

Project Freebird

Organizational materials | July 2019

Meeting agenda: July 10–12, 2019

- Welcome and meeting objectives
- Introduction of project team members
- Project team organization
- Project team communication protocol
- Process objectives / description / key work products / sequencing and timing
- Project documentation
- Key considerations in positioning the process for regulatory success
- Potential Counterparty universe
- Key data for sharing with J.P. Morgan and Morgan Stanley

Key process deliverables timeline

Summary overview of near-term deliverables

Key deliverable	Description	Due date	Responsible party(ies)
Deliverables in next two weeks			
Draft invitation to Neocate (ITN)	<ul style="list-style-type: none"> Build consensus on approach and receive sign-off from the Company (can use joint regulatory proposal) <ul style="list-style-type: none"> Have board of directors, we will want the ITN to go Have scientific and regulatory reviews What will Board require (likely to approach NDA and what will be the regulatory requirements) 	July 19/ 2019	Company, Foley, JPM, MS, Pillsbury
Priority regulatory analysis	<ul style="list-style-type: none"> High level regulatory analysis to approach NDA and what will be the regulatory requirements 	July 22/ 2019	Company, JPM, MS
Seeks approval to hire regulatory consultant (if and instead of subject)	<ul style="list-style-type: none"> Engage Foley if needed consultant and regulatory consultant 	July 22/ 2019	Company, JPM, MS
Request list of ITN regulator (DE) table, parties that are to be engaged and other and assign responsibilities	<ul style="list-style-type: none"> Initial review of a comprehensive DE table to ensure that only major parties that are to be engaged Prepare script, talking points for presentation, assign individuals 	July 22/ 2019	Company, JPM, MS
Deliverables in next eight weeks			
Begin Discussions with FDA and Public Solicitor (where possible) (PSL) (if possible)	<ul style="list-style-type: none"> Counsel to confirm whether ITN would allow for a need discussions between Company & solicitors in the strictest potential ways for future that conversation Can take possible (not determined) and discussions with regulatory firm (can have long term process take) 	July-July	Company, JPM, MS, Foley, Regulatory Consultant
Finalize NDA	<ul style="list-style-type: none"> Support on document your application, regulatory guidance 	Early September	Company, Foley, Pillsbury
Ongoing workstreams			
CMR	<ul style="list-style-type: none"> Regulatory meeting in progress 	October	Company, JPM, MS
Phase 1 clinical trial	<ul style="list-style-type: none"> Phase 1 Phase 1 in progress/Module 	October	Company, JPM, MS
DE Distribution / Regulatory Data Program	<ul style="list-style-type: none"> Regulatory data program with regulatory document 	December	Company, Foley, JPM, MS, Pillsbury

Project team communication protocol

- This document solely references internal notes of J.P. Morgan and Morgan Stanley
- Standing process status updates – to be scheduled
 - Agenda
 - Key process updates
 - Key regulatory updates
 - Key business updates
 - Items completed
 - Near-term deliverables
 - Medium-term deliverables
 - Frequency: Weekly
 - Duration: Typically less than 1 hour
 - Format: Telephonic
 - In-person as needed
- Sub-committee regular calls
 - To be determined based on need
- Project code name and communications protocols

A broad process should be utilized to explore all potential opportunities for [Client]

- Optimizing customer rates, including affordable-energy, power and water to customers at rates that are equal to or lower than current forecasts
- Maintaining reliability (including [Client]'s standards of excellence for system safety and reliability)
- Value maximization, providing respect, potential proceeds to the City
- Clean energy development, managing the transition to renewable power sources to meet the state of Florida's environmental goals
- Commitment to employees, maintaining the jobs and benefits of [Client] employees
- Technological innovation, developing solutions to enhance the [Client]' customer experience

Process description

- Conduct ITN / RFI process to evaluate indications of interest
- Distribution of descriptive memorandum and preliminary bids in 1st round and management presentations and binding bids in 2nd round
- Conduct initial analysis of potential Counterparties

- Highest probability of achieving all process objectives

- Competitive tension maximized

- Best test of market price

- Seller negotiating leverage and process control maximized

- Public announcement / disclosure through ITN only, versus other Counterparties or alternatives not previously considered

Process cons

- Some Counterparties may decline to participate in a publicly announced auction process

- Maximizing value is high priority

- Structural considerations are key

- Numerous potential Counterparties and limited ability to who will be the most aggressive Counterparty

When appropriate

CONFIDENTIAL

Potential process timing and milestones

Timing considerations

- J.P. Morgan and Morgan Stanley are prepared to begin preparation of ITN immediately with a view to approaching mutually agreed Counterparties in September 2019
- Following ITN process, a standard two-step auction process could be completed within 10-20 weeks, although the [Client] sale process might take longer given the number of stakeholders involved
- Given our experience with recent sale processes, assembling marketing materials and data rooms will be a swift process
- Comprehensive materials and sufficient time for Counterparties in the indicative bid phase have shown best results in past processes and help to ensure Counterparties understand and reflect all value drivers appropriately

- **J.P. Morgan and Morgan Stanley will work closely with the City and its advisors to tailor a process / timeline that meets the objectives of the City**

Indicative process timeline

Item	Potential timing
Board meeting	23-Jul-19
Receive indicative offer, announcement of ITN	23-Jul-19
Conduct diligence, prepare marketing materials / begin populating online data room	August - January
Seek out potential bidders, prepare data room	September
Distribute Confidential Information Memo and professional letters	October
Final round of diligence / request	November
Second round process diligence including opening of electronic data room	December – February 2020
Final negotiations of process	February 2020
Sign SPA and/or definitive agreement	March 2020

Overview of key process documents

Document	Description
Pre-launch	<ul style="list-style-type: none"> ■ Private memoranda made available to all participants ■ Public description of process is prepared (for opportunity and financial structure) ■ Designed to generate initial interest in the deal
Counterparty log	<ul style="list-style-type: none"> ■ Overview of the process ■ Tracks initial contacts and responses and other potential follow-up contacts and dates
Non-disclosure agreement	<ul style="list-style-type: none"> ■ Typically executed with individual investors ■ Requested by participants to ensure confidentiality of deal
Confidential Information Memorandum	<ul style="list-style-type: none"> ■ Includes overview, pricing information, company information, financial overview, historical and projected financials, financial information and reactions, etc. ■ May be updated as deal progresses and participants may have completed a MOI and subject to non-solicit letters
Consulting reports (as necessary)	<ul style="list-style-type: none"> ■ Typically prepared by an independent advisor to review the opportunity and/or company financial health of the business, as well as risks to private and public
Diligence tracker	<ul style="list-style-type: none"> ■ Organizes all diligence requests from all interested parties and subsequent responses ■ Facilitates the due diligence process
Management presentation	<ul style="list-style-type: none"> ■ Prepared by the deal sponsor for all investors ■ Often a joint effort with the deal sponsor and other investors
Data room index	<ul style="list-style-type: none"> ■ Distributes details of reports and documents in the data room to all investors ■ Facilitates the due diligence process
Purchase and Sale Agreement	<ul style="list-style-type: none"> ■ Non-optional and associated documents
Process letters	<ul style="list-style-type: none"> ■ Instructions given to all participating interested parties, defining requirements for participating ■ Clarify various expectations for the parties involved ■ Typically distributed at each stage of the process

Preliminary key process responsibilities

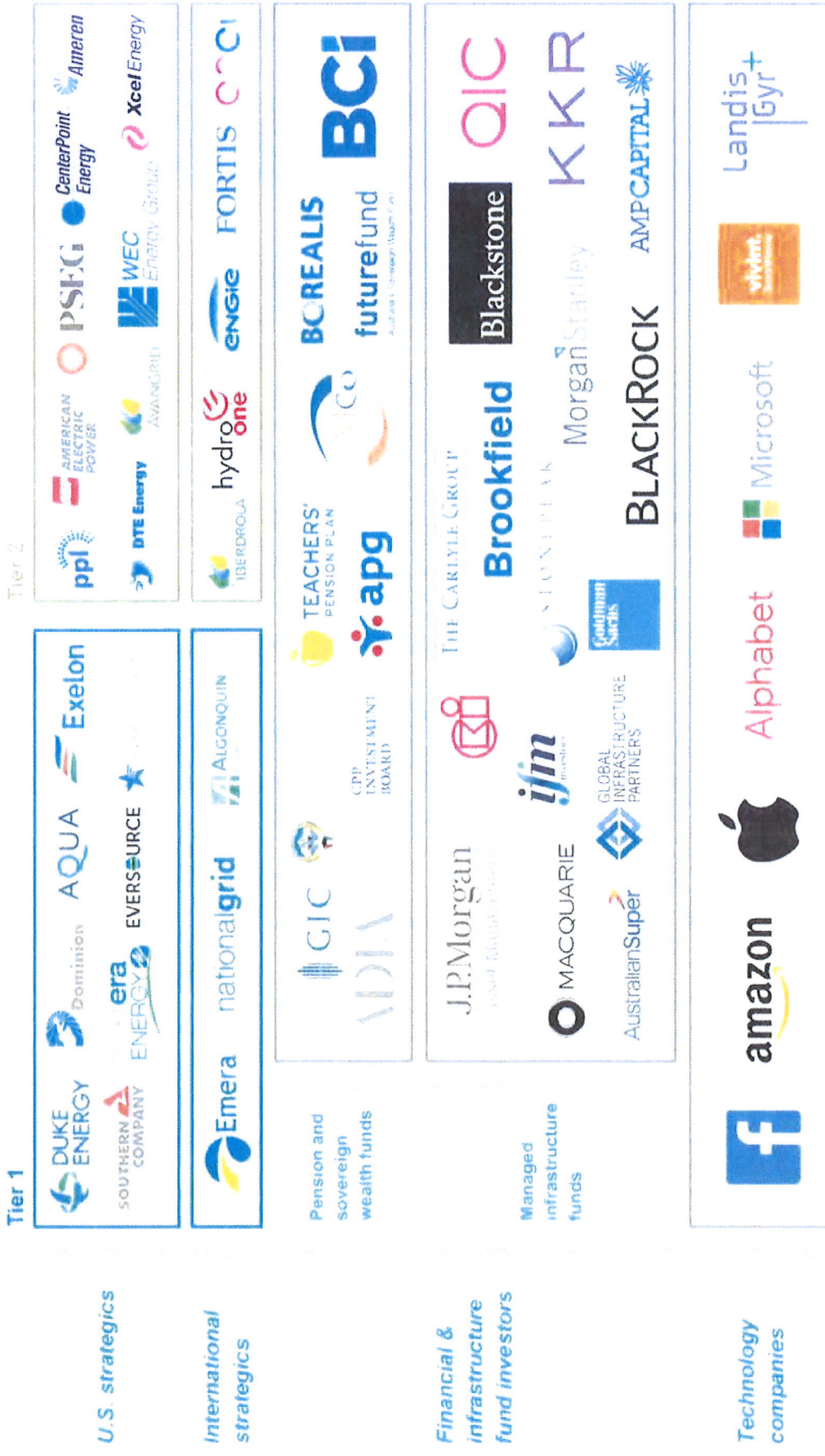
Overview

	[Client]	J.P. Morgan	Morgan Stanley	Additional advisor(s)
Draft ITN		✓		–
Complete relevant data	✓			–
Direct any future Counterparty discussions to J.P. Morgan and Morgan Stanley	✓			–
Determine / screen potential Counterparties	✓	✓		–
Solicit data room provider through competitive process		✓		–
Prepare and distribute NDA for potential Counterparties	✓			Legal Counsel
Develop pre-marketing materials & set up meetings with technology firms [TBD]				
Develop / review financial model	✓	✓		–
Draft CIM and first round bid letter		✓		–
Prepare PSA and associated schedules / agreement				Legal Counsel
Negotiate NDAs				Legal Counsel
Distribute CIM and initial bid instructions		✓		–
Prepare management presentation	✓	✓		–
Prepare and review selected data room	✓	✓		Legal Counsel
Interface between Counterparties and [Client]		✓		–
Review first round bids and confirm selected offers for second round	✓	✓		–
Counterparty Q&A and "deep-dive" due diligence / distribute PSA	✓	✓		–
Management presentations / site visits	✓	✓		–
Prepare final bid process letter		✓		Legal Counsel
Evaluate final bids	✓	✓		–
Negotiate final terms / PSA	✓	✓		Legal Counsel

Potential Counterparty universe

- ITN screening process – designed to:
 - Identify process participants that have the financial and operational wherewithal to make a reasonable proposal
 - Eliminate parties that do not have serious intentions or wherewithal to make a reasonable proposal
- Key criteria
 - Minimum level of financial capability (i.e. clear and reasonable source of funding)
 - Minimum level of operational experience (i.e. comparably extensive owning and operating a large and complex business operation)
 - Potential differentiating factors (financial, operational, technological or otherwise)
- Communications with potential counterparties
 - Identify appropriate contact at each counterparty
 - Communicate attractiveness of potential opportunity and indicate flexibility regarding potential partnership
 - Maintain ongoing, close communication with key decision makers (throughout process)
- Counterparty types
 - Domestic strategists
 - Canadian strategists
 - International strategists
 - Infrastructure funds (including sovereign wealth funds and pension funds)
 - Private equity
 - Technology companies
 - Oil and gas companies
 - Partnerships & consortiums

Landscape of potential [Client] utility counterparties



Agenda

1 Appendix

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Illustrative data room index

Illustrative data room index

Category	Document/Title
Corporate/Organizational Docs	
1.1	Charter and Bylaws
1.2	Shareholder and Board Meeting Minutes
1.3	Voting agreements (proxies, etc.)
1.4	Organizational chart
1.5	Directors and Key Management
1.6	Summary of Executive Biographies
1.7	Geographical operating areas
1.8	Communicable disease and policy materials
1.9	Press clippings and releases
Employment and Benefits	
2.1	Current employee information
2.2	Global workforce
2.3	Current independent contractors or agency workers
2.4	Terminations
2.5	Benefits information
2.6	Non-disclosure, non-competition, and assignment of copyright/invention agreements
2.7	Employment agreements and related former employment agreements (including agency workers) and past and current employment agreements (including agency workers)
2.8	Labor disputes against the Company
2.9	Employee complaints
2.10	Documentation relating to employee performance problems
2.11	Warrant and pension claims
2.12	Bonus or special compensation granted
2.13	Records, including integration of subject to 101(a)(1) employees
2.14	For each plan which is currently or was formerly in place
2.15	Plan documents, including interpretations, amendments, and programs
2.16	Correspondence with or approvals from regulatory or taxation authorities; top hat plan notices filed with the U.S. Department of Labor
2.17	Summary of benefits and plans for management and for performance awards
2.18	Summary policies on vacation, sick leave, sabbaticals, holidays and an analysis of accrued leave for all employees
2.19	Summary of employee and former employee contracts
2.20	Renegotiations to union agreements and outline of contingency strike plans

Illustrative data room index (cont'd)

Illustrative data room index

Category	Document Title
Sales and Marketing, Services, and Support	
6.1	Organization chart for Company's sales and marketing organizations, including the physical location, title, job description, and compensation of each sales or marketing employee, contract employee, or outsourced vendor not already provided
6.2	List of sales and marketing employees and their compensation and tax records (if available)
6.3	List of partners with responsibilities, entitlements and fees (e.g. distributors, business partners, VARs, OEM, etc.)
6.4	Flow chart of sales and marketing process for the sale of the Company's products and services, including a list of all sales and marketing employees and their responsibilities, and a list of all sales and marketing employees and their responsibilities for the sale of the Company's products and services
6.5	List of systems and tools used to manage and support sales employees, partners and their customers

General Financial Information

7.1	Audited financial statements for Company, (including income statements, cash flow statements and balance sheets) and any subsidiaries
7.2	Financial statements for Company's subsidiaries, including balance sheets and income statements
7.3	Detailed 5-year projections for the Company, (including income statements, cash flow statements and balance sheets) including detailed underlying revenue, cost and balance sheet and other material assumptions
7.4	Financial statements including financial statements for Company, (including income statements, cash flow statements and balance sheets) and any subsidiaries
7.5	Trial balance for the most recent period and the last fiscal year end
7.6	Summary of the trial balance for the most recent period and the last fiscal year end
7.7	Detailed schedule of unusual/non-recurring revenue/expense
7.8	Interim 3-12 month financial results and comprehensive financial statements
7.9	Deferred schedule of deferred liabilities (e.g. gas costs)

Revenue Information

8.1	Revenue recognition policies/procedures
8.2	Revenue recognition policy by contract type, by quarter, by product, by geographic region, and by other appropriate Unique Product Identifier
8.3	Detailed schedule of revenues and units, sales per product, by appropriate Unique Product Identifier
8.4	Year-over-year percentage change in revenue, by quarter, by product, by geographic region, and by other appropriate Unique Product Identifier
8.5	Revenue by quarter by type (license, service, maintenance) for the last four quarters

Current Assets

9.1	Deferred schedule of cash, including a copy of the bank reconciliations for the most recent balance sheet date
9.2	Deferred schedule of cash, including a copy of the bank reconciliations for the most recent balance sheet date
9.3	Deferred schedule of cash, including a copy of the bank reconciliations for the most recent balance sheet date
9.4	A schedule of any receivable experience and write-offs, an uncollectible of any sales or accounts receivable made by the Company, except for nonfinancial write-offs in the ordinary course of business
9.5	A schedule of any accounts receivable experience and write-offs, an uncollectible of any sales or accounts receivable made by the Company, except for nonfinancial write-offs in the ordinary course of business
9.6	Deferred schedule of prepaid expenses or other prepaid or deferred assets as of the most recent date available
9.7	Summary of the deferred schedule of prepaid expenses or other prepaid or deferred assets as of the most recent date available

Illustrative data room index (cont'd)

Illustrative data room index

Category	Document Title
Tangible Assets – Real & Personal Property	
101	
101.1	Address, legal description, and title documents for real asset office or other property owned
101.2	Inventory of personal property and other tangible personal property
Intellectual Property	
102	
102.1	Patent and trademark registrations and applications
102.2	Operations and IT systems agreements
102.3	Source code, software, and other IT-related information
Tax Matters	
201	
201.1	General information regarding tax matters
201.2	A tax examination report, notices of proposed adjustment, notices of assessment or reassessment
Other Documents	
301	
301.1	General
301.2	Other people and entities involved in the deal
301.3	Emergency planning and community right to know
301.4	Business continuity and disaster recovery plans, disaster and crisis plans

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