

## Mayoral official leading JEA sales talks pushed 'aggressive' timeline, according to ethics director's notes

**By Christopher Hong**

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JEA executives and their negotiating team, which was composed entirely of officials from Mayor Lenny Curry's administration, secretly began as early as Dec. 3 to pursue an expedited timeline to finish negotiations by the end of January, according to previously confidential notes from City Hall's ethics director.

One of Mayor Lenny Curry's top administrators who led JEA's sales negotiations pushed an "aggressive timeline" to finish ahead of schedule in a series of secret meetings earlier this month despite concerns it could force bidders out of contention or lower their final offers for the city-owned utility, according to previously confidential notes taken during the meetings by the city's ethics director.

Ethics Director Carla Miller, who observed the closed-door strategy meetings and negotiating sessions held between Dec. 3 and Dec. 17, believed the meetings violated Florida's Sunshine Law — attorneys hired by JEA disagreed — and recommended the sales talks be canceled, according to notes and emails the Times-Union obtained in a public records request.

JEA prohibited any details from its strategy and negotiating meetings from becoming public until it made a decision on privatization. Miller released her notes after JEA's board of directors voted Tuesday to take the utility off the market, providing new details about JEA's hurry-up strategy to present a deal to the board more than a month ahead of schedule and the offers JEA received, which could have netted the city between \$4 billion to \$6.42 billion.

Miller's notes reveal JEA executives and the negotiating team, which was comprised entirely of Curry administration officials, secretly began as early as Dec. 3 to pursue an expedited timeline to finish negotiations by the end of January. JEA put officials from the Mayor's office on the negotiating team last month to replace JEA executives who were removed over potential ethics conflicts.

On Dec. 12, Curry made public a letter he wrote to JEA's board recommending several changes to its privatization process. The changes included the utility's executives adopting the end-of-January timeline and transferring decision making power to the City Council, which was growing increasingly opposed to a sale as details began to surface about the utility's controversial bonus plan and the cost of its privatization efforts, which was later revealed to be at least \$10 million.

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A city spokeswoman issued a statement Friday morning that Curry wrote the letter after JEA executives told him the new timeline was "achievable." After the story published online, the spokeswoman said Curry wanted to clarify that he wasn't speaking to executives but instead spoke with April Green, the chairwoman of JEA's board.

The spokeswoman declined a request to interview Curry.

The statement reveals Curry received inside knowledge from JEA executives about their highly secretive process and used it to navigate the daunting political obstacles privatization faced. Curry had been strongly supportive of JEA exploring privatization before he told the board Monday to cancel their negotiations, although he had declined to say whether he supported selling the utility.

By the time Curry made the new timeline public, his administrators and JEA executives were already working behind the scenes to "charge to the finish line," according to Miller's notes.

On Dec. 3, JEA executives and negotiators discussed the eight bids they received. Miller did not take detailed notes about the offers. She wrote that NextEra, the parent company of Florida Power and Light, submitted an offer that could land the city \$6.42 billion, although it was unclear whether it would take on JEA's estimated \$2.9 billion liability related to the construction of Plant Vogtle. The remaining bids were valued around \$4 billion to \$5 billion, according to her notes.

Stephanie Burch, Curry's deputy administrator and the lead negotiator, asked whether bidders could meet a new deadline for the board to vote on a deal by the end of January. One of JEA's financial consultants responded that it would be an "extremely aggressive timeline" and may force bidders to drop out.

According to Miller's notes, Burch was unconcerned about this potential consequence.

"I want to scare people away(.) 'They have a lot of ground to make up' — get that across," according to a paraphrased statement attributed to Burch in Miller's notes.

In a written statement issued Friday, Burch said JEA executives decided to pursue a new timeline so they could present the board with the other four options it could choose, which included remaining under city ownership or becoming a customer-owned utility.

Burch said there was never an effort to "scare" bidders out of the process. Instead, she said the negotiators recognized that the updated timeline could "cause some proposers to drop out."

JEA informed the bidders over the next few days about the new deadline. The following week, six of the bidders decided to travel to Atlanta to continue negotiating with JEA.

During those closed-door meetings, several bidders expressed concerns and surprise about the new deadline. One bidder said it was impractical. Another said they would need until the middle of February. One bidder agreed to the

new timeline, with a caveat: "It impacts on the value; we will have to account for this in the value," according to Miller's notes.

In her statement, Burch said those that raised concerns about the new deadline "already had a lot of ground to make up."

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As JEA negotiated with bidders in Atlanta, a crisis was brewing back in Jacksonville.

Two City Council members were planning a special fact-finding hearing to examine JEA's bonus plan, which could have resulted in a payout worth hundreds of millions of dollars if JEA was sold, and the Times-Union revealed that CEO Aaron Zahn had an undisclosed business relationship with lobbyist Deno Hicks, whose firm, the Southern Group, recently landed a \$120,000 contract to help JEA with privatizing.

On Dec. 17, the board ousted Zahn. However, the board remained undeterred by the controversies and told the utility's executives to push forward with the negotiations. They said they wanted to see presentations on all the bids at their next meeting on Jan. 28.

Later that day, negotiators and JEA executives met to discuss how they'd comply with those instructions. Negotiators had concerns about doing this and contemplated ways to share the information with the board confidentially, according to Miller's notes.

Randall Barnes, the city's treasurer and a member of the negotiating team, said it was possible that all but one bidder would drop out of the process, according to Miller's notes. "Hopefully we will only have a few left b/c of timeline," according to a statement attributed to Burch in Miller's notes.

By Dec. 23, Curry told reporters that JEA's "missteps" had eroded the public's trust to a point of no return and asked the board to pull the plug on privatization. The board did so during an emergency meeting the next day and ordered executives to make public all information related to the negotiations. That information wasn't available as of early Friday evening.

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