**DRAFT LANGUAGE – FOR DISCUSSION**

**05/20/2020**

**Section 21.11 – Privatization, reorganization, service territory transfers prohibited.**

1. *Definitions*. For purposes of this section, the following definitions shall apply:

“entity” shall mean any person or entity, public or private.

“net capital assets” shall mean the total capital assets based on the latest available JEA monthly financial statements for a system. For purposes of this section, the total capital asset calculation for each system shall be cumulative and shall reset on October 1, 2020 and every five years thereafter.

“service territory” shall mean the geographically defined areas in which JEA is the utility provider.

“systems” shall mean the electric utility system, the wastewater utility system, the natural gas system, and the fiber optic and telecommunications system owned, operated and managed by JEA.

(b) *Prohibition on privatization, reorganization transfer of management.* JEA shall not explore, investigate or consummate a privatization or transfer to an entity by sale, lease, or assignment of the management, function, or operation of any portion of a system which comprises more than ten percent of the net capital assets of such system without approval of the council; provided, however, that no final approval by the council shall become effective without subsequent referendum approval of the terms and conditions of the sale. Additionally, JEA shall not explore, investigate or consummate a reorganization of JEA’s governance structure in a manner that would affect JEA’s ownership or management control of more than ten percent of the net capital assets of a system without approval of the council. Upon approval by the council for JEA to explore or investigate a privatization, transfer, or reorganization of JEA, council may in its discretion prescribe by ordinance budget restrictions related to professional consultants, legal engagements, promotional expenses, and other expenses anticipated by JEA during such exploration or investigation.

(c) *Prohibited service territory transfers*. Any sale, transfer or other conveyance of JEA’s electric, water or wastewater service territory to any entity that totals 1% or more of the service territory or any sale, transfer, or other conveyance of 1% or more of JEA’s electric, water or wastewater customer accounts based on the latest available JEA monthly financial statements shall require council approval. JEA shall not enter into any agreement, contract or other arrangement that would exceed the 1% threshold without council approval. Nothing in this section shall prevent JEA from complying with the terms and conditions of interlocal agreements with St. Johns County and Nassau County which include, but is not limited to, an option to purchase the assets and service territory of JEA within the respective counties without Council or referendum approval.