

April 18, 2016

Edward J. Bielarski, Jr., General Manager  
Gainesville Regional Utilities  
301 S.E. 4th Avenue  
Gainesville, FL 32614-7117

**Re: GRU Default Notice and Termination Threat**

Dear Ed:

This letter responds further to the notice of an alleged Seller Event of Default that GRU sent to the GREC Collateral Agent on March 31, 2016 ("Notice"). GREC sent GRU a letter dated April 11 that explained that GRU's default allegation and threat to terminate the Power Purchase Agreement are baseless. That letter also demanded that GRU retract the Notice and cease its interference with GREC's existing and prospective lending relationships and, as a result, its ability to refinance project loans. To date, GRU has ignored GREC's request.

GREC has now been informed by the financial advisor assisting GREC with its refinancing efforts that GRU's Notice and termination threat prevent GREC's refinancing efforts from proceeding. GRU's effort to escalate a narrow payment/outage-scheduling dispute into a pretextual threat to terminate the PPA is causing, and will continue to cause, actual and substantial economic harm to GREC.

You must realize that GRU's efforts here to exert improper leverage on GREC expose GRU and the City to millions of dollars in damages by preventing GREC from refinancing hundreds of millions of dollars in project loans that were obtained to design, engineer, construct, and operate the GREC Facility. If GRU does not immediately withdraw its Notice and termination threat, GREC will enforce its rights against GRU and any other party responsible for the damage caused to GREC.

GREC looks forward to your prompt response and reserves all its rights under the PPA and the law.

Sincerely,



Jim Gordon

Cc: Gainesville City Commission  
Al Morales