



## Executive Summary

On July 23, 2019, the JEA Board of Directors authorized JEA's senior leadership to start a process, the Invitation to Negotiate, to sell JEA (the "ITN"). At that same meeting, the JEA Board also authorized senior leadership to implement a long-term incentive plan, the Performance Unit Plan, that would compensate participants based, in part, on the amount of proceeds the City received from the sale of JEA (the "PUP").

In the following months, members of the City Council, the Council Auditor's Office and the public grew increasingly skeptical of the ITN and the PUP, both of which appeared to lack transparency.

In an attempt to quell public discourse regarding the ITN, JEA amended the ITN on August 30, 2019 to impose an expanded "Cone of Silence" about the ITN process, purportedly prohibiting members of City Council (and others) from talking about the merits of the ITN.

Further, on September 24, 2019, at the request of Mayor Lenny Curry, the City Council passed Ordinance 2019-566-E transferring to the City liability for JEA's unfunded employee pension plan upon the occurrence of a JEA "Recapitalization Event" (a sale).

Following these circumstances, Council Member Garrett Dennis moved, and the City Council passed, Ordinance 2019-694 in October 2019, appropriating funds for the Council to retain its own special counsel to investigate JEA's ITN and PUP.

On November 12, 2019, JEA's chief executive officer, Aaron Zahn, "postponed indefinitely" the PUP after the City's Office of General Counsel ("OGC") determined the PUP violated Florida law and the Council Auditor's Office asked JEA probing questions about the PUP. Shortly thereafter, the Council Auditor issued a report on November 18, 2019, that disclosed the PUP would provide JEA senior executives with grossly excessive compensation. According to the Council Auditor, the PUP could result in payouts to PUP participants in excess of \$600 million dollars.

The firestorm resulting from the Council Auditor's disclosure ultimately led to the cancellation of the compensation plan, and in turn, the cancellation of the City's efforts to sell JEA.

Because of the public's concern that the proposed sale of JEA, and the accompanying compensation plan, were developed and advanced without adequate public scrutiny, the President of the City Council convened the Special Investigatory Committee on JEA Matters on February 4, 2020. The President's Charge to the Committee was to investigate "the recent pursuit . . . to potentially privatize JEA" and to determine what problems "could be prevented in the future through legislative action."

From February through December 2020, the Committee and its Special Counsel interviewed dozens of witnesses and reviewed over 600,000 documents.

The investigation revealed that the Curry administration and JEA engaged in a multi-year effort, from at least 2017 through 2019, to explore selling the City's municipally-owned utility. Knowing that public sentiment disfavored transferring JEA to private ownership, the City's effort to market JEA was conducted with a purposeful lack of transparency. In a move that would further burden the opaque sale effort, the Mayor positioned Aaron Zahn as CEO of JEA to facilitate a sale of JEA.

Mr. Zahn and JEA's senior leadership advanced the sale effort with intentional misrepresentations and omissions regarding JEA's financial health. Mr. Zahn also used his position to design and to cause the JEA Board to approve an ill-conceived "Long-Term Performance Unit Plan" for JEA. The PUP would have provided senior JEA executives millions of dollars in compensation in the event of the City's sale of JEA.

The Mayor apparently hoped that he could advance a JEA sale effort to a point that a purchaser would offer billions of dollars to the City, and that with so much money on the table the Mayor would have sufficient support in the City Council to secure Council approval, and, with a further promise of \$400 million distributed to JEA customers (approximately \$840 per electric customer), the public would pass a referendum approving the sale.

By early 2019, the Mayor's plan appeared to many to be on a path to success. The plan ran afoul through Aaron Zahn's greed, coupling the JEA sale effort to the PUP—designed to have senior JEA employees benefit exorbitantly from a JEA sale.

Following the Council Auditor's disclosure of the potential magnitude of the PUP, and subsequent public scrutiny of the proposed sale of JEA, the JEA Board cancelled the PUP, and ultimately halted the JEA auction process. The ultimate cost to JEA and the City was millions of dollars. In accordance with the Council President's Charge, this report, its appendices and chronology of supporting documents summarize what happened, how it happened and recommend legislative action to prevent such an effort in the future.