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Yulee, Florida 32097

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Assistant County Manager

January 31, 2020

Lawsikia Hodges
Office of General Counsel
117 West Duval Street, Suite 480
Jacksonville, FL 32202

RE: JEA

Ms. Hodges:

I am in receipt of your letter dated December 24, 2019. The Board of County Commissioners voted unanimously on January 27, 2020 to initiate the negotiation process for the purchase of JEA water, wastewater and reclaimed water assets in Nassau County.

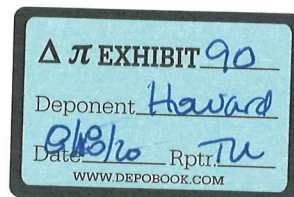
The County does not understand or agree with your client's position that negotiations between JEA and Nassau County are terminated as a result of JEA's decision to terminate their negotiation process as to the general sale of its assets. JEA had originally indicated, to Nassau County, that the County had until February 10, 2020 to determine if they wanted to negotiate the purchase of JEA's assets.

JEA's actions, both written and verbal, underscore the decision to commence negotiations for the acquisition of JEA's assets. JEA knew that the mandatory timeframes would require Nassau County to spend monies for outside experts to assist in the process. JEA has been providing information to the County's experts through the month of December, 2019.

Prior to the formal notification to Nassau County to negotiate to purchase JEA's assets, representatives of JEA came to Nassau County in August 2019 to advise that JEA wanted to negotiate a sale to the County. JEA had deferred addressing the "True up" provision of the current Agreement until negotiations were concluded. At the early meeting it was disclosed by JEA representatives that Florida Power and Light would be the successful bidder of the main assets.

(904) 530-6010 or (866)-474-1446

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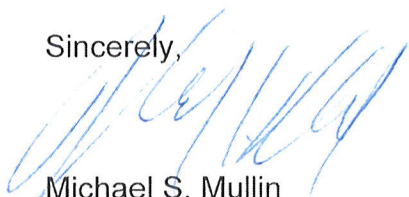
Mr. Zahn came to Nassau County in October, 2019 to ask the County to waive its option to negotiate and instead suggested that both parties commence negotiations to address acknowledged deficiencies in the current local Agreement. Mr. Zahn was advised of the meeting in August and September wherein JEA representatives encouraged the negotiations and sale and he responded that he was not aware of that.

Shortly thereafter, JEA began providing, as requested, additional information to Nassau County's outside experts in order to meet the deadline of February 2020.

It appears that when the alleged improprieties have surfaced that JEA has now decided to unilaterally terminate negotiations with Nassau and St. Johns County. Nassau, like St. Johns County, has spent monies on experts, deferred the "True up" calculations, relied on the potential acquisition of assets for future planning purposes and for JEA to send a letter that "We are terminating negotiations" is not acceptable.

Again, by this letter we are formally initiating the formal negotiation process and requesting dates to commence the negotiation.

Sincerely,



Michael S. Mullin
County Manager

MSM/sdg

CC: Board of County Commissioners
John Crawford, Clerk of Court
FGUA
Jordan Pope, JEA
Taco Pope, Assistant County Manager
Megan Diehl, OMB Director
President, Jacksonville City Council