

Independent Consultant Qualifications and Scope of Services Subcommittee
Special Committee on the Potential Sale of JEA (the "Special Committee")
March 13, 2018

Scope of Services

1. Advise the Special Committee during public meetings regarding the testimony being offered by experts, guest speakers, witnesses, or any parties to a potential sale of JEA.
2. Review relevant documents and information considered and/or received by the Special Committee and provide expert opinions regarding such relevant documents and information.
3. Advise the Special Committee as to the process of a potential sale of JEA, identifying parties involved to such process, and including information or factors the City Council should consider in such process.
4. Provide expert analysis of matters related to the potential sale of JEA, at the direction of the Special Committee. Such analysis may include, although not limited to:
 - a. The value of the JEA, both financial and non-financial, to the City of Jacksonville.
 - b. The effectiveness of JEA operations and JEA management.
 - c. The relative position of JEA in the utility industry as it relates to size, operational effectiveness, lines of business, fiscal health, customer service, and nature of ownership.
 - d. The future of the utility industry.
 - e. The benefits and consequences of a change in ownership of the JEA.

Qualifications

1. Proven experience in utility valuation.
2. Experience with utility finance, municipal budgets, changes of ownership of utilities.
3. Understanding of the human resource, legal, pension liability, contract liability, environmental, and economic development implications of privatization of a municipally-owned utility.
4. Free of conflicts with any parties connected to the potential sale of JEA.



Jim Seaton is an operations executive and retired Marine colonel experienced in focusing organizations on sustainable growth and innovation, and building agile teams and partnerships globally in the energy and public sectors. He chaired the **White House** working group that developed the strategic vision for the Global Positioning System (GPS). He also led a major U.S. military installation recognized for its award-winning customer service, environmental stewardship, green energy and safety initiatives. And, he advised some of the Nation's most senior civilian and military leaders on national security and foreign policy issues.

In 2012, after serving 30 years in the Marine Corps, Jim studied energy management in Europe. Two years later, as the International Energy Director for the nonprofit **Houston Technology Center**, he created a partnership with the **Skolkovo Foundation** in Moscow to advise start-up Russian energy companies on commercializing emerging technologies in the U.S. Later, while at **Swift Energy**, an oil & gas company, he engineered a joint venture and \$48 million asset sale that enabled the company to emerge from bankruptcy.

Jim served as a senior advisor and Director of Strategic Initiatives for **General David Petraeus** throughout the Middle East, Central Asia and in Afghanistan, where he drove corporate-level strategic thinking and directly assisted the general during policy consultations in 28 countries, the European Union and Congress.

As Base Commander of the Marine Corps' major west coast base, Jim implemented a \$3+ billion infrastructure and capital improvement program – the biggest in **Camp Pendleton** history – while addressing unprecedented operations, logistics and services growth. In 2008, Camp Pendleton was one of just five bases to receive the highest Department of Defense award for military installations.

While Chief Operating Officer of the Marine Corps' desert training center, Jim spearheaded strategic shifts to reposition the organization, merged business units and transitioned operations to support 300% growth in 18 months. He also persuaded USMC leaders and Congress to fund an innovative \$300 million urban training complex.

As Director for Defense Policy on the **National Security Council** staff, Jim advised the White House national security team on strategy, infrastructure, space and defense issues, and worked closely with industry while chairing the interagency working group that developed the National GPS Policy. This policy encouraged private sector developments leading to dependable GPS-derived locations in our automobiles and on our smart phones.

Jim was awarded an International Affairs Fellowship from the **Council on Foreign Relations**, and was instructor of the year while teaching political science at the **U.S. Naval Academy**. He commanded one of the first battalions to enter Iraq in 2003, and also served in Grenada, Lebanon and Afghanistan. He published a book chapter and articles in the **Washington Post** and various journals, and lectured on strategic leadership at **ESCP Europe Business School** and the **University of Tulsa**. Jim holds a Masters in Energy Management from **ESCP Europe Business School**, an MA in Political Science from **Duke University**, an MA in Strategic Studies from the **Army War College** and a BA in International Affairs from **Jacksonville University**. He is a member of the Council on Foreign Relations.

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EMPLOYMENT OVERVIEW

Hilltop Securities Inc., New York, NY

2017 - 2018

Managing Director

- Widely recognized as one of the nation's leading bankers and advisors to public power and municipal water utilities and has worked directly with some of the largest municipal power, electric cooperatives, Federal PMA's, and IOUs in the country.
- Working on various advisory and underwriting assignments like advising the Municipality of Anchorage, Alaska on the potential sale of its municipally-owned electric utility.
- Hilltop Securities Inc. is one of the largest and best-known municipal finance advisors in the country and was first started in 1972.

RBC Capital Markets, New York, NY

Managing Director and Head of Public Power and Utilities Group

2011 - 2016

- Started public power and utilities investment banking group at RBCCM resulting in one of the leading national practices. Recruited bankers and frequently led the banking team in origination and execution of lending and capital market transactions with large utilities like JEA (FL), TVA (TN), OPPD (NE) and LADWP (CA).
- Supervised bankers to ensure quality of client coverage and adherence to securities regulations.
- Advised senior executives of power and water utilities on strategic and industry-wide issues.
- Lead transaction banker on numerous bond sales for a wide range of large electric and water utilities.

JP Morgan Securities Inc. New York, NY

Managing Director and Head of Public Power and Energy Banking Group

2000 - 2011

Vice President

1997 - 2000

- Became head of the group in 2000 and built one of the leading franchises on Wall Street. Recruited, trained and supervised bankers and achieved significant growth in profitability. Achieved No.1 ranking in deal volume in a number of years, most recently in 2010. Also led national municipal gas, rural electric cooperative, renewables, water, environmental and corporate-backed business lines. Managed municipal transportation effort for 3 years.
- Established strong working relationships with many other parts of the firm including Commodities, M&A, ABS, and Asset Management. Co-chair of Municipal Engagements Committee and Commitments Committee and served as the Department's representative on a number of firm-wide committees.
- Lead transaction banker on many large, high profile transactions including funding of new projects and sale of existing assets. Led the advisory assignments to sell the nuclear generation assets of the New York Power Authority and Northeast Utilities in Connecticut and New Hampshire and testified before state utility regulators.

Lehman Brothers Inc., New York, NY

Public Finance and Debt Capital Markets Divisions

Vice President and Head of Municipal Quantitative Strategies Group

1989 - 1997

Associate

1985 - 1988

- As Head of Municipal Quantitative Strategies Group, managed a six-person specialty effort to perform complex cash flow analyses for large capital market transactions. Worked with rating agencies and tax attorneys to model the impact of new money and refunding transactions and ensure compliance with tax regulations.
- Developed new products and financing techniques.
- Supervised the junior resources of the entire department and trained all new bankers.
- Worked in a number of areas of public finance supporting transactions, including public power and water utilities. Covered major New York accounts such as DASNY and the City of New York with regional bankers..

City of Philadelphia, Personnel Department, Philadelphia, PA

Personnel Analyst

1975 - 1983

- Classified employees' jobs in the finance and IT areas creating, for the first time in the City, a coherent set of job and compensation criteria for these increasingly competitive positions.

EDUCATION

YALE SCHOOL OF MANAGEMENT, YALE UNIVERSITY, New Haven, CT

May 1985

Masters of Business Administration

VASSAR COLLEGE, Poughkeepsie, NY

May 1977

A.B., Urban Studies

LICENSES and CHARTERS

- Series 7, 50, 53, 63 and 79
- CFA (Chartered Financial Analyst)
- Member, NYSSA (New York Society of Security Analysts)



Overview of HilltopSecurities

HilltopSecurities at a Glance

52 Offices in 20 States

935 Employees Firm-Wide (approximately)

Headquartered in Dallas, Texas

25 "Deal of the Year" Awards

Firsthand Market Information

#1 Financial Advisor in the Nation for Number of Issues*

*Source: Ipreo MuniAnalytics (3/1/2013 – 2/28/2018)

- Diversified investment banking firm focused on providing superior financial advisory and related services to public entities nationwide

History of the Firm

- Hilltop Securities Inc. ("HilltopSecurities"), formerly known as Southwest Securities, Inc., was founded in 1972 and entered the public finance and municipal underwriting business in 1987
- First Southwest Company, LLC ("FirstSouthwest"), founded in 1946, was originally dedicated to serving the financing needs of local municipalities, and over the years grew into a national firm
- On January 22, 2016, HilltopSecurities and FirstSouthwest merged to create a new, stronger firm with complementary business lines and a shared history representing more than 112 years of industry experience

Number-One Financial Advisor in the Nation

HilltopSecurities is the **number-one ranked financial advisor in the nation** based on number of bond and note transactions completed in the past five years. From January 1, 2013 through December 31, 2017, we have provided financial advisory services on **5,044 transactions** totaling **\$191.88 billion** par amount. Additionally, for the same timeframe, HilltopSecurities is the **number-one ranked financial advisor in the nation for all power and utilities** based on the number of bond and note transactions completed, having provided financial advisory services on **1,048 transactions** totaling **\$33.80 billion** par amount. (Source: Ipreo MuniAnalytics)

Recent Relevant Advisory Experience

Municipality of Anchorage - HilltopSecurities is currently working with the Municipality of Anchorage on its sale of its municipally-owned power utility, Municipal Light & Power..

We have been serving in the following capacity:

- **Primary liaison between the bidders and the utility which involved receiving and evaluating bids**
- **Assisted in negotiations and subsequent meetings with proposed winning bid**
- **Aided the municipality in analyzing impact of total consideration on the municipality's trust fund and debt service**

Jerry Warren Bio

Jerry Warren has 45 years of experience in the electric and natural gas industries. Twenty one of those years involved public service to the Florida cities of Gainesville and Winter Park, where he held direct senior management responsibility for the respective city owned utilities. Jerry holds a B.S. in electric engineering from the University of Florida, where he specialized in the power option.

Jerry is currently semi-retired but continues to provide consulting services through his own firm GE Warren Associates to select clients. As an independent consultant he provides advisory services on a wide range of topics, including facilities and financial planning, feasibility studies, rates, and utility management. Jerry has personally been involved in the preparation of over 15 different municipalization feasibility studies, prepared for the benefit of both municipal and investor owned clients in the natural gas and electric industries.

He served as the lead consultant on the team that assisted the City of Winter Park in the creation of its electric department. Responsibilities included the preparation of the final feasibility study, the competitive solicitation and negotiation of contracts to provide operation, maintenance, and construction services, line clearance services, and wholesale power supply. As the director of the electric department, Jerry was directly responsible for the day to day management of the utility, its contractors and staff. Today the City provides electric service to over 14,400 customers with dramatically improved reliability and below average rates that are well below the investor owned utility that previously provided electric service in Winter Park. Through Jerry's leadership, the City has embarked on a program to place all of its overhead wires underground.

Jerry is a graduate of Leadership Gainesville and Leadership Winter Park. He has 4 grown children, and 9 grandchildren. He and his wife, Katrina are avid UF Gator sports fans. Jerry says the whole family bleeds orange and blue.

GERALD (JERRY) E. WARREN, II

Jerry Warren brings over 45 years of experience in utility planning and management as a consultant and as the former manager of municipal utilities in Florida. Mr. Warren has developed expertise in utility management and operations, from developing capital budgets and long-term system master plans, to conducting strategic power supply and marketing assessments, negotiating complex contractual arrangements, and preparing load forecasts and rate studies. He also has a successful record of developing innovative financing mechanisms required for resource acquisitions and new capital projects. Mr. Warren has either lead or served as a principal consultant in the preparation of over 20 municipalization feasibility studies for the purchase of natural gas and electric utilities. He has served as an expert witness in proceedings covering utility facility and financial planning. In addition, Mr. Warren has extensive experience speaking before utility boards, civic groups, and public forums.

EDUCATION B.S. - **Electrical Engineering**, Power Option, University of Florida, 1972;
APPA Public Power Executive Development Program; Main Event Management Institute Instructor, Miscellaneous Industry and Professional Training Courses

PROFESSIONAL EXPERIENCE

Utility Consultant – Orlando, Florida Sole Proprietor April 2004- Present

Provides consulting services to all segments of the electric and natural gas utility industries including power supply, distribution system and financial planning, competitive assessments, municipalization feasibility studies, strategic planning, expert testimony, and management consulting services. Lead the preparation of the Winter Park municipalization feasibility study. Assisted in all aspects of the utility startup.

City of Winter Park, Florida – Electric Department, Director December 2007- Sept 2015

1989 - Consultant for First Southwest Company

Resource Management International, Inc. (RMI)

Senior Vice President

July 1993 - May 1996

Vice President and Orlando Regional Manager

1989 - 1993

Provided engineering and management consulting services to all segments of the electric and natural gas utility industries including power supply, transmission, distribution system, and financial planning, expert testimony, competitive assessments, strategic planning and management consulting. As a management consultant, aided utilities in making the transition to a competitive business environment. Responsible for business development and the management of large client engagements domestically and internationally. Frequently required to make presentations to utility executive management, city councils, utility policy boards and regulatory agencies. Managed RMI's eastern division offices located in Austin, Texas; Columbus, Ohio; Albany, New York; and Orlando, Florida, and was responsible for RMI's Natural Gas and Organizational and Development Practices on a national basis. As a senior officer of the firm, developed and implemented business development strategies and participated in setting the overall direction of the firm.

Gainesville Regional Utilities - Gainesville, Florida

General Manager

1986 - 1989

At age 36, was appointed General Manager of utilities. Responsible for the executive management of a municipally owned and operated 56,000 customer, electric, water and wastewater utility. The combined utility system had an annual budget of \$129 million and employed over 700 people. The electric system had 471 MW of generating capacity (coal, oil/gas, nuclear) and maintained among the lowest rates in Florida.

Represented the utility in all policy-making matters before the City Commission, which served as the utility's board of directors. Oversaw the preparation of, and presented the annual budget to the City Commission. Served as the System's representative to the Florida Electric Power Coordinating Group, which coordinated all statewide planning and operating activities for electric utilities in Florida; served on the Executive Committee for the Florida Municipal Power Agency. Successfully carried out a ten-year campaign that resulted in an upgrade of the utility's system revenue bonds to a Aa rating. Implemented business strategies that resulted in the sale of 100 MW (\$4.5 million per year net revenues), of excess power to other Florida utilities.

Assistant General Manager

1985 - 1986

Responsible for the management of the System Planning, Purchasing, Real Estate and Public Information Departments of the utility system. Directed facilities, financial and corporate planning, utility purchasing, acquisition of utility rights-of-way and utility communications and public relations. Designed and implemented a formula to determine the transfer of utility profits to the City's general fund. Reported directly to the General Manager and served as Manager in his absence. Played a key role in the formulation of corporate policies and was frequently required to interact with and make presentations to the City Commission.

Various Engineering and Management Positions

1976 - 1985

Responsible for electric facilities, environmental, and financial planning. Duties included load forecasting, rate studies, generation, transmission, and electric distribution planning, coordinating utility financings and the projection of utility revenues, expenses and capital requirements. Negotiated inter-utility interchange contracts, generation participation agreements and contracts for the utility's fuel supply. Directed utility financings; accomplished a \$186 million refinancing of the utility's outstanding debt; implemented a \$50 million tax exempt commercial paper program; directed the permanent and interim financing for the construction of a 235 MW coal-fired power plant; prepared master facilities plans for the electric, water and wastewater utilities systems. Assisted in the formulation of corporate policies and was frequently required to make presentations to the City Commission. To promote computer literacy, implemented an interest free loan program for employees to purchase personal computers for home use.

R.W. Beck and Associates, Engineers and Consultants

Orlando, Florida and Denver, Colorado

Various Engineering Positions

1972 - 1976

Responsible for the engineering and design of electrical power substations and transmission lines including project planning, the selection of materials and equipment, preparation of specifications, contract administration and coordination of construction. Also prepared technical and financial analyses of municipal utility systems. Studies included electric system power supply studies, comprehensive rate studies and financial feasibility studies.

PROFESSIONAL

And CIVIC ASSOCIATIONS

States of Florida and South Carolina Registered Professional Engineer, as responsibilities have required (not current)

Institute of Electrical and Electronic Engineers, Life Member (1981 – present)

Florida Municipal Power Agency Board of Directors (2012-2015)

Graduate of Leadership Gainesville XII (1985)

Graduate of Leadership Winter Park XX (2000)

Honors

Tau Beta Pi, Engineering Honor Society

Eta Kappa Nu, Electrical Engineering Honor Society

WILLIAM (BILL) H. HERRINGTON, P.E. # 15246

Bill Herrington has over 35 years experience in the electric utility business. Bill was employed by the Orlando Utilities Commission (OUC) for 27 years. During his tenure at OUC, he served in various positions of increasing responsibility beginning as an Engineer through Plant Manager and Director of Electric Generation. In 1986 he assumed the position of Senior Vice President, Electric Business Unit. He had responsibility for the design, construction, operation and maintenance of the OUC electric distribution, transmission and generation system. In this position he managed on an annual basis, the preparation and justification of a five year capital plan that typically exceeded \$300 million. Since retirement from OUC in 1987, Bill has provided consultant services to all segments of the electric utility industry including municipal utilities, investor owned utilities, electric consumers and independent power producers. Mr. Herrington is a Registered Engineer in the State of Florida.

EDUCATION: University of Florida: Awarded Bachelor of Science Mechanical Engineering 1969

Rollins College, Crummer School of Business: Awarded Master of Science Business Administration, 1985

University of Central Florida: Graduate study in Finance, School of Business Administration 1987

RELEVANT EXPERIENCE:

Transition Services Associated with the Development of a Municipal Electric Utility. Ongoing. Currently assisting the City of Winter Park in the development of a municipal electric utility. Services have included the development of Requests For Proposals for wholesale power supply and distribution services. Assisted the City in the bidding process, evaluated proposals and assisted in contract negotiations. Providing ongoing consulting services regarding the construction of a new substation and the modification of an existing substation to be acquired from the local investor-owned utility. Providing management consulting services relating to organizational development, utility policies, staffing, and governance.

Municipalization Feasibility Analysis. City of Winter Park, Florida. 2003-2004. Developed a feasibility study for a city considering the acquisition of the local investor-owned utility's (IOU) distribution facilities and the development of a city owned and operated electric utility. The City's expired franchise agreement with the IOU gave the City the right to acquire the IOU's distribution facilities within the City. Due to poor service quality and high electric rates, the City was evaluating implementation of its franchise rights. Based, in part, on the results of the study, the City has determined to proceed with the implementation /development of a municipal electric utility.

Municipalization Feasibility Analysis. Town of Belleair, Florida. 2003-2004. Developed a feasibility study for a small city considering the acquisition of the local investor-owned utility's (IOU) distribution facilities and the development of a city owned and operated electric utility. The City's expired franchise agreement with the IOU gave the City the right to acquire the IOU's distribution facilities within the City. Due to poor service quality and high electric rates, the City continues to consider implementation of its franchise rights.

Municipalization Feasibility Analysis. City of Longwood. 2002. Developed a feasibility study for a small city considering the acquisition of the local investor-owned utility's distribution facilities and the development of a city owned and operated electric utility. The City's expired franchise agreement with the IOU provided the right to acquire the IOU's distribution facilities within the City. Due to poor service quality and high rates, the City was considering implementation of its franchise rights.

Evaluated the Buy-out of Chilled Water Partner. Orlando Utilities Commission's (OUC) Chilled Water Business unit is a 50-50 partnership with Trigen-Cinergy Solutions. OUC entered into negotiations with TCS to purchase the remaining 50 percent of the system. Participated in the negotiations and was lead person in the valuation of the system. This engagement involved the preparation and analysis of detailed proforma's of the system and evaluation of the uncertainties involved in system performance.

Feasibility Study for of Participating in a Joint Action Agency's Power Supply Project 2001-2002. Prepared an analysis of the potential benefits for the Kissimmee Utility Authority to join the Florida Municipal Power Agency's All Requirements Project. In this project, all participants jointly plan, develop and operate generating resources. Considered economic, strategic and contractual implications of joining the project versus continuing to perform power supply functions independently.

Negotiated Chilled Water Agreement for Large Industrial Plant. Negotiated innovative agreement in which an outdated 1200 ton chilled water system was replaced by Orlando Utilities and the entire project was funded by the savings in electrical energy.

Strategic Energy, Utilities and Propellants Infrastructure Study for Cape Canaveral Spaceport ZHA Inc. 2001. Assisted ZHA in the development of a strategic utilities infrastructure study the Spaceport. Developed study elements relating to electric, natural gas and propellant infrastructures. Evaluated future needs in the context of increasing industry competition and Department of Defense Reform Initiative Directive (DRID) #49. Overall study objectives included enhancing the reliability and safety of utility services while minimizing cost of operations and positioning the Spaceport to be able to realize benefits from utility deregulation.

Reconnaissance Level Strategic Assessment for Utility Services Space Gateway Support, LLC 2001-2002. Reviewed the organizational alternatives available to the Spaceport to improve utility services and realize the benefits from a restructured utility industry. Considered impacts of Regional Transmission Organizations and the challenges and opportunities associated with alternative structures.

Negotiation of the Joint Participation Agreements in the Stanton A Power Plant 2001. Served on the lead negotiation team for the permitting, construction, operation and maintenance of a 630 mW natural gas fueled combined cycle plant to be constructed in Orlando, Florida. The project included equity participation by three public entities and Southern Company and also included power purchase agreements between the parties.

Sale of Indian River Power Plant to Reliant Energy, 2000-2001. Participated in the negotiations to sell the 630 mW power plant to an investor owned utility. The negotiations included a 4 year purchase power agreement with options that allowed the

seller to purchase plant output at negotiated prices. The sale allowed OUC to restructure its generating portfolio and allowed Reliant Energy entry into Florida when permitting constraints prevented the construction of merchant plants

Negotiated the Partnership Agreement between OUC and City of St. Cloud 1996-1997. In this agreement the City of St. Cloud out-sourced the construction, operation and maintenance of its electric distribution system and all customer service functions to OUC under the inter-local agreement provisions of Florida Statutes. This agreement was an innovative solution to certain problems facing the City of St. Cloud and provided a profitable business opportunity for OUC.

Developed the First Fuel Price Hedge Program of any Electric Utility in the US 1987. Developed a program using commodity futures contracts that allowed OUC to fix volatile natural gas and fuel oil prices and offer stable electric rates for long periods of time. Use of hedging tools is now standard practice for many electric utilities. OUC has saved over \$20 million in reduced fuel costs from this program.

PROFESSIONAL MEMBERSHIPS

American Society of Mechanical Engineers
Florida Engineering Society