Property shall be satisfied of record by Seller at Closing. In the event the Buyer acquires fee title to the Property between January 1 and November 1, Seller shall, in accordance with Section 196.295, Florida Statutes, place in escrow with the tax collector an amount equal to the current taxes prorated to the Closing Date, based upon the current assessment and millage rates on the Property. In the event the Buyer acquires fee title to the Property on or after November 1, Seller shall pay to the tax collector an amount equal to the taxes that are determined to be legally due and payable by the tax collector.

16. Notices. Notices required or permitted under this Agreement shall be in writing and shall be served on the parties at the addresses set forth below. Any such notices shall be either (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier, (b) sent

by email, in which case notice shall be deemed delivered upon transmission of such email notice, or (c) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. Any notice sent by facsimile or personal delivery and delivered after 5:00 p.m. eastern standard time shall be deemed received on the next business day. A party's address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. The attorneys are authorized to give any notice specified in this Agreement on behalf of their respective clients.

To Buyer:	JEA, Real Estate 21 W. Church Street (CC-6) Jacksonville, Florida 32202 Attention: Director, Real Estate Services Office: (904) 665-6535 Email: popeja@jea.com
With copy to:	Edwards Cohen 200 W. Forsyth St., Suite 1300 Jacksonville, Florida 32202 Attention: Brian Dawes, Esq. Office: (904) 633-7979 Email: bdawes@edcolaw.com
To Seller:	c/o The PARC Group, Inc. 4314 Pablo Oaks Court Jacksonville, Florida 32224 Attention: Roger O'Steen Office: (904) 992-9750 Email: ROSteen@parcgroup.net
With copy to:	The PARC Group, Inc. 4314 Pablo Oaks Court Jacksonville, Florida 32224 Attention: Mikey White Office: (904) 992-9750 Email: MWhite@parcgroup.net
With copy to:	Gunster, Yoakley & Stewart, P.A. 225 Water Street, Suite 1750 Jacksonville, Florida 32202 Attention: Nicholas Dyal, Esq. Office: (904) 350-7420 Email: NDyal@gunster.com
To Escrow Agent:	Edwards Cohen 200 W. Forsyth St., Suite 1300

Jacksonville, Florida 32202
Attention: Brian Dawes, Esq.
Office: (904) 633-7979
Fax: (904) 633-9026
Email: bdawes@edcolaw.com

17. Radon. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

18. Governing Law. The parties hereto expressly agree that the terms and conditions hereof, and the subsequent performance hereunder, shall be construed and controlled in accordance with the laws of the State of Florida.

19. Entire Agreement. This Agreement contains the entire Agreement between the parties hereto and no statement or representation of the respective parties hereto, their agents or employees, made outside this Agreement, and not contained herein, shall form any part hereof or be binding upon the other party hereto. This Agreement shall not be changed or modified except by written instrument signed by the parties hereto.

20. Captions. Captions used in this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement. Whenever used, the singular shall include the plural, the plural shall include the singular, and the neuter gender shall include all genders.

21. Assignment. This Agreement shall inure to the benefit of and be binding upon and is intended solely for the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns; and no third party will have any rights, privileges or other beneficial interest herein or hereunder.

22. Time is of the Essence. Time is of the essence of this Agreement. If any date referenced herein falls on a Saturday, Sunday or legal holiday, then such date automatically is extended to the next business day.

23. Interpretation. Should any of the provisions of this Agreement require interpretation, the party or parties interpreting or construing the same shall not apply a presumption that the terms herein shall be more strictly construed against on party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agents prepared the same, it being agreed that the agents of all parties participated in the preparation hereof.

24. Waiver. The waiver by one party of the performance of any covenant or condition herein shall not invalidate this Agreement, nor shall it be considered to be a waiver by such party

of any other covenant or condition herein. The waiver by either or both parties of the time for performing any act shall not constitute a waiver at the time for performing any other act or any identical act required to be performed at a later time. No waiver hereunder shall be effective unless it is in writing.

25. Escrow Provisions. It is agreed that the duties of Escrow Agent with respect to the Deposit are only as herein specifically provided and purely ministerial in nature, and Escrow Agent shall incur no liability whatever except for willful misconduct or gross negligence, as long as Escrow Agent has acted in good faith. Buyer and Seller each release Escrow Agent from any act done or omitted to be done by Escrow Agent in good faith in the performance of its duties hereunder, except the parties shall not release Escrow Agent from willful misconduct or gross negligence. Escrow Agent is acting as stakeholder only with respect to the Deposit and any other monies or documents to the extent delivered to Escrow Agent pursuant to this Agreement. Escrow Agent agrees that at such time as either party alleges that there is a default entitling the other party to the Deposit or a document, then Escrow Agent shall send notice to Seller and Buyer advising that the other party has made demand on Escrow Agent for such Deposit or document. If the party alleged to be in default does not dispute Escrow Agent disbursing the Deposit or document within ten (10) business days of receipt of notice that Escrow Agent intends to disburse the Deposit or document or Escrow Agent notifies the parties that it intends to disburse a portion of the Deposit or a document and neither of the parties disputes such disbursal within five (5) business days after written notice that Escrow Agent intends to disburse all or a portion of such Deposit or the document, then Escrow Agent is authorized to disburse the Deposit or document as set forth in Escrow Agent's notice. If there is any valid dispute as to whether Escrow Agent is obligated to deliver the Deposit or the cash or documents to close or as to whom the Deposit, or cash or documents to close is to be delivered, Escrow Agent shall not make any delivery, but in such event, Escrow Agent shall hold same until receipt by it of an authorization in writing, directing the disposition of same executed by Buyer and Seller or in the absence of such authorization, Escrow Agent shall hold the Deposit and/or the cash or documents to close until final determination of the rights of the parties in the appropriate proceedings. If such written authorization is not given or proceedings for such determination are not begun within thirty (30) days of written demand by Escrow Agent to Seller and Buyer and diligently continued, Escrow Agent may bring an appropriate action or proceeding to interplead such deposits or documents. Any such interpleader action must be brought in the County in which the Property is located. Escrow Agent shall be reimbursed for all costs and expenses of such action or proceeding, including, without limitation, reasonable attorneys' fees and disbursements, by the party determined to have wrongfully disputed Escrow Agent's authority to disburse. Upon making delivery of the Deposit and/or the cash or documents to close, Escrow Agent shall have no further liability unless such delivery constituted willful misconduct or gross negligence. The provisions of this Section shall survive Closing or any earlier termination of this Agreement.

26. 1031. If requested by Seller, Buyer will cooperate with Seller, at no cost to Buyer, in effectuating the transactions contemplated by this Agreement as a like kind exchange through a qualified intermediary in accordance with §1031 of the Internal Revenue Code of 1986, as amended. If Seller elects to proceed with a §1031 exchange, Seller shall be solely responsible for the qualification of the transaction as a §1031 exchange, the §1031 exchange shall not cause

delay to Closing, the purchase and sale of the Property shall not be contingent or otherwise subject to the consummation of the §1031 exchange, and all representations, warranties, covenants and other obligations of Seller and remedies of Buyer set forth in this Agreement shall not be affected by the §1031 exchange.

27. Buyer Representations. Buyer represents to Seller that (i) the individual executing this Agreement on behalf of Buyer is the duly elected, qualified and acting officer as indicated; (ii) the execution of this Agreement by said individual is authorized by and binding on Buyer; (ii) Buyer's execution and delivery of this Agreement to Seller and its performance of the obligations provided for herein have been authorized by Buyer; and (iv) there are no actions, suits or proceedings pending or to the knowledge of Buyer threatened against or affecting Buyer, which would impede or otherwise impair its ability to perform its obligations under this Agreement. The provisions of this paragraph shall survive Closing.

28. Board Approval Contingency. This Agreement and purchase is wholly contingent upon Buyer being able to obtain approval from Buyer's Board of Directors for the purchase of the Property. It is understood that Buyer shall notify Seller prior to expiration of the Inspection Period of the decision of the Board of Directors. If the decision is "yes" this Agreement shall continue in full force and effect. If the decision is "no" Buyer shall deliver written notice of termination to Seller during the Inspection Period and Escrow Agent is irrevocably instructed to return the Deposit and any interest earned thereon to Buyer and this Agreement shall terminate and neither party shall have any further obligations under the terms thereof.

29. Acknowledgments of Buyer. Buyer acknowledges and agrees to the following (which shall survive the Closing):

a. DRI. THE PROPERTY DESCRIBED IN THIS AGREEMENT IS PART OF THE DRI AND IS SUBJECT TO A DEVELOPMENT ORDER, NOTICE OF WHICH IS RECORDED IN THE PUBLIC RECORDS OF DUVAL AND ST. JOHNS COUNTIES, FLORIDA, WHICH IMPOSES CONDITIONS, RESTRICTIONS AND LIMITATIONS UPON THE USE AND DEVELOPMENT OF THE SUBJECT PROPERTY WHICH ARE BINDING UPON EACH SUCCESSOR AND ASSIGN OF SONOC COMPANY, LLC. THE DEVELOPMENT ORDER DOES NOT CONSTITUTE A LIEN, CLOUD OR ENCUMBRANCE OF REAL PROPERTY OR CONSTITUTE ACTUAL OR CONSTRUCTIVE NOTICE OF SAME. A COPY OF THE DEVELOPMENT ORDER MAY BE REVIEWED AT THE OFFICES OF THE PLANNING DEPARTMENT IN DUVAL AND ST. JOHNS COUNTIES, FLORIDA. THE PROPERTY IS OR SHALL BECOME SUBJECT TO A PUD, PERMITS FROM THE ST. JOHNS RIVER WATER MANAGEMENT DISTRICT AND U.S. ARMY CORPS OF ENGINEERS, AND OTHER STATE AND FEDERAL LAND USE REGULATIONS GENERALLY APPLICABLE TO THE DEVELOPMENT OF REAL ESTATE.

b. Community Development District. Buyer acknowledges that the Property is within the jurisdiction of and subject to the Tolomato Community Development District (the

"Tolomato CDD"). Any documents recorded by or on behalf of the Tolomato CDD shall be Permitted Exceptions.

THE TOLOMATO COMMUNITY DEVELOPMENT DISTRICT MAY IMPOSE AND LEVY TAXES OR ASSESSMENTS, OR BOTH TAXES AND ASSESSMENTS, ON THIS PROPERTY. THESE TAXES AND ASSESSMENTS PAY THE CONSTRUCTION, OPERATION AND MAINTENANCE COSTS OF CERTAIN PUBLIC FACILITIES AND SERVICES OF THE DISTRICT AND ARE SET ANNUALLY BY THE GOVERNING BOARD OF THE DISTRICT. THESE TAXES AND ASSESSMENTS ARE IN ADDITION TO ST. JOHNS COUNTY, FLORIDA AND OTHER LOCAL GOVERNMENTAL TAXES AND ASSESSMENTS AND ALL OTHER TAXES AND ASSESSMENTS PROVIDED FOR BY LAW.

[*This Space Intentionally Left Blank*]

IN WITNESS WHEREOF, Buyer and Seller have caused these presents to be signed in their names on the day and year set forth below.

BUYER:

JEA, a body politic and corporate

By: ___________________________
Michael Corbitt
Director, Real Estate Services
Date: ___________________________

SELLER:

SONOC COMPANY, LLC, a Delaware limited liability company

By: ___________________________
Print: ___________________________
Its: ___________________________
Date: ___________________________

Escrow Agent has executed this Agreement in order to confirm that the Escrow Agent has received and shall hold the Deposit in escrow, and shall disburse the Deposit pursuant to the provisions of Section 25.

Edwards, Cohen, Dawson, Noble & Dawes, P.A.

By: ______________________________
Print: ______________________________
Its: ______________________________
Date: ______________________________

EXHIBIT A

THE LAND

A PART OF SECTION 61 OF THE ROGUE LEONARDI GRANT, TOWNSHIP 5 SOUTH, RANGE 29 EAST, ST. JOHNS COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF TRACT B, AS SHOWN ON CROSSWATER PARKWAY EXTENSION TO PINE ISLAND ROAD PHASES 1, 2 AND 3, AS RECORDED IN MAP BOOK 107, PAGE 50 OF THE PUBLIC RECORDS OF SAID COUNTY, LYING ON THE EASTERLY RIGHT OF WAY LINE OF CROSSWATER PARKWAY, (AN 80 FOOT RIGHT OF WAY BY SAID PLAT); SAID POINT LYING ON A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 677.00 FEET; THENCE NORTHERLY ALONG SAID EASTERLY RIGHT OF WAY LINE AND ALONG THE ARC OF SAID CURVE, AN ARC LENGTH OF 60.03 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 01°22'48" EAST, 60.01 FEET TO A POINT ON SAID CURVE; THENCE SOUTH 87°20'57" EAST, LEAVING SAID EASTERLY RIGHT OF WAY LINE AND ALONG A LINE PARALLEL WITH AND LYING 60.00 FEET NORTHERLY OF, WHEN MEASURED AT RIGHT ANGLES TO THE NORTHERLY LINE OF SAID TRACT B, 193.94 FEET TO A POINT ON A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 25.00 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE, AN ARC LENGTH OF 4.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 84°49'40" EAST, 4.31 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 89°46'08" EAST, 32.97 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC LENGTH OF 30.76 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 54°58'58" EAST, 28.86 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 19°44'04" EAST, 52.18 FEET; THENCE SOUTH 69°35'24" EAST, 44.28 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 30.36 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 75°37'31" EAST, 28.52 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 40°50'25" EAST, 43.63 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC LENGTH OF 12.34 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 26°42'05" EAST, 12.21 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 12°33'45" EAST, 43.81 FEET; THENCE NORTH 18°58'48" WEST, 18.48 FEET; THENCE NORTH 07°08'33" WEST ALONG AN EASTERLY LINE OF CONSERVATION EASEMENT 17, AS DESCRIBED AND RECORDED IN OFFICIAL RECORDS BOOK 3257, PAGE 24 OF SAID PUBLIC RECORDS, AND ITS SOUTHERLY AND NORTHERLY PROJECTION, 52.31 FEET; THENCE NORTH 21°25'11" WEST, 33.09 FEET TO A CORNER OF SAID CONSERVATION EASEMENT 17; THENCE NORTH 20°01"24 WEST, 25.84 FEET; THENCE NORTH 16°22'23" WEST ALONG AN EASTERLY LINE OF SAID CONSERVATION EASEMENT 17, 12.27 FEET TO A CORNER OF SAID CONSERVATION EASEMENT 17; THENCE NORTH 20°09'13" WEST, 27.07 FEET; THENCE NORTH 13°14'08" WEST, 31.92 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 38.03 FEET, SAID ARC BEING SUBTENDED BY A CHORD

BEARING AND DISTANCE OF NORTH 56°48'54" WEST, 34.47 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 79°36'19" WEST, 21.62 FEET; THENCE NORTH 68°26'06" WEST, 37.01 FEET; THENCE NORTH 18°34'25" WEST, 52.23 FEET; THENCE NORTH 79°11'07" WEST, 9.07 FEET; THENCE NORTH 14°23'38" EAST, 35.70 FEET; THENCE NORTH 49°31'32" EAST, 15.51 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 40.90 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 02°39'21" EAST, 36.49 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 44°12'51" WEST, 46.56 FEET; THENCE NORTH 01°55'19" EAST, 15.58 FEET; THENCE NORTH 64°44'27" EAST, 31.55 FEET; THENCE NORTH 28°19'10" EAST, 14.93 FEET; THENCE NORTH 55°08'02" EAST, 64.16 FEET; THENCE NORTH 46°45'47" EAST, 51.15 FEET; THENCE NORTH 83°54'42" EAST, 52.95 FEET; THENCE NORTH 52°15'29" EAST, 47.54 FEET; THENCE NORTH 81°25'39" EAST, 6.29 FEET; THENCE SOUTH 41°01'00" EAST, 39.55 FEET; THENCE SOUTH 10°20'53" WEST, 105.88 FEET; THENCE SOUTH 40°01'54" EAST, 46.85 FEET; THENCE SOUTH 03°10'53" WEST, 53.44 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 48.19 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 52°02'07" EAST, 41.07 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 72°44'53" EAST, 42.85 FEET; THENCE NORTH 24°49'27" EAST, 20.37 FEET; THENCE SOUTH 54°15'14" EAST, 13.68 FEET; THENCE SOUTH 24°28'12" EAST, 68.41 FEET; THENCE SOUTH 07°31'00" EAST, 49.49 FEET; THENCE SOUTH 39°34'30" EAST, 81.73 FEET; THENCE SOUTH 11°33'50" EAST, 82.55 FEET; THENCE SOUTH 70°09'38" WEST, 157.66 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 162.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 121.75 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 48°37'50" WEST, 118.90 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 85.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 20.38 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 33°58'14" WEST, 20.33 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 40°50'25" WEST, 48.21 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 217.07 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 196.29, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 66°44'44" WEST, 189.67 FEET TO THE POINT OF TANGENCY OF SAID CURVE LYING ON THE AFORESAID NORTHERLY LINE OF TRACT B; THENCE NORTH 87°20'57" WEST ALONG SAID NORTHERLY LINE, 211.17 FEET TO THE POINT OF BEGINNING.

EXHIBIT B

THE RESERVED EASEMENT AREA

A PART OF SECTION 61 OF THE ROGUE LEONARDI GRANT, TOWNSHIP 5 SOUTH, RANGE 29 EAST, ST. JOHNS COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE NORTHWEST CORNER OF TRACT B, AS SHOWN ON CROSSWATER PARKWAY EXTENSION TO PINE ISLAND ROAD PHASES 1, 2 AND 3, AS RECORDED IN MAP BOOK 107, PAGE 50 OF THE PUBLIC RECORDS OF SAID COUNTY, LYING ON THE EASTERLY RIGHT OF WAY LINE OF CROSSWATER PARKWAY, (AN 80 FOOT RIGHT OF WAY BY SAID PLAT); SAID POINT LYING ON A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 677.00 FEET; THENCE NORTHERLY ALONG SAID EASTERLY RIGHT OF WAY LINE AND ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 60.03 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 01 DEGREES 22 MINUTES 48 SECONDS EAST, 60.01 FEET TO A POINT ON SAID CURVE; THENCE SOUTH 87 DEGREES 20 MINUTES 57 SECONDS EAST, LEAVING SAID EASTERLY RIGHT OF WAY LINE AND ALONG A LINE PARALLEL WITH AND LYING 60.00 FEET NORTHERLY OF, WHEN MEASURED AT RIGHT ANGLES TO THE NORTHERLY LINE OF SAID TRACT B, 193.94 FEET TO A POINT ON A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 25.00 FEET; THENCE EASTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 4.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 84 DEGREES 49 MINUTES 40 SECONDS EAST, 4.31 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 89 DEGREES 46 MINUTES 08 SECONDS EAST, 32.97 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 16.67 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 70 DEGREES 47 MINUTES 17 SECONDS EAST, 16.64 FEET TO A POINT ON SAID CURVE; THENCE SOUTH 04 DEGREES 42 MINUTES 56 SECONDS EAST, 63.77 FEET TO A POINT ON A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 217.07 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 42.57, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 87 DEGREES 01 MINUTES 59 SECONDS WEST, 42.50 FEET TO THE POINT OF TANGENCY OF SAID CURVE LYING ON THE AFORESAID NORTHERLY LINE OF TRACT B; THENCE NORTH 87 DEGREES 20 MINUTES 57 SECONDS WEST, ALONG SAID NORTHERLY LINE, 211.17 FEET TO THE POINT OF BEGINNING.

EXHIBIT C

FORM OF DEED WITH RESERVED EASEMENT

[see attached]

Prepared by and return to:
Brian Dawes, Esq.
Edwards Cohen
200 W. Forsyth Street, Suite 1300
Jacksonville, FL 32202

Property Appraiser
Parcel Identification: 072110-0000 (portion thereof)

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is made as of the _____ day of _________, 2022, by and between **SONOC COMPANY, LLC,** a Delaware limited liability company whose address is 4310 Pablo Oaks Court, Jacksonville, FL 32224 ("Grantor"), and **JEA**, a body politic and corporate, whose address is 21 W. Church Street, Jacksonville, Florida 32202 ("Grantee").

WITNESSETH:

That in consideration of the sum of Ten Dollars ($10.00) and other valuable considerations, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby grants, bargains, sells, conveys and confirms to Grantee and its successors and assigns, all of the real property in St. Johns County, Florida, more particularly described on **Exhibit "A"** attached hereto and made a part of this Deed (the "Property"), together with all tenements, hereditaments, and appurtenances pertaining to the Property and subject to the Reserved Easement (hereinafter defined) and matters of record (collectively, the "Permitted Exceptions"), but such reference shall not act to re-impose same.

TO HAVE AND TO HOLD the same in fee simple forever.

Grantor hereby covenants with Grantee that the Property is free from all encumbrances placed on the Property by Grantor (except for the Permitted Exceptions) and that Grantor will warrant and defend Grantee's title against lawful claims of all persons claiming by, through or under Grantor (except claims made pursuant to the Permitted Exceptions) but against none other.

By acceptance and execution of this Deed, Grantee hereby agrees to the following terms and provisions.

1. **Approval and Permits**. Grantee acknowledges that the development and use of the Property is subject to the Nocatee Development Order as approved by St. Johns County Resolution No. 2001-30 (the "DRI"), Nocatee Planned Unit Development St. Johns County Ordinance No. 2002-46 (the "PUD"), and certain permits from the St. Johns Water Management District and the Army Corps of Engineers relating to wetland areas within the Nocatee community, all as amended and as may be amended from time to time (collectively, the "Permits"). Grantee shall comply with the DRI, PUD, Permits and the applicable comprehensive plan, and shall hold harmless and indemnify Grantor from all losses, costs, damages and/or expenses incurred by Grantor as a result of a violation by Grantee from and after the date hereof of the terms and conditions of the DRI, PUD, or Permits. Due to the integrated nature of the

Property and the other lands under the terms of the DRI and PUD, Grantee agrees that it will not construct any improvements upon the Property nor take any action which would result in a modification of the terms and provisions of the DRI or PUD without the prior written consent of Grantor, which consent shall not be unreasonably withheld, conditioned or delayed as to any PUD modifications that affect only the Property.

2. **Use Restrictions**. For a period commencing on the date of this Deed and ending on _____________, 2072 (such end date is referred to herein as the "Restriction Expiration Date"), the Property may only be used for the development and operation of the Permitted Use (as defined below). As used herein, the "Permitted Use" means utility uses (including, without limitation, water and/or reuse water facilities); provided that in no event shall the Permitted Use allow any of the following: (i) any electrical or other power generation facility or improvements (including, without limitation, any coal fired or nuclear power plant; provided that renewable energy improvements such as solar panels and windfarms and associated improvements shall be allowed); (ii) any communication improvements or structures that do not exclusively serve the Permitted Use; (iii) any improvements or structures (other than communications towers or poles exclusively serving the Permitted Use which shall not exceed sixty feet (60') in height above ground level) exceeding fifty feet (50') in height above ground level; (iv) any mining operation; petroleum refining or other processing or bulk storage of petroleum; or (v) landfill or other similar use. From and after the Restriction Expiration Date, the Property may be used for any lawful purpose.

3. **Reserved Easement**. Grantor hereby reserves to itself, its successors and assigns, a perpetual, non-exclusive easement for ingress, egress, and landscaping ("Reserved Easement"), on, upon, over and below the surface of the land described in **Exhibit "B"** attached hereto and made a part hereof (the "Reserved Easement Area"). The Reserved Easement includes the right of Grantor to mow, maintain, repair, replace, and add landscaping that does not unreasonably interfere with the proper operation, maintenance, repair, or replacement of Grantee's utility facilities that may be located within the Reserved Easement Area from time to time.

4. **Site Plan Approval**. Grantor shall be entitled to review and approve the site plan for improvements to be constructed or installed on the Property. No improvements shall be commenced, placed or maintained upon such portion of the Property nor shall any addition or change or alteration therein be made unless such improvements, changes, or alterations are consistent with the site plan approved in writing by Grantor. Approval by Grantor shall not be unreasonably withheld. Approval or disapproval of applications to Grantor shall be given in writing with fifteen (15) days of receipt thereof by Grantor. Approval of any application by Grantor shall not constitute a basis for any liability of Grantor for any reason, including but not limited to, failure of the site plan to conform to any applicable building codes or inadequacy or deficiency in the plans resulting in defects.

5. **Remedies for Default.** To the extent that Grantee shall default in its obligations pursuant to the terms of this Deed, Grantor shall be entitled to exercise all remedies available to Grantor in law or in equity to enforce the rights and privileges herein contained, recognizing that damages may be an inadequate remedy.

6. **Severability.** Whenever possible, each provision of this Deed shall be interpreted in such manner as to be effective and valid, but if any provision or the application thereof to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision which can be given effect without the invalid provision or application, and to this end the provisions of this Deed are declared to be severable.

7. **Attorneys' Fees.** In the event litigation shall be commenced to enforce any party's rights under the terms of this Deed, the prevailing party shall be entitled to recover reasonable attorneys' fees incurred by it in pursuing such litigation, both at the trial level and on appeal.

8. **Waivers and Releases.** Grantor may, without the approval or joinder of Grantee or any other person or entity, waive or cancel in writing, any of the restrictions or provisions set forth herein in favor of Grantor, in whole or in part at any time or from time to time. No waivers shall be effective against Grantor unless in writing.

9. **Successors and Assigns**. Grantor's rights and obligations under this Deed shall inure to the benefit of and be binding on Grantor and its successors and assigns, and the provisions of this Deed shall be binding upon Grantee and its successors and assigns as owners of the Property.

[execution on following pages]

IN WITNESS WHEREOF, Grantor and Grantee have hereunto set their hands and seals the day and year first above written.

Signed, sealed and delivered
in the presence of:

____
Print Name: ____________________

____
Print Name: ____________________

GRANTOR:

SONOC COMPANY, LLC,
a Delaware limited liability company

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of physical presence this ____ day of ______________, 2022, by ___________________________________, ___________________________________of **SONOC COMPANY, LLC**, a Delaware limited liability company, on behalf of the company.

____
(Print Name_______________________)
NOTARY PUBLIC
State of Florida at Large
Commission #____________________
My Commission Expires:
Personally Known ______________
or Produced I.D. ______________
[check one of the above]
Type of Identification Produced
____

ACTIVE:15808476.5

Signed, sealed and delivered
in the presence of:

____
Print Name: ___________________

____
Print Name: ___________________

GRANTEE:

JEA,
a body politic and corporate

By: ____________________________________
Michael Corbitt
Director, Real Estate Services

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of physical presence this ____ day of ____________, 2022, by Michael Corbitt, as Director, Real Estate Services of **JEA**, a body politic and corporate, on behalf of the JEA.

____
(Print Name______________________)
NOTARY PUBLIC
State of Florida at Large
Commission #____________________
My Commission Expires:
Personally Known ______________
or Produced I.D. ______________
[check one of the above]
Type of Identification Produced
____

EXHIBIT "A"
to Special Warranty Deed

PROPERTY

A PART OF SECTION 61 OF THE ROGUE LEONARDI GRANT, TOWNSHIP 5 SOUTH, RANGE 29 EAST, ST. JOHNS COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF TRACT B, AS SHOWN ON CROSSWATER PARKWAY EXTENSION TO PINE ISLAND ROAD PHASES 1, 2 AND 3, AS RECORDED IN MAP BOOK 107, PAGE 50 OF THE PUBLIC RECORDS OF SAID COUNTY, LYING ON THE EASTERLY RIGHT OF WAY LINE OF CROSSWATER PARKWAY, (AN 80 FOOT RIGHT OF WAY BY SAID PLAT); SAID POINT LYING ON A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 677.00 FEET; THENCE NORTHERLY ALONG SAID EASTERLY RIGHT OF WAY LINE AND ALONG THE ARC OF SAID CURVE, AN ARC LENGTH OF 60.03 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 01°22'48" EAST, 60.01 FEET TO A POINT ON SAID CURVE; THENCE SOUTH 87°20'57" EAST, LEAVING SAID EASTERLY RIGHT OF WAY LINE AND ALONG A LINE PARALLEL WITH AND LYING 60.00 FEET NORTHERLY OF, WHEN MEASURED AT RIGHT ANGLES TO THE NORTHERLY LINE OF SAID TRACT B, 193.94 FEET TO A POINT ON A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 25.00 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE, AN ARC LENGTH OF 4.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 84°49'40" EAST, 4.31 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 89°46'08" EAST, 32.97 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC LENGTH OF 30.76 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 54°58'58" EAST, 28.86 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 19°44'04" EAST, 52.18 FEET; THENCE SOUTH 69°35'24" EAST, 44.28 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 30.36 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 75°37'31" EAST, 28.52 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 40°50'25" EAST, 43.63 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC LENGTH OF 12.34 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 26°42'05" EAST, 12.21 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 12°33'45" EAST, 43.81 FEET; THENCE NORTH 18°58'48" WEST, 18.48 FEET; THENCE NORTH 07°08'33" WEST ALONG AN EASTERLY LINE OF CONSERVATION EASEMENT 17, AS DESCRIBED AND RECORDED IN OFFICIAL RECORDS BOOK 3257, PAGE 24 OF SAID PUBLIC RECORDS, AND ITS SOUTHERLY AND NORTHERLY PROJECTION, 52.31 FEET; THENCE NORTH 21°25'11" WEST, 33.09 FEET TO A CORNER OF SAID CONSERVATION EASEMENT 17; THENCE NORTH 20°01"24 WEST, 25.84 FEET; THENCE NORTH 16°22'23" WEST ALONG AN EASTERLY LINE OF SAID CONSERVATION EASEMENT 17, 12.27 FEET TO A CORNER OF SAID CONSERVATION EASEMENT 17; THENCE NORTH 20°09'13" WEST, 27.07 FEET; THENCE NORTH 13°14'08" WEST, 31.92 FEET TO THE POINT OF CURVATURE OF A CURVE

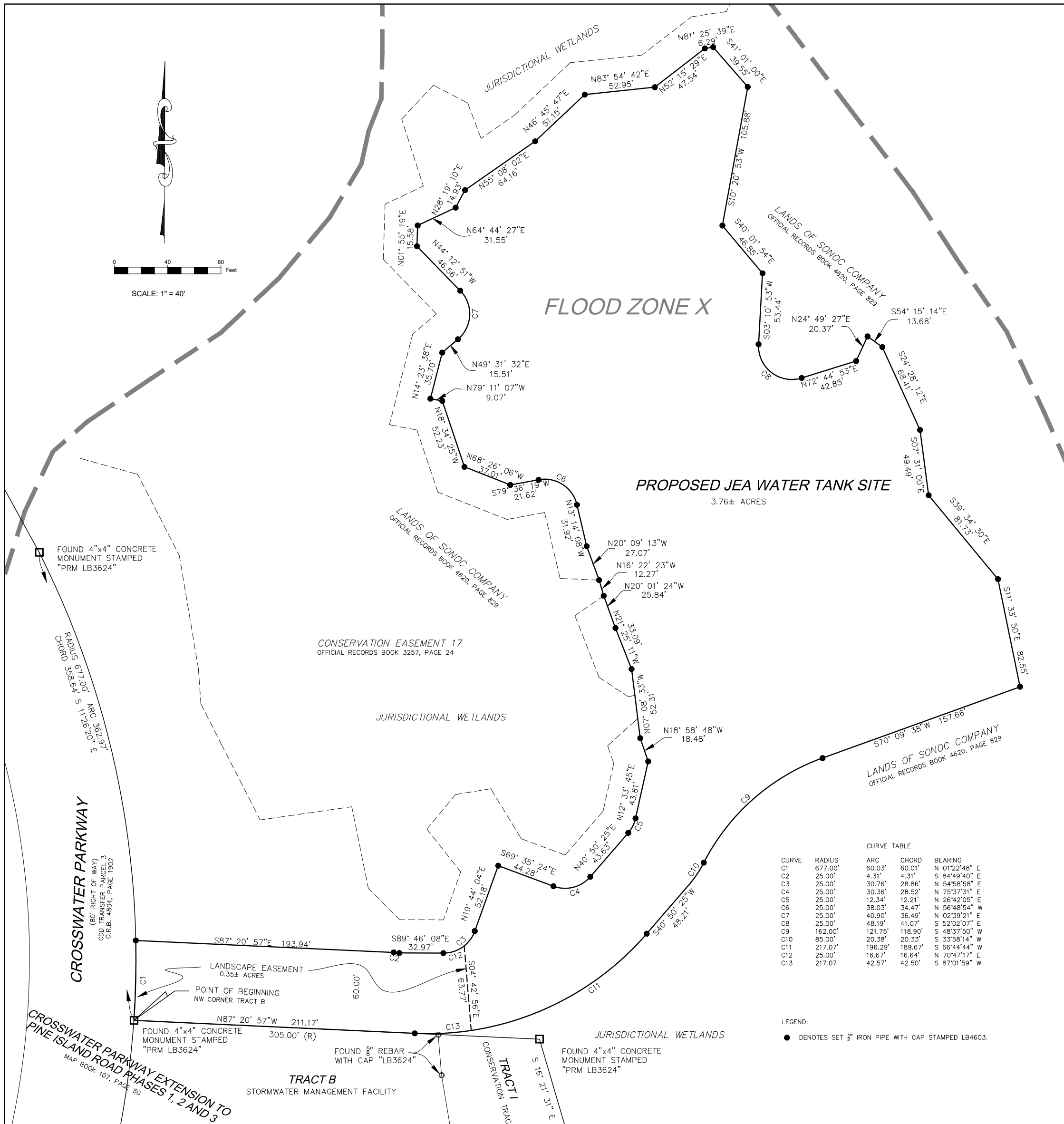
CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 38.03 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 56°48'54" WEST, 34.47 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 79°36'19" WEST, 21.62 FEET; THENCE NORTH 68°26'06" WEST, 37.01 FEET; THENCE NORTH 18°34'25" WEST, 52.23 FEET; THENCE NORTH 79°11'07" WEST, 9.07 FEET; THENCE NORTH 14°23'38" EAST, 35.70 FEET; THENCE NORTH 49°31'32" EAST, 15.51 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 40.90 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 02°39'21" EAST, 36.49 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 44°12'51" WEST, 46.56 FEET; THENCE NORTH 01°55'19" EAST, 15.58 FEET; THENCE NORTH 64°44'27" EAST, 31.55 FEET; THENCE NORTH 28°19'10" EAST, 14.93 FEET; THENCE NORTH 55°08'02" EAST, 64.16 FEET; THENCE NORTH 46°45'47" EAST, 51.15 FEET; THENCE NORTH 83°54'42" EAST, 52.95 FEET; THENCE NORTH 52°15'29" EAST, 47.54 FEET; THENCE NORTH 81°25'39" EAST, 6.29 FEET; THENCE SOUTH 41°01'00" EAST, 39.55 FEET; THENCE SOUTH 10°20'53" WEST, 105.88 FEET; THENCE SOUTH 40°01'54" EAST, 46.85 FEET; THENCE SOUTH 03°10'53" WEST, 53.44 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 48.19 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 52°02'07" EAST, 41.07 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 72°44'53" EAST, 42.85 FEET; THENCE NORTH 24°49'27" EAST, 20.37 FEET; THENCE SOUTH 54°15'14" EAST, 13.68 FEET; THENCE SOUTH 24°28'12" EAST, 68.41 FEET; THENCE SOUTH 07°31'00" EAST, 49.49 FEET; THENCE SOUTH 39°34'30" EAST, 81.73 FEET; THENCE SOUTH 11°33'50" EAST, 82.55 FEET; THENCE SOUTH 70°09'38" WEST, 157.66 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 162.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 121.75 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 48°37'50" WEST, 118.90 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 85.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 20.38 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 33°58'14" WEST, 20.33 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 40°50'25" WEST, 48.21 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 217.07 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 196.29, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 66°44'44" WEST, 189.67 FEET TO THE POINT OF TANGENCY OF SAID CURVE LYING ON THE AFORESAID NORTHERLY LINE OF TRACT B; THENCE NORTH 87°20'57" WEST ALONG SAID NORTHERLY LINE, 211.17 FEET TO THE POINT OF BEGINNING.

EXHIBIT "B"
to Special Warranty Deed

RESERVED EASEMENT AREA

A PART OF SECTION 61 OF THE ROGUE LEONARDI GRANT, TOWNSHIP 5 SOUTH, RANGE 29 EAST, ST. JOHNS COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE NORTHWEST CORNER OF TRACT B, AS SHOWN ON CROSSWATER PARKWAY EXTENSION TO PINE ISLAND ROAD PHASES 1, 2 AND 3, AS RECORDED IN MAP BOOK 107, PAGE 50 OF THE PUBLIC RECORDS OF SAID COUNTY, LYING ON THE EASTERLY RIGHT OF WAY LINE OF CROSSWATER PARKWAY, (AN 80 FOOT RIGHT OF WAY BY SAID PLAT); SAID POINT LYING ON A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 677.00 FEET; THENCE NORTHERLY ALONG SAID EASTERLY RIGHT OF WAY LINE AND ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 60.03 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 01 DEGREES 22 MINUTES 48 SECONDS EAST, 60.01 FEET TO A POINT ON SAID CURVE; THENCE SOUTH 87 DEGREES 20 MINUTES 57 SECONDS EAST, LEAVING SAID EASTERLY RIGHT OF WAY LINE AND ALONG A LINE PARALLEL WITH AND LYING 60.00 FEET NORTHERLY OF, WHEN MEASURED AT RIGHT ANGLES TO THE NORTHERLY LINE OF SAID TRACT B, 193.94 FEET TO A POINT ON A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 25.00 FEET; THENCE EASTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 4.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 84 DEGREES 49 MINUTES 40 SECONDS EAST, 4.31 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 89 DEGREES 46 MINUTES 08 SECONDS EAST, 32.97 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 16.67 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 70 DEGREES 47 MINUTES 17 SECONDS EAST, 16.64 FEET TO A POINT ON SAID CURVE; THENCE SOUTH 04 DEGREES 42 MINUTES 56 SECONDS EAST, 63.77 FEET TO A POINT ON A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 217.07 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 42.57, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 87 DEGREES 01 MINUTES 59 SECONDS WEST, 42.50 FEET TO THE POINT OF TANGENCY OF SAID CURVE LYING ON THE AFORESAID NORTHERLY LINE OF TRACT B; THENCE NORTH 87 DEGREES 20 MINUTES 57 SECONDS WEST, ALONG SAID NORTHERLY LINE, 211.17 FEET TO THE POINT OF BEGINNING.



BOUNDARY SURVEY OF:

WATER TOWER SITE

A PART OF SECTION 61 OF THE ROGUE LEONARDI GRANT, TOWNSHIP 5 SOUTH, RANGE 29 EAST, ST. JOHNS COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE NORTHWEST CORNER OF TRACT B, AS SHOWN ON CROSSWATER PARKWAY EXTENSION TO PINE ISLAND ROAD PHASES 1, 2 AND 3, AS RECORDED IN MAP BOOK 107, PAGE 50 OF THE PUBLIC RECORDS OF SAID COUNTY, LYING ON THE EASTERLY RIGHT OF WAY LINE OF CROSSWATER PARKWAY, (AN 80 FOOT RIGHT OF WAY BY SAID PLAT); SAID POINT LYING ON A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 677.00 FEET; THENCE NORTHERLY ALONG SAID EASTERLY RIGHT OF WAY LINE AND ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 60.03 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 01 DEGREES 22 MINUTES 48 SECONDS EAST, 60.01 FEET TO A POINT ON SAID CURVE; THENCE SOUTH 87 DEGREES 20 MINUTES 57 SECONDS EAST, LEAVING SAID EASTERLY RIGHT OF WAY LINE AND ALONG A LINE PARALLEL WITH AND LYING 60.00 FEET NORTHERLY OF, WHEN MEASURED AT RIGHT ANGLES TO THE NORTHERLY LINE OF SAID TRACT B, 193.94 FEET TO A POINT ON A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 25.00 FEET; THENCE EASTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 4.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 84 DEGREES 49 MINUTES 40 SECONDS EAST, 4.31 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 89 DEGREES 46 MINUTES 08 SECONDS EAST, 32.97 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 30.76 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 54 DEGREES 58 MINUTES 58 SECONDS EAST, 28.86 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 19 DEGREES 44 MINUTES 04 SECONDS EAST, 52.18 FEET; THENCE SOUTH 69 DEGREES 35 MINUTES 24 SECONDS EAST, 44.28 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 30.36 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 75 DEGREES 37 MINUTES 31 SECONDS EAST, 28.52 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 40 DEGREES 50 MINUTES 25 SECONDS EAST, 43.63 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 12.34 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 26 DEGREES 42 MINUTES 05 SECONDS EAST, 12.21 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 12 DEGREES 33 MINUTES 45 SECONDS EAST, 43.81 FEET; THENCE NORTH 18 DEGREES 58 MINUTES 48 SECONDS WEST, 18.48 FEET; THENCE NORTH 07 DEGREES 08 MINUTES 33 SECONDS WEST, ALONG AN EASTERLY LINE OF CONSERVATION EASEMENT 17, AS DESCRIBED AND RECORDED IN OFFICIAL RECORDS BOOK 3257, PAGE 24 OF SAID PUBLIC RECORDS, AND ITS SOUTHERLY AND NORTHERLY PROJECTION, 52.31 FEET; THENCE NORTH 21 DEGREES 25 MINUTES 11 SECONDS WEST, 33.09 FEET; THENCE NORTH 20 DEGREES 01 MINUTES 24 SECONDS WEST, 25.84 FEET TO A CORNER OF SAID CONSERVATION EASEMENT 17; THENCE NORTH 16 DEGREES 22 MINUTES 23 SECONDS WEST, ALONG AN EASTERLY LINE OF SAID CONSERVATION EASEMENT 17, 12.27 FEET TO A CORNER OF SAID CONSERVATION EASEMENT 17; THENCE NORTH 20 DEGREES 09 MINUTES 13 SECONDS WEST, 27.07 FEET; THENCE NORTH 13 DEGREES 14 MINUTES 08 SECONDS WEST, 31.92 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHWESTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 38.03 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 56 DEGREES 48 MINUTES 54 SECONDS WEST, 34.47 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 79 DEGREES 36 MINUTES 19 SECONDS WEST, 21.62 FEET; THENCE NORTH 68 DEGREES 26 MINUTES 06 SECONDS WEST, 37.01 FEET; THENCE NORTH 18 DEGREES 34 MINUTES 25 SECONDS WEST, 52.23 FEET; THENCE NORTH 79 DEGREES 11 MINUTES 07 SECONDS WEST, 9.07 FEET; THENCE NORTH 14 DEGREES 23 MINUTES 38 SECONDS EAST, 35.70 FEET; THENCE NORTH 49 DEGREES 31 MINUTES 32 SECONDS EAST, 15.51 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 40.90 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 02 DEGREES 39 MINUTES 21 SECONDS EAST, 36.49 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 44 DEGREES 12 MINUTES 51 SECONDS WEST, 46.56 FEET; THENCE NORTH 01 DEGREES 55 MINUTES 19 SECONDS EAST, 15.58 FEET; THENCE NORTH 64 DEGREES 44 MINUTES 27 SECONDS EAST, 31.55 FEET; THENCE NORTH 28 DEGREES 19 MINUTES 10 SECONDS EAST, 14.93 FEET; THENCE NORTH 55 DEGREES 08 MINUTES 02 SECONDS EAST, 64.16 FEET; THENCE NORTH 46 DEGREES 45 MINUTES 47 SECONDS EAST, 51.15 FEET; THENCE NORTH 83 DEGREES 54 MINUTES 42 SECONDS EAST, 52.95 FEET; THENCE NORTH 52 DEGREES 15 MINUTES 29 SECONDS EAST, 47.54 FEET; THENCE NORTH 81 DEGREES 25 MINUTES 39 SECONDS EAST, 6.29 FEET; THENCE SOUTH 41 DEGREES 01 MINUTES 00 SECONDS EAST, 39.55 FEET; THENCE SOUTH 10 DEGREES 20 MINUTES 53 SECONDS WEST, 105.88 FEET; THENCE SOUTH 40 DEGREES 01 MINUTES 54 SECONDS EAST, 46.85 FEET; THENCE SOUTH 03 DEGREES 10 MINUTES 53 SECONDS WEST, 53.44 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 48.19 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 52 DEGREES 02 MINUTES 07 SECONDS EAST, 41.07 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 72 DEGREES 44 MINUTES 53 SECONDS EAST, 42.85 FEET; THENCE NORTH 24 DEGREES 49 MINUTES 27 SECONDS EAST, 20.37 FEET; THENCE SOUTH 54 DEGREES 15 MINUTES 14 SECONDS EAST, 13.68 FEET; THENCE SOUTH 24 DEGREES 28 MINUTES 12 SECONDS EAST, 68.41 FEET; THENCE SOUTH 07 DEGREES 31 MINUTES 00 SECONDS EAST, 49.49 FEET; THENCE SOUTH 39 DEGREES 34 MINUTES 30 SECONDS EAST, 81.73 FEET; THENCE SOUTH 11 DEGREES 33 MINUTES 50 SECONDS EAST, 82.55 FEET; THENCE SOUTH 70 DEGREES 09 MINUTES 38 SECONDS WEST, 157.66 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 162.00 FEET; THENCE SOUTHWESTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 121.75 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 48 DEGREES 37 MINUTES 50 SECONDS WEST, 118.90 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 85.00 FEET; THENCE SOUTHWESTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 20.38 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 33 DEGREES 58 MINUTES 14 SECONDS WEST, 20.33 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 40 DEGREES 50 MINUTES 25 SECONDS WEST, 48.21 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 217.07 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 196.29, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 66 DEGREES 44 MINUTES 44 SECONDS WEST, 189.67 FEET TO THE POINT OF TANGENCY OF SAID CURVE LYING ON THE AFORESAID NORTHERLY LINE OF TRACT B; THENCE NORTH 87 DEGREES 20 MINUTES 57 SECONDS WEST, ALONG SAID NORTHERLY LINE, 211.17 FEET TO THE POINT OF BEGINNING.

CONTAINING 3.76 ACRES MORE OR LESS.

LANDSCAPE EASEMENT

A PART OF SECTION 61 OF THE ROGUE LEONARDI GRANT, TOWNSHIP 5 SOUTH, RANGE 29 EAST, ST. JOHNS COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE NORTHWEST CORNER OF TRACT B, AS SHOWN ON CROSSWATER PARKWAY EXTENSION TO PINE ISLAND ROAD PHASES 1, 2 AND 3, AS RECORDED IN MAP BOOK 107, PAGE 50 OF THE PUBLIC RECORDS OF SAID COUNTY, LYING ON THE EASTERLY RIGHT OF WAY LINE OF CROSSWATER PARKWAY, (AN 80 FOOT RIGHT OF WAY BY SAID PLAT); SAID POINT LYING ON A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 677.00 FEET; THENCE NORTHERLY ALONG SAID EASTERLY RIGHT OF WAY LINE AND ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 60.03 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 01 DEGREES 22 MINUTES 48 SECONDS EAST, 60.01 FEET TO A POINT ON SAID CURVE; THENCE SOUTH 87 DEGREES 20 MINUTES 57 SECONDS EAST, LEAVING SAID EASTERLY RIGHT OF WAY LINE AND ALONG A LINE PARALLEL WITH AND LYING 60.00 FEET NORTHERLY OF, WHEN MEASURED AT RIGHT ANGLES TO THE NORTHERLY LINE OF SAID TRACT B, 193.94 FEET TO A POINT ON A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 25.00 FEET; THENCE EASTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 4.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 84 DEGREES 49 MINUTES 40 SECONDS EAST, 4.31 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 89 DEGREES 46 MINUTES 08 SECONDS EAST, 32.97 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY, ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 16.67 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 70 DEGREES 47 MINUTES 17 SECONDS EAST, 16.64 FEET TO A POINT ON SAID CURVE; THENCE SOUTH 04 DEGREES 42 MINUTES 56 SECONDS EAST, 63.77 FEET TO A POINT ON A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 217.07 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 42.57, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 87 DEGREES 01 MINUTES 59 SECONDS WEST, 42.50 FEET TO THE POINT OF TANGENCY OF SAID CURVE LYING ON THE AFORESAID NORTHERLY LINE OF TRACT B; THENCE NORTH 87 DEGREES 20 MINUTES 57 SECONDS WEST, ALONG SAID NORTHERLY LINE, 211.17 FEET TO THE POINT OF BEGINNING.

CONTAINING 0.35 ACRES MORE OR LESS.

NOTES:

1. BEARINGS SHOWN HEREON ARE BASED ON THE NORTH LINE OF TRACT B BEING NORTH 87°20'57" WEST, ACCORDING TO PLAT OF CROSSWATER PARKWAY EXTENSION TO PINE ISLAND ROAD PHASE 1, 2 AND 3, AS RECORDED IN MAP BOOK 107, PAGE 50 OF THE PUBLIC RECORDS OF ST. JOHNS COUNTY, FLORIDA.
2. THE LEGAL DESCRIPTION FOR THE SUBJECT PARCEL WAS PREPARED BY THIS FIRM.
3. UNDERGROUND FOUNDATIONS, TANKS AND OTHER SUBTERRANEAN FEATURES WERE NOT LOCATED.
4. ALL MEASUREMENTS ARE BOTH RECORD AND CALCULATED UNLESS NOTED OTHERWISE.
5. ONLY ABOVE GROUND INDICATORS TO SUBSURFACE UTILITIES WERE LOCATED BY THIS SURVEY.
6. THE LANDS SHOWN HEREON LIE IN FLOOD ZONE UNSHADED X, AN AREA DETERMINED TO LIE OUTSIDE THE 0.2% ANNUAL CHANCE FLOOD PLAIN, SHADED X, AN AREA OF 0.2% ANNUAL CHANCE FLOOD; ACCORDING TO COMMUNITY PANEL NUMBER 12514 7-0195-J OF THE FLOOD INSURANCE RATE MAPS FOR DUVAL COUNTY, FLORIDA, DATED DECEMBER 7, 2018.
7. THIS SURVEY WAS PERFORMED WITH THE BENEFIT OF COMMITMENT FOR TITLE INSURANCE PREPARED BY FIDELITY NATIONAL TITLE INSURANCE COMPANY, ORDER NO. 9636736, WITH A COMMITMENT DATE OF 7-5-22. THE FOLLOWING EXCEPTIONS ARE LISTED IN ITS SCHEDULE B-II:

   ITEMS 1-5 ARE NOT SURVEY ITEMS.

   6. NOTICE OF DRI DEVELOPMENT ORDER (NOCATEE) AS SET OUT IN INSTRUMENT RECORDED OCTOBER 1, 2001 IN OFFICIAL RECORDS BOOK 1656, PAGE 1887; FIRST AMENDMENT RECORDED MARCH 12, 2007 IN OFFICIAL RECORDS BOOK 2881, PAGE 156; AND MODIFIED MODIFICATION RECORDED JULY 20, 2009 IN OFFICIAL RECORDS BOOK 3219, PAGE 725; MODIFICATION RECORDED JANUARY 20, 2010 IN OFFICIAL RECORDS BOOK 3279, PAGE 486; MODIFICATION RECORDED OCTOBER 26, 2010 IN OFFICIAL RECORDS BOOK 3369, PAGE 258; MODIFICATION RECORDED NOVEMBER 7, 2012 IN OFFICIAL RECORDS BOOK 3640, PAGE 998; MODIFICATION RECORDED FEBRUARY 6, 2017 IN OFFICIAL RECORDS BOOK 4327, PAGE 1180; MODIFICATION RECORDED JANUARY 28, 2021 IN OFFICIAL RECORDS BOOK 5163, PAGE 1267. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   7. NOTICE OF ESTABLISHMENT OF THE TOLOMATO COMMUNITY DEVELOPMENT DISTRICT AS SET OUT IN INSTRUMENT RECORDED AUGUST 18, 2004 IN OFFICIAL RECORDS BOOK 2263, PAGE 1747; VALIDATION RECORDED DECEMBER 21, 2004 IN OFFICIAL RECORDS BOOK 2340, PAGE 1966; NOTICE OF BOUNDARY AMENDMENT OF THE TOLOMATO COMMUNITY DEVELOPMENT DISTRICT RECORDED AUGUST 7, 2018 IN OFFICIAL RECORDS BOOK 4593, PAGE 127, NOTICE OF BOUNDARY AMENDMENT RECORDED MAY 27, 2021 IN OFFICIAL RECORDS BOOK 5276, PAGE 1050. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   8. DEVELOPER AND UTILITY SERVICE AGREEMENT BETWEEN SONOC COMPANY, LLC AND JEA, AS SET OUT IN INSTRUMENT RECORDED JANUARY 20, 2005 IN OFFICIAL RECORDS BOOK 2359, PAGE 1979, AS AMENDED BY FIRST AMENDMENT RECORDED APRIL 16, 2010 IN OFFICIAL RECORDS BOOK 3305, PAGE 571; SECOND AMENDMENT RECORDED APRIL 28, 2014 IN OFFICIAL RECORDS BOOK 3872, PAGE 914; THIRD AMENDMENT RECORDED APRIL 8, 2021 IN OFFICIAL RECORDS BOOK 5232, PAGE 1500. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   9. TOLOMATO COMMUNITY DEVELOPMENT DISTRICT NOTICE OF IMPOSITION OF SPECIAL ASSESSMENTS FOR MASTER INFRASTRUCTURE IMPROVEMENTS AS SET OUT IN INSTRUMENT RECORDED FEBRUARY 24, 2005 IN OFFICIAL RECORDS BOOK 2381, PAGE 524. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   10. UNRECORDED INSTALLATION AND SERVICE AGREEMENT BY AND BETWEEN COMCAST OF GREATER FLORIDA/GEORGIA, INC. AND SONOC COMPANY, LLC DATED JUNE 2, 2006; FIRST AMENDMENT DATED APRIL 12, 2007; SECOND AMENDMENT DATED SEPTEMBER 22, 2009. **NEED DOCUMENT.**

   11. IMPACT FEE CREDIT AGREEMENT (PARK IMPACT FEES) AS SET OUT IN INSTRUMENT RECORDED JANUARY 19, 2007 IN OFFICIAL RECORDS BOOK 2853, PAGE 731. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   12. IMPACT FEE CREDIT AGREEMENT (ROAD IMPACT FEES) AS SET OUT IN INSTRUMENT RECORDED JANUARY 19, 2007 IN OFFICIAL RECORDS BOOK 2853, PAGE 749, AND RECORDED JULY 14, 2011 IN OFFICIAL RECORDS BOOK 3454, PAGE 1954. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   13. TOLOMATO COMMUNITY DEVELOPMENT DISTRICT'S NOTICE OF SPECIAL ASSESSMENTS FOR MASTER INFRASTRUCTURE IMPROVEMENTS AS SET OUT IN INSTRUMENT RECORDED JUNE 14, 2007 IN OFFICIAL RECORDS BOOK 2934, PAGE 154. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   14. TOLOMATO COMMUNITY DEVELOPMENT DISTRICT'S SUPPLEMENTAL NOTICE OF SPECIAL ASSESSMENTS FOR NEIGHBORHOOD IMPROVEMENTS AS SET OUT IN INSTRUMENT RECORDED JUNE 14, 2007 IN OFFICIAL RECORDS BOOK 2934, PAGE 166. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   15. LANDOWNER'S DECLARATION OF COVENANT AND CONSENT TO AMEND THE EXTERNAL BOUNDARIES OF THE TOLOMATO COMMUNITY DEVELOPMENT DISTRICT AND/OR TO MERGER WITH THE SPLIT PINE COMMUNITY DEVELOPMENT DISTRICT RECORDED AUGUST 9, 2007 IN OFFICIAL RECORDS BOOK 2965, PAGE 211. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   16. DECLARATION OF CONSENT TO JURISDICTION OF TOLOMATO COMMUNITY DEVELOPMENT DISTRICT AND TO IMPOSITION OF SERVICE 2007 SPECIAL ASSESSMENTS AS SET OUT IN INSTRUMENT RECORDED NOVEMBER 30, 2007 IN OFFICIAL RECORDS BOOK 3013, PAGE 1247. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   17. DECLARATION OF RESTRICTED USE AND RIGHT OF FIRST REFUSAL AS SET OUT IN INSTRUMENT RECORDED DECEMBER 21, 2007 IN OFFICIAL RECORDS BOOK 3022, PAGE 1747. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   18. MERGER IMPLEMENTATION AGREEMENT BY AND BETWEEN THE TOLOMATO COMMUNITY DEVELOPMENT DISTRICT AND THE SPLIT PINE COMMUNITY DEVELOPMENT DISTRICT, NAMING THE TOLOMATO COMMUNITY DEVELOPMENT DISTRICT THE SURVIVING ENTITY, AS SET OUT IN INSTRUMENT RECORDED MARCH 5, 2010 IN OFFICIAL RECORDS BOOK 3292, PAGE 1673. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   19. NOTICE OF MERGER OF THE SPLIT PINE COMMUNITY DEVELOPMENT DISTRICT INTO AND WITH THE TOLOMATO COMMUNITY DEVELOPMENT DISTRICT AS SET OUT IN INSTRUMENT RECORDED MARCH 19, 2010 IN OFFICIAL RECORDS BOOK 3296, PAGE 1812. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   20. FIRST AMENDED DISCLOSURE OF PUBLIC FINANCING AND MAINTENANCE OF IMPROVEMENTS TO REAL PROPERTY UNDERTAKEN BY THE TOLOMATO COMMUNITY DEVELOPMENT DISTRICT AS SET OUT IN INSTRUMENT RECORDED APRIL 19, 2010 IN OFFICIAL RECORDS BOOK 3305, PAGE 1930. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   21. NOTICE AS TO ALLOCATION OF DEVELOPMENTS RIGHTS AS SET OUT IN INSTRUMENT RECORDED SEPTEMBER 24, 2012 IN OFFICIAL RECORDS BOOK 3618, PAGE 1350. **DOES NOT AFFECT THE SUBJECT PARCEL. THE SUBJECT PARCEL WAS EXCLUDED BY LESS AND EXCEPT FROM PARCEL 3 (ST. JOHNS COUNTY SONOC COMPANY LLC LANDS ON PAGES 1374-1377.**

   22. IMPACT FEE CREDIT AGREEMENT (FIRE/RESCUE FEES) AS SET OUT IN INSTRUMENT RECORDED MAY 7, 2014 IN OFFICIAL RECORDS BOOK 3877, PAGE 159. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   23. AMENDED AND RESTATED NOTICE OF SPECIAL ASSESSMENTS AND LIEN OF RECORD OF THE TOLOMATO COMMUNITY DEVELOPMENT DISTRICT AS SET OUT IN INSTRUMENT RECORDED MARCH 18, 2015 IN OFFICIAL RECORDS BOOK 4000, PAGE 1725. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   24. NOTICE AS TO ALLOCATION OF DEVELOPMENTS RIGHTS (2015) AS SET OUT IN INSTRUMENT RECORDED MAY 1, 2015 IN OFFICIAL RECORDS BOOK 4021, PAGE 1049. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   25. DECLARATION OF CONSENT TO JURISDICTION OF TOLOMATO COMMUNITY DEVELOPMENT DISTRICT AND TO IMPOSITION OF SPECIAL ASSESSMENTS AS SET OUT IN INSTRUMENT RECORDED MAY 1, 2015 IN OFFICIAL RECORDS BOOK 4021, PAGE 1057. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   26. TOLOMATO COMMUNITY DEVELOPMENT DISTRICT NOTICE OF IMPOSITION OF SPECIAL ASSESSMENTS AS SET OUT IN INSTRUMENT RECORDED MAY 4, 2018 IN OFFICIAL RECORDS BOOK 4542, PAGE 728. **THIS IS BLANKET IN NATURE AND AFFECTS THE ENTIRE SUBJECT PROPERTY.**

   RECORDED NOTICE OF ENVIRONMENTAL RESOURCE PERMIT AS SET OUT IN INSTRUMENT RECORDED APRIL 14, 2016 IN OFFICIAL RECORDS BOOK 4177, PAGE 437. **AFFECTS THE ENTIRE SUBJECT PROPERTY.**
   RECORDED NOTICE OF ENVIRONMENTAL RESOURCE PERMIT AS SET OUT IN INSTRUMENT RECORDED AUGUST 8, 2017 IN OFFICIAL RECORDS BOOK 4417, PAGE 1782. **AFFECTS THE ENTIRE SUBJECT PROPERTY.**
   RECORDED NOTICE OF ENVIRONMENTAL RESOURCE PERMIT AS SET OUT IN INSTRUMENT RECORDED MAY 3, 2019 IN OFFICIAL RECORDS BOOK 4719, PAGE 951. **DOES NOT AFFECT THE SUBJECT PROPERTY.**
   RECORDED NOTICE OF ENVIRONMENTAL RESOURCE PERMIT AS SET OUT IN INSTRUMENT RECORDED JULY 9, 2020 IN OFFICIAL RECORDS BOOK 4986, PAGE 414. **DOES NOT AFFECT THE SUBJECT PROPERTY.**
   RECORDED NOTICE OF ENVIRONMENTAL RESOURCE PERMIT AS SET OUT IN INSTRUMENT RECORDED JULY 9, 2020 IN OFFICIAL RECORDS BOOK 4986, PAGE 417. **DOES NOT AFFECT THE SUBJECT PROPERTY.**
   RECORDED NOTICE OF ENVIRONMENTAL RESOURCE PERMIT AS SET OUT IN INSTRUMENT RECORDED JANUARY 6, 2021 IN OFFICIAL RECORDS BOOK 5145, PAGE 153. **AFFECTS THE ENTIRE SUBJECT PROPERTY.**

CURVE TABLE

CURVE	RADIUS	ARC	CHORD	BEARING
C1	677.00'	60.03'	60.01'	N 01°22'48" E
C2	25.00'	4.31'	4.31'	S 84°49'40" E
C3	25.00'	30.76'	28.86'	N 54°58'58" E
C4	25.00'	30.36'	28.52'	N 75°37'31" E
C5	25.00'	12.34'	12.21'	N 26°42'05" E
C6	25.00'	38.03'	34.47'	N 56°48'54" W
C7	25.00'	40.90'	36.49'	N 02°39'21" E
C8	25.00'	48.19'	41.07'	S 52°02'07" E
C9	162.00'	121.75'	118.90'	S 48°37'50" W
C10	85.00'	20.38'	20.33'	S 33°58'14" W
C11	217.07'	196.29'	189.67'	S 66°44'44" W
C12	25.00'	16.67'	16.64'	N 70°47'17" E
C13	217.07	42.57'	42.50'	S 87°01'59" W

LEGEND:

● DENOTES SET 1/2" IRON PIPE WITH CAP STAMPED LB4603.

SURVEY DATE: SEPTEMBER 14, 2001	DRAWING DATE: SEPTEMBER 15, 2021
FIELD BOOK 892, PAGES 3-6	DRAWING SCALE: 1" = 40'
DRAFTED BY: BDC	REVISION DATE:
CHECKED BY: GRN	7-20-22 UPDATED TITLE COMMITMENT
COMPUTER FILE: 2021111 Nocatee Water TowerDWG	
JOB FILE No. 2021111	

2131 CORPORATE SQUARE BOULEVARD,
JACKSONVILLE, FLORIDA 32216
904-722-0400
FAX 904-722-0402
DEGROVE@DEGROVE.COM
LICENSED BUSINESS NUMBER 4603

DEGROVE
SURVEYORS, INC.

THIS SURVEY MEETS THE STANDARDS OF PRACTICE FOR PROFESSIONAL SURVEYORS AND MAPPERS IN THE STATE OF FLORIDA PURSUANT TO CHAPTER 5J-17.051 & 5J-17.052, F.A.C.

BRENDA D. CATONE, P.S.M., FLORIDA CERTIFICATION NO. 5447

NOTICE:
NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

CERTIFIED TO:

JEA;
SONOC COMPANY, LLC;
FIDELITY NATIONAL TITLE INSURANCE CO.,
EDWARDS, COHEN, DAWSON, NOBLE & DAWES, P.A.

BOARD RESOLUTION: 2022-22
September 20, 2022

JEA RESOLUTION No. 2022-22

A RESOLUTION BY THE JEA BOARD AUTHORIZING NEGOTIATED ACQUISITION AND EXECUTION OF ACQUISITION AGREEMENTS FOR UTILITY EASEMENT RIGHTS IN CERTAIN LANDS DESCRIBED HEREIN FOR OVERHEAD ELECTRIC LINES AND ASSOCIATED FACILITIES, UNDER CERTAIN TERMS AND CONDITIONS, AND FAILING SUCCESSFUL NEGOTIATIONS AS TO ANY AND ALL SUCH LANDS, AUTHORIZING CONDEMNATION PROCEEDINGS; DECLARING THE NECESSITY FOR ACQUIRING UTILITY EASEMENT RIGHTS THROUGH CONDEMNATION BY RIGHT OF EMINENT DOMAIN IN CERTAIN LANDS; AUTHORIZING THE OFFICE OF GENERAL COUNSEL TO INSTITUTE APPROPRIATE CONDEMNATION PROCEEDINGS; WAIVING ANY CONFLICTING PROVISIONS OF THE REAL ESTATE SERVICES PROCUREMENT DIRECTIVES; PROVIDING AN EFFECTIVE DATE.

WHEREAS, JEA is authorized to construct, operate and maintain facilities for public utilities for the general public and is vested by law with the power of eminent domain to acquire fee and easement rights, for all public utilities including, but not limited to, electric, water, reclaimed water, and sewer purposes in the event that negotiations for their purchase is concluded unsuccessfully; now therefore:

BE IT RESOLVED BY JEA:

Section 1. Managing Director Authorized to Acquire. The Managing Director, or his designee, is hereby authorized to negotiate and acquire and to enter into acquisition agreements and to execute on behalf of JEA such documents as may be required for acquisition of utility easement rights in the lands described in Exhibit "A", to construct, operate and maintain overhead electric lines and related facilities. JEA declares that the lands described in Exhibit "A" is necessary for this use. The Managing Director, or his designee, shall accomplish such acquisition of utility easement rights on such terms and conditions as specified by JEA.

Section 2. Declaration of Necessity. In the event any such negotiation is concluded unsuccessfully within a reasonable period of time, as determined by JEA, JEA declares the necessity for acquiring through condemnation by right of eminent domain utility easement rights in the lands described in Exhibit "A". The purpose of the utility easement rights is to construct, operate and maintain overhead electric lines and related facilities and to accommodate future expansion and reliability of the electric system.

Section 3. Acquisition of Utility Easements. JEA shall acquire by eminent domain utility easement rights in the lands described in the attached Exhibit "A" for the public purposes stated herein.

Section 4. Institution of Legal Proceedings. The Office of General Counsel is authorized and empowered to institute at the direction of the Managing Director and on behalf of JEA the appropriate legal proceedings to acquire by condemnation utility easement rights in the lands described in the attached Exhibit "A".

Section 5. Waiver. Any conflicting provisions of the Real Estate Procurement Directives are hereby waived.

Section 6. Correction of Errors. To the extent that there are administrative, typographical, and/or scrivener's errors contained herein that do not substantively change the tone, tenor or effect of this Resolution, then such errors may be revised and corrected by the Managing Direct, or authorized designee, with no further action required by the Board.

Section 7. Effective Date. This Resolution shall be effective upon its adoption by the Board.

Dated this 20th day of September 2022

JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

INTER-OFFICE MEMORANDUM
September 20, 2022

SUBJECT:	**REAL ESTATE EASEMENT CONDEMNATION RESOLUTION: CIRCUIT 663 - PHASE 2: PARCELS 801, 804, 809 AND 825**
FROM:	Jay Stowe, Managing Director / CEO
TO:	JEA Board of Directors

BACKGROUND:
In support of JEA's electric system in southwestern Duval County, Real Estate Services has been acquiring easements for the construction of a new 69kv Electric Transmission Circuit. Circuit 663 is critical for the continued reliability and economic growth of JEA's Electric System and is scheduled to begin construction September 2022.

DISCUSSION:
Real Estate Services has been negotiating with the property owners since October 2021 but has not yet reached an agreement to purchase the subject easements for the project.

Condemnation Authority is being sought at this time for the subject easements to ensure that any delays in negotiations or acquisitions do not jeopardize the project schedule. Utility easement rights will be acquired to accommodate the planned electric project. The Office of General Counsel has been involved throughout the process and recommends that the Board approve this action at this time.

FINANCIAL IMPACT:
Through Eminent Domain, the condemning authority is responsible for all fees and expenses per the Florida Statutes.

RECOMMENDATION:
Staff recommends that the Board approve Resolution 2022-21 for Condemnation to be filed with the Court in order to obtain easements to the property, for the purposes referenced above, should negotiations prove unsuccessful.

Further, that the Board approve pre-suit mediation as allowed by Chapter 73.015(3), Florida Statutes, and delegate mediation settlement authority to the Managing Director/CEO or his designee.

Lastly, staff recommends that the Board approve continuing negotiations with the property owner until and after any Order of Taking in order to expedite the process, control costs and provide a fair settlement between parties.

Jay Stowe, Managing Director/CEO

JCS/LMD/MAC/BLT
Attachments: Location Map / Ownership Interests / JEA Resolution for Condemnation

Ownership Interest:

Parcel 801: Ismaul G. & Gwennetta W. Lamar

Parcel 804: Dana Mishel Avila Gomez

Parcel 809: SFR Investments V Borrower 1 LLC, a Delaware limited liability company

Brian Buffington, Member

Travis Chester, Member

Parcel 825: AL Century LLC, a Florida limited liability company

Baligh Altheeb, Managing Member

MAP SHOWING

BOUNDARY SURVEY

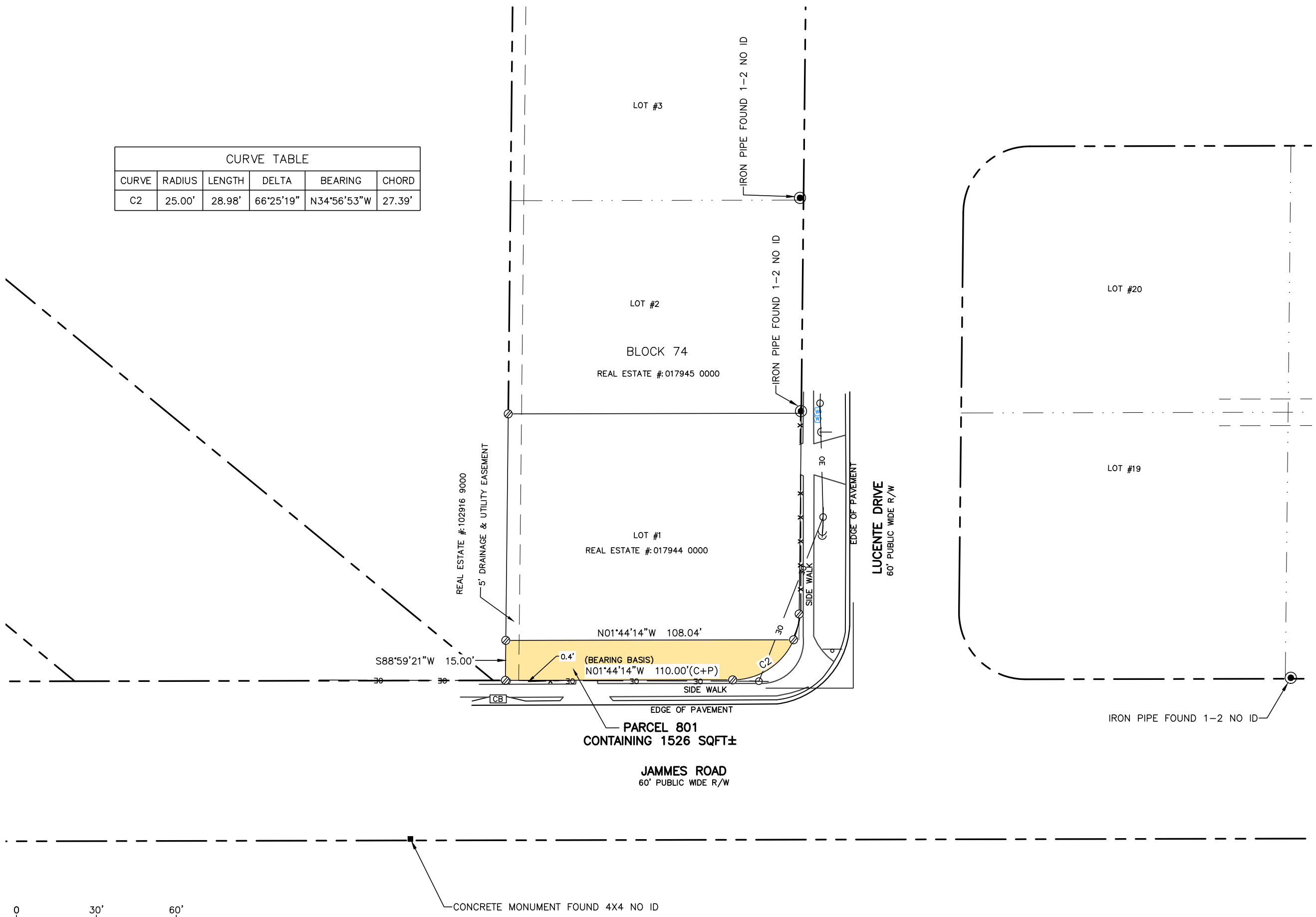
OF

PARCEL 801

THE EAST 15 FEET OF LOT 1, BLOCK 74 AS SHOWN ON THE PLAT OF CEDAR HILLS ESTATE UNIT 8, AS RECORDED IN PLAT BOOK, 29, PAGES 46 THROUGH 46D, INCLUSIVE, OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY FLORIDA.

CURVE TABLE

CURVE	RADIUS	LENGTH	DELTA	BEARING	CHORD
C2	25.00'	28.98'	66°25'19"	N34°56'53"W	27.39'



LEGEND

- STORM MANHOLE
- POLE WOOD
- TREE SIZE AND TYPE AS NOTED
- CB CATCH BASIN
- BOLLARD CONCRETE
- WATER METER
- LIGHT POLE
- SIGN
- FIBER OPTIC VAULT
- WATER VAULT
- HYDRANT
- SANITARY MANHOLE
- SANITARY CLEANOUT
- TRAFFIC SIGNAL PB
- WATER METER
- SET REBAR
- GUY WIRE ANCHOR
- WATER VALVE
- ELECTRIC VAULT
- IRON PIPE FOUND
- MAG NAIL SET
- OTHER SURVEY MONUMENT FOUND
- CONCRETE MONUMENT FOUND
- MAG NAIL FOUND
- P.G. PAGE
- R/W RIGHT OF WAY
- INV. INVERT
- (M) MEASURED
- (R) RECORDED
- (C) CALCULATED
- [xx.x'] PERPENDICULAR DIMENSIONS
- SQFT SQUARE FEET

GENERAL NOTES

1. THIS SURVEY WAS PREPARED WITHOUT THE BENEFIT OF A TITLE ABSTRACT OR REPORT, THEREFOR THERE MAY BE ADDITIONAL MATTERS OF RECORD NOT SHOWN HEREON THAT MAY BE FOUND IN THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.
2. UNDERGROUND IMPROVEMENTS SUCH AS FOUNDATIONS AND UTILITIES WERE NOT LOCATED.
3. A BEARING OF N01°44'14"W WAS ASSUMED ON THE WESTERLY RIGHT OF WAY LINE OF JAMMES ROAD BASED ON NSRS 2011 FLORIDA STATE PLANE, EAST ZONE, US FOOT WAS USED.
4. PROPERTY HEREON LIES IN FLOOD ZONE "X" AS SCALED FROM FLOOD INSURANCE RATE MAP 12031C0363J, DATED NOVEMBER 2, 2018.

DONALD M. JOHNSON JR.
SAM LLC LICENSE BUISNESS NO. 7908
FLORIDA REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5613

NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

SAM™

10250 Normandy Blvd
Jacksonville, FL 32221
Ofc: 904.619.6630
email: info@sam.biz

PROJECT:	1022071561
JOB NUMBER:	1022071561
DATE:	6/8/2022
SCALE:	1"=30'
SURVEYOR:	DMJ
TECHNICIAN:	TJM
DRAWING:	
TRACT ID:	
PARTYCHIEF:	JD
FIELDBOOKS:	54

2240 JAMMES ROAD

SHEET 1 OF 1

PATH:\\SAMINC\TLH\PROJECTS\1022071561\100\SURVEY\02BASE\1022071561- JEA PARCELS (804,809,801,825).DWG

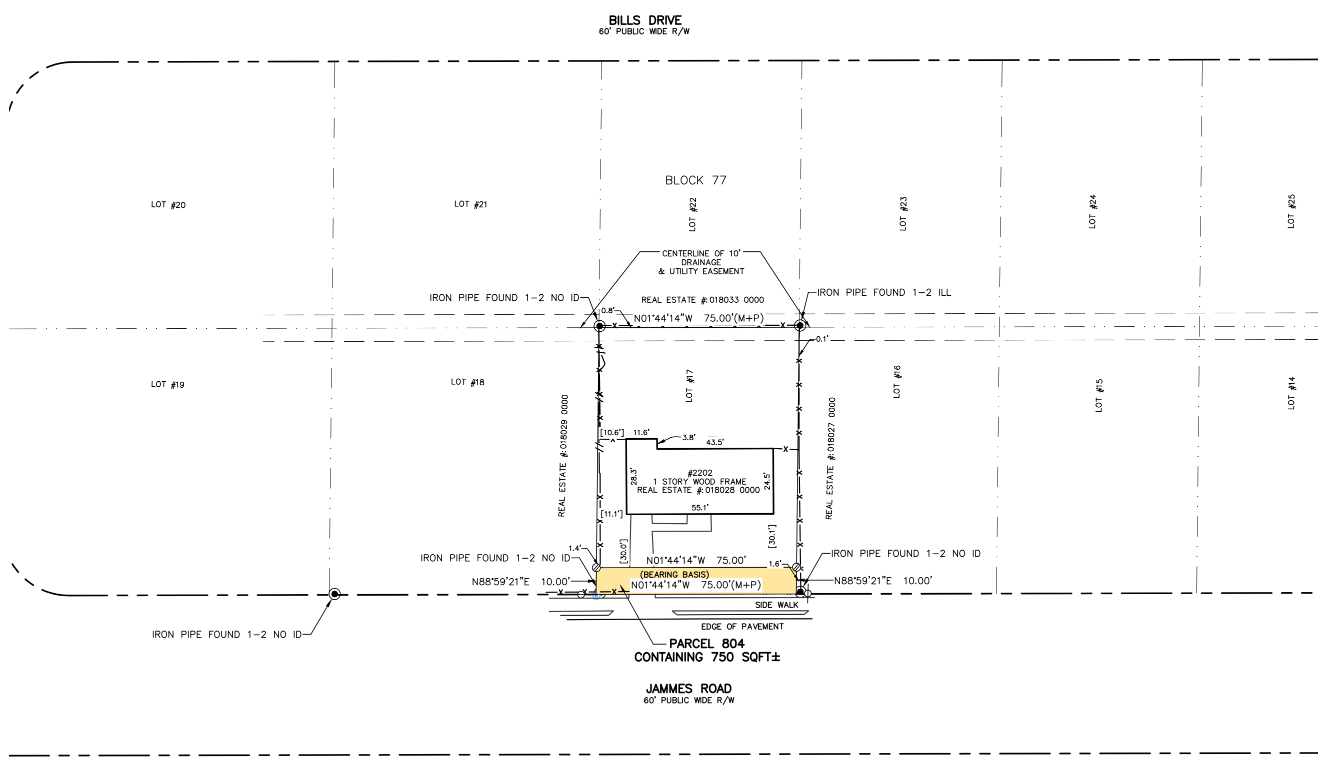
MAP SHOWING

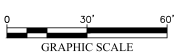
BOUNDARY SURVEY

OF

PARCEL 804

THE EAST 10 FEET OF LOT 17, BLOCK 77, AS SHOWN ON THE PLAT OF CEDAR HILLS ESTATE UNIT 8, AS RECORDED IN PLAT BOOK, 29, PAGES 46 THROUGH 46D, INCLUSIVE, OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY FLORIDA.





LEGEND

D	STORM MANHOLE
	POLE WOOD
	TREE SIZE AND TYPE AS NOTED
CB	CATCH BASIN
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	WATER METER
	LIGHT POLE
	SIGN
F	FIBER OPTIC VAULT
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	TRAFFIC SIGNAL PB
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	GUY WIRE ANCHOR
W	WATER VALVE
E	ELECTRIC VAULT
	IRON PIPE FOUND
	MAG NAIL SET
	OTHER SURVEY MONUMENT FOUND
	CONCRETE MONUMENT FOUND
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P.G.	PAGE
R/W	RIGHT OF WAY
INV.	INVERT
(M)	MEASURED
(R)	RECORDED
(C)	CALCULATED
[xx.x']	PERPENDICULAR DIMENSIONS
SQFT	SQUARE FEET

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4. PROPERTY HEREON LIES IN FLOOD ZONE "X" AS SCALED FROM FLOOD INSURANCE RATE MAP 12031C0363J, DATED NOVEMBER 2, 2018.

DONALD M. JOHNSON, JR.
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SAM™
10250 Normandy Blvd
Jacksonville, FL 32221
Ofc: 904.619.6630
email: info@sam.biz

PROJECT:	1022071561
JOB NUMBER:	1022071561
DATE:	6/8/2022
SCALE:	1"=30'
SURVEYOR:	DMJ
TECHNICIAN:	TJM
DRAWING:	
TRACT ID:	
PARTYCHIEF:	JD
FIELDBOOKS:	54

2202 JAMMES ROAD

SHEET 1 OF 1

PATH:\\SAMINC\TLH\PROJECTS\1022071561\100\SURVEY\02BASE\1022071561- JEA PARCELS (804,809,801,825).DWG

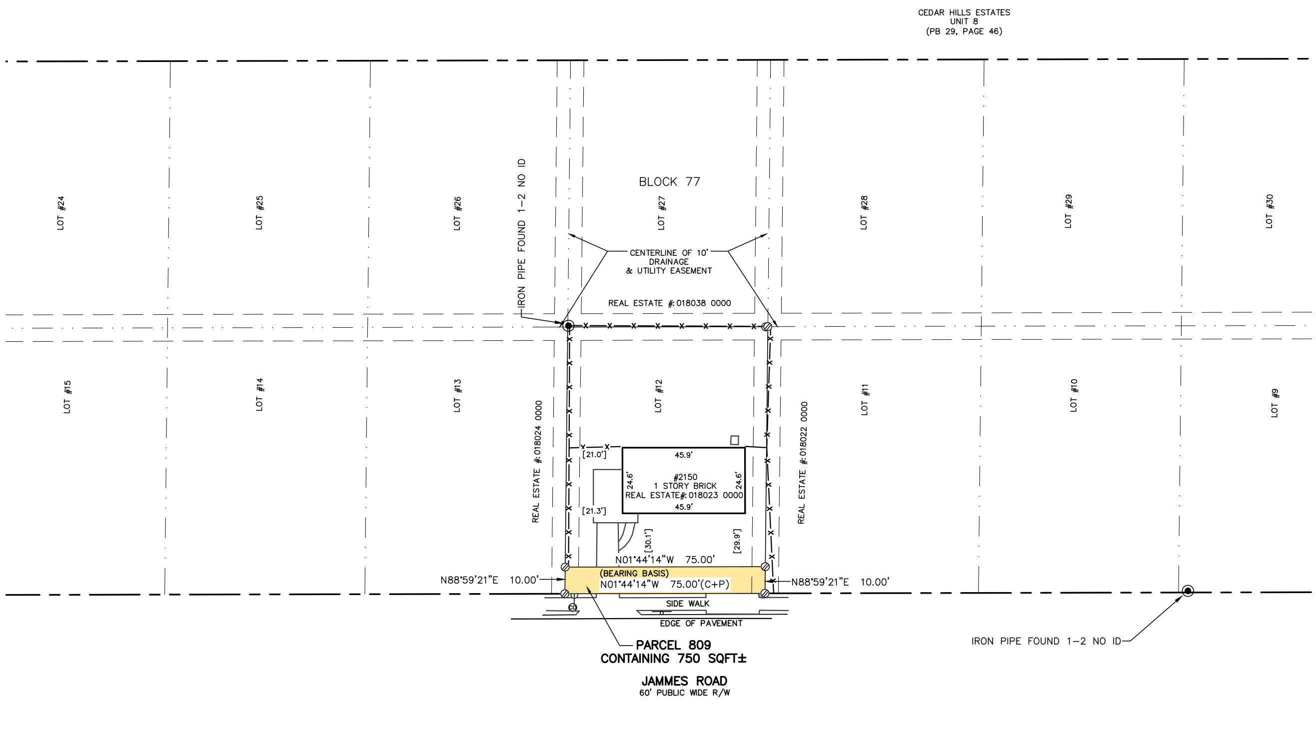
MAP SHOWING

BOUNDARY SURVEY

OF

PARCEL 809

THE EAST 10 FEET OF LOT 12, BLOCK 77, AS SHOWN ON THE PLAT OF CEDAR HILLS ESTATE UNIT 8, AS RECORDED IN PLAT BOOK, 29, PAGES 46 THROUGH 46D, INCLUSIVE, OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY FLORIDA.



LEGEND

Ⓓ	STORM MANHOLE
	POLE WOOD
	TREE SIZE AND TYPE AS NOTED
CB	CATCH BASIN
	BOLLARD CONCRETE
	WATER METER
	LIGHT POLE
	SIGN
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	ELECTRIC VAULT
	IRON PIPE FOUND
	MAG NAIL SET
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	CONCRETE MONUMENT FOUND
	MAG NAIL FOUND
P.G.	PAGE
R/W	RIGHT OF WAY
INV.	INVERT
(M)	MEASURED
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(C)	CALCULATED
[xx.x']	PERPENDICULAR DIMENSIONS
SQFT	SQUARE FEET

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3. A BEARING OF N01°44'14"W WAS ASSUMED ON THE WESTERLY RIGHT OF WAY LINE OF JAMMES ROAD BASED ON NSRS 2011 FLORIDA STATE PLANE, EAST ZONE, US FOOT WAS USED.
4. PROPERTY HEREON LIES IN FLOOD ZONE "X" AS SCALED FROM FLOOD INSURANCE RATE MAP 12031C0363J, DATED NOVEMBER 2, 2018.

0 30' 60'

GRAPHIC SCALE

DONALD M. JOHNSON SR.
SAM LLC LICENSE BUISNESS NO. 7908
FLORIDA REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5613

NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

SAM™

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2150 JAMMES ROAD

SHEET 1 OF 1

PATH:\\SAMINC\TLH\PROJECTS\1022071561\100\SURVEY\02BASE\1022071561- JEA PARCELS (804,809,801,825).DWG

MAP SHOWING

BOUNDARY SURVEY

OF

PARCEL 825

THE SOUTH 10 FEET OF LOTS 40, 41, 42, AND THE SOUTH 10 FEET WEST HALF OF CLOSED DESHON DRIVE AS SHOWN ON THE PLAT OF COUNTRY CLUB MANOR, AS RECORDED IN MAP BOOK, 10, PAGE 31, OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY FLORIDA.

LEGEND

Ⓓ	STORM MANHOLE
	POLE WOOD
	TREE SIZE AND TYPE AS NOTED
CB	CATCH BASIN
•	BOLLARD CONCRETE
	WATER METER
	LIGHT POLE
	SIGN
Ⓕ	FIBER OPTIC VAULT
Ⓦ	WATER VAULT
	HYDRANT
	SANITARY MANHOLE
	SANITARY CLEANOUT
	TRAFFIC SIGNAL PB
	WATER METER
	SET REBAR
	GUY WIRE ANCHOR
	WATER VALVE
	ELECTRIC VAULT
	IRON PIPE FOUND
	MAG NAIL SET
	OTHER SURVEY MONUMENT FOUND
■	CONCRETE MONUMENT FOUND
	MAG NAIL FOUND
P.G.	PAGE
R/W	RIGHT OF WAY
INV.	INVERT
(M)	MEASURED
(R)	RECORDED
(C)	CALCULATED
[xx.x']	PERPENDICULAR DIMENSIONS
SQFT	SQUARE FEET

GENERAL NOTES

1. THIS SURVEY WAS PREPARED WITHOUT THE BENEFIT OF A TITLE ABSTRACT OR REPORT, THEREFOR THERE MAY BE ADDITIONAL MATTERS OF RECORD NOT SHOWN HEREON THAT MAY BE FOUND IN THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.
2. UNDERGROUND IMPROVEMENTS SUCH AS FOUNDATIONS AND UTILITIES WERE NOT LOCATED.
3. A BEARING OF N01°44'14"W WAS ASSUMED ON THE WESTERLY RIGHT OF WAY LINE OF JAMMES ROAD BASED ON NSRS 2011 FLORIDA STATE PLANE, EAST ZONE, US FOOT WAS USED.
4. PROPERTY HEREON LIES IN FLOOD ZONE "X" AS SCALED FROM FLOOD INSURANCE RATE MAP 12031C0363J, DATED NOVEMBER 2, 2018.

DONALD M. JOHNSON JR.
SAM LLC LICENSE BUISNESS NO. 7908
FLORIDA REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5613

NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

SAM™

10250 Normandy Blvd
Jacksonville, FL 32221
Ofc: 904.619.6630
email: info@sam.biz

PROJECT:	1022071561
JOB NUMBER:	1022071561
DATE:	6/8/2022
SCALE:	1"=30'
SURVEYOR:	DMJ
TECHNICIAN:	TJM
DRAWING:	
TRACT ID:	
PARTYCHIEF:	JD
FIELDBOOKS:	54

6377 SAN JUAN AVE

SHEET 1 OF 1

PATH:\\SAMINC\TLH\PROJECTS\1022071561\100\SURVEY\02BASE\1022071561— JEA PARCELS (804,809,801,825).DWG

BOARD RESOLUTION: 2022-23
September 20, 2022

A RESOLUTION OF THE JEA BOARD OF DIRECTORS APPROVING THE JEA ENERGY MARKET RISK MANAGEMENT POLICY IN SUBSTANTIALLY THE SAME FORM AS ATTACHED HERETO; DIRECTING THE BOARD SERVICES MANAGER TO POST THE AMENDED POLICIES ON JEA'S WEBSITE IN A CONSPICUOUS MANNER; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, in accordance with Article 21, Section 21.03, City of Jacksonville Charter, referred to within this resolution as "JEA Charter", "[t]he governing body of JEA shall adopt governing documents, including, but not limited to bylaws, a board policy manual, and such other rules and regulations not inconsistent with this Article, the charter or general law"; and

WHEREAS, in accordance with the JEA Charter, "the governing body of JEA shall annually review and update its governing documents"; and

WHEREAS, the JEA Energy Market Risk Management Policy was reviewed by the Finance and Audit Committee on March 12, 2021 and approved by the Board of Directors on March 23, 2021; and

WHEREAS, the JEA Delegation of Authority and Responsibility Policy was last reviewed and approved by the Board of Directors on June 22, 2021; and

WHEREAS, in accordance with the JEA Charter, "JEA's bylaws, board policy manual, and other governing documents, including any amendments thereto, shall be posted on JEA's website in a conspicuous manner for the public to view"; and

WHEREAS, it is in the best interests of JEA to adopt the amended policies in substantially the same form as attached hereto.

NOW THEREFORE, BE IT RESOLVED by the JEA Board of Directors that:

1. The above recitals are incorporated into the body of this Resolution and are adopted as findings of fact.

2. The Board adopts the amended JEA Energy Market Risk Management Policy in substantially the same for as attached hereto.

3. The Board Services Manager is directed to post the amended Delegation of Authority and Responsibility Policy and Energy Market Risk Management Policy on JEA's website in a conspicuous manner.

4. To the extent that there are any typographical, administrative, and/or scrivener's errors contained here in that do not change the tone, tenor, or purpose of this Resolution, then such errors may be corrected with no further action required by the Board.

5. This Resolution shall be effective upon approval by the Board.

Dated this 20th day of September 2022.

JEA Board Chair	JEA Board Secretary

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Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

JEA

Energy Market Risk Management Policy

Approved by the Board of Directors

3/18/2014

Revision Approved by the Board of Directors
9/20/2022

Table of Contents

Policy Introduction

During the course of business, JEA is exposed to volatility in electric energy and fuel prices, uncertainty in load and resource availability, the creditworthiness of its counterparties, and the risks associated with transacting in wholesale energy markets. To manage these risks and others in the wholesale energy markets, JEA has developed an Energy Market Risk Management ("EMRM") Policy (the "Policy").

Objectives of the Policy
The objectives of the Policy are the following:

1. Identify and discuss categories of risks inherent in operating in wholesale energy markets;
2. Establish the governance structure for EMRM activity;
3. Delineate the roles and oversight responsibilities of the groups and individuals responsible for implementing an EMRM program;
4. State required business practices;
5. Set exposure limits based on instrument structure, strategy goals, quantity, time horizon, underlying commodity value, and other considerations;
6. Define Credit Policy;
7. Set forth the monitoring and reporting requirements for the EMRM Program;
8. Define the products that may be used to manage the exposures.

Scope of the Policy
This Policy identifies risks inherent in operating in wholesale energy markets. Specifically, the Policy addresses Market Risk, Counterparty Risk, Volumetric Risk, Budget Risk, Collateralization Risk, Regulatory Risk, and Operative Risk arising from JEA's generating assets, load obligations, wholesale energy contracts, fuel supply contracts, and Financial and Physical Transactions. With respect to Financial and Physical Transactions, the Policy covers the Credit Risk associated with execution, as well as the recording, monitoring, and risk reporting associated with these transactions.

Policy Establishment, Authority, Approval and Revision
JEA's Board of Directors must approve this Policy, as well as any future changes to the Policy. Board approval shall not be required to amend, supplement or update the Policy appendices. On an annual basis, the Chief Financial Officer (CFO), Chief Administrative (CAO) and Chief Operating Officer (COO) will review this Policy and determine if it should be amended, supplemented or updated to account for business developments or for other appropriate business reasons.

Additional policies and procedures that may be developed to fully implement this Policy do not require Board approval provided that such policies and procedures do not conflict with this Policy. In the event that any policies or procedures conflict with this Policy, this Policy shall prevail.

Discussion of Risks

JEA is subjected to risk inherent in the business environment in which it operates. Exposure to risks inherent in the energy markets could result in a multitude of diverse positive or negative consequences for JEA. Market Risk, Counterparty Risk, Volumetric Risk, Budget Risk, Collateralization Risk, Operative Risk and Regulatory Risk are among the most critical and identifiable of the risks relevant to JEA, as they pertain to the scope of this Policy.

Market Risk
Market Risk is the exposure JEA faces due to changes in the value of market variables. Specifically Market Risk includes:

Price Risk
Price Risk is the exposure JEA faces as a result of changes in the market price for power, fuel, emissions allowances, and renewable energy credits/green tag allowances. Price Risk is typically the largest source of exposure and is managed by implementing a comprehensive EMRM Program that includes risk identification and measurement, strategy development and execution, and risk monitoring and reporting.

Basis Risk
Basis Risk is the exposure JEA faces as a result of less-than-perfect correlation between the underlying asset or item being hedged and the product/instrument used to hedge the asset or item. Basis risk is managed by ensuring there is a reasonable degree of correlation between the hedging product/instrument and the underlying asset/item being hedged. Basis Risk can result from difference in price changes due to differences in:

- Location – An example is using the NYMEX natural gas Futures contract which is priced at the Henry Hub to hedge an underlying exposure on the FGT pipeline;
- Products – An example is using the NYMEX WTI crude oil Futures contract to hedge an underlying exposure arising from the need to purchase fuel oil;
- Timing – An example is using the January NYMEX natural gas Future contract to hedge exposures to daily intra-month natural gas price swings in December.

Liquidity Risk
Liquidity Risk is the exposure caused by lack of marketability of a financial instrument or physical product at the prices consistent with recent sales. Liquidity Risk may be a problem because a given position may be very large relative to typical trading volumes or because market conditions are unsettled. Liquidity Risk can be identified by a wide bid-ask spread and large price movements in response to any attempt to buy or sell. Liquidity Risk is managed by ensuring there is a reasonable degree of liquidity in the hedging product/instrument, by monitoring the concentration of exposure in product/instruments at locations that are illiquid, and by adjusting the process used in risk measurement and strategy analysis to incorporate the illiquidity.

Counterparty Risk
Counterparty Risk is the risk associated with potential losses JEA could incur due to a counterparty not fulfilling contractual obligations. This risk can be realized through a physical or financial nonperformance by a counterparty. Although JEA is exposed to Counterparty Risk from a number of sources, for purposes of this Policy, Counterparty Risk will be restricted to the management of Counterparty Risk associated with Transactions in the wholesale fuel and energy markets. Counterparty Risk will be managed by the limits and control set forth in this Policy.

Volumetric Risk
Volumetric Risk is the exposure JEA faces due to deviation from expected levels in the amount of energy delivered or generated. It includes deviations in load (which could be caused by economic conditions, weather, etc.) as well as deviations caused by Operations Risk. Volumetric Risk is managed by identifying the impact it could have on JEA's financial and operating performance and developing strategies to manage the risk if warranted.

Budget Risk
Budget Risk is the risk associated with not collecting a budgeted variable fuel rate that is sufficient to cover JEA's fuel and purchase power costs of operation. This risk can be managed by monitoring the market uncertainty and the impact to the JEA portfolio. JEA manages this risk through the limit structure in this Policy and by employing a variable monthly fuel rate mechanism in customer's electric bills.

Collateralization Risk
Collateralization Risk is the exposure JEA faces from the potential mismatch that can occur between the timing in cash flow associated with the underlying item being hedged and the timing requirements for posting collateral. For example, if JEA were to hedge its need to purchase natural gas two years out by purchasing NYMEX natural gas Futures and the price of natural gas were to drop substantially before the gas was consumed, JEA would need to post additional collateral with its Futures Clearing Merchant prior to receiving revenue from the sale of the power generated at its natural gas-fired facilities.

Operative Risk
Operative Risk is the exposure JEA faces due to daily activities at the organization. Specifically, Operative Risk includes:

> ***Operations Risk***
> Operations Risk is the exposure JEA faces due to failure of its assets to perform as expected. This risk includes exposure caused by unplanned outages, inaccurate load forecasts, delays in construction, failure of transmission or transportation systems, etc. Operations Risk is managed by proper maintenance and construction programs and proper operational planning. It is also managed by quantifying the risk impact on JEA's financial and operating condition and if warranted, taking steps to manage the risk.
>
> ***Implementation Risk***
> Implementation Risk is the exposure that JEA faces from failed or inadequate management of processes, people, and systems related to its EMRM Program. Implementation Risk is managed by developing and enforcing policies and procedures, addressing transaction execution and processing, and by maintaining a segregation of responsibilities between transaction authorization/execution, risk monitoring, and reporting.

Regulatory Risk
Regulatory Risk is the risk associated with changes in federal, state, local, or market policy. With the Dodd-Frank Wall Street Reform Act and other applicable laws and regulations, JEA has the potential to transact products regulated by the Commodity Futures Trading Commission (CFTC) or other regulatory bodies within and outside of the United States. To ensure compliance with applicable regulators and regulations, JEA:

- Requires all employees participating in activities within the scope of this document to participate in annual compliance training, and
- Actively monitors regulatory bodies for regulations applicable to JEA.

Oversight Responsibilities and Organization Structure

Organizational Structure and Reporting Relationships
The JEA Board has delegated the responsibility to the Managing Director/Chief Executive Officer (MD/CEO) to develop and implement JEA's EMRM Program. The Board's responsibilities with respect to JEA's EMRM Program include:

- Reviewing and approving this Policy and all revisions to this Policy.
- Understanding JEA's major financial energy market risk exposures.
- Delegating the oversight and maintenance of the Policy to JEA's Fuel and Purchase Power Committee (FPPC).
- Approving all Transactions outside of FPPC authorization limits.

FPPC

The FPPC is responsible for risk oversight for all energy market risk management activities for JEA. Additionally, the FPPC is responsible for ensuring all energy market risk management activities are in accordance with this Policy.

The MD/CEO shall appoint the core members of the FPPC. The list of core members shall include the Chief Administrative Officer who is responsible for ensuring compliance with this Policy. The complete list of the core FPPC members is set forth in Appendix B. The FPPC shall meet monthly and additionally as needed to review the performance and appropriateness of the energy market risk management activities given the current and anticipated future market and business environment. Decisions of the FPPC will be made by consensus and will be retained by Fuels Management Services (FMS) consistent with JEA Records Management Policies. Hedge recommendations and resulting Transactions will be documented in presentation materials and posted on the FMS web page on JEA's SharePoint site. Any materials used in the analysis or decision to enter into a swap including confirmation documents will be retained for a period of five years beyond the final termination date of each transaction.

The responsibilities of the FPPC relative to energy market risk management shall include:

- Keeping abreast of industry, market, and legislative developments that affect JEA's risk exposure.
- Monitoring energy market risk exposures on an aggregate level.
- Developing and approving all major strategies employed by JEA to manage energy market risk.
- Approving all specific energy market financial and physical activities to meet JEA's strategies.
- Approving the policies and procedures needed to implement this Policy, including amendments and updates to the appendices.
- Reviewing all exceptions to the Policy and exceedances of market and credit limits that are monitored by TEA.
- Designating the positions within JEA for whom this Policy applies and ensuring these individuals are aware of and understand their responsibilities for compliance with this Policy.
- Authorizing individuals in specific positions to commit JEA to energy market Transactions and ensuring that such individuals are appropriately trained. A list of positions within JEA authorized by the FPPC is contained in Appendix C and a list of individuals requiring training is maintained by FMS.
- Approving any changes to the list of approved energy market risk management products contained in Appendix D.
- Approving any changes to the approved Term, Maturity, and Notional Dollar Amounts in Appendix F below the level of MD/CEO. The Notional Dollar Amount for the MD/CEO is approved by the JEA Board. These Terms, Maturity, and Notional Dollar Amounts should be consistent with the Procurement Code Exemptions.
- Approving methodologies, models, metrics and assumptions for valuation and risk measurement for energy market risk.

- Reviewing the performance of the Qualified Independent Representative (QIR) annually over the preceding 12-months and arriving at a recommendation to either continue using the current QIR or select a replacement. Current JEA QIR selection is provided in Appendix E.
- Ensuring documentation of Transactions is maintained.
- Reviewing Transactions and risk reports furnished by TEA.

Business Practices

Business Practices are set forth to help manage the Implementation Risk and are required for an effective EMRM Program. JEA has adopted the following business practices:

Standards of Conduct and Compliance
No employee of JEA shall use non-public information to the benefit of his or her own account.

Subject to existing and future laws and regulations and to the extent possible, employees shall refrain from disclosing pricing terms of Transactions with third parties.

JEA employees shall follow:

- JEA's Code of Ethics as set forth in JEA Ethical Business Conduct Guidelines.
- FERC Standards of Conduct.
- Any compliance documents that may be developed under the EMRM Program.

Training
It is the responsibility of the FPPC to ensure employees that are able to commit JEA to energy market risk management strategies and execute Transactions have received adequate training and understand the implications of their commitments.

Trading Practices
All Transactions authorized or entered into by an employee of JEA must be entered into with the intent to manage risk and not with the intent to inflate volumes, revenues, or otherwise present a distorted representation of JEA's financial position.

No JEA employee or representative shall execute or authorize the execution of any Transaction if the purpose of the Transaction is to generate income by anticipating market movements. If any questions arise as to whether a particular Transaction constitutes speculation, the FPPC shall review the Transaction(s) to determine whether the Transaction(s) would constitute speculation.

After FPPC authorization, all Transactions will be executed in a timely and judicious manner with considerations for current market conditions.

All physical Transactions executed by JEA shall follow the MD/CEO approved Procurement Code Exemptions.

JEA's relationship with TEA is governed by the Operating Agreement and any policies referenced in the Operating Agreement. JEA personnel authorizing or directing TEA to enter into Tansactions will understand the relevant provisions of these documents. After directing a representative of TEA to execute a financial transaction on behalf of JEA, a representative of JEA will participate in the execution of the financial transaction with the TEA representative and the JEA counterparty to actively monitor each financial transaction. Each employee or representative of JEA shall consent to recording by the JEA counterparty. If JEA incurs any swap reporting obligations, then JEA will report the swap to the appropriate swap data repository.

Individual Authorities
Only employees in positions approved by the FPPC as listed in Appendix C can commit JEA to energy market Transactions. Approved employees can only authorize TEA to execute Transactions for products for which they have approval and within the limits set forth in Appendix F of this EMRM Policy.

Transaction Methods
All Transactions must be confirmed over a recorded phone line, recorded via an instant messaging program, documented through email, or documented through a signed confirmation from both parties that meets state record retention statutes. All physical Transactions are executed under JEA's Procurement Code Exemptions.

Authorized Products
All Transactions must be for products on the Authorized Product List which is included in Appendix D. The FPPC will be responsible for authorizing all products and commodity types to be executed under a Master Agreement, Participation Agreement or some other non-industry standard Agreement. JEA will work to ensure risks associated with transacting the product are understood and communicated and to make recommendations to the FPPC for approving products.

- New products will be recommended and must first be approved by the FPPC before trade execution.
- There will be a justification for the new product stating the business rationale and value to JEA.
- An identification of potential risks associated with the product and the risks the product creates.
- The FPPC will review new product justification and approve the product and quantitative and/or qualitative limits for use of the product if deemed desirable.

Authorized Counterparties
All Transactions must be executed under a Master Agreement, Participation Agreement or some other industry standard Agreement with an approved counterparty. The Treasurer will maintain all signed agreements with all counterparties approved for financial transactions. In addition, Transactions executed by JEA for physical solid and liquid fuel supply needs, the potential supplier is required to have been accepted by Fuel Management Services on JEA's Responsible Bidders List.

Confirmations of Executed Transactions
Written confirmations will be required from counterparties, as defined in the agreement governing the Transaction between JEA and the counterparty, for all EMRM Transactions. Prior to receipt of written confirmations, all verbal commitments shall be memorialized as to instrument structure, quantity, time horizon, price and any other relevant terms; such internal documentation shall be time stamped and correlated to the ultimate written confirmation to or from the counterparty. Email use is permitted for all written confirmations.

Trade Recordkeeping (for both financial and physical transactions)
A paper or electronic trade ticket will be filled out for every trade executed. A trade ticket will contain, if applicable, the following information:

- Date of transaction;
- Counterparty;
- Transaction capacity (e.g., MW/hour or mmBtu/day) or volume;
- Buy or sell;
- Transaction price;
- Delivery point;
- For options, option type, strike and execution instructions;
- For financial swaps, the reference index;
- Starting/Ending delivery date and hour or schedule;
- Product type;
- Any other date, hour and/or capacity data needed to define a shaped product;
- Broker or electronic trading site and fee, if applicable;
- Type of transaction: swap, futures, options, etc.;
- The reporting counterparty when the trade is a swap and there is not a prearranged reporting relationship;
- Whether any swap qualifies for the trade option exemption or exception to clearing for end user.

Qualified Independent Representative (QIR)

a) JEA will enter into a contract with a firm or firms that will have the qualifications to act as a qualified independent representative to JEA in accordance with the requirements of Commodity Futures Trading Commission ("CFTC") Regulation §23.450 and its related safe harbor and in such contract such firm or firms will make representations and provide agreements to satisfy the requirements and safe harbors of CFTC Regulation in a manner satisfactory to JEA.
b) JEA shall utilize the services of such qualified independent representative when (i) entering into a new Swap transaction, (ii) modifying, terminating (in whole or in part), transferring or novating an existing Swap transaction, or (iii) discussing the possibility of the transactions in (i) and/or (ii) with a counterparty. JEA is not to rely on Swap Recommendations (if any) provided by a Swap Dealer.
c) JEA shall monitor the continued performance of each qualified independent representative.

Exposures and Limits

A risk limit structure is essential for ensuring that JEA manages its risk exposure within tolerances approved by the Board. The limit structure put forth in this document sets the exposures that JEA is willing to take when entering into Transactions covered under the Policy. JEA will manage its exposures by using locational and volume limits.

Volume Limits

The net volume of hedge transactions may not exceed the expected volume of the hedged commodity at the time hedges are executed.

Locational Limits
Electric transmission and fuels transportation Transactions must support the requirement of one of JEA's generation units, native load or transaction locations.

Swap Threshold Limits
JEA manages its swap exposure within the limit structures set forth by the CFTC. If the swap exposure reaches 75% of the swap exposure limit, TEA will contact the CFO who will notify the FPPC.

Exceedance of Limits
In the event a limit is exceeded, unless specified elsewhere in this Policy, FPPC will be notified as soon as possible by TEA. The CFO will report all exceptions to the Board quarterly.

Credit Policy

It is the intent of the Credit Policy to identify, measure, manage, monitor and report on the Credit Risk associated with Transactions that subject JEA to financial exposure from the contractual default of a counterparty.

JEA with TEA input determines the credit quality of counterparties based upon various credit evaluation factors, including collateral requirements under certain circumstances.

In order to manage credit risk, JEA has established the following policies:

- Commodity Transactions will be entered into only with approved counterparties, approved by the CFO, that have sufficient unutilized credit to support the transaction.
- JEA counterparties will be reassessed at least annually or in the event of a material credit event for the counterparty.
- The status of credit risk will be tracked by counterparty at the agreement level and the information made available to the FPPC on a monthly basis for risk oversight and more frequently when there is a material credit event for the contracted counterparty, the counterparty credit limit for an individual credit limit for a counterparty is exceeded or a material market event that causes credit exposure to increase significantly.

Measuring Credit Risk
Credit Risk measurement defines the process that will be used to determine credit exposure. In general, credit exposure is comprised of three components:

- The billed receivable and payable balance.
- The delivered and not yet billed receivable and payable balance.
- The value of the position against the market, i.e. the mark-to-market exposure.

Mark-to-market is used to measure JEA's risk exposure to counterparty default on a Transaction by determining the current market value of the Transaction. JEA accounts for the value of each Transaction by using counterparty mark-to-market position reports. Additionally, TEA and JEA calculate mark-to-market potions reports for comparison using NYMEX settle prices as a basis.

A credit report will be produced and made available for review on a daily basis by TEA. This credit report provides detail at an agreement level by counterparty. The FPPC will monitor overall credit risk and any credit exceptions at least monthly.

Until and unless a master netting and setoff agreement is in place with a counterparty, separate credit exposures for each counterparty will be calculated for each Master Agreement and will not be added together to derive the total credit exposures. Negative exposures under one Master Agreement will not offset a positive exposure under another Master Agreement.

Analysis and Extension of Credit Limits

The creditworthiness of a counterparty will be determined by both qualitative and quantitative factors. Factors shall include, but are not limited to:

- A company's debt credit ratings provided by the rating agencies.
- Financial data such as an analysis of the liquidity, leverage, profitability, and size.
- Subjective factors such as company's fuel diversity, overall size, energy market risk management policy and internal controls, geographic diversity, and market intelligence.

A credit limit is the amount of unsecured credit granted to a counterparty. Unsecured credit exposure includes amounts owed by the counterparty, whether billed or not, and the mark to market differences in value of any collateral which the counterparty has provided JEA. Any net exposure above the collateral threshold, if any, will require the posting of collateral by a counterparty. Current unsecured counterparty credit limits are maintained by the Treasurer.

JEA's maximum counterparty credit limit for energy Transactions is $100,000,000 and applies to Transactions with maturity greater than one year.

Credit Exceptions

All personnel executing Transactions are constrained by these credit limits. If trading activity exceeds a counterparty's credit limit, trading that increases exposure will be suspended until the FPPC can review and make a determination regarding the counterparty.

All credit exceptions will be documented and reported to the FPPC and the Board as Policy Exceptions.

Reporting

The following reports will be developed by TEA and made available to FPPC at the frequency listed below, and more frequently when there is a material credit event for the contracted counterparty; when the credit limit for an individual counterparty is exceeded; or when a material market event occurs that causes credit exposure to increase significantly. These reports can be found on TEA's portal.

- Transaction Activity – This report shows all transactions executed for a trade day; made available daily.
- Mark-to-market – This report shows all positions with volumes in the future against the current market value; made available daily.
- Policy Exceptions – This report details any exceptions to the Policy; made available daily.
- Counterparty Credit Exposure Report – This report shows exposures resulting from the transactions covered under this Policy and includes counterparty credit ratings; available daily.
- Risk Metric/Transaction Compliance Report – This report shows all exposures against Policy limits set forth in the Policy; made available daily.

- Swap Exposure Report – This report measures JEA energy swap exposures against the CFTC threshold limits for Swap Dealer Registration; made available daily.

The following report will be created and updated by FMS and provided quarterly:

- Finance and Operations Committee Report – The Vice President, Electric Systems will report JEA's financial and physical fuel and power transactions on a quarterly basis. This report will include physical transactions greater than one year and all financial transactions.

Policy Acknowledgement and Distribution

Policy Acknowledgement
All JEA employees participating in activities or Transactions covered by this Policy shall acknowledge at the end of the annual training module or sign, on an annual basis or upon any revision to this Policy, a statement approved by the FPPC that they

i. have read this Policy and any other applicable policies, processes, or procedures approved by JEA,
ii. understand this Policy and the related policies, processes, and procedures, and
iii. have and will continue to comply with this Policy and the related policies, processes, and procedures.
iv. taken the annual training.

The training module acknowledgement and/or a signed statement by all affected JEA employees will be maintained by the CAO.

Policy Distribution
JEA's EMRM Policy may be distributed outside JEA with the consent of the MD/CEO or CFO provided that such persons or entities receiving this Policy agree to keep this Policy confidential and not disclose it to other parties.

Designated Counsel
Questions about the interpretation of any matters relating to this Policy should be referred to the CFO or CAO. The CFO and/or or the CAO will provide clarification and explanation on any updates to this Policy.

All Legal matters stemming from this Policy will be referred to JEA's legal counsel.

Appendices

A. Definitions

Basis Risk – The exposure an organization faces as a result of less-than-perfect correlation between the underlying asset or item being hedged and the product/instrument used to hedge the asset or item.

Bilateral Transaction - Any physical or financial transaction between two counterparties, neither of whom is an Exchange or market entity (e.g. MISO).

Budget Risk – The risk associated with not hitting or falling outside a tolerance band of an organization's budget.

Capacity – The real power output rating of a generator or system, typically in megawatts, measured on an instantaneous basis.

Commodity - A basic good used in commerce that is interchangeable with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers. When they are traded on an exchange, commodities must also meet specified minimum standards, also known as a basis grade.

Collateralization Risk – The exposure an organization faces from the potential mismatching in timing that can occur between the timing in cash flow associated with the underlying item being hedged and the timing requirements for posting collateral.

Counterparty Risk – The risk associated with potential losses JEA could incur due to a counterparty not fulfilling contractual obligations.

Credit Risk - The financial exposure JEA faces from a counterparty's refusal or inability to perform its contractual obligations.

FGT Pipeline – Florida Gas Transmission Pipeline

Financial Product – Any Future, Swap or Options contract, or any combination thereof, with any approved physical or Financial Product as the underlying commodity or instrument, which customarily settles financially and in which the primary intent is to settle the transaction financially.

Financial Transaction – Any contract with a Financial Product as the underlying instrument.

Future - A standardized contract which is traded on an organized exchange for delivery in the future of a specified underlying asset.

Hedging Transaction - A transaction designed to reduce the exposure of a specific outstanding position or portfolio; "fully hedged" equates to complete elimination of the targeted risk and "partially hedged" implies a risk reduction of less than 100%.

Implementation Risk – The exposure that an organization faces from failed or inadequate management of processes, people, and systems related to its EMRM Program.

Liquidity Risk - The exposure caused by lack of marketability of a financial instrument or physical product at the prices in line with recent sales.

Major Swap Participant – A swap market participant that maintains substantial positions in swaps such that the level of swap activity creates substantial counterparty exposure. The term

"Major Swap Participant" is further defined in 7 U.S.C. 1a(33) and further interpreted in 17 C.F.R. 1.3(hhh).

Mark-to-Market – A measure of the current value of unrealized positions.

Market Risk – The exposure an organization faces due to changes in the value of market variables.

Master Agreement - An agreement reached between two parties that outlines agreed to terms and conditions that will govern transactions made pursuant to it. The document includes but is not limited to billing, deal confirmation, credit and collateral terms. Examples of types of Master Agreements include EEI, ISDA, GISB, Power, NAESB and WSPP.

Maturity - The time between the date on which a transaction is executed to the last date that power or gas will flow (in the case of physical transactions) or be settled financially (in the case of financial transactions).

NYMEX – Abbreviation for the New York Mercantile Exchange which is an exchange platform for commodity futures**.**

NYMEX Natural Gas – A natural gas futures traded on the NYMEX Exchange**.**

NYMEX WTI – Abbreviation for West Texas Intermediate, a light, sweet crude oil futures traded on the NYMEX Exchange**.**

Operating Agreement – The agreement between JEA and TEA that defines the relationship between the two entities**.**

Operations Risk – The exposure an organization faces due to failure of its assets to perform as expected.

Operative Risk – Operations or Implementation Risk.

Option - The right but not the obligation to buy or sell the underlying asset at a specified price for a specified period of time.

> **Call Option** – An option that gives the buyer of the option the right, but not the obligation, to buy the underlying asset at a specified price at a specified time in the future. The option seller has the obligation to provide the underlying asset if the option is exercised.
>
> **Put Option** – An option that gives the buyer of the option the right, but not the obligation, to sell the underlying asset at a specified price at a specified time in the future. The option seller has the obligation to take the underlying asset if the option is exercised.

Participation Agreement - a document used by an exchange or service provider to describe the terms and conditions by which such provider has agreed to provide the service to its members/participants.

Physical Product – Any commodity that has been approved by the FPPC.

Physical Transaction – Any contract or agreement for the purchase or sale of a commodity which customarily is delivered physically and in which the primary intent is to deliver the transaction physically.

Policy – JEA's Energy Market Risk Management ("EMRM") Policy.

Portfolio – A collection of transactions.

Price Risk – The exposure an organization faces as a result of changes in the market price for power, fuel and emissions allowances.

Principal – Execution of a Transaction under an Agreement where the executer is also a party on the agreement

Qualified Independent Representative (QIR) – a representative required of Special Entities before transacting swaps with Swap Dealers or Major Swap Participants. Among other tasks, the representative is required to evaluate fair pricing for the swap transaction, make timely disclosures to the Special Entity and act in the best interest of the Special Entity. An exhaustive list of the requirements for the representative can be found in 17 C.F.R. 23.450(b).

Regulatory Risk – The risk of increased regulatory burden associated with participating in regulated markets.

Responsible Bidders List – Responsible fuel suppliers acceptable to Fuels Management Services and targeted by JEA in its fuel supply bid solicitations.

Special Entity – A swap transaction counterparty that includes a state agency, city, county, municipality or other political subdivision of a state, or any instrumentality, department, or a corporation of or established by a State or political subdivision of a State. The term “Special Entity” is further defined in 7 U.S.C. 6s(h)(2)(C) and further interpreted in 17 C.F.R. 23.401(C).

Swap – In general terms, a swap includes most financially settled transactions not including futures or options on futures. The term “Swap” is further defined in 7 U.S.C. 1a(47) and further interpreted in 17 C.F.R. 1.3(xxx).

Swap Dealer – A swap market participant that acts as a dealer in commodity swaps. The term “Swap Dealer” is further defined in 7 U.S.C. 1a(49) and further interpreted in 17 C.F.R. 1.3(ggg).

Term – The total duration of a contract, defined as the number of days between the beginning flow date and ending flow date, inclusive.

Trade Option Exemption – An exemption from most Dodd-Frank swap regulations granted to certain physical commodity options. Recordkeeping and reporting requirement still apply. The requirements for the trade option exemption can be found in 17 C.F.R. 32.3.

Transaction – A Physical or Financial Transaction.

Value – An amount that represent the dollar magnitude of the Transaction.

Volumetric Risk – The exposure an organization faces due to deviation from expected levels in the amount of energy delivered or generated.

B. Composition of the Fuel and Purchase Power Committee as of February 17, 2022

Core Members

Managing Director (MD)/Chief Executive Officer (CEO)
Chief Financial Officer (CFO)
Vice President (VP), Electric Systems
Chief Operating Officer (COO)
Chief Administrative Officer (CAO)
Senior Director, Energy Operations
Manager, Fuels Management Services
Vice President (VP), Financial Services

C. Authorized Personnel

Authorized Personnel List is maintained by Fuels Management Services (FMS) and is available on the FMS Sharepoint page. The following is the Authorized Personnel List as of March 8, 2022.

	Managing Director/CEO	Chief Financial Officer	Chief Operating Officer	VP, Financial Services	Vice President, Electric Systems	Manager Fuel Management Services	Sr. Director Energy Operations	Director, Electric System Operations	Manager Bulk Power Operations	Mgr. Nat.Gas Commerical Services	Electric Systems Engineer, BPO	Energy Operations Specialist	Staff/Associate Engineer, BPO	Certified/Associate System Operator	Fuels Specialist	Fuels Administrator, Senior	Fuels Administrator	Fuels Electric Systems Engineer	Fuels Staff/Associate Engineer
Physical Products																			
Power Products																			
Fixed Price Energy Commodity	x	x	x		x	x	x	x	x		x	x	x	x	x	x	x	x	x
Indexed Price Energy Commodity	x	x	x		x	x	x	x	x		x	x	x	x	x	x	x	x	x
Power Capacity	x	x	x		x		x	x	x		x	x	x	x					
Transmission	x	x	x		x		x	x	x		x	x	x	x					
Physical OTC Commodity Options	x	x	x		x	x	x	x	x		x	x	x	x	x	x	x	x	x
Natural Gas Products																			
Fixed Price Natural Gas Commodity	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Indexed Price Natural Gas Commodity	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Natural Gas Storage	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Transportation	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Physical OTC Commodity Options	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Crude Oil and Refined Products																			
Fixed Price Distillate Fuel Oil Products	x	x	x		x	x	x								x	x	x	x	x
Indexed Price Distillate Fuel Oil Products	x	x	x		x	x	x								x	x	x	x	x
Fixed Price Residual Fuel Oil Products	x	x	x		x	x	x								x	x	x	x	x
Indexed Price Residual Fuel Oil Products	x	x	x		x	x	x								x	x	x	x	x
Fixed Price Petroleum Coke Products	x	x	x		x	x	x								x	x	x	x	x
Indexed Price Petroleum Coke Products	x	x	x		x	x	x								x	x	x	x	x
Coal Products																			
Fixed Price Coal Commodity	x	x	x		x	x	x								x	x	x	x	x
Indexed Price Coal Commodity	x	x	x		x	x	x								x	x	x	x	x
Environmental Products																			
Air Emissions Allowances	x	x	x		x	x	x								x	x	x	x	x
Fixed Price Limestone	x	x	x		x	x	x								x	x	x	x	x
Indexed Price Limestone	x	x	x		x	x	x								x	x	x	x	x
RECs/Greentag Allowances	x	x	x		x	x	x	x	x						x	x	x	x	x
Financial Products																			
Power Products																			
Fixed for Floating Swap	x	x	x	x	x	x	x	x	x										
Heat Rate Swap	x	x	x	x	x	x	x	x	x										
Financial OTC Option	x	x	x	x	x	x	x	x	x										
Natural Gas Products																			
Fixed for Floating Swap	x	x	x	x	x	x	x												
Swing-Swap	x	x	x	x	x	x	x												
Financial OTC Option	x	x	x	x	x	x	x												
Crude Oil and Refined Products																			
Fixed for Floating Swap	x	x	x	x	x	x	x												
Financial OTC Option	x	x	x	x	x	x	x												
Coal Products																			
OTC Swap	x	x	x	x	x	x	x												
Financial OTC Option	x	x	x	x	x	x	x												

D. Authorized Product List

The purpose of the Authorized Product List is to ensure proper controls are in place to minimize risk when transacting under Master Agreements, Participation Agreements or some other standard industry agreement

Approved products will be limited to purchases to meet load and/or sales incidental to load for the following:

Physical Products

Physical Power Products
1. Fixed Price Energy Commodity
2. Indexed Price Energy Commodity
3. Power Capacity
4. Transmission
5. Physical OTC Commodity Options

Physical Natural Gas Products
1. Fixed Price Natural Gas Commodity
2. Indexed Price Natural Gas Commodity
3. Natural Gas Storage
4. Transportation
5. Physical OTC Commodity Options

Physical Crude Oil and Refined Products
1. Fixed Price Distillate Fuel Oil Products
2. Indexed Price Distillate Fuel Oil Products
3. Fixed Price Residual Fuel Oil Products
4. Indexed Price Residual Fuel Oil Products
5. Fixed Price Petroleum Coke Products
6. Indexed Price Petroleum Coke Products

Physical Coal Products
1. Fixed Price Coal Commodity
2. Indexed Price Coal Commodity

Physical Environmental Products
1. Air Emission Allowances
2. Fixed Price Limestone
3. Indexed Price Limestone
4. Renewable Energy Credits/Greentag Allowances

Financial Products

Financial Power Products

Any of the instruments listed below or any combination thereof that has electric energy as the underlying commodity, and which: (a) is customarily settled financially, and (b) the primary intent of which is to settle financially. This excludes MISO Products and RTO Bilateral Transactions.

1. Fixed for Floating Swap
2. Heat Rate Swap
3. Financial OTC Option

Financial Natural Gas Products

Any of the instruments listed below or any combination thereof that has natural gas as the underlying commodity, and which: (a) is customarily settled financially, and (b) the primary intent of which is to settle financially.

1. Fixed for Floating Swap
2. Swing-Swap
3. Financial OTC Option

Financial Crude Oil and Refined Products

Any of the instruments listed below or any combination thereof, that has crude oil, residual fuel, or distillate as the underlying commodity, which: (a) is customarily settled financially, and (b) the primary intent of which is to settle the transaction financially.

1. Fixed for Floating Swap
2. Financial OTC Option

Financial Coal Products

Any of the instruments listed below or any combination thereof, that has coal as the underlying commodity, which: (a) is customarily settled financially, and (b) the primary intent of which is to settle the transaction financially.

1. OTC Swap
2. Financial OTC Option

E. Special Entity Representation Selection

JEA, a Special Entity under the Dodd-Frank Financial Reform Act, has selected The Energy Authority as its Qualified Independent Representative (QIR) to provide advice and guidance when entering into swap transactions with Swap Dealers or Major Swap Participants.

F. Term, Maturity and Notional Dollar Limits

JEA employees shall not approve TEA to execute a Transaction beyond the maturity, term and notional dollar limits set for their position below. As of August 10, 2022.

Position	Maturity Limit (Days)	Term Limit (Days)	Notional Dollar Limit ($)
Managing Director/Chief Executive Officer	7,350	7,300	$100,000,000
Chief Financial Officer	3,725	3,675	$35,000,000
Chief Operating Officer	3,725	3,675	$35,000,000
Vice President, Electric Systems	3,725	3,675	$20,000,000
Vice President, Financial Services[3]	3,725	3,675	$20,000,000
Sr. Director, Energy Operations	1,925	1,875	$10,000,000
Director, Electric Systems Operations[1,2,3]	410	366	$7,500,000
Manager, Bulk Power Operations (BPO)[1,2,3]	410	366	$5,000,000
Manager, Fuels Management Services[3]	410	366	$5,000,000
Manager, Natural Gas Commerical Services[3]	61	31	$1,000,000
Electric Systems Engineer, BPO[1,2]	6	5	$1,000,000
Energy Operations Specialist[1,2]	6	5	$1,000,000
Staff/Associate Engineer, BPO[1,2]	6	5	$1,000,000
Fuels Specialist[3]	61	31	$1,000,000
Fuels Administrator, Senior[3]	61	31	$1,000,000
Fuels Administrator[3]	61	31	$1,000,000
Fuels Electric Systems Engineer[3]	61	31	$1,000,000
Fuels Staff/Associate Engineer[3]	61	31	$1,000,000
Certified System Operator On Duty[1,2]	6	5	$750,000
Associate System Operator On Duty[1,2]	6	5	$750,000

1. Limited to TEA authorized transactions.
2. Limited to current day through next business day natural gas transactions.
3. Prior approval is required based on appropriate procurement code exemptions.

JEA

Energy Market Risk Management Policy

Approved by the Board of Directors

3/18/2014

Revision Approved by the Board of Directors

~~3/23/2021~~ 9/20/2022

Confidential

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Policy Introduction

During the course of business, JEA is exposed to volatility in electric energy and fuel prices, uncertainty in load and resource availability, the creditworthiness of its counterparties, and the risks associated with transacting in wholesale energy markets. To manage these risks and others in the wholesale energy markets, JEA has developed an Energy Market Risk Management ("EMRM") Policy (the "Policy").

Objectives of the Policy
The objectives of the Policy are the following:

1. Identify and discuss categories of risks inherent in operating in wholesale energy markets;
2. Establish the governance structure for EMRM activity;
3. Delineate the roles and oversight responsibilities of the groups and individuals responsible for implementing an EMRM program;
4. State required business practices;
5. Set exposure limits based on instrument structure, strategy goals, quantity, time horizon, underlying commodity value, and other considerations;
6. Define Credit Policy;
7. Set forth the monitoring and reporting requirements for the EMRM Program;
8. Define the products that may be used to manage the exposures.

Scope of the Policy
This Policy identifies risks inherent in operating in wholesale energy markets. Specifically, the Policy addresses Market Risk, Counterparty Risk, Volumetric Risk, Budget Risk, Collateralization Risk, Regulatory Risk, and Operative Risk arising from JEA's generating assets, load obligations, wholesale energy contracts, fuel supply contracts, and Financial and Physical Transactions. With respect to Financial and Physical Transactions, the Policy covers the Credit Risk associated with execution, as well as the recording, monitoring, and risk reporting associated with these transactions.

Policy Establishment, Authority, Approval and Revision
JEA's Board of Directors must approve this Policy, as well as any future changes to the Policy. Board approval shall not be required to amend, supplement or update the Policy appendices. On an annual basis, the Chief Financial Officer (CFO), Chief Administrative (CAO) and ~~Vice President, Electric Systems~~ Chief Operating Officer (COO) will review this Policy and determine if it should be amended, supplemented or updated to account for business developments or for other appropriate business reasons.

Additional policies and procedures that may be developed to fully implement this Policy do not require Board approval provided that such policies and procedures do not conflict with this Policy. In the event that any policies or procedures conflict with this Policy, this Policy shall prevail.

Discussion of Risks

JEA is subjected to risk inherent in the business environment in which it operates. Exposure to risks inherent in the energy markets could result in a multitude of diverse positive or negative consequences for JEA. Market ~~r~~Risk, Counterparty ~~r~~Risk, Volumetric ~~r~~Risk, Budget ~~r~~Risk, Collateralization ~~r~~Risk, Operative ~~r~~Risk and Regulatory ~~r~~Risk are among the most critical and identifiable of the risks relevant to JEA, as they pertain to the scope of this Policy.

Market Risk
Market Risk is the exposure JEA faces due to changes in the value of market variables. Specifically Market Risk includes:

Price Risk
Price Risk is the exposure JEA faces as a result of changes in the market price for power, fuel, ~~and~~ emissions allowances, and renewable energy credits/green tag allowances. Price Risk is typically the largest source of exposure and is managed by implementing a comprehensive EMRM Program that includes risk identification and measurement, strategy development and execution, and risk monitoring and reporting.

Basis Risk
Basis Risk is the exposure JEA faces as a result of less-than-perfect correlation between the underlying asset or item being hedged and the product/instrument used to hedge the asset or item. Basis risk is managed by ensuring there is a reasonable degree of correlation between the hedging product/instrument and the underlying asset/item being hedged. Basis Risk can result from difference in price changes due to differences in:

- Location – An example is using the NYMEX natural gas Futures contract which is priced at the Henry Hub to hedge an underlying exposure on the FGT pipeline;
- Products – An example is using the NYMEX WTI crude oil Futures contract to hedge an underlying exposure arising from the need to purchase fuel oil;
- Timing – An example is using the January NYMEX natural gas Future contract to hedge exposures to daily intra-month natural gas price swings in December.

Liquidity Risk
Liquidity Risk is the exposure caused by lack of marketability of a financial instrument or physical product at the prices consistent with recent sales. Liquidity Risk may be a problem because a given position may be ~~is~~ very large relative to typical trading volumes or because market conditions are unsettled. Liquidity Risk can be identified by a wide bid-ask spread and large price movements in response to any attempt to buy or sell. Liquidity Risk is managed by ensuring there is a reasonable degree of liquidity in the hedging product/instrument, by monitoring the concentration of exposure in product/instruments at locations that are illiquid, and by adjusting the process used in risk measurement and strategy analysis to incorporate the illiquidity.

Counterparty Risk
Counterparty Risk is the risk associated with potential losses JEA could incur due to a counterparty not fulfilling contractual obligations. This risk can be realized through a physical or financial nonperformance by a counterparty. Although JEA is exposed to Counterparty Risk from a number of sources, for purposes of this Policy, Counterparty Risk will be restricted to the management of Counterparty Risk associated with Transactions in the wholesale fuel and energy markets. Counterparty Risk will be managed by the limits and control set forth in this Policy.

Volumetric Risk
Volumetric Risk is the exposure JEA faces due to deviation from expected levels in the amount of energy delivered or generated. It includes deviations in load (which could be caused by economic conditions, weather, etc.) as well as deviations caused by Operations Risk. Volumetric Risk is managed by identifying the impact it could have on JEA's financial and operating performance and developing strategies to manage the risk if warranted.

Budget Risk
Budget Risk is the risk associated with not collecting a budgeted variable fuel rate that is sufficient to cover JEA's fuel and purchase power costs of operation. This risk can be managed by monitoring the market uncertainty and the impact to the JEA portfolio. JEA manages this risk through the limit structure in this Policy and by ~~maintaining a fuel rate stabilization fund~~ employing a variable monthly fuel rate mechanism in customer's electric bills.

Collateralization Risk
Collateralization Risk is the exposure JEA faces from the potential mismatch that can occur between the timing in cash flow associated with the underlying item being hedged and the timing requirements for posting collateral. For example, if JEA were to hedge its need to purchase natural gas two years out by purchasing NYMEX natural gas Futures and the price of natural gas were to drop substantially before the gas was consumed, JEA would need to post additional collateral with its Futures ~~broker~~ Clearing Merchant prior to receiving revenue from the sale of the power generated at its natural gas-fired facilities.

Operative Risk
Operative Risk is the exposure JEA faces due to daily activit~~y~~ies at the organization. Specifically, Operative Risk includes:

Operations Risk
Operations Risk is the exposure JEA faces due to failure of its assets to perform as expected. This risk includes exposure caused by unplanned outages, inaccurate load forecasts, delays in construction, failure of transmission or transportation systems, etc. Operations Risk is managed by proper maintenance and construction programs~~,~~ and proper operational planning. It is also managed ~~and~~ by quantifying the risk impact ~~this risk could have~~ on JEA's financial and operating condition and if warranted, taking steps to manage the risk ~~if warranted~~.

Implementation Risk
Implementation Risk is the exposure that JEA faces from failed or inadequate management of processes, people, and systems related to its EMRM Program. Implementation Risk is managed by developing and enforcing policies and procedures, addressing transaction execution and processing, and by maintaining a segregation of responsibilities between transaction authorization/execution, risk monitoring, and reporting.

Regulatory Risk
Regulatory Risk is the risk associated with changes in federal, state, local, or market policy. ~~participating in regulated markets.~~ With the Dodd-Frank Wall Street Reform Act and other applicable laws and regulations, JEA has the potential to transact products regulated by the Commodity Futures Trading Commission (CFTC) or other regulatory bodies within and outside of the United States. To ensure compliance with applicable regulators and regulations, JEA:

- Requires all employees participating in activities within the scope of this document to participate in annual compliance training, and
- Actively monitors regulatory bodies for regulations applicable to JEA.

Oversight Responsibilities and Organization Structure

Organizational Structure and Reporting Relationships
The JEA Board has delegated the responsibility to the Managing Director/Chief Executive Officer (MD/CEO) to develop and implement JEA's EMRM Program. The Board's responsibilities with respect to JEA's EMRM Program include:

- Reviewing and approving this Policy and all revisions to this Policy.
- Understanding JEA's major financial energy market risk exposures.
- Delegating the oversight and maintenance of the Policy to JEA's Fuel and Purchase Power Committee (FPPC).
- Approving all Transactions outside of FPPC authorization limits.

FPPC
The FPPC is responsible for risk oversight for all energy market risk management activities for JEA. Additionally, the FPPC is responsible for ensuring all energy market risk management activities are in accordance with this Policy.

The MD/CEO shall appoint the core members of the FPPC. The list of core members shall include the Chief Administrative Officer who is responsible for ensuring compliance with this Policy. The complete list of the core FPPC members is set forth in Appendix B. The FPPC shall meet monthly and additionally as needed to review the performance and appropriateness of the energy market risk management activities given the current and anticipated future market and business environment. Decisions of the FPPC will be made by consensus and will be retained by ~~JEA~~ Fuels Management Services (FMS) consistent with JEA Records Management Policies. Hedge recommendations and resulting Transactions will be documented in presentation materials and posted on the F~~uel~~ M~~anagement~~ S~~ervices~~ web page on JEA's SharePoint site. Any materials used in the analysis or decision to enter into a swap including confirmation documents will be retained for a period of five years beyond the final termination date of each transaction.

The responsibilities of the FPPC relative to energy market risk management shall include:
- Keeping abreast of industry, market, and legislative developments that affect JEA's risk exposure.
- Monitoring energy market risk exposures on an aggregate level.
- Developing and approving ~~the~~ all major strategies employed by JEA to manage energy market risk.
- Approving all specific energy market financial and physical activities to meet JEA's strategies~~transactions~~.
- ~~Approving all strategies used by JEA to manage energy market risk.~~
- Approving the policies and procedures needed to implement this Policy, including amendments and updates to the appendices.
- Reviewing all exceptions to the Policy and exceedances of market and credit limits that are monitored by TEA.
- Designating the positions within JEA ~~individuals~~ for whom this Policy applies and ensuring these individuals are aware of and understand their ~~individual~~ responsibilities for compliance with this Policy.
- Authorizing ~~specific~~ individuals in specific positions to commit JEA to energy market Transactions and ensuring that such individuals are appropriately trained. A list of positions within JEA~~individuals~~ authorized by the FPPC is contained in Appendix C and a list of individuals requiring training is maintained by FMS.
- Approving any changes to the list of approved energy market risk management products contained in Appendix D.
- Approving any changes to the approved Term, Maturity, and Notional Dollar Amounts in Appendix F below the level of MD/CEO. The Notional Dollar Amount for the MD/CEO is

approved by the JEA Board. These Terms, Maturity, and Notional Dollar Amounts should be consistent with the Procurement Code Exemptions.

- Approving methodologies, models, metrics and assumptions for valuation and risk measurement for energy market risk.
- Reviewing the performance of the Qualified Independent Representative (QIR) annually over the preceding 12-months and arriving at a recommendation to either continue using the current QIR or select a replacement. Current JEA QIR selection is provided in Appendix E.
- Ensuring documentation of Transactions is maintained.
- Reviewing Transactions and risk reports furnished by TEA.

Business Practices

Business Practices are set forth to help manage the Implementation Risk and are required for an effective EMRM Program. JEA has adopted the following business practices:

Standards of Conduct and Compliance
No employee of JEA shall use non-public information to the benefit of his or her own account.

Subject to existing and future laws and regulations and to the extent possible, employees shall refrain from disclosing pricing terms of Transactions with third parties.

JEA employees shall follow:

- JEA's Code of Ethics as set forth in JEA Ethical Business Conduct Guidelines.
- FERC Standards of Conduct.
- Any compliance documents that may be developed under the EMRM Program.

Training
It is the responsibility of the FPPC to ensure employees that are able to commit JEA to energy market risk management strategies and execute Transactions have received adequate training and understand the implications of their commitments.

Trading Practices
All Transactions authorized or entered into by an employee of JEA must be entered into with the intent to manage risk and not with the intent to inflate volumes, revenues, or otherwise present a distorted representation of JEA's financial position.

No JEA employee or representative shall execute or authorize the execution of any Transaction if the purpose of the Transaction is to generate income by anticipating market movements. If any questions arise as to whether a particular Transaction constitutes speculation, the FPPC shall review the Transaction(s) to determine whether the Transaction(s) would constitute speculation.

After FPPC authorization, ~~A~~all Transactions will be executed in a timely and judicious manner with considerations for current market conditions ~~after FPPC authorization~~.

All physical Transactions executed by JEA shall follow the ~~Board of Directors~~MD/CEO approved ~~Fuel Management Services~~ Procurement ~~-~~ Code ~~Directive~~Exemptions.

JEA's relationship with TEA is governed by the Operating Agreement and any policies referenced in the Operating Agreement. JEA personnel authorizing or directing TEA to enter into

Transactions will understand the relevant provisions of these documents. After directing a representative of TEA to execute a financial transaction on behalf of JEA, a representative of JEA will participate in the execution of the financial transaction with the TEA representative and the JEA counterparty to actively monitor each financial transaction. JEA shall comply with its ***Swap Policies and Procedures for New Swap Regulations*** in regards to consent to recording by the JEA counterparty. If JEA incurs any swap reporting obligations, then JEA will report the swap to the appropriate swap data repository.

Individual Authorities
Only employees in positions approved by the FPPC as listed in Appendix C can commit JEA to energy market Transactions. Approved employees can only authorize TEA to execute Transactions for products for which they have approval and within the limits set forth in Appendix F of this EMRM Policy.

Transaction Methods
All Transactions must be confirmed over a recorded phone line, recorded via an instant messaging program, ~~or~~documented through email, or documented through a signed confirmation from both parties that meets state record retention statutes. All physical Transactions are executed under JEA's ~~Fuel Management Services~~ Procurement Code~~Directive~~ Exemptions.

Authorized Products
All Transactions must be for products on the Authorized Product List which is included in Appendix D. The FPPC will be responsible for authorizing all products and commodity types to be executed under a Master Agreement, Participation Agreement or some other non-industry standard Agreement. JEA will work to ensure risks associated with transacting the product are understood and communicated and to make recommendations to the FPPC for approving products.

- New products will be recommended and must first be approved by the FPPC before trade execution.
- There will be a justification for the new product stating the business rationale and value to JEA.
- An identification of potential risks associated with the product and the risks the product creates.
- The FPPC will review new product justification and approve the product and quantitative and/or qualitative limits for use of the product if deemed desirable.

Authorized Counterparties
All Transactions must be executed under a Master Agreement, Participation Agreement or some other ~~non-~~industry standard Agreement with an approved counterparty. The Treasurer will maintain all signed agreements with all counterparties approved for financial transactions. In addition,~~-~~ Transactions executed by JEA for physical solid and liquid fuel supply needs, the potential supplier is required to have been accepted by Fuel Management Services on JEA's Responsible Bidders List.

Confirmations of Executed Transactions
Written confirmations will be required from counterparties, as defined in the agreement governing the Transaction between JEA and the counterparty, for all EMRM Transactions. Prior to receipt of written confirmations, all verbal commitments shall be memorialized as to instrument structure, quantity, time horizon, price and any other relevant terms; such internal

documentation shall be time stamped and correlated to the ultimate written confirmation to or from the counterparty. Email use is permitted for all written confirmations.

Trade Recordkeeping (for both financial and physical transactions)
A paper or electronic trade ticket will be filled out for every trade executed. A trade ticket will contain, if applicable, the following information:

- Date of transaction;
- Counterparty;
- Transaction capacity (e.g., MW/hour or mmBtu/day) or volume;
- Buy or sell;
- Transaction price;
- Delivery point;
- For options, option type, strike and execution instructions;
- For financial swaps, the reference index;
- Starting/Ending delivery date and hour or schedule;
- Product type;
- Any other date, hour and/or capacity data needed to define a shaped product;
- Broker or electronic trading site and fee, if applicable;
- Type of transaction: ~~:~~ swap, futures, options, etc.;
- The reporting counterparty when the trade is a swap and there is not a prearranged reporting relationship;
- Whether any swap qualifies for the trade option exemption or exception to clearing for end user.

Qualified Independent Representative (QIR)
JEA shall comply with ***Swap Policies and Procedures for New Swap Regulations*** in regards to the selection and use of JEA's Qualified Independent Representative.

Exposures and Limits

A risk limit structure is essential for ensuring that JEA manages its risk exposure within tolerances approved by the Board. The limit structure put forth in this document sets the exposures that JEA is willing to take when entering into Transactions covered under the Policy. JEA will manage its exposures by using locational and volume limits.

Volume Limits
The net volume of hedge transactions may not exceed the expected volume of the hedged commodity at the time hedges are executed.

Locational Limits
Electric transmission and fuels transportation Transactions must support the requirement of one of JEA's generation units, native load or transaction locations.

Swap Threshold Limits
JEA manages its swap exposure within the limit structures set forth by the CFTC. If the swap exposure reaches 75% of the swap exposure limit, TEA will contact the CFO who will notify the FPPC.

Exceedance of Limits
In the event a limit is exceeded, unless specified elsewhere in this Policy, FPPC will be notified as soon as possible by TEA. The CFO will report all exceptions to the Board quarterly.

Credit Policy

It is the intent of the Credit Policy to identify, measure, manage, monitor and report on the Credit Risk associated with Transactions that subject JEA to financial exposure from the contractual default of a counterparty.

JEA with TEA input determines the credit quality of counterparties based upon various credit evaluation factors, including collateral requirements under certain circumstances.

In order to manage credit risk, JEA has established the following policies:

- Commodity Transactions will be entered into only with approved counterparties, approved by the CFO, that have sufficient unutilized credit to support the transaction.
- JEA counterparties will be reassessed at least annually or in the event of a material credit event for the counterparty.
- The status of credit risk will be tracked by counterparty at the agreement level and the information made available to the FPPC on a monthly basis for risk oversight and more frequently when there is a material credit event for the contracted counterparty, the counterparty credit limit for an individual credit limit for a counterparty is exceeded or a material market event that causes credit exposure to increase significantly.

Measuring Credit Risk
Credit Risk measurement defines the process that will be used to determine credit exposure. In general, credit exposure is comprised of three components:

- The billed receivable and payable balance.
- The delivered and not yet billed receivable and payable balance.
- The value of the position against the market, i.e. the mark-to-market exposure.

Mark-to-market is used to measure JEA's risk exposure to counterparty default on a Transaction by determining the current market value of the Transaction. JEA accounts for the value of each Transaction by using counterparty mark-to-market position reports. Additionally, TEA and JEA calculate mark-to-market potions reports for comparison using NYMEX settle prices as a basis.

A credit report will be produced and made available for review on a daily basis by TEA. This credit report provides detail at an agreement level by counterparty. The FPPC will monitor overall credit risk and any credit exceptions at least monthly.

Until and unless a master netting and setoff agreement is in place with a counterparty, separate credit exposures for each counterparty will be calculated for each Master Agreement and will not be added together to derive the total credit exposures. Negative exposures under one Master Agreement will not offset a positive exposure under another Master Agreement.

Analysis and Extension of Credit Limits
The creditworthiness of a counterparty will be determined by both qualitative and quantitative factors. Factors shall include, but are not limited to:

- A company's debt credit ratings provided by the rating agencies.

- Financial data such as an analysis of the liquidity, leverage, profitability, and size.
- Subjective factors such as company's fuel diversity, overall size, energy market risk management policy and internal controls, geographic diversity, and market intelligence.

A credit limit is the amount of unsecured credit granted to a counterparty. Unsecured credit exposure includes amounts owed by the counterparty, whether billed or not, and the mark to market differences in value of any collateral which the counterparty has provided JEA. Any net exposure above the collateral threshold, if any, will require the posting of collateral by a counterparty. Current unsecured counterparty credit limits are maintained by the Treasurer.

JEA's maximum counterparty credit limit for energy Transactions is $100,000,000 and applies to Transactions with maturity greater than one year.

Credit Exceptions
All personnel executing Transactions are constrained by these credit limits. If trading activity exceeds a counterparty's credit limit, trading that increases exposure will be suspended until the FPPC can review and make a determination regarding the counterparty.

All credit exceptions will be documented and reported to the FPPC and the Board as Policy Exceptions.

Reporting

The following reports will be developed by TEA and made available to FPPC at the frequency listed below, and more frequently when there is a material credit event for the contracted counterparty; when the credit limit for an individual counterparty is exceeded; or when a material market event occurs that causes credit exposure to increase significantly. These reports can be found on TEA's portal.

- Transaction Activity – This report shows all transactions executed for a trade day; made available daily.
- Mark-to-market – This report shows all positions with volumes in the future against the current market value; made available daily.
- Policy Exceptions – This report details any exceptions to the Policy; made available daily. ~~when needed.~~
- Counterparty Credit Exposure Report – This report shows exposures resulting from the transactions covered under this Policy and includes counterparty credit ratings; available daily.
- Risk Metric/Transaction Compliance Report – This report shows all exposures against Policy limits set forth in the Policy; made available daily~~monthly or at FPPC request~~.
- Swap Exposure Report – This report measures JEA energy swap exposures against the CFTC threshold limits for Swap Dealer Registration~~,~~; made available daily~~monthly or at FPPC request~~.

The following report will be created and updated by FMS and provided quarterly:

- Finance and ~~Audit~~Operations Committee Report – The~~-~~ Vice President, Electric Systems will report JEA's financial and physical fuel and power transactions on a quarterly basis. This report will include physical transactions greater than one year and all financial transactions.

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Policy Acknowledgement and Distribution

Policy Acknowledgement
All JEA employees participating in activities or Transactions covered by this Policy shall acknowledge at the end of the annual training module or sign, on an annual basis or upon any revision to this Policy, a statement approved by the FPPC that they

i. have read this Policy and any other applicable policies, processes, or procedures approved by JEA,
ii. understand this Policy and the related policies, processes, and procedures, and
iii. have and will continue to comply with this Policy and the related policies, processes, and procedures.
~~iii.~~iv. taken the annual training.

The training module ~~Signed~~ acknowledgement and/or a signed statement by all affected JEA employees will be maintained by the CAO.

Policy Distribution
JEA's EMRM Policy may be distributed outside JEA with the consent of the MD/CEO or CFO provided that such persons or entities receiving this Policy agree to keep this Policy confidential and not disclose it to other parties.

Designated Counsel
Questions about the interpretation of any matters relating to this Policy should be referred to the CFO or CAO. The CFO and/or or the CAO will provide clarification and explanation on any updates to this Policy.

All Legal matters stemming from this Policy will be referred to JEA's legal counsel.

Appendices

A. Definitions

Basis Risk – The exposure an organization faces as a result of less-than-perfect correlation between the underlying asset or item being hedged and the product/instrument used to hedge the asset or item.

Bilateral Transaction - Any physical or financial transaction between two counterparties, neither of whom is an Exchange or market entity (e.g. MISO).

Budget Risk – The risk associated with not hitting or falling outside a tolerance band of an organization's budget.

Capacity – The real power output rating of a generator or system, typically in megawatts, measured on an instantaneous basis.

Commodity - A basic good used in commerce that is interchangeable with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers. When they are traded on an exchange, commodities must also meet specified minimum standards, also known as a basis grade.

Collateralization Risk – The exposure an organization faces from the potential mismatching in timing that can occur between the timing in cash flow associated with the underlying item being hedged and the timing requirements for posting collateral.

Counterparty Risk – The risk associated with potential losses JEA could incur due to a counterparty not fulfilling contractual obligations.

Credit Risk - The financial exposure JEA faces from a counterparty's refusal or inability to perform its contractual obligations.

FGT Pipeline – Florida Gas Transmission Pipeline

Financial Product – Any Future, Swap or Options contract, or any combination thereof, with any approved physical or Financial Product as the underlying commodity or instrument, which customarily settles financially and in which the primary intent is to settle the transaction financially.

Financial Transaction – Any contract with a Financial Product as the underlying instrument.

Future - A standardized contract which is traded on an organized exchange for delivery in the future of a specified underlying asset.

Hedging Transaction - A transaction designed to reduce the exposure of a specific outstanding position or portfolio; "fully hedged" equates to complete elimination of the targeted risk and "partially hedged" implies a risk reduction of less than 100%.

Implementation Risk – The exposure that an organization faces from failed or inadequate management of processes, people, and systems related to its EMRM Program.

Liquidity Risk - The exposure caused by lack of marketability of a financial instrument or physical product at the prices in line with recent sales.

Major Swap Participant – A swap market participant that maintains substantial positions in swaps such that the level of swap activity creates substantial counterparty exposure. The term

"Major Swap Participant" is further defined in 7 U.S.C. 1a(33) and further interpreted in 17 C.F.R. 1.3(hhh).

Mark-to-Market – A measure of the current value of unrealized positions.

Market Risk – The exposure an organization faces due to changes in the value of market variables.

Master Agreement - An agreement reached between two parties that outlines agreed to terms and conditions that will govern transactions made pursuant to it. The document includes but is not limited to billing, deal confirmation, credit and collateral terms. Examples of types of Master Agreements include EEI, ISDA, GISB, Power, NAESB and WSPP.

Maturity - The time between the date on which a transaction is executed to the last date that power or gas will flow (in the case of physical transactions) or be settled financially (in the case of financial transactions).

NYMEX – Abbreviation for the New York Mercantile Exchange which is an exchange platform for commodity futures**.**

NYMEX Natural Gas – A natural gas futures traded on the NYMEX Exchange**.**

NYMEX WTI – Abbreviation for West Texas Intermediate, a light, sweet crude oil futures traded on the NYMEX Exchange**.**

Operating Agreement – The agreement between JEA and TEA that defines the relationship between the two entities**.**

Operations Risk – The exposure an organization faces due to failure of its assets to perform as expected.

Operative Risk – Operations or Implementation Risk.

Option - The right but not the obligation to buy or sell the underlying asset at a specified price for a specified period of time.

> **Call Option** – An option that gives the buyer of the option the right, but not the obligation, to buy the underlying asset at a specified price at a specified time in the future. The option seller has the obligation to provide the underlying asset if the option is exercised.
>
> **Put Option** – An option that gives the buyer of the option the right, but not the obligation, to sell the underlying asset at a specified price at a specified time in the future. The option seller has the obligation to take the underlying asset if the option is exercised.

Participation Agreement - a document used by an exchange or service provider to describe the terms and conditions by which such provider has agreed to provide the service to its members/participants.

Physical Product – Any commodity that has been approved by the FPPC.

Physical Transaction – Any contract or agreement for the purchase or sale of a commodity which customarily is delivered physically and in which the primary intent is to deliver the transaction physically.

Policy – JEA's Energy Market Risk Management ("EMRM") Policy.

Portfolio – A collection of transactions.

Price Risk – The exposure an organization faces as a result of changes in the market price for power, fuel and emissions allowances.

Principal – Execution of a Transaction under an Agreement where the executer is also a party on the agreement

Qualified Independent Representative (QIR) – a representative required of Special Entities before transacting swaps with Swap Dealers or Major Swap Participants. Among other tasks, the representative is required to evaluate fair pricing for the swap transaction, make timely disclosures to the Special Entity and act in the best interest of the Special Entity. An exhaustive list of the requirements for the representative can be found in 17 C.F.R. 23.450(b).

Regulatory Risk – The risk of increased regulatory burden associated with participating in regulated markets.

Responsible Bidders List – Responsible fuel suppliers acceptable to Fuels Management Services and targeted by JEA in its fuel supply bid solicitations.

Special Entity – A swap transaction counterparty that includes a state agency, city, county, municipality or other political subdivision of a state, or any instrumentality, department, or a corporation of or established by a State or political subdivision of a State. The term "Special Entity" is further defined in 7 U.S.C. 6s(h)(2)(C) and further interpreted in 17 C.F.R. 23.401(C).

Swap – In general terms, a swap includes most financially settled transactions not including futures or options on futures. The term "Swap" is further defined in 7 U.S.C. 1a(47) and further interpreted in 17 C.F.R. 1.3(xxx).

Swap Dealer – A swap market participant that acts as a dealer in commodity swaps. The term "Swap Dealer" is further defined in 7 U.S.C. 1a(49) and further interpreted in 17 C.F.R. 1.3(ggg).

Term – The total duration of a contract, defined as the number of days between the beginning flow date and ending flow date, inclusive.

Trade Option Exemption – An exemption from most Dodd-Frank swap regulations granted to certain physical commodity options. Recordkeeping and reporting requirement still apply. The requirements for the trade option exemption can be found in 17 C.F.R. 32.3.

Transaction – A Physical or Financial Transaction.

Value – An amount that represent the dollar magnitude of the Transaction.

Volumetric Risk – The exposure an organization faces due to deviation from expected levels in the amount of energy delivered or generated.

B. Composition of the Fuel and Purchase Power Committee as of February 17, 2022

Core Members

Managing Director (MD)/Chief Executive Officer (CEO)
Chief Financial Officer (CFO)
Vice President (VP), Electric Systems
Chief Operating Officer (COO)
Chief Administrative Officer (CAO)
Senior~~.~~ Director, Energy Operations
Manager, Fuels Management Services
Vice President (VP), Financial Services

C. Authorized Personnel

Authorized Personnel List is maintained by Fuels Management Services (FMS) and is available on the FMS Sharepoint page. The following is the Authorized Personnel List as of March 8, 2022.

	Managing Director/CEO	Chief Financial Officer	Chief Operating Officer	VP, Financial Services	Vice President, Electric Systems	Manager Fuel Management Services	Sr. Director Energy Operations	Director, Electric System Operations	Manager Bulk Power Operations	Mgr. Nat.Gas Commerical Services	Electric Systems Engineer, BPO	Energy Operations Specialist	Staff/Associate Engineer, BPO	Certified/Associate System Operator	Fuels Specialist	Fuels Administrator, Senior	Fuels Administrator	Fuels Electric Systems Engineer	Fuels Staff/Associate Engineer
Physical Products																			
Power Products																			
Fixed Price Energy Commodity	x	x	x		x	x	x	x	x		x	x	x	x	x	x	x	x	x
Indexed Price Energy Commodity	x	x	x		x	x	x	x	x		x	x	x	x	x	x	x	x	x
Power Capacity	x	x	x		x		x	x	x		x	x	x	x					
Transmission	x	x	x		x		x	x	x		x	x	x	x					
Physical OTC Commodity Options	x	x	x		x	x	x	x	x		x	x	x	x	x	x	x	x	x
Natural Gas Products																			
Fixed Price Natural Gas Commodity	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Indexed Price Natural Gas Commodity	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Natural Gas Storage	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Transportation	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Physical OTC Commodity Options	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Crude Oil and Refined Products																			
Fixed Price Distillate Fuel Oil Products	x	x	x		x	x	x								x	x	x	x	x
Indexed Price Distillate Fuel Oil Products	x	x	x		x	x	x								x	x	x	x	x
Fixed Price Residual Fuel Oil Products	x	x	x		x	x	x								x	x	x	x	x
Indexed Price Residual Fuel Oil Products	x	x	x		x	x	x								x	x	x	x	x
Fixed Price Petroleum Coke Products	x	x	x		x	x	x								x	x	x	x	x
Indexed Price Petroleum Coke Products	x	x	x		x	x	x								x	x	x	x	x
Coal Products																			
Fixed Price Coal Commodity	x	x	x		x	x	x								x	x	x	x	x
Indexed Price Coal Commodity	x	x	x		x	x	x								x	x	x	x	x
Environmental Products																			
Air Emissions Allowances	x	x	x		x	x	x								x	x	x	x	x
Fixed Price Limestone	x	x	x		x	x	x								x	x	x	x	x
Indexed Price Limestone	x	x	x		x	x	x								x	x	x	x	x
RECs/Greentag Allowances	x	x	x		x	x	x	x	x						x	x	x	x	x
Financial Products																			
Power Products																			
Fixed for Floating Swap	x	x	x	x	x	x	x	x	x										
Heat Rate Swap	x	x	x	x	x	x	x	x	x										
Financial OTC Option	x	x	x	x	x	x	x	x	x										
Natural Gas Products																			
Fixed for Floating Swap	x	x	x	x	x	x	x												
Swing-Swap	x	x	x	x	x	x	x												
Financial OTC Option	x	x	x	x	x	x	x												
Crude Oil and Refined Products																			
Fixed for Floating Swap	x	x	x	x	x	x	x												
Financial OTC Option	x	x	x	x	x	x	x												
Coal Products																			
OTC Swap	x	x	x	x	x	x	x												
Financial OTC Option	x	x	x	x	x	x	x												

D. Authorized Product List

The purpose of the Authorized Product List is to ensure proper controls are in place to minimize risk when transacting under Master Agreements, Participation Agreements or some other ~~non-~~ standard industry agreement

Approved products will be limited to purchases to meet load and/or sales incidental to load for the following:

Physical Products

Physical Power Products
1. Fixed Price Energy Commodity
2. Indexed Price Energy Commodity
3. Power Capacity
4. Transmission
5. Physical OTC Commodity Options

Physical Natural Gas Products
1. Fixed Price Natural Gas Commodity
2. Indexed Price Natural Gas Commodity
3. Natural Gas Storage
4. Transportation
5. Physical OTC Commodity Options

Physical Crude Oil and Refined Products
1. Fixed Price Distillate Fuel Oil Products
2. Indexed Price Distillate Fuel Oil Products
3. Fixed Price Residual Fuel Oil Products
4. Indexed Price Residual Fuel Oil Products
5. Fixed Price Petroleum Coke Products
6. Indexed Price Petroleum Coke Products

Physical Coal Products
1. Fixed Price Coal Commodity
2. Indexed Price Coal Commodity

Physical Environmental Products
1. Air Emission Allowances
2. Fixed Price Limestone
3. Indexed Price Limestone
4. Renewable Energy Credits/Greentag Allowances

Financial Products

Financial Power Products
Any of the instruments listed below or any combination thereof that has electric energy as the underlying commodity, and which: (a) is customarily settled financially, and (b) the primary intent of which is to settle financially. This excludes MISO Products and RTO Bilateral Transactions.

1. Fixed for Floating Swap
2. Heat Rate Swap
3. Financial OTC Option

Financial Natural Gas Products
Any of the instruments listed below or any combination thereof that has natural gas as the underlying commodity, and which: (a) is customarily settled financially, and (b) the primary intent of which is to settle financially.
1. Fixed for Floating Swap
2. Swing-Swap
3. Financial OTC Option

Financial Crude Oil and Refined Products
Any of the instruments listed below or any combination thereof, that has crude oil, residual fuel, or distillate as the underlying commodity, which: (a) is customarily settled financially, and (b) the primary intent of which is to settle the transaction financially.
1. Fixed for Floating Swap
2. Financial OTC Option

Financial Coal Products
Any of the instruments listed below or any combination thereof, that has coal as the underlying commodity, which: (a) is customarily settled financially, and (b) the primary intent of which is to settle the transaction financially.
1. OTC Swap
2. Financial OTC Option

E. Special Entity Representation Selection

JEA, a Special Entity under the Dodd-Frank Financial Reform Act, has selected The Energy Authority as its Qualified Independent Representative (QIR) to provide advice and guidance when entering into swap transactions with Swap Dealers or Major Swap Participants.

F. Term, Maturity and Notional Dollar Limits

JEA employees shall not approve TEA to execute a Transaction beyond the maturity, term and notional dollar limits set for their position below. As of August 10~~March 8~~, 2022.

Position	Maturity Limit (Days)	Term Limit (Days)	Notional Dollar Limit ($)
Managing Director/Chief Executive Officer	7,350	7,300	$~~5~~100,000,000
Chief Financial Officer	3,725	3,675	$35,000,000
Chief Operating Officer	3,725	3,675	$35,000,000
Vice President, Electric Systems	3,725	3,675	$20,000,000
Vice President, Financial Services[3]	3,725	3,675	$20,000,000
Sr. Director, Energy Operations	1,925	1,875	$10,000,000
Director, Electric Systems Operations[1,2,3]	410	366	$7,500,000
Manager, Bulk Power Operations (BPO)[1,2,3]	410	366	$5,000,000
Manager, Fuels Management Services[3]	410	366	$5,000,000
Manager, Natural Gas Commerical Services[3]	61	31	$1,000,000
Electric Systems Engineer, BPO[1,2]	6	5	$1,000,000
Energy Operations Specialist[1,2]	6	5	$1,000,000
Staff/Associate Engineer, BPO[1,2]	6	5	$1,000,000
Fuels Specialist[3]	61	31	$1,000,000
Fuels Administrator, Senior[3]	61	31	$1,000,000
Fuels Administrator[3]	61	31	$1,000,000
Fuels Electric Systems Engineer[3]	61	31	$1,000,000
Fuels Staff/Associate Engineer[3]	61	31	$1,000,000
Certified System Operator On Duty[1,2]	6	5	$750,000
Associate System Operator On Duty[1,2]	6	5	$750,000

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1. Limited to TEA authorized transactions.
2. Limited to current day through next business day natural gas transactions.
3. Prior approval is required based on appropriate procurement code exemptions.

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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 using depreciation expense and rate of return to maintain 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 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 (CEO), Chief Financial Officer (CFO) and staff. Annually, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and staff 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.

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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 Statues, 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 two major categories: Base Rate and Fuel 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,” “*Demand Charge*,” and “*Excess kVar Charge.*” (Italicized charges apply to commercial or industrial customers only, and do not appear on typical residential bills.) Revenue requirements and rates will be set using a rate of return as well as using depreciation expense as the capital recovery estimate to 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 annual fixed charge coverage ratio of 1.6x
- A minimum of 150 to 250 days of liquidity
- A long term objective debt to asset ratio of 50%
- 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, and rate of return 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 discussions of long term financial planning. 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.

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

Fuel Charge

Structure

The Fuel Charge 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, power purchase energy charges such as fuel, and renewable energy that is not considered generation available for JEA's current capacity plans.

The Fuel Charge structure shall also include recovery of prior positive or negative variances.

Pricing

The Fuel Charge will be set monthly. The Charge is based on the energy cost projection for the billing month to fully recover all expected fuel-related costs. Typically, any variance will be trued-up in the subsequent billing month. Should forecasted energy costs result in a Fuel Charge adjustment of greater than 20% or other certain circumstances should arise as determined by the CEO/Manager Director or designee, recovery of the true-up may be extended over a period of time.

Fuel and energy expenses not recovered by revenue within the month will be paid from unrestricted funds and result in a regulatory asset. Revenues in excess of fuel and energy expenses will result in a regulatory liability. 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 costs shall be used to fund future fuel expenses or be refunded to customers.

Legacy Charges

The Residential Conservation charge & Environmental charge will be phased out, so that the Customer Benefit Programs & Environmental projects will be supported by various funding sources.

October 2022

VI. Water and Sewer System

Revenue requirements and rate design for the Water and Sewer System shall be constructed in the Base Rate.

Base Rate

Structure

The Base Rate for the Water and Sewer System shall be constructed in two major categories: monthly charges and initial charges, including capacity fees and line extension charges. 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 using a rate of return as well as using depreciation expense as the capital recovery estimate to 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, and rate of return 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 discussions of long term financial planning. 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 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 are the financial responsibility of the developer, builder, homeowner or business and shall be contributed to JEA at no charge to own, operate and maintain. JEA W/WW Cost Participation policy may provide opportunities for financial assistance.

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 discussions of long term financial planning.

Legacy Charges

Environmental charge will be phased out so that Environmental projects will be supported by various funding sources.

VII. 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 the uses of funds 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.

Customer Benefit Stabilization Fund

Funding and Authorization

As the Residential Conservation Charge is being discontinued, no additional funding will be added.

Allowable Uses

Withdrawals from the Customer Benefit Stabilization Fund are limited to amounts representing charges to the applicable "Customer Benefit" cost centers, which represent Customer Benefit programs approved annually by the Board. Once the fund has been depleted, it will be discontinued.

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 will be made from the Revenue Fund as needed.

Allowable Uses

Withdrawals from the Electric System Environmental Stabilization Fund are limited to environmental expenditures approved by the Board prior to fiscal year 2023. If the withdrawals exceed the balance in the fund, deposits will be made from the Revenue Fund to reimburse the Stabilization Fund until those projects are complete.

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 will be made from the Revenue Fund as needed.

Allowable Uses

Withdrawals from the Water and Sewer System Environmental Stabilization Fund are limited to environmental expenditures approved by the Board prior to fiscal year 2023. If the withdrawals exceed the balance in the fund, deposits will be made from the Revenue Fund to reimburse the Stabilization Fund until those projects are complete.

Excess Funds

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

Non-Fuel Purchased Power (NFPP) Stabilization Fund

Target Balance

There is no required minimum balance. The objective is to assist in the timing of non-fuel purchased power expenses.

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 may be made to reimburse any non-fuel purchased power expenses at the discretion of CEO/Managing Director or designee.

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.

VIII. 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 long term financial planning.

October 2022

IX. 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, 2022.

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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~~ utility using depreciation expense and rate of return to maintain 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 (CEO), Chief Financial Officer (CFO) and staff. Annually, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and staff ~~during the development of the Five Year Financial Projection that is provided to the credit rating agencies, the CEO, Chief Operating Officer (COO),~~

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~~CFO, Chief Customer Officer (CCO), Vice President/General Manager Water Wastewater Systems, and Vice President/General Manager Electric~~

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 Statues, 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~~ two major categories: Base Rate~~,~~ and 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 typical residential bills.) Revenue requirements and rates will be set using a rate of return as well as using depreciation expense as the capital recovery estimate ~~but must also~~to 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 annual fixed charge coverage ratio of 1.6x
- A minimum of 150 to 250 days of liquidity
- A long term objective~~Continue to move towards a maximum~~ debt to asset ratio of ~~60~~50%
- 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~~and rate of return to maintain the system, the

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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 discussions of ~~the Five Year Projection (as outlined in the "Five Year Projection" section)~~long term financial planning. 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.

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

Fuel Charge

Structure

The Fuel Charge 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, power purchase energy charges such as fuel, and renewable energy that is not considered generation available for JEA's current capacity plans.

The Fuel Charge structure shall also include recovery of prior positive or negative variances.

Pricing

The Fuel Charge will be set monthly. The Charge is based on the energy cost projection for the billing month to fully recover all expected fuel-related costs. Typically, ~~A~~any variance will be trued-up in the subsequent billing month. Should forecasted energy costs result in a Fuel Charge adjustment of greater than 20% or other certain circumstances should arise as determined by the CEO/Manager Director or designee, recovery of the true-up may be extended over a period of time ~~as determined by the CEO/Managing Director or designee~~.

Fuel and energy expenses not recovered by revenue within the month will be paid from unrestricted funds and result in a regulatory asset. Revenues in excess of fuel and energy expenses will result in a regulatory liability. 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 costs shall be used to fund future fuel expenses or be refunded to customers.

~~Should funds be available in the legacy Fuel Stabilization Fund during the transition from an annual Fuel Charge adjustment to a monthly Fuel Charge~~

~~adjustment, the funds will be utilized to mitigate Fuel Charge increases to the customer until the fund is depleted.~~

Legacy Charges

The Residential Conservation charge & Environmental charge will be phased out, so that the Customer Benefit Programs & Environmental projects will be supported by various funding sources.

~~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 costs of environmental remediation, environmental projects 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.~~

~~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 Electric System Environmental Stabilization Fund. Amounts collected for future environmental capital projects are transferred from the Electric System Environmental Rate Stabilization Fund to the Environmental Capital Fund.~~

Water and Sewer System

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

Base Rate

Structure

~~Revenue and rate design~~The Base Rate for the Water and Sewer System shall be constructed in two major categories: monthly charges and initial charges, including capacity fees and ~~main~~ line extension ~~fees~~charges. 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 using a rate of return as well as ~~set~~ using depreciation expense as the capital recovery estimate ~~but must also~~to 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, and rate of return ~~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 discussions of long term financial planning~~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.

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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~~are the financial responsibility of the developer, builder, homeowner or business and shall be contributed to JEA at no charge to own, operate and maintain. JEA W/WW Cost Participation policy may provide opportunities for financial assistance.

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 discussions of long term financial planning.~~Five Year Projection/Rating Agency cycle.~~

Legacy Charges

Environmental charge will be phased out so that Environmental projects will be supported by various funding sources.

~~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 costs of environmental remediation, environmental projects 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.~~

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~~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.~~

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~~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~~

~~XXXIX.~~ VII. 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 the 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.

Customer Benefit Stabilization Fund

Funding and Authorization

As the ~~Deposits to the Customer Benefit Stabilization Fund are made for amounts representing the~~ Residential Conservation Charge is being discontinued, no additional funding will be added. ~~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~~cost centers, which represent Customer Benefit programs approved annually by the

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Board. Once the fund has been depleted, it will be discontinued. ~~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 will be made from the Revenue Fund as needed. ~~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 prior to fiscal year 2023. If the withdrawals exceed the balance in the fund, deposits will be made from the Revenue Fund to reimburse the Stabilization Fund until those projects are complete.~~, and may include initiatives such as the cost of acquisition of renewable energy capacity. Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source.~~

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 will be made from the Revenue Fund as needed. ~~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

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Withdrawals from the Water and Sewer System Environmental Stabilization Fund are limited to ~~major~~ environmental expenditures approved by the Board prior to fiscal year 2023. If the withdrawals exceed the balance in the fund, deposits will be made from the Revenue Fund to reimburse the Stabilization Fund until those projects are complete.~~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.

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.~~ There is n~~N~~o required minimum balance. The objective is to assist in the timing of non-fuel purchased power expenses.

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 ~~can~~may be made ~~are~~ to reimburse any non-fuel purchased power expenses ~~associated with Plant~~ at the discretion of CEO/Managing Director or designee.

Excess Funds

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

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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.

~~XLII.~~VIII. 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~~adoption and resulting metrics will be reported on an annual basis within the ~~Five Year Projection~~long term financial planning.

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~~XLIII.~~IX. 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 ~~November~~ ~~August~~ October 1, 202~~1~~2.

JEA
TREASURY SERVICES
INVESTMENT POLICY
AS OF JANUARY 28, 2020

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 V for a complete listing of the "Authorized Investments". The bond resolutions for the Electric System, the Water and Sewer 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, the Water and Sewer System, and for DES. The Authorized Investments for the other JEA systems 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, the Water and Sewer 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 or the Bulk Power Supply 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. For all JEA systems, money market funds must be rated AAA by Standard and Poor's or Aaa by Moody's Investors Service.

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, CDs and BAs 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, 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., direct issue commercial paper);

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 ("Florida Prime"), 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 Florida Prime 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) 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;

(iii) 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;

(iv) 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;

(v) 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 or said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;

(vi) 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;

(vii) 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;

(viii) 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;

(ix) 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;

(x) 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;

(xi) 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;

(xii) JEA Debt, which shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be, (a) issued by JEA relating to the Electric System, SJRPP, Bulk Power Supply System, Water and Sewer System, DES or (b) issued by non-JEA entities secured by Contract Debts which shall be paid as a Cost of Operation and Maintenance of the Electric System, Water and Sewer System or DES, as defined in their respective bond resolutions; and

(xiii) Non-JEA Debt, which shall mean municipal debt that is not JEA Debt.

EXHIBIT II
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 III
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 IV
JEA WATER AND SEWER 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) 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;

(iii) 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;

(iv) 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

(v) 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;

(vi) 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;

(vii) 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;

(viii) 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;

(ix) 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;

(x) 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 or Aaa if rated by Moody's Investors Service;

(xi) 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, as provided in s. 163.01;

(xii) JEA Debt, which shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be, (a) issued by JEA relating to the Electric System, SJRPP, Bulk Power Supply System, Water and Sewer System, DES or (b) issued by non-JEA entities secured by Contract Debts which shall be paid as a Cost of Operation and Maintenance of the Electric System, Water and Sewer System or DES, as defined in their respective bond resolutions; and

(xiii) Non-JEA Debt, which shall mean municipal debt that is not JEA Debt.

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EXHIBIT V
JEA DES 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) 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;

(iii) 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;

(iv) 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;

(v) 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;

(vi) 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;

(vii) 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;

(viii) 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;

(ix) 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;

(x) 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 or Aaa if rated by Moody's Investors Service;

(xi) 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.

(xii) JEA Debt, which shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be, (a) issued by JEA relating to the Electric System, SJRPP, Bulk Power Supply System, Water and Sewer System, DES or (b) issued by non-JEA entities secured by Contract Debts which shall be paid as a Cost of Operation and Maintenance of the Electric System, Water and Sewer System or DES, as defined in their respective bond resolutions; and

(xiii) Non-JEA Debt, which shall mean municipal debt that is not JEA Debt.

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	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. Collateral can include Treasuries and/or Agencies and is held by a 3rd 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/Water/DES: No ratings requirement 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
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 20%	Authorized by Florida statutes. Includes Florida Prime Fund and PFM's Florida Education Income Trust Fund.

DEBT MANAGEMENT POLICY

Revised as of September 24, 2019

I. SCOPE

This Policy applies to all current and future debt and related hedging instruments issued by JEA for its Electric System, Water and Sewer System, District Energy System (DES), St. Johns River Power Park (SJRPP), Bulk Power Supply System (BPSS), and any other entity created and approved by JEA's Board. The Policy is intended to provide broad policy guidance and facilitate the management, control, and oversight of JEA's debt function facilitating ongoing access to the capital markets necessary to the funding of future capital projects.

II. GOAL/MISSION/OBJECTIVE

JEA's debt shall be managed with an overall philosophy of taking a long-term approach in borrowing funds at the lowest possible interest cost. To achieve this goal, JEA will continuously work towards developing the optimal capital structure, including the amounts and types of variable rate exposure, in view of JEA's risk tolerance to market fluctuations, capital market outlook, future capital funding needs, rating agency considerations, counterparty credit profiles, and competition.

The Debt Management Policy sets forth parameters and provides guidance regarding the following issues:

- Capital structure
- Credit ratings
- Compliance with tax regulations
- Management of floating interest rate risk
- Management of hedging instruments

The main goals of the Debt Management Policy are as follows:

- Maintain cost of capital consistent with other "AA" similarly rated municipal utilities
- Maintain steady credit ratings
- Establish and maintain reserve funds
- Reduce floating rate debt "put" risk
- Maintain diversification of debt

III. RESPONSIBILITY FOR POLICY

The overall Debt Management Policy is approved by the JEA Board and implemented by the Chief Financial Officer (CFO). An oversight committee, the Debt/Investment Strategy Committee (Committee) will meet semiannually to develop strategy and review the performance of the debt and investment portfolio in conjunction with this Policy. The members of the Committee are the Managing Director and Chief Executive Officer (CEO), CFO, Treasurer and Manager Cash and Investments.

JEA's Treasury Services group will develop procedures to implement and administer this Policy. In addition, Treasury Services will continuously apply process improvement methodologies to make improvements to the Debt Management processes.

IV. AUTHORIZATION

A. Debt Authorization

The overall amount of debt that JEA is allowed to issue for the electric system, SJRPP, the water and sewer system and DES is authorized by the JEA Board and by City Council ordinance on an as needed basis. Based on capital and related debt issuance financial forecast, the JEA Board typically approves the projected debt issuance limits for the next several years in conjunction with the next fiscal year's budget process.

The available amount of debt authorization outstanding is monitored by Treasury Services and is reported monthly to the Board as part of the monthly financial statements.

B. Authorizations for Debt-Related Hedging Instruments such as swaps and caps.

Resolutions approving the use of interest swap, cap, and related hedging instruments outlining, among other things, size and maturity restrictions, must be approved by the JEA Board prior to execution.

C. New Systems Authorization and Financing

This Policy will include debt issued pursuant to new system resolutions approved by the JEA Board and City Council. Debt authorization limits will be approved by a separate authorizing resolution approved by the JEA Board and City Council ordinance.

V. INVESTMENT STRUCTURE

JEA is authorized to invest available funds pursuant to an established Investment Policy approved by the Board on September 19, 2000, last amended March 26, 2019, Florida Statutes section 218.415 and the Electric, Water and Sewer, DES, SJRPP, and BPSS bond resolutions. The primary goals of the Investment Policy are to (1) provide safety of capital, (2) provide sufficient liquidity to meet anticipated cash flow requirements and (3) maximize investment yields while complying with the first two goals. The Investment Policy outlines the parameters on authorized investments, maturity and liquidity requirement limits, and procurement and safekeeping procedures.

JEA is authorized to utilize investment/asset-based “fixed to floating” swaps in order to take advantage of longer term investment yields as a hedge to the shorter yielding funds which are required to remain in short-term investments (i.e., debt service funds and operating funds).

The notional amount of swaps outstanding classified as investment/asset-based swaps is authorized by the Board under a separate resolution. JEA may not have outstanding a notional amount of investment/asset swaps which in aggregate is an amount greater than the amount of variable/short-term investable funds (100% hedged).

VI. ANNUAL PLAN OF FINANCE

As part of the annual budget presentation, a Plan of Finance will be submitted to the Board for information purposes. Such Plan of Finance will address at a minimum the amount of debt projected to be issued during the next fiscal year and whether such debt is senior or subordinated, fixed and/or variable and the possible use of hedging instruments.

A. The annual capital budgeting process will be used to project the amount of debt to be issued during the next five-year period. Factors to be considered in the final financial forecast are:

- The forecast of spending levels for capital projects.
- The availability of internal funds to pay for capital projects.
- Desired debt service coverage levels consistent with a highly rated electric and water and sewer utility.
- The additional bonds test calculation outlined in the respective senior and subordinated resolution of each system.

B. Senior vs. Subordinated Debt

The electric system and the water and sewer system each have a separate senior and subordinated bond resolution. The electric system senior resolution authorizes debt issued under its resolution to fund projects relating to non-generation capital expenditures and the subordinated resolution authorizes debt issued under its resolution to fund projects relating to all categories of capital expenditures. This Policy will target debt issued under the subordinated resolution to fund generation capital expenditures.

The water and sewer senior and subordinated bond resolutions authorize debt to be issued under the respective resolution to fund projects relating to all categories of water and sewer related capital expenditures.

A second revenue bond resolution for SJRPP is being used to issue additional new money debt and any associated debt refunding transactions.

A restated and amended BPSS resolution authorizes Debt to be issued to fund new projects and refund related debt.

The DES resolution authorizes debt to fund projects and refund related debt.

C. Tax-exempt vs. Taxable

As a municipal utility, JEA is authorized to issue tax-exempt debt and must comply with appropriate tax regulations. JEA will endeavor at all times to issue tax-exempt debt. For certain transactions, due to tax regulations, it may be necessary or advantageous for JEA to issue taxable debt. Such prevailing circumstances may include excessive transferred proceeds, volume cap limitations, and private use restrictions. Treasury Services will monitor current tax regulations and utilize tax-exempt financing whenever possible.

D. Fixed vs. Variable Debt

Pursuant to this Policy, JEA will not exceed 30% of Net Variable Rate Debt to Total Debt and will not exceed 55% of Net Variable Rate Debt plus Net Fixed to Floating Interest Rate Swaps to Total Debt.

For purposes of this Policy, the above limits will be calculated with the following components:

- Net Variable Rate Debt equals Total Variable Rate Debt minus Net Variable Rate Assets.
- Net Variable Rate Assets equals Variable Rate Assets minus notional amount of investment/asset-matched interest rate swaps.
- Net Fixed to Floating Interest Rate Swaps shall be defined as the notional amount of fixed to floating swaps maturing in 10 years or less minus the notional amount of floating to fixed swaps maturing in 10 years or less outstanding on the last day of each month.

- Total Debt equals the par amount of fixed rate debt plus Total Variable Rate Debt.
- Total Variable Rate Debt equals hedged and unhedged variable rate debt.
- Variable Rate Assets are defined as investments maturing in less than one year.
- Unhedged Variable Rate Debt is defined as Total Variable Rate Debt outstanding less variable rate debt that is associated with a floating to fixed rate swap where the term of the swap matches the term of the variable rate debt.

The calculation of these percentages will be performed semiannually and reported to the Committee.

JEA's capital structure, comprised of fixed rate debt, variable rate debt, and debt-related hedging instruments such as interest rate swaps and caps, will be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The goal of adopting a comprehensive investment and debt management strategy is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet. For example, interest income for variable rate assets provides a natural offset to the interest expense of variable rate debt as interest rates increase or decrease. Therefore, in determining JEA's exposure risk to a changing interest rate environment, both components of the balance sheet will be analyzed and JEA's "net" exposure evaluated.

JEA will utilize a mix of fixed and variable rate debt to lower the overall cost of capital. Variable rate debt will generally be used as an efficient way to fund new construction requirements and as a permanent component of a long-term funding strategy. The amount of variable rate debt outstanding shall be based on any one or a combination of the following factors:

(1) Interest Rates

The absolute level of interest rates, the forecasted direction of interest rates and the shape of the yield curve are all factors in managing the amount of variable rate debt outstanding. If fixed rates are high relative to the current cycle of rates and the yield curve is steep, a higher percentage of net variable rate debt may be desirable. Conversely, if interest rates are low relative to the current cycle of rates and the yield curve is flat, a higher percentage of net fixed rate debt may be desirable.

(2) Capital Structure and Construction Funding

Given that JEA has a continuous capital program with projects beginning at various points in time and the lack of correlation between low interest rate environments and the need to begin a project, having a variable rate program will allow for "Just in Time" financing while providing for market timing flexibility. Additionally, variable rate debt adds flexibility for capital structure changes like accelerating the pay down of debt.

(3) Other Related Variable Rate Risks

JEA will take into consideration when determining the appropriate variable rate risk levels the potential exposure to variable rate risk on joint financing programs with the City of Jacksonville and other related agencies.

JEA's strategies for responding to changes in short and long-term interest rates include the following actions:

- JEA may elect to lower the ratio of Net Variable Rate Debt to Total Debt when (a) long-term interest rates are at or near market lows compared to market-based indices for the last three to ten-year averages, (b) short to intermediate-range forecasts for long-term rates are predicting higher rates or (c) the ratio of Net Variable Rate Debt to Total Debt is or forecasted to be at the upper end of the allowable percentage. If such a determination is made to lower the ratio, the desired ranges for the ratios outlined in Section VI.D, above are 10% to 25% of Net Variable Rate Debt to Total Debt and 35% to 50% of Net Variable Rate Debt plus Net Fixed to Floating Interest Rate Swaps to Total Debt.

- JEA may elect to increase the ratio of Net Variable Rate Debt to Total Debt when (a) long-term interest rates are at or near market high levels compared to market based indices for the last three to ten year averages, or (b) short to intermediate-range forecasts for long-term rates are predicting lower rates or (c) the ratio of Net Variable Rate Debt to Total Debt is or forecasted to be at the lower end of the allowable percentage. If such a determination is made to increase the ratio, the desired ranges for the ratios outlined in Section VI.D above are 20% to 30% of Net Variable Rate Debt to Total Debt and 45% to 55% of Net Variable Rate Debt plus Net Fixed to Floating Interest Rate Swaps to Total Debt.

To assist in the decision making process, a forecast of interest rate volatility over the short and long terms and expected performance of various financial products (debt or hedging instruments) under various interest rate scenarios will be modeled on a periodic basis. In determining when to use alternative financing arrangements including variable, fixed, and synthetic structures, the availability of internal and external technical expertise to properly manage risk will be evaluated along with ongoing administrative costs. These analyses will be reviewed at the regularly scheduled semiannual meetings by the Committee.

E. “Just in Time” Financing.

The cash flow forecast for budgeted capital projects is the main factor used in determining the appropriate timing of new money debt transactions. The goal is to issue new debt as outstanding debt proceeds are spent. However, the timing of debt transactions may also depend upon factors including:

- Desired debt service coverage levels
- Budget, financial statement and ratings impacts
- Annual Plan of Finance
- Interest rate environment

All of the above factors are considered prior to making the final determination of the most optimal time to issue new debt to fund capital projects.

F. Budget/Financial Forecast goals for debt service

In order to adequately project debt service for budget purposes and for official financial forecast/rating agency purposes, Treasury Services will develop interest rate assumptions using the following guidelines:

(1) Fixed Rate Debt

For the upcoming budget year, the budget assumption for interest rates for new incremental fixed rate debt will be (i) at a minimum, the average of the AA MMD index for comparable maturities for the most recent twelve months ending March 31, or (ii) management, at its discretion, can choose to utilize higher rates. Interest rate forecasts from JEA’s underwriting team can be used as support for this determination. Forecasts for the fiscal years beyond the upcoming budget year will be based upon the budget interest rate assumption plus or minus based upon input from either forecasts received from investment bankers or from Bloomberg.

(2) Variable Rate Debt

For the upcoming budget year, the budget assumption for interest rates for outstanding and new incremental variable rate debt will be (i) at a minimum, the average of the SIFMA index for the most recent twelve months ended February 28, or (ii) higher rates selected at the Treasurer’s discretion. Interest rate forecasts from JEA’s underwriting team or from Bloomberg can be used as support for this determination. Forecasts for the fiscal years beyond the coming budget year will be based upon the budget interest rate assumption plus or minus based upon input from either forecasts received from investment bankers or from Bloomberg.

(3) The interest rate assumptions may be adjusted based upon JEA's actual trading differential to the appropriate index during the most recent twelve months ended February 28.

(4) The projected fixed and variable interest rate assumptions will be provided by the Treasurer by February 28th of each year.

(5) Unless otherwise agreed upon by the CFO, debt service for new debt will be projected on a level basis.

G. Credit Ratings

JEA recognizes that strong credit ratings are necessary to ensure the lowest possible borrowing costs, which will factor into maintaining low rates for our customers. JEA's goal is to maintain a long-term senior unsecured "AA" category rating by each rating agency.

JEA will utilize the following municipal debt rating services: Fitch Ratings, Standard and Poor's, and Moody's Investors Service. Any changes, additions, or deletions to the list above will require approval of the CEO.

VII. FIXED RATE DEBT

A. Overview

Fixed rate debt is authorized to finance capital projects and for any other allowable purpose as stipulated in the governing bond resolutions and tax regulations.

B. Type

JEA may issue any type of fixed rate debt as authorized by JEA's various bond resolutions and recommended by JEA's Financial Advisor. Some of the various types of debt authorized include, but are not limited to, serial and term bonds issued at par, discount or premium, capital appreciation bonds, and bullet bonds (e.g., refundable principal installments).

C. Maturity, Structure, and Call Provisions

Prudent debt management requires that there be a proper matching of the lives of the assets and the length of the debt used to finance such asset.

JEA will, at all times, structure the amortization and maturity of any fixed rate debt to comply with the appropriate tax regulations.

To provide the maximum amount of flexibility, JEA will utilize, for tax-exempt debt, five year but no longer than ten-year calls, at par, whenever possible. For taxable debt, JEA can utilize make whole call provisions at terms and conditions prevalent in the taxable bond market at the time of pricing. JEA staff along with the financial advisor and underwriter will assess the market at the time of pricing to determine its ability to issue bonds with such features while minimizing interest costs.

D. Providers

Under the Procurement Code, JEA is allowed to sell debt by either negotiated sale or competitive bid. The determination of the method is to be made prior to each financing.

If JEA selects the "negotiated sale" method, the underwriting team will be selected pursuant to the JEA Procurement Code. JEA shall require that a master underwriting agreement be entered into and signed by all parties at the end of the solicitation process and a separate bond purchase agreement with the senior underwriter(s) shall be approved by the JEA Board at each sale of debt, unless the Board has previously delegated such approval authority to the CEO.

If JEA selects the "competitive sale" method, determination of the winning bid will be based on the following methodology: (1) the "standard convention" as recommended by JEA's Financial Advisor, (2) calculation utilized by the State Board of Administration or (3) the underwriting firm with the lowest True Interest Cost (TIC) proposal.

JEA will employ staff or an outside professional financial advisor, other than the underwriter, who is familiar with and abreast of the conditions of the municipal market, and is available to assist in structuring the issue, pricing, and monitoring of sales activities. JEA shall not use a firm to serve as both the financial advisor and underwriter. Selection of underwriters, financial advisors, bond counsel, and other necessary consultants involved in the debt transactions will be selected as outlined in the JEA Procurement Code.

E. Debt Service Reserves

A debt service 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.

- The debt service reserve may be in the form of cash and/or investments funded from the proceeds of bonds and/or revenues from operations.
- If allowed by the resolution, a surety issued by a financial institution nationally recognized in the industry to issue such policies may be used in place of a cash-funded debt service reserve.
- If allowed under the respective bond resolution, any other form of financial instruments may be used in place of cash-funded or surety-funded debt service reserve, provided such financial instruments are issued by firms of nationally recognized standing.
- JEA will weigh the benefits of each method of funding the debt service reserve prior to each issue and will choose the method most beneficial to JEA based upon the facts and circumstances of each issue.

  A debt service reserve may also be maintained if, in the opinion of the underwriter, it is reasonably required to provide security for the payment of debt service with respect to JEA's bonds and is consistent with normal practice in respect of bonds of the same general type as those being issued by JEA. Selection of a surety provider or provider of any financial instrument acceptable to fund the debt service reserve requirement under the appropriate resolution will be pursuant to the JEA Procurement Code.

F. Bond Insurance

For each debt transaction, JEA will evaluate the economic benefit of using bond insurance. This analysis will incorporate the insurance benefits to the call date, to maturity date, and any intermediate date. If based on the analysis, JEA determines that bond insurance will add economic benefit to the transaction an insurance provider will be selected pursuant to the JEA Procurement Code. Financial institutions which insure bonds for investors of JEA must have, at the time the bonds are issued, a credit rating (if rated) not less than AA/Aa2/AA from Fitch Ratings, Moody's, and Standard & Poor's, respectively.

G. Approvals

The structure, maturity, and call provisions for each fixed rate financing must be approved in writing by the CFO on or prior to the date of pricing. The CFO has the responsibility to review the structure of each debt transaction with the CEO. Negotiation with the underwriter on negotiated bond transactions will be conducted by the Treasurer. Final transaction approval must be obtained from the Board; however, it may be in the form of a delegated authority.

H. Reporting and Compliance

A monthly report entitled "Schedule of Outstanding Indebtedness" will be provided to the Board that summarizes the principal amount, the range of interest rates and maturity dates of all outstanding debt.

JEA is committed to full and complete compliance with all applicable laws and regulations with respect to its debt. Because of the complexity of the tax regulations and the consequences of non-compliance, the advice of bond counsel and other qualified professionals will be sought whenever necessary. In carrying out its responsibility, JEA shall monitor and analyze the investments and use of bond proceeds and calculate the amount of arbitrage rebate liability due.

VIII. VARIABLE RATE DEBT INSTRUMENTS

A. Overview

Variable rate debt is authorized to finance capital projects and for any other allowable purpose as stipulated in the governing bond resolutions and tax regulations.

JEA must adhere to the variable rate debt limits outlined in this Policy.

B. Type

JEA may issue any type of variable rate debt as authorized by JEA's various bond resolutions and recommended by JEA's Financial Advisor. Some of the various types of debt authorized include, but are not limited to, Commercial Paper, Variable Rate Demand Obligations, and Medium-Term Notes.

C. Management

On a periodic basis, Treasury Services will make decisions regarding any changes to the interest mode for variable rate demand obligations and desired maturities for commercial paper.

D. Maturity and Call Provisions

As with fixed rate debt, JEA will structure the maturity dates of the variable rate debt to match the lives of the assets being financed. JEA will, at all times, structure the amortization and maturity of any variable rate debt to comply with the appropriate tax regulations. For JEA commercial paper program, the maturity of a Commercial Paper Note shall not exceed 270 days and the term of a commercial paper program shall not exceed 30 years in order to stay within the current safe harbor rules to be treated as part of a single issue. For variable rate debt with tender rights, the current safe harbor rules limit the maturity to no longer than 35 years.

E. Providers

Underwriters, remarketing agents or dealers of JEA's variable rate debt program will be selected pursuant to JEA's Procurement Code.

Banks providing Liquidity Facilities for variable rate debt shall be reviewed regularly with the Financial Advisor and minimum short-term ratings (if rated) established for these providers shall be F1, P1, A1 from the three rating agencies: Fitch Ratings, Moody's, and Standard & Poor's, respectively. The long-term credit rating should generally have a minimum rating equal to JEA's credit rating on the underlying debt.

If bond insurance is necessary for variable rate debt, the insurance provider will be selected pursuant to JEA's Procurement Code. Financial institutions which insure bonds for investors of JEA must have, at the time the bonds are issued, a short-term credit rating (if rated) of F1, P1, A1 and a long-term credit rating (if rated) not less than AA/Aa2/AA from Fitch Ratings, Moody's, and Standard & Poor's, respectively.

F. Approvals

The structure, maturity, and call provisions for each variable rate financing must be approved in writing by the CFO prior to the transaction. The CFO has the responsibility to review the structure of each debt transaction with the CEO. Final transaction approval must be obtained from the Board.

G. Compliance/Reporting Requirements

The amount of variable rate debt outstanding for JEA shall be included on the report entitled "Schedule of Outstanding Indebtedness" and will be reported to the Board monthly in conjunction with the monthly report of financial position of JEA. For variable rate debt, this report shall summarize the various types, maturities, and current rates of interest on each variable debt issue then outstanding.

A report shall be prepared semiannually for the Committee, showing the comparison of the monthly interest rates (including all fees) paid for each variable rate issue then outstanding, comparing each of these with the monthly average interest rate of LIBOR, SIFMA, and such other short-term variable interest rate indices, which may accurately reflect the existing variable interest rate market. This comparison will provide information on the most cost beneficial type and mode of variable rate debt for various periods of time. This information will be used as part of a recommendation on what type of variable rate debt will be issued in future periods or for changes to JEA's existing variable rate program.

JEA will monitor and report any arbitrage rebate liability due to the U.S. Treasury on bond proceeds from variable rate transactions.

IX. DEBT REFUNDING

A. Overview

The refunding of outstanding debt represents an opportunity for JEA to realize debt service savings. Refundings may allow JEA to restructure its existing debt portfolio to enable JEA to operate in a more competitive manner. Many of the policies and practices applicable to new money fixed and variable rate financings are applicable to debt refundings as well.

B. Management

Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refundings will be considered within federal tax law constraints. JEA and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings. Current tax regulations do not permit tax-exempt Advance Refunding transactions. There are no limitations with respect to a current refunding of bonds. The following guidelines should apply to the issuance of refunding bonds:

(1) Any refunding will be evaluated on the economic savings or structure advantages relating to issuing the new debt. For a fixed rate refunding, a five percent savings target is a general guideline. However, refunding issues that produce a net present value savings of less than five percent may be issued for various business and/or economic purposes. Examples include but are not limited to (a) restructuring debt, (b) amending provisions of a bond document, and (c) taking savings based on structure or low interest rate environment considerations. Savings below the five percent guideline must be approved by the CFO or by delegated authority from the Board prior to the execution of the refunding transaction.

(2) Refundings involving variable rate debt generally do not produce savings and will not have a savings guideline. These transactions are usually executed to take advantage of structuring opportunities or to reduce risk, or may be utilized to take advantage of low long-term interest rates.

(3) The final structure (including the use of hedging products) will be recommended by Treasury Services to the CFO for approval prior to the execution of any refunding transaction. The CFO has the responsibility to review the structure of each debt transaction with the CEO.

C. Fixed and Variable

JEA can utilize fixed or variable rate debt for refunding purposes and must adhere to the variable rate debt limits outlined in this Policy.

D. Maturity and Call Provisions

The maturity of refunding bonds shall, absent a bond counsel opinion, be in accordance with the safe harbor rules for the creation of replacement proceeds found in the tax regulations.

To provide the maximum amount of flexibility, JEA will utilize five year, but no longer than 10 year calls, at par, whenever possible for tax-exempt debt. Call provisions for taxable debt will be based on terms and conditions prevalent in the taxable bond market at the time of pricing. JEA staff along with the financial advisor and underwriter will assess the market at the time of pricing to determine its ability to issue bonds with such features while minimizing interest costs.

E. Debt Service Reserve

In the event that a refunding transaction reduces the debt service reserve requirement, JEA may deposit any such reduction into the defeasance escrow account for the refunded bonds or utilize the reduction for any lawful purpose.

F. Approvals

The structure, maturity, and call provisions for each refunding must be approved in writing by the CFO on or prior to the date of pricing. The CFO has the responsibility to review the structure of each debt transaction with the CEO. Negotiation with the underwriter on negotiated bond transactions will be conducted by the Treasurer. Final transaction approval (which may be delegated) must be obtained from the Board.

X. INTEREST RATE SWAPS, CAPS, COLLARS, AND RELATED HEDGING INSTRUMENTS

A. Overview

The prudent use of hedging instruments, including interest rate swaps, caps and collars, can be an effective tool in meeting funding needs and structuring a balance sheet while managing risk associated with the movement of interest rates. Utilizing hedging products can provide JEA with cost effective alternatives to traditional debt financing choices.

Utilizing interest rate swaps to achieve substantially lower interest costs is a main component in building the desired capital structure to allow JEA to compete effectively. There are three types of interest rate swaps JEA is authorized to enter into:

- Floating to fixed rate swaps,
  - Hedge interest rate risk on variable rate debt,
  - Lock in fixed rates on refunding bonds that will be issued in the future or
  - Take advantage of opportunities to obtain fixed swap rates that are lower than comparable fixed rate bonds.

- Fixed rate to floating rate swaps
  - Increase the amount of variable rate exposure without incurring the remarketing and liquidity costs.
  - Eliminate the put risk associated with variable rate debt.
  - Take advantage of opportunities to obtain variable swap rates that are lower than comparable variable rate bonds.

- Basis swaps manage the risk associated with
  - The mismatch between two benchmarks.
  - Methodologies used to set interest rates.

B. Risks

Interest rate swaps and related hedging instruments may introduce additional risks to JEA's credit profile. These risks include, but are not necessarily limited to, termination risk, counterparty risk, re-execution risk, amortization risk, Basis Risk, and tax event risk. Prior to entering into each interest rate swap transaction, these risks are evaluated to ensure adequate provisions are in place to minimize the downside and provide the maximum benefit the transaction originally intended.

C. Limits

The percentage of variable rate exposure (the notional amount of Net Fixed to Floating Interest Rate Swaps and Total Variable Rate Debt outstanding) to Total Debt outstanding shall not exceed 55%. The Total Variable Rate Debt outstanding and Net Fixed to Floating Interest Rate Swaps shall be calculated as set forth in Section VI.D of this Policy. The notional amount of interest rate swaps, caps, collars, and related hedging instruments will be limited to the amount approved in resolutions approved by the Board from time to time.

Interest rate caps and related hedging instruments will be utilized to help manage interest rate risk in the debt portfolio. At all times, a fixed to floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than 200 basis points above the interest rate swap fixed rate. (See waiver in Section K)

Additionally, it is contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of aggregate outstanding caps will not be less than 75% of average life of the associated aggregate swaps.

From time to time, Treasury Services will evaluate the use of collar (cap and floor instrument) transactions as a hedging tool to minimize cost and risk. The cap portion will be executed pursuant to the above referenced rules. The related floor rate will be approved by the Committee prior to execution.

D. Fixed to Floating Rate Swap Management

The Committee shall have the overall responsibility, from an overview standpoint, for the execution and management of fixed to floating interest rate swaps. One of the main components of the debt management strategy is to use intermediate term fixed to floating rate swaps to achieve a long-term goal of having up to 55% of the total debt based on a floating/variable interest rate.

Based on Committee approval, interest rate swaps will be executed semiannually to achieve an averaging into the market philosophy. The Committee shall determine the size of the total interest rate swap program and the maturity date for the swaps within the parameters of this Policy, which has been approved by the Board.

Forecasts of interest rate volatility over the intermediate term (4 to 7 years) and expected performance of the swaps, caps, collars, and related hedging instruments under various interest rate scenarios shall be updated on not less than a semiannual basis. Short and long-term interest rates will be monitored over varying time periods. If current interest rates are either above or below the moving averages as measured by varying time periods, the Committee may elect to alter the timing of adding additional fixed to variable swaps to either increase or decrease the amount of variable exposure. Furthermore, the Committee may elect to enter into “reversing” swaps to take advantage of market opportunities. In the event a fixed to floating swap is “reversed”, any associated floor will be simultaneously “reversed”. Any associated cap will be evaluated and “reversed” if approved by the Committee.

The amount of interest rate caps shall not exceed the amount of variable rate exposure to JEA.

The following “decision rules” will govern the decision to initially execute a fixed to floating interest rate swap, cap, or other hedging instruments within the Debt Management Program:

1. JEA receives payments based on a fixed rate and pays based on a floating rate.

2. Floating rate is based on either SIFMA or LIBOR.

3. If the SIFMA Index is selected, no adjustment to the notional amount is needed.

4. If the LIBOR index is selected, the notional amount of the interest rate swap and cap will be adjusted by the current ratio of the SIFMA based fixed rate to the LIBOR based fixed rate. (See example below)

$$\frac{\textbf{SIFMA Fixed Rate}}{\textbf{LIBOR Fixed Rate}} = \frac{\mathbf{1.56}\%}{\mathbf{2.36}\%} = \mathbf{66.1}\%$$

   The notional amount will be multiplied by the ratio to obtain the adjusted notional amount.

5. Decision to select LIBOR or SIFMA will be based on a combination of historical, current, and future expectations for the relationships of floating SIFMA to floating LIBOR and fixed SIFMA to fixed LIBOR. Generally, if the floating SIFMA to LIBOR ratio is lower than the fixed SIFMA to LIBOR ratio, a SIFMA based swap is preferred. However, historical and future expectations must be evaluated in order to make the decision.

6. Term of the interest rate swap and cap shall not exceed 10 years. The overall average for the program will be four to seven years.

7. An interest rate swap will not be executed unless the spread between the fixed rate and initial floating rate is a positive 10 basis points or more. In addition, as stated above, the execution of a swap may be affected by the relationship of current rates to historical averages.

8. If a swap is not executed or re-executed due to the 10 basis point decision rule, the swap will be executed during the following quarter, decision rule permitting. If a swap is not entered into due to the historical relationship of rates to the current level, the Committee will decide when the appropriate time to enter into the next transaction. In the event swaps are delayed for two or more consecutive periods, only one additional swap per quarter will be executed until the original schedule can be re-established.

9. An interest rate cap is to be entered into at the time of each swap transaction for the identical notional amount if JEA does not have a current interest rate cap in place that meets the criteria. The cap should be at a level no greater than 200 basis points above the fixed

rate of the swap. However, if JEA has current interest rate cap positions that are not associated with any particular interest rate swap, but are being utilized generally to manage variable rate risk, an interest rate cap meeting the conditions listed above may be utilized to satisfy the requirements of this section.

The Committee will meet on a semiannual basis to review the performance of the fixed to floating interest rate swaps, and review the current interest rate swap and cap decision rules. Any changes to the "decision" rules recommended by the Committee must be approved by the Board prior to implementation. The Committee may, however, elect not to execute an interest rate swap or cap normally scheduled to be executed based on the "decision rules" if a change to the "decision rules" has been recommended by the Committee but not yet acted on by the Board.

E. Floating to Fixed Rate Swap Management

The Committee shall have the overall responsibility regarding the execution and management of floating to fixed interest rate swaps. An additional component of the debt management strategy is to use floating to fixed rate swaps to lock in the lowest possible borrowing costs over a long period of time. Floating to fixed rate swaps can be used in conjunction with issuing variable rate debt to obtain the lowest fixed rate when compared to traditional forms of fixed rate financings. In addition, floating to fixed swaps may be desirable when the cycle of long-term rates moves down to or near historical lows and "fixing" a portion of the outstanding variable rate debt appears advantageous. Swaps will be evaluated as alternatives to traditional financing instruments considering their comparable costs, ease of entry and exit provisions, and the amount of potential risk exposure.

Interest rate swaps will be executed for notional amounts, maturities and other related terms and conditions as determined by the Committee. Re-execution risk, amortization risk, tax event risk and Basis Risk will be evaluated in order to minimize any potential negative results.

Forecasts of interest rate volatility over the term of the swaps and expected performance of the swaps under various interest rate scenarios shall be analyzed prior to the execution of the swaps. Short and long-term interest rates will be monitored over varying time periods. The Committee may elect to enter into "reversing" swaps to take advantage of market opportunities.

The following "decision rules" will govern the decision to execute and/or re-execute a floating to fixed interest rate swap:

1. JEA receives payments based on a floating rate and pays based on a fixed rate.

2. Floating rate is based on either SIFMA or a percent of LIBOR.

3. If the SIFMA Index is selected, no additional analysis is needed.

4. If the LIBOR index is selected, the historical relationship of SIFMA to LIBOR will be used as a guide when selecting the percent of LIBOR as the index. A risk analysis will be done on a projected basis to quantify the risk versus potential reward.

5. Decision to select LIBOR or SIFMA will be based on a combination of historical, current, and future expectations for the relationships of floating SIFMA to floating LIBOR and fixed SIFMA base rate versus the fixed rate based on the LIBOR index.

6. Term of the interest rate swap is a maximum of 30 years or if the swap is executed with the purpose of synthetically fixing a specific variable rate debt issue, the swap transaction is permitted to have a term which matches the term of the variable rate debt, but will be determined based on the life of the related debt being hedged. If the term of the swap is less than the underlying debt that it may generally be hedging, JEA is exposed to re-execution risk. In a rising interest rate environment, a new swap may potentially be re-executed at a higher fixed rate than the original swap. Additionally, the amortization of the principal on the debt that the swap is generally hedging is taken into consideration when structuring the terms and conditions of the swap. This is referred to as amortization risk.

Interest rate caps and collars are additional hedging instruments that JEA may utilize to manage risks associated with variable rate debt. All cap or collar transactions executed must comply with the requirements set forth in items F through K listed immediately below.

F. Compliance and Reporting Requirements

Resolutions approving the use of interest rate swap, cap, and other hedging instruments outlining, among other things, size, and maturity restrictions, must be approved by the JEA Board prior to execution.

JEA Board must approve the overall Debt Management Policy including explicit parameters for the use of interest rate swaps, caps, and other hedging instruments.

JEA CEO must sign all interest rate swap, cap, or collar confirmations.

JEA external auditors shall perform an annual review relating to fixed to floating interest rate swap management and present to the JEA Board.

Monthly performance reports regarding outstanding interest rate swaps, caps and related hedging instruments will be provided to Accounting Services to be included in the monthly financial statements to the Board.

Mark to market valuations will be updated on a semiannual basis and provided to Committee members and Accounting Services to be included in the financial statements.

Collateral reports will be updated on a monthly basis providing information relating to specific swap transactions that may require collateral posted based on mark to market valuations.

JEA's CFO or Treasurer must approve the interest rate swap term sheet prior to execution. In addition, the purpose of the transaction, (asset matched, debt management, etc.) will be included as part of the swap paperwork file kept for each executed swap transaction.

G. Providers

Financial Institutions and Dealers executing interest rate swaps, caps, and other hedging instruments for JEA shall be selected pursuant to the JEA Procurement Code. JEA shall require that all institutions and dealers entering into interest rate swap, cap and other hedging instrument agreements execute a Master Swap Agreement (the ISDA Master Agreement must be used as a part of the Master Swap Agreement) that is signed by both parties. All transactions entered into shall adhere to the requirements of the Master Swap Agreement.

H. Diversification

No more than $500 million of net interest rate swap and cap or other hedging instruments shall be outstanding in the aggregate with any one provider or affiliate thereof unless approved in writing by the CEO. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long dated hedging transaction as shown below:

Rating Level	Notional Amount
AAA/Aaa by one or more Rating Agencies	$400,000,000
AA-/Aa3 or better by at least two Rating Agencies	$300,000,000
A/A2 or better by at least two Rating Agencies	$200,000,000
Below A/A2 by at least two Rating Agencies	$0

The rating criteria shown above apply either to the counterparty to the long dated transaction or, if the payment obligation of such counterparty under the relevant Swap Agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed $400 million for "long dated" transactions.

This provision includes all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risk including, but not limited to, debt management, and 100% investment/asset matched program.

I. Bid

All "initial" interest rate swap and cap transactions shall be competitively bid by at least (3) three providers that have executed interest rate swap agreements with JEA. Upon written authorization from the CEO or his designee, 1) a "reversing transaction" resulting in an upfront payment to JEA may be negotiated with the original swap, cap, or collar counterparty, 2) a negotiated swap with a counterparty may be executed as part of a debt financing or (3) a cap/collar can be procured either with bids received from two providers or negotiated with only one provider if JEA receives a letter from the then current Financial Advisor stating that the payment for such cap/collar was executed at market levels.

J. Reserve Fund

An annual budgeted reserve contribution will be made to a reserve fund to cover any payments made as a result of the use of swaps as part of the Policy. Three percent of the notional amount of each fixed to floating interest rate swap initially executed will be retained in the reserve fund and used if needed to make interest rate swap payments. The contributions to the reserve fund will be funded in three equal installments of 1% of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed to floating debt interest rate swaps outstanding unless the reserve fund is used as stipulated below. Accounting will be consistent with the variable rate reserve fund.

The reserve fund can be used for any lawful purpose including debt service, debt repayment and capital outlay. The use of this reserve fund must be approved in writing by the CEO.

K. Other

If a fixed to floating interest rate swap is executed in conjunction with a refunding transaction where the net effect is to maintain the current level of variable rate exposure, (1) the requirement to execute a cap with an associated fixed to floating swap is waived and (2) any reserve requirement needed for the fixed to floating swap is waived; however, the reserve requirement shall be calculated as if the variable rate debt is outstanding in the amount of the notional amount of the associated fixed to floating interest rate swap.

XI. INSIDER TRADING POLICY GUIDELINES

Insider trading is a court developed doctrine under which it is unlawful to purchase or sell a security while in possession of material non-public information in breach of a duty or other relationship of trust or confidence.

Insider trading likely would not be found where an issuer is communicating in good faith with investors or analysts and disclosing information that is (1) Public, (2) not material or "market-moving" or (3) both public and non-material.

A written procedure, approved by the CEO, will provide specific guidelines that JEA employees will follow to ensure compliance with insider rules and regulations

XII. POLICY EXCEPTIONS

Any financing activity not included in this Policy will be brought to the Board for review and approval prior to execution.

XIII. EFFECTIVE DATE

This Policy will become effective May 20, 2003 (as revised April 19, 2005, October 10, 2005, November 20, 2007, December 15, 2009 and September 24, 2019).

XIV. DEFINITIONS

Advance Refunding A bond is treated as issued to advance refund another bond if it is issued more than 90 days before the redemption of the refunded bond.

Basis Risk Movement in the underlying variable rate indices may not be perfectly in tandem, creating a cost differential that could result in a net cash outflow from the issuer. Also, the mismatch that can occur in a swap with both sides using floating, but different, rates.

Capacity Expansion Capital expansion projects are those projects designed to accommodate new customers, acquisitions, new "plants", and expansion of existing system capacity.

Commercial Paper Note shall mean any Bond which has a maturity date which is not more than 270 days after the date of issuance thereof.

Competitive Bid a method of submitting proposals for the purchase of new issue of municipal securities by which the securities are awarded to the underwriting syndicate presenting the best bid according to stipulated criteria set forth in the notice of sale.

Construction Loan Credit Facility means obligations of JEA of a particular credit facility for construction advance purposes which shall be similar to Bond Anticipation Notes.

Counterparty Risk the risk that the other party in the derivative transaction fails to meet its obligations under the contract.

Credit Enhancement shall mean, with respect to the Bonds of a Series, a maturity within a Series or an interest rate within a maturity, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Bonds.

Current Refunding A bond is treated as issued to current refund another bond if the refunding issue is issued not more than 90 days before the redemption of the refunded bond.

Hedge a transaction entered into to reduce exposure to market fluctuations.

Interest Rate Swap a transaction in which two parties agree to exchange future net cash flows based on predetermined interest rate indices calculated on an agreed notional amount. The swap is not a debt instrument between the issuer and the counterparty, and there is no exchange of principal.

ISDA International Swap Dealers Association, the global trade association with over 550 members that include dealers in the derivatives industry.

ISDA Master Agreement the standardized master agreement for all swaps between the issuer and the dealer that identifies the definitions and terms governing the swap transaction.

LIBOR the principal benchmark for floating rate payments for taxable issuers. The London Inter Bank Offer Rate (LIBOR) is calculated as the average interest rate on Eurodollars traded between banks in London and can vary depending upon the maturity (e.g., one month or six months).

> Because the regulator for LIBOR has announced the LIBOR benchmark will be discontinued as of December 31 2021, JEA shall not enter into any new LIBOR-based transactions extending past that date; any LIBOR based transactions terminating after December 31, 2021 shall use the replacement benchmark agreed upon by JEA after that date.

Long-Dated Swap a swap with a term of more than ten years. Often used in the municipal market, as issuers often prefer to use a hedge that matches the maturity of the underlying debt or investment.

Mark-to-Market calculation of the value of a financial instrument (like an interest rate swap) based on the current market rates or prices of the underlying (i.e. the variable on which the derivative is based).

Medium-Term Note any bond which has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance and is designated as a medium-term note in the supplemental resolution authorizing such bond.

Negotiated Sale the sale of a new issue of municipal securities by an issuer through an exclusive agreement with an underwriter or underwriting syndicate selected by the issuer.

SIFMA Index The SIFMA Municipal Swap index is a 7-day high-grade market index comprised of tax-exempt VRDO reset rates that are reported to the Municipal Securities Rule Making Board's Short-Term Obligation Rate Transparency reporting system.

Termination Risk the risk that a swap will be terminated by the counterparty before maturity that could require the issuer to make a cash termination payment to the counterparty.

True Interest Cost is the rate, compounded semiannually, necessary to discount the amounts payable on the respective principal and interest payment date to the purchase price received for the bonds.

Variable Rate Bond shall mean any Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of initial issuance.

Variable Rate Demand Obligations (VRDO) A long-term maturity security which is subject to a frequently available put option or tender option feature under which the holder may put the security back to the issuer or its agent at a predetermined price (generally par) after giving specified notice or as a result of a mandatory tender. Optional tenders are typically available to investors on a daily basis while in the daily or weekly mode and mandatory tenders are required upon a change in the interest rate while in the flexible or term mode. The frequency of a change in the interest rate of a variable rate demand obligation is based upon the particular mode the security is in at the time.

JEA

Reserve Report

For the Third Quarter Ending June 2022

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

For the Years Ending September 30
(In Thousands of Dollars)

Electric System

	Actual Fiscal Year 2019	Actual Fiscal Year 2020	Actual Fiscal Year 2021	Projected Fiscal Year 2022	Detail Page #
Unrestricted					
Operations/Revenue Fund	$ 34,587	$ 47,449	$ 55,662	52,060	
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	3
• Employee health insurance	11,210	10,890	14,272	14,200	4
Rate Stabilization					
• Fuel	47,152	73,347	41,767	-	5
• DSM / Conservation	4,363	5,423	7,233	9,398	6
• Environmental	25,632	21,818	19,756	18,152	7
• Debt Management	29,884	-	-	-	8
• Non-Fuel Purchased Power	56,870	36,326	10,513	102,592	9
Environmental	16,568	16,568	16,568	16,076	10
Customer Deposits	44,242	43,641	45,179	43,872	11
Total Unrestricted	280,508	265,462	220,950	266,350	
Days of Cash on Hand (2)	146	183	166	148	
Days of Liquidity (3)	308	359	331	273	
Restricted					
Debt Service Funds (Sinking Funds)	145,520	82,525	80,988	64,051	12
Debt Service Reserve Funds	60,582	50,993	50,993	50,993	13
Renewal and Replacement Funds/OCO	81,964	137,643	183,800	226,030	14
Environmental Fund [Capital Projects]	-	301	83	556	15
Construction Funds	-	311	286	-	16
Total Restricted	288,066	271,773	316,151	341,630	
Total Electric System	$ 568,574	$ 537,235	$ 537,101	$ 607,980	

Water System

	Actual Fiscal Year 2019	Actual Fiscal Year 2020	Actual Fiscal Year 2021	Projected Fiscal Year 2022	Detail Page #
Unrestricted					
Operations/Revenue Fund	$ 17,934	$ 26,719	$ 28,533	$ 25,770	
Rate Stabilization					
• Debt Management	14,209	-	-	-	17
• Environmental	15,687	23,372	30,077	25,853	18
Customer Deposit	16,289	16,927	17,044	17,310	19
Total Unrestricted	64,119	67,018	75,653	68,933	
Days of Cash on Hand (2)	186	176	297	289	
Days of Liquidity (3)	334	353	459	409	
Restricted					
Debt Service Funds (Sinking Funds)	80,775	41,660	30,006	32,424	20
Debt Service Reserve Funds	63,441	58,228	55,665	56,606	21
Renewal and Replacement Funds	48,796	38,131	97,066	118,583	22
Environmental Fund [Capital Projects]	1,891	649	3,118	1,836	23
Construction Funds	28,968	25,541	14,266	-	24
Total Restricted	223,871	164,209	200,121	209,449	
Total Water & Sewer System	$ 287,990	$ 231,227	$ 275,774	$ 278,382	

(1) This report does not include Scherer, SJRPP, DES or funds held on behalf of the City of Jacksonville.
(2) Days of Cash on Hand includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses net of Depreciation.
(3) Days of Liquidity includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses, net of Depreciation. Revolving credit facility is allocated between Electric and Water & Sewer Systems based on their portion of the Operating Expenses, net of Depreciation.

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 Self Insurance - Property

For the Third Quarter Ending June 30, 2022

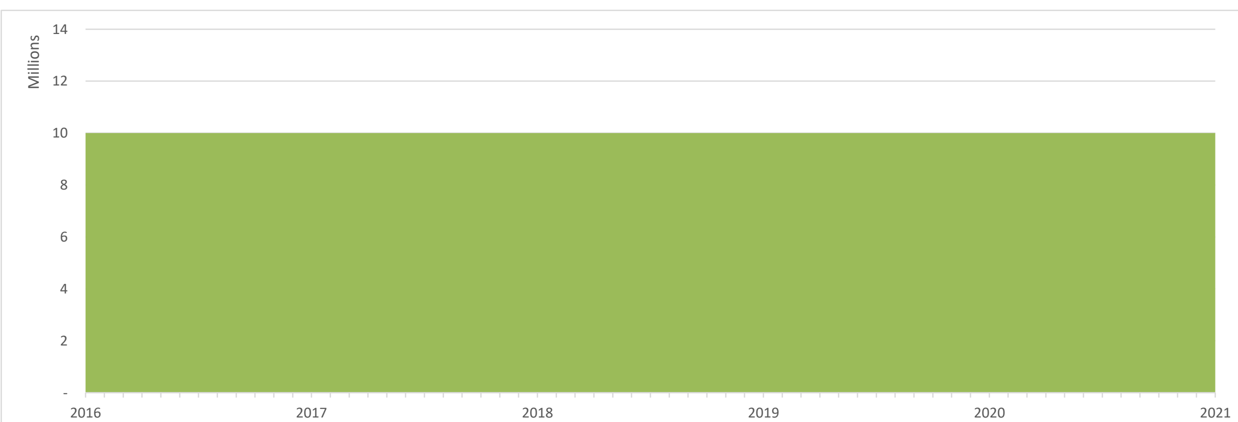
Definitions and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals					
Ending Balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Additions:					
Contributions	-	-	-	-	
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals					
Sub-total	$ -	$ -	$ -	$ -	$ -
Ending balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000



Observations

- Reserve/Fund Authorization: Budget Appropriation.

Electric System Self Insurance - Employee Health Insurance

For the Third Quarter Ending June 30, 2022

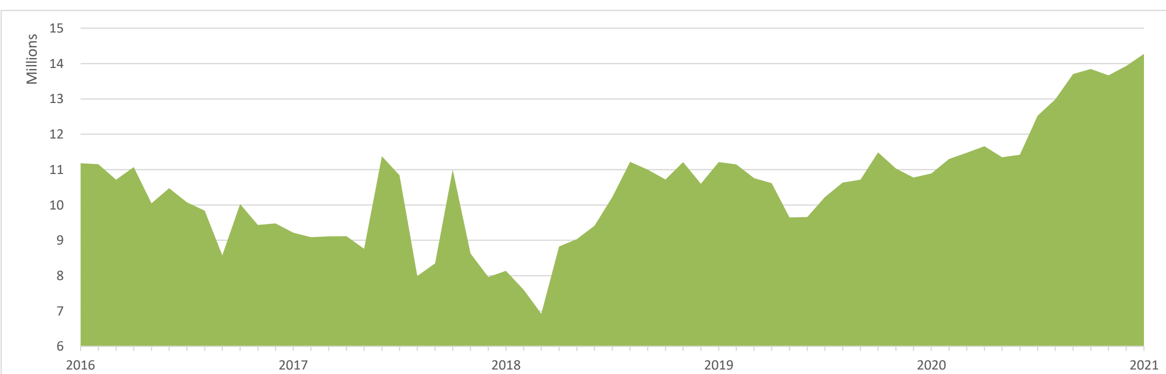
Definitions and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 13,707	$ 14,272	$ 14,272	$ 14,200	$ 15,193
Additions:					
Employee Contributions	1,694	5,035	6,578	6,578	6,572
Retiree & Other Contributions	1,128	3,994	6,931	6,931	7,074
Employer Contributions	5,207	15,477	20,071	20,071	19,669
Sub-total	$ 8,029	$ 24,506	$ 33,580	$ 33,580	$ 33,314
Withdrawals:					
Payments for Claims	6,692	22,748	30,971	29,907	29,918
Actuary & Other Payments	714	1,700	2,681	2,681	2,401
Sub-total	$ 7,406	$ 24,448	$ 33,652	$ 32,588	$ 32,319
Ending Balance	$ 14,330	$ 14,330	$ 14,200	$ 15,193	$ 16,188

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 11,179	$ 9,214	$ 8,138	$ 11,210	$ 10,890
Additions:					
Employee Contributions	5,862	6,158	6,423	6,534	6,596
Retiree & Other Contributions	6,443	7,273	8,270	6,914	7,518
Employer Contributions	19,004	18,378	20,662	18,900	19,635
Sub-total	$ 31,309	$ 31,809	$ 35,355	$ 32,348	$ 33,749
Withdrawals:					
Payments for Claims	30,994	30,933	29,860	30,387	28,408
Actuary & Other Payments	2,280	1,952	2,423	2,281	1,959
Sub-total	$ 33,274	$ 32,885	$ 32,283	$ 32,668	$ 30,367
Ending balance	$ 9,214	$ 8,138	$ 11,210	$ 10,890	$ 14,272



Maximum Balance:	12,860	Average Balance:	10,101
Minimum Balance:	6,922		

Observations

- Self Insurance for Employee Health Insurance began in July 2009.

Electric System Rate Stabilization - Fuel Management

For the Third Quarter Ending June 30, 2022

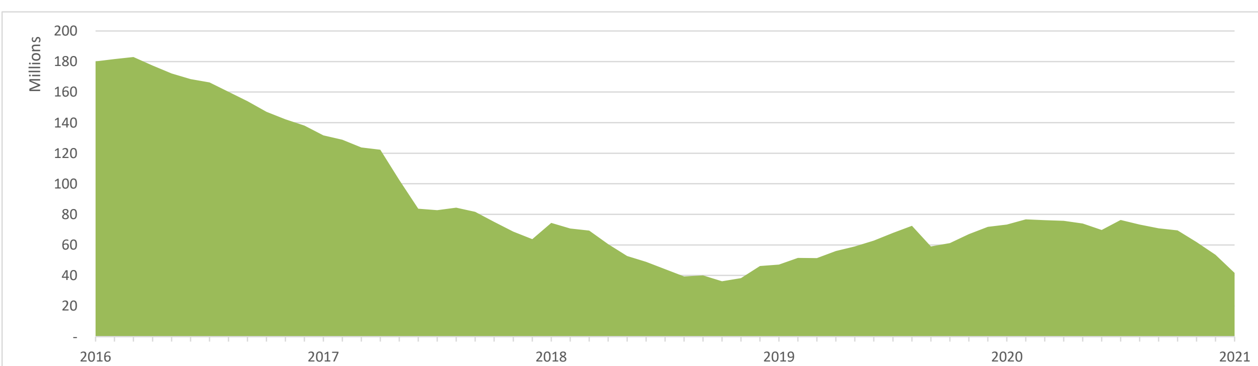
Definitions and Goals

The Electric System Bond Resolution had authorized 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. In October 2021, the Rate Stabilization Fund was restructured for full recovery of actual energy expenditures including direct fuel expenses, fuel procurement, fuel handling and residual disposal expenses. Fuel and energy expenses not recovered by revenue within the month will be paid from unrestricted funds.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ -	$ 41,767	$ 41,767	$ -	$ -
Additions:					
Contributions	-	-	-	-	-
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals	-	41,767	41,767	-	-
Sub-total	$ -	$ 41,767	$ 41,767	$ -	$ -
Ending Balance	$ -	$ -	$ -	$ -	$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 180,115	$ 131,716	$ 74,376	$ 47,152	$ 73,347
Additions:					
Contributions	2,845	-	11,597	44,553	9,945
Sub-total	$ 2,845	$ -	$ 11,597	$ 44,553	$ 9,945
Withdrawals:					
Withdrawals	51,244	57,340	38,821	18,358	41,525
Fuel Rebate Credit					
Sub-total	$ 51,244	$ 57,340	$ 38,821	$ 18,358	$ 41,525
Ending balance	$ 131,716	$ 74,376	$ 47,152	$ 73,347	$ 41,767



Maximum Balance:	182,960	Average Balance:	97,079
Minimum Balance:	36,191		

Observations

- Actual and historical numbers reflect fuel recovery contributions and withdrawls on a gross basis. Forecast and projected numbers reflected on a net basis. The fuel recovery charge ended 12/31/11. Fund closed in November 2021.

Electric System Rate Stabilization - DSM / Conservation

For the Third Quarter Ending June 30, 2022

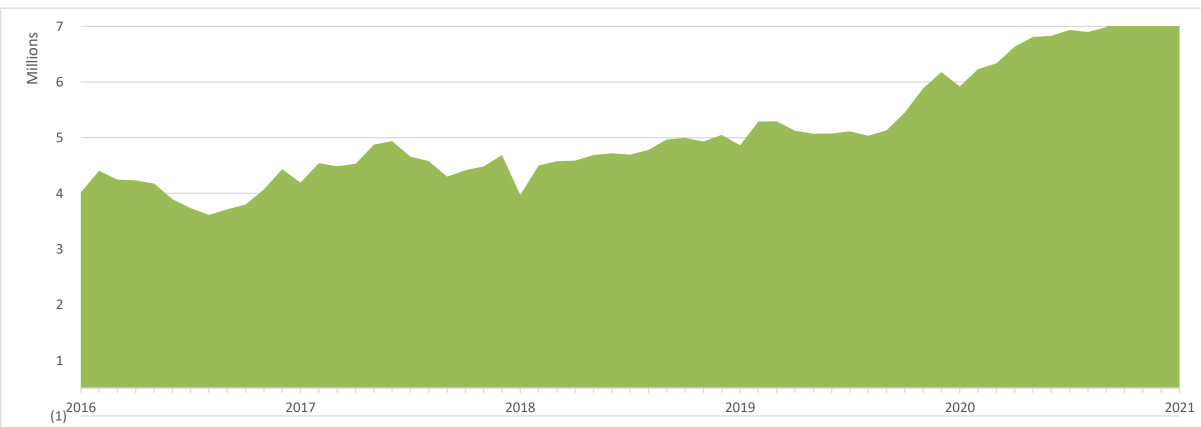
Definitions and Goals

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 V 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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 8,651	$ 7,233	$ 7,233	$ 9,398	$ 9,118
Additions:					
Contributions	1,399	4,885	6,992	6,832	6,832
Sub-total	$ 1,399	$ 4,885	$ 6,992	$ 6,832	$ 6,832
Withdrawals:					
Withdrawals	1,379	3,447	4,827	7,112	6,325
Sub-total	$ 1,379	$ 3,447	$ 4,827	$ 7,112	$ 6,325
Ending Balance	$ 8,671	$ 8,671	$ 9,398	$ 9,118	$ 9,625

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 3,515	$ 3,695	$ 3,470	$ 4,363	$ 5,423
Additions:					
Contributions	6,685	7,088	7,042	6,969	6,929
Sub-total	$ 6,685	$ 7,088	$ 7,042	$ 6,969	$ 6,929
Withdrawals:					
Withdrawals	6,505	7,313	6,149	5,909	5,119
Sub-total	$ 6,505	$ 7,313	$ 6,149	$ 5,909	$ 5,119
Ending balance	$ 3,695	$ 3,470	$ 4,363	$ 5,423	$ 7,233



Maximum Balance:	7,641	Average Balance:	4,413
Minimum Balance:	2,848		

Observations

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

Electric System Rate Stabilization - Environmental

For the Third Quarter Ending June 30, 2022

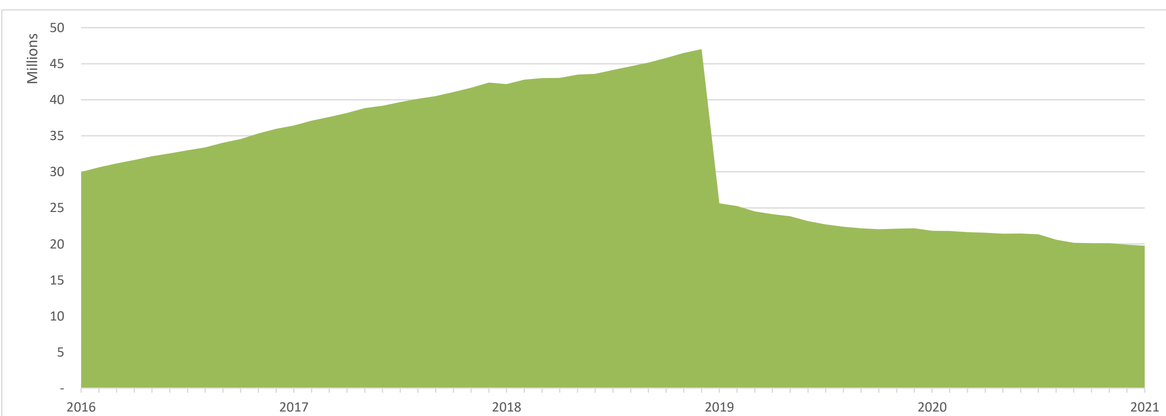
Definitions and Goals

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 are limited to potential environmental expenditures approved by the Board, and may include initiatives such as the cost of acquisition of renewable energy capacity. Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 19,649	$ 19,756	$ 19,756	$ 18,152	$ 15,856
Additions:					
Contributions	1,984	5,412	7,599	7,442	7,442
Sub-total	$ 1,984	$ 5,412	$ 7,599	$ 7,442	$ 7,442
Withdrawals:					
Withdrawals	1,390	4,925	9,203	9,738	8,512
Ending Balance	$ 20,243	$ 20,243	$ 18,152	$ 15,856	$ 14,786

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 29,975	$ 36,417	$ 42,163	$ 25,632	$ 21,818
Additions:					
Contributions	7,384	7,572	7,578	7,469	7,497
Sub-total	$ 7,384	$ 7,572	$ 7,578	$ 7,469	$ 7,497
Withdrawals:					
Withdrawals	942	1,827	24,109	11,283	9,559
Sub-total	$ 942	$ 1,827	$ 24,109	$ 11,283	$ 9,559
Ending balance	$ 36,417	$ 42,163	$ 25,632	$ 21,818	$ 19,756



Maximum Balance:	47,018	Average Balance:	31,181
Minimum Balance:	19,756		

Observations

● Rate Stabilization Fund for Environmental began in June 2010.

Electric System Rate Stabilization - Debt Management

For the Third Quarter Ending June 30, 2022

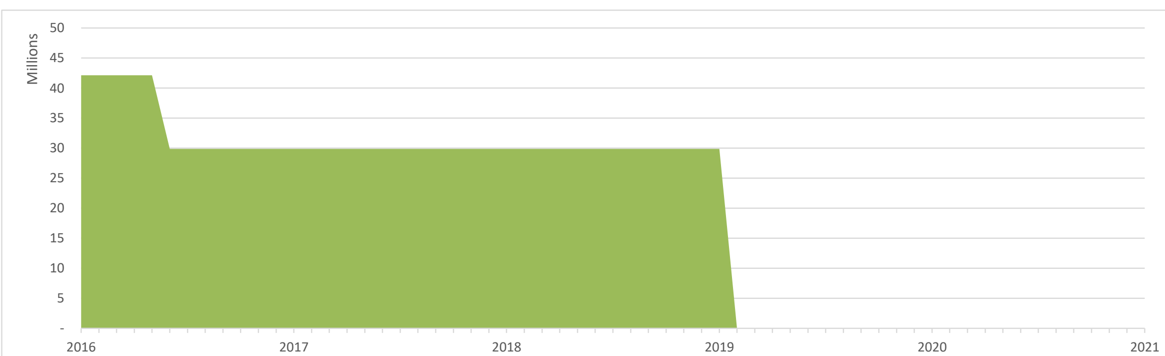
Definitions and Goals

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. 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. Funds used in October 2019 for defeasance of debt.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ -	$ -	$ -	$ -	$ -
Additions:					
Contributions	-	-	-	-	-
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals	-	-	-	-	-
Sub-total	$ -	$ -	$ -	$ -	$ -
Ending Balance	$ -	$ -	$ -	$ -	$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 29,884	$ 29,884	$ 29,884	$ 29,884	$ -
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals		-	-	29,884	
Sub-total	$ -	$ -	$ -	$ 29,884	$ -
Ending balance	$ 29,884	$ 29,884	$ 29,884	$ -	$ -



Maximum Balance:	42,126	Average Balance:	25,878
Minimum Balance:	-		

Observations

● Rate Stabilization Fund for Debt Management began in May 2009. Funds used for defeasances in October 2019.

Electric System Rate Stabilization - Non-Fuel Purchased Power

For the Third Quarter Ending June 30, 2022

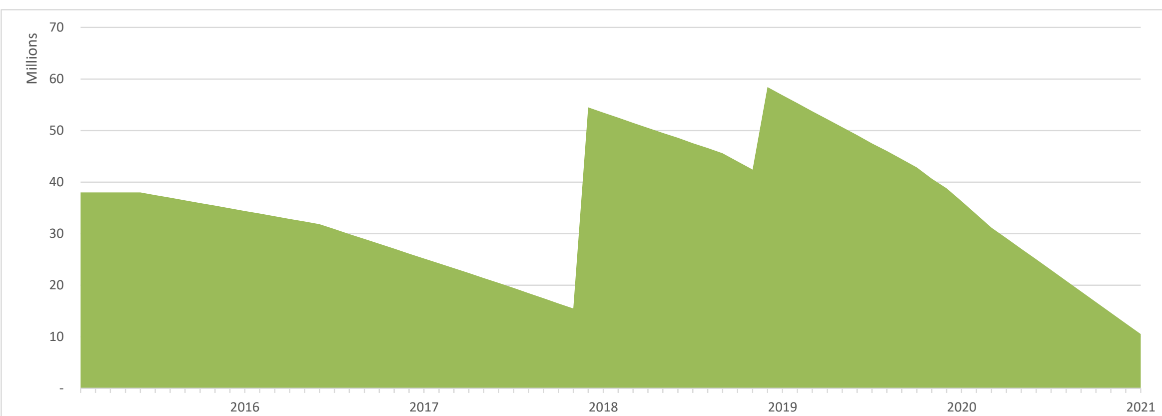
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 9,695	$ 10,513	$ 10,513	$ 102,592	$ 226,592
Additions:					
Contributions	2	12,877	113,090	124,000	
Sub-total	$ 2	$ 12,877	$ 113,090	$ 124,000	$ -
Withdrawals:					
Withdrawals	7,266	20,959	21,011	-	
Ending Balance	$ 2,431	$ 2,431	$ 102,592	$ 226,592	$ 226,592

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 34,400	$ 25,189	$ 53,493	$ 56,870	$ 36,326
Additions:					
Contributions		40,000	17,566		-
Sub-total	$ -	$ 40,000	$ 17,566	$ -	$ -
Withdrawals:					
Withdrawals	9,211	11,696	14,189	20,544	25,813
Sub-total	$ 9,211	$ 11,696	$ 14,189	$ 20,544	$ 25,813
Ending balance	$ 25,189	$ 53,493	$ 56,870	$ 36,326	$ 10,513



Maximum Balance:	58,436	Average Balance:	35,060
Minimum Balance:	10,513		

Observations

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

Electric System Environmental Reserve

For the Third Quarter Ending June 30, 2022

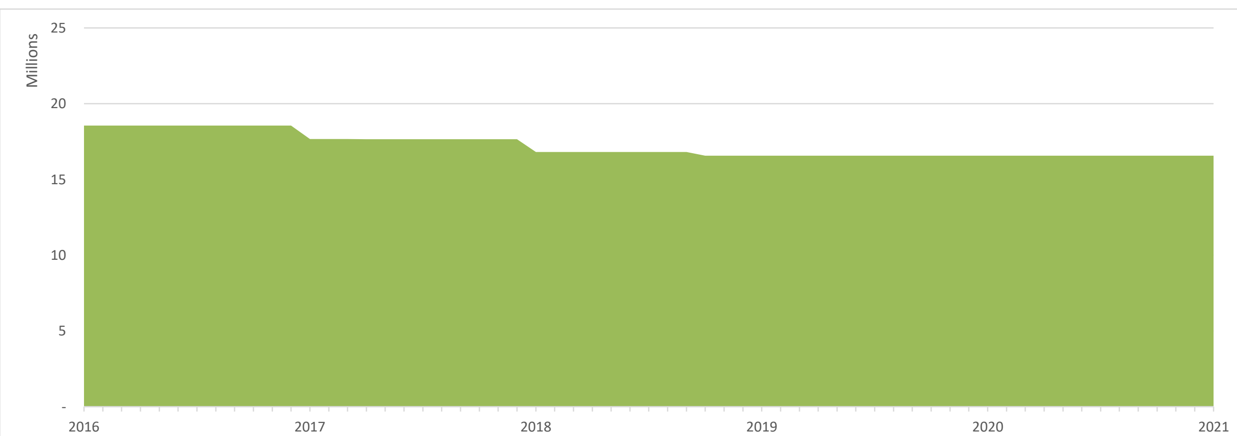
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 16,568	$ 16,568	$ 16,568	$ 16,076	$ 2,276
Additions:					
Contributions		-			
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals	492	492	492	13,800	2,276
Ending Balance	$ 16,076	$ 16,076	$ 16,076	$ 2,276	$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 18,556	$ 17,672	$ 16,818	$ 16,568	$ 16,568
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals	884	854	250		
Sub-total	$ 884	$ 854	$ 250	$ -	$ -
Ending balance	$ 17,672	$ 16,818	$ 16,568	$ 16,568	$ 16,568



Maximum Balance:	18,662	Average Balance:	17,426
Minimum Balance:	16,568		

Observations

- The Environmental Reserve began in FY 2008.

Electric System Customer Deposits

For the Third Quarter Ending June 30, 2022

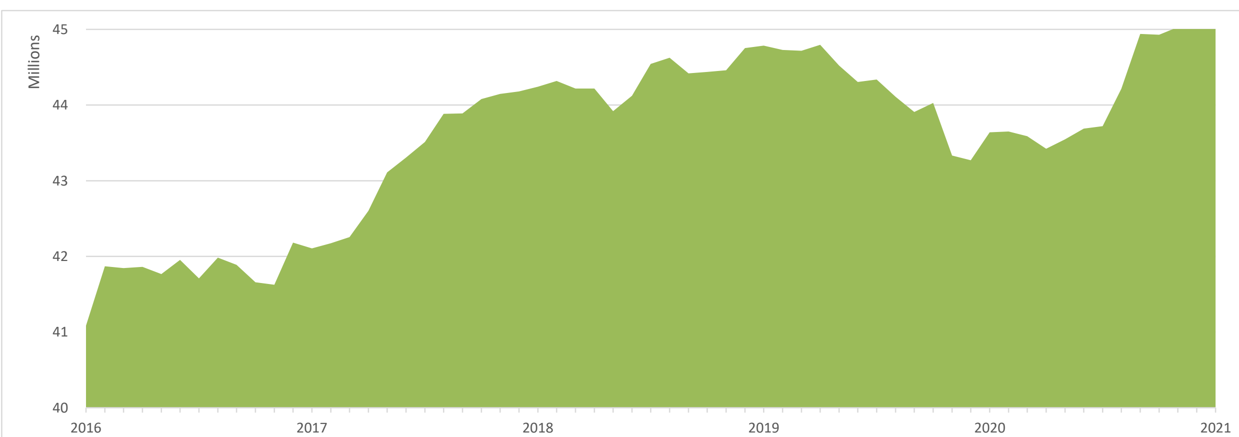
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 45,418	$ 43,641	$ 43,641	$ 43,872	$ 44,624
Additions:					
Net Customer Activity	341	2,494	2,494	1,653	2,073
Sub-total	$ 341	$ 2,494	$ 2,494	$ 1,653	$ 2,073
Withdrawals:					
Net Customer Activity	345	721	2,263	901	738
Sub-total	$ 345	$ 721	$ 2,263	$ 901	$ 738
Ending Balance	$ 45,414	$ 45,414	$ 43,872	$ 44,624	$ 45,959

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 42,389	$ 41,084	$ 42,105	$ 44,242	$ 44,785
Additions:					
Net Customer Activity		1,021	2,137	543	596
Sub-total	$ -	$ 1,021	$ 2,137	$ 543	$ 596
Withdrawals:					
Net Customer Activity	1,305				1,740
Sub-total	$ 1,305	$ -	$ -	$ -	$ 1,740
Ending balance	$ 41,084	$ 42,105	$ 44,242	$ 44,785	$ 43,641



Maximum Balance:	44,795	Average Balance:	43,022
Minimum Balance:	41,084		

Observations

Electric System Debt Service Sinking Fund

For the Third Quarter Ending June 30, 2022

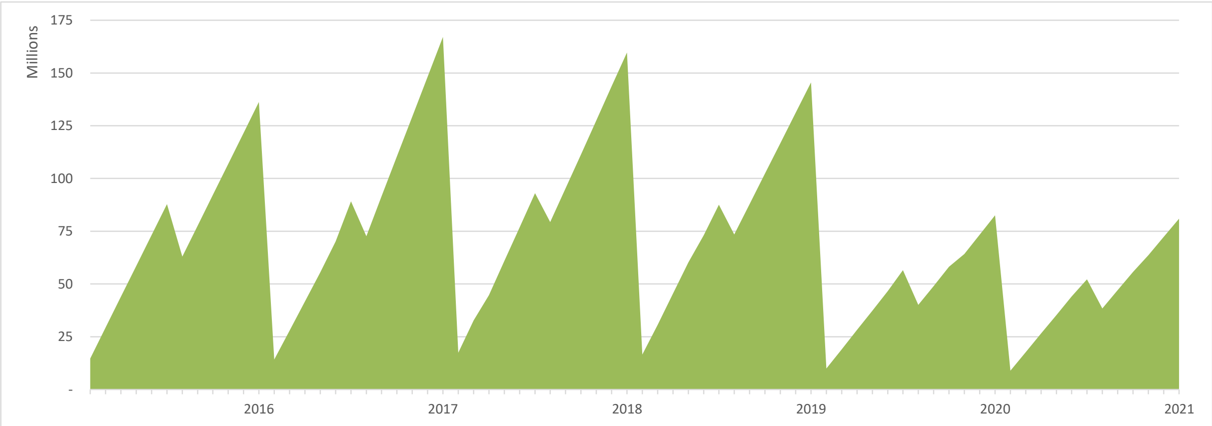
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 43,853	$ 80,988	$ 80,988	$ 64,051	$ 35,681
Additions:					
Revenue Fund Deposits	22,866	67,280	90,530	64,946	82,393
Sub-total	$ 22,866	$ 67,280	$ 90,530	$ 64,946	$ 82,393
Withdrawals:					
Principal and Int Payments	22,155	103,704	107,467	93,316	68,976
Sub-total	$ 22,155	$ 103,704	$ 107,467	$ 93,316	$ 68,976
Ending Balance	$ 44,564	$ 44,564	$ 64,051	$ 35,681	$ 49,098

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 134,927	$ 165,782	$ 158,351	$ 144,215	$ 81,220
Additions:					
Revenue Fund Deposits	209,450	201,359	186,135	116,826	107,672
Sub-total	$ 209,450	$ 201,359	$ 186,135	$ 116,826	$ 107,672
Withdrawals:					
Principal and Int Payments	178,595	208,790	200,271	179,821	107,904
Sub-total	$ 178,595	$ 208,790	$ 200,271	$ 179,821	$ 107,904
Ending balance	$ 165,782	$ 158,351	$ 144,215	$ 81,220	$ 80,988



Maximum Balance:	167,087	Average Balance:	70,059
Minimum Balance:	8,953		

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).
- Projections are based on the debt outstanding as of the quarter-end referenced above.

Electric System Debt Service Reserve Account

For the Third Quarter Ending June 30, 2022

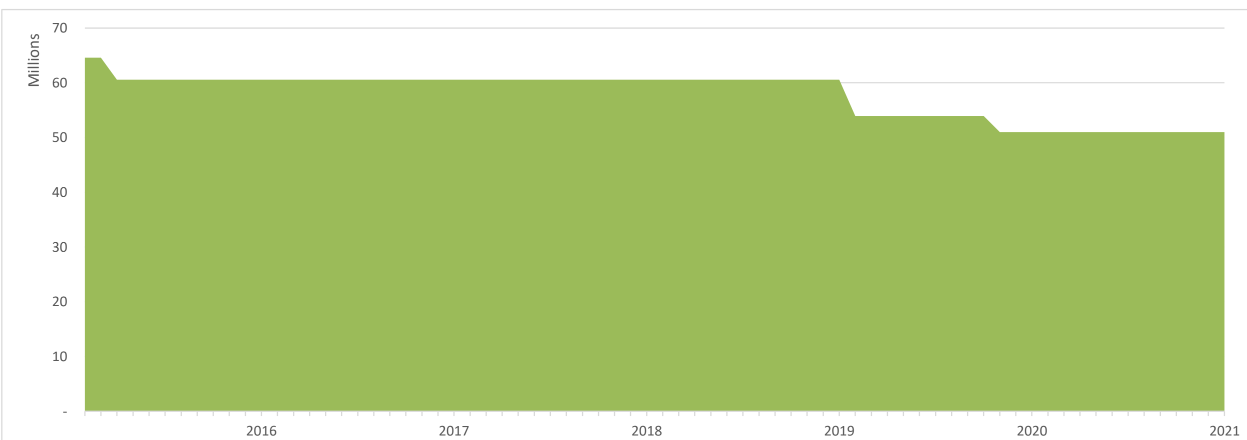
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 50,993	$ 50,993	$ 50,993	$ 50,993	$ 50,993
Additions:					
Proceeds from Bonds					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Ending Balance	$ 50,993	$ 50,993	$ 50,993	$ 50,993	$ 50,993

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 60,582	$ 60,582	$ 60,582	$ 60,582	$ 50,993
Additions:					
Proceeds from Bonds					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Release to Revenue Fund				2,956	
Release for Defeasance				6,633	
Sub-total	$ -	$ -	$ -	$ 9,589	$ -
Ending balance	$ 60,582	$ 60,582	$ 60,582	$ 50,993	$ 50,993



Maximum Balance:	64,595	Average Balance:	57,867
Minimum Balance:	50,993		

Observations

- This report does not include any Scherer debt service reserves.

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

For the Third Quarter Ending June 30, 2022

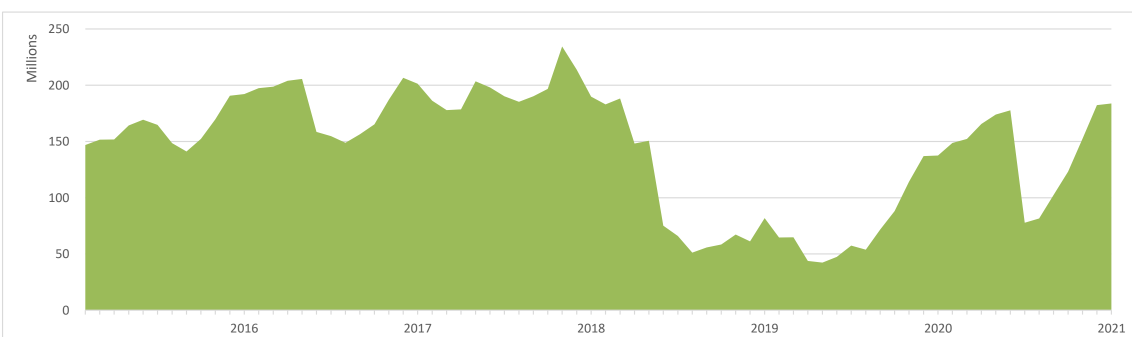
Definitions and Goals

Pursuant to the 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. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures known 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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 219,509	$ 183,800	$ 183,800	$ 226,030	$ 84,666
Additions:					
R&R/OCO Contribution	90,582	199,744	224,279	122,054	179,056
Transfers betw Capital Fds					
Other	2,271	6,245	7,840	6,705	7,705
Sub-total	$ 92,853	$ 205,989	$ 232,119	$ 128,759	$ 186,761
Withdrawals:					
Capital Expenditures	45,063	122,490	189,889	270,123	241,040
Transfers betw Capital Fds					
Debt Reduction	-	-	-		
Other					
Sub-total	$ 45,063	$ 122,490	$ 189,889	$ 270,123	$ 241,040
Ending Balance	$ 267,299	$ 267,299	$ 226,030	$ 84,666	$ 30,387

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 192,179	$ 201,368	$ 189,922	$ 81,964	$ 137,643
Additions:					
R&R/OCO Contribution	196,589	148,105	197,623	272,342	296,824
Loans betw Capital Fds					
Other	5,074	35,675	39,521	8,389	11,668
Sub-total	$ 201,663	$ 183,780	$ 237,144	$ 280,731	$ 308,492
Withdrawals:					
Capital Expenditures	113,987	181,263	275,042	206,415	155,486
Transfers/loans b/w Capital Fds	37,200				
Debt Defeasance			70,000	18,637	106,849
Other	41,287	13,963	60	-	-
Sub-total	$ 192,474	$ 195,226	$ 345,102	$ 225,052	$ 262,335
Ending balance	$ 201,368	$ 189,922	$ 81,964	$ 137,643	$ 183,800



Maximum Balance:	234,504	Average Balance:	143,160
Minimum Balance:	42,396		

Observations

- Other includes Sale of Property and miscellaneous billings.

Electric System Environmental Fund - Capital Projects

For the Third Quarter Ending June 30, 2022

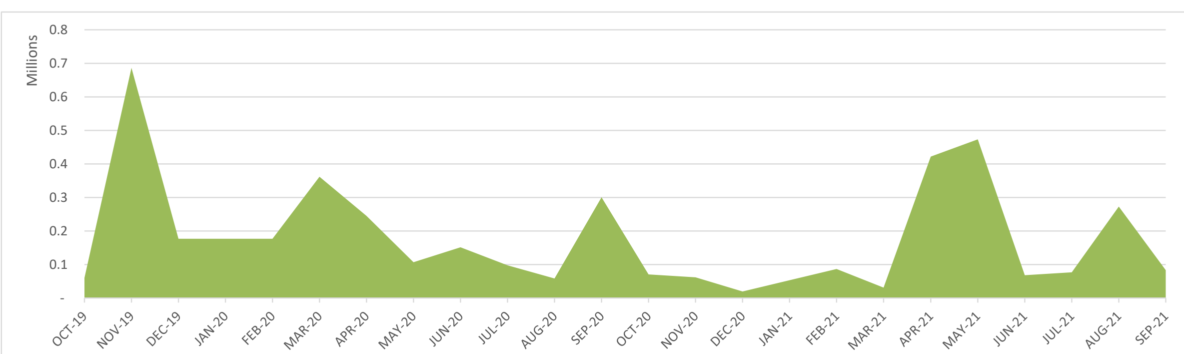
Definitions and Goals

The Environmental Charge will be applied to all kWh consumption and structured to provide funding for major specific environmental and regulatory program needs. 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, as specified in the Pricing Policy for specific environmental and regulatory programs. This fund represents the amounts collected from the Electric System Environmental Charge and used on expenditures for capital projects.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 17	$ 83	$ 83	$ 556	$ -
Additions:					
Environmental Contributions	64	455	2,839	834	7,166
Transfers betw Capital Fds					
Other					
Sub-total	$ 64	$ 455	$ 2,839	$ 834	$ 7,166
Withdrawals:					
Capital Expenditures	73	530	2,366	1,390	7,166
Transfers betw Capital Fds					
Other					
Sub-total	$ 73	$ 530	$ 2,366	$ 1,390	$ 7,166
Ending Balance	$ 8	$ 8	$ 556	$ -	$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ -	$ -	$ -	$ -	$ 301
Additions:					
Environmental Contributions				4,389	2,769
Loans betw Capital Fds					
Other					
Sub-total	$ -	$ -	$ -	$ 4,389	$ 2,769
Withdrawals:					
Capital Expenditures				4,088	2,987
Transfers/loans b/w Capital Fds					
Other					
Sub-total	$ -	$ -	$ -	$ 4,088	$ 2,987
Ending balance	$ -	$ -	$ -	$ 301	$ 83



Maximum Balance:	686	Average Balance:	180
Minimum Balance:	19		

Observations

- The Environmental Construction Fund began in October 2019.

Electric System Construction / Bond Fund

For the Third Quarter Ending June 30, 2022

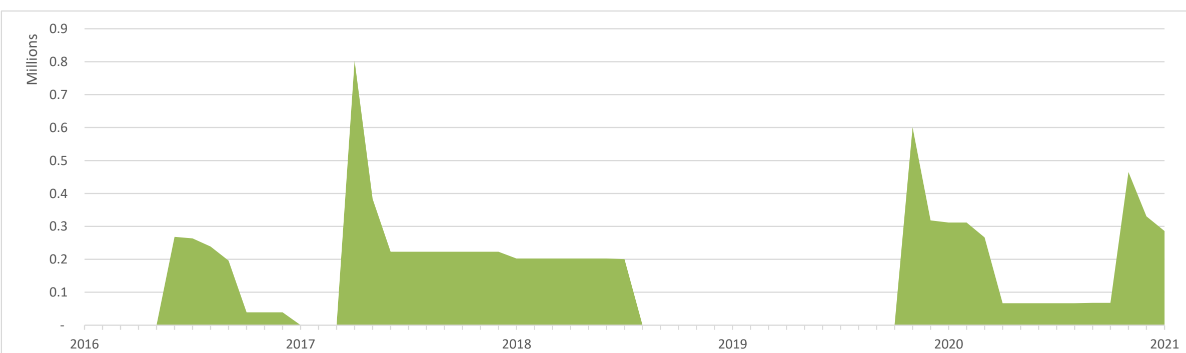
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 286	$ 286	$ 286	$ -	$ -
Additions:					
Bond Proceeds	-	-	-		18,829
Loans betw Capital Fds					
Other					
Sub-total	$ -	$ -	$ -	$ -	$ 18,829
Withdrawals:					
Capital Expenditures	-	-	286	-	18,829
Transfers betw Capital Fds					
Other					
Sub-total	$ -	$ -	$ 286	$ -	$ 18,829
Ending Balance	$ 286	$ 286	$ -	$ -	$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ -	$ 2	$ 205	$ 2	$ 314
Additions:					
Bond Proceeds	429	805		601	397
Loans betw Capital Fds					
Other	2				
Sub-total	$ 431	$ 805	$ -	$ 601	$ 397
Withdrawals:					
Capital Expenditures				289	425
Transfers/loans b/w Capital Fds			201		
Other	429	602	2		
Sub-total	$ 429	$ 602	$ 203	$ 289	$ 425
Ending balance	$ 2	$ 205	$ 2	$ 314	$ 286



Maximum Balance:	803	Average Balance:	120
Minimum Balance:	-		

Observations

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used revolving credit facility borrowings and loans between capital funds to decrease borrowing costs.

Water System Rate Stabilization - Debt Management

For the Third Quarter Ending June 30, 2022

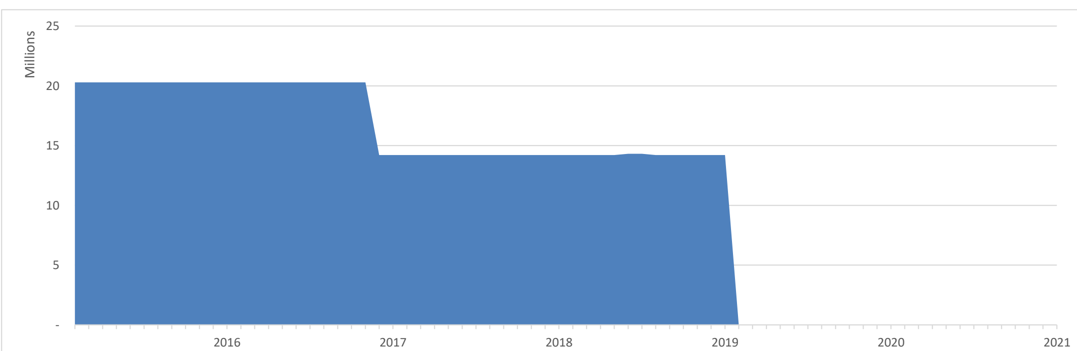
Definitions and Goals

The Water System Bond Resolution authorizes the establishment of a Rate Stabilization Fund ("RSF") 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 RSF 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.

(In Thousands)	Current Activity: Quarter-End	Current Activity: Year -to-Date	Projected Activity: 2022	Projected Activity: 2023	Projected Activity: 2024
Opening Balance	$ -	$ -	$ -	$ -	$ -
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals	-	-	-	-	-
Sub-total	$ -	$ -	$ -	$ -	$ -
Ending Balance	$ -	$ -	$ -	$ -	$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ -
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals			-	14,209	-
Sub-total	$ -	$ -	$ -	$ 14,209	$ -
Ending balance	$ 14,209	$ 14,209	$ 14,209	$ -	$ -



Maximum Balance:	20,290	Average Balance:	11,334
Minimum Balance:	-		

Observations

- Contributions began in June 2009. Funds used for defeasances in October 2019.

Water System Rate Stabilization - Environmental

For the Third Quarter Ending June 30, 2022

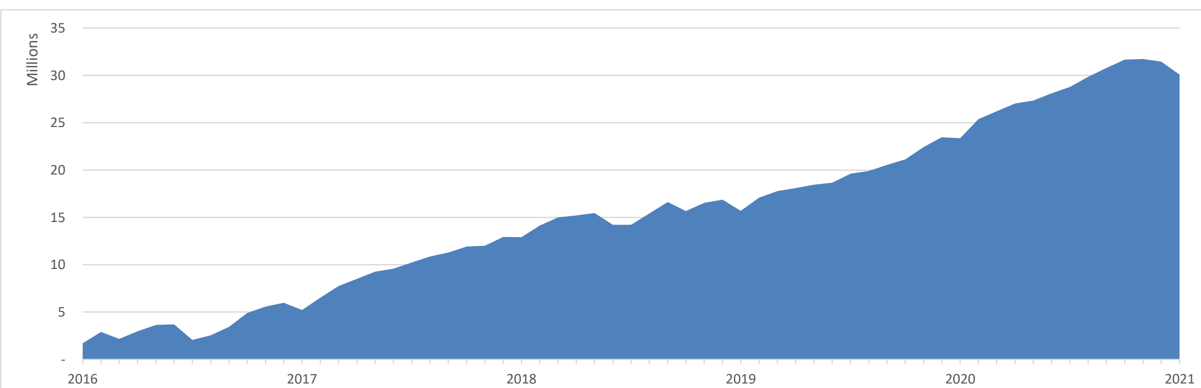
Definitions and Goals

The Water 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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 29,074	$ 30,077	$ 30,077	$ 23,385	$ 9,516
Additions:					
Contributions	7,517	20,112	27,207	27,004	27,547
Sub-total	$ 7,517	$ 20,112	$ 27,207	$ 27,004	$ 27,547
Withdrawals:					
Withdrawals	6,407	20,005	33,899	40,873	26,530
COJ Septic Tank Agreement			-		
Sub-total	$ 6,407	$ 20,005	$ 33,899	$ 40,873	$ 26,530
Ending Balance	$ 30,184	$ 30,184	$ 23,385	$ 9,516	$ 10,533

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 1,699	$ 5,214	$ 12,914	$ 15,687	$ 23,372
Additions:					
Contributions	24,362	23,829	25,099	25,677	25,198
Sub-total	$ 24,362	$ 23,829	$ 25,099	$ 25,677	$ 25,198
Withdrawals:					
Withdrawals	20,847	16,129	22,326	17,992	18,493
Sub-total	$ 20,847	$ 16,129	$ 22,326	$ 17,992	$ 18,493
Ending balance	$ 5,214	$ 12,914	$ 15,687	$ 23,372	$ 30,077



Maximum Balance:	31,730	Average Balance:	13,789
Minimum Balance:	1,699		

Observations

- Rate Stabilization Fund for Environmental began in June 2010.

Water System Customer Deposits

For the Third Quarter Ending June 30, 2022

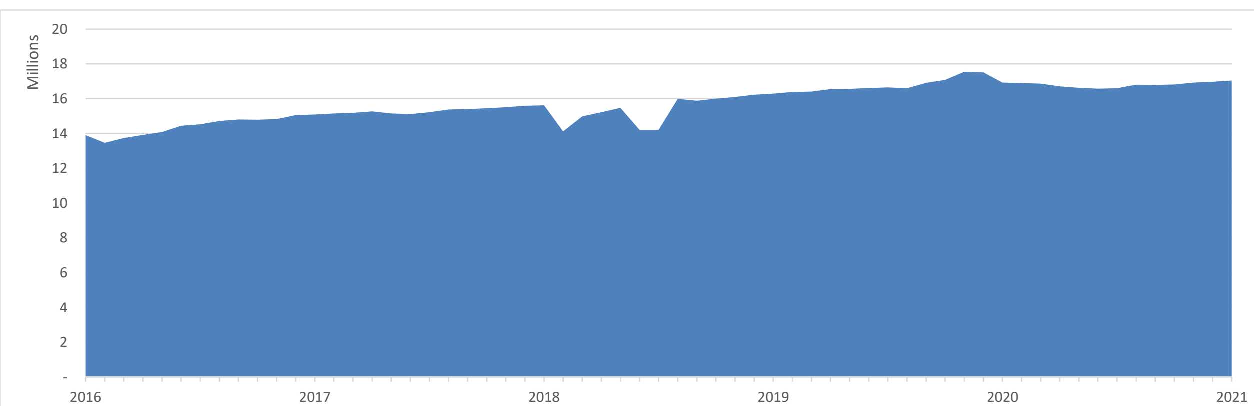
Definitions and Goals

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)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 17,077	$ 17,043	$ 17,043	$ 17,310	$ 18,095
Additions:					
Allocated from Electric	-	356	1,704	1,167	824
Sub-total	$ -	$ 356	$ 1,704	$ 1,167	$ 824
Withdrawals:					
Allocated from Electric	636	958	1,437	383	616
Sub-total	$ 636	$ 958	$ 1,437	$ 383	$ 616
Ending Balance	$ 16,441	$ 16,441	$ 17,310	$ 18,095	$ 18,302

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 13,910	$ 15,086	$ 15,616	$ 16,289	$ 16,926
Additions:					
Allocated from Electric	1,633	730	888	1,318	480
Sub-total	$ 1,633	$ 730	$ 888	$ 1,318	$ 480
Withdrawals:	457	200	215	681	363
Allocated from Electric					
Sub-total	$ 457	$ 200	$ 215	$ 681	$ 363
Ending balance	$ 15,086	$ 15,616	$ 16,289	$ 16,926	$ 17,043



Maximum Balance:	17,549	Average Balance:	15,429
Minimum Balance:	13,239		

Observations

Water System Debt Service Sinking Fund

For the Third Quarter Ending June 30, 2022

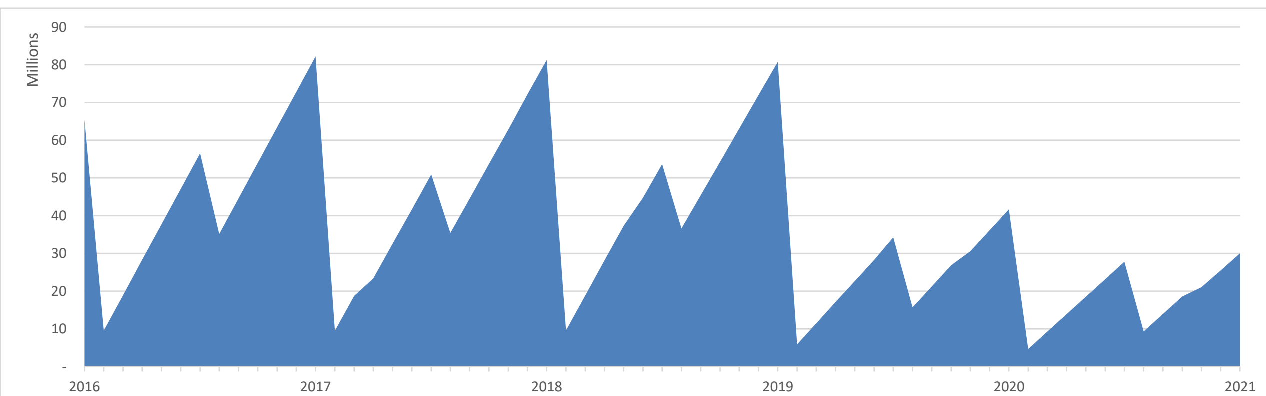
Definitions and Goals

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)	Current Activity: Quarter-End	Current Activity: Year -to-Date	Projected Activity: 2022	Projected Activity: 2023	Projected Activity: 2024
Opening Balance	$ 27,268	$ 30,006	$ 30,006	$ 32,424	$ 74,053
Additions:					
Revenue fund deposits	14,011	41,357	55,646	102,138	104,264
Sub-total	$ 14,011	$ 41,357	$ 55,646	$ 102,138	$ 104,264
Withdrawals:					
Principal and interest payments	22,574	52,658	53,228	60,509	101,945
Sub-total	$ 22,574	$ 52,658	$ 53,228	$ 60,509	$ 101,945
Ending Balance	$ 18,705	$ 18,705	$ 32,424	$ 74,053	$ 76,372

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 65,410	$ 82,208	$ 81,241	$ 80,775	$ 41,660
Additions:					
Revenue fund deposits	114,873	113,636	112,251	69,515	59,573
Sub-total	$ 114,873	$ 113,636	$ 112,251	$ 69,515	$ 59,573
Withdrawals:					
Principal and interest payments	98,075	114,603	112,717	108,630	71,227
Sub-total	$ 98,075	$ 114,603	$ 112,717	$ 108,630	$ 71,227
Ending balance	$ 82,208	$ 81,241	$ 80,775	$ 41,660	$ 30,006



Maximum Balance:	82,208	Average Balance:	35,670
Minimum Balance:	4,659		

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).
- Projections are based on the debt outstanding as of the quarter referenced above.

Water System Debt Service Reserve Account

For the Third Quarter Ending June 30, 2022

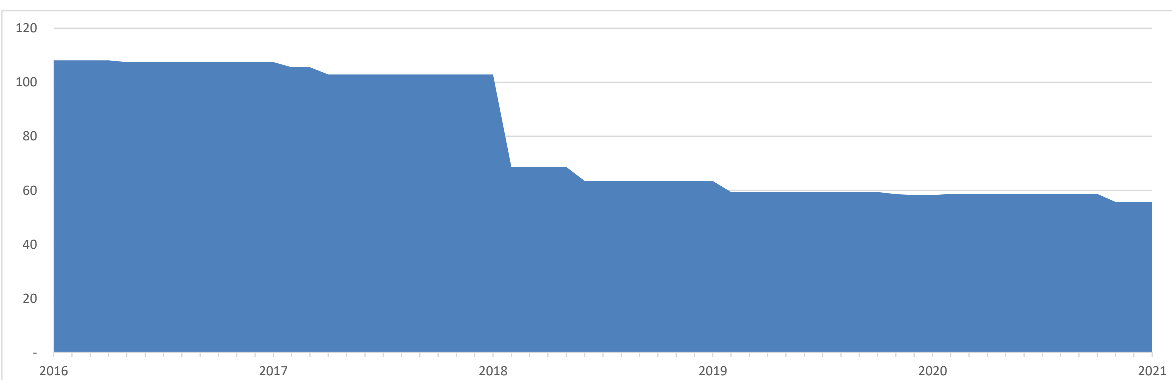
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	$ 56,606	$ 55,665	$ 55,665	$ 56,606	$ 57,586
Additions:					
Bond Issue - Deposit	-	941	941	980	
Revenue Fund		-			
Sub-total	$ -	$ 941	$ 941	$ 980	$ -
Withdrawals:					
Revenue Fund	-		-		314
Release to Refunding Defeasance			-		1,288
Sub-total	$ -	$ -	$ -	$ -	$ 1,602
Ending Balance	$ 56,606	$ 56,606	$ 56,606	$ 57,586	$ 55,984

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 108,086	$ 107,488	$ 102,850	$ 63,441	$ 58,228
Additions:					
Construction reserves/bond issues				737	
Revenue fund					435
Sub-total	$ -	$ -	$ -	$ 737	$ 435
Withdrawals:					
Revenue fund	598	4,638	5,525	1,689	795
Release for Defeasance			33,884	2,791	2,203
Release to Refunding Defeasance				1,470	
Sub-total	$ 598	$ 4,638	$ 39,409	$ 5,950	$ 2,998
Ending balance	$ 107,488	$ 102,850	$ 63,441	$ 58,228	$ 55,665



Maximum Balance:	116,829	Average Balance:	92,895
Minimum Balance:	58,228		

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.
- 2018 Bond Resolution amendment will allow the use of $33 million AA+ rated Berkshire Hathaway Assuarance surety policy to be included in Debt Service Reserve Fund funding calculation which allowed the release of $33.8 million to the Construction Fund.

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

For the Third Quarter Ending June 30, 2022

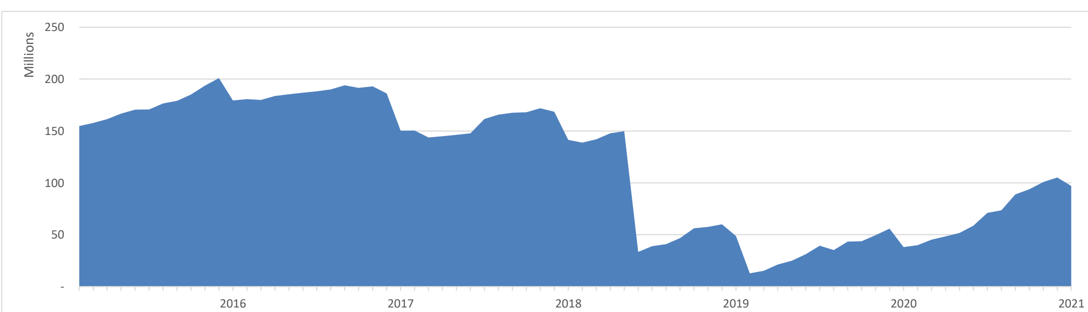
Definitions and Goals

Pursuant to the Water 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. 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 Water Reclaimation System. Capacity charges may be used and applied for the purpose of paying costs of expansion of the Water System or paying or providing for the payment of debt that was issued for the same purpose.

(In Thousands)	Current Activity: Quarter-End	Current Activity: Year -to-Date	Projected Activity: 2022	Projected Activity: 2023	Projected Activity: 2024
Opening Balance	$ 129,546	$ 97,066	$ 97,066	$ 118,583	$ 16,584
Additions:					
R&R/OCO Contribution	59,089	158,267	188,750	145,687	149,851
Capacity Fees	17,478	34,830	55,171	102,743	112,506
Transfer from Capital Fds			-	-	-
Other	4,311	14,963	21,347	9,200	9,280
Sub-total	$ 80,878	$ 208,060	$ 265,268	257,630	271,637
Withdrawals:					
Capital Expenditures	62,116	156,818	232,167	359,629	255,050
Debt Defeasance					
Other			11,584		
Sub-total	$ 62,116	$ 156,818	$ 243,751	$ 359,629	$ 255,050
Ending Balance	$ 148,308	$ 148,308	$ 118,583	$ 16,584	$ 33,171

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 179,431	$ 150,319	$ 141,415	$ 48,796	$ 38,131
Additions:					
R&R/OCO Contribution	108,119	153,372	150,171	166,107	193,071
Capacity Fees	24,777	28,002	29,389	32,857	39,930
Loans betw Capital Fds	137		268		
Other (incl septic tank)	8,050	6,383	16,390	12,654	7,571
Sub-total	$ 141,083	$ 187,757	$ 196,218	$ 211,618	$ 240,572
Withdrawals:					
Capital Expenditures	165,242	196,637	189,626	191,087	181,637
Loan Repayment			99,189	31,196	
Transfer to Constr. Fund					
Other (incl septic tank)	4,953	24	22		
Sub-total	$ 170,195	$ 196,661	$ 288,837	$ 222,283	$ 181,637
Ending balance	$ 150,319	$ 141,415	$ 48,796	$ 38,131	$ 97,066



Maximum Balance:	201,016	Average Balance:	117,109
Minimum Balance:	12,847		

Observations

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2025.

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Water System - Environmental Fund [Capital Projects]

For the Third Quarter Ending June 30, 2022

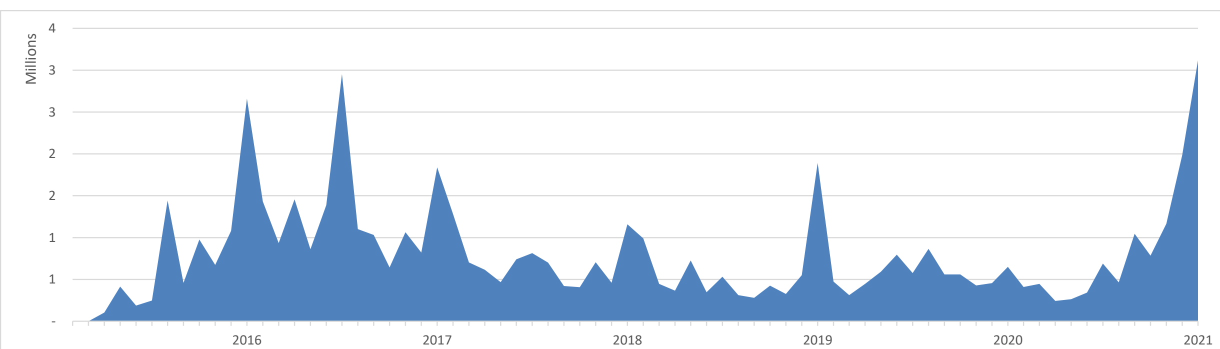
Definitions and Goals

The Environmental Charge will be applied to all water, water reclaimation, 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)	Current Activity: Quarter-End	Current Activity: Year -to-Date	Projected Activity: 2022	Projected Activity: 2023	Projected Activity: 2024
Opening Balance	$ 1,449	$ 3,118	$ 3,118	$ 1,836	$ 1,174
Additions:					
Environmental Contributions	3,519	8,326	15,609	23,708	21,051
Loans betw Capital Fds					
Other					
Sub-total	$ 3,519	$ 8,326	$ 15,609	$ 23,708	$ 21,051
Withdrawals:					
Capital Expenditures	2,996	9,473	16,891	24,370	21,051
Other					
Sub-total	$ 2,996	$ 9,473	$ 16,891	$ 24,370	$ 21,051
Ending Balance	$ 1,971	$ 1,971	$ 1,836	$ 1,174	$ 1,174

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 2,659	$ 1,839	$ 1,159	$ 1,891	$ 648
Additions:					
Environmental Contributions	12,394	6,691	10,656	6,649	9,743
Loans betw Capital Fds					
Other					
Sub-total	$ 12,394	$ 6,691	$ 10,656	$ 6,649	$ 9,743
Withdrawals:					
Capital Expenditures	13,214	7,370	9,924	7,892	7,273
Septic Tank Phase Out					
Other		1			
Sub-total	$ 13,214	$ 7,371	$ 9,924	$ 7,892	$ 7,273
Ending balance	$ 1,839	$ 1,159	$ 1,891	$ 648	$ 3,118



Maximum Balance:	3,118	Average Balance:	793
Minimum Balance:	-		

Observations

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Water System - Construction / Bond Fund

For the Third Quarter Ending June 30, 2022

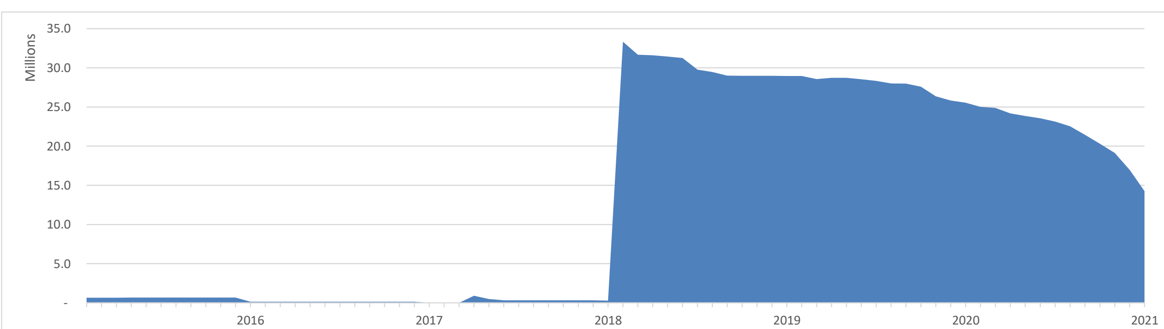
Definitions and Goals

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 System.

(In Thousands)	Current Activity: Quarter-End	Current Activity: Year -to-Date	Projected Activity: 2022	Projected Activity: 2023	Projected Activity: 2024
Opening Balance	$ 6,395	$ 14,266	$ 14,266	$ -	$ -
Additions:					
Bond Proceeds	-	-			200,000
Revolving credit facility				-	
Other	4	14	15,428	-	
Sub-total	$ 4	$ 14	$ 15,428	$ -	$ 200,000
Withdrawals:					
Capital Expenditures/Bond Issue Costs	2,263	10,148	29,694	-	200,000
Other					
Sub-total	$ 2,263	$ 10,148	$ 29,694	$ -	$ 200,000
Ending Balance	$ 4,136	$ 4,132	$ -	$ -	$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	$ 152	$ 15	$ 284	$ 28,968	$ 25,541
Additions:					
Bond Proceeds		894	33,884	506	520
Revolving credit facility					
Loans/transfers b/w Capital Fds					
Other				837	34
Sub-total	$ -	$ 894	$ 33,884	$ 1,343	$ 554
Withdrawals:					
Capital Expenditures		623	4,930	4,770	11,829
Bond Proceeds					
Loans/trnsf btw CapFds					
Other	137	2	270	-	-
Sub-total	$ 137	$ 625	$ 5,200	$ 4,770	$ 11,829
Ending balance	$ 15	$ 284	$ 28,968	$ 25,541	$ 14,266



Maximum Balance:	33,333	Average Balance:	13,460
Minimum Balance:	15		

Observations

● JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used revolving credit facility borrowings and loans between capital funds to decrease borrowing costs. Release of Debt Service Reserve Funds in Oct 2018.

Finance and Operations Committee Report 8/11/2022

Energy Market Risk Management: Physical and Financial Positions

Summary as of 8/1/2022	
Projected FY22 Fuel Expense (Budget = $376M)	$701
Projected FY23 Fuel Expense (Budget = $672M)	$755
EMRM Compliance	Yes
Counterparty Credit Limit Exceptions	No
Any Issues of Concern	No

Table 1: Physical Counterparties (Contracts One Year or Greater) as of 8/1/2022

	Generating Unit	Fuel Type	Supplier/Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
	NS CFB	Limestone	CY22-CY24 Vulcan	Fixed Price	$7,549,499	2.42 years
	NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	$886,720,738	8.83 years
	NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	$193,357,556	26.66 years
	NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	$186,661,404	26.83 years
	NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	$114,842,304	16.66 years
	NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	$179,322,279	26.91 years
*	NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	$300,491,999	30 years

*New this report

Table 2: Financial Positions as of 8/1/2022

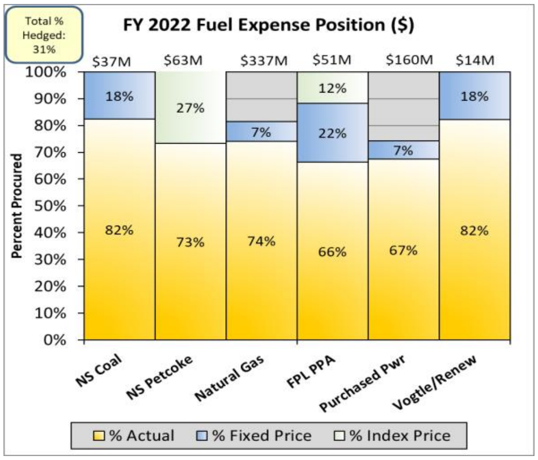
Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY22	Natural Gas	4,868,579	1,800,000	37.0%	$ 8.28	Swap	$ 2.57	$ (10,281,600)	Wells Fargo & RBC
FY23	Natural Gas	58,701,453	24,824,000	42.3%	$ 6.47	Swap	$ 2.79	$ (95,650,647)	Wells Fargo & RBC
FY24	Natural Gas	57,977,722	26,015,900	44.9%	$ 4.78	Swap	$ 3.48	$ (37,318,217)	Wells Fargo & RBC
FY25	Natural Gas	54,153,172	15,457,600	28.5%	$ 4.54	Swap	$ 3.32	$ (18,035,416)	Wells Fargo & RBC
FY26	Natural Gas	53,833,671	6,720,200	12.5%	$ 4.40	Swap	$ 3.46	$ (5,619,765)	Wells Fargo & RBC
FY27	Natural Gas	54,989,641	659,000	1.2%	$ 4.34	Swap	$ 4.20	$ (333,624)	Wells Fargo & RBC
CY22-31	Nat.Gas-PPA	114,445,000	80,111,500	70.0%	$ 4.82	Swap	$ 2.58	$ (179,859,435)	Nextera

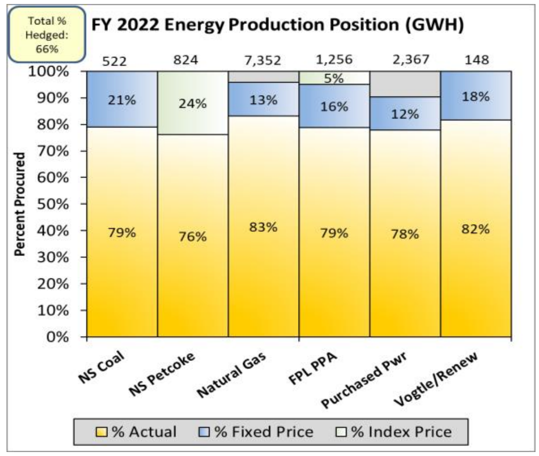
Table 3: Fuel & Purchase Power Procurement as of 8/1/2022

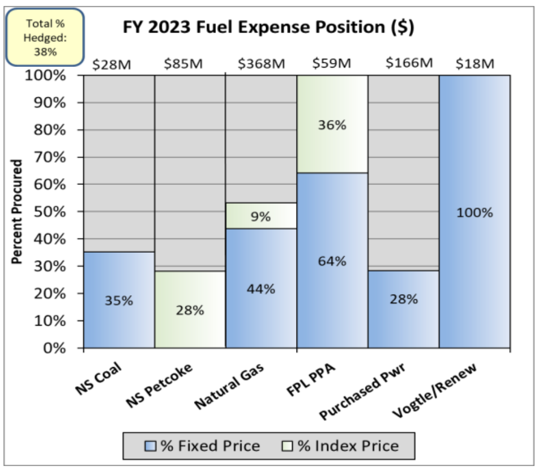
Fuel Type	Natural Gas	Coal	Petcoke	Limestone	FPL PPA	PurchPwr	Oil/Diesel	Renewables	Vogtle
FY22 Remaining / Energy Mix	38%	5%	6%	N/A	33%	16%	0%	1%	-
Expected Spend ($)	87.2M	6.6M	16.8M	0.8M	17.0M	52.1M	1.2M	2.5M	-
% Procured	28%	100%	100%	100%	100%	21%	100%	100%	-
% Hedged	28%	100%	0%	100%	65%	21%	100%	100%	-
	Natural Gas	**Coal**	**Petcoke**	**Limestone**	**FPL PPA**	**PurchPwr**	**Oil/Diesel**	**Renewables**	**Vogtle**
FY23 Budget / Energy Mix	58%	3%	9%	N/A	12%	15%	0%	1%	2%
Expected Spend ($)	367.7M	27.9M	84.8M	3.6M	59.2M	166.3M	6.7M	14.6M	3.5M
% Procured	53%	35%	28%	100%	100%	0%	100%	100%	100%
% Hedged	44%	35%	0%	100%	64%	0%	100%	100%	100%
FY24 Projection / Energy Mix	58%	1%	10%	N/A	7%	12%	0%	1%	6%
Expected Spend ($)	256.5M	10.8M	74.6M	3.2M	43.9M	98.0M	5.1M	14.7M	12.0M
% Procured	67%	0%	0%	100%	100%	0%	100%	100%	100%
% Hedged	51%	0%	0%	100%	72%	0%	100%	100%	100%

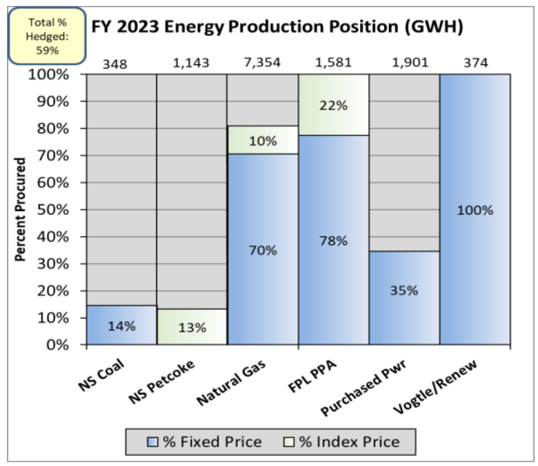
Supporting Notes:

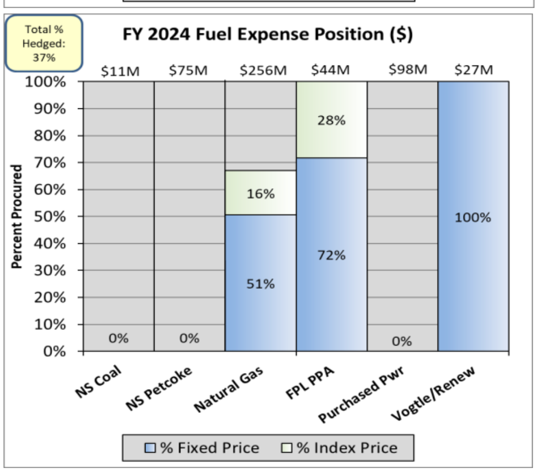
- Renewable purchase power agreements are not included in Table 1
- Table 1: Natural Gas discount; Municipal Gas Authority of Georgia (MGAG) issues municipal bonds to prepay for gas, allowing them to offer discounts to JEA for qualified use
- Table 2 shows negative Mark-to-Market values, this indicates a projected payment to JEA for realized hedges
- Table 3: FY Energy Mix based on MWH; the procured percent relates to inventory on hand, or contracted and the percent hedged is inventory on hand or contracted with fixed pricing or financial hedges
- Renewables in Table 3 represent signed agreements and an estimated cost for pending contracts
- Table 3: FY22 Projections includes Scherer 4 retirement as of 1/1/2022 with an FPL PPA agreement as replacement
- Scherer 4 retired on 1/1/22; Excess coal resold to other co-owners
- CY2022 contracts have been executed for Northside coal (fixed price) and petcoke (indexed price)

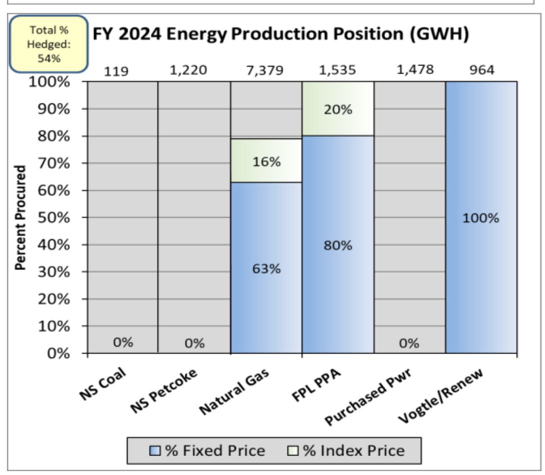

Total % Hedged: 31%
FY 2022 Fuel Expense Position ($)
$37M $63M $337M $51M $160M $14M
Percent Procured
100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%
18% 27% 7% 12% 22% 7% 18%
82% 73% 74% 66% 67% 82%
NS Coal NS Petcoke Natural Gas FPL PPA Purchased Pwr Vogtle/Renew
% Actual % Fixed Price % Index Price


Total % Hedged: 66%
FY 2022 Energy Production Position (GWH)
522 824 7,352 1,256 2,367 148
Percent Procured
100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%
21% 24% 13% 5% 16% 12% 18%
79% 76% 83% 79% 78% 82%
NS Coal NS Petcoke Natural Gas FPL PPA Purchased Pwr Vogtle/Renew
% Actual % Fixed Price % Index Price


Total % Hedged: 38%
FY 2023 Fuel Expense Position ($)
$28M $85M $368M $59M $166M $18M
Percent Procured
100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%
36% 9% 100%
35% 28% 44% 64% 28%
NS Coal NS Petcoke Natural Gas FPL PPA Purchased Pwr Vogtle/Renew
% Fixed Price % Index Price


Total % Hedged: 59%
FY 2023 Energy Production Position (GWH)
348 1,143 7,354 1,581 1,901 374
Percent Procured
100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%
22% 10% 100%
14% 13% 70% 78% 35%
NS Coal NS Petcoke Natural Gas FPL PPA Purchased Pwr Vogtle/Renew
% Fixed Price % Index Price


Total % Hedged: 37%
FY 2024 Fuel Expense Position ($)
$11M $75M $256M $44M $98M $27M
Percent Procured
100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%
28% 16% 100%
0% 0% 51% 72% 0%
NS Coal NS Petcoke Natural Gas FPL PPA Purchased Pwr Vogtle/Renew
% Fixed Price % Index Price


Total % Hedged: 54%
FY 2024 Energy Production Position (GWH)
119 1,220 7,379 1,535 1,478 964
Percent Procured
100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%
20% 16% 100%
0% 0% 63% 80% 0%
NS Coal NS Petcoke Natural Gas FPL PPA Purchased Pwr Vogtle/Renew
% Fixed Price % Index Price