From: Bielarski, Edward J
To: Citycomm
Cc: Dl_utility Advisory Board; Dl_gru_executiveteam; Dl_gru_leadershipteam
Subject: FW: Response to revised MOU
Date: Wednesday, March 15, 2017 8:45:02 PM
Attachments: grec - gru mou rev 7.docx

Mayor, Commissioners and UAB members,

Please find my most recent response to Mr. Gordon's counter offer.

Edward Bielarski Jr
General Manager
Gainesville Regional Utilities

From: Bielarski, Edward J
Sent: Wednesday, March 15, 2017 8:35 PM
To: 'Jim Gordon'
Cc: Al Morales; Dennis Duffy; Brown, Thomas R; Locke, Justin M; Shalley, Nicolle M.; Waratuke, Elizabeth A.
Subject: RE: Response to revised MOU

Jim,

While I appreciate the Board's concession to allow GRU to retain the withheld monies of $ 7,176,643 at the Closing, I don't think you fully appreciate my viewpoint here.

The idea that I would "give away" a right in the PPA, specifically the right to withhold payments from the GREC invoices prior to Closing will insure a political firestorm and rightfully so. I expect both GREC and GRU to conduct themselves in accordance with the rights they bargained for under the PPA until the Closing. Also the $ 10 million isn't a willy-nilly amount pulled out of the air. It represents GRU's estimate of GREC's over-billings from August, 2015 through November, 2017 during which time GREC had rendered the Facility ineligible for Available Energy payments under the PPA by conducting maintenance on critical components of the Facility. In GRU's March 6, 2017 filing we identified 103 events of "lockout – tagout's" of complex components, which when tagged out cannot be operated and thus leave the plant unable to deliver Dependable Capacity.

In GRU's review of plant repair tickets, Energy supply staff actually found multiple tickets for repairs, which had been labeled as outage work, in the year GREC denied the need to perform an outage. We are comfortable, need be to taking this issue through the remainder of arbitration. In fact, the whole issue of Available Energy also includes the facility's early layup of the boiler, delayed startups and a host of operational issues. But I don't want to go there. I think the most important issue for both GRU and GREC is to close on this mutually beneficial transaction

If you and the Board are concerned about labeling the $ 10 million as a reduction or credit to the purchase price I have modified the MOU to reflect it as a payment at Closing. In addition I've retained GRU's ability to withhold under the PPA

Jim, I believe we have done something special here. In an environment of ill-will towards the parties and a general distrust of both GRU and GREC we have negotiated a good deal for GREC and a good deal for GRU. We have shared our MOU modifications in the sunshine and I have held multiple meeting with the Commission, UAB, Chamber of Commerce and shared the concepts in the Gainesville Sun.

We are close to bringing closure on a deal long overdue. I know you know it's a good deal. You know that I know that the deal will save millions for our customers. Give it the send-off it needs to fight the political forces ready to snatch defeat from the jaws of victory. The $ 10 million and ability to keep our rights under the PPA are as important to GREC as they are to GRU. The items are vitally important in gaining a recommendation from the UAB and final approval from the City Commission.

Take the deal. It's may be your best deal ever and you've had a boat load.

Edward Bielarski Jr
General Manager
Gainesville Regional Utilities

From: Jim Gordon [mailto:jgordon@emienergy.com]
Sent: Wednesday, March 15, 2017 6:18 PM
To: Bielarski, Edward J
Cc: Al Morales; Dennis Duffy; Brown, Thomas R; Locke, Justin M; Shalley, Nicolle M.; Waratuke, Elizabeth A.; Jim Gordon
Subject: Response to revised MOU

Ed,

Thanks for your response.

At Section 7 (as attached) GREC would allow GRU at Closing to keep the full amount of $7,176,643 that has been withheld to date in settlement and release of all claims, provided that GRU not withhold additional amounts, but with GRU retaining the right to challenge and recover any amounts if we do not close. We cannot agree to any additional credit. If there is no Closing, all parties would retain all rights and claims under the PPA.

Attached is our marked version of your last MOU.

Sincerely,

Jim