



OFFICE OF THE CITY COUNCIL

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February 12, 2018

Mr. Paul McElroy
Managing Director/CEO
JEA
21 West Church Street
Jacksonville, Florida 32202-3139

Dear Mr. McElroy:

Thank you for your letter of February 9, 2018 regarding the status of the JEA valuation being performed by Public Financial Management, Inc., and for our related phone conversation. I appreciate your respectful request of a Special City Council Meeting the afternoon of February 14, 2018 to allow a presentation of the final report to both the JEA Board and the City Council.

In your letter and our discussion, you suggested I consider scheduling the form of meeting that would allow City Council to take action upon hearing an executive summary presentation from the consultant, followed by distribution of the report in its complete and final version. Your recommendation comes on the heels of multiple meetings with the Mayor's staff in which they asked if I was open to holding a joint meeting to hear the presentation and if I would consider legislation to approve next steps in the sale process at the very same meeting. Essentially, the Mayor's Office is asking City Council to consider passing legislation as an emergency, upon introduction, without the public involvement afforded by the normal legislative process and without an appropriate analysis of and response to the final valuation report by the Council Auditor.

In considering your request and the requests of the Mayor's administration, it is important to note the City Council did not initiate an analysis of JEA's value. The JEA Board should proceed with addressing the results of an action it approved independent of the City Council. While there may be benefits of a single presentation of the final report, the City Council's participation in a meeting on February 14, 2018 is premature. Both Council Member John R. Crescimbeni and I requested of General Counsel Jason Gabriel a detailed analysis of the potential sale process and I have expressed my intention to take no action until my colleagues and I fully understand such process. Furthermore, Council Auditor Kyle Billy is updating his analysis of a potential JEA sale and, while Mr. Billy is not a valuation expert, the City Council should hear from our advisors, including on the final valuation report, prior to considering any action.

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As stated in the draft report released last week, "A privatization of the JEA enterprise would likely represent the largest and most complex municipal privatization in the United States." The draft report also outlines a sale process containing six phases, the first of which is reaching consensus regarding a commitment to the sale process and the fourth of which is to seek indications of interest from potential buyers. It is not prudent to put my colleagues in a position to take action to jump to the fourth phase before we have all of the facts and information at our disposal to ensure we agree on phase one.

With all due respect, I am declining the opportunity to hold a Special City Council Meeting on February 14, 2018. This potential transaction would have a significant impact on the Northeast Florida region and the City Council will be deliberate and transparent in its due diligence. To the extent any of my colleagues are interested in participating in the presentation to the JEA Board, I trust you will advise us of the date this will take place. I also extend my thanks to you for your offer of access to you, your leadership team, the JEA Board and the consultant at any point and as often as necessary in our deliberations.

Sincerely,



Anna Lopez Brosche

cc: Honorable Council Members