From:	Rhode, Lynne C. (City of Jacksonville)
To:	Hodges, Lawsikia
Cc:	Sidman, Margaret; Gabriel, Jason; Rondinelli, Mellissa
Subject:	RE: T-U question
Date:	Friday, August 16, 2019 4:08:02 PM
Attachments:	JAX1502C.pdf Currents ITN.pdf Currents Limitations on Communications Regarding the ITN.pdf
Importance:	High

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Hi Lawsikia,
Please see proposed responses below and associated attachments for your/Jason's/Peggy's review and response to Mr. Bauerlein. These responses incorporate recommendations from Robert Hosay and Kevin Hyde. Please call with any questions.
Best,
Lynne

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From: Bauerlein, David [mailto:dbauerlein@jacksonville.com]
Sent: Thursday, August 15, 2019 2:57 PM
To: Gabriel, Jason
Subject: T-U question

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Jason:

I'm writing an article for weekend paper about the JEA pension legislation and also about the "cone of silence" while JEA solicits offers and does negotiations..

Can you answer these questions?

1. Does the "cone of silence" apply to Jacksonville City Council members?

Yes.

2. Does the "cone of silence" apply to the mayor and others in the executive branch?

Yes.

3. If the cone of silence applies to City Council and/or mayor, what is the "penalty" for violating it? Can a violation prevent a City Council member from voting on a sale of JEA?

The bidder, agent, or representative involved in the inappropriate contact may face disqualification. Depending on the level and nature of inappropriate activity, the public employee may face ethics complaints or charges or other statutory repercussions.

3. Have you provided any written guidance on the "cone of silence?" if so, can you provide that to me?

Yes. Please see the attached "Currents" and letter from Special Counsel Robert Hosay to Mr. Zahn and Ms. Green.

4. The JEA board voted in favor of several minimum requirements for any transaction. One of the requirements is that JEA would pay more than $400 million out of sales proceeds for customer rebates. The JEA board acted on its own to put that minimum requirement into the solicitation. If City Council wants to use that $400 million in sales proceeds for some other purpose besides customers rebates, does City Council have the authority to step in at a later date and switch that funding to a different purpose?

The City Council can evaluate the attributes and value of any proposed deal and has approval authority over such deal, which also is subject to referendum.

5. In regard to the pension legislation (2019-566) it would enhance pension benefits for JEA emplyees if there is a sale of JEA. There is a provision in the ordinance code (Sec. 106.108) that says pension plan enhancements may only be approved if the pension plan is at least 90 percent actuarially funded. Currently, the General Employee Pension Plan is . 63 percent funded. There is a provision in the ordinance code that says if the pension plan is less than 90 percent funded, the mayor can request a waiver that must pass with super-majority support by City Council to allow pension plan enhancements. I didn't see anything in 2019-556 saying a waiver is needed. Is a wavier need in this case?

2019-556 provides that, if a Recapitalization Event occurs, JEA employees employed as of July 23, 2019, will receive credited years of service up to their next retirement milestone. JEA will utilize portions of the proceeds from the Recapitalization Event to provide funds to the GEPP to account for the years of credit service. The purpose of this is so the Plan will remain actuarially funded at the same level it was prior to the Recapitalization Event and accounting for the years of credited service. The purpose of sec. 106.108 is to ensure that the level of unfunded liability does not increase if benefits are enhanced. Because the Plan will remain funded on the same basis after the years of

credited service due to the Recapitalization Event, there is no enhancement of benefits.

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