DATE TAKEN: March 29, 2018
TIME: 2:01 p.m. - 6:18 p.m.
PLACE: City Hall
117 West Duval Street
Council Chambers
Jacksonville, FL 32202

This cause came on to be heard at the time and place aforesaid, when and where the following Proceedings were reported by:

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MR. CRESCIMBENI: All right. Good afternoon, everyone. We are going to call the Special Committee on the potential sale of JEA to order. Today is Thursday, March 29th, 2018, and it's 2 p.m. in the afternoon. This meeting, I think, is noticed through 6 p.m. I'm not sure if we'll go that far today or not, just depends on how fast we get through everything we have on the agenda.

And speaking of the agenda, there's going to be references to some attachments and things on the agenda. Those will be handed out as we get to those items so that if we don't get to them, we don't have to reprint the copies for the next meeting.

So with that said, we'll have everyone introduce themselves for the record, and we'll start down on my far left, Mr. Gulliford.


MR. FERRARO: Al Ferraro, District 2.

MR. BOWMAN: Aaron Bowman, District 3.

MR. LOVE: Jim Love, in a different seat, District 14.

MR. BECTON: Danny Becton, District 11.

MR. CRESCIMBENI: I'm John Crescimbeni, at large, Group 2.

MR. DENNIS: Garrett Dennis, District 9.

MS. BROSCHÉ: Anna Lopez Brosche, Group 1.

MS. BROWN: Katrina Brown, District 8.

MR. GAFFNEY: Reggie Gaffney, District 7.

MR. HAZOURI: Tommy Hazouri, Group 3, at large.

MR. SHELENBERG: Matt Shellenberg, District 6.

MR. CRESCIMBENI: All right. Thank you-all for being here today.

My ECA, and I don't know if she's going to have any help, but she's going to pass out for the 14 new members, or 14 recent additions to the committee, Legislative Services last night made copies of the agendas, all the handouts, and the minute -- meeting minutes from each of our first three meetings, March 8, March 15th, and March 22nd. So you may want to just receive those and put those aside so that you don't get those mixed up with anything that's going to be distributed today. I know
everything went out electronically, but these are hard copies. I personally prefer hard copies, they're easier to carry along with you and take those home.

And, Mr. Shellenberg, I know you have a big event tonight. I don't expect you to read those tonight but certainly tomorrow.

So do look at all that. And if there's anything missing or you think that the Committee may have had, just let me know. And I think it's all inclusive. If there's any documents missing, we'll certainly round those up.

Today we're going to start by hearing from Mr. McElroy. Is Mr. McElroy -- hang on a second, Paul. And Mr. McElroy was responding to several different inquiries from the Committee. Those three items are listed on your agenda. I think that we'll happen to go through each one individually. The last time he was here, he presented a fairly voluminous packet of information in response to the first item on -- under his reports. I don't know if they brought additional copies of those today or not for the 14 new members, but what we'll
do is we'll have him go through each of these items on the agenda, and then if we can, we'll let him kind of get through his presentation and then we'll open the floor for questioning, so just kind of take notes as we're going through. And I think if the -- if the queue starts filling up too fast, we may take a pause and take questions and then try to proceed. For timing sake, I think we'll just have everybody stick to three minutes instead of five. And again, we have a lot on our agenda. That may change as we move through and see if we have additional time for -- in order of the meeting. Any questions before we proceed from anyone?

Mr. Anderson.

MR. ANDERSON: Thank you, Mr. Chairman. Through the Chair, you -- obviously this is a new process, but if the new Committee members had sort of a request for information or something to be added to the agenda, is there a process that you would like the new Committee members to follow?

MR. CRESCIMBENI: As we go through the meeting, there are no new Committee members.
We're a committee now of 19, so everybody's an equal. But during the past meetings, anybody that has a question or would like to request information, we write that down on the -- on the minutes, so those get baked into the minutes. I call them action items, because we kind of recap of those at the end of the day. And then as we move forward in successive meetings, we've been revisiting those action items as the information has come in to complete or satisfy the inquiry.

We have -- probably half the action items from our last meeting are still outstanding. We're not going to be able to address those today. We'll be able to address some of those. I think most of the other action items have been completed except for these first three under the JEA presentation, which I think were issued on March 8th and we got hung up with them with some procedural problems. So we do have some outstanding from last meeting, and we can take them today and put them on the action item list. Those will be -- they'll be included in the narrative of the minutes, they'll be summarized at the end of the
minutes, so you can refer to all packages that
you have from the past three meetings, look at
the action item list, see if that's anything
that you might be interested in. And if you
don't see your need for information on one of
those, punch your button, we'll get what you
need, we'll write them down, we'll assign it to
the appropriate party to come back and furnish
[cough].

MR. ANDERSON: Thank you.

MR. CRESCIMBENI: Any other questions from
the Committee?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: Mr. McElroy, you are up,
sir. We thank you for being here today.

MR. MCELROY: Thank you, Mr. Chairman,
Council President and Council Vice President,
and Council Members, and my fellow JEA
employees. I want to recognize them first and
foremost.

My name is Paul McElroy. I'm currently a
Managing Director and CEO of the JEA. I reside
in Duval County. Thank you for providing the
opportunity to meet with you today. This
meeting presents another opportunity for The
Committee and the community to learn more about JEA. I am honored to be here today as a representative of the almost 2,000 men and women who make up JEA to help The Committee with its work.

Today marks the 80th time in the past three years that I've met with a Council member or a Council Committee. Some of the highlights we've achieved in the past three years; we worked together for over a year on the JEA Contribution Agreement or, to some extent, I would say, the charter review of JEA; we locked in a five-year agreement, which was the highest contribution agreement in the history of the company; together we are funding $30 million for septic tank phase-out; we're transferring nitrogen credits, significantly lowering the City's compliance costs; we also had a number of routine JEA Council update meetings, something that we should continue to feature.

I joined JEA 16 years ago after leading several North American financial services businesses for two different global corporations. I joined JEA to help it achieve
its mission.

16 years later, I come to work every day, along with the 2,000 JEA professionals to serve our community, and our daily focus is to earn our customers' loyalty each and every day, to deliver business excellence in everything we do, to develop an unbeatable team. We wrap our work on a daily basis on the JEA values of safety, service, growth square, integrity, and accountability. Our overall vision is to be a premier service provider, a valued asset, and a vital partner in advancing our community. This is what we do. This is what I do. And our team does it better than anyone else that I know. It's been an honor to lead this great organization for the past five and a half years.

The JEA team has accomplished a lot during that time and a lot for our community to be proud of. Our customer bills are lower. Customer satisfaction is up 74 percentage points, not 74 percent, but 74 percentage points. Business customer satisfaction is up. We were ranked number one in the country by JP Power in 2016.
CO2 will be down by 45 percent from our peak year in the year 2023, and we've done this by leveraging our natural gas assets, by energy efficiency, by our planned investment in solar and nuclear. Nitrogen discharge from our wastewater plants is down. And by 2019, we will be really truly reclaiming water from our wastewater plants and producing potable water, not just irrigation water from our sources.

Debt is down $2.5 billion from its peak and we have better credit ratings. All systems are more reliable, including our technology systems, JEA.com and our mobile applications. The team produced very successful recovery from two major storms in just 12 months.

Turning to today's meeting, this is the third time in ten years we've engaged in this process. Each time has been different and each time we have sought to help and be helpful. JEA produces independently audited financial statements every year. We produce a 600-page comprehensive disclosure statement that is reviewed by our bond counsel and our auditors, and is at the leading edge of the municipal bond market best practices for information.
disclosure.

JEA has approximately $4 billion in municipal debt outstanding, and we are in full compliance with all the security and exchange commissions, the SEC rules and regulations.

Our team is exceptional and consistently recognized for outstanding performance both -- all the trades, professionals, and management. We shall be mindful that this process impacts them.

Our employees make JEA work, or better said, our employees make JEA great. It's JEA team that successfully differentiates us from all others.

JEA's extremely large and complex set of businesses, not one business, it's a set of businesses. And reflecting on today, preparing for today, I recall early in my career when I was involved in a simple $100 million transaction, which took many, many months. So we're here today to help, will certainly raise more questions. We won't have all the answers today, but I know I and the entire JEA team will be available to assist on an ongoing basis for the Committee to do their work.
I will make the most of today. We're here to provide information, answer your questions, and help you do your work. Based on my industry expertise and experience, I'm also here today to assist with marketing information. My current bio will be distributed as part of our disclosure to the market, and it has a couple of facts that I'd just like to bring to your attention in terms of just background information I can share.

Statewide, I sit on the board of the Florida Reliability Coordinating Council, a council of all of the electric utilities in the state. I also sit on the Florida Coordinating Group and have gone to chair that group this year. Nationally I'm on the Board of Directors of the Association of Edison Illuminating Companies. And Edison is the key word there, that's Thomas Edison. This organization started 138 years ago and it's still in existence today, focused on technical expertise in the electric industry. I'm on the Board of Directors Executive Committee and currently treasurer of the American Public Power Association. I sit on large power -- Public
Power Council and the CEO sponsor for tax and finance.

Locally I'm involved with Energy Authority right here, a trading floor, a company located in Jacksonville, Florida, that trades a couple billion dollars in electricity and gas and risk management services, over 50 municipal utilities nationwide. I'm on the Board of Trustees at the University of North Florida, and we just got approval for our new president today, this morning. The Chamber of Commerce, past board member, and a past board member on Northeast Florida Safety Council.

So I am involved in the industry and aware of the last couple years of what's been going on. I'm going to help, I'm going to bring my knowledge and experience as well as all the resources of the entire JEA team, and they have shown commitment to this process and are here in support.

We'll work diligently. Our team under the request from the Council, we took very serious the request for information. We have produced over 22,000 pages of documentation. We do have them on flash drives for you, but we do have a
physical copy as well. It took about 163 hours to accumulate that. That was not directed by me, we have a department that does public records. We will make them available to you so we have a separation of powers. We'll take the question to them, hand it off to them, and they will pursue all the information and make sure we get timely information for you to assess and -- [cough].

And so with that, Mr. Chairman, I want to thank you very much, and I'll talk to the two or three points that you raised in the memorandum to me, then --

MR. CRESCIMBENI: What was -- how many trips have you made to the Council, Board Council Members, what was that number?

MR. MCELROY: This will be the 80th.

MR. CRESCIMBENI: That's it? I thought it would have been higher than that. All right. We -- do you mind making it 100? because it may be 100 by the time we're done.

MR. MCELROY: Absolutely. I hope it's 110.

MR. CRESCIMBENI: All right.

MR. MCELROY: Actually, I think the
summary page, Mr. Pope has it, so instead of
flipping through big thick documents, I think
we got 19 copies there.

The first question, and I'll just -- I won't refer to the slide yet but sort of set that up, I'll read from the Chair's memorandum, JEA strategic plan offset recent declining revenue trends, the same presentation was scheduled to deliver on March 15th.

I'll say two things on declining sales. You know, glass half full, glass half empty. Glass half full, lower sales in the absence of rate increase, which is what we've been able to accomplish over the past five years, is a good thing for our customers. They get lower bills. It's also a good thing for the environment. We're producing less emissions, less CO2, and less constituents into the air. And so on balance, as a community-owned utility, we can look at that in the context of being positive.

Now, the challenge here is literally on the financial side, in terms of the revenue side, in terms of looking at the industry and looking at JEA, having experienced lower or flat sales since around 2008. That's a --
that's consistent with the industry.

I'd say the two things there, one of these, we looked at that as part of our strategic plan that was worked on and developed with our board in 2013, and we rolled out to the entire organization late in 2013 and are still working on the same core principles that guided us then.

One of the areas under our key area focus of business excellence, this is excellence, was to grow revenues, and we looked at that three ways. We looked at growing new revenues, we looked at -- looked at our current assets and said could we be more efficient with our assets and raise -- raise money, these revenues, utilizing our existing assets, and we looked at our business processes, what relates to tighten up our processes in our billing processes and our metering, making sure that we were capturing all the revenue that is due to us. So we formed a new revenue task force, we engaged people, as we did throughout the entire strategic planning process from the -- across the utility, not in any one area, but we had people from finance and from the customer
sector, people from the field, people from the
plants look at this issue.

And the chart -- the first chart there is
sort of an Excel, it's four -- three columns or
so entitled JEA Revenue Task Force, Potential
Business Plan list 6/2/15. In the materials
that we provided, there are a lot of detail
schedules in support that show all of the
activities and all of the meetings and a lot of
other initiatives that are evaluated --
[coughing], and so these rose to the top to
be -- to be executed and further -- further
advanced in -- in trying to seek additional
revenue.

And one of the things we look at is, I
don't know that we can look to replace the
revenue stream from the electric business or
the water sewer -- electric business is a
$1.4 billion business, and that doesn't grow
up overnight in this environment. And the
water and sewer business is 500 million. So
what we focused our objectives on was if we
could get -- if we could get revenue by
utilizing our assets more efficiently, maybe
a couple new revenue streams, that would
eliminate the -- the embedded cost increases in our business, then we could be neutral to flat sales. So if even those sales are flat, if we could get some additional revenues in of 4, 5, $10 million a year that would cover the cost at no end, then we could continue to deliver our services at the same level and we could hold the performance at the same level, and that was sort of the objective.

So I have a list of items here, Mr. Chairman. Each one is a very in-depth one, and -- but I can maybe pause for a moment to question anyone on these items or have a conversation on any one of these initiatives.

MR. CRESCIMBENI: You talking about the first page in your handout?

MR. MCELROY: Yes, new revenue task force.

MR. CRESCIMBENI: Right. Mr. McElroy, we are going to more --

MS. BROOKS: What I just passed -- what was just passed out in the envelope is the documents, the backup documents. It's a flash drive for each of you to have a set of your own.

MR. CRESCIMBENI: And you are?
MS. BROOKS: I'm sorry, Jody Brooks, Office of General Counsel.

MR. CRESCIMBENI: And you distributed an envelope to each Council Member, and inside the envelope is a flash drive that's broken into three segments, correct --

MS. BROOKS: That's correct.

MR. CRESCIMBENI: -- 1, 2, and 3?

MS. BROOKS: That's correct.

MR. CRESCIMBENI: And the flash drive has the contents of all those boxes; is that correct?

MS. BROOKS: That is correct.

MR. CRESCIMBENI: And that is in response to a public records request.

MS. BROOKS: Correct.

MR. CRESCIMBENI: And, Mr. McElroy, the -- you are going to talk about -- I understand, I think you're going to where the Committee was asking you to go. You're -- this presentation that you're making, there's going to be talk eventually about how to combat the declining sales trend, because that was a question that came, I think, in our first meeting.

MR. MCELROY: Yes, sir.
MR. CRESCIMBENI: Okay. All right. So we do have a few questions.

Mr. Dennis, you have a point of order?

MR. DENNIS: Yes, a point of order.

Chairman, you mentioned at the beginning that we're going to have three minutes, right? So is it three minutes per point he's making or every time we speak, three minutes? I just want to understand. I don't want to use three minutes on a point when I have like several other questions here that may -- that may be for, you know, throughout this presentation.

MR. CRESCIMBENI: So let's -- why don't we -- why don't we -- we'll just -- we'll take some -- I'm not prepared -- let's do it this way right now, write your question down -- maybe we can take five minutes per person, but I want to be able to get through the agenda today. So can you just be a little bit flexible for the Chair?

MR. DENNIS: Sure. Sure.

MR. CRESCIMBENI: We will get there hopefully.

Mr. Love, do you have a question or do you want to wait until we get --
MR. LOVE: I'll wait.

MR. CRESCIMBENI: Okay. Mr. Hazouri, did you have a question?

MR. HAZOURI: Just to you, Mr. Chairman. If we get to that point when we get to general questions, will it be at another meeting or just do all this today? I'm just -- general questions that we would have?

MR. CRESCIMBENI: Yeah, I'd like to stay --

MR. HAZOURI: I know there's an agenda. You want to stick to the agenda today?

MR. CRESCIMBENI: Well, if we get through the agenda, at the end we can take general questions. If you have questions about other topics, we can [unintelligible].

MR. HAZOURI: Mr. McElroy, are you going to be here the whole time?

MR. MCELROY: Yes.

MR. HAZOURI: Will you be here through the meeting?

MR. MCELROY: Yes.

MR. HAZOURI: Okay. Thank you.

MR. CRESCIMBENI: Mr. McElroy, if you stay till the end of the meeting, you can count it...
as two visits.

MR. MCELROY: Thank you.

MR. CRESCIMBENI: Proceed, Mr. McElroy.

MR. MCELROY: Okay. So we provided the top summary list of action items and plans for revenue enhancement with the task force output.

The second question was the five-year review of philanthropic giving or volunteerism.

MR. CRESCIMBENI: Hold on just a second, Mr. McElroy, so you're telling me, the answer to your question about how we're going to combat a declining trend in revenue of water and electric is this first page of the handout? Because all this is identifying is other businesses that you're in, I'm not sure -- I think what the Committee was looking for was based on reports that were given at the March 8th meeting, a considerable decline in revenues on water and electric despite the fact that there would seem to be steady growth in total customer amounts. So the question that we were hoping to have answered today was a little bit more than just beyond what other businesses you were in. It was a question that we were hoping
you would say, here's how we're going to combat that.

And I got to tell you that I think most of the Council got an e-mail back on March 12th, and it had some JEA electric forecasts and water forecasts, which kind of contradicted what was presented on March 8th. I think it was -- you know, I got mine e-mailed on Monday March 12th, I think. It looks like all Council Members received it, and it shows upward trends on JEA's electric forecasts, water demands, wastewater forecasts, so how -- can you just give us a little bit more background on how you anticipate and achieving these -- these red increases when the electric has been kind of in the other direction, in the blue? Do you want to see this?

MR. MCELROY: Yes, sir.

MR. CRESCIMBENI: All right. Staci, can you give this to Mr. McElroy?

MS. LOPEZ: (Tenders document.)

MR. MCELROY: Thank you. These -- these forecasts are for -- it's noted there, the PSE, State Planning Reserve analysis, it's done on an annual basis to ensure there's sufficient
energy capacity throughout the state on a --
there's a ten-year plan on the horizon.

If we were to go back and looked at the
forecast in essentially 2008 on this basis, we
would be at -- we would have been at 16- or
17,000 net energy above for -- so this is a --
this is one forecast that is used for
engineering and system planning. It is not the
financial forecast, which is constructed with a
different set of assumptions, which are more
market based.

MR. CRESCIMBENI: Okay. So do you -- I
guess the Committee would like to know, then,
do you anticipate a sales increase in revenue
and units sold on the electric side of business
and the water side of business -- the
wastewater side of the business in the coming
years or do you anticipate flat or declining
sales that have been experienced since 2006 or
'7, which is the start date on the chart that
was forwarded to us on the 8th?

MR. MCELROY: For financial planning
purposes, we have for the past five years,
maybe more, used -- used flat sales projections
for both of those uses.
MR. CRESCIMBENI: For how far into the future?

MR. MCELROY: Generally for about five years.

MR. CRESCIMBENI: So you're telling the Committee that for the next five years, you anticipate no growth in sales by units or by dollars, which is it?

MR. MCELROY: Well, it would -- these -- these are units. Dollars would be the right side. These are units.

We think that the -- while there may be some aberration or movement based upon weather, whether it's very hot or very cold, but generally we're seeing and what we have communicated through the budget process over the last number of years, is that energy efficiency is -- is biting into the demand, reducing demand as fast as we're getting new customers.

MR. CRESCIMBENI: So you're -- just to be clear, you're saying flat sales for the next five years, no increase, no trend downward, no trend upward? You're forecasting flat sales for the next five years.
MR. MCELROY: Flat -- flat sales over the five-year period, and maybe marginally up 1 percent, but --

MR. CRESCIMBENI: Just for both water and electric?

MR. MCELROY: For the unit sales.

Water, I think, this year, when we looked at the budget, we might -- we might have increased that a little bit.

MR. CRESCIMBENI: All right. And that's all that you have to say on that first item?

MR. MCELROY: Yes. Yes. Just --

MR. CRESCIMBENI: We will stop here and we will take questions, then.

Does anybody have any questions about this first point that was an action item from our March 8th meeting inquiring about any strategic plan that JEA had to offset declining revenues?

Mr. Anderson. Put on the clock -- let's stick with the three minutes.

MR. ANDERSON: Okay. Let me know when you're ready.

MR. CRESCIMBENI: Go ahead.

MR. ANDERSON: Thank you, Mr. Chairman. I appreciate it. So, of course, revenue for
those two components is based on how much our citizens pay for the services that -- so -- so if we're talking about revenue alone, I think that's -- it's not really the full picture.

What we've got to think about is the cost to produce that revenue and how JEA is managing that cost.

And so, Mr. Chairman, if it's okay, I can ask Mr. McElroy to talk a little bit about that particular subject.

MR. MCELROY: If I -- I think I answered -- understand the question to be more on the cost side given the flat water sales.

MR. ANDERSON: Right.

MR. MCELROY: And from -- through the Chair to Council Member Anderson, I agree in the utility business, it's very difficult for us to drive electric unit sales for -- for us to drive, you know, water sales for our customers. We generally get the -- get the connections through the service territory that's been allocated to us through the PSC and through the charter, et cetera, and then we have the obligation to serve, requirement to serve, and the requirement to serve by
utilizing the best utility practices to keep the cost as low as possible.

So in -- in one sense, while we're very mindful of the revenue that comes in, it's more of extreme focus on the cost side to ensure that our margins are maintained. And so to that end, in the strategic plan that we have put forward in 2013, and we've modified the metric going forward, we have allocated to all of the -- all of the team at JEA a cost per unit of output objective, tying back to the 2012 pricing so that if we can keep our cost per unit of output equal to that, we won't have to raise rates. And so it's a constant focus on reducing costs regardless of where our demand or sales go.

MR. ANDERSON: And my sense is that in the electric business for sure, that, you know, you're constantly having to decide how you produce that, whether it's, you know, coal plants or solar or natural gas, and that there's always a decision that management's making on how to invest in that to drive the -- the best value.

And you made some strategic decisions
recently around that -- and, I'm sorry, three
minutes is tight, so I'm done. Maybe you can
answer somebody else's question and put that in
there.

MR. CRESCIMBENI: Thank you, Mr. Anderson.

Mr. McElroy, let me -- I want to be really
clear about what the Committee was looking for.
So I understand your position on water,
wastewater, and electric, but do you anticipate
any revenue gains in any of these other
businesses that you have on this sheet and/or
any new businesses or new business units that
you -- that may not be on this sheet? In other
words, do you anticipate increasing revenues
for the leasing of dark fiber? You anticipate
increasing revenues from timber harvesting? We
have a Special Committee and Council that's
talking about the location of 5G or micro-cell
antenna at the public right-of-way? Do you
anticipate increasing revenue in that business
department or business unit?

So I don't want you to be -- the question
was about combating declining revenues. We
were shown numbers for water, wastewater,
electric, energy services for the district, and
there might have been one other thing on there, but it's a global question. Please don't restrict it those business units that we were shown. Does that change your answer?

MR. MCELROY: Well, I think the question is -- was it global revenue? I mean, that's the way I understood it.

MR. CRESCIMBENI: In other words, electric --

MR. MCELROY: Yes.

MR. CRESCIMBENI: -- going down, water going down, wastewater going down, does JEA have any anticipation of increased revenues in other businesses that you're in, including what you've -- was on this page or maybe some things not listed on this page? I'm not sure I see the micro-cell listed on this page.

I think at our last joint meeting, we heard they're going to charge $1200 per location. So are those -- are those other businesses? And what's listed on here, are those ways that JEA anticipates increasing revenues, that when you look at the utility or the business locally, that you might actually sustain an uptake in gross revenue as compared
to just looking at electric, water, and wastewater?

(Ms. Boyer enters the room.)

MR. MCELROY: The answer shown is yes. I mean, in terms of timber harvesting, we're able to harvest about $5 million in revenue. It was last year. That will be declined now. That was a one big harvesting. We replanted, and now it's -- that would be down more in the hundreds of thousands of dollars. The top -- we entered into one agreement that's online, but will help us save costs.

Our fiber, the Board did approve and we'll be working to advance that through the -- to the Council over the next number of months. We have right now 550 miles of fiber around the county. And we currently have a significant amount of underutilized capacity in fiber network. It's dark, and we can lease that to people as a utility, not -- we're not going to let business to the content, but just the physical fiber itself. And we have some arrangements where it has not required us to invest any additional money to have somebody ride on our fiber for a -- for a fee.
MR. CRESCIMBENI: Okay. Let's do this, because I want the Committee to be able to ask this question, I'm going to assign you an action item, if you're willing to accept it, can you bring us some five-year sales projections for each and every business unit that you're currently dealing in or having an expectation to grow into, like the micro-cell antenna right—

MR. MCELROY: Yes.

MR. CRESCIMBENI: All right. Thank you, sir.

Mr. Dennis.

MR. DENNIS: Before you start my time, through the Chair, Mr. McElroy, don't -- don't put in my question an answer -- well, Councilman Anderson's answer, my answer, because --

MR. CRESCIMBENI: Start the clock.

MR. DENNIS: Start the clock now.

So, Mr. McElroy, are you familiar with this form here?

MR. MCELROY: I can't see it from here.

Sorry.

MR. DENNIS: This is what Mr. Pope
presented to the Committee on March 8th.

MR. MCELROY: If I could --

MR. DENNIS: Here, you can have a copy.

And are you familiar with -- and it's going down the same line of questioning Chairman Crescimbeni asked because I was there. Now are you familiar -- did you have an opportunity to read the auditor's report from last week?

MR. MCELROY: I read the auditor's report.

MR. DENNIS: So on the last page of the auditor's report, it says Recommendations, it says, "Note from 2010 to 2017, JEA paid down $4 million in debt beyond its normal debt service."

And so if you look at that last page of the packet that you have, the last page that have the sales of electric -- the last page. All the way to the back. The last page. Flip it over. Yes. So you have the sales of electric and water. And during that time, between 2010 and 2017, it's showing decline, right? And then we talk about revenues declining. So yes, you could look at revenues, but as a business owner, you can do a billion dollars a year in revenue, but your costs can
be 900,000, so, you know, you only make $100,000 in -- in -- you know, in profit, right, or you could have -- run a business and you make 500- -- $500,000 in revenue, but your expenses are only $200,000 and you make $300,000, so you made a whole lot more money making less revenue.

So I'm -- so a few weeks ago I asked, you know, your staff to provide net profit year over year because just showing revenues going down really doesn't mean anything because, again, you could be cutting costs in various areas, saving money in areas. So what I need, and you kind of share with me over the -- from 2010 to 2017, what is the net profit, because you have to have had money or made money somewhere to pay off accelerated debt of $400 million. So if you could share that with the Committee, I would really appreciate it.

MR. MCELROY: Through the Chair to Councilman Dennis, we did hear that conversation and your request, and we did respond to the materials on March 22nd. It's called a Free Cash Flow Analysis, and the
Council Auditor might help us out here. I think we worked on a methodology that tried to meet the Council's requirements and request. And if we missed the mark, I'll provide you with information. We'll go ahead and get with the Council Auditor again, but there's a ten-year run in the spreadsheet, though, we went through and --

MR. DENNIS: So can you share with me 2010, 2011, net profit for each year?

MR. MCELROY: Well, it's -- through the Chair to the Councilman, it's a -- it's a -- I would say it's a proxy through -- so a free cash flow, because you don't have a -- we don't have a net profit. It's sort of an equivalent of net profit because we're a non-for-profit organization.

MR. DENNIS: Through the Chair, if you could share that. I understand that you're not --

MR. CRESCIMBENI: Mr. McElroy, can you just read those numbers for -- how many years, the last four or five?

MR. DENNIS: Well, the Auditor's Report said from 2010 to 2017, an additional
400 million over debt service was paid, so I would like to know the dollar amount from 2010 to 2017. If you could read those really quickly, should take less than five seconds.

MR. MCELROY: 2010 -- and I don't have it combined. I have the individual system. Free cash flow in 2010, negative -- negative 32, negative 75, negative 235, negative 80, positive 60, positive 104, negative 31, positive 99. Those are the numbers for the electric.

And then water, '10 was a negative 12, negative 29, negative 40, negative 20, and a positive 32, positive 110, negative 9, negative 11.

MR. DENNIS: Through the Chair, that's not what I wanted, so I'll just come back because --

MR. CRESCEMBENI: All right. Thank you.

Mr. Shellenberg, you're next.

MR. SHELENBERG: Thank you very much, Mr. Chair.

Along with what Mr. Crescimbeni is asking, if we could have a capital cost for the various projects. If you're projecting out on this...
thing, it's important to know what the revenue is, but we also need to know what the capital cost will be going forward on these projects.

Mr. McElroy, you indicated what the growth or non growth is for the last five years, but up until 2006, what was the anticipated -- I've seen charts you've given us up until the last six years, but just going to 2006, the growth rate of utilities were what on average? Do you remember what it was?

MR. MCELROY: I believe we averaged 3 percent, was --

MR. SHELENBERG: So that's what you're doing. So when -- you were there at the time, and I think it's important just to say this, you couldn't anticipate it declining for two or three years. It was finally a chart or a feel that things truly did change in 2006, but you couldn't change your projections on growth and capital at that point in time. But you have because of a consistency in declining revenues and things like that, you've actually cut back on your capital costs over the last multiple years; is that correct?

MR. MCELROY: The capital cost up until
this past year was lower than it had been in
the previous cycle.

MR. SHELLENBERG: Right. So that's part
of the reason why you have some cash flow in
the --

MR. MCELROY: Yes.

MR. SHELLENBERG: -- but you're not -- you
don't need to build anything at this point at
the same level you were up until 2006, is that
correct --

MR. MCELROY: Yes.

MR. SHELLENBERG: -- and probably up to
2010 or whatever it may be?

MR. MCELROY: Right.

MR. SHELLENBERG: And that's why in a
sense if we are -- or you're looking at the
growth and that's why you sort of got involved
in Vogtle; is that correct?

MR. MCELROY: Yes, that was really a
growth, and the CO2.

MR. SHELLENBERG: Right.

MR. MCELROY: Let's not forget CO2.

MR. SHELLENBERG: Right. So -- but I
think that's all the questions I have, so I
won't have a pre- -- but if you could allocate
costs to the various things that
Mr. Crescimbeni would --

MR. CRESCIMBENI: I'll add that to the
list, Mr. Shellenberg. So you're asking for --

MR. SHELENBERG: It's on --

MR. CRESCIMBENI: -- an additional
five-year forecast for revenues from all
business units. You want to also, I think,
include in there the forecasts for projected
capital expenses.

MR. SHELENBERG: To the growth of the
business.

MR. CRESCIMBENI: All right. I've already
got that on the list.

MR. SHELENBERG: Great. Thank you very
much.

Thank you very much, Mr. McElroy.

MR. CRESCIMBENI: Mr. Gulliford.

MR. GULLIFORD: Thank you, Mr. Chair.

Through the Chair to Mr. McElroy.

Mr. McElroy, this isn't directly related
to the revenue projections, but I think it has
potential impact. There are outside factors we
can't control such as deregulation. As a
result of deregulation, one study recently
included by the Energy Information Administration indicates that in between 1998 and 2020, the average price of electricity in rural 1998 dollars is projected to decline by .6 percent a year as a result of competition of honest electric and electricity generated. That would mean the average residential consumer who -- they pay 71.40 per month in 1998 dollars for electricity, to expect to pay about $63 in 1998 dollars in 2020.

Texas has deregulated its electric utilities. Between 2006 and 2015, the last year for which data's available, average residential electric prices for Texans have been a competitive market, decreased by 17.4 percent, while average prices increased by 5.5 percent in regulated areas.

In Pennsylvania, 11 percent of the consumers moved to other providers after electric rates were deregulated. This -- this is -- can negotiate long-term contracts with outside providers. What's the impact? Revenue negativity to utility providers and the issuance has certainly worried bond rating agencies.
So Florida has not deregulated its rates, and I understand that, but I think that if we're talking about future, it's certainly something that should be at least considered. And I'd be interested, maybe not necessarily now, but maybe in the future as to your projection for perception/concern about potential impact of the electric deregulation. Because if we talk about Pennsylvania, that percentage there, what would the net impact be on JEA if we saw an 11 percent drop in electric utility revenues? I mean, it's -- it's -- it's a real possibility. I think the drum will continue to be beaten in those states that are not deregulated. And -- and I think Florida has deregulated their natural gas but not their electric utilities, if I'm not -- some states have deregulated both, some states have just deregulated one, and others have not deregulated at all. But I think it's something that should be part of this discussion if we're trying to do crystal-ball stuff and look into the future at both the good and the bad, that's got to be a factor. Thanks.

MR. CRESCIMBENI:  Mr. Gulliford, is that a

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request for something specific?

MR. GULLIFORD: I think, Mr. Chairman, that it should be. I think we at least need a response from JEA as to how much does that concern them about the --

MR. CRESCIMBENI: Well, he's already -- he's already told you he has five-year projections for electric, water, and wastewater, and they're relatively flat. Do you want him just to confirm that he took those --

MR. GULLIFORD: No. No, no, no.

MR. CRESCIMBENI: -- into consideration when making those decisions?

MR. GULLIFORD: No, not at all. I mean, if he did take it into consideration, that would be interesting, but I'd just like -- I don't care for a financial projection, I'd just like a how you feel about it.

MR. CRESCIMBENI: Mr. McElroy, to Mr. Gulliford's point, did you -- is that concern that Mr. Gulliford raised baked into your five-year projections for electric, water, and wastewater?

MR. MCELROY: It was a risk that we
evaluated and looked at. It's -- our opinion, it's outside of the five-year plan given the regulatory environment currently employed.

MR. CRESCIMBENI: All right. Thank you.

Councilman Becton.

MR. BECTON: Thank you. Through the Chair, welcome back, Mr. McElroy, and I appreciate you coming down.

I have no illusion in my three minutes that you're going to be able answer these items, which I kind of helped in crafting this first request, and this is really to the heart of where I wanted to go with these.

So, I guess, Mr. Chair, these are going to be action items, but certainly as to the CEO of the utility, who, I think, would be the head visionary of JEA in your role and also the captain of the ship, so to speak. There's been a lot of industries over the years, I think it's the tobacco industry where you have companies like Philip Morris and so forth who have diversified their companies and have conquered a declining primary growth within the major product line for which they are established and have gone on to have successful...
companies and successful quarters.

So I have two questions that I think they're probably going to have to be used as action items. So my first one is, how are companies nationwide, utilities -- other utilities expanding their business and growing theirselves, or is the entire industry just in dire straits and is -- you know, they all -- everybody should be selling, right? So -- and I don't believe that, so that's one.

And then, two, if you had no charter restrictions or could make any charter restrictions go away that you desired, how would you move JEA forward to increase its shareholder value? What other -- what other things could you do as a company? You touch every home in this county. That's got to be a unique asset. What can you do with that? What can you do with JEA in its current susceptible state that could increase shareholder value in the next five years, the next ten years, in the next 20 years? That is really at the heart of how do you plan strategically to offset the declining revenues, and that was -- that's really my question for you. So I would really
love to hear your response to that, you know, in the future.

MR. CRESCIMBENI: Mr. McElroy, do you want to try to respond to those today or would you like to take those on as something the following week?

MR. MCELROY: Well, through the Chair to Council Member Becton, I think there were two questions there. The first one, the flat to low sales is a nationwide phenomenon. It's a maturing economy. It's a service-driven economy, and it's energy efficiency as mandated by standards and by improvement in technology. So that -- that phenomenon is not unique to us in Duval County, Northeast Florida, or even in the Southeast.

The second one we'll -- you know, we can --

MR. CRESCIMBENI: Actually the first one was what are other utilities nationwide doing to -- to grow their sales. So we recognize they're in the same boat as we are, but this question, I think, was more direct, that what are they doing to grow their sales.

So in your association with your -- you've
referred you're members of different
associations that are utility associations.
What are you hearing? Are they just sitting in
the corner going, oh, my gosh, what are we
going to do or are they executing action plans
of their own to combat the declining sales that
they're experiencing?

MR. MCELROY: Generally the cost lever and
efficiency within the utility is what's being
managed now. The ability to grow outside of --
of mandated charters, both investor owned and
municipal, seems to be somewhat constraining
that were creative activity, but you might have
the private sector non-utility businesses, but
we will -- we will certainly take that and
have --

MR. CRESCIMBENI: So you don't hear anyone
that's getting into the natural gas sales
business or the cable TV business or dark fiber
business like JEA's pursuing or, I don't know,
delivering sandwiches from the neighborhood
sandwich shop? What -- you know, what are you
hearing out there in the industry that's being
tried to build sales outside of the
conventional box that the utility has so long
been comfortable with?

MR. MCELROY: I think we'll -- we'll do a full analysis and come back, absolutely.

MR. CRESCIMBENI: All right. And the second question was, can you eliminate any charter restrictions or would you need to -- which ones would you eliminate to empower JEA to increase sales revenues, shareholder value, et cetera, do you want to give us an answer on that or do you want to come back?

MR. MCELROY: I'd rather come back with a [unintelligible].

MR. CRESCIMBENI: Okay. Very good.

Council President Brosche.

MS. BROSCH: Thank you, Mr. Chairman.

Through the Chair to Mr. McElroy, thank you for being here. I saw in the materials that you brought for the March 15th meeting a reference to the strategic planning process that JEA went through, it started in 2012, finished in 2013, and the strategic plan that you're operating under right now; is that correct?

MR. MCELROY: That's correct.

MS. BROSCH: Okay. And there -- there
was this cascade meeting objectives and used words like wanting to discuss and gather input regarding the overall effort to reposition JEA to meet its serious challenges successfully and come up with your new game plan.

Could you talk a little bit about those -- I guess the serious challenges are what you've been saying up here and -- and so that's been discussed and been very permeated through the organization for quite some time; is that true?

MR. MCELROY: That is true.

MS. BROSCH: And so can you tell me how often the board is engaging in the implementation and execution of the strategic plan, changing it? I mean, how -- how often are these challenges coming up in the board discussions?

MR. MCELROY: Through the Chair to Council Member Brosche, Council President Brosche, generally annually there's a discussion of these -- the high and low trends both in terms of developing a five-year outlook, which then -- which is done in the fall and then rolls into the budget process. And in that we have conversations with the Finance and Audit
Committee, which is then forwarded out to the whole board, on assumptions and trends that will incorporate in our financial plan.

MS. BROSCHÉ: Okay. So we've been getting kind of this dire straits sense of the utility, of JEA. Is -- is it different today in this -- what we're hearing at this time than it was in 2013 when you were conducting these meetings and trying to gather input and get everybody on board with understanding these challenges and how the organization was going to respond?

MR. MCELROY: Through the Chair, I believe we probably were at the -- at the forefront of the industry in terms of starting to include lower forecasts. I believe the rest of the industry now has caught up to us after continuing to have a number of years of falling short.

So when we recognized as part of that process in the material that we provided, there was a section there in terms of -- the process we went through was called confronting realities. And sort of confronting realities was looking at a scan of really the markets, technology, evolving processes across --
MS. BROSCHÉ: Well, Mr. Chairman, I still have more questions, so I'm going to put it down, and in the process that's going, I hope that we'll be able to circle back at some point.

MR. CRESCIMBENI: Thank you, Council President Brosche.

Vice President Bowman.

MR. BOWMAN: Thank you, through the Chair, Mr. McElroy, thank you for being here. I'm sorry, I know we put you under a loss of stress this last week, and we're glad to have you here.

I have three questions, and I'm going to stop you if we don't get to the end so I can leave the questions with you, but the first is kind of a rhetorical maybe or maybe you've got some comments on it, if the industry is in decline, why it is such an attractive target to potential buyers?

MR. MCELROY: Well, I think it's -- I think sales to an extent are the -- this was indicated over the last five years and projected forward, to be relatively flat and certainly low-- -- substantially lower than what
historically we've seen in the market.

I think the -- as we look forward, some of the -- the threats that we've talked about, you know, others might be able to execute more freely strategies that turn those threats into opportunities. And so, for example, natural gas, expanding natural gas, we tried that a number of years ago and were not successful, but maybe -- maybe there's time to sort of think about that at this point in time.

MR. BOWMAN: Okay. I'm going to think more about that and probably will follow up at some time.

So our sales are stagnant, as you earlier said. Are we alone in the industry or is that the trend that's being seen nationwide?

MR. McELROY: That's the nationwide trend. And I think Councilman Gulliford had -- had pointed to the EIA, which is the Federal Energy Information Administration, and they track everything to do with energy, project out, forecast out -- out to the '40s and '50s in terms of a -- for future look, and they are looking at, you know, sub 1.78 percent for growth. It's risen a little bit in the last
year or two, but it's still way off where it
had been.

MR. BOWMAN: Okay. My final question, a
little bit on the process that you used for the
new Revenue Task Force, and maybe if you did --
if you did it, I apologize, I missed it, was
that an internal exercise or did you bring in
an industry expert to -- to maybe identify some
areas that other utilities have gone after? Or
I guess really where I'm going with that is is,
you feel comfortable that's an extensive list
of what's reasonable for you to be able to
possibly do?

MR. MCELROY: And I think two -- two
questions. One, we had some external advice in
terms of the strategic plan and its development
and then implementation for the -- the first
couple of years, and now we run that --
[coughing and phone ringing]. So I think they
helped us guide this discussion and ensured
that we had access to the right external
resources.

I wouldn't focus just on this one
document. In the rest of the information we
gave you, we gave you large spreadsheets, so
there's probably 30 or 40 other ideas in those.

MR. BOWMAN: Okay. You and I have met

MR. MCELROY: Yes, sir.

MR. BOWMAN: Thank you.

MR. CRESCIMBENI: Thank you, Mr. Bowman.

Councilman Hazouri.

MR. HAZOURI: Thank you, Mr. Chairman.

Just to piggyback that -- that Councilman

Dennis brought up, have you done a response --

I know we did a response to you, the auditor --

the Council Auditor. Were you or have you done

a response to his report to us as a result of

your -- [sneezing]? Do you have a response to

it or will you have one for us? I'm trying to

get fundamental details as we move along.

We've got some great questions that have been

asked here. I would like to get a response to

what that Council Auditor did in responding to

y'all, if you can do that, if you haven't done

that already. I don't think -- I think Kyle

told me he hasn't gotten anything from y'all

one way or the other about that. So your

response to his response is all I'm asking for

as an action item. Can you do that?
MR. CRESCIMBENI: I'll list this is an action item, Mr. Hazouri, but we're on the revenue side and the decline, so that's --

MR. HAZOURI: Well -- and I know -- and just --

MR. CRESCIMBENI: You want a response to the --

MR. HAZOURI: Yes.

MR. CRESCIMBENI: -- a response not just to the revenue?

MR. HAZOURI: Correct.

MR. CRESCIMBENI: So I'll add that as an action item.

MR. HAZOURI: All right. Well, let me -- and let me finish. Can you do that, did you answer that? Yes?

MR. MCELROY: Through the Chair --

MR. HAZOURI: Is that difficult to answer?

MR. MCELROY: Well, I think that, you know, the PFM report, they issued a report that is -- provides their analysis, and their look at the information, they presented that. And the Council Auditor did a great job in looking at the information and presenting their view.

MR. HAZOURI: That's my point.
MR. MCCELROY: I don't -- and I'm struggling with JEA taking a role in trying to reconcile those or differences and --

MR. HAZOURI: But you did hire them --

MR. MCCELROY: Yes.

MR. HAZOURI: -- to make recommendations and to give an analysis on both the pros and the cons, and that's what they were responding to.

MR. MCCELROY: Yes.

MR. HAZOURI: Just help me with that, okay, if we went -- because I just --

MR. CRESCIMBENI: How about we do this, Mr. Hazouri, how about if we ask Mr. McElroy to re-review the Council Auditor's report --

MR. HAZOURI: Correct.

MR. CRESCIMBENI: -- and if he has any -- Mr. -- if he thinks there's any discrepancies in there that he doesn't agree with --

MR. HAZOURI: Right.

MR. CRESCIMBENI: -- he just brings those to us. Because I think you sent out an e-mail today, right, to Earned [phonetic] and you talk about many of the things. I think you just pasted a lot of the Council Auditor's report
here about giving and volunteerism and -- you
know, so I'm assuming you agree with those
points, right?

MR. MCELROY: Yes. To the Chair, I --

MR. CRESCIMBENI: Can you just review
this -- review the Council Auditor's report,
and if you think there's anything in there
that's not correct or not --

MR. HAZOURI: That's all I'm asking for,
Mr. Chair.

MR. CRESCIMBENI: -- just respond back to
us?

MR. MCELROY: Yes. Through the Chair,
just to set expectations, though, we don't -- I
don't think we're going to find anything in
conflict. There's probably a couple of numbers
that we can -- we can reconcile --

MR. CRESCIMBENI: All right.

MR. MCELROY: -- and then bring --

MR. CRESCIMBENI: All right. You just
want to work with the Council Auditor?

MR. MCELROY: Absolutely.

MR. CRESCIMBENI: I'm sure he'll be more
than happy to correct his report if you point
out something that he didn't get right.
MR. MCELROY: That -- yeah.

MR. CRESCIMBENI: Let's do that, then.

All right.

MR. HAZOURI: Can I finish?

MR. CRESCIMBENI: You are finished.

MR. HAZOURI: Well --

MR. CRESCIMBENI: Do you have a question about revenue?

MR. HAZOURI: Everybody I talk about, anybody here that talks, Mr. Chairman, is about revenue and about the future of the JEA. So I don't think there's anything on your list --

MR. CRESCIMBENI: Well, take a --

MR. HAZOURI: -- that doesn't address revenue or debt service or anything --

MR. CRESCIMBENI: I'd like to get through the agenda, Mr. Hazouri. I mean, I don't have a problem with you asking a question, but I've asked everybody else to put off their general questions until we got through the agenda so that --

MR. HAZOURI: I understand that. And --

MR. CRESCIMBENI: I'm trying to be fair. That's all I want to be.

MR. HAZOURI: Okay. But Mr. Dennis opened
the door.

MR. CRESCIMBENI: I want to be fair with you and I need to provide those same liberties to everybody else.

MR. HAZOURI: And I respect that, but Mr. Dennis opened the door.

MR. CRESCIMBENI: Do you have any additional questions about --

MR. HAZOURI: I'm going to forget it by the time you finish with it. Yeah, I do. I just had one more question --

MR. CRESCIMBENI: Go ahead and ask it.

MR. HAZOURI: -- to ask.

Look at Tampa Electric as you look at revenues. I don't know what their history is, but I know the paper refers to them all the time as being sold, and I would like to be able -- and even though it's a private utility -- that's the difference between our public utility, if you can come back with me and tell me how that compares -- if it's a much less support to Jacksonville to value, but how that compares in revenues and anticipated deficits of our decline in revenue versus their sale and what we're looking at today.
In other words, give me an example of how -- why they were able to sell their utility as a private utility. What did they have compared to ours that would make it attractive to them as a private utility versus a public utility and why -- therefore, I want to know why we should be looking to sell, and I want to be able to compare that to -- Tampa Electric can do that, since you're involved in all these electric companies. Can you handle that?

MR. MCELROY: I think we can do a reconciliation.

MR. HAZOURI: I really appreciate you being here. I'm not trying to go after anything. I just need some fundamental questions answered so I'll have a common denominator.

The next question I wanted to ask, I'll ask it later, is, basically if y'all are going to pursue studying this issue as we move along. As we're doing our work --

MR. CRESCIMBENI: Mr. Hazouri --

MR. HAZOURI: -- are y'all going to go out and do this?

MR. CRESCIMBENI: Mr. Hazouri --
MR. HAZOURI: I wanted to get my question in. Thank you.

MR. CRESCIMBENI: Mr. Clements, did you get that last question that -- I didn't -- did you get that as an action item?

MR. CLEMENTS: Yes.

MR. CRESCIMBENI: Make sure you get with me after the meeting so I can record that.

Mr. Love, you're next.

MR. LOVE: Thank you, Mr. Chairman.

Through the Chair to Mr. McElroy, will the growth of our city and the growth of electric vehicles help mitigate some of the losses of the electric revenues? The growth of our city, do we have -- don't we have a high potential of growth in Jacksonville?

MR. MCELROY: The answer that -- there are two yeses to that. The growth of the city, we are growing. There are more meters in our -- we're growing 2 percent per year, and that is incremental sales, and that's a good thing.

And electric vehicles, to the extent that their adoption and the adoption rates steps up and comes even remotely close to the trend line, maybe not in the short run, in the first
decade --

MR. LOVE: That's right.

MR. MCELROY: -- but going out beyond, not -- in the year 10 through 20 with the adoption rates that are forecasted, there would be absolutely additional sales.

MR. LOVE: Sure.

MR. MCELROY: And the key there would to manage those sales so they happened at the right time, so they would be charged overnight.

MR. LOVE: Got you.

MR. MCELROY: And then I think the third point on that in terms of potential opportunity, and I know -- I know on the -- we don't like to say the words, but if, and we got to look at positive and negative risk here, but if there is climate change and if there are higher temperatures, there will be more cooling oil.

MR. LOVE: All right. And then what about the dark fiber, that's going to add to revenue; is that correct? Aren't you bringing us something that will --

MR. MCELROY: We're going to try to, yes, sir.
MR. LOVE: And that's going to help the revenue too.
And also we have a lower-than-average price in the state of Florida; is that correct?
MR. MCELROY: Yes.
MR. LOVE: Will that help bring businesses to -- to Jacksonville? Industries would rather come to a lower -- a lower -- where it's lower utility cost?
MR. MCELROY: Absolutely. Absolutely.
MR. LOVE: I think that I -- thank you.
MR. CRESCIMBENI: All right. Thank you, Mr. Love.
Councilman Reggie Brown.
MR. BROWN: Thank you.
Through the Chair, JEA's -- let me rephrase it, JEA's strategic plan to offset recent declining revenue trends as it pertains to older communities that's without infrastructure, if you could describe the impact that it would have on the revenue stream that we currently have by adding infrastructure into older communities as well as would it be cheaper for us to move towards gas and solar in older communities to not have such a decline in
impact?

MR. MCELROY: Through the Chair, I think there are two questions there in terms of expanding services to parts of our community that don't have those services. We -- we at JEA have continued to try to help to be part of that solution.

The historic challenge for our community is the capital costs. And if you look at just JEA alone and the JEA ratepayer, we are -- the capital costs for that expansion, the economics get challenged, but if there's a more broad-based investment of the community by -- on behalf of the full community investing in those areas, then you do get a positive cash flow from the expansion.

Natural gas is very expensive to expand, but it -- that would have to be a long-term play and a long-term investment on behalf of the community, and there -- there probably are opportunities.

MR. BROWN: Thank you, sir.

MR. CRESCIMBENI: Thank you, Mr. Brown.

Councilwoman Boyer.

MS. BOYER: Thank you. Through the Chair
to Mr. McElroy, thank you for being here. And my apology to the Committee if this was asked previously since I wasn't here, but we received a copy -- an e-mail copy of -- kind of reference to some documents that JEA filed on the Public Service Commission, which included projections in water sales, projections in electric sales, and I believe that was filed in 2017. And that has a different growth rate and a different projection than the handout that was delivered to us by Mr. Pope two weeks ago or four weeks ago at the meeting. And --

MR. CRESCIMBENI: Ms. Boyer, you're not going to believe this, but guess what --

MR. HAZOURI: He got you.

MR. CRESCIMBENI: -- that question --

yeah, there may have been some ambiguity in the answers, so if you want to make another --

MS. BOYER: I want to understand the difference between the two because I'm very troubled by the fact that there are differing projections filed with the Committees.

MR. CRESCIMBENI: In fact, there was some unclarity in my opinion with those answers.

What we've asked them to do is come back and
give us five-year projections -- revenue
projections on each component of the business,
including water, electric, wastewater, timber,
black fiber, everything. So -- but if you have
a question, go ahead, because that --

MS. BOYER: I'm simply asking for a
reconciliation of the discrepancy on electric
growth and reconciliation of the discrepancy on
water sales growth between the charts that were
handed to us and the charts that were filed
with the Public Service Commission.

MR. CRESCIMBENI: Mr. McElroy.

MR. MCELROY: Through the Chair, the very
short answer is those are -- those are
long-term system planning -- State planning
requirement calculations versus -- and for
sufficient capacity and resource allocation at
the State level.

We -- we do internal forecasts for
financial purposes and for investment purposes
that are tighter than those.

MS. BOYER: So what you're saying is your
internal forecast is more conservative and
projects less growth than what you filed with
the Public Service Commission that they use
kind of as their statewide rate analysis, and
all the rest of it you are assuming more growth
with what you file with them?

MR. MCELROY: There is a different --
yeah, there's a different calculation in terms
of producing those -- those --

MS. BOYER: And which would you say is
closer to reality?

MR. MCELROY: I would say the history
would say that the financial projections have
mirrored reality more than -- the lower
projections mirror reality more than the PSC.

MS. BOYER: And the document that is filed
with the PSC, I presume, is based on some
standards that they promulgate about what
you're supposed to include in the calculation?

MR. MCELROY: Yes.

MS. BOYER: So we can determine what the
formula is that they require from all utilities
and compare it?

MR. MCELROY: Yes.

MR. CRESCIMBENI: Thank you, Councilwoman
Morgan -- I'm sorry, Councilwoman Boyer.

Councilwoman Morgan is next.

MS. MORGAN: Thank you so much.
Through the Chair to Mr. McElroy, thank you so much for joining us today. We do appreciate all of your information that you have provided to us.

One of the questions that I had been asking as far as JEA versus other utility companies is the fact that we are non profit. So because we are non profit and we still have to look for revenue to run our -- our utility, because you are non profit, how is JEA able to use grants to help increase revenue and -- and work toward a more -- I guess you would say to work toward being more efficient?

MR. MCELROY: Through the Chair, in the utility sector, there are -- there are some grants. There are not as many grants as one might find in, say, the urban transportation or even the port, the airport. Those are -- a lot of Federal grants and dollars associated with that.

In terms of -- we do look at that, or we do look at the State level. We exercise those when possible, and it's just really rolled back.

I think if you look historically in the
water and wastewater business, there is a
tremendous amount of grant money, and this goes
way back into the -- into the '70s and early
'80s when the clean water plant came out of the
Federal government. There was enormous amount
of money, and that has all dried up in terms of
money available to the communities for those --
that utility.

Electric utilities, a lot of the money
coming out of D.C. is granted in the form of
tax exemptions and tax credits and
depreciation. We can't beat ourselves up about
it.

I would say one of the most interesting
one now with the State that we're working with
is -- we have -- we have a grant with the Water
Management District to work on a water
purification project, and that is -- that is
moving essentially our wastewater to drinking
water standards. It seems to be very positive
signs and results there, which will help
sustain really water in our system.

MS. MORGAN: And through the Chair again,
Mr. McElroy, for me, as I'm looking at what you
have presented to us with the JEA new Revenue
Task Force, I -- I still would like to know overall what kind of grants JEA has gotten over the past few years just to see where you are and what else is out there that we may be able to access and -- especially when it comes to the older neighborhoods, is there money out there for grants for older neighborhoods.

Thank you.

MR. MCELROY: Absolutely. We'll look at that. We analyze the grants that we've had over the past five years and then give you a -- provide at least a current scan of what we have that might be available. And really in this case, any assistance that we can have from any of the Council Members from your knowledge and in the community and any of the -- you know, the administration, anyone in our community, anybody that's listening that can give us some guidance towards grants to certainly focus in those areas would be helpful.

MR. CRESCIMBENI: Thank you, Ms. Morgan.

Do municipals have any more advantage, competitive advantage, for procuring grants than IOUs or is it -- are IOUs allowed to pursue grants, or how does that work, do you
know?

    MR. MCELROY: I think certainly if we look at the water/sewer business, then we -- the municipals would have more opportunity.

    On the electric side, a lot of the Federal money has been in the form of tax credits, which we can't avail ourselves to directly.

    MR. CRESCIMBENI: All right.

    MR. DENNIS: Point of order. Chairman --

    MR. CRESCIMBENI: Mr. Dennis, yes.

    MR. DENNIS: -- in the next round of questioning, can I ask your consideration on when he's answering stopping the clock, because it seems as though he's dragging out the questions. And I know I'm getting a little antsy over here, I don't want to be disrespectful and rude and tell the speaker to stop, you know, and let me get to my next question. So if -- you know, for your consideration, stop the clock while he's answering questions, because I --

    MR. CRESCIMBENI: Mr. -- we'll be certainly willing to try that and see if that will work.

    MR. DENNIS: All right.
MR. CRESCIMBENI: Anybody have a problem with that?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: All right. Mr. McElroy, I think that completes all the people on queue for the strategic plan to offset recent declining revenue trend, so would you like to move on to the next item, a five-year review of JEA philanthropic giving and volunteerism?

MR. MCELROY: We have in the packet that was passed out, it's a small spreadsheet with two -- two columns and rows, I guess two sections there. It's entitled Employee Volunteer and [unintelligible] Activities.

On the subject of philanthropic giving, the charter prevents us from any direct contribution of funds to -- to charities, and so all of our activities in terms of giving are done on a voluntary basis. We have an active voluntary program for all of our employees. We think that that provides us with an opportunity to outreach and be closer to the community. We get good conversation from the community and we get good information, and really helps us in terms of our involvement and becoming part of
the fabric of the community.

So the first chart shows all -- the number of employees, of our 2,000 employees that volunteered, given -- giving the year there. So when we look at '16 and '17, we were almost approaching half of our employees have availed themselves of a day of giving. And these are to really any of the non-profits that we have around town.

The second one is the Ambassador Program, and that's a program that is really where we have people volunteer time, and this is the -- mostly weekends and evenings. These are community neighborhood association meetings. These are community associations and clubs that avail themselves of one of our ambassadors to come and speak on behalf of JEA, to share the services that we have so the customers can understand really the access to what we have, how to understand the bill, how they can save on their bill, and how they can use our services more efficiently.

And so in terms of -- in terms of the community, and I can give you the detail there, we do have two programs that on a utility-wide
basis that we support not directly in any way, but we have company-wide programs for the United Way on an annual basis and community-held charities. And those are two things that go back over 20 years that we've done on an annual basis. Our employees are giving in nature. We raise in excess of $300,000 in direct contribution and [unintelligible] and almost $100,000 for community health services, again, through -- most of that through payroll deduction.

MR. CRESCIMBENI: Thank you, Mr. McElroy. This is a step in the right direction, this attachment, but it's grossly well below the detail I was anticipating, so I'm going to restate what the Committee was looking for. We were looking for -- well, first, let me ask you this question, let's take -- this was year '17, for example. The 913 employees that you said volunteer, are those unique employees? The 913 individual employees of JEA volunteer for some sort of activity, those are all unique individuals?

MR. MCELROY: Yes.

MR. CRESCIMBENI: Some of them may have
volunteered for more than one event or project?

MR. MCELROY: It's by the employee level, and they may have -- they may have volunteered for, you know --

MR. CRESCIMBENI: And likewise, for the Ambassador Program at Y '17, those are 343 unique individuals?

MR. MCELROY: Yes.

MR. CRESCIMBENI: With regard to volunteerism, I think what the Committee was looking for was not only number of employees but total hours, because that's really -- if you read the PFM report, the PFM report said anybody considering selling a utility, a municipal utility, ought to think about or spend a lot of time evaluating the value of volunteerism, and maybe philanthropic was the wrong word used in the charge, but the giving of that organization. So for the time being, let's just focus on volunteerism. What I'm going to be looking for is the total number of hours and maybe a list of projects each year that employees participated on.

Now, I understand if you're a JEA employee, you're given some -- are they
allowed -- you can give them some comp time or
something to volunteer every year?

MR. MCELROY: Yes.

MR. CRESCIMBENI: Okay. And how much comp
time are they allowed --

MR. MCELROY: Eight hours, eight hours a
year.

MR. CRESCIMBENI: Eight hours a year. So
in the list -- or in your report, I think not
only would I be interested in the eight hours,
but my understanding is some employees donate
their time, they forfeit a salary --

MR. MCELROY: Yes.

MR. CRESCIMBENI: -- to continue
volunteering. Maybe they do one project in
April and they'll do another one in September
at their expense, and I don't want to know
their expense, you have a way to capture the
totality of the volunteerism as opposed to just
what's -- what you're giving comp time for?

MR. MCELROY: I believe we do. Well, to
be more specific, yes, we can. I may have to
look and measure how much time it will take to
get running.

MR. CRESCIMBENI: That's what I think the
Committee was looking for, was a totality picture of volunteerism. This is a start. 913, almost half of the employees at JEA, have taken at least one day out of the year to participate in a project, but I need a little bit more information about how deep does that go in term of hours and how many -- how many -- because if it's -- if it's more than 913 times 8, I'll know that people have done double duty, right, they've done more than one project at their own expense.

MR. MCELROY: I -- I can --

MR. CRESCIMBENI: And, now, with regard to the giving side, the PFM report, not all -- you don't recall that section in the report. I will certainly highlight that and send it to you. I think what we're looking for with that is, has JEA ever sponsored a City event like World of Nations or the Jazz Festival or -- I mean, I see your logo on a variety of things that go on around Jacksonville. I'm assuming that's including some sort of financial contribution to that activity.

Now, the Council Auditor gave us a list last week of some figure items, $20 million for
parkland, $53 million for service to trade
Cecil Field for -- what now? Cecil Commerce
Center, so -- but I want to drill all the way
down to, you know, if you donated to a Girl
Scott troop or you sponsored this event or
River Run or whatever. All that's a -- that's
value that I think this Committee needs to
consider. And in the absence of those numbers,
I'm shooting in the dark. So is that something
you could provide?

MR. MCELROY: Absolutely. There's a
spreadsheet that -- we have that, and we'll
just bring it up to the -- to this level.

MR. CRESCIMBENI: Okay. At the next
meeting.

MR. MCELROY: Yes, sir. It's in the
packet March 22nd, and we had highlighted
that --

MR. CRESCIMBENI: Well, I have not looked
at your flash drive, I apologize.

Councilman Love, a question.

MR. LOVE: Thank you. Through the Chair,
Mr. McElroy, you also do a neighbor to
neighbor; is that correct?

MR. MCELROY: That is correct.
MR. LOVE: But that money is not yours, but you provide this service, you provide the conduit for people that give to JEA so they can give the folks that may have some trouble paying their bills to JEA; is that correct?

MR. MCELROY: That is correct.

MR. LOVE: Very good. So that's -- do a lot of other municipalities do that, do other utilities do that that you know of, or did you steal it from somebody or are you the only one that does that?

MR. MCELROY: I don't know. I'll have to find out. I'll get you --

MR. LOVE: That's okay. Thank you.

MR. CRESCIMBENI: Does any IOUs do that?

MR. MCELROY: I don't know. I will -- I'll find out.

MR. CRESCIMBENI: Okay. Councilwoman Morgan.

MS. MORGAN: Yes. Thank you so much.

Actually I was going to point out what we just pointed out as far as the sponsorships are concerned, they are here. One of the things I don't see is -- I guess I can total it up myself, but I didn't see a total for each year
from '13, '14, '15, '16, '17, and, you know, up to '18, the total amount, through the Chair to Mr. McElroy, of what that was. That -- you know, that would have probably been significant for what -- what JEA employees are actually doing in the community. And, you know, it's very -- it's diverse, so it does mean a lot. So if you would, you know, I love totals.

MR. MCELROY: We will do it. Thank you.

MR. CRESCIMBENI: Thank you, Councilwoman Morgan.

Councilman Gulliford.

MR. GULLIFORD: To the Chair, while you were asking that question, I looked up on Florida Power & Light's web page, and they have something called Care To Share that's made possible by the generosity of the FP&L employee shareholders and caring customers found in 1994, the program, it's individual to the families who are experiencing temporary financial difficulty such as sudden illness, unexpected unemployment, or another emergency or personal crisis to keep their lights on when they need it the most.

I suspect that if you check with other
utilities, who are very much interested -- and I'm talking about investor owned, that are very much interested on the very impact in the community, that they do contribute and do give back, but it might have interesting to expand to others in the state and the see if they do similar-type things.

Through the Chair to Mr. McElroy, the -- the reference you made to the charter, the restriction going to the contribution, is there -- I'm not familiar with it, I heard a little bit about it, but I'm not familiar with the specifics. Specifically it precludes contributions to non profits, does it allow a contribution directly to the City to -- for charitable or arts or any other philanthropic type of investment or contribution? In other words, can the City be a conduit to the JEA for something like that or is that -- is that challenged by the charter also?

MR. MCELROY: I have to get the legal counsel to look at that. It sounds uncomfortable, but I'd have to pull --

MR. GULLIFORD: Well, it depends on who you are as to whether it's uncomfortable. It
may be uncomfortable for you. I don't think it would be uncomfortable for me one bit if we could get you to contribute through the City as a conduit. So it just struck me as being somewhat interesting. I guess Ms. Brooks can investigate that --

MR. MCELROY: Absolutely. I'll put that on the list.

MR. GULLIFORD: Thank you.

MR. CRESCIMBENI: Thank you, Mr. Gulliford.

Mr. McElroy, are -- is the United Way giving in the -- on this -- on the flash drive that you gave us?

MR. MCELROY: Yes, sir.

MR. CRESCIMBENI: All right. Councilman Becton.

MR. BECTON: Thank you. Through the Chair. This has to do with the flash drive. So I heard you at the very beginning talk about 42,000 pages that -- is that what makes up this flash drive?

MR. MCELROY: Yes, sir.

MR. BECTON: All right. Is there a table of contents to summarize what you're giving us
on this flash drive?

MR. MCELROY: Yes.

MR. BECTON: Could y'all point out what document that is, please, because I haven't seen it. In looking at the flash drive, that's --

MR. CRESCIMBENI: You want to hand that one off, Mr. McElroy --

MR. MCELROY: Yes.

MR. CRESCIMBENI: -- to Ms. Brooks?

MS. BROOKS: Thank you. Through the Chair, Jody Brooks again, Office of General Counsel, Chief Legal Officer of JEA. The disk is only -- there's not a table of contents for it. It's broken up into three different parts. The three different parts are the three different subcategories in the subpoena, so you'll see a 1, 2, and 3, 1A, 1B, I think 2A, 2B. Those are references to the notebooks of physical copies over here, but there's not an actual table of contents, per se, it's just those three different categories.

MR. BECTON: Okay. Could y'all go back and put together a summation so that we could understand what's in this 42,000 pages?
MS. BROOKS: And it's -- I'm sorry to correct you on the number, but it's 22-, not --

MR. BECTON: Okay. We'll correct the record, 22,000. Thank you. Okay. A lot --

MS. BROOKS: I don't want you to open it up, and, oh, we don't have that many documents.

MR. BECTON: We'll just say a lot.

MS. BROOKS: A lot of documents.

MR. BECTON: So -- but y'all could be helpful in allowing us to know by a one-pager what's in there if we want to reference -- just like we didn't know this grid was in there. And when it comes to grid type of data that you're supplying us, would you provide that in a spreadsheet so -- to the point that Council Member Morgan made, that it didn't total things, that we don't have to go back and just ask you to total it, if it's a type of spreadsheet report that we can just do those things ourselves if you're not answering the question. But anything in the grid, if it's possible, try to quantify that in a spreadsheet type of format rather than just hand it in to us in a pdf, which can be manipulated. Is that possible?
MR. MCELROY: Through the Chair to Councilman Becton, we'll -- we'll make a rule change -- not a rule change, but we'll make it a practice now to total any bit of information we give you.

MR. BECTON: But it would even be -- give us more flexibility if that was actually put in a spreadsheet. It is a spreadsheet of sorts that's been dumped to a pdf. So it just would be more helpful even further because you may not anticipate everything that we want to do with the information, for which we don't have to sit here and ask you every little, you know, thing to do.

So any data -- so two things, table of contents, please, that just kind of highlights what we're looking at, because I saw the first number -- the binder number 1 actually had 1,077 pages in it. And it would be helpful to know what's in that 1,077 at a glance. Can we do that too as well?

MR. MCELROY: Yes.

MR. BECTON: Thank you, sir.

MR. CRESCIMBENI: Councilman Dennis.

MR. DENNIS: Through the Chair to
Mr. McElroy, how long have you been CEO of JEA?

MR. MCELROY: Five and a half years.

MR. DENNIS: Five and a half years.

During that time of CEO, were you at the helm when the -- when the utility acquired other utilities such as water, other electric companies and things like that?

MR. MCELROY: I was not CEO when JEA acquired the water utilities.

MR. DENNIS: Okay. So were you involved in the process, in the acquisition of those other utilities?

MR. MCELROY: When I -- when I first joined the company, JEA was in the process of integrating United Water into its system, United Water, Incorporated, and I -- I had, I'll say, involvement in that, but not direct responsibility with that.

MR. DENNIS: And so your position was CFO at that time, correct?

MR. MCELROY: I think the title was different, but it had the financial reporting and treasury responsibility.

MR. DENNIS: So -- so here's the question, so part of the giving and volunteering, did
you-all take into account in acquiring United Water how much volunteering and community work that utility did in that community in buying or was it straight dollars and cents? How did the utility come to the decision to -- to buy United Water?

MR. MCELROY: The -- the acquisition was completed when I joined the utility and it was in the process of bringing the accounts over and melding the two operations. That's why I got involved. So in terms of the decision to acquire, what went into that, I wasn't there.

MR. DENNIS: So through the Chair, were those employees kept on or were they let go? Were they -- I mean, what exactly happened through that process of the acquisition?

MR. MCELROY: To the best of my recollection, at the time of the United Water acquisition, some companies -- some employees were -- were absorbed and became JEA employees, some employees stayed employees of United Water and were contracted to JEA for a period of time, that worked exclusively for -- on JEA assets. There may have been some that -- that were no longer, I don't know.
The two big groups were JEA employees, became JEA employees, and the second group were under contract, exclusive contract to perform work for JEA on JEA assets. That contract was subsequently terminated about eight years into the ten-year contract and they became JEA employees.

MR. DENNIS: So through the Chair, so those contract workers became JEA employees, so therefore they were able to start volunteering and doing things in the community under the JEA umbrella?

MR. MCELROY: Yes. I mean, I'm not sure what they would have done prior to that, but as part of the JEA employee population, they certainly were included in all of the programs and benefits and futures of being a JEA employee.

MR. DENNIS: So through the Chair to Mr. McElroy, so if JEA were to pursue another utility, such as Clay Electric, if it came on the market or it became a great business decision to buy that utility to increase revenue, would you take into account the impact volunteering, the philanthropic work that --
that Clay Electric is doing in Clay County as a
factor in -- you know, in acquisition?

MR. MCELROY: Councilman, that would be
speculation on my behalf. I -- and really a
personal opinion at this point. I'm sort of a
little uncomfortable with that. We don't have
the -- we don't have any Clay Electric
conversations going on or anything like that,
so I don't know how to answer that question.

MR. DENNIS: All right. So last question
through the Chair, so do you think that the
volunteering and the civic work the employees
of JEA, that they're doing today, do you think
it makes a difference to getting companies that
may want to acquire or have interest in JEA?
Do you think that's a factor -- having
indicated that's a factor?

MR. MCELROY: Well, I -- I -- through the
Chair, I never indicated it would be a factor
in anyone else's mind. I can tell you it's a
factor in mine as CEO.

Have more employees, and if we go back to
the day I was hired in this job, to have -- we
had to focus on customers being more
competitive, that's my original -- original
problem. We had to get our people to become woven into the fabric of Jacksonville. We had to be part of advancing our community, so to the extent that we could do that through volunteer hours and volunteer activities that were team building and added value to JEA, then I embraced that and tried to promote that.

MR. DENNIS: This is my last question, Mr. McElroy, how do you think we could hold the private company to continue that civic, you know, culture if someone -- if a private company were to acquire JEA? And that's my last question.

MR. MCELROY: I think Councilman -- through the Chair, I think that's speculation. I know we did at JEA and I know -- I know JEA was a passion and so it was a sense of ownership in the community, we talked about that, so I can really speak to what happened here. How it might transfer and how someone else might do it, I really -- I really can't answer that. That's speculation.

MR. CRESCIMBENI: Thank you, Mr. Dennis. Mr. Ferraro just came on queue, but I'm going to ask you to hold on, Ms. Langford, and
we are going to have to take a break for our
court reporter, give the court reporter a break
time. So if -- we'll just recess for about ten
minutes so that she can regain the feeling in
her fingers and stretch her legs, and we'll
reconvene and be back in ten minutes.

(Recess from 3:37 p.m. to 3:46 p.m.)

MR. CRESCIMBENI: All right. If everyone
would please take their seats. We're going to
reconvene the meeting.

All right. Thank you. We'll reconvene
the Special Committee on the potential sale of
JEA.

Mr. Ferraro, you were on the queue for
questions.

MR. FERRARO: Thank you, Mr. Chairman.

Thank you, Mr. McElroy, for being here. I
was interested in some of the numbers that we
had, and will the St. Johns Power Park be
decommissioned with FP&L, are these people
being included into these numbers?

MR. MCELROY: In -- I'm sorry, through the
Chair, which numbers are you referring?

MR. FERRARO: Any of the numbers for the
volunteers, or getting into actually a couple
of things. I was interested in the revenue, because I know that -- the decommissioning of the power park, I didn't know if the costs are from part of the decommissioning, the selling of the machinery parts and things like that, so I didn't know if any of this is being into this other group now that's being discussed.

MR. MCELROY: So through the Chair, there's roughly 1,950 JEA employees. There were approximately 206 or 10 SJRPP employees, so when we say almost 2,000 employees, that's all from them.

When we look at these numbers, I'll have to go back and look at that. I would say that there might be a few SJRPP employees in some of these volunteer activities, but we'll clarify that.

MR. FERRARO: Okay. Being that you're going to be looking into that, I know that you spent time, Jordan and I did, about the decommissioning, and I would be interested in knowing how the employees -- because we were talking about the employees were actually going to be placed. Some of them went to work and some of them were going to be retrained. I
would like to know how that -- that has been
working out. But what I'd also like to know is
if any of the costs, if that's -- if that's
being pushed against the revenues or that's
being on -- something that has to do with a
one-time cycle, if that's going to be included
with us.

MR. MCELROY: We can -- through the Chair,
we can -- that might be a separate item to just
sort of -- because I have a fairly compact
presentation on the set of slides on the SJRPP
decision, and maybe we can bring that and that
might answer some of those questions.

MR. FERRARO: Okay. Thank you very much.

Thank you, Mr. Chairman.

MR. CRESCIMBENI: Thank you, Mr. Ferraro.

Mr. McElroy, a couple of additional
questions, I don't have anybody else left on
the queue, but does JEA work with local
charities like Lutheran Services or Catholic
Charities? Do you solicit them to participate
in funding a program that helps people pay
their bill and up JEA's revenues? Is that
something that you're actively out -- going out
and trying to recruit people who will help you
do that or do they come to you?

MR. MCELROY: It's -- it's a little bit of both, but in the last couple of years, it's been JEA outreach.

MR. CRESCIMBENI: Okay. Is the value of that on the flash drive?

MR. MCELROY: I don't -- I don't believe so.

MR. CRESCIMBENI: Do you know what the value of that might be on an annual basis?

MR. MCELROY: I don't know that we could -- I don't know of the top of my head, but we have those numbers.

MR. CRESCIMBENI: Okay. So that would probably be -- that's part of what we're looking for, anything like that, sponsoring World of Nations, soliciting millions of dollars to help people pay their electric bill, helping the City accomplish tasks by helping underwrite costs. Those are all things that are occurring that may not necessarily occur with an IOU but certainly aren't part of the electric business, this is all going beyond providing service and wastewater, water, or electric that we're doing. When you -- we want
to capture that value.

MR. MCELROY: Okay.

MR. CRESCIMBENI: Now -- and you also -- how would you describe JEA's programs with regard to extended payments? I know you have all kinds of payment plans. How would you compare JEA's cooperation to help customers pay their bill or extension of payments, et cetera, how would you compare JEA's practices in that arena to other municipals and other IOUs in the state and then you can tell us where --

MR. MCELROY: The general direction of those activities is to benchmark and then to do more, whatever that might be, longer payment terms, longer times to pay, more flexibility. And I -- I think one program that others may have taken on with the prepaid meter program, we have a pretty large program in the community. I'd have to go ahead and benchmark that. I know that we're a lead in the state when we implemented to customers, and that's a pretty big deal. So we'll capture that as well.

MR. CRESCIMBENI: Is there any costs to that? I mean, you're ultimately getting all
your revenue that you're looking for, right?

MR. MCELROY: Correct. Correct.

MR. CRESCIMBENI: So how would you
describe what we're doing, what JEA is doing
compared to other major utilities in the state
of Florida? Are we average? Are we above
average?

MR. MCELROY: Above average in terms of --
in terms of billing payments, in terms of
service offered.

MR. CRESCIMBENI: Would you say we're
better than any -- everybody else that's our
size --

MR. MCELROY: Yes.

MR. CRESCIMBENI: -- or bigger?

MR. MCELROY: Yes. Our size, yes. I'd
have to go ahead and benchmark the other -- the
other --

MR. CRESCIMBENI: All right. And one line
of questions, what was the last project that
you volunteered on this period?

MR. MCELROY: I did a -- it was a scary --
[phonetic] scary Habijax. I did 90 --

MR. CRESCIMBENI: Well, the next volunteer
project you participate in, give me a call,
I'll come and join you, okay?

MR. MCELROY: Thank you.

MR. CRESCIMBENI: All right. I'll donate my eight hours.

All right. Moving on in the agenda, Mr. McElroy, let's go to the cost of damage that JEA infrastructure sustained from the two hurricanes and talk to us a little bit about whether JEA -- we've already learned that JEA -- or municipal utilities have the ability to apply for FEMA reimbursements, whereas IOUs do not have that ability to apply for FEMA reimbursement. Talk to us a little bit about the cost of replacing infrastructure both for inventory and for services to replace that infrastructure and what FEMA reimbursements you either received or anticipate receiving.

MR. MCELROY: Well, we have -- in the summary document, the one page titled Storm Cost Recovery Impacts On Customers, it's a PowerPoint, it's a political shading. I think the -- in terms of storm preparedness and recovery, it's really been helpful to be part of a consolidated governmental and have our emergency operations center located just two
blocks away from the City and the County. But it is preparation ensuring that we've got sufficient materials and supplies and inventories before a storm, ensuring that we get the proper agreements in place to bring in additional crews to help us with the restoration and ensuring that our teams are at maximum, I guess, preparedness, both physically and mentally to go through the grueling work of recovery.

Our teams do an unbelievable job, and that's the entire process from -- from the water and sewer folks to the electric distribution transmission folks to our leaders in the community, and you'll see it.

Generally we have to do an advance in terms of the cost side to ensure that we've got some type of insurance in place. And on our distribution assets, we have insurance placed on our plant assets, and have for many years, but this is a recent requirement of FEMA, and we put that in place a couple of years ago for -- [coughing], and it was helpful. That shows the -- and that's sort of the first loss goes against there and the secondary loss is -- FEMA
picks up for both the State and the -- I think the Federal funding. Most of that comes from Federal.

We have applications, and this chart indicates there, for approximately 15.2 million for Irma and 12.8 million for Matthew. I believe we expect to -- this is 87 and a half percent, because I think we've got -- so it will be a slight 10 percent haircut -- 12 and a half percent haircut that we will absorb, the rest to be covered by insurance.

From an investor-owned perspective, generally the carrier reserves to fund operations during that period of time and then they accumulate the costs of -- of their storm recovery, they categorize those and advance the costs recovery to the Public Service Commission. The service commission will authorize the utility to charge their customers for storm recovery costs over some period of time, and it acts as a -- essentially an additional charge on the bill for -- I think the State of Florida has up to four years, is the maximum recovery period.

That's really the difference in the
MR. CRESCIMBENI: Thank you. Can you just describe what an eligible storm cost is just generally.

MR. MCELROY: An eligible storm cost, the first phase in terms of eligibility is really the removal of storm debris. And we sort of -- the city experiences a lot of that with their activities of removal. We have the same in terms of the electric system, categorized some costs for removal of debris, removal of trees, et cetera, to be able to get at the infrastructure to repair it. And so that's one -- one step in terms of the cost.

The next category is just, then, the replacement. Then depending upon the types, take a transformer, if we get a brand new transformer, I have to replace it with a brand new one, and we'll probably get full reimbursement. If we got that transformer that's 40 -- or 39 years old, 40-year life, then when we replace it, there will be some offset there due to the age of the equipment. And so that's sort of the storm industry.

And in that there's categorization in
terms of just labor components, fleet costs to
reimburse. They're a pretty com-- pretty
specific menu of items and costs that I feel
we'll recover.

So the number one -- almost the number one
thing we do before and -- not during the storm,
during the storm is safety, but the second
behind safety is to track our costs and to
capture all of our costs so we can then both
document those for reimbursement and prove them
and stand up to the several [unintelligible]
that we got to go through before whether or not
we get reimbursed.

MR. CRESCIMBENI: So does your -- when you
bring in partner utilities to come and help us
replace the 40-year-old transformer or
33-year-old, does that meld into the cost?

MR. MCELROY: Yes, it is. There are
standard schedules and agreements before we
bring somebody in, and we've got contracts in
place with them. And we--

MR. CRESCIMBENI: That's for labor costs
and housing and meals and such?

MR. MCELROY: Yeah. Yes, labor costs, and
fleet costs. So we'll reimburse the visiting
utility for their labor cost. We do -- we provide housing and fuel -- food and fuel and materials, and it's transportation to and from. So --

MR. CRESCIMBENI: And would you concur, I think the Council Auditor told us at our last meeting that investor-owned utilities can go to the Public Service Commission and get a storm recovery fee authorized and it goes on the billing, he had some examples listed here. But if an investor-owned utility had, let's say, every county up and down the west coast of Florida, and a hurricane occurred in the last county, the bottomless fee -- the storm recovery fee would be applied to all customers all the way up and down their territory, correct?

MR. MCELROY: I believe that's accurate, sir.

MR. CRESCIMBENI: Thank you.

Questions? Councilman Becton.

MR. BECTON: Thank you. Through the Chair, Mr. McElroy, so I asked the auditors this question in the last meeting, and they may be coming with an answer, but I wanted to ask
you what your thoughts are on this as well, so
in a private utility situation, these
storm-related costs are usually, from our
understanding, added to -- as an additional
charge to their residence bills, is that your
experience?

MR. MCELROY: Through the Chair, I think
that's what I just answered to the Chair, yes,
if --

MR. BECTON: Just re- -- just resaid,
okay.

So my question to the auditors were, you
know, we see a lot of rate comparisons across
the state, across the nation. Where does JEA
relate to that rate comparison? Is it your
experience that when they do those rate
comparisons that this surcharge is included in
those -- in those comparable rates for which
JEA is being compared to?

MR. MCELROY: Through the Chair, you've
identified the mystique of rate comparison
within the utility industry, so we try to -- we
try to clarify as best we can and get to
utility charges before fees and add-on, and
then look at that base utility charge.
MR. BECTON: So the answer is no?

MR. MCELROY: The answer is maybe, but the problem -- and I will say that there's no particular practice from utility from utility. So you really need to -- you really need to look at the analysis. When we look at that, we try to get in a comparison base charges, customer charge, fuel charge, that's the utility charge. Then what we look at, we look at storm, environmental, we can look at gross receipts, public service, 6 percent, the difference -- the differential franchise fees are, we try to normalize those as the best we can on a comparison. So it's a yellow light of caution when we look at comparing utility to utility. We would be glad to take the charge on any one of those and make sure that we've got, you know, an apples-to-apples comparison.

MR. BECTON: But at the end of the day, that is a charge to the ratepayer, and if they have a storm every year, they could have surcharges from here to -- I think I look at my auto insurance bill and look at state storm charges, I'm not sure that's gone away yet in terms of us subsidizing -- you know,
subsidizing if -- wherever a storm hits in Florida. And so -- so what I heard you say is in all likelihood, that rate is not included in a kind of base rate comparison; is that correct?

MR. MCELROY: It would not be in a base rate. It would be identified -- broken out.

MR. BECTON: But when we see a chart -- I mean when we see a rate comparison, we don't usually see it broken out, we usually see JEA ranks number X on a -- on a chart from one to X or, you know, one to pound in terms of -- so in that situation, I'm trying to find out, is that a -- typically a base rate comparison?

MR. MCELROY: I would have to look at -- we're going to have to be more specific with the community --

MR. BECTON: I understand. I'll have to show you one thing. I'm asking your -- from what you usually see in the industry, you usually get compared to.

MR. MCELROY: Yes.

MR. BECTON: Do you usually look at that and go, oh, that's just a base rate comparison?

MR. MCELROY: Yeah, we would -- generally
it would be -- I think to your point, that is a
cost being incurred and passed on, and so for
that period of time with the charges in place,
you might add that storm fee to compare to
watts.

MR. BECTON: I would add it to their
comparison. I'm asking, is that typically the
practice within these comparisons, to add that?

MR. MCELROY: And I'd have to look at each
one. We've got -- we've got the Public Service
Commission and we've got FEMA within -- I think
there's been three different methodologies --

MR. BECTON: Okay. I'll tell you what, as
an action item --

MR. MCELROY: Yes.

MR. BECTON: -- go and look -- go give
me --

MR. MCELROY: Yes.

MR. BECTON: -- the latest comparisons of
those -- those -- what you just named and tell
me yes, this is included -- this included it,
no, this didn't, yes. And I want to come in --
I want to come back and hear none of them
included or all of them included or this did
and this one didn't.
MR. MCELROY: Got it.

MR. BECTON: Maybe that will help us get to the answer.

MR. MCELROY: Got it.

MR. BECTON: Thank you.

MR. CRESCIMBENI: Councilman Hazouri.

MR. HAZOURI: Thank you, Mr. Chairman.

I'll be kinder and gentler.

Going back -- I may have missed an answer or maybe you didn't address -- Mr. McElroy, what -- how much have we received from FEMA for those last two hurricanes, if you know offhand, and how much is still due us to your knowledge? What may qualify --

MR. MCELROY: Yeah, at this point in time, we really -- the best to my knowledge, we haven't received anything yet, and so --

MR. HAZOURI: From both of them?

MR. MCELROY: For both of them. So the sum here, 27, 28 million -- 28 million is outstanding.

MR. HAZOURI: That will be for the total, and we still got hurricane season coming. And I was remembering -- I guess it was in the Auditor's report and in ours, so -- and maybe
you were addressing it to an extent, with FEMA, if we were owned by a private utility, if JEA was sold to a private utility, we would get no FEMA funds, correct -- is that correct or no? If it was a private utility, that we would get -- yes or no?

MR. MCELROY: For storm -- storm-related aggregate, that's correct.

MR. HAZOURI: That's right, I'm on storm related. So they would not get any money from FEMA, but if FEMA were to pay -- how would they -- there was something in one -- in that little -- I guess what you handed out to us.

If South Florida was to receive FEMA dollars or dollars from the private utility, say, Florida Power & Light, for just -- for any agency that I can think of, if they were getting work -- getting repairs done by Florida Power & Light, owned by Florida Power & Light in South Florida, is that rate going to be spread across -- do you think, across the state, with any company, do they have any residents and ratepayers that are under the auspices of Florida Power?

In other words, Florida Power rates up...
in --

    MR. MCELROY: Yes.

    MR. HAZOURI: -- Miami, will we have to absorb --

    MR. CRESCIMBENI: Mr. Hazouri --

    MR. HAZOURI: -- under FEMA?

    MR. CRESCIMBENI: Mr. McElroy already answered that question, and he agreed that any storm surcharge that's approved by PSC or investor-owned facilities -- by the way, as he said, investor-owned utilities are not entitled to FEMA reimbursements, so they're -- any storm repairs and damages out of pocket for their ratepayers or their investors, they can go to PSC storm charge levied, and if the damage happened in Broward County and they have customers in Leon County, everybody pays --

    MR. HAZOURI: That's what I'm asking. I'd appreciate it if you didn't have to answer it. I was just asking him anyway. Thank you, Mr. Chairman.

    MR. CRESCIMBENI: Councilwoman Brosche.

    MS. BROSCHIE: Thank you, Mr. Chairman.

    So picking up, Mr. McElroy, on the questioning that Councilman Becton started to
ask about rates and including the charge that
you were referring to in terms of storm, and
I've gotten so many papers at so many meetings,
and I really don't know who gave this to us or
what, but we have a residential bill comparison
January 2018, I do try to -- I don't even begin
to think that you can see exactly what that is,
and then we have a lowest to highest rate
residential bill comparison, January 2018, and
then we have this chart comparison of
residential electric rates compiled by the
Florida Municipal Electric Association, Inc.,

And so -- and -- and they do these
comparisons, and it says "base rate" in paren,
"includes customer charge." So is that what
you're -- is that what you're referring to when
it's -- we don't know what that is.

MR. MCELROY: Well, through the Chair, I
believe that that is the -- the base customer
charge, and there's a -- it's not the customer
charge for storm recovery. So --

MS. BROSCH: Okay. And so you're saying
that it's inconsistent -- this is consistent --

MR. MCELROY: That is con- -- that is
through the FEMA, Florida Municipal Electric Association, and they do that, I think, almost monthly updating. And Chairman Crescimbeni actually distributed that in the first meeting. I thought there was a good [unintelligible].

MS. BROSCHÉ: And so -- but the inconsistency is whether or not utilities include the storm recovery charge?

MR. MCELROY: Yes, we have to look at that closely, yes.

MS. BROSCHÉ: And so if somebody produced a commercial that said our rates are 30 percent less, I guess they're disclosing, then, the basis of that calculation, and we don't know if that includes storm recovery or not or excludes it and should include it. I guess if somebody says that, then you're saying that there are a lot of different rate comparisons and there are lots of different components to the rates, and so it would really have to -- you have to dig deeper to understand exactly how somebody's even making that assertion?

MR. MCELROY: Yes, to be clear, I'm not challenging the 30 percent, but I'm just stating that understanding rate comparisons is
a challenge and has been a challenge.

MS. BROSCHE: A science basically.

MR. MCELROY: Yes.

MS. BROSCHE: Thank you, Mr. McElroy.

Thank you, Mr. Chairman.

MR. CRESCIMBENI: Thank you, Council President Brosche.

Mr. McElroy, I have no one else in the queue. Let me ask two final questions. You talked about earlier in previous presentation about where JEA, where in your mind you thought they were one of the best people that worked with customers maying their bills, et cetera. Where do you think we are with regard to response to major wind events like hurricanes, how do you think we compare to other municipal or investor-owned utilities in the state of Florida, average, below average, above average? Are we the best that's out there?

MR. MCELROY: I would say we're right at the top. I would say we're right at the top.

MR. CRESCIMBENI: But nobody's doing it better than we are?

MR. MCELROY: I think we're -- when you look among -- the state of Florida does a very
good job. Some do it better than others. We're in the category of those who do it better. And I just -- for one moment here. I haven't done it. It's not because of me, it's because of them.

MR. CRESCIMBENI: We all get that, Mr. McElroy.

Let me ask you the second question. How do we prioritize the restoration of our JEA? So we have a storm event, a hurricane, we have half or more of our customers out of service, let's say on the electric side, what's the prioritization method of return -- restoring power? I hear, you know, post -- I hear in our conference calls -- those four conference calls internally the Council were on the news programs, there's like a priority list that we operate with. Can you just briefly outline that?

MR. MCELROY: Yes. And I -- by this caveat, I might be off, you know, one place in the list here or the other, but in order of priority, we look at public safety and public health first and foremost. We've got to get government and police and fire operating first
and foremost. That establishes society, the
ruins of society. We then immediately
transition into, and almost simultaneously,
health care. Major health facilities follow up
very quickly. And this is all in a matter of
the first 12 hours when the winds die down and
we've got clarity to be out --

MR. CRESCIMBENI: It's safe enough to put
people back out?

MR. MCELROY: Yes.

MR. CRESCIMBENI: What's your definition
of health, Mr. McElroy?

MR. MCELROY: Well, initially they're the
large facilities and then the secondary
facilities. So large -- the big, large
hospitals, the five or six large hospitals, and
then the secondary ones are the major -- the
secondary healthcare recovery, the nursing
homes, not the small ones, but the larger --
larger homes that we have.

We did identify, and I believe that this
is -- and we've done a lot of work, and the
City's been a terrific help in this in terms
of -- there's almost a tertiary, the third
healthcare facilities that have evolved almost
as health care has evolved, and those were the ones that we got to during the storm recovery the last one, but that was outside of our -- outside of our plan. There are a lot of homes that have five to eight to ten people that are residing there that have critical healthcare needs, so we're working through how we prioritize. So health care.

And then right there is schools, you know. Certainly shelters is up above that, but then schools because you figure education -- we're getting education back in, you start to get society back working again, it's starting to get the economy back up. And education also is diversity among the community, so you put all the schools back in, a lot of the population centers back in as well. And then --

MR. CRESCIMBENI: I'm sorry.

MR. MCELROY: -- the third is the big commercial areas, and then we start to get to the residential and -- in service.

MR. CRESCIMBENI: And was that priority list, is that something that you determine internally or is that a joint effort between JEA and our emergency operations center and the
City? Who comes up with that priority list?

MR. MCELROY: It's -- it's -- it's -- with the -- with the emergency operation center of the city, it's -- JEA's probably the -- sort of the driver for that, but it's in concert with, you know, City.

MR. CRESCIMBENI: I ran across some interesting articles in the Sun Sentinel that was actually on Valentine's Day, and I clipped it, I didn't think I would be using it, but I'm going to distribute to my colleagues today. It's about the incident that happened with a nursing home --

MR. MCELROY: Yes.

MR. CRESCIMBENI: -- in South Florida. And I would encourage -- this is, you know, six months, four months -- five months after the fact, but I encourage my colleagues to read this article. It's very interesting on complete breakdown of communication between the home and the -- and the investor-owned utility that services that market, and it's a telltale -- it's a telltale picture into where you might end up in a big, big utility in terms of priority. This was a nursing home. I think
there were a lot of fatalities in that facility.

Thank you, Mr. McElroy. We have one initial --

MR. MCELROY: To the Chair. Mr. Chair.

MR. CRESCIMBENI: Yes.

MR. MCELROY: May I just one point, I would say that from JEA and EOC -- maybe add some clarity to here. We're the only EOC and utility in the state that does joint exercises. And we've got a nationally recognized individual, Steve Woodard, of Abronskis [phonetic], he's not really aware of anybody else in the country that does that. So we -- we work together in that.

MR. CRESCIMBENI: Well, thank you for doing that because I think the -- I think it shows when we're in a situation where it's not an exercise and it's real --

MR. MCELROY: Yes.

MR. CRESCIMBENI: -- I think that everybody recognizes that. So congratulations on that.

Mr. Dennis.

MR. DENNIS: Through the Chair, I do have
a question. It doesn't have anything to do with -- with the hurricane restoration, but it does have to do with infrastructure as a whole and dollars. So I don't know if this is appropriate or wait until after --

MR. CRESCIMBENI: Let's wait.

MR. DENNIS: Okay. And, Mr. McElroy, you plan on staying to the end?

MR. MCELROY: Yes.

MR. CRESCIMBENI: He only gets -- if he leaves early, he only gets credit for one visit. If he wants to get two visits, he has to stay till the end.

MR. DENNIS: So I just want to make sure. So through the Chair to Mr. McElroy, you're going to stay till the end and answer additional questions?

MR. MCELROY: Yes.

MR. CRESCIMBENI: All right. Thank you, Mr. Dennis.

Councilman Reggie Brown.

MR. BROWN: Yes. So, Mr. Chairman, after looking at this -- I'm very familiar with the South Florida issue.

What plans -- through the Chair to
Mr. McElroy, if we were to sell, what plan would you offer to this Council, the City of Jacksonville, to avoid a situation like this?

MR. MCELROY: I -- in terms of -- through the Chair, in terms of any terms and conditions of a potential sale, I -- I think that's sort of speculative at this point in time, and I --

MR. BROWN: No, it's okay to be speculative. I'm fine there. This is an actual situation and this is a fact finding, and I'm just trying to make sure that we don't have a situation that pertains to --

MR. CRESCIMBENI: Well, I think what we heard is that in the JEA's priority list, it's government, police and fire, it's major health facilities, and then it's the next level of health facilities, and then it's the next level of health facilities. So I think that's built into the JEA plan, and that's why this article is not about a local occurrence, it's about somebody else. So I think we're dealing with that appropriately. I just wanted the board to have that.

MR. BROWN: Yes, we're dealing with it appropriately, but understanding that we're the
fact finding and make sure that -- I'm just wondering what alternatives could have been, and as the CEO for City of Jacksonville, JEA, I just would like for him to give recommendations that could have a -- you know, once you release your powers, if you will, if we were to sell, I just want to know --

MR. CRESCIMBENI: Well, you're asking Mr. McElroy if JEA were sold to an investor-owned utility, what could we do to --

MR. BROWN: Yes, his recommendations.

MR. CRESCIMBENI: -- ensure that it doesn't happen here?

MR. BROWN: Right.

MR. CRESCIMBENI: Do you have any advice on that?

MR. McELROY: Through the Chair, I would say that we have documented practices that we have built up over a period of time, and we would avail those to the Council and those that might be engaged with some third party and build expectations in along those lines.

MR. BROWN: But it's not binding, is what my understanding was. If we were to -- as it pertains to a hurricane, it wouldn't be a
binding commitment from that individual or company.

MR. CRESCIMBENI: Can you answer whether we can bind the company to perform that certain --

MR. MCELROY: I can't -- I can't --

MR. BROWN: All right. Thank you, sir.

MR. CRESCIMBENI: Would you like -- would you like Legal to come back with an answer on that?

MR. BROWN: Yes, that would be fine. Thank you, Mr. Chairman.

MR. CRESCIMBENI: Council President Brosche.

MS. BROSCHIE: Thank you, Mr. Chairman. Through the Chair to Mr. McElroy, picking up on something that you shared in terms of us being the only utility that has joint EOC operations, do you have a sense of why that's the case? You said we were the only one in Florida, is that what you said?

MR. MCELROY: Yes. And I believe that Mr. Woodard had said it, it's a unique practice in his experience, and his experience is nationally, so --
MS. BROSCHÉ: And his experience is national, and so -- but you don't have the sense of why that's the case?

MR. MCELROY: No, other than we're right next door to one another, and certainly it's helpful.

MS. BROSCHÉ: Probably -- probably could go on to that partnership list that we've been putting together. So thank you very much.

MR. CRESCEMBENI: Thank you, Councilwoman Brosche.

Thank you, Mr. McElroy, if you'll just hang around. You mentioned earlier that you were a member of an organization that began with Edison. What was the name of that organization?

MR. MCELROY: The Association of Edison Illuminating Companies.

MR. CRESCEMBENI: Of Illuminating --

MR. MCELROY: And it was started by Thomas Edison. It's probably 138 -- I said 138. It's 139. And for history buffs, it's fascinating reading. We've got all of the minutes of all of the meetings up online. That's just kind of fun for a history buff to go back and look at.
what was being said in the late 1800s and 1900s.

MR. CRESCIMBENI: All right. Thank you, Mr. McElroy. Have a seat, take -- relax for a few minutes, and we're going to move on. We may come back.

MR. MCELROY: Thank you.

MR. CRESCIMBENI: Thank you.

MR. MCELROY: Thank you.

MR. CRESCIMBENI: All right. Moving forward, we're going to have -- by the way, anybody from the audience, I failed to mention this at the beginning of the meeting, we have blue speaker cards. We're going to -- we're going to allot a time period. Time allowed will be dependent on how many cards we get in. If you wish to address the Committee, please fill out the blue speaker card and drop it in the basket up front so we know how many cards are going to be submitted. We ask that you go ahead and fill it out and drop it in the box.

All right. Mr. Billy, we're moving on to reports from the Council Auditor. We've got a few things on page 2 that are action items from a previous meeting. I'd like to first revisit
this question of the Council meeting.
Unfortunately the person that asked for it is not here.

Mr. Hazouri, if you're still around, we're going to revisit the school property tax from an investor-owned utility.

Mr. Billy, can you address that, please.

MR. BILLY: Yes. Mr. Peterson is handing out a couple of pages.

I think there was a question, because in our report, we had stated that if JEA was sold to a private utility, that the school board would not see a benefit on the operating side, the operating revenues, only on the capital side. We estimated a gain of about $80 million a year. And so there was a question as to -- about that, as it's a pretty complex formula. We have not handed out the formula, although I'm happy to e-mail that to you-all if you want to see it.

What we decided to put together and hand out was just the official response from the Florida Department of Education. Understand the way this starts off is one of my auditors are involved and they have a conversation with...
their counterpart in the Florida Department of Education, and then they say, well, in the --
can I put that down in writing and send it back
to you to make sure that I have understood you
correctly when we had this conversation.
Eventually we said, well, can we get something
more official, and so they -- that's when that
person said, no, I need to run this up to my
boss. And so this is an official response,
it's the first page of what Mr. Peterson just
handed out.

Now, what this is saying, there are
three -- I guess three millages that the School
Board receives, two for operating and one for
capital. So on the operating side, you got the
required local effort millage and the
discretionary local effort millage. And on the
capital side, the local capital improved
millage, come down to about the third paragraph
where they explain that the plumbing --
plumbing or the Florida Education Finance
Program includes both State and local revenue
sources, and the portion not covered by the
required local effort is provided by State
funds. An increase in the required local
effort revenue resulting from an increase in the tax roll would not necessarily increase the district's total Florida Education Finance Program allocation and would likely be offset by the decrease in State funds.

Further, in the next paragraph they talk about the discretionary millage compression supplement. This formula is really something. It's -- but they're comparing you to other school districts in the state, and it's not just how much money, it's how many students do you have, what -- how much is your budget spending, and all these different factors, and if you were below the average, then you get State money to bring you up to the average. Now, once you go above the average, you can keep the extra.

And so they -- they say that Duval County School District currently receives this allocation, which is the extra State -- the supplement, because the DLV, which is the discretionary local effort, revenue is less than the state average on a per-student basis. So all else being equal, the increase in DLV revenue related to an increase in school
taxable value would cause an equivalent
decrease in the .748 discretionary millage
compression supplement. So they're just saying
we get more on the local side from that
millage, then we get less of the State
supplement, and that is the case until you get
to that state average.

And then the third part is on the capital
side, the third leg is capital. And that one
we do get to keep, that's the one and a half
mill calculation that generated an extra
$80 million for the School Board.

Now, an additional question was, well, how
much -- since JEA is worth -- I think on the
report -- or it's on the tax rolls assessment,
about 5.6 billion. Well, how much would the
tax rolls have to go up in order to see a
benefit to the School Board on the operating
side? And so we asked the State, and the State
came back and said, this is on the second page
of the handout, based on the 2018/19 projected
school taxable value, the projected student
enrollment, Duval County will continue to
receive a compression supplement, which means
we're not up to the average yet, unless the
school taxable value increased by approximately $25 billion or more. And so the 5.6 from JEA would not get us there. And so -- again, we have to -- according to them, all else being equal, you have to get an additional 25 million in assessed value before it makes a difference and it starts the additional operating revenue. So I know it's very confusing, but we just wanted to provide this additional documentation.

MR. CRESCIMBENI: All right. So, Mr. Billy, just to summarize, then, what you're saying is that -- what was your projected ad valorem tax for an IOU in our last meeting, do you remember?

MR. BILLY: Yes, we used 60 million as a good round number.

MR. CRESCIMBENI: For the School Board?

MR. BILLY: Oh, no. That's --

MR. CRESCIMBENI: I'm talking about the school system now. What was that number?

MR. BILLY: We're talking -- now I'm confused. We said the School Board would get an additional 8 million in capital.

MR. CRESCIMBENI: In capital, but we're
going to collect an ad valorem for schools, are we not? No? And it's going to be offset by the -- what was that number?

MR. BILLY: Okay. I think we're talking about 26 million -- 26,714,758 if you refer to the numbers in our attachment to our report.

MR. CRESCIMBENI: So that's -- that's -- that was based on 5 billion, you said?

MR. BILLY: 5.6 billion.

MR. CRESCIMBENI: So we have to have five times that before we can see a surplus in revenue going to the school system, correct?

MR. BILLY: Yes.

MR. CRESCIMBENI: Almost five times.

All right. Does everybody understand that? So even though -- because we're -- I guess we're a shortage, we're being subsidized by the State of Florida essentially, and in order for us to break out of that, we would have to get revenue not from $5 billion worth of additional ad valorem, but 25 billion. So anything less than 25-, it's going to be a wash. Anything that comes in is going to be taken away by the State and we're not going to have any forward progress on that revenue,
correct?

MR. BILLY: Yes. If we -- either they would -- you know, the State would lower what they give us --

MR. CRESCIMBENI: To offset.

MR. BILLY: -- to offset what are -- or they would require the School Board to lower their millage to generate less or some combination.

MR. CRESCIMBENI: Thank you for doing that again. That was a question that was asked by a member who is not with us at the moment. I fully regret that they weren't here to hear the answer, but maybe you can work with them individually to help them understand the mechanics of that formula.

Mr. Anderson.

MR. ANDERSON: Mr. President, just want to confirm, then. So coming up with the $60 million, did you use the extension value of 5.6 billion? That's where you came up with that $60 million?

MR. CRESCIMBENI: 60 million's on the City side.

MR. ANDERSON: Yeah. I just want to make
sure it's --

MR. BILLY: Through the Chair to
Councilman Anderson, yes, sir.

MR. CRESCIMBENI: Okay.

MR. ANDERSON: Okay.

MR. CRESCIMBENI: Any other questions on
this topic?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: Moving in order,
Mr. Billy, go to page 2, comparison -- we asked
at the last meeting to -- for you to do a
comparison of the JEA contribution adjusted
for CPI over the life of the comparison -- of
the values of the contributions made on the
electric and water side, realizing that the
water side has a much shorter life than the
electric side. I think we have a document
that's out for that. That's attachment 1 that
Ms. Evans will be distributing.

You need some help, Ms. Evans?

MS. EVANS: Yes.

MR. CRESCIMBENI: The question we asked at
the last meeting was contributions that started
back in the mid '70s for electric and
contributions that started in the late '90s for
water. Those have gone up over the years. The electric contribution, I think last year was $92 million and last year was 23 million for water. And the question was how do those compare to Consumer Price Index over those same -- that same period of time those contributions had been made. Are we way ahead of the price index? Are we below the price index? Are we right there?

So, Mr. Billy, if you'll explain this report and where we are, please.

MR. BILLY: Through the Chair to the Committee, as Mr. Crescimbeni stated, the -- the initial year for the electric contribution was 1978 and '79 as presented on the previous schedule that we handed out, and then for water, the first full year of contribution was 1997/1998. Water had been acquired in midyear, and that was the first full year of contribution.

So those numbers were taken and applied to the CPI each year, and you'll see the calculation's just that number times the CPI increase to get to the next year's amount, and then that number increased by CPI year over
year to get to the end of 2016/17. And doing a
CPI adjustment for the electric contribution
would be at just over $89 million, where the
actual contribution was $92.2 million.

And then for water, it's a little bit
higher, the difference, the CPI contribution
calculation would equate to 14.3 million,
where the actual water contribution for '16/17
was 23.5 million.

MR. CRESCIMBENI: So contribution --
likely contribution when we factor in CPI for
electric is about 2.2 million ahead of CPI, is
that what you're saying, or 3.2 million?

MR. BILLY: No, I'm not --

MR. CRESCIMBENI: On electric?

MR. BILLY: Oh, yes, sir, for -- year over
year, not total -- these numbers are not total,
year over year. For '16/17, we would be
3.2 million ahead.

MR. CRESCIMBENI: Right.

MR. BILLY: Yes, sir.

MR. CRESCIMBENI: And then for water, it's
a little bit greater difference. It's -- what
is that? That's going to be about 7, 8 --
9 million ahead?
MR. BILLY: Almost 9 million, yes, sir.

MR. CRESCIMBENI: But cumulatively it's 12.5 million, correct?

MR. BILLY: That's correct.

MR. CRESCIMBENI: All right. And that is for every year on the chart, correct? That's the net cumulative up or down?

MR. BILLY: That's each year's difference.

MR. CRESCIMBENI: Oh, okay. All right. All right. Any questions on this?

Mr. Dennis.

MR. DENNIS: Since we're talking about numbers, I know -- I had a question earlier, in the very, very beginning. Mr. McElroy gave us some numbers that were a little confusing, and I -- we have the auditor's and they actually have what's the net cash flow or profit per year with the five years -- or seven years, 2010 and 2017, when JEA paid $40 billion over the debt service. So if it's appropriate, can they actually read the net cash flow each year from 2010, 2017 since we're talking about --

MR. CRESCIMBENI: Absolutely.

MR. DENNIS: -- dollars and cents?

MR. CRESCIMBENI: Who is -- Mr. Peterson?
MR. PETERSON: Yes, sir. The handout was presented with electric and water separated. I have combined it for this purposes.

So starting with fiscal year '10, the free cash flow was 258 million. In '11 it was 39 million. In '12 it was 16 million. In fiscal year '13, 22 million. In fiscal year '14, 115 million. In fiscal year '15, 214 million. In fiscal year '16, it was actually zero. And in '17, 105 million.

MR. DENNIS: Through the Chair, can you repeat that one more time? I didn't get all the numbers, if you can repeat that, Mr. --

MR. CRESCIMBENI: Mr. Peterson, would you repeat that, but maybe just a little bit slower.

MR. PETERSON: Sure. 258, 39 --

MR. CRESCIMBENI: 258 was fiscal year '10?


MR. DENNIS: So through the Chair to Mr. Peterson, so this is -- after all bills are paid, this is the -- the net cash flow. So
2010 is the only one that I didn't get, so can you repeat that, please.

MR. PETERSON: 258.

MR. DENNIS: 258. All right. Thank you so much.

MR. CRESCIMBENI: Thank you, Mr. Dennis.

Any other questions on this item?

Mr. Anderson.

MR. ANDERSON: Yeah. Thank you, Mr. Chairman.

Is this active contribution to the city?

MR. PETERSON: Through the Chair to Council Member Anderson, yes, sir.

MR. CRESCIMBENI: Anything else?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: All right. Next attachment, please. The next item we'll talk about is the calculation of JEA's 30 excess BMAP water quality credits. This conversation came up at our last meeting about whether or not we could assign a value to those, and I think Mr. Peterson will address this. He's giving us handouts.

MR. PETERSON: At the last meeting Council Member Anderson requested information on what
the actual value would be if the City had to go out and purchase these BMAP credits from the marketplace.

After discussions with Public Works and our Environmental Quality Division, it was determined that the number that's in the JEA agreement was somewhat of an agreed-upon number, that that might not actually be the actual marketplace number. Public Works was -- is working on but unaware of an actual value because credits are not purchased that often.

MR. CRESCIMBENI: Remind us what the number was that was agreed upon.

MR. PETERSON: 2 million -- it's in our report. Let me get there real quick. I'll get it for you.

But in our discussions with Public Works and Environmental Quality Division, we found out that the City actually has an RFP out right now to acquire 53 metric tons. This RFP is due back to the City for April 11th, so at that time we might have a good idea of what the cost of a credit would be.

MR. CRESCIMBENI: Okay. So we'll get the RFP back, we can just take the lowest bid and
divide it by 53 and multiple it by 30.34 and we should have a fair market value? Okay.

All right. Any questions on this?

MR. PETERSON: Mr. Chair, the exact number for the JEA 30 credits is $2,086,767 per year.

MR. CRESCIMBENI: 2,086,000 what?

MR. PETERSON: 767.

MR. CRESCIMBENI: And that's annually, correct?

MR. PETERSON: Yes, sir.

MR. CRESCIMBENI: And what was the term of that agreement?

MR. PETERSON: That gets us through December 31st, 2023.

MR. CRESCIMBENI: What was the length of term, do you remember on that? Eight years?

Seven years?

MR. PETERSON: The agreement -- I believe the agreement started October 1 of 2015, so that would be eight -- a little over eight years.

MR. CRESCIMBENI: Mr. Anderson.

MR. ANDERSON: Thank you. Really quick. So, Phillip, the -- so we're not actually paying JEA this amount, are we? I thought we
changed that.

MR. PETERSON: Through the Chair to Council Member Anderson, you're exactly correct. We had originally negotiated a deal where we would pay JEA. The new enter-local agreement stated that they would give us those credits.

MR. ANDERSON: So you're using this as a pricing for some value --

MR. PETERSON: Yes, sir, that's correct.

MR. ANDERSON: Thank you.

MR. CRESCIMBENI: Any other questions on this?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: All right.

Mr. Peterson, attachments 3, 4, and 5. You want me to help you pass those out?

MS. EVANS: I can pass them out.

MR. CRESCIMBENI: All right.

Mr. Peterson.

MR. PETERSON: Yes, sir. At the last meeting, information was requested related to JEA's spend in our local economy. And so Attachment 3 is a document provided by JEA that shows the spend in the five-county area with
the significant portion of it being in Duval County in, I believe, it's calendar year '11 through calendar year '17. And you can see that that number begins at 148.9 million in 2011 and then in 2017, 173.8 million. I believe that JEA derived this information by any invoice that had a ZIP code in the five-county area.

Turning over to Attachment 4, information was requested for JEA's JSEB participation. And you'll see they have provided it for the last 11 years. The minority/women-owned businesses, other JSEBs, and the total percentage of their available spend, their goal is 20 percent of their available spend, and the total exceeded that 20 percent for each of the years. You will see the total JSEB spend in a dollar amount.

And then the next column would be minority businesses and women-owned businesses that don't qualify as JSEBs to see the total JSEB and non-JSEB spends.

The chart below that is just from the information listed above. And then the chart at the bottom is kind of a -- it's a different
view of spending year over year.

And moving on to Attachment 5, another question was asked of the City JSEB's spend. The City's procurement department provided this information. This is for this fiscal yearend '16 and fiscal year '17. Awards to JSEBs, you'll see 20 million in fiscal year '16 and then 18.3 million in fiscal year '17.

And then the bottom portion of the chart is payments to JSEBs in fiscal year '17, and this -- this total of 32.4, almost 5 million, is greater than the award because some of those contracts carry over and the payment actually occurs in the following year, but they've broken it down by the owner of the business.

MR. CRESCIMBENI: So what would be the payment to JSEBs for JEA for the past few years? The last two numbers up top of page -- Attachment Number 4?

MR. PETERSON: The -- it would actually be the column that says JSEB spend. So in 2016, it's 9,982,869, plus the 13,364,793, so they got about 20- -- 23.3, 23.4 million.

MR. CRESCIMBENI: Compared to the city's 32.5?
MR. PETERSON: That's correct.

MR. CRESCIMBENI: All right. Any questions from the Committee members?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: I'd forgotten who had asked this question.

All right. Any questions on this?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: All right. Well, now we're at the point where if anybody has any general questions, we can certainly entertain those. I would like to have -- how many public speaker cards do we have?

MS. LOPEZ: Seven.

MR. CRESCIMBENI: Seven? Thank you.

We probably need to restrict that to the next 45 minutes and then we'll take up public comment. And if we conclude by the time -- before the end of our adjournment time, we can go back to general questions.

So does anybody have any general questions they want to ask about JEA since Mr. McElroy is here?

By the way, how many -- are you leaving those boxes with us, Ms. Brooks?
MS. BROOKS: Through the Chair, it may be better for us to take them back and create the table of contents with the physical copy, if you're okay with that.

MR. CRESCIMBENI: We're okay with that, because I would be afraid if we dropped one, then those --

MS. BROOKS: Thank you.

MR. CRESCIMBENI: Let's do that, and then we'll bring those back and those will come into the custody of Legislative Services.

MS. BROOKS: That will be great. Thank you.

MR. CRESCIMBENI: All right. General questions, Mr. Dennis.

MR. DENNIS: Through the Chair,

Mr. McElroy --

MR. MCELROY: Yes.

MR. DENNIS: Please start my clock over.

He wasn't at the podium.

Mr. McElroy, help me out, I met with someone yesterday and they wanted to talk about Plant Vogtle, so we need to take some time to talk about Plant Vogtle, JEA's interest and participation in it. Also, when we went into
that agreement, were you CEO at the time, and
the debt -- just, you know, no -- just I need
to understand what's going on with Plant
Vogtle.

MR. MCELROY: The easiest question --
through the Chair, the easiest question is that
I was not CEO at the time. The contract was
entered into in 2008, I believe. And so there
was a different CEO and probably three boards
ago different in terms of those that approved
that -- approved that contract.

I think -- if it please the Councilman and
maybe even the Chair, we will provide a two- or
three-page summary of the -- of the transaction
and all of the documents that were presented to
the Board, to the Council Members within the
next several business days. It's a very -- and
I'm not trying to beg off the question here,
but I really can't do it in this time. It was
a complex transaction that was done in a very
different time.

We were -- we had a -- through the State
of Florida, had executive orders for CO2
limitations through electric-generated
facilities, we had -- the Federal government
was moving in that direction, house -- house
legislation that was going to essentially shut
down SJRPP in the 2014 time frame if they had
been fully enacted. They missed by one vote in
the senate. And then came the clean power
plant, so we were really focused on CO2.

It's not a JEA exclusive decision. There
were nine major utilities in the Southeast that
signed up for similar technology and plants.
This one is the only one being -- that's going
through construction at Vogtle. One shut down
last year and others went through to the full
commercial licensing with the Nuclear
Regulatory Commission.

MR. DENNIS: I don't mean to cut you off.
So is Plant Vogtle shut, is it still under
construction?

MR. MCELROY: No, it's still moving
forward. It's a project and on path to -- to
produce --

MR. DENNIS: So let me -- so it's still in
construction. So let me ask this question, are
we the only utility on the hook for project
Vogtle at this point?

MR. MCELROY: No.
MR. DENNIS: So in your opinion, was --
Project Vogtle is a major liability for JEA
today?

MR. BEAN: Paul.

(Mr. Bean and Mr. McElroy confer.)

MR. MCELROY: I think the subject of that,
we could have both a -- securities filings and
potential litigation, so my answers would be --
would be pretty restricted in this format.
Again, I would like to offer up a comprehensive
view in a three-page document.

MR. DENNIS: Sure. So through the -- so
because we're one city, right, City Council,
basically JEA subsidiary, so -- you know, so
would you advise me not to talk about Plant
Vogtle? I mean, should that not be a
conversation out in the community? Because it
appears, you know, that there is some groups
trying to make that an issue for JEA. So can
you advise us being the head of a utility, you
know, what you think how we should move or how
should we speak as one force about Plant --
project -- Plant Vogtle --

MR. MCELROY: Yes. I think -- let us get
this document, and it will be sort of essential
background information that has been vetted through the disclosure and potential contract issues.

MR. CRESCIMBENI: Mr. Dennis, would you like just to have that received individually or would you like to have that at next week's meeting?

MR. DENNIS: I think it -- at next week's meeting. If you could have it in seven days, that would put us at next week's meeting.

MR. CRESCIMBENI: I assume this would be similar to what you presented at the board, the workshop a week or two ago, correct? You had free discussion about Plant Vogtle and the environment, things of that -- a decision was made with regard to coal pricing and --

MR. MCELROY: Correct. We would take -- it's basically capturing those thoughts and --

MR. CRESCIMBENI: Right.

MR. MCELROY: -- putting them in a --

MR. CRESCIMBENI: Let's do that. We'll schedule that as an action item for the next meeting.

MR. DENNIS: So let me ask this one last question about Plant Vogtle since I still have
some time, when Plant Vogtle comes online, would we be able to extract electricity from it and use it here in Jacksonville?

MR. MCELROY: Yes. Yes, absolutely.

Through the Chair to the -- really the Committee, it's interesting to look at the history of power that has moved from Georgia to Jacksonville, Florida, and it really dates back to 1982. And in that year, Jacksonville -- 30 percent of the electricity used in Jacksonville came from Georgia. In 1983, 60 percent was moved down. So we have had a series of agreements with the Southern Company. We owned a coal plant in Georgia. And on average, over the last -- since '82, if you look at it, about 22 percent or 23 percent of all electricity consumed on an annual basis in Jacksonville with JEA is generated in Georgia.

MR. DENNIS: I know I said it was my last question, but I do have some time, so I do want to exhaust all of my time.

MR. CRESCIMBENI: Use it.

MR. DENNIS: Through the Chair to Mr. McElroy --

MR. CRESCIMBENI: Mr. McElroy, this may
not be his last question.

MR. DENNIS: Well, you know, so -- so, you know, as we talk about Plant Vogtle -- and again, it's becoming a major topic in the various circles, what is our obligation financially with Plant Vogtle?

MR. MCELROY: The -- through the Chair, the -- Vogtle is a Purchase Power Agreement. We will -- once Plant Vogtle comes online, is commercially operating, we are required to purchase 206 megawatts of capacity energy and ancillary services. That's about 13 -- 12 or 13 percent of our electricity will come from that facility. It is carbon, CO2 neutral. There is no CO2 and it is part of the long-term and 10-year or 15-year plan for CO2 reduction and it allows us to achieve a 45 percent reduction in CO2 off of our [unintelligible].

MR. DENNIS: And through the Chair to Mr. McElroy, so --

MR. CRESCIMBENI: Go ahead.

MR. DENNIS: Well, I want to exhaust my time. So -- so will you be able to speak fully and vocally about Plant Vogtle when you're back next week? I saw that you were conversing
with --

MR. CRESCIMBENI: I don't think he'll be able to speak with regard to whether it's a liability. I think that any legal question you may have in that regard, you'll probably need to do a one-on-one with Mr. Gabriel. I would invite him to the meeting, but in the sunshine that would not be productive because it is a sensitive matter. I think there's some attorney/client conversations that need to be had on a one-on-one basis. I made that recommendation in the past, and I would encourage you take me up on that. Mr. Gabriel and I have talked about the exposure or liability the City or JEA may have with regard to that.

MR. DENNIS: Okay. So through the Chair, how much money has JEA invested in Plant Vogtle?

MR. MCELROY: We have -- we have spent over the last number of years approximately $40 million.

MR. DENNIS: 40 million?

MR. MCELROY: Yes.

MR. DENNIS: Is it safe to say that at the
end of the process, it will be about
94 million?

MR. MCELROY: I'd have to -- I can't -- I
can't comment on that. I'd have to look and
see and get back to you with the included --

MR. DENNIS: So -- and hopefully this is
my last question. How does Plant Vogtle relate
to the public in North Carolina with the
partnership with New Energy -- I'm sorry, South
Carolina, can you talk about that plant and
what happened up there?

MR. MCELROY: Through the Chair, I believe
that Councilman Dennis is talking about the
Santee Cooper and the standoff, nuclear
facility. That was a similar facility, similar
technology, and the parties in that plant
decided to shut the project down last summer.

MR. DENNIS: Were you able to handle that
-- or when it went into agreement, were you the
CEO into that agreement?

MR. MCELROY: Oh, can I get clarity,
Mr. Chairman, because I don't know what the
councilman is talking about.

MR. CRESCIMBENI: You didn't have any
involvement in Santee Cooper or --
MR. MCELROY: Absolutely not.

MR. CRESCIMBENI: -- because that's --

MR. DENNIS: I'm just making sure -- I'm just making sure that they didn't. I just want to know, you know, under his leadership, the decisions that remained before and how he's cleaned up or correct the ship since he's been CEO, and so I think --

MR. CRESCIMBENI: I think the scan on a Santee Cooper cooperative on, they were building two reactors, correct?

MR. MCELROY: They -- yes, yes.

MR. CRESCIMBENI: And I think they invested about 9 -- it was a multi-project, it was going to be an $11 billion project, as I recall. I think at the point they had 9 bill- -- 9 million invested, they thought they were only 40 percent complete, and the project may cost 25 billion, so they just said -- so it was a 40 percent constructed -- there's two 40 percent constructed nuclear reactors in South Carolina. The job was shut down. Those two utilities have 9 billion hard cash spent and there was nobody else to complete it, and it would require another
16 billion in operations.

I think one of those utilities just got acquired by Dominion Energy, did they not?

MR. MCELROY: There was a transaction announced, yes, sir, it was a scan.

MR. CRESCIMBENI: That's the investment-owned utility. And the other one, Santee Cooper, that's a public utility that's a State utility, correct?

MR. MCELROY: Correct.

MR. CRESCIMBENI: Like JEA, it's owned by the State.

MR. MCELROY: Correct.

MR. CRESCIMBENI: They have a huge territory. Don't they have -- there's like 20-some counties?

MR. MCELROY: Yes, they --

MR. CRESCIMBENI: All right. Council President Brosche, any more questions?

MS. BROSCH: Thank you, Mr. Chairman.

MR. CRESCIMBENI: Is this for Mr. McElroy?

MS. BROSCH: Mr. McElroy -- yes, it is.

Thank you.

So my first question is that at our February 14th meeting, you had offered that
Mr. Mace would be available to come back if we had any questions. And while I'm not sure yet if we do have follow-up questions for him, does that offer still stand?

MR. MCELROY: It does. And to potentially expedite, we could also do it in written form, if that would work for the Council as well, to bring questions and get -- and bring -- and we'll get a written record.

MS. BROSCHÉ: Okay. Thank you. So along those same lines, are you planning to attend these weekly meetings or are you doing so at the direction or the request of the Chair? I mean, you came and mentioned your expertise and that the expertise and our decision to move forward and the questions that we may have, you're a big part of helping us understand.

MR. MCELROY: I will plan to attend as many as I possibly can.

MS. BROSCHÉ: Sure.

MR. MCELROY: It's a good chunk of time.

MS. BROSCHÉ: Thank you. So at the March -- you know, a number of us had an opportunity to attend your board workshop on March 20th, and the Board Chairman kicked off
the meeting by sharing that that was the first
conversation that the JEA Board had regarding
the potential sale of JEA. Can you help me
understand how that can be.

     MR. MCELROY: I think the -- and just to
look back at the timeline of the board
meetings, there was some discussion to kick
this process off in the late November board
meeting. There was -- in the December board,
there was conversation about the Chairman's
direction to me as CEO to work with our team to
respond to the questions raised by -- by the --
at the November 28th meeting.

     So that's -- the question was teed up, we
took that charge, and we went down the path of
engaging PMF to provide the information
necessary for them to do their work.

     It did not come up for discussion with the
members in the January meeting. It appeared
late January where the PFM was signaling that
they thought they could bring this in for a
landing for our February meeting, and that's
when we began to -- began to sort of think
about putting a workshop together for our
board, and it transpired in terms of it being
released early. And the February 14th meeting occurred, they were here at that time. They did not discuss it among themselves. Really the -- this last meeting is the first time that they were together as a group in order to discuss it.

MS. BROSCHÉ: So is it customary for the Board Chair to direct the spending of funds and actions that -- that you should take without the involvement of the other Board members?

MR. MCELROY: I'd say that the -- certainly no, but the December 12th meeting, the record shows that the Chair clearly indicated to the Board in his report with the action taken. And at that point in time we had not engaged with respect to any money, so there was -- there was probably time to at least challenge that if someone -- one of the other Board members wanted to, and it did not come up.

MS. BROSCHÉ: So there no vote to engage PFM or to move forward with that process as a Board?

MR. MCELROY: That is correct.

MS. BROSCHÉ: And -- so how often does
that happen, where there's no vote on actions that you're directed to take that you might be given by the Board Chair?

MR. MCELROY: Well, in terms of direction specifically from the Board Chair and without any subsequent conversation of the Board, so it's sort of -- it's pretty close in terms of timing for four or five days, I think, if I recall. It's not -- it's not practice.

I think that right now the Board takes action, we execute. Generally all of the directives come from full Board meeting. Typically we advance on the agenda, there's a decision made, and we execute, report to the full Board.

MS. BROSCHÉ: So this is a particular unusually -- this is an unusual circumstance, is that what you're saying, it's not normal for that to happen?

MR. MCELROY: It's -- I don't recall another -- another -- another similar situation.

MS. BROSCHÉ: Okay. So did you have conversations with -- who did you have conversations with as it relates to requesting
a joint meeting at City Council that you just
mentioned in your remarks?

MR. MCELROY: I had -- I had meetings with
the administration on the -- and I don't have
the dates in front of me, but I had meetings.
I had a conversation shortly after the draft
report, which was released on the 7th, so it
would probably be the afternoon of the 8th with
the administration.

MS. BROSCHE: Who initiated that
conversation?

MR. MCELROY: It was conversation that
included myself, Mr. Mousa, Mr. Hughes.
There -- and I can't -- I can't -- Ms. Dykes
was with me from JEA. I can't remember if
there was another representative of the
administration.

MS. BROSCHE: And who initiated that
conversation?

MR. MCELROY: I don't recall. The
collection really centered around, you know,
releasing the full report now that the -- now
that the draft report had been released and was
in the media, at what time was the -- you know,
the report with numbers going to be available.
And I think the -- the staffs there had
communicated with -- and I don't recall doing
it -- I don't recall what was said, that PMF
could be mailed on the 14th, the following
week.

So my objective at that time during that
collection and any and all subsequent
collection was if we were going to have a
meeting with PFM on the 14th was to get the
maximum number of people, Board members,
Council members, and the community together to
be able to hear that report at one time, and
that was -- that was my objective of the
conversation.

MS. BROSCHIE: So when I had a meeting with
Ms. Shelton and Mr. Hughes on Monday, February
5th, and a follow-up meeting with Ms. Shelton
on February 8th, the same afternoon that you
seem to have had a conversation where they
asking you to consider a joint meeting with the
Board, you're saying that your conversation
would have been that same afternoon on the 8th?

MR. MCELROY: The first -- in terms of
that meeting with me and Mr. Mousa was the
meeting on the 8th.
MS. BROSCHÉ: So how did you know to request a special City Council meeting?

MR. MCELROY: Council President, I'm not versed in -- in the -- really the language and the structure of the protocol of the City Council, and I'll be the first to admit that.

We talked about me reaching out, and the -- as the report was coming from the JEA to ask you to have a meeting. The nuances of the term "special meeting" were lost on me. I'm going to plead ignorance on that and beg forgiveness.

I, you know, got a sample of that letter and reached out to you, tried to, I believe. My objective again was to get as many people together in one room at one time, the Council, the Board, the community, media, to hear the -- and to have the information in one --

MS. BROSCHÉ: So you were asked to call me to request a meeting?

MR. MCELROY: Yes.

MS. BROSCHÉ: By whom?

MR. MCELROY: I believe Mr. -- I believe Mr. Mousa.

MS. BROSCHÉ: And when we spoke on the
morning of February 9th after you sent your
letter and requested that meeting, and I asked
you if your Board's going to be taking action
at that joint meeting, and you said, oh, no,
absolutely not. And I responded and said that
since the City Council would not be taking
action either, why did you specifically pause
and suggest that I make sure that I structure
to format the meeting and me not let the
Council take action?

MR. MCELROY: And I think I recall saying
if a workshop would work better, that would be
fine with me because my objective was to try to
have as many people as possible listen to the
read-out so that we could get the information
at one point in time. And I -- again, I -- I
don't know the nuances of and the language of
the Council, and so I apologize.

MS. BROSCHIE: Do you recall suggesting
that I make sure that I choose a format of the
meeting to allow us to take action?

MR. MCELROY: No.

MS. BROSCHIE: You don't recall that?

MR. MCELROY: That I asked that?

MS. BROSCHIE: (Nods head.)
MR. MCELROY: I do not recall me asking that.

MS. BROSCHÉ: Okay. Thank you.

MR. CRESCIMBENI: Mr. Love.

MR. LOVE: Thank you. Through the Chair to Mr. McElroy, if JEA is sold to investors, what would be their expected rate return, what would be -- what would be an average rate of return that you would expect to the stockholders, 5 percent, 10 percent, 8 percent?

MR. CRESCIMBENI: Mr. Love --

MR. LOVE: You think that's out of line?

MR. CRESCIMBENI: Well, no, I don't think it's out of line, but I think --

MR. LOVE: It would be speculation?

MR. CRESCIMBENI: -- the more appropriate question would be, what would they be allowed by the Public Service Commission? And if they are a stockholder, my expectations greatly exceed what --

MR. LOVE: Okay. What would they be about, okay.

MR. CRESCIMBENI: Now, Mr. McElroy, can you address what would be allowed by the Public Service Commission?
MR. MCELROY: I don't know the exact number, but it's 10-ish.

MR. LOVE: 10-ish, okay.

And then in the state of Florida, how do investor-owned utility electric rates compare to JEA?

MR. MCELROY: I believe we have one that's -- one that's lower, one we're right on the money, and a couple that are higher --

MR. LOVE: Okay.

MR. MCELROY: -- at this time.

MR. LOVE: At this time. All right.

Thank you.

MR. CRESCIMBENI: Mr. McElroy, JEA used to publish a rate chart, I think on a monthly basis. As a Council Member, I used to receive that. What caused JEA to stop that practice?

MR. MCELROY: We include that practice in our Board material on a monthly basis.

MR. CRESCIMBENI: Will I have to get on the Board to get it or is that something that --

MR. MCELROY: No, I don't recall -- certainly I don't recall stopping the practice.

I don't recall the practice to distribute.
MR. CRESCIMBENI: I think there was a -- it was a handy tool, it came out monthly, and it was a -- you know, in the past JEA was -- was beating all the investor-owned utilities for a long, long time, were they not?

MR. MCELROY: Yes. Yes, sir.

MR. CRESCIMBENI: All right. Mr. Becton. Mr. Ferraro, were you -- you're -- are you just changing your mind? because you were on and then you dropped off. Did you want to ask a question?

MR. FERRARO: I do.

MR. CRESCIMBENI: Okay. Go ahead.

MR. FERRARO: Thank you. Through the Chair, I had a question on the Plant Vogtle. How much power would we be getting from that, what percentage did you say?

MR. MCELROY: Through the Chair, about -- about 12 to 13 percent of the electricity requirement.

MR. FERRARO: Okay. So what was -- what was the power that we were getting from the St. Johns Power Park, what percentage were we getting out of that?

MR. MCELROY: Through the Chair, it -- it
ranged in terms of economics, so it would be --
it would be as low as -- as low as that number
and potentially -- potentially to total that
number, maybe 25 percent.

MR. FERRARO: Okay. Because I was under
the understanding we were getting rid of it
because of the cost savings, and I'm hearing
how much money that we were on the hook for the
other power plants. So it's kind of -- was
sold to me a little differently.

MR. CRESCIMBENI: Mr. Ferraro, at our next
meeting, I think Mr. McElroy agreed to come
back and do a St. Johns River Power Park
presentation?

MR. MCELROY: Yes.

MR. CRESCIMBENI: So if there's any points
you want me to include, go ahead and mention
those now so he captures that and brings it
back with him at the next meeting.

MR. FERRARO: Okay. So what I'd like to
know is the price that it would have been to
keep the power park, because I have some -- I
don't have them in front of me, but I have some
written-down numbers that I was told that it
was going to be to keep it, and I'm kind of
interested in seeing what that is.

MR. MCELROY: I'd have to get that full
analysis in front of me in terms of keeping it.
I don't know that there were considerable
savings in terms of -- in terms of the go
forward and the transition that would have
occurred with the ownership at the -- in 2022.
So it's -- it's a combination of the cost of
operating in today's environment.

MR. FERRARO: And that part that was FP&L,
we would be assuming that part --

MR. MCELROY: That's correct.

MR. FERRARO: -- correct?

Okay. I just wondered, is it an element
of controversy. Thank you.

MR. CRESCIMBENI: So, Mr. McElroy, when
you come back on that presentation, can you
include just maybe the last five or ten years'
output and what percentage of that output was
to the total demand --

MR. MCELROY: Yes.

MR. CRESCIMBENI: -- for JEA? And then I
think there was some environmental concerns
that -- I think, wasn't St. Johns River Power
Park, wasn't that a real high CO2 contributor?
MR. MCELROY: Yes.

MR. CRESCIMBENI: So you can certainly point that out in your presentation, and we'll bring environmental remediation expenses that were upcoming?

MR. MCELROY: Yes.

MR. CRESCIMBENI: Include that --

MR. MCELROY: Yes.

MR. CRESCIMBENI: Thank you.

MR. FERRARO: And then, Mr. Chairman, one of the reasons I was bringing this up is I'd like to know, Plant Vogtle, from my understanding, is being changed. And that was -- that was my concern, is because originally what we were being told, that it was going nuclear, that they knew the footprint may not be going in that direction, now that's why I was interested in this.

MR. MCELROY: Through the Chair, no, sir, Plant Vogtle is still nuclear.

MR. FERRARO: Okay. The footprint is going to stay nuclear, it's not going to go to something else?

MR. MCELROY: At this point, that is correct, it's going to stay nuclear.
MR. FERRARO: Okay. Thank you.

MR. CRESCIMBENI: Thank you, Mr. Ferraro.

Mr. Becton.

MR. BECTON: Thank you. Through the Chair.

Mr. McElroy, I want to talk about your capacity here in Duval County or your footprint. I know, you know, recently here in, I don't know how many years ago, you built the power plant over off of Philips Highway, the natural gas power plant, but kind of give us an idea, if -- you know, from a 100 percent capacity, what capacity you are using right now with your resources?

MR. MCELROY: Well, through the Chair, I mean, at peak load and peak demand, we would use almost all of our resources, so we would use Northside one, two, and three. There are three units there. There's two solid fuel units, that's 600 megawatts. There's a gas unit, which is 500 megawatts.

There is -- Tallyrand has two combustion turbines. Each one of those, about 150, so 300 there. There's 300 to the plant that you referenced. And then now Brandy Branch would
be at about 750 of natural gas combined cycle and single cycle. And so on a high demand day when we were in January, only January, when it was very cold, we were seeing demand and having all of the units running.

MR. BECTON: Okay. And I would be interested having that maybe documented for us. So you actually -- at time to time there are peak hours, you give it -- your pedals to the metal, as they say, you're doing 100 -- you're giving the -- your footprint all the energy that you can produce, have the capability of having --

MR. MCELROY: Have the capability, yes, that's better. That's a better --

MR. BECTON: Capability.

MR. MCELROY: Capability. Usually -- usually -- [coughing].

MR. BECTON: Okay. So are -- do you ever -- I mean, now, we -- do you ever exceed that and have to go out and purchase power?

MR. MCELROY: Through the Chair, sometimes it's like an opt to go out and purchase --

MR. BECTON: Right.

MR. MCELROY: -- some -- and we'll do
MR. BECTON: But I'm not -- I'm kind of interested in the capacity type of thing, because as Duval County grows, and we mentioned there's still opportunity for growth out there, I guess how is JEA looking towards the future, I mean, to -- it sounds -- when we talk about increasing capacity, if you're -- you're, you know, having the pedal all the way down to the floor, that means there's some point in the future that you might have -- you know, might have to increase that. Now, I'm sure you're going -- part of your answer's going to be this Plant Vogtle.

MR. MCELROY: No, I think that -- through the Chair, the Southside plant is constructed to expand. We have a couple -- right now it has two turbines. It's got at least the land mass to switch our capability of another two turbines, and both of those can have combined cycle. We can cover our systems.

MR. BECTON: So I heard that 300 megawatts or something, I think it's what I remember. You said that --

MR. MCELROY: It's going to go down. It
could go to -- it could go to --

MR. BECTON: 600, I would assume?

MR. MCELROY: 600, plus 400, yeah, another 200 on each service. So you get -- you get a 200 heat recovery to the existing turbines, 200 there, and then you have 200, 400, and 6-- another -- almost -- almost 1,000 a unit.

MR. BECTON: Okay. When do you -- when do you see you -- JEA having to, you know, pull the trigger on a capital investment of that sort?

MR. MCELROY: Of that magnitude, we -- we don't have it in the current five-year plan. I think another fall-back in the plan is to utilize some of the space that is out there. The St. Johns River Power Park were potentially a gas unit because we have preserved the ownership of the switchyard and the transmissional gears. So you could put an electric-generating facility there. Natural gas would be the most efficient form of generation at this point in time.

MR. BECTON: Well, is there an excess capacity out there in the marketplace surrounding us, you know, Georgia, that's
readily available, somebody's overbuilt and
had -- you know, and you mentioned there's
another municipals that are declining too, so I
guess I'm trying to imagine there's capacity
out there of some sort.

MR. MCELROY: So through the Chair, two
things we do on a daily basis, we go to market
with our -- with our requirements, how much
electricity are we forecasting, and we -- and
what we do is we test the market, we get price
discovery in the market, we find out how much
it would cost to buy, and then we look to see
how much it would cost to make, and those
decisions are made on a 24-hour basis.

On a longer-term basis, we'll look at over
the 12 months and then try to say that during
peak times, does it make sense -- does the
market make sense, is there capacity there to
buy cheap power in the summertime, where
there's going to be high demand, and we won't
have to turn on one of our high-cost units, and
the day before put some pieces in there.

The third view further out is really
the -- what we call integrated resource plan,
and this is done every five years for a
utility, we'll then look out over ten years and look at its requirements. And in that, you will test the market to see if you can get a fixed purchase power arrangement or you make on your own, and then you plan your fleet over the next decade and fill that. So there's -- it's sort of a three-step process, very short, intermediate, and then long-term. And there are really protocols that drive all of those decisions.

MR. BECTON: So what's your best guess right now of Plant Vogtle producing any kind of capacity?

MR. MCELROY: I believe they're -- well, I know that their current cost and schedule has been published, and that's what we've disclosed. And we're looking to get energy at the end of -- in December of 2121 for the first unit, unit 3, and 2020 and 2022 for the unit 4.

MR. BECTON: Okay. So I guess if I'm, you know, asking for a projection from JEA, you know, capital expenditures are always the biggest hit that any business has to take, and I guess I'm not really hearing you, you know, especially imagining that declining industry as
a whole, capacity, this Plant Vogtle, are
you -- I mean, are you seeing any capital
expenditure in the next five -- I heard no --
not five but ten, 20 years? I mean, does it go
out that far --

MR. MCELROY: Well --

MR. BECTON: -- in an effort --

MR. MCELROY: Through the Chair, I think
that -- I think there will be replacement. I
think that ongoing, we sort of got down to the
bottom level of capital investment necessary to
maintain the systems. Each one, you know, is
roughly a -- you know, a non-growth period of
time, roughly $100 million a system, so you've
got to -- you've got to continue to reinvest
and replace and maintain.

In terms of major capital investment, we
do have one teed up for the Greenland Energy,
which will -- which will increase its capacity,
but it's within the current footprint of the
plant and bring another 84 megawatts, and -- so
that's teed up next year. And that will be
helpful in terms of keeping our costs low.

In terms of any big investments, it's
really out -- you know, out past five years at
this point.

MR. BECTON: Okay. So good. So I -- you know, just wrapping this up, I'd like to see some type of report along this line talking about this subject matter of capital investment and going out and so forth because I want us to understand that the dollars possibly that we've invested are going to have a long-ranging return on investment, and that perhaps the future really looks bright in terms of, as Council Member Dennis kind of mentioned, you know, even if you have declining sales, that your cost of operating and cost of investment is dropping and your net cash could -- could actually increase and be a very healthy company for years to come, just looking at it a little differently. So a report like that would be very advantageous for us to look at. Could you produce something like that?

MR. MCELROY: We can produce something like that. We want to -- we want to think through the disclosure and forward forecasting, we are -- while we are a private company, we've got public bonds, and so we have to be mindful of what we can disclose, you know, sort of in
the broad open forum. It's clearly considered [unintelligible] --

MR. BECTON: You can always put that disclosure that they do for any investor --

MR. MCELROY: Yes. Yes.

MR. BECTON: -- the future is only as good as the past, right?

MR. MCELROY: Yes.

MR. CRESCIMBENI: So what kind of report were you asking for?

MR. BECTON: A forecast and projection of their anticipated capital needs and projects that they have, the capital needs as they relate the projects and increasing the capacity and how that lays out for as far as they are comfortable of projecting, how about that? Is that a fair --

MR. MCELROY: Yeah, five years. And I think -- I think it's -- absolutely. We have a five-year capital investment plan that is part of the process of --

MR. BECTON: But I would kind of almost like to kind of push that little thing ten -- you know, ten years sounds -- doesn't sound --

MR. MCELROY: And we have our ten -- and
we have a fully disclosed ten-year --

MR. BECTON: Okay. There we go.

MR. MCELROY: So we can certainly --

actually base --

MR. BECTON: Okay. There we go. Perfect.

Thank you.

MR. CRESCIMBENI: Ms. Powers, you need a break?

THE COURT REPORTER: Yes, please.

MR. CRESCIMBENI: All right. Can we do a five-minute break, is that okay?

THE COURT REPORTER: Yes.

MR. CRESCIMBENI: All right. And I'm checking with Ms. Brown, General Brown, to see if we can run over our hard stop of time. With a five-minute break for the court reporter, be back in exactly five minutes.

(Recess from 5:23 p.m. to 5:27 p.m.)

MR. CRESCIMBENI: All right. If everyone would take their seats, please, we will reconvene the Special Committee on the potential sale of JEA. We're in the open-ended question session, and our question/answerer is not here, but maybe we didn't have any more questions for Mr. McElroy.
Did JEA leave?

MR. DENNIS: I see his attorney here.

MR. CRESCIMBENI: I have Mr. Bowman for the first time. Sorry, Vice President Bowman for the first time.

MR. BOWMAN: Thank you, Mr. Chair. I'm through the Chair to Mr. McElroy.

MR. MCELROY: I'm sorry.

MR. BOWMAN: I think I actually found on your website what Mr. Crescimbeni was talking about, and it's -- it's -- it is the last part that I see that is October 1st, 2017, and it is JEA rates with a comparison of national rates and Florida rates. And I don't want to dive into it much right now, but I would really think that this is important, and so, you know, in the future, if you can expand it to look at really Florida and maybe southern Georgia because -- you know, I'm just looking at 1,000 kilowatt hours, and JEA, $111 and Clay at 109, Orlando, 106, Miami, 103. There are some above us, but those are municipals. So I think that's important for us to understand that. And also it says that it includes basic rates, fuel adjustments, and franchise fees, is that
all the taxes that can be put in, so it really
needs to be an apples-to-apples comparison on
that.

   Additionally, you know, I've worked a lot
of big, big energy users projects, and we've --
we're challenged in that area. We've lost
something because we couldn't get the
commercial rates, so I think it's important for
this Committee to know how do we compare as a
big industrial rate users to some of the big
suppliers around here.

   And on a positive note, that the Board
approved last year the negotiable rates, and
that's changed the dynamic. I haven't used it
a whole lot, but what I'm really interested to
see is how do our rates compare to the
residential users for Florida and the
surrounding area and then the big energy users,
and I really want an apples-to-apples, and all
fees and taxes are included on that.

   And I also certainly understand that the
privately utilities, the release of big
commercial rates, so I know it's a challenge,
and you're not going to be able to get there.
But -- so really it's not a question to you,
it's an assignment in the future, okay? Is that clear or any questions at all on what I'm asking for?

MR. MCELROY: No, no. We can -- we can shore that out in terms of producing more rate discovery work statewide and including the region.

MR. BOWMAN: Okay. And now I'll forward this to -- to my colleagues here, or I'll forward it to Legislative Services. It's on the web. Thank you.

MR. CRESCIMBENI: Thank you, Mr. Bowman. Do you want those rates to include, like, the storm recovery fees, et cetera, as well? You want the bottom-line rate?

MR. BOWMAN: I want all -- all in so we can look at one rate and say yeah, they all compete for less, that's good too.

MR. CRESCIMBENI: Thank you, sir. Anybody else for the first time?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: All right. Mr. Dennis for the second time.

MR. DENNIS: Thank you. Through the Chair to Mr. McElroy, you know, I just really
appreciate you coming and speaking for us and
the full transparency and everything like that.
I know it's tough. It's probably been tough,
you know, few weeks and everything that like,
but I just want to thank you.

On February 14th I asked you a series of
questions about an unsolicited bid, you know,
and I asked had you received an unsolicited bid
by JEA, you said no. And I said, has JEA
received an unsolicited bid to purchase, and
you said no. And I said, has the Board of JEA
received an unsolicited bid, you said no. And
I said, well, Mr. McElroy, you're -- may not be
under oath, but it's definitely videotaped,
it's always going to the recording. And so
when I left there, I said, well, you know, I
should have ex- -- you know, expanded the
question. Are you aware of any solicited bid
to buy JEA, whether it's been given to the
administration, to the mayor, to anyone in your
sphere as it relates to JEA? Are you aware of
any solicited bid received or given to purchase
JEA?

MR. MCELROY: I am not aware of any
solicited bid --
MR. DENNIS: Unsolicited bid.

MR. MCELROY: Unsolicited bid that -- I have not seen --

MR. DENNIS: No, I said are you aware of it. You don't necessarily have to -- had to verbally see it or are you aware of any unsolicited bid to buy JEA?

MR. MCELROY: I have not. Again, I mean, I'm not -- whether it's there or not, I have to be able to tell you what I have seen and heard, you know, firsthand. I have not seen a --

MR. DENNIS: Seen or heard.

MR. MCELROY: Seen or heard from anybody -- any potential buyer or any potential -- I have not been involved in conversations with -- with any potential buyer with regard to advancing what one would call a solicited bid. There have been --

MR. DENNIS: Unsolicited bid.

MR. MCELROY: Unsolicited.

MR. DENNIS: Unsolicited bid.

So are you aware of any unsolicited bids to buy JEA?

MR. MCELROY: I think in terms of -- the way I would -- the way I would characterize
that is that I believe through my -- through my
time at JEA, I have been -- I have heard
through rumors and innuendos that there were
potential acquirers of JEA. I cannot recall
when those conversations occurred, but I think
that's where I am.

MR. DENNIS: Do you think you heard those
rumors within the past 12 months?

MR. MCELROY: Could be 12. It could be
60.

MR. DENNIS: I don't care about 60, within
the past 12 moments. I'm giving you an out,
I'm not saying within the past five months.
Within the past 12 months, have you heard of
any unsolicited bids? And I'll go to another
question, but --

MR. MCELROY: Yeah, I think it's fair to
say that there was -- I heard some rumors, and
they were unattributed, sometime in the last 12
to 24 months that there might be some potential
acquired bid. I just was --

MR. DENNIS: Through the Chair, where did
you hear those rumors? Did those bids go to
the administration, to the mayor, Mr. Mousa,
Mr. Weinstein?
MR. MCELROY: No, they were outside of -- outside of JEA.

MR. DENNIS: Okay. My next question, when were you -- when did you become aware of the RFP, the December RFP?

MR. MCELROY: Through the Chair, can you be more specific in terms of the RFP?

MR. DENNIS: The PFM sit-down in December, when did you become aware of that?

MR. MCELROY: Could I -- through the Chair, one clarifying question, the JEA RFP or --

MR. DENNIS: No, Mr. McElroy, Paul McElroy, when did Paul McElroy become aware that PFM sent out the RFP?

MR. CRESCIMBENI: I think he's referring to the -- the RFP that the, you know, then office in Orlando procured on behalf of the City of Jacksonville for all strategic something or another.

MR. MCELROY: Is that --

MR. CRESCIMBENI: Strategic and financial advisory services.

MR. MCELROY: Right.

MR. DENNIS: So through the Chair, when
did Paul McElroy become aware of that?

MR. MCELROY: In the middle of December, I would have to check the date. And --

MR. DENNIS: Through the Chair, how did you find out about it?

MR. MCELROY: I was told about it by our finance team.

MR. DENNIS: Led by who?

MR. MCELROY: I believe the best to my recollection, Ms. Dykes informed me that she had heard it from an investment banker.

MR. DENNIS: So at no time did you hear it from the administration?

MR. MCELROY: I did not hear it from the administration.

MR. DENNIS: Okay. My next question, First Coast news reported that Moelis, I'm assuming I'm pronouncing that correctly, came over to JEA and had meetings through sign-ins. Were you a part of any of those meetings?

MR. MCELROY: I was not part of the meetings with Moelis.

MR. DENNIS: Through the Chair, who from your organization were at those meetings?

MR. MCELROY: I would have to check the
record, but I would assume -- I'm not -- I
would check the record. I know I was not in
those meetings.

MR. DENNIS: Through the Chair, when were
you -- when did you become aware of Moelis
meeting with your staff? When did Paul McElroy
become aware that Moelis was meeting with your
staff?

MR. MCELROY: Within -- within
approximately 24 hours before the meeting,
maybe less.

MR. DENNIS: And through the Chair, what
is your recollection -- recollection of the
meeting? What was the purpose of the meeting?
Why -- when you were told that they were
coming, what was the purpose of the meeting?

MR. MCELROY: They were meeting with --
with -- through the Chair, with PFM and our
team, and they were doing -- our team and PFM
were doing discovery and --

MR. DENNIS: Discovery about?

MR. MCELROY: About the report that PFM
was -- was going to prepare, and that was
delivered here on December. So they were
reaching out to experts in the -- in the field
of finance, in the field of mergers and acquisitions to get information about the process. And that was -- that was my understanding of why the meeting took place.

MR. DENNIS: So as a leader of an organization, do you feel that your team let you down by only giving you 24-hour notice?

MR. MCELROY: No.

MR. DENNIS: Through the Chair, do you feel that you don't know what's going on at your organization?

MR. MCELROY: No.

MR. DENNIS: Through the Chair, who informed you that they were coming over 24 hours before?

MR. MCELROY: It's interesting. I think the direct Moelis was -- was our finance team. I can't recall, I'll go back and if the logs exist --

MR. DENNIS: Was it by e-mail?

MR. MCELROY: Pardon me?

MR. DENNIS: Was it by e-mail?

MR. MCELROY: I don't believe so. Phone call.

MR. DENNIS: From?
MR. MCELROY: I placed the call that -- I understood there was some-- somebody coming.

MR. DENNIS: So let me understand, so you assumed somebody was coming and you placed the call. How did you find out that someone was coming to meet with your staff?

MR. MCELROY: I -- and I forget. I'd have to go back and check. There was -- there was a call that there was -- was somebody coming to visit, and it was not part of the Moelis party, but may be related to Moelis and some business. It was a questionable -- and I was not aware of it.

I called the finance -- Chief Financial Officer, and Ms. Dykes informed me that Moelis was coming in to meet with PFL, and they were going to talk about the process of the report and gather information. And, quite frankly, I didn't think much of it.

MR. DENNIS: Okay. I know my time is out, so I'll rest here, but if there's some more time and you do allow, I'll get back with you.

MR. CRESCIMBENI: Thank you, Mr. Dennis.

Council President Brosche.

MS. BROSCHE: Thank you, Mr. Chairman.
And, Mr. McElroy, my questions are not for you, so -- I mean, you're welcome to stand there, but my questions are for somebody else.

Mr. Billy, we had a series of questions that we compiled through the action item list that Chairman Crescimbeni is collecting for each meeting. We had that for the last meeting. And in an update meeting that you and I had on this and a number of other matters yesterday, and I asked how the status was going, you provided me a recap of the answers that you've been compiling. And there was one in particular where, I believe it was Councilman Becton was asking for the cost to the fees, the City's debt that -- that he requested the information from the Finance Department, but it's not been provided. Has that yet been provided?

MR. BILLY: Through the Chair to Council Member Brosche, no, it has not.

MS. BROSCHÉ: Okay. So, Colleagues, I have some copies of -- because I asked Mr. Billy to provide me with his request for the information, and I have copies of that request in which it was originally requested on
March 15th of Treasury, to a Mr. Barnes, who forwarded that to Mr. Weinstein, who responded, "We are not working on the JEA effort, only you are. Work on it at your risk. There may be a late-night Billy e-mail accusing you of selling the JEA while others are not looking." And so clearly Mr. Barnes didn't work on it.

When we asked that question in the last meeting, again, Mr. Becton asked that question, the Council Auditor's Office said the Special Committee's now requesting this information, and Mr. Barnes forwarded it to Mr. Weinstein, and this Monday Mr. Weinstein shared, "We continue to not work on any JEA sale analysis. They are on their own."

And so from time to time, I think that we're going to -- we've entered into a process of trying to understand and get questions answered, and I'm having a hard time connecting with how is it that we can get the answers to our questions in order to proceed, and especially in light of some of the things that we heard earlier at the podium, that those things are in conflict. And so I'm going to pass along this information so that you can
read the trail yourself and we can go from there.

    MR. CRESCIMBENI: Thank you, Ms. Brosche. Anybody else?

    Mr. Dennis?

    MR. DENNIS: Through the Chair to the Committee, I would love to have a copy of that. And I wish you would have had a copy of that in the Tuesday Council meeting.

    And I hope this is appropriate for me to share. First of all, I'm delighted that we have all 12 people here, our other colleagues, but I think if we would have had that information in the attempt to handicap, dismantle this Committee's work, it would have, I think, made a difference in some of our colleagues, their decisions, that they -- in light of not having information. I hope moving forward that this body reconsider putting people under oath, trying to get down to the truth of the matter, and determine if selling JEA is the best thing to do. You know, I don't want to be -- you know, sit down a rabbit's trail. I don't want to -- you know, Mr. McElroy, he was asked, will you be here at
every meeting, he said, it's a chunk of time. It's a chunk of all of our time, but it's important.

And so I truly believe that this body, the citizens of Jacksonville, they deserve full transparency and they deserve the truth. I'm going to continue to say it over and over and over.

And, Madam President, I really appreciate you bringing this to light. And, you know, for all my colleagues, you really need to have a serious -- you know, serious, you know, look in the mirror and figure out what we're doing here as a body. And I'm done.

MR. CRESCIMBENI: Thank you, Mr. Dennis.

Okay. Mr. Billy, do we expect -- Mr. Peterson, I guess these e-mails are back and forth between you. And do we expect any participation, then, going forward on that one outstanding action item, just based on the participation from the Finance Department?

MR. BILLY: To the Chair, I don't expect to receive -- they said we won't get an answer on that one, but we've had -- we have a great working relationship with the treasury. We --
everything else has been business as usual.
This is -- this is -- this is the only time
this has happened.

MR. CRESCIMBENI: Is there any way we can
procure the information independent of the
Finance Department?

MR. BILLY: That might be possible. I'm
really not sure.

MR. CRESCIMBENI: Well, okay. All right.
Thank you, sir.

I have no one else on the queue.

Mr. McElroy, again, thank you for being
here today. Does anyone want to carry a motion
to give Mr. McElroy two visits even though it
was only one?

MR. ANDERSON: So moved.

MR. CRESCIMBENI: Raise your hands if you
approve.

THE COMMITTEE: (Raises hands.)

MR. CRESCIMBENI: All right. Mr. McElroy,
I'll sign your log sheet or whatever, you have
two visits to add to your number. And I also
want to ask you a question, do you -- do you
enjoy bragging about the company that you're
overseeing?
MR. MCELROY: I love bragging about the company I'm overseeing.

MR. CRESCIMBENI: I would like to add to your list of action items a list of awards that JEA has won in the past five years. Because I know the number -- I know I heard you talk about JP Power award at the workshop. Was that last week? I may be -- don't have that right.

MR. MCELROY: Yes.

MR. CRESCIMBENI: Last week. Time is a blur. But anything else that you -- and I understand that you won some other awards recently from the Florida and Municipal Electric Association.

MR. MCELROY: Yes.

MR. CRESCIMBENI: So if you want to make us a list of those and you come in and brag next week or the following week at the meeting, we would love to hear those.

MR. MCELROY: Thank you.

MR. CRESCIMBENI: Thank you for being here.

MR. MCELROY: Thank you very much.

Committee, thank you very much.

MR. CRESCIMBENI: All right. We're going
to move into the public comment period. I'm going to call several names. If I call your name, you need to immediately work your way to the front row.

Jennifer Stokes will be first, followed by John Bezares, I hope I'm pronouncing that correctly, and then Valerie Gutierrez and then Jason Baber or Baber, if you will come to the front. Jennifer Stokes is first.

Are you Jennifer?

MS. STOKES: I am Jennifer Stokes. I live at 12302 Del Rio Drive here in Jacksonville. And I'm a record payer, taxpayer. I'm an employee of JEA. My opinions here today are my own.

I want to thank the Committee for their work, although I think at this point we are discussing less the future viability of JEA than we are doing discovery into education of the Council and the citizens of how engrained JEA is in the community. We've got 100 years of experience with change in the electrical system. I just looked it up, Thomas Edison didn't pass away until 1931, and we were cranking out electricity before then here in
Jacksonville.

We thought about future revenue streams, and the employees that sit in front of you and the employees that aren't here literally can do anything that you task us with. I think our hurricane recovery proves that. I think our -- everything that we do on a daily basis proves that, the massive amount of hours and volunteerism in the community and our actions shows that we value the community as much as the community values us.

We've got 1950, roughly, employees, but there's also 2,000 retirees out there that make up part of this community too, who we still consider active family members within the JEA group.

I think this process has become political. It's clear that the Board of JEA no longer represents the people or is necessarily even working in the best interest of the people to administer what goes on at JEA. Out of the seven positions, there's only six of them filled. Two of them are merger and acquisition lawyers, two of them are religious professionals. I'll let you look up who the
other two people are. I would suggest Council looks at reformatting the JEA Board to incorporate more employee interaction as more -- we well as more citizen interaction.

I also would like to remind this Committee as well as the entire Council, the billion-dollar investors don't show up and invest a billion dollars because they're interested in community growth. They don't show up and invest billions of dollars because they care about how fast it takes us to recover from a hurricane. They're sophisticated buyers. The longer this process drags out, the more likely it is that we become their victims and not partners in a sale or a privatization. A short-term gain of billions of dollars will not provide any long-term benefits to the City, and I challenge anybody on Council or in public to show us what that would be, what that long-term gain would look like.

A few random notes. The EOC is joined between JEA and the City, it's because we all live here, we all work for the government, and individually we'd like to get out of a hurricane situation as quickly as everybody
else too.

$8 million to school capital, the problem with that is if it only goes to capital, when you build capital, your operating costs go up as well. And we heard there was a $25 million number before we get more operating. So even a bump to school capital doesn't help in the long run, it hurts.

I want to just remind everybody on Council that figures never lie, but liars figure.

Thank you.

MR. CRESCIMBENI: Thank you, Ms. Stokes.

Any questions for Ms. Stokes? If not, John Bezares. I can't really read your handwriting.

MR. BEZARES: I apologize. It's Bezares or Bezares. My name is John Bezares.

Residence -- my address is on file.

I would just like first to say that I wasn't able to attend all the meetings, and I thought that the second meeting and the talk of putting everybody under oath to be fair, I think that was really a great idea. I would like to say that as a regular person, if I was asked to go under oath, I think that getting an
attorney is a really good idea, but if you are an attorney, and the way I see it, you went to law school, you put on that shiny white robe, and you stand in front of people and you say, I'm here to represent the truth for everyone. To be scared and not want to do that, I don't understand that. You're a lawyer. You're trained in depositions and acquisitions and contract law. And from my limited understanding, where a comma is or a semicolon in a legal contract can change the whole tone of something. So that I don't understand, not wanting to take the oath.

The first report said that the City Council could set almost all the rules for the future sale. You want to do something? You want to give people power? Set it now. Make JEA spend the money where you want, put it where you want. They're here asking you to sell. This is where the power is.

The location of the new company CEO, we don't even know who Duke -- who runs Duke? Who runs FP&L? Who runs the Caneput [phonetic] company? And I would like to know when was the last time any one of those three -- the CEO of
those three companies spoke at this level. So
the guy who runs FP&L, why -- he represents all
of Florida. When was the last time he was at
the City Council? I don't think we'll get that
kind of service in the future.

I would like to thank Mr. Crescimbeni for
the time. I wanted it a little more harsher in
the beginning because I have a vested interest,
but you've been able to -- I've been able to
try to listen to the details, and I want to say
thank you.

The stor-- if JEA's junk, who wants to
buy it? If it's going down, going down, going
down, going down, why is somebody going to come
in and give us $11 billion?

Real quick, it's good to be proud of 138
years of the Edison club. Why aren't you proud
of 125 years and looking for another 100 years
here at JEA? Why can't we just keep it on
rolling? It's always good -- I mean, it's --
to say how long we've been around, but why
shorten it up and simmer down.

I never did hear correctly the landfill
leakage cost, I'm talking about leaking out of
the landfill and JEA taking care of that, I
never heard a dollar amount attached to that.

Loyalty, why would we care about customer loyalty if the company's not loyal to them?
You know, we want all these people to be loyal to JEA, but we're not going to be loyal to them? I don't get that.

Everybody likes to talk on the side. I know a little bit about SJRPP. If you want to talk after, I'll be more than glad to tell you some stories.

I apologize for the randomness. And it's never -- you buy a house, it's not personal, someone says. These things are certified true. And as a random thought, if one member of the Board can ask someone to spend $100,000, then why can't that same member of the Board ask JEA to spend another $100,000 to buy an independent person and get there? because one needs to focus exclusively on where we're going to get the money to find someone with the experience.

Thank you.

MR. CRESCIMBENI: Thank you, sir.

Next is Valerie Gutierrez, followed by Jason -- I think this might be Baber, I don't know, Andy Johnson, Gregory Johnson, and David
Thomy, Thomy?

MR. THOMY: Thomy.

MR. CRESCIMBENI: Ms. Gutierrez.

MS. GUTIERREZ: Yes, thank you. Valerie Gutierrez. I represent IBEW, over 500 employees within JEA, plus also employees that have been with JEA.

First, I just want to say, I guess I'm a little surprised that the individuals that kind of took three hours of your life on Tuesday are not here to hear the complete presentation and comments that we had to present, but I know people have their own personal life, just as I do and everybody else that's behind you.

But I want to say that I appreciate Mr. Ferraro for bringing up the SJRPP and the closing because I would think that it being closed, that -- you know, that the revenue would increase since you are no longer having to pay O&M or operating costs to maintain SJRPP, so I look forward to see what those numbers are going to be as well as far as the increases.

And this is not a reflection on Mr. McElroy, but I just want to say the
employees that I represent have been under extreme stress due to the uncertainty of their jobs, and they work on a very dangerous -- every day, whether it's linemen, power park, or even my colleagues in the replay and substation. You know, I just met with a line crew this morning, and they said you need to let them know that they're all -- you know, that they're extremely worried about their job and what the future holds for them.

And -- let me see. So I just want to make sure that the Committee and Council Members consider that, moving forward with getting more information on this. So the sooner we can wrap this up, I think it will put people's minds at ease.

Also, during the hurricanes, it's an all hands on deck, as Jennifer mentioned earlier, especially these last two hurricanes, and that even included me, even though I was just kind of a runner. I facilitated or, you know, got lunch or whatever was needed so the linemen could continue to do their job at -- the best that they can. And I don't think you're going to get that kind of response from a private
And the other thing too is I know you were looking at some accolades or awards for what, you know, JEA has done. Just recently our linemen, I think it was at Kissimmee, they ended up winning the Florida championship -- what is that called? Rodeo. So they do that.

So thank you for your time.

MR. CRESCIMBENI: Thank you, Ms. Gutierrez. We have a question. Councilman Ferraro.

MR. FERRARO: Thank you. Through the Chair, did you know that I haven't heard any compelling evidence of why the JEA should be sold, but also did you know that with -- I'm getting lots of calls from my -- I'm getting lots of calls and people coming up to me. And I understand what you just said about morale being low. So when you go and you talk with the folks that are listening to you, we have not -- I haven't -- and I'm speaking for myself, I haven't heard any evidence of why JEA should be sold, but I'm interested in hearing the whole story. So if you're talking with people out there, please let them know that. I
mean, we're here to listen, and I just didn't
know if you knew that, because it sounded like
when people come up, they sound like this is a
done deal, and this is not a done deal. This
is something that we're listening to, and I
didn't know if you knew that, because I
really -- I really want you to know that.

And the morale that I'm hearing from
people, who -- I think you guys did a fantastic
job over the past two hurricanes that I've been
part of. And the people I talked to that are
on the phone and they're upset, and when I
finish talking to them, they understand that.
But don't get all pulled into the hype. And I
just wanted to let you know that this is not a
done deal. This is something we're really
listening to you guys about.

MS. GUTIERREZ: I appreciate that,
Councilman. And I understand that, but as you
know, rumor control or all the whatevers, what
ifs and all that, some of these people may
gravitate to that, thinking it's already a done
deal. I have to tell them it is not. You guys
as the Committee or Council, full Board will be
having a final vote on -- on or if it does get
to that point. So I'm -- like you said, I'm trying to calm their nerves and make them realize it is not a done deal.

MR. FERRARO: I'm in your community, and I wanted you to know that.

MS. GUTIERREZ: And I appreciate that. I'll relay that information.

MR. FERRARO: Okay.

MS. GUTIERREZ: Thank you, sir.

MR. CRESCIMBENI: Thank you,

Ms. Gutierrez.

Mr. Jason Baber. Did I get it right that time?

MR. BABER: Yes.

MR. CRESCIMBENI: Can you pronounce my name? Let's turn the tables. Go ahead.

MR. BABER: Jason Baber. I'm an electrical engineer in JEA. I'm also the Vice President of the Professional Employees Association. I wanted to come tonight. I've heard this several times in the Times-Union and at -- presented at the JEA Board and then again here tonight talking about deregulation and the competition that may or may not bring. So I would say it's if and when the Committee, their
independent consultants started, one of the first questions they should answer with this Committee is how the U.S. electric regulation and deregulation works.

No utility in the U.S. has a deregulated transmission or distribution system. The 85 percent of Texans in a deregulated market mentioned earlier by Councilman Gulliford, I believe, that applies only to generation and possibly building.

In 2016 Hugh McCorkle stated that most Texans were paying more for their energy because customers were only allowed to change generation providers once per year and didn't have the adequate resources to know how to effectively shop for those services.

No one regulates the transmission distribution due to Federal NERC requirements and also because no one wants eight sets of power lines running through their yard.

That being said, one day after we hear rumors that Mr. Kury, Mr. Petway, and Mr. McElroy were having dinner together, the mayor's political council -- or the political allies on this Council went full attack in
order to dissolve the committee and to remove all the old power to enforce the truth.

The main instigator of Tuesday night's push could be the written speech the mayor gave to him to read and didn't stay tonight to hear all this -- this going on -- goings on. The push was clearly to move the discussion back to the JEA Board where the mayor can tell them what they think. When the plan failed, the mayor replied to then make sure and certain, so in all discussions while ensuring the people with the answers would not be held accountable to the truth. This Committee here has now been politicized, and again, which is one of the main complaints why this committee was started.

Thank you very much.

MR. CRESCIMBENI: Thank you, sir. We have one question. Council President Brosche.

MS. BROSCHE: Thank you, Mr. Chairman.

Through the Chair to Mr. Baber, and I think I actually have two questions. Could I ask you to e-mail -- well, I was going to say the Committee. Can I task you to e-mail the Council some of the things that you just said about regulation and deregulation, that part
when you started out talking about the
different parts, and if you could include links
and resources, that would be great.

MR. BABER: I can do that.

MS. BROSCHÉ: And I was -- I was catching
a question when you were talking for just a
short period of time during what you were
saying. So what did you say about a dinner?

MR. BABER: We heard rumors that
Mr. Petway, Mr. Kury, and Mr. McElroy were
having dinner together Monday night.

MS. BROSCHÉ: Okay. Thank you very much.

MR. CRESCIMBENI: Thank you, sir.

Andy Johnson, followed by Gregory Johnson,
followed by David Thomy.

MR. JOHNSON: Thank you, Mr. Chairman. I
would congratulate you because I think this
Committee is doing excellent work. I think the
original Committee was on the ball, and now we
seek to dilute the power here of everybody
that's on the Committee. I think there ought
to be a requirement that everybody joining the
Committee go back and review every single
minute of the videotape of everything we've
done up until now because it's a very important
I'd like to make a couple of suggestions, some of them are complicated, and I will just mention them and we can discuss them some other time, but one complicated suggestion that comes up about once every two years for the last 40 years is that the City Council would be more effective, more powerful if the City Council has its own independent attorney unconnected with the mayor's attorney. I don't mean any disrespect for anybody. I think the General Counsel's Office are professional people who do good things, but the School Board, the City Council, and the mayor should have their own separate legal staff. This staff should not even talk to each other except -- [clapping] -- in dispute.

The second item is that we were talking about whether people should take an oath. I don't really care too much, I thought it was a good idea, but if we're not going to take an oath, the key thing is we've got to find a way to either to take an oath or to pass a Council requirement or somehow enforce some regulation to be sure that nobody connected with the sale
of the JEA can ever make a penny off the sale.
I have a vision of people with the City going
on to work with million-dollar salaries through
this utility. We need to ensure that doesn't
happen and that's not going on.

The third thing that's on my mind is that
I think that this Committee hasn't yet even
probed at all into the environmental aspects of
the sale. I think if there is a sale, there
are water quality and air quality --
[coughing] -- because when you have a
City-owned utility, you work with them on your
concerns about your water, about your air,
about your other environmental issues.

Also, when it's City owned, when a
customer is the same person as the owner, City
owned, then we can work with ourselves on
whether we want to have windmills built out
there off the coast -- off the coast like they
do in Denmark for everyone to acquire --
everybody to put a solar panel on top of their
roof. That may be the wave of the future. But
that works better with a municipal utility than
if you're an investor-owned utility situation.

Lastly, if we are short on money, and it
seems like the gravity it is, if we're worried about the pension fund bill going out, but if we're short on money, the way to deal with the shortage of money is to comply with the Florida constitution. If we comply with the Florida constitution and if we correct our problems and assess everybody in Jacksonville on a full 100 percent, we would have enough money to build another fire station, to hire more cops, develop the walkway that I walk to the library, and just have longer library hours, and for us to do a lot of other good things without any millage increase if we just simply complied with the Florida constitution.

MR. CRESCIMBENI: Thank you, Mr. Johnson. Any questions?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: Gregory Johnson. Is he still here?

Okay. David Thomy.

MR. THOMY: Thomy.

MR. CRESCIMBENI: Thomy?

MR. THOMY: Yes.

MR. CRESCIMBENI: Sir, in the future, when we're in the audience, we don't allow --
MR. THOMY: I'm sorry.

MR. CRESCIMBENI: We don't allow clapping, cheering --

MR. THOMY: Yes.

MR. CRESCIMBENI: -- calisthenics, any of that stuff.

MR. THOMY: I'm sorry. I remember what I want to forget and forget what I want to remember. I've been here a long time ago, but there's so much important things that others have said, particularly something about presenting why the sale has to be made or trust to the public.

The Public Service Commission, when you're selling -- if you sell it, the seller will rebox the assets to whatever they want to do, which will affect all the prices. The Public Service Commission will black box it. If you don't have an expert that can tell you how much damage can be done, you'll have no idea of the rates. PCS absolutely looks after, from my experience in another state, I was regulated, PSC usually looks at the homeowners, and the commercial accounts be damned, and they look at the other total investment of the industrial
park for their rate of return there, which
would put Cecil Field in a lot of trouble
there.

The second thing, they talked about the
City attorney does not represent the City,
because an attorney can have only one client,
and I bet you you'd loved to have known that
when you first came on Council, because the
attorney's client may be the very person you're
opposed to and you're getting the other
person's advice, not the good judgment of the
attorney. That has to be changed.

When these attorneys are sent to the
School Board, Supervisor of Election, you are
nullifying my vote for my person that I want to
represent what policy he says, and I don't want
a veil thrown over his ideas by someone else
not elected to that position.

The other thing is I started telling
people in 2008 that JEA was going to be sold
because I could not see how it could survive
with the -- with the general liability of a
nuclear plant, that is, we own JEA. We signed
a contract there for 3 billion plus of
construction liability. Look it up -- do
research on Fryar's [phonetic] Bond Rating agency there -- we took the general liability in the proportion to the electrical power we're contracted to take. And I couldn't find very much, and I didn't look very hard, I admit, on the other two partners.

The other thing is we have not done very well with our contracts with others. Our attorneys have not represented the citizens maybe or their fall-back positions, they have not set benchmarks to achieve. And I say only that in the sense of that you are going to have to sell either position on the JEA, and you're starting from a position of -- of people really don't want to hear because the facts really haven't been presented other than what they hear. They don't know why --

MR. CRESCIMBENI: All right.

MR. THOMY: -- but they know there's a problem. Thank you.

MR. CRESCIMBENI: Thank you, sir. If you could just restate your name for the record.

MR. THOMY: David Thomy, T-h-o-m-y.

MR. CRESCIMBENI: Thank you, sir.

Kimberly Miller is next, followed by Bert
Sparks.

Is Kimberly Miller here?

Mr. Sparks, if you'll make your way forward as well.

MS. MILLER: Thank you, Chair. My name is Kimberly Miller and I represent Duval County Public Schools. I am here to -- I delivered a letter to the Council Office unsigned by the superintendent, Patricia Willis, as well as Chair Wright. They wanted to engage in the process in hopes that you will have -- be able to have further conversations with the Committee.

MR. CRESCIMBENI: Sorry, you sent a letter to --

MS. MILLER: To the --

MR. CRESCIMBENI: You're handing out this letter?

MS. MILLER: Uh-huh. That's it.

MR. CRESCIMBENI: You want to just tell us what the letter is about briefly.

MS. MILLER: Sure. So the letter basically addresses some concerns that the Chair and the Superintendent had in regards to the Council Auditor's report on March 22nd. We
stand firm that we receive no additional
funding from JEA and we wanted to make sure
that that was noted and was documented for the
Committee and their review. We are eager to
have a conversation about what revenue is
possible, but we wanted to at least make sure
that the Committee is aware that we've received
no funds from JEA to date.

MR. CRESCIMBENI: Were you here earlier in
the meeting when we talked the potential
contribution to the School Board?

MS. MILLER: Yes, sir, that's correct.

MR. CRESCIMBENI: What's your role in the
School Board?

MS. MILLER: I am the Director of
Governmental Relations.

MR. CRESCIMBENI: So you -- are you
suggesting that the Council Auditor's
information on the computation of the receiving
of ad valorem taxes from an investor-owned
utility is accurate, not accurate?

MS. MILLER: Sir, I'm not speaking to his
actual accuracy of his report. He did not
speak to Duval County Public Schools or our
auditor or Chief Financial Officer to make that
MR. CRESCIMBENI: Mr. Billy, didn't you call and leave messages for someone at the School Board?

MR. BILLY: Yes, we did contact someone over there. I think it was the budget office. We may have a few e-mails, and I know we also spoke to someone on the phone.

MR. CRESCIMBENI: Can you get that information together for Ms. --

MS. MILLER: Ms. Miller.

MR. CRESCIMBENI: -- Ms. Miller so that she can take that back to Ms. Willis and Ms. Wright?

MS. MILLER: Yes, sir. Will do. Thank you so much.

MR. CRESCIMBENI: Thank you. Question, Ms. Miller.

Mr. Becton.

MR. BECTON: Thank you. Through the Chair, Ms. Miller, yes, it says, "Although many in the community believe that the school district receives revenue from JEA, we do not."

Did you hear anything that implied that we suggested that the School Board received money
from JEA?

MS. MILLER: If -- the March 22nd meeting left -- was not exactly explicit that we did not receive any funding, and I think that is why the Superintendent and the Chair felt that it was necessary to make that statement, to be clear. We received no funding. And we know there was a discussion about $8 million and that potential from the JEA revenue, but we've re- -- we haven't received any funds.

MR. BECTON: Well, Ms. Miller, I've been here completely and been involved in that conversation, and I do not remember anybody stating that the School Board received money from JEA or even indicated that to that point. So I would encourage you guys to go back and review the transcript, which is being done word by word, before, you know, insinuating that -- that that was implied or mentioned in our deliberations, so -- but we're certainly interested in hearing the School Board's views on the calculation as well. So please, we look forward to that engagement.

MS. MILLER: Absolutely. We look forward to it as well. Thank you.
MR. CRESCIMbeni: Thank you, Ms. Miller.

Mr. Sparks.

MR. SPARKS: Thank you, Council Members.

My name is Bert Sparks. Record's on file. Construction maintenance foreman at JEA. I push one of the overhead crews.

When you talk about selling JEA to a privatization company, a lot of them are maintenance-only utilities, so am I to assume my job is protected? We have 130, roughly, people in our department. We do construction and maintenance. And now we're going to move just to maintenance, my job is not protected at that point. So there is a concern for my job and my family my livelihood.

We won -- you want to talk about awards? Our JEA linemen did the best in Conehead, Kansas, competed in the international rodeo, come in number one. That's won at the international rodeo. That's awards.

We do very well in our storms. We represent JEA very well and handle -- [coughing] -- any work that we do. You want another way of revenue, storm work. Storm work is the way to go get revenue, go out and start
working storms. There's a bunch of companies that do this and that's all they do, is chase storms.

My last thing is you-all are elected officials. You-all have constituents that you represent. I would like to know how many constituents in each region will JEA solve. Because if the numbers aren't there, then to me this is a moot conversation at this point. I appreciate your time.

MR. CRESCIMBENI: Thank you, Mr. Sparks. Any questions?
THE COMMITTEE: (No response.)
MR. CRESCIMBENI: All right. Any announcements that anybody would like to make?
MR. DENNIS: Birthdays.
MR. CRESCIMBENI: Birthdays. No birthdays.

All right. Well, we've reached the conclusion of our meeting. I've got a lot of action items. I can read them into the record or I can work with Mr. Clements to reconcile his list and my list and put them in the minutes. Any motion --

MR. LOVE: We trust you.
MR. CRESCIMBENI: Fair enough.

All right. If there's something else, tell me -- Council President Brosche.

MS. BROSCHE: Thank you, Mr. Chairman.

Through the Chair to the Committee, I just want to give you a brief update. I had the opportunity to speak with Dr. Sherry Magill at the Jesse Ball duPont Fund before our meeting started.

She is going to mention that the Jesse Ball duPont Fund Board of Trustees issued an RFP to contract directly with a research institution using the scope and qualifications that this Committee developed and approved, and added a few questions that -- that the Jesse Ball duPont Fund had in -- had in order to commission the research, and that that report will be available to us when they complete it. We had a meeting with her. There were a lot of -- you know, a lot of twisting ourselves into a pretzel in order to get through procurement quickly. So much like other organizations that we heard are doing their own studies, that's how this is -- what this is trended to and they're going to make sure that
we have a copy directed to us. It's all going
to be directed to us and to them as a research
product as an output. So that's the update.

MR. CRESCIMBENI: Thank you, Council
President.

Our next meeting will be held next
Thursday. It's got a hard time of 3:30 p.m.
That will be April 5th.

I want to thank Mr. Ferraro, Vice
President Bowman, and Councilman Love, new
additions to the Committee for sticking in the
long haul here. Where else can you get kind of
this much fun on a Thursday afternoon?

All right. To the original Council
Members, Council President, Mr. Dennis,
Mr. Becton, Ms. Morgan, thank you for your
patience and courage today. We'll meet again
next week, next Thursday, April 5th at 3:30.
And until then, this meeting is adjourned.

(Proceedings concluded at 6:18 p.m.)

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REPORTER'S CERTIFICATE

STATE OF FLORIDA  

COUNTY OF DUVAL  

I, Stephanie Powers Cusimano, Registered Professional Reporter, Florida Professional Reporter, and Notary Public in and for the State of Florida at Large, hereby certify that I was authorized to and did stenographically report the proceedings and that the foregoing transcript, pages 1 through 222, is a true record of my stenographic notes.

I further certify that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 11th day of April 2018.

__________________________
Stephanie Powers Cusimano
Registered Professional Reporter
Florida Professional Reporter