

**JACKSONVILLE CITY COUNCIL**

**SCHELLENBERG AND GULLIFORD NOTICED MEETING**

**REGARDING POTENTIAL SALE OF JEA**

**MINUTES**

**March 21, 2018**

**1:00 p.m.**

**Council Chambers**

**First Floor, City Hall**

**117 W. Duval Street**

**Topic:** To discuss the pros and cons of the potential sale of JEA

**Attendance:** Council Members Bill Gulliford, Matt Schellenberg, Greg Anderson, Danny Becton, Tommy Hazouri, Aaron Bowman, and John Crescimbeni; Peggy Sidman – Office of General Council; Kyle Billy and Phillip Peterson – Council Auditor’s Office; Colleen Hampsey – Council Research Division

**Convened:** 1:00 pm

Councilman Gulliford called the meeting to order and asked for introductions from the council members who were present. Mr. Gulliford distributed a handout packet with hypothetical revenue figures from the potential sale of JEA. Using $5 billion as a baseline net sale price, the handout also details some of the ways that those funds could be allocated. Councilman Gulliford explained that the purpose of the meeting was to discuss the pros and cons of a JEA sale objectively, without emotions or political distractions, to assess potential benefits of the city.

Mr. Gulliford emphasized the importance of consensus on expectations among council members, particularly regarding the minimum price for which each member would consider the sale a viable option. Councilman Crescimbeni had questions about the amount of $5 billion, which he perceived to be premature and irresponsible, since the full value of JEA assets and liabilities is not yet known.

Councilman Becton agreed that objective analysis is necessary, with two possible paths of decision making, either JEA is found to be “priceless” to the city or a price for the sale will be found to be amenable to all parties. Councilman Bowman said that more study is definitely needed to examine the risks and benefits of the JEA sale, and that any sale contract could be crafted to retain jobs and customer utility rates. Mr. Bowman also noted that technologically, coal powered electric plants may be on the decline since solar power has increased in accessibility and decreased in cost. Mr. Bowman noted that the Federal Reserve interest rates might also go up, making borrowing more expensive, which may impact the value of JEA as an asset.

Councilman Gulliford voiced some concerns about the creation of the Special Committee on the Potential Sale of JEA, arguing that a Committee of the Whole should have been called so all council members could have a vote. Crescimbeni replied that the special committee is open to all council members to attend and that the goal of the committee is to gather as much information as possible from the Auditor’s Office before taking the next step of hiring a consultant to perform the intricate calculations for assessing JEA’s value (including all liabilities and pension obligations). Mr. Gulliford also questioned the value of spending money on outside consultants if it isn’t necessary, which could be cost millions of dollars.

Councilman Schellenberg listed several concerns about JEA: looming employee retirements, the changing tides in the industry (solar and batteries), the effect of deregulation and the lack of a guarantee for JEA contributions to the City over time (at recent JEA board meeting they couldn’t guarantee consistent contributions for the next 20 years). Councilman Gulliford noted that the potential sale would have a huge positive impact on the city; the sale price is important but so is deciding where the money could be best spent.

Councilman Hazouri said that the whole possibility of a JEA sale got off on the wrong foot, and he feels that the council should have waited for a full proposal, possibly from the mayor, and then they could have gone over it and debated the merits. Councilman Anderson stated that any sale can be conditional, and can include job preservation and rate stabilizers. Mr. Anderson noted the complexity of JEA contracts and other details which mean the decision will not be quick, possibly it could take years. Councilman Anderson went on to say that the sale of JEA must be compelling and transformative to even be considered, and that the politics surrounding the sale discussion is immobilizing the process and is demoralizing to JEA employees.

Before the meeting adjourned, Councilman Crescimbeni described the next step, which would be to sign on with a valuation consultant, but all council members must agree and be ready to take that step. Such outside, objective consultants would be helpful to quantify the value of JEA assets in segments (water, sewer, electric), as well as employee severance payouts if any, and an assessment of all outstanding debt including pension liabilities and Plant Vogtle.

**Adjourned:** 2:00 pm

Minutes: Colleen Hampsey, Council Research 3.21.18

Posted: 3.22.18 11:00 am