OFFICE OF THE CITY COUNCIL

Report of the Special Investigatory Committee on JEA Matters

Chronology

DECEMBER 2020

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This chronology summarizes the documents gathered by the Committee during its investigation, including documents from internet resources, public records requests, JEA's document productions, and witnesses. The far right hand column of the chronology refers to numbered documents, which are available at jeainvestigation.com/documents, and hyperlinks (indicated by the word "link"), which reference information available on other web sites. This chronology does not include transcripts of the Committee's witness interviews, which are available at jeainvestigation.com/documents.

December 2020

Chronology of Material Events

Date	Event	Doc. No.
2007	Council Auditor's Report #637 concluded that (i) JEA had a net asset value of $1.5 billion and (ii) an estimated $2 billion in cash would flow from JEA to the City in the next 30 years.	0001
02/16/2010	JEA Board Policy Manual. • Policy 1.0 ("Global Ends") identifies JEA's purpose as follows: "JEA exists to provide clean, safe, reliable, and reasonably priced electric, water and sewer services to the citizens of Jacksonville and portions of surrounding communities while remaining environmentally sound and financially strong while providing revenue for the City of Jacksonville." o JEA's policy "ends" included "[e]ffectively communicat[ing] with consumers and other stakeholders" (Policy 1.6) and "inform[ing] consumers of as well as the reasons for significant potential or pending changes to utility services or charges" (Policy 1.6.3). • Policy 1.1 ("Quality of Electric Service"): o Policy 1.1.1 required JEA to "[a]nnually update an Electric Integrated Resource Supply Plan . . . ." • Policy 2.0 identifies several "executive limitations," including (i) "[t]he CEO shall not cause of allow any organization practice, activity, decision, or circumstance that is either unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices"; (ii) with respect to Policy 2.7 governing employee compensation and benefits, "the CEO shall not cause or allow jeopardy to financial integrity or to public image"; (iii) with respect to Policy 2.8 governing communication and support to the JEA Board, "[t]he CEO shall not cause or allow the Board to be uninformed or unsupported in its work"; and (iv) with respect to Policy 2.11 governing procurement activities, "[t]he CEO shall not fail to develop procurement policies and procedures that adhere to all applicable federal, state and local laws and ordinances and provide for increased public confidence in the procurement activities of JEA." • Policy 2.3 ("Financial Planning/Budgeting"): CEO will not: o Policy 2.3.2: "Fail to include credible projection of revenues and expenses, separation of capital and operational terms, cash flow, and disclosure of planning and budgeting assumptions." • Policy 2.6 ("Asset Protection"): The CEO will not: o Policy 2.6.6: "Fail to protect corporate assets including, but not limited to, property rights, corporate image, physical assets, intangible assets, intellectual property, information, and files from loss or significant damage." • Policy 2.7 ("Compensation Benefits"): The CEO will not: o Policy 2.7.1: "Change the CEO's own compensation and benefits, except as those benefits are consistent with a package for other appointed employees." • Policy 2.8 ("Communication and Support to Board"): The CEO shall not cause of allow the Board to be uninformed or unsupported in its work. Accordingly, the CEO will not:	0002

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	○ Policy 2.8.3: "Allow the Board to be without decision information required periodically by the Board or let the Board be unaware of relevant trends." ○ Policy 2.8.4: "Let the Board be unaware of any significant incidental information it requires including anticipated media coverage, threatened or pending lawsuits, and material internal and external changes." • Policy 2.11 ("Procurement Activities"): The CEO shall not fail to develop procurement policies and procedures that adhere to all applicable federal, state and local laws and ordinances and provide for increased public confidence in the procurement activities of JEA. Accordingly, the CEO will not: ○ Policy 2.11.2: "Fail to ensure the fair and equitable treatment of all persons who deal with the JEA procurement system." ○ Policy 2.11.4: "Fail to foster effective, broad-based competition within the free enterprise system." ○ Policy 2.11.5: "Fail to provide safeguards for the maintenance of the procurement system quality and integrity."	
10/05/2012	City Council Member Matt Schellenberg filed legislation encouraging Mayor Alvin Brown to direct the City's procurement division to issue a request for proposal for the sale of the city's not-for-profit, community-owned electric, water and sewer provider.	0003
10/10/2012	Special Report #722 by the Office of the Council Auditor concluded: We estimate the value of JEA to the City to be a range between \$2.0 and \$2.5 billion taking into consideration the assumptions listed above. We estimate that the range in value of JEA could be \$1.0 billion at a minimum and as high as \$1.2 billion to an investor owned utility or utilities assuming that a willing and able buyer exists.	0004
10/23/2012	Council Member Matt Schellenberg convened a special committee at which he proposed exploring the sale of JEA. • Schellenberg cited JEA's inability to do its job with maximum efficiency as one reason to explore selling JEA. Schellenberg raised three issues to explore: (i) financial issues associated with keeping or selling JEA, (ii) political issues arising from a JEA sale, and (iii) environmental issues. • Schellenberg stated that there would be no significant net financial benefit resulting from a sale of JEA. He further noted that the Council needed to establish better control over JEA. • Sean Miller, a representative of Florida Power & Light Company ("FPL"), handed out documents showing JEA and FPL's rates. Miller pointed out that FPL charged about \$308 million less to its ratepayers than JEA did in 2011. Members of the board disputed Miller's assertions because JEA's rates had only been higher than FPL's for 3 of the last 25 years—mostly attributable to fuel prices.	link 0005

Date	Event	Doc. No.
	• Schellenberg suggested issuing a request for proposals to determine the value of JEA to private investors. Cindy Laquidara suggested an independent consultant determine JEA's value.	
11/13/2012	Council Member Matt Schellenberg convened a meeting of the special committee on JEA to continue discussing the potential sale of JEA. • Sean Miller (FPL) handed out materials comparing JEA's financial data from JEA and several investor owned utilities. Miller stated that FPL's efficiency made up the bulk of its savings. When asked why that efficiency has only shown up in the past 3 years, Miller indicated fuel prices had an enormous role to play in rate decisions. • Walt Bussells gave a presentation entitled "JEA – Greatest Value for Ratepayers and its Owner, the City[.]" It outlined the value the City gets from JEA outside of JEA's financial contributions to the City. For example, all of the taxes JEA pays go to the City; however, the taxes paid by an investor owned utility would go to state and federal governments. Bussells also opined that JEA may have better rate prices than FPL if fuel prices fluctuate. • Bussell and Miller agreed that options other than an outright JEA sale existed and could bring value to both the City and an investor, including partnerships and joint dispatch agreements. • Council members offered several suggestions, including extending the special committee or appointing a new one to brainstorm ideas involving the private sector. Mike Hightower cautioned the Council to consider the public interest as the first priority, not profits. • Council Member Bill Gulliford suggested that the City reconsider its relationship with JEA in 2013 when the annual contribution contract is up for renegotiation.	link 0006
12/03/2012	Citing a lack of adequate support amongst Council members, Council Member Matt Schellenberg withdrew his October 2012 resolution encouraging Mayor Alvin Brown to issue a request for proposals from businesses interested in buying JEA.	0007
09/16/2013	A presentation entitled "JEA Strategic Plan – Cascade and Execution" identified three focus areas for JEA: (i) earning customer loyalty, (ii) delivering business excellence, and (iii) developing an unbeatable team. (p. 4.) It also identified other objectives, including "[t]o understand the overall effort to reposition JEA to meet its serious challenges successfully; our new 'game plan[.]'" (p. 6.) It notes that "[s]ales and revenue have fallen significantly since 2008 in both Electric and Water; hoped-for turnaround has not materialized." (p. 8). It also states that "JEA typical bills [residents] above Florida average; same for Water[,]" and commercial and industrial "rates [are] among the highest in Southeast[.]" (p. 9). The presentation further noted that FPL, Southern, and Duke are "looking at opportunities to expand wholesale service to municipal utilities" and "pursuing acquisition of municipal utilities." (p. 11). The presentation concludes by noting JEA's "proud history[,]" but warning of "dark clouds . . . on the horizon" due to, among other things, "[d]eclining revenue[,]" "[d]issatisfied customers[,]" "[d]isruptive technologies[,]" and "[c]ompetitive and regulatory threats[.]" (p. 13).	0008

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06/17/2014	The JEA Board reportedly adopted Policy 2.7 in the JEA Board Policy Manual. It required JEA's CEO to promote a compensation philosophy that included "salary/wages" that "will meet the market (50% percentile), which is where the majority of companies in the geographic area reside."	0009
09/19/2015	JEA's chairperson, Helen Albee, reportedly made scripted comments at an August 18, 2015 Board meeting that portrayed JEA's CEO, Paul McElroy, in a positive light prior to a vote to extend McElroy's employment contract and increase his salary from $404,227 to $437,000. The script was circulated to other JEA Board members. Barbara Petersen, president of the Florida First Amendment Foundation, described the practice as "a violation of the spirit and the intent" of Florida's sunshine laws.	0010
10/01/2015	Mayor Lenny Curry asked JEA Board Member Lisa Strange Weatherby to resign immediately after she failed to meet with him and discuss "a JEA practice of putting scripted talking points in documents given to board members prior to their meetings."	0011
10/05/2015	Lisa Strange Weatherby prepared a letter resigning from the JEA Board "effective immediately." She accused Curry of committing a political "purging" at and an "astonishing politicization" of JEA.	0012
10/12/2015	The Times-Union reported: > Mayor Lenny Curry is seeking a clean sweep of the JEA board of directors, telling the remaining members in separate letters sent Monday evening that he is troubled by recent Times-Union reports about potential Sunshine Law violations and governance issues and is asking for their resignations "to be effective only if and when I accept them."	0013
10/13/2015	The Times-Union described the use of scripted talking points at JEA: > Curry's call for resignations was prompted by Times-Union articles describing a JEA practice of putting scripted talking points in documents given to board members prior to their meetings and two years of meetings in which no board members registered a single dissenting vote. The stories highlighted concerns about the board's compliance with the Sunshine Law, governance issues and what Curry's office has described as the board's "purported dysfunction."	0014
10/14/2015	JEA Board Members John Hirabayashi, Husein Cumber, Lisa Strange Weatherby, and Peter Bower had submitted resignations to Mayor Lenny Curry. Curry selected Tom Petway and Delores Kesler to replace Bower and Weatherby.	0015

Date	Event	Doc. No.
11/05/2015	Mayor Lenny Curry appointed Edward Burr and Warren Jones, both of whom were Democrats, to the JEA Board.	link
08/21/2017	JEA presentation entitled "JEA Performance Excellence Project" provided a "road map" for JEA to achieve short-term savings and to achieve a long-term "Utility 2.0 operating model[.]" Based in part on analyses performed by Deloitte, the presentation concluded, "We have identified 53 initiatives worth between $48M and $108M potential savings for JEA that can be realized in the next 6-26[1] months in three waves . . . ."	0016
08/27/2017	Memorandum from Holland & Knight lawyers J. Allen Maines and Woody Vaughan analyzing options to address JEA's obligations under the MEAG PPA, including "to locate a purchaser for its position and assign the PPA to the purchaser in exchange for the purchaser assuming all of JEA's future obligations under the PPA." (p. 1).	0017
11/11/2017	First Coast News reported that "two lobbyists, who formerly worked for the mayor's office, visit[ed] JEA" on November 11, 2017.	0018
11/22/2017	Jeffrey Panger (S&P Global – Ratings) sent Melissa Dykes an email asking whether JEA used a set of assumptions in its electric, water, and sewer system forecasts. Joseph Orfano responded, "No Growth in Sales" for the electric system.	0019
11/28/2017	JEA Board meeting. Beginning at 01:17:12 in the meeting video, Chairperson Tom Petway confirmed he is resigning from the JEA Board on December 31, 2017. • Petway provided eight observations about JEA: 1. "JEA is at or very near peak performance." 2. "JEA has assets which are operated by exceptional people." 3. "JEA has significantly improved the balance sheet over the last few years." 4. "JEA is one of the most valuable assets the City that the Jacksonville owns." 5. "JEA's success is built on a tremendous amount of capital invested by the citizens of Jacksonville." 6. "The current marketplace for utility service is vastly different than it was when the JEA was created in 1967. The majority of people in Florida, including most urban centers, are served in a private sector market place." 7. The private sector market place is competitive and well-regulated by the Florida Public Commission. 8. I believe the JEA Board should evaluate where the JEA fits in this emerging private market place for utility companies." • Petway then identified two questions for the JEA Board to consider: 1. "Would the customers of JEA and the people of Jacksonville be better served in the private marketplace?"	link 0020 0021

Date	Event	Doc. No.
	2. "Should the JEA and the City of Jacksonville consider the financial benefits that would come from the privatization of JEA?"	
	• Petway concluded, "To answer these questions, I encourage the Board to request the CEO and the JEA team for a report on JEA's financial value in the private marketplace. The JEA Board would then be prepared to consider where does JEA fit in the private marketplace."	
	• At 01:22:13 in the video, Board Chairman G. Alan Howard responded to Petway:	
	I couldn't agree more with everything you said in your eight points. You've given the Board a lot to think about and the challenge in considering JEA's role in the changing marketplace. I expect that Mr. McElroy and his team will take up that challenge and evaluate our prospective position in the marketplace and report back on what the private market value of JEA may be so that the citizens of Jacksonville and the Mayor and other constituencies (City Council) can evaluate that opportunity.	
11/28/2017	The Times-Union reported Mayor Lenny Curry's response to Tom Petway:	0022
	Curry welcomed the questions raised by Petway at that time. "With his challenge to explore privatization, he has made a simple request that citizens and city leaders explore the value of their public assets and how utility customers in our city can best be served," Curry said the same day Petway raised the prospect of privatization.	
11/28/2017	Irvin Weinstein (Rogers Towers) sent an email to Melissa Dykes and Paul McElroy (subject line: "Fwd: Additional Due Diligence Questions") with a number of questions relating to the potential sale of JEA, including "Does JEA know of other board members or elected officials within the City of Jacksonville who favor selling all or part of JEA? If so, please provide the particulars."	0023
12/04/2017	Sunshine State News reported the following reactions to Tom Petway's request to explore privatization:	0024
	"It's very real. There will be a serious look at it," Curry's political adviser Brian Hughes told Sunshine State News about the idea. "Lenny is a former accountant who was an entrepreneur. He's a free market Republican. It's consistent with his ideology."	
	The article went on to state:	

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	Curry said he "welcomed" the challenge and would work in tandem with City Council leadership to answer Petway's questions about privatizing the electric company. How the deal works out and which buyers are being considered will be worked out in the coming weeks, sources close to Curry's office and the JEA told SSN.	
12/04/2017	Joe Orfano sent an email asking Michael Mace (PFM) to confirm privatizing JEA would take at least two years to complete. Orfano confirmed it "would take at least two years from today to close a transaction to sell a substantial portion of JEA's assets."	0025
12/04/2017	Joe Orfano sent an email to John Miller (Citi) asking him to confirm it would take at least two years to privatize JEA. Miller confirmed it would take "more than two years to complete" and that it "will take significant time and effort." Miller also stated privatization would require "voter approval" and an "open and transparent decision."	0026
12/04/2017	Joe Orfano sent an email to Jill Toporek (Goldman Sachs) asking her to confirm it would take at least two years to privatize JEA. Toporek confirmed it would "take longer than two years to close such a transaction from today."	0027
12/04/2017	Richard Molke of Wells Fargo sent Paul McElroy, Joseph Orfano, and others an email summarizing the steps and timeframe for privatizing JEA. Molke recommended JEA seek approval to privatize JEA from both the JEA Board and City Council before seeking bids from potential buyers.	0028
12/04/2017	Jody Brooks sent an email to Paul McElroy stating (i) she spoke with Jason Gabriel, (ii) "legal process for privatizing JEA has not been fully vetted[,]" and (iii) OGC had not decided whether "a referendum would be required."	0029
12/05/2017	Alan Howard sent a letter to Paul McElroy requesting that McElroy "identify and engage a qualified firm to appraise the value of JEA . . . ." The letter further stated: Following receipt of that analysis, the JEA Board, the Mayor, and City Council will be in a position to debate the merits of proceeding with a privatization of JEA's utility systems. If, after what I anticipate will be a healthy debate, a decision is ultimately made to pursue privatization, that process will be open to all bidders so that we can achieve the best result possible for the citizens of Jacksonville and JEA's customers.	0030
12/06/2017	Tim Baker files article of amendment to the articles of organization removing Brian Hughes as a manager of BCSP, LLC.	0031

Date	Event	Doc. No.
12/06/2017	Mayor Curry announces Brian Hughes will become his Chief of Staff.	0032
12/06/2017	Kurt Peninger, JEA's director of corporate strategy and execution, sent an email to Melissa Dykes stating, in pertinent part, "Using Deloitte and Xtensible, we have identified $40-120M in possible cost savings and the target data architecture."	0033 0033a
12/08/2017	Randall Barnes (Sr. Debt Manager for the City of Jacksonville) sent an email to Jeremy Niedfeldt (Public Financial Management, Inc. or "PFM") with an attachment entitled "Request for Proposals to provide Strategic Initiatives Financial Advisory Services to the City of Jacksonville, Florida." The "Purpose" section of the report states: > The City of Jacksonville, Florida (the "City") is soliciting proposals from qualified firms wishing to serve as Financial Advisor for Strategic Initiative opportunities. The selected Advisor will provide Financial and/or investment banking advisory services relating to the market analysis, opportunity review, planning, solicitation, evaluation, negotiation, and award of potential strategic opportunities requiring complex financial transactions which are similar (but not limited) to public private partnerships or the lease, sale, and/or disposition of City assets. . . . The City wishes to have available under this proposed arrangement one or more qualified firms with demonstrated expertise across a diverse set of complex financial transactions which are strategic in nature. (p. 2).	0034
12/12/2017	JEA Board meeting. • At 00:30:00 in the video, Paul McElroy discussed JEA's "spectacular" credit ratings confirmation. McElroy attributed to the ratings to, among other things, a $2.3 billion reduction in JEA debt despite "flat-to-down" electric sales and "market changes that we have never seen before in terms of the speed at which the electric market is changing . . . ." • At 00:34:23 in the video, McElroy commented on JEA's "privatization" efforts. McElroy confirmed JEA was working with "an outside firm" to develop a work plan that "will focus on doing the economic evaluation[,]" "assessment of public policy issues[,]" and the "legal and regulatory framework which would be necessary to move forward if that is the decision." McElroy estimated JEA would complete its work plan within 60 days.	link 0035 0036
12/15/2017	Joe Orfano asked for and received an opinion from John Miller (Citi Private Bank) that it would take more than two years to privatize JEA. Orfano shared Miller's opinion with JEA's bond counsel, Mitch Rapaport of Nixon Peabody.	0037
12/20/2017	Public Financial Management, Inc. emailed to prospective financial advisors the City's Request for Proposals to provide Strategic Initiatives Financial Advisory Services ("RFP") "relating to the market analysis, opportunity review, planning,	0038

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	solicitation, evaluation, negotiation, and award of potential alternative delivery of existing or new projects or services which are similar (but not limited) to public private partnerships or the lease, sale, and/or disposition of City assets." (p. 2). The RFP required bidders to submit their written questions and proposals to PFM Financial Advisors LLC and JEA's financial advisor, Public Financial Management, Inc. ("PFM"). (p. 3). The financial advisor's duties included evaluating proposals and helping City staff in negotiations with bidders. (p. 2-3). The RFP required bidders to submit their proposals by January 15, 2018. (p. 3).	
12/20/2017	According to PFM's September 14, 2018 invoice to JEA, Michael Mace began working on JEA's privatization evaluation.	0039
12/20/2017	Mark Weinberg of Citi bank received a copy of the RFP and, in response, wrote an email to Melissa Dykes and Joe Orfano stating: This is interesting. Apparently the primary reason for this is the potential privatization of JEA that a few members of the JEA board asked for last month. The airport/port may also be in play. Will try and get more info and report back. I assume we still are not interested in the advisory side?	0040 0041
12/21/2017	Jody Brooks forwarded the RFP and Mr. Weinberg's email to Jason Gabriel on December 21, 2017.	0042
12/21/2017	Tim Baker's company, BCSP, LLC, entered into a consulting agreement with FPL.	0043
12/21/2017	Jason Gredell of J.P. Morgan sent Ryan Wannemacher several documents regarding TECO Energy's 2015 merger with Emera.	0044
12/21/2017	Ryan Wannemacher sent Michael Mace, a managing director of Public Financial Management, Inc. ("PFM"), three articles regarding merger and acquisition trends and termination fees.	0045
12/21/2017	Michael Mace visited JEA.	0046
12/22/2017	Paul McElroy responded to an email from Bryan Elmore of Pacolet Milliken Enterprises, Inc. expressing an interest in becoming a private partner with JEA: Brian, thank you for your interest in JEA. Over the next 60 days, as charged by our Board, we will be preparing the appropriate analysis and report for them to debate the value of privatization. If they recommend and approve moving towards some form of privatization we will engage the appropriate resources to assist us in running an open and transparent RFI and RFP process. I will be sure to include	0047

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	your name and your firm's name on any prospect list we may develop. Again, thank you for your interest in JEA and happy holidays.	
01/02/2018	Melissa Dykes sent an email forwarding the RFP to Ryan Wannemacher.	0048
01/09/2018	David Moore (managing director at PFM) sent an email to Patrick Grieve and Randall Barnes stating, "I saw an article or blog or something talking about privatization of JEA. Obviously there is a lot of work to be done, and the RFP on the street relates to this."	0049
01/11/2018	Melissa Dykes sent an email to Scott DeGhetto (Moelis) and Michael Mace (PFM) asking DeGhetto to include Mace "in our intro call[.]"	0050
01/11/2018	Michael Mace sent Melissa Dykes an email with an attachment describing PFM's services: PFM provides traditional debt transaction advisory services for our governmental clients. PFM also assists our utility clients with a wide variety of unique transactions and services. The transactions include restructurings, securitizations, prepayments, asset sales and purchases, etc. In addition to transaction-based services, PFM assists our clients in the development and implementation of financial policies aimed a striking the optimal balance between credit strength and financing cost management – with the goal of keeping customer rates low over the long run. PFM serves as a consultant and advisor to our municipal utility clients. We do not sell or trade their debt securities for our own account, and we do not serve as a commissioned broker when we assist them on asset sales or purchases.	0051
01/11/2018	Victor Blackshear (JEA) sent an email to Michael Mace (PFM) and others with an "Electric IRP Case" attached. It showed JEA's territorial electric system sales (KWH) increasing from 12,050,132 (2017) to 13,481,921 (2027).	0052 0052a 0053
01/12/2018	Email from Michael Mace (PFM) to Grant Fraunfelder (Morgan Stanley) stating: Preliminary and summary valuation discussions would be helpful. But talking about "levers", value drivers, process, W/S vs Electric . . . will also be helpful. JEA is interested in getting as much info as possible very quickly. So if you can meet on the 24th, that would be great for JEA. If a meaningful meeting takes a few more days, I know JEA will want to make the time to meet.	0054

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01/12/2018	Michael Mace (PFM) sent an email to Melissa Dykes, Joe Orfano, and Ryan Wannemacher stating, "I spoke to Scott, and given the availability of others on his team, he would like to see if morning on the 24th is a possibility."	0055
01/15/2018	Initial deadline for responses to the RFP. • Morgan Stanley & Co. LLC ("Morgan Stanley") submitted a proposal on January 16, 2018 contemplating a utility transaction. It references "utility" or "utilities" 24 times. The proposed advisory team includes at least 7 people with utility expertise. • J.P. Morgan submitted a proposal on January 15, 2018 contemplating a privatization, P3 transaction, or related transaction involving city assets. The proposal references "JEA" 36 times, including: The robustness of the City's economy, combined with JEA's scale and financial stability makes it a substantial source of value should the City considers a strategic sale or P3. The combined Electric System, Water and Wastewater have considerable strategic value to adjacent utilities looking to expand their service coverage footprint in Florida. Since the system includes electricity and water generation, transmission, interconnection as well as distribution, the City has considerable flexibility in deciding which parts of the system could be privatized or leveraged in a P3. Historically low interest rates, significant debt capacity, stagnant customer demand, and a shrinking pool of acquisition targets have resulted in a "seller's market" in the utilities industry. This is evident in the steadily increasing acquisition multiples and buyer-friendly contract terms over the last couple of years. J.P. Morgan believes that the current market trends and the quality of the JEA system would have a market value in excess of $10.0 billion and would create a transformational opportunity for a strategic partner and the City. The graphic below highlights utility M&A activity and valuation trends. (p. 10).	0056 0057 0058
01/17/2018	Grant Fraunfelder of Morgan Stanley sent an email to Melissa Dykes asking her to "preview and confirm some of our assumptions that we are making in our rate base model prior to our meeting in Jacksonville." Dykes agreed. Mace responded, "[T]hat should work for me."	0059
01/18/2018	Juli Crawford (JEA) sent an email to Michael Mace (PFM) with a "draft" containing information to be included in the PFM valuation report.	0060
01/18/2018	Ryan Wannemacher sent William Pedersen (Morgan Stanley) an email with an IRP sales projection of 12,492,000 MWh (2018) to 13,481,000 MWh (2027).	0061

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01/18/2018	William Pedersen (Morgan Stanley) sent an email with an invitation for Melissa Dykes, Ryan Wannemacher, and Michael Mace (PFM) to participate in a "Morgan Stanley [c]atch-up[.]" Pedersen included five other Morgan Stanley employees on the invite.	0062
01/20/2018	Melissa Dykes sent an email to Grant Fraunfelder (Morgan Stanley) stating, "?See you there…." The email's subject line stated, "Fw: JEA/Michael Mace[.]" Fraunfelder then forwarded the email to Scott Beicker and J.W. Howard. The subject line of the email stated, "Jacksonville International Airport Conference Room [INSTRUCTIONS INCLUDED.]"	0063
01/22/2018	Ryan Wannemacher sent an email to William Pedersen (Morgan Stanley) with JEA's "10 year pro-forma with our IRP case on electric" attached. The pro forma showed, from 2017 through 2027, JEA's (i) territorial kwh sold increasing from 12,050,132 to 13,481,921; (ii) net revenue requirements increasing from $751,445,528 to $839,244,244; and (iii) electric system base rates remaining unchanged.	0064
01/23/2018	Michael Mace of PFM, Michael Weinstein (City of Jacksonville's CFO), and the senior leadership team of Moelis & Company, an investment bank, reportedly visited JEA on January 23, 2018. "Immediately after their meeting the Moelis team heads over to City Hall for a meeting with Mayor Curry, according to Curry's calendar."	0065 0066 0067
01/24/2018	Representatives from the City, JEA, PFM, Moelis & Co., and Morgan Stanley met in a conference room at Jacksonville International Airport to discuss privatizing JEA.	0068 0069 0070 0071 0072
01/25/2018	Cheryl Mock sent an email to "EA Visitor Log" stating, "Tomorrow Mike Weinstein and Brian Hughes from the Mayor's office will be here to meet with Melissa Dykes at 11:00."	0073
01/25/2018	William Pedersen of Morgan Stanley sent an email to Ryan Wannemacher regarding the "[m]eeting [y]esterday": Great to meet you in person. Hopefully your team found the meeting helpful, from our side it looked like a constructive conversation. Will be interesting to see how the whole situation shakes out. On another note, I realized that Paul asked if we had comped historical allowed equity to capitalization and allowed ROE on water comps. We did not have precedent rate cases for water so the 10.25% was an assumption on our end. As he alluded to it is possible that if JEA Water were to go in front of the PSC for a rate case they could get a lower return but we do feel that it would be in the ballpark.	0074

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01/25/2018	Scott Beicke (Morgan Stanley) sent an email to Melissa Dykes stating, "Nice to meet you and your team in person yesterday. Thank you for the chance to visit and share thoughts. We would welcome the opportunity to continue the dialogue. Please let us know if we may be helpful as you work towards your February Board meeting."	0075
01/25/2018	Randall Barnes exchanged emails with PFM and the law firm Greenberg Traurig discussing the tax effects of JEA's "privatization" on JEA bonds.	0076
01/25/2018	First Coast News reported the Mayor's Chief of Staff, Brian Hughes, met with Greg Black, a government affairs consultant lobbyist on January 25, 2018. First Coast News also reported Hughes and Michael Weinstein visited JEA that same, where they had separate meetings with JEA's CFO, Melissa Dykes, and JEA's Board chairman, G. Alan Howard.	0077
01/26/2018	Email exchange between representatives of PFM, the City, and Greenberg Traurig regarding the effect of privatization on JEA bonds.	0078
01/26/2018	Memorandum from J. Allen Maines (Holland & Knight) to Jody Brooks assessing negotiating strategies to resolve JEA's obligations under the MEAG PPA and JEA's potential legal claims against MEAG. The memorandum states, "Certainly the validity and transferability of these claims and defenses might have value in the upcoming privatization discussion"	0079
01/29/2018	Melissa Charleroy sent an email to David Degraw (a JEA Security Compliance Specialist), which stated, "Mike Weinstein with the Mayor's Office will be with us tomorrow at 2pm. I believe he will Be meeting at JEA enough to warrant getting him a badge. . . ."	0080
01/31/2018	Nancy Kilgo sent an email to Melissa Dykes with a "template retention letter given to employees in leadership positions." The letter offered an incentive of "up to" one times the employee's annual base salary.	0081 0082
02/01/2018	Russell Colburn, a reporter with Action News Jax, sent JEA a public records request seeking "City of Jacksonville RFP for valuation of public utility and/or JEA[.]" Jeff Moore, JEA's Media Relations Coordinator, forwarded the request to members of JEA's senior leadership team, including Jody Brooks, Melissa Dykes, and Ted Hobson.	0083 0084 0085 0086
02/01/2018	The City's treasurer, Joey Greive, sent a letter to Michael Weinstein, the City's CFO, identifying the four financial advisors selected by the City as RFP winners: J.P. Morgan, Morgan Stanley, Goldman Sachs, and KPMG.	0087

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02/01/2018	Jody Brooks sent an email to Michael Mace (PFM) and Melissa Dykes with a draft nondisclosure agreement attached. • Mace responded, "Thanks Jody. I will coordinate with Joe Orfano to determine the appropriate individual(s) that will be signing, and get this out today."	0088 0089 0090
02/01/2018	Michael Mace sent an email to Jason Gredell and Kevin Plunkett (J.P. Morgan) with JEA's template nondisclosure agreement attached. The email stated: Jason/Kevin - as I discussed with Kevin, in the interest of assisting JEA and the City of Jacksonville in their evaluation of options related to JEA, JEA and the City would like to conduct oral interviews on this topic with a limited number of firms - including JP Morgan. The interviews are expected to be held in Jacksonville on either the 15th or 16th of February. Prior to sending you some additional information on both JEA and the process, JEA would like you to execute the attached Non Disclosure Agreement. JEA would like the NDA to be executed by the person you would expect to be your lead representative from the Mergers and Acquisitions group. Please let me know if you have questions or comments related to either the NDA or the process.	0091 0092 0093
02/02/2018	Morgan Stanley & Co. LLC ("Morgan Stanley") executed a nondisclosure agreement with JEA dated February 2, 2018.	0094
02/02/2018	Michael Mace of PFM sent Jody Brooks an email with a nondisclosure agreement executed by J.P. Morgan Securities LLC dated February 2, 2018.	0095
02/02/2018	Paul McElroy sent a letter rescinding certain JEA employee retention incentives. It states, in pertinent part: In JEA's effort to retain you as a valued member of the team, you were offered a retention incentive pending a potential change of control event here at JEA via a Retention Incentive Agreement letter dated January 16, 2018 ("Retention Letter"). The Retention Letter has been reviewed by the Office of General Counsel and has been found to be non-binding and unenforceable under Florida law. Accordingly this Retention Letter is being rescinded effective immediately. JEA endeavors to make this process of preliminary exploration of potential change of control as seamless as possible and will keep you apprised and informed of the progress of such review in the future.	0096
02/02/2018	Action News Jax reported that JEA Board Chairman, Alan Howard, and Mayor Curry described JEA's sale as "not a foregone conclusion."	link

Date	Event	Doc. No.
02/04/2018	J. Allen Maines, an attorney with Holland & Knight, sent an email to Melissa Dykes and Jody Brooks "[a]s a follow-up to our meeting last week" with several memos. One memo "coordinates lobbying, etc., with the overall privatization goal." Mr. Maines wrote, "HK would like to serve as lead counsel preparing the documents as part of the privatization/auction process."	0097
02/04/2018	J. Allen Maines sent an email to Jody Brooks discussing options to resolve JEA's Plant Vogtle liabilities. The email has a "Background" section stating, "Jacksonville's new young Republican mayor is out to shrink government, and wants to privatize JEA—quickly, while the market is 'right.' He says within 3-5 months. Obviously, Plant Vogtle and the PPA greatly affect valuation." The email reiterates that "[s]peed and time are of the essence to Jacksonville's mayor."	0098
02/05/2018	Anna Lopez Brosche prepared a timeline summarizing a meeting she had with Ali Korman Shelton and Brian Hughes on February 5, 2018: Hughes asks if I would be open to a joint meeting of the City Council and the JEA Board; discusses the benefits of a single meeting (including the media not having access/reporting before the City Council can receive the information); mentions if the "20 of you" (City Council and Mayor Curry) agree to move forward with next steps in the process (to issue an RFP), we could agree to do so at that meeting. I respond the only way the City Council could express such agreement is through legislation, which is a 5-week process. Mr. Hughes indicates we are not approving a sale and he didn't understand why we needed 5-weeks to approve moving forward; he did not understand why anyone would not want to know the true value of JEA. I say I would not support emergency legislation. Ali Korman Shelton and Brian Hughes then uses the pension legislation passed early in the process as justification the City Council has passed legislation on an emergency basis (the legislation to ask the state legislature to change law to allow the sales tax to be used for pension was passed on an emergency "in and out" basis and the pension referendum language was passed on a 1-cycle emergency basis). I respond there was appropriate reasoning to approve those pieces of legislation on an emergency basis, i.e. session was starting and the Administration was working to effect an October 1, 2017 implementation, respectively. Hughes explains the need to move forward quickly: the advisors, attorneys, and other consultants that might assist in the process of a potential sale are all being engaged by prospective buyers and leaving the City of Jacksonville with a smaller pool of experts from which to choose. He asks that I consider emergency legislation. . . .	0099 0100

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02/06/2018	Jill Toporek of Goldman Sachs & Co. LLC sent an email to Michael Mace of PFM with suggested merger and acquisition attorneys for JEA. Mace forwarded the information to Jody Brooks.	0101
02/06/2018	Jason Gredell of J.P. Morgan sent an email to Michael Mace of PFM with suggested merger and acquisition attorneys for JEA.	0102
02/06/2018	Michael Mace (PFM) sent an email to Grant Fraunfelder and Scott Beicke (Morgan Stanley) with multiple attachments, including (i) a 2017 JEA rating agency presentation; (ii) JEA's Amendment and Restatement MEAG Power Purchase Agreement; (iii) a February 2018 pro forma showing JEA's territorial electric system sales increasing from 12,050,132 MWh (2017) to 13,481,921 MWh (2027); (iv) a proposed nondisclosure agreement between JEA and Morgan Stanley; and (v) a document entitled "Bank Evaluation Questions" with questions for Morgan Stanley to answer about its M&A experience, recommendations for selling JEA's system, recommendations for disposing of the MEAG power purchase agreement "so as to maximize potential sale proceeds[,]" and Morgan Stanley's fee structure.	0103 0103a 0103b 0104 0104a 0104b
02/07/2018	Paul McElroy sent Aaron Zahn an email with a draft of PFM's report attached.	0105
02/07/2018	Alan Liu of Goldman Sachs sent an email to Michael Mace of PFM with an executed nondisclosure agreement attached. It "related to a transaction around JEA's electric and water system (the "Transaction")."	0106 0107
02/07/2018	Ryan Wannemacher, on behalf of JEA, executed Master Services Agreement 5142213 with Intralinks, Inc. The contract required Intralinks to set up one or more information platforms in connection with a "transaction[.]" The contract's "permitted purpose" was "M&A Transaction[.]"	0108
02/07/2018	Melissa Dykes, Joseph Orfano, Juli Crawford, and Ryan Wannemacher received an email from Intralinks confirming they had access to a password-protected data room as part of "Project JEA[.]" The email described the exchange as: "This JEA workspace is a secure environment for interacting online with your business partners. . . . This workspace is intended for use by JEA employees and their business partners."	0109 0110 0111 0112
02/07/2018	Ryan Wannemacher sent an email to Graeme Conway, the chief executive officer of Macquarie Infrastructure & Real Assets Inc. It states, "Per your request from our discussion today I have set up an Intralinks dataroom with some information you may find very useful in your analysis. You should receive a notification but if not I have provided a link to log in. We will be adding additional info tomorrow. . . ."	0113
02/08/2018	A series of emails from Intralinks confirmed JEA uploaded multiple documents into the Intralinks data room, including JEA's pro-forma and 2017 rating agency presentation.	0114

Date	Event	Doc. No.
02/09/2018	Paul McElroy sends an email to Council President Anna Lopez Brosche stating: [PFM] has informed us that it will conclude its work by the morning of Wednesday, February 14, 2018. . . . JEA would respectfully request you convene a Special City Council Meeting on that day, February 14, in the afternoon. This meeting would facilitate a brief introduction by Board Chair Alan Howard followed by a presentation of an Executive Summary by the lead JEA Consultant, and then the distribution of the report in its complete and final version. Additional actions or inquiry after that would of course be at the discretion of City Council, and JEA stands ready to be of assistance to you and your colleagues.	0115
02/09/2018	Michael Mace (PFM) sent an updated JEA electric system pro forma to Jill Toporek and Alan Liu (Goldman Sachs), which projected JEA's territorial electric sold to increase from 12,050,132 (2017) to 13,481,921 (2027).	0116 0116a 0116b 0116c
02/09/2018	Ryan Wannemacher sent an email to Graeme Conway of MIRA stating, "I have added you to the [Intralinks] data room."	0117
02/09/2018	J. Anthony Terrell (Pillsbury) sent an email to Joseph Orfano (JEA) asking, "Would the City need approval from the FPSC or any other governmental body to sell JEA assets? I understand that an iou may (or may not) require FPSC approval to buy such assets."	0118
02/11/2018	Joseph Orfano (JEA) sent an email to Anthony Terrell (Pillsbury) stating, "[I]f the prospective buyer is an IOU, transaction would need to be approved by FPSC and FERC[.]" Terrell sent an email in response stating, "Does JEA itself have its own counsel who practices before FPSC or FERC? (Maybe this is a dumb question if JEA is not subject to FPSC or FERC. But JEA could be affected by proceedings at those agencies and might participate.)"	0119
02/12/2018	OGC attorneys met with Pillsbury attorneys to assess whether Pillsbury should serve as privatization counsel.	0120
02/13/2018	Joseph Orfano sent Michael Mace (Melissa Dykes and Melissa Charleroy cc'd) an email with the address of the SpringHill Suites JAX Airport. The email states, "The room will accommodate up to 30 individuals with a tables/chairs setup, so the bankers are free to bring as many individuals as they would like [assuming no more than 10]."	0121

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02/13/2018	Action News Jax quoted Council Member Garrett Dennis regarding the sale of JEA as follows: "It is definitely the mayor's agenda, and I think as the process unveils itself, it'll be apparent that the mayor is behind a sale for JEA." Mayor Lenny Curry denied Dennis's allegation.	link
02/13/2018	Memorandum from Jason Gabriel, Jody Brooks, and Gayle Petrie of OGC to Mayor Curry, the City Council, and the JEA Board entitled *Process for the evaluation of a potential JEA privatization*. • Pages 1-2: Historical background for the sale of JEA. • Page 2: JEA described its potential sale as a "comprehensively large first-of-its-kind" transaction. • Page 2: "Any transaction that comprises more than ten percent of the total utilities system would require approval of City Council" because JEA "does not have the power to complete such a transaction without City Council approval" under City Charter Section 21.04(p). • Pages 5-6: OGC outlined a six-step process for selling JEA.	0122
02/14/2018	Action News Jax reported that Council Member John Crescimbeni called for legislation to allow a voter referendum on whether JEA is sold.	link
02/14/2018	Public Financial Management's ("PFM['s]") report entitled "The Future of JEA: Opportunities and Considerations," had the stated goal of helping the JEA Board and other community decision makers assess JEA's value. (p. 4). It noted that although sales of municipal utility systems have been "quite rare" due to the "significant economic factors" favoring municipal ownership, changes in the capital markets, utility industry, and JEA may require reassessment of those factors. (p. 3). • PFM summarized the differences between governmental utilities and IOUs: Governmental utilities strive to optimize benefits for local communities, while IOUs are obligated to deliver profits and achieve equity returns for shareholders. (p. 8). Unlike IOUs, governmental utilities cannot charge rates in excess of what is required to recover their costs. (p. 8). However, shareholders of IOUs may burden costs that a governmental utility would pass on to ratepayers. (p. 8). Additionally, the FPSC must certify the need for capital investments for governmental utilities (p. 9). IOUs pay income taxes and property taxes, while governmental utilities typically make a payment in lieu of taxes. (p. 9). • PFM identified several factors that could affect the price of JEA assets: price to earning ratios of utilities with similar size to JEA (trending upward and at or near all-time highs), capital costs (near all-time lows), debt funding costs (very low), equity funding costs (near all-time lows), stock market indices (new all-time highs for the past several months), and recent energy sector mergers. (pp. 10-12). • PFM noted that JEA has the following assets that are attractive to buyers: (i) diverse, flexible generating sources; (ii) land suitable for future resource development; (iii) strategically located transmission lines; and (iv) similarly attractive	0123 0124 0125

gas transportation assets. (p. 13). PFM also states that it "would be reasonable to assume" that a for-profit owner would use JEA's assets more efficiency. (p. 13).

- JEA balance sheet: (i) cash and equivalents (+$1,258,000), (ii) long-term debt (–$3,989,000), and (iii) net capital assets (+$5,339,000) (pp. 15-16).
- PFM noted that simply focusing on obtaining the highest possible up-front price for a utility asset "may lead to outcomes that are not optimal for long-term customers . . . ." It reported that state regulators may impose sale conditions or objections to protect ratepayers, including (i) employment guarantees for existing employees, (ii) guarantees to keep utility rates low, (iii) requirements that the utility's headquarters remain in a community, and (iv) community impact requirements, including charitable giving. (pp. 14-15).
- Despite JEA's estimated $4 billion in outstanding debt that would have to be retired if its utility assets were sold, PFM estimated that JEA's sale could produce $2.9 billion to $6.4 billion in net proceeds to the City even if the City elected to "remediate" its 20-year contract to purchase power from Plant Vogtle. (pp. 15, 17-20). However, PFM cautioned that JEA's value could decrease if, among other things, the historically great market conditions changed or the City placed conditions on JEA's sale that were unattractive to JEA's buyers. (pp. 17-18).
- PFM identified additional considerations for a JEA sale:

  (i) Utility rates: PFM recommended that JEA analyze how a sale would impact JEA's utility rates; however, PFM writes, "[t]he cash flow dynamics and capital needs of the electric system would suggest that the FPSC rate regulatory structure would not allow a new owner much opportunity raise electric rates[.]" (pp. 20-21). PFM also concluded it was "possible" that higher water and sewer rates would be needed in the "foreseeable future[.]" (pp. 21).

  (ii) PFM expected JEA to experience "synergies and efficiencies that allow for cost reductions" after any acquisition. (p. 21).

  (iii) The acquisition would offer the City an opportunity to develop favorable terms through initiatives with the new owner. (p. 21).

  (iv) The City and the purchaser should conduct detailed environmental assessments to understand environmental risks that may affect their relationship. (p. 21).

  (v) State and federal legislation will likely drive JEA's future renewables and energy policy. (p. 21).

  (vi) Governmental assistance, including grants, may no longer be available after privatization. (p. 21).

  (vii) The sale of JEA to a private entity could cause the City to lose three primary funding sources totaling approximately $245 million for the 2018 fiscal year—i.e., (a) JEA's contribution in lieu of taxes (expected to be $115 million for the 2018 fiscal year), (b) JEA's franchise fee (expected to be $40 million for the 2018 fiscal year), and (c) public service taxes (expected to be roughly $90 million in the 2018 fiscal year). (p. 22). That said, a new

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	private owner would be required to pay approximately $100 million in property taxes, which is $145 million less than JEA's expected funding to the City. (p. 22). (viii) JEA could implement a new franchise fee to avoid higher rates. • PFM concluded, among other things, that "[i]t is very likely that the sale of JEA, in whole or in part, can produce substantial up-front net proceeds to the City – even after all of JEA's liabilities have been accounted for."	
02/14/2018	The City Council held a special meeting at the request of Mayor Lenny Curry. Michael Mace (PFM) presented the PFM's "The Future of JEA: Opportunities and Considerations" report. • Beginning at 01:38:15 in the meeting video, Council Member Tommy Hazouri asked, "How long have ya'll been working before Mr. Mace began this? How long has this been in the making before Mr. Petway said anything in December? How long have ya'll been thinking or maybe even utilizing some of your other consultants to get us to where we are today?" Paul McElroy responded, "There have been no additional—no other consultants working on this project for JEA." McElroy went on to state that JEA had watched developments in the capital markets for the last 18 to 24 months, including the acquisition of TECO. Hazouri then asked, "You haven't been getting any advice from any of the bond houses or anyone else?" McElroy responded, "No." • Beginning at 01:49:20 in the video, Paul McElroy responded to Danny Becton's belief that JEA may have "put the cart before the horse" by obtaining the PFM report's JEA evaluation before assessing whether to sell JEA. McElroy stated, "We may have the sequencing not proper right now for the Council—this is the policymaking body that will make this decision—so, if we erred on that, then we certainly apologize." McElroy then explained why he believed, in light of changing historical trends, fiduciary responsibilities made it appropriate to provide the Council with an evaluation of JEA's value. • Beginning at 01:51:46 in the video, G. Alan Howard, the Chairperson of JEA's Board, added to McElroy's explanation: If you feel that the cart was before the horse, I'll take that on the JEA Board. As Paul alluded to, we believed it was our fiduciary responsibility in light of changing market conditions to give the policymakers on this Council the information they needed to consider . . . . You guys can take that and decide if that's something that is in fact worthy of pursuing further. But if the cart's before the horse, that's on us, and I'll own that as JEA Board [Chair] because I was the one who asked staff to prepare the letter and get the valuation. And I do believe that Mr. Mace's firm responded to our scope of services. If it was incomplete, I'll own that too.	link 0126

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02/14/2018	First Coast News reported that Michael Mace of PFM and Michael Weinstein, Mayor Curry's chief financial officer, visited JEA four times in the morning of February 14, 2018, the date of the PFM Report. First Coast News also reported Weinstein visited JEA 13 times in February 2018.	0127 0128
02/15/2018	Representatives of the City, JEA, and PFM held offsite meetings at the SpringHill Suites JAX Airport with representatives of Goldman Sachs, J.P. Morgan, and Morgan Stanley. Each bank gave a presentation summarizing the banks privatization credentials and how to efficiently privatize JEA.	0129 0130
02/16/2018	Email from William Pedersen (Morgan Stanley) to Michael Mace (PFM) stating, "Great seeing you on Thursday. Grant mentioned that you had a follow-up question on some of the assumptions we were using in the model. Would you be available tomorrow at 1pm to discuss? If so, happy to send around a dial-in."	0131
02/16/2018	David Bauerlein with the Florida Times-Union published an article stating: Mayor Lenny Curry said Friday he has not decided whether he would support the city taking that step, which he said would require ensuring terms and conditions are crafted up front to protect the interests of taxpayers and utility employees. Curry said he is going through the report that Public Financial Management, a consultant hired by JEA, presented Wednesday to City Council about the many aspects that would come into play if the nation's eighth-largest municipal utility were put on the market. "I'm going to spend some time going through the report, digesting it, asking questions, collaborating with members of my team, collaborating with members of City Council and meeting with them to get their ideas," Curry said. "But as I've said many times and I'll say again — I'm not for or against privatization." At the City Council meeting, JEA board Chairman Alan Howard said that based on the high prices that utilities are attracting nationally, the city has a "once in a generation" opportunity for a sale that "could be transformative" for Jacksonville. Curry said it's too early to say whether a sale could have that kind of impact because "there's a whole lot of questions that would have to be answered."	0132

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	The JEA board has the legal authority to put the utility up for sale at any time the board decides. But Howard told the council it would be pointless for JEA to put those wheels in motion without having a consensus among Council members so bidders know the city is serious about entertaining offers for such a complex transaction. The article quoted Paul McElroy's opinion as follows: "I think we end up in the same spot as we have in the past," McElroy said in reference to previous studies that didn't result in putting JEA up for sale. "We recognize the great value this utility has for this community, the economic impact, the great jobs, the fantastic workforce that we have, and we continue to go forward."	
02/17/2018	Eric Anderson (J.P. Morgan) sent an email to Michael Mace and David Moore (PFM) following up on the February 15, 2018 meeting at SpringHill Suites in Jacksonville: On behalf of my team and J.P. Morgan, I wanted to pass along a sincere thank you to the members of the City, JEA and your team for the opportunity to present our assessment of strategic alternatives for JEA. As discussed on Thursday, we have formalized our assessment of the Water System into the attached document. We would very much welcome the opportunity to return to Jacksonville to take the broader team through this work. Alternatively, we are also happy to do a follow-up conference call, to the extent that a call would be easier/more efficient. Anderson's estimated JEA's water system had a value of $5.0 to $5.4 billion. Anderson then discussed J.P. Morgan's fees in connection with a JEA privatization: Separately, to the extent that the city determined to engage J.P. Morgan as its financial advisor for both assets, we would be pleased to offer a fee of 35 basis points of total consideration (which is a ~13% discount to the 40 basis points fee proposal that we made last week for a single asset). As we discussed, this fee would be 100% contingent upon closing of a transaction that the City has approved. We believe that this compensation arrangement completely aligns our incentives and positions us to win together as partners.	0133

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02/17/2018	Stephen Amdur (Pillsbury) sent an email to Jason Gabriel, Jody Brooks, Lawsikia Hodges, and Gayle Petrie stating: We wanted to follow-up to our meeting on Monday; we greatly enjoyed meeting with you and your team, and we very much appreciated the opportunity to be considered for such a monumental potential transaction. We have prepared the attached supplemental materials to further highlight certain of our comparable precedent transactions. While obviously no transaction is perfectly comparable, we hope that the attached further demonstrates the comprehensive nature of our experience and our suitability to assist you in this matter.	0134
02/20/2018	Email from Michael Mace (PFM) to Melissa Charleroy stating: JEA Data Requests Taxes - is in response to the question about assumed taxes in the event JEA stays under City ownership and the assumed taxes under a private owner. It should be noted, that in the transition to private ownership as currently assumed in the models, the overall tax burden of the private utility would increase relative to JEA. However, the portion of the taxes/fees that go to the City decline.	0135
02/20/2018	JEA Board meeting. • Beginning at 00:06:55 of the video, Council Member Matt Schellenberg participated in the public comment portion of the meeting. He recommended assessing the sale of JEA six years ago "for one particular reason: to know what the true value of it is . . . and then we can determine if it's good or bad for the City of Jacksonville. And here we are six years later, and looking at the market, it looks like an ideal time to actually look at it more seriously. And I would suggest to the Board and to the Chair that we have a workshop to determine if it's beneficial to the tax payers and the City to sell it at this point in time." Schellenberg opined that because of technology disruption, "people might disconnect form the big bulk JEA, and I think that we should look forward because monopolies only last as long as somebody doesn't find a better solution. And all we have to do is look at the taxi industry. Ten years ago, I'm sure that they were just as happy as a lark because they were the only ones out there. And now we have ridesharing. . . ." • Beginning at 01:04:28 in the video, Chairperson G. Alan Howard led an open discussion about holding a privatization workshop. It concluded with an agreement to proceed with a privatization workshop.	link 0136 0137
02/20/2018	Jason Gabriel and Gayle Petrie of the OGC issued a memorandum to Council Member John Crescimbeni providing the following interpretations of Section 21.04 of the City Charter: "more than 10%" means (i) more than 10% of JEA's assets (not its net worth) based on JEA's financial statement numbers and (ii) JEA cannot engage in a series of sales for 10% or less of JEA's assets to avoid the "more than 10%" limit before City Council approval is required.	0138

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02/20/2018	City Council President Anna Lopez Brosche created the Special Committee on the Potential Sale of JEA with five members: Council Members John Crescimbeni, Danny Becton, Anna Lopez Brosche, Garrett Dennis, and Joyce Morgan. It had four tasks: (i) understand all aspects and implications of a potential sale of JEA, together with the roles that interested parties will play in the sales process; (ii) conduct necessary meetings and hearings to gather the relevant facts the entire City Council should consider in its decision(s) related to a JEA sale; (iii) offer monthly (or more frequent, if necessary) updates to the City Council; and (iv) make recommendations to ensure a transparent and open process for the citizens of Jacksonville regarding a JEA sale.	0139 0140
02/21/2018	Kyle Billy sent an email to Jeremy Niedfeldt requesting information about the RFP. Niedfeldt responded by sending Billy the RFP responses and a matrix summarizing the responses.	0141
02/21/2018	Kyle Billy sent an email to Sam Mousa, Michael Weinstein, and others regarding the RFP: I am emailing you at the request of the Council President. Attached is an RFP prepared by PFM in Orlando at the request of the City Finance Department. The RFP appears to request Financial Advisory Services that would be needed to solicit bids to purchase JEA, evaluate those bids, assist City staff in negotiations, and assist in bringing the transaction to financial and commercial close. I received this document from a retired JEA employee, who received it from another retired JEA employee. I thought it was unusual because it appears to be a City of Jacksonville RFP, but the responses were not coming to the City. The responses were to be returned to PFM. I did not remember seeing it on any of the City awards committee agendas so I tried to find it on the Procurement website in order to verify that it was legitimate. I was unable to find it on the Procurement website, so this afternoon, I called Procurement Chief Greg Pease and asked him about it. Mr. Pease was not familiar with it and asked if I could email it to him. When he saw it, he said that it did not come out of his shop. I stated that I was going to call PFM and ask about it and Mr. Pease asked if I would let him know what I found out. I then contacted Jeremy Niedfeldt of PFM in Orlando, who is listed as the contact for the RFP. I asked Mr. Niedfeldt several questions. The answers are that the City of Jacksonville Finance Department already had the responses and he acknowledged they did. He emailed the responses to me. I will forward them to you in a separate email following this one. After speaking to Mr. Niedfeldt, I called Mr. Pease who had been in touch with Joey Greive. Mr. Pease stated that Municipal Code Section 126.313 allows the Finance Department to make such procurements without going through City Procurement.	0142
02/21/2018	Michael Weinstein responded to Kyle Billy's RFP email: "Your premise and opinions are totally incorrect and I am extremely disappointed in you[.]"	0143

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02/21/2018	Sam Mousa responded to Kyle Billy's RFP email: I too, must express my disappointment in your approach and assumed conclusions concerning this matter. For the last 2 years, the Administration has been approached by private equity providers and affiliated operating companies interested in either monetizing our City public infrastructure or entering into public/private partnerships for new City infrastructures. Infrastructure such as parking garages, airport, seaport, bridges, roadways and various other City public infrastructure have been presented for consideration. We have been listening to and considering many of these proposals, and as such, we decided to seek the assistance of financial experts in the respective area to assist in potential evaluation of presented proposals. We have been working on this matter well before any discussion of the JEA had ever surfaced. And if I am not mistaken, the JEA is not even referenced in the RFP. I would have expected you reaching out to me or Mr. Weinstein if you had any questions or concerns before you coming to such an erroneous conclusion that thins RFP was solicited to "request Financial Advisory Services that would be needed to solicit bids to purchase JEA, evaluate those bids, assist City staff in negotiations, and assist in bringing the transaction to financial and commercial close." That is just not so!	0144
02/22/2018	First Coast News reported the following: • In response to Kyle Billy's RFP email, Bill Gulliford wrote: I am sorely disappointed by your email yesterday regarding financial consulting services. Why wouldn't you pick up the phone or visit the Finance Director instead of allowing yourself to be manipulated by someone who wants to "smell test" everything the mayor does, not for the benefit of the City but for a personal agenda. I spoke to the Administration at length almost two years ago about looking at selling some city assets like the Ed Ball Building or parking garages and then have them leased back to the City, much as many large corporations do. I have voiced to them in the past my long term concern about the tough situation the City is in with respect to some garages. Would you suggest pursuing such direction without professional financial guidance? Also, how did their actions in any way violate charter, code, sunshine, ethics or even good professional judgment?	0145

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	I would hope you might be more cautious in the future to avoid being dragged into the fray, especially as the "silly season" of the election cycle comes into play.	
02/23/2018	Melissa Dykes had a telephone call with Harris Kretsge (Hilltop Securities). Kretsge subsequently sent an email to Dykes with an ordinance authorizing the sale of a municipal electric utility in Anchorage, Alaska.	0146
02/23/2018	Jody Brooks sent Melissa Charleroy and email with a proposed letter from Paul McElroy to MEAG attached. The proposed letter states, "The JEA Board and the City are evaluating the possibility of privatizing JEA. JEA believes it would be in the best interest of MEAG's members to come to a mutually agreeable commercial solution before the commencement of a privatization of JEA's assets. Upon a privatization transaction, it is anticipated that the City would defease all outstanding bond obligations of JEA and terminate the corresponding bond resolutions."	0147
02/26/2018	Jennifer Logue, a JEA manager of customer and corporate communications, sent an email stating, "The decision was made to call the PFM report an Evaluation Report instead of a Valuation Report."	0148
02/27/2018	A JEA "Cascade" presentation contains a slide entitled "CEO Update – Adapting in a Changing World" containing four bullet points: (i) aging base load plants are in jeopardy, (ii) the lower cost of technology is changing the face of generation, (iii) energy no longer comes just from your local utility, and (iv) the traditional cost-of-service business model is going to change. (p. 11). The following slide identifies JEA "challenges" that include "[b]y 2040, the average household uses less than half as much electricity for lighting as they did in 2016 . . . ." (p. 12). JEA intended to address those issues through new technology and increasing business information and complexity. (p. 15).	0149
02/27/2018	Action News Jax reported that St. Johns County has a right to "buy back" its water and sewer operations if JEA is sold.	link
02/28/2018	Mayor Curry appointed, and the City Council approved, Aaron Zahn as a JEA Board member.	0150
03/07/2018	Email exchange between Holland & Knight attorneys David Stevens, Allen Mains, and Woody Vaughan regarding "the ability of the JEA to sell its assets and whether or not the PPA contained restriction on the sale of assets one might typically see in a debt transaction." The letter also states: [I]t may be possible for JEA to sell its assets and set up a reserve sufficient to make payments under the PPA without violating this rate covenant. Woody and I had a call with Liz Columbo and Barry Rothschild at Nixon Peabody (JEA's current bond counsel). They confirmed that they had discussed the sale of assets with Melissa at JEA, and that it	0151

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	seemed permissible for JEA to sell its assets but retain sufficient assets to continue making the PPA payments. They did not contemplate leaving JEA as an empty shell. . . .	
03/08/2018	Allen Maines sent Jody Brooks an email assessing "the ability of JEA to sell its assets and whether or not the PPA contained restriction on the sale of assets . . . ." The email identified a number of MEAG PPA restrictions on a JEA sale, including section 307 in which JEA "agreed to establish and collect rates and charges for electric service at levels sufficient . . . to make all required payments to MEAG under the PPA . . . ."	0152
03/09/2018	Intralinks sent an email to Ryan Wannemacher. The attached invoice indicates JEA uploaded 247 pages of documents onto the Intralinks data room. Intralinks charged JEA a total of $123.50 for its services.	0153
03/12/2018	Jason Gabriel and Gayle Petrie (OGC) issued a memorandum to Council Members John Crescimbeni and Lori Boyer, which concluded (among other things): (i) Section 126.313 of the City Ordinance Code allows third parties to issue and evaluate responses to a request for procurement and (ii) Section 126.313 of the City Ordinance Code does not require City Council approval for the issuance of an award.	0154
03/14/2018	Memorandum from OGC to Council Member John Crescimbeni explaining a special committee's power to administer oaths and issue subpoenas.	0155
03/14/2018	Mayor Curry sent a letter to the employees of JEA via JEA Board Chair Alan Howard stating, in pertinent part: • "I HAVE NEVER stated opposition or support, in public or private, for privatizing JEA or any other asset of the people of this city." • "I HAVE continued to seek current valuations and research that helps your government know and protect the value of taxpayer owned assets[,]" including JEA. • "I NEVER approved retention letters or special compensation for more than 60 members of JEA's leadership . . . . " • Mayor Curry would not support any future initiative that violated any of 3 principles, including "respect[ing] the promises made regarding employment and retirement planning for JEA employees."	0156
03/15/2018	JEA provided a package of materials to the Special Committee on the Future of JEA. The package included a section entitled "Confronting JEA's Business Reality." (p. 7). It included a document stating, "JEA has a proud history. . . . But dark clouds are on the horizon." (p. 13).	0157

Date	**Event**	**Doc. No.**
03/15/2018	After declining to speak to the City Council, Sam Mousa, the City of Jacksonville's Chief Administrative Officer, sent an email to Council Member John Crescimbeni regarding the City's December 20, 2017 Request for Proposals to provide Strategic Initiatives Financial Advisory Services ("RFP"). It stated: > I'm sorry you were unable to hear my answers this afternoon to the proposed questions I was previously asked by you to answer, reference subject matter. Notwithstanding, I desire to respond herein to the questions as I understood them previously from you. > Question 1: What is the current status of the RFP for the December 20, 2017, RFP for Strategic Initiatives Financial Services? > ***Response: The RFP process is complete. No contract exists, and no contract encumbrance or contract expenditures have occurred. In fact, no additional city funds of any amount were expended on this process.*** > Question 2: Would the Administration consider holding in abeyance any further action on the subject RFP, pending the conclusion of work of the City Council Special Committee on the Potential Sale of the JEA? > ***Response: As previously advised in writing, the subject RFP authorized by the Administration had nothing to do with the potential sale of the JEA. The Administration was not charged by the JEA Board to pursue any activity related to the potential sale of the JEA, but rather the charge by the JEA Board was directed to JEA staff. The Administration does not pursue actions directed by the JEA Board. Again as previously stated, the RFP was developed for a variety of other city infrastructure review, analysis and evaluation by qualified consultants in the event the Administration desired to pursue same on any proposal which may have been received by parties interested in privatization, Public/Private Partnerships or other facility management proposals for city infrastructure. The Executive Branch has the authority, duty and responsibility to evaluate any all such proposals it deems appropriate and to solicit the need of consultants utilizing lawfully appropriated funds. Therefore, since the RFP was not developed for the Potential Sale of the JEA, it will not be utilized by the Administration for any JEA activity. However, the RFP may be utilized in the future for any other city infrastructure evaluation as the Executive Branch sees fit to possibly do so.*** (Bold and italics in original).	0158 0159
03/16/2018	First Coast News published an updated timeline of JEA events regarding the exploration of JEA's privatization.	0160 link

Date	Event	Doc. No.
03/20/2018	JEA provided a second package of materials to the Special Committee on the Future of JEA, including materials regarding the benefits and risks of privatizing JEA.	0161
03/20/2018	JEA Board meeting. • Beginning at 00:53:44 in the meeting video, Paul Cosgrave gave a presentation on JEA's dark fiber utility services. Cosgrave identified dark fiber as a "possible new growth area" for JEA. Cosgrave stated that JEA has leased, and continues to lease, underutilized dark fiber to governmental and private entities. He estimated the revenues of those leases as $1.7 million. However, Cosgrave stated that JEA cannot accommodate requests for additional dark fiber leasing because the City Charter prohibits JEA from investing the money needed to lay additional fiber, which does not directly support JEA's utility services. Nonetheless, Cosgrave projected JEA could grow its dark fiber business "at least 50%" over the next few years. • Cosgrave proposed the JEA Board pass Resolution #2018-01. (pp. 170-171), which would, contingent upon approval by the City Council, authorize JEA to pursue additional dark fiber opportunities pursuant to Section 21.04(v) of the City Charter. • The Board unanimously approved Resolution #2018-01 (discussion beginning at 01:00:32 in the video).	link 0162 0163
03/20/2018	JEA Board held a "Workshop on the Subject of Privatization." • Chairperson Alan Howard began the meeting by stating that the JEA Board "has not yet had an opportunity to discuss in full session the issue of privatization." At 00:02:15, Paul McElroy began a "discussion" meant to "compliment" the City Council's discussion and identify risks and opportunities for JEA. The presentation materials for McElroy's discussion cite to customer satisfaction ratings and electric service reliability as evidence that "JEA is Operating At or Near Peak Performance." (p. 5). JEA also continued to pay down debt. (pp. 6-7). However, JEA's "[s]ales are flat or declining" and "[m]arket structure changes present uncertainty." (p. 8). The presentation also stated that "New Market Structures Challeng[e] Traditional Utility Model." (p. 9). McElroy attributed sluggish electric sales to "lower costs, cleaner" renewable energy generation (e.g., LED lights, batteries). (pp. 11-13). He also noted that investor-owned utilities have a capital cost advantage over JEA. (p. 26). • Beginning at 00:21:05 in the video, Aaron Zahn stated that JEA had a five-fold increase in value between 2012 and 2018 despite JEA's electric and water sales decreasing by 10% and 14%, respectively, since 2007. Zahn warned (at 00:23:45 in the video) of technological changes, including photovoltaics installations growing 75% year-over-year for the past four years in JEA's service area. Zahn stated that he would "hate to see our forecast budget if that trend continued." He also stated that Amazon, Google, Uber, and other companies are becoming power companies and "disrupting" companies like UPS, GE, and GM in a variety of businesses. Zahn recommended rejecting the framework of "sell versus don't sell" when discussing JEA's future. Instead, he recommended developing a strategic plan to run JEA's business for the next ten years.	link 0164

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	• Chairperson Howard stated (at 00:32:00) that JEA ordered a valuation of JEA because the Board has a fiduciary duty to be forward-thinking, particularly in a "dynamic market." He also believed the rate payers were entitled to learn JEA's value in light of its significant net liabilities.	
03/21/2018	JEA accepted a subpoena duces tecum sent by the Special Committee on the Potential Sale of JEA requiring Paul McElroy to attend a meeting on March 29, 2018 and to "testify and to speak the truth" regarding the potential sale of JEA.	0165
03/22/2018	Aldan Whitfield sent an email to Ryan Wannemacher confirming the "Project JEA" data room would be "deleted immediately."	0166
03/22/2018	Jasen Hutchinson, a JEA manager of corporate records compliance, sent an email to Payson Tilden and Vick Nichols asking for records responsive to a subpoena by the Special Committee on the Potential Sale of JEA. Hutchinson asked for records regarding "JEA's strategic plan to offset revenue decline trend[.]" In response, Nichols wrote: > We do have a formal electrification initiative and Payson and I will review our records and respond accordingly. However, the relative scope of our Electrification plan is small by most standards and highly challenged to qualify at any level "a plan to offset the revenue decline trend". However, "Electrification Programs" by nature deliver this "potential". As we gather records, I would ask you/Kerri to consider if this is an internal consideration or if we just want to be forthcoming absent any debate over qualifying records.	0167
03/22/2018	The Council Auditor's Office ("CAO") issued a report entitled *The Potential Sale of JEA: Things to Consider* (Special Report #807). • CAO concluded that, based on PFM's projected sales price of JEA (between $7.5 billion and $11 billion), the sale of JEA would generate net proceeds to the City ranging from $1,702,795,000 to $5,202,795,000. (pp. 1-2). However, CAO identified numerous considerations for deciding whether to sell JEA, including JEA's expected contribution to the City's general fund, which totaled $116,619,815 for the 2017/2018 fiscal year. (p. 2). • CAO estimated that JEA's post-sale ad valorem taxes would leave a $57 million deficit in the City's general fund. (p. 2). CAO indicates that no available option would truly replace the value of JEA's contribution; the net proceeds available to the City after a JEA sale would decrease from $0 to $4.1 billion. (pp. 2-3). CAO questioned whether the future JEA owner would successfully challenge its ad valorem taxes. (p. 6, no. 12). • CAO noted a JEA sale could also impact significant benefits and relationships, including (i) the City Council's influence over municipal utilities, (ii) the annual carbon credits JEA owes to the City through December 31, 2023 (valued	0168

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	at $2,086,767 per year), and (iii) JEA's eligibility for FEMA funds (e.g., JEA has been reimbursed 81.9% for $13,829,366 accrued in storm damage costs since 2004). (pp. 3-8). • After identifying 3 benefits of selling JEA and 6 benefits to keeping JEA, CAO provided recommendations. (pp. 8-9). CAO's recommendations *if JEA is sold* included (i) retaining an actuary to assess the effect on the general employees' pension plans and (ii) requiring the buyer to reimburse the City for any expenses incurred in connection with a failed sale. (p. 9). CAO's one recommendation *if the City keeps JEA* was to create a task force to help increase JEA's "financial contribution to the City and/or help the City accomplish other goals such as extending water and sewer infrastructure . . . ." (p. 9).	
03/25/2018	Editorial in the Times-Union, "The old JEA, the golden goose, is history[,]" discussed privatizing JEA: • "Board member Husein Cumber put things in perspective. If the city could count on JEA's $116 million annual contribution forever, then stick with the status quo. But if that contribution is under stress by sales that are flat, then other options need to be considered." • "For 30 years, JEA could count on annual sales growth of 3 percent in this growing market. Suddenly that stopped even after the Great Recession. In order to make up its loss of revenue, JEA must become more nimble, more entrepreneurial, looking for new business opportunities." • "Board Chairman Alan Howard said JEA is in the midst of 'historic change' in a 'dynamic market.' Selling JEA 'could be the right move at the right time with potentially transformative consequences for this city,' he said. This is not based on a single event, like a natural disaster, but it reflects a disruptive changed in the economy." • The editorial noted: What happens when solar becomes more economical for businesses and homeowners? That's likely to start with JEA's best customers — wealthier homeowners and businesses — leaving JEA to pay for its city contribution and its debt with the customers left behind. That sounds like a slow death spiral. • The editorial concluded: "The market has shifted significantly," McElroy said. He said there are "real challenges, headwinds."	0169

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	It's a historic moment for the city. This decision should not be rushed; citizens need to be fully informed. The question for City Council: If you see the death spiral coming, how long can you afford to wait before you act?	
03/27/2018	The City Council president changed the name of the special committee to the "Special Committee on the Future of JEA" and expanded its membership to include all Council members. The Special Committee's charge was changed to two items: (i) understand JEA's role in the consolidated government, contributions to the City of Jacksonville, governance practices, and future in the context of both changing technology and regulatory environment; and (ii) conduct necessary meetings and hearings to gather the relevant facts for the City Council to consider.	0170
03/27/2018	Email from William Goodrich (JEA) to Steven McInall, JEA's director of electric production and resource managing, confirmed JEA had retained Black & Veatch to help prepare an integrated resource plan ("IRP"). Tom Davis would serve as Black & Veatch's project manager. Goodrich estimated the "final IRP" would be completed by early-January 2019. However, Goodrich also wrote, "We understand the importance of getting things wrapped up as quickly as possible and will make every effort to accelerate the schedule shown below."	0171
03/29/2018	JEA CEO Paul McElroy appeared before the City Council's Special Committee. His unsworn testimony begins at 00:05:20 in the meeting video. • At 00:14:45 in the video, McElroy began addressing the questions identified in the Special Committee's memorandum. He first addressed JEA's "strategic plan to offset recent declining revenue trends." McElroy explained that JEA has experienced lower sales and declining revenue. He projected JEA would experience "flat sales over the [next] five-year period, and maybe marginally up 1 percent . . . ." McElroy also confirmed that JEA had received bids to purchase JEA. He denied that the sales offers came from Mayor Curry's office. • Both McElroy and Mayor Curry voiced their displeasure with the City Council's handling of JEA's potential sale. • Council Member Lori Boyer reportedly stated that she was "troubled by the fact there are different [JEA] projections filed with different entities."	link 0172 0173 link
04/02/2018	City Council Chair Anna Lopez Brosche wrote a letter to Mayor Lenny Curry asking Mayor Curry to invite the City's CFO, Michael Weinstein, to provide information to the Council Auditor, Kyle Billy, for a JEA sale analysis.	0174
04/03/2018	Mayor Lenny Curry wrote a letter to City Council Chair Anna Lopez Brosche stating: • "Kyle Billy made an erroneous assumption that an RFP for strategic initiatives was related to JEA."	0175

Date	**Event**	**Doc. No.**
	• "Mr. Billy repeated this erroneous assumption leading members of the committee – including Chairman Cresimbeni – to request a commitment of CAO Mousa that no work related to this RFP or to JEA would be undertaken while the committee conducted its process. CAO Mousa confirmed in an email to Chairman Cresimbeni dated March 15 and was set to acknowledge this agreement at a public meeting, but debates about the work and posture of the committee prevented the discussion." • "Later when Mr. Billy made the request of staff for an estimate of the impact JEA's sale would have on city debt calculations, the Finance Department – complying with the agreement to take no actions related to JEA – informed Mr. Billy such action was not appropriate. To the contrary, the Finance team would have specifically violated CAO Musa's commitment to Chairman Crescimbeni." • "The Finance Department has made no such analysis; therefore this analysis is not a matter of public record."	
04/03/2018	JEA held an IRP workshop session attended by William Goodrich (JEA), Douglas Cox (JEA), Mary Moran (JEA), Steve McInall (JEA) Gene Bergt (Black & Veatch), Bob Davis (nFront Consulting), and Brad Kushner (nFront Consulting). The anticipated IRP schedule stated the "draft" IRP would be completed by early-December 2018 and the "final" IRP would be completed by early-January 2019 (depending on comments to Draft IRP).	0176
04/05/2018	Steven McInall sent an email to Brandi Taylor (Mary Moran cc'd) with an attached presentation entitled, "Electric System Ten Year Site Plan." The presentation explained the contents of JEA's April 2018 ten year site plan, including its electric energy demand and energy forecast, plug-in electric vehicle forecast, and energy efficiency forecast. (p. 3)	0177
04/06/2018	JEA Board special meeting. • Paul McElroy stepped down as JEA's CEO. He stated that "all large organizations move in cycles, which require different leadership strengths and styles[.]" McElroy identified his strengths as "building great, high-performing teams, to strategically plan and execute upon a vision leading to extraordinary value creation . . . ." However, McElroy believed JEA needed a different set of skills moving forward. • McElroy asked JEA to indemnify him against lawsuits filed against him individually in connection with his duties at JEA. Board Chairperson G. Alan Howard claimed that OGC "pushed back" to that concept. Mr. Howard then moved to amend McElroy's transition services agreement to include such a provision. The Board passed the motion. • Beginning at 00:37:50 in the video, Chairperson Howard invited a motion to designate Melissa Dykes as JEA's interim CEO until the April 17, 2018 Board meeting. The Board passed the motion.	link 0178
04/09/2018	Joanie Teofilo (The Energy Authority or "TEA") sent Ted Hobson (JEA's Chief Compliance Officer) an email with attachments relating to a TEA meeting with JEA on Thursday, April 12, 2018. An attached "fact sheet" describes TEA's purpose as "serv[in] public power utilities by maximizing the value of their assets in the wholesale energy market."	0179 0179a

Date	Event	Doc. No.
04/10/2018	Jordan Pope sent Deno Hicks a copy of the package for the Special Committee's meeting on April 5, 2018.	0180
04/11/2018	Joe Orfano filed a "Voluntary Notice Regarding Possible Sale of JEA" with the Electronic Municipal Market Access ("EMMA"). It stated, "At this time, JEA is unable to predict the likelihood of whether a sale will occur, whether there is any potential timetable for a sale, or how, if at all, the holders of JEA's bonds may be impacted by any actions that the City Council or the JEA Board may take in connection with a possible sale of JEA."	0181
04/13/2018	Aaron Zahn submitted a letter to JEA Board Chairperson Alan Howard announcing his immediate resignation from the JEA Board and his candidacy as JEA's interim CEO. Zahn wrote: Should the Board of Directors appoint me as Interim CEO, my immediate actions would include, but not be limited to: 1) engagement of a top tier full-service executive search and research firm to implement a permanent CEO search and aid the Board with corporate and CEO transition services during the Transition Period; 2) reestablishing trust and open communications of JEA with our many stakeholders beginning with all of our employees, City Council, the Mayor and the Board; 3) building consensus around the purpose and role of JEA in our community; and, 4) providing the Board and executive team with resources, tools and structure necessary to establish JEA as "a utility for the future of Jacksonville" prepared to navigate and take advantage of the current trends in the electric and water industries.	0182
04/17/2018	JEA Board meeting. • Beginning at 00:02:20 in the video, Andy Johnson, a former member of the Florida House of Representatives, gave a public comment in which he (i) summarized JEA's history; (ii) identified JEA as the "best public works project ever built in the state of Florida"; (iii) warned it would create "terrible precedent" to select a former JEA Board member as JEA's new executive director; (iv) warned JEA should only hire an executive director with electric utility experience; (v) public confidence had been destroyed; and (vi) JEA would be "consumed in scandal, corruption, baloney, and tomfoolery" unless it declared it is not for sale. • At 00:14:50 in the video, Chairperson Howard stated, "This Board isn't considering a sale of JEA at this time." • The Board meeting package included an inter-office memorandum discussing "the factors involved in the decision in 2008 to enter into the Purchased Power Agreement (PPA) with the Municipal Electric Authority of Georgia (MEAG)[,]" including the projected increase for JEA's peak and net energy requirements. (p. 72). The memorandum described a number of changes since 2008 that have undermined JEA's decision to enter the PPA. (p. 72). As an example, the memorandum cited JEA's 2017 ten year site plan to support the claim that "[a]ctual net energy in 2016 was approximately 12.9 million MWh, 30 percent short of the 2008 projection of 17.5 million MWh." (p. 73).	link 0183 0184 0185 0186

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- Beginning at 00:54:30 in the video, Board Member Husein Cumber stated the following regarding JEA's search for a permanent CEO:

> I think somewhere along the line this has become a binary conversation—do we privatize or do we not privatize? And I actually think what that fails to have people recognize is that's really not the decision path that I think we're really on. It's a question of: Do you privatize or do you, to be blunt about it, change the JEA charter to make it more relevant for the next 100 years. I don't think it's a question of: Do we privatize or just remain status quo. To me, that conversation affects the type of CEO we're going to bring on because you're going to need somebody that can actually not only have the vision but can execute that vision. . . . This Board has still not taken a position on privatization. There's been no vote at this Board. There's a letter that was sent to the CEO to initiate a process, but I think if this Board were to make a decision and say, look, status quo is not the option, we have to also equally be focusing on how JEA stays relevant . . . . To me, protecting employees means making sure JEA continues to grow. Do you have an interim CEO that can help you get down that path to help bring clarity as the type of CEO you want.

- At 00:57:45 in the video, Chairperson Howard agreed the nature of the candidate will influence the search for JEA's interim CEO.
- At 01:01:35 in the video, the Board withdrew the motion to retain the search firm ZRG. The Board decided to address at the May 2018 Board meeting the retention of a search firm to help select JEA's next permanent CEO.
- At 01:07:05 in the video, Board Member Kelly Flanagan stated her belief that the permanent CEO should (i) "demonstrate knowledge and expertise of the industry specific to JEA" and (ii) "experience in a chief executive or comparable level of leadership authority within an organization is important as well."
- At 01:07:50 in the video, Board Member Cumber "echoed" Flanagan's sentiments.
- At 01:09:05 in the video, Board Member Reverend Frederick Newbill identified his criteria for JEA's permanent CEO, including the ability "to expand our ability to bring more income in because all the figures I heard since 2008, we haven't had much growth financially. So, what that means is, we need a person who's able to have good vision in terms of what is going on. We know that solar is going to be increasing, and every time solar increases, guess what happens to the electric? It decreases."
- At 01:11:00 in the video, Board Member April Green stated she believed the permanent CEO had to "understand if this is the right business model for JEA, but also take into consideration the employees, the rate payers, and our shareholders . . . . [I] want somebody who has experience in the utility industry, but right now, with everything we have going on, understanding a strategic plan that everyone agrees to, that all of our stakeholders buy in, understand, and support as a whole."

Date	Event	Doc. No.
	• The Board meeting package contained an operations report noting JEA's FY2018 electric system sales had increased 7.3% from the FY2017 sales. • At 01:13:20 in the video, the Board began its discussion about selecting JEA's interim CEO. o Melissa Dykes gave a presentation on her qualifications beginning at 01:16:41 in the video. The qualifications she identified included more than 20 years' experience in the utility business. Dykes warned the utility industry "is changing faster than ever in history[,]" and JEA has two strategies to combat falling electric usage: (i) cut costs and (ii) diversify revenue. Dykes rejected the "binary" option of sell or don't sell JEA. She believed people should "compar[e] JEA as we exist today with all the constraints that come with being governmentally owned and all the constraints that we live within our charter to a private sector entity that may come in and operate without all those constraints." She identified a third option: "loosen the reigns on JEA so we have the freedom to do the things I know we can do to shore up our declining revenues, if given the chance." o Aaron Zahn gave a presentation on his qualifications beginning at 01:22:30 in video. He believed JEA leadership should "suppress the impulse to prematurely discuss and decide the notion of sell versus don't sell" and "instead focus on building a consensus" on JEA's purpose. He stated, "It is time for the leadership of JEA to openly and without defense to discuss the opportunities and threats to our business." Zahn pledged to "consult with the City Council and Mayor" and "immediately advocate to all policymakers that the conversation of privatization and sell versus don't sell be halted so that the customers and employees may return to the environment of stability." He also pledged to "build consensus around the purpose, role, and value of JEA in the community . . . ." • At 01:34:40 in the video, the Board voted on JEA's interim CEO. Dykes received 4 no votes and 1 yes vote. Flanagan asked for an amendment to the motion for JEA to elevate Dykes to a position upon terms to be determined with Zahn's selection as JEA's interim CEO. The amended motion received 5 yes votes and 0 no votes.	
04/18/2018	First Coast News published an article stating: The term "strategic plan" has been used often in conversation of JEA. It's a phrase that has often been echoed by Mayor Curry. He said this in a previous interview with First Coast News: "There was no board member appointed with the idea of selling JEA, board members were appointed with the idea of corporate governance, oversight in management, and what's the best strategic way to oversee management as they navigate the strategic way forward."	0187
04/25/2018	Holland & Knight invoice 5653737 for "Legal Services related to Plant Vogtle," including work regarding the sale of JEA assets.	0188

Date	Event	Doc. No.
04/26/2018	Mayor Curry gave a statement announcing he would not submit a JEA privatization plan to City Council. Mayor Curry also accused "a few special interests and politicians with an agenda" of creating a false "sell vs. don't sell" narrative. Mayor Curry also issued a warning: Technology and innovation are making renewable power more affordable, while efficiencies are reducing our water and electric needs. The result is data showing that JEA customers may increase in number, *but revenues will decrease*. We also learned that for a decade, a move toward nuclear power – although it was perhaps well-intended – *has left Jacksonville saddled with at least $1.2 billion in obligations*. When you combine falling revenue and billions in liability on the balance sheet, *you have to take a hard look at the future*. (Emphasis added).	link
04/27/2018	Aaron Zahn gave a presentation to the Jacksonville Civic Council regarding his transition plan for JEA. It included developing a "Shareholder Trustee Framework[.]" (p. 6). It also noted private solar capacity's exponential growth and warned JEA should "[r]ide the tailwinds. Don't fight them." (p. 8).	0189
04/27/2018	Allan Maines (Holland & Knight) sent an email to Jody Brooks stating, "Saw where privatization is off the table. Still makes sense to try to save $2B-4B."	0190
04/30/2018	First Coast News published an article in which Aaron Zahn described his role as JEA's interim CEO as follows: "The job of CEO is now a two-person job, that when you are starting to look at the strategy of a large, multi-billion dollar company over a 5 or 10 year period in a changing market environment, you now need a CEO who thinks about strategic vision who can work with the media, the public stakeholders, city council, the mayor, and that's a full-time unto itself which requires a certain level of skill sets which I found myself readily suited for, and then there is another job which is the present COO, which maintains the focus on the customer and also takes care of our employees and the unbeatable team that serves them."	0191
05/10/2018	City Council Chairperson Anna Lopez Brosche sent a letter to JEA Board Chairperson Alan Howard with ten questions regarding Aaron Zahn's selection as JEA's interim CEO, including whether JEA had a documented CEO selection process.	0192

Date	Event	Doc. No.
05/15/2018	JEA Board meeting. • Ryan Wannemacher stated (at 00:06:30 in the video) that JEA added clarifications to its annual disclosure, including "some addition to the privatization discussion to include the Mayor's statement that he will not put a privatization plan before the City Council." • Board Member Husein Cumber (at 01:11:15 in the video) said he believed the JEA Board should have been "on the front end" of the privatization discussions as opposed to "the back end"—i.e., talking about privatization for the first time at the March 2018 Board meeting, after the PFM report. Mr. Cumber also stated he believed, "from a trust perspective . . . without clear board action, any process about privatization should not take place." Alan Howard responded by stating that the JEA Board had "never given any direction to staff to pursue privatization." Cumber then submitted the following motion (at 01:17:00 in the video): "Absent a Board decision to pursue, any activities tied to a privatization effort would be put on hold." The Board members unanimously approved the motion (at 01:21:00 in the video).	link 0193 0194 0195
05/18/2018	JEA Board Chairperson Alan Howard sent a letter to City Council Chairperson Anna Lopez Brosche explaining the selection of Aaron Zahn as JEA's interim CEO.	0196
05/23/2018	Email from Joe Orfano to Mitch Rapaport (Nixon Peabody) confirming JEA's privatization efforts are "dead."	0197
05/24/2018	Heidrick & Struggles International Inc. executed a contract to perform a "one-time chief executive officer (CEO) search."	0198
05/31/2018	JEA's Senior Leadership Team held an offsite "retreat" at White Oak Conservatory in Yulee, Florida. The SLT had a question and answer session, including: **<u>Question Set 2</u>** **A. What are three conditions that limit the effectiveness of JEA?** **<u>Truth</u>** • Sunshine law • Charter/independent • Political intrusion (p. 7). . . . **B. How can we minimize their impact in the next five years?**	0199 0200

Date	Event	Doc. No.

. . .

- Explore governance/structural solutions

. . .

- Find ways to shift the culture towards risk taking

. . .

- Compete for most skilled and talented staff

(p. 8). . . .

Question Set 3

A. What three things would you change immediately in order to improve the effectiveness of the organization?

Truth

- Policy makers and external community creating instability and dysfunction

Trends

- Charter and Sunshine laws create a big impediment to JEA's success due to impacts on culture for people not wanting to share ideas or "step out"
- Need to do better job of recruiting and maintaining talent

B. What things are never discussed openly but need to be discussed?

Truth

- **Profits**

(p. 8) . . . .

06/01/2018	A calendar entry Aaron Zahn sent to himself by email states, "Melissa C/Aaron – Review of Future of JEA Workshop Minutes[.]"	0201

Date	Event	Doc. No.
06/15/2018	Aaron Zahn sent Alan Howard an email with an excerpt from a Navigant report stating, "Energy incumbents, especially utilities, have less than 5 years to reorient their products and business models around fast emerging technology ecosystems like iDER, Smart cities, and IoE or risk becoming a fringe player in the emerging energy economy."	0202
06/18/2018	Aaron Zahn sent an email to Ray Spitzley (Morgan Stanley) asking for information regarding a mergers and acquisition presentation.	0203
06/19/2018	JEA Board meeting. • Beginning at 00:54:40 in the meeting video, Steve McInall gave a presentation entitled, "Electric System Ten Year Site Plan (TYSP)[.]" The handout for the presentation states, "JEA experienced decline in demand and energy starting in 2007"; however, "JEA began experiencing a slow recovery starting in 2012[.]" (p. 148). McInall described JEA's electric system forecast as "very moderate" and "slightly above flat" with both energy and demand in the "half to one percent range[,]" which is "very consistent with other utilities in the state" (at 00:56:40 in the video). • Aaron Zahn discussed the "Shareholder Framework" starting at 01:02:10 in the video. Zahn described the concept as "a measuring stick and a collaborative messaging tool" for the next "ten year strategic plan." It had the stated goal of "ensuring alignment of JEA with the City Council and Mayor's Office relative to financial, operational and community expectations." The City would act as a "Shareholder" and the City Council / Mayor would act as "Shareholder Trustees" of JEA within the framework. Zahn included a proposed resolution "encouraging the JEA to review and study its business and market related to competitive technology trends, business model trends and general business practices . . . ." It included the following whereas clauses: (i) the "Mayor, the City Council, the customers of JEA, and employees of JEA, believe JEA must evaluate its position and business plan" to "best serve the citizens of Jacksonville;" and (ii) "JEA would benefit from a 10-year strategic plan that identifies the resources and initiatives needed to effectively anticipate and respond to the rapid changes in competition, technology, and the utility industry . . . ." Additionally, Section 2 of the proposed resolution stated that the City Council "recommends" that the "Strategic Plan establish financial and operational initiatives that result in[,]" among other things, "growth initiatives with respect to electric, water, sewer, natural gas and such other services, systems and/or products." • Zahn presented the Shareholder Framework as a proposed resolution to the City Council. Board Member Husein Cumber said (at 01:08:30) that it seemed "weird" for JEA to draft a resolution for the City Council. Board Chairperson Alan Howard said in response (at 01:11:40) that Zahn is "looking to achieve buy-in" from the City Council on, among other things, the concepts of "strategic process" and "shareholder framework." It would allow JEA to tell the City Council "look, we are doing what you guys said we could do" (at 01:22:45). At 01:18:00, Council Liaison Matt Schellenberg stated that he believed "better communication" from JEA would be more beneficial than the proposed resolution. At 01:18:40, Zahn	link 0204

Date	**Event**	**Doc. No.**
	expressed gratitude for the feedback and indicated that he intended for the resolution to address misalignment between JEA and its stakeholders.	
06/26/2018	Aaron Zahn sent an email to Melissa Charleroy with revised meeting minutes from the May 31, 2018 meeting at White Oak Conservatory attached.	0205
06/26/2018	Memorandum from Gayle Petrie of OGC to Council Member John Crescimbeni assessing two JEA Retention Incentive Agreements providing two times (2x) salary to JEA's senior leadership team and one times (1x) salary for members of JEA's executive leadership team. Petrie concluded that JEA's executive director, CEO, and Board chair do not have authority to enter into such agreements because such agreements (i) require approval by the "entire" JEA Board and (ii) are only enforceable for 20 weeks of compensation (even if properly authorized).	0206
06/26/2018	Memorandum from Stephen M. Durden to Council Member John Crescimbeni assessing Section 21.04(p) of the City Charter and concluding: (i) the City Council must approve any sale of 100% of JEA's assets by majority (not supermajority) vote; (ii) the City Council may approve a sale of 100% of JEA's assets; and (iii) the sale of 100% of JEA's assets is not a *de facto* amendment to the City Charter.	0207
06/26/2018	JEA's senior leadership team had a "future of JEA" workshop to discuss competition for electric revenue, including charter changes to allow JEA to pursue "strategic partnerships[,]" "[p]ublic records flexibility/modifications[,]" and promote a "sales culture[.]" The minutes identify JEA's "problem" as "'Get bigger or die' – Charter restrictions limit business type & service territory." The SLT also considered how to "[r]e-think structure of JEA and how it fits into COJ[.]" The agenda included "[e]xternal market review and 2030 vision exercise" with a goal of answering the question, "What does JEA look like 2030[?]"	0208
07/02/2018	J.P. Morgan presentation on the "significant revenue expansion opportunity for strategic fiber and wireless infrastructure" available to JEA. The "potential strategic alternatives" included a "strategic sale" of telecom assets. (p. 36). The presentation also identified potential buyers. (p. 38). The presentation projected JEA earning a net income of $9,997,162.00 from telecom opportunities in 2022. (p. 29).	0209
07/09/2018	JEA's SLT held a "framework discussion meeting" at which they developed JEA's four corporate values to "measure the value of JEA": (i) value to the customer, (ii) financial value, (iii) community impact value, and (iv) environmental value. The meeting minutes identify the "Goal of JEA" as "Increase value of JEA now and in the future."	0210

Date	Event	Doc. No.
07/11/2018	Melissa Charleroy sent an email to the SLT with "Off-site Workshop Notes" from a June 26, 2018 meeting at Ponte Vedra Inn & Club regarding "Competition for Electric Revenue[.]" The notes: • identified JEA's problem as "'Get bigger or die' – Charter restrictions limit business type and service territory"; • defined success as "[i]ncreased revenue while maintaining competitive rates and service levels; partner with customers on trusted advisor"; • referenced the need for (i) charter changes to allow "broader business types and service areas[,]" and (ii) public records flexibility/modifications, and (iii) cultural changes (sales culture); • identified competition for workers as a problem for JEA and recommended "employees with vested interest in organization increases employee satisfaction and engagement"; and • recommended JEA "[r]e-think structure of JEA and how it fits into COJ.	0211
07/12/2018	JEA issued a request for information ("RFI") for "strategic planning and implementation consulting services[,]" including two full-day sessions with JEA's senior leadership team "to review external market and ten (10) year vision." The work included "[d]esign strategic planning process to meaningfully engage Board of Directors in construction of new strategic plan for JEA to complement strategic planning work undertaken by" the SLT. The RFI recipients included McKinsey & Co.	0212
07/15/2018	Aaron Zahn sent an email to Alan Howard confirming the "Shareholder Framework" was "now named 'Strategic Framework.'" Zahn stated, "[U]ltimately that our mission is to drive a value increase of JEA now and in the future . . . ."	0213
07/17/2018	Jody Brooks forwarded an email from Susan Wiles (Ballard Partners) to Husein Cumber and Aaron Zahn describing a meeting on July 18, 2018 with "Brian[Hughes,]" "the Congressman[,]" and John Sneed. One of the attachments states, "Current situation is unsustainable for JEA – must do what is necessary to protect ratepayers." It further states: If Brian is cavalier or negative, consider telling him that our doomsday scenario includes multiple aggressive, assertive and proactive actions, taken simultaneously, that would likely result in great harm to the project. This is NOT what we, at JEA, want. That's why we are here and we very much want to try to work with DOE to find a solution that works. A separate section, under a section entitled "Brian Hughes[,]" states that "[i]t's a different place than the last time we discussed JEA and Plant Vogtle in that unfortunate meeting in the spring of last year."	0214
07/18/2018	Aaron Zahn sent an email to Ryan Wannemacher with a photograph of a "Strategic Timeline" attached. It referenced, among other things, the Innovation Summit (October 5, 2018) and "Charter changes introduced" (March 2019).	0215

<table>
<tr><th><u>Date</u></th><th><u>Event</u></th><th><u>Doc. No.</u></th></tr>
<tr><td>07/23/2018</td><td>Michael Brost sent an email to Ted Hobson with attached “Listening Tour Notes[.]” They state:
Ensure the discussions around privatization are over. If they ever resurface, employees would see it on the board agenda—full transparency.
Ask employees if we are a not-for-profit organization. Talk about us making $900M in profits last year—and how we invested it.</td><td>0216</td></tr>
<tr><td>07/23/2018</td><td>Aaron Zahn sent an email asking Melissa Dykes, Mike Hightower, Ryan Wannemacher, and Angelia Hiers to read “Measure What Matters[.]” Zahn then identified one of his goals as “By October 5, 2018, have 100% alignment and buy in from SLT relative to a KPI/KPA/OKR system, process and rhythm that is in execution mode and will be used to drive Corporate Measures through October 2019.”</td><td>0217</td></tr>
<tr><td>07/25/2018</td><td>Anthony Terrell (Pillsbury) sent Joseph Orfano an email stating:<blockquote>Peter and I would like to go down to Jax and buy you a meal and, perhaps, a libation. In fact, we would encourage you to bring a colleague, perhaps the CFO or another finance person, or perhaps the lady I sat next to at the meeting with the City that our team attended regarding the proposed privatization -- was her name Jody Brooks? Anyway, your choice. We could do lunch or dinner or, maybe better, we could do both, ending up down at Ponte Vedra.</blockquote></td><td>0218</td></tr>
<tr><td>07/25/2018</td><td>Special Committee on the Future of JEA issued its Final Report.
Pages 5-6: Summarize the status of JEA as follows:
<blockquote>While JEA’s number of customers has steadily increased over the years, the utility’s volume of sales on both the electric and water sides has leveled off or decreased in recent years. JEA has experienced actual declines in both electric and water sales from their peaks in 2006 and 2007 (respectively) to 2016 – a 10% decline from peak in electric sales and a 14% decrease in water sale. Electric sales peaked in 2006, declined through 2013, and increased slightly through 2017. The decline and subsequent leveling off of sales is largely attributable to the increased use of energy-efficiency appliances and better energy efficiency in building construction, along with effects of the economic recession in 2008-2009. Water sales peaked in 2007, declined steadily through 2014, and have resumed a slight growth trend. The decline in water usage is largely attributable to increased emphasis in recent years on water conservation practices to preserve the potable water supply and on more water-efficiency appliances.</blockquote>
Page 6: Summary of JEA’s contribution to the City’s General Fund budget.</td><td>0219
0220
0221</td></tr>
</table>

Date	Event	Doc. No.

- Pages 11-12: Discussion of Plant Vogtle. JEA committed to the project because (i) a JEA Board decision to meet 10% of its power needs by 2018 from non-carbon, nuclear generating sources; (ii) steadily growing energy demand in Jacksonville; (iii) serious discussion by the federal government about severely limiting carbon dioxide emissions (e.g., coal-burning power plants); and (iv) the relatively high cost of natural gas at the time. As part of the agreement, JEA is required to (i) share in the costs of constructing a plant (those costs are not capped) and (ii) pay for power on a "take-or-pay" basis (i.e., whether the plant is constructed timely or at all).
- Page 12: The sale of more than 10% of JEA (defined by OGC as 10% of assets as of the last audit report) requires City Council approval, and sales cannot be done in multiple increments of less than 10% to avoid Council approval.
- Page 12: "General Counsel Jason Gabriel told the committee that a decision to consider a sale of JEA must take into account at least four components: 1) interlocal and franchise agreements with St. Johns County and Nassau County; 2) real estate assets and obligations; 3) required regulatory approvals (state and federal); and 4) a water/wastewater 'public interest determination' required by state law."
- Page 14: "JEA makes several different forecasts of future sales trends for different purposes, including one for JEA's financial planning purposes and another for the FPSC for capacity planning purposes."
- Page 14: JEA has thought about expanding into other lines of business to generate revenue, including dark fiber leasing and pole attachment revenues.
- Page 14: Aaron Zahn said he instructed JEA to focus on five priorities, including "3) listen and align our purpose with shareholder trustees – JEA's board of directors, City Council and the Mayor will establish consensus around a framework upon which to measure a strategic plan for the future of JEA . . . ."
- Pages 16-17: The Special Committee reached the following conclusions: (i) "JEA is one of Jacksonville's most important civic assets and decisions about its future should be made with the utmost care"; (ii) having a utility in and exclusively serving Jacksonville "has both tangible and intangible value"; (iii) JEA's ability as a municipal utility to receive FEMA reimbursements for damages caused by natural disasters has value; (iv) JEA needs to "diversify its revenue streams and ensure continued financial health"; (v) JEA's Plant Vogtle obligations "have the potential to adversely affect the utility's financial position for several decades to come"; (vi) JEA, as a municipal-owned utility is more likely to enter into voluntary agreements with the City to tackle community needs and opportunities than an IOU whose primary responsibility is to maximize shareholder value; and (vii) expansion by JEA into new business lines may require an amendment to JEA's Charter.

07/30/2018 JEA Board meeting. link

- Beginning at 01:44:17 in the video of the meeting, Paul Cosgrave, JEA's vice president and chief information officer, and Jason Gredell, head of J.P. Morgan's infrastructure advisory group, gave a presentation on JEA's opportunity to develop JEA's telecommunications assets, including dark fiber. The meeting minutes summarized the presentation: 0222 0223

> **Data Fiber Utility Services for the 22nd Century Smart City –** Paul Cosgrave, Vice President and Chief Information Officer, presented the three-step process of discussing, deliberating and finally deciding the direction of JEA's telecommunication assets. Mr. Cosgrave noted JEA has 550 miles of dark fiber, 30+ cell towers and over 180,000 poles that are utilized for attaching third party telecom assets. Mr. Cosgrave reminded the Board that the City Council Special Committee on the Future of JEA noted in its June 27, 2018 "Final Draft Report" that stated JEA needs to consider expanding its operations into other related business lines to diversify its revenue streams and ensure continued financial health. Ryan Wannemacher, Interim Chief Financial Officer, stated leveraging JEA's telecom assets will create value for Jacksonville by accelerating broadband assets and services in Jacksonville, creating value and improving the lives of the citizens, will be a source of financial value that can be leveraged to support funding of core utility needs and enhances and expands economic development opportunities for Jacksonville. Mr. Wannemacher introduced Jason Gredell, Head, Infrastructure Advisory Group, JP Morgan. Mr. Gredell provided an overview of communication infrastructure industry, as well as an overview on JEA's telecom infrastructure opportunities. Mr. Zahn provided a summary of Mr. Gredell's presentation noting that JEA will be the first city in the United States to offer a complete package of horizontal and vertical assets into the market. Board Members held discussions and at Chair Howard's direction, Board Members should individually submit questions to Mr. Zahn. Mr. Gredell recognized and thanked Mark Widener, JP Morgan for his great work on the presentation. This presentation was provided for information.

(p. 5 (bold in original)).

- Paul Cosgrave's portion of the presentation began at 01:44:45 in the video. He confirmed that JEA's telecommunications assets have unused capacity, but he stated that the City Charter only allows JEA to lease those assets.
- Jason Gredell's portion of the presentation began at 01:48:30 in the video. He stated that JEA implemented a wireless network and fiber optic cable network to support its internal operations. JEA then began leasing excess capacity to third parties. Gredell noted that internet traffic in the United States is expected to grow more than 3 times over between 2016 and 2021. (p. 90). Gredell opined that, while Jacksonville has substantial broadband infrastructure, "there won't be in 10 years." Gredell also indicated that JEA could address its revenue problems by developing broadband infrastructure to fill that gap. Gredell believed JEA could pursue similar opportunities by developing its wireless network infrastructure. (p. 93). Gredell described the potential economic impact of the initiatives (at 02:10:29 in the video): "When you're talking about the numbers on the water system and the electric system, obviously, there's a lot to replace, there's a lot to support. But, if this begins today, you have the benefit of picking up that cash flow, that growth, that you may be losing from the

utility . . . ." Gredell identified three "potential strategic alternatives" to pursue some or all of the initiatives, each with unique considerations:

- Status quo: JEA "continues to execute existing business plan." Gredell noted that, while JEA has a strong management team, JEA has not historically provided telecommunications services.
- Partnership: JEA enters into a partnership with a third party through a long-term lease or concession. It would recapitalize JEA's telecommunications assets and create potential opportunities through private investment.
- Strategic sale: It would result in the highest front-end proceeds of JEA's three opportunities; however, JEA would lose control of its telecommunications assets.

(p. 107). Gredell concluded his presentation by stating (at 02:24:23 in the video), "[T]he cash flow that these types of projects generate is beneficial. It's high-growth, it's high-margin, it's very, very low-churn, and it certainly would be very beneficial to JEA going forward."

- After Gredell's presentation concluded, Aaron Zahn (at 02:26:12 in the video) asked to "summarize" Gredell's presentation and to "bring clarity" to the Board. Zahn stated that JEA does not have a "multi-billion dollar platform dedicated" to the initiatives described by Gredell; therefore, "what we're talking about here is really looking at it more from a partnership approach where potentially we can monetize a portion of the asset upfront—meaning bringing in cash day one—as well as have a partner that drives the value of those assets faster, and we participate in profitability going forward."
- Board Member Husein Cumber stated (at 02:29:03 in the video) he would like to "understand the trade-off between monetizing on day one and letting a partner grow it, and kind of taking the approach that FP&L did by incubating FP&L fiber net and then monetizing it."
- Gredell's response to Cumber (beginning at 02:29:45 in the video) included the comment, "There's got to be some type of retention of the upside because, to all of our points, this is an unpenetrated and underutilized asset. Selling it now is effectively selling the upside for someone else to benefit from . . . ."
- Zahn circled back to Gredell's comments (at 02:33:23 in the video), stating, "[F]or me, this is less about JEA being a telecomm business and more about us being focused on our core business, which is energy and water. The second is, the path we were on, we were going to compete head-to-head with the people in this presentation [e.g., Comcast, Cox, Time Warner Cable]. I'd rather partner with them and let them do what they're great at, and we'll do what we're great at. The alternative on the holistic model is we have to staff up, acquire the talent, maintain the talent, invest the capex, hope that we can sell and compete directly, head-to-head, against the people in this presentation versus the alternative, which is some layer of grey between some element of partnership to full divestiture and, without any recommendation, laying off the risk as well as finding a way to bring in cash and then allow our senior team to be focused on the businesses that are dynamic in and of themselves, which are the energy and the water sectors . . . ."
- Chairperson Howard opined (at 02:35:02 in the video) that JEA does not have the ability to "commercialize" dark fiber under the City's Charter.

Date	Event	Doc. No.
08/17/2018	Aaron Zahn scheduled a lunch meeting with Daniel Davis (JAX Chamber) and Deno Hicks (The Southern Group).	0224
08/17/2018	The Dalton Agency (Michael Munz) executed a confidentiality agreement with JEA regarding "certain strategic efforts on behalf of JEA . . . ."	0225

08/21/2018	JEA Board meeting.
	• Beginning at 00:25:40 in the video, Aaron Zahn proposed a timeline to achieve "alignment" around a "Strategic Planning Framework" by October 5, 2019. Zahn described the timeline as an explanation for "how we got to where we are" to "create alignment on the direction of JEA and the value it presents to the community." Zahn identified the need to obtain alignment among JEA's (i) "Stakeholders" (customers, employees, union and community), (ii) "Shareholders" (Mayor Curry and the City Council), and (iii) Board. Zahn confirmed that "management had a number of off-sites where we've provided our input as well." Zahn stated the Strategic Planning Framework represented a "consensus" around JEA's Four Corporate Values. The Board unanimously approved the Strategic Planning initiative.
	• A proposed letter from Board Chairman G. Alan Howard to Mayor Curry and the City Council (pp. 26-30) identified the "Strategic Goal" as "[m]aximiz[ing] the value of JEA both now and in the future." The letter identified four "Corporate Measures" of JEA's goal: (i) value to our customer, (ii) financial value, (iii) community impact value, and (v) environmental value. "These Corporate Measures will be used in evaluating the plan's potential effectiveness and JEA's future execution of the plan."
	• Exhibit A of the proposed letter provided additional information about the Strategic Plan. It states that the Board "believes JEA would benefit from a 10-year strategic plan that identifies the resources and initiatives needed to effectively anticipate and respond to the rapid changes in competition, technology and the utility industry."
	• According to the meeting minutes, Chairperson G. Allan Howard "noted the Strategic Framework has been revised and input received from multiple Board Members and the entire Senior Leadership Team over the last few months."
	• Beginning at 01:01:00 in the video, Zahn discussed the need to retain a strategic planning consultant because the Board approved the Strategic Framework. Zahn stated JEA had "gone out for bid" and "received" responses. He anticipated having the tools and resources in place for the Strategic Framework by October 2018.
	• Beginning at 01:06:40, Michael Brost and Lucas McIntosh of Burns & McDonell gave a presentation on integrated distribution energy resources ("iDER"; pp. 85-93). Brost confirmed that JEA anticipated having its integrated resource plan ("IRP") completed in January or February 2019. Brost noted:
	  o Utilities with large, centralized plants represent the "old" energy model. iDER is associated with small, high quantity energy sources.
	  o JEA has 1,600 private rooftop solar systems installed. 5 years ago, it had less than 100.
	  o Citizens who can generate their own energy in an efficient manner may present a risk to JEA.
		link
		0226
		0227

Date	Event	Doc. No.
	○ JEA's unit sales have dropped about 10% between 2008 and 2017. He identified energy efficiency, conservation, and distributed energy resources as driving that trend. However, he noted that iDER represents an opportunity for JEA. ○ JEA is evaluating "offensive and defensive" strategies involving iDER, including demand side management, demand rate, direct load control, and vehicle to grid electric vehicle rate. • At 01:26:30 in the video, prior to Lucas McIntosh giving his presentation, Board Member John Campion summarized the issue as: "We have an opportunity to embrace the future . . . . What do you want to be, Blockbuster or Netflix? . . . I think if we ignore it, it's at our peril. . . . [T]he energy industry will change more in the next five to seven years than it's done in the previous fifty to seventy-five years. We as a Board, it's incumbent upon us, to look at these trends . . . . It's the most important task that faces us. . . . If we don't take this serious as we take it, it will . . . we will literally sit here over the next couple of years and destroy value." • At 01:28:30, Board Member Husein Cumber described Board Member Campion's remarks as "extremely well said." Cumber added, "We've got to get out of the mindset where we are hoping to guess right on the regulatory framework that's going to exist five to ten years from now. . . . We need to define the framework we want to live within." Board Member Campion concurred and stated, "The JEA has the ability to determine its own future. And we have the ability because we're a municipal; we don't have a lot of the baggage associated with a lot of other utilities." • At 01:29:30, Lucas McIntosh gave his presentation on iDER (pp. 95-111_. He discussed three types of iDER: ○ Load management: manage or mitigate load out on electric systems to improve electricity availability. It includes electrification, energy efficiency, and direct load control. ○ Price incentives: includes time of use rates, demand rates, locational pricing, peak time rebates, and real-time pricing. ○ Distributed generation: includes utility-scale photovoltaics, rooftop photovoltaics, and microgrids.	
08/22/2018	JEA's SLT held a "Future of JEA" workshop with two goals: (i) "[c]onsensus on hurdles or risks that stand in the way of Core Competencies" and (ii) "[c]onsensus on hurdles or risks that stand in the way of 2030 JEA Future Metrics[.]"	0228
09/04/2018	Aaron Zahn sent an email to Juli Crawford and Ryan Wannemacher describing a "Status Quo JEA Case Execution Plan[.]" It included a timeline referencing several "[a]ssumption meeting[s.]"	0229
09/05/2018	Aaron Zahn, Deno Hicks, Daniel Davis, and Michael Hightower scheduled a telephone call about the Innovation Summit.	0230
09/10/2018	In response to receiving a draft of Kerri Stewart's and ICF's presentations on the potential impact of electrification initiatives, Steve McInall sent an email to Juli Crawford stating, "Good luck working this in with our 'doom and gloom'	0231

Date	Event	Doc. No.
	presentation." The presentation estimated JEA could, by expanding its electrification program, increase annual electric sales 2.2% by 2021 and 4.3% by 2024. (p. 21).	
09/11/2018	Various JEA analysts participated in an email chain regarding the creation of the "first draft for the JEA Status quo" and its underlying assumptions. The attached spreadsheet forecasted JEA's total electric sales to increase from 12,251,914 MWh (2018) to 13,153,349 MWh (2030). However, the forecasts included projections for energy efficiency and rooftop solar growth under low, base, high, and extreme scenarios. The high and extreme rooftop solar forecasts assumed 25% and 40% growth, respectively.	0232 0232a
09/13/2018	An email from Juli Crawford shows a meeting with, among others, Ryan Wannemacher and Scott Schlossman regarding "JEA Status Quo Case Review[.]"	0233
09/14/2018	PFM invoice to JEA for financial advisory services in connection with JEA's privatization exploration.	0234
09/14/2018	Email from Juli Crawford to Ryan Wannemacher, Paul Steinbrecher, and Raynetta Marshall with a draft status quo presentation attached. The presentation includes a graph entitled, "JEA Electric Sales and Projections." (p. 3). It states, "In 2006, we forecasted to sell 17,000 GWh in FY2017, and we ended FY17 at 12,000 GWh[.]" (p. 3). However, the graph included data from the 2017 ten-year site plan. (p. 3). The presentation also states, "Declining electric sales results in significant rate increases to meet higher revenue requirements." (p. 5). It also claims "doing nothing" will "result[] in . . . [a]dditional revenue required from customers from 2018 to 2030 = $1 billion[.]" (p. 5)	0235
09/15/2018	JEA and its consultants, including Aaron Zahn, Michael Hightower, Susan Wiles (Ballard Partners), Michael Munz (The Dalton Agency), J. Allen Maines (Holland & Knight), Alan Howard, and Jason Gabriel worked on a letter urging the MEAG Power Board to vote against proceeding with Plant Vogtle.	0236
09/17/2018	Email from Scott Merritt (The Dalton Agency) to, among others, Jody Brooks and Melissa Charleroy regarding JEA's Plant Vogtle communications campaign.	0237
09/17/2018	Melissa Charleroy sent an email to the JEA Board members with a copy of a September 11, 2018 McKinsey presentation entitled, "Strategic Planning and Implementation Consulting Services – Presentation and Interview[.]" Charleroy wrote, "Attached are supplemental documents to our September 18, 2018 JEA Board Meeting package. Hard copies will be placed at your seats tomorrow."	0238

Date	Event	Doc. No.

	The attached McKinsey presentation states, among other things:
	• "McKinsey will provide unparalleled strategic expertise to enable JEA's Board and top management to rapidly chart JEA's future[.]" (p. 4).
	• "Challenging conventional wisdom and orthodoxies at JEA, we will bring new perspectives on and a strategic view of the industry shaped by dozens of strategy studies for North American utilities[.]" (p. 4).
	• "We have tailored our approach to reflect JEA's existing progress and latest feedback[.]" (p. 8).
	• "Phase 1 priorities" identified as:
	  ○ "JEA has articulated an understanding of trends and defined a Framework supported by Corporate Metrics" (p. 9); and
	  ○ "The goal of phase 1 is to supplement view of trends, drive organizational alignment and establish a rigorous framework of metrics and benchmarks" (p. 9).	

09/18/2018	JEA Board meeting. • From 00:10:53 to 11:43 in the meeting video, Aaron Zahn discussed JEA's selection of McKinsey as its strategic planning consultant. Zahn did not describe the work McKinsey would perform. On motion, the JEA Board approved retaining McKinsey as JEA's strategic planning consultant. • The Board package did not include the presentation regarding McKinsey's selection. Rather, a cover sheet in the package stated, "This agenda item will be made available electronically on Monday, September 17, 2018. A hard copy will be placed at your seat at the Board Meeting." (p. 15).	link 0239 0240
09/19/2018	Nixon Peabody invoice 1001773 for "General – Privatization Matters" with billing entries from January 12, 2018 through May 15, 2018.	0241
09/20/2018	Melissa Dykes sent an email to Aaron Zahn stating, "would like to get a call scheduled with you and McKinsey to level set. Will get something on your calendar. They will have someone at the innovation summit so they can have continuity between the summit and their work."	0242
09/21/2018	Victor Blackshear (a JEA financial analyst specialist) sent an email to Juli Crawford stating, "[T]ake a look at our latest attempt on Electric. If you like this direction, we will apply a similar approach to the water." Blackshear attached a version of the "Disruptive Innovation Analysis" presentation. • Page 2 ("Disruptive Innovation") summarized the impacts of technology disruption on JEA's electric and water systems, including:	0243

Date	Event	Doc. No.

> The JEA Enterprise systems face increasing pressure from disruptive innovation. A disruptive innovation is an innovation that creates a new market and value network and eventually disrupts an existing market and value network, displacing established market-leading firms and products. As we all know, disruptive innovation has changed phone service [iPhone], video rental [Netflix], retail sales [Amazon], and taxi [Uber/Lyft] industries.
>
> The Electric Enterprise faces threats from increasing rooftop and commercial solar penetration, energy efficiency, and the advancement of battery technology. Electric vehicles and non-road electrification can offset some of the erosion by solar and battery technology and energy efficiency.

- Page 3 ("Current Electric Forecast = Growth") showed JEA's 2018 ten-year site plan predicted 0.6% CAGR (compound annual growth rate) between 2018 and 2030. It then noted: "However, recent history has taught us that market forces can change this trend."
- Page 4 ("JEA Historical Electric Projections and Sales") has a graph showing several electric sales projections, including JEA's 2017 ten-year site plan. The page states, "In 2006, we forecasted to sell 17,000 GWh in FY2017, and we ended FY17 at 12,000 GWh. Our forecast error is 30% lower sales in that decade." The slide asked, "How much more could electric system sales erode due to innovation?" The page has a caveat: "There are market influences that could quickly diverge our forecast, up or down . . . ."
- Page 5 ("Positive Electric Market Influences for JEA") assess the effects of electric vehicles and non-road electrification on JEA sales: "If EV and NRE accelerate, JEA is well positioned to handle it[.]"
- Page 6 ("Negative Electric Market Influences for JEA") assessed the effects of energy efficiency, codes and standards, and rooftop solar on JEA. It concluded, "If EE, CS, RPV accelerate and electrification remains stagnate, JEA customer and financial value become at risk."
- Page 7 states, "Status Quo: Results in . . . [a]dditional revenue required from customers from 2017 to 2030 = $1 billion[.]" It then states, "A charter change would allow JEA to participate in disruptive innovation."
- Page 8 ("Potential Market Forces by 2030") estimated JEA's electric sales could decrease by 11% between 2018 and 2030.

09/24/2018	Email from Ryan Wannemacher to Jeff Panger (S&P Global – Ratings) stating, "We have held all assumptions consistent except for the changes related to the Plant Vogtle costs." Those assumptions included "No Growth in Sales" for the electric system.	0244 0244a

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09/24/2018	McKinsey presentation entitled, "Building a strategic framework for JEA[.]"
	• It identified two phases for JEA's strategic planning:
	  o Phase 1: "Refining the existing strategic framework and building internal and external stakeholder alignment through a rapid review of key trends facing JEA[.]" (p. 3). It included a status quo assessment and "[a]lign[ing] perspectives on major trends and create common demand forecast[.]" (p. 4-5). Further, "[t]he goal of phase 1 is to supplement [JEA's] view of trends, drive organizational alignment and establish a rigorous framework of metrics and benchmarks[.]" (p. 11).
	  o Phase 2: "Identifying, prioritizing, and driving progress towards strategic initiatives to achieve the goals set in the strategic framework[.]" (p. 3). It included (i) "[c]onduct an organizational health assessment and develop change management approach"; (ii) "[d]efine strategic initiatives and prioritization to achieve company objectives"; and (iii) "[d]evelop business plans, overall financial impact (e.g., capital requirements) and implementation roadmap, as well as a tracking system[.]" (p. 4).
	• McKinsey hoped to implement a "change story" with two objectives: (i) "[t]o rally the organization around a change program, creating excitement and buy-in at all levels" and (ii) "[t]o make the change personal and relevant to each level of the organization[.]" (p. 12).
		0245

09/27/2018	JEA issued addendum 1 to ITN 124-18 ("Strategic Planning & Implementation Consulting Services"), which included a revised scope of work stating, "Design Strategic planning process to meaningfully engage Board of Directors in construction of new strategic plan for JEA to complement the strategic planning framework undertaken by the Senior Leadership Team."	0246
09/27/2018	Ryan Wannemacher sent an email to Daniel Deaton (Nixon Peabody) in anticipation of JEA receiving a ratings agency downgrade. It states, "JEA's financial health has never been stronger." Wannemacher forwarded the email to Michael Munz and Aaron Zahn.	0247 0248
09/27/2018	Skype meeting invite regarding "feedback to The Dalton Agency on the video." The invite states, "We really need to have the feedback session this week, so Dalton can make edits in time for the JEA Innovation Summit that is scheduled for Fri. Oct. 5th."	0249
09/28/2018	JEA executed a contract with McKinsey & Company, Inc. Washington D.C. in connection with ITN 124-18 for "Strategic Planning & Implementation Consulting Services" (as modified by Addendum Number 1 dated August 6, 2018, Addendum Number 2 dated August 8, 2018, and Addendum Number 3 dated September 11, 2018). It limited JEA's maximum indebtedness to $308,000.	0250

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10/01/2018	Melissa Dykes sent an email to Aaron Zahn identifying several “key points” to address at an October 1, 2018 meeting, including “[n]ext big milestone in strategic planning is the Innovation Summit on Friday – an opportunity to think bigger, strategically, imagine possibilities – whatever you want to say here.”	0251
10/05/2018	Innovation Summit. The Jacksonville Business Journal provided the following live coverage of the Summit: • Aaron Zahn’s opening statement: JEA interim CEO Aaron Zahn opened the summit by telling the audience, which includes many JEA employees, to rethink JEA's role as a utility. “Stop thinking about a utility company,” said Zahn. “That’s the JEA of the past.” The industry is changing too fast for JEA to keep its role as a centralized power supplier and transmitter, Zahn said. Instead, JEA can become “the center of the energy economy” in a world where Jacksonville's power grid includes widely distributed rooftop solar generation, microgrids and more. Zahn also touted JEA’s new-found ability to convert waste water into drinking water, the product of a recently completed development project. . . . “If we’re successful, then what we will create is a Jacksonville of the future that has all of the elements you’re going to learn about today," said Zahn. • Mayor Lenny Curry’s opening statement: Mayor Lenny Curry took the stage after Zahn and addressed the last year of JEA discussions in Jacksonville, discussions that were dominated by the question: Would Jacksonville be better served if JEA was sold to a private utility? “There have been tough conversations over the last year, and those conversations have created fear and uncertainty,” said Curry. “But all of those conversations were filtered to you through a media narrative that was not true.”	0252 0253 0254 0255

Curry then lauded the $290 million in debt the City has paid down in recent years, savings Curry said will allow the City to invest in infrastructure ideas of the future, like those that will be presented today.

- Nathaniel Calhoun's presentation entitled "Trends in Disruptive Technologies":

Disruptions are coming, and they're coming faster than ever - 8:30

Genetically building infertility into mosquitoes, robots building robots, genome mapping cheaper than water, 3D-printed homes that take a day to build and cost $1,000 – all these and more are on the horizon thanks to the rapid rate of change facilitated by modern computing power, according to Nathaniel Calhoun, chair of global grand changes at Singularity University.

The takeaway: Buckle up for change. It's accelerating.

- Glen Hiemstra's presentation about "The Future of Energy":

What will the energy of the future be? According to Glen Hiemstra, founder of Futurist.com, it will be a mixture of wind and solar generation. Why those? For Hiemstra, its a simple matter of dollars and cents.

Natural gas power generation, widely considered the cheapest form of generation, costs about six cents per kilowatt hour. However, utility scale solar and wind generation can generate power at close to two cents per kilowatt hour. The two energy sources have also seen massive increases in adoption – 6.5 times adoption growth in wind and 50 times adoption growth in solar over the last decade. . . .

- Sue Kelly, CEO of the American Public Power Association, encouraged JEA to take on three trends in the utility industry: Amazonification, connectivity and socialization.

Amazonification – Just as Amazon (Nasdaq: Amazon) transformed from a company that sells virtually anything, utilities need to become one-stop shops for energy, according to Kelly. They also need to adopt Amazon's hyper-focus on customers by thinking about new ways to serve emerging customer needs. Specifically, JEA can explore becoming a solar panel installer, make its grid work two-ways with smart meters and more. . . .

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- A panel of CEOs, including Melissa Dykes, discussed current trends in public power and energy markets:

> A panel of utility executives addressed a number of themes in the industry, including declining energy sales, greening energy supplies and the need to innovate quickly. The executives, including JEA President Melissa Dykes, expressed a focus on adding new services to stem revenue losses from declining energy sales.
>
> "We have to build a portfolio of complementary services to offset our declines in energy sales," said Dykes.
>
> In that effort, JEA has formed an innovation lab that has the freedom to "deploy quickly and fail fast," said Dykes. The lab is working in projects to use data analytics to conduct predictive maintenance that prevent power outages, use sound waves to detect small water leaks and other projects. . . .

The Jacksonville Business Journal also published an article summarizing one of the Summit's "takeaways" as:

> Utilities across the country have seen flat or declining electric sales since 2008. Now, the agencies - including JEA - or looking for new services they can provide to make up for lost revenue. For JEA, new services could include converting waste water into drinking water, becoming a residential solar panel installer and more.
>
> "Stop thinking about a utility company," said interim CEO Aaron Zahn. "That's the JEA of the past."
>
> The utility has formed an innovation lab to explore new services and technologies, like using sound waves to detect small water leaks and energy signatures to detect appliances that are about to fail, according to JEA President Melissa Dykes.

10/11/2018 Moody's issued a rating action stating: 0256

> Moody's Investors Service has downgraded JEA (FL) Electric Enterprise ratings, including the senior lien electric system revenue bonds to A2 from Aa2, subordinate lien electric system revenue bonds to A3 from Aa3, St. Johns River Power Park System (SJRPP) revenue bonds to A2from Aa2 and Bulk Power Supply System revenue bonds (Plant Scherer revenue bonds) to A2 from Aa2. Additionally, Moody's

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	downgraded the utility's underlying long-term rating for Variable Rate Electric System Revenue Bonds (Senior Lien) to A2 from Aa2 while affirming the associated short-term VMIG-1 rating for those bonds. Moody's also downgraded the utility's Variable Rate Electric System Revenue Bonds (Subordinate Lien) to A3/VMIG-2 from Aa3/VMIG-1.The outlook remains negative.	
10/11/2018	Ryan Wannemacher sent an email to Alan Howard regarding Moody's downgrade of JEA's bonds from Aa2 to A2 with a negative outlook. Wannemacher wrote, "Today, Moody's took rating action affecting all of JEA's bonds, in part, attributed to a lawsuit JEA recently filed with respect to its Power Purchase Agreement with MEAG Power for energy from Plant Vogtle. Moody's has taken this action in spite of the commitment to conservative financial management and financial excellence that JEA's Board and leadership have repeatedly demonstrated in the past and continue to demonstrate today."	0257
10/16/2018	JEA filed on EMMA responses to investors regarding Plant Vogtle, stating: JEA's financial condition continues to be one of the strongest in the industry. Since 2010, JEA has paid down over $2.5 billion of debt while investing nearly $2.4 billion in capital projects in our community. At the end of August 2018, JEA has cash and investments of nearly $1.4 billion, meaning that based on days cash metrics, JEA has enough cash in the electric system to operate for over 7 months without collecting any payments from customers and in the water and sewer system for over a year. Throughout the most recent fiscal year, JEA posted strong financial metrics, with ample revenues to satisfy all obligations with margin – in Fiscal Year 2017, JEA had net revenues available to cover debt service by 2.53 times on the electric system and 2.99 times on the water system.	0258
10/16/2018	JEA Board meeting. • At 01:29:00 in the video, Aaron Zahn provided a status update on the strategic planning process. He reported completion of JEA's "transition." Zahn also proposed "Guiding Principles" for JEA that built upon the strategic framework. However, Zahn did not discuss the contents of the document (p. 94) containing the Guiding Principles. That document contains numerous references to innovation, growth, adaptation, evolution, and new ideas. It also lists several "Points of Concern," including (i) "[t]ime to 'pivot' is critical for JEA in updating business strategy and plan" due to "[c]ompetitive and market pressures"; and (ii) "City Council engagement on future Charter changes necessary to migrate business" (p. 95). • At 01:32:13 in the video, Kerri Stewart and David Pickles of ICF gave a presentation entitled "Electrification: An Emerging Market." Electrification is the "shift from any non-electric source of energy to electricity at the point of final consumption." Stewart identified electric motor vehicles as an example of electrification that can increase JEA revenue while decreasing JEA system costs. Stewart reported that JEA was conducting a study with ICF to quantify the costs and	link 0259

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	risks of pursuing increased electrification. Pickles stated that implementing additional electrification could increase JEA's net revenue by $14.4 million. Pickles stated (at 01:51:07 in the video) that JEA is "leading" in electrification and credited that, at least in part, to the "flexibility" municipal utilities have. However, he noted that investor owned utilities are "very quickly" catching up. • At 02:03:40, Zahn stated that JEA is focused on a "result-based approach on driving value and profitability." To that end, Zahn asked Ryan Wannemacher to discuss a four-year "corporate efficiency and risk management plan." At 02:05:00, Wannemacher reported that a lender had increased its revolving credit to JEA by $200 million, "which demonstrates the confidence of a key lender . . . ." Wannemacher claimed that the "next natural step in increasing value is optimizing utilization of our assets and reducing our debt." Wannemacher claimed that the plan would pay off $600 million in debt in 2019 and over a billion dollars by 2022 with no base rate increases. The meeting package published on the JEA website does not include the presentation. At 02:12:45, Zahn stated that the plan reflects the "natural next step" for JEA and would help it move from "more of a government-run utility to more of a . . . profitability-driven utility." At 02:13:45, Chairperson Alan Howard suggested that the plan be put on the agenda for action by the Board at the November 2018 Board meeting.	
10/17/2018	JEA's Senior Leadership Team, directors, and managers (directly reporting to JEA directors) had an off-site meeting at the Adam Herbert Center at the University of North Florida from 9:00 a.m. to 12:00 p.m.	0260
10/17/2018	The SLT had an off-site meeting with Michael Munz at The Dalton Agency.	0261
10/17/2018	Joe Orfano sent an email to Elizabeth Columbo (Nixon Peabody) with the "CEO Report" presented to the JEA Board at its October 16, 2018 meeting.	0262
11/06/2018	Patricia Maillis sent an email to Scott Strackbine stating, "I will be meeting with Angie on Thursday to begin discussions regarding ideas around an updated incentive plan that is aligned to earnings and there has been some discussion about an exec plan, e.g., an LTIP."	0263
11/08/2018	Aaron Zahn authorized a JEA payment of $300,000 to Innovation Alliance of Florida, Inc. The description on the invoice states, "JAX Infrastructure Innovation Summit 2018 Presenting Sponsor . . . ."	0264
11/13/2018	Kay Fuhrman (Heidrick & Struggles) sent an email to Melissa Charleroy (Aaron Zahn's executive assistant) with the confidential candidate reports for the four JEA CEO candidates, including Zahn.	0265

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11/13/2018	Patricia Maillis sent Ryan Wannemacher an email stating: Thanks for taking the time Friday to discuss the various ways we can incent employees to support our new strategies. In order for HR to begin development of alternative reward strategies, we would need to consider a budget that might be in mind and the profitability metrics we might consider. If you can give me some insight into some draft options, I can include these into a model.	0266
11/16/2018	Ryan Wannemacher sent Jason Gredell (J.P. Morgan) a presentation on JEA's "financial strength" that projected JEA's electric system base revenue and unit sales remaining flat through FY2023. (p. 5).	0267
11/17/2018	Aaron Zahn modified a draft speech he intended to give to the JEA Board in support of his CEO candidacy. It states, "Privatization to focus" in connection with JEA's strategic framework and transition.	0268
11/19/2018	Aaron Zahn sent an email to Michael Munz (The Dalton Agency) identifying details about Zahn's experience and qualifications "ignored" by Heidrick & Struggles.	0269
11/21/2018	Alan Howard sent an email to Ben Becker (Action News Jax) to dispute claims "the search for a permanent Managing Director/CEO of JEA is somehow rigged in favor of Mr. Zahn": The Search Committee and Board of JEA have engaged in a transparent, open and deliberate search process. A complete timeline of our CEO Search process is attached. Any suggestion that there is a predetermined outcome is disrespectful to the Board members who have given countless hours over the last 7 months to this process. It is also disrespectful to the candidates who have interviewed in good faith. And it is disrespectful to Mr. Zahn in that it implies he could not be selected on the basis of his own qualifications. I personally spoke with Frankie McDermott, the finalist for the CEO position who withdrew his name from consideration this week. Mr. McDermott assured me that the sole reason for his withdrawal was family considerations. He and his wife have 3 children and 4 grandchildren that live within 3 miles of their home. While he initially discussed this with his family and believed they were comfortable with a	0270

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	move, as he became a finalist for the position, they had second thoughts. I take Mr. McDermott at his word. The assessments of the candidates submitted to the Search Committee and prepared by Heidrick & Struggles represent the subjective opinions of the team members at Heidrick & Struggles based solely upon a review of the candidates' resumes and their experience levels in various categories. They are not "scores" and they were not assessments by the Search Committee or Board of JEA. Members of the Search Committee based their determination of the finalists recommended to the Board on their individual assessments and personal interviews of the candidates, together with how the candidates could meet the needs of JEA. In keeping with their fiduciary duty as directors, I expect the members of the Board to evaluate the candidates based on their own assessments of the candidates' qualifications. We will not abdicate our responsibility as directors by accepting the assessments of the search firm and simply hiring the person they ranked as most experienced in several categories. Most experienced does not always translate as most qualified for a position.	
11/26/2018	Patricia Maillis sent an e-mail to Kim Evatt and Andrea Deeb at Willis Towers Watson stating, in pertinent part, (i) Maillis and Angelia Hiers are providing Aaron Zahn with "some analysis and recommendations" regarding long-term incentives; (ii) Maillis is proposing JEA modify the "STI TIO to align with the market"; (iii) Zahn "is seeking to put LTI in place"; and (iv) resources provided to Willis Towers Watson by JEA in 2017 indicated that only "Directors" (employees directly reporting to JEA's executives) would receive LTI. Maillis asked Evatt and Deeb to advise whether "this passes your sniff test." Maillis noted that LTI "is only used at about 25% of public sector companies."	0271
11/27/2018	JEA Board meeting. • The Board interviewed potential CEO candidates Cris Eugster, Pamela Hill, and Aaron Zahn. Beginning at 01:57:45, Aaron Zahn made his opening statement. He stated, among other things, that (i) he increased transparency at JEA, (ii) "the era of our future is much different than the era of our past" (e.g., half the energy installed was renewable and modular); (iii) the "inevitability" of JEA's "infrastructure transitioning"; (iv) he would "continue to drive alignment on a pervasive commitment to value and profitability" by using the strategic framework as a barometer; and (v) implementing a technology and communications architecture that will "support and accelerate customer choice . . . ." The JEA Board selected Aaron Zahn as JEA's permanent CEO. • The Board meeting materials contained a handout regarding JEA's "Pay for Performance Program." It noted that "On December 12, 2017, the JEA Board of Directors approved a resolution that affirmed the Chief Executive Officer's authority to establish total compensation for JEA, in accordance with JEA Board Policy 2.7.3, including a performance pay	link 0272 0273 0274

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	program." It was designed to, among other things, "incent employees to achieve and exceed established goals . . . ." The actual payout to JEA employees under the plan would be $3,680,001.32 as of October 1, 2018.	
11/27/2018	Andrea Deeb of Willis Towers Watson responded to Patricia Maillis's November 26, 2018 e-mail stating, in pertinent part, [I]f I understand you correctly, you are looking at 'swapping' out some STI value for a longer-term LTI opportunity. If that's the case, the idea makes sense. If you are looking at adding LTI on to a competitive STI opportunity, then you are likely going to be positioning your total compensation well above the market for comparable roles. That might compare favorably to general industry, but it likely will be well above competitive practices for the public sector, and therefore create potential external and internal negative perceptions.	0275
11/27/2018	Patricia Maillis responded to Andrea Deeb of Willis Towers Watson as follows: We were looking at providing LTI in addition to STI and agree that this would position JEA well above the public sector markets, but not the private sector counterparts. If the leadership team wishes to pursue this, would or does WTW assist with the design of LTI plans of is there some benchmark analysis that I may obtain or purchase for our industry?	0276
11/27/2018	The City Council enacted Ordinance 2018-142-E, which required any JEA privatization to pass a voter referendum.	0277
11/29/2018	Email exchange among Angie Hiers, Melissa Dykes, and Ryan Wannemacher with a "Pay for Performance Plan_Summary" attached, which states: • "LTI is not typically a component of compensation below senior leadership level and therefore it is not recommended that this form of compensation go below Director level." • "Based on these targets an LTI plan comprised of annual pool based on 1.7% of the city contribution and 4% of the EBITDA above forecast (requires $50 million increase in annual EBITDA relative to forecast to achieve target) would be consistent with these targets." • JEA's 74 highest-paid employees would receive long-term incentives ranging from 20% of base salary (Director Grade "J") to 240% of base salary (Chief Executive Officer).	0278

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11/29/2018	Heidrick & Struggles notes from interviewing the CEO candidates' references. They state (select quotes): - Aaron left and the company was in a stage at which the board wanted to make a change. The details are protected by NDA. Aaron wasn't fired….but it was mutually understood it was time for him to leave. CEO and CFO (Aaron's father Fred) left within 30 days so the company needed to be rebuilt. It was time for a new direction for the company. - If you want to specifically discuss Aaron Zahn, former CEO of BCR, I won't be of any use to you. The company and its directors and officers have a Separation Agreement which absolutely limits our ability to discuss his performance in BCR - and this is our only point of reference on him. - I'm not in a position that I can provide this information. - Unbridled smarts can work well in financial services, but I have a question as to whether it is right for the utility. - He is good in front of a camera…good looking….he is set up for politics. My sense is he is a good guy, likable, very smart guy; he is a good salesman, but he doesn't understand the technology. - He has weaknesses. I understand that the board promoted the CFO to President when they brought Aaron in as Interim CEO, if that person can work with Aaron then that's a potential answer. Without that…it won't work.	0279
11/29/2018	Leslie Skipper (Wells Fargo) sent an email to Joe Orfano entitled, "Today's Meeting[,]" which identified one of "Aaron's top priorities over the next one to three years" as "Privatization[.]"	0280 0281
11/30/2018	Public Utility Research Center published a report entitled "Valuing Municipal Utilities – The Case of the Potential Sale of JEA in Jacksonville." Its conclusions included (i) JEA's electric system had a value of approximately $4.5 billion and (ii) JEA's water system had a value ranging from $0.3 billion to $2.616 billion.	0282
12/03/2018	Email from Aaron Zahn to Anton Derkach (McKinsey) regarding a JEA management presentation entitled, "A Utility of the Future[.]" The presentation includes five "focus areas of JEA necessary for future success[,]" including "[a]ligned to pervasive commitment to profitability and value[.]"	0283
12/03/2018	Michael Brost sent a meeting invite to Melissa Dykes, Ryan Wannemacher, Paul Steinbrecher, Kevin Holbrooks, Mary Moran, and Steven McInall regarding an IRP draft review.	0284

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12/03/2018	JEA's independent auditor, Ernst & Young LLP, issued a report summarizing JEA's audited financial statements. Ernst & Young compared the 2017 and 2018 operating revenues for JEA's electric system as follows: Total operating revenues decreased approximately $62 million (4.4%) compared to fiscal year 2017. Electric revenues decreased $114 million and other operating revenues increased by $52 million. The $114 million decrease in electric revenues was due to a $97 million decrease in sales to FPL as a result of the shutdown of SJRPP in January 2018, and a $40 million decrease in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. The decrease was partially offset by $23 million increase in territorial sales. Territorial MWh sales were up 314,205 megawatt hours (MWh) (2.6%), resulting in a 1.0% increase in average MWhs per customer, driven by a 13.9% increase in degree days. SJRPP Sales to FPL decreased by 1,360,616 MWh and off-system sales decreased by 115,206 MWh, which brought the change to a net decrease in MWh sales of 1,161,617 MWh (8.4%). The increase in other operating revenues was driven by the FPL shutdown payment. See note 3, St. Johns River Power Park Decommissioning, for further details. (p. 7).	0285
12/06/2018	JEA's SLT had a "kick-off" meeting with McKinsey. Following the meeting, Anton Derkach (McKinsey) proposed a timeline for McKinsey work, including (i) "gather requested benchmarking data from JEA" (week of December 10, 2018), (ii) "McKinsey to send a detailed workplan" (December 17, 2018), (iii) "go over the financial model baseline and assumptions" (week of December 17, 2018), and (iv) "[p]lanned start date with McKinsey team in Jacksonville" (January 7, 2018).	0286
12/06/2018	Aaron Zahn sent Michael Munz (The Dalton Agency) and Gerri Boyce an email with a draft op-ed attached. It stated, "JEA leadership began implementing a transition towards an operating model that will have a pervasive commitment to driving value for Jacksonville." It also said, "As our customers demand services that are more economically and environmentally sustainable that demand is being met by non-traditional providers. JEA will need to adapt our infrastructure and business model to remain your trusted energy and water partner."	0287
12/09/2018	The Times-Union published an op-ed by Aaron Zahn in which he outlined "plans to drive value for Jacksonville[.]" Zahn wrote: Our vision for the future is to improve lives by accelerating innovation which includes technology, methods of customer engagement, community development and stewardship of natural resources. . . .	0288

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	JEA's leadership began implementing a transition by meeting with our stakeholders to ensure our operations and long-term focus aligns with the community's desire for value. We implemented results-based performance management and a pervasive commitment to driving value to better align our actions with our stakeholder' expectations. Insights from our listening tours drove the development of a strategic framework to measure JEA's progress. Our board unanimously approved the framework in August. We will measure success in four key areas: customer, financial, environmental and community impact value. The fundamental goal of the JEA is to maximize each area of value both now and in the future by driving results. Every month, we publish our results in publicly available board books. Zahn concluded the op-ed by stating, "JEA will need to adapt our infrastructure and business model to remain your trusted energy and water partner. We plan to strengthen our core businesses rather than diversify. . . . The future of JEA looks bright if we work together."	
12/11/2018	JEA Board meeting. • At 00:42:05 in the video, Wannemacher discussed "modified" version of the "Strategic & Timely Asset Realignment (STAR) Plan[.]" Wannemacher projected that the plan would repay nearly $1 billion in debt and invest nearly $1.9 billion in infrastructure. Zahn also stated that the plan would "well position" JEA for a "strategic pivot." Chairperson Alan Howard asked questions posed to him by members of the community, including "Where'd you get all this money?" Wannemacher responded by saying that JEA is implementing the STAR Plan to keep rates low. The Board approved the STAR Plan and the delegation of authority to the CEO (Zahn) to "implement" the STAR Plan "for defeasances in 2019." • At 01:24:00 in the video, discussed creating a formal delegation of authority policy. Zahn indicated that he and Jody Brooks would create a "governance guideline" to provide to the Board for input at the January 2019 Board meeting. It would effectively aggregate and simplify the numerous structural documents governing JEA's operations. Zahn indicated that the purpose would be to "establish a Board-Management Delegation Policy that would specify how JEA's enumerated Chartered powers are delegated."	link 0289

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	• At 01:28:53 in the video, Zahn discussed the “Guiding Principles” that were “intended to be a starting point for the Strategic Planning process” approved by the Board at the August 2018 meeting. According to Zahn’s handout, the goals included (i) “creat[ing] a ‘framework’ of understanding and measuring device for alignment of JEA’s Board, JEA’s management, City Council, Mayor and other key stakeholders”; and (ii) “establish[ing] a basis and foundation for a forward looking strategic planning process.” The handout also identified a core competency of JEA as “innovate and evolve to match our customer’s needs with market trends.” It also noted that “[o]ur business must grow. Now more than ever we need to be flexible and adapt to the changing utility industry and our customers’ changing needs and expectations.” Zahn would seek final approval in January 2019.	
12/17/2018	Victor Blackshear sent an email to Aaron Bielenberg (McKinsey) with JEA’s draft status quo case presentation (“The case for innovation and change”).	0290
12/17/2018	Victor Blackshear sent an email to Aaron Bielenberg (McKinsey) with JEA’s electric system sales forecasts from the ten-year site plan and integrated resource plan.	0291 0291a
12/17/2018	JEA and McKinsey representatives, including Sarah Brody, had a meeting. Anton Derkach (McKinsey) sent an email to Aaron Zahn, Melissa Dykes, and Ryan Wannemacher stating, “We would like to follow up on our conversation and share with you a draft of a more detailed workplan combining all Phases of the strategic planning effort (including organizational culture baselining). . . . In the meantime, we will continue to . . . get ready to launch organizational culture baselining effort.” Derkach attached a draft presentation to his email entitled “Building a strategic framework for JEA: Workplan” dated December 17, 2017. It states: • Phase 0: consisting of several steps: (i) “[a]lign on base case financial forecast” with a deliverable of “[f]ully vetted financial forecasts for base case / business as usual and extreme but plausible alternative theories”; (ii) “[d]evelop alternative scenarios” to “determine how technology penetration, regulatory outcomes, and customer behavior will impact JEA over 2030 timeframe”; (iii) “[f]inalize workplan for strategic planning process”; and (iv) prepare for organizational health diagnostic[.]” o Step 1 included JEA and McKinsey working to “[p]ressure test and validate JEA forecast with internal model • Phase 1: “set ambition and aspiration[,]” including “[r]efine modeling of base case and alternative scenarios using JEA and internal modeling tools to include future performance against metrics[.]” • Phase 2: “develop strategic portfolio of initiatives[.]” • Phase 3: “finalize executable plan[.]” • Aaron Bielenberg remains on JEA’s project leadership team.	0292

Date	Event	Doc. No.
12/18/2018	Email from Sarah Brody (McKinsey) to Aaron Bielienberg (McKinsey), Victor Blackshear, Scott Schlossman, Eric Davis, and Jesse Noffsinger. Brody wrote: Victor and team, Great to meet you all yesterday. Following up on Aaron's note below, we have a few questions to help us tailor the forecasting work we do to your existing demand forecast and service territory. Feel free to respond via email or we can set up a quick call: + Customer growth: can you outline the sources used to forecast base customer growth (1,281K MWh by 2030) and the assumptions used to forecast based on population and economic growth? Specifically, is customer growth linear with population and based on historical correlations, or do economic drivers factor into the forecast as well? + Off-road electrification and energy efficiency programs: our understanding is that these demand drivers are based on JEA-specific programs currently in place. Can you let us know if this is correct and if so, provide any available details on the programs that drive these forecasts (I looked through the site plan but only saw a DSM forecast that looked to be fairly constant) + Codes and standards: Is this demand driver based on specific new building codes coming online, or a general assumption for energy efficiency driven by stricter building standards? + Customer demographics: Could provide any information on the breakdown of JEA's C&I customer base, e.g. industry sectors, size of customer? As Aaron mentioned, in our discussion on Friday we'll provide our perspective on drivers of a base case demand forecast for JEA. We can also discuss how we might think about modeling financial impacts.	0293
12/20/2018	Sarah Brody (McKinsey) sent an invite to Victor Blackshear (JEA), Aaron Bielenberg (McKinsey), July Crawford (JEA), and Mike Barg (McKinsey) regarding a "[f]ollow-up on demand forecast discussion[.]" • Page 2 identified the team's goals, including (i) "[a]lign on path to finalizing base case demand forecast"; and (ii) "[a]lign on approach to modeling the financial implications of the base case demand forecast and scenarios[.]"	0294

Date	Event	Doc. No.

	• Page 4 of the presentation summarized differences between JEA's status quo analysis and McKinsey's "PowerIQ" demand forecast (in millions of MWh):
	  ○ JEA estimated its electric sales would *decrease* from 12.3 to 10.9 between 2018 and 2030; McKinsey estimated JEA's electric sales would *increase* from 12.3 to 12.8. The factors contributing to that conclusion include:
	    ▪ McKinsey estimated a higher customer growth impact than JEA: 2.9 versus 1.3.
	    ▪ McKinsey estimated a lower rooftop solar impact than JEA: 0.2 versus 2.3.
	• McKinsey predicted "15% higher sales by 2030 than JEA base case given lower DG [distributed generation] losses[.]"
	• McKinsey also stated, "adoption rates are ~2% of customers/year, providing confidence to lower JEA adoption forecast." (p. 8).
	• Pages 11 and 12 outlined McKinsey's approach to financial modeling, Total Earnings Trajectory for new Regulatory and Investment Scenarios ("TETRIS"):
	  ○ Page 11 states, "TETRIS is a financial tool that can create the fact base utilities need to assess potential strategic responses[.]" It goes on to describe TETRIS as "[a] flexible model that allows for a wide range of assumptions testing."
	  ○ Page 12 describes how TETRIS takes information from five inputs, including the PowerIQ demand forecast, to "quantify the impact of disruptive trends on the electric power industry[.]"	

12/21/2018	Email from David Goldberg to July Crawford and Gerri Boyce stating, "We need to use the status quo as only a set up for all the great things we want to do with our future."	0295
12/21/2018	A presentation entitled "Brave Campaign" discussed "Building Responsibility Around Value and Earnings[.]" It stated: • "Evangelism: Putting a Value & Earnings focus in motion" (p. 1); • "Contributors: Aaron Zahn, Team BRAVE, Brand" (p. 2); and • "Purpose: Introduction to JEA's cultural paradigm shift focused on Value and Earnings" (p. 2).	0296

12/27/2018	Angelia Hiers sent an email to Patricia Maillis stating, "The latest version to send to Andrea [Deeb]." Its attachment states (select bullet points):
	  • The proposed Target Incentive Opportunity (TIO) reflects cash incentive and total cash compensation amounts at market 50th percentile for the utility industry (IOU and public).
	  • Long-Term Incentives (LTI) are typically a component of total compensation designed to align employees who have the greatest influence on the 3-5 year strategic goals of the company. LTI is most typically used in Investor Owned Utilities (IOUs) and publicly traded companies. About 25% of
		0297

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	government, public sector and non-profits use LTIs. The most prevalent population to receive LTI are the CEO, C-suite executives, and Director level (direct reports to executives). The prevalence dramatically declines at management/supervisory levels and is typically not used at all for individual contributors and line employees. LTI can have cliff or prorated vesting typically over a period of 3-5 years. Payout is commensurate with risk. Target Incentive is a percentage of the individual's base salary. • For all employees not eligible for LTI, institute a spot award program for bright ideas and Nike day initiatives in the amount $1,000 - $5,000 (p. 1). The attachment further states, "Companies that do not have shares of stock, will typically develop a LTI plan that based on Cash or Performance Units (grant of dollar-dominated units with value that is contingent on performance against multi-year timeframes)." (p. 2). The proposed LTI would give JEA's CEO 240% of salary. (p. 3).	
12/27/2018	Angie Hiers sent La'Trece Bartley an email stating, "This is the first document. Jodi will be discussing Aaron's contract. My name should be removed. For some reason, I'm not suppose to handle the CEO contract." • The attached document (entitled "FY19 Pay for Performance Plan – Corporate Performance w/ Apptd Individual Performance Model") describes the framework for a proposed long-term incentive plan at JEA.	0298
12/27/2018	Patricia Maillis sent an e-mail to Andrea Deeb of Willis Towers Watson asking Deeb to review a document entitled "JEA Incentive Plan Review Project Outline." Willis Towers Watson prepared the document for JEA in 2017. Maillis also wrote, "As you are aware, JEA competes in the private sector for talent and from the study performed in 2017, it was identified that variable, total cash, and total compensation were lagging." • The referenced incentive plan review indicates that Willis Towers Watson audited compensation benchmark analyses for both executive and non-executive positions with the end-goal of presenting a report to JEA's Compensation Committee regarding short-term and long-term incentive ("LTI") plans.	0299
12/28/2018	David Goldberg (JEA) sent an email to Aaron Zahn (Kerri Stewart cc'd) with a version of the Total Market Compensation Strategy presentation attached. The presentation compares JEA's total compensation (base salary, short-term incentive, and long-term incentive) to public and private entities: "JEA's total compensation is in line with the average of IOU, Public and local industry however the structure does not reward value creation[.]" (p. 8 of 12). The presentation further argues that JEA must "Establish a Formal Compensation Policy to Align with Corporate Measures and Market Compensation[.]" (p. 10 of 12).	0300

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01/01/2019	Sarah Brody (McKinsey) sent Victor Blackshear an updated version of the "JEA demand forecasting: follow-up discussion" presentation with PowerIQ and TETRIS analyses.	0301
01/02/2019	Andrea Deeb sent an email to Pat Maillis regarding the JEA's long-term incentive plan. It states, "As we discussed this a.m., there is not much precedent for LTI plans in public power organizations, but David has some experience with them and is most qualified to lead this work."	0302
01/02/2019	La'Trece Bartley sent an email to Alan Howard to schedule a dinner reservation with Melissa Dykes and Julio Romero Aguero on January 5, 2019.	0303
01/03/2019	Aaron Zahn sent an email to David Goldberg (JEA) with a total compensation presentation attached. The presentation compares JEA's total compensation (base salary, short-term incentive, and long-term incentive) to public and private entities: "JEA's total compensation structure does not reward value creation[.]" (p. 10). It also alleged JEA lost an average of $130 million in free cash flow between 2007 and 2017. (p. 13). The supporting graph included JEA's 2017 ten-year site plan projection of increased JEA sales. (p. 13). Moreover, it alleged the "Board and Aaron wants CEO Compensation to be aligned with[,]" among other things, JEA's total compensation philosophy. (p. 20). "Therefore… need Board to agree on TC Philosophy and Baseline before negotiating CEO contract[.]" (p. 20).	0304 0305 0306
01/04/2019	Matt Dunn (McKinsey) sent an email to, among others, Melissa Dykes, Angelia Hiers, Ryan Wannemacher stating, "Hello all! Looking forward to speaking in a moment. Attached is a first pass as an OHI kick-off document we can use for our conversation. Looking forward to speaking in a moment!"	0307
01/07/2019	Patricia Maillis forwarded an e-mail from Angelia Hiers to Andrea Deeb and David Wathen of Willis Towers Watson with subject line stating "FW: SUPER URGENT." Hiers's e-mail asked Willis Towers to, "by the beginning of workday tomorrow, provide a short scenario (SCOPE) of the possible engagement with us. . . . In other words, what they will do for us. . . . [a]s we start the project. We need to give this to our Compensation Chair tomorrow." Hiers further specified Willis Towers Watson's work as follows: 1. Towers will assist with the design of a STI and Long Term Incentive structure that will incent employees to perform their best work in accordance with our culture values and guiding principles. 2. The incentive plan will be connected to metrics as set forth by the company's strategic plan.	0308
01/07/2019	Ryan Wannemacher sent Scott Strackbine (Aaron Zahn, Angelia Hiers, and Patricia Maillis cc'd) stating, "Per our conversation, I modified the spreadsheet a little to reflect market 50th across the board. Please review the calculations and	0309 0309a

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	call me if you have any comments." The attached "Budget Analysis" estimates a long-term incentive plan cost of $5.463.327 for both "meets" and "exceeds." It also shows LTI payouts as a percentage of base salary that increases with position ranking, with JEA directors and CEOs making 20% and 240% of their base salaries, respectively.	
01/08/2019	Mike Barg (JEA) sent an email to Juli Crawford, Victor Blackshear, and Sarah Brody (McKinsey) with "updated annual inputs for the demand forecast attached). The attachment contains forecasts for the impacts of solar, electric vehicles, energy efficiency, distributed generation, and other factors impacting JEA's electric sales.	0310
01/08/2019	Sarah Brody (McKinsey) sent an email to Ryan Wannemacher with an attached draft work plan entitled "Building a strategic framework for JEA[.]" It states: • "Objective of the effort: Develop a 10 year strategy for JEA that drives an increase in the value of JEA now and in the future." (p. 1). • "Phase 5 (Oct 19 – Jan 19) Align JEA Stakeholders & Charter with long-term plan to maximize value . . . ." (p. 2). • "Phase 1 will assess both JEA performance and health to set aspirations for strategy effort[.]" (p. 3). • "We will assess JEA's baseline health and culture using the Organizational Health Index (OHI)[.]" (p. 4). • "What to expect at the end of the effort . . . . Fully vetted financial forecasts for status quo scenario and alignment around implication and case for change . . . . Specific, measurable, achievable targets for JEA performance and health aligned against JEA's existing strategic framework . . . ." (p. 6).	0311
01/10/2019	Draft presentation entitled "Status Quo Baseline: The first step in the process[.]" The presentation asked, "What does the future look like if JEA doesn't change?" (p. 3). A note stated the "[o]verall theme" of the presentation "needs to be similar to a pitch book[.]" (p. 1). The executive summary states, "Looking forward to 2030, strong economic growth will not offset accelerated distributed generation and energy efficiency, leading to decreased load (7% reduction 2018-30), declining income, and a net loss after city contributions[.]" (p. 5). The presentation included a slide omits JEA's FY2018 data and the 2017 ten-year site plan. (p. 13). The assumptions in the presentation included (i) 9% of JEA's residential customers adopting solar and battery storage by 2030, offsetting 700MWh of energy sales; and (ii) energy efficiency technologies causing a 22% reduction in residential sales per capita by 2030. (p. 14). The presentation "shows a potential 7% drop in sales relative to 2018" as a result of rooftop solar and energy efficiency. (p. 15).	0312
01/11/2019	JEA approved a change order that increased McKinsey's "not-to-exceed" amount to $433,000.00.	0313

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01/11/2019	A document entitled, "Call to Action –Aaron Zahn" stating:	0314

The utility industry is moving into a new era. Whether we refer to it as Utility 2.0 or Utility 3.0, the 130 year old U.S. utility industry is trekking towards a new epoch. In times past, all utilities were large and centralized. They were rewarded with public monopolies and guaranteed rates of return. Fast forward to today and we are seeing a significant shift in the source and scale of the electricity system. The scale of electricity generation is rapidly shrinking, electricity demand has leveled off, and batteries and electric vehicles provide new tools for distributed energy storage. As technology continues to advance, the industry (as it stands today) will only face more challenges. It is time we adapt and evolve our business system, embracing and advancing the Utility 2.0/3.0 concepts. We must transition into a utility company that not only accommodates distributed clean power generation, but thrives alongside it. We need to embrace new energy storage and management techniques, developing them in a way that provides economic, customer, community, and environmental value. Change is hard and many utilities are fighting this transition, clinging to the concepts and the grid that has kept them in business for decades. We must be (BRAVE) and take the necessary steps towards a new business model that will allow us to take advantage of the change in scale and technology of the utility industry.

One of the first steps for us to move towards becoming a Utility 2.0/3.0 company, is to shift our focus to profitability. Traditionally, the Utility Industry (with an emphasis on Municipals) has been uncomfortable with the concept of profitability, JEA is no different. Yes, we are a non-profit organization, and that means our focus is not to maximize shareholder value, but instead our responsibility is to be good stewards of resources, talents and opportunities. To me, part of that responsibility hinges on being able to increase our earning potential. Increased earnings, positions us to not only survive, but to thrive with the added ability to innovate. Innovation enables JEA to provide more quality services. More quality services add value to the environment, our customer and our community.

To be successful in shifting to this new way of thinking, we must ensure that we all have the proper tools and understanding. At the beginning of this message "I told you that I was going to ask you to BE BRAVE." B.R.A.V.E. stands for Building Responsibility Around Value and Earnings. Over the remainder of the year we will embark upon a campaign… "The B.R.A.V.E. Campaign, where we will gain a better understanding of:

- Value and Earnings

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	• How each of us can contribute to achieving our mission and goals • How to integrate existing initiatives • How to navigate the road to innovation To continue our legacy of being leaders in the industry we must seize the moment and embrace the possibilities! This is an official "Call to Action!" BE BRAVE!!!	
01/13/2019 [mislabeled 01/2018]	Redlined version of the Total Market Compensation Strategy presentation (discussed below in connection with the JEA Compensation Committee meeting on January 15, 2019).	0315
01/14/2019	Juli Crawford sent an email to Ryan Wannemacher and Aaron Zahn with a revised version of the presentation entitled "Status Quo Baseline: The first step in the process." It differs in several respects from the version of the presentation dated January 10, 2019. As an example, page 18 summarizes the impacts of technology disruption on JEA's electric sales. It concludes, "Energy sales outlook by 2030 shows a potential 4% [instead of 7%] drop in sales relative to 2018[.]" (p. 18).	0316
01/15/2019	Aaron Zahn and G. Alan Howard exchanged emails regarding amendments to the Board Policy Manual needed to revise JEA's total compensation plan.	0317
01/15/2019	Compensation Committee meeting where Aaron Zahn presented a "Total Market Compensation Strategy" report for information only. The report states that JEA's Board "wants all employee compensation to be aligned with: 1) Total Compensation Philosophy; and 2) driving Results v. Baseline[.]" (p. 4). The report further states that "[e]mployee behavior is key to maximizing" JEA's "value" as measured by the four Corporate Measures—i.e., (i) customer value: what a customer expects to get in exchange for the price paid, (ii) financial value: JEA's monetary value and risk profile as it relates to the City, (iii) community impact value, and (iv) environmental value. (p. 9). In a section entitled, "why focus and compensation matters," the report suggests that JEA's "Annual Growth Rate" decreased an average of $130 per year (p. 14) because "JEA's total compensation structure does not reward value creation" (p. 13). The report defines "total compensation" to include (i) base salary, (ii) short-term incentive pay, and (iii) long-term incentive pay. (p. 13). JEA did not have a long-term incentive program (13), so the report recommended amending JEA Board Policy 2.7 (p. 15). The initial version of Policy 2.7 required the CEO to promote policies to achieve market (50^{th} percentile) "salary/wages" in the JEA's "geographic area." (p. 15). Revised Policy 2.7, however, required the CEO to promote policies to achieve market (50^{th} percentile) "total compensation" in JEA's "industry and geographic area." (p. 15). These changes would purportedly "elevate the entire [JEA] team." (p. 11).	0318 0319 0320

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01/15/2019	Angelia Hiers sent Herschel Vinyard an email with an attached job offer.	0321
01/15/2019	Melissa Dykes sent an email to the entire SLT in which she supported Zahn's plan to align the organization financial incentives to JEA's four corporate measures of value: Customer, Financial, Community Impact and Environmental. She noted that Zahn's employment "contract was temporarily extended so that he can lead in the most powerful way: by making his own contract and compensation reflect the exact same incentive program that all employees will participate in."	0322
01/16/2019	Aaron Zahn sent an email to the SLT and JEA Board members identifying the "Big Ideas of 2019[,]" including: (i) "[d]efine our 'Status Quo Baseline' case if we do nothing"; (ii) "[d]etermine the rationale for change – is 'Status Quo Baseline' acceptable"; and (iii) "[c]reate strategic plan to determine incremental and fundamental shifts necessary to alter baseline case from 'Status Quo Baseline' to 'Desired Future Baseline[.]'"	0323
01/16/2019	Sarah Brody (McKinsey) sent an invitation to members of JEA's SLT, including Caren Anders, Ted Hobson, and Ryan Wannemacher, entitled "JEA status quo – energy sales working session" at which two issues would be discussed: (i) "DG (solar and non-solar) assumptions discussion" and (ii) "EE assumptions discussion[.]"	0324
01/21/2019	Kerri Stewart emailed the "Total Compensation Talking Points" to Aaron Zahn, David Goldberg, and Melissa Dykes. Stewart also provided the SLT with copies of this document.	0325
01/22/2019	JEA Board meeting. • At 00:24:35 in the video, Aaron Zahn and Anton Derkach of McKinsey & Co. gave a presentation on the next steps of JEA's ten-year strategic planning. Derkach identified the objective of the strategic planning process as "driv[ing] an increase in the value of JEA now and in the future." He also summarized "significant trends" in the utility sector, including (i) "[e]merging operational technologies" and increasing "[c]ustomer awareness of emerging technologies[.]" Derkach's presentation (at p. 1) warned that JEA needed to (i) position itself "to succeed in the face of tends that challenge the traditional utility model" and (ii) "[d]rive growth in its core business." Accordingly, the plan was designed to be "responsive to trends." (Presentation at p. 2). • At 00:30:00 in the video, Zahn stated that the "next major step" was to "define what does status quo look like—i.e., what happens if we do nothing" over the next ten years. Zahn referred to the status quo option as a "baseline" or "starting point for determining initiatives of growth going forward." Derkach reported that McKinsey was in the process of developing "status quo/business as usual" analysis "to show impact on JEA performance of external trends." Presentation at p. 4. Zahn described the goal of the status quo assessment as: "How do we go from that baseline to something that we want it to be."	link 0326 0327

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	• At 00:35:35 in the video, Jody Brooks gave a presentation on the proposed Delegation of Authority Policy, an effort to "capture all of the historic delegations over time." She attached a draft of the policy, but described it as a "work in progress." Footnote 5 on the last page of the presentation states that the compensation for JEA's CEO and members of the senior leadership team "[n]eeds to be confirmed and consistent with overall compensation strategy." • At 01:10:15 in the video, Zahn discussed the Total Compensation Philosophy. Zahn identified its purpose as ensuring that (i) "all employee compensation" aligned with the Total Compensation Philosophy and (ii) driving results. Zahn hoped to determine a baseline compensation by April 2019. Zahn also claimed current employee compensation does not reward value creation. Zahn recommended revising Policy 2.7 of the JEA Board Policy Manual to align employee compensation with JEA's guiding principles. The initial version of Policy 2.7 required JEA's CEO to promote policies to achieve market (50th percentile) "salary/wages" in the JEA's "geographic area." Zahn's proposed revisions to Policy 2.7, however, required the CEO to promote policies to achieve market (50th percentile) "total compensation" in JEA's "industry and geographic area." The revised policy defined "total compensation" to include "Base Salary, Short Term Incentives and Long Term Incentives." The Board voted unanimously to adopt the revised Policy 2.7. • At 01:23:39 in the video, Board Member Camille Johnson made a motion to extend Zahn's interim CEO employment agreement to the end of July 2019 while Willis Towers Watson gave feedback on JEA's compensation program. • Board Member Husein Cumber resigned from the JEA Board.	
01/25/2019	Sarah Brody (McKinsey) sent an invitation to Aaron Zahn, Anton Derkach (McKinsey), Scott Perl (McKinsey), and others regarding "[s]tatus quo presentation and financial models[.]"	0328
01/25/2019	Cheryl Mock, Ted Hobson's executive assistant, sent an email to Walette Stanford, Brandon Edwards, Paul McFadden, Daniel Mishra, John Babik, and Steven Tuten with several attachments, including the January 2019 "Total Market Compensation Strategy" presentation, together with two documents containing "talking points" for the presentation.	0329
01/30/2019	Willis Towers Watson sent a statement of work to Angelia Hiers for (i) the review of JEA's short-term incentive plan and (ii) design of a long-term incentive plan. Willis Towers Watson proposed analyzing "the most recent compensation benchmarking analyses JEA has completed covering executive and non-executive positions."	0330
01/30/2019	In response to an email from Patricia Maillis requesting a status update, Andrea Deeb of Willis Towers Watson wrote: We are making progress. We are reviewing the data you provided and working on the LTI design market analysis. We have several initial questions about the data you provided so far:	0331

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	- Can you provide us the current compensation philosophy? I know that on our calls we discussed a market median philosophy based on a public power and investor owned utility market for talent, but we wondered if that applied across all positons or did you target some positions against general industry (i.e., functional roles like Finance, HR, IT, etc.)? - You provided the market data and various survey sources you use for pay benchmarking, but I was not able to find the aggregate market rates you are using for comparing your non-executive positions pay to market. Did I miss that in the info you sent? - The summaries that compare your executives current pay to market rates are well laid out, but we cannot determine how the market rates are derived. Can you share the methodology you use to develop the market rates? For example, we could not reconcile the market rates at the top of the CEO summary page with the numbers you showed for the various surveys at the bottom of the page.	
02/04/2019	Mary Moran (JEA) sent an email to Bradley Kushner (nFront Consulting) stating, "As of today we really need to see the basecase load data used in the IRP for comparison to what we are using. We are certain what was provided. Just don't want to release anything that contradicts the IRP. We have a few people waiting to hear from us." Kushner responded, "Please see attached and let me know of anything that looks to be inconsistent, or if everything looks OK." The attached spreadsheet showed the total load for JEA's electric system increasing from 2018 through 2050 in five of the six assessed scenarios.	0332 0332a
02/06/2019	Angelia Hiers sent an email to Herschel Vinyard stating: Attached is a copy of a market pricing sheet that is a part of an overall market study for our organization. This sheet depicts the 50% percentile philosophy that was approved by our board and is used at JEA. We also consider internal equity as a component of our structure/plan. As mentioned during our earlier conversation, our new incentive plan is still under design. We are confident that this plan will be approved and implemented based on conversation thus far. The "Executive Market Analysis Worksheet" attached to the email estimates the 50% market for a long-term incentive to be worth $421,158.00.	0333

Date	Event	Doc. No.
02/07/2019	Angelia Hiers sent an email to Herschel Vinyard stating, "As always, I certainly enjoyed our conversation and look forward to working with you. Attached is the offer letter that has the start date indicated as tentative. Once you get this signed and sent back to me, we will start the final processes." The attached job offer is dated January 15, 2019.	0334
02/08/2019	Mike Barg (McKinsey) sent an email to Scott Schlossman (JEA) regarding status quo financial model outputs that Barg "updated[.]" The model showed JEA's electric system sales decreasing from 12,364 MWh in 2018 to 11,719 MWh in 2030.	0335 0335a 0335b
02/12/2019	Andrea Deeb of Willis Towers Watson sent an email to Patricia Maillis stating: As a follow-up to our call, I am confirming the competitive market analysis you would like for us to complete as part of understanding current competitiveness for the JEA population. • For the CEO position, we will conduct a total direct compensation analysis, including base, total cash and total direct compensation. This analysis will be consistent with the methodology we used in 2017 by creating custom data cuts reflective of comparable sized investor-owned and public power utilities. • For the 13 other Chief positions, we will review your benchmark market matches, as well as your competitive market data to independently confirm that we agree with your matches and the approach you have taken to aggregate the market references. • For the rest of the Appointed population (approximately 260 jobs), we will rely on your aggregated market data as a valid reflection of external market practices (i.e., we are not auditing or updating your information).	0336
02/13/2019	David Wathen of Willis Towers Watson sent an email to Patricia Maillis stating: Given the additional analysis requested yesterday (CEO pricing, review appointed and non-appointed roles), we are going to need more time to complete the review of the market data and in turn develop competitive LTI values that go with the LTI design options. Can we target the middle of March for the initial review? This would still allow ample time to review with you and Angie and then with Aaron, whereby we can make edits based on your feedback before presenting at the April meetings.	0337

Date	Event	Doc. No.
02/14/2019	Sarah Brody (McKinsey) sent, among others, Aaron Zahn an email with two attachments in advance of a February 15, 2019 "status quo presentation for the SLT": (i.) A revised version of the presentation entitled, "Status Quo Baseline: First step in the process[.]" It concludes, "Energy efficiency and solar will drive down JEA's sales by 8% through 2030 despite a growing customer base." (p. 12). (ii.) A presentation entitled, "Status Quo Baseline – SLT assumptions final discussion[.]" Page 5 contains assumptions for the status quo baseline. They include "appliance-level adoption assumptions" for residential land commercial energy efficiency rates. The page has a disclaimer that states, "The following 'Baseline Conversation' financial projections are presented solely for JEA Board of Directors planning and action. . . . Actual results are likely to differ materially from this business case. . . ."	0338
02/14/2019	Aaron Zahn sent an email to Michael Munz (The Dalton Agency) and Susie Wiles (Ballard Partnes) stating, "I threw this together this morning… not perfect but good enough… I have a quick update presentation to the Chamber Board of Directors tomorrow." Zahn also stated, "This won't burst the bubble of status quo but will set a stage." The attached presentation argued the Energy Policy Act of 2005 caused JEA to lose an average of $130 million per year in free cash flow between 2007 and 2017. (p. 3). The presentation included a graph indicating the trend would continue into the future. (p. 3).	0339 0340
02/15/2019	An email shows Aaron Zahn and the SLT, among others, held a meeting regarding the "Status Quo."	0341
02/19/2019	Email from Andrew Composeo (Wells Fargo) to Aaron Zahn, Ryan Wannemacher, and Melissa Dykes referencing a meeting on February 12, 2019. Composeo wrote, "Attached, please find a soft copy of our presentation materials." The presentation ("JEA Discussion Materials") discussed how JEA could privatize its communication assets through several transaction options, including "Outright Sale[.]"	0342
02/19/2019	Email sent from Allen Maines (Holland & Knight LLP) to Jody Brooks with an attached "Mutual Confidentiality Agreement" between Holland & Knight LLP and J.P. Morgan Securities LLC regarding "a possible financing transaction."	0343
02/22/2019	Julio Romero Aguero emailed Melissa Dykes (Aaron Zahn and Ryan Wannemacher cc'd) stating: For this reason, the metrics task of status quo 2 should include a comparison of how the industry is moving in terms of investments per customer, this we discussed with McKinsey yesterday. Grid modernization is a major endeavor at key utilities around the country, e.g., SCE, Duke Energy, Entergy, Dominion, etc. This includes not only progressive utilities, even utilities that historically have been very conservative are getting on board	0344

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	This type of analysis will help us justify the need for status quo 3, and to help us convey the message that although status quo 2 might seem like a feasible option, it would move JEA in the opposite direction than most of the industry.	

02/25/2019 The date of JEA's presentation to the Fitch Group rating agency. 0345

- Part 2 of the presentation ("What We've Done: FY2018 Financial Results") states: 0346
  - Slide 15 contains a summary of financial metrics for JEA's energy system in 2017 and 2018. JEA claimed (i) to have an "Increase in System MWh sales of 2.6%" for its electric system in the fiscal year 2018 and (ii) JEA had a "Base revenue increase of 2.9%[.]" 0347
  - Slide 16: Provides information about JEA's energy system:
    -from 2017 through 2018, customers increased from 458,953 to 466,411;
    -sales (MWh) totaled 12,399,769; and
    -revenues totaled $1,231,000,000.
  - Slide 18: JEA projected, from 2019 through 2023, its energy system (i) sales would increase 0.7% and (ii) customer bills and rates would remain stable.
  - Slide 20: Contains a summary of financial metrics for JEA's water and wastewater systems in 2017 and 2018. JEA claimed (i) to have a 2.8% decrease in water kgal sales in FY2018 and (ii) a 3.8% total revenue decrease.
  - Slide 23: JEA projected, from 2019 through 2023, its water and sewer system (i) sales would increase between 1.5% and 9.2%, and (ii) customers would have stable rates.
- Part 3 of the presentation ("Where We Are Going: A New Dawn") states:
  - Slide 48: JEA "contracted to add up to 250 MW of universal solar by 2022 . . . ."
  - Slide 49: JEA would provide an additional $15 million contribution to the Septic Tank Phase Out Program.
  - Slide 51: "We believe our cost of service should align with our customers use of the electric system. As they reduce usage, we can equally reduce costs to match . . . ."
  - Slides 54-57: JEA would implement electrification programs, including strategic partnerships for electric vehicle programs. JEA said those programs "may . . . [s]ignificantly increase the revenue and values form the program" and "[p]ut down pressure on rates. . . ."

- Part 4 of the presentation ("Energy System Overview") states:
  - Slide 75: Decommissioning St. Johns River Power Park would create a net present value for JEA of "approximately $460 million[.]"
  - Slide 77: The "Energy System Summary Page" states that JEA has "[r]ates stable for the five year planning horizon[.]"

Date	Event	Doc. No.
	• Part 6 of the presentation ("Water & Wastewater System Overview") states: • Slide 88: JEA projects that its customer rates would remain "stable for the five year planning horizon . . . ."	
02/26/2019	JEA Board meeting. • Beginning at 0:49:40 in the video, Angelia Heirs and Aaron Bielenberg of McKinsey gave a presentation on JEA's organizational health index ("OHI") survey. Over 1,700 JEA employees took the survey. McKinsey analyzed the data and concluded JEA had an "overall health" in "the bottom quartile compared to the current OHI global database of nearly 900 organizations." (p. 109). Hiers noted that JEA was third from last "from a J.D. Powers perspective" in 2012. • Beginning at 00:55:30 in the video, Bielenberg discussed the importance of organizational health. He said, "[M]ost companies don't tend to focus on organizational health as much as they focus on performance." He also stated, "[W]e often see that the organizations [and] corporations that score at the top quartile of organizational health . . . tend to see benefits in return [of] three times—whether that's income, sales, revenues, shareholder return—so the benefits can be quite tangible to the bottom line." Bielenberg noted a "real need" to focus on "alignment" considerations, including direction and leadership. Bielenberg also identified several "themes" from the survey, including (i) "[e]mployees don't see a clear strategy at JEA – they want leaders to set direction, and decisively push themselves & organization to get there"; and (ii) "OHI results suggest a need to better motivate people, especially high performers, using multiple methods to drive sustained performance[.]"	link 0348 0349 link
02/27/2019	Email from Aaron Zahn to April Green providing the February 2019 rating agency presentation to Fitch. Zahn wrote, "FYI – this is a good detailed overview of all things JEA."	0350
02/28/2019	Invoice #DCG-JAX001-5550 from McKinsey & Co. to JEA seeking $433,000 for "support of Phase 2 of the Strategic Planning process."	0351
03/04/2019	In response to a request by the credit rating agency Moody's, Scott Schlossman, a financial analyst for JEA, sent a five-year forecast to Joseph Orfano, Ryan Wannemacher, Juli Crawford, and others concluding JEA's electric system sales (MWh) would increase from 12,328,910 in 2018 to 12,548,144 in 2023. The forecast excluded lost sales attributable to JEA's expired contract with Florida Public Utilities.	0352 0352a 0353 0353a 0354 0354a

Date	Event	Doc. No.
03/06/2019	Email from Aaron Zahn to Sarah Brody of McKinsey (Anton Derkach of McKinsey, Melissa Dykes, Ryan Wannemacher, Julio Romero Aguero, and others) stating: It would seem to me that the "Status Quo" case is locked now that we have the entire SLT consensus. Therefore, it would be appropriate for McKinsey to obtain risk / legal review at this time. Only changes on that case going forward will be around how to convey the message most clearly and concisely.	0355
03/07/2019	Email from Sarah Brody to Aaron Zahn stating: Our risk / legal team has reviewed the current draft of the Board document, and we have made some minor updates according to their suggestions. Please see attached for the updated version. One recommendation they made was to make sure all slides have a source. We were able to do that for every slide except the Jacksonville off-grid house slide, so would recommend that be attributed when you finalize. The attached presentation ("Status Quo Storyboard for March_updated") states, "National trends may likely impact JEA substantially by 2030." Another slide states, "Energy efficiency and solar may likely drive down JEA's sales by 8% through 2030 despite growing customer base[.]"(p. 9). An annotation states, "Annual sales can vary roughly +/- 7% due to weather[.]" (p. 9).	0356
03/08/2019	Email from Aaron Zahn to Mark Mills (Digital Power Capital) stating: As mentioned, JEA is in the beginning stages of strategic planning. We have already launched a "Culture" revision in order to move the company toward an adaptive model of 'market shaper' from the historic utility model of 'continuous improvement engine'. You can tell I'm a subscriber to the OHI models. Our next initiative is to public a 2030 Status Quo plan. Amazingly, JEA's prior management did not maintain forecasts so this will be the first management case forecast in the company's 125 year history. The 2030 Status Quo plan is effectively a case for change at JEA and is not a desired state.	0357
03/08/2019	JEA's SLT attended an onboarding meeting with The Dalton Agency representatives, Michael Munz, Banks Willis, and Maddie Milne. The Dalton Agency's duties would include communications regarding "crises on the horizon[.]"	0358

Date	**Event**	**Doc. No.**
03/08/2019	Jonathan Kendrick executed an Amendment to Proposal for Incentive Plan Review and Design with Willis Towers Watson. Willis Towers Watson identified additional work to be performed under a section entitled "Additional time required to review and validate JEA market data": Original scope of work involved Willis Towers Watson leveraging market data JEA had independently pulled for the executives (excluding the CEO) and the Appointed population and developing summary exhibits similar to the 2017 study. Given incomplete market data for some positions and the iterative process required to clarify, validate and update missing market data, the time spent by Willis Towers Watson reviewing and validating market data provided by JEA has exceeded original time allocated[.]" (p. 1). Jonathan Kendrick executed the statement of work on behalf of JEA.	0359
03/11/2019	Email shows a meeting regarding, among other things, "Status Quo work in prep for ~~April~~ May Board meeting[.]"	0360
03/19/2019	Willis Towers Watson's "discussion draft" handout entitled "Long-Term Incentive Plan Market Practices & Proposed Design." It assessed "market competitive" LTI plan design practices in the utility industry, including both investor-owned utilities and public power utilities. The handout characterized LTI plans as (i) "uncommon" for public power utilities and (ii) typically limited to executives and directors in all peer groups (JEA0523). The handout characterized LTIs as "very common" for IOUs and "uncommon" for public power utilities "due to lack of long-term measures and stakeholder scrutiny/criticism" (JEA0526). Willis Towers ultimately proposed the following multi-pronged LTI plan for JEA: (i) for "select executives": annual cash grants tied to 3-year performance cycles; (ii) for all employees: a voluntary deferred compensation plan tied to overall financial performance with company match dependent on the employee's performance; and (iii) for employees with "critical skills or retention risk": long-term company performance funds with a supplemental long-term award pool used to make long-term retention cash awards vesting upon completion of a defined service period (JEA0542).	0361
03/19/2019	Discussion draft of Willis Towers Watson's "Annual Incentive Plan Review" of the 2019 proposed short-term incentive plan. It notes JEA's "intent to include all employees in the short-term incentive plan . . . ." It also states, "Our understanding is that JEA's target opportunities range from 3.5% for bargaining unit employees, up to 35% for the senior leadership team (excluding the Chief positions which are covered in a separate report from Willis Towers Watson)" (p. 3). Willis Towers Watson found that JEA had an STI "narrower than what we typically see in the market (even for public power), with a higher threshold and lower maximum payout" (p. 4). Willis Towers Watson opined that "the current JEA payout range may not create sufficient motivation to maximize performance (either because the threshold award is too high to achieve and/or because there is no additional leverage to encourage greater levels of performance)" (p. 4).	0362

Date	Event	Doc. No.
03/19/2019	Discussion draft of the "CEO, Executive and Appointed Population Compensation Review" in which Willis Towers Watson summarized the results of (i) "competitive market pricing" of JEA's CEO, (ii) an audit of "competitive benchmarks and market pricing for JEA's executive population (the "VPs" and "Chiefs"), and (iii) the utilization of "JEA's most recent competitive market analysis to update the competitive market comparisons for the Appointed population." (p. 2). Willis Towers Watson applied a "5% discount" to all positions "below the Director-level to reflect geographic differential of Jacksonville to National market[.]" (p. 3). The review priced JEA's CEO position by comparing it to a peer group of both investor owned utilities and public power utilities. (p. 5). The investor owned utilities had CEOs with higher base salaries, target total cash compensation, and total direct compensation than their public power counterparts. (p. 6). Willis Towers Watson noted that (i) "[n]o public powers report providing a target LTI opportunity" (p. 6, footnote 2) and (ii) "[o]nly 4 public power peers report a target bonus opportunity" (p. 6, footnote 3).	0363
03/19/2019	JEA and Willis Towers held a meeting attended by, at least, David Wathen and Patricia Maillis.	
03/20/2019	E-mail from David Wathen to Patricia Maillis and Andrea Deeb (with Scott Strackbine and additional Willis Towers employees cc'd) stating that Willis Towers is "working through assessing the gaps to market based on current STI levels. . . ." Maillis summarized the evolution of STI as follows: The plan has progressed over the last 5 years from a set payout based on achievement of 5 operational measures, then \$500 - \$3000 for all employees, much like a Profit Sharing Plan with little to no differentiation and below the market for all managers and above. In 2014, , [sic] we incorporated individual performance factor for the appointed further differentiating the payout between line and management employees. In 2016, we increase the payouts further for the management to director level (and have done minor fine tuning since). We were not able to do this for the SLT [Senior Leadership Team] due to optics, so we focused on making sure their base pay was at or moving towards 50^{th} percentile. Today, the difference between a meets and exceeds for non-SLT is 160%. I am going to pitch that this is wide enough for now that we don't have to make changes based on this project. However, I do not think that we will win this battle with the SLT pieces. As we have discussed, the addition of a broad based LTI plan, the LTI component can make up that difference in market value of the non-management and lower level managers that don't normally receive LTI in the market place. We probably still need to increase some levels of management with STI with the addition of LTI as well.	0364

Date	Event	Doc. No.
03/20/2019	E-mail from Patricia Maillis to David Wathen and Andrea Deeb (with Scott Strackbine cc'd) stating that JEA's employees were not notified about discussions "regarding not having a payout for 2019." Maillis noted that there was "no change in payout values" expected in 2019, "except maybe the executives – this discussion has not been finalized."	0365
03/21/2019	Lawsikia Hodges agreed to share with "Sam" and "Brian" the opinion of Aaron Zahn that Moody's "is not treating JEA the same way it treats other public utilities" with respect to the effect of pending litigation on ratings.	0366
03/21/2019	E-mail from Patricia Maillis to David Wathen and Andrea Deeb of Willis Towers (Scott Strackbine and additional Willis Towers employees were cc'd) instructing Willis Towers to focus on the fact that LTI or total compensation can fill the gaps with JEA's short-term incentives.	0367
03/21/2019	Draft presentation on JEA's integrated resource plan ("IRP") prepared by JEA with nFront Consulting LLC containing "preliminary" results. It forecast JEA's average annual growth rate for total net energy requirements under four scenarios: • Baseline: "AAGR: 0.87%" • Load erosion: "Energy requirements decline by 1.0% /year for 10 years; then no growth" • Increased electrification: "Energy requirements increase at 2.0%/year until achieve +20% over Baseline forecast; then Baseline AAGR of 0.87% thereafter" • Green economy: "AAGR: 0.89%"	0368
03/21/2019	Brandi Taylor sent an email to Steven McInall confirming Aaron Zahn and Melissa Dykes would participate in an IRP presentation on March 21, 2019.	0369
03/21/2019	Aaron Zahn, Steve McInall, John Coarsey, Ryan Wannemacher, Mary Moran, and Brad Kushner of nFront Consulting had a meeting regarding JEA's IRP. Aaron Zahn requested JEA "[o]btain public facing decision on Northside 3, provide a conditional assessment, implement a market test, re-plug and recalibrate, and finalize IRP[.]"	0370 0371
03/22/2019	Joseph Orfano sent an email to Elizabeth Columbo and Barry Rothchild (Nixon Peabody) stating, "Clause 3(d) of the Florida Statute below [Section 215.425, Fla. Stat.] would appear to be problematic from the outset. . . ." Columbo's billing entry for March 22, 2019 states, "call with J Orfano and B Rothchild regarding payment of incentive based bonuses . . . ."	0372 0373
03/22/2019	Banks Willis (The Dalton Agency) sent an email to Kerri Stewart and others with "key messages" for JEA's SLT, including: • Today, market forces, innovative technologies and new energy products and services have been/are driving the energy generation industry into another, even more disruptive, transformation: o growing use of less expensive natural gas o retirement of coal and fuel oil generation for carbon reduction	0374

- uncertainty in the long-term role for nuclear generation
- rapid deployment of intermittent renewable energy technologies, and new business models
- severe weather
- more jurisdictional interactions at federal, state, and local levels
- a more engaged and curious residential customer (how they get their power, not just how much it costs)
- a more environmentally conscience, performance driven business customer

(p. 1).

Other "key message" said:

- We've come to what amounts to a business strategy crossroads, a crossroads that demands an answer to one core question – is JEA in the power production business, or the energy management business? Will JEA stay safe in the arms of the traditional, or will we commit to disruption in the name of true transformation?

- We've started to dip our toe into the transformation pool, and as evidenced by this past year, its cold! New senior leadership, the privatization debate, Plant Vogtle lawsuit and ongoing search for a new headquarters.

- And yet, transformation is the only answer, it's time to pivot.

(p. 2).

Additional "key messages" included:

- While there's no real playbook for a transformation of this size and scale, and we're building the bike as we ride it, we are in good company. Every utility in the country (community or privately-owned) is thinking about, planning for, moving towards, in the depths of, the same transformation.

- In the end, JEA recognizes that the value we provide depends on our ability to be customer driven and community focused. Enter JEA's new, very capable, talented and committed, senior leadership team.

(p. 3).

Date	Event	Doc. No.
03/24/2019	In response to The Dalton Agency's "key messages[,]" David Goldberg (JEA) wrote: [A]ll we are doing (in terms of transformation and additional revenue streams, expense control, etc.) is really about the notion that we don't want to raise customers' rates. It's the one thing we don't ever really talk about but should. We don't have to do any of this, technically speaking, if we were good with just raising rates. But we've kept that off the table as an option. This is a very meaningful message. . . . Goldberg reiterated his point: The customer rate point I made is really critical. If you think about it, we can raise rates as much as we'd like and be whole every year for as long as we need. But that's not the case. We are looking out for our customers. Haven't raised rates in at least 6 years and we're not planning on doing so soon. This is the actual reason we are having to make strategy changes (In good part) if you think about it. Banks Willis responded to Goldberg's statements: I'm not sure if unchanged rates are the reason for JEA transformation, or if they're one of the positive outcomes of a JEA transformation. I believe this is the case though because I don't think that JEA has a choice as to whether or not it evolves and transforms the way it does business – transform or die. Or in this case, transform or privatize. If raising rates was in fact the strategy, I'm not sure that JEA could raise its rates high enough to cover the negative impact that not transforming would have on its ability to operate as a public entity (and serve its customers). Selling would eventually be the only option. If you look at it from this perspective, the hard work that Aaron and the SLT are doing to transform JEA into the utility of the future can actually be seen as the strategy that saves JEA from privatization (and unchanged rates could be one of the other amazing outcomes). So, in this scenario, if Aaron's secret plan was to sell, he'd probably take the easy way out, raise rates, and leave the thankless transformation work to the new private owner.	0375
03/24/2019	Entry on Nixon Peabody invoice for "[r]esearch regarding payment of incentive driven bonuses for employees."	0376
03/25/2019	E-mail from Patricia Maillis to David Wathen and Andrea Deeb Aaron of Willis Towers (Scott Strackbine and additional Willis Towers employees were cc'd). The e-mail states that Aaron Zahn provided "Angie" [Angelia Hiers] with feedback regarding Willis Towers's Long-Term Incentive Plan Market Practices & Proposed Design. Zahn expected a draft LTI	0377

Date	Event	Doc. No.
	plan as opposed to the summary of options provided by Willis Towers. Maillis asked for the expected timeframe for providing such a plan.	
03/25/2019	E-mail from David Wathen of Willis Towers to Patricia Maillis and Angelia Hiers (others cc'd) stating that "based on the input from last week's meeting, we are pulling together materials for the April meeting that will address the following:" (i) JEA's compensation philosophy; (ii) the evolution of JEA's compensation programs; (iii) gaps in base salary, short and long-term incentive by organizational level; and (iv) best practices to consider for modernizing total rewards. • With respect to a long-term incentive plan design, Wathen wrote: [W]e will provide a more detailed LTI design given Aaron's feedback around the draft strawman design we shared. It will include target incentive opportunities by level, where applicable, as well as performance measure weightings and a proposed formula for determining a Performance Share Unit (PSU) value. As it relates to the LTI plan performance measures (rates customers pay, change in net book value and contribution to the city), we would look to Ryan to provide guidance on what performance hurdles should be at Threshold, Target and Maximum, as he has insights into historical performance, future projections, business strategy, etc., but we can certainly provide guidance as to what profitability payout distributions look a well-designed incentive plan[.]" • Wathen also asked for "any information" it could use to estimate "key drivers of long-term performance" to determine an "applicable formula for valuing a PSU in a long-term incentive plan[,]" including historical financials and an explanation for how customer rates are determined.	0378
03/26/2019	E-mail from Patricia Maillis to David Wathen, Andrea Deeb, and Angelia Hiers (Scott Strackbine and three Willis Towers employees cc'd) stating that she agreed with Wathen's e-mail noting its "[s]trong emphasis on LTI and proposed plan design."	0379
03/26/2019	E-mail from Angelia Hiers to Patricia Maillis stating, "Aaron feels we are good on STI but they dropped the ball on LTI. We need to focus on it."	0380
03/26/2019	E-mail from Angelia Hiers to Ryan Wannemacher (subject line: *Follow-up from Meeting – FY19 Metrics*) summarizing a conversation with David Wathen that copies and pastes the body of Wathen's May 25, 2019 e-mail to Patricia Maillis and Angelia Hiers.	0381

Date	Event	Doc. No.
03/26/2019	E-mail from Ryan Wannemacher to Angelia Hiers stating: > [O]ne thing that I noticed as I was going through the slides is that the calculations for the target TCC and TDC were based on existing JEA base salary and not the competitive market base salary. This understates the magnitude of the total market comp discprancies [sic] because the STI and LTI is expressed as a % of the base which in all cases is lower than the market base salary. When they update their presentation can we be sure that they apply the % for STI and LTI to market base so that we get an accurate comparison when we look at target vs. actual TCC and TDC for 50th percentile?	0382
03/26/2019	JEA Board meeting. • At 00:36:10 in the video, Aaron Zahn, Melissa Dykes, and Ryan Wannemacher gave a presentation entitled "The Year in Review." Dykes began the presentation by summarizing notable events affecting JEA from April 2018 through April 2019. She also identified the following about the electric system: (i) "[m]aintained excellent financial and operational metrics"; and (ii) "[r]epaid $326 million of debt in FY2018 for a total reduction of $1.9 billion since 2009." Dykes described 2018 as a "great operating year." • At 00:43:00 in the video, Wannemacher began his presentation. He stated that 2018 was a year of "outstanding financial results." The presentation (at p. 9) noted that (i) JEA had "strong performance across all key financial metrics" and (ii) JEA's debt service coverage "provides financial flexibility to respond to industry challenges." • At 00:44:35 in the video, Zahn began his portion of the presentation, entitled "Where We Are Going: Goals and Priorities." Zahn stated that JEA is "playing defense," and JEA's management is trying to "position" JEA to deal with "changes." Zahn then played a video to serve as a "prelude to where we're going." The video showed a clip of a battleship operator dramatically warning a lighthouse to change its course to avoid impact. The heading of the slide states, "IT'S TIME TO PIVOT." Zahn stated that the strategic framework would allow JEA to determine what the direction of its business should be in light of future developments. Zahn went on to identify a number of goals for the 2019 fiscal year, including (i) "develop an adaptive culture" and (ii) "align to a pervasive commitment to profitability and value[.]" *See* presentation at p. 16. • At 00:53:50 in the video, Dykes discussed how JEA intends to develop an adaptive culture. She identified JEA's biggest cultural challenge is "to transition from a culture that's working not to fail to one that is driving to success." • At 00:57:05 in the video, Zahn discussed JEA's second priority: "align to a pervasive commitment to profitability & value." Zahn stated that JEA's management team had historically equated "non-profit" with "not for profit." Zahn stated that with over $4 billion in debt, "you need to have a profit in order to return capital to your investors." Zahn further stated that the Total Compensation Program will drive JEA culture and corporate measures forward.	link 0383

Date	Event	Doc. No.
	• At 01:14:00 in the video, Zahn summarized seven steps in JEA's ten-year strategic plan: (i) agree to measure success using the four basic corporate measures, (ii) "[g]et the right [SLT] team for the job[,]" (iii) "[o]rganize for success" through "[l]eadership [d]esigned to [a]ccelerate [i]nnovation"; (iv) "[a]gree on path forward"; (v) "[m]easure the baseline"; (vi) "[e]stablish long-term goals" to accelerate energy and water system innovation; and (vii) publish the strategic plan. Chairperson G. Alan Howard confirmed his resignation from the JEA Board.	
03/26/2019	Email from Patricia Maillis to David Wathen and Andrea Deeb of Willis Towers Watson stating, "Attached are the slides from today's JEA Board of Director meeting. Suggest taking a look at slides 22 – 24. Aaron is laying the groundwork on LTI." Maillis attached "The Year in Review 2018-2019" JEA presentation to her email. Slides 22 through 24 discuss "[a]lign[ment] to a pervasive commitment to profitability & value" by "[m]aximiz[ing] [e]ach of the [f]our [c]orporate [m]easures of [v]alue" and achieving "stakeholder alignment" through JEA's strategic framework and guiding principles.	0384
03/26/2019	Email from Sarah Brody (McKinsey) to Julio Romero-Aguero with an attachment entitled "Status quo 2: opportunity sizing" in connection with an April 4, 2019 presentation.	0385
03/27/2019	The Jacksonville Daily Record reported that JEA spent "more than $8 million over the past 10 years to keep its aging Downtown headquarters campus functional."	0386
03/27/2019	E-mail from David Wathen to Patricia Maillis stating: How was the proposed compensation framework Aaron presented received by the Board? Anything we should be sensitive to when putting forth our recommendations on the pay adjustments and LTI plan design? Also, do you think you will be able to provide the financial data requested to help in determining the best approach for valuing a performance share unit?	0387
03/27/2019	E-mail from Patricia Maillis to David Wathen stating, in pertinent part: This is not the first time he has put it out there. No comments at this meeting. Believe he uses each opportunity to be transparent and so the topic won't be a surprise. He got board approval to change the philosophy several weeks ago. Ryan and Aaron's goal is to reach provide market [sic] on all levels and include components that make the company on par with IOUs of similar revenues, output and customers.	0388

Date	Event	Doc. No.
	I did some research on past practices and this is not the first time that JEA would have a market based compensation plan. Back in the 90's and early 2000's, the company had a plan that paid out as high as 35% of Pay for appointed (all apptd). While I do not agree with this methodology and not [sic] sure they actually did the market analysis to show this is appropriate, they definitely were seeking to be the more competitively compensated companies in the national public sector space. Now, the kicker is, the optics. Several years later, constituents pushed back and the plan was suspended. Aaron is willing and wants to take the risk on this. He knows to go for the ideal state and if we get push back, we'll deal with it.	
03/27/2019	Email from Ryan Wannemacher to David Wathen (Willis Towers Watson) stating: Per our conversation last week, we did some work on a strawman of what a LTIP might look like. We are still working on the exact vehicle (performance units or some kind of bond security) but generally we are thinking of something that has a redemption value based on book value and distribution based on the city contribution. The attached spreadsheet kind of gives you an illustration of this structure. These numbers are hypothetical and based on 2016-2018 results to show how these grants would work over a series of years. The terms of the vesting schedule and redemption would still need to be determined. I think that your recommendation about the 3 year rolling program makes sense. Please review and then give me a call if you have any questions or comments. The Wannemacher attached a spreadsheet entitled "Performance Unit Scratch Sheet" to the email. It was last saved by the "JEA User" named "Ryan" on March 27, 2019. The spreadsheet contains a number of performance unit calculations based on JEA financial data from 2016, 2017, and 2018, including (i) a target pool of $10 million in each year; (ii) a performance unit value of $100.00, $110.25, and $115.00, respectively; and (iii) "[c]umulative units outstanding" of 100,000, 190,704.43 and 277,664, respectively.	0389 0389a
03/27/2019	E-mail response from David Wathen to Patricia Maillis stating "Thanks for the update. I think the model Ryan provided today is good for now. We will review that and let you know if we have any questions."	0390
03/27/2019	E-mail from Melissa Dykes to JEA's managers stating that (i) JEA acknowledged employee complaints of inadequate communication and (ii) Herschel Vinyard would begin his job on April 1, 2019, completing JEA's restructured SLT. The	0391

Date	Event	Doc. No.
	e-mail included a slide summarizing JEA's five-step process for achieving a "path forward." It included a footnote stating that market analysis "is coming over the next couple months. Long-term compensation is tricky: we are creating a new and unique instrument which takes some time."	
03/29/2019	Email from David Wathen of Willis Towers Watson to Patricia Maillis stating, "The market target TCC and TDC values are based on market base salary and JEA's target TCC and TDC are based on the current base salaries you provided to ensure that we reflect the applicable gap to market for your pay."	0392
04/01/2019	Pat Maillis sent an email to David Wathen of Willis Towers Watson stating: In my 1 on 1 with Angie today, she mentioned that Aaron would like to make sure that the Compensation Committee presentation, includes: -a statement indicating that JEA's current STI plan design is appropriate, but the target values are slightly below market and WTW, suggests changes in the values for XX population….Providing the FY19 STI plan for your reference. No changes in the target values, just the mix of metrics. -estimated cost associated with the LTI plan(s) being recommended (based on headcount provided early in the project) Also, Ryan is wanting to meet a little earlier than Wed. His Exec Asst sent an email a little while ago.	0393
04/01/2019	Andrea Deeb of Willis Towers Watson responded to Pat Maillis' email with a series of questions about the proposed employment incentives, which Pat Maillis answered: As you'll see below, I do have several questions related to the 2019 P4P Plan. It might be easier to talk tomorrow (Tues), but I am not available until 5:15 eastern time. Let me know what works for you. 1. There appear to be four performance measures: Customer Value, Financial Value, Community Impact Value, and Environmental Value. It's good to have a portfolio of performance measures; however, it appears that there are a total of 18 performance metrics under these 4 categories. In our experience, and based on best practice, no single performance measure should be weighted less than 10%, and ideally, an organization should have 5-8 performance measures. Given that each category appears to be weighted equally (25%), each of the 6 metrics under customer would nominally impact the award, which typically doesn't change behavior. And with 18 performance measures, it dilutes the focus you want to create with an incentive plan. You are correct. There are four overarching values of measurement, weighted at 25% total each. And then further delineated by the metrics	0394

within each of those categories. It is actually a total of 22 (6 Customer, 4 Financial, 4 Community and 4 Environmental). Agree with best practice, and will share. This is this year's existing plan.

2. There is an individual component for the Appointed population, and based on the calculation, it appears to be weighted 50% overall. So, 50% for the 18 corporate measures across 4 categories, and 50% for the individual component. Can you confirm? Yes, this is correct. What comprises the individual component? Each employee develops individual goals related to the 4 measures of value. This is typically projects. They also have alignment with some of the corporate goals, such as cost savings. They receive a rating of Below, Meets, or Exceeds which is then used to determine their performance increases and incentive awards. Having an individual component is a good practice, but there isn't anything to tell me how many performance goals are there, are they measurable, is this a subjective piece, etc. Typically they will have 4-5 individual goals and these are aligned with key projects that may be aligned with one of the four metrics of value (but note, these goals are not typically the same as those at the corporate level, just the category of measure).
3. Relative to performance range and payout range, I see payouts for "meets" and "exceeds." Is there a threshold level of performance? The company must realize a savings. The payout must be less than the overall savings realized by the company in order to payout. It is the same, but I neglected to include. There was one in the earlier plan I reviewed, but it's not captured here. We would suggest that having a full range of performance (including threshold, target and maximum) provides maximum motivation for employees to perform. It is highly unusual to only have a "meets" and "exceeds" performance goal and corresponding payout. I tried this a few years ago and it got shot down. However, with the review that you are doing, suggest that this be a recommendation for the new plan, and show the differentiation in payout. One thing that Aaron has been pretty passionate about lately has been to have greater differentiation between the Meets and Exceeds. Just yesterday, he reduced the payout for the SLT members who obtain a Meets to 6% and 12% for Exceeds (which is current percent).
4. Relative to the incremental incentive opportunity between target and maximum, it appears to be about 66%-68% (i.e., maximum awards are approx. 67% of target payout within each performance category). Correct. And it appears to be the same upside for both corporate and individual awards. Please confirm. Correct. That's a good compromise between general industry and investor-owned utilities (typically at 200% of target) and public power (more likely at 150% of target).
5. Can you give me any perspective on how the goals are set within each of the corporate categories? The SLT members take several months to evaluate the business components they wish to improve and what is measurable. Best practice is that threshold should be achievable 80-90% of the time,

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	target achieved 50-60% of the time and maximum achieved 10-20% of the time. I cannot comment on whether the goals you have set are aligned with market practices. We understand this. We were forced by the Board to make it stretch goals. The only goal that is probably the hardest to achieve is Safety. Also, we sometimes cannot control the issues that come from the community which may result in bad press. We have had some pretty difficult 3 years. I think the tides are shifting and we want to do what is right. I can explain more via phone. 6. If an individual achieves all of his/her individual goals, but the corporate targets are not achieved, it appears that the calculation would still pay out 50% of the target opportunity (based on the 50% allocated to individual performance). We've not had this happen yet. But if we did not realize 1) a savings and 2) achieve any of the goals, you are correct, there would not be a payout for the individual piece. Is there any circuit breaker by which the entire plan shuts down. We can discuss. It is not a good practice to have 50% of the award be based on individual performance (particularly if that performance is more subjective), without protection for the organization if financial performance cannot support award payouts. Please let me know how this will be addressed. Those are the most pressing questions (and I believe that I covered these design elements in the summary I prepared for the last report that Aaron reviewed).	
04/01/2019	Barry Rothchild's (Nixon Peabody) billing entry states, "Participate on call with E. Columbo and with J. Orfano and R. Wannemacher (JEA) regarding performance incentive plan . . . ."	0395
04/01/2019	David Wathen sent an invite to "Discuss PSU Valuation Approach" to, among others, Herschel Vinyard, Ryan Wannemacher, Angelia Hiers, and Patricia Maills. • Herschel Vinyard accepted an email invite ("Discuss PSU [performance share unit] Valuation Approach") with David Wathen (Willis Towers Watson).	0396 0397
04/02/2019	JEA's Board held a special meeting on its new corporate headquarters. • This meeting was G. Alan Howard's last day chairing the JEA Board. • The Board scored the potential properties for relocation, and Adams Street won. The Board voted to direct Zahn to begin negotiating a lease.	0398
04/04/2019	Florida Politics reports that Ryan Companies retained Tim Baker to help it acquire the land for JEA's new, downtown headquarters.	0399

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04/04/2019	Kerri Stewart sent an email to Melissa Dykes with a spreadsheet created by ICF. It contained three revenue projections for JEA's electrification initiatives from 2020 through 2024: (i) low ($13,418,322), (ii) medium ($30,087,000), and (iii) high ($53,779,500).	0400 0400a
04/05/2019	Email from David Wathen to Angelia Hiers and Patricia Maillis stating, "Attached is the draft document for the committee meeting. It addresses all of the items discussed in our prior meeting with Aaron and Ryan. It's long and probably too much material for a committee meeting, but we can discuss where we might want to cut back content. Please let us know if you want to schedule a call to walk through it."	0401
04/10/2019	Banks Willis (The Dalton Agency) sent an email to Gerri Boyce, Kerri Stewart, and Michael Munz (The Dalton Agency) with an updated op-ed written for Alan Howard.	0402 0403
04/10/2019	Ryan Wannemacher emailed a spreadsheet entitled "Performance Unit Scratch Sheet" to Aaron Zahn. The spreadsheet was last saved by the "JEA User" named "Ryan" on April 10, 2019. The spreadsheet contains a number of performance unit calculations based on JEA financial data from fiscal years 2017, 2018, and 2019, including (i) a target pool of $10 million in each year; (ii) a performance unit value of $11.88, $13.16, and 13.78, respectively; and (iii) "[c]umulative units outstanding" of 841,422, 1,601,432.01, and 2,327,303, respectively.	0404 0404a 0405 0405a 0406 0406a 0407
04/11/2019	Jessica Lutrin (Pillsbury) sent a calendar invite "re: LTIP" to Stephen Amdur (Pillsbury), Peter Hunt (Pillsbury), and Lynne Rhode. However, Amdur later responded, "I understand per a conversation with Aaron that we should hold off on this call for now. I will circle up as I learn more and would ask you to do the same."	0408
04/11/2019	Documents produced by JEA in connection with public records request no. 32726 indicate Aaron Zahn had meetings with "Nixon / JP Morgan." An entry on the August 28, 2019 Nixon Peabody invoice for April 11, 2019 states, "Call with D Song and B Rothchild to discuss research assignment on employee bonuses and incentive payment plans."	0409 0409a
04/11/2019	JEA approved a change order that increased McKinsey's "not-to-exceed" amount from $620,000.00 to $1,053,000.00.	0410
04/16/2019	Ryan Wannemacher sent an email to Barry Rothchild of Nixon Peabody stating, "I wanted to follow up on our discussion from last week. Did you get a chance to identify anyone internally who could help us design to LTIP?"	0411

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04/17/2019	Aaron Zahn gave a version of his "frog" scenario 1 presentation to the City Council.	link

- Beginning at 00:05:00 in the video: "[F]or the last 125 years, one of the things that-it was discussed was government doesn't make a profit. I beg to differ. We do, and we'd better, because have $4 billion in debt we have to pay back. And if we don't actually generate a profit, we will not be able to pay back that debt."
- Beginning at 00:08:50 in the video, Zahn discusses JEA's ten-year strategic plan: "One of the things we acknowledged openly was that in the face of this ever-changing market environment, we did not have a business model that allowed for us to be a part of that changing [market] environment[.]"
- Beginning at 00:17:48 in the video, Zahn summarized the financial status of JEA's electric system. After citing the Energy Policy Act of 2005, Zahn asserted energy efficiency technology has taken "250 million a year in free cash flow out of the business." Zahn also stated:

> [I]n the last 10 years, our [JEA's] sales have declined about 10%. The last time our sales on the energy side were . . . at this level was 2000. At the same time, we have also added 65,000 accounts and we've raised rates on our customers 71%. Because the reality is that while we were adding 65,000 accounts, we had to continue to invest in the system, so we've increased our O&M budget by 52%. We've increased our costs. We've decreased our revenues. And the only thing we've been able to do is increase our rates—71%.

- Beginning at 00:21:12 in the video, Zahn states, "[W]hat we've done as a management team in the last 10 years is to respond to that trend is we've eliminated 407 jobs. We've also deferred a billion dollars in investments in the community in order to accelerate debt because you cannot have debt on a balance sheet when your sales are declining and your profitability is declining."
- Beginning at 00:25:35 in the video, Zahn states, "As we look forward, I've told you [City Council] I'm gonna come back to you for Charter changes. There are a lot of these things that, as we look at it, we cannot do because our Charter specifically prohibits it."
- Beginning at 00:26:48 in the video, Zahn discussed JEA's ten-year strategic plan. Zahn claimed JEA would produce a "management case forecast" as part of the process of identifying how JEA should change its "business model" to address market trends so that "we're part of the future instead of the past."
- Beginning at 00:28:05 in the video, Zahn described the effects of energy efficiency: "I hate to tell you this, we are not at a saturation limit. We will continue to see sales declines as a result of that, and we've hired McKinsey to help us study the impacts of that in the next 10 years."
- Beginning at 00:28:33 in the video, Zahn identified a number of electrification opportunities for JEA, including electrifying cranes at the Jacksonville Port.

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	• Beginning at 00:28:28 in the video, Zahn described the three scenarios JEA would assess during strategic planning. He described scenario 3 as "the sky's the limit[.]" • Beginning at 00:30:14 in the video, Zahn explained the boiled frog theory: "The reality is, where JEA goes, we as a community go. . . . So, what we have to find a way to do is not be the boiled frog. We need to find a way to work together.	
04/17/2019	David Wathen sends an itemized bill for Willis Towers Watson's "out of scope" work. It states: Below is a list of out of scope requests received from the JEA team that we have addressed or are in the process of addressing along with the estimated fees: • LTI (performance unit) valuation review and call • Non-qualified deferred compensation plan research (sample document, plan administration vendors, funding approaches) • Research and summarize the evolution of compensation plans at JEA • Presentation material updates/additional check in calls (e.g., re-running variance analyses with pay grade midpoints). • Gap analysis for the entire JEA employee population • Cost modeling of the proposed STI/LTI plans • Modernizing total rewards practices **Estimated additional fees: $25,000-$30,000** Below are expected future out of scope work requests and the associated fees: • Updates based on CEO and CFO feedback • Updates based on Committee feedback **Estimated additional fees: $5,000-$10,000** Based on additional out of scope work already requested and anticipated future requests, we estimate total additional fees beyond what you already approved of $30,000-$40,000.	0412

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04/18/2019	Pat Maillis sent an email to David Wheeler of Graystone Consulting Tampa stating, "Checking in to see if you were able to identify other options (other than the 457 and 401a plans) that can be used for cash deferral in the government sector." Wheeler responded, "Can we talk Monday afternoon?"	0413
04/18/2019	Patricia Maillis sends David Wathen of Willis Towers Watson an email asking when a final report will be provided for Aaron Zahn's review. Wathen responds, "[T]he final version of the meeting materials should be completed and sent to you on Monday of next week."	0414
04/19/2019	Matthew Lind (Burns & McDonnell) sent an email to John Coarsey (JEA) with a presentation entitled, "Regional Market Study Draft[.]" It showed (i) JEA's gross operating profits under the "FRCC Scenario" increasing for 6 generating facilities between 2023 and 2029 (p. 12) and (ii) JEA's net profitability increasing for 3 of JEA's 6 power plants between 2023 and 2029 under the FRCC scenario (p. 16).	0415
04/19/2019	Lawsikia Hodges sent an email to Lynne Rhode stating: Procurement is not involvement our office [OGC] the way that it should and is taking on negotiating legal provisions in contract terms. Regardless of how the detachment with OGC came to be, it needs to be reviewed and/or consulting with procurement on the frontend of their RFPs and form approving <u>all</u> formal contracts (letter agreements, MOUs, contracts) for the JEA. From what I can tell, our form approval on contracts is sporadic – direction needs to come from the top and given to SLT to inform all of there reports that all JEA contracts need to be reviewed by an OGC attorney for form approval.	0416
04/22/2019	Letter from David Wathen of Willis Towers Watson to Patricia Maillis containing an amendment to the statement of work to address "out of scope services requested by JEA in support of the incentive plan review project and the associated fees[,]" including (i) "LTI (performance unit) valuation review and call[,]" (ii) "[n]on-qualified deferred compensation plan research[,]" (iii) "[g]ap analysis for the entire JEA employee population[,]" and (iv) "[c]ost modeling of the proposed STI/LTI plans[.]" Jonathan Kendrick executed the statement of work on behalf of JEA.	0417
04/22/2019	"Discussion draft" presentation entitled "Compensation Program Review – Document for Compensation Committee Meeting" in which Willis Towers Watson provided information regarding (i) "competitive market assessment" for "JEA's entire employee population[,]" (ii) "a summary of market practices related to short-term incentive plan design[,]" and (iii) "a competitive market analysis of long-term incentive ('LTI') plan design practices and develop a proposed design." (p.	0418

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	3). The report included "[a]nalysis of the gaps to market for JEA's Appointed population and Bargaining Units" and "[p]roposed LTI plan design[.]" (p. 3).	
04/22/2019	On April 22, 2019, Kerri Stewart sent an email to her communications team, including Banks Willis (The Dalton Agency), with an April 15, 2019 picture of Mr. Zahn's whiteboard attached. The whiteboard outlined the strategic planning conclusions Zahn intended to reach in the presentations to the JEA Board. Zahn concluded scenario 1 (status quo response; item 3 in the picture) and scenario 2 (traditional utility response; item 5 in the picture) would *decrease* JEA's four corporate measures of value ("CCEF") in the future; however, Zahn concluded scenario 3 (privatization; item 7 in the picture) would *increase* CCEF in the future. Stewart's April 22, 2019 transmittal email described the status of Zahn's conclusions as follows: "Many of the slides *(or data) don't yet exist*." (Emphasis added).	0419
04/23/2019	Invoice #DCG-JAX001-5682 from McKinsey & Co. to JEA seeking $310,000 for "support of Phase 2 of the Strategic Planning effort in March 2019."	0420
04/22/2019 – 04/25/2019	Exchange of e-mails between Willis Towers and JEA personnel, including Aaron Zahn, regarding a draft and revised presentation that Willis Towers prepared about the compensation study it performed, together with Willis Towers Watson's recommendations. • On April 22, 2019 at 4:58 p.m., David Wathen sent and e-mail to Angelia Hiers, Patricia Maillis, and Scott Strackbine stating, "Attached is the updated committee meeting materials. We incorporated all of the edits we discussed on our last call. Please review and let us know if there are any additional changes." Wathen cc'd Andrea Deeb, Paul Hwang, and Patrick Meng. • On April 24, 2019 at 8:33 a.m., Maillis forwarded the presentation to "Aaron" and "Ryan." She wrote, "Once you have had an opportunity to review, we can schedule a brief conference call with WTW should there be any modifications needed and discuss Committee prep." • On April 24, 2019 at 6:25 p.m., Aaron Zahn responded: "Can you please get me the ppt? Thanks."	0421 0422
04/24/2019	Invoice #DCG-JAX001-5550 from McKinsey & Co. to JEA seeking $433,000 for "support of Phase 2 of the Strategic Planning effort."	0423
04/24/2019	Email from La'Trece Bartley to April Green asking if Green could attend "media and message training" and "on-camera training" on May 13, 2019. Green responded and confirmed she did not have a scheduling conflict on May 13, 2019.	0424
04/28/2019	Lynne Rhode sent Lawsikia Hodges (OGC) a draft memorandum regarding "Constraints on JEA Initiatives[.]"	0425 0426

Date	**Event**	**Doc. No.**
04/29/2019	Melissa Dykes sent an email to Aaron Zahn and Ryan Wannemacher containing an "[u]pdate on real estate optimization execution." Steve McInall wrote in the body of the email, "Coggin appraised at about $4M, should be under contract by end of FY[.]"	0427 0427a
04/29/2019	Holly Smith (ICF) sent a meeting invite to Kerri Stewart regarding the "ICF Electrification Strategic Plan Presentation[.]"	0428
04/29/2019	Julio Aguero Romero sent an email to Sarah Brody (McKinsey) with a draft study prepared by ICF entitled "Beneficial Electrification – Strategy Development & Comparison Program Options[.]" It projected year-over-year increased electric system sales from 2019 through 2023 under a number of electrification scenarios. (p. 8).	0429
04/29/2019	E-mail from Patricia Maillis to Jonathan Kendrick stating: • In January 2019, Angelia Hiers directed Maillis to have Willis Towers (i) conduct a compensation study of (a) CEO compensation and (b) total compensation for all employees with a focus on base salary, total cash, and total compensation; and (ii) provide guidance on the design of LTI plans. • "To date, Aaron does not have a contract. He is seeking to implement / add an LTI plan to our compensation package. Because LTI is rarely found in the government sector, Angie and I sought a 3rd party counsel on this, WTW." • Hiers and Maillis edited the Willis Towers report. • Maillis identified the "next step" for finalizing the Willis Towers Watson study was "Aaron and WTW to have a call to discuss and make the final changes" before the Compensation Committee meeting on May 28, 2018. • Maillis described Zahn as "not happy" with the study.	0430

04/30/2019	Email from David Wathen of Willis Towers Watson stating, "Based on our conversation with our legal team, NQDC [non-qualified deferred compensation] can be used by JEA and you would be subject to 409A regulations. The attached provides an overview of NQDC plans, 409A and funding of NQDC plans typically via a Rabbi Trust."
	• The report ("Overview of Deferred Compensation Plans Prepared for JEA" dated April 2019 states:
	  o Page 2: Defines nonqualified deferred compensation plans as: "Promises selected employees (typically executives or highly-paid employees) the future payment for past or present services" that can "create [a] long-term retention plan."
	  o Page 3: Identifies one of the problems with NQDCs as "[d]eferrals present risks to the executive[,]" including a "[p]ayout schedule selected [that] may end up providing them with too much or too little income . . . ."
		0431

05/06/2019	E-mail from Aaron Zahn to Jonathan Kendrick (La'Trece Bartley and Ryan Wannemacher were cc'd) regarding comments Zahn made to Willis Towers Watson's "Compensation Program Review – Discussion Document for Compensation	0432

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	Committee Meeting" dated April 22, 2019. One of Mr. Zahn's comments to the proposed compensation adjustments in the presentation states, "Struggling to understand why proposed adjustments don't = market."	
05/07/2019	Email from Patricia Maillis to David Wathen summarizing Aaron Zahn's edits to Willis Towers Watson's "Compensation Program Review – Discussion Document for Compensation Committee Meeting" dated April 22, 2019. Maillis identified Zahn's edits as follows: • "Page 3 combined sub bullet 1 and 2 and removed specific reference to CEO analysis"; • "Page 5 Target Competitiveness detailed the pay elements. Would it also be appropriate to add Total"; • "Page 7 2013 edited 2017 Added the reference to DC plan 2019 change the reference from the CEO to the Board"; and • "Page 30 – 32 Aaron is questioning why WTW did not provide the proposed at full market per page 30. Aaron is seeking to align with the Board's approve compensation philosophy – total compensation at 50th percentile. Suggest removing Proposed and perform the cost calculation based on delta between what we pay today and the market. The assumption should be adopting full market 50th. Please update to reflect this methodology."	0433
05/08/2019	David Wathen of Willis Towers Watson sent an email to Patricia Maillis stating, in pertinent part, "Also, we got the update report with Aaron's edits. We will review and make applicable updates."	0434
05/08/2019	Sarah Brody (McKinsey) sent an email to Ryan Wannemacher with the assumptions and "supplemental assumptions" for the scenario 1 presentation. The document also shows McKinsey's projected parity timeframes for, among other technologies, solar and distributed generation.	0435
05/09/2019	David Wathen sent an email to Patricia Maillis (cc'd Jonathan Kendrick and Scott Strackbine) providing a revised version of the "Compensation Program Review — Discussion Document for Compensation Committee Meeting" dated April 22, 2019. The revisions included increases to the proposed SLT compensation targets. Wathen wrote: One question on Aaron's edits, on page 7, under 2019, the first bullet was changed to read, "Competitive market positioning continues to improve JEA value creation". How does the improved pay positioning drive value creation at the company? Improved attraction and retention? Better company performance? We were curious as to the context for this comment.	0436 0437

Date	Event	Doc. No.
05/10/2019	Email from Elaine Selders to Christine Nunziato and Jenny McCollum (subject: "FW: WTW – Additional Out of Scope Services") stating, "I updated the award as Pat requested to $125K. The three attachments total $97K so I believe we are missing the Competitive market analysis review at $25K."	0438
05/13/2019	Kevin Hyde (Foley & Lardner) sent an email to Shane Munoz (Ford Harrison) stating: The senior executives at Jacksonville Electric Authority (JEA), the municipal utility provider in Jacksonville, seek assistance drafting employment contracts for themselves. We are conflicted and they prefer counsel outside of Jacksonville. . . . The five individuals and their addresses are listed below. If you are interested, and have no conflicts, I can put you in touch with Herschel Vinyard, who is serving as point person. The JEA executives listed in the email are: Melissa Dykes, Julio Romero, Herschel Vinyard, Ryan Wannemacher, and Aaron Zahn.	0439
05/13/2019	Email from Christine Nunziato to Patricia Maillis (Elaine Selders and Jenny McCollum were cc'd) stating that Nunziato could not find documentary support for a $20,000 - $25,000 fee for "[c]ompetitive market analysis review" performed by Willis Towers Watson.	0440
05/13/2019	David Wathen of Willis Towers Watson sent an email to Christine Nunziato, a JEA procurement category manager, confirming that Willis Towers Watson's "[c]ompetitive market analysis fees of $25K-$30K were focused on the compensation benchmarking review of the CEO, 13 Chief positions, and Appointed positions."	0441
05/14/2019	Shane Munoz (Ford Harrison) sent an email to Kevin Hyde (Foley & Lardner) confirming conflict check completion regarding the request to prepare employment agreements for Melissa Dykes, Julio Romero Aguero, Herschel Vinyard, Ryan Wannemacher, and Aaron Zahn.	0442
05/14/2019	Julio Romero Aguero sent an email to Herschel Vinyard stating: Attached is the list of potential revenue generating initiatives that we are planning to include in the final presentation of the status quo 2 plan. We would appreciate your help to review the feasibility of these initiatives from the point of view of our existing regulations. A very detailed review is likely not possible at this point, because the scope of the	0443 0443a

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	initiatives is not fully developed yet. We are looking for a preliminary high level evaluation of the feasibility of implementing the proposed concepts, and your comments regarding potential roadblocks based on our regulations. We would appreciate your feedback by the end of the week or next Monday.	
05/17/2019	Email chain among Patricia Maillis, Elaine Selders, and Christine Nunziato (employees in JEA's procurement department) discussing amounts owed to Willis Towers Watson for work "started without awards committee approval."	0444
05/20/2019	Nixon Peabody attorney Elizabeth Columbo sent an e-mail to Ryan Wannemacher and Herschel Vinyard with an attached memorandum entitled "Long-Term Employee Incentive Program." The memorandum assessed "whether JEA may create or establish a long-term employee incentive program (the 'Program') to pay a bonus or additional amounts to the employees of JEA over a period of one-to-three years if JEA were to achieve specific and mechanical financial metrics (such as an increase in the net asset value of JEA or an increase in the amount transferred annually to the City of Jacksonville)." Nixon Peabody concluded as follows: "We do not believe that the Program would be able to clear legal hurdles under Florida law." (p. 1). It noted that, among other things, "[E]mployees of JEA could influence financial and operating decisions of JEA could not participate in the Program as we read the conflicts of interest provisions of Florida law because they could impact the financial metrics being measured under the Program and would derive a direct financial benefit if the financial metrics were reached—which is the ostensible purpose of the Program." (p. 1) Nixon Peabody also questioned JEA's ability to establish that the "the Program is in furtherance of a legitimate public purpose . . . ." (p. 1) Nixon Peabody recommended that, if JEA wanted to proceed with the Long-Term Incentive Program, it should "retain Florida counsel to provide additional analysis or further determinations regarding the issues we have raised in this memorandum." (p. 2).	0445
05/20/2019	Julio Romero Aguero sent an email stating, "The McKinsey team will join the <u>dry run on Friday [May 24, 2019] over the phone</u> and attend the <u>board presentation on Tuesday in person</u>." Aaron Zahn responded, "Perfect[.]"	0446
05/22/2019	Email from David Wathen to, among others, Patricia Maillis and Ryan Wannemacher stating, "Based on our conversation with our legal team, NQDC [non-qualified deferred compensation] can be used by JEA and you would be subject to the 409A regulations. The attached document provides an overview of NQDC plans, 409A and funding of NQDC plans, typically via a Rabbi Trust."	0447
05/22/2019	Banks Willis (The Dalton Agency) sent, among others, David Goldberg and Gina Kyle an email with attached "Transition Messages and Tough Qs" regarding "JEA in transition: Status Quo and beyond[.]" The section entitled "JEA" stated: • Last decade = change happened around, to and in many cases without direct input from JEA.	0448

- Employees and community stakeholders = suffer from 'status quo bias', emotional preference for current state of affairs.
  - 'Status quo bias' industry warnings = video streaming, financial services, telecom, photo industry.
- Remain relevant = capitalize on industry forces rather than remain a bystander.
- New senior leadership team = critical component to JEA's future success.
  - Ability to be innovative, take risks and drive transformation both within JEA, and with customers and policy makers

(p. 1).

One of the "[t]ough topics" stated:

Q. The May 28 board meeting presentation painted a bleak picture, how much longer can JEA operate business as usual?
A. Part of JEA's overall strategic planning process includes first painting an honest, somewhat bleak, picture of our current business, taking into account external market forces, internal and charter limitations. Our strategic plan will be in response to this baseline and include two scenarios:

- Resist change and leverage traditional rate and cost levers to address current revenue stream challenges.
- Embrace change and seek new revenue streams that are not even possible under today's charter.

(p. 1).

Q. Why does JEA have to change anything? Don't we have more customers than ever?
A. When JEA's charter was developed 50+ years ago, the industry was very different, JEA was very different. Over the last ten years we've actually seen a 10 percent decline in energy sales due to energy efficiency. Additionally, JEA's role as the primary deliverer of electricity in Jacksonville is being challenged. Technology innovation is upending business as usual by lowering competitive barriers to entry (e.g. Nest, Google, Amazon) for companies who already have a customer-service provider relationship with the customer.

(p. 2).

Date	Event	Doc. No.
05/23/2019	Mayor Lenny Curry sent an email meeting invite to Brian Hughes, Aaron Zahn, and La'Trece Bartley.	0449
05/23/2019	Meeting scheduled between April Green and JEA's senior leadership team regarding "status quo" and "status quo 2" options.	0450
05/24/2019	Email from Julio Romero Aguero to Aaron Zahn, Melissa Dykes, Ryan Wannemacher, and Herschel Vinyard with Anton Derkach and Sarah Brody of McKinsey cc'd stating:	0451

> Great job guys! Here are a few comments/suggestions to emphasize we are under pressure and threatened by disruptive forces from a variety of angles, and that the tools available to us are limited:
>
> 1) I suggest to mention the "utility death spiral" at some point and explain that rate increase won't be a long-term solution, and that actually it is likely to exacerbate DER adoption and it's consequences. Moreover, despite the fact that rates were increased by over 50% in the last decade, it did not have the expected effect.
>
> 2) I like the idea of mentioning examples of disrupted businesses and industries (not only the classic examples like Kodak, but also more recent ones like Uber) and explain that disruption is the new normal, and that we need to be prepared to address it not only on the energy but also on the water side of our business.
>
> . . . .
>
> 5) When talking about new players in the energy market I would also mention a couple of unexpected players like Firestone or even LEGO. Mention that Shell's CEO has recently announced that they are planning to become the largest electric company in the world https://royaldutchshellgroup.com/2019/03/13/shell-aims-to-become-worlds-largest-electricity-company/
>
> 6) Mention at some point the fact that cities as big as Chicago, Los Angeles and Atlanta are committing to 100% clean energy production. Here is the list, this emphasizes the growing political pressure we will be likely to experience in this area and why we need a healthy and leading utility https://www.sierraclub.org/ready-for-100/commitments

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05/28/2019	JEA Board meeting. • At 01:10:30 in the video, Zahn began a presentation entitled "Establishing a Baseline: Status Quo." Zahn defined the status quo option as "what happens if you do nothing." Zahn began his presentation by stating that JEA likes to compete, but "this frog is not doing a very good job of competing." Zahn went on to discuss the "boiled frog theory"—i.e., if you put a frog into a pot of room-temperature water and turn on the heat, it will stay in the water until boiled; however, if you drop a frog into boiling water, it will jump out of the water. Zahn stated that JEA is "starting to think about the metrics that matter relative to JEA continuing to remain relevant to its customers." Zahn identified the strategic plans to be assessed as follows: (i) status quo 1—baseline (JEA operates without change); (ii) status quo 2 (management response without changing the Charter or other constraints impeding JEA's growth); and (iii) unconstrained strategic plan. Zahn said that status quo baseline "is a viable scenario for JEA looking forward to 2030"; however, it is intended to educate the City Council on what happens if JEA "does nothing." • At 01:23:40 in the video, Dykes warned that companies like Facebook, Amazon, and Microsoft are becoming energy companies and creating competition for traditional utility companies. She also said that "participating in technology disruption will be key to JEA's future." She identified the Energy Policy Act of 2005 as a critical event because it "ushered in a wave of technology advancement and energy efficiency that dramatically impacted our business." Dykes attributed JEA's loss of $1.4 billion in free cash flow between 2007 and 2017 to those developments. She said that JEA's revenue is $500 million a year less than forecasted before the Act. JEA took a number of responsive measures, including raising rates by 71%, cost cuts (e.g., cutting 407 jobs over 10 years), and repaying approximately $3 billion debts. Dykes stated that those responses "addressed a foundational challenge": JEA has not participated in technology disruption. She also stated that "absent future changes," JEA can only raise rates and cut costs. In order to combat the effects of those developments, JEA would need to (i) raise base rates by 52% or (ii) raise base rates by 40% and make no contribution to the City after 2023. • At 01:33:14 in the video, Ryan Wannemacher began his presentation by quoting John F. Kennedy: "Change is the law of life, and those who look only to the past or present are certain to miss the future." Wannemacher said that JEA should assess emerging trends when moving forward. He argued that costs would continue to rise and JEA's sales would continue to fall in the future. He painted a similar picture for JEA's water system. • At 01:38:15 in the video, Wannemacher identified a second key event that will impact JEA's future: a Jacksonville home filing an interconnect agreement on February 6, 2019 that would allow it to completely self-serve through solar panels and Tesla powerwalls. Wannemacher closed his presentation with another John F. Kennedy quote: "Every area of trouble gives a ray of hope. And the one unchangeable certainty is that nothing is certain or unchangeable." Wannemacher closed by saying that JEA "must act." • At 01:41:45 in the video, Zahn identified a number of historical parallels to illustrate JEA's position: wireline to mobile phone transformation, taxis and Uber, and hotels and Airbnb. Zahn warned that the "status quo bias" ("any change	link 0452 0453

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	from the status quo" is "almost certain to be negative") should not prevent JEA from having a "productive" conversation about the future. • At 01:47:00 in the video, former Chairperson G. Alan Howard commented that it was "incumbent" on the Board to "empower" JEA's management team to "do what needs to be done" to avoid the negative effects of the status quo scenario. • At 01:48:18 in the video, Chairperson April Green asked JEA's management to provide the Board with strategic plans or options to respond "as though you have no constraints." At 01:53:20, Green then made a motion for same. However, she was instructed to open the issue up for public comment "because this was added to our agenda." The meeting minutes (at p. 2) state, "Due to this item not being on the approved Board agenda, legal advised that public comments had to be reopened."	
05/29/2019	Aaron Zahn appeared on *The Power Podcast* with Aaron Larson. Zahn said that JEA was having a "privatization debate" when he joined JEA's Board of Directors. Zahn said that the debate left him "scratching his head" because JEA didn't know what business model would best serve its customers. Zahn believed that JEA's "shareholders," management team, and board members were not "aligned" in their long-term plan for JEA. • Zahn addressed those issues by establishing "a stock price." Disruptive providers of solar and other alternative energy require public utilities to compete for the first time ever, and public utilities are not equipped for competition. Zahn's stock price equivalent, "CCEF"—customer, community, environmental, and financial—is used to drive better performance. • Zahn declined to comment on Plant Vogtle. • Zahn said that while JEA has added 65,000 energy accounts in the last ten years (~20% growth), JEA's energy sales have declined by 10%. • JEA is working to change its culture from "not failing" to "succeeding" by taking an "adaptive" approach to keep up with technology disruption.	link
06/03/2019	Tracey Kort Parde, an assistant general counsel with the City, sent Lynne Rhode an email stating, "I was wondering, would it be too late to ask for a copy of the NY memo?" Rhode responded, "I will drop it by your office shortly . . . ."	0454
06/04/2019	Aaron Zahn appeared on First Coast Connect with Melissa Ross. • When asked to explain JEA's financials status, Zahn identified two problems: (i) JEA had an increase of 65,000 customers, but its sales have decreased by 8%; and (ii) disruptive technologies like solar and battery power have entered JEA's market in the last four years. He also noted that JEA increased its rates by 71% over 10 years. • Zahn described Scenario 1 (status quo) as "what the world looks like if you keep driving straight."	link 0455 0456

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- Zahn described Scenario 2 as follows: JEA already (i) reduced its workforce and eliminated over 400 jobs, (ii) announced its STAR Plan to reduce debt, (iii) executed long-term contracts for solar PPAs. JEA will look at revenue growth opportunities (e.g., retail natural gas, electric vehicles, solar).
- When asked whether JEA's strategic planning was simply a way to bring about privatization, Zahn called it the "wrong question." Zahn argued people should be asking how JEA remains relevant to its customers. Ross and multiple callers pressed Zahn to confirm whether privatization might happen. He called the question irrelevant. He insisted that JEA (and others) should focus on whether JEA can provide affordable and reliable energy and water.
- Beginning at 31:00 in the interview, Zahn stated that he would not play "gotcha media," but he eventually said that JEA is in the same position as it existed in May 2018, when it voted on a resolution "not to explore privatization."

06/04/2019 In response to Aaron Zahn's interview with Melissa Ross, David Goldberg sent an email to Kerri Stewart, Banks Willis 0457
(The Dalton Agency), and others with proposed answers to questions regarding JEA's privatization. Goldberg wrote: 0458

> **QUESTION: Is privatization something you are consider?/Will you privatize?/ Are you open to privatization?**
>
> **ANSWER:** Privatization, in the way people are thinking about it, is not the direction in which we intend to head. My job as CEO, is to work with our leadership team to employ a strategic vision that ensures we are providing our customers with solutions when, how and where they need them.
>
> **FOLLOW UP:** As we develop our strategic plan to remain relevant to our customers, all options must remain on the table. But it's important to keep in mind that the concept of *privatization* doesn't necessarily mean being bought out by an investor-owned utility like an FPL. The Clay County Utility Authority, in the community adjacent to us, is customer owned as a Co-Op. This is a form of being a private entity. In other circumstances, utilities may have or soon partner with the Googles and Amazons of the world to create a type of semi-private partnership. It is also important to keep in mind that "non-public" utilities have a distinct advantage in that they are not subject to sunshine law, data sharing or limitations on the diversification and ingenuity of their business model.

06/04/2019 Related emails among Lynne Rhode, Kort Roesle-Parde, Sean Granat, and others. 0459
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- On June 4, 2019, Parde sent Rhode a memorandum assessing "whether JEA may create or establish a long-term 0460
06/11/2019 employee incentive program to pay a bonus or additional amounts to the employees of JEA over a period of years." (p. 1) 0461
Parde analyzed the long-term incentive plan's compliance with Section 215.425(3), Fla. Stat. She stated, "The only concern 0462

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for JEA would be the issue with respect to how to individually measure each employee's work performance, because the statutory language would not permit a bonus based upon JEA's overall financial improvement. The program would have to be structured accordingly." (p. 4).

- Rhode responded to Parde in a separate e-mail with several "questions/thoughts," including the need to: (i) explain why Parde concluded that the "statutory language would not permit a bonus based on JEA's overall financial improvement"; (ii) confirm whether "an LTIP award of *cash or stock*" to any employee is permissible; (iii) include language that LTIPs are "consistent (if accurate) with municipal purpose, public purpose, and ethical considerations"; (iv) explain the relationship between F.S. 215.425 and City Ordinance Chapter 116. Rhode went on to state, "We don't need details on specific aspects of the plan at this point. We just need to know if a long-term incentive cash or stock bonus program available to all employees and based on JEA's financial performance is permissible. . . ." Rhode also requested "a more direct answer (yes, no, or maybe as to each aspect) related to the specific contemplated LTIP program."
- Parde responded to Rhode, "I think there is some confusion because I literally have no information regarding how or what type of program JEA intends to implement. I have only spoken with you and just received the memo from the other firm."
- Rhode replied to Parde, "I don't think there are many specifics yet. They are looking at a long-term (1-3 year) incentive (form of typically cash or stock) bonus program based on JEA's financial performance and available to all (management and non-management) employees. . . . Any specific program can be analyzed later."
- On June 7, 2019, Parde sent an email citing Section 602.940, Florida Statutes. Parde cc'd Sean Granat and Kamaran Gay to her response.
- Rhode responded, "Thank you. Let's discuss a less formal approach."
- On June 9, Parde sent Rhode a "draft for Section 3 of the Comp Memo."
- Rhode responded,

> Thank you, Kort. I think subsection b needs explanation and recommendation (an analysis of the ethical constraints on management of an LTIP in light of the quoted footnoted language and how the program should be designed to avoid violations). Were you able to find anyone at OGC with expertise here who could help provide that analysis? Are there ethics opinions on point?

This email is forwarded to Sean Granat, Kamaran Gay and Jon Phillips.

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- On June 10, 2019, Parde responded,

> I worked this weekend attempting to draft the analysis you seek, i.e. how to design the program to avoid violations of State's misuse of position and unauthorized compensation ethical provisions. The problem is that an analysis is almost impossible without specifics. The potential to avoid violations is both position specific and bonus terms specific. The best I could do is to generalize which positions, i.e. those JEA management involved in choosing the parameters for the LTIP, are most likely to have potential violation of specific ethics standards. The best we could say is that if JEA wished to implement a bonus scheme based solely on financial metrics, ethical constraints on management would prevent management from being able to be the sole "measure" JEA's finances.
>
> The case law is not on point. I could not find a single decision involving an ethical violation associated with the implementation of a bonus scheme under 215.425.

Parde cc'd Sean Granat and Kamaran Gay.

- On June 10, 2019, Rhode wrote to Parde:

> Assuming Jon / Sean agree and you are okay with this approach -- would you mind please rewording subsection b to summarize what you say below (including a statement that management should not be the sole arbiter of whether JEA achieves financial success but rather should use an independent analyst) and include a statement about how you could not find any ethics opinions or case law on point and recommend that the City Ethics Officer be contacted to further analyze the proposed program?
>
> Then if you could send me a full draft, I will take another look and share any edits/questions.

Rhode cc'd Sean Granat and Kamaran Gay.

- On June 10, 2019, Parde responded to Rhode, "Attached please find the most recent draft memo. Both Jon and Sean are in meetings but I have copied them on this email." Parde cc'd Sean Granat and Kamaran Gay. The "Answer" section of the memorandum states:

> **ISSUE:**
>
> You have asked whether JEA may create or establish a long-term employee incentive program to pay a bonus or additional amounts to the employees of JEA over a period of years.
>
> **ANSWER:**
>
> Yes, JEA is authorized to adopt bonuses or incentive programs so long as the program complies with the requirements of Section 215.425, Florida Statute, wherein the bonus or incentive program would be part of an adopted JEA policy, of which the bonus or incentive is based upon an employee's work performance, whereby all employees receive notice of the policy prior its initiation, and which is available to all JEA employees. In addition to the requirements of Section 215.425, Florida Statue, any bonus or incentive program JEA adopts should provide for lump sum awards, with objective metrics measured by impartial analysts and not potential program award recipients so as to comport with the Florida Ethics Code.

Memo at p. 1.

- That same day, Rhode replied:

> Thank you, Kort. I really appreciate your continued hard work on this and realize we have asked you to opine on an area (ethics) that is difficult and somewhat subjective. Sean and Jon, JEA management is really focused on making sure they address any ethical concerns before moving forward with any program. If either of you have time to review the memo today, I would appreciate your comments. I too will review. I need to get Herschel the memo by COB today.

Parde cc'd Sean Granat and Kamaran Gay.

- John Phillips sent an email to Lynne Rhode on June 11, 2019, stating, "Sorry Lynne—I did not have time to get to this yesterday. If you have not turned it in yet I could read it today?"
- On June 13, 2019, Lynne Rhode sent "preliminary notes . . . pertaining to the ethics component of the draft comp memo."

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06/08/2019	David Goldberg sent an email to Michael Munz (The Dalton Agency) addressing how Aaron Zahn should answer questions about JEA's potential privatization: > In terms of the reader perspective and sound bites, that is what I focus on when I'm writing. So to me, the buzz would be that we would consider some sort of privatization down the road, but not iou buyout. There is risk in making this the next topic of conversation of course, however, if this is truly the path we must pursue at some point, putting it out there now may lead to more perceived transparency and trust and also explain why we are talking about these dire scenarios and show that it's not to say we're going to actually go into a death spiral, but that we could if not able to go down scenario 3.	0463

06/06/2019	Julio Romero Aguero sent Aaron Bielenberg (McKinsey) and Sarah Brody (McKinsey) several documents relating to JEA's status quo 2 analysis:
	• A "Status Quo 2: April Workshop Presentation" stating JEA has a $1.9 billion 12-year cash gap. (p. 9). It assessed various revenue-generating initiatives available to JEA with its existing legal constraints, including selling the "1st property Coggin" for a net $140 million through JEA's real estate optimization program. (p. 67). The presentation concluded JEA had "[p]otential to reduce cash flow gap by $1.1B[illion] through levers within JEA constraints[.]" (p. 14).
	• A draft presentation entitled "Management Response: Using Current Toolset[.]" It assessed a "Management Response Under Existing [Legal] Constraints[,]" including revenue-generating initiatives JEA could pursue. The presentation states, "Charter sets forth a series of limitations that prevent JEA from diversifying and implementing creative **revenue generation** initiatives and **severely cripples JEA's ability to evolve and remain relevant** to address customer and community needs, as well as market and industry trends[.]" (p. 13). The presentation also states, "An unconstrained plan is the **only suitable option** for JEA to evolve into an energy and water utility of the future and to continue providing **customer, community, environmental and financial value** to Jacksonville in a **sustainable and efficient** fashion . . . ." (p. 13).
	• A draft presentation entitled, "Status Quo 2 Baseline – Assumptions review[,]" It concludes:
	  ○ "In the absence of charter change, **Status Quo 2 reduces headcount, cuts capital investment, initiates allowable new revenue opportunities, and raises rates where necessary[.]**" (p. 4).
	  ○ "[A]bsent an integrated strategic plan, **Status Quo 2 will reduce the quality of service JEA provides,** negatively impacting customers, the community, the environment, and JEA employees[.]" (p. 4).
		0464
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		0467

06/10/2019	JEA's senior leadership met with the Jacksonville Civic Council to discuss JEA's financial projections. Attendees included Michael Munz (The Dalton Agency), John Delaney (Rogers Towers), Bill Adams (Gunster), and Kevin Hyde (Foley & Lardner).	0468 0469 0470

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06/12/2019	Mayor Lenny Curry emailed Brian Hughes, Aaron Zahn, Camille Johnson, and La'Trece Bartley an invitation to a meeting on June 12, 2019.	0471
06/14/2019	Kerri Stewart sent an email to Shawn Eads stating, "Please see the document I passed out to the SLT this morning." The email attachment included talking points regarding JEA's privatization.	0472
06/17/2019	The Office of General Counsel ("OGC") issued a memorandum regarding JEA's bonus and incentive programs that concluded: JEA is authorized to adopt a bonus or incentive program so long as the program complies with the requirements of § 215.425, Florida Statutes. The program must (1) be based on work performance; (2) have pre-determined performance standards and evaluation processes; (3) provide notice of the program to all JEA employees prior [to] its commencement; and (4) be available to all JEA employees. In addition to the requirements of §215.425, Florida Statutes, any bonus or incentive program JEA adopts should provide for objective metrics measured by impartial analysts and not potential program award recipients. Also, the program would have to comply with the specific constraints itemized in Part III of this memo, which includes ethics laws, Civil Service Rules, and collective bargaining. (p. 1).	0473
06/17/2019	Banks Willis (The Dalton Agency) sent proposed talking points for Aaron Zahn to use when speaking with JEA employees.	0474
06/17/2019	David Goldberg sent an "Undercurrents" copy to Banks Willis (The Dalton Agency), Kerri Stewart, and others stating: Questions have been swirling around the idea that, "If things are so bad at JEA, then why are they spending money on things like advertising, a new building and technology upgrades? To put it plainly, the sky isn't falling. JEA is not in trouble – yet. In fact, this past year, JEA operating costs came in below revenues to produce a positive margin. However, the reality is we continue to experience declining revenues, increased operating costs and new technologies disrupting our industry at a faster pace year after year. JEA will not be able to sustain itself in its current business model for long. This is why leadership is conducting scenario planning and determining how we may respond to each potential scenario to pursue long-term growth and success.	0475

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06/17/2019	During the week of June 17, 2019, Aaron Zahn, Melissa Dykes, Ryan Wannemacher and Herschel Vinyard traveled to New York City, where meetings with representatives from Pillsbury, J.P. Morgan, and Morgan Stanley occurred. (The Committee could not verify which JEA representatives attended each meeting.) Please see the chronology entry regarding Morgan Stanley's "Discussion Materials" dated June 20, 2019 for additional information.	0476
06/18/2019	JEA's Compensation Committee held a meeting at which Willis Towers Watson's "Total Market Compensation Strategy" report and a "Compensation Program Appendix for the Compensation Committee." The document recommended several aspects for the plan, including: (i) having a performance unit value "tied to JEA Net Book Value" with the "unit valuation formula to be determined"; (ii) customer rates used to modify the number of performance units earned; (iii) all employees eligible to participate; (iv) a threshold payout of 50% target and maximum payout of 150% target; and (v) an annual estimated cost of $3.4 million. • Willis Towers Watson proposed in the appendix (at p. 31) that JEA's executives should receive greater adjustments to their bonuses, long-term incentive opportunities, and "at risk" compensation than JEA's "bargaining units" (e.g., laborers). As an example, Willis Towers Watson proposed that executives receive a 40% long-term incentive opportunity and an 85% total at-risk compensation, while bargaining units receive a 1% long-term incentive opportunity and a 3% total at risk compensation. Willis Towers Watson noted that JEA provided the market data used for its proposed compensation adjustments. • The Committee approved a motion to "direct JEA management to start the process of finalizing the long term compensation framework . . . ."	0477 0478 0479
06/20/2019	Morgan Stanley presentation materials entitled "Discussion Materials" regarding a JEA sale. The Discussion Materials state: • "Morgan Stanley welcomes the opportunity to work with the Jacksonville Electric Authority ("JEA") and City of Jacksonville to consider potential strategic alternatives for both the electric and water utility." (p. 3). • An "Executive Summary" of the Discussion Materials. (p. 4). • "We welcome the opportunity to work with JEA and the City of Jacksonville to understand the changing landscape and help JEA find a transformational partner." (p. 4). • "As sellside advisor, Morgan Stanley has successfully balanced the needs of all of its clients' constituents in order to successfully complete transactions." • A summary of "Disruption Facing the Utility Sector." (pp. 16-26). • A "Preliminary JEA Electric Financial Analysis" for JEA's electric and water systems. (p. 43). • A summary of "Process Considerations" for a JEA privatization. (pp. 45-49).	0480 0481

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	○ An estimate that a JEA privatization would generate "[o]ver $5Bn in excess proceeds to the City of Jacksonville" and have "[n]o involuntary job cuts." (p. 46). ○ A discussion of the risks and benefits of a "Sale of Entire Authority [JEA] versus Individual Systems." (p. 47). ○ A recommendation for how JEA could address JEA's Plant Vogtle obligations under the MEAG PPA. (p. 49). It states, "Given the expected contract price will be greater than current market prices, as well as final cost uncertainties, as potential purchaser may require a sizeable upfront payment to lower the contract price to current market levels." (p. 49). • A privatization timeline estimating "transaction agreements could be executed in as few as 24 weeks" after the bidding process launched. (p. 55). • "Purchase Agreement Considerations." (p. 56). • "Potential Buyers" for JEA. (pp. 57-63).	
06/21/2019	UNF made a press release regarding polling data that states, "The poll also showed a large 72% majority of registered Duval County voters oppose selling all or parts of JEA. 'While JEA leadership and city hall have been noncommittal about selling, voters are very clear about their preference to keep the largest community-owned utility in Florida,' said Binder."	0482
06/24/2019	Kevin Plunkett (J.P. Morgan) circulated by email a copy of the package for the JEA Board meeting on June 25, 2019.	0483 0484
06/25/2019	JEA's Board held a meeting. • Beginning at 00:15:00 in the video, Ryan Wannemacher gave a presentation on JEA's FY 2020 budget. JEA's FY 2020 budget was approximately $70 million dollars less than FY 2019. JEA had no proposed rate changes. JEA also intended to cash-fund the investment of over $500 million in infrastructure with no new debt. • Beginning at 00:49:00 in the video, Aaron Zahn, Melissa Dykes, Ryan Wannemacher, and Anton Derkach (McKinsey) gave a presentation on JEA's scenario-based strategic planning. • Beginning at 00:51:28 in the video, Derkach gave a brief overview of where JEA is in the strategic planning process. He stated that JEA and McKinsey had finished analyzing the status quo and traditional response scenarios for JEA. They had not finalized a short- or long-term plan. Derkach stated that the strategic-based scenario planning developed for JEA was intended to, among other things, avoid "stability bias" (i.e., "assum[ing] that the future will look like the past"). His presentation materials had a picture of an airplane flying through a thunderstorm and noted that JEA's scenario-based strategy "[s]tarts from external forces shaping the business environment." (PDF p. 114)	link 0485

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- Beginning at 00:57:00 in the video, Wannemacher gave a "review" of scenario 1 (status quo) discussed at the May 2019 JEA Board meeting. He stated that, since the adoption of the Energy Policy Act of 2005, (i) commercial electricity consumption per customer has decreased 30% and residential consumption per customer has decreased 17%; (ii) JEA has experienced an 8% decrease in overall electric sales in the last decade despite adding 65,000 new customers; (iii) JEA raised base rates by 71% for electric and 72% for water. Wannemacher also identified the following impacts of "business disruption": (i) an 8% decrease in MWh sales despite a 16% increase in the number of energy customers; (ii) a 14% increase in water sold despite a 19% increase in water customers; and (iii) 407 less JEA employees. Wannemacher claimed that the "last decade was marked by energy efficiency and the emergence and maturation of solar and other renewable energy technologies," including a 67% increase in solar. He warned that JEA expected batteries to allow energy customers to "self-serve." As a result, JEA forecast that, by 2030, its customers would grow by 16%, but JEA's energy sales would fall another 8%. If JEA took "no action"—i.e., continued the status quo—JEA would have to increase electric base rates by 52% and water base rates 15%. JEA's expected debt load would be $4.8 billion (including JEA's Plant Vogtle obligations).
- Beginning at 01:03:15 in the video, Zahn gave a presentation entitled "Analysis of Growth Initiatives." Zahn began by talking about the effects of technology disruption on JEA. Zahn indicated that, like Blockbuster video and other failed companies, JEA will suffer if it doesn't "recalibrate" through innovation. He noted a significant adoption of renewable energy generation (solar, wind, etc.) in the greater Jacksonville area in the last 5 years. Zahn acknowledged the "doom and gloom" in some JEA forecasts, but he also believed there were "very positive opportunities" in JEA's future. However, Zahn indicated that JEA's ability to capitalize on those opportunities is inhibited by the following constraints: (i) the Constitution of the State of Florida, (ii) the Florida Public Service Commission, (iii) the City of Jacksonville Charter, (iv) Florida Statutes, (v) bond resolutions, (vi) policy considerations, and (viii) the way JEA's charter defines its business structure.
- Beginning at 01:09:48 in the video, Zahn stated that Dykes would discuss "what a traditional utility response is utilizing each and every tool available to JEA today, absent dramatic change." Dykes proceeded to give a presentation on scenario 2 (traditional response) entitled, "The Traditional Path—Corporate Response Under Existing Constraints[.]" Dykes stated that, under the traditional response, "business does decline." She also claimed that, given the constraints identified by Zahn, JEA is left with two "primary" tools: (i) cost reduction (head count reduction and capex reduction) and (ii) rate increases. Even if JEA implemented those tools, JEA would experience, among other things, the following by 2030: (i) a 29% headcount reduction (including members of the Senior Leadership Team), (ii) reductions in reliability and customer service, and (iii) a 26% rate increase. However, Dykes reported a number of positive developments "to date will" provide $389 million in revenue by 2030, including expanded electrification and real estate optimization.
- Beginning at 01:16:30 in the video, Zahn characterized scenario 2 (traditional response) as "basically just like the last 10 years." Zahn then discussed scenario 3 ("non-traditional" scenario). This segment of the presentation is entitled, "The Non-Traditional Path—A Trail Less Traveled[.]" Zahn then gave a number of reasons for why JEA is developing a

non-traditional strategic plan, including "[t]he industry is changing and JEA's strategy needs to change." Zahn's presentation (at p. 32) identified the goal as "[d]evelop[ing] a 10 year strategy for JEA that drives an increase in the value of JEA now and in the future" to "[p]osition JEA to succeed in the face of trends." Zahn ended his presentation with the following quote, which he attributed to Sue Kelly (CEO of APPA): "If public power utilities do not face these challenges head on, 'we could lose our customers' business and risk being disrupted—indeed, we could be left behind." Zahn then asked the Board to "consider two alternatives" (i) "instruct staff to finalize a traditional utility response in the event we do not have the opportunity to grow change" and (ii) "allowing us the opportunity look at our constraints and consider Charter changes so that we can finalize a plan and bring it back to you."

- Beginning at 01:23:37, JEA's Board responds to the presentation.
    - Board Member Frederick Newbill stressed that the Jacksonville community needs to learn where JEA "really is."
    - Board Members Camille Johnson and Andy Allen indicated that they found option 1 (status quo) and/or option 2 (traditional response) unacceptable because of the negative impacts. Allen also characterized the presentation as "doom and gloom." He recommended "digging in" to the constraints preventing JEA from accessing revenue streams.
    - Beginning at 01:32:40 in the video, former Chairperson G. Alan Howard stated, "I'm not sure why this would surprise anyone. . . . [W]e've been talking about it for a long time. Senior Leadership Team and JEA have been aware of these trends for several years now." He commended Zahn and the Senior Leadership Team "for having the courage to confront the reality." He characterized option 1 (status quo) as "horrible" and option 2 (traditional response) as "a little less horrible." He also stated, "I reject that the traditional utility response is the right response. I think that we need scenario 3. We need to attack the . . . constraints on JEA's ability to move forward as an innovative center of the energy economy for the 21st century. . . ." Howard then asked Zahn to clarify his request for a motion. Howard said, "I don't really like status quo 2, and I'd be concerned about any timing on implementing changes pursuant to status quo 2."
- Beginning at 01:35:16 in the video, Zahn responded to Howard by stating, "Traditional utility response has got a lot of uncertainty for our employees, and I will tell you it is very real and having an impact already today." He ultimately recommended coming to the July 2019 Board meeting with (i) an execution and implementation plan for traditional utility response and (ii) a strategy on how to pursue changes to the Charter and the other constraints affecting JEA.
- Beginning at 01:39:18 in the video, Chairperson April Green responded by stating, "We've all expressed our sentiment of the traditional response is not where we want to go. So, is your idea of coming and presenting the traditional response to show the gap that we will still not be where we need to be?"
- Beginning at 01:39:50, Zahn responded to Green as follows: "A non-traditional response will require 19 City Council members to vote in a certain direction. It will require things that are external to the purview of this Board of

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	Directors or myself, as the CEO. . . . We have to have an implementation plan in face of not obtaining alignment of our community and other external stakeholders that this Board has no control over." • Beginning at 01:40:42 in the video, Board Member Howard made a motion that "the staff be directed to present to this Board a plan for implementation of status quo 2 and a plan for—or proposal—for exploring removal of constraints on opportunities to innovate the business." Howard noted that he "does not like the traditional response," but noted it is important for the Board to be fully informed and the community "needs to be educated with the bucket of cold water to the face of what the future holds if we don't have the authority to make changes in our business model." The Board unanimously approved the motion. • From 01:43:29 to 01:45:20 in the video, Board Member Camille Johnson discussed the Compensation Committee's work with Willis Towers Watson to put in place a formal compensation policy focusing on short- and long-term incentives to create financial value for JEA. Johnson made a motion for the Board to approve the framework "as recommended by the comp. committee" for developing a "market-based compensation program" consisting of base salary, short-term incentives, and long-term incentives that would "use the framework as developed by a third-party consultant, Willis Towers Watson" to obtain a program aligning with the Total Compensation Philosophy approved by the Board in January 2019. April Green sought clarification: "So, in short, you want us to approve just the framework?" Johnson confirmed, "Correct. JEA's management development framework." A final plan would be presented to the Board for approval at a later date. The Board unanimously approved the motion. • Beginning at 01:46:05, Chairperson Green noted that it was "interesting" to address the compensation structure after discussing the negative implications of the traditional response. In response, Zahn commented that a long-term incentive would be rendered "worthless in the face of traditional utility response. So, ultimately what it is incentivizing growth trajectory." • Beginning at 01:47:05 in the video, Nancy Kilgo reported that JEA had worked on, among other things, lease negotiations regarding the new JEA headquarters. The Board unanimously approved the lease agreement between Ryan Companies US, Inc. and JEA pursuant to Resolution 2019-05.	
06/26/2019	Invoice # DCG-JAX001-5784 from McKinsey & Co. seeking $310,000 in connection with JEA's "Strategic Planning effort."	0486
06/27/2019	Draft memorandum from Lynne Rhode to Herschel Vinyard assessing the "General Legal Constraints on JEA Initiatives[.]" The "Short Answer" section states: Any inquiry into JEA's authority to pursue a certain contemplated initiative under current law will require the following detailed legal analysis with advice of legal counsel:	0487

(1) Does JEA's contemplated action meet constitutional requirements that it (i) be for a municipal (1)purpose and (ii) either (a) involve joint ownership, construction, and operation of electrical generation or transmission facilities or (b) have a (paramount) prevailing public purpose if it entails joint ownership with or lends or uses credit for the benefit of a private party? If the answer to either question is no, the action is prohibited. If the answer to both questions is yes, proceed to question two.
(2) Is there specific, clear language in Article 21 authorizing or prohibiting the contemplated action? (2)If the answer is yes, the action is authorized or prohibited, as provided. If the answer is no, proceed to question three.
(3) Does the contemplated action fall within the express authority of JEA to own, manage and (3)operate a utilities system (as strictly defined)? If the answer is yes, the contemplated action may be permissible after careful analysis. If the answer is no, the contemplated action generally is prohibited.

Undertaking that preliminary legal analysis for each of the proposed potential opportunity arenas suggests the following:
<u>Changing rate structure / raising rates</u> - JEA generally has the authority to raise rates. JEA likewise may change its rate structure; such change, however, would be subject to the jurisdiction of the Florida Public Service Commission.
<u>Selling more/customized utilities services</u> (including natural gas) - Broadly speaking, JEA has the authority to sell more services to its current customers within the electric, water and sewer, and natural gas spaces.
<u>Acquiring new customers</u> (in Duval County and adjacent counties as well as in non-adjacent counties) – JEA generally may expand its customer base within Duval and adjoining counties. It is prohibited from providing service to customers in non-adjoining counties. Selling or leasing additional new products and services (utility and non-utility products and services) - In accordance with Charter Sections 21.04(p) and 21.04(r) of the JEA Charter, JEA may sell certain types of new products and services under terms and conditions set by resolution of the JEA Board. Sales of new products or services that are not captured by Sections 21.04(p) or 21.04(r) generally are prohibited.
<u>Cutting operating expenses</u> – JEA generally has the authority to take measures to cut its operating expenses.
<u>Eliminating JEA's contribution to the City of Jacksonville</u> - JEA does not have the authority to reduce or eliminate its assessment obligations. The JEA Charter allows the City Council to reconsider the assessment amount every five years and change it by ordinance at City Council's discretion.

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	Selling JEA assets - JEA generally may sell, lease, or otherwise transfer real or personal property upon terms set by resolution of the JEA Board. JEA may not, however, transfer more than ten percent of its total assets without approval of the City Council and a referendum. Acquiring, growing, and operating new businesses throughout the United States – While JEA does have the authority to make certain acquisitions within the utility space, it cannot grow and operate those businesses outside Duval and adjacent counties. JEA generally does not have the authority to acquire, grow, and operate non-utility businesses. Becoming a joint owner or engaging in a joint venture with utility and non-utility entities – JEA has the authority to enter into certain joint ownership and joint venture agreements with other utilities so long as it maintains a necessary level of control. JEA generally is prohibited from entering into joint ownership or joint venture agreements with non-utilities. Selling a portion of equity to fund growth or deleverage - JEA does not have the ability to sell equity because, as a municipal utility, it does not have equity. Investing in research and development and intellectual property for monetization - The JEA Charter provides certain limited opportunities for JEA to invest in R&D and IP projects. Such projects, generally speaking, would be subject to public records laws and City Council approval of financing and are largely restricted by Charter to projects related to conservation and efficiency, power conditioning and load management, and/or improvement of the utilities system (as defined). Without the ability to protect R&D initiatives from public disclosure, the opportunity to monetize IP is extremely limited. Making investments purposed to accelerate and grow utilities technologies, services, and platforms – JEA is Constitutionally prohibited from making such investments absent a paramount public purpose.	
06/27/2019	JEA engagement letter requiring Pillsbury Winthrop Shaw Pittman LLP to assist with corporate, transactional, litigation and other matters. The letter states, "The effective date of this letter shall be retroactive to January 1, 2019."	0488
07/01/2019	Tim Baker terminated BCSP, LLC's consulting agreement with FPL (effective July 31, 2019).	0489
07/01/2019	Mr. Wannemacher sent Ms. Columbo an email with an attachment discussing a "JEA Employee Benefit Bond" proposal. The document states, "JEA Employee Benefit Bonds will be an employee benefit similar to JEA provided life insurance available to every currently employed JEA employee and full-time OGC attorneys directly supporting JEA ('Eligible Participant')." The plan proposed the issuance of 130,000 bonds for JEA's electric system and 170,000 bonds for JEA's water system. JEA's CEO would allocate the bonds among eligible employees. Additionally, each bond would cost $0.00 and increase $10.00 in value for each 1% its system (electric or water) increased over a specified target value. However,	0490

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	the plan also specifies that the bonds will be subject to an "Extraordinary Mandatory Redemption . . . [i]n the event of repayment of substantially all of the debt outstanding under either subordinate bond resolution . . . ."	
07/03/2019	Invoice to Foley & Lardner for $11,572.03 associated with the Club Continental meeting on July 10 and 11, 2019.	0491
07/03/2019	Banks Willis (The Dalton Agency) sent an email scheduling Aaron Zahn, April Green, and Julio Romero Aguero for "on-camera media training[.]"	0492
07/03/2019	Kevin Hyde (Foley & Lardner) sent several Foley & Lardner attorneys an email asking, "Does anyone have time to help with drafting a performance bonus agreement for employees? They want it tied to specific performance measurements of the entities. Let me know. There is some urgency in the request." Richard Guyer (Foley & Lardner) responded, "I think I can help. But I defer to the group."	0493
07/03/2019	Kevin Hyde (Foley & Lardner) sent an email to Belinda Morgan (Foley & Lardner) stating, "A public agency client wants to create a 'bonus' for its employees. They are calling them performance units, essentially a grant of options to exercise. Is this something you have drafted before or could you help draft?" • Belinda responded to Hyde, "I'm happy to help . . . . To be honest, I'm not exactly sure how this would work as I wouldn't think there would be any sort of stock/equity units to which the plan would apply. Is this really more of a bonus arrangement, but each individual gets a certain number of 'units' which determines his/her piece of a bonus pool?" • Hyde responded to Belinda, "We are trying to avoid the word bonus but the concept is the same."	0494
07/07/2019	Richard Guyer (Foley & Lardner) sent a draft "performance unit agreement for JEA" to Kevin Hyde and Belinda Morgan (Foley & Lardner). Guyer's email states, "I've attempted to weave in the applicable provisions from JEA's employee benefit bond proposal. Accordingly, my understanding of the performance grant is as follows: employee is granted a pre-determined amount of performance units (either electric or water or both). The performance units are then redeemed for cash at the end of 2020 based on a formula for which increases $10 for each 1% of the applicable enterprise value change percentage in excess of the target."	0495
07/07/2019	Kevin Hyde (Foley & Lardner) sent to Dabney Ware (Foley & Lardner) an email stating, "Is there anything in Florida ethic's law – particularly ruling by the Florida Ethics Commission – that prohibits employees from essentially being given stock option to realize a benefit from an appreciation in value of JEA between now and a *sale*?"	0496
07/08/2019	Belinda Morgan sent an email to Kevin Hyde stating, "Although the agreement is styled as a grant of 'performance units,' that's essentially just a way to determine a cash bonus for the employees. Some of the changes I've suggested are to address that – removing language more usually seen with equity-related plans . . . ."	0497

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07/08/2019	Banks Willis (The Dalton Agency) sent an email to Gina Kyle, David Goldberg, and Kerri Stewart titled "FOR REVIEW: Scenario 3 communications tracker." Attached are documents which detail communications strategies for handling the "3rd Scenario".	0498 0498a
07/09/2019	David Goldberg (JEA) sent an email in response to Banks Willis's (The Dalton Agency) email stating: This is good work, Banks. I think what is really needing to be focused on is the key messaging in regards to what anticipated today and lay out all possible reactions and what our responses would be as discussed. I think Aaron definitely wants to know how we are going to address inevitable questions and accusations that will arise from this next board meeting. Happy to help you get these completed.	0499
07/09/2019	Aaron Zahn sent an email to Jessica Lutrin (Pillsbury) with a copy of Paul McElroy's employment agreement. Zahn wrote, "FYI. Here it is. Looks like we will need to add some additional provisions." Other emails in the chain discuss the absence of a separation agreement in McElroy's agreement.	0500
07/09/2019	JEA's SLT attended a "Utility of the Future workshop" to discuss an unconstrained JEA. It states: Today, you have the opportunity to think about how JEA could look in 2030, and to do so in an unconstrained way. In 10 years - assuming we do not have the same constraints that we do today -- this is an exciting chance to set an unconstrained view of how we can run at opportunities that close the status quo gap[.]	0501 0502
07/10/2019	Dabney Ware (Foley & Lardner) sent an email to Kevin Hyde (Foley & Lardner) stating, "Are you thinking this [plan] would be some form of bonus program with payout to employees based on a sales prices?" Hyde responded, "You basically have it right."	0503
07/10/2019	Chauncey Lever, Jr. (Foley & Lardner) sent an email to Kevin Hyde (Foley & Larder) stating, "Kevin, here is a case that deals with public purpose." The case attached to the email, *State v. City of Orlando*, 576 So. 2d 1315 (Fla. 1991), held that a municipality's resolutions, which authorized the issuance of revenue bonds to finance local agencies' projects that could benefit the municipality, violated article VIII, section 2(b) of the Florida Constitution because the bonds had a primary purpose of obtaining profit, an activity more appropriate for a commercial entity, not a municipality.	0504
07/10/2019	Tim Bramwell (Foley & Lardner) sent an email to Kevin Hyde (Foley & Lardner) analyzing whether JEA's proposed performance bond plan violated the public purpose requirement explained in *State v. City of Orlando*. Bramwell found the proposed plan was "invalid." Bramwell explained, "The primary purpose of this 'bond' seems to be to serve as a vehicle	0505

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	for paying deferred/alternative compensation to employees, and a court would view the primary purpose of the instrument as such." Bramwell also concluded, "An instrument that pays a premium at a rate that fluctuates in direct proportion to the value of the company is not a bond. A bond pays interest as compensation for borrowing money."	
07/10/2019	Richard Guyer (Foley & Lardner) sent an email to Kevin Hyde (Foley & Lardner) stating, "The instrument is a contractual employee benefit in the nature of a contingent future bonus providing for a future payment to participating employees contingent upon the satisfaction of specified conditions . . . ." Mr. Guyer went on to state, "Under the terms of the instrument, the employees' $1 investment per bond would result in a $120 payment per bond, or a 12,000% return on investment. The return appears to have no practical relationship to the $1 purportedly being loaned."	0506
07/10/2019	Chauncey Lever, Jr. sent an email to Kevin Hyde stating Foley & Lardner could not provide an unqualified opinion regarding JEA's proposed bond plan. Lever also wrote, "As an aside, not likely that question of legal sufficiency could be cured with a bond validation. . . . We would need to go to the Florida Supreme Court . . . and do not think the Supreme Court would validate."	0507
07/10/2019	Organizational materials for a "Project Freebird" meeting at the Club Continental on July 10 and 11, 2019 in Orange Park, Florida. Representatives of JEA, Pillsbury, Foley & Lardner, J.P. Morgan and Morgan Stanley attended the meeting. The organization materials include: • A "[k]ey process deliverables timeline," which includes "[d]raft [i]nvitation to [n]egotiate" by July 19, 2019. (p. 2). • "Process objectives" included "[v]alue maximization; providing highest potential proceeds to the City." (p. 4). "When appropriate" states, "Maximizing value is high priority." (p. 4). • "Indicative process timeline" states that "[s]ign PPA and/or definitive agreement" would occur in "March 2020." (p. 5). • Identities of potential JEA purchasers ("counterparties"). (p. 11).	0508
07/10/2019	A spreadsheet entitled "FY2020 LTI Estimate" contained calculations relating to the PUP through FY2022, including: • An allocation of performance units by job level. The allocations ranged from 8 performance units for each bargaining unit employee to 1,079 performance units for each JEA executive. • An estimated value of each performance unit of $100.00, $104.40, and $109.43 in FY2020, FY2021, and FY2023, respectively. • An estimate of 42,313, 84,064, and 125,086 outstanding performance units in FY2020, FY2021, and FY2022, respectively. • A "Proposed LTI Value" of $4,231,286.74.	0509

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07/10/2019	Conventus, LLC formed in Florida. Its articles of incorporation identify Timothy Baker and Sam Mousa as its managers.	0510 0511
07/11/2019	Morgan Stanley began preparing the solicitation of bids for Invitation to Negotiate for Strategic Alternatives by July 11, 2019. It states JEA seeks "strategic alternatives" to "maximize value for its stakeholders" by "eliminat[ing] certain of JEA's existing business constraints."	0512
07/11/2019	Kevin Hyde sent an email to Dabney Ware stating, "We have been debating the 215.425 statute all day."	0513
07/11/2019	G. Alan Howard sent an email to Stephen Amdur of Pillsbury regarding "Project Freebird[.]" It states: It was good to meet you yesterday here in Jacksonville; I look forward to working with you. Per Aaron's request, attached are tear sheets on the attorneys in our firm that I would propose to use on this engagement. I anticipate that I will be the primary resource, but I have included one associate from my team and my law partner who does government relations work. My partner, Paul Renner, is the Speaker of the House – Designate for the Florida House of Representatives, is extremely well-connected in state and local politics, and would be support on government relations. We would involve additional firm resources if required. Per my discussion with Aaron, we would discount our standard hourly rates in consideration of a success fee. Shareholder rates are $500/hour and associate rates are $300/hour. We would accept a 20% discount to those rates and would also submit to a mutually agreeable monthly cap on fees.	0514
07/12/2019	Email from Steven Wendeborn (J.P. Morgan) stating, "I wanted to provide instructions regarding the delivery of the Invitation to Negotiate. The document will be coming electronically from Bill at Morgan Stanley at some point this evening . . . ." The email also identifies Aaron Zahn, Melissa Dykes, and Herschel Vinyard as recipients.	0515
07/12/2019	Kerri Stewart sent a communications calendar to Banks Willis (The Dalton Agency) regarding "[s]cenario selection."	0516 0516a
07/12/2019	Sam Mousa sent FPL an email stating, "I'm grateful and excited to assist FP&L with their endeavors." Mr. Mousa's email also referenced a potential "success fee structure." (Consultants typically receive success fees upon the completion of significant corporate transactions.)	0517
07/12/2019	Draft Resolution 2019-07 authorizing Scenario 3 (nontraditional response) recovered from Lynne Rhode's computer.	0518

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07/13/2019	Sam Mousa (doing business as Mousa Consulting Group, Inc.) signed a consulting agreement to "advocate the interests of the Client [FPL] before the governments in northeast Florida" in exchange for $90,000 annually.	0519
07/16/2019	Tim Leigh (JEA) sent an email to Steve Selders with a presentation attached entitled "JEA Digital Grid Transformation Project" dated July 1, 2019. It states, "Research indicates the value of a Digital Grid (to JEA) ranges between $0.5B and $1.2B in benefits from operational savings and from creating new business models/offerings." (p. 2).	0520
07/16/2019	Ryan Wannemacher modified a draft PUP presentation for the July 23, 2019 Board meeting, which contains three example redemption value calculations for the PUP (three-year aggregate value specified in parentheses): (i) traditional utility response ($32.010 million); (ii) recapitalization table stakes ($0.015 million); and (iii) business decline ("-$30,000").	0521
07/17/2019	Kevin Hyde sent Jessica Lutrin (Pillsbury) an email asking her to "remove the language in the retention agreement about covering employees who are attorneys with the office of general counsel who are dedicated to JEA . . . ."	0522
07/17/2019	McKinsey presentation entitled "JEA Strategic Planning Document – Week 1 Discussion Document" outlining how to a "workplan for building out the 2030 strategy and supporting initiatives."	0523
07/17/2019	La'Trece Bartley (executive assistant for Melissa Dykes) sent an email blind copying the JEA Board members regarding the package for the July 23, 2019 Board meeting. It states: This month's JEA Board package will be in a hard-copy format versus an electronic format and will not be in Diligent. Madricka and I will have the packages delivered to your homes. Please reply and confirm your address so that we can have the package delivered to you on Friday.	0524
07/17/2019	Banks Willis (The Dalton Agency) sent Kerri Stewart an email with "messages" for the July 23, 2019 Board meeting that assumed the JEA Board would approve Scenario 3 (nongovernmental response). The messages included: • Q. What exactly happened at the July 23 board meeting? What was the outcome? A. As a municipally owned (i.e. government affiliated) utility in Florida, JEA is governed by laws, regulations and public policies including: ○ Constitution of the State of Florida ○ Florida Public Service Commission ○ City of Jacksonville Charter ○ Business Structure as defined by Charter ○ Florida Statutes ○ Bond Resolutions	0525

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	o Policy considerations Collectively, these policies serve as barriers to JEA's ability to compete and grow in today's dynamic marketplace. Unfortunately, after in-depth legal analysis, we've concluded that it will be impossible for JEA to change, and therefore overcome, the government affiliated constraints that govern our utility. . . . • Q. What is recapitalization? Aren't you just going to privatize (sell) JEA? A. To continue to use the term 'privatization' in the negative context oversimplifies a complex business challenge, ignores to the hard work that was done as part of JEA's scenario-based strategic planning process, does a disservice to employees, the community and most importantly – it's false. The concept of recapitalization (or privatization or becoming a non-government affiliated entity), doesn't always mean simply selling entire assets to an investor-owned utility. Non-government affiliated entities can be sole proprietorships, partnerships, limited liability corporations, non-profits, or any other organized group that is not government-affiliated. Government affiliated (municipally-owned) utilities can partner with an investor-owned technology company like Google or Amazon. There are dozens of ways to evolve JEA from a strictly municipally-owned, government affiliated utility, each one is unique and can be designed to meet the exact needs of JEA's community, and each would be classified as a recapitalization event. The key phrase is - not government affiliated.	
07/19/2019	Letter from Deno Hicks (The Southern Group of Florida, Inc.) to Kevin Hyde stating, "Thank you very much for your interest in Southern Strategy Group. We appreciate the opportunity to provide lobbying and government affairs consulting services to Foley & Lardner, LLP on behalf of their clients, which include JEA in Northeast Florida."	0526
07/19/2019	Banks Willis of The Dalton Agency sent an email to Gina Kyle and David Goldberg titled "Crisis-July 23-August 2020[.]" Attached is a document with a bulleted list starting with "Scenario 3 crisis – 12 months".	0527
07/19/2019	Banks Willis (The Dalton Agency) sent Gina Kyle (JEA) an email with a communication calendar attached. The calendar stated "[u]pload board agenda and package to website" but defined the "[c]orresponding assets" as "board agenda& package (no powerpoints)." The calendar also required Aaron Zahn to "[c]onnect with the Mayor's office" by July 17, 2019 to address, among other things, "What is the Mayor's reaction/messaging if there is a reduction in force?"	0528 0528a
07/20/2019	Kerri Stewart sent an email authorizing a 126-page Board package be posted on JEA's website. The package included a presentation on the Total Market Compensation Strategy, including the PUP; however, the package did not include (i) any resolutions to be addressed at the JEA Board meeting on July 23, 2019 or (ii) presentations on scenario 2 (traditional utility response) or scenario 3 (nontraditional response).	0529

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07/21/2019	Jeff Rodda sent Madricka Jones an email requesting the package for the JEA Board meeting on July 23, 2019.	0530
07/22/2019	Ted Powers (Pillsbury) sent an email to Ryan Wannemacher and Stephen Amdur with redlined retention agreements for Morgan Stanley and J.P. Morgan. Wannemacher sent the redlined contracts to Herschel Vinyard on July 23, 2019.	0531
07/22/2019	Jeff Rodda sent Jordan Pope an email requesting the Board package for the meeting on July 23, 2019.	0532
07/22/2019	Banks Willis (The Dalton Agency) sent an email to Kerri Stewart and others with four attachments, including (i) "internal leadership meeting talking points" to discuss with JEA leadership before the July 23, 2019 Board meeting; (ii) scripts for April Green to use after the July 23, 2019 Board meeting; and (iii) "board meeting messages" for the "board of directors and senior leadership team[.]"	0533 0533a
07/22/2019	Internal memorandum by Lawsikia Hodges regarding the following strategic planning scenarios presented by JEA's senior leadership team to the JEA Board: (i) scenario 1—status quo, (ii) scenario 2A—traditional utility response, (iii) scenario 2B—traditional utility response (with traditional legislative approach), and (iv) scenario 3—non-traditional utility response. OGC did not describe or define the scenarios in the memo. However, OGC concluded, "The Office of General Counsel, in consultation with outside counsel, has reviewed the proposed resolutions associated with each Option (Resolutions 2019-06 through 2019-10), and we believe that the Board is authorized under its charter provisions, subject to applicable laws, to proceed with implementing through formal action one of the Options, as presented."	0534
07/22/2019	Madricka Jones, executive assistant to Aaron Zahn, sent Melissa Dykes and Lynne Rhode an email with a 284-page package for the JEA Board meeting on July 23, 2019. The email states, "See attached PDF of all docs. Once approved, I will add Resolutions and Presentations to Diligent." The package included presentations regarding the Total Market Compensation Strategy, including the PUP; scenario 2 (traditional response); and scenario 3 (nontraditional response). It also included Resolution 2019-06 (authorizing employee terminations and form executive contracts under scenario 2), Resolution 2019-07 (authorizing the CEO to take any and all action to investigate and pursue scenario 3), Resolution 2019-08 (approving for introduction revised pension legislation under scenario 3), Resolution 2019-09 (approving the employee protection and retention program for JEA executives), and Resolution 2019-10 (approving the PUP framework). An appendix to Resolution 2019-10 had the PUP and PUP employee agreement.	0535
07/22/2019	JEA's engagement letter requiring Foley & Lardner, LLP to provide legal services to JEA relating to labor, employment, collective bargaining, procurement, regulatory matters, securities and general corporate and transactional matters. The engagement was limited to "an initial amount not to exceed" $250,000.	0536

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07/22/2019	Aaron Zahn sent Tim Baker, whose company BCSP, LLC served as a consultant with FPL until July 31, 2019, an email stating, "See attached requested records." The attached records included JEA's financial information and JEA's confidential February 2019 rating agency presentation.	0537
07/23/2019	JEA held a Board meeting. • Beginning at 00:21:36 in the video, Melissa Dykes summarized JEA's strategic planning work completed with McKinsey as a preface to giving a presentation on scenario 2 (traditional utility response). • At 00:22:18 in the video, Lynne Rhode read the following disclaimer: The following financial projections are presented solely for JEA Board of Directors planning and action in connection with the development of a strategic plan. They are not a projection of future financial performance and, as such, should not be relied upon by present or prospective JEA bond investors to purchase or sell any security or to make an investment decision. The projections are a mathematical representation of a statute quo business case and do not reflect numerous likely future events and future JEA actions that will likely cause actual results to differ materially from this business case. The presentation should be viewed in its entirety with individual slides or sections of the presentation having no greater or reduced significance relative to other slides or sections of the presentation. (p. 58). • From 00:22:46 to 00:23:23 in the video, Dykes discussed a slide entitled "Traditional Response Prepares JEA for Organized Decline[.]" (p. 59). Dykes stated: To recap the scenario 2 results, under our current business constraints, we're really limited to two primary levers: (i) cost reduction and (ii) increasing rates. By implementing austere financial measures, including significant reductions in headcount, along with operating and capital expense reductions, we're able to reduce the electric rate increase that's needed to cover the cash gap in the status quo scenario from 52% to 26%. The result of this scenario shifts some of that financial burden away from our customers and back to JEA, but it's at the expense of lower service quality and operational performance . . . . • From 00:23:23 to 00:23:54 in the video, Dykes discussed a slide entitled "Energy Business in Traditional utility Response[.]" (p. 61). Dykes described the sensitivity analysis as a forecast of what would happen "if" there were higher rates of distributed energy adoption by JEA's commercial and industrial customers, "particularly in the early years of the projection period." She concluded, "Under the management response, there's still a cash gap of nearly a billion dollars	link 0538 0539

during the projection period. The cash gap is met with either a 26% rate increase or a smaller rate increase coupled with no city contributions after 2023."

- From 00:23:54 to 00:25:08 in the video, Dykes discussed slides 7-9 in the presentation. (pp. 62-63). Dykes noted that 7 of JEA's largest 10 customers "have publically stated goals around sustainability." The sensitivity analysis assumed distributed generation rate adoptions of 0.1% through 2026, and then 1.25% per year afterwards. Dykes concluded that "if" JEA's 7 largest customers defected from JEA's grid by 2025, JEA would (i) suffer a cash gap of $1.29 billion and (ii) have to raise base electricity rates by 37%. The slides either did not cite to supporting evidence or cited to a "JEA Financial planning and forecasting model" that was not included in the meeting package.
- From 00:25:08 to 00:27:14 in the video, Dykes began discussing an "execution and implementation plan" for scenario 2. (pp. 65-69). The implementation plan included headcount reductions within the first year of implementation. JEA would also have to "reorganize workforce to manage the business decline." Dykes stated the appendix to the presentation contained "substantially more detail on each step of this implementation plan that's attached in the appendix" to the presentation.
- From 00:27:14 to 00:27:54 in the video, Dykes presented a slide entitled "Pursue Revenue Generation Initiatives Within Existing Constraints[.]" (pp. 70). She acknowledged "there are a few limited revenue generating opportunities that were included in the traditional utility response": expanding electrification, optimizing JEA's real estate, launching a retail marketplace, and implementing a residential solar application fee.
- From 00:27:54 to 00:30:24 in the video, Dykes explained a slide entitled, "2030 snapshot under traditional utility response[.]" (pp. 71). Dykes concluded, "Unfortunately, the traditional utility response doesn't fix the problem with the declining business. Although the austere response shifts some of the financial burden of the cash gap away from our customers, at the end of this period, JEA is still left with far too much debt for a business that's facing the external competition we're expecting. Grid parity is expected to be a reality, giving customers an attractive economic alternative to JEA and leading to even faster declines in the business after 2030. Because we haven't changed the constraints we operate under today, we haven't created the opportunities that are needed to change the trajectory of the business, and our large debt burden will severely limit business flexibility in the future."
- From 00:30:24 to 00:32:58 in the video, Chairperson Alan Howard asked, "How confident can we be that the projections that we're looking at are really accurate? . . . Isn't it possible that rapid electrification of the U.S. vehicle fleet could save the American utility industry?" Dykes answered, "It's unlikely."
- From 00:32:58 to 00:34:40 in the video, Howard asked, "Are there any other triggers that could be pulled in your opinion under a traditional utility response to avoid the results that are included in your presentation? Do you feel like you have exhausted to the best of your ability those options available to you? I acknowledged Mr. Vinyard's got a whole presentation on constraints, but without getting into removing constraints, do you feel comfortable that you've given the Board your team's best scenario for a traditional utility response."

- Dykes responded, "I do, and there's a couple reasons why. One is we haven't ignored the revenue opportunities that can be done under our current constraints. Those are included in this response, so there's an implementation plan for those that are here. They're not enough to materially change the trajectory of the business, but they are included here. . . ."

- From 00:34:40 to 00:37:05 in the video, Howard responded to Dykes' answer by stating that it addressed the "revenue side." He then asked, "On the expense side, are you comfortable that JEA is operating at or near peak efficiency and are there other expense management tools that can be implemented other than immediately terminating 574 employees . . . ."
  - Dykes answered, "We engage in continuous improvement on the expense side on an ongoing basis. I can't sit here and tell you there aren't opportunities. Of course there are; there always are. But what I can tell you is the difficult part of this scenario is on the expense side. We are really getting into the world of trade-offs. We are accustomed as a leadership team and as a team of employees to providing excellence in everything we do for our customers. And under this scenario, the cost cuts are so steep, and the personnel cuts are so deep, that there's no way we could continue to provide that level of excellence to our community. So, the hard conversation, should the Board choose this path, is gonna be how we reset operational targets going forward to something that strives for less excellence."
- From 00:37:05 through 00:38:21 in the video, April Green noted that Dykes' presentation sounded "hypothetical" when it discussed what would happen if JEA's top 7 commercial/industrial customers left the grid. Green asked, "What research have you done that's more solid that the decline in revenues will continue."
  - Dykes confirmed it "is a hypothetical scenario"; however, "it's based on those specific 7 customers having publically stated sustainability goals coupled with research that, through McKinsey, is built into this scenario that says our expectation is that we will get to grid parity for commercial customers somewhere in the mid-2020s. . . ."
- Every substantive slide in Dykes' presentation contained a disclaimer in small font:

> The following "Baseline Conversation" financial projections are presented solely for JEA Board of Directors planning and action. They are not a projection of future financial performance and, as such, should not be relied upon by present or prospective JEA bond investors to purchase or sell any security or to make an investment decision. The projections are merely a mathematical representation of a hypothetical case for change. Actual results are likely to differ materially from this business case. Use of this presentation not in its entirety could result in material financial harm to the company.

(pp. 57, 59, 61-64, 66-71, and 73-74).

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- Beginning at 00:42:50 in the video, Herschel Vinyard gave a presentation about what "legal hurdles exist to pursuing several general business opportunities" he prepared with Lynne Rhode. (pp. 106-119). He described a "minefield" of significant legal barriers to pursuing business opportunities. (p. 109).

- Beginning at 01:08:55 in the video, Ryan Wannemacher gave a presentation on scenario 3 (non-traditional utility response) entitled "The Key to Removing all Constraints[.]" (pp. 182-195). Wannemacher stated, "As Herschel just discussed, the traditional path to removal of those constraints would continue to be a challenge, and success would depend on many individuals and institutions that are not connected with this community."

- From 01:09:18 to 01:09:50 in the video, Wannemacher identified "another way to remove these constraints": scenario 3, "the growth response[.]" Wannemacher conceded it had an "uncertain outcome," but he considered it a "local process where we as the community get to decide the best path for our community utility so that it can continue to serve this community for generations to come[.]"

- From 01:09:50 to 01:10:55 in the video, Ryan Wannemacher discussed JEA's objectives. He stated, "As we discussed over these past several months, the industry is changing in non-traditional ways, and the way that JEA approaches its strategy needs to change in order to be successful." However, Wannemacher stated, "Even though the industry is changing, what it means to be successful is unchanged." Wannemacher also described JEA's "ten-year strategic plan that increases the value of JEA now and in the future. These objectives include[,]" among other things, "positioning JEA to succeed in the face of industry trends[,] . . . drive growth in value, [and] identify and enable growth investments." (p. 183).

- From 01:10:55 to 01:11:25 in the video, Wannemacher described how JEA would measure success. He stated, "And just as our objectives are unchanged, our measurement of success is unwavering. Every potential strategy that has been discussed and will be discussed must be measured and evaluated against the four measures of value—customer value, financial value, community impact value, and environmental value." (p. 184).

- From 01:11:25 to 01:11:48 in the video, Wannemacher summarized the impact of traditional utility responses on JEA's business: "The traditional utility responses in scenarios 2(a) and 2(b) still lead to decreases in the four measures of value. Both of these responses only delay the inevitable and put JEA on a controlled path to shrink the business in order to cope with outside competition for our services." (p. 184).

- From 01:11:48 to 01:12:05 in the video, Wannemacher attributed the failings of scenarios 2(a) and 2(b) to the JEA's municipal legal constraints that Herschel Vinyard discussed during his presentation: "The reason for this outcome becomes clear when we re-look at the constraints through the lens of scenarios 2(a) and 2(b). Critical restraints remain under both scenario 2(a) and 2(b)." (p. 185).

- From 01:12:05 to 01:12:55 in the video, Wannemacher claimed JEA had reached a crossroad: "So as a result, we find ourselves at a decision point for all members of the community, employees, Board members, and elected officials. The question is whether JEA should be designed to shrink or to grow. As a governmental utility, we do have a choice to go in either direction. If we decide to shrink, we will stop planning and implement the traditional utility response . . . . If we decide to grow, we will continue strategic scenario planning and this process and look at non-traditional responses in order to address these constraints and the changing industry environment." (p. 186).

- From 01:12:55 to 01:16:35 in the video, Wannemacher identified the "root" of JEA's problem: "The problem is not being community-owned; [t]he problem is being government with government constraints in a competitive market." (p. 188). Wannemacher argued, "Government and the role of government is to provide services that no one else can provide. Governments are designed to not be able to compete." Wannemacher then identified recapitalization scenarios JEA could pursue:
    - scenario 3(a)—community ownership: JEA ownership given directly to the community;
    - scenario 3(b)—initial public offering: the City converts JEA to a corporation and offers shares to the public, with JEA customers potentially receiving a priority right to shares;
    - scenario 3(c)—private placement: JEA converted to corporation with equity offered to private investors;
    - scenario 3(d)—technology conversion: aligning with tech-focused companies like Amazon to participate in technology disruption;
    - scenario 3(e)—oil and gas conversion; and
    - scenario 3(f)—utility conversion: JEA converted to an investor-owned utility through a strategic investor like NextEra.

Wannemacher admitted JEA "had not evaluated any of these scenarios"; however, he stated, "These scenarios would address the constraints and allow us to grow."

- From 01:16:35 to 01:19:25 in the video, Wannemacher estimated it would take "roughly a year to evaluate and develop a path forward" using scenario 3 options. Wannemacher's presentation materials stated the JEA Board would vote to approve the final recommendation in March 2020. (p. 190). Wannemacher noted, "There's a lot of work to evaluate these scenarios. And we have to run a process because we have to get all of the information before we can have a comprehensive conversation. Once we have all of the information, we will be able to have a conversation as a community around these scenarios."

- From 01:19:25 to 01:24:40 in the video, Wannemacher identified the minimum requirements of its scenario 3 options. Wannemacher also identified two primary goals: (i) protect all JEA employees and (ii) set a high bar for any scenario 3 decision, which should increase all four of JEA's measures of value. (*See* p. 191 for the minimum recapitalization requirements).
- From 01:24:40 to 01:33:40 in the video, Kevin Hyde discussed the protections afforded to JEA employees' pensions under JEA's scenario 3 options. (*See* pp. 192-195 for the minimum recapitalization requirements).
- Beginning at 01:35:40 in the video, Aaron Zahn asked Lynne Rhode to initiate the Board's vote to pursue scenario 2 (Resolution 2019-06) or scenario 3 (Resolution 2019-07, Resolution 2019-08, Resolution 2019-09, Resolution 2019-10).
    - Resolution 2019-06 (scenario 2): The first Whereas clause stated, "[T]he Board believes that it is in the best interest of JEA to terminate the employment of, and enter into separation agreements with, 574 JEA employees (the "Impacted Employees") in connection with Scenario 3 (the traditional utility response)." (p. 120). Resolution 2019-06 had a template employee layoff notice for Civil Service and Appointed Employees attached as Exhibit 1. (pp. 123-126). The resolution also had form executive employment agreements attached as Exhibit 2 (pp. 128-181), which included consulting fee provisions (pp. 144 and 170).
    - Resolution 2019-07 (scenario 3) authorized JEA's CEO "or his designee to take any and all action to maximize the four core values of JEA . . . through a competitive solicitation process regarding JEA assets . . . ." Zahn framed the vote as "whether to design JEA to shrink or to grow." Resolution 2019-07 identified the minimum requirements for the "invitation to negotiate or other competitive solicitation instrument," including "[g]reater than $3 billion of value to the City of Jacksonville[.]" (pp. 196-197).
    - Resolution 2019-08 (scenario 3) authorized the introduction of pension revision legislation to the City Council and authorized JEA's CEO "or his designee" to "have authority to take, or cause to be taken, any and all action and to prepare, execute and deliver, or cause to be prepared, executed and delivered, any and all documents that the CEO or his designee deems necessary or advisable to carry out the intent of this resolution." (pp. 198-212)
    - Resolution 2019-09 (scenario 3; pp. 213-272) approved form executive employment agreements, which included consulting fee provisions (pp. 235 and 261).
- Beginning at 01:49:48 in the video, Chairperson April Green stated, "[E]ach Board member has taken extensive amount of time to research every document. My understanding even some Board members were calling page by page and word by word asking—making sure that we thoroughly understood what was going to be presented today and given the opportunity by each of the senior leadership team by—really allowing us to badger them . . . ." She went on to state, "As we think about scenario 3, or we think about the detriment of a traditional response, are we really staying focused to what's

important, and I think it was said numerous times today, what's important and what has to be our priority are our employees, our ratepayers, and the community, the environment."

- Beginning at 01:52:20 in the video, Board Member Andy Allen said the JEA Board needs to watch out first and foremost for the employees. He looked over prior Board meeting materials and explained JEA's four corporate measures of value ("CCEF"), and where it came from. As part of that overview, Mr. Andy stated, "January and February [2019], JEA engaged a third-party McKinsey to help with a ten-year strategic plan to increase value based on CCEF."
- Beginning at 01:59:20 in the video, Board Member Alan Howard described the Board's decision as a "historic" but "predictable" moment. He reasoned:

> Our industry and JEA in particular faces a high capital cost burden, generally a high-debt burden, and certainly a high expectation of customer service. And in our case at JEA, an expectation from the City of Jacksonville that we'll make a significant financial contribution. When you combine those factors with the rapid technological change that our industry is facing, you get a recipe not for disaster but for opportunistic change. . . . We have had a long community discussion around this issue over the last two years with various stakeholders and constituencies weighing in with their opinions on what should be the future of JEA. I agree with the presenters today and with my fellow Board Member Mr. Allen that we need to be focused on our goals for JEA—our customers, our community, and our employees. I don't think our goals have changed, but it seems like the goal posts have been moved on us . . . . We are now in a time where we need to make some dramatic changes to catch up to those goal posts. I think it's our fiduciary duty as directors of JEA to have these discussions and investigate these options. We have other utilities in Florida and around the country where the Boards and management are just sticking their heads in the sand, and hoping this problem will solve itself. I believe that JEA has a long tradition of foresight and being out ahead of the industry on a number of initiatives, and this is just the latest. I believe that we have a duty at this Board to make the right decision for the future of JEA, its employees, customers, and the community. I do not believe that scenario 2(a) or 2(b) adequately meet those challenges and serve those goals. While we could sit back and allow JEA to shrink, either by atrophy and attrition or by active curtailment of our employees, and hope that revenues catch up, or that we find new technology solutions to our challenges. I think that we would be remiss in our duty if we were to do so. I support the initiative of scenario 3. I believe it's incumbent upon us to find a way to protect our employees, customers, and community by seeking a pro-growth initiative. I'm satisfied by the answers I've received from Ms. Dykes, Mr. Wannemacher, and the other members of the senior leadership team, that management has fully explored all opportunities for revenue growth, made their best assumptions as to the forecast in the future, operated at near peak efficiency on management of expenses, and that scenario 2 and traditional responses

> would not get us where we want to be even if we were successful in overcoming some of the high hurdles that we faced . . . . With that, I believe this Board needs to move forward with scenario 3. This is not a decision to sell JEA; this is a decision to explore opportunities for growth. Any other decision would have to come back to this Board, have to go to City Council, and if it involved a disposition of assets, it would go to the citizens of Jacksonville. I don't want anyone—media or otherwise—to be jumping to the conclusion that the JEA Board today is voting to sell JEA. That is not what we're talking about. We are talking about exploring options to grow and protect JEA from what would otherwise be a slow but certain death spiral.

- Beginning at 02:05:03 in the video, Board Member Camille Lee-Johnson shared her thoughts about JEA's strategic option, including her belief that JEA had spent the last 12 months "priming itself for growth[,]" and scenarios 2(a) and (b) "are not indicative of how we've spent the last 12 months thinking of progressing the company." She concluded, "My perspective is that it's in the best interest to move forward with scenario 3."
- Beginning at 02:07:45 in the video, Board Member Frederick Newbill stated:

> Not that my dear friend Tom Petway needed defending, but his last meeting—I think this is what he had in mind. It was taken out of context, and we went down a road that no one really stated at the time. We never talked about selling JEA. It got out of context. . . I think we are now where he asked us to be . . . . In my opinion when you talk about the traditional response whether it's one or two, it's like writing your own obituary. . . . The other part of it is, we can see where we are now where the traditional response leads to. For the past 10, 11 years, JEA hasn't been making money on the electric side. . . . [I]t has constantly been on a downhill spell. It's not going to get any better because technology is rapidly moving, and so in order for us to move in a positive way, we have to do something other than what we've been doing. . . . We're stuck as it is right now, but we have an opportunity to move in a positive way, I believe.

- Beginning at 02:10:50 in the video, Board Member Kelly Flanagan stated:

> I echo the sentiments of my fellow Board members in terms of appreciation for the staff and our consultants, all of the time and effort that they've put into this exercise, their availability to us, their responsiveness, and taking us through all of the scenarios, understanding our questions, taking the time to answer them more than satisfactorily. I really enjoyed the discourse earlier in today's meeting around projections and forecasts because that's a lot of my professional life. I do agree with the sentiment that it's very difficult to provide any guarantee over the accuracy of forecasts, but the true value of a projection

and a forecast, to me, is that it enables us to envision where we could end up in the future while there is still time to pull the respective levers and change the course of the organization versus getting to our destination and merely reporting back on what happened. So, it's for that reasons I am similarly supportive of scenario 3.

- Beginning at 02:12:50 in the video, April Green asked Lynne Rhode, "[F]rom a legal standpoint, it seems like we are all in the same place in terms of which direction—which scenario—that we would like to flush out. It appears that scenario 3, the nontraditional response, is where everyone is—am I in agreeance? . . . Should we move forward with doing a motion to move forward with scenario 3 . . . and open for discussion and go through each resolution that supports scenario 3?" Lynne Rhode responded, "Yes, Madame Chair."
- Beginning at 02:16:20 in the video, Aaron Zahn discussed the minimum requirements of scenario 3. He stated, "The minimum requirements were deliberated by staff and also in consultation with McKinsey and other outside consultants. First and foremost was the contemplation that in a dramatic shift of a business, you need to deliver dramatic results, and certainly these minimum requirements as compared to the status quo are dramatically different." Zahn also confirmed the requirement of $400 million to JEA customers is "above and beyond the $3 billion distribution to the City[.]"
- The Board subsequently unanimously approved Resolution 2019-07 at 02:27:35 in the video.
- Beginning at 02:28:30 in the video, the Board unanimously approved Resolution 2019-08 authorizing the CEO to take any and all action to pursue the introduction of revised pension legislation.
- Beginning at 02:31:20 in the video, the Board discussed Resolution 2019-09, which approved JEA's employee protection and retention program and approved form CEO and non-CEO executive employment agreements under scenario 3.
    - At 02:34:10 in the video, Board Member Howard stated, "[T]he importance of that is, I believe, with this employment agreement, the Board would be making Mr. Zahn the highest paid public employee in the City of Jacksonville. . . ." Mr. Zahn responded at 02:34:48 in the video, "For myself, this would put me well in the lowest 25 percentile related to industry comparables in terms of compensation." Zahn then claimed the senior management team has base compensation in the 25th percentile and total compensation "well over 40+ percent below industry average." In response to a question from Chairperson Green, Zahn confirmed those averages included "all public as well as IOUs" comparables. Zahn then stated, "For reference, the base salary in my employment agreement is exactly the same as the one of the prior CEO." Board Member Camille Lee-Johnson noted that Zahn's contract was retroactive to November 27, 2018.
    - At 02:39:10 in the video, the Board unanimously approved Resolution 2019-09.
- Beginning at 02:40:00 in the video, Chairperson Green stated:

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> I want to reiterate that we as the Board have had the opportunity to review each and every document and . . . reviewed the research the senior leadership team has provided. The comfort level in knowing that the employees was our first priority then to follow with our community and our environment gave us that level of—I think everyone's confidence to move forward in this direction.

- Beginning at 02:41:50 in the video, John Kendrick gave a presentation on JEA's Total Market Compensation Strategy. He identified the "focus" of revised Board Policy 2.7 as long-term incentives. He also stated:

> So, as we researched the feasibility of long-term incentives, we discovered several things. And it became apparent there was no definitive answer in Florida law regarding long-term incentives for government entities. So, rather than become mired in discussions regarding whether something qualifies as compensation or not, whether it's subject to collective bargaining or not, we simply designed a program that's an employee benefit as opposed to a compensation program. And it provides employees with an opportunity to purchase performance units and participate in the future growth of JEA. They will directly add value to JEA. . . .

- Beginning at 02:44:00 2:47:18 in the video, Ryan Wannemacher gave a two-slide presentation explaining the PUP. Wannemacher described the PUP as a "new benefit program to enable employees to participate in both the upside and the downside" of JEA. He noted performance unit value would "increase or decrease in value based on the financial performance of JEA over a three years." He also stated, "Employees would be required to remain employed through the end of that performance period to receive any benefit . . . ." He also stated, "It's recommended that 30,000 performance units be made available for purchase." Wannemacher then further discussed the redemption value of performance units:

> In your packet you'll find a full summary of the details of this program, but I wanted to walk more through some of the mechanics of how this would work this first performance period. So the performance units would increase or decrease in value based upon the financial performance of JEA. And before employees would see any benefit from this program, JEA would be required to exceed a challenge target for value over the course of the performance period. So, for the first performance period, [indiscernible] three year period, employees would need to increase the value of JEA by at least $300 million before they would receive any benefit. So, between now and 2022, they'd have to exceed $300 million of increased value. If they increased value by more than that $300 million, they would be eligible to receive 10 percent of the value that's generated above $300 million. So, for example, if employees increase the value of JEA by $600 million, which would represent a substantial increase of over 20 percent in the value of JEA over

> that three-year period, these performance units would be eligible for 5% of the $600 million in value that was created. This would equal $30 million or an average of about $10 million per year over that performance period. To put that in perspective, it represents a little more than 6 percent of our total annual payroll. On the flip side, if the value of JEA was less than it is today at the end of the performance period, the value of the performance units would decline in value, and employees would experience a loss at the end of the performance period. In the event the employees increase the value of JEA but does not exceed the $300 million challenge, then they would receive no gain or loss, and would simply receive their money back at the end of the performance period. There's a resolution on this item, so I'll turn it over to Ms. Rhode to read that now.

- Beginning at 02:47:18 in the video, Ms. Rhode read the body Resolution 2019-10, but she did not read its exhibits, including Exhibit 1 ("Long-Term Performance Plan Summary").
- At 02:52:44 in the video, Board Member Howard asked if the performance units of terminated employees go back into the pool? Wannemacher responded, "Yes, they would." Wannemacher also stated the units would not be available for someone else to transfer.
- At 02:53:20 in the video, Board Member Howard asked, "And then there's accelerated vesting upon a recapitalization event?" Wannemacher answered, "Correct."
- At 02:53:25 in the video, Board Member Howard said, "I thought I saw somewhere where it said there were 100,000 units. Is it 30,000 per performance period?" Wannemacher responded, "So, the plan document contemplates a program; however, the 30,000 is all that would be authorized under the current fiscal year performance period." Howard then asked, "There might be subsequent periods where the plan is authorized for 100,000 units . . . ." Wannemacher responded, "Correct."
- At 02:54:15 in the video, Board Member Howard asked, "And I assume that this has been passed by OGC? I know we've got some legal constraints over statutory plans." Rhode responded by looking at Howard, shaking her head affirmatively, and stating, "Yes."
- At 02:54:25 in the video, Kelly Flanagan asked, "Ryan, could you walk us through how the, at a macro level, the valuation of the plan?" Wannemacher responded:

> Yes. So, there will be a threshold that's set at the end of the fiscal year based on our audited financial results. There will be a formula that's laid out in the program that's a combination of the net position of JEA from the balance sheet, the total of any City contribution over the last 12 months, as well as any distribution to customers over the last 12 months. And so that will be kind of that floor, if you will, that's indicated by the red bar there that forecasted value. From there, there'll be a challenge target that's set

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	above that, and that's the $300 million that I reference in the presentation. And at the end of the performance period, we would do the same calculation with the same audited financial results to determine that value at the end of that performance period. • At 02:55:35 in the video, Aaron Zahn followed up on Wannemacher's explanation by stating, "To be very clear, none of the metrics utilized are subjective. They are all audited financial numbers that are to be verified by an independent auditor." • At 02:55:45 in the video, Kelly Flanagan asked a follow-up question: "[A]re there any implications of scenario 3 as passed today and how that interacts with this plan?" Ryan Wannemacher responded, "So, the only implication—and Mr. Howard referenced it—would be that if there is a transaction, recapitalization event, the performance period would end at the closing of that recapitalization event, and so you would perform that calculation at that time." • At 02:56:40 in the video, the Board unanimously approved Resolution 2019-10.	
07/23/2019	Madricka Jones, executive assistant to Aaron Zahn, sent an email after the JEA Board meeting with a 352-page Board package. The email states, "Please post the attached update board package to jea.com."	0540
07/23/2019	William Pedersen (Morgan Stanley) sent Ryan Wannemacher a draft solicitation for invitation to negotiate 127-129.	0541 0542
07/23/2019	Draft form Separation And Transition Agreement for Aaron Zahn that would require, among other things, JEA to pay Zahn a consulting fee.	0543
07/23/2019	Ryan Wannemacher and Aaron Zahn executed a contract on behalf of JEA by which Morgan Stanley & Co. LLC would act as JEA's "financial advisor in connection with the Company's Invitation to Negotiate Various Strategic Alternatives and Partnerships (the 'ITN') as well as its analysis and consideration of various potential Transactions (as defined below) that may result from the ITN." The contract required Morgan Stanley to receive, among other payments, a percentage of the Net Consideration (as defined in the contract) resulting from specified transactions, including the sale of JEA or its assets.	0544
07/24/2019	Gina Kyle (JEA) sent an email to Aaron Zahn, Kerri Stewart, Maddie Milne (The Dalton Agency), Michael Munz (The Dalton Agency), and others with a draft op-ed for April Green attached. The op-ed summarizes the benefits of the JEA Board's decision to pursue scenario 3 (nongovernmental response).	0545

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07/24/2019	Ryan Wannemacher and Aaron Zahn executed a contract on behalf of JEA by which J.P. Morgan Securities LLC would act as JEA's "financial advisor in connection with the Company's Invitation to Negotiate Various Strategic Alternatives and Partnerships (the 'ITN') as well as its analysis and consideration of various potential Transactions (as defined below) that may result from the ITN." The contract required J.P. Morgan to receive, among other payments, a percentage of the Net Consideration (as defined in the contract) resulting from specified transactions, including the sale of JEA or its assets.	0546 0547
07/24/2019	Jacksonville Business Journal interview with Aaron Zahn discussing JEA's three scenarios: status quo, a "traditional utility response," and privatization. The article states, "Privatization, staff said, is the only option that frees the utility to grow through new lines of business instead of shrink, a claim the board found compelling enough to study further." • Zahn: "At the end of the day, the voters will have a chance to vote, if they end up voting no, then they end up voting no." • Zahn claimed that JEA can contractually obtain a rate freeze. • When asked why privatization was not discussed at any JEA meeting prior to the July 23 meeting, Zahn gave two reasons. First, "the board had not rejected the status quo yet." Second, "I didn't want the conversation to get hijacked again by this debate over sell or don't sell. That's not the conversation we're having."	0548
07/25/2019	Jessica Lutrin (Pillsbury) sent Lynne Rhode an email with an attachment entitled "No Public Statements Guidance" that defines the statements JEA employees who received PUP performance units could make without violating their agreements with JEA.	0549
07/25/2019	Email from Aaron Zahn to JEA's senior leadership and ITN consultants regarding "Project Freebird Org Materials." The email states, "Please change name to Project Scampi." The attachment is an agenda for a call on July 25, 2019 outlines the ITN process, including a list of potential buyers, the steps required to complete the ITN, and the parties responsible for preparing a "Purchase and Sale Agreement."	0550 0551
07/26/2019	Allen Maines (Holland & Knight) sent Stephen Amdur, Herschel Vinyard and Aaron Zahn, among others, a document summarizing "Potential Roadblocks to Privatization" for JEA, including privatization limitations in JEA's Amended and Restated Power Purchase Agreement with the Municipal Electric Authority of Georgia (the "MEAG PPA").	0552
07/26/2019	Elizabeth Columbo (Nixon Peabody) sent an email to Joseph Orfano and Barry Rothchild (Nixon Peabody) with comments to a draft ITN solicitation: 1. The Board has given JEA management the authorization to move forward with the ITN because the status quo option is not attractive for JEA and so unless disclosure of the status quo scenario is intended	0553

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	to provide full (positive and negative) disclosure to potential investors about JEA we are not sure why there is a discussion of this in the forepart of the ITN. The business highlights and description should be reviewed to be sure they are accurate and do not contain hyperbole. For example, Slide 10 – we would suggest inserting "currently" and deleting "very" before "profitable and well-run operationally".	
07/26/2019	IdentityManager@jea.com sent Jordan Pope an email stating, "The network account for Sam Mousa, employee #105592, will be disabled on Jul 26, 2019. If you require access to their email or home folders, please to submit a help desk ticket assigned to Information Security. Include in the ticket the terminated user's full name, employee number and note that you need access to this user's home folders and email because their employment has ended. After access is granted, you will have one week to review/copy any files or email."	0554
07/28/2019	April Green wrote a guest column in the Florida Times-Union stated that "JEA's board of directors did not vote to sell JEA." Rather, she claims that JEA's Board voted on July 23rd to "begin the process of exploring unconstrained or 'non-governmental' opportunities for growth" after "months of scenario-based strategic planning" to "determine how the municipally owned utility can continue to meet the demand of and stay relevant to its customers." Green stated that JEA worked with McKinsey & Co. since January 2019 to assess the different planning scenarios. However, "[i]t was during Tuesday's board meeting that it became apparent . . . that the best way for JEA to grow and stay aligned with its four core values . . . was to explore the removal of its government-affiliated restraints."	0555
07/29/2019	Andrew Weissman (Pillsbury) sent Herschel Vinyard proposed talking points for Chris Kise (Foley & Lardner) to use with the Florida Public Services Commission. They summarized how to structure a "hypothetical" JEA transaction in which a company ("Newco") could acquire "all or substantially all" of JEA's assets "except for the MEAG PPA." (Talking points at pp. 1-2) Newco would then "have exclusive authority to provide electric service to retail customers within the service territory." (p. 1). Newco would also have "responsibility to make up for any shortfall in the number of megawatt hours of electricity delivered under the MEAG PPA." (p. 1).	0556
07/30/2019	Ted Powers (Pillsbury) sent an email to Aaron Zahn and Herschel Vinyard with three attachments: (i) an unexecuted subcontract between McKinsey and Pillsbury, (ii) a scope of work for McKinsey, and (iii) an unexecuted mutual nondisclosure agreement between McKinsey and Pillsbury.	0557
07/30/2019	Aaron Zahn forwarded an email exchange between him and Sue Kelly from the American Public Power Association ("APPA") to JEA's public relations team. In the exchange, Kelly expressed her displeasure with Zahn quoting her to support JEA's privatization efforts. She stated Zahn misquoted her and expressed disappointment with Zahn using her and APPA to support a cause they do not believe in: the privatization of public power.	0558

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07/30/2019	Holland & Knight attorney David Stevens sent Aaron Zahn an email stating: Allen informed us that he had spoken with you yesterday and that you had asked us to research whether anything in the PPA could be problematic with two privatization options. Can you confirm that the following accurately describes these two options? • Option 1: Leave the PPA behind in old JEA with enough of the electric system so that it can collect rates and charges from retail customers and continue making payments to MEAG under PPA. • Option 2: Have the PPA stay with old JEA as a wholesaler but sell all the electric system. Old JEA enters into a Wholesale Power Sales Contract with NewCo who resells the output to customers. Payments flow from NewCo to old JEA to MEAG. Does this accurately describe the two options? Are we missing anything? . . . . Zahn responded, "I'll call you. Please be careful of email."	0559
07/30/2019	Shelby Danielsen of First Coast News interviewed Aaron Zahn. • Zahn stated that in January of 2019, JEA hired McKinsey to "help advise the Board and management team around a strategy of how to remain relevant to the customer in the face of energy efficiency, distributed generation, storage, distributed water systems . . . ." Zahn also alleged that JEA had "lost about 30% of the load per customer on the commercial and industrial side, and 20% on the residential side." Zahn said that, in May 2019, McKinsey presented to the JEA Board the status quo scenario, which would entail, among other things, "about a 50 to 60% rate increase over the next ten years . . . ." The Board did not think that was a "reasonable" outcome, so a "traditional utility" response was presented to the Board in July 2019 that would entail, among other things, "cutting overhead by about 600 jobs, including myself and about ten of the senior leadership team members . . . ." The Board said that was not a "reasonable strategy," so two options were discussed at the July 2019 Board meeting to "deal with the constraints that JEA has that is impeding out growth." First, constitutional and statutory changes. Second, the problem of being government (as opposed to community) owned. However, Zahn stressed that all options remained on the table for JEA. Nonetheless, Zahn went on to state the following: [T]he mayor and city council had made a statement that they were not pursuing privatization, nor is JEA at this time. All we're doing is evaluating what the potential future outcomes, or future scenarios, or organizational and operational activities of JEA might look like. That being said, I think it is important for	link

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	the community to understand, you know, do you, and it is a policy question, do you want JEA to be designed to shrink or to you want it to grow and be prosperous in the ever-changing market? • Zahn also discussed (at 00:23:30) JEA's consultants. He said that the consultants were not hired to put JEA on the marketplace; they were advising JEA on how to address all the scenarios, including co-op, IPO, and other scenarios "that have yet to be evaluated by management." He also indicated that JEA's relationship with J.P. Morgan, Morgan Stanley, and Pillsbury pre-dated the ITN. Zahn stated that JEA retained Foley "on employment-related matters" in the face of JEA's "uncertain future." Further, he stated that he did not sign agreements with "banks" until "some two days after authorization from the [JEA] Board of Directors." • Zahn also indicated that JEA's management team would, with its consultants, move forward with whatever scenario JEA's Board chose at the July 2019 meeting. At 00:51:18 in the video, Zahn was asked to identify the option available to JEA through scenario #3 that would bring the most success. Zahn indicated it was premature to answer the question because JEA had not completed its investigation. • When asked where the proceeds from a JEA sale would go (at 00:52:25), Zahn said that the City Council and Mayor would decide how to spend the money. Nonetheless, he stated that proceeds would go towards (i) paying off about $4 billion in debit, (ii) the retention agreements for JEA's employees, (iii) paying JEA's advisors, (iv) the City pension, (v) $400 million or more would go to JEA customers, and (vi) the balance would go to the City. • When asked if JEA had to change in order to stay relevant to its customers (at 00:56:14), Zahn agreed that "clearly" JEA had to make changes. • Zahn ended the interview (at 00:56:22) by confirming Danielsen's assertion that privatization was "not the end goal" for JEA.	
07/31/2019	Representatives from JEA, Pillsbury, Foley & Lardner, Morgan Stanley, and J.P. Morgan met at Foley and Lardner's Jacksonville office for a working session regarding the ITN. Page 3 of the meeting agenda identifies several "key considerations/questions[,]" including "Is the clear buyer for JEA NextEra?" and "What will be different about this process compared to 2018?"	0560
07/31/2019	Effective termination date of BCSP, LLC's contract with FPL.	0561
08/01/2019	The Jacksonville Daily Record published an article characterizing Mayor Lenny Curry's position on recapitalizing JEA as follows: Mayor Lenny Curry said Thursday he would propose paying off Jacksonville's $2.2 billion debt if city-owned utility JEA is sold.	0562

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Curry would use the money to eliminate $1.1 billion in general and enterprise debt and $1.1 billion in Better Jacksonville Plan debt. . . .

"Imagine being a debt-free city. We would be the lowest-risk city to invest in in the country," Curry said. "Maybe one of the lowest in the world. It would be a game-changer in what our city would look like facing the world."

Curry said eliminating the debt would free up $232 million in annual debt service payments and "more than replace" JEA's annual contribution to the city — projected at $118 million in fiscal year 2019-20.

The remaining $800 million, Curry said, could be "thrown into a lockbox" with interest becoming another revenue source for the city.

Any decision to privatize JEA must be approved by City Council and Duval County voters.

Ordinance 2018-141-E, approved in November, requires a voter referendum if more than 10% of JEA's assets are proposed to be sold.

Curry, who signed the voter referendum legislation, said any privatization deal would have to protect the benefits and pension for existing employees.

The mayor said Thursday he intends to introduce legislation to City Council that would codify those protections. A draft version of that legislation was presented at the July 23 JEA board meeting.

The public utility's board approved a similar resolution that would guarantee full retirement and pension benefits for full-time workers employed with JEA at the time of privatization.

"They'll (the JEA board) dictate how they take this to the public, but if all the conditions I've laid out are met, I'm supportive. But I don't know if we get there," Curry said.

"If they choose to pursue a privatization or recapitalization and my standards aren't met, they can still go to the voters, they just won't have me with them," he said.

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	JEA says it is facing large-scale staff cuts and rate increases over the next decade because of declining revenue from shrinking energy and water sales. A resolution drafted for the utility's July 23 board meeting, but not voted on, would have cut 574 jobs and raised electric rates 26% by 2030. Curry said the last debate to privatize JEA in November became politicized. He said opponents should consider JEA's financial obligations, like its estimated $1.2 billion liability in the Plant Vogtle nuclear power plant deal with Municipal Electric Authority of Georgia. "It was frustrating then," Curry said. "You ought to know the value of your asset, you ought to know the strategic way forward for your organization that is growing its customer base, losing revenues and has unlimited liabilities on a nuclear plant."	
08/02/2019	Florida Politics article stating "Jacksonville Mayor Lenny Curry – not for the first (or last) time – discussed the future of local utility JEA with Florida Politics." The article states: The Mayor gave his side of the story Thursday. Curry lauded JEA and CEO Aaron Zahn and COO Melissa Dykes for JEA taking on a "strategic view" of the "asset." "This conversation should have happened a year ago," Curry said, but it got "politicized." "It's happening now," Curry said, noting the Board resolution last week was forward-thinking. "If they decide to pursue this," the Mayor said regarding utility privatization, "it can only happen with the support of the public." Curry does have some requirements. First, no employee layoffs.	0563

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Secondly, protecting employee pensions.

To that end, Curry vows legislation to ensure those benefits are “100 percent protected.”

The Mayor noted that $3 billion was the minimum net price the board would accept for sale.

His suggestion for those proceeds: a “lockbox” to make Jacksonville a “debt-free city.”

Jacksonville’s $2.2 billion in debt could be paid off, Curry said.

That would eliminate $240 million in debt service.

It would also mean the end of the half-cent sales tax going to the Better Jacksonville Plan, which means that it would be repurposed immediately to pension paydown.

The other $800 million, Curry said, could go into a “lockbox” with an “annuity.”

Curry is confident in the direction of JEA. When asked if Zahn’s hire at $520,000 was an example of cronyism, Curry said no.

“He spent a year laying out a strategic plan. Has a very good President working with him in Melissa Dykes, so yeah, I’m supportive,” Curry said of Zahn, who is a political supporter of the Mayor.

“I’m not going to let the noise and agenda of a specific organization dictate the way that I lead on policy or who I support on policy,” Curry added.

Curry described Zahn as a CEO type.

“CEOs are visionary. CEOs motivate. CEOs lead change,” Curry said, drumming his glass desk with his fingers to drive the points home.

“Maybe it’s a new way of thinking for an organization like JEA,” he added. “But it’s pretty common in business.”

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	The price tag is worth it, Curry believes. "He's the CEO of an incredibly large utility who's got an incredibly important job. He's led through an incredibly challenging year and has been attacked viciously, unfairly by some."	
08/02/2019	JEA issued Invitation to Negotiate #127-19.	0564 0565

- JEA provided the following background information:

> The objective of this Invitation to Negotiate (this "ITN") is to evaluate proposals on strategic alternatives, subject to the minimum requirements JEA has set forth in the Strategic Alternatives Process Section in this ITN, that are aligned with JEA's goal of maximizing customer, community, environmental, and financial value over the long term. JEA will consider proposals that build upon JEA's strengths and seek to eliminate certain existing business constraints.
>
> The once-static utility industry is rapidly becoming a dynamic and transformative sector, forcing utilities to innovate to meet changing customer demands. Over the last decade, JEA has been significantly impacted by trends in energy efficiency. While 2017 electricity sales were 30% lower than forecasted back in 2006, customer rates increased by 71% from 2006 – 2018. With the industry facing an unprecedented transformation, JEA is seeking the strategic flexibility to adopt to achieve its vision of the future and provide a unique and valuable platform for growth.

(p. 2).

- The ITN had three phases: (i) solicitation (p. 23, § 2.1.1), (ii) evaluation of replies (pp. 34-35), and (iii) negotiation of contract terms (p. 23, § 2.1.3).
- Respondents had to submit replies by September 30, 2019. (p. 24). The replies had to satisfy "minimum requirements" or "goals":

  - Greater than $3 billion of value to the City of Jacksonville
  - Greater than $400 million of value distributed to customers ($350+ paid to each JEA account; $1,400+ for customers with electric, water, sewer and irrigation accounts)
  - At least three years of contractually guaranteed base rate stability for customers

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- Commitment to develop and provide the City of Jacksonville and the Duval County Public School system with 100% renewable electricity by the year 2030 [1]
- Commitment to develop and provide 40 MGD of alternative water capacity for Northeast Florida by the year 2035 [1]
- Protection of certain employee retirement benefits [2,3]
- Maintenance of substantially comparable employee compensation and benefits for three years
- Retention payments to all full-time employees of 100% current base compensation[2]
- Commitment to new headquarters and employees in downtown Jacksonville, contributing to the economic development of the community [4]

(p. 19; p. 21, § 1.1; *see also* pp. 46-48, no. 19).

- In addition to the minimum requirements, Section 3.2.3 of the ITN specified criteria to use during the evaluation phase. (p. 35). The ITN's minimum requirements only accounted for 20% of the respondents' potential scores. (p. 35) JEA "anticipate[d]" inviting to the negotiation all respondents who scored 75 points or higher during the evaluation phase before recommending an award to JEA. (p. 36, § 3.3.1).
- A negotiation team of at least 3 people would then review revised replies and best and final offers. (p. 36, § 3.3.2). JEA reserved the right to issue a written request for one or more best and final offers before recommending an award. (p. 40, § 3.3.7). The ITN required the negotiation team to use specified criteria when selecting a recommended awardee. (p. 40-41, § 3.3.8).

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	• The ITN prohibited "inappropriate" ex-parte communications between any bidder and any JEA representative: Ex Parte Communication is strictly prohibited. Ex Parte Communication is defined as any inappropriate communication concerning this ITN between a firm submitting a Reply and a JEA representative during the time in which this ITN is being advertised through the time of an award resulting from this solicitation process. Examples of inappropriate communications include: private communications concerning the details of this ITN in which a Respondent becomes privy to information not available to the other Respondents. (p. 29, § 2.11).	
08/02/2019	Memorandum from Robert Hosay (Foley & Lardner) to April Green and Aaron Zahn explaining the "cone of silence" described in Section 1-110 of the JEA Procurement Code. Hosay describes it as "a prohibition on ex parte communications between potential bidders and JEA and its representatives"	0566
08/02/2019	Melissa Rondinelli sent an email to Jason Gabriel and Lawsikia Hodges with a copy of the ITN. The ITN's metadata indicates that Stuart Marth, an investment banking associate at Morgan Stanley, authored the document.	0567
08/03/2019	Pillsbury prepared a "Structuring Memorandum" explaining the "benefits" and "issues" with three hypothetical "options" to transfer JEA's assets to a purchaser (referred to as "Newco"). Each option required JEA to retain its MEAG PPA obligations to avoid privatization restrictions in the MEAG PPA.	0568
08/04/2019	The Times-Union Editorial Board published concluding that "[f]or the future, the status quo option is continuing in a death spiral. It involves more revenue reductions, more rate increases, layoffs, more customers fleeing the system as they install solar electric systems or invest in conservation, no Downtown headquarters but leased space in the suburbs and a reduction in quality service as revenues shrink."	0569

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08/05/2019	JEA entered into a contract to pay Willis Towers Watson for the work it performed developing a long-term incentive plan pursuant to the quotes dated January 30, 2019, March 8, 2019, and April 22, 2019. The contract limited Willis Towers Watson's payment to $122,000.	0570
08/05/219	Aaron Zahn sent an email to Ryan Wannemacher (Joseph Orfano, Melissa Dykes, and Herschel Vinyard cc'd) stating: What's going on here? Please note the Board didn't authorize a sale of JEA but an exploration of all viable future states. One constraint of government is our inability to use anything other than a "formal procurement process" to explore these alternatives. In normal course we would have informal conversations to complete strategic planning. But sunshine law and other constraints prohibit / inhibit our ability to have such natural dialogs. It is entirely possible JEA remains a government entity. Implements traditional utility response and accelerates debt amortization to address changing market dynamics.	0571
08/06/2019	Miriam Hill (OGC) sent Jill Luster and Lynne Rhode an email with three attachments, including: • The "First Amended Employee Protection and Retention Program Agreement," which deleted the "No Public Statements" provision included as Section 5(c) in the original agreement. • The "First Amended Long-Term Performance Unit Agreement," which deleted the "No Public Statements" provision included as Section 5(c) in the original agreement. Hill's transmittal email states, "Lynne, note that 'Administrator' is never defined in the LTPUA."	0572
08/06/2019	A JEA Currents email to all JEA employees that discourages them from discussing ITN # 127-19 with non-JEA persons.	0573
08/06/2019	FPL prepared a "Briefing Book" identifying "Potential Sponsorships" in connection with the ITN, including (Briefing Book commentary in parentheses): (i) $50,000 to Bay Street Innovation Corridor ("Mayor Lenny Curry, Daniel Davis, and Shad Khan are all primary drivers of this endeavor"); and (ii) $25,000 to K9s for Warriors ("CEO is current Jacksonville City Council member. . . .").	0574

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08/06/2019 – 08/07/2019	On August 6, 2019, Susie Wiles sent Herschel Vinyard an email stating: > Pardon the delay of this email with reference to our discussion on July 23rd following the JEA board's decision to potentially pursue a privatization opportunity. I think we agree that, at least at this juncture, our work toward enlisting cooperation from U.S. Department of Energy regarding the Vogtle project is not likely to prove successful. Therefore, we concur that Ballard Partners' current subcontract with Holland & Knight on behalf of JEA to work on this issue before the federal government is no longer needed. As you suggest, would be pleased to remain engaged at a greatly reduced rate on a month-to-month basis to handle miscellaneous federal issues for the Authority before the federal government as they may arise. The next day, on August 7, 2019, Mr. Vinyard responded: > Thank you for your efforts on behalf of JEA. We believe that an amicable resolution between Georgia and Florida would be the best for all of the ratepayers. Unfortunately, Georgia is more interested in litigation at this time. > > As we agreed, Ballard's monthly fee will be will be reduced to $5,000. Please continue to provide us with any information or insight that you have from DC. We will keep you informed regarding our efforts with Georgia and remain hopeful that we will soon be requesting that you and your team proceed "full throttle". At that time, we expect that we will revert to your standard monthly fee.	0575
08/08/2019	JEA negotiation team met with Michael Mullins, Nassau County's Manager/County Attorney, to discuss Nassau County's right of first refusal to purchase JEA assets in Nassau County under section 5.2 of the Interlocal Agreement. • Meeting invite suggests Matt Brockelman (The Southern Group of Florida, Inc.) helped JEA representatives prepare for the meeting.	0576 0577 0578
08/08/2019	Willis Banks sent David Goldberg (among others) an email with a "Final Draft community meeting leave-behind"—a brochure with talking points regarding JEA's strategic planning and ITN, including: > **Why does JEA have to change?** > Our value and ability to grow, compete and protect our employees, customers and community will diminish	0579

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- Number of customers are increasing, but revenues are decreasing due to forces shaping overall electric and water utilities sector
    - Energy-efficient appliances
    - Alternative energy sources (i.e. solar, battery storage, electric vehicles)
    - Disruptive technologies and competitors
- As a municipally-owned (i.e., government-affiliated) utility, JEA is limited in its ability to compete and grow in today's dynamic marketplace

08/08/2019 — Effective date of the "JEA Appointed Staff Employment Plan." It states, in pertinent part: — 0580

- "The Board of Directors has delegated the CEO unilateral authority to administer a market-based total compensation system (including reasonable employee benefits) that rewards appointed employees in accordance with pay-for-performance principles" (p. 4).
- "JEA employs a Total Compensation Philosophy for appointed employees designed to attract, retain, and reward highly specialized employees while ensuring internal equity and external competitiveness. Total compensation exists of both tangible and intangible components to include, but not limited to . . . variable performance pay" (at p. 5).
- "The Corporate Performance Plan: in accordance with chapter 215 of Florida Statutes, a performance-based variable pay plan may incorporate corporate performance and/or individual performance when instituted. Once corporate objectives and associated metrics are defined in an approved plan, scorecards and financial ability determine if there will be a one-time performance pay amount for eligible appointed employees."

08/09/2019 — FTI Consulting sent an email to Victor Blackshear (JEA) confirming he had access to FTI's Consulting's "Project Scampi Secure FTP[.]" — 0581

08/09/2019 — Jeffrey Rodda e-mailed Juli Crawford 22 questions about the PUP and asked for copies of the PUP and PUP agreement. Rodda included Joseph Orfano, Ryan Wannemacher, Phillip Peterson, and Kyle Billy on the e-mail. — 0582

08/11/2019 — Sue Kelly, the CEO of APPA, published a guest column with the Florida Times-Union entitled "There are good reasons why few public utilities are sold[.]" She stated (i) Aaron Zahn selectively quoted from a speech Kelly gave about the "three greatest challenges" facing public utilities and (ii) "the public power business model is well-suited to the three challenges . . . ." Kelly concluded that "so few public power utilities have been sold" because cities want to "have a locally owned, locally controlled, not-for-profit utility that puts the city and its citizens first." — 0583

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08/12/2019	Draft request for an advisory opinion to Attorney General Ashley Moody asking: (i) "[w]hether JEA's PUP is in accordance with section 215.425, Florida Statutes, and does not constitute 'extra compensation'"; and (ii) "[w]hether JEA's PUP comports with other Florida laws, if any, applicable to employee participation in enterprise creation.	0584
08/14/2019	Ted Powers (Foley & Lardner) sent an email to Kevin Hyde and Herschel Vinyard, among others, with several questions regarding converting JEA into an IPO or co-op. A co-op question states, "What statutory basis would the Company have to operate its business as a cooperative? The Florida Code Section 619 seems to only apply to agricultural based cooperatives."	0585
08/14/2019	Ryan Wannemacher responded by e-mail to Jeffrey Rodda's August 9, 2019 e-mail. Wannemacher attached the PUP and PUP Agreement to the e-mail. Wannemacher went on to state, "As we are still working on a number of other pressing items, can we circle up in a few weeks on any additional questions you may have after reviewing these documents?"	0586
08/14/2019	The Dalton Agency circulated talking points and discussion directions to JEA's SLT. The anticipated questions included "Did Lenny Curry hire his buddy Aaron Zahn?" and "Is JEA being sold?" The Dalton Agency provided a "pivot statement" to address each question.	0587
08/15/2019	Melissa Dykes sent Ted Powers (Pillsbury) an email with a Project Scampi checklist stating a number of documents in the package for the July 23, 2019 Board meeting were completed on July 23, 2019, including the Board resolutions authorizing the PUP and scenario 3. The checklist states the JEA Board would have the opportunity to approve the ITN contract in "Mid-March 2020."	0588
08/15/2019	Michael Kirwan (Foley & Lardner) sent to Kevin Hyde (Foley & Lardner) an email asking, "Is there a cap on the unit payout? If not, could be very expensive which can expose a board to charges of corporate waste, etc." The attachment was a draft request for an advisory opinion to the Florida Attorney General, Ashley Moody, as to whether (i) the PUP is subject to section 215.425 and, if it is, whether the PUP violates section 215.425; and (ii) the PUP violates "any other state law deemed to be implicated. The request contains a summary of the PUP.	0589
08/15/2019	Michael Kirwan (Foley & Lardner) sent to Kevin Hyde (Foley & Lardner) an email stating, "My earlier comment about a cap on unit payouts is hopefully in the plan document that is an exhibit [i.e, the draft request for an advisory opinion]."	0590
08/15/2019	JEA executed a contract stating that Willis Towers Watson would be paid upon "faithful performance" of the services identified in the (i) Proposal for Incentive Plan Review and Design dated January 30, 2019 (the "Proposal"), (ii) the Proposal Amendment dated March 8, 2019 and (iii) Proposal Amendment dated April 22, 2019.	0591

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08/16/2019	In response to a public records request #31779, Gina Kyle stated that, after a recapitalization event, the estimated funding required to fulfill JEA's pension obligations under Ordinance 2019-566 was "approximately $128 million." Kyle provided an actuarial impact statement by Segal Consulting to support her email.	0592 0593
08/16/2019	Lynne Rhode sent Jessica Lutrin (Pillsbury) an email with a proposed policy for the PUP administrator, which states: • "[I]n my accordance with my duties as Administrator, I delegate my authority to you, as CEO, to assign to and notify each eligible employee of the maximum number of [PU] he or she may purchase . . . ." • "One-hundred percent of the 100,000 [PU] available shall be allocated." • "The allocation for the Chief Executive Officer shall be [%] of the total 100,000 Performance Units." • "The allocation for all eligible employees . . . shall total the remaining [%] of the total 100,000 [PU]." • "No position level shall be allocated in excess of [20%] of the next highest position level allocation."	0594
08/16/2019	Jessica Lutrin redlined Lynne Rhode's PUP policy. Lutrin's comments, include: • "The CEO should not have the ability to determine his allocation." • "Allocating all the PUs and re-allocating PUs that are not purchased suggests that the * is not long-term which had initially been expressed as a concern."	0595
08/18/2019	StPetePolls.org published a survey of 1,290 likely voters in Jacksonville, which found 15.2% of respondents would support JEA privatization and 70.5% of respondents would not support JEA privatization.	0596
08/19/2019	Miriam Hill sent Michael Mullin, County Manager/County Attorney for Nassau County, a letter providing notice of Nassau County's right of first refusal pursuant to the section 5.1 of the Interlocal Agreement.	0597
08/19/2019	Kevin Hyde wrote an email to Jessica Lutrin stating, "We are arranging a meeting with the Florida Attorney General's office to discuss the PUP. Can you send me all documents you have related to it?" Lutrin agreed to provide Hyde with documents. She also stated, "Lynne is also working on a letter from the comp committee chair to the CEO delegating certain authority under the PUP to the CEO."	0598
08/20/2019	Joseph Orfano sent an email to David Bodeck (S&P Global Ratings) with a copy of JEA's updated August 2019 ratings agency presentation. The presentation stated: • JEA "[m]aintained excellent financial and operational metrics" so far in FY2019 (p. 5); • "Financial metrics reflect a thriving utility today & long into the future" (p. 5); • "[a]ll financial metrics are a fortress[,]" including a "[s]trong balance sheet" (p. 6);	0599

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	• JEA projected its electric system to have flat ~12,000,000 MWh sales from 2019 through 2023 under the IRP assessment (p. 58); and • JEA projected its electric system sales to decrease from 12,227,000 MWh (2019) to 11,782,000 MWh (2023) in a separate assessment (p. 59).	
08/21/2019	Jonathan Kendrick sent an email to Melissa Dykes regarding a "table as to what a five-box plan might look like as a basis for determining PUP."	0600 0600a
08/21/2019	Jonathan Kendrick sent an email to Melissa Dykes (subject: "Fw: PUP") with an attachment entitled "PUP Table.xlsx[.]" The email states, "Here's and [sic] idea for forced ranking."	0601 0601a
08/21/2019	Aaron Zahn sent and email to Aton Derkach (McKinsey) stating: I didn't want to say anything in front of the broader group. I was a bit disappointed by yesterday's meeting. It appeared as though preparation was not in order and we lost the team in the first 20 minutes. Much feedback I heard yesterday was that the whole team felt they were being asked for sign off not input. In addition I have not been overwhelmed by the "intellectual property" the McKinsey team is bringing to the engagement. Let's discuss. Thanks.	0602
08/21/2019	Robert Hosay and Benjamin Grossman (Foley & Lardner) prepared a draft memorandum for Lynne Rhode regarding prohibitions on *ex-parte* communications during the ITN. It concludes: In short, the prohibition on *ex parte* communications or "cone of silence" applies to the Council because the City and Council are or may appear to be "members, [e]mployees, agents, or representatives" of JEA. While the cone of silence does not prevent or preclude the Council from conducting the City of Jacksonville's business in the ordinary course, it does prohibit communications between members of the Council and potential bidders or their employees, agents, and representatives. In addition, Council members should be aware of the provisions of section 838.22 and ensure that they do not take actions that could be interpreted as an attempt to influence the competitive solicitation undertake by JEA through the disclosure of non-public information relating to the solicitation. The Strategic Alternatives ITN is an important, time-consuming, and costly procurement that is currently being undertaken by JEA and is subject to a prohibition on *ex parte* communications. It would be prudent to take very reasonable precaution in order to mitigate any risk to the process. Thus, if there	0603

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	are Council duties or work that could potentially implicate JEA or the Strategic Alternatives ITN, we would recommend that the Council mitigate risk where it is possible to do so by deferring the activity until the expiration of the prohibition on ex parte communications and seeking advice from counsel.	
08/22/2019	Michael Kirwan (Foley & Lardner) sent an email to Kevin Hyde (Foley & Lardner) estimating the PUP "total could be $5 billion" with 100,000 performance units issued. A few minutes later, Kirwan sent a second email to Hyde stating, "JEA's Net Position is $2.755 billion based upon latest financial statement on their website so example in prior email is darn close."	0604
08/22/2019	Jessica Lutrin of Pillsbury sent an e-mail to Herschel Vinyard, Lynne Rhode, Kevin Hyde (Foley & Lardner), and Michael Kirwan (Foley & Lardner) redlined versions of numerous PUP documents, including the PUP (version 8) and PUP agreement (version 9). Numerous Pillsbury attorneys were cc'd as well.	0605
08/22/2019	Kerri Stewart appeared on First Coast Connect with Melissa Ross. • Ross asked Stewart why JEA would build a new downtown headquarters if JEA would be sold. Stewart responded that JEA is undergoing strategic planning; one of those strategies would make JEA a non-governmental entity. JEA put out an ITN to determine JEA's value, not necessarily to sell JEA. One of the minimum requirements in the ITN is to maintain presence in downtown Jacksonville. JEA's Board of Directors included an "out clause" in its "contract" that would allow JEA to remain a government entity. • When asked why JEA appears to be rushing to sell JEA, Stewart said that JEA is not selling JEA; it is "exploring other business models." She said that JEA's Board voted in July 2019 to allow the marketplace to value JEA. • Stewart says that JEA's Board believes that if JEA does not recapitalize and does not become a "non-government" entity, JEA's workforce will shrink, its operating costs will go up, rates will go up, JEA's revenues will go down, etc. • When asked whether Mayor Curry was responsible for the push to sell JEA, Stewart declined to comment on "conspiracy theories." • When asked whether Aaron Zahn was elevated over more qualified candidates, Stewart referred people to the Board's public interviews and materials regarding their selection process. • When asked whether JEA was "overdramatizing" JEA's financial position to facilitate the sale of JEA, Stewart said that JEA has worked with McKinsey to come up with its scenario-based strategic planning. She admitted that JEA's financials differ depending on who JEA is reporting to (e.g., bond rating agencies versus the FPSC). • A caller asked how badly Plant Vogtle is affecting JEA's bottom line. Stewart responded that she could not talk much about it because of the active litigation. However, she admitted it is "an issue" for JEA and ratepayers.	link

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08/23/2019	Kevin Hyde (Foley & Lardner) sent Michael Kirwan (Foley & Lardner) an email stating, "Herschel suggested that we not have any more emails about the PUPs since it is a potential public record. Just call Jessica or others as needed."	0606
08/23/2019	JEA engaged Pennington P.A. to provide legal services relating to certain water and wastewater systems, local government, and other regulatory matters and to confirm the consent and approval provided of JEA's Vice-President and Chief Legal Officer, Lynne Rhode. The engagement was limited to $75,000.	0607
08/23/2019	Jessica Lutrin of Pillsbury wrote an e-mail to Ryan Wannemacher (Herschel Vinyard, Lynne Rhode, and Michael Kirwan were cc'd) stating, "I just spoke with Michael Kirwan at Foley and, based on his calculations, the PUP formula is spitting out much larger numbers than we anticipated. Do you have any PUP formula calculations that you could please share with us?" • Ryan Wannemacher responded to Jessica Lutrin (Herschel Vinyard, Lynne Rhode, Kevin Hyde, and Michael Kirwan were cc'd) stating, "I agree that it makes sense to clarify that the contributions to the city should not include the debt pay off. It should be any amounts after the payment of the debt." • Ryan Wannemacher, Jessica Lutrin, and Michael Kirwan then exchange e-mails with proposed changes to the definition of "Current Year Value" used to calculate the value of performance units. Michael Kirwan also wrote, "I think we should delete the audit requirement since there would likely not be an audit after a sale of the entire utility."	0608
08/23/2019	Jill Luster sent a teleconference invitation to Jessica Lutrin, Kevin Hyde, and Herschel Vinyard. The subject line states, "PUP Changes."	0609
08/23/2019	Lynne Rhode emailed Jessica Lutrin of Pillsbury and Kevin Hyde of Foley to schedule a call to discuss the applicability of Sections 112.215 and 112.21, Florida Statutes, to the PUP.	0610
08/23/2019	S&P Global Ratings issued a bulletin stating: S&P Global Ratings today said its ratings on JEA, Fla.'s electric, and water and sewer utilities are unaffected by the decision of management and the board to solicit proposals for the sale or restructuring of the utilities. JEA finances the electric system separately from its water and sewer utilities. We base our conclusion on the two utility systems' robust financial metrics, ability to finance the next five years' capital needs without additional debtor rate increases, and a plan to reduce debt balances. . . . In its May board presentation, management said that perpetuating the utilities in their current form could "cripple JEA's ability to evolve and remain relevant," and that business-as-usual" traditional responses	0611

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	"will lead to" organized decline." We consider this assessment to be a departure from the two utility systems 'historical and projected financial profiles, and other public power and water and sewer utilities' responses to similar challenges. However, we do not see this assessment as presenting an imminent challenge to our ratings. Management reports a commitment to its five-year financial forecast showing capacity to meaning fully reduce leverage, produce debt service coverage consistent with the ratings, and maintain retail rates at current levels. We also believe management has considerable lead time to develop alternative strategies for the utilities if its "invitation to negotiate" does not produce viable options. . . . (p. 1).	
08/23/2019	FPL consultants, including Sam Mousa, Paul Harden, Susie Wiles and Mary Fiortentino, met to discuss FPL's ITN strategy. The meeting summary refers to the FPL consultants as "Team Free Bird"—the same code name used by JEA's senior leadership when referring to the effort to privatize JEA prior to July 25, 2019. The meeting summary stated Pamela Rauch, FPL's vice president of external affairs and economic development, would "ask Munz to contact Dave Reuter," NextEra's chief communications and marketing officer, "to flush-out his [Mr. Reuter's] involvement with JEA and to discuss his potential future involvement with Team Free Bird." Michael Munz's company, The Dalton Agency, had served as JEA's public relations consultant since March 2019.	0612
08/24/2019	Jessica Lutrin sends Lynne Rhode an e-mail containing revisions to the PUP's assignment and assumption language.	0613
08/26/2019	JEA engaged Carlton Fields to provide legal services relating to utility licensing, other matters, and to confirm the consent and approval of JEA's Vice-President and Chief Legal Officer, Lynne Rhode. JEA set its initial billing limit at $75,000.	0614
08/26/2019	JEA engaged The Radey Law Firm to provide legal services relating to cybersecurity, certain intellectual property, and data privacy matters and to confirm the consent and approval of JEA's Vice-President and Chief Legal Officer, Lynne Rhode. JEA set its initial billing limit at $75,000.	0615
08/26/2019	E-mail from Jessica Lutrin to Lynne Rhode stating, "As discussed, attached please find a revised draft of the plan (clean and redline). There were no changes to the form of the agreement." The PUP attached to the e-mail is labeled "v.9." • Pillsbury generally made nominal redlines to the PUP; however, it did make substantive changes by (i.) authorizing the assignment and assumption of the PUP and any PUP agreements, "as determined by the Administrator in its sole discretion, which such determination shall be final and binding on JEA, the Participants (and their respective beneficiaries) and any such successor" (Section 9(e)(i)); and (ii.) altering the definition of "Current Year Value" to expressly reference Recapitalization Event (PUP, Exhibit A).	0616

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08/27/2019	OGC issued a memorandum providing the City Council with "recommended Cone of Silence Guidelines" regarding JEA's ITN. OGC concluded, in pertinent part, (i.) "[c]ommunications of any kind between the Council and Vendors/Respondents regarding the JEA ITN Solicitation, including communications regarding process participation or interest in responding, are strictly prohibited" and (ii.) public communications by the Council "regarding possible Vendors/Respondents and the merits of the JEA ITN Solicitation terms are strictly prohibited." (p. 2). The memo also concluded that "[l]egislation filed by Council regarding the JEA ITN Solicitation is strictly prohibited." (p. 3). OGC states that the cone of silence began on August 2, 2019 and will remain in effect until (i.) the JEA Board makes the contract award and (ii.) the JEA Board resolves bid protests. (pp. 1-2). Attachment 2 contains the legal authority cited in support of OGC's position, including Section 838.22, Fla. Stat.	0617
08/28/2019	Kevin Hyde (Foley & Lardner) sent Michael Kirwan (Foley & Lardner) an email stating, "To discuss some language from 112.215, FS. She is reviewing to see whether the plan needs to be rewritten to fit within this statute. She has a question about interest bearing accounts."	0618
08/28/2019	JEA engaged Milam Howard Nicandri Gillam & Renner, P.A. to provide legal services relating to certain corporate transactional and local government matters, including those related to any recapitalization of JEA, and to confirm the consent and approval of JEA's Vice-President and Chief Legal Officer, Lynne Rhode. JEA set its initial billing limit at $75,000.	0619
08/28/2019	The date of the "final" version of JEA's presentation to Standard & Poor's, the rating agency. It states: • JEA "Remains a Superior Electric Utility" with "[f]inancial metrics reflect[ing] a thriving utility today & long into the future[.]" (p. 5). JEA noted: (i.) JEA "[r]ates are at the median in the state and expected to remain stable for at least four years while others are experiencing rising costs"; (ii.) JEA repaid $233 million in debt in FY2019 for a total reduction of $2.9 billion since 2009, which drove debt to a "40-year low"; and (iii.) JEA had a "plan to absorb the cost of Plant Vogtle[.]" (p. 5). Based on a July 31, 2019 financial projection, JEA stated that its energy system had "world class operations." (p. 7). • JEA "Remains a Superior Water & Wastewater Utility" for which "[a]ll financial metrics are a fortress[,]" including JEA's balance sheet and superior debt service coverage. (p. 6). JEA also noted its "[r]obust $1 billion capital program over the next five year with ability to be substantially cash funded with no rate changes." (p. 6). • JEA had an all-time high JD Power customer satisfaction index. (p. 14). • JEA had "[r]e-evaluated our [electric system] risks and continued actively seeking ways to mitigate them[.]" (p. 14). JEA reiterated that, with respect to its energy, water, and wastewater systems, "JEA's financials, operations, governance, strategic planning, and overall business remain sound." (p. 14).	0620

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- Part 3 of the presentation summarized JEA's strategic planning. (pp. 21-66). It mirrored many of the representations made to the JEA Board during the May, June, and July 2019 Board meetings, including:
  - JEA suffered a $1.4 billion loss in free cash flow from 2007 to 2017. (p. 25).
  - "Energy Efficiency impacts account for >90% of reduction in electric sales[.]" (p. 25).
  - JEA had 30% lower sales in 2017 than forecasted back in 2017. (p. 25).
  - "Customer rates increased 71% in the electric system . . . and 72% in the water system[.]" (p. 26).
  - JEA eliminated 407 jobs since 2008. (p. 26).
  - Under scenario 1 (status quo),
    - (i.) JEA's water/waste water system had a projected cash gap of $0.9 billion by 2030, but JEA would remain "Financially Sustainable with Rate Increases" of (a.) 15% or (b.) 9% with no city contribution past 2023 (p. 39);
    - (ii.) "By 2030 JEA's Customers May Likely Increase by 16% and Energy Sales May Likely Fall by 8%" (p. 42); and
    - (iii.) "Rising Costs and Lower Sales Lead to" a forecasted cash gap of $2.3 billion for JEA's energy system (p. 43).
  - Under scenario 2 (traditional utility response),
    - (i.) the Jacksonville City Charter and other legislation inhibited JEA from pursuing options to overcome a cash gap (p. 48);
    - (ii.) JEA would need to (a.) reduce JEA's headcount by 29%, (b.) reduce capital investments and customer service levels, (c.) cancel JEA's new headquarters and "move to rented space in the suburbs[,]" (d.) reduce debt levels in the energy business "to prepare for accelerated revenue loss from competition[,]" and (e.) increase energy rates by 26% even with cost cuts (p. 49);
    - (iii.) JEA's water/wastewater system would experience a $0.2 billion positive cash flow without rate increases (p. 50); and
    - (iv.) JEA's energy system would experience a $0.9 billion cash gap by 2030, which would require JEA to (a.) increase rates 26% or (b.) increase rates by 13% and stop making contributions to the City by 2023 (p. 52).

The presentation also alleged:

- The total monthly electric, water, and wastewater bills for JEA customers, including taxes and fees, had generally decreased since 2011. (pp. 28, 30).
- Under scenario 1,

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(i.) JEA projected its water sales to increase by 7.4 million kGal per year by 2030 despite increased water efficiency (p. 38);

(ii.) JEA's water/wastewater system $ yield per MWh would increase from 6.45 to 7.78 from 2018 to 2030 under scenario 1 (p. 40); and

(iii.) JEA's energy system $ yield per MWh would increase from 61.7 to 94.01 from 2018 to 2030 under scenario 1 (p. 44).

o Under scenario 2,

(i.) JEA's water/wastewater system $ yield per MWh would increase from 6.45 to 6.72 from 2018 to 2030 under scenario 2 (p. 51);

(ii.) the total monthly water/sewer bill would decrease from $62.47 to $59.90 from 2018 to 2030 under scenario 2 (p. 51);

(iii.) the total monthly water/sewer bill would decrease from $135.04 to $126.42 from 2018 to 2030 under scenario 2 (p. 53); and

(iv.) JEA's water system would "react[] to changing market forces with new revenue and cost cutting initiatives" and (a.) experience no rate increases over the next five years and (b.) add $79 million in revenue between 2020 and 2030 (p. 54);

(v.) "once grid parity hits mid 2020's then- 1.2% adoption of solar + battery offsets additional customer growth coming onto system" (p. 57); and

(vi.) JEA would have $323 million in "[o]ther [r]evenue [o]pportunities" (p. 57).

o The February 2019 IRP estimated that JEA's electric sales would increase from 12,200,000 to 12,548,000 MWh from 2019 to 2023. (p. 58).

o In Part 4, "Where We Are Going[,]" the presentation referenced Resolution 2019-07 before stating JEA had a "Process and Timeline for Path to Investigating a Non-Government Structure[.]" (pp. 68 and 70).

o In the "Questions" section of the presentation:

(i.) S & P asked, "In past meetings, JEA's representatives have emphasized the electric, water and sewer utilities positive operational and financial trajectory. However, during the utility's May 28, board meeting, management presented materials flagging a decade-long, downward trend in some key operating metrics. Please reconcile these views for us." (p. 77). JEA responded, "The May 28th Board Meeting outlined what we are calling our Status Quo Baseline. . . . [It] is not a financial forecast or most likely scenario for JEA . . . . Our financial and operational metrics have not deteriorated." (p. 77).

(ii.) S & P asked, "Please describe the utility's fallback plan if it is unable to sell or restructure the utility." (p. 78). JEA responded, "Our fallback plan is to pursue Scenario 2 . . . . Scenario 2 is

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	setting the business up to continue to deleverage the balance sheet. Under the scenario JEA is debt free on the electric system by 2030. Under this scenario JEA would still pursue all applicable and possible revenue generating initiatives." (p. 78). (iii.) JEA identified the "tentative date" for the JEA Board to review the JEA investment bankers' and advisors' final ITN recommendation in March 2020. (p. 85). (iv.) S & P asked, "Please describe the projected impacts of JEA's proposals on the city's finances. . . ." (p. 86). JEA responded (p. 86): It is important to first note that a minimum requirement for any selected recapitalization event is that a $3 billion cash payment would be made to the city. Mayor Lenny Curry has been quoted by various media reports since news of JEA's recapitalization investigation. Per the Jacksonville Daily Record, "[Mayor] Curry wants to use the money to eliminate $11 billion in general and enterprise debt. They mayor said Thursday that eliminating the debt would free up $323 million in debt service payments and "more than replace" JEA's annual contribution to the city – projected at $118 million in fiscal year 2019-20. Curry said the remaining $800 million could be "thrown into a lockbox" with interest becoming another revenue source for the city."	
08/28/2019	The Dalton Agency submitted to Kerri Stewart a draft of talking points for April Green to convince the City Council to vote in favor of "pension legislation."	0621
08/28/2019	Nixon Peabody invoice 10114853 for services regarding "General – Employee Incentive Plans" with billing entries from March 22, 2019 through July 2, 2019.	0622
08/29/2019	Lawsikia Hodges sent an email to herself with a redlined addendum #2 to ITN 127-19, which explicitly applied the ITN's prohibition of ex parte communications to City Council as JEA's "representative."	0623
08/30/2019	JEA issued ITN addendum 2, which explicitly applied the ITN's prohibition of ex parte communications to City Council as JEA's "representative."	0624
08/30/2019	Steven McInall sent an email providing Adam Rubin (McKinsey) and Hoover Zealan (McKinsey) with a copy of JEA's draft March 21, 2019 IRP study.	0625

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08/30/2019	Mousa Consulting Group, Inc. entered into "sole source" consulting agreement with the City of Jacksonville "for general consulting services to the Mayor and City." The agreement required the City to pay $10,000 per month, with a maximum indebtedness of $120,000.	0626
08/31/2019	Holland & Knight sent Aaron Zahn a revised memorandum regarding "Potential Roadblocks to Privatization" that discussed the effects of the privatization restrictions in the MEAG PPA on three hypothetical JEA transactions.	0627
09/03/2019	JEA engaged Hopping, Green & Sams, PA to provide legal services relating to JEA's energy and water operations, public policy and communications related to the capitalization of JEA's assets, engage third-party consultants, and advise JEA on all other services as may be required. JEA limited its billing to $250,000.	0628
09/09/2019	Email from Ryan Wannemacher to Robert Han, a JEA bond administrative specialist, regarding a Nixon Peabody invoice. Wannemacher wrote, "[T]hey [Nixon Peabody] were looking at the possibility of providing an employee bond purchase plan as part of the contemplated total market compensation strategy the comp committee was pursuing."	0629
09/10/2019	Jessica Lutrin e-mails Lynne Rhode revised versions of the PUP (version 11), PUP agreement (version 10), and PUP invitation booklet (version 7).	0630 0631
09/11/2019	Aaron Zahn sent a script for a "Cascade Welcome video" that stated, "To that end, I'm happy to report many of our reliability, financial, affordability and operational metrics are now at all-time highs."	0632
09/12/2019	"Draft Administrator letter to CEO" from Lynne Rhode's computer states: • "[I]n my accordance with my duties as Administrator, I delegate my authority to you, as CEO of JEA, to allow each other Employee (other than yourself as CEO) to purchase a maximum number of Performance Units determined in accordance with the following parameters and to notify each such Employee of the maximum number of Performance Units he or she may purchase . . . ." • "The maximum number of Performance Units each eligible employee may purchase shall be based on two factors: (i) a base number of Performance Units in accordance with the employee's position level at JEA and (ii) an increase or decrease or no change to the base number of Performance Units based on the employee's most recent annual performance review." • "100% of the 30,000 Performance Units available, inclusive of the units allocated to the CEO, shall be allocated for the first Performance Period." • "No position level shall be allocated in excess of [20%] of the next highest position level allocation."	0633

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09/12/2019	Email from Cecilia Prater to Robert Mack and others regarding the ADP project to "outsource[e] appointed payroll[.]" It states: This is an initial meeting with ADP to gather information re outsourcing appointed payroll. I will forward separate emails describing ADP's approach along with a questionnaire for us to complete prior to the meeting. They have identified a government contract we can piggyback on. Please let me know if anyone has a conflict as the only other time proposed was during our cascade meeting.	0634
09/12/2019	Cecilia Prater (ADP) sent Jonathan Kendrick an email stating, "I have confirmed we do have a way to "piggy-back" on a contract awarded through Omnia."	0635
09/12/2019	Lawsikia Hodges sent Lynne Rhode an e-mail requesting the final version of the PUP and PUP agreement.	0636
09/12/2019	Patricia Maillis sent an e-mail to Lynne Rhode (Jonathan Kendrick was cc'd) identifying the following "concerns" with versions 9 and 10 of the PUP: (i) The informational documents are too formal for employees to understand and lack examples of "how the benefit is calculated . . . ." (ii) The PUP "does not provide clear calculation of how monies will grow . . . ." (iii) JEA makes no investment to benefit the employees. The PUP "appears to hold employees captive" because it does not give anything to employees who leave JEA. (iv) Maillis asks whether the PUP complies with non-qualified IRS rules for government deferred compensation plans.	0637
09/13/2019	Jacob Williams (FMPA) sent an email providing Ted Hobson (JEA) and Caren Anders (JEA) with an August 22, 2019 presentation "analyzing JEA's basic electric trends and comparisons to other municipal and IOU's." The email states: JEA compares very nicely and is not in a "death spiral". We reviewed this material with the FMPA Board on Thursday August 22. As noted in the presentation, we will be providing a forward looking view of JEA business model comparing the JEA Business As Usual case compared to a set of assumptions more in-line with FMPA and other municipal and IOU's are projecting. That presentation will be made on Sept. 19th at our Board of Directors Meeting which starts at 9 am or later if committee meeting beforehand runs long. The JEA Business model comparison will be discussed during the GM Comment Section of the agenda and no information will be sent out to the Board prior to the meeting on this topic.	0638

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09/13/2019	E-mail from Lynne Rhode to Patricia Maillis (Jonathan Kendrick cc'd) stating, "It is important to note that this plan has been fully vetted, including through four subject matter expert attorneys, prior to be presented to the JEA Board for approval in July." Rhode than answers Maillis's four concerns as follows: (i) The "letter" is "too technical" and is being revised. (ii) A Q&A document will explain how monies grow. (iii) Employees forfeit their PUs "for tax purposes." (iv) "Yes."	0639
09/14/2019	JEA meeting regarding the PUP.	0640
09/16/2019	JEA issued addendum 4 to the ITN. It had 14 attachments, including a defeasance summary (attachment 1), information about JEA's telecom assets (attachment 4), and a clarification about how to calculate the ITN requirement of ">$3 billion of value of the City of Jacksonville" (attachment 14).	0641
09/16/2019	Lynne Rhode sent Jessica Lutrin an e-mail regarding her comments and edits to the invitation to participate in the JEA long-term PUP.	0642
09/16/2019	Lynne Rhode sent Kevin Hyde an e-mail stating, "Per our conversation today, I asked Jessica to get you a redline for your review. Thanks Kevin!"	0643
09/17/2019	Email from Jonathan Kendrick to Joseph Orfano and Stephen Datz (JEA) stating, "This meeting with ADP is an initial step to explore outsourcing appointed payroll. I thought you, or someone from your teams, might be interested in attending."	0644
09/18/2019	Memorandum from Radey Law Firm attorneys Brittany Adams Long to Susan Clark stating: The JEA seeks to sell the electric utility through an Invitation To Negotiate (ITN), which will most likely result in ownership by a private entity (investor-owned utility) (for the purposes of this memorandum, the potential purchaser is called "Newco"). A unique feature of this transaction is that the JEA has entered into an agreement to buy power from two nuclear plants in Georgia (the "Georgia Plants"). The agreement requires the JEA to purchase a certain amount of power from the Georgia Plants for 20 years beginning when the plants are operational. It is our understanding that the JEA cannot transfer its obligations under the contract to a private entity without incurring tax consequences of approximately $800 million.[1]	0645

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	Thus, the JEA seeks a unique structure to address this situation. The JEA would remain as the provider of the retail utility services solely for the delivery of power purchased from the Georgia Plants to current JEA customers. The JEA would sell the rest of its electric utility assets to a private entity that would be responsible for providing all additional power beyond that generated by the Georgia Plants needed to meet the demands of customers within the current JEA service territory. This service territory would become the service territory of Newco. Thus, there would be two entities responsible for providing service to customers in the territory: 1) JEA, who would have the limited obligation to serve electric customers up to the amount it is required to purchase from the Georgia Plants; and 2) Newco, who would have the obligation to serve the rest of the power needs of those same customers. Newco would own the transmission and distribution facilities to deliver power and would be responsible for all other aspects of providing utility service to retail customers (billing, collections, maintenance, and operation of[2] the system). To the extent JEA must deliver the services directly to customers, it is anticipated that as part of the agreement with Newco, JEA would use Newco's facilities and contract with Newco for the use of these facilities.	
09/19/2019	Robert Mack (JEA) sent an email to Cecilia Prater (JEA) with a "Pre-Analysis Questionnaire" attached, which stated 419 appointed JEA employees would potentially participate in an ADP project.	0646
09/19/2019	Michael Kirwan (Foley & Lardner) sent Kevin Hyde (Foley & Lardner), among others, an email stating, "It would appear that the PUP subscription can be a $1,000,000 so I am not sure we can make the statement that the subscription will be for less than $1,000,000."	0647
09/19/2019	Michael Kirwan (Foley & Lardner) sent Kevin Hyde (Foley & Lardner), among others, an email stating, "15c2-12 will be triggered if the full 100,000 of the units are issued so long as they issue less then ok on that front." Mr. Hyde responded, "Thanks. I will make these changes."	0648
09/19/2019	Florida Municipal Power Association's issued a presentation entitled *Update on JEA* intended to "inform its members on JEA's Strategic Analysis." It states, in pertinent part: • FMPA quotes JEA as stating, "The problem is not being community owned; The problem is being government with government restraints in a competitive market" (p. 3). FMPA responds: "FMPA believes all Florida municipal electrics have the resource options available to compete and add value for their customers" (p. 3). • FMPA reviews JEA's data and concludes that its rates ("competitive and declining"), reliability ("highly reliable"), sales ("similar to other FL utilities"), and growth (1.8% annual customer growth per year from 2013 through 2018, 1.3%	0649

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	annual growth from 2013 through 2018, and ~0.5% per year projected annual load growth over next 10 years) are similar to other municipal utilities in Florida (pp. 4-8). • JEA's "status quo" option "uses more pessimistic assumptions than other IOUs and municipals in Florida" (p. 9). "An approximately of JEA's BAU [status quo] model leads to rate increase of ~2.7% per year for 10 years while holding city transfers relatively constant" (p. 9). Moreover, "[a]pplying assumptions consistent with other IOUs (TYSP) and FMPA's Strategic Plan assumptions lead to rate increases of ~0.7% per year for 10 years with consistent city transfers" (p. 9). "These different assumptions lead to an extra ~1.25B value for JEA's electric utility over 30-year period" (p. 9). FMPA also found that JEA's status quo model "does not consider upside" of that model (p. 11). • FMPA conducted an "alternative" option analysis, which yielded several additional benefits. Under FMPA's alternative, (i) JEA would experience a ~0.5% ten-year site plan growth (as opposed to ~1% decline under JEA's status quo) and (ii) JEA could expect to experience a ~2.5% annual escalation for fuel, O&M and R&R (as opposed to ~3 – 5% annual escalation under JEA's status quo) (p. 14). FMPA noted that "[m]unicipals have rate and service options available to them to minimize potential load loss and/or cost shifts to serve all customers" (p. 17). • FMPA estimated the value of having ~1,200 JEA employees conferred about $58M in benefits to the "local economy" ("[a]ssum[ing] North coal plan efficiencies") (p. 16). • When asked whether he "share[d] JEA's view that home solar generation paired with batteries are an existential threat," Florida Power & Light CEO Eric Silagy responded, "I really don't" (p. 8).	
09/20/2019	Foley & Lardner invoice 40274178 (total amount due: $236,201.52) for "General Legal Advice" with billing entries from June 27, 2019 through August 16, 2019.	0650
09/20/2019	Foley & Lardner invoice 40274198 (total amount due: $111,885.95) for "General Legal Advice" with billing entries from June 26, 2019 through August 29 2019.	0651
09/20/2019	Andrew Weissman (Pillsbury) sent an email to, among others, Lynne Rhode and Herschel Vinyard, with a "final completed draft" of a memorandum providing a "detailed overview of the regulatory approvals required for the sale of JEA to a private buyer[] . . . ."	0652
09/23/2019	Legal memorandum from Jason Gabriel to the City Council summarizing the procedure for the City Council to engage specialized outside counsel to assist with JEA-related matters. It concludes, among other things, (i) City Council "is not authorized to hire attorneys to provide adversaries to the Office of General Counsel or to challenge a binding legal opinion"; and (ii) the hiring of a firm on a special project basis "would be subject to the requirement of the Charter which provide that any outside counsel may be hired only upon finding of a need by the General Counsel" (Charter, Section 7.01).	0653

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09/24/2019	J.P. Morgan and Morgan Stanley issued an "Updated Process Timeline" that estimated the ITN process would finish, and the JEA Board would approve the resulting transaction, in the week of March 23, 2020.	0654
09/24/2019	Amy Zubaly (Florida Municipal Electric Authority) sent an email to the SLT with a letter to provide to the FMEA Board for approval. The letter criticizes JEA's "attacks on the public power model" and disputes JEA assertions that government constraints inhibit JEA's competitiveness and innovation in the market.	0655
09/24/2019	Daily Record article states that Council Member Danny Becton will oversee the possible sale of JEA. The article also quotes Aaron Zahn as follows: "Much to the contrary of public statements by third parties, we are not predicting that the sky is falling or that we are in a death spiral . . . . Merely, we are looking at an evolving JEA strategy to be able to participate in the technology disruption trends within markets, both on the energy and water side." The article goes on to state: Despite staff's longterm forecast, JEA President and Chief Operating Officer Melissa Dykes and CFO Ryan Wannemacher's monthly and fiscal year-end financial reports Tuesday show a public utility in good financial condition. JEA has paid down $1 billion in debt since 2015 in the electric utility. Including early debt payoff and regular debt service payments scheduled Oct. 1, JEA will have paid $665 million in debt in the past 13 months. Dykes said the electric utility's debt is the lowest in 34 years and the water utility's lowest in 16 years. Wannemacher said JEA made capital investments in the past fiscal year of more than $400 million. In 2004, the last time JEA made this size of investment in capital projects, it was financed with debt. "The actions we take to pay down debt and de-risk the business are what provide us the luxury of being able to have strategic planning discussions in a thoughtful and deliberate manner," Dykes said.	0656
09/24/2019	JEA Board meeting held at which the Board lauded its improved financial status, including the following for JEA's energy systems: (i) improved electrical grid performance, (ii) record customer satisfaction, (iii) lower total debt, (iv) higher debt to capitalization ratio (JEA reportedly paid off 9 billion dollars in debt since 2010), (v) strong liquidity, and (vi) double-A category rating. JEA's water systems were triple-AAA rated and reportedly doing very well. • Kevin Hyde (Foley & Lardner) gave a presentation entitled "Overview of Competitive Bid Process" (pp. 637-647): (i) Solicitation phase (August 2, 2019 through October 7, 2019): ITN posted on JEA's website and answers provided to potential bidders.	link 0657

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	(ii) Evaluation phase (October 7, 2019 through October 21, 2019): JEA will assess the bidders' replies against the evaluation criteria in the ITN. JEA will then commence negotiations with qualified bidders. (iii) Negotiation phase (estimated to begin in October 2019): JEA's negotiation team will have closed (not open to the public) meetings with the selected respondents. The closed meetings were implemented to avoid violating the "cone of silence." After negotiations conclude, JEA will have a public meeting to discuss the recommended award. (iv) JEA will have a public meeting to decide to whom it will award the contract (if anyone). JEA would make records of the closed negotiations public. JEA will also post a notice of intent to award a contract on its procurement website. The City Council would have an opportunity to deny the contract. • Steve Amdur (Pillsbury Winthrop) discussed these "non-traditional" strategic planning scenarios: (i) "3A"—Community ownership: JEA becomes a private entity, and customer-members would own it. (ii) "3B" —Initial public offering: JEA becomes a corporation and offer stock to the public in a new stock issuance. (iii) "3C" —Private placement equity: JEA becomes a corporation and equity shares would be sold to private sector investors. (iv) "3D" —Technology conversion: JEA becomes a corporation, and a tech-focused company purchases a controlling interest in it. (v) "3E" —Oil and gas conversion: JEA becomes a corporation that integrates with a gas-focused company with a controlling interest in JEA. (vi) "3F" — JEA becomes a corporation that a utility company purchases. JEA would operate utility services through franchise agreements with the City in all of the referenced scenarios.	
09/24/2019	OGC issued a legal memorandum providing City Council with guidelines on *ex-parte* communication (i.e., cone of silence) requirements with respect to the ITN procurement process.	0658
09/24/2019	The City Council amended and enacted Ordinance 2019-556-E, which amended Chapter 120 of the Jacksonville Ordinance Code. The ordinance attempted to address the impact of a recapitalization event on the City's General Employees Retirement Plan.	0659
09/24/2019	Council Member Brenda Priestly Jackson sent an email to OGC regarding the cone of silence. She wrote, in pertinent part: To that end, to receive this memo prohibiting city Council members from discussing "merits of the ITN" is troubling to say the least. It may appear that there's an attempt to marginalize and silence elected city Council members further.	0660

Date	Event	Doc. No.
	Please cite case law or other legal precedent that prohibits city Council members from discussing the merits of the ITN. I must share that the opinion in the memo is novel to me.	
09/24/2019	Council Member Randy DeFoor sent an email to OGC stating, "Thank you, Mr. Gabriel- I think we should meet and discuss as I don't agree."	0661
09/25/2019	Kevin Hyde sent a memorandum to Lawsikia Hodges and Jason Gabriel (Lynne Rhode cc'd) analyzing the PUP's compliance with securities and deferred compensation laws. • The principal conclusions were: (i) the PUP does not require registration under applicable securities law because JEA, a public instrumentality of a state, would issue the performance units (pp. 2-3), (ii) the PUP "appears to be a permissible form of deferred compensation under F.S. 112.215" (pp. 3-4), (iii) JEA is not pledging credit to participating employees in violation of Article VII, Section 10 of the Florida Constitution (pp. 4-5), and (iv) the PUP does not confer "extra compensation" to employees in violation of Section 215.425, Fla. Stat. (pp. 5-6). • The following JEA employees were eligible to participate in the PUP: "Eligible employees include all full-time employees (including full-time attorneys from the Office of the General Counsel dedicated exclusively to JEA, appointed employees, and represented employees) actively employed with JEA for at least three months prior to the performance units purchase date." (p. 1). • The memo states, "A pool of units will be allocated amongst employees based on his/her position level and the most recent annual performance review. . . . Unpurchased units will return to the pool." (p. 2). Footnote 1 states, "The allocation of performance units available to each employee for purchase will be directed by the JEA Compensation Committee Chair, who is the Administrator of the Plan." (p. 2). • Footnote 2 states, "As part of the JEA Board's exploration of alternative scenarios to address the utility's fiscal challenges, JEA is also considering selling the utility. If that occurs, the performance period ends, the amount owed to the employee will be paid, and the Plan will be extinguished." (p. 2). • Footnote 3 states, "As written, the PUP is scheduled to have 100,000 units at $10.00 per unit." (p. 3).	0662
09/26/2019	Steve McInall sent an email to Melissa Dykes with a "Forecast Review" attached that McInall drafted and "Sarah" edited. The review explains some differences between financial models adopted by JEA, including the ten-year site plan and status quo models. The summary states: The TYSP and SQ forecasts are intended for different purposes. The TYSP is submitted to the Public Service Commission to demonstrate that JEA has planned adequately and has the required generation reserves to meet peak demand, plus 15 percent. The SQ forecast, by contrast, is intended to examine the potential impact to JEA's financial performance given trends market trends that will impact sales. The	0663

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	forecasts differ due to the weather normalization in the TYSP forecast, higher levels of energy efficiency and DG in the SQ forecast, and the effect of the multiple regression analysis of historical data in the TYSP compared to individual forward-looking forecasts for each factor in the SQ forecast.	
09/26/2019	Council Member Randy DeFoor sent a follow-up email to OGC stating, "Mr. Gabriel- I believe in order to have a cone of silence on the ITN you need to brief us on the terms of the 80 plus page document so that we are fully informed as a body. A public work shop is appropriate and would also show us as our counsel your knowledge of the subject matter. Can we schedule this early next week?"	0664
09/26/2019	Lynne Rhode sent a follow-up e-mail to Jessica Lutrin asking (i) for a revised PUP booklet for Melissa [Dykes's] review and (ii) to schedule a call "to discuss processes, including the appropriate process for reallocation of any PUPs not purchased in the first round . . . ."	0665
09/26/2019	Jessica Lutrin sent an e-mail to Lynne Rhode that attached the revised "booklet"—i.e., the revised Invitation to Participate in the JEA Long-Term Performance Unit Plan. Lutrin identified items of interest in footnotes, including the (i) "substantial risk of forfeiture on a termination for cause or a voluntary termination of employment" and (ii) whether JEA could delete the question and answer section intended to educate employees. • The redlines to the Q&A section in the invitation booklet included (i) deleting full-time OGC attorneys as eligible participants (JEA0105), (ii) specifying that only 30,000 of 100,000 PUs will be available for purchase by eligible JEA employees (JEA0106), and (iii) deleting references to "JEA Group" (as opposed to JEA) participants (JEA0111).	0666
09/26/2019	Daily Record reports that JEA's privatization could leave the City with $338 million in unfunded pension liability. The article also notes that the JEA board unanimously approved collective bargaining agreements on September 24th that would raise the base wage of (i) 1,264 JEA employees by 3.5% through the fiscal year 2022 and (ii) 290 JEA employees by 2% annually.	0667
09/26/2019	Herschel Vinyard sent a letter to Michael D. Wanchick, the county administrator for St. Johns County ("SJC"), arguing SJC's purchase of JEA's water/wastewater assets would negatively impact SJC residents and businesses. Vinyard described increased prices for SJC residents and reduced tax, revenue, and rebates as a result of the purchase. Vinyard attached a presentation. The presentation estimated that SJC could gain $91 million if it stayed with JEA and accepted the ITN; however, SJC would lose $1.31 billion if it purchased JEA's water/wastewater assets.	0668
09/27/2019	Jason Gredell (J.P. Morgan) sent an email to Melissa Dykes, Eddie Manheimer (Morgan Stanley), and Ryan Wannemacher to set up a "PUP Discussion" on September 27, 2019.	0669

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09/30/2019	Invoice #USG-2858DE-5950 to Pillsbury from McKinsey & Co. to JEA seeking $100,000 for "support to develop Strategic Plan for JEA" performed in August 2019.	0670
09/30/219	Invoice #USG-2858DE-5951 to Pillsbury from McKinsey & Co. to JEA seeking $100,000 for "support to develop Strategic Plan for JEA" performed in September 2019.	0671
10/01/2019	Email from Aaron Zahn to the "Project Scampi Team" stating: The JEA core working group will continue to be Aaron, Herschel, Ryan, Lynne, and Melissa. John leading procurement efforts and Steve managing the data room process. Herschel will maintain legal, regulatory and administrative oversight. Ryan will maintain financial and CIP related workflow oversight. Aaron will continue to be the Final Project Decision Maker. To facilitate communication across all work streams, Melissa will transition to coordinating all work streams for JEA. Melissa will be a point person for day-to-day project oversight and management on all aspects. Going forward, she will track all ongoing work, participate in various calls (as she is able), and facilitate sharing of information across work groups to ensure seamless execution of the process. Starting the week of October 7, we will change our weekly large group call rhythm. To ensure the entire team is coordinated, we will continue to have our Thursday afternoon conference calls. As a substitute for the Tuesday calls we will share a project gantt chart each week highlighting the deliverables for the coming week. To support this change in structure, please ensure Melissa is included on calls and document distributions, and please keep her informed of changes in deliverables.	0672
10/01/2019	Lynne Rhode sent a letter to Attorney General Ashley Moody asking for a legal opinion on the legality of the PUP. The letter requests the opinion to address whether the PUP constitutes "extra compensation" in violation of Section 215.425, Florida Statutes. Rhode argued it did not.	0673
10/01/2019	Kerri Stewart received an email from Banks Willis (The Dalton Agency) with a link to a WJAX story indicating members of JEA met with ITN bidders for weeks "in secret[.]" Willis asks if this is true, and Stewart responds that the ITN bidders have not been "meeting" with JEA, but they can ask questions through the Procurement Office. JEA's public relations team then discusses responding to the article.	0674

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10/01/2019	Pillsbury memorandum entitled "JEA – Litigation Risk Assessment (PPA Section 307)" concluding, "Although MEAG has not yet raised PPA Section 307 as a means of prohibiting a sale of JEA's assets, MEAG could raise that section (and others) in seeking an injunction to enjoin any sale. . . . Whether a buyer is willing to close despite pending litigation will be determinative on the timing of resolution of any Section 307 claim and motion for injunction."	0675
10/02/2019	Gina Kyle sent April Green a proposed letter to send to the City Council. The letter stated: After careful deliberation, JEA's Board of Directors made the strategic decision to face an uncertain business reality head-on. We rejected the traditional utility response of raising rates on customers, cutting costs, deferring necessary capital expenditures (JEA has underinvested in our infrastructure by $1+ billion in order to pay off excess debt) and laying off employees in favor of forging a new path for JEA. Below are some alarming facts about JEA's last 10 years: a) JEA raised rates on its customers by 71%; b) JEA reduced its workforce by 16%; c) JEA's operating expenses increased by 58%; d) JEA added 16% more customers; e) JEA lost 8% of sales; f) JEA's average residential customer consumes 20% less of our product; g) JEA's average commercial customer consumes 30% less of our product; h) JEA paid off 48% of its debt ($3 billion); however, i) JEA is now saddled by a poor contract in a failed nuclear facility allowing another public power agency in GA to freely commit JEA's customers to >$4 billion of power at 400+% the price of market power.	0676
10/03/2019	Kevin Hyde letter to Deno Hicks (The Southern Group of Florida, Inc.) stating, "I am writing to confirm that you and the Southern Group have been retained on behalf of JEA for the purpose of assisting Foley & Lardner ('F&L') in providing governmental and public affairs services related to the ITN issued by JEA on August 2, 2019 . . . ." The agreement has an effective date of July 23, 2019, the day the JEA Board authorized the ITN.	0677
10/03/2019	Kevin Hyde forwarded Lynne Rhode's October 1, 2019 letter to Attorney General Ashley Moore to Lynne Rhode. Hyde wrote that "Foley & Lardner reviewed this letter and agrees with its analysis and content."	0678
10/03/2019	Lynne Rhode sent an e-mail to Jessica Lutrin and Kevin Hyde with "final" versions of the PUP and PUP agreement attached.	0679

Date	**Event**	**Doc. No.**
10/04/2019	Lisa Green with the Office of Inspector General sent a memorandum to Aaron Zahn notifying him that the Office of Inspector General and Office of Ethics "will attend meetings related to JEA's *ITN – 127-19 Strategic Alternatives* in order to monitor and ensure compliance with applicable laws, rules and/or policies."	0680
10/04/2019	The Times-Union published a photograph of Aaron Zahn, Mayor Lenny Curry, Brian Hughes, Scott Wilson, Sam Mousa, and Tim Baker attending an Atlanta Braves game.	0681 0682 0683
10/04/2019	Jenny McCollum sent an email to Burns & McDonnell with an attached notice of termination of JEA's consulting agreement with Burns & McDonnell.	0684
10/07/2019	JEA held a public bid opening meeting in connection with the ITN.	
10/07/2019	Aaron Zahn wrote a letter to the Office of Inspector General ("OIG") inviting OIG to participate in the ongoing procurement process for ITN 127-19.	0685
10/07/2019	OGC issued a memorandum to Council Member Brenda Priestly Jackson addressing two issues: • Gabriel addressed the City Council's authority over JEA and the ITN process. He concluded, among other things, that the City Council (i) would have to approve the sale of more than 10% of JEA's assets and (ii) could modify all of JEA's powers or even eliminate JEA altogether. However, because JEA issued the ITN, City Council has no authority to require JEA to perform or not perform an action regarding the ITN. • Gabriel interpreted the phrase "merits of the ITN terms" (in the ITN Memoranda) as "any discussions *during* the Cone of Silence Period regarding the worthiness, or pros and cons, of essential ITN terms . . . ."	0686
10/07/2019	Susan Clark of the Radey Law Firm sent a memorandum to Herschel Vinyard addressing two issues, including "Whether the Florida Public Service Commission (FPSC) has authority to approve a territorial agreement that allows two electric utilities to serve the same territory in the specific situation described above." (p. 2). Clark concluded: There does not appear to be any authority that specifically prohibits the FPSC from allowing two electric utilities to operate in the same territory, although through case law, the FPSC has historically permitted only one utility to serve an area. The purpose of exclusivity is to avoid uneconomic duplication of services and higher electric costs to customers that would be the result of competition. The underlying concern is what is in the best interest of the public. It is likely that, although this situation is unconventional, the FPSC will analyze it as it typically analyzes territorial agreements and consider the policies and the best interest of the public. If it can be demonstrated that this situation is in the best interest of the public, based	0687

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	on the specific facts in the case, there appears to be no legal reason the FPSC could not approve the agreements. However, it is also likely that the FPSC will not want to create a precedent to change the traditional model (one retail electric utility serving a specific geographic territory), so the unique facts of this case will need to be highlighted and sufficient evidence presented to show why this transaction is needed for the best interest of the public. (p. 2).	
10/09/2019	Memorandum from Alan Howard assessing a privatization transaction in which JEA would retain its MEAG PPA obligations. The memorandum concludes: The JEA Charter grants JEA certain enumerated powers and broad authority with respect to financing and assessments in connection with its operation of utilities systems. However, the JEA Charter defines utilities systems as those operated by JEA. It is not clear that JEA's charter powers would extend post-transaction to permit assessments in support of a pre-transaction obligation when JEA is not operating a utilities system. It would be preferable to have the Jacksonville City Council resolve this issue by legislation expressly granting JEA the authority to make assessments post-transaction to fund any shortfall on Vogtle PPA obligations after proceeds from wholesale energy sales and exhaustion of the escrow account, or declaring the purchase of power under the Vogtle PPA and the proposed sale of that power on the wholesale market as a "utilities system" for purposes of the JEA Charter, or having the Vogtle PPA assigned to and assumed by the City of Jacksonville.	0688
10/10/2019	Email from Susan Clark (Radey) to Herschel Vinyard, among others, describing information regarding a PSC filing in connection with a "Potential Acquisition" of JEA.	0689
10/10/2019	Stephen Amdur (Pillsbury) sent a "Structuring Playbook" outlining two options for a company ("Newco") to purchase JEA's assets but leave JEA ("Legacy JEA") with the MEAG PPA.	0690
10/10/2019	Steve McInall sent Melissa Dykes a document entitled "Forecast Review short version[,]" which stated: The purpose of this memo is to describe the basic differences and purposes of the JEA developed forecast used in JEA's 2019 Ten Year Site Plan (TYSP) and the JEA and McKinsey developed Status Quo (SQ) Forecast.	0691

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> The TYSP is primarily intended to ensure that JEA has adequate capacity to serve its peak loads (winter and summer), plus a reserve margin. The Florida Public Service Commission reviews individual and state aggregated utility TYSPs to ensure that the state as a whole has adequate generation resources. The forecast used in the TYSP and the Florida Energy Efficiency and Conservation Act (FEECA) primarily produces peak demand and is not intended to be a sales forecast, although it does include a forecast of sales.
>
> The SQ forecast is intended to be a forecast of future utility sales, incorporating developing trends such as an accelerated adoption of solar distributed generation which is not individually accounted for in the TYSP forecast, as well as accelerated energy efficiency.
>
> The Annual Average Growth Rate (AAGR) for net energy for load (NEL) during the TYSP period is 0.57 percent, which is barely above a flat forecast. As a result, any change in forecast methodology can change this modest rise into a declining forecast. The SQ forecast is captures the potential impacts of future technology changes (such as solar and storage achieving parity with grid power) that are not reflected in historically-based forecasts. The historically-based forecasts developed for use in the TYSP are accurate in the short-term (i.e., 1-3 years), but will not pick up large-scale changes that are not yet reflected in the energy and peak statistics for the system.

10/10/2019	Alan Howard prepared an ITN "Approval Timeline" concluding:	0692

> The minimum timeline from JEA Board approval to a referendum date would be approximately 187 days and could be 224 days or longer. The greatest risk for delay after JEA Board Approval is City Council approval. The greatest risk for delay prior to JEA Board approval are delays associated with bid protests and appeals.

10/11/2019	Deno Hicks sent Kevin Hyde an email terminating The Southern Group's contract with Foley & Lardner.	0693
10/11/2019	Jeffrey Panger of S&P Global – Ratings sent an email (subject line: "JEA Privatization") to Ryan Wannemacher and Joseph Orfano stating:	0694

> I have some follow-up questions regarding the information you provided at our August 21st meeting, and I'm hoping that you can provide some clarification, as well as provide you the opportunity to respond to some of our emerging views.

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1) The McKinsey study suggests a 35% decline in sales related to energy efficiency and an 8% decline related to distributed generation by 2030, more than offsetting customer growth and leading to an 8% overall decline in energy sales (SLIDE 42). It's our understanding that the McKinsey study was the impetus for conducting the "Baseline- scenario 1" and "traditional-scenario 2" response, and that the results prompted the decision to explore a "non-traditional- scenario 3" responses. Insofar as I can find no other utility suggesting this level of decline in sales related to energy efficiency, and no other utility (except perhaps outside of the southwest, and certainly not in Florida) with this level of DG penetration, this seems extraordinarily high. What is the basis for the McKinsey estimates, and why is this more acceptable than what the rest of the utility industry is viewing.

2) The title of Slide 42 says "…. May Likely Increase…. May Likely Fall". The combination of those words is confusing… What does "May Likely" mean?

3) If this is indeed JEA's view, why is this not reflected in JEA's forecast, which suggests flat sales, manageable rate increases, and robust financial metrics?

4) If JEA is expecting an 8% decline in sales, why would you need to convert the Greenland units from simple cycle to combined cycle? And why is the conversion not in JEA's current forecast, but in the baseline, and then not in the "traditional response" (replaced with power purchases). It seems that this is only serving to inflate the cash gaps (and hence the rate increases/cutbacks required under each scenario).

5) Slide 57 – Why would O&M increase 3% in the current forecast, but 4% in the baseline and 2% in the traditional response?

6) Slide 57 -- Why is debt acceleration being addressed in scenario 2, (but not in the baseline or the current forecast). Again, it is our understanding that these scenarios are intended to address a projected decline in sales, but by including debt acceleration, it creates an apples to oranges comparative. The inclusion of debt acceleration in scenario 2 (while perhaps laudable) inflates the cash gap and suggests that higher than necessary rate increases are needed -- which ultimately is laying the basis for your exploring scenario 3.

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	7) Slide 57 cites substantial "other revenue opportunities" in scenario 2 – I was under the impression that part of the reasoning for scenario 3 was because JEA doesn't have the ability to seek "other revenue opportunities. What are these "other revenue opportunities" in scenario 2? 8) Slide 79 : JEA had $5.1 b of LTD and PPA debt in 2018, Scenario 1 shows $4.8b in 2030, and scenario 2 shows $3.5 b (all PPA debt) by 2030. Is the $3.5 b in scenario 2 the total amount of Project J debt, or does it represent JEA pro rata share? 9) It seems that the McKinsey study, and scenarios 1&2, are being held up as the motivation for pursuing scenario 3 -- privatization. But as the above questions suggest, we are unclear whether they form a sound basis. Please help us understand your thinking on this, and whether, as possibly suggested by slide 86, the privatization discussion is being driven by a desire to use proceeds to retire city debt (in addition to JEA debt). I look forward to your response.	
10/11/2019	JEA and ADP executed an engagement letter. The scope of work contemplated JEA outsourcing payroll services for 420 appointed employees.	0695
10/11/2019	Robert Mack (JEA) sent an email to Jonathan Kendrick identifying concerns with the ADP payroll outsourcing project: In order for HR/TS/Finance to assess the contents & expectations of the contract, I believe we need additional scoping conversations with ADP to establish clear visibility as to who is going to be responsible for what and how the hand-offs will occur. I don't know how effective pricing from either side can be established without this. At first pass there are services listed in section 14 we would not expect to purchase (ex. Benefit Services 14.2, HCM Services 14.3, Onboarding Services 14.5, etc.) and then services we would expect that are not included (ex. time & attendance, vendor payments, tax payments & reporting, etc.). At this point as each area is beginning to engage more resources, the questions are coming faster than we have answers or information to respond.	0696
10/11/2019	Robert Mack, a JEA director of organizational effectiveness and payroll, sent an email to Jonathan Kendrick stating, "One question I forgot to ask; who internally can provide the business requirements to ADP regarding the new LTI/PUP's?" Kendrick responded, "That will probably be me."	0697

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10/14/2019	JEA held a bid evaluation meeting at which the replies from the 16 bidders were scored.	0698 0699 0700 0701 0702 0703 0704 0705 0706 0707 0708 0709 0710 0711 0712 0713 0714 0715
10/14/2019	Corrie Cordero (ADP) sent Jonathan Kendrick, Shawn Eads, and Miriam Hill, among others, an email with a proposed Master Services Agreement for outsourcing JEA's appointed employee payroll to ADP.	0716
10/14/2019	JEA issued its notice of intent to negotiate with 9 qualified ITN respondents: American Public Infrastructure LLC; American Water Works Company, Inc.; Duke Energy; Emera Inc.; JEA Public Power Partners: A Consortium of Bernhard Capital Partners, Emera Inc., and Suez; IFM Investors PTY LTD; Macquarie Infrastructure and Real Assets Inc.; NextEra Energy, Inc.; and E&W Development Corp.	0717
10/14/2019	Jessica Lutrin (Pillsbury) sent an email to Lynne Rhode, who forwarded the email to Melissa Dykes, with a PUP invitation booklet (version 10) and a redlined PUP booklet.	0718
10/14/2019	Richard Guyer (Foley & Lardner) sent to Kevin Hyde (Foley & Lardner) an email stating, "You have asked me to research whether there is any authority regarding the merger of JEA into a for profit corporation. I have not found anything that would authorize such a transaction. . . . Accordingly, FL corporations cannot merge with governmental instrumentalities like JEA."	0719

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	• Hyde forwarded Guyer's email to Gardner Davis (Foley & Lardner) and asked for a second opinion. Hyde wrote, "I have been assured otherwise, but I think they are looking for a way to avoid a sale of assets so the Charter provision requiring a voter referendum for more than 10% of the assets is required."	
10/15/2019	Stephen Amdur sent a "Structuring Slide" to Melissa Dykes outlining two options for JEA ("Legacy JEA") and a spin-off ("Newco") to allocate liabilities.	0720
10/15/2019	Pillsbury invoice 8297287 for "Strategic Planning & Advice" (invoice total: $750,520.62) with billing entries from July 1, 2019 through July 29, 2019.	0721 0722
10/15/2019	Michael Munz sent an email to Gina Kyle attaching a letter from Aaron Zahn answering the following questions from Council Member Danny Becton: • What is the overall timeline and expected decision timelines related to JEA's strategic planning process? o The letter identified the "[e]xpected timeline of planning process: January 2019 through March 2020[.]" • What should the Jacksonville City Council and the community expect at the end of the strategic planning process? • What is the purpose of ITN 127-19 (JEA Strategic Alternatives) and why did JEA issue ITN 127-19? • How can City Council and JEA have constructive dialogue about JEA's future?	0723
10/16/2019	Carla Miller, Jason Gabriel, Lynne Rhode, Lawsikia Hodges, Aaron Zahn, John McCarthy, Jenny McCollum, Robert Hosay (Foley & Lardner), and a member of the Office of Inspector General met and discussed potential conflicts of interest with the three members of JEA's ITN negotiation team.	0724
10/16/2019	Foley & Lardner invoice 40274224 to JEA for "General Legal Advice" (invoice total: $155,900.24) with billing entries from September 2, 2019 through September 30, 2019.	0725
10/17/2019	Miriam Hill sent Heather Beard an email with an "Annex" to a proposed payroll outsourcing agreement between ADP and JEA that contemplated JEA "piggybacking" of an ADP contract with Omnia Partners.	0726
10/17/2019	Kevin Hyde (Foley & Lardner) sent Michael Kirwan an email stating, "JEA has decided now to delay the offering of the PUPs to individual participants from November to December of this year. Some members of the senior executive team will be on the actual negotiation team. The GC now questions whether they will now be in a position of greater information than the other participants, like rank and file . . . ."	0727
10/17/2019	Adam Rubin (McKinsey) sent a presentation entitled "Management Initiatives Growth" to Narges Aminolsharei (Pillsbury), Stephen Amdur (Pillsbury), and several JEA or McKinsey employees, including Melissa Dykes and Ryan Wannemacher,	0728

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	The presentation identified "new," "core growth" opportunities JEA could pursue in the "near and medium-term" to generate revenue, including electrified transport and utilities, distributed generation solar and storage, and energy efficiency. (pp. 3-7). The presentation also identified "medium-and long-term" opportunities for JEA to pursue through "M&A." (pp. 3 and 5).	
10/17/2019	Ryan Wannemacher sent an email to Jeffrey Panger of S&P Global – Ratings in response to Panger's email dated October 11, 2019. Wannemacher wrote: > Thank you for reaching out. Per our conversation when we last met, attached is our FY2019 unaudited results. . . . > > From your questions below, it seems as though there is still some misunderstanding about our scenario strategic planning process. We would be happy to schedule an additional meeting if the S&P team feels that would be beneficial to your analysis. Please let us know. The unaudited financial statements provided by Wannemacher showed JEA with 0.53% more electric system sales in FY 2019 than in FY 2018. (p. 17).	0729
10/18/2019	Danielle Bradley (Pillsbury) sent an e-mail to Melissa Dykes (Jessica Lutrin, Peter Hunt, and Justin Krawitz were cc'd) referencing a redlined PUP invitation booklet (version 11) attached to the e-mail.	0730
10/20/2019	Paul Steinbrecher, JEA's vice president and chief environmental services officer, published an article in the Times-Union arguing that privatization will not cause the City to lose control of its water.	0731
10/21/2019	Camille Lee-Johnson, Andy Allen, and April Green completed Aaron Zahn's performance evaluation. Each evaluator concluded that Zahn met or exceeded expectations for all of his job responsibilities. The section entitled "Market Analysis of CEO Compensation" states, "JEA's CEO compensation is between the 25th and 30th percentile of the market." Nonetheless, Zahn recommended that "no adjustment is necessary to the terms and conditions of his Employment Agreement." (pp. 11, 16, 25). • Attached to the performance evaluation memorandum is a document entitled "Fiscal Year 2020 JEA Corporate / CEO Goals[.]" (pp. 27-28). It identifies Zahn's five goals for the 2020 fiscal year with corresponding criteria to assess whether Zahn would meet or exceed those goals. They were: (i) "Finalizes Board of Director direction regarding 10-year strategic plan in line with our guiding principles (growth or traditional response)."	0732

-The "exceeds" criteria include, "Board authorizes, via majority vote of approval by 9/30/2020, a Strategic Plan for JEA through 2030 that sets forth a path, the resources, specific initiatives and capital plan to add greater than $1 billion in value to JEA, JEA's customers and the City of Jacksonville relative to the May 28, 2019 Status Quo forecast.

(ii) "De-risk and capitalize the business appropriately to execute on strategic plan."

(iii)"Expand trusted partner relationship with customers and stakeholders."

(iv)"Maintain pervasive commitment to CCEF by delivering results."

(v) "Corporate development around JEA's Cultural Values (see Guiding Principles) and around employee capabilities in Change Management."

- The memorandum also attached the Board-approved job description for Aaron Zahn's position dated July 30, 2018 and prepared by Heidrick & Struggles. (PDF pp. 44-47). The "Position Summary" states, in pertinent part:

> JEA seeks to hire a forward-thinking, innovative leader capable of conducting a strategic review of JEA and the industry landscape to establish the long-term plans and objectives ensuring JEA will be relevant and agile to adapt and thrive for decades to come. The Managing Director & Chief Executive Officer ("CEO" henceforth) will be responsible for establishing the overall direction of JEA, leading the business and overall activities of the organization, and ensuring near and long-term financial success and sustainability. The CEO will be tasked with identifying new lines of business and revenue sources for JEA as well as establishing a culture of continuous improvement and commercial success, always seeking ways to improve efficiency and profitability.
>
> The CEO will design the appropriate organizational structure to support this strategy and is responsible for ensuring that the organization attracts and retains a diverse mix of talent with the leadership, operational, and commercial skills to drive a culture of internal and external innovation, process excellence, and risk management.

- The job description also describes one of Zahn's job responsibilities as follows:

> Provide strategic leadership for the organization by developing and implementing the strategic vision that outlines the long-term role of JEA in the Jacksonville metro, the state of Florida, and the utility industry as a whole. Working across the stakeholder community, the CEO will conduct a detailed assessment of business including its current objectives, market opportunities for business line expansion and revenue growth, operational delivery capabilities, and customer service to develop the near and long-term goals of JEA.

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	Pivotal to the strategic plan developed will be the identification of potential additional revenue streams including competitive and retail offerings such as retail solar, energy efficiency services and equipment sales and / or leasing, leveraging JEA's Dark Fiber and other infrastructure assets, electrification of Jacksonville's transportation fleet, gas to electric energy conversions, etc.	
10/21/2019	Hartman Consultants, LLC, the Jacksonville Civic Council's expert, issued a PowerPoint presentation assessing the JEA disposition process. Its conclusions include the following: (i) JEA had not provided adequate or complete information regarding its valuation, including an appraisal of its value from an accredited appraisal firm; (ii) JEA had not provided adequate or complete information corroborating its conclusions regarding the "status quo" or "traditional utility response" plans; (iii) "City Council appears not to be fully informed by JEA due to JEA Management decisions"; and (iv) "[t]he Public appears not to be fully informed (pp. 5-13). The presentation also covers the major reasons why JEA should and should not be sold (pp. 21-22). It identified additional things JEA had not done, not made available, or provided "potentially misleading" information about (pp. 23-26). The potentially misleading information includes (i) saying JEA increased rates by 71% when rates went down between 2008 and 2018; (ii) JEA's government constraints would only prevent JEA from accomplishing one goal in its ITN; and (iii) FMEA disputed JEA assumptions (p. 26). The presentation also includes a list of positive and negative impacts that may be caused by a JEA sale (pp. 31-32).	0733
10/21/2019	Gardner Davis and Richard Guyer sent a memorandum to Kevin Hyde assessing "whether JEA may establish a new, wholly-owned subsidiary of JEA to own the utility and structure the sale of the utility as a subsidiary merger transaction." The memorandum concludes, We have not located a Florida case directly addressing the issue and therefore we are reluctant to provide an unqualified answer. However, we believe that if the issue was properly presented to a Florida court, the court more likely than not would rule the proposed structure is permitted by JEA's Charter and applicable Florida law.	0734
10/21/2019	Kevin Hyde sent a memorandum to Lawsikia Hodges and Jason Gabriel (Lynne Rhode cc'd) analyzing the PUP's compliance with applicable laws. Hyde concluded that (i) based on JEA's plenary power and the PUP's stated purposes, JEA's issuance of the PUP did not violate Chapter 21 of the City Charter (JEA0382-JEA0383); (ii) JEA may establish who is eligible to participate in the PUP (JEA0384); (iii) provided that the General Counsel has authorized it, nothing in the specified City Charter provisions prohibit an assistant legislative counsel from participating in the PUP (JEA0384);	0735

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	(iv) the PUP did not violate Section 21.09 of the City Charter because it only applies to government procurement contracts, not employee compensation contracts (JEA0384-JEA0385); (v) no PUP participants have an advantage over others because JEA will disclose to all PUP participants all material financial information about JEA and how PUP payments will be calculated (JEA0386-JEA0387); (vi) the PUP does not violate F.S. 112.311, the Florida Code of Ethics for Public Officers and Employees because the PUP creates long-term value of JEA and its customers (JEA0386-JEA0388); (vii) the PUP does not violate F.S. 112.313(6) because eligible participants are not receiving compensation inconsistent with the proper performance of their duties (JEA0390-JEA0391); (viii) the PUP is exempt from registration under state and federal securities laws (JEA0391-JEA0392); (ix) the PUP is a deferred compensation plan authorized by F.S. 112.215 and Article 21.07(j) of the City Charter (JEA0392-JEA0393); (x) the PUP does not violate Article 7, Section 10 of the Florida Constitution because it did not result in credit being pledged and it had a public purpose (JEA0393-JEA0394); and (xi) the PUP does not constitute "extra compensation" under F.S. 215.425 (JEA0394).	
10/22/2019	Thomas Cloud of Gray Robinson, Jacksonville Civic Council's outside counsel, issued a memorandum on the applicable procedure for City Council review of JEA's ITN. It concludes: "[W]e are of the opinion that the City Council has a duty to insure that any referendum proposing the transfer of certain JEA functions or operations provide full and fair disclosure of material terms necessary for the voters to make an informed decision" (p. 1).	0736
10/22/2019	JEA Board held a meeting to discuss, among other things, JEA's prior retention of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC to act as financial advisors in connection with JEA's ITN. Their services included (i) industry and market analysis, (ii) providing subject matter experts, (iii) advising the ITN negotiation team, and (iv) potentially offering an opinion as to the fairness of the "consideration received" for JEA's recapitalization. • Isaac Sine (Head of Public Power at J.P. Morgan) provided an update on the ITN process. It confirmed that JEA received 16 replies to the ITN. Seven replies were rejected because they either did not meet the ITN's minimum requirements or obtained a score of less than 75 under the ITN metrics. JEA was scheduled to receive revised replies by the end of November. JEA would then have further discussions with respondents to explore strategic alternatives in December 2019 and January 2020. Between January and March 2020, the negotiation team would make a recommendation to JEA's Board based on the respondents' "best and final" offers. JEA's Board would then select one of five potential scenarios by March 2020: (i) status quo plan presented to JEA's Board in a May 2019 meeting, (ii) traditional utility response plan presented to JEA's Board in a June 2019 meeting, (iii) community ownership plan, (iv) IPO plan, or (v) strategy alternative from ITN. JEA would issue a notice of intent to award the prevailing respondent.	link 0737

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	• Sine confirmed that JEA's counsel was assessing the "initial public offering process." Council Member Danny Becton later asked why Sine did not mention the cooperative ownership scenario. Sine referenced a letter he sent to the City Council and stated that it is currently being analyzed and is on the table. Zahn also stated that the bank representatives may have "glossed over" the cooperative ownership option because it presents more legal and regulatory issues than financial ones. • Edward Manheimer (Global Power and Utility Mergers and Acquisitions at Morgan Stanley) discussed disruption facing the utility sector, including the declining costs of improving renewable energy sources and an increased focus on customers. He said the trend has resulted in utilities investing in renewables and new technologies. Consolidation has become a key theme. • Jennifer Dooly (Managing Director of Global Power & Utilities at JP Morgan) discussed trends by U.S. utilities making infrastructure improvements to maintain customer rates. Decreased fuel costs, the low cost of debt, and tax reform helped maintain customer rates in the past; however, those offsets may not or will not continue. Several developments may help maintain customer rates: lower cost of capital, renewable energy generation replacing existing thermal or nuclear generation, greater O&M efficiency, and advanced technology (e.g., smart grids, big data analytics, and artificial intelligence). • Lastly, the Board held Zahn's performance review. The Board voted to make no changes to his employment agreement. April Green commended Zahn's efforts.	
10/23/2019	Patricia Maillis sent an email seeking information about Mass Mutual potentially administering the PUP.	0738
10/23/2019	The Dalton Agency sent messages to JEA's SLT regarding a social media strategy called @JustTheFactsJax – a Twitter handle serving as part of a "social media strategy for responding to inaccurate JEA-related myths from the media and community[.]" The account made its first tweet on October 27, 2019.	0739
10/23/2019	Joseph Orfano sent Andrew DeStefano of Fitch Ratings an email with an attached financial forecast for JEA's energy system that assumed 12 million units sold through fiscal year 2024. Moreover, JEA projected its total electric system sales (MWh) would increase from 12,150,200 in FY 2019 to 12,267,600 in FY 2024.	0740 0740a 0741 0741a
10/23/2019	Carla Miller sent an email to Lynne Rhode outlining concerns with JEA's October 23 conflicts of interest memoranda in connection with the ITN negotiations. Miller stated that one or more members of JEA's ITN negotiation team could have conflicts of interest, including prohibitive conflicts of interest "under either Section 112.313(3) and/or 112.313(7)[,]" Florida Statutes because of their relationships with "some or all" ITN respondents. Miller also warned that prospective ITN negotiation team members should be mindful of the Jacksonville Ethics Code.	0742

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10/23/2019	Carla Miller received revised conflicts of interest memoranda for each member of JEA's ITN negotiation team—i.e., Melissa Dykes, Herschel Vinyard, and Jordan Pope. Each memorandum concluded that "there does not appear to be any basis to conclude that a conflict would exist with respect to [Dykes's, Vinyard's or Pope's] potential service as a member of the Negotiation Team with respect to the ITN." • The memorandum for Dykes stated at p. 2: [Dykes] was employed by JP Morgan, and served as a public power investment banker. Her clients during this employment included JEA itself, but did not include any Respondents or other participants in the ITN process. Ms. Dykes has no ongoing employment relationship with JP Morgan, and has no intention of engaging in a future employment relationship with JP Morgan. • Each memorandum contains the following statement: "In the event the ITN 127-19 process results in a sale, [name of SLT member] will realize no pecuniary gain other than compensation to which [he or she] may be entitled under employment contracts and benefits authorized by the JEA Board of Directors and available to [him or her] and other JEA employees incident to [his or her] current employment with JEA" (pp. 2-3).	0743
10/24/2019	Council Member Brenda Priestly Jackson sent an e-mail to Mellissa Rondinelli and Jason Gabriel (others were cc'd) asking whether the City Council could pass a resolution that requires the JEA Board to amend the ITN to require a successful bidder to assume JEA pension liability. She also stated that she found OGC's September 16, 2019 ex-parte communication/cone of silence memorandum "troubling." She asked for case law or other legal precedent that would prohibit the City Council members from discussing the merits of the ITN.	0744
10/24/2019	Jessica Lutrin (Pillsbury) sent Lynne Rhode a memorandum regarding tax and securities considerations.	0745
10/24/2019	Robert Hosay (Foley & Lardner) sent an email to Veronica Nunn (Pillsbury), among others, discussing the implications of the senior leadership team's executive contracts. Hosay wrote, "I believe as currently drafted this may expose the JEA by waiving its sovereign immunity and likely crating an argument for unlimited liability. . . . We likely need to expressly include the two monetary caps found in sec. 768.28 as limited on indemnification."	0746
10/25/2019	Patricia Maillis reportedly sent JEA's first communication to Mass Mutual (i.e., Michael Scheetz) regarding administering the PUP. Scheetz forwarded the e-mail to Silvio DiGrande of Mass Mutual.	0747

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10/25/2019	Pillsbury invoice 8298596 for "Strategic Planning & Advice" (invoice total: $479,120.82) with billing entries from July 1, 2019 through July 31, 2019.	0748
10/25/2019	Susie Wiles sent FPL representatives an email stating, "As per Paul [Harden]." The attached document purported to show each City Council member's support (or lack thereof) for privatizing JEA's electric and water systems. The ITN's purported Cone of Silence remained in effect at this time.	0749
10/27/2019	E-mail from Kerri Stewart to Melissa Stone and Michael Munz with an attached PowerPoint presentation entitled "VI. A. 1. Comp Presentation DRAFT 7.19dmgyFINAL.pptx[.]" The e-mail states, "This is the presentation that was given to the board about the Performance Unit Program. While it was approved, the 3 of us need to discuss before November board meeting."	0750
10/27/2019	FPL invited influential members of the Jacksonville community to a Jaguars game on October 27, 2019.	0751
10/28/2019	The Times-Union published an updated editorial discussing JEA's financial difficulties. In sum, it states that JEA has more expenses and less revenue, which will continue if JEA remains a municipal utility. The article also states, "The simplest way to unburden JEA from the government restrictions is to privatize or become a nonprofit, which is why JEA is currently considering offers."	0752
10/28/2019	Carla Miller sent an email to Jason Gabriel summarizing Ethics Office's analysis of ITN conflicts. Miller's statements included (i) the conflict forms provided for the three ITN negotiators after a October 16, 2019 meeting were "grossly inadequate"; (ii) conflict memoranda for the three ITN negotiators received on October 23, 2019 had "conclusory language and omitted facts"; and (iii) "[t]here is a lack of substantiation for many of the assertions" in the revised memoranda received on October 24, 2019. Miller concluded that the memoranda should be submitted to the State Ethics Commission for an opinion.	0753
10/28/2019	Lynne Rhode sent an email to Jason Gabriel with the July 23, 2019 Morgan Stanley, July 24, 2019 J.P. Morgan, and the June 28, 2019 Pillsbury engagement agreements.	0754
10/29/2019	Jason Gabriel sent an email in response to Carla Miller stating, among other things, that (i) despite the magnitude of the ITN initiative, it should not be treated differently; and (ii) he agreed the issue should be submitted to the Florida Commission on Ethics.	0755

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10/29/2019	Carla Miller responded to Jason Gabriel's email by noting her belief that the "special employment benefits for senior leadership" could create conflicts of interest for senior leadership team members serving on the ITN negotiation team. Gabriel also denied that Miller had been asked to "sign off" on the conflict of interests memoranda.	0756
10/29/2019	Inter-office JEA correspondence announced Jenny McCollum had appointed Melissa Dykes, Jordan Pope, and Herschel Vinyard to JEA's ITN negotiation team.	0757
10/29/2019	Invoice #USG-2858DE-5996 to Pillsbury from McKinsey & Co. to JEA seeking $600,000 for "support to develop Strategic Plan for JEA" performed in October 2019.	0758
10/29/2019	Email from Jon Kendrick stating, "The notion that JEA's senior leadership team has a significant financial interest in a re-capitalization via a retention agreement/bonus is a misnomer. . . ."	0759
10/29/2019	JEA issued a request for revised replies to the ITN bidders. • The document indicates remaining bidders had access to JEA's data room and financial model including rate projections. (p. 1). • The request required the bidders to submit revised replies on or before November 11, 2019. (p. 1). • The request required the revised replies to include the amount of gross proceeds to be paid in cash at closing under three scenarios. (p. 2). The request proposed four scenarios to allocate assets and liabilities between the seller, JEA (referred to as "Legacy JEA"), and the purchaser (referred to as "NewCo"): (i) Current pro forma scenario: "NewCo assumes the benefits and obligations of the Vogtle PPA [power purchase agreement] . . . ." (p. 3). (ii) Adjusted scenario A: "Legacy JEA will retain the Vogtle PPA and will deliver 206 megawatts of power acquired through the Vogtle PPA, and charge through costs associated therewith, to customers in Jacksonville." (p. 3). (iii) Adjusted scenario B: "Legacy JEA will retain the Vogtle PPA and will deliver 206 megawatts of power acquired through the Vogtle PPA, and charge through costs associated therewith, to customers in Jacksonville an amount equal to the rate that the Respondent would pay to a 'Qualifying Facility' (as defined in the Public Utilities Regulatory Policy Act of 1978, as amended) for 206 megawatts of energy and capacity in JEA's service territory (the 'Avoided Cost')." (p. 3). (iv) Adjusted scenario C: "Legacy JEA shall be responsible for satisfying all Vogtle PPA obligations." (p. 3). • The request noted that "for purposes of determining the Gross Proceeds, Respondents should assume a Transaction would be structured to ensure that costs related to ongoing or future litigation arising from the Vogtle PPA would be borne by Legacy JEA. . . ." (p. 2).	0760

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10/30/2019	City Council press release identifying the planned JEA workshops and their topics.	0761
10/30/2019	E-mail from Jeffrey Rodda to Ryan Wannemacher (Kyle Billy, Heather Reber, and others were cc'd) containing the same 22 CAO questions submitted to JEA by e-mail on 08/09/2019.	0762
10/30/2019	Gina Kyle sent Banks Willis (The Dalton Agency) an email confirming her release of an op-ed purportedly written by Jonathan Kendrick, which confirms a JEA recapitalization could cause the SLT to receive money.	0763
10/31/2019	CAO personnel met with JEA personnel to discuss the PUP.	0764
10/31/2019	E-mail from Heather Reber to Ryan Wannemacher, Sherry Hall, and Herschel Vinyard thanking them for meeting with the Council Auditor's Office. Reber attaches the CAO's initial and additional concerns regarding the PUP. The additional concerns include (i) the absence of a cap on the value of PUs, (ii) the impact of a recapitalization event on the value of PUs, (iii) the administrator's ability to delegate all of its authority to one or more members of JEA's executive management team, (iv) non-JEA employees becoming participants, and (v) select OGC employees can become participates in the PUP.	0765
10/31/2019	Pillsbury invoice 8298978 for a "Special Project" (invoice total: $805,931.15) with billing entries from August 1, 2019 through September 30, 2019.	0766
10/31/2019	Pillsbury invoice 8302147 for "Strategic Planning & Advice" (invoice total: $1,368,797.29) with billing entries from August 1, 2019 through September 30, 2019.	0767
11/01/2019	Draft memorandum to C. Christopher Anderson, III requesting the Florida Commission on Ethics provide an advisory opinion on two issues for the members of JEA's ITN negotiation team: (i) whether a prohibited conflict arises under Section 112.313(7), Fla. Stat., as a result of the Employee Protection and Retention Program or PUP (ii) whether a voting conflict arises under Section 112.3143(3)(a) as a result of the Employee Protection and Retention Program or PUP. Rhode argued that neither the employee protection and retention program agreement nor the executive employment agreement violated those statutes.	0768
11/01/2019	Melissa Dykes sent an email referencing a "coop kickoff scheduled for next week. I see the IPO call but not the coop."	0769
11/01/2019	Ryan Wannemacher sent an email to Alan Goldman (JEA) describing ADP's payroll outsourcing project: "At this point, the transition only applies to appointed employees. SJRPP pension payments are not transitioning at this time."	0770
11/03/2019	Jonathan Kendrick, JEA's vice president and chief human resource officer for JEA, wrote a column in the Times-Union stating that JEA "is offering retention agreements to all 2,000 employees" to "incentivize JEA employees to continue to	0771

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	serve the customers of Northeast Florida if a recapitalization event occurs." Kendrick went on to deny that "JEA's senior leadership team has a significant financial interest in a recapitalization event via retention agreements . . . ." He then reiterated April Green's sentiment in her July 28th Times-Union column that JEA "did not vote to sell JEA" during its July 3rd Board meeting; rather, it "voted for JEA to pursue a path forward that protects its employees, customers and our larger community."	
11/04/2019	Pillsbury sends a memorandum to OGC address the tax and securities considerations of the PUP. Pillsbury concluded that the PUP does not violate Internal Revenue Code Sections 457, 409A, 4960, or 280G. With respect to securities laws, Pillsbury concludes: "Because JEA is not a publically traded entity and because the Performance Units are not securities (rather, . . . they are contractual rights to receive cash payments), there should be no consequence for the Plan under applicable federal or state securities laws."	0772
11/04/2019	Joseph Orfano sent an email to Michael Hollingsed (OUC) stating, "ADP is claiming that we need to allow for a "Reverse Wire" on our payroll account, which I believe is an artful way of saying Direct Debit. I am not aware in my career of authorizing a direct debit on any of my utility accounts."	0773
11/04/2019	Lawsikia Hodges sends a follow-up e-mail to Lynne Rhode asking for the final PUP (and, presumably, the final PUP agreement). Hodges attached several documents to her e-mail, including Form of Employee Protection and Retention Program Agreement and PUP **agreement**.	0774
11/04/2019	Lynne Rhode sends Lawsikia Hodges an e-mail with the (then) "final" copy of the PUP and PUP agreement attached.	0775
11/04/2019	Michael Scheetz sends Patricia Maillis an e-mail stating that Mass Mutual cannot prepare the PUP enrollment materials before the targeted January 2020 launch. • Maillis forwards Scheetz's e-mail notifying Jonathan Kendrick that Mass Mutual "cannot pull this off" in 4-6 weeks. Maillis then asks Kendrick if he would like to work with Mass Mutual to launch the PUP in March 2020.	0776
11/04/2019	Herschel Vinyard sent an email to Foley & Lardner with the "final" version of the PUP.	0777
11/05/2019	Herschel Vinyard forwarded Heather Reber's e-mail (including CAO's concerns and questions) to Lynne Rhode.	0778
11/05/2019	Draft Foley & Lardner memorandum assessing JEA's ability to convert into a cooperative. It states, [W]hile there is no clear and obvious path to legally undergo such a transformation, there are three potential avenues that could merit further consideration. Each would be face certain challenges, including	0779

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	problems stemming from the non-rural nature of Jacksonville vis-à-vis the stated purpose of the relevant Florida statute.	
11/06/2019	April Green received from Banks Willis (The Dalton Agency) an email with a proposed Times-Union op-ed, which reiterates some of the SLT's claims of declining revenues and JEA and the need for change.	0780
11/06/2019	JEA posted Solicitation 98304, a "Solicitation for Participation in an Invitation to Negotiate for Local and Regional Government Relations Consulting Services[.]" The scope of work states, in pertinent part: JEA intends engage a consulting firm (the "Company") with an office located in Jacksonville, Florida to represent JEA's interests with regard to regional and local legislative, regulatory and executive branch policies and issues. These areas include, but may not be limited to, regulation, fiscal policy (taxation), environmental protection, economic development, utility industry structure, funding opportunities, and other issues that may affect electric, water and wastewater utilities over time. The consultant's services would include "[p]rovid[ing] advocacy and strategic communications on issues of importance to JEA" and "[i]nteract[ing] with the Jacksonville City Council and other local governments within JEA's service territory[.]"	0781
11/06/2019	Email from Lawsikia Hodges to Jason Gabriel stating, in pertinent part: A threshold issue to point out is that Council has no control over JEA's procurement as the City Charter is currently written. JEA may adopt its own procurement code and its own procurement procedures. But even Council did over see JEA's procurement (i.e., develop and approve RFPs, ITNs, ITBs and make contract awards), Council would still be limited by general recognized procurement principles relating to modifying certain procurement terms after bids, proposals or replies have been opened.	0782
11/06/2019	The City Council and JEA held their first fact-finding workshop. It covered, among other things, (i) the City Council's authority over independent authorities like JEA and (ii) OGC and its authority to identify independent counsel for the City Council. The Honorable Charles Arnold, Jr. discussed the first topic. Arnold said that the City Council may get outside council when OGC does not have the expertise needed to represent the City Council. Arnold also said that every communication that JEA's outside counsel tells JEA should be made available to the City Council. • Jason Gabriel covered the second topic. His theme was "all roads lead to city council." He referred to the ITN as a "privatization option."	link 0783 0784

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	• Randy DeFoor argued that Section 21.04(p) of the City Charter did not authorize JEA to sell itself. Gabriel disagreed; however, he said that JEA could not use Section 21.04(p) to sell all of its assets in a piecemeal fashion. Gabriel also said that the City Council would have a final say on any JEA sale. • Jeanne Miller, CEO of the Jacksonville Civic Council, appeared. o She discussed her research about the City's funding from JEA—i.e., close to 20% of the City's budget. The Civic Council assessed how to maximize JEA's value for the public. She noted that when JEA's leadership changed, JEA had a "completely different" set of financial projections in the form of the McKinsey study. o Miller also disclosed that JEA asked the Civic Council to endorse JEA's "status quo" numbers. However, JEA never provided the Civic Council with the information needed to assess JEA's underlying assumptions. Miller said that JEA surprised the Civic Council when it issued the ITN, which "appeared to deviate" from JEA's former plan. At that point, the Civic Council decided it was appropriate to retain its own experts. It retained Gerry Hartman and Thomas Cloud of Gray Robinson, both of whom authored reports. Mr. Hartman also asked Aaron Zahn for documents, which were not provided. As an example, the Civic Council requested the McKinsey proposal showing the scope of its services, the Civic Council only received a "highly redacted" document. The Civic Council also spoke with FMPA and the bond rating agencies. The Civic Council was told "across the board" that JEA "is not in a financial crisis"; however, JEA "may potentially need to restructure." Miller said the process (presumably the ITN process) is "salvageable."	
11/06/2019	E-mail from Kim Taylor to Ryan Wannemacher and Sherry Hall (Kyle Billy, Jeffrey Rodda, Heather Reber, and others were cc'd) asking for a status update on CAO's October 31, 2019 questions about the PUP.	0785
11/07/2019	UNF made a press release entitled "New UNF Poll Reveals Bipartisan Opposition Over Sale of JEA." UNF wrote, "Respondents were also asked about the sale of specific portions of JEA. Opposition is at 60% for the selling the electric portion of JEA, 61% for the water portion and 59% for the sewer portion. A large majority of 73% believe that a publicly owned JEA benefits the city. Just 16% did not believe there was a benefit for the city, while 12% didn't know."	0786
11/07/2019	E-mail from Kim Taylor to Ryan Wannemacher (Herschel Vinyard, Kyle Billy, Jeffrey Rodda, Heather Reber, and others were cc'd) asking Wannemacher to confirm he agreed with CAO's calculation that each performance unit had a FY2018 value of $1,023.50.	0787
11/08/2019	Michael Scheetz (Mass Mutual) sends Patricia Maillis an e-mail with an annual recordkeeping proposal for the PUP. Mass Mutual made an "assumption" that employees with compensation over $150,000 "are the most likely to contribute" to the PUP. Mass Mutual estimated that 37 JEA employees making over $150,000 would likely participate in the PUP.	0788

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11/10/2019	JEA Board Member Henry Brown wrote a column in the Times-Union in which he asked people to become more willing to listen, more inclined to speak honestly without indignation and more open to the facts." He then denied that JEA ever claimed that "JEA is going under tomorrow." However, he claimed that "the reality is, the utility continues to experience declining revenues, increased operating costs and the introduction of new disruptive technologies at a fast pace."	0789
11/12/2019	Aaron Zahn sent an e-mail to Jason Gabriel (Lynne Rhode cc'd) referencing an attached letter. The letter states that JEA leadership "has decided to postpone indefinitely the implementation of the Plan." Zahn explained the decision as follows: > The decision not to implement the Plan is based in the incongruity of the Plan's long-term nature and the very real potential short-term implications of the JEA's strategic planning process. As such, the Chair, Plan Administrator and JEA leadership believe the Plan would be best implemented, if ever, post decision on the strategic planning direction of JEA as determined by the Board. Zahn also wrote that if JEA adopted strategic option #1 (status quo plan) or #2 (traditional utility response plan), the PUP "has a more appropriate role in driving employee behavior to increase customer, community, environmental and ultimately financial value of JEA."	0790
11/12/2019	Jason Gabriel responded to Zahn's (Lynne Rhode cc'd) referencing his own attached letter. The letter begins by referencing a meeting between Gabriel and Zahn that occurred "last week." The letter states, in pertinent part: > The plan would be a novel approach to accomplishing the Board's goals in the public sector, but as currently structured contains outstanding issues under the City Charter and other law. That is not to say an appropriate plan under Section 215.425, Florida Statutes could not be designed and implemented. It is unnecessary, however, to go into any suggested restructure or outstanding issues at this time due to my understanding that JEA leadership, in consultation with the Chair and our office, has decided to postpone indefinitely the implementation of the PUP.	0791 0792

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11/12/2019	Jason Gabriel also created an internal memorandum on November 12, 2019. It states that OGC's internal review of the PUP: resulted in a final determination by OGC and a recommendation to JEA that the proposed PUP, in its current form, would not be authorized under the City Charter, and had outstanding issues and unanswered questions related to state local, and federal law. In addition, because ultimately it is City funds that are in question, *at minimum*, Council approval would be required for the plan to be implemented. I expressed this legal position in several conversations with JEA. OGC's review and discussions occurred during the months of September, October and into the beginning of November. OGC's final position as to the PUP prompted the need for a formal meeting with outside counsel and JEA to discuss the outstanding legal issues prior to any further implementation of the plan.	0793
11/13/2019	Tom Mullooly (Foley & Lardner) sent Kevin Hyde, among others, an email summarizing issues with a JEA conversion to a cooperative.	0794
11/13/2019	Zahn sent an e-mail to Madricka Jones (Lynne Rhode cc'd) asking Jones to send his November 12, 2019 letter to individual JEA Board members.	0795
11/13/2019	E-mail from Kim Taylor to Ryan Wannemacher (Kyle Billy and others cc'd) asking him confirm the sample calculation methodology for the value of the PUs.	0796
11/13/2019	E-mail from Ryan Wannemacher to Jeffrey Rodda, Kyle Billy, Heather Reber, and others (Herschel Vinyard and Sherry Hall were cc'd) stating, "We have decided not to move forward with the implementation of the performance units at this time. Please see the attached letter from Aaron."	0797
11/13/2019	E-mail from Kim Taylor to Ryan Wannemacher (Kyle Billy, Herschel Walker, and others cc'd) confirming receipt of his e-mail and reiterating her request that he confirm CAO's sample calculation methodology.	0798
11/13/2019	E-mail from Ryan Wannemacher to Kim Taylor (i) admitting that the prior spreadsheet contained an error, (ii) confirming CAO's methodology was correct, and (iii) attaching an updated spreadsheet. The attached spreadsheet calculated the value per performance given JEA's projected FY2022 as $167.78.	0799 0799a
11/13/2019	Memorandum from Lynne Rhode to C. Christopher Anderson, III requesting the Florida Commission on Ethics provide an informal advisory opinion on two issues for the members of JEA's ITN negotiation team: (i) whether a prohibited conflict arises under Section 112.313(7), Fla. Stat. (ii) whether a voting conflict arises under Section 112.3143(3)(a). Rhode argued	0800

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	that neither the employee protection and retention program agreement nor the executive employment agreement violated those statutes. • Page 3: JEA appointed Camille Lee-Johnson as the fourth negotiation team member (in addition to Melissa Dykes, Herschel Vinyard, and Jordan Pope). • Page 4: Confirms Herschel Vinyard and Melissa Dykes had executed employment agreements in substantially the same form as the "Form Executive Employment Agreement."	
11/13/2019	JEA issues an intent to award in the amount of $120,000 to The Southern Group of Florida, LLC in connection with ITN 98304 for "Local and Regional Governmental Relations Consulting Services."	0801
11/13/2019	JEA issues a purchase order in the amount of $120,000 to The Southern Group of Florida, LLC in connection with ITN 98304 for Local and Regional Governmental Relations Consulting Services.	0802
11/14/2019	Kerri Stewart sent an email to David Goldberg stating, "Aaron is putting the PUPs on hold until after we are done with strategic planning."	0803
11/14/2019	E-mail from Banks Willis (The Dalton Agency) to Melissa Stone and Kerri Stewart (Michael Munz and Maddie Milne cc'd) discussing an attachment in which she "translated Aaron's PUP letter to OGC into the attached one-page backgrounder and key messages." The attachment's "key messages" include: • JEA's board chairman, Plan Administrator and senior leadership team believe the Plan would be best implemented, if ever, after the scenario-based strategic planning process is over and the strategic direction of JEA is determined by the board. • JEA's senior leadership team and the Plan Administrator, welcome OGC input and advice on how to appropriately administer the Plan absent a full implementation with its employees.	0804
11/14/2019	E-mail from Heather Reber to Ryan Wannemacher and Kim Taylor (Herschel Vinyard, Kyle Billy, and others were cc'd) thanking Wannemacher for "correcting" CAO's formula and asking him to confirm whether the $400 million in customer rebates resulting from a recapitalization event would be "added back in" to the Current Year Value calculation.	0805
11/14/2019	E-mail from Ryan Wannemacher to Heather Reber and Kim Taylor (Herschel Vinyard, Kyle Billy, and others were cc'd) stating: As noted in my previous e-mail, you have been notified that this was a DRAFT plan that is not being finalized or implemented. In addition, as Aaron's letter noted, as a long-term incentive plan it would be moot in any recapitalization scenario. No other questions or answers are necessary at this time.	0806

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11/14/2019	Lisa Green of the Office of Inspector General submitted a public records request for ITN documents to JEA via Lynne Rhode.	0807
11/14/2019	Veronica Nunn sent Alan Howard, among others, an email referencing a "working draft of the Asset and Purchase Agreement."	0808
11/15/2019	E-mail sent to "!(EVERYONE – JEA)" at 9:37 a.m. declaring postponement of the PUP. It states, "Aaron Zahn[] wrote a letter to the General Counsel for the City of Jacksonville, upon consultation with JEA's Board Chair and JEA leadership, to indefinitely postpone the implementation of the Plan. . . . As the details of the Plan were developed, it was determined that now is not the right time to implement the Plan based on the long-term nature of it and the potential short-term implications it could have on JEA's strategic planning process." The e-mail goes on to state that the decision will not affect retention agreements should a recapitalization event occur.	0809
11/15/2019	The following emails occurred as a result of the PUP's postponement: • On November 15, 2019 at 10:17 a.m., Laura Gutteridge Años, a JEA manager of financial accounting and reporting, send an email to Akiesha Johnson, a JEA manager of project accounting, asking, "So does this mean we aren't going to ADP now?" Johnson responded at 10:17 a.m., "I don't know. I'm about to send my ADP concerns now." • On November 15, 2019 at 10:24 a.m., Johnson sent an email to Ryan Wannemacher (among others) summarizing problems with the proposed outsourcing of payroll to ADP, including inadequate controls to prevent unauthorized transactions. • On November 15, 2019 at 10:41 a.m., Gutteridge replied to the email chain and asked, "Has the timing of the project changed now that the PUP is delayed indefinitely?" • On November 20, 2019 at 9:40 a.m., Gutteridge sent a follow-up email to Wannemacher (among others) stating the following: I am writing to express my deep concern about the undue pressure being placed on the Accounting Services team to transition the payroll process to ADP. We were told this implementation was happening due to the Performance Unit Plan and hence the tight deadline around it. Now it has been confirmed by JEA in the media that we are no longer moving forward with this plan. However, we are still being pushed to transition to ADP in spite of that fact. This transition is also not moving forward in a traditional way. Typically you would map out the current state, analyze it, and then assess what the best solution is to address any problems while preserving the necessary controls from the current state. Executing an implementation like this without following that process makes it a very risky endeavor that would likely have serious consequences to the accuracy of the accounting data.	0810 0811 0812 0813 0814 0815 0816 0817 0818

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	We have several concerns about the lack of project accounting controls at ADP, which were communicated in the attached. We have received no response to these concerns and instead are continuing to be pushed into implementing this process without any communications regarding the reasons behind it. This is to the point where I am feeling bullied into accepting something improper without being allowed to ask any questions. This makes me very uneasy. Do you have any insights into the hard push as to why this is happening even though the PUP is going to be cancelled? We are all team players and want to do what is best for JEA. The process currently being followed of an accelerated transition without proper analysis is disconcerting and does not appear in the best interest of JEA. Any information you could provide that would allay these concerns would be very appreciated. • On November 20, 2019 at 10:43 a.m., Alan Goldman, a JEA manager of tax administration, replied to Gutteridge's email by stating he "agree[d] with Laura's assessment." • In response, Wannemacher forwarded the email chain to (i) Shawn Eads, Jonathan Kendrick, and Melissa Dykes at 10:44 a.m.; and (ii) Miriam Hill, an assistant general counsel at the Office of General Counsel at 12:09 p.m. Wannemacher asked to speak with Hill by telephone about the matter, and she agreed. • At 12:47 a.m. on November 20, 2019, Wannemacher responded to Gutteridge as follows: "Thank you for your email. My understanding is that many of Akiesha's concerns are being addressed. The timing is being driven by the tax year turnover. I will get up to speed on the details of the implementation and will refer back to you." Wannemacher blind copied Jonathan Kendrick, Shawn Eads, and Melissa Dykes. • On November 21, 2019 at 4:15 p.m., Gutteridge sent an email stating, "We just had a meeting with some of the SLT, payroll, and technology. They have decided to push the payroll project to a January 2021 date and they will put the solution out for public bid. . . ." • On November 22, 2019 at 2:35 p.m., Jonathan Kendrick sent an email to Brian Motsett and Cecilia Prater with ADP stating, in pertinent part, "I'm informing you that JEA wishes to terminate the Letter of Engagement (LOE) we have with ADP." • On November 26, 2019 at 11:21 a.m., Wannemacher forwarded Gutteridge's email to Carol Higley, a human resources business partner. That same day, Wannemacher and Años had a meeting to discuss her communications regarding the PUP.	
11/15/2019	Times Union reports that Carla Miller, the City's ethics director, recommended in October 2019 that the Florida Ethics Commission provide an opinion letter determining whether "financial benefits in the contracts of the utility's senior officials	0819

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	are a conflict of interest that prohibits them from participating in" privatization negotiations. Miller reportedly wrote, "You don't want people negotiating the contract if they have a personal interest. If any of the aspects of what they're negotiating benefits them personally, that's what you would look at . . . ." Kerri Stewart, a JEA vice-president, was quoted as saying that JEA would nonetheless proceed with negotiations "except discussions about employee benefits." Stewart also disputed Miller's account, arguing that JEA identified the potential conflicts of interest on its own and that the OGC recommended the state provide an opinion after Miller "punted" on making a determination at JEA's request.	
11/15/2019	Advertisement discussing the scope of service for the legislative counsel related to JEA's strategic options.	0820
11/15/2019	Email from Jonathan Kendrick to Aaron Zahn stating, in pertinent part, "The Currents re PUP's has raised many questions, particularly from CBU employees. They weren't really aware of the PUP so the automatic assumption is that it has something to do with recapitalization, retention agreements, pay for performance, etc."	0821
11/15/2019	Foley & Lardner invoice 40288884 (amount due: $312,220.61) for billing entries from October 1, 2019 through October 31, 2019.	0822 0823
11/16/2019	David Baurlein (Florida Times-Union) published an article discussing a brochure JEA sent to its customers entitled, "The facts about what's next for JEA[.]" The article questions claims in the brochure, including: "If JEA is unable to change," the utility says in the mailer sent this month to customers, "rate increases as high as 52 percent would be needed as well as deep cuts in staff and expenses — which would result in fewer technology and infrastructure improvements, slower customer service, and a decrease in the value of JEA over time." JEA's study does have a scenario for base electric rates to rise by 52 percent and water rates to increase by 15 percent through 2030. But if rates went up that much, JEA's 2,191-employee workforce would still have 2,191 employees in 2030, according to the study.	0824 0825
11/16/2019	Michael Munz (The Dalton Agency) sent an email to Melissa Stone, Gina Kyle, and Kerri Stewart regarding a report from Carla Miller of the Jacksonville Ethics Committee concluding JEA could not withhold the names of ITN bidders. Miller also requested JEA obtain an opinion from the Florida Commission on Ethics regarding the negotiation team's conflicts of interest.	0826
11/16/2019	Gina Kyle sent a mass email, "Myth vs Facts – JEA Response to Inaccurate and Misleading Stories[.]"	0827

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11/18/2019	E-mail from Patricia Maillis to Jonathan Kendrick asking, "If there is an intent to roll this plan out in the future, e.g., 2021, we would prefer 6 mos get contract signed and set-up automated enrollment and administration." • Kendrick responded to Maillis by e-mail as follows: "We should have a longer lead time when it's decided to proceed. And you're right – no longer needed right now. Thanks."	0828
11/18/2019	Memorandum from the Kyle Billy to members of the CAO (the JEA Board, Aaron Zahn, Ryan Wannemacher, Herschel Vinyard, and Sherry Hall were cc'd) in which he argued that the PUP "should be formally rescinded or amended by the JEA Board." In support of his position, Billy identified a number of "concerns" and "weaknesses" with the PUP, including (i) the performance units had no value cap; (ii) the Challenge Value Target was too easy to achieve (JEA achieved that target in 9 of the past 10 years); (iii) the value of performance units are affected by newly adopted accounting policies that are not tied to JEA performance; (iv) in-kind contributions from JEA (e.g., nitrogen credits), contributions to JEA from developers and the City, and JEA asset sales would increase performance unit value; (v) JEA did not limit the PUP to JEA employees; (vi) the PUP Administrator had authority to delegate any and all responsibilities to any member of JEA's senior executive management; (vii) JEA's CFO, who calculates the Redemption Price of performance units could participate in the PUP; and (viii) Recapitalization Events could cause the value of performance units to increase significantly. Billy also noted that (i) recapitalization events of $4 billion and $5 billion would result in PUP payouts of $315 million and $636.6 million, respectively, and (ii) without a recapitalization event, the PUP payout would be $16,778,000.	0829
11/19/2019	Gina Kyle circulated an email with a press release regarding JEA's request for an opinion from the Florida Commission on Ethics about the JEA negotiation team's potential conflicts of interest.	0830
11/19/2019	JEA board meeting cancelled.	link
11/19/2019	Aaron Zahn sent a letter to Scott Wilson that is similar to Zahn's November 12th letter declaring the indefinite postponement of the PUP; however, it ends with the following: "JEA management intends to recommend termination of the Plan to the JEA Board at the next available JEA Board meeting on December 9, 2019."	0831
11/19/2019	Izzet Kebudi sent an email to Melissa Dykes discussing the agenda for a call "regarding the IPO process."	0832
11/19/2019	Madricka Jones sent an article to the JEA Board members entitled, "Investor-owned utilities could equip JEA for future[.]"	0833
11/19/2019	Email from Gardner Davis (Foley & Lardner) to William Pedersen (Morgan Stanley) identifying uncertainties with structuring a JEA sale as an IPO.	0834

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11/20/2019	James Howard (Foley & Lardner) sent an email to Tom Mullooly (Foley & Lardner) recommending JEA get its “accounting firm involved as soon as possible” to analyze the tax issues regarding a JEA conversion to a cooperative.	0835
11/21/2019	JEA consultants Pillsbury, J.P. Morgan, and Morgan Stanley prepared an analysis of JEA converting into an initial public offering (“IPO”)—i.e., the public stock market debut of a company). It states: • “Pursuing an IPO would involve a number of trade-offs as compared to the current strategic sale process being pursued via the ITN.” (p. 3). • “While there are no examples of recent IPOs of a utility in the U.S. . . .the price concession required for the sale of the initial block of shares sold to the public[] should be relatively modest to IPO discounts in more speculative industries such as technology or health care.” (p. 3). • As an IPO, “JEA would no longer be subject to operational constraints inherent in government ownership . . . .” (p. 4). • “The Florida Public Service Commission (the ‘PSC’) will need to approve the IPO . . . . The PSC has not granted this type of approval before . . . .” (p. 23). • “An IPO of JEA provides many advantages [to] the City of Jacksonville, the local citizens and to the organization itself.” (p. 37). • The “Next Steps” for an IPO includes “[e]nsure a legal framework exists that allows for JEA to enter the public market via an IPO.” (p. 39).	0836
11/21/2019	Banks Willis (The Dalton Agency) submitted an op-ed on behalf of Ricky Caplin. It described JEA’s five scenarios and ends with: At first blush, these scenarios may appear as unrealistic to many of us who have always known JEA in its traditional government-owned form. And that’s okay, because the best option is still being investigated. The possibilities of what the JEA of the future looks like haven’t been presented yet. Until then, let’s stay engaged as a community, in a thoughtful way. Once JEA’s board has a recommendation to present to City Council, let’s make sure we understand it. And if City Council approves the recommendation – whatever it is – let’s voice our opinion through our vote.	0837
11/22/2019	Fitch Ratings issued a ratings decision. It summarized JEA’s financial position: Following several years of improved financial metrics, JEA’s margins were slightly lower in fiscal 2018 due to a slight decline in total revenues from closure of SJRPP and a decline in off-system sales, among other factors, and a slight increase in overall expenses.	0838

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The decision also summarized two financial projection scenarios performed by Fitch, a base case and a rating case:

> Fitch's base case is based on JEA's financial pro forma for fiscal years 2019 - 2023, which conservatively incorporates a decline in energy followed by no growth through the forecast, slight improvement in revenues from manageable rate increases partially offset by a fuel rate decline, expected annual spending for capital improvements with no additional debt, and almost $600 million of debt retired (consisting of scheduled maturities and optional early retirements/redemptions). The Fitch base case aligns with JEA's forecasted margins and indicates a decline in leverage in year one (2019) followed by a modest increase in the leverage ratio through the remainder of the forward look. However, leverage remains at or below the 5x level recorded in 2018.
>
> For the rating case, the FAST incorporates a modest stress in sales in the first two years aggregating to just 6.1% before a return to sales growth in years three through five. The previously mentioned base case assumptions are also applied. The result of the stress is a slight increase in the leverage ratio to 5.1x by year two before an expected return of sales growth and JEA rate increase that would allow the utility to meet minimum cash targets in subsequent years. JEA's financial margins are expected to tighten somewhat as operating expenses rise in the out-years of the forecast. However, Fitch expects liquidity will remain sound and both COFO and the leverage ratio will be maintained at levels that would be fully supportive of the rating.

11/22/2019	E-mail from Shawn Eads, JEA's VP and Chief Information Officer, to Aaron Zahn suggesting that adding a "cap" to prevent unlimited payouts might solve the PUP. He goes on to say, "Was thinking that if we could come up with a solution maybe in Dec the board could modify the system but not eliminate it. . . . We still may want to delay implementation until 2021 but it shows a progressive, pro employee stance."	0839
11/22/2019	Aaron Zahn responded to Shawn Eads email:	0840

> Thanks for the thought. We were already working on modifying the plan to incorporate a cap. The media doesn't care about the facts. In the end, JEA is government and the concept of incentivizing employee performance is adverse to most peoples [sic] perspective regarding government workers. We were trying to find a way to drive long term value for the community by incentivizing employees to increase JEAs value. It doesn't appear that our community is ready for that concept.

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11/22/2019	Email from Kerri Stewart to Michael Munz and Melissa Stone indicating Stewart "changed her mind about Myth vs. Fact re: PUPs[.]" She then gave some talking points defending Zahn and indicating Mike Mendenhall and Dave Bauerlein were present at the compensation committee meeting in January 2019.	0841
11/22/2019	JEA announced its new ITN negotiation team: "the City of Jacksonville's Deputy Chief Administrative Officer Stephanie Burch, City Treasurer Randall Barnes, and City Engineer Robin Smith."	0842
11/22/2019	S&P Global Ratings ("S&P") issued a report entitled, "JEA, Florida; Liquidity Facility; Retail Electric[,]" which "affirmed its ratings, with negative outlooks, on the debt obligations" of JEA's electric system (p. 2).	0843

- S&P's enterprise risk profile stated:

> We view favorably the utility's operational assets, environmental compliance, and its rate-setting practices. However, this opinion is offset by our view of management as just adequate, given the attempts of JEA's board to exit the Vogtle Nuclear Plant Units 3 and 4 power purchase agreement (PPA) by means of litigation and abrogate its responsibility under what it has previously represented as a valid contract.

(p. 2).

- S&P also discussed JEA's strategic planning and ITN:

> JEA's solicitation of bids followed a study by McKinsey and Co., projecting a significant decline in energy sales, with energy efficiency and distributed generation penetration more than offsetting organic customer growth. As part of its strategic plan, management put forth two scenarios: one where these challenges were met solely through a sizable 52% rate increase, and the other calling for a smaller (but still large) rate increase, coupled with other actions, including significant staff reductions and other expense cuts.
>
> We consider this assessment to be a departure from the two utility systems' historical and projected financial profiles, and other public power and water and sewer utilities' responses to similar challenges. However, we do not see this assessment as presenting an imminent challenge to our ratings. Management reports a commitment to its five-year financial forecast showing capacity to meaningfully reduce leverage, produce debt service coverage consistent with the ratings, and maintain retail rates at current levels. We also believe management has considerable lead time to develop alternative strategies for the utilities if its invitation to negotiate does not produce viable options. They also deviate substantially from JEA's own

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> financial forecast, which we believe is based on a reasonably conservative assumption of flat sales, manageable rate increases, and robust financial metrics. Therefore, our analysis and rating incorporate our view of JEA's financial forecast.

(p. 5).

- S&P noted that "should JEA proceed with privatization, it would necessitate the defeasance of about $1.9 billion of debt outstanding and the buyer's assumption of substantial power purchase obligations associated with the Project J portion of the Vogtle project." (p. 5).

- S&P discussed JEA's "[e]xtremely strong" economic fundamentals:

> We view JEA's service area as resilient. The Jacksonville metropolitan area is deep and diverse, and customer demand has proven to be stable. Residential customers account for a sizable 49% of revenues, lending stability to demand. There is no customer concentration, with less than 11% of revenues coming from the top 10 customers. Demand growth has been generally flat, a function of limited customer growth, offset by conservation and efficiency. Economic indicators are on the weaker side, with median household effective buying income at 91% of the national average, and unemployment just slightly below the national rate.

(p. 7).

11/22/2019 – 11/23/2019 | Heather Reber of the Council Auditor's Office emailed four questions to Lawsikia Hodges regarding JEA's engagement letters with outside legal consultants. Hodges responded, in pertinent part: | 0844

> At this point, none of these engagements have been formally amended (i.e., fully executed amendments). However, several amendments are in the works. We are meeting internally to discuss necessary amendments tomorrow. As soon as additional amendments have been executed, I will send copies your way.

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11/23/2019	Gardner Davis (Foley & Lardner) sent an email to Robert Hosay stating: For what it's worth, JEA senior management does not appear to be listening to guidance from its professionals and the other professionals (not me) are reluctant to suggest they have more expertise than the client. I spoke up on a couple of points, to be told I did not know what I was talking about. (The senior bankers knew I was right.) I am pretty certain that time will prove me right. Biggest example, JEA wants the Buyer to pay JEA a "reverse break-up" fee of 5% of gross price ($375 million) if the voters fail to approve the sale in referendum.	0845
11/23/2019	Email from Gardner Davis (Foley & Lardner) to Robert Hosay (Foley & Lardner) stating: • "I was on a call with two rational men Friday afternoon, the president of Jacksonville University and the chair of Baptist Hospital board. They were talking about the need for a grand jury in light of the whatever you call the executive bonus plan." • "[G]iven the values discussed on my two calls by investment bankers, I suspect the plan payout would approach a billion dollars. In private company context, board would lose shareholder suit alleging bad faith approving the plan – or worse a bad faith claim is not subject to indemnification by company – personal liability – worst possible outcome in corporate law." • "In private company context, the board receives repeated briefings from counsel about fiduciary duties. I think that would be advisable here." • "The reasons for sale appear extremely compelling . . . . But I think JEA is botching the process and pr [public relations.]"	0846
11/23/2019	Kevin Hyde responded to Gardner Davis's November 23, 2019 email (preceding chronology entry) stating, "I advised them months ago that the PUP was an incredibly bad idea and would kill the whole deal."	0847
11/23/2019	Gardner Davis responded to Kevin Hyde's email (the preceding chronology entry) stating, "Pigs v hogs[.]"	0848
11/25/2019	Aaron Zahn sent an email to Brian Hughes stating, "As a follow-up to our discussion last week, have you identified some City of Jacksonville employees that could participate on the negotiating team for the JEA ITN? . . . ." Mr. Hughes responded: After you and I had the discussion last week, the mayor agreed to the concept and asked me to explore folks for a possible city ITN team.	0849

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	We identified 3 people whose mix of experience and expertise is relevant. Also, who we could work with to balance their schedules for the next approximately 8 to 12 weeks. Stephanie Burch, Deputy CAO - an attorney, administrator and former department head. Randal Barnes, City Treasurer - a finance expert, deep understanding of city budget, and previous to COJ 16 years experience with TVA Robin Smith, City Engineer - professional engineer, experience in infrastructure and utilities. Each of them met individually with OGC and has an initial clearance of conflicts. So they are available today and beyond to serve.	
11/25/2019	Lawsikia Hodges sends an email notifying Chris Anderson that JEA withdrew its request for an informal ethics opinion because "JEA is no longer proceeding with the team members[.]"	0850
11/25/2019	The City Council held its second workshop on the future of JEA. • Kerri Stewart (beginning at 9:30 in the video) discussed how JEA and McKinsey assessed JEA through JEA's four measures of value ("CCEF"—customer, community impact, environmental, and financial) and other factors, including the challenges JEA would face in the future. Stewart identified the following "past" problems impacting JEA's "future": ○ JEA's debt was "out of control," in part, because JEA did not want to raise rates. In 2000 "and beyond," JEA borrowed so much that JEA's debts exceeded its assets, and JEA had to borrow money to pay for its operations. JEA's then-CFO said, "By any measure, we have reached or exceeded our debt capacity." JEA began "aggressively" paying down debt, and JEA had a "record" debt reduction in 2018 of "more than half a billion dollars." ○ JEA had hoped for increased sales to improve its position. However, the Energy Policy Act of 2005 was enacted. As a result, JEA customers use less energy and water. JEA even closed St. Johns River Power Park because demand for energy had declined. ○ JEA invested in nuclear energy to diversify its portfolio. It will cost "billions." The 2019 payment for Plant Vogtle was ~$20 million. Starting in 2022, JEA will pay an estimated $120 million, which will increase to ~$200 million in 2023. ○ The American Recovery and Reinvestment Act of 2009 "catapulted" the solar industry with massive incentives. Alternative energy will erode JEA's future sales.	link

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- Stewart maintained that JEA is currently in a "good position" despite the above trends. However, the JEA Board is struggling with providing safe, reliable, and affordable services in the next 10 years. She then summarized the 5 potential JEA scenarios to capture the value of JEA:
    (i) status quo: JEA remains largely as it currently exists, but it raises customer rates;
    (ii) traditional utility response: JEA will remain a government entity, but it will raise rates, cut expenses, and cut capital expenditures;
    (iii) community ownership: customers own JEA;
    (iv) initial public offering: JEA becomes owned by individual investors who are not necessarily customers; and
    (v) alternative arising from the ITN, which is a nonbinding process seeking the private sector's best offer. Stewart claimed that scenario numbers 1 and 2 remain "viable options" and "are the default if a recapitalization event does not occur."

  Stewart later indicated (at 00:44:50) that scenario numbers 1 and 2 are not fallback options; JEA is actively considering them.
- Michael Mace of Public Finance Management ("PFM") presented a summary of and update to PFM's February 14, 2018 report entitled *The Future of JEA: Opportunities and Considerations* (beginning at 17:30 in the video). Mace's presentation included a PowerPoint entitled *Review of PFM's Feb 2018 Report on the Future of JEA* (summary below). Mace recalled that Alan Howard gave the directives defining PFM's scope of services (i.e., establishing a range of potential values for JEA in the private sector). When asked whether JEA's recently improved financials and performance indicators made the status quo option more viable, Mace responded (at 49:25 in the video) that JEA has a higher value to buyers.
- Kyle Billy gave a presentation (beginning at 1:07:55 in the video) on the value of JEA to the City of Jacksonville, not its market value to a private investor. Mr. Billy discussed the Council's Auditor Office's ("CAO['s]") March 22, 2018 report entitled *The Potential Sale of JEA: Things to Consider* (summarized above). Billy stated (at 1:26:25) that he would have to verify whether JEA provided CAO with notice under Section 21.04(p) of the City Charter that it intended to sell assets.
- Council Member LeAnna Cumber (at 01:31:05 in the video) asked about the contribution formula. Billy stated that the City Council sets the contribution formula, which will be reset in 2023. Cumber asked when the contribution would drop off if current trends continue (e.g., customers' increasing energy efficiency). Billy said he believes that JEA can continue with its contribution (including its scheduled 1% increase) in the future. He reiterated again (at 1:37:00 in the video) that JEA can continue to make its contribution, and the contribution is not a reason for JEA to raise rates. Billy also indicated (at 1:41:05) that he learned of the PUP through the July 23, 2019 meeting packet.
- Mayor Curry spoke (beginning at 1:44:50). He stated, in pertinent part,

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Make no mistake: we are at a crossroads in the lifecycle of JEA. We are in the midst of fundamental change and disruption in the utility industry. We face enormous legacy costs and a limited business model that once served us well, but now holds us back. This creates an uncertain future as it relates to growing and investing in new technologies of today and innovations for the marketplace of tomorrow. . . . The process of exploring alternatives to the status quo of JEA, a government-run monopoly, is not only good business, it's vital to protecting the future of this community because a future of increasing rates and then shrinking employee base does not serve our employees well. Declining revenues with increasing customers is not a sustainable business model. If you question the challenge faced by a status quo JEA, there is a simple example here in Jacksonville: Just a few months ago, a consumer in a typical single-family home installed a battery array and renewable production on their house that enables them to completely leave our JEA grid. There is every indication that the future of a status quo JEA will continue to see dramatic reductions in revenue attributed to this type of activity. I philosophically believe that less government is better for the people and the limitations of a government-run utility-monopoly does not serve the best interests of our community over the long-term. The strategic planning process is a difficult one for any business to go through and is a difficult discussion to have all out on the table for people to see the good, the bad, and sometimes ugly truth. But, it's vital that we follow the process and arrive at a well-informed end so that we are equipped with the facts for the community. The planning process JEA has launched has been rocky and frustrating at times, but that doesn't mean we should abandon it and stick our heads in the sand as it relates to protecting our value in the asset and planning for the brightest future in our community. Despite the occasional turbulence, I have full confidence in the JEA Board to see their planning process through and to get all the facts out so that we can evaluate them together and decide on the future we want. This is a talented Board of community volunteers with diverse backgrounds and a singular focus on doing right for the people of our City. I have all the trust in this Council to carry on an evaluation process free from theatrics, in-fighting, and political stunts that don't do anything to further a meaningful discussion or to protect tax payers and ratepayers. Most of all, I trust the voters of this community to direct us at the ballot box should any decision reach the ballot. . . . I will oppose any effort to stop the planning process because of baseless conspiracy theories and unprecedented negative onslaught from a small segment of the media and because the conversation is simply difficult to have. We were elected on a bold agenda of reform and to tackle the big challenges that face our community. . . .

11/25/2019	PFM's PowerPoint entitled *Review of PFM's Feb 2018 Report on the Future of JEA* and presented by Michael Mace at the workshop on November 25, 2019. Page 3 identifies the origin of the report as the following questions asked at the November and December 2017 JEA board meetings:	0851

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	1. "Would Jacksonville be better served in the private marketplace?" 2. "Should JEA/City consider benefits of privatization?" 3. "Evaluate position in the market, and report on JEA's private market value so citizens, the Mayor and the Council can evaluate that opportunity. • PFM reiterated that utility and broader stock prices are near all-time highs and interest rates remain very low (p. 5). Those factors had improved since its February 2008 report (p. 5). • PFM identified business conditions, including JEA's strong cash flow and significant debt reduction in recent years, and concluded that JEA remains an attractive "acquisition candidate" (p. 7). • PFM estimated that net proceeds from the transaction(s) to range from $2.9 billion to $6.4 billion. PFM found that the following changes that contributed to those figures: (i) the cost to retire JEA's debt had decreased from $3.9 billion to $3.4 billion, (ii) the cost of retiring JEA's interest rate hedges remains the same (i.e., ~$100 million), and (iii) the debt under the Vogtle Plant contract had increased to approximately $1.8 billion.	
11/25/2019	Legal memorandum from Margaret Sidman to Council Member Michael Boylan concluding that (i) the City Council and obtain non-confidential, non-exempt written opinions prepared by outside legal counsel hired by JEA and (ii) JEA has authority to discuss selling JEA pursuant to Sections 21.04(p) of the City Charter. However, "no sale can be finalized without City Council approving it, and sending it to the voters in a referendum . . . ." Moreover, the City Council could change JEA's authority in the City Charter to prohibit a sale of all or a part of JEA.	0852
11/25/2019	ITN respondent IFM Investors Pty Ltd submitted a revised reply.	0853
11/25/2019	ITN strategy sessions at which the ITN negotiators received training.	0854
11/26/2019	Patricia Maillis sent an email to Michael Scheetz of Mass Mutual in which Maillis cancelled Mass Mutual' s involvement in the PUP because the SLT decided not to proceed with the PUP.	0855
11/26/2019	ITN respondents submitted revised replies: • American Water Works Company, Inc. • Duke Energy Corporation • Emera Inc. • IFM Investors Pty Ltd • JEA Public Power Partners, LLC • Macquarie Infrastructure and Real Assets, Inc.; and • NextEra Energy, Inc.	0856 0857 0858 0859 0860 0861 0862 0863

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11/26/2019	ITN negotiator strategy session.	0865
11/26/2019	Pillsbury invoice 8305458 for a "Special Project" (invoice total: $591,424.59) with billing entries from October 1, 2019 through October 31, 2019.	0866
11/26/2019	Pillsbury invoice 8305459 for "Strategic Planning & Advice" (invoice total: $2,025,166.34) with billing entries from October 1, 2019 through October 31, 2019.	0867
11/26/2019	Pillsbury invoice 8306003 for "Contract Review Matters" (invoice total: $484,848.35) with billing entries from October 1, 2019 through October 31, 2019.	0868
11/27/2019	Email from Randall Barnes (City) to John McCarthy and Jenny McCollum (JEA) with questions for JEA's SMEs and consultants to address.	0869
11/27/2019	Invoice #USG-2858DE-6058 to Pillsbury from McKinsey & Co. to JEA seeking $600,000 for "support to develop Strategic Plan for JEA" performed in November 2019.	0870
11/29/2019	The Daily Record reported that the long-term incentive plan (PUP) was approved at the July 23rd JEA Board meeting "in draft form" and "without a complete analysis of the plan's final cost." When asked why the performance units did not have a value cap, Kerri Stewart reportedly stated, "Why would any stock have a cap? Why would any performance unit have a cap? The better you are performing, the better the company is doing, the better the financial health."	0871
11/29/2019	Gina Kyle emailed Mike Mendenhall with corrections to a Jacksonville Daily Record article. Kyle wrote: The headline of your article makes it look like the board didn't know what it was doing. That is incorrect. They did know what they were doing, and as Kerri mentioned during the interview their ultimate decision to pull the plan was not because of costs. The article mentions 100k units, when there were actually only ever 30k units to be offered. FYI - While the board didn't know the 'cost' of the plan, they did understand how the 'value' of the plan was set. There were no costs because any/all costs would be based on future performance. And while the board would not vote again on the initial PUP, they would set annual performance goals for each	0872

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	subsequent performance period. They approved the 110% threshold for 2019 when they approved the program. BTW, even if we assume Council Auditor Kyle Billy was right about the 15-18 number, if 30,000 units were granted it would have been $30 million over the three year period or $10 million per year which represents only 6% of salaries."	
11/29/2019	Gina Kyle sent a message to Kerri Stewart saying, "Kerri, are we anticipating April's statement during the board meeting will strongly refute the notion that the board didn't understand what they were doing?" Kerri responded, "Yes. Probably from all of them."	0873
11/29/2019	ITN negotiation session regarding "Revised Replies Clarifications."	0874
12/2019	JEA consultants Pillsbury, J.P. Morgan, and Morgan Stanley prepared an analysis of JEA pursuing community ownership (cooperative). It states: • "Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership . . . ." (p. 5). • The cooperative option would not satisfy at least one minimum requirement under the ITN, including 3 years of contractually guaranteed base rate stability for customers. (p. 25). • "Current FL statutes are not supportive of the formation of a co-op in Jacksonville." (p. 27).	0875
12/02/2019	Memorandum from the CAO to Council Member Randy DeFoor concluding that JEA's total employee compensation without a recapitalization event was $169,790,908, but JEA's total employee compensation under a recapitalization event would be $782,207,722. CAO calculated those numbers by finding the sum of employee salaries, pay for performance plan, employee retention payment, employee protection benefit, enhanced pension benefits, senior leadership team termination pay, and SLT consultation pay.	0876
12/02/2019	Memorandum from CAO to Council Member Ronald B. Salem summarizing JEA's projected payouts under the Pay for Performance Plan, JEA's short-term incentive program. The plan's awards are based on employment status—i.e., union employees receive flat amounts, appointed/managerial employees receive awards based on pay grade, and the senior leadership team receive awards that are 0% to 12% of salary. The plan had annual payouts totaling $3,680,000 and $4,734,106 in FY 2018 and FY 2017, respectively. CAO estimated a $4,967,541 payout for FY 2019.	0877

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12/02/2019	John Coarsey, a JEA director of energy planning, sent an email to Steve McInall and Jordan Pope, which described JEA's 2030 strategy document: This entire PDF, having been for the most part crafted with no input from my team seems to be the work of inexperienced consultants and financial people. This entire report seems to be more of a wish list put together by people who have little or no understanding of the critical technical hurdles most of this involves. The logic or lack thereof of comparing of JEA with other utilities that are completely different and then drawing comparisons that by their nature are not completely accurate seems to be a recurring theme in this report. Comments below. I am forwarding to Matt and Russ to see if I am missing something.	0878
12/02/2019	Lynne Rhode forwards JEA's consultant agreements with FTI Consulting, Inc. (April 13, 2019), Leidos Engineering, LLC (August 21, 2019), and Diane M. Tropia, Inc. (October 3, 2019).	0879
12/02/2019	Sam Mousa terminated Mousa Consulting Group's consulting agreement with the City (effective December 31, 2019)	0880
12/03/2019	Memorandum from CAO summarizing the compensation and benefits that JEA's senior leadership team received. Zahn's compensation "if terminated upon a Recapitalization Event" totaled $2,802,127. The president and COO had the second-highest total compensation upon a Recapitalization Event at $2,061,361. The total compensation for the 14 SLT member upon a Recapitalization Event was $18,532,853.	0881
12/03/2019	Representatives of JEA's SLT, negotiation team, and consultants (including Foley & Lardner, Pillsbury, J.P. Morgan, and Morgan Stanley) held a negotiation strategy session at which (i) the revised replies of ITN bidders were reviewed using a summary prepared by J.P. Morgan and Morgan Stanley; (ii) American Water, Duke, Emera, MIRA, NextEra, and JEA PPP would be invited to negotiation session in Atlanta, Georgia, where JEA would give a "management presentation"; and (iii) the timeline to present an ITN contract to the JEA Board would be accelerated from March 2020 to January 2020. Todd Giardinelli (Morgan Stanley) described the accelerated deadline as "extremely aggressive." (Transcript at p. 32, line 9). Similarly, Eddie Manheimer (Morgan Stanley) expressed concerns about whether non-NextEra bidders would drop out due to the "very aggressive" timeframe. (p. 32, line 16 – p. 34, line 10). Stephen Amdur (Pillsbury) warned "it would be imperative that . . . we're negotiating definitive agreements with no more than two [respondents] . . . ." (p. 34, lines 11-19).	0882 0883 0884
12/04/2019	Representatives from JEA, the City, Pillsbury, Foley & Lardner held a negotiation strategy session to discuss calls to the ITN respondents regarding their revised replies, the accelerated ITN timeline, and their competitiveness in the ITN process.	0885 0886

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12/04/2019	Stephen Burch and Todd Giardinelli (Morgan Stanley) called ITN respondents to discuss their revised replies, the accelerated ITN timeline, and their competitiveness in the ITN process.	0887
12/05/2019	OGC memorandum from Lawsikia Hodges to Council Member Michael Boylan concluded that Section 21.04(p) of the City Charter did not require the JEA Board to provide the Council Auditor with written notice 30 days before *approving* Resolution 2019-07, which authorized JEA's CEO to undertake a competitive solicitation regarding JEA's assets. However, footnote 2 states, "If the JEA Board ever seeks to consummate a sale or transfer (comprising more than ten percent of the utilities system) to another utility, the JEA Board must obtain City Council approval and a subsequent voter referendum pursuant to Section 21.04(p)."	0888
12/05/2019	Rory Diamond's letter to Aaron Zahn containing a public records request, notice of the December 16, 2019 meeting, and areas of inquiry regarding the PUP. • The areas of inquiry were: (1) The origin of the PUP Plan; (2) The development of the PUP Plan; (3) All persons associated with the PUP Plan and their roles in its development; (4) The drafters of any documents related to the PUP Plan or produced in response to the document requests below; (5) Communications related to the PUP Plan with other authorities, including but not limited to, the Office of General Council, the Jacksonville City Council Auditor, and/or the Florida State Attorney General; (6) Presentation of the PUP Plan to the JEA Board; and (7) Any decisions related to implementation, expansion, and/or termination of the PUP Plan. • The public records requested were: 1. All documents related to the PUP Plan; 2. All documents related to the development of the PUP Plan; 3. All documents related to communications with other authorities related to the PUP Plan, including but not limited to, the Office of General Council, the Jacksonville City Council Auditor, and the Florida State Attorney General; 4. All documents related to the presentation of the PUP Plan to the JEA Board; 5. All documents related to the implementation, expansion, and/or termination of the PUP Plan; 6. All documents regarding the cost and/or value of the PUP Plan; and 7. All documents related to any communications regarding the PUP Plan.	0889
12/06/2019	Email from Jill Luster to Lawsikia Hodges with an attachment summarizing the following for JEA's outside legal consultants: (i) JEA's maximum indebtedness, (ii) invoices billed to JEA to date, (iii) invoices paid by JEA to date, and (iv) whether amendments to their engagements agreements were required. Notably, Foley & Lardner and Pillsbury had	0890 0891 0892

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	billed $913,324.93 and $5,505,599.479 to date, respectively. Further, the attachment identified four legal consultants with pending or required amendments to their respective agreements: Foley & Lardner, Milam Howard, Pillsbury, and Radey. • Reber followed up with the following question to Hodges: "If the engagement letters are being amended can you tell me the reason for the amendment?" Hodges responded, "Yes, if needed, increases to the maximum indebtedness amounts. We are meeting internally Monday to discuss projections with each firm over next several months."	
12/06/2019	Margaret ("Peggy") Sidman drafted a memorandum concluding that the City Council can set aside sales proceeds from a JEA sale as a means to create a revenue stream to replace JEA contribution that could be appropriated in the future by the City Council. Sidman notes, however, that ad valorem tax revenue would "likely be less than the amount of the JEA contribution."	0893
12/06/2019	Jason Gabriel sent an e-mail to the personal account of JEA Board Chairperson April Green stating, in pertinent part: Following the Board meeting, JEA gave OGC requisite time to research and review the specifics of the plan prior to its implementation. This was a collaborative process between OGC and JEA of due diligence and analysis that included an inquiry to the Florida Attorney General. In preliminarily approving the PUP, the JEA Board did not act outside of their legal authority. OGC ultimately concluded that the PUP had outstanding legal issues and JEA ultimately concluded that they would no longer pursue the plan. At the next JEA Board meeting, the Board will have the opportunity to vote to formally withdraw the plan. I will anticipate that the Board will take appropriate action at that time.	0894
12/06/2019	Letter from Aaron Zahn to Rory Diamond and Ron Salem in which Zahn invites an open, honest and detailed fact-finding review of the PUP to provide the City Council clarity and to help JEA identify lessons to learn. Zahn wrote, "There has been a tremendous amount of information – some factual and some inaccurate – surrounding the Plan ever since JEA announced its cancellation."	0895
12/08/2019	FPL invited influential members of the Jacksonville community to a Jaguars game.	0896

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12/09/2019	JEA's independent auditor, Ernst & Young LLP, issued a report summarizing JEA's audited financial statements. Ernst & Young compared the 2018 and 2019 operating revenues for JEA's electric system as follows: Total operating revenues decreased approximately $66 million (4.8%) compared to fiscal year 2018. Electric revenues decreased $7 million and other operating revenues decreased by $59 million. The $7 million decrease in electric revenues was driven by a $29 million decrease in sales to FPL as a result of the shutdown of SJRPP in January 2018. That decrease was mostly offset by a $16 million net increase in transfers from stabilization funds (see note 2, Regulatory Deferrals, for additional information) and a $6 million increase in territorial sales. Territorial MWh sales were up 40,695 megawatt hours (MWh) (0.3%), driven by a 0.9% increase in degree days that was partially offset by a 1.6% decrease in average MWhs per customer. SJRPP Sales to FPL decreased by 332,467 MWh and off-system sales increased by 25,494 MWh, which brought the change to a net decrease in MWh sales of 266,278 MWh (2.1%). The decrease in other operating revenues was due to the cycling of the prior year FPL shutdown payment. See the St. Johns River Power Park section of note 3, Asset Retirement Obligations, for further details. (p. 5).	0897
12/09/2019	The City Council held its third fact-finding session entitled *Factors Leading to a New Strategic Plan*. • Melissa Dykes, JEA's president and COO, and Ryan Wannemacher, JEA's CFO, gave a presentation entitled *Overview of Major Legal and Public Policy Constraints* beginning at 13:55 in the video. Dykes said that the information in the presentation "largely" came from JEA's financial statements audited by Ernst & Young, but it also included information from the strategic planning process "led and facilitated" by McKinsey. Wannemacher identified three "major" factors contributing to JEA's "unprecedented" challenges (overview at presentation page 3): (i) High debt (presentation pages 12-14): Wannemacher described JEA from 2000-2009 as having "maxed out" its credit cards. In 2005, JEA finished the year with $2.4 million in operating cash—i.e., one day of cash on hand. Wannemacher attributed JEA's position in 2005 to "inarguably bad" and "reckless" policy. In December 2005, JEA had to dip into customer deposits to make payroll. In 2006, JEA entered into a bond deal to borrow more money and began raising rates shortly thereafter. In 2009, JEA's electric system debt "peaked" and its fuel costs "peaked." JEA "had to pay down debt," which Wannemacher claims JEA has accomplished by raising base rates 71% since 2006. JEA also increased fuel charges from 2006 to 2009, but its fuel charges nonetheless declined by	link 0898

$300 million per year since 2008. JEA also reduced electric employees by 23% (i.e., ~400 employees). As a result, JEA reduced its debt service by over $600 million between 2020 and 2026.

+At 43:50 in the video, Council Member Randy DeFoor asked why JEA represented to Wall Street a ten-year financial projection in the Spring of 2018 that "showed a very health future with some normal industry challenges, and then a few months later . . . there's a death spiral." Wannemacher said that JEA has had an update to its projections as a result of, among other things, its consultation with McKinsey. Dykes also said that JEA has never framed the issue as a current problem, but a problem that requires "looking forward into the future."

(ii) Declining sales (presentation pages 4-11): Since 2006, JEA's electric sales per customer have fallen "every single year on a weather-adjusted basis" due to energy efficiency driven by government policy and better technology. Dykes stated that because commercial and industrial customers with greater means to invest in energy efficient alternatives, JEA's "cost" are "disproportionately" impacting customers with less means. Dykes concluded that "when you put those things together, our customer growth just isn't enough to offset" JEA's declining sales. Dykes opined that given JEA's recent declining sales per customer since 2006, it is "painfully apparent" that JEA will not "grow its way out of" its problems.

(iii) JEA's uncapped, 20-year power purchase contract with MEAG (presentation pages 12-14): Wannemacher said that, despite JEA's successful reduction of debt since 2008, the Plant Vogtle contract will cause JEA's debt obligations to "almost double between now and 2027."

+Wannemacher stated (at 59:40 in the video) that the growth and JEA's debt discussed in the presentation "are Plant Vogtle obligations." JEA's total obligations under the "hell-or-high-water" Plant Vogtle contract "will be in excess of $200 million" annually for twenty years. Wannemacher estimated the total cost as "a little over $4 billion" (at 1:17:05 in the video).

- Dykes summarized (beginning at 29:20 in the video) JEA's five strategic scenarios in the first presentation as discussed below. She stated that the four non-ITN scenarios were developed "in parallel with the ITN work."

(i) Status quo: JEA would have to institute rate increases "in excess of 50%." Dykes said that, to her knowledge, JEA had not done surveys to determine whether customers would be willing to pay rate increases to maintain JEA as a municipal utility.

(ii) Traditional utility response: JEA would increase rates by 26% and make "very deep" cost cuts that would degrade the quality of JEA's services.

(iii) Community owned: JEA customers would own the utility. JEA would shed some of the constraints applicable to government utilities, but it is a "viable option" that JEA is "just finishing up the work on." JEA's Board would consider this option at a December board meeting.

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(iv) Initial public offering: A "privatization" scenario where shares of stock are offered to the public that JEA had not "fully developed" yet given conflicting state and federal laws.

(v) ITN outcome: Dykes stated that the City Council and Duval County voters would vote on options 3 through 5.

- At 1:18:00, Dykes and Wannemacher were asked whether each of the five scenarios would result in a tax increase. Dykes responded that she and Wannemacher were "not prepared" to answer that question.
- At 1:24:30, Council Member Brenda Priestly Jackson asked why the ITN was addressed at the July 23, 2019 meeting when it was not reflected in the minutes of the June 25, 2019 JEA Board meeting. The agenda changed on the day of the July 23, 2019 JEA Board meeting. Dykes responded (at 1:28:00 in the video) by stating that JEA completed additional strategic planning that showed the constraints (e.g., the Florida Constitution) affecting JEA were "a little dire." JEA's management team then "offered some options for the Board to consider," which resulted "in the development of the next three scenarios that are still being worked on now." Council Member Priestly Jackson expressed concern (at 1:29:00 in the video) that JEA "changed" its agenda for the July 23rd meeting "to reflect exploring something you didn't notice to the public . . . ."
- Council Member Tommy Hazouri (at 1:36:00 in the video) "wanted to admonish" JEA because it did not give the City Council the opportunity to make changes to the City Charter to address JEA's problems.
- John Crescimbeni gave a presentation (at 1:41:05 in the video) on the July 25, 2018 Final Report on the Future of JEA prepared by the Special Committee on the Potential Sale of JEA (*see* the Final Report summary above).
- April Green gave closing comments at 1:58:40 in the video. She called for an "end" to the PUP. She also recommended that a Council member be allowed into the ITN process to add an "additional layer of transparency."

12/09/2019 E-mail from Gina Kyle to Michael Munz (Melissa Stone cc'd) stating: 0899

> JEA received full authorization from the board for the development of a long term performance unit plan during its July 2019 board meeting, as noted is resolution #___________. As previously stated, JEA management and the board requested the formal opinion of the state Attorney General on October 1 to ensure that no conflicts existed. JEA did not then, and still does not see any conflicts with the manner in which the plan was developed. As a reminder, the plan was cancelled by CEO Aaron Zahn prior to the requested opinion on November 13, when it was determined during discussions with legal counsel to be conflicting with the boards ongoing consideration of strategic alternatives and the related ITN process. The plan is scheduled to be rescinded during the Monday, December 9 board meeting. Additionally, it is important to note that JEA CFO Ryan Wannemacher would not have established the performance targets

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	under the draft performance unit proposal. Instead, they would have been established by a third-party group, as is the case for other performance bonus programs.	
12/09/2019	JEA presentation entitled *Overview of Major Legal and Public Policy Constraints*. It identified legal impediments to initiatives that could make JEA more profitable and stable, including the City Charter, Florida Constitution, and the Florida Public Records Act. JEA estimated that it would take between 4 months and 5 years and cost between $250 thousand and $12 million to amend the pertinent legislation. JEA's estimated probability of success ranged from less than 5% to 50%.	0900
12/09/2019	ITN negotiation strategy session regarding, among other things, the management presentation and draft asset purchase and sale agreement.	0901 0902
12/10/2019	Pillsbury invoice 8307976 for a "Special Project" (invoice total: $574,492.54) with billing entries from November 1, 2019 through November 30, 2019.	0903
12/10/2019	Pillsbury invoice 8307977 for a "Strategic Planning & Advice" (invoice total: $2,500,957.99) with billing entries from November 1, 2019 through November 30, 2019.	0904
12/10/2019	Pillsbury invoice 8309050 for "Contract Review Matters" (invoice total: $283,715.00) with billing entries from November 1, 2019 through November 27, 2019.	0905
12/10/2019	Email from Kevin Hyde to Lynne Rhode and Herschel Vinyard with an "Executive Summary" of the origins and evolution of the PUP, together with the involvement of the JEA Board, Office of General Counsel, and Council Auditor Office.	0906
12/10/2019	Memorandum from Kyle Billy to Council Member Randy DeFoor compiling and summarizing the contracts for the law firms and financial advisors hired by JEA for exploring a recapitalization event. Billy states, "The financial advisor firms receive varying amounts of compensation depending on whether or not JEA is sold and other additional factors . . . ."	0907
12/10/2019	Email from Lawsikia Hodges notifying Carla Miller that she will be given "access to all information and documents related to the ITN for all negotiation meetings." However, Hodges indicates Miller "may need to sign additional acknowledgements regarding the confidentiality of the ITN information and other statutorily protected information (e.g., trade secrets)."	0908
12/12/2019	The Florida Times-Union published an article discussing Aaron Zahn's and Deno Hicks's relationship to Legacy Industries of Jax, LLC and its ownership of real estate.	0909

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12/12/2019	JEA consultants prepared a proposed "Asset Purchase and Sale Agreement" for the successful ITN respondent to sign and acquire "substantially all the assets and liabilities of" JEA. (p. 1). The agreement excluded the Amended and Restated Power Purchase Agreement between JEA and MEAG. (Schedule A(1)).	0910
12/12/2019	Carla Miller sent an email to Jason Gabriel (Lawsikia Hodges and Lynne Rhode cc'd) stating, in pertinent part:	0911

> We have this occur in shade meetings for the Ethics Commission; only certain parts of the meeting are exempt from Sunshine law (the complaints) and if the members discuss anything outside that realm, it has to be in the sunshine.
>
> I did not know how the meetings would be conducted up here, but I do now. The first half of each meeting is a "management presentation" from JEA. This covers basic information about JEA (powerpoint/several JEA staff talking about their departments). Then there is a break and then, the Respondents ask questions. I believe the second portion of the meeting is exempt, but I don't know why the first part—the general management presentation is exempt. I need your guidance on the exemption that is being relied upon. Also, there is a print out of the presentation that includes basic information about JEA; I believe this document is a public record. (FS 119.071 exempts out proposals/replies from public records law; 286.0113 exempts out records presented at an exempt meeting.)
>
> I also need the specific law that would exempt information about the names of the participants in these meetings. Can you give me the applicable exemption for this?

- Rhode sent a response email to Jason Gabriel (Lawsikia Hodges cc'd) disagreeing with Miller's statements and describing them as damaging to the negotiations and motivated by Miller's "[p]olitics and a personal policy agenda":

> Ms. Miller, after being expressly instructed by this office on multiple occasions that her consistent presence in key negotiation sessions with Respondents is essential to maintaining equity in the procurement process, skipped the first half of this morning's session with one of the Respondents while preparing and sending you the below email. Her suggestion in that email is plain wrong and based, I believe, on a personal and policy agenda rather than any legal basis. As all have agreed, she (unlike the Inspector General) has NO legal jurisdiction to be at JEA's exempt negotiation sessions. She continues to be included only at the insistence of the City Council president. She has on two prior occasions intentionally breached the confidentiality of the proceedings and the trust of this office and the JEA after agreeing not to do so (by

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	releasing the names of negotiation team members and the location of these exempt meetings) and repeatedly sent unnecessary written communications regarding the conflicts review of the negotiation team in order to underscore her own relevance and suggest impropriety that never existed. She has made unhelpful and strategically damaging comments on the record during exempt meetings after being instructed not to. Twice this week she has been the only (of approximately 25) City/JEA employees/representatives who has not acknowledged receipt and signature of our confidentiality agreement and has had to be asked directly (in front of Respondents) to acknowledge. She now again is attempting to further her personal policy agenda by introducing written records suggesting (without basis) impropriety. . . . Her motive to promote herself at the expense of the City is glaringly obvious; her actions already have resulted in an extraordinary waste of City resources to handle the information leaks and emergencies she has intentionally created and have the potential to sabotage the entire process. I believe they may be actionable as a misuse of her position in breach of the ethics code and criminally as bid tampering. I continue to defer to your decision as to her participation but firmly believe she should not be allowed to have access to exempt meetings or documents. As for her below suggestion that the negotiation sessions with Respondents are not fully exempt, it is without legal basis and blatantly wrong.	
12/12/2019	Mayor Curry wrote a letter to JEA's Board members stating that "turning a blind eye" to "marketplace disruption and technological innovation" that "would leave JEA on a course toward rapidly increasing rates, unconstrained debt, and more uncertainty for employees, customers, and taxpayers" (p. 1). Curry stated that "facts about JEA's strategic planning . . . remain misunderstood or unknown by large segments of the community" (p.1). Therefore, he asked JEA's Board to, among other things, (i) "tell JEA senior leaders to prepare specific legislative requests for Council related to each of the five scenarios that have been laid out" and (ii) "tell the senior leaders and their advisors to conclude the ITN by the end of January" and provide the "top tier of proposals" to City Council to review (p. 2).	0912 0913
12/12/2019	Email chain involving Lawsikia Hodges, Lynne Rhode, and Jason Gabriel showing JEA withdrew its request for an ethics opinion from the Florida Attorney General regarding the legality of the PUP.	0914
12/13/2019	E-mail from Garrett Dennis to Aaron Zahn, Ryan Wannemacher, and others requesting "all forms of communication to and from the Dalton Agency from July 1, 2019 to December 13, 2019, including any communications to and from Gina Kyle."	0915
12/13/2019	John McCarthy (JEA) sent an email providing the remaining ITN respondents with code names and generally explaining the process by which respondents would provide updated revised replies. The respondents' code names were: • JEA Public Power Partners: "Baron" • MIRA: "Seawolf"	0916 0917 0918 0919

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	• NextEra: "JetHawk" • Emera: "Hot Rod" • American Water Works: "Cyclone" • Duke Energy: "Clipper"	0920 0921
12/15/2019	E-mail from Council Member Scott Wilson to the other members of the City Council stating that, among other things, (i) Wilson cautioned Aaron Zahn that the City Council need time to review JEA's strategic planning scenarios and (ii) the City Council retained Smith Hulsey & Busey.	0922
12/16/2019	In response to Mayor Lenny Curry's letter dated December 12, 2019, Lynne Rhode sent an email to Lawsikia Hodges with a proposed resolution for the JEA Board attached. The proposed resolution states, in pertinent part: **BE IT RESOLVED** by the JEA Board of Directors that: 1. The Chief Executive Officer ("CEO") and Managing Director, or his designee, is directed to proceed with competitive solicitation ITN 127-19, in accordance with and as authorized by Resolution 2019-07. 2. The attached letter be, and hereby is, incorporated into the Official Records of the Board. 3. To the extent not inconsistent with Resolution 2019-07, applicable law, and the JEA procurement code, the CEO and Management be and hereby are, authorized and directed to execute, in consultation with the Office of General Counsel, any and all documents necessary to implement the above-stated directives. 4. Management be and hereby is authorized to access and expend duly appropriated resources to conduct townhall meetings in each of the 14 districts and to utilize legal and other resources necessary to pursue this directive. 5. This resolution shall be effective immediately upon passage.	0923 0924

12/16/2019	The City Council held a public meeting regarding "JEA Pay for Performance Plan."
	• Aaron Zahn's opening statement begins at 00:07:30 in the video:
	  ○ At 00:07:50 in the video, Zahn described the PUP as "to be cancelled[.]"
	  ○ At 00:08:20, Zahn stated he "made an error in judgment[.]" He went to say:
	
	[T]he motives of the long-term employee plan at inception were pure, but the moment that JEA's Board contemplated recapitalization, I as the CEO should have recommended that the long-term performance plan would be better timed after a final decision was made for JEA's future. Instead, JEA's leadership continued the mechanics of legal, ethical, and confirmatory diligence around this long-term plan. The delay in cancelling this plan and the contemplation of potential impacts of recapitalization on the plan
		link
		link

> were my mistake. In consultation with OGC and advisors between August and the end of October, JEA's leadership eventually arrived at this correct conclusion. . . .

- Beginning at 00:15:20 in the video: Zahn discussed Willis Towers Watson's January 2019 (erroneously dated "January 2018") "Total Market Compensation Strategy" presentation at the January 15, 2019 JEA Compensation Committee meeting.
  - Beginning at 00:17:00 in the video, Zahn and Jon Kendrick discussed revised Policy 2.7 of the JEA Board Policy Manual, which Zahn said he and Angie Hiers prepared "in consultation with the Board members at the time." The initial version of Policy 2.7 (JEA0509) required the CEO to promote policies to achieve market (50th percentile) "salary/wages" in the JEA's "geographic area." Revised Policy 2.7 (JEA0512), however, required the CEO to promote policies to achieve market (50th percentile) "total compensation" in JEA's "industry and geographic area."
  - Kendrick stated (at 00:18:17 in the video), "[W]e target the 50th percent of what the Jacksonville market is for our type of industry . . . . [A]nd we target the geography and kind of look at it from two different approaches. So, our goal is to be right at about 50% for our salaries across the board." Kendrick went on to agree that the plan's goal was to retain employees.
- Beginning at 00:23:53 in the video (JEA0497), Kendrick discussed JEA's retention of Willis Towers Watson, whom he referred to as "an internationally recognized compensation firm, very well-respected, one of the top two."
- Beginning at 00:25:22 in the video (JEA0519), Zahn discussed Willis Tower's Watson's "Long-Term Incentive Plan Market Practices & Proposed Design" presentation dated March 19, 2019.
- Beginning at 00:27:00 in the video, Zahn and Kendrick discussed Willis Towers Watson's "Long-Term Incentive Plan Design Market Practices Summary" (JEA0523). It described the prevalence of long-term incentive plans at public power utilities as "uncommon[.]" Kendrick noted that JEA did not know the names of the public power utilities referenced by Willis Towers Watson, but affirmed they are utilities "owned by some other government entity."
- Beginning at 00:30:30 in the video, Zahn discussed Willis Towers Watson's "Long-Term Incentive Plan Design Market Practices – Award Frequency" (JEA0523), which found no public utilities offer a stock option to employees. Zahn responded, "We know to be true that many IOUs actually have stock options, and if you read their A-Ks, all their A-Ks actually talk about them."
- Beginning at 00:38:55 in the video, Zahn discussed an email in which Angelia Hiers told Pat Maillis, "Aaron feels we are good on STI but they dropped the ball on LTI. We need to focus on it." (JEA0550). Zahn stated he took issue with Willis Towers Watson's failure to provide a document or information regarding long-term incentive that he could present to the JEA Board.
- Beginning at 00:38:55 in the video, Zahn discussed the "Total Market Compensation Strategy" presentation at the JEA Compensation Committee meeting on June 18, 2019 (JEA0304).

- Zahn could not recall any prior discussions regarding a "PUP plan." When asked who "pulled the trigger" and selected the PUP out of the available options, Zahn said he did not know. Wannemacher and Kendrick also stated he did not know. However, Zahn subsequently stated (at 00:48:13 in the video), "[Y]eah, I signed off on that."
- At 00:48:33 in the video, Zahn discussed the estimated cost of Willis Towers Watson's proposed long-term incentive plan: annual costs of $3.4 million (JEA0305). Council Member Diamond then asked whether the equation to determine the cost of the PUP existed, Zahn responded, "Not that I'm aware of" (at 00:49:26 in the video).
- At 00:49:38 in the video, Council Member Diamond asked, "Who else was involved, do you know, with the evaluation of the PUP plan up until June 18? Can you just kinda' list off the people who might've been involved, or you know were involved?" Zahn answered:

> Sure, so, Board members. I keep them apprised of the work that the staff does on a weekly basis oftentimes—if not weekly, once every other week to give them an update in terms of on how staff and consultants are performing on directives that they've provided. . . . The Compensation Committee at the time . . . myself, Ryan Wannemacher, Angie Hiers, Pat Maillis, Willis Towers Watson . . . . I'm sure there were a lot of people that were being consulted with on different aspects based on their functional area.

- At 00:51:02 in the video, Council Member Diamond stated, "What I'm trying to figure out here is at some point we get an equation that says how you value each PUP, and I'm trying to figure out if that equation has been created yet. Mr. Wannemacher, do you know?" Wannemacher responded, "I don't recall at this time if that equation had been formulated yet." Council Member Diamond followed up, asking, "Were you looking at the math behind this plan at this point?" Wannemacher answered, "I don't know that we had determined anything other than a broad sizing at this point in the record." Council Member Diamond responded, "What does that mean, 'broad sizing'?" Wannemacher explained, "In terms of the total kind of annual compensation—the target for the $3.4 million that's referenced here. And by the way, I think this was a reference point. I don't know that this was where we ended up ultimately in the context of the conversation." Council Member Diamond followed up, asking, "So, there wasn't a calculation that spit out $3.4 million, it was a target?" Wannemacher replied, "I believe so, at this time."
- At 00:56:21 in the video, Council Member Salem asked, "Who put the PUP on the July 23rd agenda?" Zahn responded, "Myself, the entire senior leadership team, and OGC review all Board documents before they get submitted, as well as the other individual Board members will review the materials ahead of time so that they're familiar with the materials prior to receiving them as a complete package."
- At 00:56:52 in the video, Council Member Salem asked, "Do you know when the Board packet for this particular meeting was completed?" Zahn answered, "I don't know." Council Member Salem asked a follow-up question: "I've

spoken to several Board members who have reached out to me, they tell me they got it late-Friday prior to the Tuesday meeting. Do you know if the Board members were briefed on the PUP plan prior to the meeting?" Zahn answered, "Yes, it's a practice to talk to individual Board members and make them apprised of significant elements that are coming up at Board meetings." Council Member Salem stated, "I understand that's the practice, and I was told that normally occurs—for this meeting, though, I'm talking about." Zahn responded, "From my recollection, yes. I don't recall deviating from that practice."

- At 00:59:05 in the video, Council Member Salem asked Wannemacher a question regarding Willis Towers Watson's "Proposed Design Details: Performance Unit": "So, Mr. Wannemacher, from what you indicated, there's no calculations, nothing that you can provide that shows where that 3.4 million dollars comes from?" Wannemacher responded, "Based on review of this document, it appears that the 3.4 million dollar annual number that's referenced here was provided by Willis Towers Watson."
  - At 01:00:18 in the video, Council Member Salem stated, "This same page includes a cap on the PUP of 150% maximum. It's my understanding, and all the documentation I've reviewed, and the PUP that was sent to Kyle Billy at some point after your Board meeting, there was no cap in that plan." Wannemacher responded, "Correct. The documentation as it was drafted—and again, it was a draft at the time it was provided to the Council Auditor—did not have a cap in it." Council Member Salem then asked, "Now why do you say it was a draft? Because the minutes reflect the plan was passed, and that's a big point with me (and with many of the Board members). They passed a plan. They didn't pass a draft plan that was gonna come back to them at some point to be modified or changed. Those minutes reflect the plan was passed, and the CEO had *complete discretion* after that to make any changes he wanted to without coming back to the Board. Is that correct, Mr. Zahn?" Zahn answered, "No, that's not correct. . . . Minutes perhaps reflect that, but to be clear, the performance plan is administered by the plan administrator. They have complete authority delegated to them by the Board. . . . In this case, because it was a long-term plan, it was determined that it needed to have a plan administrator that would have no direct financial benefit at all, and that's the way the plan was drafted. . . ." Council Member Salem then asked, "And that plan administrator was who?" Zahn answered, "Camille Lee-Johnson."
  - At 01:02:38 in the video, Lynne Rhode interjected, "And Council Member, I just add for clarification that, under the resolution, any amendments would be worked out in concert with the OGC."
- At 01:06:40 in the video, Council Member Salem asked, "Mr. Wannemacher, did you do any calculations on the PUP plan that was presented to the Board? Because we've not seen those." Wannemacher answered, "Yes, I did do some calculations on the PUP plan that was presented to the Board. My recollection is that there were some numbers in the presentation that was provided to the Board at the July Board meeting. As far as the numbers themselves, the way the formula was designed was to allocate essentially 10% of any profits above the threshold, which was a target that was provided in the document to be flexible for each performance period." Council Member Salem responded, "I mean specific

numbers . . . . Did you perform any calculations yourself?" Wannemacher answered, "So, we did provide those calculations to the Council Auditor." Council Member Salem follow-up by asking, "But prior to it being presented to the Board, prior to July 23, did you perform those calculations? Either on a legal pad or on a white board in your office, or somewhere?" Wannemacher stated, "Yeah, I think at some point along the way I looked at the expected forecast and ran those numbers. I don't know that I—frankly, the formula itself is relatively straightforward as it relates to the calculation. It's straight out of our financial statements and its direct line items. So, it's not a complicated spreadsheet necessarily. . . ."

- At 01:15:35 in the video, Zahn stated, "I wanted a majority of it [the PUP] to go to the front line. So, the ten dollars [performance unit purchase price] actually was intended to allow for affordability for employees."
- At 01:16:21 in the video, Council Member Salem stated, "There will be documents that we'll show you later that will indicate that this plan was set up for the higher paid people, and I'll show that to you in a later presentation." Zahn replied, "That's absolutely incorrect. Well, there may be a document that says that, I can tell you right now, from the very beginning, this was a plan that was always intended for all 2,000 [JEA employees]."
- At 01:17:18 in the video, Zahn stated, "We never got around to the [performance unit] allocation." He went on to say, "From an intent perspective, it was always intended to be able to provide to all 2,000 [JEA employees] and to give the vast majority of the units to the front line."
- At 01:19:35 in the video, Council Member Rory Diamond asked who wrote the redemption price formula in Exhibit 1 of Resolution 2019-10. Kevin Hyde stated, "I believe the initial draft was done by Pillsbury law firm." Hyde went on to state, "I know that the initial draft that I saw was drafted by Pillsbury."
- At 01:21:46 in the video, Council Member Diamond asked Wannemacher whether JEA would issue 30,000 performance units. Wannemacher answered, "Yes. 30,000 units is what was contemplated." Council Member Diamond then asked, "If only 10,000 units were purchased by employees, were you all then eligible to buy the other 20,000 units that weren't purchased as contemplated at this time?" Wannemacher replied, "I don't know if we had determined how they would be reallocated. We didn't have any details around that point."
- At 01:22:30 in the video, Council Member Salem said, "There were no documents that I saw that discussed the allocation of units." Zahn responded, "Correct." Council Member Salem then stated, "So we don't know how many units were being set aside; the timeframe where employees could purchase them; if they were purchased, who else would get those—" at which time Zahn interjected, "Neither do we. And the reason is from July on we were working with OGC, we submitted an opinion to the Attorney General, we had a draft opinion ready to go to the State Ethics Office . . . . I wasn't going to sit down with a plan administrator until all of those check boxes had been done." Council Member Salem then asked, "So there's nothing anywhere outlining who could buy em' when or anything like that?" Before Council Member Salem could finish his question, Zahn interjected "No. We never got there."
- At 01:23:35 in the video, Council Member Diamond discussed Lynne Rhode's affirmation to JEA Board Member Alan Howard at the July 23, 2019 JEA Board meeting that the PUP had been "passed over" to OGC. Council Member

Diamond asked, "Do you think it might have been wise at that time to say, 'Yes, but we have a lot of work to do to see if this plan is even legal under the Charter, Florida law, or Federal tax code?'" Rhode responded, "[T]he question was whether there was authority, if I understood it, to move forward with what the Board was contemplating in Resolution 2019-10, and OGC had reviewed that authority, it's in accordance with JEA Charter, so the Board could direct management (as it does with other employee related matters) to move forward. The normal process for that is that OGC works with the independent agency to figure out if there are legal constraints, etc. that might be unknown at the time or not contemplated or needed for implementation or change."

- At 01:25:38 in the video, Zahn stated that, at the time of the July 23, 2019 Board meeting, the SLT had not done "any work" on the scenario 3 options, including the co-op and IPO options.
- Beginning at 01:26:27 in the video, JEA Board Member Kelly Flanagan shared her perspective on the PUP and the JEA Board meeting on July 23, 2019. She stated:
    - she believed the PUP had a cost of $3.4 million "per the Willis Watson report that was within the [June 18, 2019] Compensation Committee materials included in the Board package [for the July 23, 2019 Board meeting]";
    - she could not recall Aaron Zahn briefing her on the PUP prior to the JEA Board meeting on July 23, 2019; and
    - "one of the primary rationales and reasons" she voted in favor of the PUP was Mrs. Rhode's "confirmation" at the July 23, 2019 Board meeting that JEA could pursue the PUP.
- At 01:28:25 in the video, Council Member Diamond asked Rhode, "[W]as there any requirement for the CEO or any executive at JEA to go back to the Board in order to pursue the PUP plan?" Rhode responded, "I believe the directive was that the CEO, in accordance with the plan documents, proceed to implementation. The plan documents delegate the Compensation Committee chairperson, Camille Lee-Johnson as the administrator, so she would be the one to actually dictate how that moves forward, but management was directed to essentially work towards implementation within the parameters she would set out."
- Beginning at 01:43:30 in the video, Aaron Zahn stated that Willis Towers Watson changed the word "uncommon" to "selectively" in the "Market Practices Summary" of the "Long-Term Incentive Plan Design[.]" When asked why that change was made, Zahn stated, "[T]his is a draft, and I know between this draft and the final, they did a lot more diligence." Council Member Diamond then asked, "Did anyone at JEA have the ability to edit these documents prior to the presentation to the Board?" Zahn responded, "Not that I'm aware." After Council Member Diamond stated he could follow up with Willis Towers Watson, Zahn stated, "Certainly, we discussed them in meetings."
- At 02:07:23 in the video, Ryan Wannemacher stated, "To my knowledge, there was never a contemplation to allocate all 100,000 units and make them available."
- At 02:10:50 in the video, Aaron Zahn states, "There's also nothing to prevent from allocating less than 30,000 units."

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- At 02:11:05 in the video, Council Member Diamond discussed an email from Lynne Rhode to Pat Maillis dated September 13, 2019 stating, “It is important to note that this plan has been fully vetted, including through four subject matter expert attorneys, prior to be presented to the JEA Board for approval in July.” Council Member Diamond asked Rhode, “Did you think at this time on September 13, 2019 that this plan had been fully vetted?” Rhode responded, “Yes in that it had been reviewed by all of our special counsel and all of the questions that we had asked thus far had been answered by special counsel. We had worked out some amendments, as I recall, to the original plan documents, but yes, it had been reviewed by all of our attorneys.”
- At 02:13:10 in the video, Rhode further stated, “I still think we had the appropriate legal counsel review the plan. We had memos saying that all of the questions that we asked were answered, and they did not see legal impediments to the plan.”
- At 02:25:40 in the video, Kevin Hyde discussed the legality of the PUP: “I think Mr. Gabriel’s right. It was a very spirited discussion. We used words in our memos like ‘novel,’ ‘unique,’ ‘akin to[.]’ We never took the position that there was something directly on point. I think everyone would agree this, if not a first time, not a common occurrence, and so that’s why, as Mr. Gabriel pointed out, we had meetings and conversations and exchange of memos looking at the various issues. And so, as to the November 5 meeting, I thought it was a very professional discussion of views.”
- At the 02:43:50 in the video, Aaron Zahn stated, “So, the term ‘postponed indefinitely’ came from me because that’s the only authority I had. The authority to actually cancel the plan lies in the Board. So, on November 5, as Mr. Gabriel talked about, we had a meeting. He outlined a number of the issues. . . . [I]f Mr. Gabriel recalls correctly, I asked him to step out of the meeting and said, ‘Look, either we need to kill this plan and be done with it if there are legal issues with it, and let’s be done with it, and we attempted to try and solve a discrepancy between the policy and the 50% in the market . . . And I said, if it just needs to be killed, let’s kill it. There’s never been a push to just always have it. . . .”
- At 02:45:05 in the video, Jason Gabriel stated, “I do remember stepping out with Mr. Zahn for a minute or so, and he did express that sentiment . . . . We hadn’t, at that point, my recollection was, hadn’t gotten through all the other elements, and I wanted to make sure we got the value of that. . . .”
- At 03:05:02 in the video, Council Member Diamond summarized his opinion by stating recapitalization was “baked into the cake” of the PUP “every step of the way.” He characterized the PUP as “legal theft” and noted the senior leadership’s failure to include a cap to limit PUP payouts and failure to answer the Council Auditor’s Office’s questions. Council Member Diamond then asked Council President Scott Wilson to launch a committee to investigate the PUP.
- At 03:21:45 in the video, Council Member Boylan asked Jon Kendrick, “Was there already a plan in place as to what that [performance unit] allocation would look like?” Kendrick answered, “No. There was never discussion of the allocation. We had not gotten to that point yet.” Boylan responded, “There must have been some kind of formula to figure out how you’re going to allocate 100,000 units.” Kendrick responded, “No, sir. I wasn’t part of any of those discussions. We hadn’t gotten to that point.”

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	• At 03:34:50 in the video, Kerri Stewart discussed a November 14, 2019 email she sent to David Goldberg stating, "Aaron is putting the PUPs on hold until after we are done with strategic planning." Stewart told City Council, "[I]t was my understanding that we were going to be putting the plan on hold indefinitely because it was incongruous with the scenario-based planning." Council Member DeFoor noted "after we are done with strategic planning" was not "'indefinitely'; that's a given time." Stewart responded, "Right." DeFoor asked, "That was your understanding at that time?" Stewart answered, "That was my understanding at that time." Zahn subsequently stated, "I did not continue [the PUP after postponing it.]"	
12/16/2019	Carla Miller sent an email to Lawsikia Hodges (Jason Gabriel cc'd) stating her belief that the management presentation given by Aaron Zahn and other JEA executives at the meetings with ITN respondents in Atlanta was not exempt from Florida's public records laws. She recommended that "JEA executives notice a management presentation meeting for the public to attend and hand out the powerpoint presentation as a public record."	0925
12/16/2019	The Jacksonville Branch of the NAACP issued a press statement and demand for Congress to start a criminal investigation into JEA's sale. NAACP alleges, among other things, that Aaron Zahn and Deno Hicks entered into a contract to purchase land while Hicks was on retainer with JEA.	0926
12/16/2019	Foley & Lardner invoice 40306041 (amount due: $345,851.09) for billing entries from November 1, 2019 through November 30, 2019.	0927
12/17/2019	JEA Board meeting. • <u>PUP</u>. ○ At 00:20:21 in the video, Board Member Kelly Flanagan presented "a condensed timeline of events from the perspective of a Board members so the public has greater understanding what was going through our minds . . . ." She stated: ▪ The Board received the July 23, 2019 Board meeting package on July 19, 2019. ▪ Strategic planning was the "primary focus" of the meeting, and the PUP presentation "arose approximately 2 hours and 40 minutes into the meeting[.]" ▪ The PUP issue remained dormant until November 13, 2019, when the Board received a letter from Aaron Zahn announcing the PUP's indefinite postponement. ▪ On November 18, 2019, the Board received Kyle Billy's memorandum. The Board did not fully understand the PUP at the time of the July 23, 2019 Board meeting. ▪ On December 12, 2019, the Board received a 466-page binder prepared by JEA management in response to the City Council's inquiries.	link 0928 0929

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- Flanagan stated she believed the following about the PUP at the July 23, 2019 Board meeting: (i) the JEA compensation committee had reviewed the PUP, (ii) the PUP had legal confirmation, (iii) all JEA employees could participate in the PUP, and (iv) it had an estimated cost of 3.4 million annually and maximum targets.
- Flanagan said, "[I]t is clear that the Board did not have a thorough understanding of the calculations and resulting economics of this plan under a recapitalization scenario, and I as an individual Board member wish that I had asked better questions at the time."
- Flanagan contested Aaron Zahn's claim that the PUP was postponed because of its "incongruities" with the strategic planning process. Flanagan stated, "It's apparent that the plan was pulled because there was greater understanding and realization that it was a poor plan."

o At 00:28:20 in the video, Board Member Henry Brown asked, "Was there discussion at the July meeting about any impact on the Plan of recapitalization? Or was that just left out of the presentation altogether?" Board Member Kelly Flanagan responded, "The question was asked. We received explanation that in an event of recapitalization, the plan would be accelerated causing vesting to occur immediately at that time. What was—I characterize as more ambiguous—was the financial impact of recapitalization on the plan. I don't think that—speaking for myself as an individual—I suspect the Board at that time did not have a full understanding of how the calculation would work with recapitalization on the balance sheet prior to or following such event."

o At 00:31:10 in the video, Chairperson April Green stated, "I would agree that I believe—my vote was based on 3.4, but my vote was also based on—that it had been vetted not only by outside counsel, outside auditors, as well as OGC."

o At 00:31:40, Chairperson Green identified Kevin Hyde (Foley & Lardner) advised the Board at the July 23, 2019 meeting. Hyde responded by stating, "Foley & Lardner reviewed the plan. We did not develop it. It was developed by Pillsbury. Our primary role was looking at the issues surrounding Florida law, particularly there's two statues dealing with extra and deferred compensation that we were concerned about. And so, following the Board's approval of the plan in July, we continued our legal analysis in consultation with the Office of General Council and ultimately in working with Ms. Rhode, submitted questions to the Florida Attorney General to seek an advisory opinion as to the lawfulness, particularly under the section dealing with extra compensation."

o At 00:32:50 in the video, Jonathan Kendrick stated he did not work directly with Pillsbury.

o At 00:33:30 in the video, Flanagan stated she questioned JEA's management about the claims in the Council Auditor Office's November 18, 2019 report. In response, JEA's management only challenged one aspect of the memorandum: the memorandum assumed the issuance of 100,000 units, but the Board only authorized the issuance of 30,000 units.

- At 00:34:40 in the video, Chairperson Green described her perspective as "very similar" to Flanagan's. She also noted that the Board did not learn about Willis Towers Watson's concerns.
- At 00:35:30 in the video, Chairperson Green moved to terminate Resolution 2019-17 authorizing the PUP. The Board unanimously approved the motion.

- Aaron Zahn's Termination.
  - At 00:36:30 in the video, Chairperson Green began a discussion about terminating Aaron Zahn. She summarized the reasons for moving to terminate Zahn as (i) misrepresenting that OGC performed a complete review of the PUP, (ii) not disclosing the hiring of a former Board member's firm, and (iii) failing to properly document or disclose secondary employment. Zahn's attorney notified OGC he would only accept termination without cause. Green refused to accept that offer and asked the Board to terminate Zahn with cause. She then moved to terminate Zahn's employment agreement with cause.
  - At 00:44:25 in the video, Sean Granat (OGC) began explaining the for cause termination requirements in Aaron Zahn's employment agreement. Granat also said OGC needed additional time to gather the facts needed to advise whether the Board could terminate Zahn with cause. Flanagan suggested the Board place Zahn on administrative leave and investigate whether to terminate Zahn with or without cause.
  - At 01:40:09 in the video, Walette Stanford (JEA's ethics officer) stated Zahn did not file a secondary employment disclosure arising from his real estate investment. Stanford also stated her boss, Ted Hobson, told her to wait before investigating Zahn's secondary employment. Stanford speculated those instructions may have resulted from deference to an investigation by the OGC or Office of Inspector General.
  - At 02:31:15 in the video, the Board discussed and approved (after public comment) a motion to place Zahn on indefinite administrative leave for seven days while OGC negotiated with Zahn and investigated whether the Board could terminate Zahn with cause. OGC would, during Zahn's administrative leave, attempt to renegotiate Zahn's employment contract to (i) reduce the term of his consulting agreement to one month and (ii) waive his retention agreement rights.

- Interim CEO. At 02:37:30 in the video, the Board approved a motion to make Melissa Dykes JEA's interim CEO. At 02:43:50, Dykes addressed the Board. She admitted, "[W]e have work to do to restore trust with the community."

- ITN
  - At 02:52:05 in the video, the Board began discussing whether to defer addressing Mayor Curry's December 12, 2019 ITN request to continue the ITN process. Lynne Rhode stated the ITN would proceed through the

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	negotiation phase at the discretion of the negotiation team. Board Members Grey and Green expressed concern about the lack of transparency caused by the cone of silence. ○ Beginning at 03:59:50, Robert Hosay, an attorney with Foley & Lardner, discussed the status of the ITN. He stated: ▪ JEA underwent the ITN to "understand what the market has to offer so you can make better decisions[.]" ▪ Pausing the process would "potentially endanger the process[.]" Hosay also indicated one or more bidders could "pursue" their rights if JEA rescinded the ITN. Board Member Brown asked Hosay to confirm whether the ITN was "a procurement process or an information gathering process." Hosay stated "certainly it's a procurement—it's a process intended as its currently moving forward to present a best value determination to this Board . . . ." When asked how to address the perceived lack of transparency, Hosay said "all of that information is available to the public at the right time pursuant to state law." ▪ JEA was "close to being able to conclude that process" and "provide the public that information[.]" ○ At 03:21:30 in the video, Board Member Brown asked whether the Board would receive all of the data for all of the ITN respondents. Lynne Rhode responded, "[Y]ou would receive the recommendation of the highest value according to the negotiation team. You would also receive all of the information about the respondents at that time." Rhode also confirmed the Board would have "full transparency" about all of the responses.	
12/17/2019	After the JEA Board meeting, JEA sent a request for updated revised replies to the remaining ITN respondents. Page 1 of the request states: • Respondents must provide proposed revisions to the draft Asset Purchase and Sale Agreement no later than January 8, 2020. If a respondent sought an alternative transaction type, it must submit an "Alternative Structure Term Sheet" by January 6, 2020. JEA would provide feedback by January 10, 2020. The respondent would then submit its "definitive documentation" for its proposed transaction by January 17, 2020. • Respondents must provide other requested information, including its updated gross proceeds "to be paid in cash at closing" for JEA by January 15, 2020.	0930 0931 0932
12/18/2019	Carla Miller sends an email to Lawsikia Hodges containing Miller's notes from the ITN negotiations. JEA's subject matter experts are identified as "Ryan W.; Melissa Dykes; Aaron Z; H. Vinyard; advisors JP Morgan, Morgan Stanley; Foley; Pillsbury (Andy Wiseman)[.]"	0933
12/19/2019	Michael Ward, co-chair of the Jacksonville Civic Council's JEA subcommittee, appeared on First Coast Connect with Melissa Ward. He stated, among other things, that he had reviewed JEA's financials for over a year. At 00:20:20, Mr. Ward characterized claims that JEA is in a "death spiral" as "completely wrong." He believes JEA had a "strong balance sheet."	link

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12/20/2019	Stephen Powell of OGC made a public records request to JEA for JEA's Integrated Resource Plan ("IRP"). • In response, Steven McInall responded, "We don't have a draft or a final – I tapped the brakes on it to try to get some alignment with the McKinsey work." • Powell replied, "Please send the contract with McKinsey or with whomever for the 'McKinsey work,' as referred to by Steve McInall." • Jeanie Gillespie, a JEA public records compliance specialist, responded by attaching JEA's "Strategic Planning & Implementation Consulting Services" contract with McKinsey & Company, Inc. Washington D.C. dated September 28, 2018.	0934 0935
12/22/2019	JEA consultants prepared ancillary or supporting contracts for the draft Asset Purchase and Sale Agreement dated December 12, 2019, including: • Billing and Collections Services Agreement; • Distribution Services Agreement; • Franchise Agreement, with proposed legislation; • System Coordination Agreement; • Territorial Agreement; and • Transmission Agreement.	0936 0937 0938 0939 0940 0941 0942
12/23/2019	ITN negotiation session with NextEra Energy, Inc. regarding the FTI Regulatory Report.	0943
12/23/2019	Email exchange between Kevin Hyde to Robert Bernstein and Russell Bradley, Jr. of Foley & Lardner discussing the requirement that the IRS issue a private ruling letter determining JEA's proposed performance unit plan "would not be immediately taxable." Hyde ultimately forwarded the exchange to Herschel Vinyard.	0944
12/23/2019	Email from Jason Gabriel to April Green summarizing historical context for the PUP.	0945
12/24/2019	JEA Board emergency meeting. At 00:03:38 in the meeting video, Melissa Dykes stated that the ITN process was just one option explored by JEA in its scenario-based strategic planning process to "create value for our community long into the future." Dykes summarized the strategic scenarios as follows: 1. Cooperative ownership where customers would be owners** 2. Initial public offering** 3. ITN—Dykes says that ITN began ITN for the right reasons, but it has been a very divisive. Dykes estimated that JEA spent over $10 million.	link 0946 0947

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** denotes scenarios JEA had completed assessing and could release its results.

- At 00:07:30 in the video, Dane Grey characterized the ITN as "government waste."
- At 00:08:00 in the video, Henry Brown asked what happens to the ITN information if the ITN is cancelled. Dykes deferred to JEA's procurement council, but she stated that the information could feed into new and creative ways to interface with businesses in the future.
- At 00:09:18 in the video, Lawsikia Hodges stated that the ITN replies and information presented during negotiation meetings would become public. Only proprietary information and trade secrets would remain exempt from the public records statute.
- At 00:11:28 in the video, Frederick Newbill stated that JEA only wanted to determine the value of JEA, not necessarily sell JEA. Newbill stated that the Board "never" talked about or planned the sale of JEA. Whatever decision they made would go to the City Council would go to City Council. City Council and residents would decide whether to sell.
- At 00:16:35 in the video, Robert Hosay, JEA's procurement council, offered opinions about cancelling the ITN. Mr. Hosay said cancelling the ITN is "completely" within the Board's discretion.
- Council Members Carlucci (at 00:25:40 in the video) and Salem (at 00:22:40 in the video) asked the Board to fight paying Aaron Zahn anything. Council Member Salem also stated he had "little confidence" in JEA's executives.
- At 00:31:45 in the video, Council Member Garrett Dennis stated JEA had "a lot of work to do to restore the trust of the people and citizens of Jacksonville . . . ." He also stated JEA's current "leadership structure" should not lead that process.
- At 00:35:00 in the video, Council Member Brenda Priestly Jackson identified the following concerns with the ITN: (i) violation of charter provision 21.04(p), which required the council auditors to be notified about the ITN; (ii) violation of Florida Sunshine Statutes, which required the July 23, 2019 meeting to be duly noticed, provide an opportunity for public comment, and have an agenda to conform to the actions expected to be taken at the meeting; (iii) failure to follow advice of OGC based on February 2018 memorandum; and (iv) issuance of the PUP.
- At 00:38:30 in the video, Council Member Joyce Morgan compared the ITN to a "house of cards that is starting to crumble . . . . We must know where things went wrong, who did it and they must be held responsible."
- At 00:45:03 in the video, Council Member Al Ferraro echoed his colleagues by describing public trust in JEA as "gone." He also expressed his concern that privatization issues would resurface in the future. Additionally, he recommended JEA proactively release all information about the ITN to the public.
- At 00:41:55 in the video, Council President Scott Wilson committed to explore Charter changes to help improve JEA's financial outlook.

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	• The JEA Board unanimously voted to pass Resolution 2019-18, which directed Melissa Dykes or her designee "to cancel invitation to negotiate #129-19 for strategic alternatives and reject all ITN replies."	
12/24/2019	JEA issued a "Notice of Cancellation of ITN #127-19 And Rejection of All Replies" on its website.	0948
12/26/2019	Report from Daniel B. Nunn, Jr. and Lee D. Wedekind summarizing the results of Nelson Mullins's JEA investigation.	0949
12/27/2019	Stephen Amdur (Pillsbury) sent and email to Julia David and Veronica Nunn containing documents relating to JEA's arrangements with Interlinks, Inc. and McKinsey & Company, Inc. Washington D.C., including a "Termination Agreement for Consulting Subcontract Agreement" indicating Pillsbury owed McKinsey $4,400,000.00.	0950
12/27/2019	As of December 27, 2019, JEA's "What's Next for JEA" website (https://www.jea.com/pathforward) now redirects to https://www.jea.com/microsite/promise/promise.html. The new website contains documents relating to the ITN process that JEA has and will continue to release.	0951
12/27/2019	Times-Union published an article entitled "Mayoral official leading JEA sales talks pushed 'aggressive' timeline, according to ethics director's notes" that reported, in pertinent part, "JEA executives and their negotiating team, which was composed entirely of officials from Mayor Curry's administration, secretly began as early as Dec. 3 to pursue an expedited timeline to finish negotiations by the end of January . . . ." The article further reported that Carla Miller believed that closed door meetings on December 3rd and 7th "violated Florida's Sunshine Laws."	0952
12/27/2019	Email exchange between Foley & Lardner attorneys discussing a Florida-Times Union article about ITN negotiation team members' potential conflicts of interest: • David Cook stated, "We discussed it [referring to the PUP] as soon as we learned about it. They will try and take cover and claim consultants came up with it but they had to know about the crazy payouts upon sale. Mayor or folks in his staff had to know or should known." • Cook wrote, "They make big point that the Mayors staff had joined the process in early December about week or so before Mayor issued his hurry up end of Jan deadline." • Cook stated, "The optics were too bad in light of attempt to have the PUP plan." • Kevin Hyde wrote, "I told them the PUP would kill the whole deal. Sorry I was correct." • Cook said: o "Mayor of folks in his staff had to know or should known." o "While on crazy fees I hope they subpoena Sam Mousa's arrangement with Nextra. City waived conflict issues and at same time has him hired as a consultant."	0953

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	○ "The Tim Baker thing is outrageous. Taken as a whole the Mayor only cared about getting JEA sold and didn't care that his self appointed team at JEA and his political consultants were all going to make outlandish sums at the expense of the citizens." ○ "Mayor is pretty smart and looks like they thought they could ram this thru city council and then campaign with a promise of $1000 to each account holder and it would pass."	
12/27/2019	Email from Melissa Dykes providing Ryan Wannemacher with notice of his termination of employment without cause. Mr. Wannemacher reportedly waived any claim to benefits under this employment, retention, and separation agreements with JEA.	0954
12/28/2019	Jacksonville Daily Record publishes an article entitled "The JEA suitors: Companies were ready to meet utility's terms, with twists" summarizing the offers received from 7 of the 9 ITN respondents.	0955
12/30/2019	Letter from Kevin Hyde to Herschel Vinyard stating Hyde asked "Foley lawyers to discontinue work unless specifically requested by an authorized client representative."	0956
01/06/2020	Times-Union reported that OGC requested two additional weeks to investigate whether Aaron Zahn "did anything that would allow the board to fire him for cause."	0957
01/06/2020	WJCT reported that the Duval County Democratic Party asked Northeast Florida State Attorney Melissa Nelson to recuse herself from her JEA investigation because her former political strategist, Tim Baker, offered JEA privatization advice.	link
01/06/2020	Foley & Lardner invoice 40312482 (amount due: $199,727.07) for "General Legal Advice" with billing entries from December 2, 2019 through	0958
01/08/2020	Letter from David Wathen to Melissa Dykes stating, among other things, (i) the June 18, 2019 long-term incentive discussion document presented to the Compensation Committee on June 18, 2019 "was not a fully developed long-term incentive plan design but a strawman design that required further discussion and refinement, a discussion that Willis Towers Watson never had with the Compensation Committee and/or full Board as was initially planned"; and (ii) "the final plan design is one Willis Towers Watson never would have proposed nor endorsed . . . ."	0959
01/09/2020	Carla Miller, director of the Ethics Compliance and Oversight Office for the City of Jacksonville, sent a letter to Melissa Dykes. It recommended Dykes give the 11 remaining SLT members one week to voluntarily cancel their employment agreements executed as a result of the JEA Board meeting on July 23, 2019.	0960

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01/09/2020	The Times-Union reported in a January 9, 2020 article that FPL's suite at TIAA Stadium was located "right next door to the one leased by Jacksonville City Hall . . . ." The Times-Union also reported Brian Hughes Eric Silagy, FPL's CEO, at the October 27 Jaguars game, while the Cone of Silence remained in effect. Mr. Hughes told the Times-Union that "if he spoke to Silagy, the conversation 'would have been minutes of pleasantries, certainly nothing . . . related to any city business."	0961
01/14/2020	City Council adopted Resolution 2019-0894, a resolution introduced by Council Member Brenda Priestly-Jackson. It "encourag[ed] the JEA Board to take formal action to rescind the invitation to negotiate at the next JEA Board meeting . . . ."	0962
01/15/2020	In response to a request by the Office of General Counsel, William Pedersen of Morgan Stanley sent an email to Joseph Orfano and Jasen Hutchinsen with a draft invitation to negotiate ("ITN") discussed at the Club Continental meeting beginning on July 10, 2019.	0963
01/17/2020	According to the Times-Union, Herschel Vinyard made a public statement that "Aaron Zahn wanted to hire Tim Baker, one of Mayor Lenny Curry's top political strategists, to help with the city-owned utility's now-canceled efforts to sell itself to a private operator [referring to the ITN]. . . ."	0964
01/17/2020	Pillsbury invoice 8315678 for "Scampi – ITN Matters" (invoice total: $556,279.83) with billing entries from November 19, 2019 through December 27, 2019.	0965
01/17/2020	Pillsbury invoice 8315714 for "Contract Review Matters" (invoice total: $10,292.50) with billing entries from December 3, 2019 through December 9, 2019.	0966
01/17/2020	Pillsbury invoice 8315715 for "Scampi – Remedy Structuring" (invoice total: $168,894.01) with billing entries from December 1, 2019 through December 21, 2019.	0967
01/17/2020	Pillsbury invoice 8315716 for "Scampi – Co-Op Matters" (invoice total: $5,235.75) with billing entries from December 5, 2019 through December 12, 2019.	0968
01/17/2020	Pillsbury invoice 8315715 for "Employee Benefits Matters" (invoice total: $984.50) with billing entries from December 1, 2019 through December 21, 2019.	0969

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01/23/2020	Council Auditor Kyle Billy prepares a memorandum for Council Member Randy DeFoor assessing claims made by Melissa Dykes and Ryan Wannemacher at the Future of JEA Workshop on December 9, 2019. Billy wrote: • "JEA stated that sales were 8.7% higher in 2006 vs. 2019. We found that much of the sales decrease was in sales to other utilities. Sales to residential customers decreased 2.40% and sales to industrial customers decreased 5.09% from 2006 to 2019." Billy found the decrease in JEA's electricity sales had two primary causes: (i) the expiration of a January 29, 1996 contract by which Florida Public Utilities purchased electricity from JEA and (ii) the City's installation of LED street lights. Billy concluded JEA's claim was mathematically correct, but the data would also support the claim that JEA's electricity sales in 2019 were only 7.99% lower than in 2006. • "JEA stated that it raised base rates 71% since 2006 and that falling fuel costs mitigated bill pressure. The 71% increase is not indicative of what happened to customers' bills because it does not include other charges (e.g. fuel). . . .We found that from 2006 to 2018, residential customers experienced a 26.14% increase and commercial & industrial customers experienced a 27.16% increase." Billy also wrote that JEA's energy yield methodology for calculating base rates "is not indicative of what happened to customers' bills since it did not include other charges on the bill such as fuel, conservation, and environmental charges. JEA reduced the fuel rate charged to customers, offsetting much of the base rate increase." • "JEA showed that electric employees were reduced from 1,768 in 2008 to 1,365 in 2019, a decrease of 403. JEA did not mention that the decrease was largely due to the closure of the St. Johns River Power Park (SJRPP) electric generating plant. We also noted that using 2005 to 2019 would have shown an increase in electric employees (SJRPP excluded)." Billy also wrote, "JEA should not have had 1,768 electric employees in 2008 because the Budget Ordinance capped JEA's electric employees at 1,545 in FY 2008. When we asked about this discrepancy, we were informed that JEA was including SJRPP employees as though they were JEA employees. However, SJRPP employees were not JEA employees, which is why they were not included in the annual budget ordinance approved by City Council."	0970
01/24/2020	Council Member Rory Diamond, Jason Gabriel and Sean Granat issued a memorandum instructing JEA's senior leadership to "immediately cease the destruction, purging or removal of any and all records, whatsoever, in the possession, custody or control of JEA, JEA employees, and any third-party agents, such as vendors and consultants. . . . Please contact all third-party agents and inform them or remind them of their obligations to preserve data and records."	0971
01/30/2020	Letter from Lawsikia Hodges to Kevin Hyde stating, "We appreciate you removing all billable time entries related to the 'Long-Term Incentive Plan a/k/a Performance Unit Plan" from the unpaid invoices referenced above, which total approximately $115,000. And thank you for confirming no third party consultants were retained by the Firm to provide work under the Engagement Letter terms."	0972

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01/31/2020	Michael Mullin, the Manager of Nassau County, sent a letter to Lawsikia Hodges stating: > The Board of County Commissioners voted unanimously on January 27, 2020 to initiate the negotiation process for the purchase of JEA water, wastewater and reclaimed water assets in Nassau County. . . . > Prior to the formal notification to Nassau County to negotiate purchase of JEA's assets, representatives of JEA came to Nassau County in August 2019 to advise that JEA wanted to negotiate a sale to the County. . . . At the early meeting it was disclosed by JEA representatives that Florida Power and Light would be the successful bidder of the main assets. . . .	0973
01/31/2020	Juli Crawford sent an email to Melissa Dykes, Joseph Orfano, and Steve McInall with a chart summarizing JEA's different energy system forecasts.	0974
02/05/2020	Lawsikia Hodges (OGC) sent a letter to Michael Mullin stating: > As we discussed on our call yesterday, in your January 31st letter you alleged that at an early August 2019, meeting with you and other Nassau County representatives, JEA representatives stated that Florida Power & Light Company would be the successful bidder of the main assets under JEA's Invitation to Negotiate #127-19 ("ITN"). As we discussed, this is a serious allegation. However, you indicated during our call that you did not remember the identity or sex of the person who made this statement. If possible, it would be helpful if you could provide the name of the person who supposedly made this statement. Please also promptly provide us with any other information or witnesses to corroborate your allegation. > In light of the seriousness of your allegation, we also suggest that you provide any further information in that regard to the appropriate law enforcement authorities if you have not done so already.	0975
02/24/2020	The City Council held a JEA fact-finding workshop. • Beginning at 00:05:58 in the video, Jacksonville Civic Council's utility expert, Gerry Hartman, gave a presentation on JEA. Mr. Hartman stated: ○ "[T]he industry standard is continuing to evolve and continuing to optimize your existing operations . . . . Now is the time to look at optimizations [for JEA] . . . ." ○ "Scenario 1 [status quo] just did not include all the things that you can do . . . . Really, 1 and 2 [traditional response] are one scenario: Making a better JEA, and that's what you should be focused on going forward. . . . You are the biggest utility in the State of Florida. You have the economies of scale."	0976 0977 0978

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	o “Scenarios 3 and 4 . . . . are not really an option. I’ve never seen in my practice in 44 years specifically utilities in any municipality doing an IPO . . . .” Hartman stated JEA only had two viable options: (i) “optimize what we’ve got now and move forward” and (ii) “look at a potential disposition [referring to a sale of JEA].” Hartman also stated. “It’s the first one [improve JEA as a municipal utility] that has the greatest opportunities right now.” o In order for the ITN transaction to proceed, “Fair Market Value Legislation” would need to pass the Florida legislature to provide for a “reasonable sale.” Hartman characterized the ITN as “premature” for this reason. • Beginning at 00:42:00 in the video, Jacksonville Civic Council’s legal expert, Thomas Cloud, gave a presentation on the legal considerations for a JEA privatization.	
02/26/2020	Melissa Dykes sent a letter to the former JEA Board members critiquing the Nelson Mullins report. Dykes wrote, “Much of the information the layers provided and the conclusions they reached were so deeply flawed and misguided that I feel it necessary to provide you as Board members with correct information.” Dykes also argued JEA’s ten-year site plans have not historically provided reliable electric sale projections: One critical flaw in the Nelson Mullins presentation was the comparison of JEA’s Ten Year Site Plan (TYSP) to the financial forecast. While true that for many years JEA based its financial forecast on its TYSP, that practice ended in 2014. For good reason. While the TYSP is useful for the purpose it serves, it does not accurately forecast electric sales. It consistently forecasts overly positive sales growth for a variety of reasons, including reliance on historical (and static) technology and energy efficiency assumptions. In 2014, JEA decided to stop using the TYSP for financial forecasting and to start using a flat, 12 million MWh/year sales forecast. The chart on the following page illustrates how inaccurate the TYSP was compared to actual results, and it shows the flat-sales forecast that began in 2014. This top-down methodology JEA began using in 2014 was relatively unsophisticated, but recognized that JEA’s business was changing, and the methodology used in the TYSP no longer gave JEA an accurate picture of the future of its electric sales.	0979
02/21/2020	S&P Global Ratings (“S&P”) issued a report entitled, “Jacksonville Electric Authority, Florida; Joint Criteria; Water/Sewer,” which explained why S&P lowered its long-term ratings on JEA’s water and sewer system revenue bonds from AAA to AA+. (p. 2).	0980

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	• S&P wrote: The downgrade and developing outlook on the water and sewer system bonds reflect recent events suggesting governance instability and evidence of weak controls on the heels of the utility terminating its CEO, the departure of the CFO, and the resignation of five of the six then-sitting board members. In our view, these events are not in keeping with the former rating. Also, in our view the absence of key executives and a board and uncertainty as to who their successors will be could frustrate strategic initiatives and the ability of the utility to move forward with its core functions. We acknowledge that the change in leadership and governance is not without effect. The utility is operating with an interim CEO and CFO pending the city council's review of the mayor's nominees for a new board and the new board's selection of new executive officers. We believe both management and the board will need to rebuild public trust, which has eroded as a result of the failed privatization attempt and the disclosure of the initiative's high costs for consultants and severance payments. Unless addressed, this erosion of trust can translate into a loss of customer confidence and support, which could impair JEA's credit quality if it encounters resistance to rate adjustments or its implementation of strategic initiatives. (p. 2).	
03/11/2020	Nelson Mullins issued a rebuttal to Melissa Dykes' February 20, 2020 letter to the JEA Board.	0981
03/20/2020	Letter from Anton Derkach of McKinsey & Co. to Shawn Eads of JEA stating, among other things, McKinsey's invoices total $2,900,000 for work "related to ITN 127-19" performed pursuant to McKinsey's subcontract with Pillsbury.	0982
04/2020	nFront Consulting LLC prepared an integrated resource plan ("IRP") for JEA. It assessed a JEA's electric system over the 2020 through 2050 period using several scenarios, which addressed uncertainties relating to, among other things, JEA's projected load growth and increased electrification, energy efficiency, energy conservation, and direct load control. Page ES-2 estimated the actual annual growth rate (AAGR) for JEA's total net energy requirements under four scenarios: • baseline scenario: +0.87%; • load erosion scenario: -1.0% for 10 years and then no growth thereafter; • increased electrification scenario: +2.0% per year until energy requirements achieve +20% over baseline forecast, then a baseline AAGR of +0.87% thereafter; and	0983

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	• green economy scenario: +0.89%.	
04/28/2020	JEA Board meeting. • At 00:08:00 in the video, the Board passed a motion to make John Baker chairperson of the JEA Board. • Beginning at 00:42:45 in the video, Melissa Dykes summarized the presentation to be given to JEA's rating agencies in May 2020. Dykes stated: ○ Dykes believed several considerations should earn JEA a strong credit rating, including (a.) debt reduction and (b.) healthy affordability metrics despite Plant Vogtle anticipated to come online next year. The presentation states, "Rates are currently at the median in the state . . . ." (p. 2 of 249). ○ JEA has "exceptionally healthy" projected financial metrics. • Beginning at 00:49:00 in the video, Kerri Stewart summarized Jacksonville' economy. She noted that JEA's service territory grew "almost 14%" from 2010 to 2018 due to residential growth. • Caren Anders gave a presentation on JEA's energy system beginning at 00:51:00. She stated that JEA implemented generation cost management controls. She also stated that JEA's reliability metrics, which are consistent with those used by the FPSC, are "among the best in the state . . . ." • Beginning at 00:59:15 in the video, Steve McInall provided additional detail about JEA's electric system. His portion of the presentation noted that "JEA Is Pursuing a Substantial Increase in Solar Generation" to "add up to 250 MW of universal solar by 2022, in addition to 39 MW to be installed, making Jacksonville one of the largest solar cities in the U.S." (p. 74 of 249). • Beginning at 01:25:25 in the video, Joe Orfano summarized JEA's FY2019 results, including a 0.3% increase in electric system sales and a 0.3% increase in base revenue. (p. 39 of 249). The actual compound annual growth rates ("CAGR") for the 2010s was -0.8%. A footnote states that the CAGR "[i]ncludes impact of expiration of sales for resale – territorial contract with FPU; CAGR with sale for resale – territorial removed: (0.4%)[.]" (p. 93 of 249). Additionally, the section entitled, "Historical Look at Rate Incrases[,]" states that since FY2012, "JEA residential customers have experienced stable, or decreasing bills while the CPI for urban consumers rose over 10% during same timeframe. In FY2017, the increase to energy charge was offset by lower fuel rate." (p. 94 of 249). The presentation also noted that, while "rates will need to be increased primarily due to the incorporating of costs associated with the Plant Vogtle MEAG PPA contract . . . JEA estimates the average residential bill impact from incorporating the Vogtle PPA charges to be limited to inflationary levels of up to 3% per year from FY2022-FY2024 (assuming the fuel rate is decreased from current level of $32.50/MWh to $30.00/MWh)." (p. 95). • At 01:43:50 in the video, Herschel Vinyard discussed the top 12 risks facing JEA, including "Disruptive Technologies/Long-term Planning[,]" further described as: "Customers have increased options for reducing energy and	link 0984

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water usage; Investment in new technologies and existing infrastructure may have significant negative financial impact." (p. 105).

- The rating agency presentation had two appendices attached:

(i.) The "Appendix: Energy Base Case" slide noted JEA's actual FY2019 base rate system revenues as $774,319,291 and projected JEA's base rate system revenues to be $866,197,778 by FY2024. (p. 125). JEA's total MWh sales for FY2019 were 12,465,958, which was projected to *decrease* to 12,267,600 by FY2024. (p. 125). Likewise, JEA's net revenues for FY2019 were $506,442,917, which were expected to *decrease* to $366,963,486 by FY2024. (p. 125).

(ii.)The "Appendix: Energy System Planning Sales" slide noted JEA's actual FY2019 base rate system revenues as $774,319,291 and projected JEA's base rate system revenues to be $916,906,277 by FY2024. (p. 126). JEA's total MWh sales for FY2019 were 12,465,958, which was projected to *increase* to 12,970,600 by FY2024. (p. 126). However, JEA's net revenues for FY2019 were $506,442,917 and were expected to *decrease* to $418,645,392 by FY2024. (p. 126).

- Beginning at 03:06:45 in the video, Chairperson Baker opened the meeting up for questions. The ensuing discussions included:

(i.) Board Member Joe DiSalvo asked Melissa Dykes whether JEA rejoined the Florida Municipal Electric Association ("FMEA"). Dykes responded, "We have express our interest in rejoining FMEA." She noted it was not "solely" JEA's choice, and FMEA's had decided to make JEA a "provisional" member.

(ii.)Beginning at 03:09:05 in the video, Chairperson Baker stated that, in his view, Melissa Dykes was "the president and COO during and administration so filled with improprieties that there is a certain degree of taint that's on her whether warranted or unwarranted. I think that's made worse by the fact that the FBI has decided to dig in with a grand jury investigation of JEA and that past administration." After obtaining input from the other Board members, Chairperson Baker recommended terminating Dykes without cause beginning at 03:19:50 in the video. He also recommended asking OGC to "look into" the consulting fee contracts, which he characterized as an "effort to get around the law" and "probably not enforceable." Board Member Marty Lanahan moved to terminate Dykes without cause and wait for OGC's answer regarding the legality of the employment agreement's consultant fee provisions. The Board unanimously approved the motion. Shawn Eads noted that the agenda did not identify Dykes' termination as an action item, so the Board opened the meeting to public comments. The Board did not receive any public comments.

(iii.) Beginning at 03:41:50 in the video, the Board approved a motion to allow Chairperson Baker to name Caren Anders as JEA's interim CEO.

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	(iv.) Beginning at 03:42:45 in the video, Dykes gave a brief presentation in which she thanked the Board and JEA's employees. She also highlighted some of JEA's achievements and strengths during her tenure. Additionally, she stated: While leading JEA through this transition, I have fully cooperated with all investigations. In late-2019, I reached out to the State Attorney's Office and told them I was willing to assist in its investigation. In January, I did the same with the U.S. Department of Justice, the United States Attorney and the FBI. I am proud that I have fulfilled that commitment without wavering. This will not change, and I thank those men and women for their professional, unbiased and nonpolitical investigation of the facts. As for me, I continue to be strongly guided by my faith, and I believe the last two years in some ways has been my own version of the parable of the flood. In that story, a man is trapped in his home during a flood and prays to God to rescue him. His neighbor urges him to leave and offers a ride in his pickup truck, but the man says that he is waiting for God to rescue him. A boat then comes by to offer rescue and finally a helicopter, and the man refuses them waiting for God to rescue him. When the man gets to heaven and asks God why he didn't rescue him, God says, "I sent you a truck, a boat and a helicopter. What else did you want me to do?" When I was passed over for the Interim CEO role more than two years ago, I passed on the pickup truck. And over the past couple of years, I have had plenty of moments that could have been my boat moment. But, I'm onboard the helicopter now, and I trust in God to guide my steps into the future. I wish all of my 2,000 teammates all of the best into the future. You have so much to be proud of. Mr. Chairman, thank you for the opportunity to give my last CEO report.	
05/15/2020	NextEra's response to the Special Investigatory Committee's subpoena *duces tecum*, which identified BCSP, LLC (owned by Tim Baker) and Mousa Consulting Group, Inc. as consultants "employed by NextEra in connection with the JEA ITN."	0985
05/15/2020	Times Union article regarding the consulting agreement between BCSP, LLC and FPL. The Times-Union reported Mr. Baker said, "he was paid to perform 'community relations' services but didn't perform any work related to privatizing JEA." The Times Union also reported that "[t]wo former City Council members, Bill Gulliford and Matt Schellenberg, said Baker arranged meetings in 2018 with a Florida Power and Light lobbyist. Baker denied arranging the meetings but said he attended them."	0986

Date	Event	Doc. No.
05/18/2020	Michael Brost prepared a response to Melissa Dykes's critique of the Nelson Mullins report. Brost wrote: Page 3, 1st paragraph. A continuation of a similar narrative. "Between 2006 and 2019 based on TYSP JEA would have expected to grow 40%. So what? Every utility was similarly wrong. 2006 was pre-recession. JEA and all utilities have adjusted forecasts more towards flat, with maybe some modest (less than 1%) annual growth. Again, they played games with the JEA historical data to get their 8% contraction prediction. . . . Page 3, 3rd paragraph. The problems and general lack of transparency regarding JEA strategic planning work with McKinsey in 2019 is well documented. What she's saying here ("more sophisticated look", 24 variables...) was never shared in any document that I recall seeing. And I've seen and reviewed the McKinsey report. Very sketchy. Light on details. Then lots of hand-waving and hocus-pocus by Aaron and the team... to come up with the nonsense they shared in 2019 with the board. Recall, they rolled out the false narrative in the summer, but never shared the McKinsey report until December. Note footnote 5: "the 24 variables were distilled into 4 categories". Right. More games. More lack of transparency. And at the end of the day, all are essentially saying "flat" at 12M is a good, reasonable forecast for the future. Not a significant contraction over the next decade--which is the story they tried to sell to the board and others in 2019.	0987
05/19/2020	Brian Hughes's statement to Council Member Rory Diamond explaining his relationship with BCSP, LLC.	0988
06/04/2020	JEA published a Fiscal Year 2020 Annual Energy Forecast that estimated JEA's total, normalized energy sales would increase from 12,450,195 MWh in 2020 to 15,390,541 MWh in 2049.	0989
07/01/2020	Mousa Consulting Group, Inc.'s consulting agreement with FPL expired effective August 1, 2020.	0990
07/13/2020	Jacksonville Business Journal reports JEA terminated without cause Caren Anders, Deryle Calhoun, Shawn Eads, Jon Kendrick, John McCarthy, Steve McInall, Paul Steinbrecher and Kerri Stewart.	0991
09/04/2020	Times-Union article summarizing the relationships between JEA senior leadership and JEA stakeholders.	0992
09/23/2020	The City's Office of Inspector General published a report ("Contract Oversight Review 2020-10-0004) identifying "deficiencies during the ITN process[,]" including: (i) JEA failing to use a secure e-mail account to transmit ITN evaluation results; (ii) JEA "failing to adequately address conflicts of interest between Evaluation Committee members and [ITN] Respondents"; and (iii) JEA making decisions during the negotiation phase "without clear discussion and consensus among	0993

Date	**Event**	**Doc. No.**
	Negotiation Team Members, which negated the appearance of transparency for the public record, specifically regarding . . . the January 2020 timeline for Negotiation Team members to make a recommendation to the JEA Board."	
09/30/2020	The Jacksonville Ethics Commission unanimously voted in favor of an agreement to not self-initiate complaints against City officials who attended the October 4, 2019 Atlanta Braves game. Conventus, LLC, a company owned by Tim Baker and Sam Mousa, paid the attendees' trip expenses. The total cost of the trip was $786. The agreement states: • Aaron Zahn paid Conventus, LLC $750 for the trip, and the agreement does not require him to take further action. • Conventus, LLC agreed to pay $1,400 to the First coast Relief Fund. • City Council president Scott Wilson agreed to pay an additional $350 to Conventus, LLC for trip expenses. • Mayor Curry's chief of staff, Brian Hughes, agreed to pay an additional $350 to Conventus, LLC for trip expenses. • Former FPL consultants Tim Baker and Sam Mousa agreed to "work with the Commission to develop ordinance code revisions that will clarify responsibilities of lobbyists and officials for gifts of travel and events."	0994
09/30/2020	ITN invoice summary stating JEA directly or indirectly retained 24 consultants in connection with the ITN. The consultants charged JEA a total of $12,052,032.94.	0995