

EXHIBIT NO. 72

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WITNESS: Bevin A. Beaudet

PARTY: First Coast Regional Utilities, Inc.

DESCRIPTION: July 24, 2019 Letter from Paul Harden (FCRU Option to Purchase Offer to JEA)
(JEA_001803-001806)

PROFFERED BY: JEA

PAUL M. HARDEN

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July 24, 2019

Aaron F. Zahn
Managing Director and CEO
JEA
21 W. Church St.
Jacksonville, FL 32202

Re: 301 Partners Franchise Proposal

Dear Aaron:

Please find attached a Memorandum of Understanding regarding the option of the JEA to purchase a proposed franchise and improvements on lands located at 301 and I-10.

I believe this proposal is consistent with the Martin Downs case, but I have added in a Quality of Construction requirement as you suggested.

We would like to file the franchise to have the clock ticking while we work on a final agreement. Will an executed Memorandum of Understanding suffice for those purposes?

Please let me know if you are comfortable with us moving forward with the franchise filing. Thank you for your attention to this matter.

Sincerely,

Paul M. Harden

PMH/jc
attachment

c: Steve McInall
Deryle Calhoun

**MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN FIRST COAST REGIONAL UTILITIES, INC.
AND JEA FOR THE EVENTUAL SALE/PURCHASE
OF WATER AND WASTEWATER UTILITY ASSETS**

The following constitutes a Memorandum of Understanding ("Memo") of the basic terms and conditions between First Coast Regional Utilities, Inc. ("First Coast") and JEA ("JEA") by which First Coast would sell and JEA would have the option to purchase the assets of First Coast at specific times in the future.

1. First Coast has advised JEA of its intention to apply to the Florida Public Service Commission ("FPSC") for certificates to operate an independent water and wastewater utility in portions of western Duval County, as well as in portions of Nassau and Baker Counties. JEA has agreed not to object to the granting of such certificates provided, however, that it has a path to the eventual acquisition of the assets constructed by First Coast in the future as reference hereinbelow.

2. It is agreed by and between the parties hereto that all of the plants, pumps, lines, wells, etc. constructed by First Coast shall meet all applicable "municipal standards" in place at the time of construction and in all cases, shall be equal to or better than the standards then applicable to JEA for its own such facilities.

3. JEA shall allow First Coast time to mature such that it will have the opportunity to construct, as required and in phases, to the extent that First Coast deems necessary and in its sole discretion, all of the water and wastewater capacity needed for the lands located within the FPSC certificated areas through buildout or at least have the majority of that capacity in place prior to its purchase of the assets of First Coast.

4. First Coast shall grant JEA a limited option to purchase the assets of First Coast upon the general terms and conditions set forth herein. The first option date for JEA to purchase the assets of First Coast is July 1, 2039, and said option to purchase shall remain open until the end of the calendar year of 2039 (the "First Option Period"). On the first, second and third anniversary thereafter, JEA shall have the right to renew its option to purchase for alike periods of six months, provided however if JEA fails to exercise its option after the first option date (July 1, 2039) and prior to the

expiration of the First Option Period (12/31/2039), First Coast is free to sell its assets to any other bona fide buyer and provided further, however, that if JEA fails to exercise its option prior to December 31, 2042, then the terms of this Memo shall be of no further force and effect

5. When and if JEA exercises its option to purchase the assets of First Coast, the purchase price will be the then fair market value of First Coast's income stream. The methodology for determining fair market value is as follows:

- (a) Determine the gross revenues that First Coast would produce utilizing JEA rates and charges, indexed forward on an annual basis.
- (b) Subtract from gross revenues assumed operation and maintenance expenses at 45% and renewal and replacement ("R&R") at 5%, meaning that 50% of gross revenues would equal anticipated annual operating expenses, including R&R. Thus, by definition, "net revenues available for debt service" would equal 50% of the anticipated gross revenues from all sources to be derived by JEA from operation of the utility system.
- (c) The "cash purchase price at closing" would then be defined as the amount of bonds to be sold by the hypothecation of the net available revenue against a 30-year AAA rated revenue bond at 110% coverage, less 3% of the gross amount of the bonds to be reserved for cost of issuance. The interest rate used in the calculation of the "cash purchase price at closing" shall be the Municipal Market Data AAA Rated scale as published on the date of such calculation.

6. This Memo reflects that First Coast will construct valuable utility plants, facilities, lines, etc. for use in the future, thus not all of First Coast's facilities will be generating revenue at the time of the sale. In order to properly compensate First Coast for that unused capacity, First Coast shall be entitled to "futures" payments as follows:

- (a) 75% of the cash connection charges paid by developers and others to JEA for the utilization of the former First Coast facilities to be paid on an annual basis on or before the 15th day of February

following the conclusion of the previous calendar year. Such futures payments shall be made until all of the plants, lines, wells and facilities constructed by First Coast are 100% used and useful in the public service.

- (b) The bonding capacity of the new customers added to the system after closing on an annual basis, paid annually for 10 years subsequent to closing, on or about the 15th day of February following the conclusion of the previous calendar year, and according to the same formula as outlined in Section 4 above involved in the determination of purchase price.

7. Nothing in this Memo shall preclude First Coast from selling its assets to the underlying Community Development District ("CDD") at such time as the CDD is willing to buy and First Coast is willing to sell, in accordance with the pricing provisions referenced hereinabove; in which case, however, nothing in this Memo shall preclude JEA from subsequently exercising its right to acquire the assets of First Coast from the CDD, as authorized by Section 190.046(5), Florida Statutes.

8. Nothing in this Memo shall preclude JEA from attempting to assert its rights to eminent domain over the First Coast facilities and nothing herein shall preclude First Coast from asserting any and all lawful defenses available to it, including lack of necessity. Further, in the event of eminent domain, nothing in this Memo shall be admissible or chargeable against either party. In short, in the event of eminent domain, the parties will treat this document as if it never existed.

Agreed to this ____ day of July, 2019:

Agreed to this ____ day of July, 2019:

**FIRST COAST REGIONAL
UTILITIES, INC.**

JEA

By: _____
Robert Kennelly, President

By: _____
Aaron Zahn, Managing Director
& Chief Executive Officer