

AMERICAN ARBITRATION ASSOCIATION

THE CITY OF GAINESVILLE, FLORIDA, d/b/a
GAINESVILLE REGIONAL UTILITIES,

v.

GAINESVILLE RENEWABLE ENERGY
CENTER, LLC, AMERICAN RENEWABLES,
LLC, TYR ENERGY, LLC, TYR ENERGY,
INC., ENERGY MANAGEMENT, INC.,
BAYCORP HOLDINGS LTD., STARWOOD
ENERGY GROUP GLOBAL, LLC, STARWOOD
ENERGY GROUP GLOBAL, INC., RON
FAGEN, DIANE FAGEN, AND JOHN DOES
NOS. 1-25.

ICDR Case No. 50 198 T 00953 12

AFFIDAVIT OF ROBERT E. HUNZINGER IN OPPOSITION TO
REQUEST FOR DISMISSAL BY RESPONDENT
GAINESVILLE RENEWABLE ENERGY CENTER, LLC

STATE OF FLORIDA)
)
COUNTY OF ALACHUA)

Robert Hunzinger, being first duly sworn, states as follows:

1. I am the General Manager for Utilities for the City of Gainesville, Florida
("City"), with management responsibility for the City's utility division, known as Gainesville
Regional Utilities ("GRU"). I make this Affidavit on the basis of my personal knowledge of the
matters stated herein.

2. As background information for the Arbitrator, I received a BS in electrical
engineering from the University of Illinois in 1982. I have been involved in the utility industry
for over 30 years. I have worked in all three sectors of the utilities industry, including investor-
owned, cooperative and municipal. I currently serve on the Board of Directors for the Energy

Authority, Inc., Colectric Partners, Inc., the Florida Municipal Power Agency, the Florida Reliability Coordinating Council and the Florida Electric Coordinating Group.

3. GRU is a multi-service public utility owned by the City of Gainesville. It is the fifth largest municipal electric utility in Florida, supplying some 93,000 retail and wholesale customers with electric, natural gas, water, wastewater, and telecommunications services. GRU invests in renewable energy sources in order to provide its customers with safe and reliable utility services in an environmentally responsible manner.

4. On April 29, 2009, GRU entered into a long term Purchase Power Agreement (the "PPA") with Gainesville Renewable Energy Center, LLC ("GREC"). I was the negotiator of the PPA for GRU and signed it on GRU's behalf. The PPA was approved by action of the Gainesville City Commission in May of 2009.

5. Under the PPA, GREC agreed to construct and operate a 100-megawatt biomass electric power plant (the "Facility") and GRU agreed to purchase all of the Facility's renewable energy supply for 30 years. According to GREC, its costs of construction of the Facility when complete will total nearly \$500 million. The Facility is approximately 95% completed and is scheduled to be operational in November 2013. When operational, GREC estimates the Facility will supply enough renewable power for approximately 70,000 homes. Photographs showing the magnitude and scope of operations at the Facility are provided by GREC to GRU in its monthly construction progress report, a copy of which, as of May 2013, is attached hereto as Exhibit 1. Additionally, attached hereto as Exhibit 2 is a photograph of the panoramic view of the overall construction progress of the Facility as of November 2012.

6. Over the 30-year term of the PPA, GRU's total purchases of electricity and other services could exceed \$3 billion.

7. Section 27.3 of the PPA grants GRU a right of first offer (“ROFO”) to purchase the Facility. The intent and purpose of the ROFO, was to give GRU the opportunity, from the outset of the PPA, to purchase the Facility, in the event that GREC contemplated a substantial change in ownership. GRU negotiated for this clause because (among other reasons) it believed at the time it entered into the PPA that GREC’s then (indirect) owners, BayCorp, EMI and Tyr, typically acted as developers of energy projects and treated them as short-term investments.

8. GRU understood that once the Facility became operational, if not before (as turned out to be the case here), some or all of these original owners would likely seek to monetize their investments by selling the Facility or their interests in it. It was in contemplation of such transfers of ownership that the “change of control” provision was intended to apply to prospective transfers of partial interests in GREC. In the event that the aggregate effect of one or more such transfers would result in a substantial change of ownership (and thus a “change of control” for purposes of Section 27.3), GRU first wanted the opportunity to review the circumstances and determine whether it wished to offer to purchase the Facility.

9. The ROFO clause carves out “construction financing” transactions from the types of transactions that can trigger a “change of control.” The term “construction financing” in Section 27.3 was intended by the parties to apply only to bank credit facilities (or the like) extended by lenders to GREC, with repayment to such lenders required at some point after completion.

10. The “construction financing” carve-out was in recognition of, and to accommodate, that in extending construction debt financing of the size and complexity involved in the Facility, GREC’s lenders would obtain security in the Facility as collateral for the loans. The lenders’ security protections would include significant rights over GREC, and thus over the

Facility, in the event GREC defaulted under its credit facilities. GRU believed that such lender rights might include, among other things, the right to oversee GREC's development and construction of the Facility and the right to foreclose on the Facility, or on the equity ownership interests in GREC, in the event of a loan default. In such events, GREC's lenders could be in a position to exercise control over their collateral, i.e. GREC and the Facility. Because obtaining construction financing loans from lenders is standard in such projects, and because the significant lender rights that could lead to control are standard terms of such credit facilities, the parties carved such credit facilities out of the "change of control" trigger of the ROFO.

11. The term "construction financing" was not intended to apply to an equity capital contribution paid in exchange for a permanent ownership interest in GREC -- regardless of whether GREC was required to utilize some or all of such equity capital to develop the Facility.

12. I was on vacation during the Christmas/New Year holiday week in December 2011. On December 27, 2011, Jim Gordon, CEO of EMI and a representative of GREC's Board of Directors, called me on my cell phone. Mr. Gordon advised me of a pending year-end transfer of Tyr's 40.324% ownership interest to Starwood Energy. On that December 27 call, and again by follow-up e-mail to me on December 28, Mr. Gordon stated that he did not consider the sale of Tyr's ownership interest to Starwood Energy to constitute a change of control of GREC, as contemplated by Section 27.3 of the PPA. Mr. Gordon sought GRU's acquiescence and agreement by return e-mail that no change of control would result from the sale. A copy of Mr. Gordon's December 28, 2011 email is annexed hereto as Exhibit 3.

13. Contrary to GREC's assertion now, the parties reached no understanding on the December 27 call. GRU did not provide the acquiescence requested by GREC either on the December 27 call or in response to GREC's December 28 e-mail. Nor has GRU done so since.

14. Beginning in January 2012, GRU repeatedly requested additional documentation and information from GREC about its ownership structure to assess GREC's claim that no change of control had occurred. GREC provided cursory information by letter dated January 13, 2012, as copy of which is annexed hereto as Exhibit 4. GRU provided a more detailed draft letter a month later (attached hereto as Exhibit 5), but GREC refused to finalize and sign that letter.

15. Thereafter, GRU representatives continued to request ownership information and raise the change of control issue. In response, GREC denied any change of control, but to date it has not provided the requested materials and information.

16. On December 20, 2012, attorneys representing GRU and I appeared at a public hearing before the Gainesville City Commission. I explained to the City Commission that GRU considers that its right of first offer was triggered by a change of control in GREC. Counsel and I also explained that Florida has a one-year statute of limitations for actions in equity seeking specific performance, and the limitations period was to expire in ten days, on December 30, 2012, and I requested the City Commission's authorization to submit the claim to arbitration. GREC was represented by counsel at the public session and addressed the City Commission. GREC denied that the proposed claim by GRU had any merit, but the City Commission voted 7-0 in favor of arbitration.

FURTHER AFFIANT SAYETH NOT


ROBERT HUNZINGER

The foregoing instrument was sworn to and subscribed before me this 1st day of July, 2013, by Robert Hunzinger, who is:

- ☒ personally known to me; or
- ☐ produced a driver's license issued by the _____ Department of Highway Safety and Motor Vehicles as identification; or
- ☐ produced the following identification: _____




Notary Public
Print Name: Rita K. Strother
My Commission Expires: May 12, 2016

EXHIBIT 1

May 2013 Construction Report

Gainesville Regional Utilities
301 SE 4th Street
Gainesville, FL 32601

Attention: Robert Hunzinger, General Manager
John Stanton, Assistant General Manager

Date: June 20, 2013

This Construction Report is delivered to you pursuant to Appendix V of the Power Purchase Agreement For the Supply of Dependable Capacity, Energy and Environmental Attributes From a Biomass-Fired Power Production Facility between Gainesville Renewable Energy Center ("GREC") and Gainesville Regional Utilities ("GRU") dated April 29, 2009 ("PPA"). All capitalized terms used herein shall have the respective meanings specified in the PPA unless otherwise defined herein or unless the context requires otherwise.

GREC hereby certifies as follows:

1. The individual executing this Construction Report is an Authorized Officer of the Borrower.
2. The Construction Report is true and complete in all material respects.
3. Attached as Appendix A hereto is the May 2013 monthly reporting during the May construction period prepared by GREC.
4. Attached as Appendix B hereto is a summary of the GREC construction schedule.
5. Attached as Appendix C hereto is a collection of GREC construction photos taken during the reporting period.

Part I **Factors that could reasonably be expected to have a material adverse effect on the Project:**

Factor	Description
No factors exist which will have a material effect on the project.	n/a



Part II Authorizations remaining to be obtained:


Authorization	Borrower Actions and Dates	Governmental Authority Actions and Dates	Description/Comment/Reason for Delay
Title IV Acid Rain Permit	Need to file notification of the planned date of initial commercial operation 45 days prior to the planned date of initial commercial operation	EPA/FDEP	Application was filed in November 2009 as Attachment A to Appendix B – FDEP Air Permit Application Form, Acid Rain Part of the Site Certification
Title V Air Operating Permit	Application must be submitted at least 90 days prior to expiration of the GREC air construction permit, but no later than 180 days after commencing operation, per FDEP Rule 62-213.420(1)(a)1., F.A.C.	EPA/FDEP	GREC air construction permit expires on December 31, 2014 – 90 days prior is October 2, 2014.

Part III Additional Easements:

Easement	Description/Status
Nothing to report or required	n/a

IN WITNESS WHEREOF, the undersigned has executed this Construction Report as of the date and year first above written.

**GAINESVILLE RENEWABLE
ENERGY CENTER, LLC**

By: 

Name: Leonard J. Fagan
Title: Vice President & Project Manager



Gainesville Renewable Energy Center, LLC

Appendix A May 2013 Construction Report

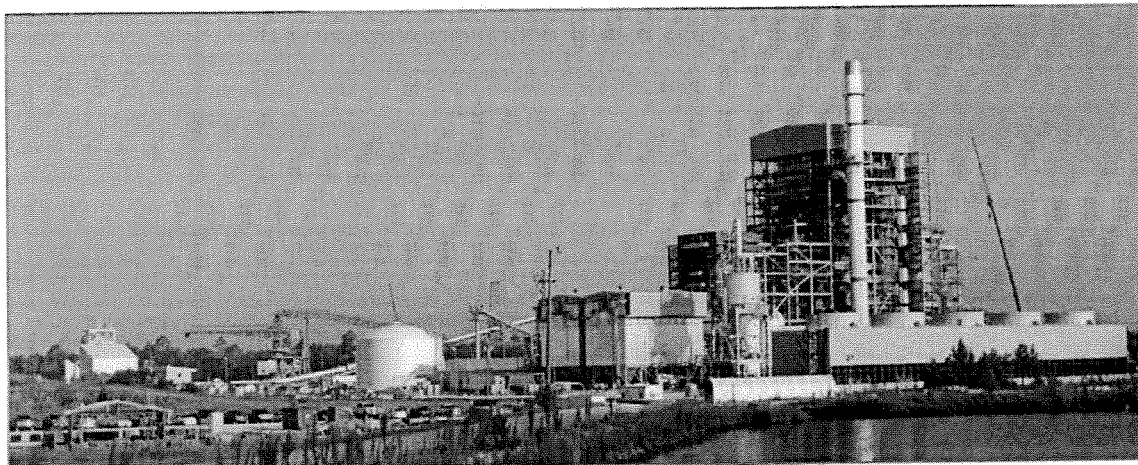




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1. Executive Summary

The Project remains ahead of schedule for Final Completion with a revised date of early November, 2013. The Substantial Completion date based on the current schedule has been revised to September 10, 2013 with an outside date of September 20, 2013. These dates have been subject to some adjustment as the commissioning/start-up activities continue and based on the activities of the next few weeks which include chemical cleaning, first fire and steam blow may result in further adjustment either way. GREC is monitoring progress daily, including participating in daily start-up/commissioning meetings. System walk downs and review of turnover packages are a primary focus. June will commence the fuel deliveries to build the piles with 65,000 tons of material being delivered from June 10th through early August.

The areas of concern on the schedule continue to be the Fagen small bore piping, insulation, loop checks, electrical wiring/terminations on the boiler and start-up and commissioning activities. No item stands out as an immediate delay, but all are being watched closely. At this point in the Project, all float has been used and any delay in completing a task can result in a schedule change. Fagen has responded to the concerns by adding additional insulators, and UEI has added two additional individuals to perform loop checks.

2. Project Construction Oversight

a. Engineering

Engineering is complete.

b. Procurement

Procurement is complete.

c. Construction

The site has achieved **2,296,195** worker hours to date, with 14 recordable incidents and four lost time accidents to date. Fagen continues to place a high priority on workplace safety by conducting regularly scheduled tool box safety meetings. All new employees and subcontractors must attend and pass the Safety Orientation and Training Course.



Field Personnel Summary

	Past 30 Days	Next 30 Days
Fagen, Inc.	338	316
Metso/PIC	181	85
Brand Insulation	115	136
Other Subs	103	124
Totals	737	661

Project Safety

YTD Safety	2011	2012	2013	Totals
Near Miss Incidents	1	22	17	40
First Aid Cases	61	247	151	459
Equipment Incidents	2	14	2	18
Property Damage	4	41	4	49
Recordable Incidents	2	9	3	14
Lost Time (Hours)	0	3	1	4
Total Man Hours	273,183	1,195,824	827,188	2,296,195

GREC continues to monitor the environmental controls that are in place at the job site, and has focused on ensuring that environmental and SWPPP compliance are being maintained by Fagen and subcontractors. GREC has monitored compliance with design regarding overall construction, and there are no new issues that have been encountered during the reporting period.

Fagen continues to place a priority on maintaining a safe and clean job site, and GREC remains pleased that material handling and control, laydown storage, and site housekeeping have been exceptional to date, promoting a good environment for productive and safe working conditions.

Although the seasonal random afternoon showers have returned to Florida, the Project continued to benefit from good weather conditions throughout May, with only one lost day due to rain. Tropical Storm Andrea brought an inch of rain and light winds to the Gainesville area, and the site was fortunate to avoid impact from Andrea. Metso and PIC (boiler area), and Brand insulators worked Saturdays and Sundays



during the month of May and will continue to work seven days a week during June. Fagen and its subcontractors worked select weekend days through the month of May and will work seven days a week through June. The GREC team is providing oversight and support seven days a week as well. GREC is witnessing pressure tests, motor alignments and run-ins, and lube oil flushes; conducting start-up system walk downs to establish punch lists; reviewing start-up system turnover packages; and performing overall site surveillance.

Fagen continues to utilize two site guard gates to control morning arrival traffic and evening departure traffic, and there has been no problem with traffic build-up on US Highway 441. There is also a guard house located in the center of the wood yard to provide security on site including surveillance of copper wire and cable spools. This will be eliminated in June as the wood yard is being cleared of construction lay down areas to prepare for wood fuel receiving to establish fuel piles.

Manpower has been maintained at a combined total of 737 at the end of May, and the work force is projected to decrease during June. The Project will continue to experience a decreasing trend in manpower over the coming months, as we continue to make progress towards the completion of construction activities.

Siemens technical field assistants (TFA's) re-mobilized in May to oversee the placement of the steam turbine generator (STG) onto turning gear, pipe stress analysis, and electrical and commissioning activities that are associated with the STG loop checks to support start-up and commissioning activities.

The installation and weld out of flue gas ducts and air ducts is nearing completion, including finalizing the welding for the transition pieces that tie in the duct work to the fan assemblies. Metso/PIC continue weld out of flue gas, tertiary, and primary air ducts and supports. Installation of pipe hangers and piping is ongoing throughout the boiler, and installation of piping and hangers continues for the pipe rack. The current focus on the boiler-related piping systems includes soot blowing steam, seal air, closed cooling water, ash handling, condensate, boiler feed water, main steam, and boiler blow down piping. Lube oil flushing is complete for the four boiler fans. The installation of cable tray is essentially complete for the boiler. The sand feed system (SFS) is ready for start-up and commissioning. Brand Energy Solutions has increased craftsmen, and Fagen will be mobilizing 40 insulators in June to self-perform specific insulation activities to support start-up and commissioning priorities. It is recognized that insulation is the critical path regarding schedule, and Fagen is responding with increased manpower and daily monitoring of progress. Zampell completed boiler refractory installation. Electrical and instrumentation work continues to progress as



areas are opened up for access by Metso. Boiler insulation activities continue, including piping as it is released from Metso to Brand. The fly ash conveyors and the baghouse are mechanically complete, and the boiler internal area has been cleaned. Preparations are under way to receive chemical cleaning components and temporary piping in June.

The administration and control building is the business hub for NAES training activities and GREC's asset management team. NAES continues to support the start-up and commissioning efforts and to interface with the GREC construction management team.

The control room assembly is progressing on schedule, and the distributed control system (DCS) is up and running, with loop checks being expedited to support the start-up schedule. Loop checks are 52% complete overall at the end of May. UEI will add two more I&C technicians in June to expedite the loop check-out process.

The water treatment enclosure has been commissioned and is operational to support chemical cleaning activities for the boiler in June. The zero liquid discharge (ZLD) area is being commissioned, and the vapor compressor will be commissioned in early June.

The fire protection system is complete and hydro-tested, and the deluge system for the transformers has been successfully tested. The diesel and electric firewater pumps are operational, and the fire loop remains in service throughout the site.

The north, south, and wood yard power distribution centers (PDC's) have been tested and checked out by start-up and commissioning, and simulated loop checks remain ongoing.

The wood yard is commissioned and operational. Wood deliveries have been ongoing in May to test the systems and establish base for the automatic and manual wood piles. We will begin regular deliveries of biomass fuel the week of June 10th to begin building the wood piles.

The cooling tower is operational including the circulating water system. The bearing problem with fan motor 3 is being corrected with a rebuild of the fan motor and will be re-installed and re-commissioned in early June.



The natural gas system is ready to receive and supply natural gas for first fire and start of steam blows in July.

Progress to date has been very good with respect to the schedule. GREC continues to witness, inspect, and monitor progress with attention to detail as set forth by the Contract, Minimum Design Criteria, and applicable codes and standards.

d. Major Construction Accomplishments

Past 30 Days

- Began set-up for chemical cleaning
- STG is mechanically complete, on turning gear, with the first roll completed
- Roadway striping and signage is nearing completion
- Completed the following pipe systems: boiler blow down (BBD), boiler feed water (BFW), closed-cycle cooling water (CCW), condenser (CND), fire water system (FWS) and raw water system (RWS)
- Baghouse is mechanically complete
- Worked on installing ammonia vaporizers on SCR
- Continued working on ammonia piping

Next 30 Days

- Complete chemical cleaning
- Backfeed and soak the generator step-up (GSU) transformer
- Begin CEMS testing
- Balance boiler draft
- Continue working on flue gas system
- Complete elevator certification with state inspector
- Work on installing sorbent handling system
- Complete installation of the following systems: instrument air (IAS), cycle chemical feed (CCF), combustion air (CAS), service air (SAS), service water (SWS), condensate (CNS), bleed steam, seal steam and gland steam condenser, extractions and feed water heater drains (FWH), and soot blowers
- Continue working on boiler feed water heaters
- Continue installing high pressure steam to gland condenser piping
- Continue working on auxiliary steam system
- Continue working on ammonia storage and transfer system



e. Major Work Activities

Past 30 Days

- Continued boiler piping with an emphasis on completing piping necessary for chemical cleaning, FWH, high pressure steam (SHP), IAS and CNS systems
- Performed electrical and instrumentation work directly following pipe systems as they are completed
- Performed lube oil flushing on boiler fans
- Completed hydrolazing

Next 30 Days

- Continue electrical work at the boiler, fly ash, and pipe rack
- Continue installation of pipe at the pipe rack and boiler focusing on potable water (PWS), IAS, service water (SWS), STG and SHP systems
- Continue insulation at the baghouse, feed water heaters and boiler pipe and duct work

f. Status of Work Outside of EPC Contractor Scope

The work outside the Fagen, Inc., scope is the reclaimed water pipeline which is scheduled to be completed and operational by July 1, 2013. The pipeline is now completed to our North gate and is close to final flushing and connection to the GREC system.

g. Status of Electrical Interconnect

This activity is complete.

3. Safety

The site has achieved 2,296,195 worker hours to date, with 14 recordable incidents and four lost time accidents to date. Fagen continues to place a high priority on workplace safety by conducting regularly scheduled tool box safety meetings. All new employees and subcontractors must attend and pass the Safety Orientation and Training Course.

GREC and Fagen continued to meet with the GRU Plant Manager to enforce the security plan, and the GRU Plant and GREC site utilize the same security company to enhance communications between guards located at the entrance gates of each facility.

4. Environmental

The CEMS operating procedure has been submitted to FDEP. A final procedure review will be held on June 5th with CEMS Solutions regarding the air testing procedures. NAES has



developed various environmental management procedures which will be implemented. Representatives of the Alachua County Environmental Protection Department will be on site on June 19th to discuss emissions testing and for a site walk down.

5. Quality Control

GREC has monitored the EPC contractor's implementation of quality control, including but not limited to document control, material control including receipt, storage, and handling, and an independent third-party inspector's performance regarding soils and concrete testing, and submittal of detailed reports. Quality control surveillance and monitoring have been in place since mobilization on March 21, 2011, and the current status is that the Project is operating in accordance with industry standards.

The GREC team continues to closely monitor hydro tests, motor alignments and run-ins, and welding throughout the site, ensuring that Fagen's attention to weld control and welder certifications remains high level. GREC also and continues to monitor material receipt and control, including preventative maintenance. X-rays of welds remain ongoing, and GREC participates with Fagen's QC Dept. to review the x-rays and monitor any necessary weld repairs. The repair rate has been holding under 4% and is acceptable for a job of this size.

6. Start-up and Commissioning

UEI continues to control the lock-out/tag-out (LOTO) process throughout the site without incident to date. UEI also participates with GREC and Fagen during weekly integrated schedule updates, and start-up progress to date is consistent with the overall plan. The wood yard loop checks are complete, including conveyors 9 and 10, and a Wolf technical assistant (TA) will be re-mobilized in June to complete programming for the boiler PLC interface. UEI is interacting with Metso Automation and has the DCS up and running, with loop checks 52% complete. An additional two I&C technicians will be mobilized in June to expedite loop checks. Instrument calibrations are 85% complete and on schedule. The remote rack room in the boiler is energized and check-outs are ongoing. The STG has been placed on turning gear, and Siemens' TA's have been re-mobilized to continue commissioning activities. The control oil system will be commissioned in early June.

The Co-Gen Cleaning TA has been mobilized, and hydrolazing of the deaerator storage tank and closed cycle cooling water system (CCW) has been completed. The equipment and temporary piping associated with chemical cleaning of the boiler and associated piping systems have been received and are being set in place to begin the chemical cleaning process in early June.

The wood yard is operational, and as mentioned earlier, the Wolf TA will return in June for



programming the PLC interface with the boiler.

The water treatment systems and ZLD have been commissioned with the exception of the vapor compressor that is schedule for June, and the cooling tower and circulating water system are operational.

Lube oil flushes of boiler fan motors are complete, and motor run-ins are scheduled for June. The bottom ash and fly ash drag conveyors have been commissioned.

GREC, UEI, and NAES are performing start-up system walk downs to establish punch lists on a daily basis and are implementing review of start-up system turnover packages.

Fagen has awarded contracts for performance testing and emissions testing, and the associated procedures are being generated for review and comment. The air emission testing procedure is in the final review and the performance test procedure next draft is due mid-June. UEI is generating the drafts of the System Operating Procedures and System Integrated Operating Procedures, and these will be submitted for review and comment in June.

7. Operations and Maintenance (O&M)

A major item of focus during May was updating the budget. Now that the equipment O&M manuals are in and purchase orders are issued for all commodities, accurate cost data is available. We continued to work on the long-term technical service agreement (LTSA) with Metso to cover maintenance and support of the boiler island. NAES employees supported GREC in system walk downs and inspection of equipment during May.

NAES staff conducted the following activities during May:

Hiring:

All personnel are on board with the exception of four remaining fuel yard operators. They are being hired in a staged manner to match fuel yard work load. We continued scheduling, interviewing, testing, and selection of fuel yard personnel. Two new employees started in May. The table on the next page summarizes the NAES staffing activity through May 31st.



NAES Staffing Summary

Position	Openings	Hired	Remaining
Plant Manager	1	1	0
Operations Supervisor	1	1	0
Maintenance. Supervisor	1	1	0
Office Supervisor	1	1	0
Maintenance Planner	1	1	0
Plant Engineer	1	1	0
Lead Control Room Operator	4	4	0
Auxiliary Plant Operator	8	8	0
Water Treatment Operator	4	4	0
Fuel Yard Operator	10	6	4
EIC Technician	3	3	0
Maintenance Technician	4	4	0
Warehouse Technician	1	1	0
Administrative Assistant	1	1	0
Total	41	37	4

Creation of Site Procedures:

NAES Tech Services has completed drafts of 33 Operating Procedures, 28 System Descriptions, and nine Emergency Operating Procedures year to date. They have been delivered to the plant, and plant personnel are reviewing and editing them. The process of drafting, reviewing and issuing the procedures will continue for several months, as plant systems are commissioned and final walk downs are conducted.

Training

OEM training is almost complete. Training on the station service and generator transformers is yet to be completed. Bentley Nevada providing training on the vibration monitoring equipment they supplied. Additional training on the switchgear was provided by Square D. The plant conducts weekly safety training on various topics in the NAES safety manual. Employees also continue to work through the GPI Learn on-line training courses.

Operations:

We met with GRU System Control personnel for introductions and discussions of communication with them as we begin operating. We hosted those same personnel on two plant visits to enhance future working relationships. We performed respirator fit



testing for all employees. The remanufactured Wagner Chip Dozer was delivered on site and placed into service. We began receiving water chemistry lab equipment and supplies. Operations crews performed multiple system walk downs to support turnover. Employees began a two-crew rotation to provide seven-day coverage that mirrors the construction schedules.

Spare Parts Selection and Purchasing:

The purchase of spare parts is well underway. So far, spares have been ordered for:

- Water treatment system
- Boiler systems, including control system
- Wood yard
- Condenser
- Boiler feed water system

We ordered additional spare parts for boiler systems as a result of deciding not to enter into a long-term service agreement (LTSA) with Metso for the boiler island but rather to focus on a long-term technical service agreement. Under the LTTSA, Metso will provide technical advice and consulting services while NAES staff will perform many of the maintenance services and repairs.

Maintenance:

We continue meeting with vendors and service providers to identify and evaluate sources for services on specialized plant equipment and services. We met with vacuum truck service providers, plant maintenance contractors, and elevator, HVAC, and grounds keeping service providers. We continue setting up equipment files for all plant equipment. Maintenance staff also met with numerous other vendors who will provide various parts and services. Equipment folders work continues. We fitted all employees for fall protection gear. Mechanics identified and gathered information on rotating equipment for setup in the SKF machinery health vibration program.

Environmental Permitting and Readiness:

The HCl/HF CEMS Operating Plan was received by FDEP on May 28th, beginning their sixty-day review cycle. The CEMS Monitoring Plan and QA/QC plan are in progress with a target completion date of June 10th. Discussion and resolution regarding other CEMS plans are ongoing with ECT. The Spill Prevention, Control and Countermeasure (SPCC) plan is pending finalization. Ash disposal alternative use discussions are ongoing, pending analysis of representative sample data. We have received and are



reviewing and updating the draft Environmental Binder and the Issues & Actions tracking spreadsheet. May 1st marked the beginning of ozone season, and discussions with the Owner will be revisited regarding new source set-aside allowance purchases in the upcoming weeks. The emergency diesel generator first start occurred on May 24th; load testing is pending. Additional stack ports were installed but the location orientation was incorrect, and the resolution is being tracked via the Site Deficiency Report (SDR).

Start-up Readiness Activities:

We continue witnessing rotating equipment checks, alignments, and resolution of problems. We are performing walk-downs on systems to check for completion of punch list items. We continue inspecting equipment before final completion.

Administrative Activities

We are managing requisitions and purchase orders and processed 43 purchase orders during May. We are continuing with vendor set-up and coordinating negotiation of T&Cs between vendors and GREC when necessary. We completed set-up and data entry for the online MSDS database. The office supervisor completed two new hire orientations.

8. Insurance

There is nothing to report for May.

9. Permits

All permits to construct are in place. There is nothing to report for May.

Appendix B: Construction Schedule Summary

The overall construction plan shows the project to be on schedule. A summary of the GREC construction schedule is attached as Appendix B.

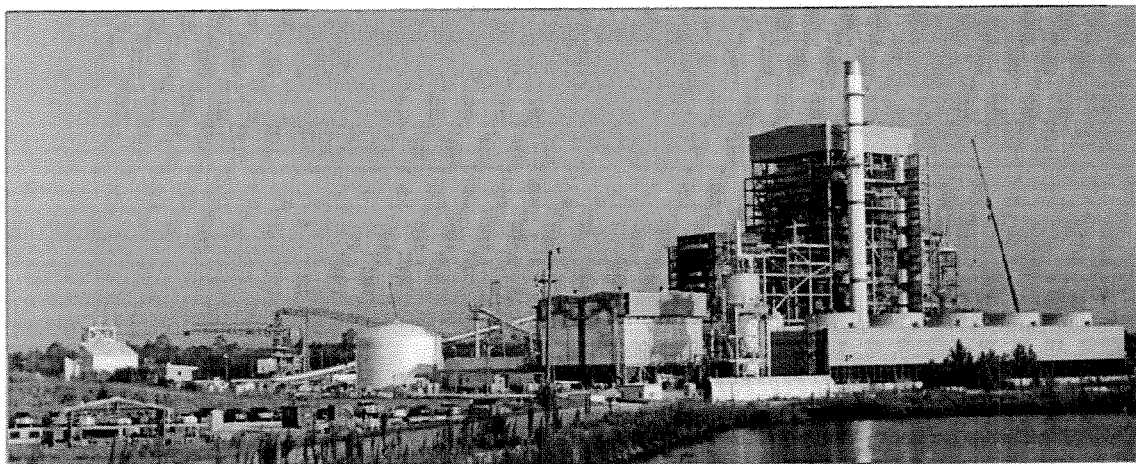
Appendix C: Construction Photos

A collection of construction photos for May 2013 is attached as Appendix C.



Gainesville Renewable Energy Center, LLC

Appendix B Construction Schedule Summary





GREC Construction Schedule Summary

Activity	Completion Date
Early Construction Activities Commenced	3/16/2011
Financing Closed	6/30/2011
Final Notice to Proceed Given to Fagen, Inc.	6/30/2011
Notice of Construction Commencement Issued to GRU	6/30/2011
<i>Construction Commencement Date</i>	<i>6/30/2011</i>
Boiler Foundation Complete	12/22/2011
Metso Mobilization on Site for Start of Boiler Erection	2/11/2012
Metso Steel Erection Start	3/12/2012
Construction of GRU Hague Switchyard Complete	5/07/2012
Steam Turbine Generator (STG) Foundation Complete	5/15/2012
138-kV Transmission Line	8/16/2012
GREC Substation Complete	9/28/2012
Backfeed and Soak Generator Step-Up Transformer	10/03/2012
Wood Yard Foundations Complete	10/08/2012
STG Delivered to Site	11/19/2012
Set and Install STG	2/14/2013
Boiler Hydro Test	2/21/2013
Solid Fuel Delivered to Site	4/03/2013
Boiler Refractory and Checks Complete	5/17/2013
Chemical Clean Complete	6/18/2013
STG on Turning Gear	6/26/2013
First Fire Natural Gas	7/07/2013
Firing on Solid Fuel	7/08/2013
CEMS Calibrated and In Service	7/10/2013
Steam Blow	7/22/2013
STG Steam to Turbine First Roll	8/05/2013
Initial STG Sync	8/07/2013
STG Full Load	8/13/2013
STG Outage - Remove Fine Screens	8/15/2013
200 Hour > 70% - Boiler and System Tuning	8/24/2013
500 Hour 100% - Boiler and System Tuning	9/11/2013
36-Hour Initial Output and Reliability Test	9/11/2013
Substantial Completion Performance Tests Completed	9/14/2013



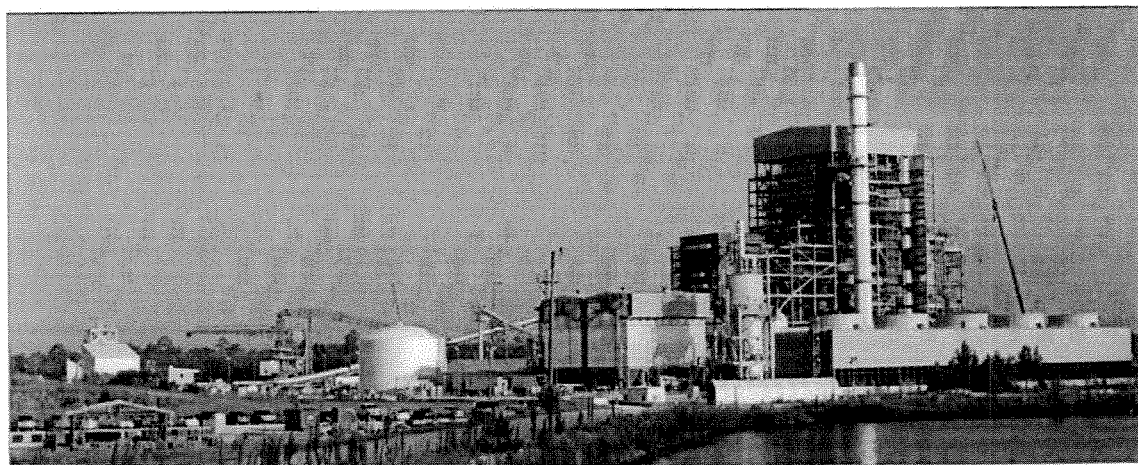
GREC Construction Schedule Summary
(continued)

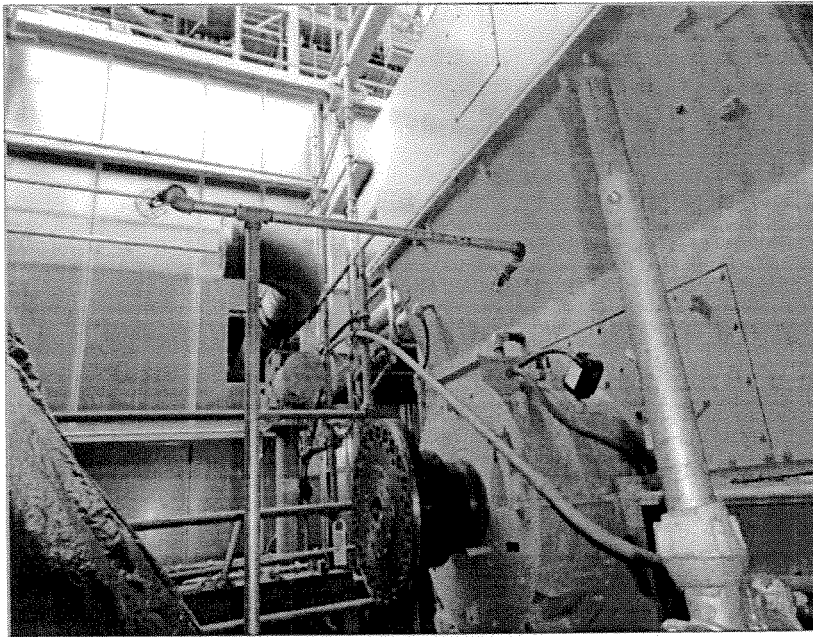
Activity	Completion Date
Notice of Test to Owner	9/12/2013
Metso Tuning of GREC Boiler / Pre-Emission Test	10/12/2013
Reliability Test (120 Hours)	10/13/2013
Air Emissions Percent Load Tests (100%, 90%, 80%, 70%)	10/14/2013
Heat Rate / Output Test	10/14/2013
CEMS RATATest	10/15/2013
Noise Test	10/17/2013
Submit Raw Data – Emission Test Results Processed	10/18/2013
Approve Final Report	11/08/2013
Commercial Operation Date	11/09/2013



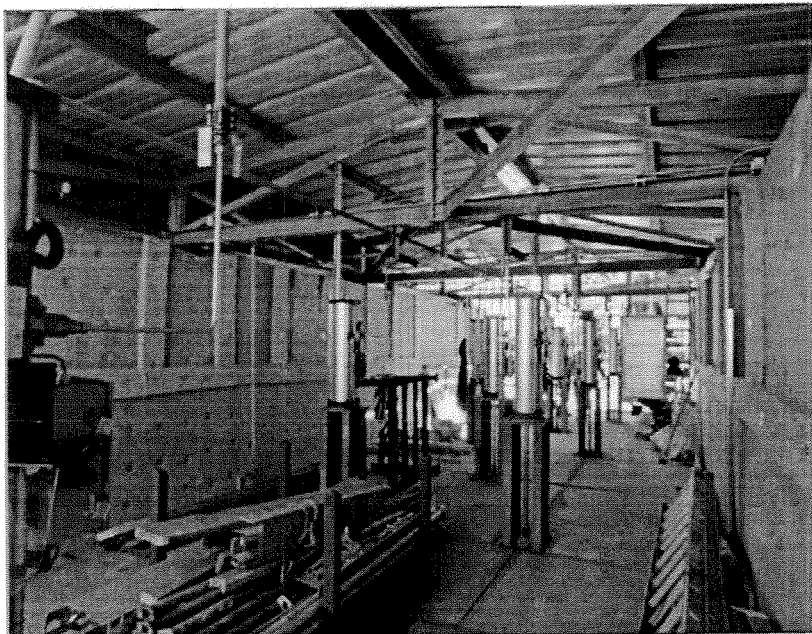
Gainesville Renewable Energy Center, LLC

Appendix C May 2013 Construction Photos

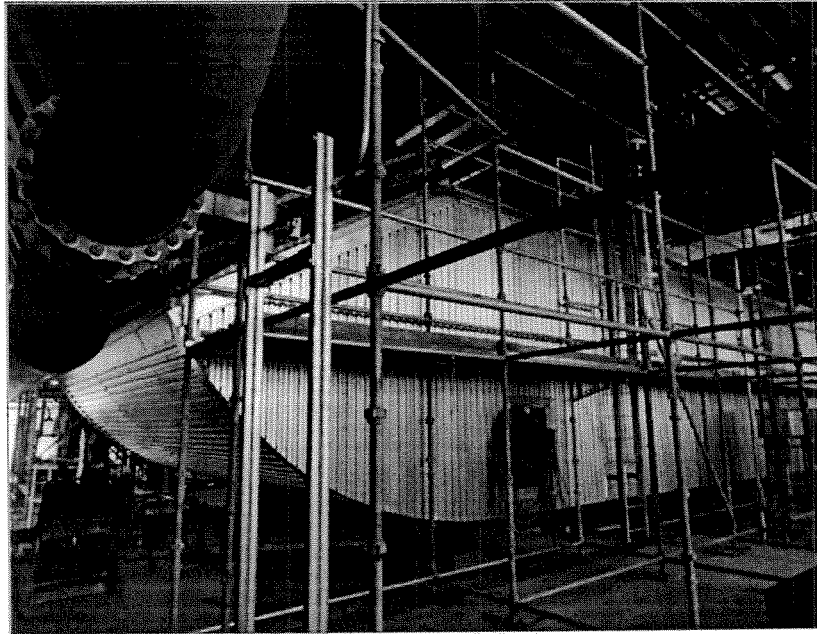




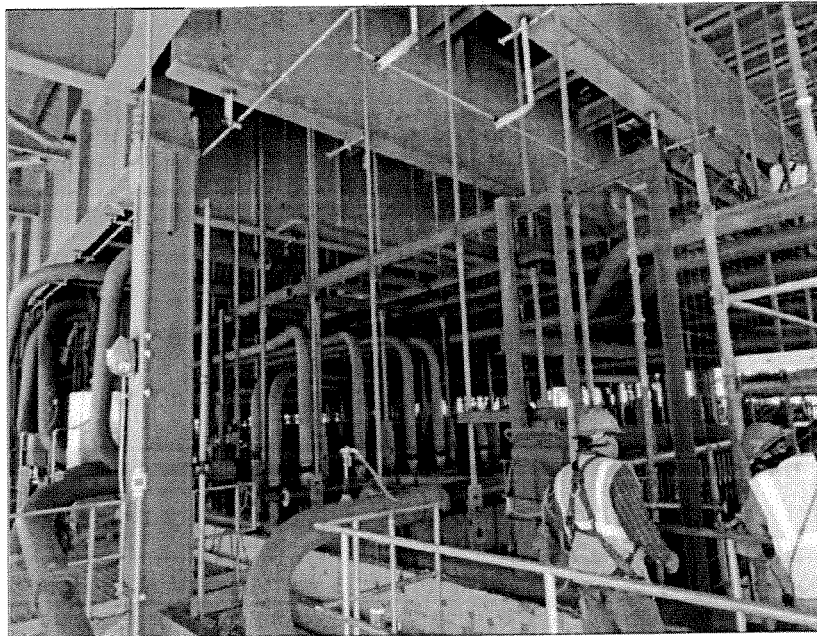
Spray Nozzles at STG Bearings
(07-May-2013)



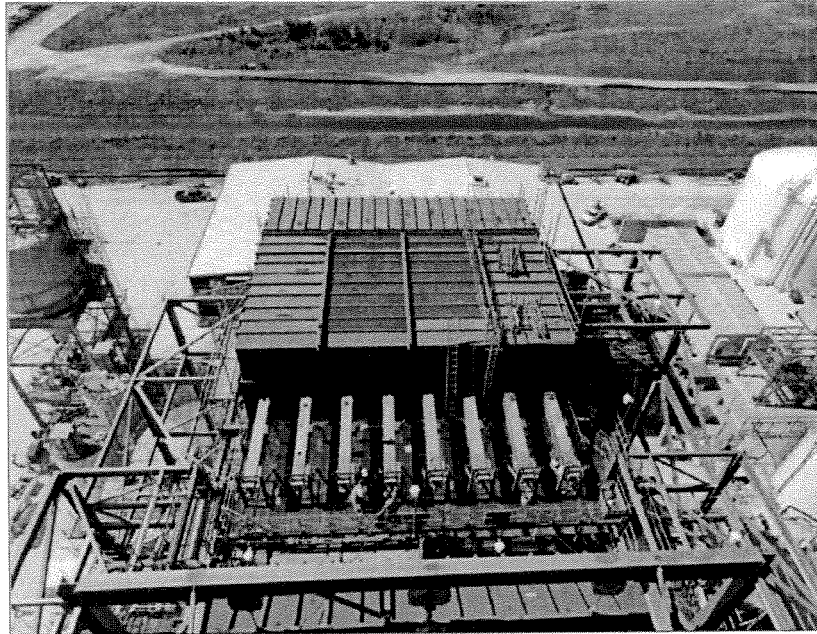
Outlet Poppets in Baghouse
(09-May-2013)



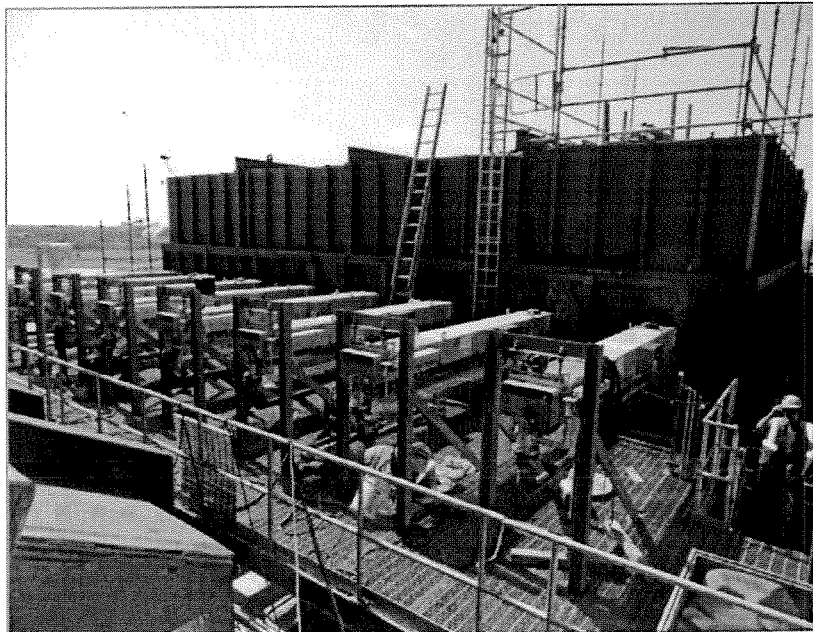
Lagging of Primary Air Ductwork
(09-May-2013)



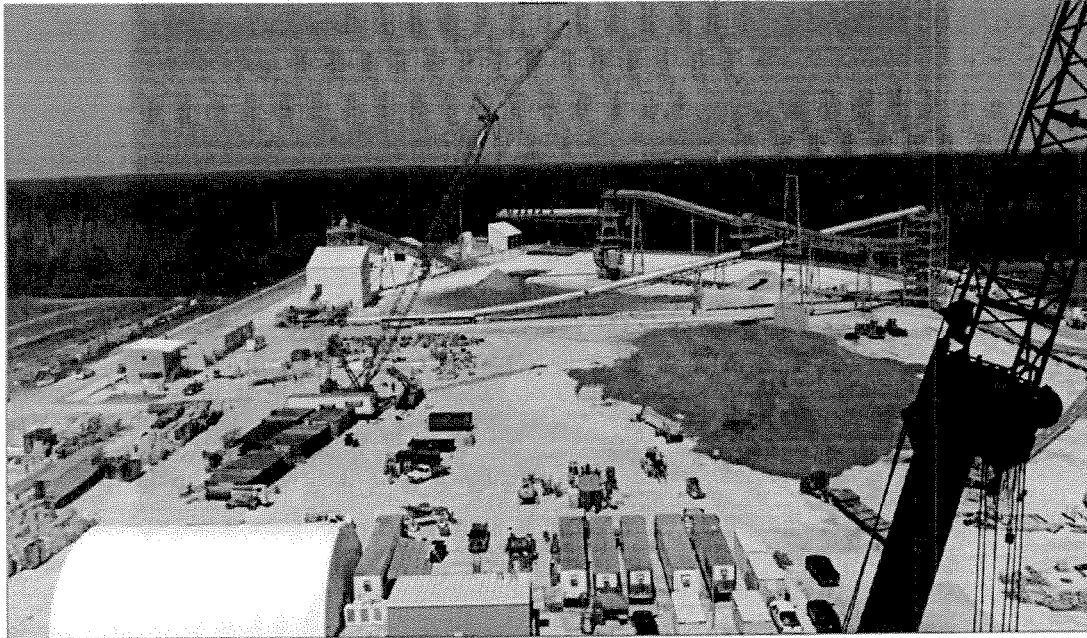
Boiler Platform – Elevation 343”
(09-May-2013)



Looking Down onto SCR Housing and Soot Bblowers
(09-May-2013)



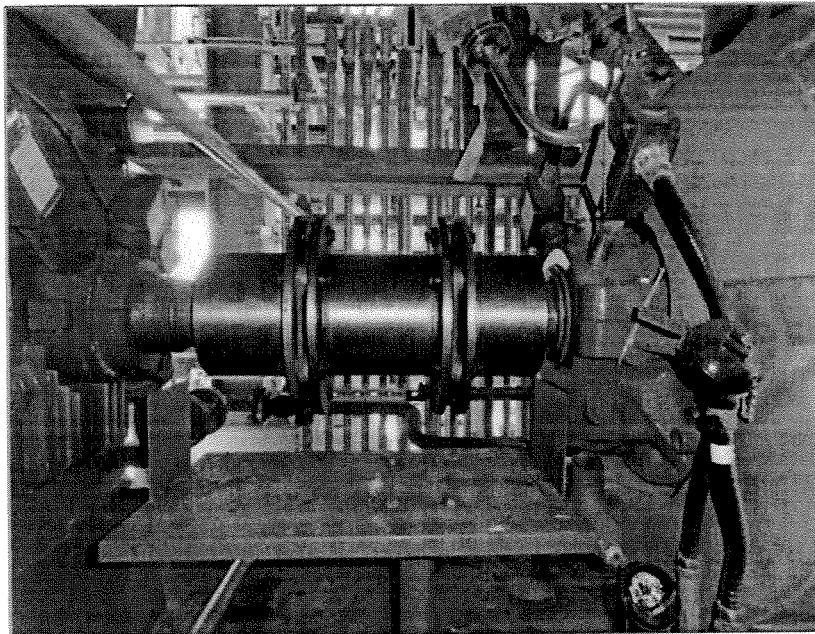
Soot Blowers at SCR Housing
(09-May-2013)



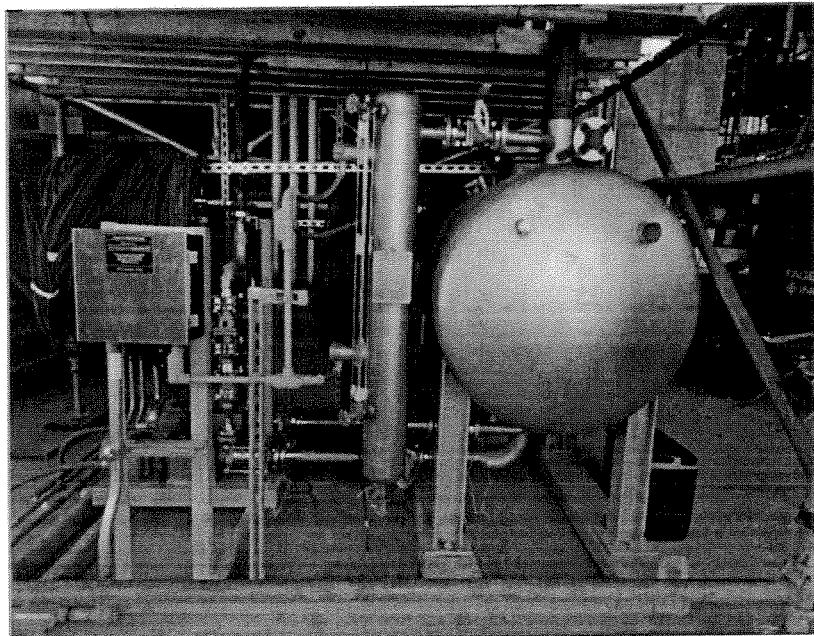
View of Initial Biomass Base in Wood Yard
(09-May-2013)



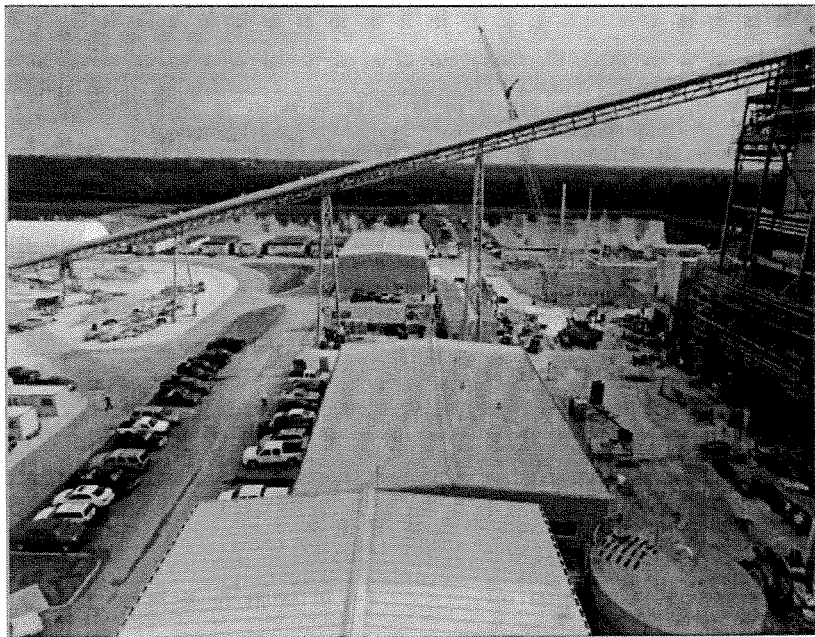
Stacker Reclaimer, Chip Dozer and Truck Tipper at Work
(10-May-2013)



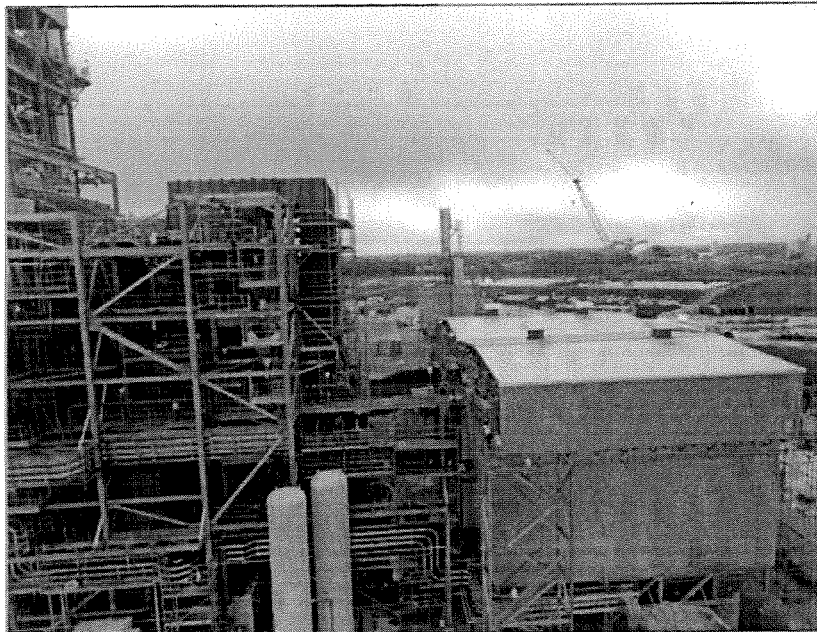
Boiler Feed Water Pump Coupling
(14-May-2013)



Siemens Drain Tank and System under STG Bay
(17-May-2013)



From Top of ZLD Evaporator
Looking North towards Conveyor #9
(21-May-2013)



From Top of ZLD Evaporator
Looking East towards Baghouse
(21-May-2013)

EXHIBIT 2

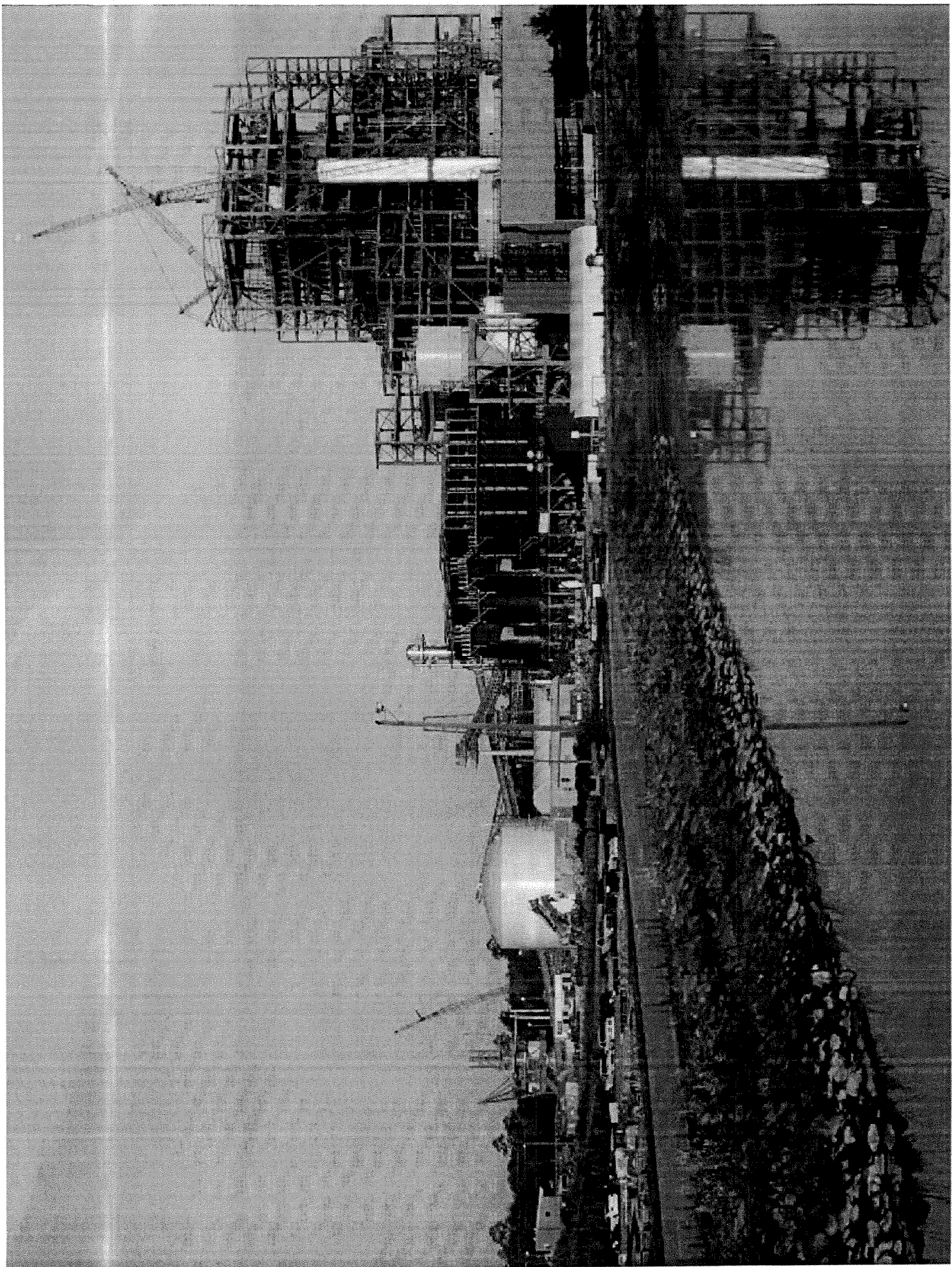


EXHIBIT 3

From: Jim Gordon <jgordon@emienergy.com>

Date: December 28, 2011 3:27:58 PM CST

To: "Hunzinger, Robert E" <HunzingerRE@gru.com>

Subject: Tyr Energy sale of their GREC minority interest to Starwood Energy

"Bob – this email is just to confirm our conversation yesterday relating to the transfer by Tyr Energy, Inc. of its approximately 40% indirect interest in the Gainesville Renewable Energy Center, LLC (GREC) to affiliates of Starwood Energy. Because it is a transfer of a minority interest in GREC, this transaction does not trigger GRU's Right of First Offer for the Facility under Section 27.3 of our PPA between GREC and GRU. Can you please confirm this back to me by return email? Thank you and I hope all is well.

Hope you are enjoying your vacation and best wishes for the new year.

Jim Gordon

President

Energy Management, Inc.

75 Arlington Street

Boston, Mass. 02116

Ph. 617-904-3100 x111

EXHIBIT 4



20 Park Plaza, Suite 320, Boston, MA 02116
(617) 904-3100 Fax (617) 904-3109
www.amrenewables.com

January 13, 2012

Bob Hunzinger
General Manager
Gainesville Regional Utilities
301 SE 4th Avenue
Gainesville, FL 32601

Dear Bob,

As requested by representatives of Gainesville Regional Utilities (GRU), I have set forth below information regarding the current ownership and management of the Gainesville Renewable Energy Center, LLC (GREC).

As of today's date, GREC is indirectly owned as set forth in the table below:

<u>Owner ^(a)</u>	<u>Percent Ownership</u>
Starwood Energy	40.324%
BayCorp Holdings Ltd	20.985%
Energy Management, Inc.	20.985%
Ron and Diane Fagen	17.706%
Total	100.000%

^(a) May include one or more affiliates of such entity

GREC is governed by a Board of Managers. Prior to the project completion date the Board of Managers will be composed of three individuals, one to be appointed by each of Starwood Energy, BayCorp Holdings and Energy Management, Inc. In addition, following the project completion date, Ron and Diane Fagen have the right to appoint one additional individual to the Board of Managers.

Each member may vote, through its appointed manager, on decisions of the company in proportion to its membership interests. Except for certain items requiring super-majority approval, an action by the Board of Managers requires approval of managers representing a majority ownership interest. The items requiring super-majority approval principally relate to: the amendment or termination of operative project documents, the approval or modification of an operating budget, and the transfer of an ownership interest.

GREC is managed on a day-to-day basis by Energy Management, Inc. (EMI) according to a Project Management Services Agreement. Pursuant to this agreement EMI will monitor work on the facility through the phases of permitting, design, engineering, procurement, construction, interconnection, start-up, performance testing, punch list follow-up and personnel training, and will represent GREC with respect to all matters arising under the construction agreement and other related contracts entered into



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by GREC with respect to the construction of the facility. In addition, EMI will monitor work under the fuel supply management agreement and ensure that the facility will have a sufficient supply of biomass material.

Please let me know if you require additional information.

Sincerely,

Albert Morales

Chief Financial Officer and Secretary

Gainesville Renewable Energy Center, LLC

EXHIBIT 5



20 Park Plaza, Suite 320, Boston, MA 02116
(617) 904-3100 Fax (617) 904-3109
www.amrenewables.com

GREC Draft 2/1/12

February [], 2012

Bob Hunzinger
General Manager
Gainesville Regional Utilities
301 SE 4th Avenue
Gainesville, FL 32601

Dear Bob,

As requested by representatives of Gainesville Regional Utilities (GRU), I, Albert Morales, Chief Financial Officer of Gainesville Renewable Energy Center, LLC (GREC), do hereby certify, on behalf of GREC, as to the following:

As of April 29, 2009, the Effective Date of the Power Purchase Agreement between GRU and GREC, GREC was a wholly owned subsidiary of American Renewables, LLC (AR). At this time, AR was indirectly owned as set forth in the table below:

Percent Ownership	Owner ^(a)
49.0%	Tyr Energy
25.5%	Energy Management, Inc.
25.5%	BayCorp Holdings Ltd.
100.0%	

^(a) May include one or more affiliates of such entity

Through their investment in AR, the members listed above owned membership interests in GREC on the Effective Date. None of the AR members listed above were, or are, affiliated¹ with any of the other members. On the Effective Date, none of such members had any voting trust or were party to any other agreement directing their voting or otherwise limiting their ability to act independently with respect to their membership interests.

On June 30, 2011, the date on which GREC closed its construction financing, GREC's membership interests were indirectly owned as follows:

¹ For purpose of this letter, an entity shall be "affiliated" with a second entity if the first entity directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the second entity. Control can be legal control through ownership as well as economic control through business relations that allow substantial economic influence that implicitly creates control (e.g., a manufacturer dependent on a supplier for parts). Furthermore, an entity shall be considered affiliated with a second entity if either owns, directly or indirectly, greater than 5% of the voting control of the other.



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Percent Ownership	Owner ^(a)
40.324%	Tyr Energy
20.985%	Energy Management, Inc.
20.985%	BayCorp Holdings Ltd.
<u>17.706%</u>	Ron and Diane Fagen
100.0%	

^(a) May include one or more affiliates of such entity

On December 30, 2011, Tyr Energy sold its ownership interests in the project to Starwood Energy.

As of today's date, GREC is indirectly owned as set forth in the table below:

Percent Ownership	Owner ^(a)
40.324%	Starwood Energy
20.985%	Energy Management, Inc.
20.985%	BayCorp Holdings Ltd.
<u>17.706%</u>	Ron and Diane Fagen
100.000%	

^(a) May include one or more affiliates of such entity

None of such GREC owners are affiliated with any of the others. None of such GREC owners have any voting trust or are party to any other agreement directing their voting or otherwise limiting their ability to act independently with respect to their membership interests.

GREC is effectively governed under the limited liability agreement of a parent entity by a Board of Managers. The owners listed in the table above may appoint and direct their respective representative on such Board of Managers but do not otherwise control GREC. Each such owner appoints its respective representative on the Board of Managers unilaterally. As GREC is under construction, the Board of Managers is currently composed of three individuals, one appointed by each of Starwood Energy, Energy Management, Inc. and BayCorp Holdings Ltd. Following the project completion date, Ron and Diane Fagen have the right to appoint one additional individual to the Board of Managers, but prior to that date, Ron and Diane Fagen are not represented on the Board of Managers.

Each owner may vote, through its appointed manager, on decisions of GREC and that vote is weighted in proportion to the member's ownership interests entitled to appoint a Manager at such time. Except for certain items requiring a super-majority approval of not less than 80% of the total ownership interests, an action by the Board of Managers requires approval of managers representing a simple majority ownership interest. Until the project completion date, the Ron and Diane Fagen interest is ignored for



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purposes of calculating a majority interest. For example, until the project is completed, BayCorp Holdings's Board of Manager representative has 20.985 out of 82.29 eligible voting interests. The items requiring super-majority approval principally relate to: the amendment or termination of operative project documents, the approval or modification of an operating budget, and the transfer of an ownership interest. All owners, including Ron and Diane Fagen, may vote on super-majority items.

GREC is managed on a day-to-day basis by EMI according to a Project Management Services Agreement. Pursuant to this agreement EMI will monitor work on the facility through the phases of permitting, design, engineering, procurement, construction, interconnection, start-up, performance testing, punch list follow-up and personnel training, and will represent GREC with respect to all matters arising under the construction agreement and other related contracts entered into by GREC with respect to the construction of the facility. In addition, EMI will monitor work under the fuel supply management agreement and ensure that the facility will have a sufficient supply of biomass material.

Other than as set forth above there are no other facts relevant to the determination of who and how GREC is controlled.

GREC believes that a change of control has not occurred with respect to GREC and therefore GRU does not have the right of first offer set forth in Section 27.3 of the Power Purchase Agreement.

Sincerely,

GAINESVILLE RENEWABLE ENERGY CENTER, LLC

By: _____

Name: Albert Morales

Title: Chief Financial Officer and Secretary