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IN RE: AARON ZAHN-TERMINATION OF EMPLOYMENT
AGREEMENT WITH JEA

SWORN STATEMENT
OF
JOHN MCCARTHY

DATE TAKEN: Thursday, December 26, 2019
 TIME: 11:21 a.m. - 12:28 p.m.
 PLACE: Office of General Counsel
 117 West Duval Street,
 Suite 480
 Jacksonville, Florida

REPORTED BY: Heather M. Thomas,
 Court Reporter

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1 APPEARANCES FOR CITY OF JACKSONVILLE:
 2 STEPHEN J. POWELL, ESQUIRE
 3 SONYA HARRELL, ESQUIRE
 4 ADINA TEODORESCU, ESQUIRE
 Office of General Counsel
 4 117 West Duval Street, Suite 480
 Jacksonville, FL 32202

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 6
 7 APPEARANCES FOR OFFICE OF INSPECTOR GENERAL:
 8 DERRONNE L. NINS, INVESTIGATOR
 Office of Inspector General-City of Jacksonville
 9 231 East Forsyth Street, Suite 470
 Jacksonville, FL 32202

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 12
 13 ALSO PRESENT: MARY MARGARET GIANNINI, ESQUIRE
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I N D E X

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 3 WITNESS: JOHN MCCARTHY
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 5 EXAMINATION
 6 By Mr. Powell 5
 7 CERTIFICATE OF REPORTER 57
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 12 ---
 13 (No Exhibits)
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1 MR. NINS: So this recorded interview is being
 2 conducted at the Office of General Counsel, the
 3 City of Jacksonville. Today is December 26, 2019,
 4 and the time by my phone is 11:21 a.m.
 5 I'm Investigator Derronne Nins. I'm employed
 6 the Office of Inspector General,
 7 City of Jacksonville. The Office of Inspector
 8 General is assisting the Office of General Counsel
 9 with this investigation regarding Aaron Zahn,
 10 former CEO of JEA.
 11 Mr. McCarthy, you're being interviewed as a
 12 witness in this investigation. If at any time your
 13 status as a witness changes you will be notified.
 14 The attorneys who will be interviewing you are
 15 Stephen Powell -- is that correct, sir?
 16 MR. POWELL: It's Powell.
 17 MR. NINS: Powell, okay.
 18 Adina ...
 19 MS. TEODORESCU: Teodorescu.
 20 MR. NINS: And Sonya Harrell.
 21 As a commissioned Notary Public in the State
 22 of Florida, I am authorized to administer oaths.
 23 Please be advised any false statements made during
 24 your interview or attempts to obstruct the
 25 Office of General Counsel's investigation may be

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1 used in a subsequent prosecution against you.
2 Please raise your right hand.
3 Do you, John McCarthy, swear to tell the
4 truth, the whole truth and nothing but the truth?
5 THE WITNESS: I do.
6 MR. NINS: Thank you, sir.
7 Have any promises, threats, or inducements of
8 any nature whatsoever been made by me in order to
9 obtain your consent to this statement?
10 THE WITNESS: No.
11 MR. NINS: Okay. Do you understand this
12 recorded interview will be subject to public
13 disclosure pursuant to Public Records Law and other
14 laws of the State of Florida?
15 THE WITNESS: Yes.
16 MR. NINS: Thank you very much, sir.
17 JOHN MCCARTHY,
18 having been produced and first duly sworn as a witness,
19 testified as follows:
20 EXAMINATION
21 BY MR. POWELL:
22 Q Mr. McCarthy, I'm Steve Powell. Thank you
23 very much for joining us this morning. Just so that
24 the -- we're as transparent as possible, you called me
25 about 9:30 and asked that because of the -- I'm going to

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1 sum it up. If I get it wrong, tell me.
2 You had been presented with the Statement of
3 Rights Garrity warning by Ms. Dykes, and when you got
4 that, you were -- you, I think, appreciated the gravity
5 of the interview and you called and asked that you be
6 provided representation pursuant to your contract
7 through our office. I know that seems a little odd, but
8 you do have an arm's length member of our team with you,
9 Mary Margaret Giannini, and you've had the opportunity
10 to meet with Ms. Giannini before we got started here?
11 A Yes.
12 Q Are you comfortable and prepared to proceed?
13 A Yes.
14 Q Okay. Ms. Giannini is here as a witness on
15 your behalf, and should there be any concerns that you
16 have along the way, just raise your hand and we will --
17 you can -- we'll either give you the room or you can
18 have a conversation with her outside.
19 A Okay.
20 Q I really don't think that will be the case,
21 but we are learning as we go, and we shall see.
22 So, again thank you for coming in. I know
23 it's the holiday season, but sometimes we just have to
24 press ahead on matters. So thank you for coming.
25 Do you have the Statement of Rights with

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1 you --
2 A Yes, I do.
3 Q -- that was provided?
4 Okay. And if you would sign and date that for
5 me, please, I would appreciate it.
6 A 26th, right?
7 Q Yes, sir.
8 I am going to sign as the investigator, and we
9 will get you a copy of this before you leave. Okay?
10 A Yes.
11 Q Mr. McCarthy, just so we can be clear on
12 everything, your current position at JEA is vice
13 president and chief supply chain officer; is that
14 correct?
15 A Yes.
16 Q All right. I'm going to come back to that for
17 some elaboration after I go through some of my
18 background.
19 Mr. McCarthy, we are here pursuant to the
20 assignment by the JEA board of directors to the
21 Office of General Counsel to investigate whether there
22 are grounds for the termination of Mr. Zahn's contract
23 for cause.
24 In the course of our work over the last week
25 or so, we have identified a number of areas of interest

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1 to us, and our only purpose here today is to explore
2 those areas, to understand what you know or you
3 participated in or not, what you observed or didn't, and
4 anything that you did or were directed to do in regard
5 to any number of matters. They all relate, in one form
6 or another, to Mr. Zahn's stewardship of JEA. And so
7 that's the basis for our -- the reason for our interest
8 and the basis for our inquiry.
9 All we ask you to do today is answer our
10 questions as completely as you can, truthfully, of
11 course, and if you don't have an answer to a question,
12 that's perfectly fine; that happens all the time. And
13 there's no exception taken to that, and we certainly
14 don't want you to be guessing or speculating or making
15 anything up.
16 A Got it.
17 Q We do not, however, come to this fully versed
18 in the operational process of JEA. I've been with this
19 office many years, but I've never represented that side
20 of the JEA. So if we ask a question that's a little bit
21 off base simply because it's coming from the wrong angle
22 because we don't understand something about the way
23 things work over there, if you could help us with that,
24 that would be appreciated and that would expedite our
25 discussion this morning and help our understanding of

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1 some of these areas.
2 I don't think we're going to be very long. We
3 have scheduled a number of people to meet with today and
4 tomorrow, and we should be out of here by -- within an
5 hour, hour and a half, unless something turns up that
6 we're not --
7 A Got it.
8 Q -- expecting.
9 I'm going to begin with my questions.
10 Ms. Harrell and Ms. Teodorescu will jump in along the
11 way I'm sure, and then when I'm done, they may have
12 their own follow-up questions and that's how we'll
13 proceed.
14 Do you have any questions before we get
15 started?
16 A No.
17 Q Please explain for us, then, what your duties
18 and responsibilities are as the chief supply chain
19 officer for JEA.
20 A So I have responsibilities for my group, my
21 team, which is the supply chain and -- which covers
22 about six or seven groups. Procurement's one of the
23 areas; facilities, fleet, locates, material
24 distribution, and -- I think I missed one or two, but
25 it's that area.

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1 So I have primary responsibility for the
2 performance of my team. And then as a member of the
3 senior leadership team, I have a responsibility for
4 leadership and supporting the leadership team and, you
5 know, communicating with the company on behalf of
6 leadership.
7 Q Well, in looking at a summary of your position
8 and responsibilities that was included in a packet of
9 material -- or a presentation prepared by McKinsey --
10 A Uh-huh.
11 Q -- I read that you are responsible for JEA's
12 logistic operations and support services groups; that
13 those responsibilities include, as you said, facilities,
14 fleet, real estate, procurement, inventory management,
15 investment recovery, energy management planning and
16 recovery and utility locate groups.
17 Does that sound right?
18 A So I used to have real estate; I don't
19 anymore.
20 Q Okay.
21 A And I don't know what energy management
22 planning is.
23 Q Yeah, that's just what it says right there --
24 A Locates I have --
25 Q Okay.

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1 A -- if that's part of the locates title, but
2 that I don't recognize.
3 Q And I see that you joined JEA in 2002?
4 A Correct.
5 Q Yes, sir. After 20 years as a U.S. Navy
6 supply officer?
7 A Correct. I was at JEA as a temp for about a
8 year before 2002.
9 Q Well, congratulations on all that and thank
10 you for your service.
11 A Thank you.
12 Q I sincerely mean that as an Army brat --
13 A Oh, nice.
14 Q -- for many years.
15 So you've been with JEA -- you've got quite a
16 historical perspective, pretty much this entire century;
17 correct?
18 A For the past 18 years.
19 Q Okay. All right.
20 We are interested in talking to you, as we are
21 trying to talk to all members of the senior leadership
22 team, as we have come to understand that group, we have
23 learned that that group was structured differently under
24 Mr. Zahn as opposed to Mr. McElroy.
25 A Uh-huh.

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1 Q Am I correct in that?
2 A Well, I was not part of the senior leadership
3 team when Mr. McElroy was the CEO.
4 Q Okay. So tell -- explain to us, then, the
5 transition and your involvement in the leadership of JEA
6 with Mr. Zahn coming on board.
7 A When Mr. Zahn became the interim CEO, at the
8 time I was a, I think, senior director of logistics
9 group reporting to our chief financial officer, which
10 was Melissa Dykes. And senior director position was not
11 part of the senior leadership team, only the vice
12 presidents and -- are.
13 Melissa became -- she ended up becoming her
14 current position, president and chief operating officer.
15 And through that, when Mr. Zahn became the CEO, we did a
16 restructuring of the group, and we created a couple of
17 new vice president positions. Supply chain was one. I
18 think environmental was one, with Paul Steinbrecher as
19 that.
20 And a group of us reported to Melissa under
21 operations. And before that, I believe, I'm almost
22 certain, all the senior leadership team reported
23 directly to Paul. Might not be Mr. McElroy, but again I
24 wasn't part of the senior leadership team then.
25 Q So under Mr. McElroy you were a direct report

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1 to Ms. Dykes?
2 A Correct.
3 Q Sounds to me like you got a promotion?
4 A Correct.
5 Q Okay. How was that presented to you when it
6 occurred?
7 A Melissa called me and told me about it on the
8 phone.
9 Q Okay. Any discussions with Mr. Zahn about it?
10 A No.
11 Q Okay. What -- could you describe for us your
12 degree and frequency of interaction with Mr. Zahn during
13 his tenure?
14 A Sure. So, of course, I report to Melissa. So
15 I -- but through the procurement jobs mostly. We get
16 the formal awards approved by him, and so we would meet
17 with him, me and my staff and other vice presidents, to
18 go over different contract awards.
19 I can't think of any time it was just me and
20 Mr. Zahn in the room. It would always be with -- I take
21 that back. There's probably a couple of times where it
22 was just me and Mr. Zahn going over the awards. And
23 that's probably the -- that's probably the only time
24 where I would meet or me and my team would meet -- a
25 small team -- with Aaron to go over work.

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1 Of course, I would be with him as part of the
2 senior leadership team in meetings that he would
3 participate in. And I think when he first came, he
4 wanted to have individual getting-to-know-each-other
5 kind of sessions. I might have had one lunch in his
6 office that -- over lunchtime where we just talked
7 about, you know, more background and things like that.
8 But other than that, it's very limited the
9 amount of time I've spent with Mr. Zahn both socially
10 and at work.
11 Q Okay. You mentioned that you were -- you
12 mentioned formal awards and contracts.
13 A Right.
14 Q Would those include consulting contracts such
15 as the contracts with McKinsey?
16 A Right, so --
17 Q And Willis Towers?
18 A Okay. So the McKinsey contract and the Willis
19 Towers contract -- not positive about the Willis Towers
20 contract, but McKinsey was in place, I'm almost certain,
21 before he came in. Almost certain.
22 So if I could explain to you a little bit
23 about the process --
24 Q Sure.
25 A -- on the procurement side of the JEA?

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1 In general, procurements that are \$300,000 and
2 less go through an informal process, and in the informal
3 process, the main -- one of the big differences is that
4 it doesn't require awards committee approval. The chief
5 procurement officer can approve those contracts without
6 anyone -- any further approval.
7 Q Is that you?
8 A It used to be, but when I got promoted, Jenny
9 McCollum is the chief procurement officer. So for the
10 past 20 months it's been Jenny. Before that it was me.
11 Q So a contract for less than 300 could be
12 approved and you wouldn't even necessarily know about
13 it?
14 A Not in the seat I'm at now.
15 Q Correct.
16 A Correct.
17 In reality Jenny wouldn't know about every one
18 of them, because she can delegate authority to her staff
19 to do things as well.
20 Over \$300,000 -- and it's not exactly --
21 because the Florida statutes are different around
22 engineering services and things like that. But in
23 general anything over \$300,000 goes to the awards
24 committee for approval, and then Aaron has to -- then
25 Mr. Zahn has to approve them as well.

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1 Q And who chairs the awards committee?
2 A The chief procurement officer does which is
3 Jenny now, Jenny McCollum. I'm one of the members on
4 the awards committee, and so I'm one of the voting
5 members and I'll sit on the awards committee to make
6 those recommendations.
7 So the formal awards, there's a lot of folks
8 that are looking, vetting, approving, and -- and good
9 documentation around each formal award, comprehensive
10 documentation, you look at each award.
11 Informal is a little more delegated and not as
12 visible, if you want to maybe call it that, are sent.
13 From memory I think the McKinsey contract went through
14 the formal awards process -- and again, from memory --
15 before Mr. Zahn got here. And I would have to really
16 look at it to -- and that would be easy to do, to look
17 it up.
18 So -- and I'm not sure on the Willis Towers.
19 I know they've been around a while with us. Towers
20 Watson we used to call them, so I'm assuming it's the
21 same company.
22 Q Yes.
23 A And the other thing that's kind of interesting
24 about procurement, you know we -- we do the majority of
25 the supplies and services for JEA, but there's certain

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1 categories that are exempted and go through different --
2 different -- different people have the authority to make
3 those awards in accordance with their instructions.
4 Generating fuel is a great example. You know, the coal
5 and the fuel that we use to create electricity, that
6 goes through an entirely different group at our company
7 that works for the energy group.
8 But legal services is an area that if you go
9 to our procurement code, it will say legal services are
10 provided by OGC, and if -- or if you're going to get
11 outside counsel, OGC authorizes that. So they don't go
12 through the procurement process I just described, even
13 if it's over \$300,000. It gets -- it gets approved by
14 OGC. They issue a letter of engagement, and that's how
15 those are awarded. So I thought that might be helpful
16 just to provide that background on our process.
17 Q I appreciate that.
18 We are largely focused on the time frame
19 mid-March -- I'm sorry, mid-May of 2018, up through
20 the --
21 A Okay.
22 Q -- board meeting this past July in --
23 A Okay.
24 MS. GIANNINI: Do you want some paper?
25 THE WITNESS: Okay. Thank you.

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1 BY MR. POWELL:
2 Q So in --
3 A You said May?
4 Q May 15 of 2018. At that board meeting --
5 A And then you said July?
6 Q July 23.
7 A And that was the one where everything got
8 approved, right?
9 Q Yes, sir.
10 A 23, 2019?
11 Q Yes, sir.
12 A Okay. Thank you.
13 Q At the board meeting in May of 2018, on a
14 motion by Vice Chair Cumber the minutes reflect that the
15 board members held discussions regarding privatization.
16 On motion by Vice Chair Cumber and seconded by Secretary
17 Newbill, the board unanimously approved, absent a future
18 board decision, any activities tied to a privatization
19 effort would be put on hold.
20 At the time were you aware of this board
21 directive?
22 A I recall -- I remember. I think I remember
23 being at the board meeting.
24 Q Okay. Do you -- I wasn't there.
25 Do you recall what resulted in this motion

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1 being made by Mr. Cumber?
2 A No.
3 Q Okay. Did that directive from the board
4 impact anything that -- any of your duties and
5 responsibilities?
6 A I think when I went out in speaking to my
7 teams it was -- it may be -- they were always interested
8 in this, and it seemed to the teams that the talk about
9 privatization would be over now and we -- we'd put
10 that -- you know, I would reference that some.
11 Q Okay. And for your part, I gather that any --
12 well, prior to this meeting in May of '18, did you have
13 any involvement in privatization discussions or a study
14 of taking -- selling JEA? Because privatization would
15 be --
16 A Right.
17 Q -- selling; correct?
18 A Right. And -- I don't think so. And was
19 Mr. McElroy still CEO then, do you know, for reference?
20 I mean, that just helps me with a question like that.
21 Q I believe not.
22 A That he was -- was the CEO --
23 Q I believe he was not.
24 A I don't have any memory of any of that.
25 Q Okay. But after that -- after that, did -- I

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1 gather that any activity that you would have been
2 involved in in privatization --
3 A I know -- I don't -- I don't know if I was
4 involved in any -- I think -- I don't remember any
5 involvement in privatization.
6 Q Prior?
7 A I just -- I don't. First time I remember was
8 when we put the ITN together.
9 Q Okay. Well, let's move forward, because my
10 next question would have been, after the May 2018 board
11 meeting, did you become in any -- involved in any
12 effort -- any discussions regarding the privatization of
13 JEA?
14 A So the first time I became aware of the ITN is
15 when I became -- Melissa asked me to take a look at the
16 draft ITN that was drafted by one of our legal firms.
17 And, you know, I'd have to just go back to my calendar
18 and look at it, but subsequent to that, there was one
19 meeting --
20 Q Okay. Before we jump to that --
21 A Okay.
22 Q -- at some point Ms. Dykes asked you to take a
23 look --
24 A Right.
25 Q -- at the draft ITN that had been prepared by

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1 an outside law firm?
2 A Right.
3 Q Do you remember if it was Pillsbury or Foley?
4 A Foley.
5 Q All right.
6 A My understanding it was Foley.
7 Q All right. Do you have a copy of -- did you
8 retain a copy of the draft?
9 A No, not that I can -- not -- no.
10 Q How was it presented to you to review? Was it
11 sent electronically or a paper copy?
12 A I -- I don't know.
13 Q All right.
14 A I don't know.
15 Q How did you provide input to the --
16 A I made some recommendations and provided them
17 to Melissa and -- and at some point I -- Robert Hosay
18 from Foley was the main attorney there. They have two,
19 he and Ben Grossman -- I provided my feedback toward the
20 ITN, and some of it they agreed with; some of it they
21 didn't. And just helped finalize the document.
22 Q When Melissa presented the ITN draft to you
23 for review --
24 A I don't know if she presented it to me, but I
25 remember her asking me to look at it.

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1 Q All right. Okay. When she asked you to look
2 at it --
3 A Yeah.
4 Q -- was that the first inkling you had of the
5 invitation to negotiate the project?
6 A That's the -- that's the first memory I have
7 of knowing about that, yes.
8 Q Do you recall having any reaction to the
9 concept?
10 A No.
11 Q All right. And we're not here to get into the
12 weeds --
13 A Right.
14 Q -- of your edits and suggestions --
15 A Right.
16 Q -- to the draft.
17 You mentioned that if you had access to your
18 calendar, you might be able to determine when it was
19 that you --
20 A Well, the meetings --
21 Q -- were asked to look at it.
22 A The meetings subsequent to that, I could
23 probably find that, and it was a few days before that.
24 It was a little bit of time before that first meeting.
25 Q What first meeting?

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1 A There was a meeting with the different teams,
2 the different advisers that we had used.
3 MR. POWELL: Excuse me a second. She'll carry
4 on.
5 THE WITNESS: Okay.
6 You know, we've got -- ITN, we've got two
7 banking teams J.P. Morgan and Morgan Stanley, and
8 we have the two legal teams, external legal teams,
9 Pillsbury and Foley. There was a meeting, and it
10 was -- it was called scampi. It showed up on my
11 calendar. It had no details so I didn't know what
12 it was. And then at that meeting is when I became
13 aware of the teams and the work that was being done
14 on the -- on the ITN.
15 Just prior to that meeting, I had -- I was
16 asked -- I'm almost certain it was just prior to
17 that meeting when I was given a draft to make
18 edits. I don't think -- but it was -- that meeting
19 is a good reference for me in trying to point to
20 the time period of when I became involved in the
21 process.
22 That meeting was -- I was brought in and
23 learned about the work that was going on. And of
24 course, I -- as a procurement -- only because of my
25 procurement hat. It wasn't because I was a senior

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1 leadership team member. It was because of my role
2 in procurement I was brought into that meeting.
3 BY MR. POWELL:
4 Q I'm sorry. I had to step out at a bad time.
5 What is "that" meeting? Do we have a
6 description --
7 MS. HARRELL: Yeah, yeah.
8 Q -- or a time for it?
9 MS. HARRELL: It's the meeting with
10 J.P. Morgan, Morgan Stanley, Pillsbury, and
11 Foley --
12 THE WITNESS: And JEA people.
13 MS. HARRELL: And JEA people.
14 THE WITNESS: It was basically the team that
15 worked on the ITN.
16 BY MR. POWELL:
17 Q And your calendar would reflect that date of
18 that meeting?
19 A I would think so. I mean, if we got close to
20 it, I would think that was on it.
21 But what I had shared earlier was that the
22 meeting request didn't have a lot of information, but
23 then when I got to the meeting, you know -- you know, I
24 found out what -- what we were trying to do, and I was
25 part of the team that was trying to do it.

6 (Pages 21 to 24)

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1 Q And what was it that you were trying to do?
2 A Work on the ITN.
3 Q Okay. I'm sorry.
4 A Yeah.
5 BY MS. HARRELL:
6 Q So what was your role -- as the procurement
7 guy --
8 A Sure.
9 Q -- what was your -- what input were you
10 providing?
11 A In the ITN there are two designated
12 procurement representatives that were spelled out in the
13 ITN, and we controlled all the communications. Control
14 is the wrong word. We facilitated all the
15 communications between the respondents -- prospective
16 respondents and also the JEA team and advisers.
17 The way this procurement was set up was that
18 we were using our public -- we were using our
19 procurement process, and myself and Jenny McCollum, the
20 chief procurement officer, were the only two people at
21 the company, basically, that a majority of the
22 communications could go through, both ways.
23 So I was brought into that meeting. Jenny
24 didn't come with me to that meeting. But I was --
25 that's when I first became aware of the ITN and the

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1 teams working on it and what my role would be.
2 BY MR. POWELL:
3 Q Is there any chance that you can pinpoint that
4 meeting relative to the -- to the -- to a board meeting?
5 A I mean, if we looked at it and found out what
6 date it was, we could probably -- I don't know why we
7 couldn't, I mean because it's easy to find the board
8 meetings.
9 Q Right.
10 A But I really would have to find that meeting,
11 when it was, and -- and I would imagine it's on my
12 calendar still.
13 Q Okay.
14 A I don't know why it wouldn't be.
15 MR. POWELL: It is what it is, and it's a fact
16 and we'll find it.
17 Did you have any follow-up to whatever --
18 MS. HARRELL: No. I did want to -- we were
19 talking about Paul McElroy earlier, and you were
20 asking when he stepped down. He stepped down
21 April 6th of 2018.
22 THE WITNESS: So --
23 MR. POWELL: Melissa would have been the
24 interim.
25 MS. HARRELL: Yeah, Melissa was interim.

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1 THE WITNESS: That week?
2 MR. POWELL: Oh, I'm sorry. No, no.
3 THE WITNESS: April 6 --
4 MS. HARRELL: April -- yeah, McElroy stepped
5 down April 6th, and then Melissa was interim until
6 the 17th of April, I believe.
7 THE WITNESS: Okay. And then --
8 MR. POWELL: And that's when Mr. Zahn would
9 have been --
10 THE WITNESS: -- April 17.
11 MS. HARRELL: Yeah. So I just wanted to throw
12 that in if it helps you coordinate dates.
13 THE WITNESS: And so -- okay.
14 BY MR. POWELL:
15 Q Did your work on the ITN include work on the
16 PUP?
17 A No.
18 Q Did you ever have any involvement in the
19 development of the PUP?
20 A No.
21 Q Nothing to do with its valuation, its
22 projections, anything of that nature?
23 A No.
24 Q Did there come a time when you learned --
25 well, let me ask you this.

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1 Do you know, as we sit here today, how many
2 shares you would have been entitled to purchase as a
3 vice president and chief supply chain officer?
4 A No.
5 Q How did you -- at some point, did you learn
6 that the potential return to owners of performance units
7 would be substantial in the event of a recapitalization
8 event?
9 A When I saw it in the Times Union.
10 Q Is that the first time you saw it?
11 A Yep.
12 Q What was your reaction at the time?
13 A I don't know. I don't know. I just thought
14 it was kind of -- there really was not any specific
15 information I had to really understand it.
16 I mean, I didn't know if it was true, what the
17 council auditor was saying, and it appears that
18 subsequent to that that -- I did watch the interview
19 that Mr. Zahn and Mr. Wannemacher -- I listened to that
20 and --
21 Q Are you referring to the hearing held by
22 Council Members --
23 A Diamond.
24 Q -- Diamond and Salem last week --
25 A Yes.

7 (Pages 25 to 28)

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1 Q -- or the week before --
 2 A Yes.
 3 Q -- December 16?
 4 A But, you know, Aaron had talked about
 5 long-term incentives. I had heard him talk about it in
 6 large groups. I had never had a private conversation
 7 about it, and I really didn't understand what it was
 8 or -- or I did -- my understanding was that all the
 9 employees would be part of the long-term incentive
 10 program and -- and the performance units, and that --
 11 and that -- I think I had heard one time maybe that it
 12 would be based on your performance. But I never heard
 13 that -- how it would be apportioned and if it was -- if
 14 seniority had any -- if that had any bearing at all.
 15 I had heard actually it was going to be
 16 performance, that the number of PUPs you could get would
 17 be based on your performance. And it was the whole
 18 company. It wasn't just the executives or anything like
 19 that.
 20 Q Do you remember where you heard that from?
 21 A It was probably Aaron or Melissa in a meeting
 22 with other people around, probably.
 23 Q So it was your understanding that an employee
 24 would be able to purchase performance units based upon
 25 their performance as opposed to their place within

1 the -- within JEA by income --
 2 A I wouldn't say it that way. I mean, I just --
 3 my understanding was, there would be a performance
 4 element that would come up with how many performance
 5 units you'd be eligible to purchase.
 6 Q Did you have anything to do with the
 7 presentation of the PUP plan to the board in
 8 July of 2019?
 9 A No.
 10 Q In your position as chief supply chain
 11 officer, did you have the occasion to respond to public
 12 records -- public records requests?
 13 A Some. More when I was a chief procurement
 14 officer because you'd get a lot around contracts. But
 15 actually pretty limited as the chief supply chain
 16 officer.
 17 Q Did you ever have any discussions with
 18 Mr. Zahn about JEA's compliance with the
 19 Florida Public Records Law?
 20 A No.
 21 Q Any conversations with him about the response
 22 to any specific public records requests?
 23 A Not that I recall.
 24 Q Fair to say, then, that you don't have --
 25 recall Mr. Zahn ever directing you, one way or the

1 other, with respect to the response to a public records
 2 request?
 3 A That's correct.
 4 That's correct that he -- I don't recall him
 5 ever directing me to interfere with a public records
 6 request.
 7 Q Or to facilitate one. Whether to interfere or
 8 facilitate one.
 9 A Nothing that I can recall.
 10 Q Apart from meeting with Mr. Zahn in the, as I
 11 understand it, twice-a-month senior leadership team
 12 meetings; is that correct?
 13 A I don't know how many we had, but --
 14 Q Where everybody met, not just --
 15 A Right.
 16 Q -- those that had direct reports to Mr. Zahn.
 17 A Right.
 18 Q Apart from participating in those meetings and
 19 interacting with him there, would you be able to
 20 describe the frequency and nature of your contacts with
 21 Mr. Zahn over the course of his tenure?
 22 A Sure. It was mostly those meetings to get the
 23 awards approved, which were probably a couple a month.
 24 We have a weekly awards committee meeting, but sometimes
 25 he wouldn't be available. You know, ideally, we would

1 try to meet with him every week.
 2 But those meetings were probably more like
 3 twice a month, to go over the formal awards that went
 4 through the awards committee and were approved, and then
 5 he would approve them. He would have the final approval
 6 authority. So those are really the main interactions I
 7 had with Aaron during his time, was -- was those
 8 meetings.
 9 Outside of that, I -- I mentioned that one
 10 time when we had the lunch in his office, which he had
 11 with all the SLT, just to kind of get to know each
 12 other. And every now and then, he'd pop his head in my
 13 office just to either tell me I'm doing a good job or
 14 something like that. And it was pretty limited to that.
 15 Q Can you recall whether there were any formal
 16 awards that Mr. Zahn approved that had anything to do
 17 with the ITN?
 18 A No.
 19 Q Anything to do with the development of the
 20 PUP?
 21 A No.
 22 Q Is that because -- why is that, do you think?
 23 A Well, until I learned recently, I -- the
 24 Towers Watson contract was a -- the chief HR officer
 25 would have owned that contract, and that just -- we --

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1 Q Okay. Let me ask you a question then. So --
2 and I don't know. Let's suppose that you have this
3 existing contract with Towers Watson; yes?
4 A Right.
5 Q And along comes a piece of work that JEA wants
6 Towers Watson to do and it's going to cost a half
7 million dollars.
8 A Uh-huh.
9 Q How does -- how would that go about being --
10 A Sure.
11 Q -- approved?
12 A So that would be a change order to the
13 existing contract, and depending on the amount, it would
14 go to the awards committee, if it met a certain amount.
15 And then it would go through the process I described.
16 All the award committee members would -- it would get
17 presented. The award committee members would vote on
18 it, and the CEO would subsequently approve it.
19 If the award was less than that threshold, it
20 would just go through the procurement team to get the
21 approvals and authorization to do it.
22 Q The same with McKinsey because they were
23 preexisting?
24 A Right.
25 And the general rules on change orders are

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1 anything over 10 percent -- if an award was formal, over
2 300 to start with, if you added money, anything over
3 10 percent of the initial award or anything over a
4 million dollars would go back to the awards committee.
5 If it fell underneath that, the procurement
6 staff, Jenny had the authority within her team to make
7 those approvals.
8 Q Do you remember any such change orders to
9 either the Towers Willis Watson or the McKinsey
10 contract?
11 A I think it's likely there was for McKinsey.
12 Towers Watson, I'm not as -- doesn't jump out as much to
13 me as seeing that come through, but it could -- it
14 could -- it could have.
15 I mean, their work typically was to do
16 compensation studies, if I remember.
17 Q This is -- I'm going to take a different track
18 here.
19 Were you ever subjected to any verbal abuse or
20 denigrating conduct by Mr. Zahn?
21 A No.
22 Q Was any member of JEA subjected to anything
23 like that in your presence by Mr. Zahn?
24 A So there was a meeting early on with our
25 former counsel Jody Brooks. When -- when Aaron was

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1 fairly new, we had an off-site, and there was some --
2 some heated discussions in the room, and Jody, I know,
3 teared up and -- and it was uncomfortable for everyone.
4 And then after the -- after the meeting left, I think
5 Jody and Melissa and Aaron worked through it the best
6 they could and -- and, you know -- and tried to mend the
7 relationship and be able to work through it and work as
8 a team. But I remember that was a little uncomfortable.
9 Q Did you observe anything like that on any
10 other occasion?
11 A No. Not that I can -- no.
12 Q Did any --
13 A I don't think so.
14 Q -- of your team ever come to you to report
15 verbal abuse by Mr. Zahn?
16 A No.
17 BY MS. HARRELL:
18 Q I had a question about, when you were talking
19 about the procurement with the -- involved with the ITN.
20 I've read somewhere that somebody thought that the ITN
21 proposal just was totally different than any other
22 procurement procedures that had gone on at JEA.
23 Is that consistent with your experience?
24 A I wouldn't say totally different.
25 Q Okay.

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1 A I would say it was unique, though.
2 Q Okay. How was it unique?
3 A It was unique probably on two measures -- not
4 measures, isn't the right word. Two things pop out.
5 One is initially we weren't going to make the
6 respondents -- and we didn't -- their names public.
7 And the other one that was unique was -- we
8 never quite got there, because we stopped the process --
9 but the final selection, there wasn't going to be a
10 scoring matrix attached to it, which I don't ever
11 remember doing one of them.
12 But we implemented the ITN process about three
13 years ago when I was the chief procurement officer. And
14 so we already had it established in our purchasing code.
15 And I think the Foley-Lardner team, they clearly
16 understood our purchasing code and read up on it and
17 modeled it after our ITN process with a lot of the
18 different elements that we have in one of our
19 solicitations, like the protest procedures and other
20 things that would be in one of our normal procurements.
21 But those two things were just a little bit
22 different and -- and --
23 BY MR. POWELL:
24 Q What would have been the point of not
25 including a scoring matrix?

1 A Well, I think the process was designed to
2 provide a lot of flexibility so that you could evaluate
3 different replies, and, you know, we had a really sharp
4 team that was available to do that. And, you know, I
5 think they just wanted the flexibility to be able to
6 pick the best company that would provide the most value
7 to the City. And sometimes if you make a -- and this is
8 a little speculative which I know I'm not supposed to do
9 at these but --

10 Q That's okay. We're not --

11 A Just because I was a procurement officer for a
12 long time, sometimes -- again, this is just me
13 talking -- you make a -- you get selection criteria, and
14 it works against you because you don't get it right and
15 you end up maybe not getting the most value because of
16 the selection criteria.

17 And so I just think if you look at the -- if
18 you read that document, I think it was good process. I
19 think there was good, defined process steps, but it gave
20 the owner, JEA, the ability to really pick the company
21 that, you know, met those requirements that we had to
22 deliver the most value to the City.

23 And that -- and I didn't have that
24 conversation with Foley that we just had. So that --
25 again that's just -- I'm just kind of pointing out that

1 it could work -- I mean, I thought it was -- I didn't --
2 I didn't largely write that solicitation at all, but --
3 except reviewed it. I thought it was good work, though,
4 I have to say.

5 Q Who did write it?

6 A I think -- I don't know, but I think -- I
7 think Foley had the majority of the pen on it. I think
8 the banks provided at lot of input too.

9 Q And who would have been the principal contact
10 from JEA to those writers?

11 A Gosh, I'm not sure. I mean, our CFO was
12 probably the primary point of contact with the banking
13 teams. I think Lynne Rhode was the primary point of
14 contact with the legal teams. And whether they were
15 writing it together at that point, I don't -- I don't
16 really know.

17 I don't think our CFO probably had much to do
18 with writing the solicitation. I think it was largely,
19 probably -- and I said I think because I don't know, but
20 it was -- most likely it was our legal officer working
21 with the two legal firms, Foley and maybe some with
22 Pillsbury, and the banking teams together, to put the
23 document together. But again it was just given to me to
24 look at when it was already -- still a draft, but --
25 but --

1 Q Would you have been a member of the group that
2 would have been evaluating proposals?

3 A No, because I'm the procurement designated
4 rep. I had a really clearly defined role, and that was
5 really to be -- a job that typically much more junior
6 people do.

7 And procurement was really just -- Jenny and I
8 were doing the administration of the procurement and
9 trying to just make sure that it's a controlled process
10 and -- and we're following all the laws and following
11 our process. And she and I had -- had no -- no -- no
12 really decision authority at all other than to be that
13 administrative group that ran the process.

14 BY MS. HARRELL:

15 Q Did the contracts with J.P. Morgan and
16 Morgan Stanley have to go through your procurement
17 process?

18 A So I'm looking actually into the cost now
19 from -- Melissa asked me to look into that. And so I'm
20 not exactly sure on the J.P. Morgan and Morgan Stanley.
21 I never remember coming to an awards committee. So I
22 need to go do that. So I really need to find out.

23 Q Okay. And you don't -- do you know when that
24 process -- do you know when that process would have
25 started?

1 A So we have certain banking firms that have
2 underwriting contracts with us, and those contracts do
3 go to the awards committee, and when they go out and do
4 a bond deal or something like that, they get paid out of
5 the proceeds.

6 So it's a little different than when a banking
7 team does bond underwriting services for us we put the
8 initial award in with the banking teams that we hire to
9 do that, but it's got -- kind of got a zero value on it,
10 because we don't issue a purchase order and cut a check
11 to them, and all the other ones we do.

12 When they do that work, again, they get a
13 certain percentage of the bond deal, whatever that is,
14 and that's in the contract.

15 And that's -- so, again, the point being the
16 original award that goes in place is done through a
17 competitive process and a team is selected, but then
18 when you actually use the underwriters, that -- that
19 payment comes out of the proceeds. And so I'm not sure
20 what the visibility is over that. I think it's within
21 the finance team and probably -- you know, there.

22 So what was the question, though?

23 Q Just the --

24 A So I think -- I think my -- the first place
25 I'm going to look is to see if that's where -- if we use

1 those contracts.
 2 Q Yes. Okay.
 3 A And then find out, you know, how much we paid
 4 them. My understanding is they were working on a
 5 success fee, but there was probably some monthly amount
 6 they were getting and -- but, again, that's the research
 7 I'm getting ready to do.
 8 Q Okay. And that would tell you when they were
 9 first involved in putting this together?
 10 A I mean, I don't know what I'm going to find
 11 out. I'm going to try to find out what they've been
 12 paid and -- because that's what Melissa asked me to find
 13 out and what they're owed, if we owe them. And -- for
 14 them and the legal teams.
 15 You know, that's what I'm -- right now
 16 actually she asked me to find out all the costs
 17 associated with the ITN, to lead that, and so I'm
 18 working on that now.
 19 Q You mentioned earlier that the ITN process was
 20 already in the procurement code three years ago.
 21 A Yeah. Maybe not exactly, but yeah --
 22 Q But close to --
 23 A -- three years ago.
 24 Q The draft you received that you think Foley
 25 had done, was that --

1 A I think the banks did --
 2 Q The banks. Okay.
 3 A -- too, so I'm not --
 4 Q Yeah. Okay.
 5 A -- sure exactly who did it, but I didn't do
 6 it.
 7 Q Okay. Okay. The draft that you received,
 8 though, was it consistent with that procurement code
 9 from that -- y'all put in place?
 10 A In a lot of ways it was. I mean, they
 11 referred the purchasing code throughout it, similar
 12 protest procedures. And that was -- that's what
 13 their -- I think that's what their goal was, is to use
 14 our process, use the public procurement process,
 15 exercise the exemptions that existed. And that's why
 16 initially we didn't release the names because Robert --
 17 the Foley team, as I recall, said we have an exemption
 18 that is lawful. And -- and I think the -- initially we
 19 thought it would be a better process if the bidders
 20 didn't know who their competition was. And that was
 21 probably advice from the banking firms because they --
 22 they do these things more frequently.
 23 Q Okay.
 24 A And -- but, again, those two things were the
 25 things that when I read it said, you know, we think we

1 have points associated with the final award if it's not
 2 pure price and that one didn't. And then again, of
 3 course, not having the names --
 4 Q Okay.
 5 A -- at the bid opening.
 6 Q Had you heard any -- anything at JEA about --
 7 about starting the work on this and --
 8 A The ITN?
 9 Q -- drafting the ITN?
 10 A The first time I saw first it was -- first
 11 time I -- was when Melissa shot that to me or however --
 12 I just remember Melissa asked me to look at the ITN.
 13 And in that meeting I shared with you, that was -- that
 14 was when I was kind of brought in on the team and --
 15 part of the team that was working on it.
 16 Q Was the ITN only for a recapitalization event
 17 or for a sale?
 18 A I think so. I mean --
 19 Q Did you see any documents about making JEA a
 20 co-op?
 21 A It might be in the ITN somewhere.
 22 Q Okay.
 23 A I mean -- I mean, I -- I know we talked about
 24 our strategic planning. I mean, it was about a 70-page
 25 document or so. And we try to give a big picture of

1 everything. I think it was -- you know, we can all look
 2 at it and see.
 3 Q You'd have to refer to the document?
 4 A Yeah.
 5 Q Yeah. Let me ask about something else.
 6 Did you have any input -- are you familiar
 7 with the McKinsey report that was presented with various
 8 scenarios?
 9 A So I'm -- I'm familiar with McKinsey making
 10 presentations to the leadership team on more than one
 11 occasion.
 12 Q Okay. Are you familiar with what the
 13 leadership team presented to the board at the
 14 July 23rd, 2019 --
 15 A Sure.
 16 Q -- meeting?
 17 A Yeah.
 18 Q Okay. Are you familiar with the various
 19 scenarios that were presented like status quo,
 20 traditional utility --
 21 A Yes.
 22 Q -- response, all that?
 23 A Yes.
 24 Q Did you give any input to McKinsey in
 25 preparing for that?

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1 A So within the logistics team, I provided some
2 input around getting cost savings in my teams, and some
3 of that was worked into the -- into the materials that
4 they presented.
5 Q Okay. Is that something that everybody at JEA
6 was asked to do or all the --
7 A The leadership --
8 Q -- leadership team?
9 A -- team was.
10 Q Do you recall a 15 percent number?
11 A I remember different percent numbers. And I
12 do remember specifically what I -- my input was on my
13 teams to provide the savings.
14 Q Did you give any other input to McKinsey?
15 A So the initial contract itself and some of
16 that with my procurement hat, I would have worked with
17 the business maybe on how to set up the deliverables and
18 the contract itself.
19 As far as the McKinsey work, one time some
20 folks from McKinsey came to drill down a little bit more
21 on my stuff, and I actually asked them to meet with my
22 procurement team. So we had a subsequent meeting with
23 the procurement team and one of the McKinsey
24 consultants, and -- conversations like that.
25 And every now and then there would be a

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1 contract question, if we were going to do a change
2 order, how you would do it and that sort of thing.
3 I remember when they got the initial award. I
4 remember that was a very competitive award. We had five
5 or six companies, if I recall right, that had proposed
6 on that.
7 BY MR. POWELL:
8 Q And how would you describe the McKinsey
9 entity? What is it -- what is its overall assignment
10 with JEA?
11 A Strategic planning.
12 Q Just that simple; right?
13 A Yeah. Yes. Long-term -- yeah, ten-year
14 strategic plan, and I think that was -- I think if we
15 went and looked at the initial solicitation we put out,
16 it probably lines up pretty good with that. You know,
17 if we wanted to do that right now, you always could.
18 BY MS. HARRELL:
19 Q Did you have any involvement with anybody who
20 would potentially be the administrator for the PUP?
21 A No.
22 Q No?
23 A I mean, what made me think was listening to
24 Mr. Diamond's thing and they talked about the
25 administrator. Is that the board member?

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1 Q Well, there's -- or maybe an outside company
2 like Mass Mutual.
3 A Oh. Yeah, I just wasn't involved in any of
4 the discussions on the PUP.
5 Q Okay. Anything for long-term incentives?
6 Generally, were you involved?
7 A So I heard Aaron talk to us as a group about
8 having long-term incentives and not just -- you know, we
9 have our normal pay and we have an annual performance
10 for pay -- one time pay that goes out.
11 And this was an idea of long-term incentive,
12 and I heard him talk about that in groups and -- but I
13 never -- but there was never a lot of specificity on it.
14 It was -- it was that, you know, you'd have a book value
15 today based on your finances whether it was debt or, you
16 know -- and recently I got kind of updated when I
17 watched it.
18 And then three years from now you'd take
19 another picture of it, and if we had -- if we had
20 increased our value by X, some percent of that would go
21 back to the -- would be added to the PUP value or
22 something like that. I heard that in general discussed
23 and -- and I went -- and I went back and looked at the
24 board meeting after this came up, and I saw how that was
25 discussed at the board meeting. Just recently, I just

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1 looked at the video of that, where they talked about
2 accelerating at -- there was never a lot of discussions
3 about that --
4 Q Okay.
5 A -- that I recall.
6 BY MS. TEODORESCU:
7 Q Two questions. First, was there ever a
8 discussion to get another company to administer any part
9 of JEA's payroll?
10 A Yes. Yes.
11 Q And what was that discussion?
12 A So we wanted to outsource payroll, and Melissa
13 mentioned it to me, to get with the HR chief, which is
14 Jon Kendrick, and so I just went over to see him and
15 just said, if you need any help from the procurement
16 team, let me know. And -- and kind of just left it
17 there.
18 And a couple of times I just checked in on him
19 just to make sure that he was getting what he needed
20 from my team, and he always was. And -- and, yeah, I
21 recall that. And it was just going to be to outsource
22 the appointed payroll, I remember that.
23 Q Do you know why?
24 A No, I don't.
25

1 BY MR. POWELL:
 2 Q Do you remember when that -- when Melissa
 3 asked you to get with Mr. Kendrick about that?
 4 A I mean, it was within the last six months
 5 probably, maybe last -- could be longer than that, but I
 6 mean it wasn't yesterday, but it wasn't -- it wasn't a
 7 couple years ago. It was -- it was -- it was sometime
 8 this year, I would say.
 9 BY MS. TEODORESCU:
 10 Q Do you think it was before or after July 23rd?
 11 A July 23rd of 2019?
 12 Q Yes.
 13 A I don't know.
 14 Q You know, the big board meeting.
 15 A I don't know. I don't know.
 16 Q Has anything happened about this outsourcing?
 17 A It got -- it didn't happen.
 18 Q Has it been canceled or --
 19 A I mean, you need to talk to Jon Kendrick to
 20 really understand what happened to it, but he was
 21 working, I think, and doing some diligence on what it
 22 would take to do it. And -- and then my understanding
 23 is it didn't go forward, and, you know, we're not doing
 24 it.
 25 Q Okay. My other question -- I just want to be

1 clear on this -- you said that JEA already had a
 2 procurement process for ITN --
 3 A Correct.
 4 Q -- right?
 5 Did it involve keeping the respondents' names
 6 secret?
 7 A No, that's what I said was the difference --
 8 the main difference, that I couldn't recall ever doing
 9 that in one of our procurements.
 10 MS. TEODORESCU: That's all I have. Thank
 11 you.
 12 BY MS. HARRELL:
 13 Q Did you have any involvement with any
 14 procurement, solicitations, whatever, for the
 15 Southern Group?
 16 A So the Southern Group, Sherry Hall who reports
 17 to Herschel Vinyard and Herschel is one of Aaron's
 18 directs, Sherry came to us and -- during the ITN
 19 process, Jenny moved into my office, Jenny McCollum,
 20 chief procurement officer.
 21 So literally she's got a desk in my office,
 22 and we both work together because it's -- it was very --
 23 there's a lot of work we were doing, and there was also
 24 a lot of sensitive information. The reason I bring that
 25 up, Sherry came over and mentioned they needed -- and

1 Herschel had -- and -- because when Mike Hightower left,
 2 they didn't -- Mike Hightower was the -- he was our
 3 chief administrative officer, or one of the lobbyists.
 4 But he was -- he was a senior leadership team member.
 5 And he left unexpectedly, and so they needed more
 6 lobbying support.
 7 And so I remember Herschel talking to us about
 8 that. And then Sherry came over, and I just pretty much
 9 matched her up with Jenny, I mean Jenny was right there,
 10 and -- because Jenny's the procurement officer. It
 11 wasn't going to be a formal procurement. It was
 12 informal.
 13 So typically what I do when it's an informal
 14 procurement, I just make sure that my team is supporting
 15 them. And I think the -- the one that you asked me
 16 about with the payroll was going to be informal as well
 17 if we would have done one based on the threshold.
 18 And so I just make sure that my team's
 19 available to support them if it's -- if it's in general,
 20 you know. And so Sherry and Jenny worked together.
 21 And I did see the public records request come
 22 in. I did see Jenny's reply to it. I don't know if
 23 you've seen that. But there was documentation on the
 24 informal solicitation that went out and the award
 25 itself, and that's been provided in a public records

1 request since this stuff's come out.
 2 Q Do you know how many solicitations there were,
 3 or how many bids were received?
 4 A I looked at the documentation, and the only
 5 one I saw was the one from Southern company, or whatever
 6 their name is.
 7 Q Yeah, Southern Group.
 8 Would there have been any -- and, again, I
 9 know nothing about procurement. So there's a
 10 solicitation and ITN, I guess, and then --
 11 A No, that wouldn't be an ITN.
 12 Q Okay. It's just a solicitation --
 13 A I mean, it could be, but I think it was
 14 probably an RFP. And typically what would happen, the
 15 procurement team would say either -- sometimes our
 16 procurement -- we call them category managers. They
 17 know what other companies can do -- can do that type of
 18 work, and sometimes they don't.
 19 And -- but we typically would ask the business
 20 who else, because we want to -- we want to send targeted
 21 notifications to other companies who can do that work.
 22 And -- and I didn't see it in Jenny's response, but I'm
 23 pretty certain that for one they got a list of potential
 24 proposers, and they sent out -- and they sent out a list
 25 to that.

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1 I would -- I am pretty -- again, I didn't see
2 it in Jenny's PUP and I might have missed it, but I
3 think there's probably a few companies that were sent
4 that solicitation, and unless I missed it, Southern
5 Strategics?
6 Q Southern Group.
7 A -- Southern Group was the only one that
8 responded.
9 Q Okay. If there's a situation where there's
10 more than one potential company and they submit multiple
11 bids, does somebody --
12 A You got to clarify that. One company submits
13 multiple bids or --
14 Q No, no, multiple companies.
15 A Okay. So we get multiple bids.
16 Q Yeah. So ABC company submits a bid, XYZ
17 submits a bid. Is there an opportunity for ABC to say,
18 look -- to kind of lobby for it, or is it -- are they --
19 hey, look, this is why I can do the business better?
20 A Once the solicitation goes out -- I'm sure you
21 guys have heard about the "cone of silence" more than
22 you want to, but that's basically what happens.
23 Q Okay.
24 A When a solicitation is published there's no
25 communications at all unless it's done in writing,

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1 unless all the companies get the communications. And
2 so -- so no. Once -- once the solicitation goes out,
3 there should not be any -- any of that. From there
4 you've got a defined process and -- and -- and anything
5 has to go -- and that's kind of how we did this.
6 That's why we have the designated procurement
7 rep. So all the communications come to us, and we make
8 sure that if it's -- that if it's something all the
9 companies need to know about, that they do, and there
10 aren't any conversations out there. So it's always when
11 the solicitation goes out. That's when ex parte
12 communication starts and that's through the end of the
13 process.
14 Q And that's true for all of your processes, not
15 just --
16 A Yes. So there's a couple of exempted
17 categories, if you look at the procurement code, where
18 they can do -- I think that's true for theirs too. But
19 we -- they have a little more flexibility. Like, when
20 we talk about generation fuels, they can take an
21 unsolicited offer, for example, and things like that.
22 But it's defined and there's -- and there's -- and
23 there's written processes that they have to follow. But
24 there's some procurement categories where there's a
25 little more flexibility, but it's written into the P

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1 code.
2 Q Are there disclosure requirements for
3 companies who -- or individuals who are soliciting bids?
4 Do they have to, for instance, disclose business
5 relations with anybody with JEA?
6 A There's a -- there is a conflict of interest
7 statement. To get a real good answer on that, though, I
8 would really rather Jenny come -- or go and get a
9 specific question and I'll research it and get back to
10 you.
11 But, yeah, there's certain -- certainly in the
12 ITN we ask for a conflict of interest statement and --
13 and a couple of other things like that.
14 Q Was -- when Southern Group submitted its bid,
15 were they required to list any business interests that
16 any of their partners or principals had with anybody at
17 JEA?
18 A I'd have to look at that to see. I mean, the
19 documentation's there; we can all look at it.
20 MR. POWELL: All right. Let's wrap it up.
21 MR. NINS: I have a disclosure to go over, and
22 then we will discontinue the interview.
23 Do you have anything else at all about what
24 we've discussed today?
25 THE WITNESS: No.

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1 MR. NINS: Okay. As this is an ongoing Office
2 of General Counsel investigation, you're being
3 advised not to discuss this case with others.
4 Can you agree to that, sir?
5 THE WITNESS: Yes.
6 MR. NINS: Thank you, sir. All right. The
7 interview has now concluded.
8 (Sworn statement concluded at 12:28 p.m.)
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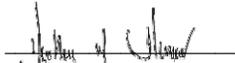
CERTIFICATE OF REPORTER

STATE OF FLORIDA
COUNTY OF DUVAL

I, HEATHER M. THOMAS, Court Reporter and Notary Public, State of Florida, was authorized to and did stenographically report the foregoing proceedings; and that the transcript, pages 4 through 57, is a true and accurate record of my stenographic notes.

I further certify that I am not a relative, or employee, or attorney, or counsel of any of the parties' attorney or counsel connected with the action, nor am I financially interested in this action.

DATED this 1st day of January, 2020.


HEATHER M. THOMAS
COURT REPORTER



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