



Uniti Group Corporate Headquarters  
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September 27, 2019

JEA Procurement Bid Office  
Attn: Jenny McCollum & John McCarthy  
21 West Church Street  
Customer Center  
1<sup>st</sup> Floor, Room 202  
Jacksonville, Florida 32202

ITN # 127-19  
Uniti Group Inc.  
[Arnoud.Krijt@uniti.com](mailto:Arnoud.Krijt@uniti.com)  
One (1) Original Reply  
Five (5) Duplicate Replies  
Six (6) USBs

Re: Respondent reply letter to the Jacksonville Electric Authority ("JEA") Invitation to Negotiate #127-19 (the "ITN")

Dear Ms. McCollum and Mr. McCarthy:

Uniti Group Inc.,<sup>1</sup> incorporated on September 4, 2014, is a publicly-traded real estate investment trust ("REIT") headquartered in Little Rock, Arkansas ("Uniti"). Uniti is focused on communications infrastructure and operates three (3) complementary business segments: Uniti Fiber, Uniti Towers & Uniti Leasing. Uniti Fiber is a leading provider of cell site back-haul and small cell for wireless operators, and Ethernet, Wavelength Services and Dark Fiber for telecom carriers and enterprises.

Uniti has successfully announced and closed numerous fiber network acquisitions in the little more than five (5) years since its formation, including acquisitions of PEG Bandwidth, Tower Cloud, SouthernLight and Hunt Telecommunications, the \$90 million sale-leaseback transaction with TPx, the \$30 million sale-leaseback transaction with CableSouth Media LLC, and \$319 million sale-leaseback and fiber acquisition of Bluebird Network through an OpCo-PropCo partnership with Macquarie Infrastructure Partners. An overall view of Uniti's strategic investment history has been attached to this reply as **Appendix 1**.

### ***Executive Summary***

Uniti is the ideal acquiror of JEA's communications infrastructure assets:

- Uniti is an experienced fiber & tower operator with existing fiber operations in the City of Jacksonville. A complete map of Uniti's fiber map, including the Jacksonville assets, can be found at [www.uniti.com](http://www.uniti.com);
- Uniti has substantial access to capital given its unique REIT structure;

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<sup>1</sup> Federal EIN: 46-5230630

- Uniti would be a constructive long-term partner for JEA (with no intention to flip assets for short-term gains);
- Upon being selected as the preferred bidder for the communications infrastructure assets, Uniti would have the ability to move extremely quickly to execute definitive documentation; and
- Uniti has a proven track record of successfully announcing and closing fiber acquisitions and any potential transaction between Uniti and JEA would have a high certainty of closing.

Uniti is also open to discussing other monetization opportunities of JEA's other infrastructure (e.g. deploying small cells).

### ***Statement of Interest and Qualifications***

We propose a transaction in which Uniti acquires JEA's communications infrastructure assets as noted in the ITN distributed to Uniti on August 22, 2019. These assets would complement Uniti's existing Jacksonville assets. Uniti would operate these assets itself through its Uniti Fiber business segment. While Uniti does not anticipate having any interest in JEA's electric, water or wastewater systems directly, Uniti is prepared to explore monetizing assets that may be associated with these systems including ROWs and poles that may be associated with the related real estate of these systems. Uniti has a history of creating uniquely structured partnerships that allow certain types of assets to reach full utilization. This ability creates mutually beneficial relationships and will offer prospective buyers of JEA's electric, water or wastewater systems additional incentives.

We believe that Uniti is uniquely positioned to offer superior value and stability to the JEA based on our investment strategy and REIT status. Uniti has access to substantial amounts of equity and debt allowing it to benefit from secular industry trends across the communication infrastructure space. We view Uniti as a long-term aggregator of multiple asset classes within the communication industry. And because of rules governing REITs, no individual entity may own or control more than 9.8% of our stock. As such, unlike private equity sponsors, our decision making is financially driven to achieve predictable long-term results void of any unsolicited stockholder influence or demand for short-term return. Uniti is focused on long-term growth and is not building a company solely as a potential acquisition target.

Given the preliminary level of JEA materials provided to date, we anticipate further due diligence regarding JEA's business and operations, including without limitation:

- KMZ file of the fiber network (with as much detail as possible on availability, access points, conduit info, etc.);
- Total fiber miles and fiber strand miles of network broken out by segment;
- Ability to access fiber;
- Available fiber capacity by segment;

- Additional information regarding the revenue generating fiber leases, collocation revenue and the existing standalone communication towers; and
- Following information regarding the 40 standalone communications towers:
  - Pictures of the actual towers;
  - Structural information;
  - Ground space information;
  - Access info – requirements and procedures;
  - Tower lease info – tenant, terms, etc.;
  - Ground lease and/or title info; and
  - Regarding addendum 4, attachment 4 (Master Tower Data) – Explanation of the different combinations for number of tenants, number of revenue generating leases and approx. rent revenue. For example, the Imeson Sub site, has 2 tenants, 1 revenue generating lease but no approx. rent revenue. Another example, is the Westlake Sub site, which also has 2 tenants, 1 revenue generating lease but no approx. rent revenue. We are attempting to get a clear picture on the number of tenants and the number of leases with an associated rent.

In addition to these key diligence items, we will also conduct customary due diligence regarding accounting, legal, tax and human resources.

### ***Organizational Overview***

As previously mentioned, Uniti has three (3) complementary business segments. Each business segment has related subsidiaries but all three (3) segments report up to Uniti management and its Board of Directors.

As a company that is publicly traded on the NASDAQ and generated over \$1 billion in revenue and \$0.8 billion in EBITDA over the last twelve (12) months. Uniti's full financial information, including quarterly earnings, annual reports and various filings with the Security and Exchange Commission (the "SEC") are of public record. This financial information can be found on Uniti's previously mentioned website under the "Investors" heading and is also available on the SEC's website at [www.sec.gov](http://www.sec.gov).

Uniti does not have any union represented employees nor is it party to any collective bargaining agreements. Uniti likewise does not have any electric or water customers but we service over 467 fiber route miles in the City of Jacksonville and surrounding area.

Uniti has made significant broadband investments in key markets in the Southeast, including the City of Jacksonville. This is a high priority expansion market for Uniti, and as such, Uniti is highly incentivized to





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make more investment in this area of the country. Uniti will provide an important alternative to the incumbent providers by bringing quality service to the business community of the City of Jacksonville. In addition to offering high speed cloud connectivity, Uniti will offer a suite of managed services capabilities.

Uniti has also committed itself to community involvement in the area as evidenced by its recent donation to the Boy Scouts of North Florida but looks forward to identifying additional opportunities to invest in people and businesses that support the City of Jacksonville.

### ***Process Goals***

Uniti believes that its potential acquisition of the JEA's communications infrastructure assets will play a vital role in ensuring greater than \$3 billion of value to the City of Jacksonville when such acquisition is taken as a whole with complementing bids for the JEA's electric, water and wastewater systems. Uniti intends to provide an attractive valuation for these communications infrastructure assets and believes that its participation in this process will help achieve the noted process goals including distributing value to JEA customers.

Uniti recognizes the importance of the noted process goals surrounding employee compensation, benefits, including retirement plans, and retention. Upon receipt and review of additional information regarding these matters, Uniti will commence good faith discussions with the JEA to resolve these matters, as they relate to the communications infrastructure assets, in a manner that is agreeable to both Uniti and the JEA.

Uniti currently has an office in the City of Jacksonville located at 4651 Salisbury Road, Suite 360 that serves as the home of three (3) full-time Uniti Fiber employees. Uniti is open to expanding its physical footprint in the area depending on future needs related to its acquisition of the JEA communications infrastructure assets.

### ***Mandatory Requirements***

Uniti submits the following information in order to meet the JEA's mandatory reply requirements:

#### **Statement on Financial Capability to Execute**

Uniti is financially capable of consummating the transaction contemplated in this Reply. At the end of the 2<sup>nd</sup> quarter, Uniti had approximately \$300 million of unrestricted cash and cash equivalents, and undrawn borrowing availability under its revolving credit agreement.

#### **Statement on Conflict of Interest**

Uniti does not have any conflict of interest with the JEA.

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## Statement of Complete Reply

Uniti submits that this Reply meets the Mandatory Requirements as required by the ITN and further states that it contains complete information as required by the Section 3.1 of the ITN.

### **Standard Disclosure**

*This reply letter summarizes certain information and principal terms with respect to a potential transaction as set forth herein. This reply letter is an expression of interest only and no legally binding obligations, expressed or implied, will be created on the parties until appropriate documents in final form are executed regarding the subject matter of this term sheet and containing all other essential terms of an agreed upon transaction.*

*It is understood that this letter does not contain all matters upon which agreement must be reached in order for the transactions to be consummated. It is also understood that Uniti's pursuit of a transaction and the consummation thereof is subject to additional due diligence, including customary tax, accounting, legal and regulatory diligence, and cooperation from the JEA regarding the same.*

Thank you for taking the time to better understand Uniti and its unique ability to bring value to the City of Jacksonville through its acquisition of communication infrastructure. I look forward to future discussions between our organizations.

Sincerely,

A handwritten signature in blue ink, appearing to read "Arnoud Krijt", with a long horizontal flourish extending to the right.

Arnoud Krijt  
SVP – Corporate Development  
[Arnoud.Krijt@uniti.com](mailto:Arnoud.Krijt@uniti.com)



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## **Appendix 1**

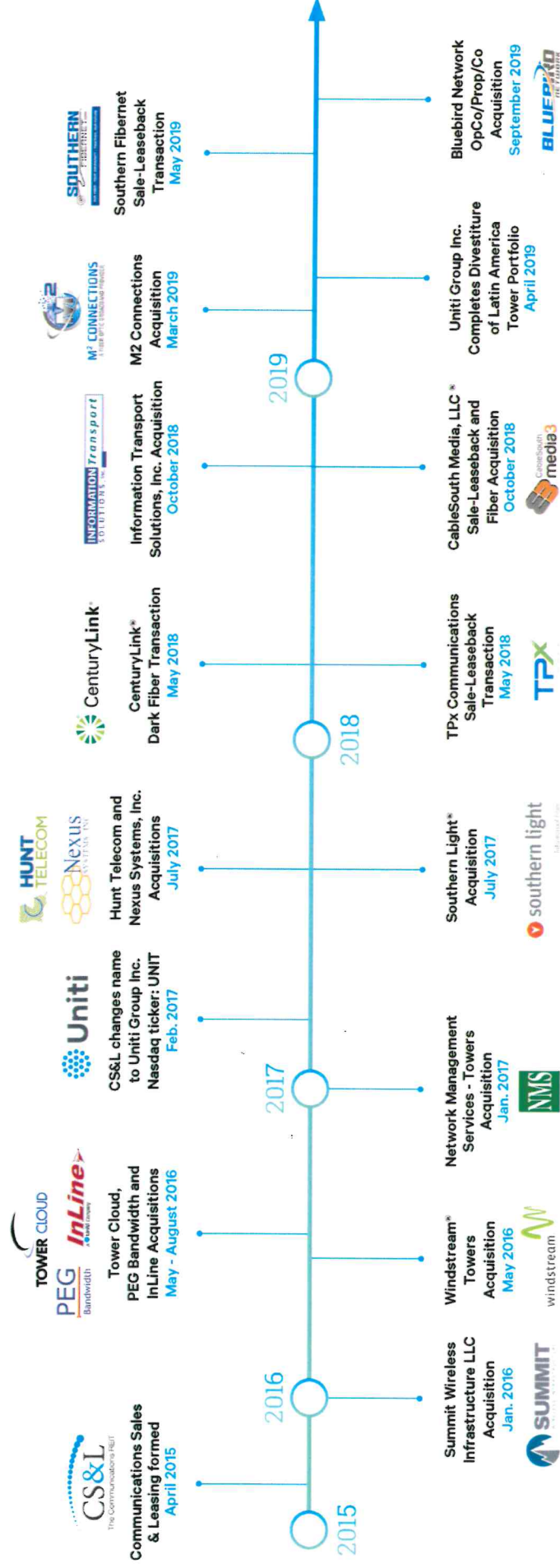
### ***Strategic Investment History***

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# Company History



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