From: Baxley, Robin L.
To: "Davidarreola1@gmail.com"; Harvey Ward
Cc: Bielarski, Edward J
Subject: Correspondence from GRU General Manager
Date: Tuesday, March 21, 2017 9:59:39 AM

Please see the correspondence below from Ed Bielarski.

Robin Baxley
Office Coordinator
General Manager's Office
Gainesville Regional Utilities
352-393-1032

From: Bielarski, Edward J
Sent: Monday, March 20, 2017 6:35 PM
To: citycomm
Cc: DL_Utility Advisory Board; DL_GRU_ExecutiveTeam; DL_GRU_LeadershipTeam
Subject: FW: Response to latest revision

Mayor, Commissioners and UAB members.

Please find the latest communication between Mr. Gordon and I in which I expresss my disappointment with his latest revision to the MOU, which I can not execute for a variety of reasons. The primary, being I can not unilaterally invoke a "stay" of the arbitration without the City Commission's vote and the UAB's recommendation. I wouldn't suggest it, nor should Mr. Gordon expect that. There are other issues related to eleventh hour provision revisions favoring GREC, but not GRU which are wholly unacceptable. I will continue in my efforts to finalize the MOU in the best interests of GRU customers and the city.

Edward Bielarski Jr
General Manager
Gainesville Regional Utilities

From: Bielarski, Edward J
Sent: Monday, March 20, 2017 6:29 PM
To: Jim Gordon (jgordon@emienergy.com)
Cc: Al Morales (AMorales@emienergy.com); Dennis Duffy (dduffy@emienergy.com); Brown, Thomas R; Locke, Justin M
Subject: Response to latest revision

Jim,

My dad and I would watch movies together when I was younger (much younger). One actor my dad

liked was John Wayne, but the other was Paul Newman. In his Oscar-winning performance as Cool Hand Luke, Newman was told by a prison guard tired of his misdeeds against authority, "What we have here is a failure to communicate." After receiving what I thought would be the final MOU, I really understand the power of that line.

After my e-mail to you this weekend followed by several phone conversations I thought we had reached a compromise on the issues surrounding the MOU. Based on my receipt of your revisions this afternoon, I realize I was wrong. Let me explain:

- I didn't agree to "stay" the arbitration, ***prior*** the City Commission and Utility Advisory Board ("UAB") having a chance to approve the MOU. Honestly, it would incredibly presumptive (and maybe career threatening) on my part to commit my governing body to the decision of staying the arbitration, when they've already voted to defend the arbitration GREC brought against GRU. In this case, the City Commission have voted on granting monies for attorneys on two separate occasions to pursue a defense of the arbitration GREC entered against GRU.

- I didn't agree to ***limit*** GRU's ability to withhold under the PPA solely to shutdown charges, Available Energy on start-up and payment decreases under Section 12.4.1 of the PPA. ***I agreed to withhold based on one or more of GRU's pending claims that are the subject of the Dispute and consistent with past practices***. This morphing of my position into something else is not acceptable.

- I didn't realize that the $ 7,176,643 which you represented being withheld by GRU was not the full value of the withholdings. When I verified the number with the City Attorney I discovered GRU was being shortchanged in the process (it seems to be approximately $7.5 million). When the City Attorney delivers the markup of your revision tomorrow, that number will be corrected.

- To add insult to injury, GREC's revision includes a provision whereby GRU shall refund to GREC at Closing any amounts held above the Retention Cap ***along with interest***. I didn't agree to that, as well as the other items.

I realize that some folks could view these issues as fairly minor in a proposed $ 750 million transaction. However, I don't view any issues of principle as minor, particularly after ***you wrote the following to me*** on March 16th:

- My Board is beginning to wonder if you feel conflicted, in that, you are not sure if you want to transact a fair and durable deal or if you want to maintain and exercise undue leverage that is destined to unravel your acquisition of the GREC facility. It is imperative, if both of us are going to commit the significant time and resources required for this transaction that it be in a constructive climate.

After reading your revisions to the MOU today, I'd ask you to look at your words as they apply to you and as you do put on an old Michael Jackson tune," The Man in the Mirror." As you sit in your easy chair think about the words:

I'm starting with the man in the mirror.
I'm asking him to change his ways.

And no message could be any clearer
If you want to make the world a better place,
take a look at yourself, and then make a change.

I have asked the City Attorney to revise the MOU so that it incorporates the aforementioned changes. We are very close to an agreement. However, if you continue to make last minute changes to otherwise agreed -upon provisions of documents and in the same breath dare question my commitment, ***we will be done***. I am only comfortable in a mutually beneficial transaction, which ultimately can be transacted.

Keep listening to the lyrics:

I'm gonna make a change.
For once in my life.
Its gonna feel real good
Gonna make a difference
Gonna make it right…

Edward Bielarski Jr
General Manager
Gainesville Regional Utilities