From: Ray Washington
To: Citycomm; DI_utility Advisory Board; Bielarski, Edward J
Subject: GREC Negotiations Redux
Date: Tuesday, March 14, 2017 6:49:14 PM

Commissioners,

It is my understanding that at this week's Utility Advisory Board and City Commission meetings there will be discussions of a possible fast track acquisition of the taxable corporation Gainesville Renewable Energy Center, LLC. These will be important discussions.

Contrary to the spirit and purpose of the memoranda of understanding concept, which is supposed to define negotiating parameters, GREC, LLC CEO Jim Gordon late yesterday wrote GRU GM Ed Bielarski that whatever the language of the MOU, GREC will not agree to be bound by MOU parameters that do not encompass GRU's purchase of GREC, LLC. GREC is "conceptually open" to an asset-only deal – a meaningless non-commitment – but argues that "an entity sale warrants a discussion with your attorneys" (i.e. Norton Rose, whose $1,000 per hour attorneys the City Commission has given Mr. Bielarksi carte blanche to employ at unlimited expense to explore an option beneficial only to GREC and that puts GRU at unnecessary financial risk.)

Mr. Bielarski in earlier communications with you has outlined some of the risks of a purchase of the GREC LLC entity. These include, but are not limited to: (1) having the value of the GREC facility subject to state and local taxes; (2) impacting GRU's issuance of tax exempt bonds; and (3) making the issue of repayment of part of GREC's $117 million federal Section 1603 Grant part of GRU's liability. Still, Mr. Bielarski appears willing to continue exploration, at the GRU ratepayer's dime, of acquisition of the GREC, LLC entity – shifting an unnecessary an unreasonable risk to GRU customers at great (but examined and unquantified) benefit to the GREC energy speculators.

Two business days ago I wrote an email and a 12-page memorandum to Mr. Bielarski, all City Commissioners and all members of the Utility Advisory Board, among others, describing these and other risks that GRU customers would have to bear if the City were to accede to GREC's demand to dump its valueless taxable corporate entity and its latent financial and legal liability on GRU.

I have learned that delivery of the above-referenced email (titled "MAKING THE MOST OF THE GREC

NEGOTIATION IMPASSE") and the above-referenced memorandum (titled THE WEEK THAT WAS, THE WEEK TO COME") was blocked from reaching City Commissioners and UAB members, though it was received by its other addressees no later than 8:45 a.m. on Monday morning. Perhaps at some point before you deliberate on these matters you will be allowed to receive and review those communications, if you still have not received them.

Meanwhile, I will repeat again the observation that the acquisition of the GREC *entity*, for reasons I have described, could have far greater negative effects for years to come on GRU and its customers than GRU's still-continuing-ever-more-favorable-to-GREC negotiation to buy the GREC *plant* at a cost of $400 million offered in October 2013, at a cost of $575 million offered in December 2016, at a cost of as much as $787.5 million in February 2017 and at a cost of as much as $812.5 million – as the GREC speculators continue to demand even more.

As I also wrote, as dismayed as I have been with the course of these negotiations, I understand that Mr. Bielarski serves at the pleasure of four members of a City Commission some of whom have expressed excitement

about the prospect of acquiring the GREC plant or the GREC entity at a price that is by far the highest price ever paid in the United States to acquire a biomass plant and/or buy out of a biomass generation contract.

In my Monday morning email and memorandum and email I described in detail why things may have come to be as they are in this painful and not-yet-resolved chapter in the City Commission's history. Perhaps before you begin your deliberations those communications will reach you. For now, I'll close here as I closed Monday morning:

Walking away should always be an option, particularly when dealing with counter-parties who have demonstrated a pattern of irregular negotiations and unreasonable demands.