

**JEA 2020 FACTFINDING WORKSHOP**

**SESSION #3**

DATE: Monday, December 9, 2019  
TIME: 11:00 a.m. - 1:03 p.m.  
PLACE: Lynwood Roberts Room  
First Floor  
City Hall at St. James Building  
117 West Duval Street  
Jacksonville, Florida 32202

COUNCIL MEMBERS PRESENT:

Joyce Morgan, District 1  
Al Ferraro, District 2  
Aaron Bowman, District 3  
Scott Wilson, Council President, District 4  
LeAnna Cumber, District 5  
Michael Boylan, District 6  
Reggie Gaffney, District 7  
Ju'Coby Pittman, District 8  
Garrett Dennis, District 9  
Brenda Priestly Jackson, District 10  
Danny Becton, District 11  
Randy White, District 12  
Randy DeFoor, District 14  
Ronald Salem, Group 2  
Tommy Hazouri, Group 3  
Matt Carlucci, Group 4  
Sam Newby, Group 5

ALSO PRESENT:

Council Staff:

Dr. Cheryl Brown, City Council Director  
Carol Owens, Chief of Legislative Services  
Steve Cassada, IT Administrator  
Jeff Clements, Chief of Research  
Peggy Sidman, Office of General Counsel  
Yvonne Mitchell, Research Assistant  
Sonia Johnson, Executive Assistant

FIRST COAST COURT REPORTERS

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P R O C E E D I N G S

CHAIRMAN BOYLAN: If I could invite everyone to please take a seat, I would like to get started. Let me first -- this is my third time, so I have no more excuses about messing this up. Let me start with a roll call, if I could, of Council Members.

Mr. Carlucci.

COUNCIL MEMBER CARLUCCI: Matt Carlucci, agent -- agent. Agent, State Farm Insurance. Group 4 At-Large, Council Member Group 4 At-Large.

COUNCIL MEMBER BECTON: Danny Becton, District 11.

COUNCIL MEMBER PRIESTLY JACKSON: Brenda Priestly Jackson, District 10.

COUNCIL MEMBER BOWMAN: Aaron Bowman, District 3.

COUNCIL MEMBER PITTMAN: Ju'Coby Pittman, District 8.

COUNCIL PRESIDENT WILSON: Scott Wilson, District 4.

CHAIRMAN BOYLAN: Michael Boylan, District 6.

COUNCIL MEMBER FERRARO: Al Ferraro,

1 District 2.

2 COUNCIL MEMBER CUMBER: Deanna Cumber,

3 District 5.

4 COUNCIL MEMBER WHITE: Randy White,

5 District 12.

6 COUNCIL MEMBER GAFFNEY: Reggie Gaffney,

7 District 7.

8 COUNCIL MEMBER DEFOOR: Randy DeFoor,

9 District 14.

10 COUNCIL MEMBER NEWBY: Sam Newby, Group

11 5 At-Large.

12 CHAIRMAN BOYLAN: We don't have any

13 mayors or former mayors in the room today,

14 so I can dispense recognizing them. But I

15 have Chairwoman for the JEA Board,

16 Ms. Green, is here, and has requested a few

17 moments at the end of our -- as part of the

18 public comment.

19 I have a couple of opening remarks I

20 want to share. I've written them down

21 because I want to make certain that I say

22 them correctly. I hope you can appreciate

23 the indulgence of my taking a few minutes at

24 the beginning of this to share this. They

25 say here one of the few pleasures, and

1 perhaps the only pleasure, afforded in this  
2 case of serving as the Chair of this  
3 workshop is to offer these opening remarks.

4 Let me start off by acknowledging  
5 President Wilson and my colleagues for their  
6 willingness to travel this journey together.

7 I've come to realize over the past five  
8 months that there are a variety of paths to  
9 our respective decisionmaking processes. To  
10 that end, I want to offer a special  
11 recognition to my colleague, C.M., Council  
12 Member, Carlucci, for his passion, adherence  
13 to his convictions, and the courage to  
14 freely express them when in this situation  
15 he called for the resignation of the JEA  
16 CEO.

17 Much has been revealed and transpired  
18 since our last workshop. I commend my  
19 colleagues, Council Member Priestly Jackson,  
20 in particular, Council Members Diamond and  
21 Salem, among others, who are seeking  
22 explicit answers to some very difficult, but  
23 vital issues that are overshadowing all of  
24 this. I am grateful they are pursuing them  
25 and for their recognition that those matters

1 can and should be taken up independent of  
2 the charge we've taken up here.

3 To that end, I firmly believe we have  
4 charted, via these workshops -- the course  
5 we have charted via these workshops to be --  
6 to inform and educate ourselves and our  
7 constituents regarding the rationale for a  
8 possible restructuring of JEA and the  
9 various viable paths to its ongoing success  
10 is not only appropriate but vital.

11 So let's begin with the end in mind.  
12 What is the end goal? That you and I -- by  
13 that I mean the Council, the community, the  
14 board and management of JEA -- are able to  
15 look back with confidence, five to seven  
16 years from now knowing that, despite all the  
17 noise, all the distractions and, yes, some  
18 of the players involved, we were able to  
19 craft a path that resulted in a utility  
20 which continues to be a vital community  
21 asset that serves the citizens of  
22 Jacksonville so very well.

23 Today we will hear from two members of  
24 the JEA management team, both of whom have  
25 multiple years of experience with the

1 utility; Council Member Crescimbeni, who is  
2 on the agenda again, and would have gone  
3 first, but requested that he follow the JEA  
4 presentation so as to honor a prior  
5 commitment. So we will hear from him.

6 While admittedly a bit fluid, we've made  
7 available to you a copy of the workshop  
8 schedule. While JEA management and some of  
9 its consultants will have center stage at  
10 the next workshop, rest assured we will hear  
11 from a variety of other subject matter  
12 experts as we begin to explore the various  
13 scenarios.

14 If any of my colleagues would like to  
15 offer comment at this time, I yield the rest  
16 of my time.

17 Mr. Wilson.

18 COUNCIL PRESIDENT WILSON: Thank you,  
19 Council Member Boylan. Appreciate your  
20 efforts in these workshops. It's a great  
21 start to a conversation that I think will be  
22 going on for a long time.

23 I would like to announce that today  
24 General Counsel Jason Gabriel will be  
25 drafting legislation to appoint the law firm

1 of Busey Smith Hulsey as our independent  
2 legal counsel. And we interviewed four  
3 different firms last week, Jason Gabriel,  
4 Carla Miller and I. And I chose this firm  
5 because they have a longstanding history in  
6 Jacksonville of serving the City of  
7 Jacksonville and the community. They have  
8 served multiple -- on multiple plaintiff  
9 type cases to where we're dealing with many  
10 different individuals. And I believe they  
11 have the ability to hire the utility experts  
12 and the environmental experts that we will  
13 need going forward.

14 I'll say that we interviewed four  
15 Thursday. And all of them were very good  
16 interviews. And I'm hopeful that in our  
17 conversations that this firm will hire some  
18 of those firms we met with on Thursday as  
19 their utility experts. And so those  
20 conversations will come at a later date, but  
21 this bill will be introduced tomorrow night  
22 as an emergency. And I just want to let  
23 everybody know that. Thank you.

24 CHAIRMAN BOYLAN: Ms. Cumber.

25 COUNCIL MEMBER CUMBER: Thank you for

1           that. Through the Chair.

2           So I just want to be clear. I feel like  
3 we're hiring an attorney to hire other  
4 attorneys. And I'm a little concerned  
5 because, looking at Smith Hulsey, they have  
6 no background in what we need --

7           COUNCIL MEMBER DENNIS: Can you speak  
8 into the microphone?

9           COUNCIL MEMBER CUMBER: They have no  
10 background in what we actually need  
11 utility-wise. And I understand that they're  
12 a Jacksonville firm, but if we are really  
13 going to become educated and be on equal  
14 footing, we need utility experts. And I  
15 feel like we're going to be spending a lot  
16 of money and a lot of time to hire a firm  
17 that's just going to turn around and hire  
18 other firms.

19           So I would just -- I'm a little  
20 surprised by that choice. And I just would  
21 urge my colleagues to give it serious  
22 thought because we don't have a lot of time.  
23 And as an attorney and having worked in a  
24 big law firm, attorneys love to hire other  
25 attorneys. So I just -- I would really



1 encourage my colleagues to give it serious  
2 thought and make sure that we are hiring  
3 people who can actually objectively do what  
4 we need to do, rather than hiring people  
5 because they've been in Jacksonville for a  
6 long time.

7 CHAIRMAN BOYLAN: Mr. Wilson, do you  
8 want to speak to that?

9 COUNCIL PRESIDENT WILSON: No. We'll  
10 have that conversation tomorrow night, I'm  
11 sure, at the Council meeting.

12 CHAIRMAN BOYLAN: Mr. Carlucci.

13 COUNCIL MEMBER CARLUCCI: I think we  
14 talked about this a long time ago. And I  
15 don't think as a Council we were prepared to  
16 know who the right firm was. And so the  
17 idea was to find a firm that could find the  
18 firm. And I don't think there is anything  
19 unusual about that at all. A lot of  
20 organizations hire people that are talented  
21 to help find the resources that people and  
22 councils and even football teams need to  
23 find the right people for the right job.

24 I have so many years experience with  
25 Mr. Busey and so much confidence in that law

1 firm. I think they're capable of doing the  
2 job we need done par excellence. I respect  
3 what Council Member Cumber says and I  
4 respect her opinion, but I just thought that  
5 it should be countered by the experience I  
6 have with them. And I think Council  
7 President and whoever was with you made an  
8 excellent choice.

9 CHAIRMAN BOYLAN: Well, if we can hold  
10 on in the conversation; as President Wilson  
11 said, we'll take it up tomorrow evening.  
12 The focus really is the subject matter  
13 experts that they can identify and help  
14 bring to the table. I really do applaud the  
15 opportunity of moving forward with some  
16 counsel in this process. And I appreciate  
17 you taking the steps and moving forward with  
18 it.

19 Hearing no other comments -- yes, ma'am.  
20 Council Member Priestly Jackson.

21 COUNCIL MEMBER PRIESTLY JACKSON: I  
22 wanted to speak briefly to the respect of  
23 you as the Chair of this committee. And I  
24 particularly appreciate Council President  
25 Wilson having convened the committee. But I

1 was a little taken aback with the editorial  
2 that you posited in the paper, as well as  
3 conversations I heard relative to interviews  
4 with you after the legislation that I filed.  
5 In particular, I was concerned with language  
6 referencing staying in our lane, which to me  
7 harkens to oftentimes language that is  
8 designed to limit folks for various reasons,  
9 sometimes gender, sometimes ethnoracially  
10 from discourse.

11 But, also, the very nature of our  
12 workshops is factfinding. And so my  
13 understanding was, with the charge from  
14 Council President Wilson, we were  
15 undertaking workshops that were designed to  
16 be factfinding with the express caveat  
17 should information be revealed during the  
18 workshops that require legislation to be  
19 filed, that that legislation would not wait  
20 to any conclusion of a workshop, that that  
21 legislation would be filed timely. Hence,  
22 after the first workshop and then with the  
23 second, that is what prompted the  
24 legislation that I filed in the form of a  
25 resolution.

1           And I just want to be clear that my  
2           understanding of these workshops are not  
3           purely theoretical exercises, they are  
4           exercises designed to address any  
5           deficiencies that are revealed in the  
6           process to date, any questions relative to  
7           our Charter to date that have not been  
8           complied with, any questions relative to  
9           Florida Statutes, like the Sunshine and  
10          notice that have not been complied with.  
11          And that is why I have been so eagerly  
12          anticipating the workshops and appreciative  
13          of the time that we have for them to  
14          explore.

15                 But I felt it remiss to not say that I  
16          don't know that I think anybody up here has  
17          a lane. I don't know that I am in a  
18          position to decide what the other 18  
19          colleagues are intrigued to do, right. But  
20          I do believe the 19 of us working together  
21          will protect the constituents in  
22          Jacksonville and will do what is best if we  
23          allow the 19 of us to operate from a  
24          perspective of truly addressing what's best  
25          without any agenda going forward, but one

1 with using our best efforts to make certain  
2 that whatever actions are undertaken are  
3 undertaken in a transparent manner, in a  
4 manner consistent with our Charter, Florida  
5 Sunshine, and the best interest of our  
6 neighbors.

7 CHAIRMAN BOYLAN: Thank you, Council  
8 Member Priestly Jackson. Quite honestly, my  
9 letter well preceded -- was filed well  
10 preceding even your call for a notice of a  
11 meeting. So it didn't, obviously, refer to  
12 that specifically. If the intent was taken  
13 that way, I do apologize to any following  
14 comments.

15 I am very much open to the idea, as I  
16 mentioned, and I hope you take to heart my  
17 opening remarks where I spoke to the idea  
18 that I think it's a very good direction that  
19 you're offering with what you're looking to  
20 do, as well as other members of this.

21 All I was trying to say is, in the  
22 context of these factfinding workshops, that  
23 we try and stay focused on what we've laid  
24 out as our agenda for the next five months.  
25 Thank you.

1 All right. With that I'm --

2 COUNCIL MEMBER BOWMAN: Mr. Chair?

3 Sorry I had my hand up.

4 CHAIRMAN BOYLAN: Sorry. I didn't see  
5 it. Council Member Bowman.

6 COUNCIL MEMBER BOWMAN: Thank you. Real  
7 quickly. And thanks for these meetings. I  
8 want to step back, don't want to debate, but  
9 I would ask President Wilson for that  
10 legislation he says he's going to present  
11 tomorrow night, if you could provide us with  
12 a grading criteria and what they were being  
13 scored on, I would appreciate that to help  
14 me make the decision tomorrow night. So  
15 thank you, sir.

16 CHAIRMAN BOYLAN: I want to note for the  
17 record that Council Member Dennis and  
18 Council Member Morgan have also joined us at  
19 the table, and Council Member Salem. Thank  
20 you.

21 All right. With that, we invite up  
22 Mr. Wannamacher and Ms. Dykes. The folks at  
23 JEA management have, as I mentioned earlier  
24 on, a presentation for us today. Their  
25 focus largely is to review the process which

1 started with understanding the industry's  
2 trends, and then efforts on the part of the  
3 JEA to communicate that through the Board  
4 and to the population as a whole.

5 So I understand Mr. Wannamacher is  
6 speaking.

7 Council Members, you have a copy of the  
8 presentation at your seats. We will follow  
9 along there. It's also on the large screen  
10 behind us.

11 MS. DYKES: Good morning. Is the mike  
12 live?

13 CHAIRMAN BOYLAN: Is it green? Yes, if  
14 it's green.

15 Could you give us, in terms of context,  
16 your brief history, extended history, with  
17 JEA?

18 MS. DYKES: Great. Thank you very much.  
19 I appreciate the invitation to present to  
20 the Council Members this morning. I'm  
21 Melissa Dykes, I'm JEA's President and Chief  
22 Operating Officer. I've been in the utility  
23 business for about 21 years. The last 7 of  
24 those years have been with JEA, currently as  
25 President COO. So I'm responsible for

1 leading about 1,800 people at JEA in the  
2 day-to-day operations of the utility and the  
3 great work they do.

4 I'm joined here by Ryan Wannamacher.  
5 He's been in the utility business for 18  
6 years. The last 5 of those have been at  
7 JEA. He's JEA's Chief Financial Officer.

8 Combined Ryan and I have done more than  
9 \$50 billion in public power financing. And  
10 while we're the ones that are presenting  
11 here today, we're presenting information  
12 that's largely found in JEA's audited  
13 financial statements. Our auditor is Ernst  
14 & Young. They're the third largest  
15 accounting firm in the entire world with  
16 offices in more than 150 different  
17 countries.

18 We're also going to be presenting some  
19 information that's pulled from our strategic  
20 planning process. That process was led and  
21 facilitated by McKinsey & Company. They're  
22 a global management consulting firm who  
23 advises some of the world's leading  
24 companies.

25 With that introduction to today's



1 presentation, I'll ask Ryan to dive right  
2 in.

3 CHAIRMAN BOYLAN: Excuse me for a second  
4 before you take a breath and get yourself  
5 ready. I should mention in the agenda we  
6 talked about addressing two memoranda that  
7 came out in response to a couple leftover  
8 questions. Those are available to Council  
9 Members and, I believe, to the audience  
10 at-large. If we have a chance at the end,  
11 we will come back and revisit those. I was  
12 just trying to keep us on time. Thank you.

13 Please go ahead, Mr. Wannamacher.

14 MR. WANNAMACHER: So thank you. To talk  
15 about the factors leading up to a new  
16 strategic plan, we really have to go back 10  
17 or 20 years ago. There are three major  
18 factors over the last two decades that have  
19 changed JEA forever. Some of these things  
20 were within our control and some were not.

21 As you are talking to your constituents,  
22 what they need to understand is that JEA is  
23 in the midst of unprecedented challenges  
24 associated with three things: high debt,  
25 declining sales, and expensive uncapped

1 nuclear contract. So we'll talk about each  
2 of those. Again, it's high debt, declining  
3 sales and an expensive uncapped nuclear  
4 contract.

5 The story begins with our financial and  
6 debt management from 2000 to 2009. During  
7 that time we basically completely maxed out  
8 the credit cards. We essentially took a  
9 cash advance on the credit card and put the  
10 money in the checking account.

11 In 2005 we finished the year with \$2.4  
12 million in operating cash. I know that  
13 sounds like a lot, but it was one day of  
14 cash on hand. It's the equivalent -- to put  
15 that in perspective, it's the equivalent of  
16 an average household with no savings and  
17 \$150 in the bank. That's where we were in  
18 2005. The result was reckless and  
19 irresponsible. Understand, I'm not accusing  
20 anyone of any wrongdoing, okay, but it was  
21 an arguably bad policy.

22 In December of 2005, we had no money in  
23 the fuel fund and we had to fill the diesel  
24 tanks at north side. So we borrowed -- the  
25 fuel fund borrowed to fill the tanks. We

1 had to dip into customer deposits to make  
2 payroll at the end of December 2005. So we  
3 did a bond deal in early 2006 to borrow more  
4 money. And we started raising rates shortly  
5 thereafter.

6 The second factor was the impact of  
7 market policy and technology disruption.  
8 Since 2006 our electric sales per customer  
9 have fallen every single year on a weather  
10 adjusted basis. This has been due to energy  
11 efficiency, driven by government policy and  
12 better technology.

13 The third factor was the impact of our  
14 Plant Vogtle contract with the municipal  
15 electric authority of Georgia. The contract  
16 was signed in 2008. It requires us to take  
17 the capacity and energy from MEAG for 20  
18 years. This project has been in  
19 construction for 12 years, and it's more  
20 than doubled in price. The original  
21 contractor was Westinghouse Electric  
22 Corporation, a company that existed since  
23 1886. These cost overruns associated with  
24 the plant caused them to file for bankruptcy  
25 protection two years ago.

1           So we're going to talk about these three  
2 things today and how they affect us moving  
3 forward. There is a ton of information  
4 floating around out there, and I know it can  
5 be confusing, but distilling it down to  
6 these three most important factors facing  
7 the business are really, I think, going to  
8 be helpful to you in your discussions with  
9 your constituents.

10           MS. DYKES: Start with a look at  
11 customers. JEA is growing in terms of  
12 number of customers, and that's a reflection  
13 of a healthy and vibrant community that  
14 we're based in. Over the last 20 years,  
15 we've added 127,000 accounts. That's the  
16 equivalent of the entire city of Tallahassee  
17 that's been added to our service territory.  
18 So the gap for us is not growth in number of  
19 customer accounts. The gap is as Ryan  
20 mentioned, sales per customer. Over that  
21 same time period sales per customer has  
22 fallen. And as Ryan mentioned, it's fallen  
23 every single year since 2006 on a weather  
24 adjusted basis.

25           So think about your own home, every time

1           you change out a light bulb, every time you  
2           replace a failed appliance, every time  
3           somebody moves in new housing stock, each  
4           one of those individual decisions marginally  
5           decreases your electric usage. In  
6           aggregate, it has a significant impact on  
7           our system in its entirety.

8           And it's informative to look at the  
9           breakdown of what's happening in the  
10          industrial sector and compare that to what's  
11          happening in the residential sector. Our  
12          commercial accounts have lowered their usage  
13          per customer much more significantly than  
14          our residential accounts. Those are the  
15          accounts that have the means to make  
16          investments in energy efficiency. So those  
17          accounts that most have the means to make  
18          those investments are making those  
19          investments, which means that  
20          disproportionately our costs are falling  
21          more and more on those who don't have the  
22          means to do so.

23          When you put those things together, our  
24          customer growth just isn't enough to offset  
25          declines per customer use. And the result

1 is in 2019 our sales were 8.7 percent below  
2 where they were in 2006. And just a  
3 reminder, these figures are pulled directly  
4 from JEA's audited financial statements.

5 MR. WANNAMACHER: So at the same time  
6 that our sales growth stopped, our debt --  
7 on the electric system, our debt peaked. In  
8 2009 the electric system had a half a  
9 billion dollars more debt than poles and  
10 plants. Essentially, we had a mortgage for  
11 a half a billion dollars more than the value  
12 of the home. There is not a regulator in  
13 the world that would have allowed the  
14 balance sheet that we had in the early  
15 2000s.

16 We had to pay down debt. And we have.  
17 You can see from this chart, today the  
18 system is smaller, we have less assets and  
19 we've paid down debt faster.

20 So how do we pay off all that debt? The  
21 first thing we did was raise rates. Simply  
22 put we just weren't charging enough. And we  
23 waited until it was a crisis to take  
24 actions. We raised base rates by 71 percent  
25 since 2006. As Melissa mentioned earlier,

1           our sales fell by a million megawatt hours  
2           since 2006. So we collected almost \$300  
3           million more in base revenue on a million  
4           megawatt hours less.

5           It's important to understand that base  
6           rates, when we talk about rate increases,  
7           base rates are how we pay for the system.  
8           That's how we pay for poles, transformers,  
9           meters and generating facilities.

10          But we were fortunate. When we raised  
11          rates, we were fortunate because global  
12          commodity markets cooperated. Fuel costs  
13          are passthrough. When we talk about fuel,  
14          our fuel costs peaked in 2009 and have  
15          fallen since then. When we started raising  
16          base rates, fuel costs were also increasing.  
17          And we needed to raise both base rates and  
18          fuel charges from 2006 to 2009, but it's  
19          fuel prices fell, fuel charges came down by  
20          over \$300 million per year since 2008.

21          The other thing we did was we cut  
22          employees. We reduced the electric employee  
23          count by 23 percent, as customers increased  
24          15 percent. Simply put, we added 61,000  
25          customers that we are serving with 400 less

1 employees.

2 But it wasn't enough. Due to our  
3 contract with Plant Vogtle, with MEAG for  
4 Plant Vogtle, our debt obligations are going  
5 to almost double between now and 2027. And  
6 this is just the minimum of what we're going  
7 to pay. This is just where we stand today  
8 with what MEAG has borrowed for that Plant  
9 Vogtle construction project. It will be  
10 more than this. We do know that.

11 And understand, Melissa and I, again,  
12 we've been at JEA for a number of years.  
13 We've been doing everything we can since  
14 we've been at JEA to delay this impact.

15 These bars on this slide here show the  
16 expected debt service obligations that we  
17 had in 2012. The gray bars illustrate the  
18 debt service that we have reduced since  
19 2012. So we've reduced our revenue  
20 requirements by over \$600 million between  
21 now and 2026 since 2012. These are costs  
22 that we would have already had to collect  
23 from customers.

24 MS. DYKES: That's right, Ryan. I  
25 started at JEA seven years ago. And when I



1 first began working at JEA, we were staring  
2 down pretty substantial rate increases in  
3 2019 and 2020. So as a result of the work  
4 that Ryan's team has been able to do, we've  
5 created a glide path into those needed rate  
6 increases, but there is no magic wand.  
7 There is still very substantial cost  
8 increases that are going to be needed to  
9 cover the costs that Ryan discussed.

10 And we're talking about rate increases  
11 that are \$20 or more per month for the  
12 average residential customer. So for the 40  
13 percent of our community that struggles to  
14 pay their bills every month, that's a lot of  
15 money. And it's, I'm sure, something you're  
16 tuned into on behalf of your constituents.

17 Our water and wastewater utility on page  
18 14 has faced a similar story over the past  
19 decade. On the upper left-hand chart -- and  
20 I apologize for the size of the type on this  
21 one -- on the upper left-hand chart, we've  
22 had growth in number of customers, but  
23 basically stagnant sales.

24 On the upper-right chart, we've seen  
25 similarly significant rate increases in

1 water and wastewater. On the bottom left,  
2 we've been able to pay down debt early in  
3 water and wastewater as well, but you see we  
4 still have those significant cost challenges  
5 facing us, and really importantly for the  
6 water and wastewater system, it's a story  
7 about future capital needs, because at some  
8 point we will need an alternative source of  
9 water to be able to continue to serve our  
10 community.

11 And that looks like a capital  
12 requirement of a billion dollars or more  
13 that currently doesn't have a funding source  
14 outside of rates from our customers. And  
15 that doesn't even begin to address septic  
16 tank phaseout, which has been a problem  
17 that's been with the City of Jacksonville  
18 since pre-consolidation and is billions of  
19 dollars to solve.

20 So the really foundational question for  
21 the strategic planning process, when we  
22 undertook the beginning of this process 18  
23 months ago, is where does the money come  
24 from. We're staring down significant rate  
25 increases, significant capital needs for our

1 customers. How do we continue to provide  
2 reliable and affordable utility service now  
3 and long into the future for our customers  
4 and for our community? And while the  
5 challenges -- the three challenges that Ryan  
6 discussed are really huge drivers and frame  
7 the strategic planning discussion, we've got  
8 other challenges as well. Our operating  
9 costs continue to increase year over year.  
10 And that continues to put pressure on  
11 finances.

12 There is a couple of important things to  
13 note about the frame for the strategic  
14 planning discussion. One is that it's not  
15 just a Vogtle problem. Vogtle is a very  
16 expensive contract. As Ryan talked about,  
17 it's uncapped. But even if Vogtle were not  
18 part of the equation, we're still facing a  
19 utility that had an enormously high debt  
20 burden combined with declining sales.  
21 That's a huge problem and a huge issue.

22 The other thing to note is, given that  
23 sales per customer have fallen every single  
24 year since 2006, it is painfully apparent  
25 that we are not going to grow our way out of

1           this problem.

2           Flipping ahead to the next section, on  
3           page 17, when we started the strategic  
4           planning process, we started with getting  
5           very clear in what we're trying to achieve.  
6           Obviously, we wanted increase value. But  
7           what does value even mean? And through a  
8           collaborative process between us as a  
9           leadership team, our board, the City  
10          Council, our employees, we identified four  
11          different measures of value that are all  
12          important in terms of what it means to drive  
13          value. We call them internally CCEF. It's  
14          customer, community, environmental and  
15          financial.

16          And what that recognizes is that value  
17          means much more than just financial value.  
18          And sometimes there are balances and  
19          tradeoffs between the measures of value that  
20          we're looking to maximize as a utility.

21          This is a very busy slide. I'm  
22          definitely not going to read all these  
23          words, but there is a few key points I want  
24          to leave you with from our process itself.  
25          The first is that it was facilitated by one

1 of the top management consultants in the  
2 world. The second is that the development  
3 of strategy went far beyond our own  
4 leadership team. And you get a flavor for  
5 that on the left-hand side of this page. We  
6 had outreach with City Council members, with  
7 the Civic Council, Chamber, with rotaries,  
8 with our unions, and our employees. And  
9 that input and engagement is a really  
10 important component of the development of  
11 the planning process, and that is  
12 continuing.

13 It is a painstaking, deliberate,  
14 detailed process that looks at all the  
15 different facets of JEA. And it took a  
16 scenario based approach, that's the approach  
17 we took through strategic planning to  
18 determine the best path forward. And it's  
19 not finished yet. We're still working  
20 through the best scenarios that will  
21 ultimately be presented to our board as part  
22 of the strategic plan.

23 At a high level, on page 19, our board  
24 will consider five options for the path  
25 forward. And the question is way more

1 complex than just a sell versus don't sell  
2 question. The question is how best to  
3 address the challenges we've talked about in  
4 this presentation to continue to deliver  
5 reliable, affordable, safe utility service  
6 long into the future for our community.

7 The first option that's on this page is  
8 status quo. That's essentially, If we  
9 continue to run the utility as we've been  
10 running it, without making major changes,  
11 what does that look like for our customers?  
12 And what it looks like is major rate  
13 increases. Rate increases in excess of 50  
14 percent, which has a significant impact on  
15 affordability and economic development for  
16 our community.

17 In the second scenario that we  
18 approached during strategic planning, what  
19 we looked at is, What does the plan look  
20 like if we respond to that first scenario  
21 with the tools that we have available to us,  
22 with the constraints that we have as a  
23 government-owned utility, and trying to  
24 shift some of that financial burden off of  
25 our customers? And what that looks like is

1 very deep cost cuts at the utility.

2 So there is a balancing, a better  
3 balancing, of those four measures of value.  
4 It shifts some of the financial burden off  
5 our customers, but the trade is we're likely  
6 to see degradations in service quality  
7 because of how deep those cuts would need to  
8 be. So we're able to reduce the rate  
9 increases over the next 10 years to 26  
10 percent, to cut them almost in half, but at  
11 the expense of service quality.

12 Those two scenarios have been presented  
13 to our board, and they are reserved for a  
14 future workshop agenda, I believe.

15 The third scenario is community  
16 ownership through an electric cooperative.  
17 So, essentially, our customers would  
18 literally own the company. And it's a  
19 structure that's used by the utility in Clay  
20 County today. And it loses some of the  
21 constraints that we have as a  
22 government-owned utility, adds some  
23 different constraints that are required  
24 under federal legislation for electric  
25 cooperatives, but it is a viable option for

1 the community. And it's one that we're just  
2 finishing up the work on. It's been a  
3 tremendous amount of work to develop that  
4 scenario. We'll be presenting that to our  
5 board in December, so later this month.

6 The fourth scenario is an initial public  
7 offering. So that's a privatization  
8 structure where shares of stock are offered  
9 to the public. And they could be offered in  
10 such a way to give priority to people who  
11 live in our service territory so that our  
12 customers could become our owners through  
13 that scenario too. It is an extraordinarily  
14 complex structure. And it's one that we  
15 don't have fully developed yet to be able to  
16 present all the details on.

17 One of the complexities is balancing  
18 federal law through the Securities and  
19 Exchange Commission with state and local law  
20 that is sometimes in direct conflict. And  
21 so figuring out how to create an offering  
22 that complies with all applicable laws, when  
23 the laws actually literally conflict with  
24 one another, is challenging. That scenario  
25 will be presented once we finish the



1 diligence process with it and we have better  
2 information to present. We do believe it's  
3 viable at this point, but it's complicated.

4 And then the fifth option is the outcome  
5 from the ITN process itself. And remember,  
6 that's one of just five options that will be  
7 considered by our board.

8 If the board chooses options three, four  
9 or five on this page, then City Council has  
10 the opportunity to decide whether to send  
11 the proposal to Duval County voters to  
12 decide the path forward for JEA.

13 It is incredibly important to remember,  
14 through all this work and all these  
15 presentations, that there is not a rewind  
16 button. There is no choice that says we get  
17 to go back to JEA of yesterday. That  
18 doesn't exist.

19 The challenges that we've talked about  
20 are enormous and they're challenges that  
21 will impact our entire community since the  
22 utility service is a key driver of quality  
23 of life for our community. I understand  
24 change is painful. But it's also an  
25 incredibly important business conversation

1 for us to be having. And the challenges  
2 that we've talked about over the course of  
3 this conversation mean that, whatever path  
4 is chosen, whatever JEA becomes tomorrow, it  
5 will be different than JEA today.

6 After a somewhat gloomy conversation, I  
7 do want to leave you with a little bit of a  
8 high point. And that's that, although  
9 strategic planning has been a key focus for  
10 our leadership team over the past 18 months,  
11 our top priority has been and remains  
12 providing high value service to our  
13 community. Our employees continue to just  
14 knock it out of the park on operations, and  
15 I'm really proud of the work that they do.

16 Last year they set records, as you see  
17 on this page that's in front of you, for  
18 customer satisfaction, electric reliability,  
19 wastewater environmental impact, and capital  
20 plan execution, and actually a few more than  
21 that even on our scorecard. And that's  
22 going to continue to be our focus, is making  
23 sure that we continue to deliver the best  
24 service that we can to the community.

25 I'll wrap up this presentation with the

1 yellow box that's in the middle of page 21.  
2 It's a reminder of the three distinct  
3 challenges that are key to -- that are  
4 facing JEA and key to our strategic planning  
5 process; and those are our high debt, our  
6 declining sales, and an expensive and  
7 uncapped nuclear contract. By solving for  
8 these challenges through a thoughtful and  
9 deliberate strategic planning process, we  
10 can continue to provide value to our  
11 community, not just today, but long into the  
12 future.

13 I appreciate your time this morning and  
14 we'd be happy to take questions.

15 CHAIRMAN BOYLAN: Thank you for your  
16 presentation. Let me just ask one, which  
17 popped up early on in the conversation.  
18 Particularly given the presentation that you  
19 presented today, why did you leave -- if JEA  
20 is so attractive to various suitors out  
21 there?

22 MS. DYKES: You want to take that one?

23 MR. WANNAMACHER: Sure. It's a great  
24 question, and I know it's a question that's  
25 been asked multiple times. The reality is

1           that the declining sales is not unique to  
2           JEA. It is across the industry declining  
3           sales per customer have affected all  
4           utilities. And so as an investor-owned  
5           utility, let's say, the objective is to  
6           increase earnings, right. And so in the  
7           absence of growth associated with kind of  
8           your traditional service territory, the way  
9           that utilities have attempted to get  
10          earnings growth is through acquisition.

11                 And so if you look at, I think -- I  
12          think maybe Mike Mace presented the last  
13          time. He mentioned that there was --  
14          there's been quite a bit of consolidation in  
15          the industry. The reality is there are half  
16          the utilities -- investor-owned utilities  
17          today that there were, you know, 20 years  
18          ago. And they all still want growth. And  
19          so there is just less opportunity for them  
20          to go, you know, buy other utilities. And  
21          so what JEA represents in the context of an  
22          IOU is that growth opportunity. And so  
23          that's part of the reason why it's  
24          attractive.

25                 MS. DYKES: I think that's half the

1 story. But there is another half of the  
2 equation that I think is also important for  
3 us to talk about, and it's structural.  
4 There are things that we simply can't take  
5 advantage of or can't do as a  
6 government-owned utility. And when those  
7 things are unlocked and made available,  
8 whether they're on the optimizing the cost  
9 side of the equation or whether they're  
10 pursuing other revenue opportunities, there  
11 is value that's associated with those. And  
12 that's value that could be recognized as  
13 part of the process.

14 CHAIRMAN BOYLAN: Can you give us a  
15 couple of specific examples?

16 MS. DYKES: Sure. There are  
17 opportunities, as an example, to get into  
18 the solar business. So right now we react  
19 to solar, particularly distributed solar,  
20 like residential customers, by essentially  
21 just dealing with lower sales and dealing  
22 with a grid that's less efficient. But  
23 right now, under our legal structure, we're  
24 not able to get into the solar installation  
25 business ourselves, and that could be a

1 business opportunity that gets unlocked  
2 through a different structure.

3 CHAIRMAN BOYLAN: Not to dominate, I  
4 started the questions.

5 Council Member Morgan.

6 COUNCIL MEMBER MORGAN: Thank you so  
7 much.

8 And thank you, Ms. Dykes and  
9 Mr. Wannamacher, for your comments. As I  
10 listened, I know that as you said you have  
11 been doing the strategic process, you've  
12 really been delving pretty deeply into this.  
13 So as you really looked at where we are as  
14 JEA, where we would be if perhaps we were  
15 sold, how do you see other municipal  
16 utilities, what are they doing that is  
17 different from JEA? Because as you said,  
18 everybody is in the same position, we're all  
19 struggling for survival.

20 MS. DYKES: That's a great question.  
21 And I don't want to put words in the mouths  
22 of other utility leaders, but what I'll just  
23 say is, for JEA, what we have is a unique  
24 set of circumstances. Everybody is facing  
25 the same industry changes, technology

1 changes, that are causing customers to use  
2 less of the product. Not everybody is  
3 facing the balance sheet that we're facing,  
4 and not everybody is facing the nuclear  
5 contract that we have challenging us. So I  
6 think, from a planning perspective, that  
7 does influence the conversation, because  
8 those two things are pretty uniquely JEA.

9 I will just say too, from an options  
10 moving forward perspective, two of the  
11 options are still governmental, they're  
12 still owned by the City of Jacksonville.  
13 One of the options is sort of hybrid. And  
14 from a -- the perspective of the business,  
15 none of them are wrong choices. They're all  
16 policy choices, they're going to be driven  
17 by policy decisions that are made between  
18 our board, City Council and ultimately  
19 perhaps voters, depending on which one gets  
20 brought forward. But there is nothing  
21 fundamentally wrong with any of them;  
22 they're just policy judgments in terms of  
23 how to create value in the future.

24 COUNCIL MEMBER MORGAN: Okay. And very  
25 quickly, last question: If we have a new

1           company -- you've already said that we have  
2           a septic tank phaseout situation that is  
3           going to cost us billions of dollars,  
4           billions of dollars. We know that, as we  
5           sit here, we know that we want to continue  
6           this process of septic tank phaseout. What  
7           happens if someone else comes in? Will we  
8           see that same commitment or will that go by  
9           the wayside?

10           MS. DYKES: I think that's a great  
11           question. And it's a really, really  
12           important and challenging issue for our  
13           community. And I'm not going to cast  
14           judgment on the progress that's been made to  
15           date, but I think it's worth observing that  
16           the problem has been around -- consolidation  
17           happened 51 years ago, and we're still  
18           talking about the same issues.

19           And so I think if there is  
20           opportunity -- no matter which option is  
21           chosen, if there is opportunity for us to  
22           find a path to accelerate the investments  
23           that are just desperately needed to solve  
24           that problem, I think that's a really  
25           important conversation.



1           And I think it also needs to be coupled  
2           with exploring technologies that can offer  
3           solutions maybe in a different way. Because  
4           the bottom line is it's really expensive,  
5           and that's part of the barrier to having  
6           made more progress in the past on the septic  
7           tank issue. But if we can find a way to  
8           identify a funding source through a process  
9           like this one and we can find a way through  
10          technology evolution to be able to find a  
11          lower cost solution, and we can wed those  
12          two things together, then we can maybe solve  
13          a problem that's been around for a half a  
14          century or more.

15                 CHAIRMAN BOYLAN: I've got Council  
16          Member Salem, DeFoor, Dennis and Cumber, in  
17          that order. And if you can, limit yourself  
18          to one question -- because I would like to  
19          get everyone in, we do have time constraints  
20          here -- I would appreciate it very much.

21                 Council Member Salem.

22                 COUNCIL MEMBER SALEM: Thank you.

23                 Thank you for coming. I want to  
24          piggyback sort of on Councilwoman Morgan's  
25          question. I'm not sure the community is

1           opposed to rate increases in order to  
2           maintain a municipal utility. Have we done  
3           surveys to get the feel of the community on  
4           that? I know when this was announced, I  
5           think, at July meeting, I think Mr. Zahn  
6           commented that we would need to cut an  
7           additional 400 jobs immediately if we did  
8           not undergo this process. And I think  
9           that's why the board went forward with this  
10          plan.

11                 The second comment I would make -- would  
12           ask you about is have we had -- I know other  
13           cities are looking to reacquire their  
14           municipal utilities, as we're trying to  
15           explore alternatives for ours. And that  
16           bothers me as well, which is sort of a  
17           comment on Councilwoman Morgan's question.  
18           Have we had other experts look at JEA from a  
19           municipal standpoint and advise us on how  
20           they would approach this situation or can we  
21           get that? Is that a part of the process  
22           we're going to be undergoing through these  
23           meetings?

24                 MS. DYKES: Both great questions.

25                 You want me to take them?

1 MR. WANNAMACHER: Sure. Go ahead.

2 MS. DYKES: Both great questions. I'm  
3 going to start with your first question.  
4 What we've been working toward through the  
5 strategic planning process is laying out the  
6 five choices, and really quantifying them to  
7 help us understand exactly what they mean  
8 for our community, both in the short-term  
9 and in the long-term. To my knowledge, we  
10 have not undertaken surveys that  
11 specifically ask the question that you  
12 outlined, but I'll have to follow up with  
13 you separately on that just to confirm.

14 As it relates to looking at remaining  
15 municipal and optimizing that, I think  
16 that's the work that we've done with  
17 McKinsey through the first two scenarios  
18 that have been analyzed in strategic  
19 planning. So they're certainly not a bias  
20 in terms of direction between the five  
21 outcomes. It's making sure that everybody  
22 who is involved in the decisionmaking  
23 process understands the tradeoffs that are  
24 inherent in each of the five outcomes.

25 And forgive me. I think you had one

1 more question, and I'm not sure what it was.

2 CHAIRMAN BOYLAN: He's limited anyways,  
3 so I'm going to leave it at that.

4 If we don't answer a question today --  
5 and I'm getting a few folks who are sending  
6 me questions -- please know that I will be  
7 more than happy to capture those,  
8 MBoylan@COJ.net, and refer them back to our  
9 speakers today to address them at a  
10 subsequent meeting or part of the next  
11 presentation. So I don't want anything left  
12 out of this conversation.

13 With that, I'm going to turn the floor  
14 over to Councilwoman DeFoor. And then,  
15 Mr. Dennis, you'll be next.

16 COUNCIL MEMBER DEFOOR: Thank you,  
17 Chairman.

18 I just want to make sure.  
19 Mr. Wannamacher, you have been the CFO for  
20 how long?

21 MR. WANNAMACHER: About -- a little over  
22 a year and a half.

23 COUNCIL MEMBER DEFOOR: Okay. So my  
24 question -- Ms. Dykes, you said seven years  
25 in the current position?

1 MS. DYKES: Uh-huh.

2 COUNCIL MEMBER DEFOOR: So in the spring  
3 of 2018, when we had the same sales issues,  
4 same debt concerns, same Plant Vogtle, you  
5 represented to Wall Street a 10-year  
6 financial projection that showed a very  
7 healthy future with some normal industry  
8 challenges. And then just a few months  
9 later all of a sudden there is a death  
10 spiral. What happened?

11 MS. DYKES: They're not internally  
12 inconsistent stories, but I think it will be  
13 helpful to walk through some of the  
14 differences. You want to take a stab at  
15 that?

16 MR. WANNAMACHER: Sure.

17 I'm not sure exactly the presentation  
18 that you're referring to, but I will tell  
19 you --

20 COUNCIL MEMBER DEFOOR: It had to --  
21 just so you know, it had to do with the bond  
22 rating -- the represented -- regulators and  
23 bond ratings.

24 MR. WANNAMACHER: As we stepped through  
25 the strategic planning process, we worked

1 with McKinsey to evaluate our sales  
2 forecast. We looked at the trends of new  
3 technology facing the industry in terms of  
4 cost productions. And, frankly, it was an  
5 update to our forecast from a sales  
6 standpoint. The projections that we  
7 provided to the rating agencies have  
8 included rate increases. They have for --  
9 our projection is over a 10-year period.

10 CHAIRMAN BOYLAN: At what level?

11 MR. WANNAMACHER: I do not recall off  
12 the top of my head. I'll have to go back  
13 and look to see what we just presented.

14 It's not to say that we're not going to  
15 have rate increases over time. I think the  
16 point, as we were going through this  
17 strategic planning process, was we've looked  
18 at it and we said, Well, gosh, we don't see  
19 a path to growing our way out of this from a  
20 sales standpoint. And so when you looked at  
21 it, and you said, All right, are there other  
22 options that are more beneficial or as  
23 beneficial for the City and provide us with  
24 a more sustainable future? And that was  
25 really the simple question of the strategic

1 planning process.

2 I don't know if you have anything to  
3 add?

4 MS. DYKES: Yeah. What I would just  
5 think about is the story of our financial  
6 health and the story that framed the  
7 beginning of our strategic planning process  
8 isn't a we-have-a-crisis-today story. It's  
9 a -- this is a terrible analogy, but go with  
10 me for a second. It's a little bit like,  
11 I'm a very healthy woman, I'm a runner, I do  
12 everything I need to do to maintain myself,  
13 and I find out I have cancer. I'm not going  
14 to die tomorrow, but it doesn't mean that I  
15 don't do something proactively to try to  
16 cure what ails me.

17 It's a looking forward into the future  
18 and recognizing if you couple what's  
19 happening in terms of technology evolution  
20 with the things that are facing us from a  
21 high debt, from a Vogtle contract, and from  
22 a declining sales perspective, you are  
23 realistically looking at residential  
24 customers having an alternative to our  
25 utility scale electric supply by the middle

1 of the next decade.

2 That's something we need to be talking  
3 about as a community. That is a crisis  
4 that's looming on the horizon. It is not a  
5 crisis today in 2019, but we make  
6 investments for 30 or 40 years or longer.  
7 And it's really important for us to be  
8 making those investments with a very future  
9 lens.

10 COUNCIL MEMBER DEFOOR: So I just want  
11 to clarify. You're saying your  
12 representations for the 10-year projection  
13 was correct, but you're talking about now  
14 years beyond the 10-year projections, or was  
15 there something that changed in that 10-year  
16 --

17 MS. DYKES: I would have to reconcile  
18 exactly which projections you're talking  
19 about. But all of the projections we  
20 presented are correct. They are sometimes  
21 used for different purposes.

22 CHAIRMAN BOYLAN: Well, look for that  
23 clarification, if you could.

24 Council Member Dennis.

25 COUNCIL MEMBER DENNIS: Through the



1           Chair. Thank you all for being here. Just  
2           to kind of piggyback on your analogy, I  
3           don't think that woman would kill her body,  
4           kill herself; I think she would want to get  
5           the cancer cut out. And I think that's what  
6           the community wants, whatever is going on  
7           with the agency, to cut that cancer out and  
8           continue with the body and make it healthy.

9           So in saying that, you have small  
10          writing at the top of this presentation that  
11          you handed out. I'm going to read that. It  
12          says: The following materials are presented  
13          solely for COJ City Council planning and  
14          action. They are not a projection of future  
15          financial performance and, as such, should  
16          not be relied upon by present or perspective  
17          JEA bond investors to purchase or sell any  
18          security or to make any investment  
19          decisions. And then it goes on and on and  
20          on.

21          And so it's almost like we're getting  
22          one story and your investors or bond  
23          agencies get another story. So I'm going to  
24          ask you several questions, and I just -- for  
25          time, I just want yes-or-no answers to them.

1 MR. WANNAMACHER: Can I --

2 COUNCIL MEMBER DENNIS: No. It's my  
3 time.

4 So just yes or no: Now, JEA is the  
5 eighth largest publicly owned utility.

6 MS. DYKES: Yes.

7 COUNCIL MEMBER DENNIS: So yes-or-no  
8 question -- I'm going to call out the next  
9 top seven and tell me if they're pursuing a  
10 privatization. The largest is the Puerto  
11 Rican -- Puerto Rico Electric Power  
12 Authority.

13 MS. DYKES: Yes.

14 COUNCIL MEMBER DENNIS: They're pursuing  
15 privatization?

16 MS. DYKES: Yes.

17 COUNCIL MEMBER DENNIS: Los Angeles  
18 Department of Water and Power?

19 MS. DYKES: Not to my knowledge.

20 COUNCIL MEMBER DENNIS: Long Island  
21 Power Authority?

22 MS. DYKES: They are --

23 COUNCIL MEMBER DENNIS: Yes or no?

24 MS. DYKES: -- already half privatized.

25 COUNCIL MEMBER DENNIS: Yes or no, are

1           they pursuing --

2           MS. DYKES: They are not pursuing a  
3 structural change; they are already half  
4 privatized.

5           COUNCIL MEMBER DENNIS: Salt Water  
6 Project?

7           MS. DYKES: Not to my knowledge.

8           COUNCIL MEMBER DENNIS: CPS Energy?

9           MS. DYKES: Not to my knowledge.

10          COUNCIL MEMBER DENNIS: Sacramento  
11 Municipal Utility District?

12          MS. DYKES: Not to my knowledge.

13          COUNCIL MEMBER DENNIS: Austin Energy?

14          MS. DYKES: Not to my knowledge.

15          COUNCIL MEMBER DENNIS: And then there's  
16 JEA, okay. So my next round of questions I  
17 want to ask --

18          CHAIRMAN BOYLAN: This will be your  
19 second round, all right, two questions. I'm  
20 trying to limit to give everyone an  
21 opportunity.

22          COUNCIL MEMBER DENNIS: But still the  
23 same.

24          Just yes or no. Opportunities, and you  
25 said that there are no opportunities.

1           Increasing the water footprint, is that an  
2           opportunity for JEA to pursue?

3           MS. DYKES: I'm sorry. I didn't  
4           understand.

5           COUNCIL MEMBER DENNIS: Increasing JEA's  
6           water footprint via acquisition?

7           MS. DYKES: Very limited under  
8           government restrictions.

9           MR. WANNAMACHER: Under our current  
10          structure.

11          COUNCIL MEMBER DENNIS: Dark fiber  
12          leasing?

13          MS. DYKES: Very limited under our  
14          current structure.

15          COUNCIL MEMBER DENNIS: Monetizing SJRPP  
16          and other owned parcels?

17          MS. DYKES: Partially possible.

18          COUNCIL MEMBER DENNIS: Solution home  
19          suppliers --

20          MS. DYKES: Probably --

21          COUNCIL MEMBER DENNIS: -- become a  
22          premier?

23                 So, basically, you're saying that we  
24                 cannot pursue other opportunities under the  
25                 normal government structure; that we have to

1           have a nontraditional government structure  
2           in order to grow JEA's footprint?

3           MS. DYKES: I'm saying that, without a  
4           structural change or legislative change,  
5           that the opportunities that are available to  
6           us are limited.

7           COUNCIL MEMBER DENNIS: So in saying  
8           that, can you share with us what can we do  
9           as Charter changes, as legislative changes  
10          outside of privatization so we can help JEA  
11          increase their growth, again cutting out the  
12          cancer instead of getting rid of the body?  
13          Thank you.

14          MS. DYKES: In the interest of time, I  
15          might just refer Councilman Dennis to our  
16          July board meeting where we spent a lot of  
17          time with our board --

18          CHAIRMAN BOYLAN: And I fully expect at  
19          our session on the traditional path to  
20          success, we'll be having a conversation with  
21          respect to the Charter changes that are  
22          necessary. But I certainly would welcome  
23          the opportunity to share that information  
24          specifically, and we'll bring it back to  
25          this group for the next time, because I

1 think it is quite a valid question.

2 MS. DYKES: Mr. Chairman, since the  
3 question was raised, would you permit Ryan  
4 to comment on the disclaimer that's at the  
5 top of the page?

6 CHAIRMAN BOYLAN: Please.

7 MR. WANNAMACHER: Yeah. Thank you,  
8 Mr. Chairman. So the disclaimer at the top  
9 of the page, everybody needs to understand  
10 we have \$3.4 billion in publicly traded  
11 securities outstanding that are subject to  
12 SCC regulation around disclosure  
13 requirements, okay. I have every belief  
14 that there are bondholders watching this  
15 presentation right now, okay. I have an  
16 obligation to bondholders when I'm making  
17 forward-looking statements to tell them that  
18 I'm making forward-looking statements. And  
19 that those forward-looking statements, while  
20 these are my forward-looking statements and  
21 these are things I expect to happen and  
22 everything else, I have to tell them they're  
23 forward-looking statements and they may not  
24 come true.

25 And, in fact, in all of our disclosure

1 documents, we have similar language. In our  
2 annual disclosure report, it says there are  
3 statements like "we expect" and "we plan."  
4 Those sorts of statements are  
5 forward-looking statements and are subject  
6 to change and may not come true, because we  
7 don't have a crystal ball, right.

8 And so the Securities and Exchange  
9 Commission requires me to be upfront about  
10 exactly what these projections are so that  
11 investors understand what I'm presenting.  
12 And if you look at any kind of investor  
13 presentation, whether it's a publicly traded  
14 company or anybody else who has publicly  
15 traded securities, they make similar  
16 statements at the beginning of every  
17 earnings call that you ever listen to. So  
18 it is completely consistent with Securities  
19 and Exchange Commission regulation around  
20 disclosure requirements.

21 CHAIRMAN BOYLAN: Mr. Dennis, do you  
22 want to follow up to that or are you good,  
23 to that response?

24 COUNCIL MEMBER DENNIS: I'm good, I'm  
25 good.

1                   CHAIRMAN BOYLAN: Thank you very much.

2                   Moving on to Council Member Cumber.

3                   Then I've got Ferraro, Pittman, and then  
4                   Carlucci in the queue, and then Mr. Bowman.

5                   COUNCIL MEMBER CUMBER: Thank you.

6                   Through the Chair.

7                   So I have questions about Plant Vogtle.  
8                   It's been a big concern of mine, and it's  
9                   one of the main reasons why I am open to  
10                  exploring different things to do with JEA.  
11                  My concern, though, is you all keep  
12                  mentioning it as a huge liability. And I  
13                  agree, it's a huge uncapped liability. But  
14                  nowhere in the 180-page management  
15                  presentation is it mentioned. And I  
16                  understand it's a draft and it was leaked  
17                  and it's not the official one that's going  
18                  to the bidders; however, looking through it  
19                  there is no page that's a hold.

20                  So I'm concerned -- one of my big  
21                  concerns is that the negotiations go  
22                  forward, a winner is chosen, and part of  
23                  that negotiation is carving out Plant  
24                  Vogtle. So we'll be presented with a winner  
25                  to the ITN, which looks great. And like I



1           said, I'm open to looking at all five  
2           options, but I'm not open to retaining the  
3           liability of Plant Vogtle, because I think  
4           that -- and I'm glad that you have  
5           thoroughly discussed Plant Vogtle. And I  
6           think we should maybe have a whole -- maybe  
7           it is in the Chairman's list, but a whole  
8           discussion on Plant Vogtle, because I do  
9           think it's a very complicated issue. It  
10          hasn't been in the paper that much. It  
11          doesn't -- you know, it takes a long time to  
12          kind of understand.

13                 That said, it's very concerning to me  
14          that nowhere in this presentation -- and you  
15          do talk about it's not all rosy, and I  
16          understand what this presentation is for and  
17          you're presenting it to put your kind of  
18          best foot forward; however, whoever is  
19          bidding is going to want to know the full  
20          extent of the liabilities that they're  
21          absorbing. So I'd just like for you all to  
22          talk about that because that's my -- I have  
23          a huge concern about Plant Vogtle. And I  
24          don't want it to be carved out of any sort  
25          of negotiations that are happening. So I'm

1 not really sure why it's not in the  
2 management plan.

3 MS. DYKES: I will tell you upfront,  
4 unfortunately, I've been advised by counsel  
5 that I can't answer specific questions about  
6 the contents of that material because of the  
7 procurement process that's ongoing.

8 That said, we can talk about Vogtle.  
9 And so I hear your feedback in terms of  
10 retaining the liability and making sure that  
11 we provide information to anyone who might  
12 be interested in the receipt of that  
13 information so that the liability itself is  
14 fully understood.

15 I think -- and bear with me for a  
16 second, because I'm thinking through what I  
17 can and can't say at a public meeting under  
18 the umbrella of both active litigation and  
19 an active procurement process.

20 What I would leave you with as comfort  
21 perhaps -- and it may not be comfort enough  
22 to answer your question -- is that the  
23 contract itself is well understood in the  
24 market. And the information around the  
25 contract is sufficient for those

1 participating in the process to understand  
2 it.

3 COUNCIL MEMBER CUMBER: Okay. I guess  
4 what I would say to that -- and I understand  
5 the ongoing litigation and I understand  
6 that, you know, you all would prefer not to  
7 have had this public, and I get all that.  
8 But I just want it to be clear that, if  
9 we're presented with an ITN winner and part  
10 of that deal is leaving the City with the  
11 Plant Vogtle liability, that that's not  
12 something I would be able to support. So I  
13 really hope it's part of it.

14 And like I said, I'm interested in  
15 going -- you know, I commend the Chairman of  
16 this committee for writing the op-ed, I  
17 think it's very important for everybody to  
18 keep an open mind. I think there are a lot  
19 of challenges that JEA is facing, and there  
20 are a lot of things that could be done in  
21 the private sector and utilities, and I'm  
22 open to that.

23 But Plant Vogtle, as you know, it's a  
24 huge liability. And so I just want to make  
25 sure that it's absorbed, if we do end up

1 going down the path of selling, that it's  
2 absorbed by whoever is taking on that  
3 liability. Thanks.

4 CHAIRMAN BOYLAN: Council Member  
5 Ferraro.

6 COUNCIL MEMBER FERRARO: Well, thank  
7 you. Ms. Cumber took most of my steam away  
8 with that.

9 COUNCIL MEMBER CUMBER: I will retract  
10 everything I said so my colleague can  
11 repeat.

12 COUNCIL MEMBER FERRARO: So what I  
13 wanted to talk about -- you folks weren't  
14 here during all these bad deals and  
15 negotiations. So I won't talk about Plant  
16 Vogtle, but what I will talk about is your  
17 scenario about this woman who had the  
18 cancer.

19 So if -- part of what I've heard also is  
20 we can't grow our way out of this. So what  
21 I haven't really heard, it kind of goes with  
22 my colleague here, is that we have this  
23 cancer. And we're only talking about taking  
24 part of it away. We're not talking about  
25 getting rid of it. And that's my biggest

1 concern, because you have the sales part.  
2 And all these other companies that are  
3 coming in who are bidding, obviously, have a  
4 plan on what to do. But as we go to our  
5 constituents, we can't say something like,  
6 Well, we're in litigation on JEA on  
7 particular things. They want to know  
8 everything that's happened and they want to  
9 know what the debt is, they want to know  
10 about the process of the growth and things.

11 So my one question that I'm getting to,  
12 Mr. Foreman, is that we're not discussing  
13 the debt. And it doesn't really matter what  
14 we grow if the debt is growing higher than  
15 what we can put on our black line. How are  
16 we going to do that? So how are we going to  
17 address this debt to the Council that we  
18 can't talk about, and how can we talk to our  
19 constituents about it?

20 MR. WANNAMACHER: It's a great question.  
21 So as you saw from one of the earlier  
22 slides, the growth in the debt is associated  
23 with our Plant Vogtle obligation.

24 COUNCIL MEMBER FERRARO: Because we  
25 really don't know what the debt is.

1           MR. WANNAMACHER: The current debt  
2 service is expected to be around \$131  
3 million, but they're not done yet. So the  
4 expectation is that that's probably going to  
5 be around 140 to 150 million when it's all  
6 said and done. Our total obligation under  
7 the contract will be in excess of \$200  
8 million --

9           COUNCIL MEMBER FERRARO: Let me just --

10          MR. WANNAMACHER: -- a year, annually.

11          COUNCIL MEMBER FERRARO: So on the debt  
12 when we look at this where it's gone up over  
13 100 percent, is it something we should look  
14 at and think of it going up 200 percent or  
15 300 percent? Because if we're not able to  
16 cap it and we're not able to stop it, we may  
17 be able to forecast it, but if we can't  
18 actually stop it at that point, then the  
19 rate is going to be much higher.

20          MR. WANNAMACHER: I agree with you. As  
21 we talked about, it's a hell or high water,  
22 take or pay contract. We are obligated to  
23 pay whatever the cost is no matter what.  
24 And part of the question in the litigation  
25 is whether or not it's a valid contract.

1           But setting that aside, the contract  
2           requires us to pay whatever the cost is.  
3           And so until it's done, we don't know what  
4           that cost is. We get regular updates from  
5           MEAG around the progress. We go visit the  
6           site. We are continually monitoring it.  
7           But until it's done and operating, there is  
8           no cap.

9           COUNCIL MEMBER FERRARO: Just so you  
10          understand, we've heard it will never be  
11          opened up as a nuclear power plant.

12          MR. WANNAMACHER: I hope that's not the  
13          case.

14          COUNCIL MEMBER FERRARO: That's what  
15          we've heard.

16          MR. WANNAMACHER: Well, so I will tell  
17          you, from the information that we're  
18          receiving, the expectation is that it will  
19          still be completed in November of '21 and  
20          November of 2022 for the two units. They're  
21          saying that they're still expecting to  
22          complete it on the same budget that they've  
23          told us so that the \$200 million number that  
24          I threw out is still consistent. But there  
25          is a lot of time and a lot of things that

1 can happen between now and '21. And so  
2 there is some uncertainty around that still.  
3 I think, as we get closer, hopefully it gets  
4 less uncertain. But until it's done, we  
5 don't know.

6 COUNCIL MEMBER FERRARO: Okay. Thank  
7 you, Mr. Foreman.

8 CHAIRMAN BOYLAN: Thank you.

9 I'm going to go ahead and extend the  
10 question period time here so we can do so.  
11 Mr. Crescimbeni has joined the room, and  
12 he's given back to us 10 minutes of his  
13 time. So we'll extend the questioning to  
14 get through our four more questioners.

15 Council Member Pittman.

16 COUNCIL MEMBER PITTMAN: Thank you so  
17 much.

18 First of all, I want to say thank you  
19 for being here and discussing it with us. I  
20 have to tell you I've had some heartburn,  
21 you know. I just feel like we've been  
22 bamboozled in some way that -- you know, we  
23 get information from our financial advisor,  
24 Kyle Billy. And then we meet with you all,  
25 and it just appears that it's not aligning.



1           And then I get questions from my  
2           constituents that I think that the  
3           information that you all are passing on to  
4           us, that it's the correct information. And  
5           then we get where we can't talk about  
6           certain information. Then I feel like I'm  
7           handcuffed.

8           And so right now I'm sitting here today  
9           listening to you all for probably the fourth  
10          or fifth time -- not just you all, but  
11          individuals from JEA, and I'm not in a  
12          comfortable situation where I feel like I  
13          can represent my constituents based on what  
14          you share with us. That's troubling to me.

15          The transparency is real important to  
16          the constituents that count on us to roll  
17          out information. And so the information  
18          that you all have been giving to us and the  
19          information that we're hearing right now, I  
20          am -- I'm at a standstill and I'm real  
21          concerned.

22          You know, at the end of the day, our  
23          constituents want to know are y'all going to  
24          sell or not, because Jacksonville has been  
25          so up close and personal, and services have

1           been provided over the years. And right now  
2           we can't really say if that's going to  
3           happen if we're sold.

4           So, you know, the litigation, the debt  
5           we're in, it's too much. And it has to be a  
6           plan where we all understand. And right  
7           now, I'm not in a good spot. And based on  
8           what I've heard from my colleagues today,  
9           they're not in a good spot either. So we  
10          have to find out how you all communicate  
11          that information and you got to get the  
12          constituents on board. We are just Council,  
13          but you have to get the real people who pay  
14          the bills and pay you all. Thank you.

15          CHAIRMAN BOYLAN: The context of that  
16          question is probably the transparency issue  
17          here, clearly. Could you speak to that?

18          MS. DYKES: Yeah. Thank you for the  
19          feedback, first of all. I think it's  
20          really, really important to make sure there  
21          is good alignment with our council members  
22          because you touch the whole community.  
23          You're communicating with your constituents,  
24          and so it's very important and valuable  
25          feedback for us. And we'll take that back

1 and figure out ways we can do a better job  
2 on that.

3 COUNCIL MEMBER PITTMAN: I appreciate  
4 it.

5 MS. DYKES: One of the things that I  
6 think is worth mentioning, if I had a magic  
7 wand to eliminate the uncertainty in this  
8 conversation, I would use it, and not just  
9 for Council and not just for our customers  
10 but maybe even more importantly for our  
11 employees who come to work every day and  
12 don't know what's going to happen. And  
13 living in that world of uncertainty is  
14 really, really hard.

15 It's a really unfortunate part of the  
16 process that we are exploring all of these  
17 things together without knowing the answer.  
18 And I don't know the answer from the  
19 beginning as to what's going to happen at  
20 the end. That's a really painful place to  
21 be, especially for employees where this is  
22 their life, this is their livelihood.

23 So believe me, if I had that magic wand,  
24 I would use it, because I think that's one  
25 of the hardest pieces of this whole

1 conversation is just recognizing that we  
2 don't have the answer. And, unfortunately,  
3 we have to continue to go through this  
4 conversation very publicly to get to the  
5 right answer among our board and our  
6 policymakers.

7 COUNCIL MEMBER PITTMAN: And I think  
8 being open about it and transparent, but we  
9 have to have consistent information. And  
10 that's my concern, the information is not  
11 consistent.

12 MS. DYKES: Thank you for that feedback.

13 CHAIRMAN BOYLAN: Thank you, Council  
14 Member Pittman.

15 We've got in the cue Mr. Carlucci,  
16 Mr. Bowman, Mr. Newby, Mr. White,  
17 Mr. Gaffney, and Ms. Priestly Jackson.

18 And, Mr. Becton, did you want an  
19 opportunity to ask a question or comment?

20 COUNCIL MEMBER BECTON: I'm good right  
21 now. I'll let you know.

22 CHAIRMAN BOYLAN: So, Council Member  
23 Carlucci, the floor is yours.

24 COUNCIL MEMBER CARLUCCI: Observation on  
25 failed septic tanks, the reason back that

1 many years ago that the septic tanks were  
2 hooked up is because there was a charge to  
3 the customer to hook up from the house to  
4 the meter that they could not afford because  
5 they lived in those vulnerable  
6 neighborhoods. That's not the way we're  
7 doing things now. So that's the difference,  
8 and that's why we have appreciated the  
9 partnership with JEA.

10 By the way, I thank you both for being  
11 here. I've had dealings with Ms. Dykes  
12 before, they've all been positive. And  
13 thank you for being here.

14 CHAIRMAN BOYLAN: Mr. Carlucci, could  
15 you use the microphone, please.

16 COUNCIL MEMBER CARLUCCI: I'm so sorry.  
17 It was on. I have to pull it up to me. I  
18 won't go through and say all that.  
19 Hopefully everybody heard enough of it.

20 We've heard the parade of horribles, and  
21 that's what we all continue to hear is the  
22 parade of horribles. I'm ready to hear some  
23 parade of opportunities. And my question is  
24 are you familiar with the City of  
25 Jacksonville telecommunications master plan

1           that was done in 2003.

2           MS. DYKES: Not every word in detail,  
3           but I'm loosely familiar with the outline of  
4           it, yes.

5           COUNCIL MEMBER CARLUCCI: I have a  
6           friend who is brilliant in this type of  
7           market of dark fiber and fiberoptics. And  
8           he is very concerned about the sale of that,  
9           and what the opportunity that that could be  
10          for the JEA. So that is one part of a  
11          parade of opportunities.

12          I've spoken with public municipality  
13          CEOs, with their representatives, with  
14          association leaders. And they say that  
15          markets are available, and they're not that  
16          hard, and it's not that hard to get around.

17          And, Mr. Chairman, I would like to have  
18          perhaps Amy Zubaly, who is the head of the  
19          Florida Municipal Utilities Association come  
20          and address these challenges. And if the  
21          challenges are charter based, those are  
22          things that we can take advantage of here  
23          perhaps on the Council and change.

24          So I really would like to hear the other  
25          side of the story, because the trend

1 country-wide of Plant Vogtle not  
2 withstanding has been for our utilities to  
3 remain municipal. And if they're sold,  
4 people are trying to buy them back. And  
5 it's costing them a whole heck of a lot more  
6 money. Those are the points I wanted to  
7 make, sir.

8 CHAIRMAN BOYLAN: Thank you, sir.

9 MS. DYKES: Do you mind if I jump in  
10 with a comment on trend?

11 CHAIRMAN BOYLAN: Please.

12 MS. DYKES: I understand there are a  
13 number of utilities around the country that  
14 are looking to municipalize, and for a  
15 variety of unique circumstances,  
16 particularly in California. There are also  
17 municipal utilities that are looking to  
18 sell. So from my perspective, there is  
19 enough examples of both that it's hard to  
20 say there is a trend.

21 COUNCIL MEMBER CARLUCCI: I have read --  
22 if I may reply, Mr. Chairman. I have done a  
23 lot of reading on this. I do my homework.  
24 The trend is going to municipal-owned  
25 utilities because people and communities

1           want to own their energy and their water.  
2           And they want homegrown people attending to  
3           the catastrophes that happen in their  
4           respective states and cities. And that's  
5           really my biggest issue.

6           And I think we're not talking about  
7           market possibilities; we're just parading  
8           the horribles, which I get that. But we  
9           need to start parading some opportunities.  
10          And I believe -- and if I'm wrong, then I'm  
11          wrong, but I think there are opportunities  
12          out there and we're not looking at them.  
13          We're just trying to sell. And it just  
14          seems like we went from one to five  
15          lickety-split in terms of the different  
16          options. And now we have people in Atlanta  
17          that are looking to make a sale. And we  
18          have not explored the other options as  
19          thoroughly as we need to.

20          Nobody knows better than I do, in my  
21          family, in my employees where I work, of the  
22          challenges and the headwinds and how you  
23          have to do things differently. So this is  
24          not a voice of descent because I just want  
25          things to be the same way they've always



1           been.

2           I use a lot of money I save because my  
3           father told me, Keep a large slug of money  
4           in your savings for a rainy day. We got hit  
5           with a real bad rainy day, and we had to  
6           change the way we did business. It was sink  
7           or swim. And we decided to swim on behalf  
8           of my customers and on behalf of my family.  
9           And we survived. Thank you.

10          CHAIRMAN BOYLAN: And for your  
11          information, clearly we will be approaching  
12          and discussing some of those at length as we  
13          get into -- particularly in sessions on  
14          other opportunities going forward.

15          COUNCIL MEMBER CARLUCCI: Thank you.

16          CHAIRMAN BOYLAN: I look forward to that  
17          opportunity to have that conversation.

18          We're getting short on time so I want to  
19          move on to Council Member Bowman.

20          COUNCIL MEMBER BOWMAN: Thank you,  
21          Mr. Chair. I'll try to be brief.

22          First comment, I'm a strategy guy. I've  
23          been critical of what you guys have done.  
24          Certainly, it seems to me you guys got  
25          together and said, Let's scare all the

1 employees, let's scare the consumer, let's  
2 offer them cash incentives and they will  
3 come running to us to want us to sell this  
4 utility. I'm telling you that's what I see  
5 and that's the impression from the  
6 community.

7 We've talked about town halls. My  
8 recommendation is we've got to get them  
9 started now. I will fully offer up District  
10 3 as the first place to have a town hall  
11 community meeting where you come out to the  
12 people, because on your chart of what you've  
13 done, involving the public other than being  
14 able to watch board meetings and send us  
15 some stuff in the mail, really has not  
16 happened. So you have to do that because we  
17 need to have you out in the public and tell  
18 everybody what is going on, what is the  
19 process.

20 So that leads me to my question, to Mr.  
21 Carlucci's point, you jumped right into the  
22 ITN process certainly before, I think,  
23 options three and four were done. And I  
24 would argue you didn't even complete option  
25 two. I personally can't ever make a

1 decision on the ITN process, which is option  
2 five, without knowing we fully investigated  
3 and we've looked at everything we can do as  
4 a utility, what are the hybrid options, what  
5 is out there.

6 So my question to you is, Why did we  
7 jump to the ITN so quickly? And what is the  
8 plan after we potentially have an offer  
9 agreed upon ITN-wise where we go backwards  
10 so we as a Council and we as a public can  
11 make a decision on what is the best thing to  
12 do for JEA? And with that, I'll let you  
13 answer. Thank you.

14 MS. DYKES: Thank you. A couple things  
15 I want to pull out of your comments. One is  
16 the parade of horrors, as it's labeled,  
17 wasn't discussed so we could jump to a  
18 conclusion. The parade of horrors gets  
19 discussed because -- I'll confess one of my  
20 guilty pleasures is Christmas Hallmark  
21 movies. And they very predictably always  
22 have a happy ending.

23 And one of the reasons we discussed the  
24 challenges we're facing as a utility is  
25 because I don't think there is a Hallmark

1 Christmas movie ending here. I think no  
2 matter what happens, we are challenged. No  
3 matter what happens, it's not going to look,  
4 again, tomorrow like it does today, no  
5 matter which of the five options gets  
6 picked.

7 And it's a really important underlying  
8 fundamental thing for us all to understand  
9 is there isn't a shining rainbow happy  
10 ending here. It is a very challenging set  
11 of circumstances that we find ourselves in.

12 In terms of the ITN process itself, it's  
13 long, and that's really the basic answer to  
14 your question. It's for us to be able to go  
15 through a thoughtful strategic planning  
16 process that is scenario-based. We have to  
17 develop all the scenarios. And that one  
18 just takes the longest to develop.

19 So as I mentioned earlier, we're going  
20 to be presenting scenario three to the board  
21 in December. That is almost fully fleshed  
22 out and done. There will be lots more  
23 information available on that. I believe  
24 scenario four will be close on its heels.  
25 There is some word remaining outstanding on

1           that, but it's been an enormous amount of  
2           work to develop each of those scenarios.  
3           And that's been going on parallel with the  
4           ITN work so that, at the end of our  
5           strategic planning process, we have real  
6           options that our board and our community  
7           consider together.

8           CHAIRMAN BOYLAN:   And, Council Member  
9           Bowman, I encourage you to take a look at  
10          the calendar we've established.  As you can  
11          see, scenario number five is the last one  
12          we're going to be taking up.  So I want to  
13          see us fully vet all four scenarios in  
14          advance of looking at the ITN or whatever  
15          comes out of that process.

16          Mr. Newby.

17          COUNCIL MEMBER NEWBY:  Yes.  Councilman  
18          Bowman actually stole my question, but I do  
19          have another question.  With a low bond  
20          rate, why you would not refinance and save  
21          millions of dollars?

22          MR. WANNAMACHER:  So we have -- it's a  
23          great question, thank you.  We have  
24          refinanced \$4.2 billion in debt in the  
25          last -- since 2012, I believe it is.  And

1 we've taken advantage of those low interest  
2 rates. We have also paid off \$900 million  
3 of debt early over that time period. So a  
4 better rate than low rates is no rate,  
5 frankly.

6 And so part of what we're doing, part of  
7 the strategy is to continue to pay down debt  
8 early. And so we're actually retiring that  
9 debt as opposed to refinancing it. And  
10 we're going to continue to do that.

11 We've done -- we've done refinancings  
12 over time. I think the next one up will  
13 probably be, as we shut down the St. Johns  
14 River Power Park, we're going to refinance  
15 that debt and pay it off. And so there will  
16 be additional -- you'll see us continue to  
17 do additional activities over the coming  
18 years, irrespective of whatever process we  
19 do here. So that commitment isn't going to  
20 change. And we've done a lot of it. In  
21 fact, we've had about 33, \$34 million in  
22 annual debt service savings just associated  
23 with those refinancings over the last  
24 several years.

25 COUNCIL MEMBER NEWBY: Thank you.

1 CHAIRMAN BOYLAN: Council Member White.

2 COUNCIL MEMBER WHITE: Yes, sir. You  
3 mention 131 million, could go up as high as  
4 200 million. Is that per year, forever, or  
5 how many --

6 MR. WANNAMACHER: Great question. Yeah.  
7 So the contract itself we expect to cost  
8 about \$200 million, and that will include  
9 the operating costs associated with the  
10 facility once its online. And that's \$200  
11 million a year. It will be kind of the  
12 average over time. It's only a 20-year  
13 contract, so it will go down. After that  
14 20-year period, it will go away. And so  
15 it's only -- total cost is a little over \$4  
16 billion is what we're expecting.

17 CHAIRMAN BOYLAN: Thank you, Mr. White.  
18 Mr. Gaffney.

19 COUNCIL MEMBER GAFFNEY: Through the  
20 Chair. Thank you for what you've done here  
21 and thank you for coming.

22 Quick question: The five options that  
23 you guys outlined here, all of them are  
24 subjected to have some kind of tax increase  
25 regardless of whatever we do today? If we

1 sell it or if we keep it, there are going to  
2 be tax increases?

3 CHAIRMAN BOYLAN: Rate increases.

4 COUNCIL MEMBER GAFFNEY: Rate increase,  
5 I'm sorry.

6 MS. DYKES: I don't think we know enough  
7 sitting here to answer your question fully  
8 right now. We haven't finished the process  
9 on two of the options. So once we finish  
10 the process, we will be in a better position  
11 to be able to answer your question.

12 COUNCIL MEMBER GAFFNEY: Let me say it  
13 another way. I know you say on option one,  
14 if we decide to keep it, that will be a 50  
15 percent increase, we assume. That's what  
16 you guys estimate. And I think one of my  
17 colleagues couple minutes ago, as we were  
18 talking about the various options, if I  
19 purchase this for \$5, I'm going to want to  
20 make my money back. And that \$5 might be 4  
21 or \$5 billion, so you don't assume that  
22 they're going to come here and not go up on  
23 the rate? And that's just a question.

24 MR. WANNAMACHER: Sure. So I can take  
25 that. So it's important to understand that



1 the regulatory framework is what it is.  
2 Rates are going to be what the Public  
3 Service Commission approves. And under all  
4 scenarios, right, the rates -- as far as an  
5 IOU buying it, right, the rates are  
6 generally going to be, you know, the same  
7 for all of those buyers, right. So the only  
8 things the buyers can really push on are  
9 what they're willing to pay for it, it's  
10 just cost of capital, and what they think  
11 they can do from an operating expense  
12 standpoint, right.

13 But at the end of the day, the rates are  
14 regulated by the Public Service Commission.  
15 And regardless of who the actual owner is,  
16 they're generally going to be kind of the  
17 same --

18 COUNCIL MEMBER GAFFNEY: And since my --

19 MR. WANNAMACHER: -- across those  
20 owners. They're bidding basically on how  
21 much they're willing to pay for the cash  
22 flows.

23 COUNCIL MEMBER GAFFNEY: Since my time  
24 is running out, you mentioned earlier that  
25 we, if we kept option one, it's going to be

1 a 50 percent increase, rate increase. So  
2 how you can compare a 50 percent and now  
3 you're saying that the rate is going to be  
4 based on Tallahassee or whatever they decide  
5 to do?

6 MR. WANNAMACHER: Yeah. I think -- and  
7 I'm sorry. I think there are two kind of  
8 points in there. To Melissa's point, I  
9 don't think we have a comparison of how the  
10 rates compare relative to what the status  
11 quo is today. And we will have that  
12 comparison. I think my other point was as  
13 it relates to who the owner is, regardless  
14 of who the owner is, the rates are going to  
15 be set by the Public Service Commission and  
16 they're based largely on the amount of  
17 investment in the system. It's based on the  
18 rate base and the assets that are invested  
19 in the system. And that's not really going  
20 to change regardless of who the owner is  
21 under scenarios four and five.

22 COUNCIL MEMBER GAFFNEY: And I'm going  
23 to close. I'm just -- you still -- you said  
24 50 percent rates for Jacksonville. And you  
25 hadn't answered that question. If it's 5

1           percent today and you just gave us a number  
2           of 50 percent, I'm just trying to figure out  
3           how you got to that number, but don't answer  
4           that, because I have to move. But at some  
5           point at the next meeting, come back and try  
6           to get me to understand that.

7           COUNCIL MEMBER DENNIS: Great question,  
8           great question.

9           CHAIRMAN BOYLAN: All right. Council  
10          Member Priestly Jackson, and then, finally,  
11          Mr. Becton.

12          COUNCIL MEMBER PRIESTLY JACKSON:  
13          (Indicating.)

14          COUNCIL MEMBER BECTON: Thank you,  
15          Mr. Committee Chair.

16          And I appreciate the opportunity to ask  
17          the questions of you all and have the public  
18          engaged. My questions are two-fold. If --  
19          the first is it says that you're going to  
20          talk about the strategic planning process,  
21          right, and so that you all had a meeting in  
22          June. And my understanding from the minutes  
23          for the meeting in June under the strategic  
24          planning overview, there was guidance and  
25          direction at the meeting in June to

1           pursue -- there was a motion for status quo  
2           2 and a plan for exploring ways to move  
3           beyond the constraints in terms of, I guess,  
4           what that articulated. Can you tell us what  
5           in your strategic plan was status quo 2 and  
6           a plan to move beyond the constraints that  
7           was recommended at the June --

8           MS. DYKES: I don't have the benefit of  
9           having the minutes in front of me, but I'll  
10          answer the question based on my memory.  
11          From that June meeting, we were presenting  
12          what we called internally SQ2. It's what we  
13          labeled the traditional utility response.  
14          It's scenario number two. That's been  
15          outlined here. That is the scenario that  
16          includes deep cuts to expenses to try to  
17          offset some of those rate increases that are  
18          going to be needed for our customers.

19          From there, what our board directed us  
20          to do in June was to develop, essentially,  
21          an execution plan for that, what does it  
22          mean to actually go implement that.

23          COUNCIL MEMBER FERRARO: Could you talk  
24          into the mike?

25          MS. DYKES: Sorry. To develop an

1 execution plan for that and come back to  
2 them with some details on what it means to  
3 go execute that. They also directed us to  
4 explore ways that we could remove the  
5 constraints that are associated with being  
6 government that we talked about today. So  
7 that would allow us to develop complimentary  
8 business lines, to have a more flexible  
9 business model, to develop ways to find  
10 alternative sources of revenue to offset  
11 some of the declines in sales and cost  
12 increases on our customers.

13 COUNCIL MEMBER PRIESTLY JACKSON: So  
14 would it be fair to say that that  
15 guidance -- I'm just reading the minutes --  
16 that says, Present a plan for implementation  
17 of status quo 2 and to move beyond  
18 constraints at that time contemplated a more  
19 traditional utility response in looking at  
20 Charter changes that might be needed to  
21 address that. Was that the understanding at  
22 that June meeting?

23 MS. DYKES: The understanding in June  
24 was two things, and I believe both of them  
25 were presented in July as a follow-up to

1           that request in June. One was the actual  
2           implementation plan for the scenario that  
3           had been presented at the June meeting, and  
4           that was presented in July, to my  
5           recollection.

6           The other, though, part of your question  
7           was to explore Charter changes. And the  
8           mandate, as I recall, it was broader than  
9           that, because it's not just our Charter that  
10          limits us; it's the Florida state law, it's  
11          the Florida Constitution. There are other  
12          sources of limitation on us as a  
13          government-owned utility, and all of those  
14          were explored in the July board meeting.

15          COUNCIL MEMBER PRIESTLY JACKSON: And  
16          probably I'm disadvantaged, because I just  
17          have opportunity to read the minutes, and  
18          the minutes state that Board Member Alan  
19          Howard moved the staff be directed to  
20          present a plan for implementation by status  
21          quo 2 and plan for exploring ways to move  
22          beyond the constraints seconded by Frederick  
23          Newbill, motion was approved unanimously.

24          I am asking those because my  
25          understanding at that time was you had not

1 evolved to what was on your agenda as  
2 scenario three, which was the actual ITN. I  
3 don't see that as one of the motions or  
4 action items that ended at the June meeting.  
5 Did I miss that, by any chance?

6 MS. DYKES: You have the benefit of  
7 having the minutes in front of you. I'm  
8 sorry, I don't recall specifically. I'm  
9 happy to follow up.

10 COUNCIL MEMBER PRIESTLY JACKSON: The  
11 real meat of the question is -- and I just  
12 want to be really clear. I think that the  
13 problem is, for me, and I am hearing from my  
14 constituents and folks in the public, is  
15 it's not so much that -- you question the  
16 information you're receiving, you question  
17 the level of transparency and openness to  
18 the information you're receiving.

19 So if you end one meeting saying we're  
20 going to do X, Y and Z, but then you come  
21 back to a meeting on July 23rd, the very  
22 first Council meeting by this body, and you  
23 change the agenda from what you said at the  
24 end of June to July 23rd that then says  
25 pursue scenario three under strategic

1 planning, is what you're saying, in the  
2 strategic planning scenario that was not  
3 talked about or discussed as evidence in the  
4 minutes, that creates angst in the public  
5 and an awareness and a lack thereof that  
6 that was going to be explored.

7 Because if you say that the ITN was just  
8 issued to explore, the public perception of  
9 reality is that it was an offer to sell.  
10 I'm not going to even get to today whether I  
11 think an offer to sell the utility out of  
12 the Charter under procurement procedure is  
13 valid under the Florida Constitution and our  
14 Charter; that's for another day.

15 But I need to know what happened between  
16 the end of June and when you got together  
17 July 23rd that you didn't go through the  
18 options you articulated in the strategic  
19 planning at your June meeting. I'm unaware  
20 of what happened for those days.

21 MS. DYKES: Sorry. Can you repeat the  
22 question?

23 COUNCIL MEMBER PRIESTLY JACKSON: The  
24 question is you ended the meeting saying you  
25 were going to explore a more traditional



1 response and Charter changes at your June  
2 meeting. That's what you said at the end of  
3 June. That's what the minutes reflect.

4 And then on the day of your meeting in  
5 July, that is not what you did. You then  
6 introduced scenario three, which was not  
7 said to explore -- there was no motion to  
8 explore that as an option at the July 23rd  
9 meeting. Scenario three was the issuance of  
10 the ITN.

11 I need to know what happened between the  
12 end of June and the first of -- and July  
13 23rd to make you move to that option,  
14 because it's not reflected in the minutes or  
15 the records from there. It's just agenda  
16 change that comes the day of that meeting.  
17 I need to know what happened.

18 CHAIRMAN BOYLAN: To clarify, we're  
19 talking about scenario five, which is the  
20 ITN.

21 COUNCIL MEMBER PRIESTLY JACKSON: On the  
22 agenda it says scenario three.

23 CHAIRMAN BOYLAN: But they expanded to  
24 two more -- so we're on the same page, we're  
25 talking about the ITN?

1           COUNCIL MEMBER PRIESTLY JACKSON: I'm  
2 going by their agenda, since that's the  
3 public notice of what's actually going to  
4 happen.

5           CHAIRMAN BOYLAN: Have a brief answer so  
6 we can move on, but I appreciate the  
7 question. I think it's something we do need  
8 to see addressed.

9           MS. DYKES: Sure. Yeah. And I  
10 understand the question now, thank you very  
11 much. So, essentially, what happened  
12 between June and the July board meeting was  
13 an awful lot of strategic planning work.  
14 And the direction we had from the board was,  
15 Identify the constraints that we're  
16 operating under. And you have, again,  
17 access to the minutes from the meeting, so  
18 you can quote them more precisely than I  
19 can. But what I took as direction is,  
20 Identify the constraints and identify what  
21 would be required to change those  
22 constraints.

23           And the result from that analysis that  
24 was presented to the board in July was a  
25 little dire in terms of our ability to

1 change the constraints. Some of them have a  
2 path. I think our Charter, in particular,  
3 there is a path to being able to change the  
4 Charter. When it comes to state law, your  
5 probability goes down of ever being able to  
6 achieve those changes. And when it comes to  
7 the Florida Constitution, it's even  
8 significantly lower.

9 So rather than wait another month, what  
10 we did is offer in July some options for the  
11 board to consider. And that resulted in the  
12 development of the next three scenarios that  
13 are still being worked on now.

14 COUNCIL MEMBER PRIESTLY JACKSON: I  
15 think there is the rub. If you're operating  
16 from a strategic planning scenario and your  
17 board makes a motion at the end that's  
18 approved by the body to pursue scenario  
19 whatever, two, and then bring us any  
20 proposed Charter changes that may need to  
21 accompany scenario two, you have no other  
22 public meeting before you meet on July 23rd.  
23 And then on the date of the 23rd your agenda  
24 is changed to reflect exploring something  
25 you didn't notice to the public for our

1 municipally owned utility. It does not mean  
2 that your ideas were bad, but it was not  
3 timely noticed. The public did not offer  
4 input. It seems it can make folks feel that  
5 there was a preset agenda.

6 And if you say that the Charter creates  
7 constraints, that's a good thing. That is a  
8 good thing. That is the limitation of --  
9 the exercise of our liberty one with  
10 another, and our contract and covenant one  
11 with another in Jacksonville. So it has to  
12 be followed. The beauty is it requires  
13 two-thirds of us to change anything in it.

14 But to ignore that and move to something  
15 else not dually noticed to the public and  
16 pursue a course of action without  
17 consultation with this Council or adequate  
18 notice to the public is extremely troubling.  
19 And whether it's a good idea or bad, in my  
20 heart and spirit, I don't believe it serves  
21 the best interest of the public because how  
22 it came to be. Therein lies the challenge.

23 I'm being very candid. Instead of  
24 saying we're going to hold, we're looking at  
25 something else, what we've revealed, we

1 don't know what you did from the end of your  
2 meeting in June to the meeting in July. We  
3 don't. It's not reflected in the minutes.  
4 We can't tell because you left with one  
5 guidance, pursued Charter changes, which  
6 would have had a level of transparency and  
7 openness, but you decide to forego that for  
8 purposes of expediency, I believe.

9 CHAIRMAN BOYLAN: Can we leave it there?

10 COUNCIL MEMBER PRIESTLY JACKSON: Yeah.  
11 There's the problem.

12 CHAIRMAN BOYLAN: Thank you.

13 Council Member Becton, last question.

14 COUNCIL MEMBER BECTON: Thank you. I  
15 have one. And Ms. Priestly Jackson set my  
16 question up perfectly. I couldn't have  
17 asked for her to do any better job.

18 Thank you for being here. So it has  
19 been discussed that there are constraints at  
20 the state and local level for helping  
21 increase revenue. So if you could and you  
22 had your wish, and you have all the Council  
23 here today, what would you ask this Council  
24 to give you the ability to do that you do  
25 not have today as far as reducing local

1 constraints?

2 CHAIRMAN BOYLAN: Other than running out  
3 of the room.

4 MS. DYKES: I appreciate the  
5 conversation. I'm not looking to run out of  
6 the room.

7 COUNCIL MEMBER BECTON: You have this  
8 Council right here. What could this Council  
9 do to help you tomorrow by removing a local  
10 constraint within our control? What would  
11 you ask us?

12 MS. DYKES: I -- this may not be a  
13 satisfactory answer to you, but what I would  
14 really like to do is think about that for a  
15 little bit. Because it is such an  
16 incredibly important question and I have a  
17 wish list, I want to go back to the wish  
18 list and, with your permission, provide that  
19 as a follow-up.

20 You've asked an incredibly, incredibly  
21 important question. And when you talk about  
22 value creation for the utility, it is such a  
23 huge driver of that. And I just don't want  
24 to answer off the cuff because I may go back  
25 to my list and think, Oh, gosh, I wish I had

1           said --

2           COUNCIL MEMBER BECTON:   Council Member  
3           Priestly Jackson's -- I mean, this has been  
4           out there since June, July.  And we've been  
5           sitting here, we're a Council that got  
6           convened July 1st, and we haven't been asked  
7           to do anything.  Whether this -- because  
8           remember, this is conversation that we've  
9           had time and time again.

10          You know, there is two big constraints  
11          that are sitting in this room:  Number one,  
12          the two-thirds of this Council has to pass  
13          whatever comes out of the JEA board member  
14          decision; and number two, whatever we do, if  
15          it were to pass favorably here, it has to go  
16          past a referendum of the voters by majority.

17          Given -- those are constraints in and of  
18          themselves that are quite large, I think, in  
19          my opinion.  Y'all need to be thinking  
20          yesterday and way before what if one of  
21          those or both fail -- or they wouldn't both  
22          fail because, if the first one fails, it  
23          doesn't even go to the second one.  What do  
24          we need to do to rectify the traditional  
25          response versus just status quo?  Because

1           that conversation needs to be happening  
2           simultaneously while this other process  
3           goes. And that's always been my challenge  
4           to JEA is to consider nothing is changing,  
5           where do we go tomorrow. And so I would  
6           hope to get the answer to that.

7           CHAIRMAN BOYLAN: It's on our agenda for  
8           February when we take a look at scenario  
9           number two. I think that's a place for us  
10          to have that discussion.

11          President Wilson wanted to comment.

12          COUNCIL PRESIDENT WILSON: I wanted to  
13          ask Ms. Sidman if she can clarify the  
14          process. I heard Mr. Becton say two-thirds  
15          of the Council to place it on the ballot,  
16          but I believe it's a simple majority. Can  
17          you confirm that?

18          MS. SIDMAN: Through the Chair. To the  
19          extent that there is a Charter change that's  
20          needed, that would be a two-thirds if you're  
21          going to change the Article 21. If it's not  
22          a Charter change that's needed, it would be  
23          a simple majority to put it on the ballot.

24          COUNCIL PRESIDENT WILSON: So if we're  
25          placing it on the ballot, the Charter is



1           being changed by the voters, but not by us,  
2           that requires a simple majority to place it  
3           on the ballot; is that correct?

4           MS. SIDMAN:   So what then would happen,  
5           if whatever passed would then require a  
6           Charter change, that would come back to the  
7           Council and then the Council would make that  
8           change and it would have that requisite  
9           vote.

10          COUNCIL PRESIDENT WILSON:   Can you give  
11          me a step-by-step of how that would work?  
12          If they brought us a proposal to sell JEA to  
13          John Crescimbeni, LLC -- I just threw that  
14          out there because he's in the audience.

15          CHAIRMAN BOYLAN:   And we will have him  
16          up here momentarily.

17          MR. CRESCIMBENI:   I have \$75 in my  
18          pocket.

19          MS. SIDMAN:   Great news that former  
20          Councilman Crescimbeni is a qualified  
21          bidder.

22          If a piece of legislation was brought to  
23          you to approve a contract for sale with all  
24          of the terms in the contract, and that was  
25          just simply a contract, then that would be a

1 simple majority. Then under the Charter, it  
2 would go to the voters to be put on the  
3 ballot for a referendum to weigh in on that  
4 over 10 percent.

5 At that point in time, you would have  
6 information from the voters that would then  
7 come back to the Council. And if in that  
8 contract it required a change to the  
9 Charter, then the Council would consider  
10 whether that would be a change to the  
11 Charter by two-thirds vote.

12 CHAIRMAN BOYLAN: If you could send that  
13 to us in writing, I would appreciate that so  
14 much as a response to the question.

15 I'm sorry, Ms. Priestly Jackson. I have  
16 Mr. Hazouri to get to before I finish up,  
17 all right.

18 Council Member Hazouri has joined us. I  
19 know he had a prior engagement and was  
20 unable to get --

21 HEARING OFFICER: I was at our human  
22 trafficking meeting this morning. It  
23 couldn't be avoided.

24 I think I came in on Ms. Priestly  
25 Jackson's concerns. But I do want to

1           admonish y'all about one thing. Aaron Zahn  
2           walked these halls a year and a half ago  
3           before Brenda and others have come here  
4           talking about the need for Charter changes,  
5           Charter changes, and legislation, state  
6           statute changes. And then it kind of died.

7           Then y'all brought it up, as I think  
8           Brenda said, in June, and then cast it aside  
9           because you said it takes too long or  
10          whatever your response was. So y'all passed  
11          go, did not collect your \$200 and went  
12          straight to the procurement process.

13          It doesn't make sense that you didn't  
14          give us the opportunity to take the Charter  
15          changes that y'all -- I never knew what --  
16          what Danny said, I never knew what your  
17          Charter change recommendations were. I  
18          don't -- does the delegation even know what  
19          state statutes that need to be changed. And  
20          yet instead of asking us to try to make us  
21          competitive or at least be in the ball game  
22          of doing things you can't do today, y'all  
23          denied us that opportunity and you denied  
24          yourself the opportunity to see if we would  
25          pass something, which I know -- and I can't

1 speak for our Council -- we would, if that's  
2 going to help y'all get more business, get  
3 the ratepayers a better system, and then the  
4 same thing for the delegation.

5 So today I still don't know, and I think  
6 Danny alluded to it, what y'all would want  
7 us to do. Y'all didn't even come forward.  
8 And Aaron discussed that a year and a half  
9 ago. That was what I thought we were going  
10 to be getting. Instead we got the shaft,  
11 and that's the wrong approach.

12 I think y'all should -- it was  
13 disingenuous, to me, and should be to this  
14 Council for what you all did. And why you  
15 still don't come forward with what you need  
16 to change in the Charter, what you need to  
17 change in the state statutes. You have a  
18 legislative session coming up. You have us  
19 every day to address your Charter changes.  
20 And if we can make a difference and you  
21 don't have to go through this process that  
22 you're going through, we should have done  
23 that. And you didn't give us the benefit of  
24 the doubt. And therein lies the lack of  
25 transparency and cooperation with y'all and

1 with us.

2 CHAIRMAN BOYLAN: I think we'll leave it  
3 with that. Thank you, Council Member  
4 Hazouri.

5 I did promise Mr. Crescimbeni we would  
6 get to him today, but we do have two more  
7 quick comments and then -- please limit --

8 COUNCIL MEMBER PRIESTLY JACKSON: It's  
9 really quick. I appreciate Ms. Sidman, who,  
10 bless her heart, answers our questions on  
11 the spot, which is not an easy thing to do  
12 as an attorney, because we're all over the  
13 place, right.

14 But I would just like to caution us. I  
15 think under the scenario you gave, if they  
16 brought a contract back to us in a simple  
17 majority, at some point we're going to have  
18 to wrestle with if this is a proper  
19 procedure before it's under procurement to  
20 begin with. And that's under 21.09 and then  
21 21.04(p), their powers. So before we get to  
22 that -- and that is directly impacting the  
23 ability to have an ITN on the street to do  
24 this if it's properly brought. So I just  
25 don't know how we want to weave that in, but

1                   probably sooner rather than later.  If not,  
2                   I'll just do another legislation after.

3                   CHAIRMAN BOYLAN:  I strongly encourage  
4                   that you actually do pursue it.  Try to keep  
5                   it out of this mix, that's all I was trying  
6                   to say in my earlier comment.

7                   Mr. Ferraro, very quickly.

8                   COUNCIL MEMBER FERRARO:  Yes.  So we've  
9                   heard that we want to find out what it is  
10                  that we can do.  And I don't think we should  
11                  have to wait until the next meeting.  If  
12                  it's something that you have an idea that  
13                  you can send over to us, I think it would be  
14                  important.

15                  And when I was yelling at you to speak  
16                  into the mike, people were doing that  
17                  (indicating) in the background.  I didn't  
18                  mean to yell at you when I was saying that.

19                  MS. DYKES:  Of course.  I appreciate the  
20                  feedback.

21                  CHAIRMAN BOYLAN:  I certainly appreciate  
22                  your time today and your sharing.  
23                  Obviously, I heard the word this morning  
24                  observation, not advice, a transparency  
25                  plan, not a communication plan, needs to be

1 brought forward so we understand your true  
2 intent in making sure that we're all  
3 involved in this process. As Mr. Mace said  
4 before, we need to make this transparent and  
5 build consensus in this process. I really  
6 encourage, and appreciate today as a good  
7 first step in that process.

8 MS. DYKES: Thank you for the  
9 opportunity.

10 CHAIRMAN BOYLAN: As you step away, I  
11 invite Mr. Crescimbeni to come up.

12 I'm going to encourage my council  
13 members, we will do the best we can to get  
14 the presentation materials in advance. I  
15 would ask that, if you have a chance, to  
16 look at the material and forward questions  
17 either to myself or to Ms. Brown so they can  
18 be passed on to the presenters so that we  
19 can get some of the questions answered as  
20 part of the presentation.

21 COUNCIL MEMBER FERRARO: Does she need a  
22 break?

23 CHAIRMAN BOYLAN: You all right over  
24 there? You good? Your fingers all right?

25 COURT REPORTER: Yes, sir. Thank you.

1           CHAIRMAN BOYLAN: Thank you, Al, for  
2 being so concerned, appreciate it.

3           I invited Councilman Crescimbeni to come  
4 because a lot of my thought process in  
5 getting the ball rolling on this was going  
6 back and taking a look at the community  
7 report that was generated a year and a half  
8 ago at this point in time. And I thought  
9 both the conclusions and some of the  
10 opening -- open questions were really quite  
11 relevant to what we're doing. In many  
12 respects, I saw what we were doing is  
13 picking up where we left off.

14           So as part of that background process, I  
15 wanted to give you a chance to share your  
16 perspective and speak to a couple of the  
17 conclusions and a couple of the open  
18 questions you had left behind. I'll give  
19 you about 10 minutes to do that.

20           MR. CRESCIMBENI: Thank you, Chairman  
21 Boylan. My name is John Crescimbeni. I did  
22 have the opportunity to chair a committee  
23 that grew from 5 to 19 members, and probably  
24 rightfully so. This was an important issue,  
25 and I think a lot of council members wanted



1 to be involved on it. And perhaps 5 wasn't  
2 the right number to start off with.

3 But let me first say that I served on  
4 the Council when I chaired this special JEA  
5 committee. I had been on the Council for  
6 about 17 and a half years. I think I became  
7 a JEA customer when I moved out of my  
8 parents' home in 1981. Have multiple  
9 accounts with JEA, business, personal. I've  
10 sat on the finance committee for many years.  
11 I went through their budgets every year. I  
12 was the finance chair.

13 But I can tell you, add all that up, and  
14 it was only a little bit of what I knew  
15 about JEA compared to what I learned going  
16 through the special committee. I walked  
17 away from the special committee with a lot  
18 more knowledge about JEA. You heard about  
19 some of that at your meeting on the 25th  
20 with regards to the contributions they make  
21 to the City, their employee contributions to  
22 the City, et cetera.

23 I looked up -- before I came here at the  
24 last meeting, I took out the old report and  
25 dusted it off. And I did a little Googling

1 and found out this was like right up there  
2 with the top holiday reading materials, it's  
3 right behind A Wonderful Life, but ahead of  
4 Charles Dickens', A Christmas Carol.

5 If you haven't read this, I brought  
6 copies. I can't say any more than this  
7 report does. I mean, Mr. Clements kind of  
8 put this all together for us, and he did a  
9 heck of a job. When I read through this a  
10 couple weeks ago prior to coming on the  
11 25th, I was really amazed at what a great  
12 summary it was of what our committee did.

13 So you asked about -- does everybody  
14 have a copy of this report.

15 CHAIRMAN BOYLAN: Yes.

16 MR. CRESCIMBENI: Anybody need one?

17 So you asked about conclusions and  
18 outstanding questions. I think there -- is  
19 it page 7? Page 15?

20 CHAIRMAN BOYLAN: 16 and 17.

21 MR. CRESCIMBENI: We walked away with  
22 five unanswered questions: What's the true  
23 value of the utility to the city government?  
24 I'm not sure how you determine that. I  
25 think there is an argument for what JEA may

1 be going through now as a way to answer that  
2 question and give you a number.

3 What factors should be considered  
4 relevant in determining whether the JEA  
5 should be privatized or not? Clearly that's  
6 going to be a question that the City Council  
7 may have to face if the JEA board considers  
8 that.

9 How should purely monetary  
10 considerations be balanced against  
11 intangible value the JEA provides to the  
12 region? I think the Council Auditor  
13 provided the special committee in 2018 with  
14 an excellent review of those intangible  
15 contributions that are made by JEA to the  
16 community.

17 And then the fourth one was, What  
18 process should be used to perform the  
19 balancing test and involve the citizens in  
20 helping make a final decision? Well, that  
21 one you can check off, because that's  
22 happened.

23 Last year I introduced a resolution, I  
24 think Mr. Dennis cosponsored it, that called  
25 for a straw ballot question in November.

1           And that bill was approved by the Council,  
2           the Mayor signed the bill, the question went  
3           on the November ballot.

4           It was the second most -- how should I  
5           say this? It received more yes -- it was  
6           the second item on the November Duval County  
7           ballot to receive the most yes votes. It  
8           trailed behind constitution amendment number  
9           12 that received more yes votes than any  
10          gubernatorial, senate, pick any race, it  
11          outperformed them.

12          And, of course, once that happened,  
13          there was a pending -- there was pending  
14          legislation that I'd introduced to change  
15          the Charter. And once the straw ballot  
16          issue was resolved, the Council took up that  
17          pending legislation to change the Charter  
18          and allow the citizens to participate in a  
19          vote if 10 percent -- or more than 10  
20          percent of the assets of the utility were  
21          sold. That bill was approved, the Mayor  
22          signed that bill, and the Charter was  
23          changed.

24          There was a question about sale earlier,  
25          and I would remind Peggy that there are a

1 couple legal opinions that I procured in  
2 2018. And one was on point to, Does a sale  
3 constitute a de facto change in the JEA  
4 Charter? And the legal answer I got back --  
5 I think that was a June 2018 opinion -- was  
6 that it does not. So that would risk -- any  
7 sale that the Council would consider would  
8 simply be a 10 percent -- a majority vote of  
9 10 or whatever your quorum was.

10 The conclusions on page 16 and 17, I  
11 mean, you've got a copy of the report, I  
12 won't read those into the record. But I can  
13 tell you that, if you haven't read this  
14 report, you're doing yourself a disservice  
15 by not reading it. If you read it last year  
16 and you were on the committee, you may want  
17 to dust it off like I did, because I had  
18 forgotten how comprehensive it was. The  
19 committee did a great job. And Mr. Clements  
20 did a great job summarizing everything.

21 We had all kinds of presentations  
22 throughout our process in 2018. We had the  
23 Public Service Commission come over. You  
24 may want to engage them again. There was  
25 discussion at your November 25th meeting

1           about freezing rates. And we asked that  
2           question specifically, and I think it might  
3           have been captured in the report, I believe  
4           it was.

5                     Investor-owned utilities have what's  
6           known as a uniform rate. So if Utility ABC  
7           is doing business in Florida, and they have  
8           customers in Miami and Pensacola and Ocala,  
9           they all pay the same rate regardless of  
10          what happens in either -- any of those  
11          jurisdictions. So if there is a -- the  
12          Public Service Commission told us if there  
13          is a hurricane that hits Miami-Dade, and  
14          Miami-Dade, their system incurs \$50 million  
15          in damage, they don't have the FEMA  
16          reimbursement ability that a municipal does,  
17          they go to the Public Service Commission,  
18          they ask for a special storm levy, maybe  
19          it's \$3.90 per month for the next 17 years,  
20          everybody, every customer that's being  
21          serviced by the utility in Miami-Dade gets  
22          to pay that regardless of whether they saw a  
23          hurricane or not.

24                    CHAIRMAN BOYLAN: I have a couple  
25          questions, if you would rather jump to

1 questions now.

2 MR. CRESCIMBENI: Sure.

3 CHAIRMAN BOYLAN: Two of your  
4 conclusions actually spoke to what Council  
5 Member Hazouri and others have talked about  
6 here with respect to expanding its operation  
7 to other related business lines. So -- and  
8 the last one talks about it may require some  
9 amendments to the Charter. Was there any  
10 further conversation with respect to the  
11 expansion of business lines?

12 MR. CRESCIMBENI: On page 14, that's  
13 covered on page 14 towards the bottom.  
14 Mr. Zahn did come to the committee. And I  
15 think the last page of the report,  
16 Exhibit 15, were some of the things that he  
17 discussed with the committee. So there was  
18 conversation about other opportunities that  
19 were perceived at that time from natural  
20 gas, to dark fiber, the list was lengthy.

21 And what was your second question?

22 CHAIRMAN BOYLAN: How is that related to  
23 the Charter conversation? Was there --  
24 sounds like there was some conversation  
25 about actually reviewing -- making possible

1 Charter changes.

2 MR. CRESCIMBENI: I don't know if the  
3 committee had any conversations. I had some  
4 conversations with Mr. Zahn about the  
5 Charter. I think I instructed Council  
6 Auditor's Office to engage with them.

7 My primary focus was not necessarily --  
8 we did have some conversation about business  
9 lines, but my primary conversation was about  
10 what I thought was something that was  
11 deserving of a clarification; and that was  
12 the 10 percent. That question came up at  
13 your November 25th meeting.

14 I got a legal opinion early on that  
15 probably suggests that JEA -- that the clock  
16 on the 10 percent, the adding machine, the  
17 calculator, started in 1968. So in every  
18 likelihood, they probably are very close or  
19 have surpassed their 10 percent and should  
20 be coming back and talking to us. I think  
21 that's unrealistic. I don't think that's a  
22 way to -- selling a 10-year-old pickup truck  
23 shouldn't be something the Council should  
24 have to weigh in on.

25 So my conversation with Mr. Zahn and



1 with council auditors was trying to come up  
2 with structured formula, calculation. I was  
3 envisioning maybe a 10-year moving, sliding  
4 period of time where that 10 percent was  
5 accrued, not necessarily --

6 CHAIRMAN BOYLAN: Let me address that to  
7 some extent. They bought a new truck, we're  
8 replacing trucks, acquisitions need to be  
9 taken into consideration too.

10 MR. CRESCIMBENI: If you read the legal  
11 opinion, you -- on the 10 percent, I think  
12 that was an area -- and that was my primary  
13 focus in my discussions with Mr. Zahn. You  
14 can ask the Council Auditor about any  
15 meetings they had. My term was ending, it  
16 just kind of fell through the cracks.

17 CHAIRMAN BOYLAN: Any other council  
18 members have questions for Mr. Crescimbeni?

19 Mr. Salem.

20 COUNCIL MEMBER SALEM: It just seems  
21 like, John, that the discussion on these  
22 changes to the Charter or going to the state  
23 legislature to make changes, just it may  
24 have been you leaving office, I'm not sure,  
25 but there seemed to be a lot of focus on

1           that and then it just seemed to fall off a  
2           cliff.

3           Is that your impression or -- and the  
4           JEA went more towards other alternatives.

5           MR. CRESCIMBENI: I can't speak for  
6           anything that happened after July 1st. I  
7           told you I'm not taking any responsibility  
8           for anything after July 1st. But leading up  
9           to July 1st, I can tell you that I did have  
10          some conversations with Mr. Zahn. And I'm  
11          pretty sure the council auditors had  
12          conversations.

13          My primary focus, though, at that point  
14          was to solve this 10 percent dilemma as  
15          opposed to other business lines.

16          COUNCIL MEMBER SALEM: It would be of  
17          interest to me to see exactly how  
18          difficult -- I keep hearing this word  
19          difficult and challenging and all those  
20          types of terms. I really would like to  
21          understand that a lot more, in terms of what  
22          it would take. And I've got to assume there  
23          are businesses out there that would compete  
24          with us to try to have JEA get into those  
25          businesses, whatever they are, solar,

1 et cetera, that they're in that business now  
2 and I assume they would have lobbyists in  
3 Tallahassee trying to prevent us. But I  
4 still would like to understand that a lot  
5 more.

6 CHAIRMAN BOYLAN: So we're talking about  
7 three different levels. We're talking about  
8 local charter; we're also then talking about  
9 state legislature; and also talking about  
10 the Florida Constitution.

11 COUNCIL MEMBER SALEM: That is correct,  
12 all three of those.

13 CHAIRMAN BOYLAN: If we could look into  
14 that, Ms. Sidman, to get an answer to the  
15 question just to how can we change the  
16 Charter as it relates to those three  
17 particular barriers, if you will.

18 MS. SIDMAN: Sure.

19 CHAIRMAN BOYLAN: Mr. Crescimbeni, any  
20 parting comments or advice for me as the  
21 chair of this committee other than run out  
22 of the room?

23 COUNCIL MEMBER CARLUCCI: Good luck,  
24 would that be in there somewhere?

25 MR. CRESCIMBENI: I have no advice for

1           you, Mr. Chairman.

2           CHAIRMAN BOYLAN: Thank you so much for  
3 your time. And I can't tell you how  
4 important and how much I appreciated your  
5 report and the work that went into it, and  
6 Council Auditor Billy and his work prior to  
7 that. It really helped me understand --

8           MR. CRESCIMBENI: It wasn't me; it was  
9 the committee. It was the 19-member  
10 committee. We had 14 or 15 meetings over  
11 maybe a four-month, five-month period. So  
12 that was a group effort, to say the least.

13          CHAIRMAN BOYLAN: Thank you very much.

14          MR. CRESCIMBENI: Thank you.

15          CHAIRMAN BOYLAN: Mr. Dennis.

16          COUNCIL MEMBER DENNIS: Through the  
17 Chair to Councilman Crescimbeni. I served  
18 on that committee with you. And I want to  
19 thank you. I learned a lot about JEA and  
20 the whole process.

21                 In your opinion, when we concluded the  
22 committee and the report was issued, did you  
23 ever think that we would be right back here  
24 in such a short amount of time?

25          COUNCIL MEMBER HAZOURI: He doesn't mean

1 with the DIA.

2 COUNCIL MEMBER DENNIS: That too. But  
3 did you think that we would be here once we  
4 put a bow on it? I mean, because this  
5 report should have lasted as a framework for  
6 several years. And if you can't speak on  
7 it -- you know, let's deal with the elephant  
8 in the room. You are a City of Jacksonville  
9 employee now. And so, you know, don't want  
10 to put you in a bad situation. But give us  
11 your opinion on your thoughts as the chair  
12 of this committee -- or that committee, and  
13 once we concluded and where we're at today.

14 MR. CRESCIMBENI: Well --

15 CHAIRMAN BOYLAN: Only if you're  
16 comfortable in doing so.

17 MR. CRESCIMBENI: To answer your first  
18 question -- did I bring that with me or not?  
19 I thought I had that in my folder here, but  
20 I actually -- oh, yeah, here we go.

21 So I wrote this letter to the editor on  
22 November 1st, prior to last year's election,  
23 and I said that, The conversation about  
24 selling JEA is likely to come up again next  
25 year after the city elections. So I guess

1 the answer to your first question is, yes, I  
2 did think this would probably come back up.

3 COUNCIL MEMBER DENNIS: I guess, in  
4 closing, thank you for the work that you did  
5 on the special committee.

6 MR. CRESCIMBENI: Thanks for your help  
7 on that committee as well, and all the other  
8 returning council members who are here today  
9 who served on that committee.

10 CHAIRMAN BOYLAN: Appreciate it very  
11 much.

12 Board Chair for JEA has requested a few  
13 minutes of time to share some remarks. I'm  
14 going to invite Ms. Green to come up and do  
15 so at this time. Try and keep this within  
16 the timeframe as much as possible, three  
17 minutes.

18 COUNCIL MEMBER DENNIS: Excuse me,  
19 Chair. Will we have opportunity to ask  
20 questions or she's just speaking to us in --

21 CHAIRMAN BOYLAN: Time limitations,  
22 we're hard at 1 o'clock, we'll see how time  
23 goes. We may have time for one or two.

24 MS. GREEN: Thank you. Before I read my  
25 prepared statement, I'd like each of you to

1 know that I've heard every comment and  
2 concern here today. And I have to tell you  
3 that I am a little taken aback by some of  
4 the things I've heard today, because to hear  
5 Councilman Hazouri say there were  
6 conversations about Charter changes and  
7 things like that, and we did not come back  
8 to thoroughly flush that out is very  
9 disappointing.

10 COUNCIL MEMBER HAZOURI: It's true,  
11 though.

12 MS. GREEN: Yes, sir.

13 So JEA has dominated the front page of  
14 the papers, the news, social media and every  
15 rotary club and City Council meeting and  
16 virtually every conversation most of us are  
17 having these days. We all know it hasn't  
18 been positive.

19 As your JEA Board Chair, I appreciate  
20 the opportunity to come here today. Thank  
21 you, Councilman Boylan.

22 Today's presentation was to remind you  
23 why we started down this path at JEA, at  
24 least to some degree why I believe we find  
25 ourselves in this, what seems to be, very

1           contentious discussion and to ask for some  
2           level of indulgence, to be able to press the  
3           restart button on some of what has happened  
4           over the last 90-plus days.

5           Because my profile has been low and  
6           because my style is to work, not to be  
7           outspoken on the controversy of today,  
8           nobody should mistake that for a lack of  
9           attention to the matters of JEA. That's all  
10          matters of JEA that impact our customers and  
11          our employees.

12          Ratepayers want to know that, when the  
13          switch is flipped, they have reliable power  
14          at an affordable rate now and going forward.  
15          When the faucet is turned on, they want  
16          clean, reliable water. When a storm hits,  
17          we're ready to restore those services. And  
18          when customers hit a rough patch, they can  
19          work with us to smooth out their payments  
20          over time until they get on their feet.  
21          They want to make sure the electric and  
22          utility, water utility, they have come to  
23          know stays reliable, accessible, affordable,  
24          environmentally responsible and a part of  
25          this community.



1 All of the employees at JEA want to know  
2 that their jobs are secure today and in the  
3 future.

4 Whatever strategic outcome is presented,  
5 as the board chair -- and granted, I am one  
6 vote. I will only support a plan going  
7 forward that will protect the ratepayers and  
8 the employees and was crafted in an open and  
9 transparent manner, which also follows all  
10 legal and ethical standards both real and  
11 perceived.

12 Rather than restate the highly  
13 publicized concerns or correct misleading  
14 information, I would like to suggest some  
15 positive steps forward. Let's end the  
16 discussion of the performance unit plan.  
17 Let's not pause it, let's not postpone it,  
18 let's end that discussion. End all spending  
19 of ratepayers' money on fliers, brochures,  
20 ads and et cetera, to disseminate facts or  
21 status updates. This process is a  
22 traditional government procurement discovery  
23 or an intent to negotiate process.  
24 Permittable data and process updates will be  
25 provided on the JEA website for free.

1           I would like to include a Council  
2 Member, possibly Council Member Becton, as  
3 our JEA liaison into the ITN process.  
4 Understanding this may construe their  
5 participation in a possible vote in the  
6 future, but it will add an additional layer  
7 of transparency.

8           I would also like to recommend a  
9 resolution to implement into the bylaws or  
10 however it needs to happen that a JEA board  
11 member cannot be employed or contracted with  
12 JEA for a period of one year after leaving  
13 the board. I personally, especially after  
14 hearing what I heard today, am committed to  
15 meet with each and every council member to  
16 answer every question you may wonder about  
17 from a board perspective, receive any  
18 suggestions, research any matters about what  
19 you are curious and take all suggestions  
20 under serious consideration.

21           In the end, whatever proposed strategic  
22 option the board brings back to Council for  
23 your review, it may not meet your test. We  
24 certainly don't know yet. We have five  
25 scenarios, and the board has not made a

1 final recommendation on which scenario it  
2 will support.

3 In conclusion, I was raised in this  
4 community, educated in the public school  
5 system, as well as all seven of our  
6 children. I am most proud to say that, for  
7 those that left to pursue a higher  
8 education, they have returned home to become  
9 active and productive individuals. I'm also  
10 fortunate to have both my parents and my  
11 in-laws reside in this community with me.

12 Over the last 10 years, I've volunteered  
13 to serve on numerous community boards to  
14 contribute back to my community. I'm a  
15 military veteran who has served in Desert  
16 Storm. And I've worked at one of the oldest  
17 prestigious faith-based institutions in the  
18 state of Florida.

19 And, yes, I've heard the rumors that I'm  
20 serving on the JEA board to ensure my  
21 husband has a job. But for those of you who  
22 know my husband, understand he can hold his  
23 own. So I want to be clear, that I am  
24 honored to serve on the authority board as a  
25 passionate volunteer.

1           As I stated, I'm here today to ask for  
2           your indulgence and ask you to hold me  
3           accountable for the commitments I have made  
4           here today. It is my hope that we can move  
5           forward with more trust in this process  
6           because we have a responsibility to this  
7           community to be diligent, aboveboard,  
8           forward thinking, and transparent as it  
9           relates to the future of the authority in  
10          our community. I thank you all for your  
11          time.

12           CHAIRMAN BOYLAN: Thank you, Ms. Green.  
13          I would encourage -- I know we are at our  
14          time limit, but I know some of my colleagues  
15          would like to offer comments or questions.  
16          I would ask that you get them to us in  
17          writing. We'll invite you to come back at  
18          our next session to respond to them directly  
19          if you care to or have a representative from  
20          JEA to do so.

21           MS. GREEN: Yes, sir. And I will make  
22          it a point to be at every workshop from now  
23          on.

24           CHAIRMAN BOYLAN: Thank you very much.  
25          My apologies to the seven cards for

1 public comment I have today. As you know,  
2 we try to keep ourselves on a timeline  
3 that's very strict. I want to recognize who  
4 they were, who submitted cards. Mr. Kuhn,  
5 Mr. Tilley, Mr. Bruderly, Mr. Fouraker,  
6 Mr. Mikalsen, Ms. Benham and Mr. Gilbert.  
7 Again, feel free to send to MBoylan@COJ.net  
8 your comments or questions. I will be more  
9 than happy to put them into the record and  
10 add them to the conversation for our next  
11 session in January, which is scheduled for  
12 January 13th.

13 We are adjourned.

14 (Meeting adjourned at 1:03 p.m.)

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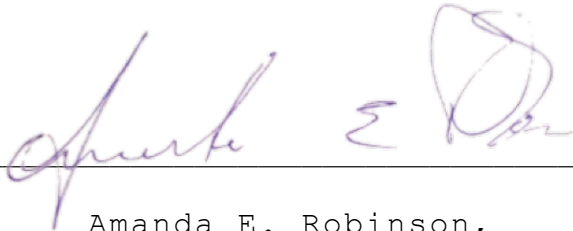
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## 1 CERTIFICATE OF REPORTER

2 STATE OF FLORIDA  
3 COUNTY OF DUVAL4 I, Amanda E. Robinson, Registered  
5 Professional Reporter, do hereby certify that I  
6 was authorized to and did report the foregoing  
7 proceedings; and that the transcript, pages 1  
8 through 125, is a true record of my stenographic  
9 notes.10  
11 DATED this 18th day of December, 2019.12  
13  
14  
15 A handwritten signature in purple ink, appearing to read 'Amanda E. Robinson', is written over a horizontal line. The signature is stylized and cursive.16 Amanda E. Robinson,  
17 Registered Professional Reporter  
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