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**STRICTLY CONFIDENTIAL**

November 26, 2019

Sent via email

**John McCarthy**  
Vice President / Chief Supply Chain Officer  
JEA

**Jenny McCollum**  
Director of Procurement Services  
JEA

[StrategicAlternative@JEA.com](mailto:StrategicAlternative@JEA.com)

**Re: Revised Reply to JEA's Invitation to Negotiate #127-19**

Dear Mr. McCarthy and Ms. McCollum,

Macquarie Infrastructure and Real Assets Inc. ("MIRA Inc."), the U.S. operating company of Macquarie Infrastructure and Real Assets ("MIRA") and wholly-owned indirect subsidiary of Macquarie Group Limited ("Macquarie"), is pleased to submit this revised Reply (the "Revised Reply") to JEA's Invitation to Negotiate #127-19 ("ITN") for strategic alternatives (the "Transaction") in relation to the potential acquisition of JEA (the "Proposed Transaction").

MIRA believes it is the ideal partner for JEA, which is comprised of its electric utility ("Electric System") and water and wastewater utilities ("Water and Wastewater System"),<sup>1</sup> and the City of Jacksonville (the "City"). Beyond our ability to satisfy the "Evaluation Criteria" (as we described in our original "Reply" and attached hereto in Attachment A) and exceed the minimum requirements of the ITN (as we describe in this Revised Reply), the Proposed Transaction with MIRA would allow JEA to remain a locally-based and managed utility, retaining JEA's unique brand, organizational culture and community presence. Macquarie has a significant presence in Downtown Jacksonville – including an office with over 270 employees – and so we appreciate the positive impact the Proposed Transaction could have on the Jacksonville and Northeast Florida communities.

This Revised Reply is being made on the basis of the information provided via the virtual data room including the confidential information presentation (the "CIP"), financial model (the "Respondent Financial Model"), and other supplementary materials (collectively, the "Due Diligence Materials"). This Revised Reply is being provided in compliance with the requirements set forth in the Revised Reply Instructions for the Project Scampi Invitation to Negotiate, dated October 29, 2019 (the "Process Letter"). For convenience, this Revised Reply is structured in accordance with the outline in the Process Letter.

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<sup>1</sup> Electric System also includes the dark fiber network ("Communication Infrastructure") and St. Johns River Power Park ("SJRPP"). Water and Wastewater System also includes the local district energy facilities ("District Energy System").

### **i. Identification of the Respondent**

The “Respondent” is MIRA Inc. MIRA Inc. is the U.S. operating company of MIRA, Macquarie’s alternative asset management division, and is a wholly-owned indirect subsidiary of Macquarie. MIRA Inc.’s headquarters is in New York.

#### Macquarie

Macquarie is a diversified financial group providing clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. Founded in 1969, Macquarie employs over 15,700 people globally, with its headquarters in Sydney, Australia. Macquarie’s U.S. headquarters are in New York, with a local presence in Jacksonville, Chicago, San Francisco, Austin and Houston, among other U.S. cities. Macquarie has \$148.7 billion<sup>2</sup> in assets and is listed on the Australian Securities Exchange with a market capitalization of \$31.0 billion<sup>2</sup>. Macquarie has a robust balance sheet, reflected in its strong credit rating of BBB/Positive from Standard & Poor’s and A3/Stable from Moody’s Investors Service. Macquarie’s shareholders that have a greater than 5% of ownership are Blackrock, Inc. (5.8%), Macquarie (5.7%) and The Vanguard Group, Inc. (5.0%).<sup>2</sup> Macquarie’s shareholding primarily relates to employee share plans.

#### Macquarie Infrastructure and Real Assets

MIRA is the world’s largest infrastructure asset manager and owner of infrastructure, real estate, agriculture and energy assets. Today, more than 100 million people each day rely on the infrastructure companies that MIRA owns and manages.

MIRA manages more than \$129 billion of assets under management for investor clients such as pension funds, insurance companies, and other institutions worldwide, who in turn manage the long-term savings of millions of employees, communities and other investors.

MIRA is one of the world’s most experienced acquirers of large water and energy utilities. Over the past 25 years, we have held controlling or otherwise substantial ownership interests in 7 water utilities, 9 electric utilities and 15 gas utilities, collectively serving over 76 million customers.

In North America, MIRA has owned more than 36 discrete infrastructure companies including utilities, power generation facilities, port terminals, toll roads, telecommunication towers, and waste collection and disposal businesses. Regulated utilities and energy assets have been core to MIRA’s investment strategy in the U.S. and have comprised 40% of MIRA’s invested capital. Examples of these investments in the U.S. include Aquarion Company (“Aquarion”), Cleco Corporation (“Cleco”), Puget Sound Energy (“Puget Energy”), and Duquesne Light Holdings (“Duquesne Light”). MIRA was the lead investor in all of these transactions with certain of our clients acquiring minority stakes alongside us.

MIRA intends to participate in the Proposed Transaction through one or more infrastructure investment funds that are controlled by MIRA as Manager and General Partner. We may also participate in the Proposed Transaction through a direct investment funded by Macquarie. We anticipate that MIRA will also invite a limited number of other partners to participate in the Proposed Transaction (see “vi. Financing Sources” below), in each case, in accordance with MIRA Inc.’s Confidentiality Agreement with JEA, dated as of November 5, 2019 (the “CA”). We note that MIRA has an exceptionally strong record of successfully leading such consortia to acquire large infrastructure businesses, both in the U.S. and internationally (see “ix. Prior Acquisitions / Investments” below).

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<sup>2</sup> Based on market data, company filings and, if applicable, AUD/USD exchange rate as of 11/25/2019



Schedule of assets and operations in Florida

The following MIRA portfolio companies have assets and operations in Florida:

- Atlantic Aviation FBO Holdings, LLC operates one of the largest networks of fixed base operations ("FBO") across the U.S. FBOs primarily serve the corporate and private jet segment of the general aviation industry, providing fuel and fuel related services, de-icing, aircraft parking, hangar rental, catering, and other services primarily to general aviation (non-commercial) aircraft owners and operators. Atlantic Aviation owns seven bases in Florida, which are located in Boca Raton, Orlando (two bases), Miami, Palm Beach, St Augustine and Stuart;
- Ceres Terminals Incorporation ("Ceres") is one of North America's premier stevedoring and terminal operating companies. Ceres performs a mix of container, cruise, and roll-on/roll-off stevedoring services in Jacksonville, Port Canaveral, Port Everglades, Miami and Tampa;
- WCA Waste Corporation ("WCA") is a vertically integrated, non-hazardous solid waste management company. WCA owns four transfer stations, two construction & demolition landfills, and associated collection operations in Florida. The transfer stations are located in Bradenton, Sarasota, and Gainesville, and the landfills are located in DeSoto and Fort Meade; and
- Wheelabrator Technologies Inc. ("Wheelabrator") is one of the largest U.S. waste-to-energy businesses. Wheelabrator owns or operates two waste-to-energy facilities in Florida, which are located in Tampa and Fort Lauderdale.

Importantly, if MIRA is successful in acquiring all or part of JEA, MIRA's ownership and operations of JEA will be independent from the companies listed above and JEA will be a stand-alone independent investment.

Other than MIRA, Macquarie performs a range of activities in Florida which do not represent a commercial conflict with JEA. For example, Macquarie has an office in Jacksonville with over 270 employees working in Macquarie's finance, risk management, human resources and information technology teams. We continue to grow our Jacksonville office, having increased the number of employees by 38% over the past year with local hires representing 85% of new employees hired. Macquarie has hired graduates and offered internships to students from the University of North Florida and Jacksonville University, and is working directly with them on local workforce development programs. Last year, Macquarie was awarded the 2018 International Company of the Year by JAXUSA Partnership in recognition of its growth and contribution to the local community.

**ii. Gross Proceeds**

MIRA is prepared to acquire all or part of JEA in any of the following Proposed Transactions, with "Gross Proceeds" defined per the JEA provided calculation in ITN Addendum 4 – Attachment 14.

- Acquisition of JEA for [REDACTED] or [REDACTED]
- Acquisition of the Water and Wastewater System only for [REDACTED]  
[REDACTED] provided that JEA immediately (i) facilitates dialogue between MIRA and another suitable party interested in acquiring the Electric System, with whom a joint bidding agreement can be put in place; or (ii) confirms that the ITN will henceforth be limited to the sale of the Water and Wastewater System. MIRA's acquisition of the Water and Wastewater System is not contingent on its acquisition of the District Energy System to the extent the District Energy System is ultimately retained by the City, sold separately or to another acquirer of the Electric System; or
- Acquisition of the Electric System only for [REDACTED] provided that JEA immediately (i) facilitates dialogue between MIRA and another suitable party interested in acquiring the Water and Wastewater System, with whom a joint bidding

1. agreement can be put in place; or (ii) confirms that the ITN will henceforth be limited to  
2. the sale of the Electric System. MIRA's acquisition of the Electric System is not  
3. contingent on its acquisition of the Communications Infrastructure or SJRPP to the  
4. extent the Communications Infrastructure or SJRPP is ultimately retained by the City,  
5. sold separately or to another acquiror of the Water and Wastewater System.

6. MIRA is also prepared to enter into a long-term concession agreement of JEA, under which  
7. the City retains ultimate ownership of JEA. MIRA believes such concession, which structured  
8. appropriately may allow the existing JEA debt to remain in place, would result in greater than  
9. \$3 billion of net value to the City but would be less than the net value to the City under  
10. Proposed Transaction 1 above (i.e., Acquisition of JEA). To the extent JEA wishes to further  
11. evaluate a concession, MIRA would be willing to work with JEA's advisors to provide an  
12. estimate of Gross Proceeds based on a prescribed structure, rate design, term and other  
13. operating parameters.

14. In Proposed Transactions 1 and 3 above (i.e., the Proposed Transactions in which MIRA  
15. would acquire the Electric System), we prefer "Adjusted Scenario B" (the "Respondent  
16. Preferred Scenario"), as defined in the Process Letter and in the Due Diligence Materials.  
17. *Adjusted Scenario B is the Respondent Preferred Scenario because it is a clear and*  
18. *practicable Transaction structure that ensures JEA customers' bills include only the cost of*  
19. *utility services they consume, and also avoids the prospect that the buyer of JEA may be*  
20. *required to bear a potentially large and uncapped liability. For the avoidance of doubt, the*  
21. *Gross Proceeds proposed above assumes that the eventual Proposed Transaction accords*  
22. *with the Respondent Preferred Scenario.*

23. We are also prepared to proceed with Proposed Transactions 1 or 3 above under the following  
24. "Adjusted Scenarios":

25. - "Adjusted Scenario A" with [REDACTED] provided that  
26. JEA can provide assurance that the proposed separate line item charge reflecting the  
27. full amount of Legacy JEA's costs under the Vogtle PPA will not be subject to or  
28. adjusted, directly or indirectly, under the jurisdiction of the Florida Public Service  
29. Commission ("FPSC"); or  
30. - "Adjusted Scenario C" with [REDACTED] provided that JEA can  
31. demonstrate that this is a practicable course of action that does not subject MIRA to  
32. risk of adverse treatment by the FPSC.

33. MIRA believes that the "Current Pro Forma Scenario" is very challenging due to both the likely  
34. tax consequences associated with the "MEAG Power" debt related to the Vogtle PPA and the  
35. risk to the buyer of accepting liability under the Vogtle PPA that might potentially be uncapped  
36. and unrecoverable from customers. We would require additional information regarding the  
37. *estimate of total construction costs, recoverability in rates, the potential tax consequences*  
38. *associated with the MEAG Power debt and ongoing litigation in order to assess whether we*  
39. *would be willing to proceed with a Transaction under the Current Pro Forma Scenario and, if*  
40. *so, estimate potential Gross Proceeds under that scenario. We would expect the Gross*  
41. *Proceeds to be materially lower than what has been offered in the Proposed Transactions*  
42. *above.*

43. The Gross Proceeds in all cases would be paid in cash at closing and is expressed in U.S.  
44. dollars. In addition, we confirm that our Gross Proceeds assumes the following as requested in  
45. the Process Letter:

46. - Valuation date as of September 30, 2020;  
47. - Assets acquired on a debt-free, cash free basis;  
48. - There is a tax step-up; and  
49. - Assets acquired with zero working capital.

### iii. Material Conditions, Terms or Assumptions

MIRA and its comprehensive team of advisors (see “x. Advisors / Contact List” below) have performed a detailed financial, commercial, and technical evaluation of JEA and its operating environment based on public information and the Due Diligence Materials provided to date by JEA. This Revised Reply reflects the following key assumptions:

- a. Valuation Methodology: This Revised Reply has been prepared utilizing a long-term discounted cash-flow valuation;
- b. Key Changes: Assumptions are largely consistent with those in the CIP and the Respondent Financial Model, except for:
  - i) In order to imply an equivalent rate projection excluding Vogtle (the “Adjusted Committed Rates”) during the first three years (the “Committed Rate Stability Period”), we have adjusted the base revenue to exclude the Vogtle related revenue (consistent with the “Management projections: vogtle revenue” line item in the Respondent Financial Model) and the delivered load to include the Vogtle load (consistent with the “Default Case” assumption for load in the Respondent Financial Model). We note that this results in slightly lower base rates and revenue during the Committed Rate Stability Period. In order to assume the same base revenue that is in the Respondent Financial Model, MIRA would need to understand why base rates include Vogtle related revenue since Vogtle related revenue is recovered separately through an additional charge to customers. We would also need to understand why load has been adjusted to exclude Vogtle load, since the load associated with Vogtle would still be delivered through JEA’s transmission and distribution system. For the avoidance of doubt, this change applies to all three Adjusted Scenarios (A, B and C);
- c. Key Future Operational Changes: We believe the operational improvements described in the CIP are achievable based on our prior utility investment experience. However, before submitting a best and final offer (“BAFO”), we would need to fully review the impact that these operational changes have on operations and maintenance (“O&M”) expense as reflected in the Respondent Financial Model;
- d. Key Community Engagement Factors: MIRA’s investment and ownership will strengthen JEA’s commitment to Jacksonville and Northeast Florida, protect and preserve JEA’s role as a key employer and long-time community partner, and ensure that JEA will continue to provide safe, reliable, affordable and sustainable electric and water and wastewater service to its customers. We believe we can leverage our experience investing and owning water and electric utilities in the U.S. to enhance JEA’s existing levels of:
  - i) Community engagement: MIRA believes that utilities are best run by experienced local management teams with knowledge of the communities in which the utilities operate. MIRA will operate JEA as an investor-owned utility led by a local management and will remain in Downtown Jacksonville. We would expect the chief executive officer, senior management, and managers of corporate support functions would all live in the greater Jacksonville area. Additionally, MIRA expects the JEA Board would consist of investor representatives, JEA’s CEO and several independent, local Jacksonville community members and business leaders. MIRA’s emphasis on appointing local and independent directors will ensure long-term strategies are well-informed and consider the best interests of JEA’s customers, employees and the community. MIRA’s successful and responsible ownership of Aquarion, Cleco, Puget Energy and Duquesne Light demonstrates that MIRA’s approach benefits all parts of a community served by one of our utilities;



- ii) Interagency coordination on emergency operations: MIRA recognizes JEA is an essential part of the City's emergency preparedness program and unified emergency operations command. MIRA has deep experience addressing severe weather events and working closely with local, state and federal officials in coordinated emergency responses from its investment and ownership of other water and electric utilities. For example, Cleco constantly ensures that its storm preparation plans are updated and strengthened accordingly. Ahead of Tropical Storm Barry, Cleco secured an additional 800 line mechanics and 395 vegetation specialists to augment existing Cleco crews. As a result of these preparations, Cleco had rapid response times to power outages. Cleco also worked with the community to ensure that customers were equipped with information to prepare for the storm.

MIRA is aware of recent challenges Jacksonville has experienced with storm-related power loss and stands committed to working closely with community stakeholders on storm preparation and hardening initiatives consistent with recent Florida law changes and new FPSC rules that will apply to JEA as an investor-owned utility;

- iii) Environmental stewardship: MIRA will strengthen JEA's role as an industry leader in environmental stewardship, particularly the health of the St. Johns River and its tributaries. MIRA has a demonstrated history of investing in important environmental initiatives and is committed to increase investment in septic tank conversion to sewer connections and working with JEA management to reduce nitrogen levels in the Lower St. Johns River Basin; and
- iv) Other relevant community programs: MIRA's investment in JEA would expand Macquarie's existing commitment to Northeast Florida, which already includes over 270 employees located in Downtown Jacksonville. Since our office opened in 2016, our Jacksonville staff have donated over 2,700 hours of volunteer service, assisting over 800 individuals in the greater Jacksonville area. In addition, since January 2019, the Macquarie Foundation (the philanthropic arm of Macquarie) and our staff have donated over \$210,000 to local organizations in Jacksonville including a multi-year grant to Take Stock in Children to establish a college division and program;

- e. Rates: Key changes made to the Respondent Financial Model have already been described in "iii. b) Key Changes" above. The key assumptions made beyond the Committed Rate Stability Period are described below:

- i) Rate base: Starting rate base and rate base growth consistent with Respondent Financial Model;
- ii) Targeted equity layer and return on equity ("ROE"): Equity layer and ROE consistent with Respondent Financial Model;
- iii) Debt capitalization and cost of debt: Debt capitalization consistent with Respondent Financial Model and consistent with comparable water and electric utilities at the same expected credit rating of the JEA operating companies. MIRA has also assumed the Proposed Transaction is partially-funded with holding company debt, which would be ring-fenced from the debt raised at the JEA operating company. MIRA has assumed a cost of debt for the operating and holding company debt consistent with current pricing levels of comparable water and electric utilities based on a detailed assessment of expected credit ratings;
- iv) Customer demand: Growth in demand consistent with Respondent Financial Model;

- v) State and local taxes other than income taxes which should include the Respondent's anticipated property taxes: Consistent with Respondent Financial Model;
- vi) O&M expense: Consistent with Respondent Financial Model;
- vii) Anticipated amount and timing of proposed O&M savings: MIRA has assumed an amount of non-fuel and non-labor O&M savings consistent with our prior experience in owning and managing investments in water and electric utilities to be achieved in time to mitigate potential rate impact to customers beyond the Committed Rate Stability Period;
- viii) Capital expenditures by functional area and utility system: Consistent with Respondent Financial Model;
- ix) Expected base revenue requirement: Based on a detailed cost of service model assuming rate-making practice consistent with precedent rate cases approved by the FPSC and using the targeted equity layer, ROE and cost assumptions outlined in this Revised Reply. We have not assumed large increases in rates immediately after the Committed Rate Stability Period, which otherwise might be implied by FPSC ratemaking;
- x) Dispatch costs and drivers including fuel and purchased power: Consistent with Respondent Financial Model except Vogtle-related costs which are assumed to be passed through to customers on an Avoided Cost basis consistent with Adjusted Scenario B;
- xi) Anticipated amount and timing of any fuel or purchased power savings: MIRA anticipates working with its advisors to build a detailed dispatch model to estimate future fuel and purchased power costs. Based on a preliminary review of JEA's current generating portfolio, it is anticipated that there is an opportunity to reduce JEA's fuel and purchased power costs through the building (or contracting with) new solar facilities to replace natural gas and coal facilities as they are retired, with declining solar installation costs potentially accelerating the timing of economic retirement;
- xii) Estimates of forward commodity prices: Consistent with Respondent Financial Model; and
- xiii) Franchise taxes: Consistent with Respondent Financial Model.

#### iv. Minimum Requirements

MIRA believes our Proposed Transaction allows JEA to exceed the minimum requirements outlined in the ITN. By way of example, Proposed Transaction 1 (i.e., the acquisition of JEA) would result in the following:

##### a. Financial

- i) MIRA offers a Gross Proceeds amount that would result in an estimated [REDACTED] of Net Proceeds to the City, or [REDACTED] of incremental net proceeds over the \$3 billion minimum requirement, in addition to fulfilling the other requirements outlined in b, c and d below.<sup>3</sup>

##### b. Customers

- i) MIRA offers a Gross Proceeds amount that would allow for \$400 million of value to be distributed to customers based on \$350 to each JEA account and \$1,400 for JEA customers with electric, water, sewer and irrigation accounts. To the extent JEA believes it would result in the highest and

<sup>3</sup> Net Proceeds to the city defined as Gross Proceeds less \$3,500-\$4,000 million of defeasance cost, other liabilities not assignable and transaction costs, \$165 million of employee retention payments and \$132 million of employee pension protection per the calculations in ITN Addendum 4 – Attachment 14.

best value to the constituents and customers of JEA, MIRA would be willing to have JEA distribute greater than \$400 million of value to customers and adjusting the net value to the City proportionally while maintaining the minimum requirement for \$3 billion of net value to the City;

- ii) MIRA commits to three years of contractually guaranteed base rate stability for customers, as presented in the Respondent Financial Model;

c. Environmental

- i) MIRA commits to develop and provide the City and the Duval County Public School system with 100% renewable electricity by the year 2030 at a price equal to the applicable tariff rate;
- ii) MIRA commits to work with JEA management to identify the most cost effective and prudent way to develop and provide 40 million gallons per day of alternative water capacity for Northeast Florida by the year 2035 at a price equal to the applicable tariff rate;

d. Community Impact

- i) MIRA commits to protect certain employee retirement benefits pursuant to legislation passed by the City Council on September 24, 2019. In addition, we commit to honor all existing collective bargaining agreements and would seek to work with JEA management and union representatives to ensure requirements are met for employees under collective bargaining agreements, as applicable;
- ii) MIRA commits to maintain substantially comparable employee compensation and benefits for three years;
- iii) MIRA commits to provide retention payments to all full-time employees equal to 100% of current base compensation;
- iv) MIRA commits to maintain the new JEA headquarters and employees in downtown Jacksonville, contributing to the economic development of the community;
- v) In addition to the minimum requirements set forth in the ITN, MIRA is willing to discuss the merits of other high-impact community initiatives we have implemented in our other U.S. utility investments such as:
  - establishing a charitable foundation;
  - establishing an economic development fund; and/or
  - appointing local representatives on the JEA Board.

As described in “ii. Gross Proceeds” above, MIRA is prepared to pursue a Proposed Transaction for part of JEA’s operations (i.e., Proposed Transactions 2 and 3). We confirm our willingness to partner with another suitable party to allow JEA to achieve the ITN’s process goals and its minimum requirements, subject to JEA immediately facilitating dialogue between MIRA and such other organization, with whom a joint bidding agreement can be put in place.

**v. Feasibility**

We believe the Proposed Transaction is feasible based on our due diligence to date. However, we require more information and access to relevant stakeholders (and JEA’s consent to do so in accordance with the CA, as applicable), which we anticipate to be provided in the next stage of the “Negotiation Phase”, to be able to definitively state whether any structural, legal, political or financial modification is required to ensure the feasibility of the Proposed Transaction.

We note that the CIP proposes the Transaction structure as the sale of assets to a new entity. We will need to confirm that JEA’s assets can be adequately identified and that no restrictions on such a transfer exist.



1. The Transaction is unique and has no recent or relevant example to follow. Based on our in-  
2. person meeting with the staff of the FPSC, critical questions remain as to how JEA will  
3. transition to an investor-owned utility structure. We would expect that further discussions with  
4. the FPSC will provide answers to those questions, and that those regulatory requirements will  
5. be incorporated as conditions precedent to the close of the Proposed Transaction.

6. Despite recent polls that indicate that a sale does not yet enjoy the support of the majority of  
7. voters, we believe that a highly considered and well communicated Proposed Transaction  
8. would gain the support of the majority of voters and prevail in a referendum vote. To confirm  
9. this belief, we would seek to conduct our own polling and focus groups as soon as practicable,  
10. subject to receiving consent from JEA, in order to provide us with greater clarity on the  
11. potential outcome of the voter referendum.

12. As described in "ii. Gross Proceeds" above, we would be open to explore the potential for a  
13. long-term concession, to the extent JEA believes that would be a more feasible path to a  
14. successful Transaction.

#### 15. vi. Financing Sources

16. We anticipate financing the Proposed Transaction with a combination of equity and debt  
17. funding based on JEA maintaining an investment grade capital structure. We expect to provide  
18. JEA with binding debt and equity commitments for the Gross Proceeds at the time the  
19. Proposed Transaction is signed. We note our strong operating history of providing committed  
20. financing to support large utility transactions of the size and nature of this Proposed  
21. Transaction (see "ix. Prior Acquisitions / Investments" below). We would propose to use the  
22. same approach here that we have used in our long history of successfully investing in large  
23. utility assets in the U.S. and globally, such as Aquarion, Puget Energy, Cleco, Duquesne Light,  
24. Thames Water, Cadent Gas and Endeavour (see "ix Prior Acquisitions / Investments"), where  
25. we invested over \$24.4 billion of equity using our committed infrastructure investment funds  
26. and Macquarie's own funds to anchor the investment, partnered with one or more of our  
27. investor clients who make large, direct investments into these transactions alongside us.

28. MIRA has long standing bank relationships, having raised over \$10.8 billion of debt financing  
29. for its acquisition of U.S. utilities. We have had discussions with, and received indicative  
30. support from, several prospective bank lenders (each of which was included on Annex B of the  
31. CA) including [REDACTED]

32. [REDACTED] (collectively, the "Prospective Lenders").  
33. These Prospective Lenders are some of the most prominent and experienced utility lenders  
34. active today and have provided support letters for the Proposed Transaction (attached hereto  
35. in Attachment B). These letters confirm that the Prospective Lenders are highly supportive and  
36. confident in their ability to arrange, place, and/or underwrite their multibillion-dollar financing  
37. commitments, on an individual basis, to support MIRA's acquisition of JEA and fund its future  
38. capital expenditure and liquidity requirements.

39. As noted above, MIRA anticipates that binding equity commitments would be provided by a  
40. consortium of MIRA managed investment funds, Macquarie and selected co-investors and  
41. partners (collectively, the "Prospective Equity Partners"). We have had substantive discussions  
42. with a number of the experienced strategic and financial partners listed in Annex A of the CA  
43. (under back-to-back confidentiality agreements) and have received indications of interest  
44. exceeding the equity funding required to consummate the Proposed Transaction.

#### 45. vii. Internal Approvals Process

46. This Revised Reply is made with the support of the relevant members of MIRA's investment  
47. committees, comprised of the Global Head of MIRA and the most senior executives with  
48. responsibility for MIRA's investments in the Americas.

Submission of a BAFO and the execution of a definitive agreement would be subject to the receipt of internal approvals, the finalization of a definitive agreement acceptable to MIRA and the satisfaction of the other conditions referred to in this Revised Reply. These internal approvals will be sought once we have completed satisfactory due diligence. Final underwritten debt and equity financing commitments will be obtained prior to entering into a definitive agreement.

We have retained a comprehensive team of advisors (see “x. Advisors / Contact List”) and would commit the resources necessary to finalize our due diligence, obtain the necessary confirmations from the rating agencies, obtain debt and equity commitments and negotiate a mutually acceptable definitive agreement in order to enter into a definitive agreement for the Proposed Transaction. Subject to receiving all necessary information in a timely manner, we are confident this can be completed by March 2020, conforming to the anticipated timeline presented at the JEA Board meeting on October 22, 2019.

#### **viii. Regulatory / External Approvals and Conditions**

Subject to ongoing due diligence, we believe the closing of the Proposed Transaction will be subject to the receipt of several necessary approvals from governmental bodies, including:

- i) approval of the Adjusted Committed Rates for both the Electric and Waste and Wastewater System under Florida Law, as suggested by JEA in the Process Letter;
- ii) approval of the Adjusted Committed Rates and the establishment of an estimated rate base, which will be used in annual filings to affirm that JEA is not overearning during the Committed Rate Stability Period, by the FPSC;
- iii) the FPSC granting a Certificate of Authorization for JEA’s Water and Wastewater System;
- iv) approval from the Federal Energy Regulatory Commission (“FERC”) under Section 203 of the Federal Power Act (“FPA”);
- v) expiration of the Hart-Scott-Rodino waiting period;
- vi) pre-approvals of license transfers with the Federal Communications Commission; and
- vii) a voluntary notification to the Committee on Foreign Investment in the United States (“CFIUS”) under Section 721 of the Defense Production Act.

Based on the Due Diligence Materials, it is not clear whether approval from FERC under Section 205 of the FPA would be required for JEA’s transmission assets. MIRA would expect such approval to be completed within the 60-day statutory timeframe and in parallel to Section 203 of the FPA.

#### **Regulatory Approval Strategy**

As an experienced investor in U.S. regulated utilities, MIRA is attuned to the need to address the concerns and requirements of customers, regulators, local community representatives, credit rating agencies and other stakeholders during and after a Transaction. We believe that our ability to do this is demonstrated by our successful history of obtaining approvals to acquire regulated utility businesses in the U.S. including Aquarion, Cleco, Puget Energy, Hawaii Gas and Duquesne Light from FERC and seven U.S. state public service commissions (Connecticut, New Hampshire, Massachusetts, Louisiana, Washington, Hawaii and Pennsylvania). Understanding and addressing stakeholder concerns has been critical to our success, and our operating history demonstrates our flexibility and commitment to completing transactions such as the Proposed Transaction.

We would intend to work closely with JEA management to develop a package of proposals addressing the specific interests of JEA stakeholders and to facilitate the FPSC approval/certification processes. We look forward to working with JEA management and interacting collaboratively with the FPSC and other stakeholders to effectively communicate the benefits of the Proposed Transaction. Through investment in JEA, our ownership will



provide many benefits to the City, JEA and its customers and communities. We will provide access to long-term investment capital to improve and grow the City's infrastructure, provide extensive experience in the stewardship, management and governance of regulated utilities, to the betterment of JEA and the City and its infrastructure through greater employment opportunities and investment.

FERC Review Under Section 203(a)(4) of the FPA

We expect that FERC would approve the Proposed Transaction under Section 203(a)(4) of the Federal Power Act ("FPA") as we believe it will find the Proposed Transaction in the public interest and will not result in any inappropriate cross-subsidization or pledge or encumbrance of utility assets.

We expect that FERC will conclude that the Proposed Transaction is consistent with the public interest as it will not have an adverse effect on:

- i) competition, in Florida and the Southeast:
  - a. MIRA and its affiliates own or control only about 88 MW of generation in the relevant markets;
  - b. neither MIRA nor any of its affiliates owns or controls any electric transmission in the relevant markets; and
  - c. neither MIRA nor any of its affiliates owns or controls any inputs to electric power generation in the relevant markets and we believe FERC will conclude the Proposed Transaction does not raise horizontal or vertical market power concerns;
- ii) jurisdictional rates: FERC's primary concern is the protection of wholesale ratepayers and transmission customers. We are not aware of the Proposed Transaction involving wholesale transmission rates or customers, therefore it will not have an adverse effect on wholesale ratepayers or transmission customers; and
- iii) the manner or extent to which FERC or any state may regulate the Proposed Transaction parties or their affiliates: As a result of the Proposed Transaction, JEA may be subject to expanded scope of regulation by the FPSC, and there may also be expanded FERC regulation, to the extent that any of JEA's transmission or generation is sold at wholesale. We expect that FERC will view changes of this nature in a positive light.

FERC has stated that the concern over cross-subsidization is principally about the effect on captive jurisdictional ratepayers. Because none of the parties to the Proposed Transaction is a traditional public utility under the FPA that has captive ratepayers in the U.S., we believe that the Proposed Transaction is within the scope of the safe harbor for transactions in which no franchised public utility with captive customers is involved in the transaction. Therefore, it does not raise any issue with respect to cross-subsidization. In addition, as the structure of, and method of financing for, the Proposed Transaction does not provide for the pledge or encumbrance of utilities, it does not raise any issue with respect to the pledge or encumbrance of utilities.

MIRA expects to obtain any necessary FERC Section 203 approval within the statutory period of six months from the filing date and based on preliminary advice from FERC counsel believes it is highly unlikely that FERC will require any mitigation as a condition of such approval. MIRA has obtained timely approval from FERC under Section 203 of the FPA for several transactions, including the recent acquisition by MIP IV of Wheelabrator Technologies Inc. (FERC Docket No. EC19-14), MIRA affiliate Cleco's acquisition of South Central Generation (FERC Docket No. EC18-63), acquisition by MIP III of Cleco Corporation (FERC Docket No. EC15-110), acquisition by MIP of Puget Energy (FERC Docket No. EC08-40), and acquisition by MIP of Duquesne Light (FERC Docket No. EC06-160).

### CFIUS Experience

Based on extensive prior experience, MIRA expects the CFIUS process to proceed smoothly and without delay. MIRA is well-known to CFIUS and has a successful history of obtaining CFIUS approvals. Since 2006, MIRA-managed funds have obtained CFIUS approvals for 13 infrastructure transactions, including Aquarion, Duquesne Light, Cleco and Puget Energy. This approval process would begin immediately following the execution of a definitive agreement, and we believe that we would receive clearance from CFIUS within the first 45-day review period.

### **ix. Prior Acquisitions / Investments**

Summarized in Table 1 below is a list of certain investments and acquisitions MIRA has completed in North America over the last five years.

**Table 1 – Prior completed acquisitions over the last five years**

<b>Company</b>	<b>Closing Date</b>	<b>Description</b>
NYK Ports	2/19/2015	NYK Ports conducts container terminal and stevedoring operations in North America
GFL Environmental	2/1/2016	GFL Environmental is a Canadian diversified environmental and waste services company
Lordstown Energy Center	4/6/2016	Lordstown Energy Center is a 940 megawatt power generation facility located in Cleveland, OHIO
Cleco Corporation	4/13/2016	Cleco is a vertically integrated electric utility in Louisiana
InSite Wireless Group	7/29/2016	InSite owns, operates and manages wireless telecommunications tower site facilities and distributed antenna systems across North America and Australia
Maher Terminals	11/16/2016	Maher Terminals is the largest terminal in the port of New York and New Jersey
Aligned Energy	4/20/2018	Aligned Energy is a leading data center provider offering colocation and build-to-scale solutions
Lagoon Water Solutions	9/7/2018	Lagoon Water Solutions provides produced water solutions to oil and gas producers in the Anadarko Basin
Tunnel Hill Partners	2/8/2019	Tunnel Hill partners is the largest U.S. integrated waste-by-rail company
Wheelabrator Technologies	2/12/2019	Wheelabrator Technologies is a leading owner and operator of waste-to-energy facilities
Centauro Energia	3/27/2019	Centauro Energia is a portfolio of solar power generation facilities in northern Mexico
Bluebird Network	8/30/2019	Bluebird Network provides high bandwidth network solutions within rural and urban areas throughout the U.S. Midwest
Netrality Properties	8/30/2019	Netrality owns and operates facilities that act as data connectivity hubs throughout the U.S.
Long Beach Container Terminal	10/24/2019	Long Beach Container Terminal is the largest automated terminal on the U.S. West Coast

Of particular note is MIRA's long history of successfully investing in infrastructure assets through its infrastructure investment funds along with one or more of our investor clients who seek to make large, direct investments into our transactions. We have used this approach successfully to acquire and manage utilities of similar size to JEA, as summarized below:

- **Cadent Gas:** MIRA led a global investor group in its acquisition of Cadent Gas, formerly known as National Grid Gas Distribution Limited for an enterprise value \$17.4

billion (£13.8 billion). Cadent owns the largest gas distribution network in the U.K. serving 11 million homes;

- Thames Water: MIRA led an investor group in its acquisition of Thames Water for an enterprise value of \$14.9 billion (£8.0 billion). Thames Water is the largest water and wastewater company in the U.K., serving 15,000,000 customers in London and the Thames valley;
- Puget Energy: MIRA led an investor group in the acquisition of Puget Energy for an enterprise value of \$7.4 billion. Puget Energy provides electric and gas services to 2,037,000 customers to Washington State and owns 4.7 GW of generation capacity;
- Endeavor Energy: MIRA led a global investor group in its acquisition via a privatization of a controlling interest in Endeavor Energy, with the New South Wales government retaining the remaining interest. The transaction's enterprise value was \$7.2 billion (A\$9.8 billion). Endeavour has a 99-year concession over an electric distribution network that serves 1,018,000 customers in New South Wales.
- Cleco: MIRA led an investor group in the acquisition of Cleco, a vertically integrated electric utility in Louisiana. Cleco was acquired for an enterprise value of \$4.7 billion;
- Duquesne Light: MIRA led an investor group in the acquisition of Duquesne Light, a Pennsylvania-based utility company. The acquisition had an enterprise value of \$3.2 billion. Duquesne serves 590,000 customers in Pennsylvania; and
- Aquarion: MIRA led an investor group in the acquisition of Aquarion for an enterprise value of \$0.9 billion. Aquarion supplies water to 226,300 customers in Connecticut, Massachusetts, and New Hampshire.

#### x. Advisors / Contact List

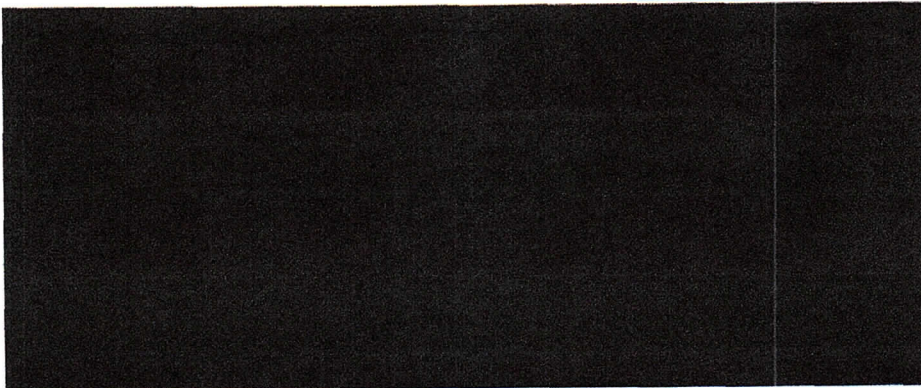
Please contact the following individuals if you wish to discuss or require clarification of any aspect of this Revised Reply.

**Aaron Rubin**  
Managing Director  
Macquarie Infrastructure and Real Assets  
[aaron.rubin@macquarie.com](mailto:aaron.rubin@macquarie.com)  
(212) 231 1266

**Sam Cooley**  
Vice President  
Macquarie Infrastructure and Real Assets  
[sam.cooley@macquarie.com](mailto:sam.cooley@macquarie.com)  
(212) 231 1287

In addition, MIRA has retained the following advisors to assist with the Proposed Transaction.

Workstream	Advisor	Primary Contact
Financial Advisor	Macquarie Capital	Eric Weng <a href="mailto:eric.weng@macquarie.com">eric.weng@macquarie.com</a>



Workstream	Advisor	Primary Contact

#### xi. Due Diligence

Our due diligence to date has been limited to the review of publicly available information regarding JEA and the Due Diligence Materials. The submission of a BAFO and execution of any definitive agreement would be subject to the satisfactory completion of commercial, operational, market, political, regulatory, legal, tax, accounting, insurance, technical, human resources and pension, environmental and other due diligence by internal resources and external service providers. We anticipate that this would include, but not be limited to:

- Customary review of all material financial records and business, strategic and regulatory plans;
- Legal due diligence by external legal counsel, including review of all pending or threatened legal actions and all material contracts and agreements;
- Regulatory due diligence by external counsel and regulatory advisors in Florida;
- Accounting and tax due diligence by an independent accounting firm;
- Actuarial review of pension and other post-employment benefit programs;
- Engineering and operational due diligence by an independent engineer;
- Due diligence concerning information technology, intellectual property and human resource management issues by consultants and external counsel;
- Review of occupational health and safety and insurance matters by consultants and external counsel;
- Additional diligence in relation to real estate and environmental matters by an independent environmental firm;
- Polling and focus groups of constituents within Jacksonville area, subject to receipt of JEA's consent;
- Credit rating evaluation; and
- Additional management presentations and interviews with key staff members and site visits.

We and our advisers are prepared to move forward immediately to perform and complete the required due diligence in a timely manner to allow us to enter into a binding definitive agreement by March 2020, provided all necessary diligence materials and data is made available in a timely manner.



## xii. Other Information

MIRA confirms its understanding of JEA's expectation that JEA and MIRA would develop a comprehensive transition plan that will detail the coordinated communication and efficient transfer of JEA's assets, operations and customers. We are encouraged by this expectation as we firmly believe that our successful history in acquiring utilities is driven by our ability to work with the target utility companies to jointly develop mutually acceptable plans and approaches to the regulatory, political and social issues that arise as a result of transactions.

MIRA believes it is the ideal partner for JEA and the City and that our Proposed Transaction would resonate with JEA's key stakeholders and customers. Messages we would expect to highlight are:

- Our Proposed Transaction exceeds the minimum requirements of the ITN;
- MIRA would allow JEA to remain an independent utility, based in Downtown Jacksonville, guided by a Board with local representatives, led by local management team, all focused on the needs of the community;
- MIRA would retain JEA's unique brand, organizational culture and community presence;
- MIRA is already a community partner with strong local presence and commitment to Jacksonville and Northeast Florida;
- MIRA has a strong history of investing in, and strengthening, independent regulated utilities in the U.S. and infrastructure assets around the world; and
- MIRA's approach provides a stable source of long-term capital focused on creating long-term value.

We are an experienced investor in U.S. regulated utilities and have outlined our perspectives on our approach to regulatory strategy and successfully obtaining approval from FERC and U.S. state public commissions (see "viii. Regulatory / External Approvals and Conditions"). In addition, we have retained experienced local advisors who would work collaboratively with JEA and can be made available to share their ideas on how JEA and MIRA would communicate the significant benefits of this Proposed Transaction.

This Revised Reply expresses our current intentions only. It is not an offer capable of acceptance and, other than as expressly set forth in the Confidentiality Agreement executed by MIRA Inc. and JEA, shall not otherwise give rise to a binding contract. This Revised Reply does not constitute a commitment by any MIRA entity, including the undersigned, to acquire, underwrite, place and/or distribute any assets or financing in relation to the Proposed Transaction or with respect to any other matter and does not create in favor of any person or entity a right to seek any remedy against any MIRA or Macquarie Group entity for failure to pursue or consummate the Proposed Transaction or any other matter. Unless and until a definitive agreement is entered into regarding a Proposed Transaction, no MIRA or Macquarie Group entity will be under any obligation whatsoever with respect to the Proposed Transaction or otherwise. Any Proposed Transaction will be subject to the satisfactory outcome of further due diligence, approval of MIRA's Investment Committee, and the negotiation and execution of mutually agreed definitive documentation by all parties thereto.

MIRA considers the Proposed Transaction to be a very attractive opportunity for JEA, the City and its customers, employees and the communities it serves. We have a history of being able to move swiftly to execute transactions of this sensitivity and magnitude, and would welcome the opportunity to engage in further discussions in the next stage of the Negotiation Phase.

Yours faithfully,

Macquarie Infrastructure and Real Assets Inc.

A handwritten signature in blue ink, appearing to be 'DF' followed by a stylized flourish.

**David Fass**  
Chief Executive Officer

A handwritten signature in black ink, appearing to be 'AR' followed by a long horizontal stroke.

**Aaron Rubin**  
Vice President

**Attachment A**

Original ITN Reply

**Attachment B**

Prospective Lender Support Letters





**Solicitation Number**

ITN #127-19 Strategic Alternatives

**Respondent Name**

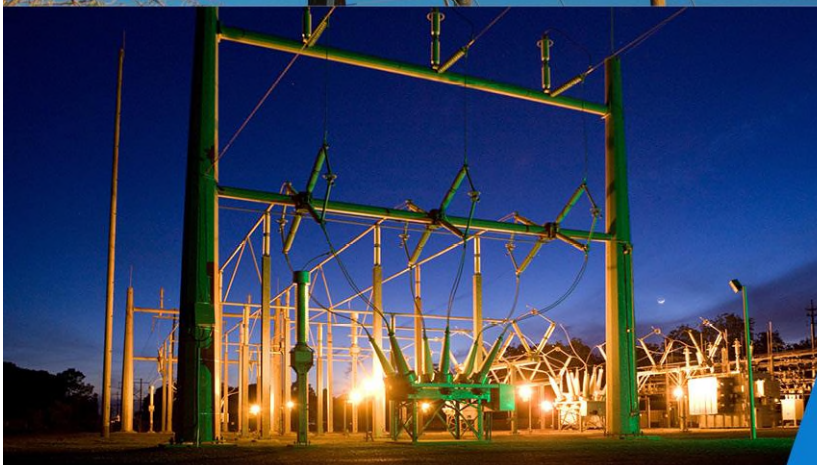
Macquarie Infrastructure and Real Assets Inc.  
("MIRA Inc.")

**Email Contact**

aaron.rubin@macquarie.com

**Contents of Reply**

- (1) Respondent Certification Form
- (2) Conflict of Interest Form
- (3) MIRA Inc. Duplicate Reply



127-19 APPENDIX A – RESPONSE FORM

Company Name: Macquarie Infrastructure and Real Assets Inc.

Company's Address 125 W.55th St, Level 15, New York, NY 10019

Phone Number: 212-231-1659 FAX No: \_\_\_\_\_ Email Address: David.Fass@Macquarie.com

☒ **I have read and understood the Sunshine Law/Public Records clauses contained within this solicitation. I understand that in the absence of a redacted copy my proposal will be disclosed to the public "as-is".**

**RESPONDENT CERTIFICATION**

By submitting this Response, the Respondent certifies that it has read and reviewed all of the documents pertaining to this Solicitation, that the person signing below is an authorized representative of the Respondent Company, that the Company is legally authorized to do business in the State of Florida, and that the Company maintains in active status an appropriate contractor's license for the work (if applicable). The Respondent also certifies that it complies with all sections (including but not limited to Conflict of Interest) of this Solicitation.

We have received addenda

1 through 4

872  
Handwritten Signature of Authorized Officer of Company or Agent

10/02/2019

Date

David Fass-CEO

Printed Name and Title

CONFLICT OF INTEREST  
CERTIFICATE

JEA IFB No. 127-19

Bidder must execute this form, if applicable, relative to Florida Statute 112.313. Failure to submit this form, if applicable, shall result in rejection of this bid.

I hereby certify that the following named JEA official(s) and employee(s) having material financial interest(s) (in excess of 5%) in this company have filed Conflict of Interest statements with the Supervisor of Elections, 105 East Monroe Street, Jacksonville, Duval County, Florida, prior to bid opening.

Name	Title or Position	Date of Filing
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

  
Signature

Macquarie Infrastructure and Real Assets Inc.  
Company Name

David Fass, CEO  
Name of Certifying Official  
(type or print)

125 W.55th St., 15th Floor  
Business Address

New York, NY 10019  
City, State, Zip Code

## REPRESENTATIONS AND DISCLOSURES

The following statements and representations are submitted in response to JEA Invitation to Negotiate ("ITN") for Strategic Alternatives, ITN #127-19, which requires each Respondent submitting a Reply to make a number of representations and certifications in support of the Respondent's proposal. In submitting a Reply, Respondent ("MIRA Inc.") understands, represents, and acknowledges these and other statements included in the ITN.

1. The Respondent is not currently under suspension or debarment by the State of Florida or any other governmental authority.
2. To the best of the knowledge of the person signing the Reply, the Respondent, its affiliates, subsidiaries, directors, officers, and employees are not currently under investigation by any governmental authority and have not in the last ten (10) years been convicted or found liable for any act prohibited by law in any jurisdiction involving conspiracy or collusion with respect to bidding on any public contract.
3. The Reply is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive Reply.
4. The Respondent has fully informed JEA in writing, if any, of all convictions of the firm, its affiliates (as defined in section 287.133(1)(a) of the Florida Statutes), and all directors, officers, and employees of the firm and its affiliates for violations of state or federal antitrust laws with respect to a public contract or violation of any state or federal law involving fraud, bribery, collusion, conspiracy, or material misrepresentation with respect to a public contract. This includes disclosure of the names of current employees who were convicted of contract crimes while in the employ of another firm.

*Disclosure: No one in the active management of MIRA Inc. has been convicted of a public entity crime. As such, to the best of the knowledge of the person signing the Reply, this certification also applies to affiliates defined by section 287.133(1)(a) Florida Statutes.*

5. Neither the Respondent nor any person associated with it in the capacity of owner, partner, director, officer, principal, investigator, project director, manager, auditor, or position involving the administration of federal funds:
  - a. Has within the preceding three years been convicted of or had a civil judgment rendered against them or is presently indicted for or otherwise criminally or civilly charged for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state, or local government transaction or public contract; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; or
  - b. Has within a three-year period preceding submission of its Reply had one or more federal, state, or local government contracts terminated for cause or default.



6. The Respondent has read and understands the terms and conditions of this ITN, and the submission is made in conformance with those terms and conditions.

7. The Respondent acknowledges that every aspect of its submitted Reply is based on its own knowledge and judgment of the conditions and hazards involved and not upon any representation of JEA, and that JEA assumes no responsibility for any understanding or representation made by any of its representatives during or prior to execution of any contract, unless such understandings or representations are expressly stated in such contract and the contract expressly provides that JEA assumes the responsibility.

8. The Respondent has made a diligent inquiry of its employees and agents responsible for preparing, approving, or submitting the Reply and has been advised by each of them that he or she has not participated in any communication, consultation, discussion, agreement, collusion, act, or other conduct inconsistent with any of the statements and representations made in the Reply.

9. The Respondent acknowledges that all information provided by, and representations made by, the Respondent are material and important and will be relied upon by JEA in awarding any contract. Any misstatement shall be treated as fraudulent concealment from JEA of the true facts relating to submission of the Reply. A misrepresentation shall be punishable under law, including, but not limited to, Chapter 817 of the Florida Statutes.

10. Additionally, to the best of the knowledge of the person signing the Reply there are no public officials who have any financial position, directly or indirectly, with this ITN and a completed Conflict of Interest Certificate Form is attached.



Handwritten Signature of Authorized Officer of Company or Agent

Oct. 2, 2019  
Date

DAVID FASS, CEO

Printed Name and Title

October 7, 2019

Ms. April Green  
Chair, Board of Directors  
JEA  
21 West Church Street  
Jacksonville, Florida 32202



**RE: Invitation to Negotiate #127-19 for Strategic Alternatives ("ITN")**

Dear Chair Green,

Macquarie Infrastructure and Real Assets Inc. ("**MIRA Inc.**") is pleased to submit this qualifying response ("**Reply**") to ITN #127-19. MIRA Inc. is a subsidiary of Macquarie Group Limited ("**Macquarie**") and the U.S. operating company of Macquarie Infrastructure and Real Assets ("**MIRA**"), Macquarie's alternative asset management division.

MIRA is the world's largest infrastructure asset manager with approximately \$129 billion in assets under management<sup>1</sup>. MIRA has extensive experience as an owner of regulated utilities, both in the U.S. and globally. Over the past 25 years, we have held controlling or otherwise substantial ownership interests in 9 electric utilities, 7 water utilities and 15 gas utilities, collectively serving over 76 million customers. This track record highlights our financial capacity, resources and experience to support JEA on its path to a promising and successful future.

MIRA believes it is the ideal partner for JEA and the City of Jacksonville. Beyond our ability to satisfy and exceed the minimum requirements of the ITN, a transaction with MIRA would allow JEA to remain a locally based and managed utility, retaining JEA's unique brand, organizational culture and community presence.

Macquarie has a significant presence in Downtown Jacksonville and we appreciate the positive impact this transaction could have on the Jacksonville and Northeast Florida communities.

As requested in the ITN, please find below the following information:

1. **Contact Information:** Aaron Rubin ([aaron.rubin@macquarie.com](mailto:aaron.rubin@macquarie.com), +1 212 231 1266);
2. **Name and Signature of The Representatives:** Refer to below;
3. **Legal Name of Company:** Macquarie Infrastructure and Real Assets Inc. has its primary offices at 125 West 55th Street, New York, NY 10019;
4. **Location and Date of Incorporation, and Type of Business:** MIRA Inc. is a holding company incorporated in Delaware on May 4, 2007; and
5. **Federal Employer Identification Number:** 20-8983572.

We greatly look forward to discussing this Reply with you in the Negotiation Phase of this process.

Respectfully,

  
David Fass  
Chief Executive Officer  
Macquarie Infrastructure and Real Assets Inc.

  
Aaron Rubin  
Vice President  
Macquarie Infrastructure and Real Assets Inc.

<sup>1</sup> As of March 31, 2019

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# Important Notice

This document has been prepared by Macquarie Infrastructure and Real Assets Inc. ("MIRA Inc.") and provides general information in respect of Macquarie's businesses and is provided for the sole purpose of providing a complete response to the JEA Invitation to Negotiate #127-19, Strategic Alternatives. No person is authorized to give any information or to make any document not contained in this document in connection with the matters described in this document, and, if given or made, such information or document may not be relied upon as having been authorized.

The name "Macquarie" in this document refers to the Macquarie Group which comprises Macquarie Group Limited ABN 94 122 169 279 and its worldwide affiliates. Macquarie Group comprises two separate sub-groups, a banking group (including Macquarie Bank Limited ABN 46 008 583 542) and a non-banking group which includes Macquarie Asset Management ("MAM"), a full-service fund manager. Within MAM, Macquarie Infrastructure and Real Assets ("MIRA") provides fund management services in relation to real assets, including infrastructure, real estate and private equity. This document has been prepared by Macquarie Infrastructure and Real Assets Inc. ("MIRA Inc."). Unless otherwise noted, references to "we", "us", "our" and similar expressions are to MIRA Inc. and Macquarie Infrastructure Partners Inc. ("MIP Inc." or the "Manager").

As used herein "MEAP" refers to Macquarie Essential Assets Partnership, "MIP I" refers to Macquarie Infrastructure Partners, "MIP II" refers to Macquarie Infrastructure Partners II, "MIP III" refers to Macquarie Infrastructure Partners III, "MIP IV" refers to Macquarie Infrastructure Partners IV, "MEIF 1" refers to Macquarie European Infrastructure Fund 1, "MEIF 2" refers to Macquarie European Infrastructure Fund 2, "MEIF 3" refers to Macquarie European Infrastructure Fund 3, "MEIF 4" refers to Macquarie European Infrastructure Fund 4, and "MIC" refers to Macquarie Infrastructure Corporation.

This document and its contents are limited solely for the use of JEA in evaluating the responsiveness of MIRA's proposal to the JEA Invitation to Negotiate #127-19, Strategic Alternatives and it may not be used for any other purpose. Nothing in this document constitutes a commitment from Macquarie to provide or arrange any facility or is otherwise imposing any obligation on Macquarie. Past performance is not an indication of future performance and Macquarie does not guarantee the performance of or return of capital from any investment in any fund or other investment vehicle.

This document does not constitute and should not be interpreted as either an investment recommendation or advice, including legal, tax or accounting advice. This document (i) has been prepared for, and is exclusively addressed to, the recipient, (ii) is subject to all disclaimers, legal notices, risk factors and other similar provisions contained (a) herein, (b) in any other documentation or oral reports provided at any time by us to the recipient, including in any periodic reports and (c) in any agreements between the recipient and us and (iii) may not be used or relied upon by any person or entity or for any purpose without our prior written consent. This document does not purport to make any, and does not contain any, representations, warranties or other certifications or guarantees from us to the recipient or to any other person or entity.

This document is not intended as an offer or solicitation with respect to the purchase or sale of any security nor does it constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorized or to whom it is unlawful to make such solicitation or offer.

**Limitations on Information.** Unless otherwise noted, information in this document is presented as of its date and does not reflect any facts, events or circumstances that may have arisen after that date. The information presented herein is provided to JEA for the purpose of demonstrating compliance with the ITN so that MIRA and JEA may enter into negotiations through which a more complete plan of transaction would be established. Any financial target has been prepared and set out for illustrative purposes only and does not in any manner constitute a forecast. Pursuant to the anticipated negotiation



process, information presented in this ITN response would be updated, supplemented, expanded and revised as appropriate leading to a comprehensive set of transaction documents.

Qualitative statements regarding political, regulatory, market and economic environments and opportunities are based on the Manager's opinion, belief and judgment. Such statements do not reflect or constitute legal advice or conclusions. Investment highlights reflect the Manager's subjective judgment of the primary features that may make investment in the relevant sector attractive. They do not represent an exclusive list of features and are inherently based on the Manager's opinion and belief based on its own analysis of selected market and economic data.

Certain information contained in this document (including certain forward-looking statements and financial, economic and market information, as well as information contained in footnotes of documents) has been obtained from published and non-published sources and from third parties, some of which may have been published in the context of marketing certain products, such as legal, accounting, financial, advisory and/or consulting services. In addition, certain information contained herein has been obtained from entities in which investments have been made by Macquarie and its affiliates or prepared by other parties (including rating agencies, service providers and governmental agencies), which has not been updated through the date hereof. While such information is believed to be reliable for the purpose used herein, none of Macquarie or any of its directors, managers, officers, employees, members, partners, shareholders or affiliates assumes any responsibility for the accuracy or completeness of such information. Certain economic, financial, market and other data and statistics produced by governmental agencies or other sources set forth herein or upon which Macquarie's analysis and decisions rely may prove incomplete or inaccurate. We have not independently verified such information and cannot assure you that it is accurate or complete.

Certain information contained in this document constitutes forward-looking statements that represent our opinions, expectations, beliefs, intentions, estimates or strategies regarding the future, which may not be realized. These statements may be identified by the use of words like "may," "can," "will," "would," "seek," "should," "expect," "anticipate," "project," "estimate," "potential," "intend," "continue," "target," "plan," or "believe," or the negatives thereof or other variations thereon or comparable terminology. The forward-looking statements reflect our views and assumptions with respect to future events as of the date set forth herein and are subject to risks, uncertainties changes and other factors. Actual and future results and trends could differ materially from those described by such statements due to various factors, including those beyond our ability to control or predict. Given these uncertainties, you should not place reliance on the forward-looking statements. No representation or warranty is made as to future performance or such forward-looking statements.

Any financial measures contained in this document which are not presented in accordance with U.S. generally accepted accounting principles ("GAAP") are not meant as a substitute for GAAP but are included solely for informational and comparative purposes. We believe that this information assists in evaluating operational trends but should not be regarded as a replacement for corresponding GAAP measures. Except where otherwise indicated herein, all figures are presented in U.S. Dollars.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the Internal Revenue Service ("IRS"), we inform you that any tax advice contained in this document (including any attachments) was written in connection with the promotion or marketing of the transaction(s) or matter(s) addressed herein and was not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties under federal, state or local tax law. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

**None of the entities noted in this document is an authorized deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 008 583 542 ("MBL"). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.**

Towers Watson disclaimer: Global Alternatives Survey 2017 (published July 2017), measured by assets under management. Previous Global Alternatives Surveys published by Towers Watson between 2010 and 2016. The methodologies and criteria used (including, whether and to what extent, if any, they were based on investor evaluations and the number of nominees that were considered) is not known to MIRA. It is not known to MIRA, nor has MIRA investigated, whether the investment managers reviewed in the referenced surveys have been rated by Towers Watson, Infrastructure Investor or any other third parties in any way that would conflict with the information referenced herein. It is possible that a different universe of participants or managers may have achieved different results. There is no guarantee that MIRA will maintain this status in the future.

Nothing contained in this Important Notice should be construed as contrary to the representations and certifications required by the ITN.

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## 2. Executive Summary

Macquarie Infrastructure and Real Assets Inc. (“**MIRA Inc.**”), on behalf of Macquarie Infrastructure and Real Assets (“**MIRA**”), a division of Macquarie Group Limited (“**Macquarie**”), is pleased to submit its response (“**Reply**”) to the Invitation to Negotiate #127-19 (“**ITN**”) for the opportunity to partner with JEA and the City of Jacksonville (“**the City**”) on strategic alternatives.

MIRA seeks to acquire a 100% ownership interest in JEA as a combined electric, water and wastewater business.

Should the City consider a separation and separate sale of the electric and water and wastewater components of JEA, MIRA would be glad to consider acquiring either part of JEA. However, in this instance we would need to address concerns that such a separation is likely to be disruptive to JEA, its customers and its employees and detrimental to the overall value of the business.

Also, we understand that the City may consider alternative forms of a transaction to an outright sale. Some of these alternatives, such as a contractual concession structure, may achieve the City’s objectives whilst maintaining the City’s ownership of JEA’s assets. MIRA would be glad to work with you and your advisors to explore such alternatives.

MIRA is the world’s largest infrastructure asset manager<sup>1</sup> and owner of infrastructure, real estate, agriculture and energy assets, with more than \$129 billion in assets under management. MIRA has a strong track record of acquiring large water and energy utilities and supporting their ongoing growth. Globally, we have made controlling or otherwise sizable investments in 30 regulated utilities over the past 25 years. Examples of these investments in the U.S. include Cleco Corporation (“**Cleco**”), Puget Energy, Aquarion Company (“**Aquarion**”), and Duquesne Light Holdings (“**Duquesne Light**”)². MIRA was the lead investor in all of these transactions (with certain of our clients acquiring minority stakes alongside us).

If MIRA’s proposal is accepted, JEA will continue to be an independent utility based in and managed from Jacksonville. MIRA expects that the JEA Board of Directors (“**JEA Board**”) will consist of investor representatives, JEA’s CEO and independent local community members and business leaders. MIRA’s emphasis on appointing local and independent directors will ensure that long-term strategies are in the best interest of JEA, its customers and the Jacksonville community, including all of Duval County (“**the Community**”).

### MIRA’s Plan for JEA

MIRA has a demonstrated track record of successful and responsible ownership of electric and water utilities. MIRA commits to fully satisfy the process goals and minimum requirements, set forth in the ITN. JEA’s debt will be investment grade rated, ensuring access to debt capital to fund ongoing capital outlays.

JEA will be governed by the JEA Board, which will be comprised of representatives from the investors and leaders from the Jacksonville community, who will be independent of the investors and JEA. One of the independent directors will serve as Board chair. The JEA Board will have authority to lead JEA to set service standards and track performance, to approve strategy, business plans, investment plans and major contracts, to select and compensate senior management, and to approve all financing matters.

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<sup>1</sup> Source: Towers Watson “Global Alternatives Survey 2017,” July 2017. See Important Notice.

<sup>2</sup> MIRA’s U.S. regulated utility experience also includes Michigan Electric Transmission Company and Hawai’i Gas. The businesses of these two utilities are not as directly comparable to JEA as the four mentioned above.

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Under investor ownership, JEA's electric, water, and wastewater operations will be regulated by the Florida Public Service Commission ("**FPSC**"), with respect to rates, service quality and other actions as provided by law. FPSC regulation and U.S. Securities and Exchange Commission ("**SEC**") disclosure requirements (required if JEA is a public debt issuer) ensure transparency and accountability to the public.

### A Continuing Commitment to Jacksonville Jobs

A team of executives who live and work in Jacksonville will manage JEA, reporting to the JEA Board. We believe that executives who live in the communities served by utilities make the best decisions because they know the community and customers, are close to the employees, and know the utility's needs and capabilities. The management will develop JEA's strategy and business plans, and, subject to Board challenge and approval of those plans, will have full authority to execute those plans.

While we are an active investor in the U.S. utility sector, we have no plans to consolidate JEA with any other entity. This is contrary to utility industry trends where small to mid-size utilities are absorbed into larger holding companies. This consolidation inevitably results in loss of jobs as corporate and back office functions are provided by the holding company. Investment plans can be driven more by holding company objectives than the needs of the immediate community. Our plan is to strengthen JEA, not dismember it or make it part of something else. Jacksonville should expect that JEA under MIRA's ownership will continue to be responsive to Jacksonville's needs and a source of employment for area residents as it successfully competes and grows in the utility industry.

JEA aligns with MIRA's utility strategy. The City has excellent demographics as measured by job growth, population growth, and economic diversity. JEA has sufficient scale to become a more competitive force within the water and energy sectors if unencumbered by municipal ownership restrictions. JEA is also a well-run utility, providing reliable and affordable service to its customers. With predictable funding and governance, we believe that JEA can improve its performance and successfully compete in new businesses, which will benefit all stakeholders, including the investors.

### MIRA's Track Record with U.S. Utilities

MIRA's experience with Cleco (Central Louisiana), Puget Energy (Western Washington), Aquarion (New England), and Duquesne Light (Western Pennsylvania) proves that MIRA's approach benefits all parts of a community served by one of our utilities. In each case, MIRA acquired the business and maintained an investment grade capital structure to fund ongoing capital needs. In each case, MIRA formed a Board of Directors including representatives from the investors and independent directors to oversee the business. Each business was led by a local management team fully empowered to develop strategy and execute Board-approved business plans. At each of these utilities, customer satisfaction, and employee safety measurably improved. Jacksonville should expect the same for JEA.

As the largest infrastructure investor in the world<sup>1</sup>, MIRA is at the forefront of infrastructure innovation. MIRA actively works with the management teams of the companies in which it invests to ensure funding and resources are allocated to advance innovation and prepare for the future. MIRA will work with JEA's management team to prioritize and fund investments in long-term growth strategies such as distributed generation, electrification, communications and water and energy efficiency.

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<sup>1</sup> Source: Towers Watson "Global Alternatives Survey 2017," July 2017. See Important Notice.

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## The MIRA Difference

MIRA believes its unique ownership and governance framework would benefit the Community above and beyond the ITN's minimum requirements. The MIRA difference can be summarized as follows:

- JEA will continue to be an independent utility, based in Downtown Jacksonville guided by a Board with local representatives, led by a local management team, all focused on the needs of the Community;
- MIRA has an unparalleled track record investing in, and strengthening, independent regulated utilities in the U.S. and infrastructure assets around the world; and
- MIRA's approach provides a stable source of capital, focused on creating long-term value without the constraints of public market sentiment. MIRA's approach to business planning will enable JEA's management team to pursue new business opportunities that position JEA for the future.

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## 3. Statement of Interest and Qualifications

### 3.1 Interest in JEA

MIRA is interested in acquiring a 100% ownership interest in JEA as a combined and integrated entity, including, its electric, water, and wastewater businesses. We will meet or exceed the ITN's minimum requirements as part of such a transaction.

We believe the sale of JEA as a combined entity will result in maximum value for the City. Separating the electric and water and wastewater businesses will likely create significant complexity in duplicating corporate costs, executive management teams and IT investments as well as be disruptive to employees and customers and likely increase the overall transaction timeline.

While we recommend a sale and have substantial experience owning regulated utilities, we would consider other transaction structures, to the extent they are attractive to the City, including:

- A) The acquisition of a controlling, but less than 100% interest in JEA, with the City or an affiliate retaining a minority interest in JEA.
- B) A long-term concession that would see JEA return to the City's control at the end of the concession period. MIRA would seek to structure this transaction such that JEA would continue to be capitalized with tax-exempt debt.
- C) The acquisition of only the electric utility or the water and wastewater utility portion of JEA's business, subject to an acceptable plan to separate the two major business units of JEA.

We would be pleased to work with you and any of your advisors to explore and discuss these structures further in the context of the ITN.

Regulated water and energy utilities in the U.S. have been core to MIRA's investment strategy. Utilities provide essential services and offer MIRA's investor clients strong and stable returns. For customers and stakeholders, the existence of well-established regulatory structures ensures transparency and protection of the public interest. Investments in large regulated utilities, such as JEA, make up a large proportion of MIRA's portfolio by value.

MIRA prefers to invest in infrastructure businesses that are critical to their communities, have strong and experienced management teams, and have the potential to benefit from remaining independent and locally managed. JEA fits these characteristics. JEA's services are essential to Jacksonville. It has scale (particularly as a combined and integrated electric, water and wastewater utility) to support corporate functions at an affordable cost to the end-user. JEA also operates in a state known for consistent rate-making policy. It has sufficient buying power and creditworthiness to negotiate effectively in regional energy markets. Furthermore, the underlying demographics of its service territory are strong.

### 3.2 Expected Ownership and Management of JEA

MIRA will retain the existing management team and employees who will be responsible for JEA's operations. We expect that JEA will be governed by the JEA Board, which will be comprised of representatives from the investors, the JEA CEO and leaders from the Jacksonville community who will be independent of the investors and JEA. This will lead to a smooth transition and continued stability at JEA.

Stability is at the core of MIRA's proposal. MIRA's proposal will ensure JEA continues to provide safe, reliable, affordable and sustainable electric, water and wastewater services. Importantly under MIRA's proposal, there would be no costs associated with restructuring JEA into a larger utility holding company or separating its electric and water and wastewater businesses.



### 3.2.1 Long-term Ownership

MIRA would make an investment into JEA through one or more of its infrastructure investment funds. We may be joined in this investment by one or more of our investor clients who seek to make large, direct investments into our transactions. MIRA has a long history using this approach to successfully acquire and manage utilities of similar size to JEA. **Table 1** summarizes relevant recent examples of large MIRA-led investor group acquisitions of large utilities (please refer to **Tables 3, 4 and 5** for a full list of our precedent investments in regulated utilities).

**Table 1: Select MIRA Utility Investments**

Select MIRA Utilities in North America	
	<p><b>Cleco</b></p> <p>In 2016, MIRA led an investor group in the acquisition of Cleco, a vertically integrated electric utility in Louisiana. Cleco was acquired for an enterprise value of \$4.7 billion. In 2019, MIRA supported Cleco in its \$1 billion acquisition of NRG South Central, a wholesale generation business in Louisiana. Cleco now serves 484,000 customers and owns 7 GW of generation capacity.</p>
	<p><b>Puget Energy</b></p> <p>In 2009, MIRA led an investor group in the acquisition of Puget Energy for an enterprise value of \$7.4 billion. Puget Energy provides electric and gas services to 2,037,000 customers in Washington State and owns 4.7 GW of generation capacity.</p>
	<p><b>Duquesne Light</b></p> <p>In 2007, MIRA led an investor group in the acquisition of Duquesne Light, a Pennsylvania-based utility company. The acquisition had an enterprise value of \$3.2 billion. Duquesne serves 590,000 customers in Pennsylvania.</p>
	<p><b>Aquarion</b></p> <p>In 2007, MIRA led an investor group in the acquisition of Aquarion for an enterprise value of \$0.9 billion. Aquarion supplies water to 226,300 customers in Connecticut, Massachusetts, and New Hampshire.</p>
Select MIRA Utilities in Europe and Australia	
	<p><b>Thames Water</b></p> <p>In 2006, MIRA led an investor group in its acquisition of Thames Water for an enterprise value of \$14.9 billion (£8.0 billion). Thames Water is the largest water and wastewater company in the U.K., serving 15,000,000 customers in London and the Thames valley.</p>
	<p><b>Viesgo</b></p> <p>In 2015, MIRA acquired all of E.On's Spanish and Portuguese businesses for an enterprise value of \$3.1 billion (€2.5 billion). Viesgo is a vertically integrated Spanish electric utility with 700,000 customers, 1.4 GW of generation capacity and 20,000 miles of electric distribution.</p>



### Cadent Gas

In 2017, MIRA led a global investor group in its acquisition of Cadent Gas, formerly known as National Grid Gas Distribution Limited for an enterprise value \$17.4 billion (£13.8 billion). Cadent owns the largest gas distribution network in the U.K. serving 11 million homes.



### Endeavour Energy

In 2017, a MIRA led a global investor group in its acquisition of a controlling interest in Endeavor Energy, with the New South Wales government holding the remaining interest. The transaction's enterprise value was \$7.2 billion (A\$9.8 billion). Endeavour has a 99-year concession over an electric distribution network that serves 1,018,000 customers in New South Wales.

## 3.2.2 Local Management

MIRA believes that utilities are best run by experienced local management teams with knowledge of the communities in which the utilities operate. MIRA will operate JEA as an investor owned utility (“**IOU**”) led by a local management team and will remain headquartered in Downtown Jacksonville. We would expect that JEA’s Chief Executive Officer (“**CEO**”), senior management, and managers of corporate support functions would all live in the greater Jacksonville service area. Additionally, it is MIRA’s expectation that Board meetings will also take place in Jacksonville.

MIRA’s approach to promoting and enabling management teams can be summarized as follows:

- **Motivation:** Local management teams are more engaged and focused on the success of the business for the benefit of customers, employees, and investors;
- **Better decision-making:** Executives who live and work in the communities being served and regularly interact with customers, external stakeholders, and employees are in the best position to identify the business needs, execute timely decisions, and assess the impact of those decisions on its customers; and
- **Accountability:** This approach provides clarity about who is responsible for business performance, and thereby, provides a good basis for compensation and other leadership decisions.

### MIRA’s Utility Operating History

MIRA has retained local managements at its previously and currently owned utilities:

- **Puget Energy:** Retained existing CEO since 2002, until his planned retirement in 2011. He was succeeded by an internal candidate, who had worked for Puget Energy for 18 years in a variety of roles related to legal affairs, generations, supply planning and regulation
- **Aquarion:** Local management and the existing CEO, who had led the company since 1987, were all retained. There were no significant changes to the executive team
- **Cleco:** Retained and supported the incumbent existing senior leadership team. The initial CEO resigned for personal reasons and was replaced by an internal candidate.



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### 3.2.3 Aligned Governance

Under its ownership, MIRA expects the JEA Board would consist of investor representatives, as well as JEA's CEO and several independent, local Jacksonville community members and business leaders.

MIRA's emphasis on appointing local and independent Directors, an approach successfully implemented in precedent investments, will ensure long-term strategies are well-informed and consider the best interests of JEA's customers, employees and the Community.

Senior MIRA personnel with extensive utility industry experience would be active JEA Board members, providing engaged and informed oversight of JEA. However, they would not supplant management. MIRA believes management should set strategy while the Board reviews and challenges the strategy and approves the business plan. Management is held accountable for executing the approved business plan. All business planning decisions will be made in Jacksonville.

MIRA would expect to provide additional support to the company when needed for specialist projects or in exceptional circumstances but would otherwise seek to maintain a clear distinction between JEA, the Board and the JEA management.

MIRA's approach to overseeing its investments and interacting with management is further described in **Section 4.2**.

The Board's involvement is centered around the following seven key areas:

#### MIRA's Seven Key Areas of Oversight

1. **Strategy:** Long-term vision is set and revisited frequently;
2. **Leadership:** Company leadership is evaluated on employee safety, delivery of business plans, and Environmental, Social and Governance ("ESG");
3. **Business Planning:** Management writes the business plan; Board deliberates, discusses and approves;
4. **Governance:** Processes and procedures to clarify investor, Board, and management responsibilities;
5. **Risk Management:** Business risks are identified, ranked in order of business or social disruption magnitude, and mitigation plans are put in place;
6. **Stakeholder Engagement:** Engagement with regulators, employees, customers, the Community, environmental groups and charitable organizations amongst other stakeholders is closely tracked and evaluated; and
7. **Capital Funding:** Decisions are made regarding funding large strategic projects as well as ensuring funding needs for day-to-day business are met.

All decisions centered around these seven areas are taken in collaboration with the local management team who is responsible for helping shape the strategy and is accountable for execution.

## Case Study: Local and Independent Board at Cleco



**Peggy Scott**

Peggy Scott currently serves as the Chair of the Boards at Cleco Power and Cleco Corporate Holdings LLC and served as Interim CEO of Cleco Corporate Holdings LLC from February 2017 to December 2017. She was formerly the Executive Vice President, Chief Operating Officer and Chief Financial Officer of Blue Cross Blue Shield of Louisiana.



**Richard "Rick" Gallot, Jr**

Richard "Rick" Gallot, Jr. is the President of Grambling State University and became a member of the Boards in 2016. He recently served as a Louisiana state senator for District 29, where he held the position of Vice-Chair of the Commerce Committee and was a member of various other committees.



**David "Randy" Gilchrist**

David "Randy" Gilchrist is the President and CEO of Gilchrist Construction Company, a central Louisiana-based infrastructure contractor specializing in road and bridge construction. Mr Gilchrist has served as Chair of the Central Louisiana Chamber of Commerce, amongst other leadership roles within Louisiana-based organizations.



**Bruce Wainer**

Bruce Wainer is the CEO of Wainer Enterprises, a family-owned commercial development company on Louisiana's Northshore and in New Orleans. His business affiliations include serving as a president of Louisiana Properties, Inc; Upside Down Cajun Brands, Inc and Quality Properties, Inc.

**Currently, 5 out of 12 of Cleco's Directors are local residents, while 4 out of 12 of its Directors are independent.**

MIRA will replicate its approach to governance to provide the JEA team with the guidance and tools necessary to unlock its full value.

### 3.2.4 Constructive Relationship with Regulators

As part of the transition to an IOU, it is expected that the Florida Public Service Commission ("FPSC") will have jurisdiction over JEA and its electric and water/wastewater rates, terms, and conditions as is set forth in Chapters 366 and 367, Florida Statutes. Federal Energy Regulatory Commission ("FERC") and other state and federal agencies will have jurisdiction over those matters reserved for them.

MIRA has a strong track record of building and maintaining constructive relationships with local public utility commissions. MIRA has previously obtained regulatory approval from the public service commissions, listed in **Table 2**, for its U.S. utility acquisitions.

Table 2: Relationship with Public Service Commissions

Utility	Public Service Commission
	
	  
	
	
	

To be successful, JEA will need to build an effective working relationship with the FPSC and FERC.

For regulation to meet the needs of customers and investors, the utility needs to provide good service, be transparent in its interactions with regulators, honor its commitments, and have a competent regulatory staff. Further, the utility needs to have an ongoing dialogue with its regulators, so its relationship with its regulators is not defined only by rate cases. Ideally, this dialogue results in a relationship where the utility is seen to be a partner in the policies endorsed by the regulators and the community being served and rate matters, while necessary, are no longer central to all interactions.

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## MIRA's Utility Operating History

MIRA's utilities have promoted transparency, trust and alignment around policies to develop effective working relationships with their regulators:

- **Puget Energy:** Targeted its capital program on renewable energy and reduced growth of operating expenses and then negotiated a change to longstanding ratemaking policy in Washington to encourage ongoing investment in routine utility capital
- **Aquarion:** Successfully petitioned the Connecticut utility regulator to decouple water consumption from returns to encourage the company to promote water conservation
- **Cleco:** Obtained approval from the Louisiana Public Service Commission to acquire a \$1.0 billion non-regulated wholesale power supplier serving the rural electric cooperatives in the State. The acquisition will provide a growth opportunity for Cleco and enable Cleco to spread its fixed operating costs over a larger customer base, to the benefit of utility customers

Importantly, MIRA has maintained compliance with the orders and associated regulatory commitments for each of these acquisitions.

MIRA will work with JEA on establishing an appropriate regulatory affairs department. The department will be the main point of contact between JEA and its various regulatory agencies. MIRA will foster a culture of constructive dialogue, trust and transparency with the FPSC to ensure a collaborative working relationship. The FPSC and FERC regulation will protect JEA's customers and continue to hold JEA to a high standard with respect to customer service and reliability.

### 3.2.5 Impact on Customers & Current Operations

MIRA, as discussed in detail in **Section 5**, will meet the minimum requirements set out in the ITN. As such, the transaction will have no immediate impact on customers with respect to their interactions with JEA or their rates.

As discussed in **Section 6**, MIRA will ensure no adverse changes will be made to JEA's operations, staffing levels, compensation, or employee and retiree benefit programs.

In summary, our investment will solidify JEA's commitment to Jacksonville, protect and preserve JEA's role as a key employer and long-time community partner, and ensure that JEA will continue to provide safe, reliable, affordable and sustainable electric and water and wastewater service to its customers.

## 3.3 MIRA is a Qualified Respondent

As outlined below, we believe this Reply meets and exceeds the mandatory requirements outlined in the ITN, making MIRA a Qualified Respondent. Specifically:

1. **Financial Capability to Execute the Reply:** MIRA is the largest infrastructure investment manager<sup>1</sup> in the world and has a long track record of successfully completing investments similar to the proposed acquisition of JEA.

As of March 31, 2019, MIRA manages \$129 billion of assets, held through a number of different investment funds. Investors in MIRA managed funds are primarily pension funds and other institutional investors seeking long-term, stable returns. MIRA's parent company, Macquarie Group, is a multinational financial company listed in Australia with a market capitalization, as of October 1, 2019, of ~A\$44 billion (~\$30 billion). **Tables 3, 4 and 5**, on the following pages, highlight MIRA's experience with electric, water and gas utilities, respectively.

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<sup>1</sup> Source: Towers Watson "Global Alternatives Survey 2017," July 2017. See Important Notice.

MIRA has access to sufficient debt and equity capital to consummate the transaction contemplated in our reply to the ITN;

2. **No Conflict of Interest:** MIRA confirms there are no conflicts of interest, as evidenced in the attached executed Conflict of Interest Certificate; and
3. **Submission of Complete Reply:** MIRA confirms that this Reply is complete, as evidenced in the attached executed Respondent Certification.

**Table 3: Electric Utilities**

		Currency	Total (100%) EV (bn)	Year of Acquisition	Number of Customers (m)
Current	Cleco Corporation	USD	4.7	2016	0.5
	Viesgo	EUR	2.5	2015	0.7
	NSW Endeavour Energy	AUD	9.8	2017	1.0
	Elenia Group	EUR	3.6	2018	0.4
	ElectraNet	AUD	n.d. <sup>1</sup>	2018	0.8
Previous	AltaLink	CAD	0.9	2003	2.6
	Puget Energy	USD	7.4	2009	1.1
	Duquesne Light	USD	3.2	2007	0.6
	Michigan Electric Transmission Company	USD	n.d.	2003	4.9
	United Energy <sup>2</sup>	AUD	n.d.	2004	0.7

**Table 4: Water Utilities**

		Currency	Total (100%) EV (bn)	Year of Acquisition	Number of Customers (m)
Current	Zhenxing Environmental and Wastewater	USD	n.d.	2012	n.d.
	Shenyang Water	USD	n.d.	2012	5.0
Previous	South East Water	GBP	0.9	2004	2.2
	Thames Water	GBP	8.0	2006	15.0
	Aquarion	USD	0.9	2007	0.2
	Dalian Hengji Water	CNY	n.d.	2014	n.d.

<sup>1</sup> Not Disclosed ("n.d.")

<sup>2</sup> DUET Group transactions. DUET Group is a joint venture between Macquarie Corporate Holdings Pty Limited and AMP Capital Investors



**Table 5: Gas Utilities**

		Currency	Total (100%) EV (bn)	Year of Acquisition	Number of Customers (m)
Current	Energie Steiermark AG (ESTAG)	EUR	0.3 – 0.4	2015	0.4
	EP Infrastructure	EUR	n.d.	2017	2.2
	Cadent Gas	GBP	13.8	2017	11.0
	Società Gasdotti Italia (SGI) <sup>1</sup>	EUR	0.6 – 0.7	2016	< 0.1
	Hawai'i Gas	USD	0.3	2006	< 0.1
	Open Grid Europe <sup>2</sup>	EUR	3.2	2012	< 0.1
	Czech Gas Networks	CZK	n.d.	2013	2.3
Previous	Puget Energy	USD	7.4	2009	0.9
	Wales & West Utilities (WWU)	GBP	1.2	2005	7.5
	Thyssengas	EUR	n.d.	2011	9.0
	WA Gas Networks <sup>3</sup>	AUD	n.d.	2004	0.6
	Obragas Net	EUR	n.d.	2007	0.2
	SK E&S	KRW	n.d.	2006	14.7
	MultiNet Group Holdings <sup>3</sup>	AUD	n.d.	2011	0.7
	Dampier Bunbury Pipeline (DBP) <sup>3,4</sup>	AUD	1.9	2004	< 0.1

<sup>1</sup> SGI is one of Italy's three Transmission System Operators with over ~870 miles of high-pressure pipelines

<sup>2</sup> Open Grid Europe is the largest gas Transmission System Operator in Germany with ~7,456 miles of high-pressure pipelines and delivers gas to 450 gas Distribution System Operators that have millions of residential connections

<sup>3</sup> DUET Group transactions. DUET Group is a joint venture between Macquarie Corporate Holdings Pty Limited and AMP Capital Investors

<sup>4</sup> DBP is the largest gas transmission pipeline in Australia serving the entire State of Western Australia with 2.6 million residents

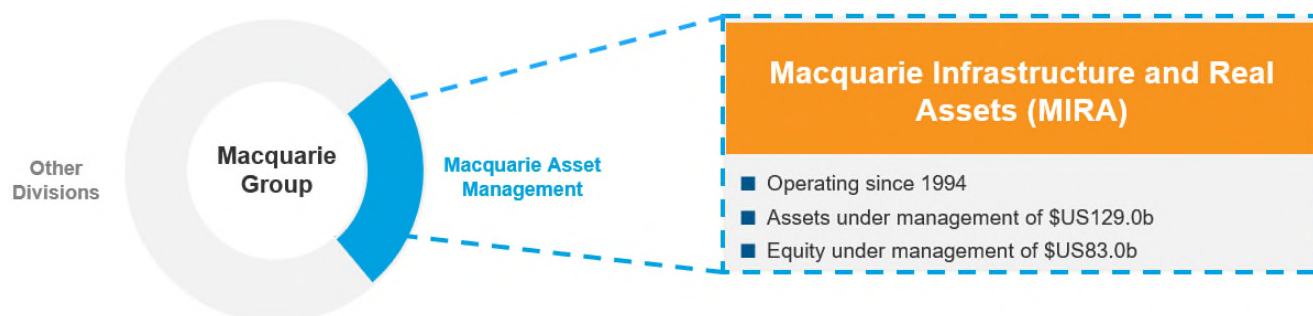
## 4. Organizational Overview

MIRA is the world's largest infrastructure asset manager<sup>1</sup> and owner of infrastructure, real estate, agriculture and energy assets. Today, more than 100 million people every day rely on MIRA managed companies. Our team invests in businesses that underpin economies and communities – aiming to add real and lasting value for the people served by these businesses and assets as well as for its clients.

### 4.1 Organizational Structure

MIRA is a subsidiary of Macquarie, a diversified financial group providing clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. Founded in 1969, Macquarie employs over 15,700 people globally and is listed on the Australian Securities Exchange. As of 2019, in the U.S., Macquarie has local presence in Jacksonville, New York, Chicago, San Francisco, Austin and Houston, among others.

Figure 1: Macquarie Structure



### 4.2 Operations Details

#### 4.2.1 Overview of Operations

MIRA manages \$129 billion in assets worldwide. This includes 155 portfolio businesses, primarily infrastructure, approximately 600 real estate properties and 4.7 million hectares of farmland. **Figure 2** below lists MIRA's operations, which span a broad range of industries from utilities and renewable energy to airports and communications.

<sup>1</sup> Source: Towers Watson "Global Alternatives Survey 2017," July 2017. See Important Notice.

Figure 2: Overview of MIRA's Global Investments



As at 31 March 2019. Represents portfolio businesses which Macquarie Infrastructure and Real Assets manages on behalf of investors with various direct percentage stakes held in each. List of countries is representative and not exhaustive. In some instances they represent the operations of a single business where it has operations across different countries.

In North America, MIRA has acquired more than 36 discrete infrastructure companies including utilities, port terminals, toll roads, telecommunication towers, and waste collection and disposal businesses. See Figure 3 below. Utilities and energy assets have comprised 40% of MIRA's invested capital.

Figure 3: Current and Historical Infrastructure Businesses in North America as of September 2019

**40% invested in Utilities, Power, Midstream and Renewables**

**15% invested in Communications**

**32% invested in Transportation**

**13% invested in Waste Management**

#### Utilities

- AltaLink
- Michigan Electric Transmission Company
- Duquesne Light
- Aquarion Water Company
- Puget Energy
- Cleco Corporation
- Hawaii Gas

#### Power, Midstream & Renewables

- MIC Renewables
- Thermal Chicago
- Bayonne Energy Center
- Broadrock Renewables
- Leaf River Energy Center
- Lordstown Energy Center
- Lagoon Water Solutions
- Centauro Energia (Mexico)
- IMTT

#### Communications

- Global Tower Partners
- InSite Wireless Group
- Aligned Energy
- Bluebird Fiber
- Netality

#### Roads

- Edmonton Ring Road
- Sea-to-Sky Highway
- South Bay Expressway
- Chicago Skyway
- Indiana Toll Road
- Dulles Greenway
- Autoroute 25
- Elizabeth River Tunnels
- Goethals Bridge Replacement Project

#### Ports and Airports

- Fraser Surrey Docks
- Halterm Container Terminal
- Penn Terminals
- NYK Ports / Ceres
- Maher Terminals
- Long Beach Container Terminal
- Atlantic Aviation

#### Waste Management

- Waste Industries
- WCA Waste Corporation
- GFL Environmental
- Tunnel Hill Partners
- Wheelabrator Technologies



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#### 4.2.2 System 7 Active Asset Management Framework

MIRA has an established asset management framework that is implemented throughout its investment lifecycle. This framework (*System 7: Active Asset Management Framework*) serves as a tool to develop each infrastructure investment into a vehicle to efficiently deliver essential services to communities. While MIRA's investments vary in size and nature, we use the same System 7 framework to oversee all our investments. System 7, as applied to utilities, can be summarized into the following subcategories:

- **Governance.** Each business has its own governance documents clarifying the arrangements among the shareholders, the role of the Board, and management's authority. The governance documents also address financial controls and the roles of internal and outside independent auditors
- **Strategy & Business Planning.** Each business has a rolling 5-year business plan stating where the business is today, where the business should be in 5 years, and who will do what and when to realize that 5-year objective. The business plan includes operational and financial metrics and specific initiatives to transform the business. The plan is developed by the management and challenged and approved by the Board. The plan forms the frame of reference for all communication between the Board (and ownership group) and the management, and therefore drives all performance reporting and incentive compensation
- **Leadership and Talent Development.** Each business is led by its own, resident, executive team. The Board selects the CEO and the CEO selects his/her senior team. The Board evaluates the performance of the CEO against the approved business plan. The CEO and middle and senior management usually participate in annual and long term incentive plans with awards based upon operating metrics (i.e. customer satisfaction, employee safety) and financial targets (i.e. annual and long term EBITDA targets, ROE, IRR etc.) which are set forth in the business plan. Further, the Board ensures that the company has an effective talent development process; successors are identified for all management positions and all successors have personal development plans and a senior management sponsor
- **Risk Management.** Utilities have high inherent operating risk, particularly with respect to safety. Management develops a risk matrix for each business which identifies risks, their probability and consequence, how they can be mitigated, who is responsible for that mitigation, and the level of post mitigation risk. High probability and high consequence risks are reported to the Board monthly and are actively managed. Workplace health and safety are the first agenda item for every Board meeting
- **Stakeholder Engagement.** Utilities like JEA are high profile organizations in the communities they serve. Each utility has a stakeholder engagement plan that identifies key stakeholders, what they expect from the utility, and how the utility will satisfy each stakeholder. The relationships formed with stakeholders through this process provide useful input to the management and Board about community objectives for the utility and can help the utility achieve its own objectives



## 4.3 Financial Details

MIRA is a leader in alternative asset management worldwide, specializing in infrastructure, real estate, agriculture and energy. MIRA's investor clients include more than 650 pension funds, sovereign wealth funds, insurance companies, and other institutions worldwide, who in turn manage the long-term savings of millions of investors. Today, MIRA manages approximately \$83 billion of equity under management and \$129 billion of assets under management across listed and unlisted funds, managed co-investments, partnerships and separately managed accounts.

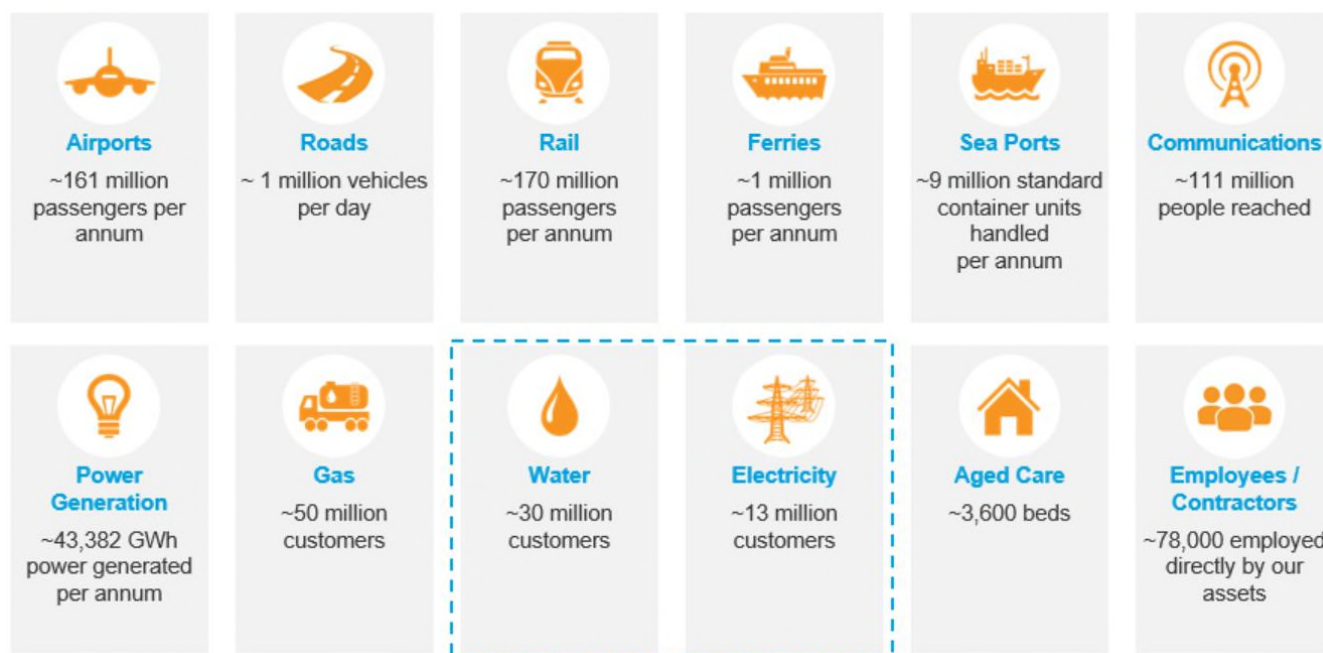
### Investments in U.S. Utilities

MIRA has invested in the following utilities in the U.S.: Cleco in Louisiana (\$4.7 billion enterprise value<sup>1</sup>), Puget Energy in Washington (\$7.4 billion enterprise value<sup>1</sup>), Duquesne Light in Pennsylvania (\$3.2 billion enterprise value<sup>1</sup>), Aquarion in Connecticut, New Hampshire and Massachusetts (\$0.9 billion enterprise value<sup>1</sup>), Hawaii Gas Company (\$0.3 billion enterprise value<sup>1</sup>) in Hawaii, and Michigan Electric Transmission Company.

## 4.4 Number of Current Electric and Water Customers

MIRA is the world's largest infrastructure manager<sup>2</sup>, with, as of March 31, 2019, more than 100 million people each day relying on the infrastructure companies that MIRA owns and manages.

Figure 4: Community Impact of MIRA Investments



MIRA's electric and water utility acquisitions have served over 43 million customers. **Table 6** provides the breakdown of customers per select utilities that are or have been owned and managed by MIRA.

<sup>1</sup> Enterprise value as of transaction close

<sup>2</sup> Source: Towers Watson "Global Alternatives Survey 2017," July 2017. See Important Notice.



**Table 6: Number of Customers Served through MIRA Utility Sector Companies**

	Sectors	Customers	
Current	Cadent Gas	Gas	11,000,000
	Viesgo	Electric	700,000
	Elenia Group	Electric	417,000
	Cleco Corporation	Electric	484,000
	Energie Steiermark AG (ESTAG)	Gas	420,000
	Czech Gas Networks	Gas	2,300,000
	EP Infrastructure	Gas	2,200,000
	Hawai'i Gas	Gas	68,000
	ElectraNet	Electric	844,000
	NSW Endeavour Energy	Electric	1,018,603
	Shenyang Water	Water	5,000,000
Previous	AltaLink	Electric	2,579,208
	United Energy	Electric	660,000
	MultiNet Gas	Gas	660,000
	WA Gas Networks	Gas	620,000
	Obragas Net	Gas	190,000
	SK E&S	Gas	14,700,000
	Wales & West Utilities	Gas	7,500,000
	South East Water	Water	2,200,000
	Aquarion	Water	226,300
	Puget Energy	Electric and Gas	2,037,000
	Michigan Electric Transmission Company	Electric	4,900,000
	Duquesne Light	Electric	590,000
	Thames Water	Water and Wastewater	15,000,000
	Thyssengas	Gas	9,000,150

## 4.5 Existence of Unions and History of Collective Bargaining Agreement Negotiations

As a long-term owner, MIRA recognizes the importance of ensuring a strong safety culture and promoting fair wages, benefits and training for employees, contractors and subcontractors. MIRA is committed to working with portfolio companies to be responsible employers. Notably, there have been no strikes at any of MIRA's portfolio companies in the U.S.

In order to continue to achieve these objectives, MIRA developed and implemented a Responsible Contractor Policy ("RCP") in 2006. The RCP outlines the procedures MIRA's portfolio companies use in the selection of contractors and their subcontractors for construction and maintenance projects, which is consistent with MIRA's fiduciary responsibilities. The RCP ensures that companies in which MIRA invests consider the following factors when selecting contractors:











- the ability of a contractor to provide reliable and high-quality services, which may be evidenced by the contractor's compliance with applicable statutes;
- the compensation and benefits paid to the contractor's employees; and

- the contractor's relevant experience, reputation, dependability and ability to provide cost-efficient services.

The RCP spells out MIRA's position of neutrality with regard to union organizing activities at MIRA-owned companies.

As part of MIRA's commitment to ensuring the implementation of the RCP, MIRA hired Christopher Heinz, in 2008, as Director of Labor Relations. Mr. Heinz has an extensive professional background in organized labor having served as the International Political and Legislative Director of the United Brotherhood of Carpenters and Joiners of America as well as in various senior management capacities at the Carpenters in New England. Currently, Mr. Heinz is responsible for working with the management teams of the companies in which MIRA invested to implement the RCP. See **Table 7** for examples of collaboration between MIRA-owned companies in the U.S. and union labor.

**Table 7: Summary of Labor-Related Outcomes in Companies Managed by MIRA in North America**

Portfolio Company	Comments
	<ul style="list-style-type: none"> <li>— New bridge was built exclusively with union labor</li> <li>— Marked the first new bridge built in New York City since the 1930s</li> </ul>
	<ul style="list-style-type: none"> <li>— Fostered a culture of collaboration by facilitating meetings between MIRA's construction partner and representatives of the Carpenters, Operating Engineers and Laborers Unions</li> </ul>
	<ul style="list-style-type: none"> <li>— Constructed two gas fired power plants in California and Rhode Island with 100% union labor</li> </ul>
	<ul style="list-style-type: none"> <li>— \$10 million warehouse rehabilitation project completed with 100% union labor</li> </ul>
	<ul style="list-style-type: none"> <li>— 100% union labor</li> <li>— Union representation includes International Brotherhood of Electrical Workers ("IBEW")</li> </ul>
	<ul style="list-style-type: none"> <li>— Bridge near Montreal built with 100% union labor</li> <li>— During MIRA's ownership, every employee eligible to be represented by a union had chosen to do so</li> </ul>
	<ul style="list-style-type: none"> <li>— Constructed a new water treatment plant with 100% union labor</li> </ul>
	<ul style="list-style-type: none"> <li>— Improvements constructed with 100% union labor</li> </ul>
	<ul style="list-style-type: none"> <li>— Worked with management to ensure local union signatory contractors were included in a repaving project</li> </ul>
	<ul style="list-style-type: none"> <li>— New 940 MW combined cycle gas plant in Ohio built with 100% union labor (~1,000 laborers)</li> </ul>

## Detailed Case Study on Puget Energy

During MIRA's ownership, Puget Energy implemented a multi-billion-dollar capital improvement program which included the \$280 million reconstruction of the Snoqualmie Hydropower Station. The construction contract for the reconstruction project was bid on a competitive basis and was awarded to a bidder based in Montana, that was qualified but had no local workforce or union contracts. Due to the contractor's lack of local contacts, the MIRA team, led by Mr. Heinz, actively engaged with Puget Energy and worked with the selected bidder and representatives of local building trade unions. This developed positive relationships with the union and ensured local talent was hired.

As a result of extensive direct discussions between the contractor, Puget Energy and the local trade unions, the contractor engaged several local union sub-contractors and agreed to hire trade union members from the local area. Total staffing on the project comprised of 72% union workers, of which 85% were from the western Washington area. The first phase of the project was completed three weeks earlier than expected and within budget.

Additionally, Puget Energy constructed a 343 MW wind farm, Lower Snake River, using a 100% union labor. Recognizing the success of both projects and the importance of engaging with responsible contractors, Puget Energy issued its own Responsible Supplier and Contractor Guidelines that served as a framework when selecting qualified contractors going forward.

As part of the regulatory commitment to preserve Puget Energy's heritage and influence in the community, the investors retained the company's headquarters in Bellevue, Washington under the continued leadership of the existing management team. MIRA honored the existing collective bargaining agreement as well as the existing levels of wages and primary benefits for all employees.

**Figure 5: Snoqualmie Hydropower Station**



**Total staffing on the Snoqualmie Falls Hydroelectric project comprised of 72% union workers. The first phase of the project was completed three weeks earlier than expected and within budget.**

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## 4.6 Extent of Involvement in Economic Development Activities and Funding to Communities

### 4.6.1 Developing the Local Economy

#### **Puget Energy – City of Bellevue Charging Stations and Snoqualmie Projects**

MIRA has experience developing relationships with various counties and cities where its portfolio companies have been operating. For instance, Puget Energy entered into a partnership with the City of Bellevue to deploy charging stations throughout the C-7 region (a consortium of Washington cities

**Figure 6: Puget and Nissan Partnership**



including Bellevue, Kirkland, Issaquah, Mercer Island, Redmond, Renton and Sammamish). The objective of this initiative was energy conservation in the region.

Puget Energy and the City of Bellevue worked with Nissan, to deploy up to 2,200 charging stations in Western Washington, many of them to be serviced by Puget Energy. Puget Energy's effort supported a \$100 million Department of Energy grant awarded to ECOTality's Electric Transportation Engineering Corporation subsidiary.

MIRA will support JEA in pursuing the roll-out of EV charging infrastructure, either through a regulated or unregulated entity, as discussed in **Section 6.5**.

#### **Duquesne Light – University of Pittsburgh Strategic Partnership**

Under MIRA's ownership, Duquesne Light entered into a strategic partnership with the University of Pittsburgh's Swanson School of Engineering. The partnership stemmed from the City of Pittsburgh signing an agreement with the U.S. Department of Energy in July 2015 to research district energy, including microgrids and other efforts to put renewable energy in neighborhoods, and construct a self-sustaining grid around neighborhoods. Duquesne Light made a multi-year financial contribution to help fund electric power research, energy efficiency, laboratory facilities and equipment at the University.

MIRA will support JEA's continued engagement with local education institutions such as the Duval County Public Schools, Florida State College at Jacksonville, Edward Waters College, University of North Florida, and Jacksonville University.

#### **Thames Water – Flooding Plan and Sustainable Urban Drainage**

In 2015, MIRA's Thames Water collaborated with the City of London, the Environment Agency and London Councils to publish the first London Sustainable Drainage Action Plan. This Plan was developed because of deteriorating drains and sewers that was increasing the risk of flooding in London. The Plan modelled drainage and sewage capacity and showed that future population growth and climate change put the City of London at risk of major flooding by 2050. The plan identified flood prone areas in the City and proposed diverting rainwater away from sewers using Sustainable Urban Drainage Systems ("SuDS").

Thames Water also launched a £20 million campaign, Twenty 4 Twenty, to transform at least 20 hectares of impermeable surfaces into green spaces to serve as SuDS.



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## 4.6.2 Community Contributions

The Macquarie Group Foundation supports community organizations each year through direct funding, volunteering and skills sharing, predominantly in the locations in which Macquarie operates. Since its inception in 1985, the Macquarie Group Foundation has contributed more than \$247 million towards building communities. The Foundation supports more than 1,600 community organizations. Macquarie employees have contributed ~53,000 hours of volunteer work and are Directors on more than 240 non-profit Boards.

MIRA encourages the companies it invests in to support charitable and economic development organizations in the communities they serve.

Upon acquiring Puget Energy, MIRA made a \$5 million contribution to the Puget Sound Energy Foundation. During MIRA's ownership of Puget Energy, the annual average contribution to the Foundation increased by over 30%.

Throughout our ownership of Duquesne Light, MIRA supported the company's charitable efforts in its local community. In 2016, ~\$1.5 million was donated to 40 organizations across Allegheny and Beaver counties. Furthermore, in 2018, ~1,500 employees volunteered more than 3,900 hours of community service. Additionally, Duquesne Light's employees contributed \$300,000 to the United Way, which was matched by a company gift with the same amount.

Further details are provided in **Section 6.7**.

## 4.6.3 Macquarie Group in Jacksonville

**Figure 7: Macquarie's Jacksonville Office in Riverplace Tower**



Macquarie Group established an office in Jacksonville in 2016. Since then Macquarie Group staff in Jacksonville has grown to 234 employees (as of June 2019). Macquarie Group was awarded the International Company of the Year by JAXUSA Partnership in 2018 in recognition of its growth and contribution to the local community.



During its three years in Jacksonville, the Macquarie team has been actively involved in the community. A grant of \$195,000 was established for Take Stock in Children – a non-profit organization in Florida, established in 1995, to provide unique opportunity for deserving youth and students. Macquarie Group’s Jacksonville office has been taking an active role in non-profit organizations such as Operation New Uniform, Junior Achievement of North Florida, the Police Athletic League of Jacksonville, etc. and has logged ~2,700 hours through volunteering, fundraising, pro bono and Board service. Macquarie Group anticipates further growth within the Jacksonville community by hiring local talent and expanding its office space.

**Figure 8: Macquarie Employees in Jacksonville**



## 4.7 Other Relevant Information

### 4.7.1 Positive Impacts Achieved Through Operations

MIRA, through its investments, has delivered and continues to deliver significant value to its companies and the communities they serve in.

#### **Providing Essential Services Reliably**

MIRA supports, funds and guides management teams of utility companies it invests in to invest in improving system reliability and resilience. These investments include pole hardening and undergrounding of wires, and investments in smart grid.

- During our ownership of Puget Energy, MIRA supported the Puget Energy management team in executing an ~\$8 billion capital expenditure program
- Similarly, MIRA supported Duquesne Light in funding a ~\$2.2 billion capital expenditure program. Duquesne Light spearheaded its Smart Meter project in 2014 and by 2016, the Company surpassed the halfway point of residential exchanges by successfully exchanging nearly 300,000 meters
- In 2016, Thames Water partnered with WIPRO Limited to install 40,000 smart meters in the London area. This helped Thames Water reduce water leakage and customer bills

#### **Investing in the Digital Economy**

MIRA aims to invest in infrastructure that underpins innovation in the world’s rapidly evolving digital economy. Additionally, MIRA supports its companies to make investments in digital infrastructure to ensure its companies are positioned for the future. These investments include:

- Developing and operating broadcast, towers, fiber, cable, wireless networks and data centers
- Supporting its utility companies in investing in cybersecurity systems that protect against digital threats and information theft

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## MIRA's Utility Operating History

- In 2017, Puget Energy launched the Get To Zero (“**GTZ**”) IT initiative to provide customers more self-service options that customers had requested. Some of the highlights included outage communication, interactive voice response system enhancements, and improved online billing and payment experience
- In 2019, Cleco partnered with Nokia to modernize its microwave communications network to support approximately 290,000 customers. By moving to an all packet-based architecture, Cleco will be able to increase its operational efficiency

## Integrating into the Local Community

From managing investments in hospitals, senior living facilities, land title registries and other essential businesses, MIRA understands the important role infrastructure companies play in supporting societies as they develop and grow.

In 2013, NYNJ Link, a MIRA led investor group won a 35-year concession to finance, design, build and operate the \$1.5 billion Goethals Bridge to replace the existing link between New York and New Jersey. The project injected over \$870 million in economic activity to the area. The Goethals Bridge Replacement Project was chosen unanimously by judges of the Engineering News Record Awards to be New York's 'Project of the Year' for 2018. It was also named New York's 'Best Project' in the highway/bridge category and won the 'Excellence in Safety' award.

## Operating Sustainably

MIRA has been a signatory to the United Nations-supported Principles for Responsible Investment (“**PRI**”) since 2015. MIRA has also been a member of Global Real Estate Sustainability Benchmark (“**GRESB**”) Infrastructure since its launch in 2016. In 2019, GRESB recognized MIRA as a sector leader for its commitment to the sustainable development of its assets and the communities in which they operate. Notably, MIRA's acquisitions, including Puget Energy, have been Infrastructure Asset Participants of the GRESB framework.

As of today, MIRA and its managed funds oversee investments in 11.2 GW of green generation capacity, helping to provide a clean, sustainable and reliable source of energy for millions of households and businesses.



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## 5. Process Goals

MIRA confirms that, subject to due diligence during the Negotiation Phase, it is prepared to include the minimum requirements outlined in the ITN in a binding agreement for the acquisition of JEA.

This conviction is based on a thorough analysis of JEA and its operating environment, and the substantial amount of publicly available information pertaining to the Company. We have engaged a comprehensive team of consultants and advisors to evaluate the business and build a detailed financial model. Our model assumes that all growth plans are funded while maintaining an investment grade capital structure and therefore financial stability for JEA.

Many of the objectives of the ITN's minimum requirements, including rate stability, protection of employee benefits, commitment to the Company's headquarters in Downtown Jacksonville, and contribution to local economic development are entirely consistent with commitments we have made and delivered on in our prior utility investments. We have provided examples of that track record below.

### 5.1 Value to the City of Jacksonville

Based on our analysis and discussions with advisors, consultants and subject matter experts, MIRA can offer an attractive valuation that would provide in excess of \$3 billion in net proceeds to the City of Jacksonville.

### 5.2 Value to Customers

MIRA confirms that its final proposal will include value in excess of \$400 million distributed to JEA's customers, translating to a one-time value of at least \$350 per account or at least \$1,400 for customers with electric, water, sewer and irrigation accounts.

### 5.3 Rate Stability

MIRA confirms that it will freeze base rates for the three years following close. Base rates subsequent to the three-year rate freeze period would be a function of operating costs, capital needs, cost of capital, and system growth, separately calculated for the electric, water, and wastewater systems.

Growth will significantly influence this future rate path. To the extent that JEA is able, under MIRA ownership, to develop new regulated and unregulated markets for its services, it will be able to spread its fixed costs across a larger customer base and thereby mitigate future base rate increases. We understand that this is one of the goals for this transaction and we have experience successfully promoting growth at our other utilities, as seen on the following page.

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#### MIRA's Utility History of Investment and Utility Growth – Selected Examples

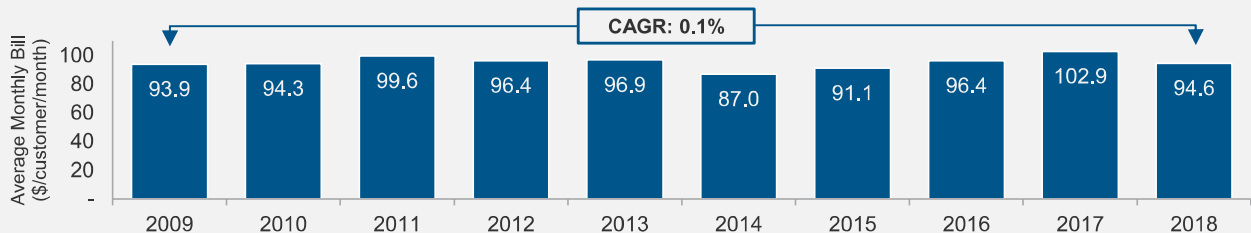
- Puget Energy is nearing completion of a \$270 million LNG liquefaction/storage/vaporization facility which will meet the utility's need for peak day gas and provide clean fuel for ships traveling between Seattle and Alaska. The maritime business is non-regulated but, by sharing storage capacity with the regulated utility, helps to reduce utility rates
  - Cleco recently completed a \$1.0 billion acquisition of a merchant wholesale electricity provider to rural electric utilities in Louisiana. This acquisition will help limit future rate increases by enabling the regulated utility to share its fixed costs across a larger customer base
-

Operating expenses also substantially impact rates. MIRA worked with Puget Energy and Cleco in particular, to reduce operating expenses and the growth rate of operating expenses.

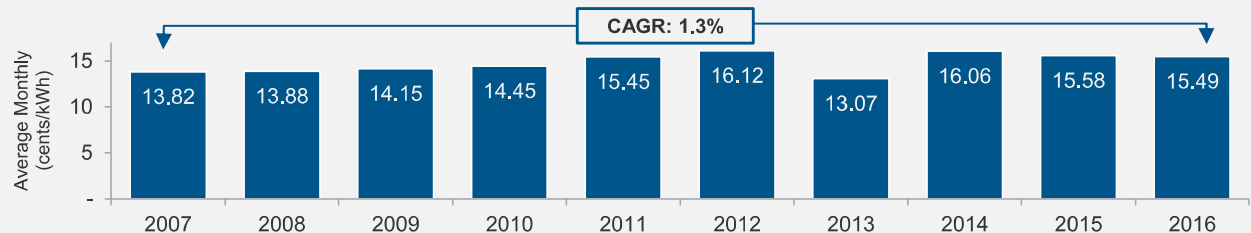
We expect to pursue such opportunities at JEA, including initiatives identified by the New Revenue Task Force. Those initiatives are discussed in detail in **Section 6.5: Innovation Plan**. The charts below show MIRA's track record in maintaining rate stability illustrated by the compounded annual growth rate ("CAGR") of monthly bills for customers of Puget Energy, Duquesne Light and Aquarion:

## MIRA's Utility Operating History

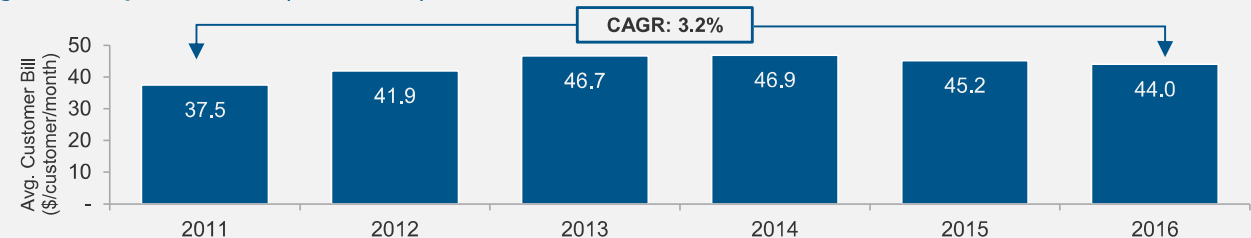
**Figure 9: Puget Energy Rates (2009-2018)**



**Figure 10: Duquesne Light Rates (2007-2016)**



**Figure 11: Aquarion Rates (2011 - 2016)**



Sources: Puget Energy 2008 – 2018 10k, Duquesne Light 2008-2016 Asset Management Reports and Aquarion 2013-2021 Business Plans

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## 5.4 Commitment to Develop and Provide the City of Jacksonville and the Duval County Public School System with 100% Renewable Electricity by 2030

MIRA confirms that it will develop and provide the City and the Duval County Public School System with 100% renewable electricity by 2030 at a price equal to or less than the applicable tariff rate. MIRA understands that, according to the ITN, the combined energy demand of the City and the Duval County Public School system is 50 MW, which is equal to the energy output from solar facilities representing approximately 250 MW of installed capacity (at a P90 production level). The additional costs required to meet the need is likely to be recovered by JEA from the City and the Duval County Public School System through a new tariff which meets similar objectives of the FPSC's Green Pricing program. This program provides a framework for utilities to be revenue and cost neutral as a result of implementing a customer's voluntary decision to obtain their electricity from renewable sources.

JEA has historically met its renewable energy supply needs by entering into Power Purchase Agreements ("PPA") with renewable energy developers. MIRA will consider additional PPAs from renewable sources, but will also evaluate other cost-effective options, such as:

- **Self-Build:** MIRA will work with JEA to evaluate self-build utility-scale solar and storage given we expect capital costs for these projects to decline through 2030. MIRA would also evaluate solar projects up to 75 MW in Jacksonville to take advantage of Florida's accelerated permitting for projects of that size and to address the land constraints in Jacksonville due to its existing density. Alternatively, MIRA would consider siting the projects outside the Jacksonville area but near JEA's existing transmission network to avoid the high costs of wheeling power to Jacksonville. In addition, MIRA will work with JEA to assess the potential for on-site solar, storage or other renewable energy resources; and
- **Energy Efficiencies:** MIRA will work with JEA to assess whether offering financing support for energy efficiency programs to offset the overall energy demand of the City and the Duval County Public School system would be an attractive solution to help it meet its commitments.

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### MIRA's Utility Operating History

- MIRA and its managed funds now oversee investments in 11.2 GW of green generation capacity, which provide clean, sustainable and reliable energy for millions of households and businesses. MIRA's existing platform targets onshore and offshore wind, solar, hydro, geothermal, bioenergy and energy from waste projects. MIRA invests at all stages of the project lifecycle, from development to construction and operational assets
  - Puget Energy added more than 400 MW of hydro, wind and solar generation capacity during MIRA's tenure. Puget Energy became the largest producer of wind energy in Washington and the third-largest utility owner of wind power in the country. Puget Energy's Board also committed to halve the company's carbon footprint by 2040, in addition to meeting Washington State's existing renewable energy requirements
  - MIRA has experience with tariff programs similar to the FPSC's Green Pricing Program. Puget Energy implemented the Green Direct program which allows eligible customers to buy renewable energy at affordable rates. Green Direct's first subscribers included local governments such as Anacortes, Bellevue, King County, Mercer Island and Snoqualmie and local institutions such as Western Washington University and Sound Transit
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## 5.5 Commitment to Develop and Provide 40 MGD of Alternative Water Capacity for Northeast Florida by 2035

MIRA confirms that it will support the development of 40 MGD of alternative water capacity by 2035 and will work with JEA management to identify the most cost-effective way to do so.

As Northeast Florida's water demand increases over the coming years, JEA faces constraints with respect to its conventional water sources. JEA currently provides 115 MGD of water to customers in its service territory, with 100% of this amount sourced from the Floridan aquifer. JEA's dependency on the Floridan aquifer as its sole source of water supply will be challenged as water demand rises faster than the Consumptive Use Permits ("CUP") of 142 MGD, which expires in 2031.

We have reviewed the CDM Smith Inc. ("CDM") memo published in August 2019 that identified four indirect potable reuse alternative supply options to recharge the Floridan aquifer. In addition to the four options presented in the CDM report, we have also identified the following alternatives to meet the 40 MGD target:

- **Non-Potable Reuse:** This option would provide water to irrigate inedible crops, mitigate construction dust, and for irrigation and industrial uses.
- **Groundwater Desalination:** On-demand groundwater desalination would eliminate the need for storage and has already been applied in Florida successfully.
- **Seawater Desalination:** Provides a direct feed to potable water pipeline system and would be an on-demand source.

MIRA notes additionally that JEA is currently developing its Integrated Water Resource Plan ("IWRP") and its Demand-Side Management ("DSM") strategy scheduled for completion in September 2020.

MIRA's work with Thames Water and Aquarion shows our experience with water resource planning.

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### MIRA's Utility Operating History

- Under MIRA ownership, UK-based Thames Water undertook a mains replacement program, which reduced water leakage by approximately 22%. This initiative complemented the construction of the UK's first desalination plant, diversifying water supply resources for the utility's customers
- In 2015-2016, Aquarion's Connecticut service territory experienced a prolonged drought. MIRA collaborated with the Aquarion management team to engage local engineering experts to identify the most economic option for ratepayers to bring additional water supply to Fairfield county. Options evaluated including building new water sources or constructing additional pipeline infrastructure. Aquarion obtained commission approval to construct an expansion to its Southwest Regional Pipeline, to bring water from the Bridgeport area

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## 5.6 Employee Retirement Benefits

MIRA commits that the retirement benefits of JEA employees who are currently participating in the City of Jacksonville's General Employees Retirement Plan or the General Employees Defined Contribution Plan will not change as a result of the transaction. Further, our proposal is consistent with City Council Ordinance 2019-566 in relation to the transaction.

MIRA is confident that it can meet the pension protection requirement. Furthermore, post-transaction close, MIRA is confident that it can provide retirement benefits similar to those provided by the General Employees Defined Contribution Plan.

MIRA has honored all pre-existing pension obligations of its utility companies after taking ownership.

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## 5.7 Maintaining Employee Compensation and Benefits for 3 Years

MIRA will maintain comparable employee compensation and benefits for 3 years from the day of transaction close. Additionally, MIRA will honor existing collective bargaining agreements and support positive relationships and constructive dialogue with JEA's existing unions.

MIRA made similar commitments during previous utility transactions including Puget Energy, Duquesne Light, Cleco and Aquarion.

## 5.8 Retention Payments

MIRA will commit to the Employee Protection and Retention Summary outlined in Resolution 2019-09 Exhibit 1 in the July 26, 2019 Board materials as part of any transaction.

MIRA will honor retention payment obligations to the JEA employees, as described in the ITN. The retention of JEA's existing employees is critical to ensure continued high levels of customer support and satisfaction, business continuation, and system reliability. Therefore, MIRA is committed to the retention payments to ensure a smooth transition.

## 5.9 Commitment to Headquarters and Employees

Maintaining and growing JEA as a local and regional champion will be central to MIRA's strategy for JEA. To further that strategy, we will maintain a long-term presence in Downtown Jacksonville in a newly designed and built headquarters.

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### MIRA's Utility Operating History

MIRA has retained headquarters and maintained branding of all of our U.S. utility investments, including, but not limited to:



## 6. Response to Evaluation Criteria

### 6.1 Proposal to Achieve JEA's Goals in this ITN

**Table 8** below shows how MIRA's responses, within this ITN, satisfy JEA's Minimum Requirements.

**Table 8: MIRA's Responses to JEA Minimum Requirements**

	Minimum Requirements	MIRA's Response
Financial	> \$3 billion of value to the City of Jacksonville	MIRA's proposal will be at a valuation which would represent a net value in excess of \$3 billion to the City of Jacksonville. MIRA relied on input from its consultants and advisors and its extensive experience owning utilities to prepare its proposal  <i>Please refer to Section 5.1 for details</i>
	> \$400 million of value distributed to customers (\$350+ paid to each JEA account; \$1,400+ for customers with electric, water, sewer and irrigation accounts)	MIRA will distribute greater than \$400 million of value to JEA's customers. MIRA made and honored similar rate credit commitments when it acquired Cleco and Puget Energy  <i>Please refer to Section 5.2 for details</i>
Customers	At least 3 years of contractually guaranteed base rate stability for customers	MIRA will freeze base rates for three years, while funding JEA's planned capital expenditures. MIRA has a track record of limited rate growth in prior utility investments  <i>Please refer to Section 5.3 for details</i>
	Commitment to develop and provide the City of Jacksonville and the Duval County Public School system with 100% renewable electricity by the year 2030	MIRA will provide the City of Jacksonville and the Duval County Public School system with 100% renewable electricity by the year 2030. MIRA believes this process goal is achievable given its extensive expertise in developing renewable energy and JEA's experience in the region  <i>Please refer to Section 5.4 for details</i>
Environmental	Commitment to develop and provide 40 million gallons per day of alternative water capacity for Northeast Florida by the year 2035	MIRA will develop 40 MGD of alternative water capacity for Northeast Florida by the year 2035. MIRA will work with the JEA management team, draw on its experience owning water utilities, and the findings of its consultants, to identify the most cost-effective way to provide 40 MGD in alternative water capacity  <i>Please refer to Section 5.5 for details</i>
	Protection of certain employee retirement benefits	MIRA will protect existing employee retirement benefits. MIRA has reviewed the proposed pension legislation revision (Ordinance 2019-566) and agrees to the proposed revisions  <i>Please refer to Section 5.6 for details</i>
Community Impact	Maintenance of substantially comparable employee compensation and benefits for three years	MIRA will maintain existing employee compensation and benefits for three years. MIRA has honored similar commitments in its acquisition of Cleco, Puget Energy, Duquesne Light, and Aquarion  <i>Please refer to Section 5.7 for details</i>
	Retention payments to all full-time employees of	MIRA will provide retention payments of 100% of current base compensation to all full-time employees as of July 23, 2019 over

	100% current base compensation	the course of three years, pursuant to the Employee Protection and Retention Agreement
		<b>Please refer to Section 5.8 for details</b>
	Commitment to new headquarters and employees in Downtown Jacksonville, contributing to the economic development of the community	MIRA will commit to new headquarters and employees in Downtown Jacksonville. MIRA has honored similar commitments in its past transactions
		<b>Please refer to Section 5.9 for details</b>

## 6.2 Experience and Customer Commitment

MIRA commits to supporting JEA's management team to maintain high customer satisfaction, customer engagement, and system reliability and resilience. MIRA's demonstrated track record of owning and operating large utilities for a combined period of over 240 years proves its ability to transform utilities into highly reliable, efficient and innovative low-cost utilities.

MIRA believes long-term success of its utility businesses depends on delivering high quality and reliable service to ensure high customer satisfaction. Delivering great customer service requires a deep understanding of the customer from a local perspective, and as such, MIRA emphasizes the presence of local Board members, local management teams, and frequent dialogue with the communities its utilities serve. Furthermore, as a long-term investor, MIRA's governance framework ties executive compensation to long-term customer satisfaction and system reliability and resilience targets. Under this framework, executives' performance is frequently measured against five-year rolling targets, which in turn builds a culture of long-term focus on customer satisfaction and system reliability.

### 6.2.1 Customer Satisfaction

MIRA commits to maintaining JEA's current high customer satisfaction levels. MIRA will build upon JEA's initiatives that have led to the tremendous improvement in its customer satisfaction in the past 6 years.

#### MIRA's Utility Operating History

##### Puget Energy

Puget Energy improved its JD Power customer satisfaction ranking from fourth quartile in its peer group in 2009, to second quartile in 2018. In 2017, Puget Energy continued to meet its SQI benchmarks for the WUTC Complaint Ratio, Customer Access Center Answering Performance and Gas and Electric Safety Response Time, amongst other benchmarks. For instance, Puget Energy continued to exceed the benchmark for customer complaints of no more than 0.40 complaints per 1,000 customers including all complaints filed with the WUTC. Puget Energy recorded 0.20. Furthermore, Puget Energy had a rating of "At least 93% satisfied" and "At least 94% satisfied" in terms of customer satisfaction concerning Customer Access Center and Field Service Operations transactions respectively.

##### Duquesne Light

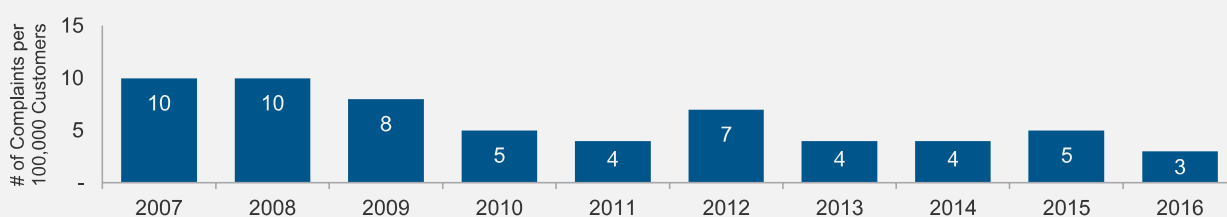
Duquesne Light's overall customer satisfaction, as measured by JD Power, improved from 576 in 2009 to 656 in 2014 and as of 2014, was in the top quartile of all large electric utilities in the Northeastern U.S. In the last full year under MIRA ownership in 2015, Duquesne Light improved its customer satisfaction score again to 676, making it the 3rd highest among large utilities in the East region.

## Aquarion

Aquarion's customer complaint ratio was the lowest of all regulated utilities in Connecticut during MIRA's ownership. The percentage of Aquarion's customers rating the company "good or excellent" was over 90% for the duration of MIRA's ownership.

Following its acquisition of Aquarion, MIRA recognized that an effective website is an important customer service management tool. Based on customer feedback, Aquarion designed the customer care section of its website to provide information to customer more effectively, including answers to frequently asked questions and conservation information. In addition, under MIRA's guidance, Aquarion hired a vice president of communication and external affairs to enhance the company's constituent relationships. As a result of the utility's effort to reach out to customers and other stakeholders, Aquarion experienced record low customer complaints during MIRA's ownership.

**Figure 12: Customer Complaints at Aquarion (2007-2016)**



### 6.2.2 Customer Rates

JEA currently ranks in the middle of the range when compared to other Florida-based municipal-owned and investor-owned electric utilities and in the lowest third for water and wastewater systems. While it may be difficult to predict the trajectory of rates for the different utilities given differing customer bases, customer densities and ages of the underlying assets, MIRA is committed to holding current base rates flat for the three years following the consummation of the transaction, while continuing to fund required capital expenditures and maintain quality of service.

The July 2019 JEA Board package highlights risks that under the status quo, with JEA unable to pursue additional unregulated revenue streams given its current mandate, base rates will increase by a minimum of 26% past 2023 or increase by a minimum of 13% if all existing city contributions are eliminated. Those projections are driven by a reduction in commercial and industrial customer loads as a result of distributed generation solutions provided by unregulated third parties.

MIRA will utilize its expertise, developed through decades of owning and operating utilities, combined with its expert consultants' findings to drive non-labor cost efficiencies and reduce fuel costs at JEA. Additionally, MIRA will work with JEA to pursue new initiatives and revenue streams that will empower customers to have greater control over their energy usage, and ultimately, monthly bills.

MIRA will support JEA in continuing the rollout of smart meters. Smart meters will allow JEA to better understand its customers' usage and thus, tailor services in a way that will best suit each customer. Smart meters will also allow for two-way energy flow thereby enabling customers to install distributed generation systems (i.e. behind the meter solar and storage systems). These systems will not only offset the customer's usage, but it will allow the customer to benefit from rebates when the customer is a net producer of energy. JEA will work with the FPSC to continue refining the Net Energy Metering policy in Florida and further tailor rates to provide its customers with maximum flexibility in the way they consume energy.



JEA's direct access to its customers coupled with best in class customer satisfaction rates and enhanced usage data, through smart meters, position JEA well to become the leader in behind-the-meter distributed generation. MIRA financial, technical and professional resources will allow JEA to provide Distributed Energy Resources ("DER") leasing, installation, and maintenance services to its customer through a ringfenced unregulated entity. Revenue generated through this entity will offset lost revenue due to load loss.

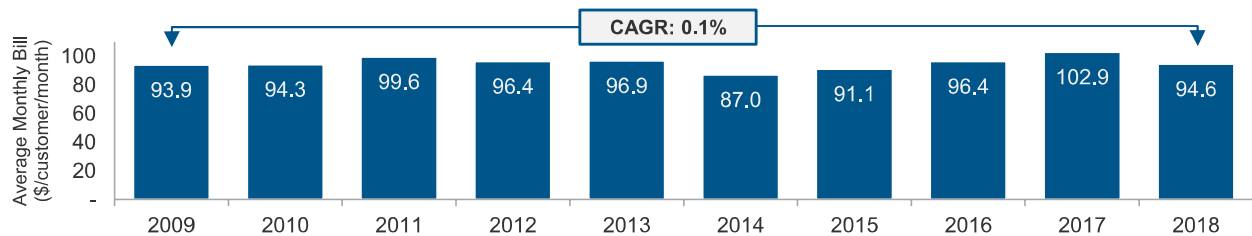
MIRA has successfully funded significant growth in its prior utility investments while maintaining stable rates for its customers. Throughout MIRA's ownership of Puget Energy, average monthly residential bills increased by less than one U.S. dollar, from \$93.90 to \$94.60 per household, while Puget Energy spent in excess of \$8 billion in capital improvements. According to the Edison Electric Institute ("EEI"), in 2016 and 2016. Puget Energy's electric rates were 42.5% and 35.2% lower than its peers within the Pacific Region (Washington, California and Oregon).

**Table 9: Pacific Region (per EEI) Utility Average Electric Rates vs. Puget Energy**

	Total Retail Average Rates (cents/kWh)	
	2015	2016
<b>Puget Energy</b>	\$0.1006	\$0.1048
<b>EEI Pacific (WA, CA, OR)</b>	\$0.1434	\$0.1417
<b>% difference vs. Puget Energy</b>	42.5%	35.2%

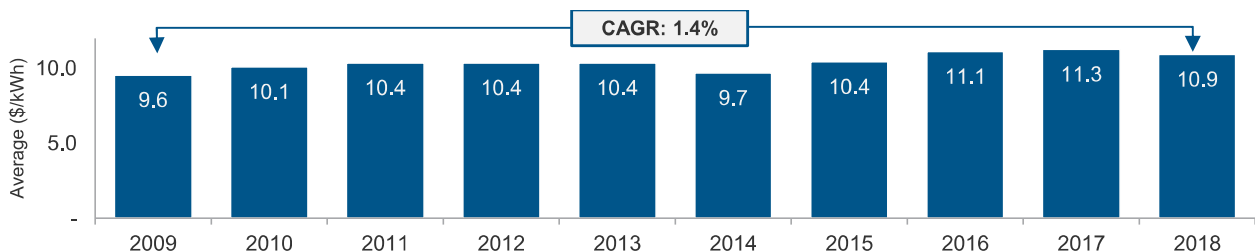
The chart below shows the average monthly residential bills, taken from Puget Energy's 2008 – 2018 10-Ks, during MIRA's ownership:

**Figure 13: Puget Average Monthly Residential Bill**



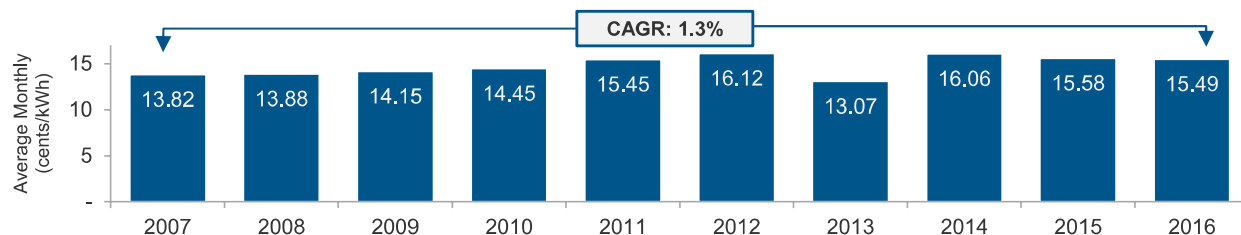
The decrease in rates in 2014 can be attributed to a refund to customers, power cost rate decreases and lower retail electricity usage due to fewer heating degree days. In 2017, the average monthly bill increased due to cold weather. Despite this volatility, the customer bill remained flat over MIRA's ownership period. On a cents per kWh basis, Puget Energy's bills also remained stable, growing at just 1.4% per annum over the same period:

**Figure 14: Puget Energy Rates (cents per kWh)**



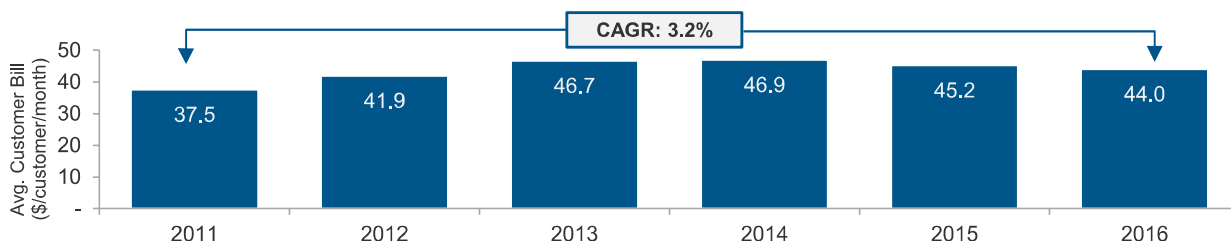
Similarly, between 2007 and 2016, Duquesne Light funded \$2.2 billion in capital expenditures to grow and reinforce its system. During the same period, average monthly residential bills increased by just 1.61 cents/kWh, or 1.4% per annum. The chart below, taken from Duquesne Light's 2008 - 2016 Asset Management Reports, shows Duquesne Light's rate trajectory during MIRA's ownership:

**Figure 15: Duquesne Light Rates**



Between 2007 and 2017, Aquarion funded \$568.4 million in growth capital expenditures, while the annual average customer bills increased by just 3.2% in Connecticut (between 2011-2016). The chart below shows trends in the average monthly bill, taken from Aquarion's 2013 - 2021 Business Plans shows Aquarion's rate trajectory during MIRA's ownership:

**Figure 16: Aquarion Rates**



### 6.2.3 System Reliability & Resilience

MIRA is committed to supporting JEA management and funding system capital expenditures to maintain JEA's system reliability and resilience. Long and frequent outages reduce customer satisfaction; therefore, MIRA has developed procedures and processes to ensure its electric utilities improve their reliability metrics or maintain top reliability performance.

MIRA has supported management teams of its portfolio companies in executing large capital expenditure programs to ensure high system reliability. MIRA will work with JEA management to develop undergrounding and pole hardening programs to further strengthen JEA's system reliability and resilience. MIRA's commitment to improving its utilities' reliability and resilience can also be seen through its ownership of Puget Energy and Duquesne Light.

#### MIRA's Utility Operating History

##### Puget Energy

Under MIRA's ownership Puget Energy reported performance relative to nine Service Quality Indicators that were set by the Washington Utilities and Transportation Commission ("WUTC"). Puget Energy met or exceeded each of the nine SQI targets in each year during MIRA's ownership except for two instances in which one of the targets was missed. Relative to the industry, Puget Energy's Total Incident Case Rate ("TICR") was in the first quartile when compared to the 12 utilities in group 2 of the EEI benchmarking survey.

This was made possible through MIRA's active involvement at the Board level. MIRA supported Puget Energy's management team in funding and implementing an outage management and Geographic Information System ("GIS") to reduce storm restoration times, allowing dispatch crews to respond in an effective and timely manner. Additionally, Puget Energy invested heavily in customer-facing IT systems to improve customer information during outages.

Additionally, the Energize Eastside project upgrades existing power lines in a utility corridor that has served Eastside communities for more than 100 years. The project improves the capacity and reliability of the Eastside's electric grid by building a new substation and upgrading existing transmission lines. By using the existing corridor, impacts to communities and the environment are limited,

### Aquarion

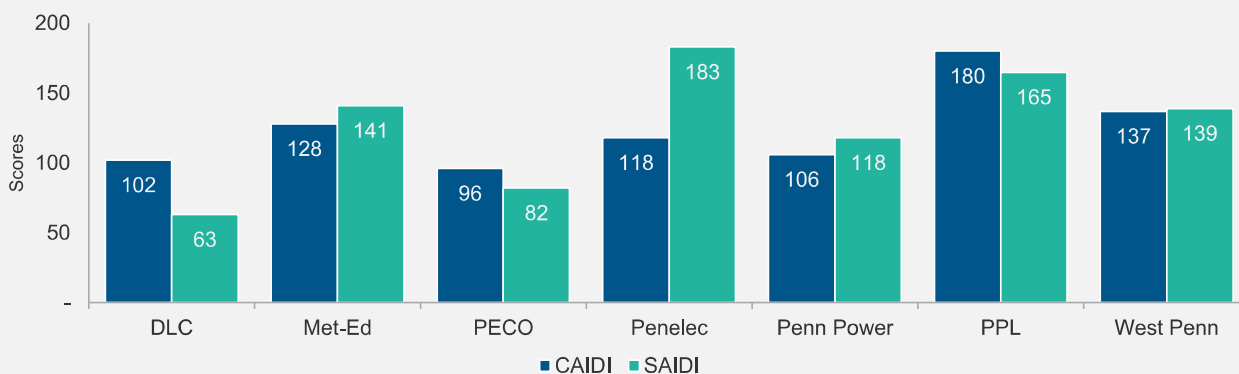
Throughout MIRA's ownership, Aquarion made a concerted effort to reduce non-revenue water ("NRW") through various initiatives, including a program of leak detection and repair, annual main replacement, and meter testing and replacement amongst other initiatives. NRW trend improved during MIRA's ownership. Aquarion's overall NRW of ~15% in 2016, down from ~19% in 2008 and in line with the industry guideline range of 10% to 15%. In order to continue improving NRW, Aquarion, under MIRA's and the Board's guidance, put an aggressive leak detection program in place to address leakage as it develops and to respond in a timely manner, potentially avoiding costly emergency repairs and controlling water loss.

Aquarion surveyed approximately 15,160 miles of main between 2012 and 2016. In 2015, Aquarion identified and repaired approximately 460 breaks in comparison to approximately 435 breaks in 2014. Aquarion's staff members met monthly to review NRW results and develop action lists, such as leak detection priorities, production meter calibration, and review of operations to monitor increased localized pumping for systems showing above targeted NRW. As a result, Aquarion's customer complaint had been the lowest of all regulated utilities in Connecticut during MIRA's ownership. The percentage of Aquarion customers rating the company "good or excellent" was over 90% for the duration of MIRA's ownership.

### Duquesne Light

Similarly, Duquesne Light reported network reliability performance to the Pennsylvania Public Utility Commission ("PaPUC"). Duquesne Light met or exceed PaPUC's service reliability targets in each year since the 2007 acquisition. The outage frequency and duration metrics were generally in the top third of all Pennsylvania electric utilities and where measured by System Average Interruption Duration Index ("SAIDI") and Customer Average Interruption Duration Index ("CAIDI").

Figure 17: SAIFI/CAIDI vs. Other PA Utilities (Q4 2014)



## 6.3 Economic Development and Benefits to Jacksonville

Figure 18: Jacksonville, FL



MIRA will be committed to the continued economic development of Jacksonville, both through its ownership of JEA and through the presence of Macquarie in Jacksonville. Macquarie has been a proud member of the Jacksonville business community since 2015. In February 2016, the Jacksonville office opened with 45 employees which has since grown to 234 in April 2019. Macquarie was recognized as 2018 International Company of the Year by JAXUSA Partnership in recognition of Macquarie's growth and contribution to the Jacksonville community.

MIRA intends to strengthen JEA's economic contribution to the City. In 2013, the Northeast Florida Regional Council released an Economic Impact Analysis for JEA. The study estimated the annual impact of JEA on Duval's Gross County Product ("GCP") was between \$860 and \$910 million (1.4%-1.5% of Duval County GCP) and that JEA directly and indirectly impacted over 4,500 jobs and impacted personal income by over \$206 million.

Consolidation among IOUs has led to a significant decline in the number of independently run utilities. Since 1995, the number of IOUs in the U.S. has declined by 57%. Large utilities pursue this strategy for many reasons, but perhaps most importantly, because they can realize significant labor cost synergies resulting from such transactions. For example, upon merging, functions such as back office, control centers, customer service, engineering departments and senior leadership are centralized, and, in the process, many high-paying jobs are lost from local communities. This results in a ripple effect whereby many small businesses, non-profit organizations, and governmental organizations lose key contributors from their community. We believe MIRA's approach to utility investing preserves both the independence of the utilities we invest in and their continued contribution to local economies.

### Funding JEA Growth

MIRA is committed to supporting JEA's management team to fund the capital expenditures needed to meet future electric and water demand. Routine electric, water and sewer system maintenance, system growth, grid modernization, energy efficiency, renewable energy investments and investments in unregulated business activities will all result in new jobs being created in Jacksonville.

### 2019 U.S Energy and Employment Report

7% of all new jobs created in 2018, or 151,000 net new jobs, were in the energy sector:



7.8% increase in energy efficiency jobs



7.1% increase in electric power generation jobs



3.2% increase in transmission, distribution and storage jobs

Given Jacksonville's population growth is forecast to outpace the national average (1.3% annually vs. 0.6% national average), these trends are expected to hold true for Jacksonville.

Notwithstanding any unregulated business ventures that JEA will pursue under MIRA's ownership, JEA's ~\$2.7 billion capital expenditure program over the next 5 years will be a large contributor to the economic development of Jacksonville. Furthermore, sourcing 40 MGD of alternative water supply in Jacksonville and investments in renewable energy to provide 100% clean energy to the City of Jacksonville and the Duval County Public School System by 2030 will contribute significantly to

Jacksonville’s economic and job growth. With MIRA’s guidance and support, JEA will be able to pursue unregulated business opportunities, such as distributed generation leasing, installation, and maintenance amongst others, discussed in detail in **Section 6.5**. This will result in regional job growth.

Given MIRA’s commitment to maintaining and growing JEA’s local presence, it is our preference that the project management function of all major capital projects be managed by a workforce located in Jacksonville.

### MIRA’s Utility Operating History

- Between 2018 and 2019, Cleco implemented a \$160 million major IT overhaul program known as the Strategic Alignment and Real-time Transformation project (“**START**”) project
- MIRA supported Cleco’s decision to base the START project in Pineville, bringing in 100 new high-wage IT consultants to the area, a sizable addition to the workforce in an area with 62,000 non-farm employees as of 2018, per Louisiana State University’s Economics & Policy Research Group

### Emphasis on Local Hiring

MIRA operates with the philosophy of hiring local management teams and enlisting community and business leaders on the Board of Directors. This in part ensures that strategic decisions made at the Board level also maximize contributions to the economic development of the community served by the utility. As such, MIRA is committed to JEA being headquartered in Downtown Jacksonville, retaining existing management and employees and continuing to encourage local hiring.

MIRA supported Puget Energy’s decision to insource 300 permanent full-time employees. MIRA also enforces its RCP which is designed to guide all its portfolio companies in the selection of independent contractors and subcontractors. The policy ensures fair wages and fair evaluation process to all potential contractors. MIRA’s RCP is discussed in more detail in **Section 4.5**. Furthermore, Puget Energy’s contractor procurement guidelines state that Puget Energy will endeavor to hire local labor when working in smaller communities to contribute to the economic growth of those communities.

MIRA will replicate similar initiatives at JEA to encourage local hiring and promote job growth in Jacksonville. As JEA continues to deploy capital expenditures to grow and maintain its systems, MIRA will support JEA’s decision to hire and procure locally, where possible and at no additional cost to the customer.

### Site Certification Program

MIRA will also support JEA in developing a site certification program to spur economic development. This initiative would ensure that properties meet certain minimum readiness thresholds for specific uses. These can include assuring that sites are electricity, water, sewer, gas, and telecommunications ready, as well as environmentally compliant and available for sale or lease. Additionally, JEA would assist in helping developers secure permits, studies, and certifications needed to make the site ready for immediate development.

Site certification has proven to be an effective tool in attracting developers. Numerous successful models exist for use as guidance in developing such a program – including several in Florida. Site certification lowers risk, saves time, and lowers cost for all parties, greatly facilitating development. Establishing a certified site program would aid in attracting businesses to JEA’s service territory.

**Figure 19: Puget Energy Headquarters in Bellevue, WA**





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## **Regional Development**

Under MIRA ownership, JEA will continue to be a champion of regional development. JEA will work with the City, the State of Florida, the FPSC, business recruitment organizations such as JAX USA partnership and Enterprise Florida, and local businesses to promote economic development.

MIRA recognizes that JEA, in collaboration with the City, created the Economic Development Program rider and the Economic Stimulus rider to incentivize attracting new investment and to create new jobs in Jacksonville. MIRA will honor this commitment until September 30, 2021. We will support JEA in continuing to consult with the City and work with the FPSC to formulate similar programs that will spur economic development and job growth in Jacksonville.

## **Expand Focus on Incubators**

There are additional opportunities for economic growth. JEA support for entrepreneurial organizations, such as the UNF Center for Entrepreneurship and Innovation in the Barnett Building Incubator and Innovate Jacksonville, will help raise Jacksonville's profile and attract more start-ups to Jacksonville. Subsequently, JEA funded start-ups focused on energy, water, and wastewater could yield next generation technologies that improve JEA's system efficiency and provide creative solutions to address the changing utility landscape.

## **Sewer Infrastructure**

MIRA is aware of the current state and vulnerability of the sewer infrastructure in JEA's service territory. The Time-Union Editorial Board reports that the City has identified 35 target areas with 22,000 failing septic tanks, which can leak pollutants that are a health concern. We also note that JEA and the City have contributed \$45 million in aggregate to replace some septic tanks. MIRA will support JEA in exploring opportunities to partner with the City to continue to fund sewer infrastructure replacement and increase the number of connections to JEA's sewer system.

## **Partnerships with the City**

MIRA notes JEA spent approximately \$53 million on electric, water and sewer infrastructure at Cecil Field to assist the City in creating Cecil Commercial Center. JEA also constructed a chilled water plant at Hogan's Creek to serve the new arena and baseball field and another plant downtown to serve the new courthouse and the new Main Library. The downtown plant now also serves the JEA Plaza, the State Attorney Office building, and the Library Garage. JEA has since constructed another plant in Springfield to serve the University of Florida College of Medicine, the Proton Beam Facility, and the Shands Healthcare campus. MIRA aims to honor commitments and continue to work with the City on improving the state of water and sewer systems, especially in underserved communities to spur economic development in communities most in need.

MIRA intends to continue supporting JEA in partnering with the City to attract new business and spur economic and job growth.

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## Developing Relationships with Various Counties and Cities

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- **Puget Energy and the City of Bellevue, Washington**
  - Partnered with the City of Bellevue to deploy charging stations throughout the C-7 region – a consortium of local cities including Bellevue, Kirkland, Issaquah, Mercer Island, Redmond, Renton and Sammamish
  - Worked with Nissan and its partner, eTec, to deploy ~2,200 charging stations in Western Washington, many of them to be served by Puget Energy
  - Coordinated year-round residential, government and business customer outreach together with major projects such as Winterize Snoqualmie in the Snoqualmie Valley and Greenwood Rising in north Seattle (more detail on Winterize Snoqualmie is in **Section 4.6.1**)
- **Cleco and the City of Pineville, Louisiana**
  - Established a \$7 million economic development fund used specifically for infrastructure improvements and other investments that attract new or prospective capital investment and job-creating projects to Cleco's 23-parish service territory
- **Duquesne Light and the City of Pittsburgh, Pennsylvania**
  - Entered into a strategic partnership with the University of Pittsburgh's Swanson School of Engineering to support the university in various initiatives:
    - Duquesne Light made a multi-year financial contribution to help fund electric power research, energy efficiency, laboratory facilities and equipment at the University
    - Provided the necessary expertise to interconnect any new electric power laboratory facilities to the existing power grid
    - Continued to maintain sophisticated electric network infrastructure that powered the City of Pittsburgh and minimized outage frequency primarily in the downtown Central Business District
- **Thames Water and the City of London, UK**
  - Collaborated with the City of London, the Environment Agency and London Councils to publish the first London Sustainable Drainage Action Plan
  - Modeled drainage and sewerage capacity and showed that future population growth and climate change put the City of London at risk of major flooding by 2050
  - Identified potential flooding hotspots across the City and proposed to divert rain away from sewers with sustainable urban drainage systems ("**SuDS**")
  - Launched a £20 million campaign, Twenty 4 Twenty, to transform at least 20 hectares of impermeable surfaces into green spaces that double as SuDS
  - Focused on the City and communities served by the combined sewers and sought to transform areas dominated by concrete using rain gardens, natural drainage and permeable paving

## Case Study: Brussels Airport

Throughout 15 years of owning Brussels Airport, MIRA actively supported the business as follows:

- Delivered more than €1 billion in capital investment to transform passenger experience and facilitate growth;
- Completed a major terminal re-configuration and upgrades to increase capacity;
- Partnered with existing and new airlines, to offer travelers 30% more destinations served by nearly 80 carriers

These initiatives resulted in increasing passenger volumes from 15 million in 2004 to nearly 26 million by 2018.

At the end of MIRA's tenure, Brussels Airport contributed more than €3.2 billion in added economic value each year. Today, it is one of the largest sources of employment in the country – almost 20,000 people are employed on the site and a further 50,000 jobs are generated elsewhere.



**At the time of MIRA's divestment, Brussels Airport contributed more than €3.2 billion in added economic value each year.**

## 6.4 Employee Retention and Benefits

MIRA will strive to minimize disruption to the employees from any change in ownership. This will support operational continuity, reliability and quality of service at JEA.

Specifically, MIRA commits to (1) the protection of employee retirement benefits, (2) the maintenance of compensation and benefits for 3 years following the transaction Close, and (3) the funding of retention payments to all full-time employees of 100% of current base compensation, as provided in the Employee Protection and Retention Agreement.

### 6.4.1 Employee Retirement Benefits

MIRA commits to the protection of retirement benefits of JEA employees who are currently participating in the City's General Employees Retirement Plan or the General Employees Defined Contribution Plan. Recently, the City Council approved the pension plan revision legislation (Ordinance 2019-566) with the intent of increasing the protection of JEA employees' retirement benefits in relation to the transaction.

MIRA has reviewed the proposal and is confident that it can meet the pension protection requirement. Furthermore, post-transaction close, MIRA is confident in providing similar retirement benefits compared to the existing retirement plan, the General Employees Defined Contribution Plan.

MIRA has honored all pre-existing pension obligations of its utility companies after taking ownership.

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## 6.4.2 Employee Compensation, Benefits and Retention Payments

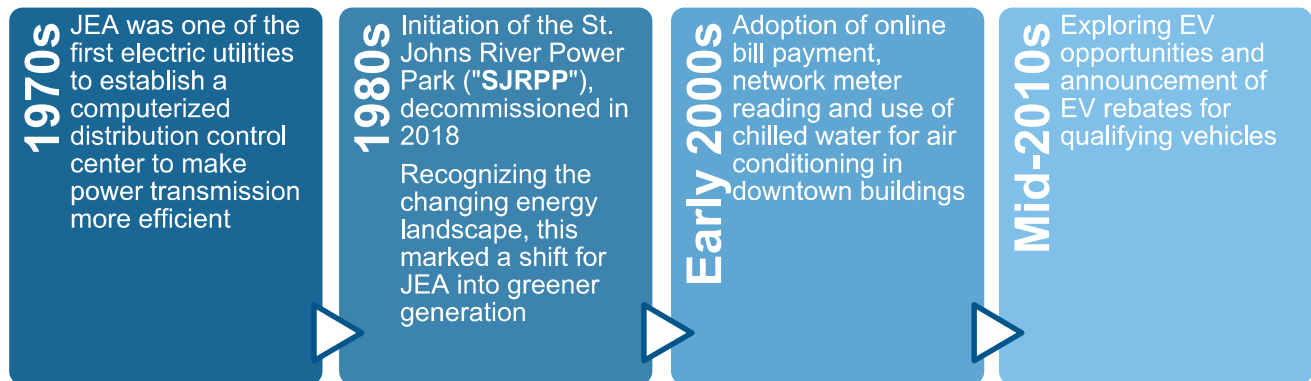
MIRA commits to maintain comparable employee compensation and benefits for 3 years from the day of transaction Close. MIRA has made, and honored, similar commitments during previous utility transactions including but not limited to Puget Energy, Duquesne Light, Cleco and Aquarion.

MIRA also commits to honor retention payment obligations to the JEA employees, as described in the ITN. The retention of JEA's existing employees is critical to ensure continued high levels of customer support and satisfaction, business continuation, and system reliability.

## 6.5 Innovation Plan

MIRA's investment will position JEA to spearhead innovation in Jacksonville and become a leading utility model of the future. MIRA recognizes JEA's long track record of undertaking innovative initiatives:

**Figure 20: JEA History of Innovation**



Over the next decade, new energy technologies will grow to scale as costs come down. With MIRA's support, JEA will be positioned to rapidly adopt innovations that benefit its customers and the Community.

Working with customers to better manage their energy use is a primary aspect of the future utility model. JEA can build upon its strong customer relationships and with MIRA's support, accelerate deployment of technology on both sides of the customer meter.

Many of these innovations do not fall under a regulated business model. JEA's current structure precludes it from pursuing non-regulated business lines.

MIRA expects that JEA will establish a ring-fenced entity through which it can pursue new unregulated businesses. We will work with the JEA management team to develop this innovation platform which will be led by high-performing JEA employees. Additionally, this platform will attract the best talent from the Innovate Jacksonville hub as well as other parts of the country.

For this Reply, MIRA has performed a thorough review of the opportunities identified by JEA's New Revenue Task Force and prioritized high impact new business lines that we believe are best suited for JEA.

### 6.5.1 High Impact Innovative Initiatives

MIRA believes the following initiatives will be the most impactful in achieving JEA's objectives to position the business for growth, create new revenue channels and "future proof" the utility business:

**Figure 21: Regulated Initiatives Summary**

Energy Management & Efficiency	Solar and Storage	Electrification	Water	Communications
<ul style="list-style-type: none"> <li>• Additional capital for smart grid/ two way power and information flow between customer &amp; utility</li> <li>• Incentives and services to help customers install efficient and smart appliances and meters, LEDs and new HVAC</li> </ul>	<ul style="list-style-type: none"> <li>• Net metering tariffs</li> <li>• Increase utility procurement of large scale solar</li> <li>• Large scale battery storage</li> </ul>	<ul style="list-style-type: none"> <li>• Expand existing incentives</li> <li>• Focus on commercial EV fleets, to increase environmental impact of rebates</li> <li>• Build make-ready infrastructure for public EV charging</li> <li>• Support electrification and resiliency at port and airport</li> </ul>	<ul style="list-style-type: none"> <li>• Smart Covers for wastewater systems</li> <li>• Customer engagement to incentivize landscape transformation</li> <li>• Automated Meter Infrastructure ("AMI")</li> <li>• Non-Revenue Water reduction technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Lease poles for 5G</li> <li>• Build small cell, distributed antenna systems and other distributed telecomm applications</li> </ul>

**Figure 22: Unregulated Initiatives Summary**

Energy Management & Efficiency	Solar and Storage	Water	Communications	Other Non-Utility Investment
<ul style="list-style-type: none"> <li>• C&amp;I energy efficiency and waste heat programs</li> </ul>	<ul style="list-style-type: none"> <li>• Establish an unregulated ringfenced entity to lease, install, and maintain solar and storage systems</li> </ul>	<ul style="list-style-type: none"> <li>• Customer sited Efficiency - water monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Expand fiber-based services</li> </ul>	<ul style="list-style-type: none"> <li>• LNG: Providing bunkering fuel and LNG exports at port</li> <li>• District Energy expansion opportunities</li> </ul>

#### 6.5.1.1 Energy Management and Efficiency

The utility industry is experiencing an important shift whereby customers expect a more personalized and comprehensive experience. MIRA recognizes the importance of energy management services as both a customer expectation and a new revenue opportunity. This capability needs to be built on the latest metering, analytics and communication technology, with real time data connecting with customers through multiple platforms. MIRA's investment will help JEA ensure that its data infrastructure is built out and optimized to capture and anticipate energy and water consumption trends. Stronger data systems will allow JEA to leverage its strong customers relationships and build out a new revenue stream offering energy management and efficiency services. Additionally, energy efficiency initiatives may drive overall savings for customers who will benefit from reduced consumption and lower fuel costs without eroding JEA's base earnings and financial stability.

#### Smart Meter Buildout

MIRA will support JEA's management in a larger and more expanded smart meter build out throughout its service territory. Full adoption would allow JEA to better understand service territory demand and load profiles, enabling better load management and more efficient capital spending. MIRA can also help JEA build on these devices and data to launch future Internet-of-Things ("IoT") programs such as predictive maintenance applications. Additionally, MIRA will support JEA in evaluating the customer



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benefits of offering new rate options to offer flexibility to its customers. With smart meters in place, these options could include Time-of-Use pricing.

### **Residential Energy Efficiency and Incentives**

MIRA can assist JEA in expanding its residential service offerings to include Smart Home appliances including smart meters, smart thermostats, LEDs, Heating, Ventilation and Air Conditioning (“HVAC”) appliances which allow homeowners to track and manage their energy consumption. This would enable customers to elect to help JEA to manage energy demand, especially during peaks, and would build upon an existing pilot program. These residential programs are ratepayer funded programs and require approval and oversight by the FPSC.

### **Commercial and Industrial (“C&I”) Energy Efficiency**

JEA can participate in improving energy efficiency and waste heat recovery programs for commercial and industrial customers through an unregulated affiliate which can serve the region as an energy services company. This affiliate can offer consulting and financing services for energy efficiency retrofitting, such as HVAC, lighting, and window replacements. MIRA's consultants and advisors believe there is demand within the small to medium sized C&I market for cost-effective energy efficiency retrofitting. JEA's brand will help drive new business from C&I customers and establish JEA as a turn-key energy solutions provider.

#### **6.5.1.2 Solar and Storage**

MIRA would work with JEA to develop creative and innovative solar and storage strategies including exploring regulated and unregulated business opportunities. Rooftop solar adoption in the State of Florida has been experiencing significant growth. With the continued decline forecast for solar storage costs, adoption is expected to continue to increase, despite low electric rates in Florida.

MIRA notes that in 2018, Florida approved the leasing of solar panels to homeowners, allowing third-party developers to enter the leasing market. As a result, Florida saw 86 MW of residential solar installed, which is likely to increase materially over the next decade subject to changes in rate design and state net metering policies. MIRA understands that Florida has established net metering rules that allow systems up to 2 MW to qualify. This presents an unregulated business opportunity for JEA.

#### **Utility-Scale Storage**

The large-scale energy storage market is in its early stages, with several promising technologies under development, and rapid cost declines. JEA continues its efforts to demonstrate its commitment to energy efficiency and environmental improvement by researching energy storage applications and methods to efficiently incorporate storage technologies into the JEA system.

JEA is expected to commission a 4 MWh battery storage system in the 4th quarter of 2019. The system will smooth the PV output of the 5 MWAC SunPort Solar PV project. This will be the first utility scale storage system of its kind on the JEA system. Beyond shifting the time of energy delivery and providing increased capacity value to solar projects, the speed and flexibility of large storage resources can provide significant operating benefits to JEA's system, such as improved heat rates on solid fuel or gas generation units, due to reduced short term cycling. MIRA will support JEA management in exploring acquisition of additional battery resources where applicable.

#### **Customer-Sited Storage**

While not typically economical when compared to utility-delivered service, a battery can provide additional value to customers by providing backup for outages and capturing surplus energy generated by customer-sited solar. JEA commenced its Battery Incentive Program April 1, 2018 to provide a financial incentive towards the cost of an energy storage system, subject to lawfully appropriated funds. Under this program, JEA provides a rebate of 30% of the cost of an energy storage system, up to \$2,000/customer, subject to lawfully appropriated funds.

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The JEA rebate is in addition to any federal tax incentive for which customers may be eligible. The program, meant to be used in concert with the 2018 Distributed Generation Policy, supports customers in being efficient energy users. Customers who elect to collect the rebate will be able to offset electricity consumption from JEA, up to the limits of their storage devices. Funds allotted to each customer under the Program is subject to review and change, to optimize adoption.

The expected growth in front- and behind-the-meter solar and storage systems gives rise to both regulated and unregulated investment opportunities for JEA:

- **Regulated Business**
  - MIRA understands that based on reported data, JEA has approximately 15MW of rooftop solar in its territory as of 2019. Estimates from MIRA's consultants highlight that JEA's residential solar market may grow to as much as 100MW by 2028. In order to maintain system reliability, additional investments are likely to be required in JEA's distribution system to accommodate the influx of distributed generation.
- **Unregulated Business**
  - This also creates an opportunity for JEA to set up an unregulated ring-fenced entity to tap into the distributed generation market. This entity would lease, install and maintain behind-the-meter distributed generation systems for JEA's current residential, commercial, and industrial customers. Given JEA's direct access to its customers and its currently high satisfaction levels, it is best positioned to become a leader in the unregulated distributed generation business.

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#### **MIRA's Utility Operating History**

- Puget Energy, the largest utility in Washington State, announced the installation of a stationary energy storage system at one of its renewable generation facilities in 2017. This was done in partnership with Primus Power, a leader in long duration energy storage systems. The system, a flow battery system, intended to advance investments in clean energy and new technologies on the Puget Energy front
- MIRA-owned Australian network operator Endeavour Energy awarded the contract to supply and install New South Wales' largest grid support battery energy storage system at West Dapto in 2017. Endeavour Energy had launched the project in response to customers embracing new technologies, an environment similar to that of JEA today

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#### **6.5.1.3 Electrification**

The next decade will see a proliferation of electric and hybrid vehicles along with other forms of electrification (e.g. heating systems, commercial and industrial equipment, agriculture and data centers). MIRA will support JEA's incentives for customers choosing to electrify their transportation. Automation of on-road and off-road vehicles will be accelerated by JEA's initiatives to support 5G infrastructure detailed in **Section 6.5.1.5**. Low cost renewable power for EVs will be provided by MIRA's support of additional utility-scale and residential solar investment by JEA (**Section 6.5.1.2**).

#### **Expand existing incentives for EV electrification**

JEA has been a leader in incentivizing EVs both on and off road since 2014. Rebates ranging from \$50 for golf carts to up to \$75,000 for cranes have been provided (**Tables 10 and 11**). Cumulatively, these incentive programs have resulted in incremental usage which generated over \$9 million in revenue for JEA. Combining this with training on off-peak charging, JEA can increase revenue and load factor together. MIRA will support JEA's evaluation of ways to substantially expand these incentives. For instance, to further incentivize electric vehicle adoption, MIRA will support and assist JEA in strengthening incentives to target commercial fleets of electric vehicles. The targeting of commercial

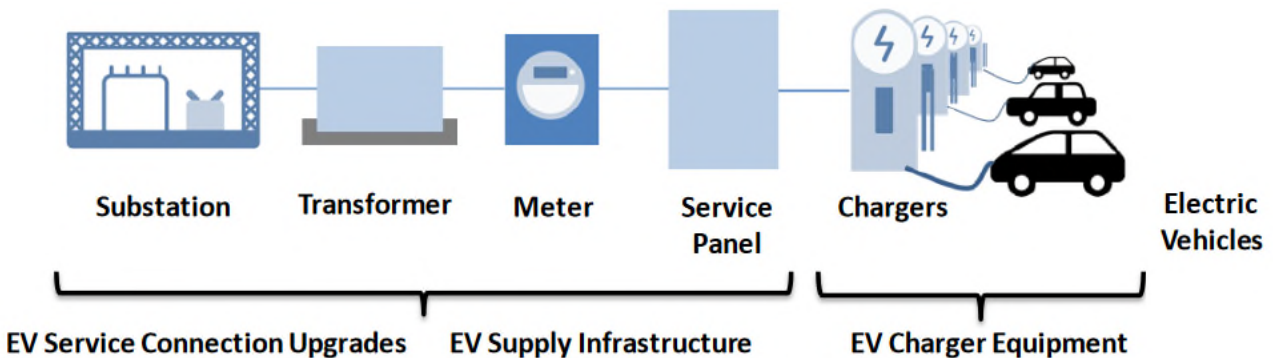
fleets would maximize the environmental impact of the rebate program while offering economic savings and benefits to community stakeholders.

### **Build make-ready infrastructure for EV charging**

MIRA believes JEA can support electrification through EV infrastructure development. JEA could plan and build make-ready charging infrastructure in its service area, further incentivizing electrification by increasing ease-of-use.

The development of “make-ready” infrastructure includes service connection upgrades and new supply infrastructure to bring power to the charging equipment. The site host (end-use customer) is responsible for procuring the charging equipment.

**Figure 23: Illustration of EV charging infrastructure, EEI**



This model can be applied to public and private fleet charging.

### **Support electrification at the port and airport**

Electrification at the port has been supported through the off-road incentive program. JEA should continue to focus efforts on the businesses and assets located at the port and airport to help realize the benefits of electrification. MIRA, an experienced global investor in port terminals, can draw on its experience implementing electrification and energy savings initiatives. For instance, at Maher Terminals, MIRA supported the replacement of diesel-operated straddle carriers with electrified hybrid systems in a pilot project with the Port Authority and also installed energy-efficient LED lighting across the terminals.

#### **6.5.1.4 Innovations in the Water and Wastewater Business**

MIRA will work with JEA to spearhead a variety of innovative water initiatives, including:

##### **1. Smart Covers for Wastewater**

Smart covers for wastewater systems indicate flow problems and enable better and faster response to emergent Fats, Oils and Grease ("FOG") accumulations.

##### **2. Customer engagement – Landscape Management**

Effective customer engagement can incentivize landscape transformation to improve water quality and management. Motivating customers to install lower water requirement landscaping. JEA will work with developers and builders to support installation of low-water requirement landscaping for new residential and commercial buildings.

##### **3. Automated Meter Infrastructure**

Automated Meter Infrastructure ("AMI") for water service allows real-time customer leak notification. System operation technologies such as Artificial Intelligence ("AI") applications using

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AMI data, sensors, and inflow/infiltration technologies can also reduce waste. MIRA will work with JEA to look at the costs and opportunities for AMI water meters and sensors.

#### **4. Non-Revenue Water Reduction Technologies**

Sensor and monitor integration within water distribution systems can improve pressure management and fire response while reducing Non-Revenue Water ("NRW").

#### **5. Customer-sited water efficiency – Unregulated Opportunity**

Since landscape irrigation comprises a large percentage of residential water use, JEA will have the opportunity to deliver solutions to customers the reduce wasteful irrigation, i.e., "smart" irrigation. Connecting wireless sensors that detect in-ground moisture levels to automated irrigation controls can avoid or reduce landscape watering when it is not needed. Through providing this service, the customer's water bill is reduced and the regulated side of JEA makes better use of its valuable water supplies.

In addition, MIRA understands that maintaining and improving water quality levels in the City of Jacksonville is a key JEA priority. MIRA will support and assist JEA in identifying opportunities to increase water sustainability and water quality in the City of Jacksonville. Innovative approaches to addressing emerging water quality threats including contaminants such as endocrine disruptors and nitrogen-driven toxic algae blooms require cutting edge technical knowledge that MIRA can assist in cultivating.

##### **6.5.1.5 Communications**

JEA owns fiber assets in a market with a significant supply/demand imbalance. In recent years, consumer demand for broadband services has continued to grow at a record pace. This growth in broadband services is driven by the increased usage of fixed and wireless data applications such as streaming video, consumer and enterprise internet use and HD and social media. Growing broadband consumption has resulted in carriers continuing to invest in networks to improve network quality and capacity.

##### **5G Pole Leasing**

JEA has vast infrastructure that can be tapped to grow its 5G telecommunications network in the City of Jacksonville. While a high percentage of the newer portions of JEA's system is underground, many of the distribution feeders and neighborhood distribution for older portions of towns are overhead. These overhead poles represent an attractive rental asset for companies in the emerging 5G telecommunications arena.

For wireless and fiber collocation, JEA has over 200,000 electric and streetlight poles that can be leased to communications companies for the expansion of 5G fiber networks. MIRA believes this to be a low-investment source of revenue for JEA which can also aid in the modernization of Jacksonville.

##### **Small Cell, Distributed Antenna Systems, and Other Telecom Applications**

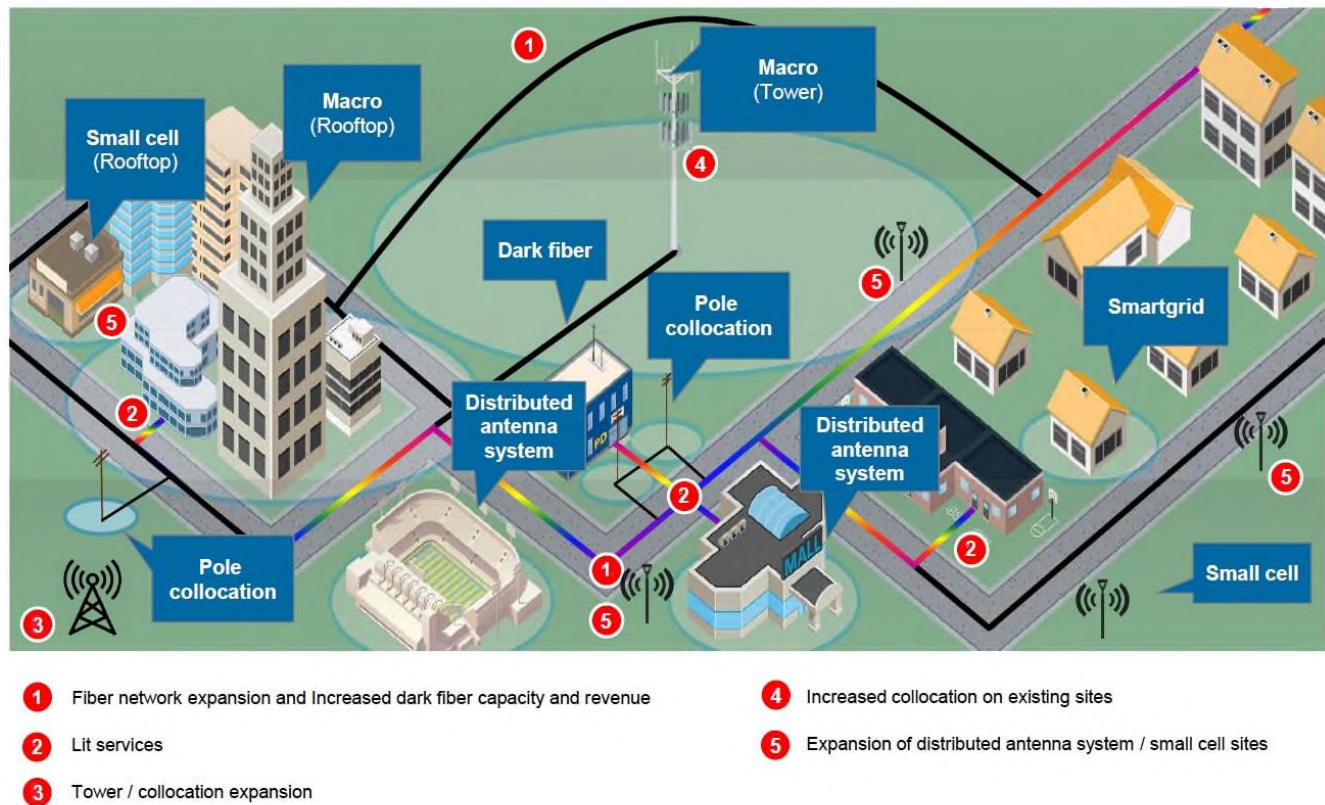
In addition to leasing for the expansion of 5G networks, JEA's electric and streetlight poles can be leveraged for small cell, distributed antenna system and other distributed telecommunication applications. The communications infrastructure is not limited to electric and streetlight poles. Larger towers and structures can serve as macro sites – MIRA understands that JEA currently has 40 standalone communication towers, with 5 under construction, and 18 active transmission collocation sites.

##### **Fiber-Based Services**

JEA has fiber services and a fiber and wireless collocation footprint that can be further developed. JEA today has 200 route miles of leased fiber, approximately 130 total miles of revenue-generating routes and 8 revenue-generating fiber leases. MIRA plans to support and expand JEA's existing efforts in fiber leasing.



Figure 24: JEA Telecom New Sources of Revenue and Infrastructure



### MIRA's Expertise in the Telecommunications Business

MIRA will work with JEA to leverage its vast telecommunications infrastructure and develop new opportunities to create broadband assets to benefit JEA and the City of Jacksonville. MIRA has deep experience and expertise within the telecommunications sector, as seen from the case studies below. MIRA can support JEA in its initiatives to launch Public-Private Partnerships (P3s), long-term leases or concessions related to JEA's fiber and wireless infrastructure assets and operations.



## Case Study: Bluebird Network and InSite Wireless Group



### Bluebird Network

Macquarie Infrastructure Partners IV (“**MIP IV**”) owns a 100% interest in Bluebird Networks (“**Bluebird**”). Bluebird provides high bandwidth fiber connectivity to carriers and enterprises via its 7,800 route-mile fiber network throughout Missouri and Illinois. Bluebird provides connectivity to over 800 towers for the four major carriers, serves over 300 customers, and currently has over 40,000 on-net and near-net buildings on its fiber footprint.



### InSite Wireless Group

Macquarie Infrastructure Partners III (“**MIP III**”) owns a 42.5% interest in InSite Wireless Group (“**InSite**”). InSite is one of the largest privately held wireless infrastructure platforms in North America, with approximately 2,000 sites across towers, land under towers, and distributed antenna systems (DAS) across the U.S. and Canada. InSite recently acquired a majority interest in Agile Networks, which commercializes underutilized municipal infrastructure. In addition to providing opportunities for colocation on municipal infrastructure, Agile also provides connectivity via fiber-optic and wireless technologies and also manages core components of public safety networks.

**MIRA can facilitate the monetization of JEA’s telecommunications opportunities through various measures including engaging in partnerships or a strategic sale.**

### 6.5.1.6 Other Non-Utility Investments

#### LNG Provision at the of Jacksonville

Previously, JEA explored an LNG opportunity at the Port of Jacksonville, which included receiving a term sheet for a marine LNG-related bunkering operation. Since that time, demand for LNG has grown, driven by the requirements for U.S. cargo ships serving Puerto Rico and the U.S. Virgin Islands to reduce their emissions substantially. Production of LNG for marine fuel applications, and potentially for displacement of fuel oil for electricity generation in the Caribbean region, could provide a potential source of new revenue for an unregulated JEA subsidiary.

MIRA believes that JEA may have an opportunity to participate in the future growth of small-scale LNG production and bunkering in Jacksonville. MIRA’s consultants have noted that existing JEA infrastructure (brownfield sites near the Port and gas pipeline capacity) could be leveraged to help develop competitive LNG production capacity. The initiative would expand economic development at the Port while displacing more carbon-heavy fuels. In addition, the facility would also have LNG storage on-site that can be used to deliver gas into the Jacksonville system for electricity generation or other purposes during times of extraordinary gas peak loads; thereby, avoiding system interruptions and increasing reliability.

Eagle LNG has recently received its FERC certificate order for a 1 million-tonne-per-annum bunkering and LNG export facility at the Port of Jacksonville. If this facility is constructed, JEA would have to assess if there is incremental demand for an additional facility.

## Case Study: LNG Tacoma

MIRA oversaw the development and launch of an LNG facility at the Port of Tacoma through its unregulated business, Puget Energy LNG. The LNG facility provides important benefits to Puget Energy and the Port of Tacoma:

- Achieves energy security for Puget Energy's customers by providing residential and commercial customers with natural gas reserves to maintain dependable service on the coldest days of the year;
- Creates a new revenue channel in its fueling of cargo ships passing through the Port;
- Provides local transportation companies, including TOTE Maritime Alaska vessels, with a cleaner fuel alternative;

**Figure 25: Port of Tacoma**



**The Port of Tacoma initiative had been Puget Energy's first venture into LNG in its efforts to diversify its revenue channels. MIRA can bring such expertise to JEA.**

## District Energy Expansion

MIRA will also support JEA in expanding its District Energy business. MIRA notes JEA's achievement in expanding into an additional business line by constructing three "district energy" plants in Downtown Jacksonville in the early 2000s to provide chilled water to serve the air conditioning needs of nearby buildings.

MIRA will work with JEA to implement and refine its District Energy capital expenditure program, including work on a backup power generator at the Springfield facility. MIRA understands that the lack of necessary population density has limited the size and scope of the JEA District Cooling business. With plans to develop Lot J and the adjacent riverfront, improved density may then allow for the expansion of JEA'S district cooling business. This will be an energy efficient way to provide cooling for Lot J as it expands. JEA's provision of district cooling can aid in the development of Lot J while providing an additional line of revenue to JEA. MIRA will also support JEA in the installation of piping at Lot J to complete the process of providing cooling to the Lot. There is also an existing facility which MIRA can assist in expanding to meet the cooling requirements of the Lot. This initiative can provide many desirable outcomes for JEA including revenue growth, the development of energy-efficient solutions and cementing its contribution to the economic development of the City of Jacksonville.

MIRA has a demonstrated track record in operating District Energy systems as shown in the following two case studies.

## Case Study: District Energy



### Thermal Chicago

Macquarie Infrastructure Company (“**MIC**”) previously owned Thermal Chicago (now known as Enwave Chicago), a district energy business in Chicago. The district energy business comprises operations in downtown Chicago providing cooling services to approximately 100 high-rise buildings. In addition, the company also had operations in Las Vegas providing cooling, heating and back-up power generation to a resort hotel, shopping center and condominium complex.



### Elenia Lämpö Oy

In 2017, MIRA acquired Elenia Lämpö Oy (“**Elenia**”), a district heating network in Finland. Under MIRA’s ownership, the company entered into a partnership with Finnish energy technology developer Valmet, who will supply Elenia a biomass-fired boiler plant. This investment will allow Elenia to raise the share of used renewable fuels in the city’s district heat production to over 80% as well as raise the efficiency of its heat production.

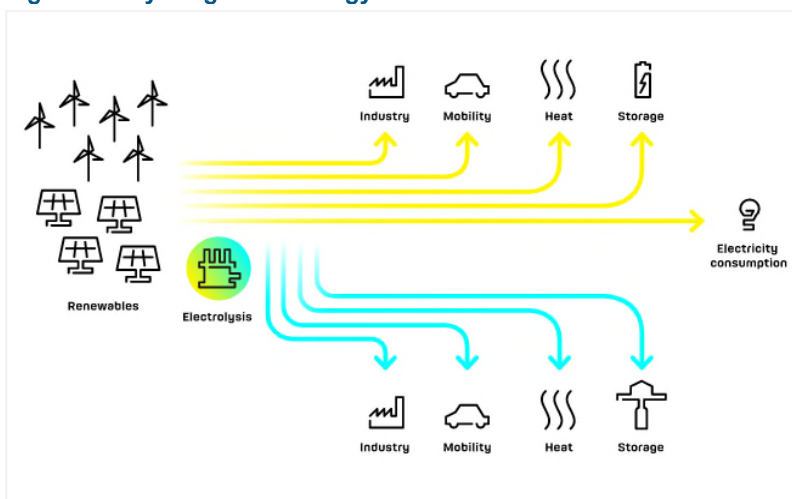
**MIRA will collaborate with JEA to further expand on the latter’s initiatives in the District Energy business.**

## 6.5.2 MIRA’s Initiatives in Energy Innovation

MIRA has a strong track record in advancing innovation within its utility acquisitions. For instance, one of MIRA’s gas utility acquisitions is Open Grid Europe (“**OGE**”), which is one of Europe’s leading transmission system operators with a pipeline network of around 12,000 kilometers (approximately 7,500 miles) in length.

In February 2019, OGE partnered with Amprion, another transmission system operator in Germany, to launch an innovative 100MW power-to-gas plant capable of converting renewable energy output into hydrogen. The “Hybridge” project would be built at an intersection of the operators’ networks in Northwest Germany and could be operational by 2023. The innovative technique utilizes electrolysis to split water into oxygen and hydrogen. The hydrogen produced is then injected into the natural gas system to displace natural gas, reducing greenhouse gas emissions. It would then be able to use existing OGE natural gas pipelines to transport the hydrogen to end users. The gas produced could be used in sectors that are difficult to decarbonize, such as transport or heating.

**Figure 26: Hybridge Technology**




Furthermore, this is a low-cost way to arrange seasonal energy storage or to transport energy in large quantities by using existing infrastructure. Given JEA’s established gas distribution network, MIRA can assist JEA in leveraging this to advance new technologies. As JEA explores the range of energy storage technologies relevant for

its operations, MIRA can utilize its expertise to assist JEA in doing so, especially in the Power-to-Gas energy storage field, as seen above.

MIRA is also affiliated through its parent company with the Macquarie Capital Venture Studio, which is a growth platform for emerging companies at the convergence of technology and innovation. The Studio provides early-stage companies and entrepreneurs access to Macquarie’s global network, deep industry expertise and capital to help grow businesses. An especially relevant area of expertise that the Venture Studio cultivates is InfraTech, which aims to develop innovative technologies within the infrastructure space. Partnerships in this space that the Venture Studio include the following:

Table 10: Venture Studio Partnerships

	<p><b>Envoy Technologies</b></p> <p>Provider of turnkey EV-sharing services. Envoy's offering comprises on-demand EVs for drivers. For property owners, Envoy is a full-service amenity that a building can offer to its tenants and guests for multi-family, workplaces and hotels</p>
	<p><b>FreeWire Technologies</b></p> <p>Leading manufacturer of mobile and flexible EV charging solutions and zero-emission, quiet mobile power for grid edge applications. Its products offer control over when power is used, stored and delivered, enabling new models of charging and management of EVs, alleviating utility infrastructure constraints and providing power when noise and pollution hamper operations. Given JEA’s interest in EV/electrification initiatives, MIRA can leverage the Venture Studio platform to provide JEA with expertise and guidance concerning developing this field further within JEA’s operations</p>

## 6.6 Environmental, Social and Governance

The assessment of ESG risks is embedded within MIRA’s investment decision-making approach and asset management framework.

### MIRA’s Approach to Sustainability

<b>Essential Community Assets</b>	<ul style="list-style-type: none"><li>MIRA has earned the trust of infrastructure users, managers and investors as a <b>reliable steward of essential services for infrastructure stakeholders</b></li></ul>
<b>Materiality</b>	<ul style="list-style-type: none"><li>Emphasis on the ESG issues that are <b>material to each business, its employees, and the industry and community in which it operates</b></li></ul>
<b>Embedded Approach</b>	<ul style="list-style-type: none"><li>ESG is embedded throughout the <b>investment decision and asset management plans</b> of MIRA managed assets</li></ul>
<b>High Standards</b>	<ul style="list-style-type: none"><li>Portfolio companies are <b>challenged to go beyond industry best practices</b> to identify activities that enhance the long-term value of the asset through sustainability initiatives</li></ul>

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### 6.6.1 Environmental Impact

MIRA notes JEA's commitment to meeting its customers' energy needs in an environmentally sustainable manner. MIRA will leverage its experience in owning utilities and developing over 11.2 GW of renewable generation to enable JEA in implementing environmental initiatives which include, but are not limited to:

#### 1. Retirement of Solid Fuel Plants

With continuing declines in cost, the levelized cost of solar generation are projected to become substantially lower than that of coal-fired generation. These cost differentials give JEA an opportunity to materially lower costs on up to 30% of its energy supply.

These lower costs can be achieved through retiring JEA's northern Jacksonville plant, Northside Generation Station, which uses natural gas, fuel oil, coal and petroleum coke and replacing the resulting gap with renewable energy sources. This would allow JEA's customers to benefit from reduced costs while also maximizing environmental benefits.

#### 2. Investment in Energy Storage

MIRA will assist JEA in pursuing investments in energy storage. As indicated in **Section 6.5.1.2**, MIRA will support JEA to develop creative and innovative storage strategies that improve system reliability.

#### 3. Energy Efficiency Initiatives

MIRA will support JEA's existing efforts in understanding the energy demands of its residential and C&I customers. This includes expanding JEA's current residential service offerings to include smart home appliances and offering consulting and financing services for energy efficiency retrofitting

These efforts will allow JEA to better manage energy demand and optimize energy usage.

#### 4. Upgrading Water and Sewer Infrastructure

MIRA will support JEA management in collaborating with the City to address Jacksonville's need for sewer infrastructure investment. This investment is necessary given the adverse impact septic failures can have on the health of the St. Johns River, its tributaries and the Community.

MIRA also notes the City's Groundwork Jacksonville program which involves improvements to the water quality and habitat of Hogans Creek and McCoys Creek. MIRA will assist JEA to advance its water and sewer upgrading plans and harness its deep experience gained through its management of existing and past water utilities.

### MIRA's Demonstrated Focus on Sustainability

The identification, assessment, and responsible management of environmental risk is essential to the sustainable development of MIRA's assets and the communities in which they operate. This approach is in line with MIRA's System 7 Active Asset Management Approach, as discussed in **Section 4.2.2**, and therefore, forms a key criterion on all investments that we make. MIRA's capital investments in Thames Water, as seen below, highlights our commitment to building sustainable businesses.



## Case Study: Thames Water

Figure 27: Inside the Lee Tunnel



MIRA worked with Thames Water to improve wastewater management services by investing in its capital works program. The program involved increasing Thames Water's sewage treatment capacity which included the expansion of facilities at Beckton to create one of Europe's largest sewage treatment works. Under MIRA's ownership, the delivery of the Lee Tunnel in 2016 improved the health of London's river systems, avoiding more than approximately 16 million tonnes (~17.6 million tons) of sewage flowing into the Thames Tideway annually, mitigating water pollution.

This complemented Thames Water's Victorian mains replacement program, which included replacing some of the network's oldest and leakiest cast iron mains replaced, reducing leakage rates by approximately 22%, reducing water wastage.

**More than £1 billion invested each year during MIRA's ownership to maintain, upgrade and expand the Thames Water network.**

## Case Study: Cleco and Puget Energy

- **Cleco**

- Expected to issue a Request for Proposal ("**RFP**") for renewable resources in 2019. The RFP will be for up to 500MW of renewable capacity and will include a request for a variety of technologies, including wind, solar and battery storage
- Scaled back operations at Dolet Hills, a 638MW mine-mouth, lignite-fired power plant, to a seasonal dispatch, focusing primarily on the summer months June through September to reduce emissions and fuel costs

- **Puget Energy**

- Invested in more than 400MW of hydro, wind and solar generation capacity. During MIRA ownership, Puget Energy became the largest producer of wind energy in the state and the third-largest utility owner of wind power in the U.S.
- Announced the retirement of three coal-fired power plants by 2025 without jeopardizing security of supply
- Committed to halve its carbon footprint by 2040, in addition to meeting Washington State's existing renewable energy requirements

**MIRA supports stakeholders through promoting and investing in sustainable projects which includes the decarbonization of portfolios.**

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MIRA's parent company, Macquarie, is also dedicated to investing in clean energy. For instance, the Green Investment Group ("**GIG**"). represents a global, green investment platform targeting established and emerging technologies across a range of renewable sectors. Since 2010, GIG, a team of more than 200 green energy specialists, has invested \$20 billion into renewable energy projects. GIG's portfolio, as reported in its 2019 Green Finance Impact Report, is forecasted to produce approximately 7,000 GWh per year enough to power 1.1 million households annually. This portfolio is forecasted to avoid greenhouse gas emissions of 3,520 kt CO<sub>2</sub>e per year, equivalent to taking 700,000 cars off the road for a year.

MIRA will also continue to commit to full compliance with all environmental laws and regulations, continuing JEA's environmental policy commitments. MIRA will ensure that under its ownership, JEA will continue to meet the requirements of the International Organization for Standardization 14001 certification and will build upon JEA's existing Environmental Management System ("**EMS**"). MIRA will also continue to uphold the Pollution Prevention ("**P2**") methodology to reduce and/or prevent the creation of wastes at their source.

## 6.6.2 Social Impact

MIRA will support JEA in maintaining an equitable workforce and management team.

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### MIRA's Utility Operating History – Promoting Diversity within MIRA's Utilities

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- **Puget Energy**

- MIRA and its co-investors appointed Kimberly Harris President in 2010 and CEO in 2011
- Her leadership brought a renewed emphasis on the future of energy supply and delivery, focusing on renewables and low carbon sources, without sacrificing customer expectations for affordability and dependability

- **Elizabeth River Crossings**

- During the construction phase of this project, MIRA was committed to spending on local labor while targeting socially disadvantaged groups:
  - 12% of non-specialist sub-contract work amounting to approximately \$106 million was awarded to Disadvantaged Business Enterprises ("**DBE**") firms over the construction period
  - 23% of non-specialist sub-contract work, worth approximately \$202 million was awarded to Small, Women and Minority-owned ("**SWaM**") businesses firms
- Amassed contracts or purchasing agreements with 14 DBE and 81 SWaM vendors following the project's first full quarter of operations in 2012
- Resulted in 34% and 10% of capital expenditures going to SWaM-certified and DBE-certified firms

- **Elenia**

- Set new safety targets and introduced rewards within its safety incident reporting system to incentivize staff and contractors to report incidents
- Produced a health and safety manifesto which required all contractors to comply with

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### 6.6.3 Governance

As discussed in **Section 3.2.2** and **Section 3.2.3**, MIRA will commit to upholding an effective, independent and transparent governance structure. We recognize that such a structure is important to achieve the best interests of our utilities' customers, employees and other stakeholders.

#### Case Study: Puget Energy

MIRA collaborated with Puget Energy management to develop corporate governance guidelines, such as a Code of Ethics for senior financial officers that provides specific principles they are expected to promote and follow. These principles include governing professional and ethical conduct, reporting of violations, treatment and consequences of violations, and waivers of the code.

All employees are trained on ethics and corporate compliance consistent with Puget Energy's and MIRA's corporate value of doing the right thing, and are expected to adhere to the highest standards.

MIRA and the Board, in collaboration with management, also developed a robust risk management framework that oversees enterprise risk as well as continuity and environmental risks.

#### MIRA and Puget Energy management instated guidelines to ensure an ethical, open and transparent corporate culture

To maximize ESG value for JEA's operations, MIRA will work with JEA to ensure that it complies with local, national, and international ESG standards. MIRA will leverage its existing participation and success in implementing global co-operation frameworks and standards such as PRI and GRESB to help JEA streamline these standards within its operations.

## 6.7 Community Stewardship

MIRA recognizes the impact that JEA has on the local community as a corporate sponsor of local events and volunteer activities. MIRA supports these efforts and would work with JEA to create new initiatives that will enhance JEA's community's outreach as a local independent utility.

### 6.7.1 Community Outreach

#### 6.7.1.1 JEA Community Outreach

MIRA recognizes JEA's past efforts to aid the Community. Upon acquisition of the JEA business, MIRA will seek to expand on the strong community outreach program that already exists at JEA. This includes, but is not limited to:

- Maintaining the 20+ year relationship with United Way and continuing to raise money for the various causes that United Way of Northeast Florida supports.
- Continuing to promote as well as contribute to the Neighbor to Neighbor Fund and further develop initiatives that encourage customers and employees to contribute to this Fund.
- Encouraging employees to continue to participate in volunteer opportunities and help non-profit organizations.
- Continuing to support local educational efforts such as JEA's current initiatives with the Museum of Science and History as well as programs such as Power Pals.
- Developing the senior assistance program further to expand the scope of aid to provide financial or non-financial assistance for economically disadvantaged seniors and disabled citizen.

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### 6.7.1.2 Community Outreach at MIRA Utilities

#### Puget Energy

Upon acquiring Puget Energy, the Puget Sound Energy Foundation was funded with \$5 million. During MIRA's holding of Puget Energy, annual average contribution to the Foundation increased by over 30%. In December 2010 – a year after acquiring Puget Energy– the Foundation announced that they would award more than \$640,000 to 161 non-profits throughout the state of Washington. Within the first six months of 2011, the Foundation contributed to more than 60% of this amount through 69 grants to local charitable organizations throughout Washington.

**Figure 28: Puget Employees at a Volunteer Event**



#### Duquesne Light

Throughout ownership of Duquesne Light, MIRA was dedicated to giving back to the local community encouraging employee volunteerism and charitable donations. In 2016, ~\$1.5 million was donated to 40 organization across Allegheny and Beaver counties. This included approximately 1,500 employees volunteering more than 3,900 hours of community service. Additionally, ~\$600,000 was pledged to the United Way and its partner agencies through Duquesne Light's annual employee campaign, which included a dollar-to-dollar company match.

**Figure 29: Duquesne Employees Volunteering at a Local Event**



Additionally, as part of encouraging communal interaction and harmony, Duquesne Light launched an annual initiative called "Power It Forward". Programs under this initiative have included providing free hot beverages to commuters during winter seasons to donating \$5 to the Dollar Energy Fund for every person that interacts with Duquesne Light on social media over a 24-hour period. In 2016, Duquesne Light donated \$10,000 to the Dollar Energy Fund – a fund that provides utility assistance grants to limited-income families and individuals in the regions, which are of particular need during the cold winter months.

#### Cleco

Upon acquiring Cleco, MIRA established a charitable foundation with the aim of continuing the community support that Cleco had already been providing to its operating territory. Employees are encouraged to volunteer their time, talents and efforts to such participation. In 2018, Cleco contributed in excess of \$700,000 for various causes including education, healthcare, and empowering youth and low-income communities.

Cleco's Power of Sharing Fund was established in the 1980s, with the objective of helping economically disadvantaged seniors and disabled citizens pay their bills. The amounts donated by Cleco, its employees as well as its customers, are distributed through local Councils on Aging. One of the key initiatives that has resulted from this program is the Cleco Fan Drive. This Drive helps low-income seniors by providing them with fans to help get them through Louisiana's summers. More than 20,000 fans have been donated through the Drive since 2000.

Additionally, Cleco has contributed in excess of \$350,000 to United Way, an organization supported by MIRA at several of its portfolio companies.



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### 6.7.2 Storm Responsiveness Plans

Florida has experienced significant hurricane and tropical storm damage to its electric utility systems over the last few years, and Jacksonville has not been immune to these impacts. Utilities in Florida must develop more resilient, storm-hardened infrastructure along with a robust, proactive, and timely storm response plan.

MIRA recognizes that JEA has already implemented several initiatives that have aided customers and communities in dealing with storm-related issues. JEA's current emergency incident command structure is very well-integrated with the local and county government emergency operation centers. This is a key advantage of continuing JEA as a hometown utility through MIRA's ownership that will remain focused on Jacksonville as utilities with larger service areas may not be able to take such a dedicated approach on the JEA service area. Therefore, MIRA would work with the JEA management team as well as the larger Jacksonville community to build JEA's already strong local foundation and further expand and improve on the utility's resilience and recovery plans.

MIRA notes that the new Florida law, being implemented by the FPSC, requires IOUs to submit new storm protection plans to the FPSC. MIRA has been monitoring the FPSC rulemaking process and will work with the JEA management team to develop a plan that updated current JEA storm restoration plans to meet the new requirements. Additionally, MIRA will leverage its previous experience owning utilities to implement any potential improvements to JEA's system to exceed these new requirements.

#### **Puget Energy**

The Restoration Service Guarantees – a component of the Service Quality Program – at Puget Energy provides for a \$50 credit under specific conditions outlined by the Utility. The two guarantees are (i) the 120-hour guarantee during any storm event and (ii) the 24-hour guarantee during a non-major storm event. The 120-hour guaranteed was established in 2008 prior to MIRA's acquisition and the 24-hour guaranteed became effective in 2017 during MIRA's ownership.

MIRA supported Puget Energy's management team in funding and implementing an outage management and Geographic Information System ("GIS") to reduce storm restoration times, allowing dispatch crews to respond in an effective and timely manner. Furthermore, in 2017, Puget Energy began using drones to study the damages caused by storms. These drones are also used to identify tree limbs that are hanging over powerlines so that they can be removed.

#### **Duquesne Light**

Under MIRA's holding, Duquesne Light undertook several initiatives with the aim of developed effective methods of coping with storm-related events. These included, but were not limited to:

- Developing a Vegetation Management Plan in order to reduce the outages caused by trees during a reasonably expected storm event. This involved utilizing industry best management practices to provide safe and reliable distribution service. The extensive program was specifically defined for the management of vegetation on Duquesne Light's right-of-way for the dependable operation of its distribution and transmission system
- Being a member of two regional mutual assistance groups that are committed to providing restoration resources after a storm at no profit
- Providing storm updates and sharing safety messages through social media channels, corporate web pages, text messages to customers and providing updated to the local Emergency Management Agencies
- Providing an outage map which was utilized as part of the company's Power Restoration Update Center website



## Cleco

Cleco constantly ensures that its storm preparation plans are updated and strengthened accordingly. Ahead of Tropical Storm Barry, Cleco secured an additional 800 line mechanics, and 395 vegetation specialists, in addition to augment existing Cleco crews. As a result of these preparations, Cleco had rapid response times to power outages. For instance, when storms hit the central Louisiana service territory in July 2019, Cleco was able to restore power to 99% of the 63,000 impacted customers within 4 days. Cleco also worked with the community to ensure that customers were equipped with information to prepare for the storm.

## 6.8 Financial Stability

MIRA is the world's largest infrastructure asset manager and owner of infrastructure, real estate, agriculture and energy assets. MIRA manages more than \$129 billion in infrastructure assets globally. Investors in MIRA managed funds are primarily pension funds and other institutional investors seeking long-term, stable returns. Macquarie is a multinational financial company listed in Australia with a market capitalization of ~A\$44 billion (~\$30 billion), as of October 1, 2019. The strength of Macquarie Group's balance sheet is reflected in its strong credit rating of A-/Stable from S&P and A3/Stable from Moody's.

As discussed in section 3.2.3, upon acquisition, JEA management would put in place a long-term business plan, approved by the JEA Board, which would define the strategy, specify growth targets and allocate sources of capital funding.

MIRA's asset management framework combined with our track record of sourcing patient and flexible long-term capital would provide JEA the financial stability to support major capital projects. This approach is evidenced through the following case studies in **Table 11**, where MIRA has invested significant capital while maintaining or improving credit ratings.

**Table 11: Demonstrated Financial Stability of MIRA Utility Investments**

		Puget Energy	Duquesne Light	Aquarion
<b>Capital Invested (\$bn)</b>		\$8.2	\$2.2	\$0.6
<b>Holding Company Credit Rating (S&amp;P / Moody's)</b>	<b>At Acquisition</b>	BB+ / Ba2	BBB- / Baa3	Baa1 (2011) <sup>1</sup> / NR
	<b>During Ownership</b>	BBB- / Baa3	BBB / A3	Baa1 / NR
<b>Co-Investors</b>		CPPIB, OMERS, BCI, AIMCo, PGGM	IFM, GIC, Sun Super, First State Super	BCI
<b>Select Capital Projects</b>		Over 400 MW of new hydro, wind and solar generation capacity, GTZ, LNG Tacoma, AMI	Information technology initiatives, capital programs to repair or replace damaged and aged infrastructure, utility support in transmission and distribution	Capital improvement plans for the Easton, Trap Falls and Hemlocks treatment plants, main, service and hydrant replacements; drought-related capex including emergency pipeline in Connecticut

<sup>1</sup> Not Rated ("NR") prior to 2011

### Puget Energy

When MIRA first approached Puget Energy in 2006, the company had issues meeting its significant external funding needs necessary to build generation to reduce its dependence on purchased power and to meet Washington State's renewable portfolio standard. After discussions with MIRA, Puget Energy's Board of Directors concluded that an experienced and well qualified private ownership group

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with equity and debt funding sufficient to finance Puget Energy's capital program would provide a more stable capital structure and source of financing for the business than the public equity markets.

During MIRA's ownership, Puget Energy spent a total of over \$8 billion in capital expenditure. The management team piloted major system projects like the Electric Reliability Plan to target its worst-performing circuits and underground distribution cables to continue to improve reliability metrics. Puget also constructed over 400MW of wind power during the 2008 financial crisis and now exceeds compliance with Washington State's renewable portfolio standard. Generation spend included two hydropower upgrades required for FERC relicensing approvals, two gas plant acquisitions, and miscellaneous upgrades of owned facilities.

Additionally, Puget Energy invested significantly in IT through system upgrades for outage management, billing and customer service, geographic information systems, Get To Zero (an initiative aimed at significantly decreasing customer call volumes), two new data centers, ongoing cybersecurity initiatives, transition to cloud computing, and corporate services support and investments to assist the broader growth initiatives.

MIRA's leadership at the Board level was instrumental in guiding long-term strategy and position Puget Energy for long-term success. Puget Energy was able to grow rate base significantly, improve system reliability and customer experience, and pursue additional revenue streams while the average customer bill increased by just \$1 per month over the 10-year hold period. Furthermore, Puget Energy's credit rating was upgraded from BB+ to BBB- for S&P under MIRA's ownership.

### **Aquarion**

Aquarion's rate base grew from \$553 million in 2008 to \$764 million in 2016, a CAGR of 4.1%. Rate base growth can be attributed to significant spend on improving system reliability and safe water supply, as well as on acquisitions.

Aquarion's 2016 Board approved 5-year business plan assumed capital expenditures on the system's pipes at a 1% system renewal rate, implying a 100-year replacement cycle which was well below the 225-year industry pipe replacement cycle average, and in line with industry standard of 100-year replacement cycle.

Under MIRA's ownership, Aquarion also acquired 65 smaller systems, and added 11,113 customers, or ~5% of the 226,100 customers served by Aquarion as of 2016. Aquarion spent \$568 million in capital expenditures over MIRA's holding period and maintained a Baa1 credit rating.

### **Duquesne Light**

Duquesne Light funded \$2.2 billion of capital expenditures between 2008 and 2016. During that period, Duquesne's rate base grew from \$1.5 billion to \$2.3 billion. Duquesne Light expanded the size of the Sewickley substation to accommodate 2 new 138kV transformers, along with the replacement of the older equipment in the substation. Then, it completed a related expansion of the company's 138kV transmission network, which increased reliability and capacity to more than 6,500 customers in the area. Over this time period Duquesne Light's credit rating improved from a BBB- to BBB.

### **Cleco**

Under MIRA ownership, Cleco has engaged in numerous projects to improve its business lines, as follows:

- The St. Mary Clean Energy Center project includes Cleco constructing, owning, and operating a 47.6 net MW generating unit to be fueled by waste heat from Cabot Corporation's carbon black manufacturing plant in Franklin, Louisiana. The project is expected to generate more than 300,000 MWh of zero additional carbon emitting energy each year
- Cleco paid \$1 billion for NRG power plants and facilities that serve nine power cooperatives throughout Louisiana, indirectly increasing its customer base by nearly 320,000 households.

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This acquisition will double Cleco's generation capacity while providing cost-effective and reliable service across Louisiana

- The \$160 million START project, with majority of the implementation wrapped up in May 2019, replaced outdated business department applications with a modern, fully integrated enterprise business application suite. The project's objectives are to gain efficiencies through consistent, industry-leading work processes and practices and enable better decision making through data transparency across business functions

MIRA has provided strategic capital to invest in improving and growing. Furthermore, MIRA's emphasis on making sustainable long-term investment decisions means our utilities benefit from optimal capital structures with significant available cash flow to fund future investment. MIRA is a source of long-term patient capital and would provide JEA financial stability to grow its electric, water and wastewater systems and expand into new businesses.

## 7. Additional Information

### 7.1 MIRA vs. Publicly Listed Utility Holding Company

	MIRA Ownership	Publicly Listed Utility Holding Company
<b>Headquarters and Decision Making</b>	✓ JEA will continue to operate as a local independent utility by keeping its headquarters and decision making in Jacksonville	— May keep headquarters in Jacksonville in the short run but key decisions may be made in the public utility holding company's national headquarters
<b>Impact on Local Communities and Economic Development</b>	✓ JEA will be highly incentivized to grow the local community and strengthen Jacksonville's economy which will drive demand for JEA's services	— Moving of headquarters, high paying jobs (including third party corporate services) and key decision making out of Jacksonville will directly harm the community and impair the economy
<b>Financial Requirements</b>	✓ Focused on a reasonable equity return over a long investment period	— Focused on quarterly results and impact on near-term earnings per share
<b>Branding</b>	✓ Motivated to maintain, strengthen and grow the existing JEA brand as local champion	— Have established utility brands and franchise and looking to strengthen parent brand
<b>Existing Management Team</b>	✓ Will partner and empower the existing management team to realize their full potential	— May limit the number of key decisions made by the existing management (e.g. key decisions will be made from the consolidator's national head office)
<b>Impact on Employees</b>	✓ Can negotiate and commit to fair collective bargaining agreements that respect and incentivize JEA's workforce	— May not want to commit to agreements that are more employee-friendly than the ones at their existing operations
<b>Impact on Customers</b>	✓ Committed to improving system reliability and resiliency as demonstrated through past investments	— Large utility consolidators may not have the same focus on JEA, given the large number of utility operations that they manage
<b>Investing in Innovation and Unregulated Businesses</b>	<ul style="list-style-type: none"> <li>✓ Highly motivated and can explore unregulated business opportunities; if the opportunity is attractive, significant capital can be deployed</li> <li>✓ MIRA can be more flexible in forgoing dividends to reinvest in growth projects</li> </ul>	<ul style="list-style-type: none"> <li>— Growth and development of unregulated may be limited due to public market constraints</li> <li>— Sensitive to short-term earnings volatility and limited by need to pay out consistent dividends to shareholders</li> </ul>
<b>Source of Capital</b>	✓ Clients are long-term, patient institutional investors including but not limited to pension funds, sovereign wealth funds and other institutional investors	— Capital sourced from the public equity and debt markets, which can be volatile and unpredictable

## 7.2 Summary of Benefits to Key Stakeholders

	Minimum Conditions		MIRA Commitment		Limitations of Other Buyers
<b>Customers</b>	<ul style="list-style-type: none"> <li>— Three-year base rate freeze</li> <li>— Over \$400 million of value distributed to customers</li> </ul>	✓	MIRA will meet the minimum conditions	—	Other buyers that are focused on near term earnings metrics may find maintaining base rates challenging
<b>Employees</b>	<ul style="list-style-type: none"> <li>— Protection of certain employee retirement benefits</li> <li>— Maintenance of substantially comparable employee compensation and benefits for three years</li> <li>— Retention payments to all full-time employees of 100% current base compensation</li> </ul>	✓ ✓	MIRA will meet the minimum conditions MIRA will maintain local leadership and headquarters with an emphasis on local hiring	—	Others may seek synergies through centralized control, which often results in high paying jobs leaving the local economy
<b>Union Employees</b>	<ul style="list-style-type: none"> <li>— Maintain existing collective bargaining agreement</li> </ul>	✓	MIRA will maintain the existing collective bargaining agreement as demonstrated in the Cleco and Puget Energy acquisitions	—	Large entities with more bargaining power may not be as receptive to the union employees
<b>Local Business Stakeholders</b>	<ul style="list-style-type: none"> <li>— Commitment to new headquarters and employees in Downtown Jacksonville, contributing to the economic development of the community</li> </ul>	✓ ✓	MIRA confirms it will maintain JEA's headquarters in Downtown Jacksonville and encourages JEA to continue contributing to the economic development of the Community In addition, MIRA is committed to having local independent local Board Directors, one of whom will be nominated as Chair	—	Other entities will want to realize synergies by centralizing control and eliminating duplicative job functions
<b>Environmental Stakeholders</b>	<ul style="list-style-type: none"> <li>— Commitment to develop and provide the City of Jacksonville and the Duval County Public School system 100% renewable electricity by the year 2030</li> </ul>	✓ ✓	MIRA will meet the minimum condition and will explore incremental renewable opportunities subject to cost and system capacity requirements JEA, under MIRA ownership, can explore behind-the-meter solar and other opportunities through an unregulated entity	—	Others may not want to further expand into unregulated businesses due to public market expectations
<b>City of Jacksonville</b>	<ul style="list-style-type: none"> <li>— \$3 billion in value to the City of Jacksonville</li> </ul>	✓	MIRA confirms that it will provide more than the minimum value required by the City	—	Other buyers may be focused on near-term earning accretion and may struggle to meet the minimum value requirement without assuming significant synergies



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## 7.3 Conclusion

MIRA believes its unique ownership and governance framework would benefit the City and Community above and beyond the ITN minimum requirements. Our approach to utility investing ensures JEA will continue to be an independent utility guided by a Board with local representatives and led by a local management team, all focused on the needs of the Community. Furthermore, MIRA is a stable source of capital without the constraints of public market sentiment, therefore enabling JEA's management team to pursue new business opportunities and focus on long-term value creation.

We are confident that our track record and approach to utility investing make us ideal partners for JEA and the Jacksonville Community. We thank you for your consideration and look forward to progressing our discussions.



MUFG Bank, Ltd.  
1221 Avenue of the Americas  
New York, NY 10020  
T: +1 212 782 4000

November 22, 2019

Macquarie Infrastructure and Real Assets Inc.  
125 West 55<sup>th</sup> Street  
15<sup>th</sup> Floor  
New York, NY 10019

Attention: Mike Dyadyuk

Dear Mike:

Macquarie Infrastructure and Real Assets Inc. ("MIRA" or the "Company") is an important client of MUFG (defined below) and we greatly appreciate the relationship that we have built with you.

As you are a valued client, we are pleased to express willingness to support MIRA's credit needs, specifically in the event that you explore a strategic transaction with JEA.

In this regard, our management in the Americas for MUFG Bank, Ltd., a member of MUFG, a global financial group ("MUFG"), has expressed its support to seek underwriting approval for up to \$5.0 billion in acquisition credit facilities, under a transaction structure where JEA receives investment grade corporate credit ratings from Standard & Poors and Moody's, as applicable, and implements a capital structure consistent with other investor owned utilities.

Any commitment provided by MUFG would be subject to our satisfactory completion of due diligence and our credit approval process, and would be documented pursuant to a separate written agreement between MIRA and MUFG.


MUFG is a leading bank to investor owned utilities in the U.S. Year to date in 2019, we are the #3 ranked bookrunner of utility credit facilities and the #1 bookrunner for investment grade M&A facilities as well as the #2 bookrunner of investment grade utility bonds.

We continue to be available to discuss financing options and strategies at your convenience and welcome any opportunity for our team to share our thoughts and recommendations. MUFG and its securities affiliate, MUFG Securities Americas Inc., look forward to the opportunity to provide continued support to MIRA in meeting its financing needs.

Sincerely yours,

MUFG Bank, Ltd.

By:

  
Kevin Zitar  
Head of U.S. Power & Utilities

SUMITOMO MITSUI BANKING CORPORATION

277 Park Avenue

New York, NY 10172, U.S.A.

November 22, 2019

Macquarie Infrastructure and Real Assets  
125 West 55<sup>th</sup> Street  
New York, NY 10019-5369

Attn: Michael Dyadyuk, Director

Dear Mr. Dyadyuk,

Based on recent discussions between Sumitomo Mitsui Banking Corporation ("SMBC") and Macquarie Infrastructure and Real Assets ("Macquarie"), it is our understanding that Macquarie has been short-listed as a prospective bidder for the potential purchase of JEA, a community-owned electric, water and sewer utility located in Jacksonville, Florida. SMBC is pleased to present this Letter of Support to Macquarie in its efforts to successfully acquire JEA.

As you are aware through our longstanding global relationship with Macquarie, SMBC is one of the largest international banks in the world with over \$1.8 trillion in assets and 28,000 employees globally. SMBC is also one of the largest providers of non-recourse, project finance in the world, deploying over \$12 billion in 2018 to the energy, infrastructure and electric power sectors where we provided debt financing for both new-build projects as well as asset acquisitions. In addition, through our affiliate company SMBC Nikko Securities America, Inc. ("SMBC Nikko"), we are able to offer debt capital markets solutions for the long-term financing of utility companies.

SMBC is supportive of Macquarie's bid to acquire JEA and is prepared to engage its project finance, utility lending and debt capital markets teams to provide the most efficient debt financing solution available. Based on our experience providing financing for power projects and electric utility companies as well as water projects and water utility companies on a global basis, SMBC is confident that Macquarie will be able to obtain debt financing on market terms and conditions sufficient to cover a significant portion of the acquisition cost of JEA.

We hope that this letter demonstrates the confidence SMBC has in Macquarie's ability to obtain debt financing for JEA and we wish you all the best in your next round of bidding and will look to engage in further discussion with you regarding debt financing once you have advanced to the next round of bidding.

Sincerely,



Name: Juan Kreutz  
Title: Managing Director



November 25, 2019

Mr. Michael Dyadyuk  
Head of Financing Strategy  
Macquarie Infrastructure and Real Assets  
125 West 55th Street,  
New York NY 10019 USA

**Re: Letter of support Re Request for Proposal – Project Pantera**

Dear Michael,

Natixis, New York Branch (“**Natixis**” or “**we**”) understands that Macquarie Infrastructure and Real Assets Inc. (“**Macquarie**” or “**you**”) is considering submitting a response to the request for non-binding indicative bids from potential bidders interested in acquiring Jacksonville Electric Authority (the “**Possible Transaction**”).

We reviewed the preliminary material and are familiar with the Possible Transaction. We are pleased to provide this letter of support (the “**Letter**”) to you.

Natixis is familiar with the Possible Transaction and has had preliminary discussions with you about potential indicative financing terms. Natixis is interested in acting as a Lead Arranger in connection with the Macquarie’s financial proposal for the Possible Transaction and is looking forward to continuing its dialogue with the team.

Natixis has a history of working with the Macquarie in connection with a number of successful infrastructure sector transactions. Natixis has worked with the Macquarie in a lead financing capacity on numerous transactions, in each case, involving the financing and/or refinancing of various assets.

Listed on the Paris stock exchange, Natixis is based in Paris, France and is the international corporate, investment, insurance and financial services arm of Groupe BPCE, the second-largest banking group in France. With approximately €583 billion of assets, a market capitalization of €12.579 billion and operations in over 38 countries, our more than 16,000 employees provide world-wide coverage for our 31.2 million clients. As of the date of this Letter, the unsecured long-term debt ratings for our institution are A by Fitch, A1 by Moody’s and A+ by S&P.

For the avoidance of doubt, this Letter is informational only and is not intended to be and should not be construed as an offer to provide services or a commitment by Natixis or any of its affiliates with respect to any financing in connection with the Possible Transaction and creates no obligations or liability on the part of Natixis or any of its affiliates. Any such commitment will only exist upon execution of a final written agreement in connection with the financing of the Possible Transaction and then only in accordance with the terms and conditions thereof.

This Letter is being furnished solely for information purposes and we have not independently verified any of the information and data contained herein. There is no representation or warranty as to the accuracy or completeness of the information contained herein and no one shall have any liability for any representations (expressed or implied) contained in, or for any omissions from, this Letter. Natixis shall not be responsible or liable to you or any person for any damages or costs which may be alleged or result from this Letter. This letter is strictly confidential and may not be disclosed to any third party without Natixis’ written consent. This Letter shall be governed by and construed in accordance with the laws of New York.



Should you require further information, please do not hesitate to contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read 'G. Canet', written over the printed name.

Name: Gerardo Canet

Title: Managing Director, Head of Corporate Coverage

Email: [Gerry.canet@natixis.com](mailto:Gerry.canet@natixis.com)

Phone: +1 212 872 5136

A handwritten signature in black ink, appearing to read 'Jonathan Kim', written over the printed name.

Name: Jonathan Kim

Title: Managing Director, Head of Infrastructure North America

Email: [Jonathan.kim@natixis.com](mailto:Jonathan.kim@natixis.com)

Phone: +1 212 891 6143





November 22, 2019

Mr. Michael Dyadyuk  
Head of Financing Strategy  
Macquarie Infrastructure and Real Assets  
125 West 55th Street,  
New York NY 10019 USA

RE: MIRA – Jacksonville Electric Authority Acquisition Financing

Dear Mr. Michael Dyadyuk:

KeyBank National Association (“KeyBank”) appreciates the opportunity to provide Macquarie Infrastructure and Real Assets (“MIRA”) with debt financing to support its bid to acquire Jacksonville Electric Authority (“JEA”). Based on our extensive knowledge of utility industry (including municipal-owned utilities), the strong alignment with our Utilities, Power & Renewable Energy practice, and leading debt capital markets capabilities, KeyBank is a uniquely suited financing partner for MIRA.

Cleveland-based KeyBank is one of the nation’s largest bank-based financial services companies, with assets of over \$137 billion. Utilities, Power & Renewable Energy is a focus area for KeyBank, and we are supportive of utilities, cooperatives, and investors such as MIRA. KeyBank currently has over \$15.0 billion committed to the energy sector, including commitments to over 60 investor-owned electric and natural gas utilities, independent power producers, municipalities, and cooperatives. Additionally, KeyBank has executed over 139 Lead-Managed taxable fixed income utilities and power transactions totaling \$34 billion, and another 209 Co-Managed transactions totaling \$100 billion.

Based on our experience providing credit to the utilities and power sector and our familiarity with the financial markets generally, we are confident in our ability to provide up to \$2.4 billion for any individual borrower. We are poised to proceed efficiently in order to complete our due diligence process and move toward providing committed financing for this transaction within an acceptable timeframe, subject to normal and stable capital markets and industry conditions, as well as satisfactory findings during the due diligence process. This letter is not a commitment to lend, arrange, or underwrite the credit facilities.

Should you have any questions regarding our financing view or industry views, please do not hesitate to contact us. Please accept this letter as an indication of interest and not a commitment to extend credit. We look forward to working with MIRA on this important transaction.

Sincerely,

A handwritten signature in blue ink that reads "Andrew T. Redinger". The signature is written in a cursive, flowing style.

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Andrew T. Redinger  
Managing Director & Group Head,  
Utilities, Power & Renewable Energy Group  
KeyBanc Capital Markets Inc.  
127 Public Square, 11<sup>th</sup> Floor  
Cleveland, OH 44114



November 25<sup>th</sup>, 2019  
Macquarie Infrastructure and Real Assets  
125 West 55<sup>th</sup> Street  
New York, NY  
USA 10019  
Attention: Mr. Aaron Rubin

**RE: JEA's Invitation to Negotiate #127-19 ("ITN") for Strategic Alternatives (the "Transaction")**

We understand that Macquarie Infrastructure and Real Assets Inc. ("MIRA") has been selected as a qualified respondent in respect of the aforementioned ITN and that MIRA has entered negotiations with JEA with respect to the Transaction. We are providing this letter as an expression of interest in supporting MIRA in its bid for the Transaction.

We have worked with MIRA on financings for numerous utility and infrastructure transactions and have had discussions with them relating to their intent to pursue the Transaction. Given our understanding of the Transaction, we are confident that the MIRA has the ability to prepare a competitive bid of the highest quality and can successfully implement strategies to unlock growth potential at JEA, inclusive of any financing required for the Transaction.

Our organization possesses the experience and expertise required to carry out the financial, legal and technical due diligence that will be necessary to provide committed financing to MIRA for the Transaction. We have provided over US\$ 1 billion in funding to support transactions involving MIRA.

This letter shall not create any legal obligations on our part, including, without limitation, any commitment to provide financing to MIRA in connection with the Transaction. We reserve all rights to conduct full due diligence and shall have sole discretion as to whether or not we will support MIRA in connection with the Transaction. We are, however, extremely interested in continuing our communications with MIRA and evaluating the possible role we may play as a potential lender for the Transaction in the future. Furthermore, we request that this letter and related information be kept strictly confidential and that it be used only in connection with the Transaction described herein. We consent to disclosure of this support letter to JEA and their advisors for the Transaction.

Sincerely,

The Bank of Nova Scotia

A handwritten signature in dark ink, appearing to be 'Brent Davis', written over a horizontal line.

Brent Davis  
Director