Response to Request for Proposals for
Strategic Initiatives Financial Advisory Services

January 16, 2018

Submitted By:
Morgan Stanley
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Morgan Stanley

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January 16, 2018

Public Financial Management
Jeremy Niedfeldt, Director
300 South Orange Ave.
Orlando, FL 32801

Dear Mr. Niedfeldt:

Morgan Stanley & Co. LLC ("Underwriter" or "MSCO") is pleased to submit our response to the City of Jacksonville's Request for Proposals for Strategic Initiatives Financial Advisory Services. MSCO has reviewed the City's Request for Proposals and acknowledges that we are familiar with public-private partnerships of the type contemplated in the Request for Proposals. Below, we summarize the primary qualifications that we believe make MSCO fit to provide Strategic Initiatives Financial Advisory Services to the City.

Infrastructure and PPP Practice. MSCO is a global financial services firm and a market leader in infrastructure transactions around the world. Our municipal finance team has leveraged our expertise in infrastructure banking and project finance globally for its municipal PPP and project finance business. MSCO's experience advising governments and concessionaires for the assessment and execution of monetization alternatives for infrastructure assets across the globe provides us with unique insights regarding key considerations and value drivers for PPP processes. The Firm has extensive experience working with clients to examine various systems, assist in defining clients' objectives, provide valuation views, structure transactions, coordinate with bond and other counsels and advisors, and conduct orderly, competitive sale processes to achieve our clients' goals***. In addition to the experience outlined in the proposal, MSCO has been mandated on 3 sell-side assignments for municipal and not-for-profit related assets that expect to close in 2018 for an aggregate dollar value of approximately $1.2 billion.***

Infrastructure Power & Utilities M&A Franchise. Morgan Stanley is Wall Street's leading Power & Utilities M&A franchise with a history of landmark transactions in the space. The Firm has extensive experience across Regulated Power, Competitive Power, and Renewables. Since, 2002 the group has closed $987 billion of M&A transactions.

Infrastructure Debt Experience. MSCO is a leading underwriter of infrastructure debt globally, including AMT and private activity bonds ("PABs") in the tax-exempt bond market, as well as debt privately placed in the taxable markets. In the tax-exempt market, our consistent primary market underwriting activity, together with our secondary market trading, puts us in regular contact with all the major investors in this sector, which bolsters our understanding of their needs and knowledge about the market as conditions change This experience and understanding will add value to our Strategic Initiatives Financial Advisory role.

Municipal Advisor Rule. As part of this engagement, MSCO will not provide the City, advice concerning the structure, timing, terms, and other similar matters regarding an issuance or defeasance of municipal securities or related thereto. For purposes of this engagement, MSCO will only act as a Strategic Initiatives Financial Advisor with respect to the managing of the privatization proposal process, negotiating terms of the related agreements and finalization of the sale terms whether in the form of a public private partnership (P3) or a true sale of an asset. Finally, our proposal should not be viewed as providing advice under the Municipal Advisory rules which are subject to the Municipal Securities Rulemaking Board (MSRB).

We appreciate the opportunity to present our proposal to perform Strategic Initiatives Financial Advisory Services. We understand the nature of the work to be performed and we commit that all work will be a priority to the Firm and the full resources of the Firm will be made available to the City. Mr. Campbell, Mr. Fraunfelder, Mr. Howard and the Morgan Stanley team will be available as needed to the staff and leadership of the City. Morgan Stanley understands the requirements of the proposal and Randy Campbell, Grant Fraunfelder, and J.W. Howard are legally authorized to contractually bind the firm. Please feel free to contact us should you have any questions regarding this proposal or require any additional information.

Regards,

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Morgan Stanley

Section 1

Request for Proposal Response

Morgan Stanley

Morgan Stanley has assembled a highly experienced financing team that brings together veteran professionals with significant experience in infrastructure finance in the US municipal market, including complex quantitative and credit structuring. ***Randy Campbell***, Executive Director and Head of the Municipal Public-Private Partnerships Group, will lead the Firm's banking coverage and serve as the primary day-to-day contacts for the City (including attending meetings). In addition, ***Tony Uccellini***, Executive Director, will provide extensive expertise in the City's proposed P3 initiatives as well as serve as a day-to-day contact**.** ***David Nastro***, Managing Director and Head of Global Power & Utility Investment Banking, and ***Scott Beicke***, Managing Director, will provide public power specific investment banking expertise. ***Chris Yonan***, Managing Director, will provide additional project finance experience. ***J.W. Howard***, Executive Director, will attend meetings and provide support to the group as the local team member.

Key Strategic Initiatives Advisory Team

Municipal Assets

Randy Campbell, Executive Director (New York, NY). Mr. Campbell is a senior banker with over 25 years of experience in municipal, corporate and P3 finance sectors. He has completed over $15 billion of financing transactions and $5 billion of strategic transactions in his career. Currently, he leads Morgan Stanley's P3 efforts in the municipal finance department. In this capacity, Randy leads advisory and underwriting assignments as well as maintains relationships with all relevant parties in the public-private partnership industry. His recent P3 and project financing experience include transactions for the All Aboard Florida (Brightline), New Milwaukee Arena Project, Natgasoline, the Port of Beaumont and Nassau County Wastewater. He is also currently leading the Firm's efforts as we evaluate potential concessions for a number of public sector issuers around the country. Randy is a graduate of the University of Utah and Columbia Business School.

North American Investment Banking

Tony Uccellini, Executive Director (New York, NY). Mr. Uccellini joined Morgan Stanley as an Associate in 2007. He has over 11 years of investment banking experience focused on providing M&A advisory services. Mr. Uccellini's recent experience includes the acquisition of Providence and Worcester by Genesee & Wyoming, the acquisition of GRail by Genesee & Wyoming, Canada Development Investment Corporation scoping study, M&A advisor to a bidding consortium on the potential acquisition of the Indiana Toll Road, M&A advisor to a bidder on the potential acquisition of the Billy Bishop Toronto City Airport, MSIP sale of Montreal Gateway Terminal to Fiera Axium Consortium, Sale of the Gavilon Holdings to Marubeni Corp, the acquisition of Safeway Canada by Empire / Sobeys, the acquisition of Western Coal by Walter Energy, and the sale of EMC Corp to Dell backed by Silver Lake Partners and Temasek. Mr. Uccellini holds a JD from Harvard Law School and a BS from Georgetown University's School of Foreign Service.

Public Power Advisory

Scott Beicke, Managing Director (New York, NY). Mr. Beicke is a Managing Director in the Investment Banking Division of Morgan Stanley and part of the firm's Global Power & Utility Group. Scott has worked on a range of strategic advisory and financing assignments in the conventional generation and clean energy sectors, and has covered energy-focused private equity funds, infrastructure funds and pension funds, as well as North American hybrids and independent power producers. He joined Morgan Stanley in 2004 as part of the Global Capital Markets Division, spending several years working in the Project & Structured Finance Group and Credit Advisory Group. Mr. Beicke received a B.A. in economics from Cornell University and an M.B.A. (with high honors) from the University of Chicago Graduate School of Business.

David Nastro, Managing Director (New York, NY). Mr. Nastro joined Morgan Stanley in 1992 and is a Managing Director and Head of the Global Power & Utility Group. The Global Power & Utility Group works with the Firm's electric, gas, water and clean energy clients on mergers and acquisitions, strategic advisory assignments and public and private capital markets transactions. He has worked in both Hong Kong and New York on a range of corporate finance and advisory assignments for domestic clients, multinational conglomerates and local governments. He has been actively involved in many of the industry's leading mergers and acquisitions, including the following transactions: the sale of ITC Holdings to Fortis, Teco Energy's sale to Emera, Duke Energy's sale of its Midwest Generation assets, Teco Energy's acquisition of New Mexico Gas, Dominion's sale of selected merchant generation assets, National Fuel Gas' defense against Activist Shareholders, Duke Energy's spin-off of Spectra Energy, RWE's acquisition of American Water Works, UIL's acquisition of Iberdrola's Gas LDCs, and the formation of Pantellos Corporation (the utility industry's B2B procurement exchange). He has also worked with several sovereign and local governments, public power and municipal utilities in evaluating privatization alternatives and other strategic assignments. David received a B.A. in Political Science (with honors) from Amherst College and a Masters degree in International Relations (with distinction) from Cambridge University. David is also a member of the Board of Directors at Water For People, serving as Treasurer and chairing the Finance Committee.

Grant Fraunfelder, Executive Director (New York, NY). Mr. Fraunfelder is the Head of the Public Power Group at Morgan Stanley, and has over 17 years of experience in municipal banking. Mr. Fraunfelder has worked on approximately $30 billion of senior managed transactions for public power issuers, including Intermountain Power Agency, Nebraska Public Power District, Omaha Public Power District, Southern Minnesota Municipal Power Agency, American Municipal Power, CPS Energy, Orlando Utilities Commission, North Carolina Municipal Power Agency Number 1, Lower Colorado River Authority, Salt River Project, and Long Island Power Authority, among others. He joined Morgan Stanley in 2003 after spending four years at another national investment bank. During this time he has been dedicated solely to covering public power utilities. As Head of the Public Power Group, Mr. Fraunfelder is also closely involved in utility securitization transactions, including those for LIPA and the ongoing assignment for Los Angeles Department of Water and Power. Additionally, Grant is the Head of the Firm's Gas and Electric Prepayment Group. Prior to working in public finance, he worked for Hankin Environmental Systems, Inc. as a project manager and process engineer. Mr. Fraunfelder holds a B.S. in Chemical Engineering and a B.A. in Chemistry from Virginia Tech.

Project Advisory and Infrastructure

Chris Yonan, Managing Director (New York, NY). Mr. Yonan joined the firm in 2014 and is a Managing Director in Project, Commodity, and Infrastructure Finance. He advises strategic companies, private equity clients, and developers on project, infrastructure and asset-based financings in the power, renewable energy, midstream, infrastructure and transportation industries. Mr. Yonan has led a number of notable transactions across all financial markets, including equity, mezzanine, high yield/term loan b, investment grade, and bank debt. Prior to joining Morgan Stanley, Mr. Yonan was an attorney at Milbank, Tweed, Hadley and McCloy and then joined Lehman Brothers/Barclays as an investment banker in the project finance and leverage finance groups through January 2014. He received a J.D. from Georgetown University and a B.S. in Economics from Arizona State University

Supporting Strategic Advisory Team

Jim Perry, Executive Director (Washington DC). Mr. Perry heads Morgan Stanley's U.S. Municipal Infrastructure practice for the Southern United States and is a member of the Municipal Public-Private Partnership team. Since joining Morgan Stanley in 2008, Jim has led the structuring and execution of more than $5Bn of tax-exempt, taxable and tax credit bond senior managed financings for issuers across the U.S., including a number of utility financings. Jim was the lead banker for the firms most recent underwriting of All Aboard Florida (Brightline), Prior to joining Morgan Stanley, Jim served as Deputy Chief of Staff and Director of Policy for Mississippi Governor Haley Barbour where his responsibilities included development of the State budget and issues relating to the State Bond Commission. In that role, he helped lead the State's innovative recovery programs after Hurricane Katrina, including leveraging FEMA reimbursements with other funds to expand utility infrastructure. Jim received a bachelor's degree in economics and government from the University of Virginia.

J.W. Howard, Executive Director (Sunrise, FL). Mr. Howard leads the firm's efforts in Florida. Mr. Howard was financial advisor to Tampa Bay Water on the P3 financing of the $100 mm desalination facility. It's one of the few transactions done as a water P3 in the State of Florida. The effort took 4 years to transact, as it was one of the early private desalination facilities in the US. Mr. Howard was also part of the deal team for All Aboard Florida (Brightline). In addition, Mr. Howard has over $50 billion of underwriting assignments for a wide range of Florida issuers and credits, including special revenue, special assessment, tax increment, general obligation, public power, school districts, housing, water and sewer, storm water and transportation. In his career, Mr. Howard has also senior managed deals for issuers such as West Palm Beach, Palm Beach School District, the Counties of Miami-Dade, Hillsborough, and Broward, the Cities of Miami Beach, Cape Coral, Sunrise, Riviera Beach, Boynton Beach and Delray Beach and Tampa Bay Water.

Zachary Solomon, Vice President (New York, NY). Mr. Solomon has 6 years of experience in municipal infrastructure and municipal P3 finance. His recent P3 and project financing experience include transactions for the All Aboard Florida (Brightline), New Milwaukee Arena Project, Natgasoline, the Port of Beaumont and Nassau County Wastewater. He is also assigned to our teams evaluating potential concessions for a number of public sector issuers around the country. Mr. Solomon also leads Morgan Stanley's US Municipal Sustainable Finance practice nationally. His Green Bond and environmental finance experience includes transactions for the City of Aurora (CO), the California Infrastructure and Economic Development Bank, the East Bay Municipal Utility District, the Contra Costa Water District, the California Department of Water Resources, the Metropolitan Water Reclamation District of Greater Chicago and the Rhode Island Infrastructure Bank among others. He is a graduate of Georgetown University.

Taylor Custer, Analyst (New York, NY). Mr. Custer recently joined Morgan Stanley's Public Finance Department as an Analyst in the corporate-backed utilities, municipal public-private-partnerships, and sports coverage groups. He supports clients with their analytic and deal execution needs, and he recently worked on a project finance transaction for Morgantown Energy Associates' waste coal fired cogeneration energy production facility in West Virginia. Elected to Phi Beta Kappa as a junior, Mr. Custer graduated summa cum laude from Middlebury College in 2015 with a B.A. in Political Science and Economics.

Cowan Phan, Vice President (New York, NY). Mr. Phan is a member of Morgan Stanley's Infrastructure Investment Banking Group and has been focusing on this sector for over six years across Asia and North America. He recently advised a bidding team on the potential acquisition of Chicago Parking Garages and an international infrastructure investor on the potential acquisition of the largest owner-operator of core parking infrastructure in the United States. Previously, Mr. Phan has also advised a bidding consortium on the potential acquisition of the Indiana Toll Road and an international consortium (comprising SNC Lavalin, Shenzhen Airport, Shandong HI-Speed Group and Friedmann Pacific Asset Management) on the acquisition of a 49% stake in Toulouse Airport. Additionally, he has developed a broad set of relevant M&A and capital markets transaction experience as advisor to: (i) a global port operator on a potential $20+Bn merger with another similar port operator, (ii) BTS Group Infrastructure Fund in Thailand on its $2.1Bn initial public offering, (iii) Power Sector Assets & Liabilities Management Corporation ("PSALM") in Philippines on its $1.0Bn senior unsecured notes debut offering, (iv) KKR's $1.2Bn acquisition and privatization of Goodpack Ltd in Singapore, (v) AirAsia X and Tiger Airways on initial public offerings in Malaysia and Singapore, respectively, and (vi) Korea Express on its $1.75Bn sale to CJ Group. Prior to his current role, Mr. Phan spent three years covering Southeast Asia financial institutions. Mr. Phan received a BBM from Singapore Management University.

Seth Kisch, Vice President (New York, NY). Mr. Kisch joined the firm in 2013 and is a Vice President in Project, Commodity, and Infrastructure Finance. He advises strategic companies, private equity clients, and developers on project, infrastructure and asset-based financings in the power, renewable energy, midstream, infrastructure and transportation industries. Mr. Kisch has led a number of notable transactions across all financial markets, including equity, mezzanine, high yield/term loan b, investment grade, and bank debt. Prior to joining Morgan Stanley, Mr. Kisch was an investment banker in the Global Power & Renewables group at Credit Suisse. He received an MBA from the Wharton School at the University of Pennsylvania, and MA in International Studies from the University of Pennsylvania, and an AB in Economics from Harvard College.

Investigations

Morgan Stanley & Co., LLC ("MS&Co.") is a wholly-owned subsidiary of Morgan Stanley ("MS"), a Delaware holding company. MS files periodic reports with the Securities and Exchange Commission as required by the Securities Exchange Act of 1934, which include current descriptions of material litigation and material proceedings and investigations, if any, by governmental and/or regulatory agencies or self-regulatory organizations concerning MS and its subsidiaries, including MS&Co. As a consolidated subsidiary of MS, MS&Co. does not file its own periodic reports with the SEC. MS's SEC 10-K filings, specifically the "Legal Proceedings" sections, which describe certain developments in certain legal proceedings for the fiscal year ending December 31, 2016 and fiscal quarters ending March 31, 2017, June 30, 2017, and September 30, 2017 can be found at https://www.morganstanley.com/about/ir/sec_filings.html.

In addition to the matters described in MS's SEC filings, in the normal course of business, each of MS and MS&Co. has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions, and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the issuers that would otherwise be the primary defendants in such cases are bankrupt or otherwise in financial distress. Each of MS and MS&Co. is also involved, from time to time, in investigations and proceedings by governmental and/or regulatory agencies or self-regulatory organizations, certain of which may result in adverse judgments, fines or penalties. The number of these investigations and proceedings has increased in recent years with regard to many financial services institutions, including MS and MS&Co.

It is Morgan Stanley's general practice not to disclose information regarding governmental investigations, regulatory examinations, or administrative proceedings until any such investigation, examination or proceeding is concluded. At that time, the Firm will disclose material information regarding such matters on its Form 10-K and 10-Q for the relevant period.

In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases in which claimants seek substantial or indeterminate damages, we cannot predict with certainty the eventual loss or range of loss related to such matters. MS is contesting liability and/or the amount of damages in each pending matter and believes, based on current knowledge, information and belief, and after consultation with counsel, that the outcome of each matter will not have a material adverse effect on the consolidated financial condition of MS, although the outcome could be material to MS's operating results for a particular future period, depending on, among other things, the level of MS's income for such period.

To the best of our knowledge, no employee of Morgan Stanley & Co. LLC involved in this financing has been the subject of any criminal proceeding, criminal investigation, or other securities investigation since January 1, 2015.

Fee Approach

Morgan Stanley is not able to provide specific fee quotes as we are subject to certain non-disclosure agreements with our private clients. However, in Florida, we can provide one example where were retained by University of Florida on the sale of the school's parking system. The transaction did not go forward, but it had a minimum fee with incentives to increase if certain value objectives were achieved and the transaction moved forward. After the Phase I analysis, it was determined that the value of the assets to be gained from a sale and the terms and conditions of the operating agreements with respect to the sale did not meet the thresholds that staff and the Board had set. The incentive fee ranged up to 1.75% the total sale price subject to a minimum and contingent upon the sale. Advisory fees will vary but generally range from 1.5% up to 4% depending on size and complexity of the assignment. The typical asset size of our advisory engagements range between $150mm to several billion. Morgan Stanley will be open to the opportunity to discuss a specific fee proposal with the City as a particular asset is identified.

Firm Experience

Infrastructure and PPP Practice. Morgan Stanley & Co. LLC is a global financial services firm and a market leader in infrastructure transactions around the world. Our municipal finance team has leveraged our expertise in infrastructure banking and project finance globally for its municipal PPP and project finance business. Morgan Stanley's experience advising governments and concessionaires for the assessment and execution of monetization alternatives for infrastructure assets across the globe provides us with unique insights regarding key considerations and value drivers for PPP processes. The Firm has extensive experience working with clients to examine various systems, assist in defining clients' objectives, provide valuation views, structure transactions, coordinate with bond and other counsels and advisors, and conduct orderly, competitive sale processes to achieve our clients' goals.

Asset Valuations, Sales, and Privatizations. Morgan Stanley is widely respected as one of the top international firms engaged in the valuation and sale of a comprehensive range of assets. The sale or privatization of an asset is a delicate and complicated process requiring precise quantitative analysis, strong negotiating skills, and a deep understanding of the assets and related market forces. In privatization transactions, our core industry groups and regional experts work with our privatization specialists to provide comprehensive advice that takes into account the different stakeholders involved in each transaction. In the infrastructure asset space in particular, Morgan Stanley is a global leader with deep industry credibility, strong relationships with significant industry participants, and a wealth of knowledge. Morgan Stanley has completed privatization transactions for numerous government clients worldwide, consisting of not only initial mandates but also follow-on advisory and financing assignments for a wide range of government infrastructure assets.

As the privatization process for an asset progresses, Morgan Stanley provides guidance on which execution strategies are best suited for the transaction. Morgan Stanley has significant experience in both public and private market executions, and is able to provide support for either. For infrastructure sale processes, Morgan Stanley focuses on developing an investor friendly process to optimize the outcome for the owner. Infrastructure investors can be aggressive in terms of bidding low expected returns and have ample capital to deploy, but are also conservative by nature and sensitive to bid costs. Morgan Stanley will provide a summary of potential investors, identifying which categories of investors (pension funds, sovereign wealth funds, etc.) are best suited for the transaction, and then identifying which investors within those categories are most active within the space. Our extensive experience in both sell-side and buy-side transactions has provided our firm with a thorough understanding of the buyer universe for a number of asset classes.

Please see the below table which details select examples of Morgan Stanley's privatizations of infrastructure assets for government clients. Additionally, case studies for our transactions with the Ohio State University and the Indiana Toll Road can also be found following the table.

Morgan Stanley Privatization of Government Infrastructure Assets

Client		Date	Comments
HM British Government	urenco	2015-Present	Financial advisor to the British Government on potential IPO of Urenco
Victoria State Govt.	Port of Melbourne	Ongoing	Joint financial advisor on the scoping study and potential privatization of Port of Melbourne
Greek Government	Greek Port Portfolio	2015-Present	Ongoing privatization of Thessaloniki Ports (sale of Piraeus Port completed in April 2016)
Dong Energy	DONG energy	2016	Joint Global Coordinator and Joint Bookrunner on IPO of Dong Energy
Bidding Consortium	TransGrid	2015	Advised CPP/Borealis and Australia Super on the potential acquisition of Transgrid
New South Wales Government	Port of Newcastle	2014	Sole Financial Advisor to NSW on the scoping study, restructuring and privatization of Port of Newcastle
Transurban	transurban	2014	Joint Financial Advisor to Transurban and consortium partners on the acquisition of Queensland Motorways for A$7.1Bn
New South Wales Government	Ports Botany & Kembla	2013	Sole financial advisor on the scoping study and subsequent privatization of Port Botany and Port Kembla
EnergyAustralia	EnergyAustralia	2013	Sole Financial Advisor to EnergyAustralia on its acquisition of the Delta West power stations from the NSW Government
Indiana Toll Road	indiana TOLL ROAD	2013	Financial Advisor to Indiana Toll Road on its restructuring
Bidding Consortium	TCK	2012	Advisor to a bidding Consortium on the potential acquisition of concession rights for Turkish Motorways (not completed)
Ohio State University (OSU)	OHIO STATE	2012	Sole financial advisor to OSU for the privatization of its parking assets by QIC for US$483MM
German Government	DB	Ongoing 2012 2001	Strategic advisory on restructuring, capital structure and international operations Lead Bookrunner on 12 year benchmark bond offering Strategic advisor to the German Government on the Deutsche Bahn privatization
Nassau County	Wastewater System	2011	Sole advisor to Nassau County (NY) on the privatization of Wastewater System
City of Pittsburgh	Pittsburgh PARKING Authority	2010	Financial advisor on privatization of Pittsburgh Parking System to JPM / LAZ for US$452MM
Chicago Parking Meters	CPM CHICAGO PARKING METERS	2010	Lead underwriter for financing of Morgan Stanley Infrastructure Partners' acquisition of concession
Queensland Rail	QueenslandRail	2010	IPO of Queensland Rail for $4.6Bn
Commonwealth of Pennsylvania		2008	Sole M&A advisor to the Commonwealth of Pennsylvania on the privatization of the Pennsylvania Turnpike for US$18.3Bn (transaction not completed)

Morgan Stanley Privatization of Government Infrastructure Assets

Client		Date	Comments
Transport for London		2006	Strategic advisor on the refinancing of the London Underground
MSIP		2006	Sole Financial Advisor to Morgan Stanley Infrastructure Partners on its acquisition of Millennium Garages from the City of Chicago for $563MM
PSA		2006 1999-2003	Sole financial advisor to PSA on acquisition of stake in HPH (2006) Strategic advice on privatization options, capital restructuring and credit rating advisory
NSW Government	State Forests	2003-2004	Financial advisor on scoping study on the potential private sector participation in State Forests' plantation business
	ETSA / Electran	2000	Financial Advisor to the South Australian Government on the Privatization of ETSA Power/Utilities and Electranet

The Ohio State University Parking System. Morgan Stanley served as exclusive financial advisor to The Ohio State University on the P3 of its campus-wide parking system, the first long-term concession of a university parking system in the United States. We were retained to assist the University with a strategic review of all University assets and identified four (parking, golf course, airport and power generation) that were not core to the University's mission. The University retained Morgan Stanley to manage the sale of a long-term concession on the largest of these assets: the parking garages and lots. During the sell-side process, Morgan Stanley conducted detailed due diligence on the System including its parking garages, IT infrastructure, employees, capital expenditure plans, operating and maintenance standards, rates and volumes studies and enforcement measures, which allowed us to structure and negotiate a beneficial concession agreement for the University. In November 2011, the University pre-qualified seven bidders to pursue the 50-year lease of the parking system, and in June 2012, the concession was awarded to a consortium comprised of QIC Private Capital and LAZ Parking for $483MM. Throughout the transaction, we worked with the University to ensure the process was highly transparent, including working with a formal Parking Advisory Committee composed of individuals from both student and faculty groups, working with the University to provide key updates and documents on the University's process website, and being involved in numerous Town Hall discussions aimed at clarifying the process and soliciting feedback. The successful transaction highlights Morgan Stanley's ability to adapt to unique situations and meet the objectives of multiple parties involved. This transaction highlights Morgan Stanley's strength as an advisor in an infrastructure assets sale.

Indiana Toll Road. In 2012, Morgan Stanley was hired to serve as financial advisor for the concessionaire of Indiana Toll Road Concession Company ("ITR") on its impending restructuring of ~$6Bn of secured debt and its swap obligations.

Evaluation of Capital Markets Alternatives. Morgan Stanley worked with the Company to develop a long term business plan and evaluate all of the Company's public and private capital markets alternatives, which included defining objectives of the various constituents as well as the concessionaire stakeholders, leading discussions with numerous interested parties (government, creditors, lawyers, and buyers), assisting the concessionaire in defining its key objectives, developing numerous structuring alternatives, conducting valuation analyses, and negotiating with the various parties to ensure that we were able to maximize value given the clients objectives. After several months of initial preparation, the Company and Morgan Stanley submitted an initial restructuring proposal to the Steering Committee of Lenders and the Steering Committee commenced diligence in order to evaluate ITR's restructuring alternatives.

Creditor Negotiations Leading up to the Bankruptcy Filing. Throughout the transaction, Morgan Stanley led negotiations with the government, creditors, counsels, consultants, and other financial advisors to ensure agreement among all parties. After several months of hard fought negotiations, the Steering Committee of Lenders agreed to support and present an out of court restructuring proposal which would have resulted in an extension in the Company's debt maturities as well as provided for equity upside for the existing lenders. While supported by the institutional lenders, much of the debt began to trade into the hands of U.S. based distressed hedge funds which supported a more comprehensive restructuring involving a sale of the Company. The Company and its advisors, including Morgan Stanley, then commenced negotiations with the distressed hedge funds.

Successful Sale of the Company. The Company ultimately agreed to a pre-packaged bankruptcy which involved either (i) a sale of the Company to a third party buyer or (ii) a back-up reorganization which would allow existing equity to continue to operate ITR and retain between 4 to 7% of the equity, with the rest owned by existing creditors. Ultimately, the Company sold for ~$5.7 Bn, implying a ~95% recovery to the creditors. This transaction highlights Morgan Stanley's strength as an advisor in an infrastructure assets sale and in creditor negotiations as well as our ability to work with a government (State of Indiana) throughout the process.

In addition to our privatization experience, please find below a case study of demonstrating Morgan Stanley's experience with a demand risk transaction.

LaGuardia Gateway Partners. Morgan Stanley served as an advisor to LaGuardia Gateway Partners ("LGP"), a consortium consisting of Skanska USA, Meridiam Infrastructure and Vantage Airport Group. Morgan Stanley was engaged when LaGuardia Gateway Partners ("LGP") was selected as a preferred proposer in a competitive procurement by the Port Authority of New York and New Jersey ("PANYNJ"). Morgan Stanley provided detailed analysis of US Airport financing elements including: mix of airport revenues and expenses, nature of commercial arrangements with airline tenants, nature of management service arrangements, and non-airline revenue sources. The Firm also prepared a thorough review of relevant airport finance covenants and assisted in presentation of proposed financing to bond rating agencies to obtain indicative ratings. The tax-exempt financing included $2.26 billion Special Facilities Series 2016A (AMT) and $150.0 million Series 2016B (Taxable) bonds. The deal was structured as a "demand risk" transaction with no availability payment from PANYNJ and represents the largest P3 transaction for an airport in the US.

Unrivaled Power & Utilities M&A Franchise. Morgan Stanley is Wall Street's leading Power & Utilities M&A franchise with a history of landmark transactions in the space. The Firm has extensive experience across Regulated Power, Competitive Power, and Renewables. Below, we provide case studies of two recent relevant transactions.

Dominion Energy to Acquire SCANA Corporation (Morgan Stanley Lead Financial Advisor to SCANA). On January 3, 2018, Dominion Energy ("Dominion") and SCANA Corporation ("SCANA") announced an agreement for the companies to combine in an all-stock transaction, in which SCANA shareholders will receive per-share consideration of 0.6690 shares of Dominion common stock, implying a 38.2% premium and implied equity value of $7.9Bn (aggregate value of $14.6Bn). The rationale for the transaction stemmed from the fact that the acquisition was immediately EPS accretive (increased 2017-2020 EPS CAGR to 8%+ (from 6%) and allowed Dominion to maintain 10% DPS growth through 2020. Additionally, it was credit supportive (no expected impact on Dominion's leverage or ratings target) and supports Dominion's focus on non-commodity, regulated energy infrastructure. In terms of Benefit to SCANA customers, the transaction allowed for cash payments to electric customers representing $1.3 billion within 90 days of closing ($1,000 for typical residential customer), reduced electric customer bills (additional 5% ongoing monthly bill reduction for average residential customer driven by refunds from Dominion and pass-through of tax reform benefits).

Emera Acquires TECO Energy (Morgan Stanley Sole Strategic Advisor to TECO Energy). On September 4, 2015, Emera Inc. ("Emera") announced the acquisition of TECO Energy, Inc. ("TECO Energy") for $27.55 per share, for an implied premium of 48% and 2016 P/E multiple of 23.3x, the highest regulated utility premium and multiple paid in recent history. This also implies an equity value of $6.5Bn (aggregate value of $10.4Bn). Emera is a geographically diverse energy and services company headquartered in Halifax, Nova Scotia that invests in electricity generation, transmission and distribution, as well as gas transmission and utility energy services and has investments throughout northeastern North America, and in four Caribbean countries. TECO Energy's business and generation mix provide Emera with an expanded U.S. presence in constructive regulatory jurisdictions, a new platform in growth markets, and further opportunities to supply customers with cleaner generation. Upon closing, Emera will have approximately $20 billion in assets, making it a top 20 North American regulated utility. EPS accretion is expected in the first full year of operations (2017), growing to more than 10 percent by the third full year (2019) and the transaction provides additional support to Emera's 8 percent dividend growth target through 2019 and positions Emera to extend the dividend growth target beyond 2019. Pro forma for the Transaction, Emera expects to maintain a strong investment grade credit profile with greater than 80 percent in regulated earnings.

P3, Project Finance and Private Activity Bond Underwriting. Morgan Stanley is also a leading underwriter of infrastructure debt globally. In the corporate or taxable markets, Morgan Stanley is a leading underwriter of project finance debt in both the private placement and bank markets. In the municipal market, Morgan Stanley is also a leading underwriter of P3, project finance and private activity bond debt. In the tax-exempt market, our consistent primary market underwriting activity, together with our secondary market trading, puts us in regular contact with all the major investors in this sector, which bolsters our understanding of their needs and knowledge about the market as conditions change. MSCO maintains a strong presence in the PABs market, ranking fourth among underwriters with a 9.8% market share over the past three years. These transactions have been for a wide variety of PPP, transportation, project finance, corporate-backed utility, and housing clients. ***Since 2009, Morgan Stanley has senior managed $9.55 billion and co-managed $19.19 billion of AMT and PABs transactions***. Our recent private activity bond experience includes project finance transactions for Fulcrum Sierra BioFuels, Morgantown Energy Associates, OCI N.V.'s Natgasoline Project (TX), the Port of Beaumont Navigation District and Jefferson Energy Companies' Jefferson Terminal Project (TX), the Indiantown Cogeneration Project (Florida), the Dulles Toll Road Project, for Chicago O'Hare International Airport, the San Francisco International Airport, the Miami International Airport, and BP Products of North America, among others. ***These engagements and examples of debt marketing and underwriting add to our qualifications of knowing the market and the value of the assets to be financed. This will be beneficial to the City and add value to the strategic advice in the process of a evaluating a P3, asset sale or long term concession agreement.***

Specific to Florida and our project finance experience, Morgan Stanley recently served as sole manager for $600 million of Surface Transportation Facility Revenue Bonds for Brightline. We have provided a detailed case study below.

Brightline. On November 30, 2017, Morgan Stanley served as the sole manager for $600 million of Surface Transportation Facility Revenue Bonds for Brightline, the first private passenger rail service developed in the US in over 100 years. The transaction marked a watershed moment in the US P3 and Private Activity Bond market, as the Company's prior $1.75 billion private activity bond offering in 2015 (as All Aboard Florida) did not close after multiple iterations. Over the subsequent two years, Fortress Investment Group, through its subsidiary Florida East Coast Industries, continued to fund the project, while renewing its Private Activity Bond allocation from the US Department of Transportation for $600 million. With the Company's PAB allocation expiring on December 31, 2017, Morgan Stanley was mandated to underwrite the full $600 million of PABs by the end of the year. Morgan Stanley worked with Fortress and Brightline to develop a finance plan centered on an enhanced collateral package through the refinancing of all existing debt and freeing of all possible title, mortgage and leasehold interests on Brightline's assets. Investors were offered a collateral package that consisted of senior liens on Brightline's revenues, passenger rail easements, five sets of new Siemens rolling stock, fee-simple mortgages at the West Palm Beach and Fort Lauderdale stations, an air rights mortgage at the Miami station, as well as leasehold interests in the parking garages at each station and the West Palm Beach Running Repair Facility. The Bonds were structured as a 10-year mandatory put bond with a 29-year nominal maturity through the Florida Development Finance Corporation. Morgan Stanley actively marketed a unique short call feature to allow the Company to call the debt functionally at any point and used an intensive marketing effort to distinguish the newly structured transaction from the previous 2015 structure. Just two days after launch and around the Thanksgiving holiday, Morgan Stanley, Fortress, and Brightline conducted an in-person roadshow in Boston, New York, Chicago, and Philadelphia and a site visit in Florida. Between the in-person roadshow and one-on-one conference calls, the Company engaged directly with over 42 investors in a two week timeframe. While initially marketed as non-rated, the transaction received a BB- from Fitch toward the end of the roadshow. Given the momentum of the transaction coming out of the roadshow, Morgan Stanley priced the Bonds the day after the site visit. Ultimately, the transaction was nearly 4 times oversubscribed with 61 different investor orders amidst a flood of supply and despite a Qualified Institutional Buyer restriction. The significant market interest resulted in Morgan Stanley tightening the pricing from the initial price guidance of 6.00% at par to 5.625% at par.

Below, we have provided additional case studies for other recent, relevant transactions.

Fulcrum Bioenergy. On October 12, 2017, Morgan Stanley served as senior manager on Fulcrum Sierra BioFuels's Series 2017 unrated non-recourse project financing consisting of $44.135MM (due in 2027) sold at 5.875% @ par and $105.865MM (due 2037) sold at 6.250% @ par. The issue was structured as a limited offering exempt from Rule 15c2-12. The project uses gasification and Fischer-Tropsch technologies to convert municipal solid waste into a low-carbon, renewable synthetic crude oil ("syncrude") that can be further processed into drop-in transportation fuels. The bond proceeds were used to fund portions of the construction of the biorefinery, the capitalized interest fund, the debt service reserve fund, and certain costs of issuance. The bonds were secured by Andeavor syncrude sales, renewable identification number credit, and California Low Carbon Fuel Standard credit revenues. Equity made up 50% of the capital structure for the Project and was provided by a number of equity and strategic partner investors. The bonds also had a secured technology performance insurance policy guaranteeing production performance at Substantial Completion. Morgan Stanley facilitated 40 conversations between Fulcrum's management team and 27 investors during the marketing period, including in-person one-on-one meetings in Boston, Chicago, New York, Philadelphia, and San Francisco.

Natgasoline. OCI N.V.'s Natgasoline is constructing a natural gas to methanol production facility which is expected to be completed in 3Q 2017. The Project features a conservative capital structure with only $252.885 million of senior debt compared with $1.52 billion of equity and sponsor subordinated loans committed. The senior debt was issued to finance a portion of the costs of the development, construction, equipping and furnishing of a methanol facility and certain infrastructure improvements to Natgasoline, which is located in Beaumont Texas. On April 20, 2016, Morgan Stanley and Citigroup committed to buy all $252.885 million of the bonds at defined coupons, yields and call features before mailing the Limited Offering Memorandum / Official Statement. The bond offering consisted of a $50.000 million Series 2016A, which was allowed to be resold no earlier than 30 days after the signing of the Bond Purchase Agreement, and a $202.885 million Series 2016B, which were reoffered on April 28, 2016. Following the transaction, Consolidated Energy Limited ("CEL") purchased a 50% indirect equity ownership in Natgasoline through G2X with $630 million in equity and an additional $50 million made available in a Contingency Shareholder Loan. CEL is majority owned by the Proman Group, a global leader in methanol production. Strategic Financial Advisory Approach and Current Market Environment

Strategic Financial Advisory Approach and Current Market Environment

Morgan Stanley's philosophy in advising clients is to consistently leverage the best resources of the Firm in their global entirety to deliver an optimal approach for all aspects of the P3 transaction process. This is never truer than when we work on a 'Phase I' analysis for clients, which typically involves assessing a range of options and scenarios for the asset under consideration, including but not limited to pursuing a full or partial P3 (with payments upfront or via a revenue sharing mechanism), engaging an operator under a management contract and/or putting additional leverage on the asset.

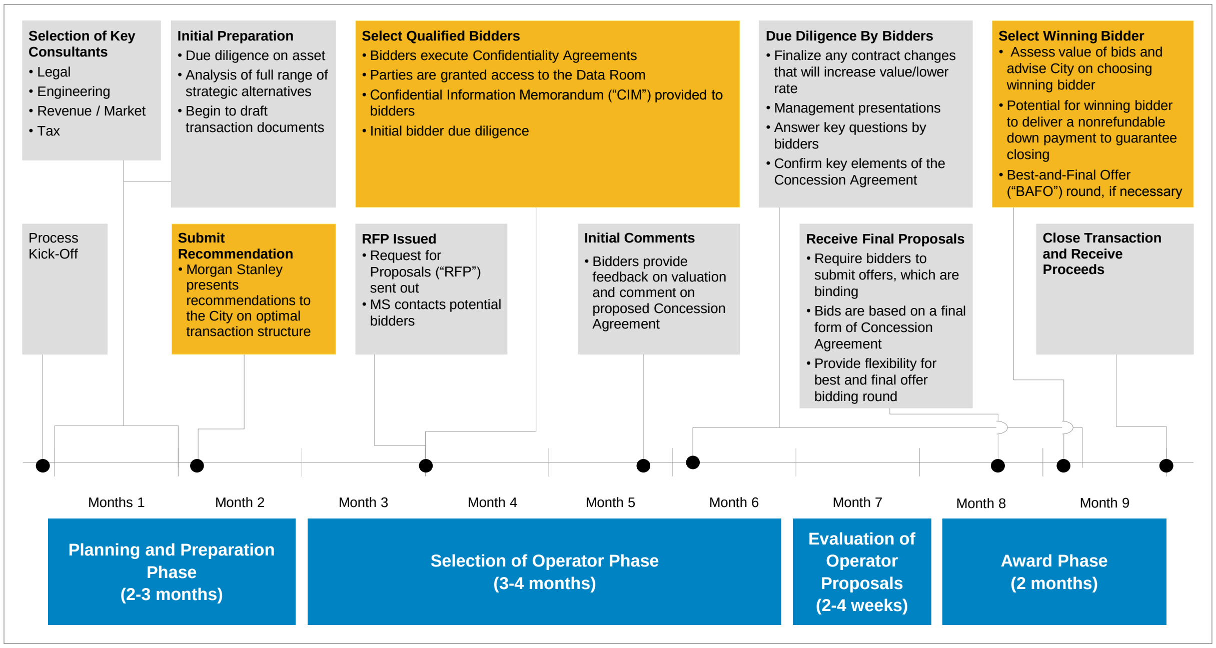
Morgan Stanley has worked with governments globally and in the U.S. to evaluate strategic alternatives for assets under consideration for P3 transactions as part of a two-stage process. As evidenced by our two stage advisory experience in engagements, Morgan Stanley will approach all asset evaluations without a bias towards a pre-determined alternative.

Select Stage 1 P3 Experience

Asset	Sector	Stage 1 Result	Outcome
The Ohio State University Parking System	Parking	Move Forward with P3	Successfully Closed
Indianapolis Parking System	Parking	Move Forward with Modified P3	Successfully Closed
City of Akron Wastewater System	Wastewater	Do Not Pursue P3	Determined not to be in the Broad Public Interest
Port of Portland T-6 Container Terminal	Port	Move Forward with P3	Successfully Closed
Pennsylvania Turnpike	Road	Move Forward with P3	Did not have Adequate Political Support
Indiana Lottery	Lottery	Do Not Pursue P3	Discovered Federal Limitations
University of Florida	Parking	Do Not Pursue P3	Not in School's Public Interest
Transaction Not Public	Parking	Pursue P3	2018 Expected Closing
Transaction Not Public	Parking	Pursue P3	2018 Expected Closing
Transaction Not Public	Parking	Pursue P3	2018 Expected Closing

Morgan Stanley will ensure that any P3 procurement process involves the best possible partners for the City, particularly those that have a strategic expertise with municipal assets. In addition to the leading U.S.-based infrastructure team, Morgan Stanley's global franchise provides the Firm with unparalleled relationships with infrastructure investors, contractors, and operators world-wide. Morgan Stanley will leverage these relationships and our prior P3 experience to execute a flexible P3 auction process that maximizes competitive tension amongst bidding parties. To ensure that this competitive tension translates into maximum value for the City, our proposed P3 process includes a best-and-final-offer round. As the City's advisor during Stage 2 to evaluate other potential P3 candidates, our primary goal will be to achieve the City's strategic objectives and to clearly lay out a framework for coherent decision-making. Below is the framework that we would expect to use to evaluate other projects during Stage 2.

The City should expect a receptive market to potential P3 and assets sale initiatives. Both P3 and asset sales have found to be able generate aggressive value propositions. This has been driven by the demand by operators of public assets and the investing market including infrastructure funds and the pension funds' allocation to alternative assets. The need for consistent returns and the desirable asset class of municipal assets have driven paid multiples higher. However, public policy with respect to an asset class and the desire to limit the private



sector flexibility can impact those values significantly. Listed below are some relevant points with respect to the market that the City should be aware of as it pursues its strategic initiatives.

- There was meaningful progress in the 2nd half of 2017 in the greenfield P3 space with six transactions being completed. Most notable were: \$600mm high yield financing for All Aboard Florida/Brightline (Fortress/Morgan Stanley Sole Manager), \$800mm financing for I-66 managed lanes financing in Virginia (Meridiam/Cintra), and \$200mm financing for the Denver Airport Great Hall Renovation (Ferrovial, Morgan Stanley Co-Manager).
- Progress on the brownfield P3 front remains challenging. There is very strong interest from investors for these assets, but political risk continues to be a major concern. The public debate of Westchester County Airport (NY) provides case study where the private sector valued these assets in an extremely aggressive fashion only to have political concerns void a transaction. Nassau County, NY offers a similar example where the County's efforts to privatize its wastewater system continues to confront political roadblocks.
- Interest in brownfield assets for essential services (transportation, utility, water, etc.) remains very strong and comes from both domestic and international infrastructure funds, private equity funds and strategic operators. Canadian and Australian based investors are particularly assertive in the current market. Mitigating political risk of closing and offering a good size of investment (ability for lead sponsor to invest above \$150mm (in a specific opportunity) will be critical for maximizing valuation.
- Overall market demand and interest in some assets is continuing to decline, such as parking where a handful of investors have become cautious due to concerns about ridesharing services and driverless cars that could substantially impact basic usage of parking assets.

Recommended P3 Project Evaluation Criteria

Financial Impact	Operational Impact	Policy Impact
• Magnitude of Proceeds Available to Asset • Needs for and Permissible Use of Proceeds (e.g., New Project, Operating Expenses, Endowment) • Leverage Available to the Authority/Asset or a Bidder • Equity Available to the Asset	• Control • Self-Supporting Business • Capital Expenditures • Environmental / Enforcement Liability	• Political Will • Appetite for Rate Increases • Corporate Governance • Competition

Depending on the assets or the nature of the proposal the process will be tailored to the situation. Morgan Stanley is experienced in advisory services which help the client achieve a balance between value and public policy that many municipal issuer need to consider as they look to P3 or asset monetizations.

Request for Proposals. The Request for Proposals ("RFP") will solicit feedback from entities potentially interested in investing in the City's assets. In addition to obtaining feedback from the potential bidders, the RFP serves as an initial marketing document, highlighting key characteristics of the assets. The document will outline the proposed transaction, including available details on term and rate structure.

- **Asset Description:** Provides details on size, composition and technology of parking assets, as well as details on the asset's historical financial performance and any potential expansion or construction required.
- **Investment Highlights:** Discusses attractive features of assets, such as strong historical performance, high barriers to entry, and ability for growth as they may apply.
- **Bidder Qualification Requirements and Evaluation Criteria:** Lists required information that must be submitted by responding bidders, including technical and financial capabilities.
- **RFP Submission Requirements and Procedure:** Detailed requirements for the submission of the RFP response will ensure that all potential bidders are considered objectively.

Subsequent to the RFP process, a more detailed Confidential Information Memorandum (CIM) will be prepared for qualified bidders to assemble their non-binding bids.

Optimizing the Marketing Process. For infrastructure sell-side transactions, Morgan Stanley focuses on developing bidder-friendly processes to optimize the outcome for the seller. Infrastructure investors can be aggressive in terms of bidding low expected returns (higher values to the seller) and have ample capital to deploy. However, infrastructure investors, in particular direct pension fund investors, are conservative by nature and sensitive to bid costs (time and resources as well as the expenses of buy-side diligence advisors).

- **Priming the Market:** Morgan Stanley will facilitate high level conversations with the buyer universe during the preparation phase, providing key messaging and logging the upcoming process with buyers so that the launch is not a surprise. Morgan Stanley will also identify and target 'tier 1' bidders and solicit informal feedback to help guide preparation.
- **No "White Space":** The scope of assets included and any carve out procedures will be established early on. Similarly, key process items will be prepared and substantially completed before launch as to not lose process momentum through pauses and a form of the main transaction agreement and any required ancillary agreements will also be prepared early on. Additionally, highly detailed and credible forecasts (supported by datasets / detailed reports) will be provided by the City that covers all key assumptions that will prevent buyers from being left to their own devices.
- **Vendor Due Diligence Reports:** An effort will be made to develop and provide third party reports covering material forecast drivers (e.g. volumes / revenue and capex) as well as standard diligence areas (e.g. accounting, environmental, insurance, HR). Reliance will be given to buyers if possible.
- **Transparency and Certainty on Approval Process:** Buyers are often hesitant to deploy resources to get to a final bid if the offer approval process is unclear and there is risk of rejection of any otherwise attractive final offer. With that in mind, the Buyers will want to understand the basis on which their offer will be evaluated and to understand and deal with any required third party or other stakeholder consents or approvals as early as possible.
- **Manage Consortium Formation:** In infrastructure investment, consortium bidding is common and can improve competitive tension and the values bid. However, consortium formation and cross-buyer

discussion must be effectively managed. An appropriately-drafted confidentiality agreement is the primary device for this element of process management and Morgan Stanley will be proactively involved in consortium formation, as required and appropriate.

Potential Investors: Morgan Stanley has extensive relationships across the universe of potential buyers for many types of municipal assets. Determining the optimal amount of Investor Outreach is key to a successful process:

- **Broad vs. Narrow Outreach:** Determining the extent of outreach is dependent transaction size and the size of the equity contribution. It will also depend on the number of firms and investors in the asset's sector, industry outlook, transaction location, as well as projected demographic considerations. A broader investor outreach process will likely be desired if there is a larger transaction, numerous industry participants, and a strong industry outlook, while a narrower investor process may be desired if key considerations are not viewed as favorably.
- **Public vs. Private Outreach:** In determining whether to take a public or private approach to investor outreach, the quantity and type of stakeholders, governmental or related procurement rules, the need for public disclosure or desire to avoid publicity, and the availability of public financial information will all need to be considered. A public process is typically desired if there are numerous stakeholders, governmental procurement rules, or the need for public disclosure. If these features are less present, a more private investor outreach process could be utilized.

In addition to determining the amount and nature of potential investors, it is important to determine the type of investors to consider.

- **Strategic Investor:** These investors typically consider investments with indefinite time horizons. Accretion and dilution impact will likely be a key consideration, with specific focus on cash distributions for YieldCos and metrics such as EPS and EBITDA. They also consider synergistic value with their existing portfolio and have a preference for 100% or control investments.
- **Infrastructure Funds:** These funds prefer a time horizon of 7 – 10 years. They require an approximately 8 – 12% equity IRRs (typically pre-tax) and will also typically require some cash yield (4–6%). They are generally open to non-investment grade leverage and have a preference for 100% or control investments. Specific to utility assets, funds such as KKR, JPM Infrastructure, and Carlyle tend to show interest.

References

Morgan Stanley References

Citizens Energy Group, IN	Nassau County, NY	Florida Development Finance Corporation, FL
John R. Brehm *Chief Financial Officer*	***Steven Conkling*** *Debt Manager*	***Bill Spivey*** *Executive Director*
CEG's Acquisition of Indianapolis' Water and Wastewater System	P3 Advisory	Private Activity Bond Underwriting
1998 to Present 317-927-4450 jbrehm@citizensenergygroup.com	2012 516-571-3023 sconkling@nassaucountyny.gov	2017 407-956-5695 bspivey@fdfcbonds.com

City Experience

Morgan Stanley has served as a co-manager in the City's past financings. Morgan Stanley is not in the City's current underwriting pool. Morgan Stanley engaged as an underwriter with several Florida clients including cities, counties and special authorities. This includes general governmental, transportation and environmental assets.

Appendix A

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