From:	Bielarski, Edward J
To:	Jim Gordon
Cc:	Al Morales; Dennis Duffy; Brown, Thomas R; Locke, Justin M; Shalley, Nicolle M.; Waratuke, Elizabeth A.
Subject:	Response to revised MOU from GREC
Date:	Friday, March 10, 2017 4:01:59 PM
Attachments:	grec mou rev 5 .docx

Jim,

I was pleased to receive last night's e-mail of a signed MOU (albeit revised) from you, on behalf of GREC. In spite of the numerous modifications I believe it signifies a heightened level of engagement between you and the other GREC partners. If we are to execute a mutually beneficial transaction between GRU and GREC that continued engagement will be necessary.

On the downside the revisions made to the MOU change the economics for GRU and its customers. I sense that you are projecting your inner Jim Croce when he sang his popular song from the 70's called, "You don't mess around with Jim":

"You don't tug on Superman's cape. You don't spit into the wind. You don't pull the mask off the old Lone Ranger. And you don't mess around with Jim."

In all seriousness, I think both organizations have a lot at stake here and I hope you understand from my viewpoint the concerns I've outlined below:

- **Conversion from asset sale to entity or ownership sale** – A purchase of anything other than the Facility is challenging for GRU. First, it places us in jeopardy of having the value of the Facility subject to state and local property taxes. It also may impact the issuance of tax-exempt bonds. It will also subject GREC to the highest degree of due diligence, and indemnification against liabilities of the GREC entity. Finally, it makes the issue of the 1603 Grant part of the purchased liability, which GRU will not accept.

  Furthermore, the current PPA envisioned an asset purchase by incorporating a Purchaser's Option to Purchase Facility in Section 27. There are no references related to a purchase of GREC vs. the Facility.

- **Price movement** – I appreciate that you now understand the value of the price you had ($ 750 million) before it was gone. GRU moved the price to $ 725 million though the end of business today, and it falls to $ 700 million tomorrow. It's that Croce's song again:

  "Last week he took all my money and it may sound funny, but I've come to get my money back."

- **Interest rate protection** – While I appreciate GREC bargaining for zero interest rate exposure, its simply not reasonable to expect GRU to absorb 100 basis points of risk (amounting to $ 150 million). Therefore, GRU would simply cap its risk at 50 basis points over current 30 year Treasuries with an ability to terminate the contract.

- **Exclusivity** – Revising the exclusivity from 7 months to 3 months means that within our 4 month window of executing a definitive contract there will be a month in which GRU and

GREC may not have a final contract, but GREC will be allowed to "shop another buyer". That's not acceptable. However, GRU would accept 4 months given that fact that once under contract those additional 3 months are covered by that contract.

- **Public Records** - Modifying the provision in which GRU requires GREC to indemnify it against claims and actions by others against GRU, when GRU has simply carried out GREC's designation of information as exempt from public records is simply not fair and equitable.

- **Current suspension of withholdings under PPA** – GRU will not give up its rights under the PPA.

- **Law of New York** – GREC's Facility is in Florida. GRU is in Florida. Laws governing public records, real estate, and state environmental laws are in Florida. Florida it is!

- **MOU binding date** – With the aforementioned issues, there is very little likelihood that GRU could gain approval by March 25, 2017 even if we were to execute the MOU as is.

In summary, although I appreciate the efforts taken in order to deliver the signed MOU to me, I view it as largely unresponsive to GRU's offer and imposing more risk on GRU. Therefore, I am attaching a newly revised MOU, which includes revisions GRU can accept.

The bottom line is that at $ 700 million with i)no interest rate risk, other than allowing GRU the ability to terminate with a 50 basis point swing in the market and ii) to structure an asset sale as was envisioned in the PPA and iii) a seven (7) window to close the transaction this is a great deal for GREC and will allow GRU to recognize substantial savings as compared to the costs of the PPA.

"Yeah, Big Jim got his hat. Find out where its at, and its not hustlin' people strange to you."

Edward Bielarski Jr
General Manager
Gainesville Regional Utilities