



IMG Rebel-BMO Response to Request for Proposals for Strategic Initiatives Financial Advisory Services for the City of Jacksonville, Florida

January 16, 2018

IMG Rebel
1015 15th Street, NW, Suite 600
Washington, DC 20005
301-675-3102

1 COVER LETTER

January 16, 2018

Dear Mr. Jeremy Niedfeldt / PFM Financial Advisors LLC,

IMG Rebel, together with BMO Capital Markets (“BMO Capital Markets” or “BMO”), is pleased to submit this proposal to provide Strategic Initiatives Financial Advisory Services. Together, the IMG Rebel-BMO Team provides the full array of financial transaction support services, from market analyses and opportunity assessments to feasibility and valuation analyses, solicitation, evaluation and negotiation assistance. Moreover, we have provided these services in every area of public-use infrastructure, from water, waste and power utilities to transportation, social infrastructure and telecommunications. Many of these include the largest and first-of-their-kind projects in the U.S., such as the largest utility P3 and many of the largest transportation and social infrastructure P3s in the U.S. This considerable experience is complemented by BMO’s day-to-day equity, bond markets and global investor contact and transaction management for these same types of assets.

IMG Rebel Advisory, Inc. (www.imgrebel.com) is a leading full service financial and management advisor specializing in advancing the state of the art in infrastructure finance, management and operations. Our mission is to help clients bridge the gap between infrastructure needs and resources by focusing on innovative financing, optimized management, risk mitigation and alternative delivery. IMG Rebel has worked in more than 80 countries and served as lead advisor in the development of P3s, innovative financing, and alternative project delivery in the U.S. and globally. Among many other relevant projects, IMG Rebel is currently serving as financial transaction advisor to the Howard County, MD for the P3 procurement of a Circuit Court House and the City of San Francisco on the P3 transaction for its Fiber to the Premises initiative.

BMO Capital Markets (www.bmocm.com) is the investment banking arm of Bank of Montreal, the eighth largest diversified financial services provider in North America. Among its many other relevant projects, BMO served as financial transaction advisor to the State of Maryland for the P3 development of the Purple Line Light Rail Project, and has served as transaction advisor to Travis County, Texas in the procurement of its civil and family courthouse facilities and to the Lower Colorado River Authority for a complex utility asset disposition transaction.

IMG Rebel and BMO have worked together on various infrastructure financing initiatives for several years, and are pleased to support Jacksonville’s initiatives. Together, we are excited about the opportunity to work with the City of Jacksonville on this important assignment.

Sincerely,



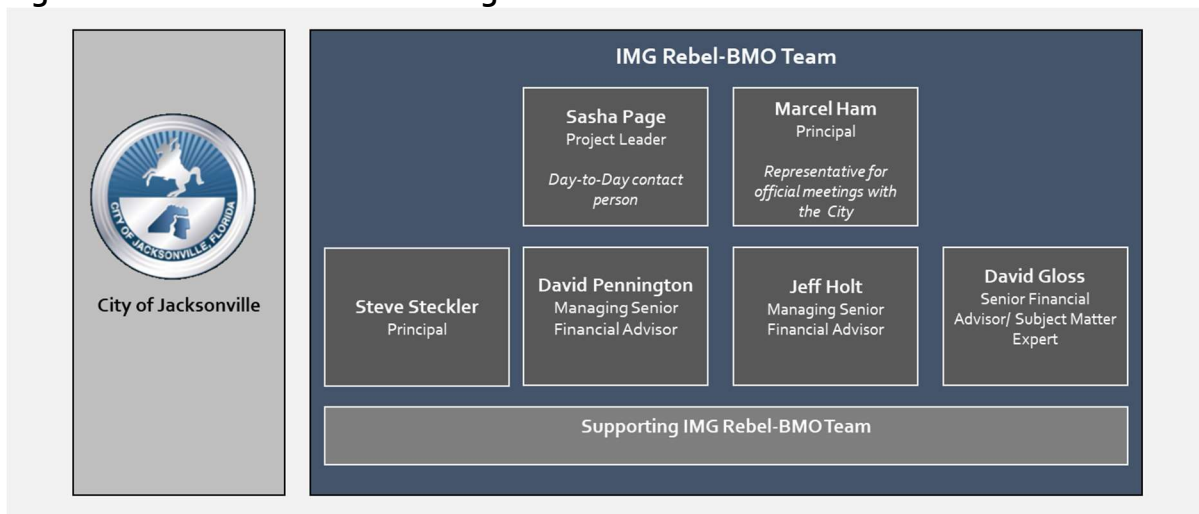
Sasha Page

2 STRATEGIC INITIATIVE FINANCIAL ADVISORY TEAM

2.1 EXPERIENCE SUMMARY

The organizational chart below and the corresponding bios in this section illustrate the core team members from IMG Rebel and BMO. The core team members each have between 10 and 30 years of project finance advisory experience in public infrastructure analysis, development, and implementation (see Appendix A for full core team CVs). As we are aware of the preliminary discussions around the potential privatization of the Jacksonville Electric Authority (JEA), we would also like to highlight our Team’s deep utilities experience having served as lead advisor on several of the country’s highest profile past and current water/wastewater restructurings. Additionally, BMO has performed municipal bond underwriting business extensively in the state of Florida, including a long history of underwriting and lending for the Jacksonville Electric Authority as well as to the Orlando-Orange County Expressway Authority. Both IMG Rebel and BMO’s additional Florida experience as well as selected infrastructure and utility experience are highlighted in Appendix B.

Figure 1: IMG Rebel-BMO Team Organizational Chart



Appendix C includes bios on additional supporting team members who also have a wide skill set, which will be drawn upon based on the projects that the City of Jacksonville chooses to pursue. The depth of sectoral and functional experience of the IMG Rebel-BMO Team will provide the City with the security to pursue a wide range of projects across many sectors.

Table 1: Team Member Experience Summary

✓ Team member has experience in providing this service, and Team member will support these efforts during this engagement.

	Sasha Page	Marcel Ham	Steve Steckler	David Pennington	Jeff Holt	David Gloss	IMG Rebel-BMO Support Team
Build/ maintain complex financial models; audit financial models created by other parties	✓	✓	✓	✓	✓	✓	✓
Consult City on national and local dynamics affecting publicly owned asset market	✓	✓	✓	✓	✓	✓	✓
Consult city on effects of federal and local rulings and regulations on market	✓	✓	✓	✓	✓	✓	✓
Monitor City asset portfolios; recommend ways to optimize efficiency or funding/financing	✓	✓	✓	✓	✓	✓	✓
Develop long-term City asset management goals	✓	✓	✓	✓	✓	✓	✓
Evaluate project feasibility	✓	✓	✓	✓	✓	✓	✓
Analyze market appetite for certain public asset and/or transaction types	✓	✓	✓	✓	✓	✓	✓
Analysis of feasibility of innovative/complex funding and delivery approaches	✓	✓	✓	✓	✓	✓	✓
VfM analysis, risk analysis; comparison of costs risks of various delivery models	✓	✓	✓	✓	✓	✓	✓
Drafting of procurement documents (EOI, RFQ, RFP) and presentations	✓	✓	✓	✓	✓	✓	✓
Organization of procurement events (industry days, bidder presentations, bidder interviews)	✓	✓	✓	✓	✓	✓	✓
Evaluation of financial and technical submissions from bidders; creation of bid ranking model	✓	✓	✓	✓	✓	✓	✓
Estimating construction cost and O&M information	✓	✓	✓	✓	✓	✓	✓
Development of negotiation strategy; negotiation with bidders on key aspects of project agreement	✓	✓	✓	✓	✓	✓	✓
Financial Close	✓	✓	✓	✓	✓	✓	✓

Sasha Page, IMG Rebel, Project Leader (Principal)

Sasha Page is Principal at IMG Rebel, a financial advisory firm based in Washington, D.C. He has over two decades of experience advising on infrastructure finance, project development, and public-private partnerships in the U.S. and internationally for transportation, utility, and social infrastructure. Mr. Page served as a financial advisor for several U.S. transit and rail

transactions involving P3s, innovative finance, and value capture (joint development, tax increment finance, and special assessment districts). These include those in Boston (\$3B Green Line Extension value capture and positive train control implementation), Dallas (\$1.2B Cotton Belt commuter rail availability payment P3), Denver (\$160M streetcar and light rail value capture), Chapel Hill/Durham (\$1.6B light rail P3 and value capture), and Miami-Dade (multi-billion, BRT, LRT, commuter rail value capture). Mr. Page recently *co-authored* *Value Capture Financing Guide for Public Transportation Projects*, a handbook for transit and public agencies on how to optimize use of real estate value capture in realizing critical transit and other infrastructure with private partners (see: <https://www.nap.edu/download/23682>). Additionally, Mr. Page has advised on several utility engagements including serving as the finance leader in a team advising the City of Pittsburgh on restructuring, governance, and financing options for the Pittsburgh Water and Sewer Authority. Mr. Page serves as an advisor to the WIFIA program advising on two wastewater facility innovative finance transactions. He has worked on several social infrastructure projects, including advising the Texas Higher Education Coordinating Board (THECB), State of Texas oversight agency. He is also advising the Texas Facilities Commission on optimal ways for local governments to finance their facilities. Mr. Page is a registered municipal financial advisor with the Securities and Exchange Commission. During the contract, Sasha will serve as the day-to-day point of contact.

Marcel Ham, IMG Rebel, Principal

Marcel Ham is co-founder and co-owner of IMG Rebel. He has 20 years of experience in assessing, developing, structuring and implementing innovative finance and P3 projects. Marcel has been lead transaction advisor on P3 contracts for road, rail, and social infrastructure, including the \$700M DBFOM RegioTram (the first continental European fully integrated P3 for light rail), \$400M DBFM A59 (the first continental European road infrastructure AP P3), \$900M DBFOM Dutch Ministry of Finance building (the first continental European social infrastructure AP P3). Marcel led the team that developed advanced guidelines on risk assessment and value-for-money assessment for U.S. DOT and co-authored the Model P3 Contract Guides and guide on Successful P3 Practices in the U.S. Currently, Marcel is lead financial and transaction advisor on the Howard County Court House P3 project, the Washington D.C. Daly Building P3 project and the San Francisco Broadband P3 project. During the contract, Marcel will serve as the representative for official meetings of the City.

Steve Steckler, IMG Rebel, Principal

Steve Steckler has nearly thirty years of experience in managing P3 transactions, including many of the US's first and largest breakthrough P3s, such as the largest US water/sewer P3 transaction, the first major US airport P3 and the first US toll road P3s. All told, he has managed more than twenty infrastructure P3 processes. In addition, Mr. Steckler has advised NASA on the commercialization of space, the US Department of Energy on private financing of nuclear waste facilities, and the USDOT on the investor perspective on transportation P3s. He has also advised numerous private developers, operators and investors on port, airport, utility and waste management P3s in the US and abroad. Mr. Steckler's extensive water/sewer P3 experience includes managing the privatization of Milwaukee sewer utility, privatization of the biosolids operation for Boston, commercialization of Lee County, FL water/sewer operations, employee management for the Martin County, FL sewer system, and conversion of a major sewer authority to a private non-profit, among many others. Mr. Steckler has also led a number of

large infrastructure agency transformations and performance improvement engagements, most recently IMG's recent 4-year restructuring of the water and sewer utility in Tulsa.

David Pennington, BMO, Managing Senior Financial Advisor (Managing Director) - Chicago

David Pennington is a Managing Director in the North American Infrastructure Banking practice at BMO Capital Markets. He has 25 years of investment banking experience, specializing in advising and structuring borrowing platforms for government, project, and corporate issuers in the utilities and infrastructure sectors. Over the past 12 years, he has co-managed the government P3 practice for the firm, including expanding the Canadian P3 practice into the U.S. Mr. Pennington has been involved in a wide range of public and private sector mandates in this time. As an advisor for state and municipal clients, Mr. Pennington has been a key advisor to Infrastructure Ontario with assignments including the Pan/Parapan Athlete's Village as well as 6 other P3 infrastructure projects in health care, transit, justice, and recreation totaling over \$5 billion in construction procurement. For the Maryland Purple Line Transit P3, Mr. Pennington served as financial and transaction advisor. As an advisor to private sector bidding consortiums, Mr. Pennington was the team leader on the Canada LRT Line, Port Mann Bridge project, the CSEC headquarters procurement, Brampton SWQ, Travis County Courthouse, St Joseph's hospital bid, the Ontario Forensic Services and Coroner's Complex and the Toronto City Centre Airport Pedestrian Tunnel.

Jeff Holt, BMO, Managing Senior Financial Advisor (Managing Director) – New York

Jeff Holt has 39 years of investment banking experience and has spent the last 27 working with maritime port authorities, transportation infrastructure clients, and Class 1 railroads, structuring over \$24 billion in debt obligations, derivatives and other securities. He has served for many years as a senior investment banker on projects for the Ports of Long Beach, Los Angeles, Oakland, Portland, Seattle, Charleston, and for the Port Authority of New York / New Jersey. Jeff has advised numerous buy-side clients on bids for marine terminal assets and terminal operators, with assignments including advising Caisse de dépôt et placement du Québec's (CDPQ) recent formation of an investment platform with DP World and the concurrent acquisition of 45% interest in DP World's Centerm and Fairview Container Terminals. Other assignments have included advising Axiom Infrastructure on their purchase of Montreal Gateway Terminals along with Highstar's acquisition of Seagirt Terminal at the Port of Baltimore. As sell-side advisor, Jeff advised Cenovus on the divestment of the company's liquid bulk terminal in Kitimat, BC to Royal Dutch Shell and Walter Energy on the sale of their Blue Creek Terminal in Alabama. Recent rail projects have included serving as lead banker on the \$1.15 billion Florida East Coast Railway and Industries financings as well as the \$400 million All Aboard Florida financing, which financed construction of a high-speed passenger rail system in south Florida.

David Gloss, BMO, Senior Financial Advisor (Vice President) – Chicago

David Gloss will provide transaction execution support and oversee financial modeling and analysis. He has ten years of infrastructure and public-private partnership advisory experience. Since joining BMO Capital Markets in 2011, Mr. Gloss's infrastructure financing and advisory experience has included buy-side and sell-side roles for clients including current advising the Maryland Department of Transportation on the delivery of the Purple Line Light Rail P3 Project. Additional notable experience includes the Midtown Tunnel P3 Project, Seminole State College

Altamonte Springs Campus P3 project, Maui Memorial Medical Center P3 project, Trinidad Rapid Rail Project, as well as supporting and executing lending and underwriting activities for infrastructure clients such as the City of Chicago and Orlando-Orange County Expressway Authority. Mr. Gloss’ underwriting experience includes executing lending and underwriting for private and public infrastructure clients such as the City of Chicago, the State of Illinois, the Illinois Tollway, Chicago Park District, Village of Oak Lawn, the University of Illinois, Chicago Public Schools and Orlando-Orange County Expressway Authority.

3 INVESTIGATIONS

IMG Rebel has no history of judgements against them or pending litigation/investigations related to financial advisory services. BMO’s statement related to judgements, pending litigation and investigations is included in Appendix D.

4 FEE APPROACH

The following table provides our not-to-exceed hourly 2018 rates. Throughout the duration of the contract, we will only adjust these not-to-exceed rates for inflation.

Labor Category	Hourly Rate
Principal/Managing Director	\$450
Director/Senior Manager/Senior Advisor	\$375
VP/Senior Associate/Manager/Associate Director	\$325
Associate/Senior Consultant	\$250
Analyst/Staff Consultant/ Program Support Specialist	\$200
Clerical/Administrative Staff	\$75

Travel costs per diem and other reimbursable expenses are not included. We are willing to consider offering all-inclusive rates, but believe that the proposed fee structure offers better value for money for the City. We are fully aware that the costs associated with advisory services on these types of transactions are a serious consideration for the City. We also understand that a small social infrastructure project requires a different fee structure than multi-billion dollar toll road. We pride ourselves in being flexible when it comes to tailoring our financial arrangement to the needs of our client and the specific project. We will be comfortable with a variety of mechanisms to structure our financial arrangement for a specific project, whether that is fixed price, success fee or any mechanism. We do want to point out that we would not recommend to apply the typical success fee structure, where the fee is tied to the size of the transaction and the closing of the deal, because that would provide us with incentives that are not necessarily aligned with the City’s interests, leading to suboptimal outcomes.

5 FIRM EXPERIENCE

5.1 OVERVIEW

The IMG Rebel-BMO Team has extensive experience in P3, alternative project delivery, complex financing and lease/ sale and privatization of public assets. The section below provides a detailed overview of selected team engagements in these transaction categories.

5.2 QUALIFICATIONS

The table below provides an overview of recent key Team engagements, which are described further below, highlighting the key services, as described in the RFP, that the Team provided in each project. Within Appendix A, we have also included a broader discussion of Team qualifications and projects covering a broad range of sectors and services.

Table 2: Project Services Summary

✓ Team has completed activity in project | ☑ Team will complete activity later in project

Project and Location	Project Type			Feasibility / Valuation			Transaction Services			
	Public-Private Partnership	Asset Lease/ Sale/ Disposition	Other Complex Financial Advisory	Market Analysis	Opportunity Review	Planning	Solicitations	Evaluations	Negotiations	Award Process
Howard County Courthouse P3 (Howard County, MD)	✓			✓	✓	✓	✓	✓	☑	☑
Pittsburgh Water and Sewer Authority (Pittsburgh, PA)	✓		✓	✓	✓	✓	☑	☑	☑	☑
Lower Colorado River Authority (Austin, TX)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tulsa Metropolitan Utility Authority (Tulsa, OK)			✓	✓	✓	✓				
Maryland DOT – Purple Line (Hanover, MD)	✓			✓	✓	✓	✓	✓	✓	✓
Florida DOT – First Coast Outer Beltway (Tallahassee, FL)	✓			✓	✓	✓	✓	✓	✓	✓
Orlando Sanford Airport Terminal Concession (Orlando, FL)	✓			✓	✓	✓	✓	✓	✓	
Athlete’s Villages (Toronto, ON)	✓				✓	✓	✓	✓	✓	✓
Miami-Dade CITT Advisory (Miami, FL)	✓		✓	✓	✓	✓				

Howard County Courthouse (2016 – Present)

Team Member(s): Marcel Ham, Waiching Wong and Tayo Edun

IMG Rebel is currently serving as financial advisor and overall P3 transaction advisor for Howard County's first P3 project, a 230,000-square foot courthouse. IMG Rebel conducted a high-level value-for-money assessment of four different delivery options for the courthouse and worked with Howard County staff to educate and prepare 30 members of the County's Spending Affordability Advisory Committee to develop a recommended P3 delivery option. IMG Rebel's value-for-money analysis included a high-level risk analysis, qualitative and quantitative assessments, and financial analysis. To conduct the analysis, IMG Rebel gathered capital and operating cost information from technical advisors and built a custom financial model to show cash flows for all four delivery models. IMG Rebel has been working with County staff and the County Executive to craft an implementation plan, develop a procurement strategy, draft procurement documentation and conduct industry outreach. An industry day was held in June 2017 and an expression of interest (EOI) was released in July, and the EOI garnered responses from 9 consortia. IMG Rebel has been involved in evaluating EOI respondents, and in developing the RFP and Project Agreement. IMG Rebel will be engaged by Howard County to serve as overall transaction advisor throughout the P3 project as it progresses to negotiations and commercial and financial close.

Pittsburgh Water and Sewer Authority (2017 – 2018)

Team Member(s): Steve Steckler, Jeff George, Herb Ladley, Elisa Donadi

IMG Rebel is leading a multi-disciplinary team advising the City of Pittsburgh on the restructuring and implementation of P3s for PWSA, the City-owned authority providing water, wastewater and storm water services that has long suffered water quality issues, poor process management, lack of capital investment and mounting maintenance problems. Its current infrastructure shortfall is over \$4 billion dollars. Commencing in July 2017, IMG Rebel's Phase I work includes a thorough review of governance, management, institutional and obligations assessment; operations and systems assessment; tactical and strategic financial and legal analyses of the restructuring options; and restructuring option selection. A key element in the evaluation is the utility's suitability for sale or lease. IMG Rebel evaluated a variety of P3 options ranging from sale/lease to operations contracting, and recommended that the City dramatically alter its governance and management structure to include an independent charitable public trust and an innovative infrastructure-only P3 to address its enormous system improvement needs. Phase II, which will begin in early 2018, includes implementation of the restructuring as determined by the Mayor-appointed Blue Ribbon Panel supported by a city-wide stakeholder engagement process, to whom IMG Rebel will serve as the lead advisor.

Lower Colorado River Authority (2011 – 2014)

Team Member(s): David Pennington, Emily Hashimoto

The Lower Colorado River Authority (LCRA) hired BMO in 2011 to serve as sole sell-side advisor as it sought purchasers for its retail water and wastewater systems. LCRA successfully utilized public-to-public and public-to-private transactions as well as a mix of full asset sales, lease-to-own and operating agreements to achieve its goal of reducing its operating risk and achieving the maximum valuation possible for its collection of retail utility assets while also insuring that the new owners continued to employ best practices in the operations of the systems. The

utilization of multiple methods represents a one-of-a-kind strategic approach in the history of the U.S. infrastructure finance arena. Beginning in the early 1990s, LCRA acquired and developed more than 30 retail water and wastewater systems (many of which were struggling and under-developed). While LCRA invested around \$350 million in the acquisition and improvement of these assets, LCRA decided in late 2010 that owning these retail water and wastewater entities was no longer a core focus. To solicit the broadest array of feedback possible, BMO conducted an international and domestic investor outreach effort that included local governmental entities, international infrastructure funds, and the investor owned utilities (IOUs). BMO then helped LCRA conduct a rigorous due diligence process with a large number of finalists. The Lower Colorado River Authority project reached financial close in 2014.

Tulsa Metropolitan Utility Authority (2013 – 2016)

Team Member(s): Steve Steckler, Sasha Page

IMG Rebel was the prime contractor, leading a large 7-company team composed of engineering, legal and financial firms, for this \$3.5 million Comprehensive Assessment of the governance, operations, capital program and long-term business strategy for water and sewer systems with an estimated combined value of \$2.6 billion. The assessment included full-spectrum “deep-dive” evaluation of the governance and regulatory structure, management systems, key business processes, operations and maintenance efficiency, capital needs, rates modeling, and its potential value under various privatization scenarios. Alternative strategies examined and quantified include (1) a long-term lease concession of all or part of the utility; (2) contracting out of all or part of the operations; (3) outsourcing selected services; and (4) aggressive reform and reengineering of the organization with heavy emphasis on technology and business process restructuring to ensure the durability of the performance improvement. Following the Comprehensive Assessment, the TMUA board of directors chose to implement the “Aggressive Improvement” option among the alternatives examined during the Assessment. The board again chose IMG Rebel as the prime contractor to lead the implementation in an \$8 million engagement to develop new governance process, new operating reforms, a new performance management information and reporting system, new terminable support service contracts with other agencies, and an expansive new asset management program. A key component of our scope, IMG Rebel developed a first-of-its-kind (in the US) Enterprise Value Model, which will provide the City and the TMUA board with an all-encompassing balance sheet that tracks the utility’s public value.

Maryland Department of Transportation, Purple Line Transit Project (2013 – 2016)

Team Member(s): David Pennington, David Gloss, Emily Hashimoto

The Maryland Department of Transportation (MDOT) and Maryland Transit Administration with the Maryland Economic Development Corporation (MEDCO) have successfully procured the development and delivery of the Purple Line Light Rail Transit Project as a P3. In mid-2013, MEDCO hired BMO as financial and transaction advisor. The project is a DBFMO long-term concession with public and private funding and financing. The winning bidder was selected in 2016 and construction on the Purple Line began in 2017. Under the scope of services, BMO performed analysis to guide the policy, procurement, and financial decisions of the State of Maryland regarding topics such as RFQ and RFP drafting, RFQ and RFP evaluation criteria, technical provisions, compensation on termination, lifecycle costs analysis, and payment mechanism development. As part of these services, BMO developed a shadow bid financial

model, which was used as a baseline against bids received during the RFP stage. BMO alongside MDOT negotiated with the U.S.DOT regarding the project's TIFA loan and also worked with rating agencies to secure an indicative rating for the project, for which bonds were ultimately issued as investment grade.

Florida Department of Transportation (FDOT) – Long-Term Concession Advisory Services for the First Coast Outer Beltway Toll Road, Tallahassee, FL (2008 – 2009)

Team Member(s): Sasha Page

FDOT sought to enter into a 50+ year concession agreement with a private consortium for a DBFMO 46-mile greenfield toll road near Jacksonville. IMG Rebel served as lead financial advisor to FDOT for this transaction. Key tasks included valuation of the concession from the private investor's perspective, advising on the content of the RFQ and RFP, assisting the FDOT selection panel to qualify and select the concessionaire, completing a value-for-money analysis, and utilizing innovative financing methods such as TIFIA credit and Private Activity Bond (PABs) financing. IMG Rebel worked directly with the legal and technical consultants to ensure that the value to the State was maximized, the concession was structured to generate maximum interest from potential concessionaires, and that risk factors were properly identified and mitigated. A comprehensive financial model, developed by IMG Rebel, was used to analyze the project from investor and public sector perspectives.

Development of New Private Terminal at Orlando Sanford Airport (2016 – 2017)

Team Member(s): Elisa Donadi, Sasha Page

IMG Rebel assisted the Sanford Airport Authority (SAA) in the negotiation of the concession agreement for development of a new terminal under a Build-Operate-Transfer model at Orlando Sanford International Airport in 1998 and 1999. Orlando Sanford's passenger terminals were among the first and few privately-financed and operated passenger terminals in the U.S. Among other tasks, IMG Rebel developed a comprehensive financial model to assess the likely economics of the project, the lease negotiating strategy for SAA, and made critical recommendations regarding the structure and content of the lease. IMG Rebel subsequently performed three performance audits of the private operator, including one in 2016-2017. Each of these audits have resulted in changes to the private operator's business practices, including more equitable revenue sharing between SAA and the concessionaire.

Pan/Parapan Athlete's Village (2011)

Team member(s): David Pennington

In 2011, BMO advised Infrastructure Ontario and Waterfront Ontario to accommodate the Athletes' Village during the 2015 Pan/Parapan American Games. The capex was approximately C\$700mm. The Village housed the 10,000 athletes and officials of the Games. Following the Games, the Village was converted into a range of housing developments including affordable housing and new condominiums units sold by the developer as part of Toronto's waterfront revitalization. The Province received three fully committed bids for the project. The Project reached financial close in January 2012.

Miami-Dade Citizens Independent Trust Transit (CITT) Advisory (2006 – Present)

Team Member(s): Elisa Donadi, Sasha Page

IMG Rebel has provided a variety of financial advisory services for the development of a \$6B transit and public works program, which primarily funds Miami-Dade Transit (MDT). IMG Rebel's

on-going work, for over a decade, has been to oversee and help improve MDT's annual financial plan, which provides a blueprint of how to realize the capital program. IMG Rebel's most recent tasks have been to assess innovative funding sources in the development of new transit corridors throughout the County under the proposed \$4B "SMART Plan." These corridors utilized heavy rail, light rail and bus rapid transit and with sources focused on value capture approaches, including tax increment financing, benefit assessment districts, and other forms of transit-oriented development. Finally, IMG Rebel has assisted the Board of County Commissioners in developing legislation that will establish tax increment financing districts along many of these corridors to serve as a core funding source for these projects.

6 DISCUSSION OF STRATEGIC FINANCIAL ADVISORY APPROACH AND CURRENT MARKET ENVIRONMENT

6.1 DISCUSSION OF STRATEGIC FINANCIAL ADVISORY APPROACH

The IMG Rebel-BMO Capital Markets Team is both excited about and committed to the prospect of working together with the City of Jacksonville to achieve its goals relating to the market analysis, opportunity review, planning, solicitation, evaluation, negotiation, and award of potential alternative delivery of existing or new projects or services which are similar (but not limited) to public private partnerships or the lease, sale, and/or disposition of City assets. We can deliver strategic project assessment and delivery services that support the City's goals of building collaborations with the private sector through successful project delivery options including but not limited to P3s. Our unparalleled infrastructure and related services expertise is based upon the following strengths:

- **We have experience in implementing pathfinder P3 projects:** The IMG Rebel-BMO Team prides itself in having supported a number of public agencies in setting up their P3 programs and implementing their projects under a P3 or alternative project delivery structure; also including complex financing and lease/ sale and privatization of public assets. As such, the City of Jacksonville can benefit not only from the Team's pioneering U.S. P3 experience, but its extensive involvement in mature overseas markets. Moreover, IMG Rebel has implemented many first-of-a-kind P3 transactions as a lead transaction advisor, including the first availability payment P3 for social infrastructure in continental Europe, the first airport P3 in the U.S., the first fully integrated availability payment P3 for light rail in the world, and the first water infrastructure P3 in the world. Lessons learned from these experiences will be available to the City, but more importantly, we will bring the right mix of hands-on experience and creativity to successfully analyze, develop and implement any and all projects that the City desires to pursue which deliver value to the community.
- **We know that organizational development is crucial in the transaction implementation:** We have supported many public agencies in developing successful policies and programs and building capacity in implementation. The IMG Rebel-BMO Team also designs and provides tailor-made training and institutional capacity building programs, covering project preparation and business case structuring, transaction implementation and management, project finance and modeling.
- **We understand that every project requires extensive outreach and stakeholder engagement:** The IMG Rebel-BMO Team contributes to the successful implementation of

project development and delivery by supporting public agencies in the development and implementation of their stakeholder engagement and outreach strategies. The IMG Rebel-BMO Team promotes early and structured involvement of all relevant public stakeholders. We also develop effective outreach strategies, based on continuous and active involvement of the public across many media, providing credible, accurate and easy-to-understand information. In our public outreach efforts, we pay additional attention to addressing issues specific to innovative project delivery structures, such as early termination payments, non-compete clauses, and compensation events.

- **Our rigorous analysis serves as a robust the foundation:** The IMG Rebel-BMO Team, supported by a multi-disciplinary team of experts, assists public and private clients throughout the entire project development and transaction process, from upstream business case and VfM assessment to contractual and financial close negotiations. The Team will assist the City of Jacksonville in structuring its specific projects based on rigorous feasibility analyses and realistic business cases. Transaction support includes state-of-the-art financial modeling, commercial and financial structuring, VfM analysis, drafting of procurement documentation, proposal evaluation, coordination of competitive dialogue, support for negotiation and deal closing.
- **We understand both public and private perspectives:** The IMG Rebel-BMO Team provides advisory services to a diverse range of public agencies, including many major cities across North America, as well as states including Florida, Virginia, California, Massachusetts, and Texas, and U.S. Department of Transportation modal agencies. Importantly, a number of IMG Rebel personnel have served as public officials responsible for securing and implementing P3s—and can bring this sensitivity to their support for the City of Jacksonville. In addition, our Team has significant experience advising the private sector on transactions, including advising private consortia on more than 20 transactions. Our experience on both sides of projects provides us unique insights on how to achieve the optimal transaction environment, through an efficient process to achieve financial close.
- **We want to create value for money and contribute to expanding economic opportunities:** The IMG Rebel-BMO Team will support the City of Jacksonville in its ambition to achieve projects with commercial terms that will create jobs and expand opportunities for all residents and businesses of the City. We will practically do so by focusing on these policy objectives in the scoping and structuring of the projects and potentially by including these considerations in the evaluation criteria and incentive mechanisms. We will not only get the deal done, but will get the best deal done, delivering value for money for the people of Jacksonville.

Included in Appendix F, we summarize at a high level the steps and methodology in developing and implementing a project delivery process. The IMG Rebel-BMO Team believes that its previous experiences, particularly the recent work we have performed for the City of Pittsburgh water & sewer authority (PWSA), the Tulsa Metropolitan Utility Authority (TMUA), the Durham County Courthouse, Travis County Courthouse, and the Howard County Courthouse as well as ongoing work advising on a multitude of other infrastructure-related projects demonstrate the approach we will take in completing any transaction work plan. The IMG Rebel-BMO Team looks

forward to the opportunity to present a tailored plan to the City of Jacksonville to provide more detail and context to the proposed program.

6.2 DISCUSSION OF CURRENT MARKET ENVIRONMENT

Having been active in the infrastructure development and alternative delivery market for over two decades, the IMG Rebel/BMO team has rich experience in working in the current infrastructure market. Developments in a number of sectors and new financing availability make the market particularly dynamic. New developments in infrastructure sectors include:

- **Social Infrastructure:** the US social infrastructure public-private partnership (P3) transaction market has picked up, as public agencies have successfully structured both small and large transactions, including the new \$140 million (M) Howard County, MD Courthouse, the 576,000-sq. ft. Washington, D.C. Daly public safety building procurement, and the \$1.3 billion (B) University of California-Merced P3.
- **Transportation and Transit:** Availability payment (AP) arrangements are becoming common for roads and transit, such as the \$2.3B Orlando I-4 Ultimate, as P3s demonstrate lifecycle cost benefits. Furthermore, transit agencies are leveraging innovative sources, including naming rights and value capture that yield up to 30% of projects' capital costs.¹ Transportation network companies (TNCs), such as Uber, have create opportunities and threats, as they partner on last mile and paratransit services and compete on short-haul routes. They are reducing parking garage demand, a negative for owners but a plus for downtowns as garages redevelop, densifying cities.
- **Ports:** The Panama Canal expansion and shifting trade flows have spurred port investments and attracted investors by ports' diversified risk profile.
- **Broadband:** Governments are addressing poor local and last mile services by holding P3 processes, as Pennsylvania Turnpike and City of San Francisco are doing.

Further, it is our opinion that availability of innovative debt and equity financing sources is high. For example:

- **Innovative Finance:** The US Department of Transportation TIFIA programs and the US Environmental Protection Agency's new WIFIA program are offering advantaged interest rate and long tenors to finance highway, transit, port, airport, water projects.
- **Investors:** Over a dozen PE infrastructure funds are eager to invest in a variety of assets, including relatively standard ones, with predictable cash flows and offering attractive financing conditions including a willingness to invest in greenfield projects.

7 MARKETING APPROACH

Any market outreach effort for an innovative transaction will be a balance between assessing the current market environment, soliciting feedback and marketing the project. More innovative first-of-its-kind projects and structures typically require more emphasis on the assessment of the market environment and soliciting feedback. More mainstream transactions require more

1. Please see the following co-authored by IMG Rebel staff: "Guide to Value Capture Financing for Public Transportation Projects," <https://www.nap.edu/download/23682>

emphasis on marketing, as too much focus on soliciting feedback would make bidders less confident about the capabilities of the City to develop and implement a successful project. We are well-versed to guide the City in striking the right balance. Below we describe some of the formats we would use for market outreach, varying in structure and objectives.

Market sounding: In very early stages of the development of strategic opportunities, preliminary market sounding can be useful, especially when the City would need an assessment of appetite for a transaction, potentially in combination with industry feedback on the structuring of the transaction. We typically conduct this in a combination of desk research a set of targeted questionnaires or interviews, as we recently did for the LaGuardia AirTrain project. The market sounding provided some relevant insights on the structuring of the project, as well as the general appetite for a project of this size and complexity.

Request for Information (RFI): When the City wants to gather substantive industry input on a strategic opportunity, a formal invitation for interested parties to submit their feedback can be an option. Whereas an increasing number of governments are using this instrument, the industry is not overly excited about this, because it can require a significant effort, while the potential for follow up is often unclear. Another risk of the RFI is that it could create the impression that the City does not have sufficient capacity to structure the transaction. IMG Rebel rarely recommends this instrument.

Early Stage Industry Day or Road Show: The IMG Rebel-BMO team has organized various early stage industry days and road shows, typically a gathering at which the government presents the initiative, vision and ideas about the structuring. These events are often also used to solicit feedback, and are therefore helpful particularly for highly innovative projects or structures. An example was the recent Industry Day for the Fiber to the Premises Initiative that IMG Rebel organized for the City of San Francisco.

Individual meetings: Our team often recommends to also allow for individual meetings at or immediately following the industry day, upon request by interested parties. This is often helpful because interested parties are more willing to share their ideas during individual meetings and use such meetings as an opportunity to market themselves.

As IMG Rebel has found in the San Francisco Fiber individual meetings, the public agency must be careful in taking the feedback “at face value” since in this situation, potential bidders objectives are to demonstrate their interest and too often ignore or underrepresent their true views on how they would respond to specific project constraints such as risk allocation or implementation schedules. The City of Jacksonville will benefit from the IMG Rebel-BMO Team’s experience in assessing the value and reliability of such information.

Pre-bid meeting: In a pre-procurement industry day or pre-bid meeting, we make sure that the emphasis is on convincingly demonstrating that the City is serious about the project and has thought carefully about the structure and how to mitigate potential risks. For instance, in the Howard County courthouse industry day last year, IMG Rebel recommended that all key Howard County policymakers and other stakeholders enthusiastically demonstrated their strong support for the process. IMG Rebel prepared a term sheet for participants of the industry day. IMG Rebel also prepared a detailed Q&A sheet and had several preparatory meetings with the

speakers at the industry day prior to the event, in order to be prepared to answer all the questions that the industry was likely to bring up, which worked out extremely well.

Managing a market outreach process takes time and commitment—including developing materials such as term sheets and prospectuses, organizing meetings; drafting and sending out information; placing advertisements; recording feedback; analyzing results; and communicating results internally and externally. It requires sending a clear signal to the market that the public client is serious about the project, has “done its homework” in terms of understanding the potential risks, and has targeted questions on which it requires feedback. The clearer the guidance on the procedures and feedback that the client expects to receive, the better the private sector will engage and respond to market outreach initiatives.

The IMG Rebel-BMO Team will work closely with the City of Jacksonville to develop a clear strategy for market outreach, likely consisting of various phases and also using different instruments. Market outreach should always be done with caution, as potential bidders will use outreach from the City not only to obtain information about the project, but also to assess the City’s ability to professionally develop, procure, and implement a successful project. An integral part of our marketing strategy will be to reach potentially interested parties through industry media. Due to our close connections with various media, we will be able to ensure that the relevant industry players will receive newsfeeds. We typically recommend developing a website where interested parties can find all relevant information about the initiative. In addition, a social media communication strategy is often a key part of the marketing strategy. Our team also uses speaking opportunities at industry events as a platform to market project opportunities. Finally, but absolutely critical in market outreach, will be direct communication with personal industry contacts that are likely to be interested. Our extensive network in the industry, across various sectors, including both domestic and international developers, investors, lenders and contractors will most certainly prove invaluable here.

The IMG Rebel-BMO Team will help ensure that the City of Jacksonville is well prepared and follows a clear and well-defined strategy prior to communicating with the market.

8 REFERENCES

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Contact: Jodie Misiak, Director, Office of Innovative Project Delivery; *Telephone:* (410) 865-1050, *E-mail:* jmisiak@mdot.state.md.us

IMG Rebel: Howard County Courthouse (2016 - Present)

Contact: Nikki Griffith, Cash and Debt Management Bureau Chief, Department of Finance *Telephone:* (410) 313-4063, 3430; *E-mail:* ngriffith@howardcountymd.gov

IMG Rebel: Miami Independent Citizens Trust (2006 – Present)

Contact: Charles Scurr; *Telephone:* (305) 375-1357; *E-mail:* CSCURR@miamidade.gov