

Posting Language

Authorize negotiation and execution of a contract and other necessary and appropriate agreements with J.P. Morgan Securities LLC to evaluate and facilitate the potential sale of the District Energy and Cooling system.

Lead Department

Austin Energy.

Fiscal Note

A fiscal note is not required.

For More Information:

Amy Everhart, Director Local Government Issues, 512-322-6087; Lisa Martin, Deputy General Manager and Chief Operating Officer, 512-322-6457.

Council Committee, Boards and Commission Action:

July 15, 2024- To be reviewed by the Electric Utility Commission.

Additional Backup Information:

This request is for consultant support to assist in the evaluation of a potential sale of the District Energy and Cooling (DEC) system, which uses electricity to chill water during off-peak hours, which then is pumped through a network of pipes to cool large buildings. Instead of each building having its own separate air conditioning system, these facilities share common infrastructure. These assets are separate from Austin Energy's electric system and the potential sale of these assets will have no impact on providing electric service to Austin Energy's more than half a million electric customers.

J.P. Morgan Securities LLC (JPM) will act as the financial advisor to facilitate this complex process and provide strategic advice, analysis, and other support to navigate this potential sale. Austin Energy may also enter into other necessary and appropriate agreements needed to facilitate this process, including but not limited to legal, real estate, engineering, human resources, and technology services. JPM will be compensated on a percentage fee basis if a sale is completed. Any expenses for other agreements will be paid from existing budgets subject to reimbursement from any sale proceeds.

This entire process will take approximately 9-12 months to complete. If offers are favorable and a sale of the system is deemed worthy of proceeding, that transaction will be separate and will require further City Council approval.