

Project Scampi

Organizational materials | July 25, 2019

Call agenda: July 25, 2019

- Rules of the Road from Foley
- Initial outreach summary
- ITN status update
- Process overview
 - Key near-term process deliverables and assignment of responsibilities
 - Discussion of required deliverables prior to Negotiation Phase
 - Long-term process timeline review
- Discuss Evaluation Criteria and Scoring Framework
- Discussion topics
 - Florida Public Service Commission
 - Need for Market consultant
- Scheduling of daily calls to be held prior to ITN launch
 - Standing 1:00PM (ET) daily call to provide status updates
- Scheduling of update calls to be held post ITN launch
 - Discuss frequency and parties should be included (Pillsbury, Foley, McKinsey, JPM, MS)
 - Sub-committee calls to occur as needed with select working group members
- Other topics

List of potentially interested counterparties for ITN process

J.P.Morgan	Morgan Stanley
North American Strategics	
American Water	Algonquin
Aqua America*	Ameren
Duke*	AEP
Emera*	Aqua America*
Eversource	ATCO
Exelon	Berkshire Hathaway Energy
Florida Government Utility Authority	California Water
Fortis	CenterPoint
NextEra	CMS
NiSource	ConEd
PSEG	Dominion
Sempra	DTE
SJW	Duke*
WEC	Emera*
Xcel	Entergy
	FirstEnergy
	Southern Company
International Strategics	
Engie	Enel
National Grid	GS Inima Environment, S.A.
Orsted	Iberdrola
Suez	

Note: the above is an initial list of counterparties that may participate in the ITN process. The list is preliminary and is not meant to be an exhaustive or exclusive list of all potential counterparties.

*Denotes joint coverage by both JPM and MS.

List of potentially interested counterparties for ITN process (cont'd)

J.P.Morgan		Morgan Stanley	
Financial Sponsors			
	CPPIB		ADIA
	EQT Infra		AIMCo
	GIC		Alinda
	Goldman Sachs		Antin Infra
	IFM		Axiom Infrastructure
	I Squared		BCI
	John Hancock		Blackrock
	KKR		Blackstone
	LS Power		Brookfield
	Macquarie		Carlyle
	Morgan Stanley		CDPQ
	Ontario Teachers		GIP
	PGGM		JPM Infra
	PSP		OMERS
	Stonepeak		
Technology			
	Landis + Gyr		Alphabet
	Microsoft		Amazon
	SoftBank		Apple
	Vivint		Facebook
			Panasonic
Oil and Gas + Infrastructure Services			
	Equinor		BP
	ExxonMobil		Chevron
	Shell*		Enbridge
	TC Energy		ENI
	Total		Shell*
			Quanta

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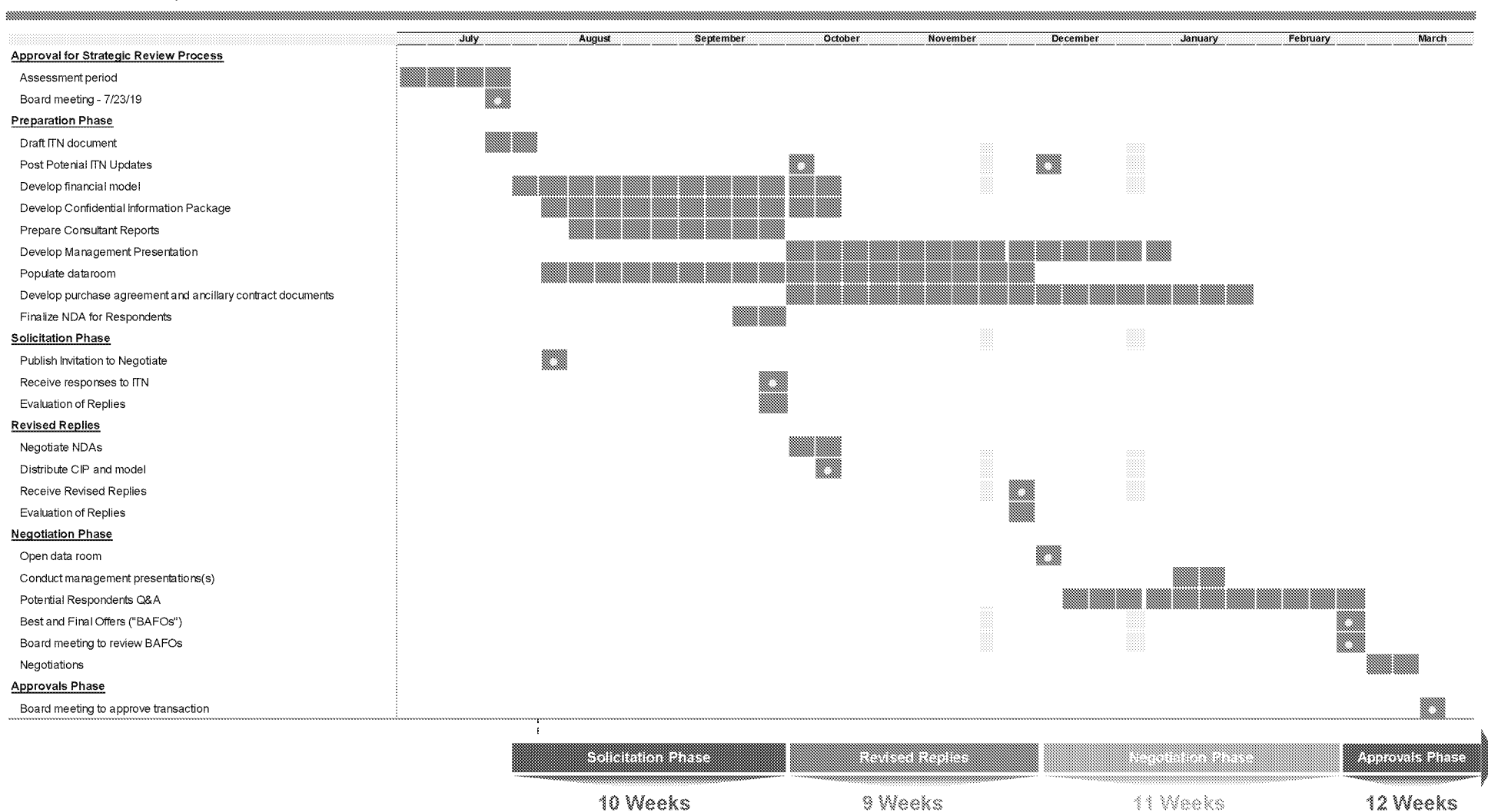
*Denotes joint coverage by both JPM and MS.

Key process deliverables timeline

Summary overview of deliverables

Key Deliverable	Description	Due Date	Lead Partie(s)	Supporting Partie(s)
Deliverables in Next 2 Weeks				
Finalize Invitation to Negotiate ("ITN")	■ Build consensus on approach and receive sign-off from the Company, counsel and financial advisors	July 26, 2019	JEA, JPM, MS	JEA, Foley, Pillsbury
Engage Independent Engineer	■ Engage Independent Engineer to perform a desktop evaluation of JEA	August 2, 2019	MS	JPM, JEA
Engage Regulatory Consultant	■ Engage Regulatory Consultant to assist with calculating JEA rate base, ROE and Allowed Equity to Capitalization	August 2, 2019	JPM	MS, JEA
Open Data Room / Engage Vendor	■ Engage data room vendor and begin populating data room with key documents	August 2, 2019	JPM	JEA, MS, Pillsbury, Foley
Post ITN	■ Upload the ITN to the JEA website	August 6, 2019 or sooner	JEA	Foley, Pillsbury
Deliverables Prior to Negotiation Phase (Proposed October 14, 2019)				
NDA	■ Sign-off on document from management and legal counsel	Late September	Pillsbury	JEA, JPM, MS, Foley
Financial Model	■ Finalize Financial Model	October 14, 2019	JEA, JPM, MS	IE, Regulatory Consultant
CIP	■ Prepare marketing materials	October 14, 2019	JEA, JPM, MS	Foley, Pillsbury, IE, Regulatory Consultant
Deliverables Prior to Best and Final Offer (Proposed February 2020)				
Due Diligence / Populate Data Room	■ Populate data room with key documents	Early December	JEA	MS, JPM, Pillsbury
Management Presentation	■ Finalize management presentation to be used with all bidders	Early January 2020	JEA, JPM, MS	Foley, Pillsbury, IE, Regulatory Consultant
Purchase and Sale Agreement	■ Final PSA to be signed off by management, counsel and financial advisors	Late January 2020	Pillsbury	JEA, JPM, MS, Foley
Disclosure Schedules	■ Disclosure Schedules to be signed off by management, counsel and financial advisors	Late January 2020	Pillsbury	JEA, JPM, MS, Foley
Ongoing Workstreams				
Q&A	■ Answer written Q&A and post questions and answers to all participants	Ongoing	JEA	JPM, MS, Foley, Pillsbury

Preliminary ITN Timeline



Approvals Phase Key Next Steps:

- April 2020: City Council Approval
- August 2020: Voter Referendum
- Future regulatory approvals

Selection Methodology

Evaluation Criteria

Criteria Item	Requirements	Weighted Value
1: Proposal to Achieve JEA's Goals in this ITN	■ Respondents must indicate clearly and specifically how their Response would allow JEA to achieve the goals outlined in this ITN	[X]
2: Experience and Customer Commitment	<ul style="list-style-type: none"> ■ A summary of experience managing related or similar operations of comparable size and scope to JEA is required. The Respondent must provide information regarding its experience, knowledge, skills, and abilities for owning, operating, and managing electric generation, transmission, distribution, and water utility systems. ■ Specific information regarding experience in other customer service areas, including customer billing, complaint management and resolution history, experience with purchases of other utility systems, customer question management, and emergency repair response times should be included. Responses demonstrating the following will be treated favorably: <ol style="list-style-type: none"> 1) Longevity of utility generation, transmission, and distribution operations greater than 5 years; 2) Successful customer relations demonstrated through customer outreach, surveys such as JD Power or other comparable sources; 3) Corporate culture demonstrating a long-term commitment to operations, 4) Strong focus on maintaining reliability and minimizing time of disruptions; and 5) Focus on maintaining rate stability for customers, as illustrated through historical rates. ■ Where available, Respondents should also include a history of their customer rates for the past 10 years. Respondents are encouraged to provide any incremental information they believe relevant to demonstrate their experience and customer commitment. 	[X]
3: Economic Development and Benefits to Jacksonville	■ Respondents will be treated favorably for their willingness to make commitments to the City of Jacksonville	[X]
4: Employee Retention and Benefits	<ul style="list-style-type: none"> ■ Respondents will be evaluated on the basis of their willingness to make certain commitments to employees consistent with JEA's goals of: <ol style="list-style-type: none"> 1) Acceleration of vesting of certain employee retirement benefits 2) Maintenance of substantially comparable employee compensation and benefits for three (3) years 3) Retention payments to all full-time employees of 100% of current base compensation 	[X]
5: Innovation Plan	<ul style="list-style-type: none"> ■ Respondents should provide initiatives under which they will be committed to provide innovative services or investments that leverage the tangible and intangible assets of JEA in order to achieve the following: ■ Can rate base be pre-determined via discussions with regulators, and if so, how long will that process take? <ol style="list-style-type: none"> 1) Position the business for the future 2) Create new revenue channels 3) "Future-proof" the utility business ■ Separately, Respondents only interested in providing Responses related to potential new business opportunities or innovation or disruption of JEA's business are strongly encouraged to do so. 	[X]

Selection Methodology (cont'd)

Scoring Guidelines

Assessment	Assessment Description	Evaluator Score
Inadequate	■ [Response is not directly or completely applicable to the requirements of this ITN]	0
Poor	■ [Response in part or otherwise deficient in addressing the requirements of this ITN]	1
Adequate	■ [Response completely addresses requirements of this ITN in a detailed manner]	2
Good	■ [Response completely addresses requirements of this ITN in a detailed manner]	3
Exceptional	■ [Response thoroughly and completely addresses all requirements of this ITN, while providing additional details and/or commitments with regards to the enumerated goals set forth by JEA and the Respondent's plans to achieve these goals]	4

Agenda

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Overview of key process documents

Document		Description
Pre-launch	Invitation to Negotiate	<ul style="list-style-type: none"> ■ JEA procurement document (consistent with Florida statutory requirements) ■ Public, descriptive document, which provides information on JEA as well as the potential opportunity ■ Outlines the process, timing, and evaluation criteria ■ May be updated as appropriate throughout the ITN process to convey objectives and to outline requirements for bidders (similar to M&A process letter) ■ Posted on the JEA website
	Counterparty log	<ul style="list-style-type: none"> ■ Utilized in an attempt to identify potential respondents to the ITN <ul style="list-style-type: none"> ■ However, the ITN is open to all available parties; and all parties will be treated consistently and fairly ■ Tracks interactions with potential ITN participants
Revised replies phase	Non-disclosure agreement ("NDA")	<ul style="list-style-type: none"> ■ Distributed to parties that have provided initial responses in the ITN process ■ Once executed, enables participants to obtain information that will be treated as confidential during the ITN process ("cone of silence") ■ Marketing materials (including contents of the dataroom) distributed in Round 1 and Round 2 subject to NDA
	Confidential Information Package	<ul style="list-style-type: none"> ■ Includes extensive private information on the company including but not limited to business overview, historical and projected financials, customer information and regulatory details ■ Only distributed to qualified Respondents who have executed a NDA and passed ITN screening criteria
	Financial model	<ul style="list-style-type: none"> ■ 5-10 years financial projections developed by JEA management <ul style="list-style-type: none"> ■ Reflects expectations for the business across electric, water, etc. ■ Developed from the perspective of an Investor Owned Utility
	Consulting reports	<ul style="list-style-type: none"> ■ Independent engineer report: Prepared by an independent third party to review the engineering considerations of the business (i.e., facility, operation and maintenance, environmental requirements, etc.) ■ Regulatory report: Prepared by an independent third party to provide description of the Florida regulatory environment
Negotiation phase	Diligence tracker	<ul style="list-style-type: none"> ■ Organizes all diligence requests from potential Respondents and subsequent responses ■ Subject to statutory requirements of Florida government procurement process and the ITN ■ Presentation made to Respondents by management
	Management presentation	<ul style="list-style-type: none"> ■ Often accompanied by a site visit / tour of critical facilities ■ Exact format and venue to be determined; may involve separate meetings for individual Respondents, or a single meeting accessible by all interested Respondents
	Data room	<ul style="list-style-type: none"> ■ Virtual repository of detailed information obtained and populated by JEA that will be used by Respondents for due diligence ■ Facilitate the due diligence
	Purchase and Sale Agreement	<ul style="list-style-type: none"> ■ Sale contract and associated disclosures ■ To be distributed to participants during the Negotiation phase

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