# City of Quincy

City Hall

404 West Jefferson Street

Quincy, FL 32351

www.myquincy.net

## Meeting Agenda

**Tuesday, June 10, 2014**

**6:00 PM**

**City Hall Commission Chambers**

## City Commission

**Derrick Elias, Mayor (Commissioner District Three)**
**Micah Brown, Mayor Pro-Tem (Commissioner District Two)**
**Keith Dowdell (Commissioner District One)**
**Andy Gay (Commissioner District Four)**
**Daniel McMillan (Commissioner District Five)**

**AGENDA FOR THE REGULAR MEETING OF**
**THE CITY COMMISSION OF**
**QUINCY, FLORIDA**
**Tuesday**
**June 10, 2014**
**6:00 PM**
**CITY HALL CHAMBERS**

**Call to Order**

**Invocation**

**Pledge of Allegiance**

**Roll Call**

**Special Presentations by Mayor or Commission**

**Approval of the Minutes of the previous meetings**

1. Approval of Minutes of the 5/27/14 Regular Meeting
   (Sylvia Hicks, City Clerk)

**Public Hearings as scheduled or agendaed**

2. Ordinance No. 1063-2014 Second Reading – Annexation of Shaw and Redd Property

**Public Opportunity to speak on Commission propositions – (Pursuant to Sec. 286.0114, Fla. Stat. and subject to the limitations of Sec. 286.0114(3)(a), Fla. Stat.)**

**Resolutions**

**Reports by Boards and Committees**

**Reports, requests and communications by the City Manager**

3. Crystal River Unit 3 Settlement Agreement
   (Mike Wade, Interim City Manager)

4. Timbersale Contract Extension
   (Mike Wade, Interim City Manager)

5. Request for Proposal for Telecommunications Services
   (Mike Wade, Interim City Manager)

6. Bus Shuttle Service Continuation Discussion
   (Mike Wade, Interim City Manager; Bernard Piawah, Building and Planning Director)

7. NetQuincy Report
   (Mike Wade, Interim City Manager; Chris Jordan, Interim IT Director)

8. Accounts Payable Report as of June 5, 2014
   (Mike Wade, Interim City Manager; Jeffrey Williams, Interim Finance Director)

**Other items requested to be agendaed by Commission Member(s), the City Manager and other City Officials**

**Comments**

a) City Manager
b) City Clerk
c) City Attorney
d) Commission Members

**Comments from the audience**

**Adjournment**

*Item(s) Not in Agenda Packet

CITY COMMISSION
CITY HALL
QUINCY, FLORIDA

REGULAR MEETING
MAY 27, 2014
6:00 P.M.

The Quincy City Commission met in regular session Tuesday, May 27, 2014, with Mayor Commissioner Elias presiding and the following present:

Commissioner Micah Brown
Commissioner Daniel McMillan
Commissioner Gerald A. Gay, III
Commissioner Keith A. Dowdell

Also Present:

Interim City Manager Mike Wade
City Attorney John Grant
City Clerk Sylvia Hicks
Police Chief Walt McNeil
Interim Finance Director Jeffrey Williams
Customer Service Director Ann Sherman
Interim Information Technology Director Christopher Jordan
Account Specialist Catherine Robinson
CRA Manager Regina Davis
Parks and Recreation Director Gregory Taylor
Interim Public Works Director Reginald Bell
Fire Chief Scott Haire
Human Resources Director Bessie Evans
Executive Assistant to the City Manager Cynthia Shingles
Accountant III Joe Wiel
OMI Representative Terry Presnall
Sergeant At Arms Assistant Chief Glenn Sapp

**Call to Order:**

Mayor Elias called the meeting to order, followed by invocation and the Pledge of Allegiance.

**Special Presentations by Mayor or Commission**

*Rural County Summit Presentation by Gadsden County Sheriff Office*

Major Shawn Wood Emergency Management Coordinator and Howard Smith were present to invite the City Commission and any citizens to the 3rd Annual Rural Summit Presentation on July 9-12, he stated that representatives will be present to discuss their disasters from the following locations: West Texas – fertilizer explosion, Oklahoma – EF4 Tornado, Boulder, Colorado – flood, and Yarnell, Arizona – 19 Firefighters perished in a

fire. Major Wood stated that the volunteer session will be held Saturday, they will be at following restaurants Whippoorwill at Lake Talquin and West End Grill in Quincy and is expecting from 100 to 150 people.

**Approval of the Minutes of the previous meeting**

*Approval of the Minutes of the May 13, 2014 Regular Meeting*

Commissioner Dowdell made a motion to approve the minutes of the May 13, 2014 regular meeting with any necessary corrections. Commissioner Gay seconded the motion. The ayes were unanimous.

**Public Hearings as scheduled or agendaed**

*Ordinance No. 1063-2014 First Reading*

At a public hearing Commissioner Dowdell made a motion to read Ordinance No. 1063-2014 by title only. Commissioner Brown seconded the motion. Upon roll call by the Clerk, the ayes were: Commissioners Brown, McMillan, Gay, Dowdell, and Elias. The nays were none. The Clerk read the title as follows:

> AN ORDINANCE OF THE CITY OF QUINCY, FLORIDA RELATING TO THE ANNEXATION OF CONTIGUOUS PROPERTY TO THE CITY; PROVIDING FOR AUTHORITY; PROVIDING FOR ANNEXATION AND LEGAL DESCRIPTION; PROVIDING FOR A MAP OF ANNEXED AREA; PROVIDING FOR ZONING AND LAND USE; PROVIDING FOR COMPLIANCE WITH LAW; PROVIDING FOR FILING; AND PROVIDING FOR AN EFFECTIVE DATE.

Mayor Elias asked the audience if they had any comments either for or against the Ordinance. No one from the audience had any comments. Commissioner Dowdell made a motion to approve Ordinance No. 1063-2014 on first reading. Commissioner Brown seconded the motion. Upon roll call by the Clerk, the ayes were: Commissioners Brown, McMillan, Gay, Dowdell, and Elias. The nays were none. The ayes were unanimous.

**Public Opportunity to speak on Commission proposition – Pursuant to Sec. 286.0114, Fla. Stat. and subject to the limitations of Sec. 286.0114(3)(a), Fla. Stat.)**

Mr. Leonard Newton of 345 South 11th Street came before the Commission and alleged the following: The City Commission is not looking out for the best interest of the people by terminating the former City Manager, that cost approximately $150,000, breach of FMPA contract, bonds being questioned, energy contract being negotiated, breach of the charter by direct communication with employees, expose the City to litigation with no counsel, and not following Attorney's advice.

**Resolutions**

**Reports by Board and Committees**

**Reports, request and communications by the City Manager**

*Traffic Signal Agreement*

Commissioner McMillan made a motion to send a letter to the Department of Transportation stating that the City of Quincy wished to continue with the current Traffic Maintenance and Compensation Agreement in place at this time. Commissioner Dowdell seconded motion. The ayes were unanimous.

*Former City Manager's Pay*

Interim City Manager Mike Wade told the Commission that he is requesting approval for the payment of $68,708.10 to Jack L. McLean Jr. for unused leave pursuant to the contract between Jack L. McLean Jr. and the City of Quincy, dated October 7, 2008. Mr. Wade stated that the budgeted line item for salaries in the City Manager's budget has a balance of $70,000. Payment can be made from this line item using funds available in the cash account as long as a minimum balance is maintained for short term cash flow purposes. The payment from the cash account would be contingent upon an adequate balance. A transfer from reserves will be needed if the cash account balance is not sufficient to make the payment. Commissioner McMillan made a motion to approve payment of $68,708.10 for unused leave time from the cash account contingent upon available funds and authorize staff to transfer funds from reserves, if needed, in an amount not to exceed $68,000. Mayor Elias seconded the motion. Commissioner Brown asked if anyone had validated the leave time. Interim City Manager stated it is accurate. Commissioner Dowdell stated he is going to have to agree with Ms. Bass and just pay the former City Manager his leave and move on. Commissioner Gay asked the policy on paying an employee leave. The Interim Finance Director stated we pay them bi-weekly. Commissioner Gay stated then we should pay the former City Manager bi-weekly as well. Commissioner Dowdell stated that the former Manager had a contract. Commissioner Dowdell asked for a written opinion from the Labor Attorney on severance, leave, and retirement. Upon roll call by the Clerk, the ayes were Commissioners McMillan, Gay, and Elias. Nays were Commissioners Brown and Dowdell. The motion carried three to two.

*90 Day Old Account Status Report Update*

Customer Service Director Ann Sherman reported to the Commission that an additional $25,826.01 has been collected since the last report, thus reducing the arrears to $122,295.73. Commissioner McMillan stated that our Bond Covenant mandates that utilities customers must not go beyond 60 days. Interim City Manager Mike Wade reported that he met with the representative of the apartment complex and additional information is requested by both parties. Mr. Wade stated that the representative had agreed to pay half of the bill. Ms. Sherman reported that staff had communication with the bankruptcy company and was informed that the City would need to file a claim

against the company through the courts and the information has been forwarded to the Attorney. The Interim City Manager stated that the City Water customer will be sending us payment soon and we will delete the penalty. Ms. Sherman stated that we had to disconnect a business customer that did not abide by their agreement.

*Quincy Fire Department Monthly Report* – No comments.

*Financials/P-Card Statement*

Commissioner Gay stated that he still had a problem with the rate stabilization fund. He stated that former management sold them on the idea that a "fund" would be set aside to help stabilize the rates and a portion of every dollar that comes in on a utility payment, a portion would be placed in that fund. Interim Finance Director Jeff Williams stated the rate stabilization account is an expense and that no funds were placed in such account. Commissioner Dowdell asked if we were billing the customers for the rate stabilization. The Interim City Manager stated yes, we bill them per kilowatt hour.

Ms. Denise P. Hannah of 714 South 9th Street questioned the variation in the Verizon bill. Interim City Manager Mike Wade stated that it depends on the number of cell phones in each department, i.e. the Police Department would have more cell phones than the Customer Service Department.

Ms. Freida Bass Prieto of 329 East King Street stated according to the Finance Director, we will have a deficit at the end of the year of approximately $38,000, which is not a true depiction of our finances because we already have over $2 Million in debt from last year. She asked where the money is going.

**Other Items requested to be agended by Commission Member(s) the City Manager and other City Officials**

*Interim City Manager's Compensation*

Mayor Elias stated that Mr. Wade has done a good job as Interim City Manager. Commissioner Brown applauded Mr. Wade for a good job. Commissioner Gay asked if he would want a bonus or a percentage. Mr. Wade stated which ever would have the least impact on the budget. Interim Finance Director Jeff Williams stated that a percentage added to the salary on a bi-weekly and the funding source would be the Manager's salary line item and Utilities. Commissioner Gay made motion to authorize the Mayor to meet with the HR Director and Interim City Manager to come up with options as to the compensation for the Interim City Manager. Commissioner Brown seconded the motion. The ayes were unanimous.

**Comments**

*City Manager*

Interim City Manager Mike Wade asked the Commission if they were interested in the fireworks display for July 4th, he stated the cost ranged from $7,500 to $15,000.

Commissioner McMillan stated that he can't see us blowing up $15,000. Commissioner Gay stated he is not in favor of the fireworks display. Commissioner McMillan made a motion to forego the fireworks display this year. Commissioner Gay seconded the motion. Upon roll call, the ayes were Commissioners Brown, McMillan, Gay, Dowdell and Elias. The ayes were unanimous.

*City Clerk* – None

*City Attorney*

Attorney Grant requested an Executive Session for some upcoming litigation. The Commission scheduled the Executive Session Meeting for June 10, 2014 at 4:00 p.m.

*Commission Members*

Commissioner Dowdell asked the Interim City Manager about the paving of Martin Luther King, Jr. Boulevard and the ditch on Shelfer Street. He stated he would get with him later.

Commissioner Brown requested an update on traffic calming devices on 12th Street. The Manager stated that the City is short on funds for asphalt.

Commissioner Brown informed the Manager that the water fountain at the Jackson Height Park is not working.

Commissioner Brown asked the status of the Audit.

Commissioner Brown thanked Public Works for picking up some of the trash on Cooper Street but he stated that more cleaning needs to be done on that street.

Commissioner McMillan reported that the Florida League of Cities is hosting an Institute for Elected Municipal Officials in June and would like to attend but he is expecting a new baby around the 13th of June. He also stated that another class will be held in October and if the City can't afford to pay for the training, he would pay for it himself. Mayor Elias stated that we will have a new budget and we would put that in the budget.

Commissioner McMillan stated that he has had several complaints regarding the sidewalk repair on King Street.

Commissioner McMillan reported to the Commission that he has been looking at the finances for Netquincy and the collection rate is only 60%, we are losing approximately $400,000 a year, we need an alternative for our internet services and need to see what it would cost for one of the local services to take over and provide the service. He stated he don't know if we would have any support on this issue. He stated that if we are going to build a Police Station and have a rate stabilization fund.

Commissioner Gay requested a report on the collection rate for the NetQuincy billing.

Commissioner Gay stated that dogs are roaming in District IV with and without collars and unattended.

Commissioner Gay stated that there are some code issues on Franklin and Love Streets, grass over grown.

Commissioner Gay requested a report of all accounts that are 60 days in the arrears.

Commissioner Gay wished Mr. R.D. Edwards a Happy Birthday, he celebrated his 88th birthday today.

Mayor Elias stated that he supports Commissioner McMillan in getting an alternative for NetQuincy.

Mayor Elias asked the cost of a cemetery plot. The Clerk replied $500.00

Mayor Elias asked the status of the Police vehicles. Police Chief McNeil stated that they are on order and is approximately 30 to 45 days out.

Gadsden Education Foundation is hosting a Roast & Toast for Superintendent Reginald C. James on June 14, 2014 at East Gadsden High School and donations range from $250.00 to $1,000.00 and tickets are $20 each.

Mayor Elias reminded everyone that school is about to be out and be mindful that we have a youth protection ordinance.

**Comments**

Ms. Frieda Bass Prieto of 329 East King Street stated that the Commission needs to look at a budget amendment.

Mr. Leonard Newton of 345 South 11th Street stated that the City needs to partner with the Gadsden Economic Agency to bring businesses to Quincy/Gadsden County.

Ms. Pam Greenwald of 915 Magnolia Drive stated that there are several abandon houses in the neighborhood and over grown yards.

Mayor Elias reminded the Commission of the meetings scheduled for June 10, 2014, the first being the Executive Session at 4:00 p.m., CRA Meeting at 5:00 p.m. and City Commission Meeting at 6:00 p.m.

Commissioner Gay made a motion to adjourn. Commissioner Brown seconded the motion. There being no further business to discuss, the meeting was adjourned.

APPROVED:

_____

Derrick D. Elias, Mayor and
Presiding Officer of the City Commission
City of Quincy, Florida

ATTEST:

_____

Sylvia Hicks
Clerk of the City of Quincy
Clerk of the City Commission thereof

**ORDINANCE NUMBER 1063-2014**

AN ORDINANCE OF THE CITY OF QUINCY, FLORIDA RELATING TO THE ANNEXATION OF CONTIGUOUS PROPERTY TO THE CITY; PROVIDING FOR AUTHORITY; PROVIDING FOR ANNEXATION AND LEGAL DESCRIPTION; PROVIDING FOR A MAP OF ANNEXED AREA; PROVIDING FOR ZONING AND LAND USE; PROVIDING FOR COMPLIANCE WITH LAW; PROVIDING FOR FILING; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Commission has received a Petition for Voluntary Annexation of property Exhibit "A", attached hereto and made a part hereof by reference, regarding described property, Exhibit "B", which is within Gadsden County, Florida, and which is compact and contiguous to City of Quincy, City limits.

NOW THEREFORE BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF QUINCY, FLORIDA, AS FOLLOWS:

SECTION 1. AUTHORITY. The authority for enactment of this Ordinance is Section 166.021, Florida Statutes, and Section 171.044, Florida Statutes.

SECTION 2. ANNEXATION AND LEGAL DESCRIPTION. The property described below which is situated in Gadsden County, Florida, compact and contiguous to the City of Quincy, Florida, is hereby annexed to the City of Quincy and the City of Quincy's boundary lines shall be redefined and hereby amended to include such property within its City limits, to wit:

PARCEL NUMBER: 3-25-2N-4W-0000-00333-1000 (CONTAINING 49.04 ACRES):

OR 775 P 1714 OR 435 P 1037, OR 523 P 1147 COMMENCE AT THE NWC OF THE NE 1/4 OF THE SW 1/4 OF SECT. 26-2N-4W AND RUN S 00 DEG 10' 12" EAST 679.34 FT TO I-10 INTERCHANGE TO BEGIN: THENCE S 00 DEG 10'12" E 1685.90 FT; N 89 DEG 36'44" E 943.34 FT; N 87 DEG 00'00" EAST 473.79 FTTO INTERCHANGE; NE/LY ALONG CURVE OF INTERCHANGE AN ARC DIST OF 629.02 FT; N 12 DEG 15'33" E 196.50 FT; N 21 DEG 51'39" W 159.83 FT; NORTH 62 DEG 14'03" W 339.54 FT; N 62 DEG 07'07" W 660.56 FT; N 70 DEG 44'29" WEST 681.50 FT; N 70 DEG 48'08" W 92.49 FT TO THE P.O.B.

PARCEL NUMBER: 3-35-2N-4W-0000-00110-0100 (CONTAINING 49.71 ACRES):

NEW ENTRY FOR 2014 DESCRIBED AS FOLLOWS: BEGIN AT THE INTERSECTION OF W/LY BOUNDARY OF GOVT LOT 5 OF SECTION 35-2N-4W AND THE FORBES

PURCHASE LINE; THENCE NORTH 00*07'10" W 1693.47 FT TO SWC OF LANDS DESC'D IN OR 775 P 1714; THENCE RUN ALONG AN OLD FENCE LINE NORTH 89*39'58" E 943.34 FT; THENCE ALONG OLD FENCE LINE NORTH 87*00'00" E 473.62 FT TO THE W/LY R/W OF SR 267 ALSO KNOWN AS PAT THOMAS PKWY,AND A POINT OF CURVE TO RIGHT;THENCE

ALONG CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 5569.58 FT, ALONG AN ARC LENGTH OF 84.31 FT, HAVING A DELTA ANGLE OF 00*52'03" AND SUBTENDED BY A CHORD BEARING SOUTH 23*00'24" W 84.31 FT; THENCE CONTINUE ALONG SAID W/LY R/W BOUNDARY OF S R 267, SOUTH 24*13'23" W 1052.07; SOUTH 61*33'36" E 50 FT; SOUTH 28*26'23" W 1297.23 FT; THENCE ALONG CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 3769.83 FT, AALONG AN ARC LENGTH OF 276.85 FT, HAVING A DELTA ANGLE OF 04*12'28", AND SUBTENDED BY A CHORD BEARING SOUTH 30*32'38" W 276.79 FT; THENCE LEAVING SAID W/LY R/W NORTH 59*54'21" W 665.43 FT TO THE N/LY LINE OF LOT 37 LITTLE RIVER SURVEY FORBES PURCHASE; THENCE RUN ALONG SAID N/LY LINE OF LOT 37, NORTH 41*28'34" E 199.50 FT; NORTH 26*29'42" E 232.75 FT; NORTH 77*00'09" E 109.19 FT TO THE POINT OF BEGINNING. (CONTAINING 49.71 AC) SAID PARCEL SUBJECT TO A 30 FTEASEMENT, HAVING BEEN REC'D IN DEED BOOK 89 P 207.

PARCEL NUMBER: 5-0L-0R-0S-0000-37100-0000 (CONTAINING (723.807 ACRES):

OR 750 P 70 OR 34 P 74-OR 62 P 320- DB 111P 431 & 544- OR 156 P 685- BEGIN AT SWC OF SE1/4 OF SE1/4 OF SECT. 26-2-4, RUN N. 260 FT. MORE OR LESS TO AN EXISTING FENCE, E/LY ALONG SAID FENCE 1536.5 FT. MORE OR LESS TO W. R/WAY OF S. R. #267, S/WLY ALONG THE W. R/WAY OF SAID S. R. #267 TO WHERE SAID ROAD INTERSECTS THE FORBES PURCHASE LINE, E/LY ALONG SAID FORBES PURCHASE LINE TO THE NWC OF THE W1/2 OF LOT 34 LRS, S/WLY ALONG THE E. LINE OF THE W1/2 OF SAID LOT 34 TO THE SE CORNER OF SAID W1/2 OF LOT 34 LRS, N/WLY ALONG THE S. BOUNDARY OF LOTS 34 & 37 LRS TO THE SW CORNER OF LOT 37 LRS, N/ELY ALONG THE W. BOUNDARY LINE OF LOT 37 LRS TO THE NWC OF SAID LOT 37 LRS AND THE FORBES PURCHASE LINE, N/ELY ALONG THE N. BOUNDARY OF SAID LOT 37 WHICH IS THE FORBES PURCHASE LINE TO THE INTERSECTION OF SAID LINE WITH THE W. BOUNDARY LINE OF THE E1/2 OF NE1/4 OF FRACTIONAL SECT. 35-2-4, RUN N. ALONG SAID W. BOUNDARY LINE OF SAID E1/2 OF NE1/4 TO POB. ALSO: COMM. AT NWC OF FRACTIONAL SECTION 36-2-4., RUN S. 382.8 FT., E. 1106 FT., S. 1175 FT. TO BEGIN, RUN E. 70 YDS., N. 35 YDS., W. 70 YDS., S. 35 YDS. TO P.O.B. LESS 1.5 ACRES PER OR 60, P. 521 AND LESS PT TO SRD LESS PT TO DOT PER OR153P228 LESS PT PER OR 156 P 683 CONTAINING 2 ACRES. ALSO: COMM AT SEC OF 44, LRS, RUN N 07 DEG 05 MIN E 2952.18 FT TO POB. RUN N 08 DEG 45 MIN E 725.11 FT TO E SIDE OF STATE ROAD #267, S 31 DEG 46 MIN W 62 FT., 27 DEG 39 MIN W 100 FT., S 25 DEG 43 MIN W 100 FT., S 24 DEG 25 MIN W 100 FT., S 22 DEG 55 MIN W 100 FT., S 21 DEG 25 MIN W 100 FT., S 81 DEG 10 MIN E 230.9 FT TO POB. LESS 5 AC PER OR 202 P 506. & OR 219 P 548 & 550. REF OR 219 P 454 LESS 5

ACRES PER OR 293 P 355 OR 402 P 607 ALSO: LOT 44 LRSCOMMN AT THE SEC, N 06 DEG 23MIN 38 SEC E ALONG BDNY LINE OF LOTS 37 & 44 A DISTANCE OF 1309.54 FT FOR POB. FROM POB N06 DEG 23 MIN 38 SEC E, N 83 DEG 36 MIN 22 SEC W 327.87 FT ON THE E/LY R/WAY BDNY OF SR 267, 100 FT R/WAY. S 06 DEG 32MIN 00 SEC W ALONG E/LY R/WAY BDNY A DISTANCE OF 30 FT, S 83DEG 36 MIN 22 SEC E 327.95 FT TO THE P.O.B. & LESS PART PER OR 564 P 781. LESS THE FOLLOWING SPLIT TO 35-2N-4W-110-01 FOR 2014 AND DESCRIBED AS FOLLOWS: BEGIN AT THE INTERSECTION OF W/LY BOUNDARY OF GOVT LOT 5 OF SECTION 35-2N-4W AND THE FORBES PURCHASE LINE; THENCE NORTH 00*07'10" W 1693.47 FT TO SWC OF LANDS DESC'D IN OR 775 P 1714; THENCE RUN ALONG AN OLD FENCE LINE NORTH 89*39'58" E 943.34 FT; THENCE ALONG OLD FENCE LINE NORTH 87*00'00" E 473.62 FT TO THE W/LY R/W OF SR 267 ALSO KNOWN AS PAT THOMAS PKWY,AND A POINT OF CURVE TO RIGHT;THENCE ALONG CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 5569.58 FT, ALONG AN ARC LENGTH OF

84.31 FT, HAVING A DELTA ANGLE OF 00*52'03" AND SUBTENDED BY A CHORD BEARING SOUTH 23*00'24" W 84.31 FT; THENCE CONTINUE ALONG SAID W/LY R/W BOUNDARY OF S R 267, SOUTH 24*13'23" W 1052.07; SOUTH 61*33'36" E 50 FT; SOUTH 28*26'23" W 1297.23 FT; THENCE ALONG CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 3769.83 FT, AALONG AN ARC LENGTH OF 276.85 FT, HAVING A DELTA ANGLE OF 04*12'28", AND SUBTENDED BY A CHORD BEARING SOUTH 30*32'38" W 276.79 FT; THENCE LEAVING SAID W/LY R/W NORTH 59*54'21" W 665.43 FT TO THE N/LY LINE OF LOT 37 LITTLE RIVER SURVEY FORBES PURCHASE; THENCE RUN ALONG SAID N/LY LINE OF LOT 37, NORTH 41*28'34" E 199.50 FT; NORTH 26*29'42" E 232.75 FT; NORTH 77*00'09" E 109.19 FT TO THE POINT OF BEGINNING. (CONTAINING 49.71 AC) SAID PARCEL SUBJECT TO A 30 FTEASEMENT, HAVING BEEN REC'D IN DEED BOOK 89 P 207.

SECTION 3. MAP OF ANNEXED AREA. The property annexed is specifically set forth in the map marked as Exhibit "B", attached hereto and made part hereof by reference.

SECTION 4. ZONING AND LAND USE. Pursuant to general law, the property hereby annexed was subject to Gadsden County land development, land use plan, zoning and subdivision regulations which still remain in full force and effect until rezoned by the City of Quincy to comply with the comprehensive plan.

SECTION 5. COMPLIANCE WITH LAW. The property shall be subject to all of the laws, ordinances and regulations in effect in the City of Quincy upon the effective date of this Ordinance.

SECTION 6. FILING. Upon passage, the City Clerk is directed to file a certified copy of this ordinance with the Clerk of Circuit Court of Gadsden County, the Chief Administrative Officer of Gadsden County and with the Florida Department of State, within 7 days after adoption of this ordinance, as directed by general law.

SECTION 7. EFFECTIVE DATE. This ordinance shall become effective upon its adoption by the City of Quincy City Commission and signature of the Mayor.

**INTRODUCED IN OPEN SESSION OF THE CITY COMMISSION OF THE CITY OF QUINCY, FLORIDA THIS 27TH DAY OF MAY 2014.**

**ADOPTED BY THE CITY COMMISSION OF THE CITY OF QUINCY, FLORIDA, THIS 10TH DAY OF JUNE, 2014.**

APPROVED:

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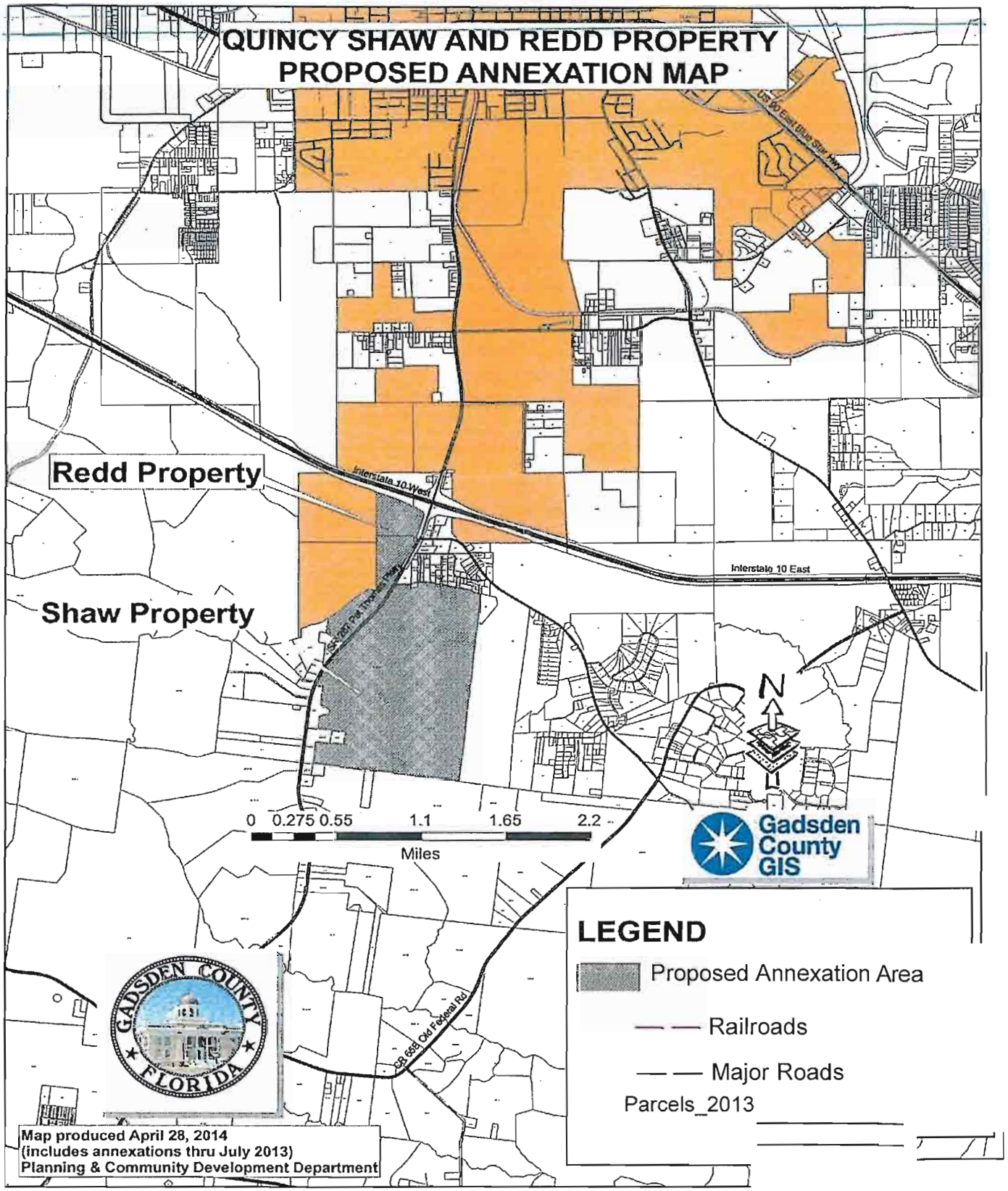
Derrick D. Elias, Mayor and Presiding Officer of the City Commission and of City of Quincy, Florida

ATTEST:

_____

Sylvia Hicks, City Clerk

**EXHIBIT B**


QUINCY SHAW AND REDD PROPERTY
PROPOSED ANNEXATION MAP
Redd Property
Shaw Property
Interstate 10 West
Interstate 10 East
US 90 East Blue Star Hwy
CR 267 Pat Thomas Pkwy
CR 65B Old Federal Rd
N
0 0.275 0.55 1.1 1.65 2.2
Miles
Gadsden County GIS
LEGEND
Proposed Annexation Area
Railroads
Major Roads
Parcels_2013
GADSDEN COUNTY FLORIDA
Map produced April 28, 2014
(includes annexations thru July 2013)
Planning & Community Development Department

# CITY OF QUINCY
# CITY COMMISION
# AGENDA REQUEST

| | |
|---|---|
| Date of Meeting: | June 10, 2014 |
| Date Submitted: | June 5, 2014 |
| To: | Honorable Mayor and Members of the City Commission |
| From: | Mike Wade, Interim City Manager<br>Bernard O. Piawah, Director, Building and Planning |
| Subject: | Second Reading of Ordinance Number 1063-2014 Pertaining to the Annexation of the Shaw and Redd Properties Located on Pat Thomas Pkwy (S.R. 267), Gadsden County Florida |

**Statement of Issue:**

The is a request for Second Reading of Ordinance Number 1063-2014 regarding the annexation of the Shaw and Redd properties located on Pat Thomas Pkwy, Gadsden County. The Commission approved the first reading of the Ordinance on May 27, 2014. The second reading of the Ordinance has been properly noticed and advertised pursuant to the requirements of Chapter 171.044, Florida Statutes. Attached to this memorandum is Ordinance Number 1063-2014 for second reading. The map of the annexation area is attached to the Ordinance.

**Background:**

On October 8, 2013, the City Commission voted unanimously in support of the annexation of the IFAS property and the adjacent private properties: the Shaw's parcels (774 acres); and the Redd parcel (49 acres) located on Pat Thomas Pkwy. (See the agenda Item for the meeting of October 8, 2013). Since the IFAS property lies between the City's southern limit and these properties, the City first proceeded with the annexation of the IFAS property (883 acres) which was adopted by the Commission on April 8, 2014 (Ordinance No. 1061-2014).

The subject properties for the annexation are vacant parcels located at the southwest corner of the intersection of State Road 267 and I-10 (See Table 1 below and the attached map).

**Table 1**
**Proposed Annexation Land Area**

| No. | Property Owner | Size (acres) | Condition of Property | Taxable Value ($) |
|---|---|---|---|---|
| 1. | Redd Property II LLC | 49 | Vacant undeveloped Ag. land | 6,962 |
| 2. | ElDorado Properties I LLC | 50 | Vacant undeveloped Ag. land | 6,962 |
| 2. | Shaw Property | 774 | Vacant undeveloped Ag. land | 255,471 |
| Total | | 873 | | 269,395 |

**Cost Benefit Analysis:**

**Benefit:**

The benefit of this annexation is that it provides the City with direct access to the I-10 interchange. This annexation puts the City's boundary prominently on I-10 and gives the City the limelight and visibility it needs on I-10. Interstate 10 is a major transportation corridor and the backbone of economic development in North Florida. At the moment, the cities of Gretna and Greensboro on our west have extended their boundaries to I-10 and beyond. Similarly, the City of Midway on our east has extended its boundaries to incorporate the I-10 interchange. It is only the City of Quincy, located less than a mile from the I-10 interchange, and Chattahoochee whose boundaries do not include a portion of the I-10 corridor. This annexation gives the City the crucial highway presence that is essential for the City's future growth and economic development. The City's adopted comprehensive plan identifies this area as the highest priority area for annexation into the City. Thus, this annexation will enable the City to accomplish its highest annexation priority. This annexation, together with the IFAS annexation just completed, expands the City's boundary by about 37 percent.

Furthermore, this annexation will contribute immensely to the City's tax base in the future. These properties are located at the southwest corner of the I-10 interchange which makes them very attractive for commercial development. The southeastern corner of the interchange is already developed for hotel uses and the southwestern corner is well suited for the location of restaurants and other highway related commercial uses. These parcels are currently vacant Ag land with a total taxable value of $269,395.00; when converted to commercial and other urban uses, the value will increase substantially, which will be a boost to the City's tax base.

**Cost:**

There is no cost to the City for annexing these properties. The City currently does not provide services (water, sewer, etc.,) to the annexed properties and there will be no loss in revenues due to the annexation. The City currently provides water and sewer

services to the area through a 2-inch line that extends from the junction of Joe Adams Road and Pat Thomas Parkway to the IFAS facilities which could be extended in the future to serve the annexed parcels when the demand arises. The City's use of the 2-inch line was strategic; the City initially planned to install a 4-6-inch line in the area but there was no growth demand to utilize it at the time. At the moment, the only demand that the City has in the area is from IFAS and the current 2-inch line, which is more than adequate to serve that demand with extra capacity to serve additional users.

**Conclusion:**

The City's staff believes that this annexation is in the best interest of Quincy and is needed to support the growth of the City. It was the City's priority and long held aspiration to extend its boundary to the I-10 intersection; the annexation presented in this agenda item would enable the City to implement this objective. In the absence of this annexation, the City will not gain access to the valuable land surrounding the I-10 intersection, which will deprive the City of the economic advantages that pertain thereto. This annexation will enable the City to accomplish its highest annexation priority. In view of that, the City's staff is asking the City Commission to approve the second reading of Ordinance Number 1063-2014 for the annexation of the Shaw and Redd properties located at the intersection of Highway 267 and I-10, Gadsden County, Florida.

**Options:**

Option 1: Vote to approve Ordinance Number 1063-2014 for the annexation of the Shaw and Redd properties located at the intersection of Highway 267 and I-10, Gadsden County, Florida.

Option 2: Do not vote to approve Ordinance Number 1063-2014 for the annexation of the Shaw and Redd properties located at the intersection of Highway 267 and I-10, Gadsden County, Florida.

**Staff Recommendation:**

Option 1

**Attachments:**

1) Ordinance Number 1063-2014 with the annexation map.
2) Agenda Item for the meeting of October 8, 2013, where the City voted unanimously to proceed with the annexation.

# ATTACHMENT 1

## ORDINANCE NUMBER 1063-2014

AN ORDINANCE OF THE CITY OF QUINCY, FLORIDA RELATING TO THE ANNEXATION OF CONTIGUOUS PROPERTY TO THE CITY; PROVIDING FOR AUTHORITY; PROVIDING FOR ANNEXATION AND LEGAL DESCRIPTION; PROVIDING FOR A MAP OF ANNEXED AREA; PROVIDING FOR ZONING AND LAND USE; PROVIDING FOR COMPLIANCE WITH LAW; PROVIDING FOR FILING; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Commission has received a Petition for Voluntary Annexation of property Exhibit "A", attached hereto and made a part hereof by reference, regarding described property, Exhibit "B", which is within Gadsden County, Florida, and which is compact and contiguous to City of Quincy, City limits.

NOW THEREFORE BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF QUINCY, FLORIDA, AS FOLLOWS:

SECTION 1. AUTHORITY. The authority for enactment of this Ordinance is Section 166.021, Florida Statutes, and Section 171.044, Florida Statutes.

SECTION 2. ANNEXATION AND LEGAL DESCRIPTION. The property described below which is situated in Gadsden County, Florida, compact and contiguous to the City of Quincy, Florida, is hereby annexed to the City of Quincy and the City of Quincy's boundary lines shall be redefined and hereby amended to include such property within its City limits, to wit:

PARCEL NUMBER: 3-25-2N-4W-0000-00333-1000 (CONTAINING 49.04 ACRES):

OR 775 P 1714 OR 435 P 1037, OR 523 P 1147 COMMENCE AT THE NWC OF THE NE 1/4 OF THE SW 1/4 OF SECT. 26-2N-4W AND RUN S 00 DEG 10' 12" EAST 679.34 FT TO I-10 INTERCHANGE TO BEGIN: THENCE S 00 DEG 10'12" E 1685.90 FT; N 89 DEG 36'44" E 943.34 FT; N 87 DEG 00'00" EAST 473.79 FTTO INTERCHANGE; NE/LY ALONG CURVE OF INTERCHANGE AN ARC DIST OF 629.02 FT; N 12 DEG 15'33" E 196.50 FT; N 21 DEG 51'39" W 159.83 FT; NORTH 62 DEG 14'03" W 339.54 FT; N 62 DEG 07'07" W 660.56 FT; N 70 DEG 44'29" WEST 681.50 FT; N 70 DEG 48'08" W 92.49 FT TO THE P.O.B.

PARCEL NUMBER: 3-35-2N-4W-0000-00110-0100 (CONTAINING 49.71 ACRES):

NEW ENTRY FOR 2014 DESCRIBED AS FOLLOWS: BEGIN AT THE INTERSECTION OF W/LY BOUNDARY OF GOVT LOT 5 OF SECTION 35-2N-4W AND THE FORBES PURCHASE LINE; THENCE NORTH 00*07'10" W 1693.47 FT TO SWC OF LANDS DESC'D IN OR 775 P 1714; THENCE RUN ALONG AN OLD FENCE LINE NORTH 89*39'58" E 943.34 FT; THENCE ALONG OLD FENCE LINE NORTH 87*00'00" E 473.62 FT TO THE W/LY R/W OF SR 267 ALSO KNOWN AS PAT THOMAS PKWY,AND A POINT OF CURVE TO RIGHT;THENCE

ALONG CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 5569.58 FT, ALONG AN ARC LENGTH OF 84.31 FT, HAVING A DELTA ANGLE OF 00*52'03" AND SUBTENDED BY A CHORD BEARING SOUTH 23*00'24" W 84.31 FT; THENCE CONTINUE ALONG SAID W/LY R/W BOUNDARY OF S R 267, SOUTH 24*13'23" W 1052.07; SOUTH 61*33'36" E 50 FT; SOUTH 28*26'23" W 1297.23 FT; THENCE ALONG CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 3769.83 FT, AALONG AN ARC LENGTH OF 276.85 FT, HAVING A DELTA ANGLE OF 04*12'28", AND SUBTENDED BY A CHORD BEARING SOUTH 30*32'38" W 276.79 FT; THENCE LEAVING SAID W/LY R/W NORTH 59*54'21" W 665.43 FT TO THE N/LY LINE OF LOT 37 LITTLE RIVER SURVEY FORBES PURCHASE; THENCE RUN ALONG SAID N/LY LINE OF LOT 37, NORTH 41*28'34" E 199.50 FT; NORTH 26*29'42" E 232.75 FT; NORTH 77*00'09" E 109.19 FT TO THE POINT OF BEGINNING. (CONTAINING 49.71 AC) SAID PARCEL SUBJECT TO A 30 FTEASEMENT, HAVING BEEN REC'D IN DEED BOOK 89 P 207.

PARCEL NUMBER: 5-0L-0R-0S-0000-37100-0000 (CONTAINING (723.807 ACRES):

OR 750 P 70 OR 34 P 74-OR 62 P 320- DB 111P 431 & 544- OR 156 P 685- BEGIN AT SWC OF SE1/4 OF SE1/4 OF SECT. 26-2-4, RUN N. 260 FT. MORE OR LESS TO AN EXISTING FENCE, E/LY ALONG SAID FENCE 1536.5 FT. MORE OR LESS TO W. R/WAY OF S. R. #267, S/WLY ALONG THE W. R/WAY OF SAID S. R. #267 TO WHERE SAID ROAD INTERSECTS THE FORBES PURCHASE LINE, E/LY ALONG SAID FORBES PURCHASE LINE TO THE NWC OF THE W1/2 OF LOT 34 LRS, S/WLY ALONG THE E. LINE OF THE W1/2 OF SAID LOT 34 TO THE SE CORNER OF SAID W1/2 OF LOT 34 LRS, N/WLY ALONG THE S. BOUNDARY OF LOTS 34 & 37 LRS TO THE SW CORNER OF LOT 37 LRS, N/ELY ALONG THE W. BOUNDARY LINE OF LOT 37 LRS TO THE NWC OF SAID LOT 37 LRS AND THE FORBES PURCHASE LINE, N/ELY ALONG THE N. BOUNDARY OF SAID LOT 37 WHICH IS THE FORBES PURCHASE LINE TO THE INTERSECTION OF SAID LINE WITH THE W. BOUNDARY LINE OF THE E1/2 OF NE1/4 OF FRACTIONAL SECT. 35-2-4, RUN N. ALONG SAID W. BOUNDARY LINE OF SAID E1/2 OF NE1/4 TO POB. ALSO: COMM. AT NWC OF FRACTIONAL SECTION 36-2-4., RUN S. 382.8 FT., E. 1106 FT., S. 1175 FT. TO BEGIN, RUN E. 70 YDS., N. 35 YDS., W. 70 YDS., S. 35 YDS. TO P.O.B. LESS 1.5 ACRES PER OR 60, P. 521 AND LESS PT TO SRD LESS PT TO DOT PER OR153P228 LESS PT PER OR 156 P 683 CONTAINING 2 ACRES. ALSO: COMM AT SEC OF 44, LRS, RUN N 07 DEG 05 MIN E 2952.18 FT TO POB. RUN N 08 DEG 45 MIN E 725.11 FT TO E SIDE OF STATE ROAD #267, S 31 DEG 46 MIN W 62 FT., 27 DEG 39 MIN W 100 FT., S 25 DEG 43 MIN W 100 FT., S 24 DEG 25 MIN W 100 FT., S 22

DEG 55 MIN W 100 FT., S 21 DEG 25 MIN W 100 FT., S 81 DEG 10 MIN E 230.9 FT TO POB. LESS 5 AC PER OR 202 P 506. & OR 219 P 548 & 550. REF OR 219 P 454 LESS 5 ACRES PER OR 293 P 355 OR 402 P 607 ALSO: LOT 44 LRSCOMMN AT THE SEC, N 06 DEG 23MIN 38 SEC E ALONG BDNY LINE OF LOTS 37 & 44 A DISTANCE OF 1309.54 FT FOR POB. FROM POB N06 DEG 23 MIN 38 SEC E, N 83 DEG 36 MIN 22 SEC W 327.87 FT ON THE E/LY R/WAY BDNY OF SR 267, 100 FT R/WAY. S 06 DEG 32MIN 00 SEC W ALONG E/LY R/WAY BDNY A DISTANCE OF 30 FT, S 83DEG 36 MIN 22 SEC E 327.95 FT TO THE P.O.B. & LESS PART PER OR 564 P 781. LESS THE FOLLOWING SPLIT TO 35-2N-4W-110-01 FOR 2014 AND DESCRIBED AS FOLLOWS: BEGIN AT THE INTERSECTION OF W/LY BOUNDARY OF GOVT LOT 5 OF SECTION 35-2N-4W AND THE FORBES PURCHASE LINE; THENCE NORTH 00*07'10" W 1693.47 FT TO SWC OF LANDS DESC'D IN OR 775 P 1714; THENCE RUN ALONG AN OLD FENCE LINE NORTH 89*39'58" E 943.34 FT; THENCE ALONG OLD FENCE LINE NORTH 87*00'00" E 473.62 FT TO THE W/LY R/W OF SR 267 ALSO KNOWN AS PAT THOMAS PKWY,AND A POINT OF CURVE TO RIGHT;THENCE ALONG CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 5569.58 FT, ALONG AN ARC LENGTH OF

84.31 FT, HAVING A DELTA ANGLE OF 00*52'03" AND SUBTENDED BY A CHORD BEARING SOUTH 23*00'24" W 84.31 FT; THENCE CONTINUE ALONG SAID W/LY R/W BOUNDARY OF S R 267, SOUTH 24*13'23" W 1052.07; SOUTH 61*33'36" E 50 FT; SOUTH 28*26'23" W 1297.23 FT; THENCE ALONG CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 3769.83 FT, AALONG AN ARC LENGTH OF 276.85 FT, HAVING A DELTA ANGLE OF 04*12'28", AND SUBTENDED BY A CHORD BEARING SOUTH 30*32'38" W 276.79 FT; THENCE LEAVING SAID W/LY R/W NORTH 59*54'21" W 665.43 FT TO THE N/LY LINE OF LOT 37 LITTLE RIVER SURVEY FORBES PURCHASE; THENCE RUN ALONG SAID N/LY LINE OF LOT 37, NORTH 41*28'34" E 199.50 FT; NORTH 26*29'42" E 232.75 FT; NORTH 77*00'09" E 109.19 FT TO THE POINT OF BEGINNING. (CONTAINING 49.71 AC) SAID PARCEL SUBJECT TO A 30 FTEASEMENT, HAVING BEEN REC'D IN DEED BOOK 89 P 207.

SECTION 3. MAP OF ANNEXED AREA. The property annexed is specifically set forth in the map marked as Exhibit "B", attached hereto and made part hereof by reference.

SECTION 4. ZONING AND LAND USE. Pursuant to general law, the property hereby annexed was subject to Gadsden County land development, land use plan, zoning and subdivision regulations which still remain in full force and effect until rezoned by the City of Quincy to comply with the comprehensive plan.

SECTION 5. COMPLIANCE WITH LAW. The property shall be subject to all of the laws, ordinances and regulations in effect in the City of Quincy upon the effective date of this Ordinance.

SECTION 6. FILING. Upon passage, the City Clerk is directed to file a certified copy of this ordinance with the Clerk of Circuit Court of Gadsden County, the Chief

Administrative Officer of Gadsden County and with the Florida Department of State, within 7 days after adoption of this ordinance, as directed by general law.

SECTION 7. EFFECTIVE DATE. This ordinance shall become effective upon its adoption by the City of Quincy City Commission and signature of the Mayor.

**INTRODUCED IN OPEN SESSION OF THE CITY COMMISSION OF THE CITY OF QUINCY, FLORIDA THIS 27TH DAY OF MAY 2014.**

**ADOPTED BY THE CITY COMMISSION OF THE CITY OF QUINCY, FLORIDA, THIS 10TH DAY OF JUNE, 2014.**

APPROVED:

_____

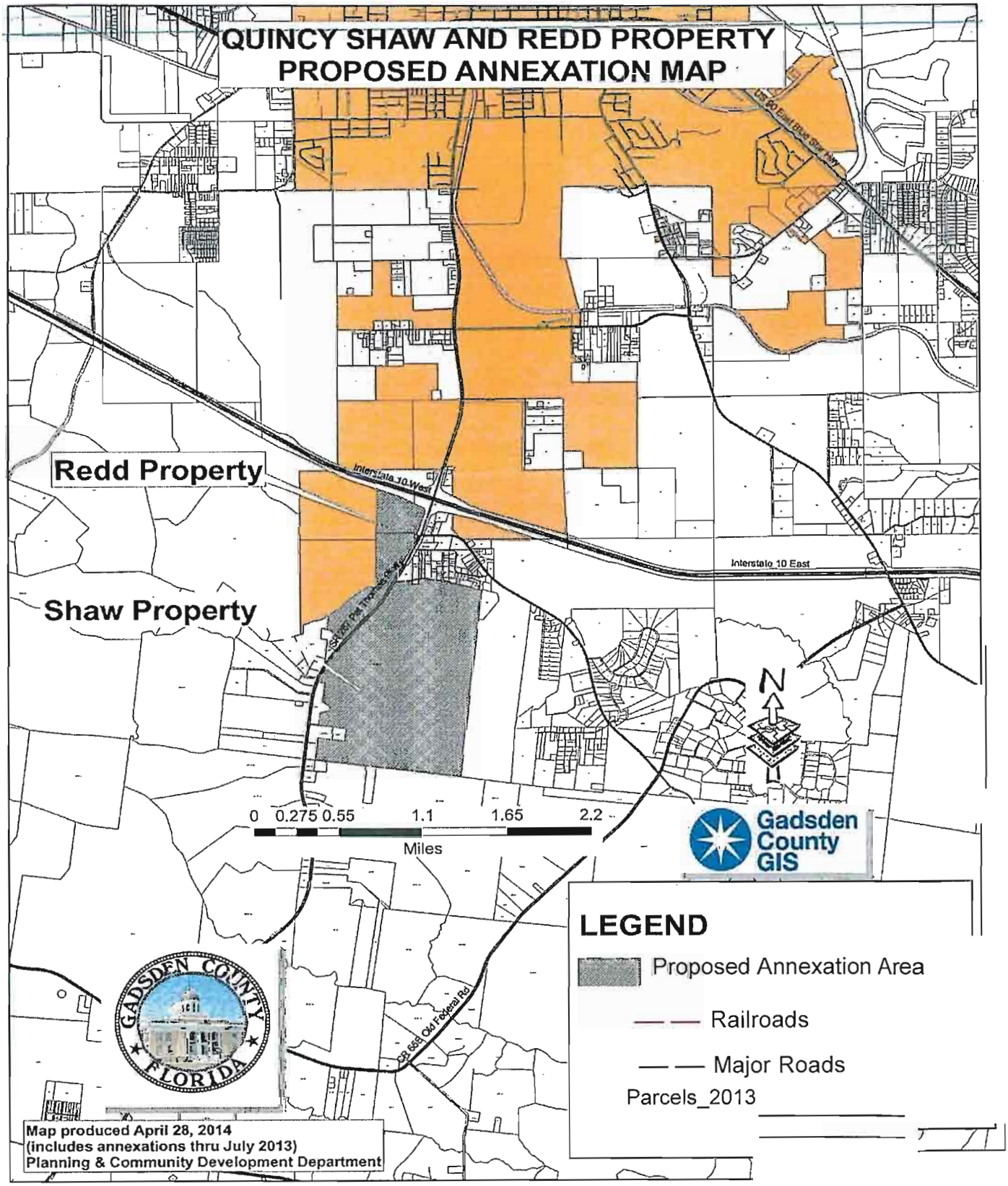
Derrick D. Elias, Mayor and Presiding Officer of the City Commission and of City of Quincy, Florida

ATTEST:

_____

Sylvia Hicks, City Clerk

**EXHIBIT B**


QUINCY SHAW AND REDD PROPERTY
PROPOSED ANNEXATION MAP
Redd Property
Shaw Property
Interstate 10 West
Interstate 10 East
US 90 East (Pat Thomas Pkwy)
N
0 0.275 0.55 1.1 1.65 2.2
Miles
Gadsden County GIS
LEGEND
Proposed Annexation Area
Railroads
Major Roads
Parcels_2013
CR 65B Old Federal Rd
GADSDEN COUNTY FLORIDA
Map produced April 28, 2014
(includes annexations thru July 2013)
Planning & Community Development Department

# ATTACHMENT 2

## CITY OF QUINCY
## CITY COMMISION
## AGENDA REQUEST

| | |
|---|---|
| Date of Meeting: | October 8, 2013 |
| Date Submitted: | October 4, 2013 |
| To: | Honorable Mayor and Members of the City Commission |
| From: | Jack L. McLean Jr., City Manager<br>Bernard O. Piawah, Director, Building and Planning |
| Subject: | Request for Authorization to engage IFAS and the Adjacent Property Owners around the I-10 Intersection for Annexation |

**Statement of Issue:**

A few weeks ago, a representative of the Shaw property located immediately south of the Highway 267/I-10 Intersection approached the City for voluntary annexation of their property into the City. Separating the Shaw property from the City's southern jurisdictional boundary is the IFAS facility owned by the University of Florida. The IFAS facility on Pat Thomas Parkway (State Road 267) directly abuts the City's southern boundary on Wash Road and occupies most of the land that lies between the City's boundary and the Interstate 10 intersection and abuts the Shaw property located south of the Interstate. The Director of the IFAS facility is receptive to the City's request for voluntary annexation of their property and agreed to initiate the University of Florida's approval process for the annexation. The entire proposed annexation area includes a total of approximately 1,706 acres. This agenda item is a request for authorization from the Commission for the City's staff to initiate the application for a comprehensive plan amendment and rezoning application and an ordinance for the I-10 annexation to bring the Shaw property, IFAS property, and the owners of the adjacent properties near the I-10 intersection into the City. Upon completion of the discussions with property owners, staff will prepare a formal annexation ordinance and initiate a comprehensive plan amendment and rezoning application to be approved by the Commission[1]. See Table 1 below and the attached map.

[1] There are two parcels of the City's Business Park that were not annexed into the City. These two parcels will become part of the I-10 proposed annexation.

## Why is the Annexation Necessary?

Cities grow through annexation in order to stay abreast of the demands for land to support its growing population as well as the economic vitality of the City. The proposed annexation area will expand the City's boundary by 37% with the inclusion of approximately 2.67 square miles and put the I-10 interchange into the City thereby providing the City with greater opportunities for growth and development. The City's comprehensive plan identifies, in 2000, this area as the highest priority as for annexation into the City is concerned. Thus, the proposed annexation would enable the City to accomplish its highest annexation priority.

**Table 1**
**Proposed Annexation Land Area**

| No. | Property Owner | Size (acres) | Condition of Property |
|---|---|---|---|
| 1 | UF IFAS | 883 | Used for Ag. Education and Research |
| 2 | Shaw Property | 774 | Vacant undeveloped land |
| 3 | Adjacent Property | 49 | Vacant undeveloped land |
| Total | | 1,706 | |

## Future Economic Development:

Interstate 10 is a major transportation corridor and the backbone of economic development in North Florida. At the moment, the City of Gretna and Greensboro on our west have extended its boundaries to I-10 and beyond. Similarly, the City of Midway on our east has extended its boundaries to incorporate the I-10 interchange. It is only the City of Quincy, located less than a mile from the I-10 interchange, and Chattahoochee whose boundaries do not include a portion of the I-10 corridor. The City, in its economic development plan, identifies Pat Thomas Parkway as the major corridor along which the future growth of the City will occur. At the moment, some of the major businesses in our community are located along Pat Thomas Parkway; for example, Super Value Distribution Center, and Walmart, Inc. The City's Business Park on Joe Adams Road is also located in this area. Thus, it is proper to expect major economic development coming to the City in the future to locate along this corridor and around the I-10/Pat Thomas Interchange.

IFAS's visiting students, researchers and vendors provide a significant number of hotel stays for the three hotels at the I-10 interchange. The hotels also provide accommodations for the traveling public on I-10 and regional visitors attending events and sporting games at the Florida State University and Florida A & M University. The hotels have identified a need for a restaurant at the interchange to meet their guests dining needs. One of the difficulties in marketing the interchange is that the lands at the interchange are not properly zoned to attract the attention of major restaurant brands.

The proposed I-10 annexation and comprehensive plan and commercial rezoning application would make the interchange more attractive to potential restaurants owners.

**Infrastructure Plan for the Area:**

The County in its utility studies, identifies the City as the major provider of water and sewer to the area south of the I-10 intersection. The City currently provides water and sewer services to the area through a 2-inch line that extends from the junction of Joe Adams Road and Pat Thomas Parkway to the IFAS facilities. The City's use of the 2-inch line was strategic; the City initially planned to install a 6-inch line but there was no growth demand to utilize it at the time. The City plans to replace the 2-inch line with a 4 or 6-inch line in the near future depending on the demand for growth in the area. At the moment, the only demand that the City has in the area is from IFAS and the current 2-inch line is more than adequate to serve that demand. In addition, the City is currently serving the sewer needs of the hotels located at the intersection through a force main located in the vicinity of Hampton Inn. Thus, the City already has some public facility infrastructure in place to serve the immediate needs of development in this area[2].

**Impact of Annexation on IFAS Facility Activities:**

The University of Florida's IFAS facility is a highly regarded state government asset in our area which has contributed immensely to the economy of Gadsden County. The City's proposed annexation of its property will not alter the activities of the IFAS facility. The City will ensure, through comprehensive plan and zoning provisions, that all the research and related activities that are currently conducted at the facility are not impeded by new regulations.

**Comprehensive Plan Amendment and Zoning Changes:**

At the moment, these properties are governed by the County's comprehensive plan. Subsequent to the annexation, the City staff, if given authorization, will initiate a comprehensive plan amendment with the State changing the land use designation on the annexed properties from the County's designation to the City's designation. Soon after that, the appropriate City zoning categories will be assigned to the annexed properties.

**Conclusion:**

The City's staff believes that the proposed annexation is in the best interest of Quincy and is needed to support the growth of the City. It was the City's priority and long held aspiration to extend its boundary to the I-10 intersection; the annexation proposal presented in this agenda item would enable the City to implement this objective. Quincy is one of two Cities in the County that has not reached the I-10 interchange. Furthermore, in the absence of this annexation, the City will not gain access to the

[2] The Shaw property owner was receptive to the City's inquiry regarding locating a waste water facility on a portion of the property.

valuable land surrounding the I-10 intersection and thereby be deprived of the economic advantages that pertain thereto. In view of that, the City's staff is asking the City Commission for authorization to the appropriate time to file a comprehensive plan and rezoning application for the identified properties and other property around the I-10 interchange.

**Options:**

Option 1: Authorize the City's staff to file a comprehensive plan and rezoning application and initiate an annexation ordinance for the identified property owners and other property owners around I-10 intersection.

Option 2: Do not authorize the City's staff to file a comprehensive plan and rezoning application and initiate an annexation ordinance for the identified property owners and other property owners around I-10 intersection.

**Staff Recommendation:**

Option 1

# CITY OF QUINCY
# CITY COMMISSION
# AGENDA REQUEST

| | |
|---|---|
| Date of Meeting: | June 10, 2014 |
| Date Submitted: | June 5, 2014 |
| To: | Honorable Mayor and Members of the Commission |
| From: | Mike Wade, Interim City Manager |
| Subject: | Crystal River Unit 3 Settlement Agreement |

## Issue

The Florida Municipal Power Agency ("FMPA") has been negotiating a settlement agreement on behalf of the City of Quincy and other FMPA members to recover the additional cost of wholesale power that resulted from the failed upgrade project at the Crystal River Unit 3 nuclear power plant (CR 3). Negotiations are near complete. We are seeking approval of the settlement agreement in substantially final form and granting the Mayor the authority to approve changes that do not materially affect the approved settlement terms and to execute the Closing Documents.

## Analysis/Discussion

In November 2012, FMPA offered and the City accepted for FMPA to act as an Agent for the City of Quincy, along with 13 other cities, for the purpose of holding settlement discussions with Progress Energy Florida (currently known as Duke Energy) relating to the containment building delamination and ongoing outage at CR 3 power generating plant. A mutually agreeable draft settlement agreement has been finalized and the City will receive a settlement payment of $105,285. The City has already received $354,994 from Duke's insurer, Nuclear Electric Insurer Limited (NEIL). Quincy's share of the total negotiation costs to date has been $2,042.33. Additional costs will be incurred as the closing process is completed. However, these are not expected to be substantial costs to the City.

Once the settlement agreement is executed by all joint owners and wholesale customers, the necessary filings will be completed and the closing documents will be executed. This process is a lengthy process and is expected to take 12 - 18 months. As drafted, the settlement agreement is in substantially final form. There are some non-controversial, closing related changes that will be made to

the document, and, as in most closings, we expect that there will be some modifications to the documents between execution of the settlement agreement and closing. Because of this, we are seeking approval of the settlement agreement in substantially final form, including the exhibits, and granting the Mayor the authority to approve changes that do not materially affect the approved settlement terms and execute the Closing Documents at closing.

**Options**

Option 1: Approve the settlement agreement in substantially final form, including the exhibits, and grant the Mayor the authority to approve changes that do not materially affect the approved settlement terms and execute the Closing Documents at closing.

Option 2: Do not approve the Settlement Agreement.

**Staff Recommendation:** Option 1

**Attachments:**

1. May 30, 2014 Memorandum
2. CR 3 Benefits Summary
3. Agreement

# MEMORANDUM

To: CR3 Joint Owners & Duke Municipal Wholesale Customer

From: Nicholas P. Guarriello; Frederick M. Bryant; Jody Lamar Finklea; Dan O'Hagan

Date: May 30, 2014

Re: Proposed CR3 Settlement Agreement

## I. Introduction

FMPA has been negotiating with Duke Energy on behalf of the Crystal River 3 ("CR3") Joint Owners ("JOs") and Duke Energy Municipal Wholesale Purchasers (together the "Florida Cities"[1]) regarding the failed CR3 steam generator replacement project, resulting delamination, extended outage, and early retirement. The negotiations involved numerous complicated legal and technical issues; however, we have come to terms on a proposed settlement agreement for your consideration and approval. The purpose of this memorandum is to (a) provide some background on CR3, including the Steam Generator Replacement Project and early CR3 retirement; (b) briefly explain the CR3 decommissioning plan and estimated costs; (c) discuss the Florida Cities' potential claims against Duke that are being settled; (d) summarize the proposed CR3 settlement agreement structure and terms; and (e) highlight some of the benefits and avoided risks in the proposed settlement agreement.

On October 11, 2012, at Duke's request, Duke representatives, including Duke's then-CEO, met with FMPA to provide a CR3 SGR Project update. At the meeting, Duke expressed their intent to initiate settlement discussions between Duke and the Florida Cities regarding potential CR3-related claims.[2] FMPA reached out to the Florida Cities to determine whether, as had been done for previous CR3-related disputes, the Florida Cities would like FMPA to represent them in CR3 settlement negotiations. In October and November, the Florida Cities entered into agreements with FMPA authorizing FMPA to negotiate on their behalf. Over the next several months, FMPA met with Duke and the Florida Cities numerous times to negotiate settlement the Florida Cities' various potential claims against Duke. On October 31, 2013, with input and guidance from the Florida Cities, FMPA and Duke "shook hands" on the general settlement terms, subject to finalizing a definitive settlement agreement and getting the Florida Cities' approval. We have since finalized a mutually agreeable draft settlement agreement that we believe represents a fair and final settlement of all CR3 issues and is in the Florida Cities' best interest.

[1] The Florida Cities include: the City of Alachua, City of Bartow, City of Bushnell, City of Chattahoochee, Gainesville Regional Utilities, Town of Havana, City of Homestead, Kissimmee Utility Authority, City of Leesburg, City of Mount Dora, City of Newberry, City of New Smyrna Beach, city of Ocala, Orlando Utilities Commission, City of Quincy, City of Williston, and FMPA All-Requirements Power Supply Project.

[2] Note that FMPA represented the Florida Cities in a CR3-related dispute that resulted in a 2002 settlement agreement.

The terms of the settlement agreement is summarized in greater detail in Section IV below; however, in short, the proposed settlement agreement provides for:

- CR3 JOs receive $55 million cash payment;
- CR3 JOs transfer CR3 ownership to Duke;
- CR3 JOs transfer CR3 nuclear decommissioning trusts to Duke;
- For two years after the transfer, CR3 JOs indemnify and hold Duke harmless from liabilities for CR3 JOs' acts/omissions relating to CR3 JOs' management of trust funds prior to transfer
- CR3 JOs have no further CR3 liability, responsibility or risk, including CR3 decomissioning;
- Duke indemnifies CR3 JOs for all CR3 related liabilities;
- CR3 JOs cease all CR3 O&M, A&G, decommissioning, and all other CR3 related costs as of October 1, 2103 (reimbursed for those previously paid);
- Duke waives its claim to $13.6 million in non-SGR costs that Duke alleges is payable by CR3 JOs;
- CR3 JOs and Duke settle and waive all CR3 related claims;
- Wholesale Customers receive $8.4 million cash payment; and
- Wholesale Customers and Duke settle and waive all CR3 related claims

## II. CR3, SGR Project and Retirement Background

Seven minority CR3 joint owners cumulatively own approximately 8.2% of Duke's Crystal River Unit 3 ("CR3") nuclear power plant. The proposed CR3 settlement agreement involves six (6) of the seven (7) CR3 joint owners, representing approximately 6.52% CR3 ownership interest. A list of the CR3 JOs and their CR3 percentage ownership interest is included in this memo as Schedule 1.

CR3 was issued an operating license on December 3, 1976, with an initial expiration of December 3, 2016. On December 16, 2008, Duke f/k/a Progress Energy Florida[3], submitted to the Nuclear Regulatory Commission ("NRC") an application to renew the license for an addition 20 years, or through 2036.

On February 5, 2013, Duke Energy announced its intention to retire the Crystal River 3 Nuclear Power Plant. The following is a summary of events that led to the decision to retire CR3, followed by a brief discussion of the retirement implications:

In September 2009, CR3 began a planned outage for refueling and maintenance. During the planed outage, Duke scheduled an uprate project to increase CR3's generating capability, which included the replacement of two aging steam generators (the "Steam Generator Replacement Project" or "SGR Project"). In an admitted effort to reduce costs, Duke decided to self-manage the SGR Project. While cutting an opening in the CR3 containment wall in order to remove and replace the steam generators, a delamination (or separation) occurred within the concrete on the periphery of the building,

[3] Note that in July 2012, Duke Energy merged with Progress Energy. References to the company in the memo will use the post-merger company name of "Duke" or "DEF."

which resulted in an unplanned extension of the outage. After analysis, it was determined that the concrete delamination at CR3 was caused by redistribution of stresses in the containment wall that occurred when an opening was created to accommodate the replacement of the unit's steam generators. Duke replaced the steam generators and then undertook extensive repair efforts to a large portion of the delaminated containment wall.

In March 2011, after having substantially completed the containment wall repair, monitoring equipment identified a new delamination that occurred in a different section of the containment wall during the late stages of retensioning the tendons within the containment building. A third delamination was discovered later in July 2011. CR3 remained out of service while Duke conducted an engineering analysis to determine the extent of the delaminations and evaluate possible repair options, costs and risks.

Based on the engineering analysis of possible repair options, Duke initially selected a repair option that would entail systematically removing and replacing concrete in substantial portions of the containment structure walls. The preliminary cost and duration was estimated at $900 million to $1.3 billion and 24-30 months. However, in March 2012, Duke commissioned an independent review team led by Zapata Incorporated (Zapata) to review and assess Duke's CR3 repair plan, including the repair scope, risks, costs and schedule. In its final report, Zapata found that the repair scope appeared to be technically feasible, but that there were significant risks that would need to be addressed regarding the approach, construction methodology, scheduling and licensing. Zapata performed four separate analyses of the estimated project cost and schedule to repair CR3, with estimates for costs ranging from $1.49 billion to $3.43 billion and project duration of ranging from 31 months to 96 months.

Between March 2012 and the end of 2012, Duke continued its technical feasibility evaluation of the Zapata CR3 repair options, while simultaneously initiating a formal nonbinding mediation process with its insurer, Nuclear Electric Insurer Limited ("NEIL"). Duke indicated that Duke and NEIL were at odds over the extent of coverage and potential amounts owed under the various CR3 insurance policies. After the initial mediation process, Duke indicated that there was no resolution, but that there was not yet an impasse.

In February 2013, Duke Energy announced its intention to retire CR3, as well as a resolution of the company's insurance coverage claims with NEIL through the mediation process. The parties agreed on a $530 million settlement, which is in addition to the $305 million NEIL previously paid under the replacement power policy ($162 million) and property damage policy ($143 million) – for a cumulative insurance payout of $835 million.

## III. CR3 Decommissioning

In December 2013, Duke filed with the Nuclear Regulatory Commission a Site Specific Decommissioning Cost Estimate, and on March 21, 2014, Duke filed for Florida Public Service Commission ("FPSC") approval of the same. In its FPSC filing, Duke indicated that it had selected the NRC-approved SAFSTOR method of decommissioning, which includes, in general terms, placing the unit in a safe and stable condition and maintaining in that state for decades to allow levels of

radioactivity to decrease through radioactive decay thereby reducing the quantity of radioactive material to be removed during final decontamination. After the safe storage period, the plant will be decontaminated and dismantled to permit license termination. Per NRC requirements, under the SAFSTOR decommissioning method, decontamination and dismantlement must be within 60 years. According to the 2014 Decommissioning Study, the safe-storage period is planned until 2067 at which time CR3 will begin to be decontaminated and dismantled and the site released for alternative use by 2074 – approximately 60 years after the 2014 filing.

In its FPSC filing, Duke estimates the total cost of decommissioning, when adjusted for inflation over the decommissioning period and including the Joint Owners' share, to be approximately $3.5 billion.[4]

Nuclear power plant licensees are required by NRC regulations to provide adequate financial assurance of decommissioning. This is generally accomplished through a nuclear decommissioning trust fund. Until final license termination at the end of the decommissioning process, licensees are required to periodically report on the status of their trust funds, as well as provide updated decommissioning cost estimates. If, at any time, the decommissioning trust funds are not adequate to cover the estimated decommissioning costs, the licensees is required to provide further financial insurance, including additional trust fund financial contributions.

## IV. Potential Florida Cities' CR3-Related Claims[5]

As a result of the early CR3 retirement instead of the planned 20-year renewal license, although the CR3 JOs will save O&M and capital costs associated with additions or repairs during this period, the CR3 JOs have lost the value of CR3 nuclear-priced energy and capacity until the plant would have otherwise been retired. While Duke contemplates that decommissioning will not likely take place for at least forty years, there are a number of capital projects currently under way in order to safely repair, weatherize and store the unit while awaiting decommissioning. In addition, the CR3 JOs are at risk for any additional decommissioning costs that may be associated with an early, unplanned shut down. The CR3 JOs have contractual claims against Duke arising under the CR3 Participation Agreement for, among others, Duke's failure to complete the SGR Project in prudent manner and in accordance with good utility practice and Duke's failure operate and maintain CR3 in accordance with all applicable regulatory requirements.

The Wholesale Customers have suffered increased energy costs since October, 2009, lasting until the expiration of their wholesale energy contracts. This is because Duke energy sales did not include CR-3 nuclear-priced energy. They have benefitted from recently reduced natural gas and

[4] In the FPSC filing, Duke estimates the total (Duke and CR3 Joint Owners') decommissioning cost to be $1,180,133,000 in 2013 dollars. When escalated at 2.8% over the 60 year decommissioning period, Duke estimates that the escalated decommissioning costs for its 91.7806% ownership share of CR3 to be $3,189,345,899. When the CR3 Joint Owners' share is added using the same escalation assumptions, the total escalated estimated decommissioning costs are $3,474,967,367.

[5] This is intended as a high level overview of the Florida Cities' most apparent CR3-related claims against Duke. This is not intended to be an all-inclusive list of potential claims.

market energy prices and some of the wholesale power energy price increases have been offset by flow throughs of insurance payments. They are paying for capacity through fixed demand charges, including CR-3 capacity costs. However, they are at risk for increased wholesale power energy costs for the remainder of their contract terms. Wholesale power contracts are subject to the Federal Power Act, and therefore the Wholesale Customers likely have a case against Duke before the Federal Energy Regulatory Commission for unjust and unreasonable wholesale rates due to Duke's imprudency in performing the SGR Project.

FMPA, on behalf of the Florida Cities entered into a Tolling Agreement with Duke effective June 21, 2012, and lasting until 60 days after any of the Florida Cities or Duke gives written notice of termination. The purpose of the Tolling Agreement is to toll any statutes of limitation that might otherwise apply to the Florida Cities' or Duke's potential claims during the settlement negotiations period.

## V. Proposed Settlement Terms

1. $55 million lump sum payment to Joint Owners ("JOs") at Closing (§2.3)
    - $2,000 reserved as payment for CR3 (§2.3)
    - Payable at "Closing" (§2.3)
    - Settlement payment made by Duke Florida, but Duke Energy parent company guarantees Duke Florida obligations (§2.3(b); Consent and Joinder; §8.6)

2. Duke waives claim for $13.6 million in claimed non-Steam Generator Replacement ("SGR") project repair costs (§2.7)

3. JOs transfer CR3 ownership interest to Duke at Closing (§2.2)
    - Transfer of ownership via special warranty deed (§6.3; Exhibit K)
    - Includes any future CR3-related recoveries (e.g. insurance, DoE spent fuel recoveries, equipment salvage, etc.) (§2.2(b))
    - Duke to acquire waiver of participation Agreement §9.2 right of first refusal from non-settling parties to the Participation Agreement; and indemnifies JOs from any claims if it fails to receive waiver. (§5.5; § 8.4(b)(iv))
    - Regulatory approval of ownership transfer and decommissioning trust transfer is condition precedent to closing, including NRC approval of license amendment (§6.7; §7.6)

4. JOs transfer decommissioning trust funds to Duke at Closing; Duke assumes all future decommissioning responsibility and liability (§2.4)
    - Transfer takes place at "Closing" (§2.4)
    - Duke takes on all future decommissioning liability, and indemnifies JOs for the same (§§2.2; 2.4; 2.6; 8.4(b)(v))

- Duke responsible for funding combined trust to NRC required levels (§2.4)
- JOs allowed to withdraw $429,560.21 prior to transfer; prohibited from any other withdrawals (§2.4)
- JOs must maintain funds in accordance with applicable regulatory requirements until transfer (§2.4)
- JOs indemnify and hold Duke harmless from liabilities for JO acts/omissions relating to JOs' management of funds prior to transfer. Indemnity applies only for two years following transfer. (§2.4; Exhibit D)
- JOs must cooperate with Duke on regulatory requests (§2.4)
- Provide Duke with quarterly reports until transfer (§2.4)

5. JOs assign interest in CR3 Participation Agreement to Duke; terminate as to JOs (§2.5; Exhibit F)

6. As of Oct 1, 2013, JOs not responsible for payment of any CR3 O&M, A&G, capital, or any other CR3-related costs that would otherwise payable under the CR3 Participation Agreement (§2.6)
   - Duke to refund amounts paid for post Oct 1 costs - $1,311,402.90 (§2.6)
   - No future "true-ups" for past amounts (§2.6)
   - JOs not entitled to future insurance premium refunds, if any (§2.6)

7. Lump sum payment of $8.4 million to Wholesale Purchasers (§2.8(b))
   - Wholesale Purchaser consent and joinder to portions of settlement condition precedent to Closing with JOs (§2.8(c); Consent and Joinders)

8. Total settlement of all JO and Wholesale Customer CR3 related claims (§2.1; Exhibit C; §2.8(a); Exhibit H)
   - Waiver of claims and mutual release (incl. those under CR3 Participation Agreement, 2002 Settlement Agreement, NEIL policies, and wholesale contracts)

9. No third party assistance in prosecution of claims against Duke (Exhibit C; Exhibit H)

10. DEF indemnifies JOs from all CR3 related liabilities – past present and future; (§8.4(b))

11. JOs indemnify Duke for any CR3 related liability that is not being assumed by Duke (§8.4(a))

12. Reservation of rights and claims if final settlement is not reached (§2.10)

13. No confidentiality requirements

- Entire agreement may be public once it is final.
- Requested to use best efforts to maintain confidentiality per confidentiality agreement until it must be made public for approval (i.e. agenda package release)
  - Requested to inform Duke of earliest public release for public relations purposes

## VI. Estimated CR3 Proposed Settlement Benefits

We believe there are a number of significant benefits in the settlement – both in terms of direct financial benefit and risk mitigation. Attached to this memo as Schedule 1 is a summary of the quantifiable, direct financial benefits. In addition to the $63.4 million cash settlement payment, we successfully negotiated a moratorium on the CR3 JOs' payment of any Duke CR3 invoices beginning October 1, 2013, a fact that is memorialized in the final draft settlement agreement. As a result, the CR3 JOs avoided approximately $4.3 million (through April 2014) – an amount that will continue to grow each month over the proposed 60 year decommissioning schedule. Furthermore, the Florida Cities have received over $21 million in NEIL insurance reimbursement through Duke. Duke has also waived its claim to $13.6 million in what Duke believes are non-SGR related costs owed by the CR3 JOs. In addition to these amounts, there is significant risk in continued CR3 ownership. Specifically, there is much uncertainty and risk involved in decommissioning a nuclear power plant. The project is planned to take up to sixty years to complete, and involves complex dismantling and transportation of contaminated material. In addition, there is currently great uncertainty regarding the long term storage of spent nuclear fuel by the federal government. The current, short term plan is to store spent nuclear fuel on the site in dry casks. By transferring all CR3 ownership, responsibility, liability, and decommissioning obligations to Duke, the CR3 JO are receiving the benefits of the avoided risk and cost uncertainty in all of these decommissioning activities, which, although they cannot be quantified, we believe to be significant.

## VII. Settlement Agreement Structure & Closing

The settlement agreement is structured as a global settlement agreement intended to finally resolve all disputes between the Florida Cities and Duke relating to CR3. Upon approval, Duke and the CR3 JOs will execute the CR3 Settlement, Release, and Acquisition Agreement. However, a number of conditions precedent must be met before the parties can proceed to closing, during which the CR3 ownership transfers and settlement payments will be completed.

Once executed, Duke will file a license amendment application with the Nuclear Regulatory Commission. Duke has indicated that, due to an NRC back-log – it could take between 12-18 months to receive NRC approval. During that time, we will work with Duke to finalize the real property conveyance instruments (i.e. title insurance, legal description of real property, etc.). Once the NRC license amendment is received, the parties will proceed to Closing, at which the Closing Documents will be executed. These are attached to the Settlement Agreement as Exhibits, and include: the Special Warranty Deed and Bill of Sale; Trust Conveyance Documents, Assignment and Assumption Agreement; Closing Certificate; Opinion of Counsels; and Mutual General Release. Upon execution of

the Closing Documents, title to CR3 and the decommissioning trusts will be transferred to Duke, and Duke will make the settlement payment to the Florida Cities.

## VIII. Recommended Approval

As drafted, the settlement agreement is in substantially final form. There are some non-controversial, closing related attachments left to be filled in, such as the Closing Certificates and Legal Description of Real Property. Also, the Closing Documents, which are included as exhibits to the settlement agreement, are in template form, and, as in most closings, we expect that there will be some modifications to those documents between execution of the settlement agreement and closing. Because of this, we recommend, to the extent possible, seeking approval of the settlement agreement, including the exhibits, in substantially final form and granting the City Manager/Utility Director/Mayor, or other appropriate individual, the authority to (a) approve changes that do not materially affect the approved settlement terms; and (b) execute the Closing Documents at closing, without the need to seek further Commission approval.

## SCHEDULE 1

### CR3 JO Ownership Interest[6]

| Applicable Joint Owner | Applicable Tenant in Common Undivided Percentage Interest in Realty |
|---|---|
| City of Alachua | 0.0779 |
| City of Bushnell | 0.0388 |
| City of Gainesville | 1.4079 |
| City of Kissimmee | 0.6754 |
| City of Leesburg | 0.8244 |
| City of New Smyrna Beach and New Smyrna Beach Utilities Commission | 0.5608 |
| City of Ocala | 1.3333 |
| City of Orlando and Orlando Utilities Commission | 1.6015 |

[6] Note that Seminole Electric Cooperative also owns 1.6994% of CR3; however, Seminole is not a party to the proposed settlement agreement with the other CR3 JOs listed above.

## SCHEDULE 2

Summary of Quantifiable Settlement Benefits

[To be provided under separate cover]

## Summary of NEIL Refunds and Settlement Benefits to Joint Owners (JOs) and Wholesale Purchasers

| | | | NEIL Proceeds Paid before 2013 [1] | Additional NEIL Proceeds Paid in 2013 [2] | Settlement Cash [3] | O&M Refunds [4] | Decommiss-ioning Refunds [5] | Avoided Participation Payments to Date [6] | Total Benefits | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | *(a)* | *(b)* | *(c)* | *(d)* | *(e)* | *(f)* | *(g)* | | |
| | | Wholesale Purchasers: | | | | | | | | | |
| 1 | | Quincy | 339,693 | 15,301 | $105,285 | 0 | 0 | 0 | 460,279 | | $105,285 |
| 2 | | Total Florida Cities | $ 4,112,046 | $ 17,590,859 | $ 63,400,000 | $ 1,311,403 | $ 429,560 | $ 4,277,628 | $ 91,121,496 | | |

[1] Amounts credited on Wholesale Purchasers' monthly invoices.

[2] Amounts paid to JOs and Wholesale Purchasers based on Duke's 2013 settlement with NEIL.

[3] Total shown for the JOs is net of $2,000 held by DEF as consideration of the ownership transfer (per the Participation Agreement).

[4] Reflects amounts previously paid by the JOs that reflected costs after October 1, 2013. Includes reimbursement to Alachua for payment of all costs (including Decommissioning Costs but excluding Alternative Energy costs) made on Invoice # 463 (dated 12/15/13).

[5] Reflects amounts previously paid by the JOs through Invoice # 462 (dated 11/15/13), for which DEF will permit the JOs to recover funds from their decommissioning trusts.

[6] Payments not made due to proposed settlement terms through Invoice #467 (issued 4/15/14). Amounts shown include approximately $463,000 total decommissioning costs that have not been paid and for which the JOs could recover funds from their respective decommissioning trusts if such amounts were ultimately invoiced by DEF.

# CR-3 SETTLEMENT, RELEASE, AND ACQUISITION AGREEMENT

THIS CR-3 SETTLEMENT, RELEASE, AND ACQUISITION AGREEMENT (the "Agreement"), entered into as of the _____day of_____, 2014, by and between DUKE ENERGY FLORIDA, INC., a Florida corporation, f/k/a Florida Power Corporation, f/k/a Florida Power Corporation d/b/a Progress Energy Florida, Inc. (the "Company"), and CITY OF ALACHUA, CITY OF BUSHNELL, CITY OF GAINESVILLE D/B/A GAINESVILLE REGIONAL UTILITIES, CITY OF KISSIMMEE, CITY OF LEESBURG, CITY OF NEW SMYRNA BEACH and the UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, CITY OF OCALA, CITY OF ORLANDO and the ORLANDO UTILITIES COMMISSION (singularly a "Seller" and collectively the "Sellers").

## RECITALS

**WHEREAS**, the Company is a corporation duly incorporated under the laws of the State of Florida with the power to purchase and own the Purchased Interests (as hereinafter defined); and

**WHEREAS**, each of the Sellers is either a Florida municipality, or a Florida municipal electric utility, commission, board, or authority authorized to sell, convey, transfer and lease its assets; and

**WHEREAS**, each Seller owns an undivided tenant in common interest in Crystal River Unit 3, as defined below ("CR-3"), which Sellers desire to transfer and convey to Company, and Company desires to acquire such undivided interests, subject to the terms and provisions of this Agreement; and

**WHEREAS,** certain disputes have arisen by and between the Company and the Sellers, and by and between the Company and the Wholesale Customers (as defined below), respectively, concerning the operation and maintenance of, and management of CR-3 by the Company, including but not limited to:

(i) the events, actions, or omissions related to the CR-3 outage that began on October 2, 2009, including but not limited to, the CR-3 steam generator replacement (the "SGR Project");

(ii) the CR-3 containment building delaminations that occurred during the CR-3 outage that began on October 2, 2009 as part of the SGR Project and/or the repair activities and repair plans associated with the CR-3 containment building delaminations;

(iii) the rights or obligations in or related to the Participation Agreement (as defined below), dated July 31, 1975 resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans;

(iv) the rights or obligations in or related to the Settlement Agreement and Mutual Release dated May 31, 2002 resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans;

(v) the rights or obligations in or related to all potentially applicable CR-3 property and accidental outage policies with Nuclear Electric Insurance Limited ("NEIL") resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations and/or the associated CR-3 delamination repair activities and repair plans;

(vi) the decision by the Company to settle all potential claims with NEIL resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans under all applicable CR-3 property and accidental outage policies with NEIL;

(vii) the decision by the Company to retire and decommission CR-3; and/or

(viii) the rights or obligations in or related to the Company's contracts to sell capacity, energy, or both, to the Wholesale Customers resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans; and

**WHEREAS,** the parties hereto have agreed to enter into and execute this Agreement as a way of: (i) finally settling, resolving, and forever releasing all of their claims with respect to the Participant Disputes and Wholesale Customer Disputes (both as defined below); (ii) permitting the Company to reacquire the Purchased Interests (as defined below) from the Sellers; (iii) effectuating the Seller's assignment and the Company's assumption of the Sellers' rights, obligations, and liabilities related to the Purchased Interests, including those arising out of or under the Participation Agreement on the terms more specifically set forth herein; (iv) transferring from Sellers to Company, all of Sellers' right, title and interest in their respective CR-3 Decommissioning Trusts (as defined below), and all proceeds and rights therein and related thereto; and (v) effectuating the Seller's assignment and the Company's assumption of the Sellers' CR3 decommissioning obligations and liabilities, subject to the "Sellers' NDT Indemnification Obligations," as defined in subsection 2.2(b) below, including funding the transferred Decommissioning Trusts in accordance with NRC requirements, but only following the Closing (as defined below); and

**WHEREAS,** this Agreement sets forth the respective rights and obligations of the parties hereto with respect to the settlement and release of the Participant Disputes and Wholesale Customer Disputes, the acquisition by Company of the Purchased Interests, and the transfer to Company of the Sellers' CR-3 Decommissioning Trusts, and all proceeds, rights, and obligations set forth therein, all as more specifically described below.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by all parties hereto, it is agreed by and between the parties hereto as follows:

## OPERATIVE TERMS

SECTION 1. DEFINITIONS.

"Agreement" shall mean this CR-3 Settlement, Release, and Acquisition Agreement between the Company and Sellers, and which also includes all of the Consent and Joinders attached hereto.

"Assignment and Assumption Agreement" shall have the meaning set forth in Section 6.4 hereof.

"Closing" shall have the meaning set forth in Section 2.9 hereof.

"Closing Date" shall have the meaning set forth in Section 2.9 hereof.

"Company" shall mean Duke Energy Florida, Inc., a Florida corporation.

"Company's Closing Certificate" shall have the meaning set forth in Section 7.1 hereof.

"Company Parent" shall mean the parent company of the Company, Duke Energy Corporation.

"Commitment" shall have the meaning set forth in Section 2.13 hereof.

"Crystal River Unit 3" or "CR-3" shall mean the nuclear steam electric generating unit located in Citrus County, Florida, together with the land and all improvements, facilities, structures and nuclear fuel used or to be used therewith or related thereto, known as the Crystal River Unit No. 3, which is currently non-operational, and has been retired, as set forth in Section 20 of the Participation Agreement, as defined below including, without limitation, the following:

(a) Realty. The Site (as defined below), together with all licenses, profits, easements, rights of way, development rights and entitlements, and all other tangible and intangible rights that are appurtenant or associated therewith or thereto, and all buildings, power plants, structures, improvements and fixtures located thereon (collectively the "Realty");

(b) Personalty. The machinery and equipment, materials, spare parts and fuel inventories, tools, supplies and all other personal property used in or in connection with CR-3 (collectively, the "Personalty");

(c) Permits. All of the pending and issued permits, franchises and licenses (including, without limitation, NRC licenses, air, water, and operating permits) held by Company or any other Seller with respect to CR-3 (collectively, the "Permits");

(d) Contracts and Legal Rights. All contracts, including insurance policies, and legal rights, including but not limited to U.S. Department of Energy or other federal or state obligations related to CR-3 in which any of the Sellers have any rights, interests, obligations, or claims to amounts due, damages, or recoveries of any kind;

(e) Records. All right, title and interest of Sellers in all of the records and documentation concerning each applicable Seller's interest in and management of its CR-3 Decommissioning Trust; and

(f) Other Rights. All other rights or interests of Sellers pertaining, directly or indirectly, to CR-3 as parties to the Participation Agreement.

"CR-3 Decommissioning Trusts" shall mean the trust funds and/or external bank accounts established by the Sellers in compliance with 10 CFR 50.75, specifically the following:

- With respect to the City of Alachua, City of Bushnell, City of Gainesville d/b/a Gainesville Regional Utilities, City of Leesburg, City of Ocala, and the Kissimmee Utility Authority, the trust funds established by the Trust Fund Agreement by and between FMPA, as agent for the City of Alachua, City of Bushnell, City of Gainesville, City of Leesburg, City of Ocala, and the Kissimmee Utility Authority and Sun Trust Bank, dated July 19, 1990, as amended by the Amendment to Trust Fund Agreement dated March 24, 1992, and the 2001 Amendment to Trust Fund Agreement dated December 4, 2001.

- With respect to the City of New Smyrna Beach and the Utilities Commission, City of New Smyrna Beach, the Utilities Commission, City of New Smyrna Beach Restricted Sinking Fund Decommissioning Costs CR-3 Nuclear Plant, Account No. 898052393155, established and held at Bank of America, dated December 6, 2013.

- With respect to the Orlando Utilities Commission ("OUC"), the trust funds established by the Amended and Restated Nuclear Decommissioning Trust Fund Agreement between Orlando Utilities Commission and Wells Fargo Bank, N.A., for Crystal River Unit No. Three, dated September 23, 2011.

"CR-3 Operating and Maintenance and Capital Expenses" shall mean all expenses incurred by the Company attributable to CR-3 properly recorded in accordance with and as defined by the Participation Agreement (as defined below) and billed to the Sellers by the Company on a monthly basis pursuant to the terms of the Participation Agreement.

"CR-3 Operating Costs" shall have the meaning set forth in Section 2.6 hereof.

"Default Letter" shall have the meaning set forth in Section 2.18 hereof.

"Effective Date" shall mean the date this Agreement is executed last by Company and all Sellers, and the Consent and Joinders are executed by all Wholesale Customers, and by the Company Parent.

"Encumbrances" shall have the meaning set forth in Section 3.4.

"FMPA" shall mean the Florida Municipal Power Agency.

"Nuclear Regulatory Commission" or "NRC" shall mean the Nuclear Regulatory Commission, an agency of the United States government, as defined in 42 U.S.C. §5841, including all successor agencies.

"Participant Disputes" shall mean the disputes that have arisen or may arise between the Company and the Sellers concerning the operation and maintenance of, and management of CR-3 by the Company, including but not limited to:

(a) the events, actions, or omissions related to the CR-3 outage that began on October 2, 2009, including but not limited to, the CR-3 steam generator replacement (the "SGR Project");

(b) the CR-3 containment building delaminations during the CR-3 outage that began on October 2, 2009 and/or the repair activities and repair plans associated with the CR-3 containment building delaminations;

(c) the rights or obligations in or related to the Participation Agreement resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans;

(d) the rights or obligations in or related to the Settlement Agreement and Mutual Release dated May 31, 2002 resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans;

(e) the rights or obligations in or related to all potentially applicable CR-3 property and accidental outage policies with NEIL resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations and/or the associated CR-3 delamination repair activities and repair plans;

(f) the decision by the Company to settle all potential claims resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans under all applicable CR-3 property and accidental outage policies with NEIL; and/or

(g) the decision by the Company to retire and decommission CR-3.

"Participants" shall mean City of Alachua, Florida; City of Bushnell, Florida; City of Gainesville d/b/a Gainesville Regional Utilities, Florida; City of Kissimmee, Florida; City of Leesburg, Florida; City of New Smyrna Beach and the Utilities Commission, City of New Smyrna Beach; City of Ocala, Florida; and the City of Orlando and the Orlando Utilities

Commission; each of which are parties to the Participation Agreement. "Participant" shall mean any of the Participants.

"Participation Agreement" shall mean the Crystal River Unit 3 Participation Agreement, dated as of July 31, 1975, between (among others) Company and the Sellers, relating to the ownership and operation of CR-3.

"Participation Waiver" shall have the meaning set forth in Section 5.5 hereof.

"Post-Closing Obligations" shall mean all obligations and liabilities with respect to the Purchased Interests by nature of being an owner, operator, or licensee of CR-3, whether arising under the Participation Agreement, NRC requirements, Florida Public Service Commission Requirements, or other applicable laws, rules or regulations, that are being sold, transferred, assigned, or otherwise conveyed by the Sellers and purchased, accepted and assumed by Company pursuant to this Agreement, that arise upon or after, or continue after, the Closing Date, including, without limitation, the obligations to decommission, and fund, invest, and manage a nuclear decommissioning trust fund, but specifically excluding the Seller's NDT Indemnification Obligations, as defined in subsection 2.2(b) below.

"Purchased Interests" shall mean: (i) each respective Seller's undivided percentage interest as a tenant in common with Company and the other Participants in CR-3, as set forth on **Exhibit "A"** attached hereto; (ii) all right, title and interest of each respective Seller in the Participation Agreement; (iii) each respective Seller's legal and beneficial interest in all payments made to the U.S. Department of Energy or reserves established by or on behalf of each Seller with respect to irradiated nuclear fuel; (iv) each respective Seller's rights or legal and beneficial interest in all damages, payments, or claims to damages or payments from the U.S. Department of Energy or any other federal or state agency related to CR-3; (v) each respective Seller's interest in its CR-3 Decommissioning Trust, and all proceeds and rights therein and obligations related thereto arising after the Closing (subject to the Sellers' NDT Indemnification Obligations); and (vi) all other rights, obligations, claims, demands, causes of action, choses in action or interests of each respective Seller in, or in any way pertaining to, CR-3 (subject to the Sellers' NDT Indemnification Obligations).

"Seller" shall mean, individually, each of the Sellers, as defined below.

"Sellers"" shall mean, collectively the City of Alachua, City of Bushnell, City of Gainesville d/b/a Gainesville Regional Utilities, City of Kissimmee, City of Leesburg, City of New Smyrna Beach and the Utilities Commission, City of New Smyrna Beach, City of Ocala, and the City of Orlando and the Orlando Utilities Commission.

"Sellers' Closing Certificate" shall have the meaning set forth in Section 6.1 hereof.

"Seller Mutual General Release" shall have the meaning set forth in Section 2.1 hereof.

"Sellers' NDT Indemnification Obligations" shall have the meaning set forth in Section 2.2 hereof.

"Settlement-Related Documents" shall have the meaning set forth in Section 2.1 hereof.

"Settlement Payment" shall have the meaning set forth in Section 2.3 hereof.

"SGR Project" shall have the meaning set forth in the clause (i) of the fourth recital hereof.

"Site" shall mean the real property in Citrus County, Florida, legally described in **Exhibit "B"** attached hereto.

"Title Objection Letter" shall have the meaning set forth in Section 2.13 hereof.

"Trust Conveyance Documents" shall have the meaning set forth in Section 2.4 hereof.

"Warranty Deed and Bill of Sale" shall have the meaning set forth in Section 6.3 hereof.

"Wholesale Customers" shall mean City of Bartow, City of Chattahoochee, City of Gainesville d/b/a Gainesville Regional Utilities, City of Homestead, City of Mount Dora, City of New Smyrna Beach and the Utilities Commission, City of New Smyrna Beach, City of Quincy, City of Williston, and Florida Municipal Power Agency (All – Requirements Power Supply Project).

"Wholesale Customer Contracts" shall mean the contracts defined in Section 2.6 and defined and listed in **Exhibit "G"** attached hereto.

"Wholesale Customer Disputes" shall mean all disputes that have arisen or may arise by and between the Company and the Wholesale Customers under the Wholesale Customers Contracts concerning the operation and maintenance of, and management of CR-3 by the Company on or before the Closing Date, including but not limited to:

(i) the events, actions, or omissions related to the CR-3 outage that began on October 2, 2009, including but not limited to, the CR-3 steam generator replacement project ("SGR Project");

(ii) the CR-3 containment building delaminations that occurred during the CR-3 outage that began on October 2, 2009 during the SGR Project and/or the repair activities and repair plans associated with the CR-3 containment building delaminations;

(iii) the rights or obligations in or related to the Wholesale Customer Contracts resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans;

(iv) the rights or obligations in or related to all potentially applicable CR-3 property and accidental outage policies with Nuclear Electric Insurance Limited ("NEIL") resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations and/or the associated CR-3 delamination repair activities and repair plans;

(v) the decision by the Company to settle all potential claims with NEIL resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans under all applicable CR-3 property and accidental outage policies with NEIL; and/or

(vi) the decision by the Company to retire and decommission CR-3.

"Wholesale Customer Mutual General Releases" shall have the meaning set forth in Section 2.8(a) hereof.

"Wholesale Customer Payment" shall have the meaning set forth in Section 2.8 hereof.

SECTION 2. SETTLEMENT AND RELEASE OF CLAIMS; CLOSING

***THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT THIS AGREEMENT IS INTENDED TO SERVE AS A GLOBAL SETTLEMENT DOCUMENT, SETTING FORTH THE TERMS FOR THE SETTLEMENT OF: (1) THE PARTICIPANT DISPUTES AND WHOLESALE CUSTOMER DISPUTES; (2) THE TERMS FOR THE ACQUISITION OF THE PURCHASED INTERESTS; AND (3) THE TRANSFER OF THE CR-3 DECOMMISSIONING TRUSTS, AND ALL PROCEEDS AND RIGHTS, AND ALL POST-CLOSING OBLIGATIONS AND LIABILITIES THEREIN (SUBJECT TO THE SELLERS' NDT INDEMNIFICATION OBLIGATIONS), AT THE CLOSING. AS SUCH, THOSE THREE MATTERS ARE INTER-DEPENDENT, SUCH THAT THE COMPANY WOULD NOT BE WILLING TO PURCHASE THE PURCHASED INTERESTS AND RECEIVE THE CR-3 DECOMMISSIONING TRUSTS, AND ALL PROCEEDS AND RIGHTS, AND ALL POST-CLOSING OBLIGATIONS AND LIABILITIES THEREIN (SUBJECT TO THE SELLERS' NDT INDEMNIFICATION OBLIGATIONS), AT THE CLOSING, BUT FOR THE SIMULTANEOUS SETTLEMENT AND RELEASE OF THE PARTICIPANT DISPUTES AND WHOLESALE CUSTOMER DISPUTES AT THE CLOSING, ALL AS SET FORTH HEREIN.***

2.1 Settlement and Release of Seller Claims. Subject to the terms and conditions of this Agreement, and in consideration of the payment to Sellers by the Company of the Settlement Payment as set forth in Section 2.3 below, and for the performance of the Closing hereunder, each of the Sellers and the Company hereby acknowledge and agree that all of the Participant Disputes will be completely and finally resolved as follows:

(a) Seller Mutual General Release. Each of the Sellers and the Company agree to execute and deliver at the Closing, the mutual general release in the form attached hereto as **Exhibit "C"** (the "Seller Mutual General Releases").

(b) Additional Actions. At and after the Closing, each of the Sellers and the Company agree to take such further actions as are necessary or appropriate to effectuate the intention of the foregoing.

The execution of the Seller Mutual General Releases, and any other documents related thereto, the execution of the Trust Conveyance Documents (as defined in Section 2.4 below), and the

execution of all of the documents described in Sections 6 and 7 below, will be collectively referred to below as the "Settlement-Related Documents".

2.2 Terms of Acquisition.

(a) Contemporaneously with the execution and delivery of the Settlement-Related Documents, and subject to and in consideration of the terms and conditions of this Agreement, and in consideration of the payment to Sellers by the Company of the Settlement Payment set forth in Section 2.3 below, each of the Sellers will sell, convey and transfer to Company, and Company will purchase and accept from each of the Sellers, on the Closing Date, all right, title, and interest in and to the Purchased Interests, and Company will assume all obligations and liabilities of Sellers in the Purchased Interests, from and after the Closing Date (subject to the Sellers' NDT Indemnification Obligations), payable at Closing.

(b) For the avoidance of doubt, the parties hereto acknowledge and agree it is their intention, as more specifically set forth in this Agreement, that each and all of the Sellers are selling or otherwise conveying to Company all of their respective ownership of, and all of their respective right, title, interest and Post-Closing Obligations in and to: (i) the Crystal River Unit 3 Plant; (ii) their respective CR-3 Decommissioning Trusts, and all proceeds and rights, and Post-Closing Obligations therein (subject to the Sellers' NDT Indemnification Obligations; (iii) the Participation Agreement and the Settlement Agreement and Mutual Release dated May 31, 2002; and (iv) all NEIL insurance policies on which the Sellers are additional insureds, and to which each Seller who is also a Wholesale Customer may be entitled to replacement fuel payments. That is to say, following the Closing contemplated herein, and the payment to the Sellers as described herein, none of the Sellers will have any continuing ownership in, rights or obligations associated with, any of the foregoing, other than the Sellers' indemnification obligations relating to their CR-3 Decommissioning Trusts for two (2) years after the Closing, as set forth in the Indemnification and Hold Harmless Agreement attached hereto as **Exhibit "D"** (the "Sellers' NDT Indemnification Obligations").

2.3 CR3 Joint Owner Settlement Payment and Allocation of Settlement Payment.

(a) On the Closing Date, the Company shall pay the Sellers a lump sum of FIFTY-FIVE MILLION AND NO/100 DOLLARS ($55,000,000.00) (the "Settlement Payment") by wire transfer to financial institutions designated by the Sellers and in the respective amounts set forth on **Exhibit "E"** of this Agreement. Of the Settlement Payment, TWO THOUSAND AND NO/100 DOLLARS ($2,000.00) will be allocated as consideration for the transfer of the Purchased Interests, and FIFTY-FOUR MILLION NINE HUNDRED NINETY-EIGHT THOUSAND AND NO/100 DOLLARS ($54,998,000.00) will be allocated as the consideration paid for the settlement of the Participant Disputes and the granting of the rights and obligations contained in the Settlement-Related Documents.

(b) The Company Parent shall execute the Consent and Joinder attached hereto to guarantee the obligations of the Company as set forth therein.

2.4 Transfer of CR-3 Decommissioning Trust Payments. At the Closing, each of the Sellers will execute such documentation as the Company will require, in order to vest full,

complete and valid title in the Company in and to all right, title and interest of each of the Sellers in and to the CR-3 Decommissioning Trusts, and all funds, proceeds and rights contained therein and all obligations and liabilities related thereto, subject to the Sellers' NDT Indemnification Obligations (collectively the "Trust Conveyance Documents"). The form of the Trust Conveyance Documents is set forth on **Exhibit "D"**. Prior to Closing, the Sellers may withdraw a total of $429,560.21, allocated among the Sellers in the amounts set forth on Schedule 2.4 attached hereto, from their respective CR-3 Decommissioning Trusts for reimbursement of decommissioning costs previously invoiced by Company during the months of July through October 2013 and paid by the Sellers, as well as invoiced during the month of November 2013 and inadvertently paid by the City of Alachua, but previously not reimbursed from the CR-3 Decommissioning Trusts. Except as provided in the preceding sentence, in no event shall Sellers withdraw funds from their respective CR-3 Decommissioning Trusts prior to their transfer to Company. Until such transfer, Sellers shall keep their respective CR-3 Decommissioning Trusts invested in accordance with the applicable rules and regulations (including regulatory guides) of the U.S. Nuclear Regulatory Commission ("NRC") and Florida Public Service Commission ("FPSC"), as amended from time to time. Sellers shall also continue to manage the investments in their respective CR-3 Decommissioning Trusts in the same prudent manner in which they have been managing them through the Closing Date. Also, at all times from the Execution Date through and including the Closing Date, each of the Sellers will provide to Company quarterly investment statements showing the amounts of and investments in each respective Seller's CR-3 Decommissioning Trust, which statements must be provided on or before the fifteenth ($15^{th}$) day following each fiscal quarter end. After the transfer of the Sellers' CR-3 Decommissioning Trusts to the Company, the Sellers shall have no CR-3 decommissioning obligations, responsibilities, or liabilities to Company, whether arising out of the Participation Agreement, Nuclear Regulatory Commission regulations or otherwise, except for the Sellers' NDT Indemnification Obligations.

Additionally, the Company and each of the Sellers will execute and deliver to the other party at Closing, an Indemnification and Hold Harmless Agreement, substantially in the form set forth on **Exhibit "D"**, by which the Sellers will indemnify and hold the Company harmless from all liabilities or claims arising out of or related to each Seller's possession, management, operation, use, or transfer of the respective Seller's CR-3 Decommissioning Trust, and all of the funds, proceeds, and rights associated therewith or contained therein, and the Company will indemnify and hold the Sellers harmless from all liabilities or claims arising out of or related to the Company's possession, management, operation, or use of the Company's CR-3 Decommissioning Trust, and all of the funds, proceeds, and rights associated therewith or contained therein, except for the Sellers' NDT Indemnification Obligations. Upon the Closing and the execution of the Settlement-Related Documents, the Sellers will no longer be parties to the Participation Agreement.

2.5 Removal from Participation Agreement. At the Closing, the parties will execute the Assignment and Assumption Agreement substantially in the form attached hereto as **Exhibit "F"**.

2.6 Future CR-3 Operating, Maintenance, Capital and Decommissioning Expenses. As of October 1, 2013, and at all times thereafter, the Sellers will have no further financial or other obligation for their respective ongoing CR-3 operating costs, including operation and

maintenance ("O&M") and administrative and general ("A&G") costs; capital costs; shut down costs; nuclear fuel costs; inventory; common and external facilities charges; nuclear decommissioning costs and nuclear decommissioning trust fund obligations, subject to the Sellers' NDT Indemnification Obligations, or any other CR-3 related costs or liabilities which would otherwise be due and owing under the Participation Agreement (collectively "CR-3 Operating Costs"). The Sellers further agree that they are not entitled to, and the Company will not pay, any refund of insurance premiums, or portions of insurance premiums, paid through October 1, 2013, pursuant to the Participation Agreement. Within thirty (30) days of the Effective Date of this Agreement, the Company will refund to the Sellers $1,311,402.90 by wire transfer to financial institutions designated by the Sellers and in the respective amounts set forth on Schedule 2.6 of this Agreement for CR-3 Operating Costs (which amount excludes replacement power costs) that were paid to Company by the Sellers for costs incurred (or estimated by Company to be incurred) on or after October 1, 2013.

2.7 Waiver by Company of CR-3 Repair Costs. The Company waives its claim to a right to seek recovery of any and all CR-3 repair costs that the Company alleges is owed by the Sellers, but not heretofore paid by the Sellers, which the Company estimates to be $13.6 million.

2.8 CR-3 Related Payment to Wholesale Customers. The parties hereto acknowledge and agree that there currently exist a number of contracts between the Company, as the provider of electricity, and the Wholesale Customers, as the respective purchasers of electricity, as such contracts are more specifically set forth on **Exhibit "G"** attached hereto (collectively the "Wholesale Customer Contracts"). As material consideration for the execution and performance of this Agreement, the parties hereto agree that, at Closing, the following must occur:

(a) Wholesale Customer Contracts. All Wholesale Customers will execute and provide to Company at the Closing, the mutual general release included in **Exhibit "H"** attached hereto (the "Wholesale Customer Mutual General Release").

(b) Wholesale Customer Payment. At Closing, and upon the written instruction and direction of all Wholesale Customers to Company, specifying the amount to be paid to each Wholesale Customer, the Company shall pay to the Wholesale Customers, a total of $8,400,000.00 (the "Wholesale Customer Payment") by wire transfer to financial institutions designated by the Wholesale Customers in the respective amounts set forth on Schedule 2.8(b).

(c) Wholesale Customer Consent and Joinder. To acknowledge their agreement and consent to the terms and provisions of this Section 2.8 and certain other sections of this Agreement set forth herein, each and all of the Wholesale Customers must execute the Consent and Joinder document attached to this Agreement.

(d) Company Parent Consent and Joinder. The Company Parent shall execute the Consent and Joinder attached hereto to guarantee the obligations of the Company as set forth therein

2.9 Closing Date. The purchase and sale and conveyance of the Purchased Interests, and the execution and delivery of the Settlement-Related Documents (collectively the "Closing") will take place at 10:00 a.m., at the general offices of Company in St. Petersburg, Florida, on a date to be mutually agreed upon by the parties, which date shall be the earlier of: (a) within 30 days after all conditions precedent to the Closing set forth in Sections 6 and 7 below have been satisfied or waived in writing by the applicable parties; or (b) June 1, 2015 (the "Closing Date"). The Closing Date can be extended by the mutual written agreement of the Company, Sellers, Company Parent, and Wholesale Customers. To avoid doubt, each of the Sellers and Wholesale Customers hereby agree that its representatives may give such mutual written agreement to extend the Closing Date without action or approval of their respective governing bodies.

2.10 Failure to Close. The parties hereto expressly acknowledge and agree that, if the Closing does not occur on or before the Closing Date as referenced in Section 2.9 next above, this Agreement will automatically terminate without further action by any party, and this Agreement will have no effect, and Company, Sellers, Wholesale Customers, and Company Parent shall each retain any and all rights, obligations, claims or defenses that they may otherwise have. In addition, upon termination of this Agreement as aforesaid: (a) the Company will have the right to invoice Sellers for all due and owing CR-3 Operating Costs and all CR-3 maintenance and capital expenses then due and owing; and (b) the Sellers shall immediately repay to the Company the $1,311,402.80 set forth in Section 2.6 above.

2.11 Transaction Expenses. Each Seller shall pay all of its own expenses in connection with the acquisition, assignments, transfer, conveyances and deliveries to be made hereunder, and Company shall have no liability therefor. Company shall pay all of its own expenses in connection with the acquisition, assignments, transfer, conveyances and deliveries to be made hereunder, and no Seller shall have any liability therefor. State documentary stamp tax which is required to be affixed to the deeds and the cost of recording any corrective instruments shall be paid by Company. The cost of recording the deeds will be paid by the applicable Seller.

2.12 Delivery of Purchased Interests and Closing Instruments. At the Closing, each Seller shall deliver to Company each of the items described in Section 6 hereof, together with all contracts, agreements, leases, permits, commitments, and rights pertaining to the Purchased Interests and Settlement-Related Documents.

2.13 Title Commitment and Policy. Within six (6) months after the Effective Date of this Agreement, the Sellers shall deliver to Company, at the Sellers' expense, a Title Commitment from a nationally recognized title company reasonably acceptable to Company, agreeing to insure Company's fee simple title to the Realty after Closing in the collective amount of $6.37 million, in form and substance satisfactory to Company (the "Commitment") together with legible copies of all title exception documents. The Sellers will cooperate fully with Company in order for all requirements set forth in Schedule B-1 of the Commitment to be deleted from the Commitment at Closing.

Each Seller agrees that all mortgages, liens, security interests, encumbrances, or judgments against its Realty (other than taxes and assessments for the year of Closing) will be satisfied by the applicable Seller at or prior to Closing.

If the Commitment shows exceptions against any Seller's interest which renders title to any of the Realty unmarketable or uninsurable, Company shall notify the Sellers in writing within thirty (30) days following its receipt of the Commitment, specifying the matters revealed by the Commitment which render title unmarketable or uninsurable and to which Company objects (the "Title Objection Letter"). The matters described in the Title Objection Letter shall be treated as title defects.

The Seller or Sellers upon whose Realty a title defect has been identified in the Title Objection Letter shall have thirty (30) days following their receipt of Company's Title Objection Letter within which to remove any title defects cited by Company other than mortgages, liens, security interests, encumbrances, and judgments to be satisfied at or prior to Closing. If such Seller or Sellers fail, within such time, to remove or cure such defects, Company shall be entitled to take such actions as the Company shall deem necessary or appropriate in order to cure such title defects, including, without limitation, utilizing up to the full amount of the applicable Seller(s)' allocation of the Settlement Payment, as set forth on **Exhibit "E"**, to remove/eliminate each and every matter set forth on the Title Objection Letter. The Company is free to waive any title defect in writing.

2.14 Cure of Title-Related Matters. At any time before the Closing, Company shall have the right to conduct, at its own expense, an independent review of each Seller's title to the Purchased Interests, including obtaining applicable UCC searches. If title to any of the Purchased Interests is found defective as determined by Company, Company shall within sixty (60) days thereafter, give notice to the applicable Seller specifying the defect(s), and any such defect which is not cured to Company's satisfaction prior to the Closing shall be treated as a title defect under Section 2.13, including the rights and obligations of the parties as set forth therein.

2.15 Risk of Loss by Casualty. If the Purchased Interests are damaged by fire or other casualty before Closing, the Sellers shall take such actions as may be required by the Participation Agreement (excluding CR-3 Operating Cost payment obligations). In such event, Company shall take the Purchased Interests "as is" together with all insurance proceeds that may be payable to Sellers as a result of such damage to the Purchased Interests. Company and Sellers will attend and perform at Closing in the manner described in this Agreement. At Closing, Sellers shall pay or assign to Company the insurance proceeds paid or payable to Sellers as a result of the damage to the Purchased Interests. Until Closing, Company shall maintain, for the benefit of Company and the Participants, insurance of the type and amount required by Section 11 of the Participation Agreement.

2.16 Permit Transfer. As soon as reasonably practicable following the Effective Date of this Agreement, Company shall file and pursue an application for approval of transfer of rights pursuant to the permits with the appropriate federal regulatory authorities. Any necessary filing fee for the application, the cost of advertisement of the filing of the application, together with all costs associated with the review and disposition by the appropriate administrative agency and all other costs incurred incidental thereto shall be the responsibility of Company. The Sellers shall cooperate with Company in all respects, at Company's request from time to time, with respect to such applications, including but not limited to, providing written notice to the appropriate federal administrative or governmental agency, including but not limited to, the NRC, of the Sellers' agreement to sell, convey and transfer the Purchased Interests.

2.17 Further Assurances. From time to time, each party to this Agreement shall execute and deliver to the others such other instruments of conveyance and transfer and take such other action as may reasonably be required so as to more effectively sell, convey, transfer to, and vest in Company, and to put Company in possession of, all of the properties or assets to be conveyed, transferred, and delivered to Company hereunder including the Purchased Interests.

2.18 Default. If any Seller or Company is in material breach of this Agreement prior to the Closing, then the non-defaulting party shall provide written notice to the defaulting party specifying with particularity such default (a "Default Letter"), and the defaulting party shall have sixty (60) days following its receipt of the Default Letter, in which to cure such default. If the defaulting party fails to cure such default within such sixty (60) day period, then the non-defaulting party may elect to cancel and terminate this Agreement, or may elect to seek specific performance of all of the defaulting party's obligations hereunder. In addition, and without limiting or waiving any of its other remedies under this Agreement, the non-defaulting party shall be entitled to pursue all other remedies available at law or in equity.

## SECTION 3. REPRESENTATIONS AND WARRANTIES OF SELLERS

As a material inducement to Company to execute and perform its obligations under this Agreement and to Close, each Seller hereby represents and warrants to Company that each of the following statements in this Section is true, correct, and complete, as of the Effective Date hereof, and will be true, correct and complete as of the Closing Date:

3.1 Organization. Each Seller is a Florida municipality, a Florida municipal utility, commission, board, or authority and holds title to its respective Purchased Interests as set forth on **Exhibit "A"**. Each Seller has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. Copies of all applicable documents establishing each Seller's due incorporation, valid existence and active status will be provided to Company on request.

3.2 Due Authorization. The execution, delivery and performance by each Seller of this Agreement and all Closing documents referenced herein have been duly authorized by all necessary action on the part of each Seller, does not contravene the Florida Constitution, any law, or any government rule, regulation or order applicable to each Seller, or its properties, and does not and will not contravene the provisions of, cause the acceleration of any rights under, cause the creation of any lien under, or constitute a default under, any contract, resolution or other instrument to which the applicable Seller is a party or by which the applicable Seller is bound, which could adversely affect the ability of the applicable Seller to carry out its obligations under this Agreement. All requisite government and regulatory approvals and consents for each Seller, including but not limited to the NRC, Federal Energy Regulatory Commission, approvals necessary for the execution, delivery and performance by the Sellers of this Agreement have been obtained or will be obtained prior to Closing. The execution, delivery and performance of this Agreement does not require the Sellers to (i) obtain any consent of any creditor, lessor, mortgagee, bondholder, or other party to any agreement or instrument to which any Seller is a party or by which any Seller or any of its properties are bound except as provided in Section 5.6 hereof ***[Joint Owners to confirm]***, or (ii) notify or obtain any permit, authorization or approval of any federal, state or local authority, except for the transfer of permits as set forth

herein. This Agreement has been duly and validly executed and delivered by each Seller, and constitutes the legal, valid and binding obligations of each Seller, enforceable in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws affecting creditors' rights generally, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

3.3 Litigation. There are no actions, suits or proceedings pending against any Seller, or, to any Seller's knowledge, threatened against any Seller, or any of the assets to be conveyed hereunder before any court or administrative body or agency having jurisdiction over any Seller, or any of the assets to be conveyed hereunder (including any arbitrations, worker's compensation or other administrative proceedings, condemnation proceedings, criminal prosecutions, governmental investigations or audits) nor are there any other circumstances known to any Seller to be pending or threatened, which might materially adversely affect the execution, delivery and performance by any Seller of this Agreement.

3.4 Title to Property. With respect to the Realty and each item of Personalty, each Seller has the undivided percentage interest therein set forth on **Exhibit "A"** attached hereto, and good and marketable title, in the case of the Realty, and good and assignable title, in the case of the Personalty on such Seller's percentage interest, and in each case, free and clear of any liens, claims, charges, mortgages, leases, subleases, security interests, exceptions, encroachments, encumbrances and rights of any parties of any kind or type whatsoever (collectively "Encumbrances"). Each respective Seller holds legal and beneficial title to all of the rights of that Seller contained in the Settlement-Related Documents, and none of those rights has been assigned, transferred, conveyed, or encumbered in any way by any Seller.

3.5 Condition. The Sellers make no representations or warranties whatsoever, expressed, implied or statutory as to the value, quality, conditions, salability, obsolescence, merchantability, design, engineering, construction, fitness or suitability for use or working order for all or any part of the Realty or Personalty, wherever situate, and in whatever state of development, design, engineering, manufacturing, repair or construction.

3.6 Assigned Contracts. Each Seller represents that it has not entered into, nor is bound by any contract, other than Section 9.2 of the Participation Agreement, that would prohibit the applicable Seller from performing any of its obligations under this Agreement.

3.7 Disclosure. No representations or warranties by the Sellers contained in this Agreement, and no writing, certificate, list or other instrument furnished, or to be furnished by the Sellers to Company pursuant hereto, or in connection with the transactions contemplated hereby, contains, or shall contain, any untrue statement of a material fact, or omits, or shall omit, or fails or shall fail to state a material fact necessary in order to make the statements and information contained herein or therein, as the case may be, not misleading or necessary in order to provide Company with full and proper information as to the Purchased Interests and the Sellers' business and affairs. All financial documents provided by the Sellers to Company, including, without limitation, those concerning each respective CR-3 Decommissioning Trust, are true and correct in all material respects.

3.8 Representations and Warranties at Closing. All representations and warranties of the Sellers set forth in this Agreement shall be true and correct at and as of the Closing Date as if such representations and warranties were made at and as of such date.

3.9 CR-3 Decommissioning Trust Fund. Each Seller has funded its respective CR-3 Decommissioning Trust in accordance with the amounts included in each nuclear decommissioning cost study provided by Company at various points in time. Specifically, each Seller represents and warrants that its CR-3 Decommissioning Trust contains funds intended to be used for radiological decommissioning, site restoration, and spent fuel management, as those categories of costs were set forth in the nuclear decommissioning cost studies provided by the Company. Each Seller further represents and warrants that its account listed above in the definition of "CR-3 Decommissioning Trust" is the only account(s) created by such Seller to pay for the decommissioning of CR-3, and that no other Seller-owned accounts intended for decommissioning of CR-3 exist.

## SECTION 4. REPRESENTATIONS AND WARRANTIES OF COMPANY

Company hereby represents and warrants to the Sellers as follows:

4.1 Organization. Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and has the requisite power and authority to acquire and own the Purchased Interests, to execute and deliver this Agreement and to perform its obligations hereunder and to carry on its business as it is now being conducted and as contemplated to be conducted in the future.

4.2 Due Authorization. The execution, delivery and performance by Company of this Agreement have been duly authorized by all requisite action by Company, and, subject to the receipt of the items described in Section 6.5, do not (a) contravene any law, or any governmental rule, regulation or order applicable to Company or its properties, or the Articles of Incorporation or By-Laws of Company, or (b) contravene the provisions of, cause the acceleration of any rights under, cause the creation of any lien under, or constitute a default under, any contract, resolution or other instrument to which Company is a party or by which Company is bound, which could materially affect the ability of Company to carry out its obligations hereunder or thereunder. All requisite government and regulatory approvals and consents, including but not limited to NRC, Federal Energy Regulatory Commission, and Florida Public Service Commission approvals necessary for the execution, delivery and performance by the Company have been obtained or will be obtained prior to Closing. The execution, delivery and performance of this Agreement do not require the Company to (i) obtain any consent of any creditor, lessor, mortgagee, bondholder, or other party to any agreement or instrument to which Company is a party or by which any Company or any of its properties are bound except as provided in Section 5.6 hereof, or (ii) notify or obtain any permit, authorization or approval of any federal, state or local authority, except for the transfer of permits as set forth herein. This Agreement has been duly and validly executed and delivered by Company and will constitute the legal, valid and binding obligations of Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws affecting creditors' rights generally, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

4.3 Litigation. There are no actions, suits, or proceedings pending against Company or, to Company's knowledge, threatened against or affecting Company before any court or administrative body or agency having jurisdiction over Company, which might materially adversely affect the execution, delivery and performance by Company of this Agreement.

4.4 Disclosure. No representations or warranties by Company contained in this Agreement and no writing, certificate, list or other instrument furnished, or to be furnished by Company to Sellers pursuant hereto, or in connection with the transactions contemplated hereby, contains, or shall contain, any untrue statement of a material fact, or omits, or shall omit, or fails, or shall fail, to state a material fact necessary in order to make the statements and information contained herein or therein, as the case may be, not misleading.

4.5 Representations and Warranties at Closing. All representations and warranties of Company set forth in this Agreement shall be true and correct at and as of the Closing Date as if such representations and warranties were made at and as of such date.

SECTION 5. OBLIGATIONS OF PARTIES

5.1 Duty to Disclose. In the event that prior to the Closing, either Company or any Seller becomes aware of any facts or circumstances that would make any of its representations and warranties herein untrue or misleading, such party shall promptly give written notice of such facts or circumstances to the other party.

5.2 Satisfaction of Conditions Precedent. Each party agrees to use reasonable efforts to cause the conditions precedent to its obligations to close the transactions under this Agreement, that are within its reasonable control, to be satisfied at or prior to the Closing (provided, however, that the foregoing shall not require either party to perform a covenant or duty of the other party, or to remedy a breach of representation or warranty of the other party, under this Agreement).

5.3 Conduct of Operations Prior to Closing. From and after the Effective Date of this Agreement until the Closing Date, except as otherwise consented to by the other party in writing:

(a) No Seller shall sell or otherwise assign or transfer all or any portion of the Purchased Interests or the rights of Seller contained in the Settlement-Related Documents, and shall not consider or solicit any proposals, for the purchase and sale of all or any portion of the foregoing without the prior written consent of Company;

(b) No party shall take any action in such a manner as would adversely affect that party's ability to consummate this Agreement and perform its obligations under this Agreement.

5.4 Consents. Each Seller shall use its best efforts to obtain, in writing, any third party consents or approvals necessary in order that the transactions contemplated hereby shall not result in any default or termination of any agreement to which that Seller is a party. Any failure to obtain such consents or approvals shall be treated as a title defect under Section 2.10 with respect to the properties affected thereby.

5.5 Required Waivers Under Participation Agreement.

(a) Prior to the Closing, Company shall attempt to obtain a written waiver from each party to the Participation Agreement that is not the Company or a Seller, pursuant to which such party shall waive its right to receive an offer to purchase a Seller's CR-3 ownership interest pursuant to Section 9.2 of the Participation Agreement (the "Participation Waiver"). Provided however, should Company be unable to obtain the Participation Waiver prior to Closing, the Company shall notify the Sellers in writing that it has not obtained the Participation Waiver, and proceed to Closing as set forth in this Agreement, subject to the Company's indemnification of Sellers related to the inability to obtain the Participation Waiver, as set forth in Section 8.4(b)(iv) of this Agreement.

(b) With respect to the Sellers' own rights of first refusal pursuant to Section 9.2 of the Participation Agreement, each Seller hereby forever waives and relinquishes its respective right of first refusal to purchase the pro rata share of each other Seller's interest in CR-3. Nothing in this Section shall be interpreted as authorizing Company to purchase less than the entire Purchased Interests pursuant to Section 9.2 of the Participation Agreement.

5.6 No Individual Sales. The parties hereto acknowledge and agree that it is their collective intention that the Company purchase all, and not less than all, of the Purchased Interests from each and all of the Sellers, and the Company shall have no obligation to purchase, and the Sellers shall have no obligation to sell, less than all of the Purchased Interests. Stated another way, unless waived by the Company and the Sellers in writing, there shall be no obligation on the Company to close and purchase, and no obligation on any Seller to close and sell, less than all of the Purchased Interests collectively owned by the Sellers.

## SECTION 6. CONDITIONS PRECEDENT TO COMPANY'S OBLIGATION TO CLOSE

The obligation of Company to close is subject to the full satisfaction (or the waiver in writing by Company), prior to or at the Closing, of each of the following conditions in a manner, substance and form satisfactory to Company and its counsel:

6.1 Certificate. Each Seller shall have executed and delivered to Company a Closing Certificate, substantially in the form attached hereto as **Exhibit "I"**, signed by a duly authorized officer of such Seller, dated the Closing Date, which states that the representations and warranties of such Seller, contained in this Agreement and the information in all lists, certificates, documents, exhibits, and other writings delivered by such Seller to Company pursuant hereto, are true and correct as of the Effective Date hereof, and are deemed to have been made and delivered again as of and at the Closing, and that all shall then be true and complete in all material respects as if made as of and at the Closing (the "Seller's Closing Certificate").

6.2 Opinion of Counsel for Sellers. Counsel to each Seller shall have delivered an opinion dated the Closing Date and addressed to Company, substantially in the form attached hereto as **Exhibit "J"**.

6.3 Warranty Deed and Bill of Sale. Each Seller shall have executed and delivered a Special Warranty Deed and a Bill of Sale substantially in the form of **Exhibit "K"** attached hereto (the "Warranty Deed and Bill of Sale"), together with a Lien Affidavit, a FIRPTA affidavit and any other instrument that may be reasonably required or reasonably requested by Company in order for each Seller to convey to Company good and assignable title to each Seller's interest in the Personalty, and good and marketable title to each Seller's interest in the Realty (and all buildings, power plants, structures, improvements and fixtures located thereon), and to transfer to Company the rest of the Purchased Interests, under the terms of this Agreement, in each case free and clear of all Encumbrances.

6.4 Assignment and Assumption Agreement. Each Seller shall have executed and delivered the Assignment and Assumption Agreement in substantially the form of **Exhibit "F"** attached hereto (the "Assignment and Assumption Agreement") for the Participation Agreement interest being transferred at Closing.

6.5 Execution and Delivery of Settlement-Related Documents. The Company, Sellers, and Wholesale Customers, as applicable, shall each have executed and delivered, all of the Settlement-Related Documents.

6.6 Execution of Wholesale Customer Mutual General Release. All Wholesale Customers shall have executed and delivered to Company the Wholesale Customer Mutual General Release in the form attached hereto as **Exhibit "H"**.

6.7 Consents. Approvals and Permits. All third party consents, regulatory approvals and governmental permits necessary for the consummation of the transactions under this Agreement, the issuance or assignment of all licenses, permits, and agreements required to have been obtained, on or prior to the Closing Date, with respect to the transactions under this Agreement, shall have been received (without the imposition of any additional conditions, qualifications, or reservations). Without limiting the generality of the preceding sentence, (a) the NRC shall have issued a final ruling as to the license transfer request to be filed by the Company and Sellers upon the Effective Date of this Agreement, which ruling must be acceptable to Company in its sole discretion, and (b) no proceeding before the Federal Energy Regulatory Commission or any other governmental body or agency or court shall be pending or threatened which challenges, or would challenge, any of the transactions under this Agreement.

6.8 Application for Amendment/Transfer of NRC Operating License. Company, as operator under NRC Operating License No. DPR-72 for CR-3, and as agent under the Participation Agreement, shall have made application to, and obtained written approval from the NRC for amendment/transfer of such license to delete the Sellers as entities authorized to possess (though not to operate) CR-3. Sellers, to the extent requested by Company, shall have cooperated in all respects with such application.

## SECTION 7. CONDITIONS PRECEDENT TO SELLERS' OBLIGATION TO CLOSE

The obligation of the Sellers to close is subject to the full satisfaction (or the waiver in writing by the Sellers), prior to or at the Closing, of each of the following conditions, in a manner, substance and form satisfactory to each of the Sellers and their counsel:

7.1 Certificate. Company shall have executed and delivered to the Sellers a Closing Certificate, substantially in the form attached hereto as **Exhibit "I"**, signed by a duly authorized officer, dated the date of Closing, which states that all of the Company's representations and warranties contained in this Agreement and the information in all lists, certificates, documents, exhibits, and other writings delivered by the Company to the Sellers pursuant hereto, are true and correct as of the Effective Date hereof, and are deemed to have been made and delivered again as of and at the Closing, and that all shall then be true and complete in all material respects as if made as of and at the Closing (the "Company's Closing Certificate").

7.2 Opinion of Counsel for Company. Counsel to Company shall have delivered an opinion dated the Closing Date and addressed to Sellers, substantially in the form attached hereto as **Exhibit "L"**.

7.3 Assignment and Assumption Agreement. Company shall have executed and delivered to the Sellers the Assignment and Assumption Agreement in substantially the form of **Exhibit "F"**.

7.4 Execution and Delivery of Settlement-Related Documents. The Company, Sellers, and Wholesale Customers, as applicable, shall each have executed and delivered the Settlement-Related Documents.

7.5 Execution of Wholesale Customer Mutual General Release. Company shall have executed and delivered to the Wholesale Customers the Wholesale Customer Mutual General Release in the form attached hereto as **Exhibit "H"**.

7.6 Consents, Approvals and Permits. All third party consents, regulatory approvals and governmental permits necessary for the consummation of the transactions under this Agreement, the issuance or assignment of all licenses, permits, and agreements required to have been obtained, on or prior to the Closing Date, with respect to the transactions under this Agreement, shall have been received (without the imposition of any additional conditions, qualifications, or reservations). Without limiting the generality of the preceding sentence, (a) the NRC shall have issued a final ruling as to the license transfer request to be filed by the Company and Sellers upon the Effective Date of this Agreement, which ruling must be acceptable to Company in its sole discretion, and (b) no proceeding before the Federal Energy Regulatory Commission or any other governmental body or agency or court shall be pending or threatened which challenges, or would challenge, any of the transactions under this Agreement.

SECTION 8. GENERAL PROVISIONS.

8.1 Survival. All representations, warranties, covenants and agreements made by the Sellers, or Company under this Agreement, in connection with the transactions contemplated hereby, or in any certificate, exhibit, schedule, list or other instrument delivered pursuant hereto, shall survive the Closing and any investigations made at any time with respect thereto.

8.2 Governing Law. The validity, interpretation, and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Florida.

8.3 Section Headings Not to Affect Meaning. The descriptive headings of the various Sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions hereof.

8.4 Indemnifications. Effective as of the Closing, should it occur, but not otherwise:

(a) Each Seller hereby agrees to defend, indemnify and hold harmless Company, its affiliates, officers, agents, directors, employees, predecessors in interest, successors and assigns against, and in respect of, any and all manner of loss, costs, claims, damages, penalties, fines, liabilities and expenses, including, without limitation, reasonable attorneys' fees and litigation expenses, arising out of or relating in any way to:

(i) Any liability of the Seller arising out of the Participation Agreement and/or the Purchased Interests, not expressly assumed by Company pursuant to this Agreement; or

(ii) Any breach by such Seller of any of the representations, warranties, releases, covenants or agreements provided for in this Agreement, or in any of the documents executed by such Seller at Closing, or in any certificate or document delivered to Company by such Seller hereunder.

(b) Company hereby agrees to defend, indemnify and hold harmless each Seller, its affiliates, officers, agents, directors, employees, successors and assigns against, and in respect of, any and all manner of loss, costs, claims, damages, penalties, fines, liabilities and expenses, including, without limitation, reasonable attorneys' fees and litigation expenses, arising out of or relating in any way to, but excluding, at all times, the Sellers' NDT Indemnification Obligations:

(i) The construction, ownership, operation, maintenance, licensing, and repair of CR-3, including, without limitation, the CR-3 steam generator replacement project or subsequent containment wall delamination and retirement of CR-3;

(ii) Any breach by Company of any of the representations, warranties, releases, covenants or agreements provided for in this Agreement, or in any of the documents executed by Company at Closing, or in any certificate or document delivered to any Seller by Company hereunder; or

(iii) All obligations, responsibilities or liabilities assigned to and assumed by the Company pursuant to this Agreement or any of the Settlement-Related Documents, including, without limitation, those arising out of the Participation Agreement; or

(iv) Any claims by any party to the Participation Agreement that is not the Company or a Seller arising out of or related to the inability or failure to obtain the Participation Waiver prior to the Closing Date; or

(v) The decommissioning of CR-3, including without limitation, SAFSTOR activities, radiological decommissioning, site restoration, spent fuel management, or any other activities undertaken to permanently remove CR-3 from service and reduce and

remove radioactive material to levels that would permit termination of the Nuclear Regulatory Commission license, the disposal, management, and storage of spent fuel and radioactive materials and waste, and the dismantlement of site structures and other activities necessary to restore the CR-3 site to NRC, or other federal, state, or local governmental or regulatory authority, required conditions.

(c) If any action, suit or proceeding shall be commenced against, or any such claim, demand or assessment be asserted against, an indemnified party in respect of which such indemnified party proposes to demand indemnification, the indemnified party shall notify the indemnifying party to that effect with reasonable promptness and the indemnified party shall have the right at its own expense to participate in (but not to direct) the defense, compromise or settlement thereof. In connection therewith, the indemnified party shall cooperate fully to make available to the indemnifying party all pertinent information under its control. The indemnified party shall not admit liability or agree to a settlement without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld.

(d) The provisions of this Section 8.4 are in addition to, and not in limitation of, any of the provisions of the closing documents referenced herein, including, without limitation, the Seller Mutual General Releases attached hereto as **Exhibit "C".**

8.5 Integration. The terms and provisions contained in this Agreement shall constitute the entire agreement between the Sellers and Company with respect to the matters provided for herein and therein and supersede all previous agreements with respect thereto, whether verbal or written, between the Sellers and Company.

8.6 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors of the parties hereto (Company, Sellers, Wholesale Customers, and Company Parent) and their assignees permitted hereunder; provided, however, that except for any partial or full assignment or delegation by Company to a corporation or other entity affiliated with Company, to which Company may sell or assign all or substantially all of its assets, or with which Company may enter into a merger, consolidation, reorganization, or other business combination, any or all of which shall be permitted without Sellers' consent, neither this Agreement nor any portion thereof may be assigned or delegated by either party without the prior written consent of the other parties hereto. If this Agreement is assigned or delegated with such consent, the terms and conditions hereof shall be binding upon and shall inure to the benefit of such assignee and its successors and assignees permitted hereunder; provided, however, that no assignment or delegation of this Agreement or any of the rights or obligations hereof shall relieve the assignor of its obligations under this Agreement. Nothing expressed or referred to in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to this Section.

8.7 Amendments and Waivers. This Agreement may be amended by and only by a written instrument duly executed by each of the parties hereto. Any of the terms or provisions of this Agreement may be waived in writing at any time by the party which is entitled to the benefits of such waived terms or provisions. No waiver of any of the provisions of this

Agreement shall be deemed to or shall constitute a waiver of any other provisions hereof (whether or not similar). No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

8.8 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

8.9 Jurisdiction; Service of Process. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the parties solely in the courts of the State of Florida, County of Pinellas, or, if it has or can acquire jurisdiction, in the United States District Court for the Middle District of Florida, Tampa Division, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue therein.

8.10 Notices. All notices and other communications hereunder shall be in writing and shall be delivered by hand, by prepaid first class registered or certified mail, return receipt requested, by courier by a nationally recognized overnight courier service, or by facsimile (provided the sending party has received electronic confirmation of receipt by the receiving party and the sending party sends by mail a copy of such notice), addressed as set forth on **Exhibit "M"** attached hereto, or at such other address for a party as shall be specified by like notice. Except as otherwise provided in this Agreement, all notices and other communications shall be deemed effective upon receipt.

8.11 Costs. Except as otherwise provided in this Agreement, each party shall pay its own expenses with respect to the transactions under this Agreement.

8.12 Attorneys' Fees. In the event of any litigation between the parties with respect to this Agreement, the prevailing party shall be entitled to recover its attorneys' fees and costs (including paralegal costs) whether incurred prior to trial, during trial, on appeal or in bankruptcy proceedings, from the non prevailing party or parties.

8.13 Recitals. The Recitals in this Agreement form an integral part of this Agreement and set forth the basis upon which the parties have entered into this Agreement.

8.14 Interpretation. In the interpreting of this Agreement, the singular shall include the plural and vice versa, and, unless the context otherwise requires, the word "including" shall mean "including, without limitation".

8.15 Radon Gas Notification. In accordance with the requirements of Florida law, the following notice is hereby given by the Sellers:

> RADON GAS: Radon is a naturally occurring radioactive gas that, when it is accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information

regarding radon and radon testing may be obtained from the Citrus County Public Health Center.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

| | |
|---|---|
| Witnesses: | DUKE ENERGY FLORIDA, INC.,<br>as the Company |
| _____ | By:_____ |
| Print Name:_____ | As its:_____ |
| _____ | |
| Print Name:_____ | (CORPORATE SEAL) |

*As to Company*

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Witnesses:

CITY OF ALACHUA,
as a Seller

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to Seller*

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Witnesses:

CITY OF BUSHNELL,
as a Seller

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to Seller*

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Witnesses:

CITY OF GAINESVILLE
D/B/A GAINESVILLE REGIONAL
UTILITIES,
as a Seller

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to Seller*

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

| | |
|---|---|
| Witnesses: | CITY OF KISSIMMEE,<br>as a Seller |
| _____ | By:_____ |
| Print Name:_____ | As its:_____ |
| _____ | |
| Print Name:_____ | (CORPORATE SEAL) |

*As to Seller*

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Witnesses:

CITY OF LEESBURG,
as a Seller

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to Seller*

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Witnesses:

CITY OF NEW SMYRNA BEACH,
as a Seller

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to Seller*

Witnesses:

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH,

as a Seller

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to Seller*

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Witnesses:

CITY OF OCALA,
as a Seller

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to Seller*

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Witnesses:

CITY OF ORLANDO,
as a Seller

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to Seller*

Witnesses:

ORLANDO UTILITIES COMMISSION,
as a Seller

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to Seller*

## CONSENT AND JOINDER

The Undersigned is a "Wholesale Customer", as defined in the CR-3 Settlement Release, and Acquisition Agreement (the "**Agreement**") to which this Consent and Joinder is attached. By execution of this Consent and Joinder, the Undersigned agrees with and will comply with the following sections of the Agreement, each of which applies to the Undersigned:

Sections 1, 2.8, 2.9, 2.10, 8.2, 8.3, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13, 8.14, Exhibit G, Exhibit H, Exhibit M and Schedule 2.8(b).

This Consent and Joinder has been duly and validly executed and delivered by the Undersigned and constitutes the legal, valid and binding obligations of the Undersigned.

Witnesses:

CITY OF BARTOW,
as a Wholesale Customer

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to City of Bartow*

## CONSENT AND JOINDER

The Undersigned is a "Wholesale Customer", as defined in the CR-3 Settlement Release, and Acquisition Agreement (the "**Agreement**") to which this Consent and Joinder is attached. By execution of this Consent and Joinder, the Undersigned agrees with and will comply with the following sections of the Agreement, each of which applies to the Undersigned:

Sections 1, 2.8, 2.9, 2.10, 8.2, 8.3, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13, 8.14, Exhibit G, Exhibit H, Exhibit M and Schedule 2.8(b).

This Consent and Joinder has been duly and validly executed and delivered by the Undersigned and constitutes the legal, valid and binding obligations of the Undersigned.

Witnesses:

CITY OF CHATTAHOOCHEE,
as a Wholesale Customer

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to City of Chattahoochee*

## CONSENT AND JOINDER

The Undersigned is a "Wholesale Customer", as defined in the CR-3 Settlement Release, and Acquisition Agreement (the "**Agreement**") to which this Consent and Joinder is attached. By execution of this Consent and Joinder, the Undersigned agrees with and will comply with the following sections of the Agreement, each of which applies to the Undersigned:

Sections 1, 2.8, 2.9, 2.10, 8.2, 8.3, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13, 8.14, Exhibit G, Exhibit H, Exhibit M and Schedule 2.8(b).

This Consent and Joinder has been duly and validly executed and delivered by the Undersigned and constitutes the legal, valid and binding obligations of the Undersigned.

Witnesses:

CITY OF GAINESVILLE d/b/a
GAINESVILLE REGIONAL UTILITIES,
as a Wholesale Customer

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to Gainesville Regional Utilities*

## CONSENT AND JOINDER

The Undersigned is a "Wholesale Customer", as defined in the CR-3 Settlement Release, and Acquisition Agreement (the "**Agreement**") to which this Consent and Joinder is attached. By execution of this Consent and Joinder, the Undersigned agrees with and will comply with the following sections of the Agreement, each of which applies to the Undersigned:

Sections 1, 2.8, 2.9, 2.10, 8.2, 8.3, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13, 8.14, Exhibit G, Exhibit H, Exhibit M and Schedule 2.8(b).

This Consent and Joinder has been duly and validly executed and delivered by the Undersigned and constitutes the legal, valid and binding obligations of the Undersigned.

Witnesses:

CITY OF HOMESTEAD,
as a Wholesale Customer

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to City of Homestead*

## CONSENT AND JOINDER

The Undersigned is a "Wholesale Customer", as defined in the CR-3 Settlement Release, and Acquisition Agreement (the "**Agreement**") to which this Consent and Joinder is attached. By execution of this Consent and Joinder, the Undersigned agrees with and will comply with the following sections of the Agreement, each of which applies to the Undersigned:

Sections 1, 2.8, 2.9, 2.10, 8.2, 8.3, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13, 8.14, Exhibit G, Exhibit H, Exhibit M and Schedule 2.8(b).

This Consent and Joinder has been duly and validly executed and delivered by the Undersigned and constitutes the legal, valid and binding obligations of the Undersigned.

Witnesses:

CITY OF MOUNT DORA,
as a Wholesale Customer

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to City of Mount Dora*

## CONSENT AND JOINDER

The Undersigned is a "Wholesale Customer", as defined in the CR-3 Settlement Release, and Acquisition Agreement (the "**Agreement**") to which this Consent and Joinder is attached. By execution of this Consent and Joinder, the Undersigned agrees with and will comply with the following sections of the Agreement, each of which applies to the Undersigned:

Sections 1, 2.8, 2.9, 2.10, 8.2, 8.3, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13, 8.14, Exhibit G, Exhibit H, Exhibit M and Schedule 2.8(b).

This Consent and Joinder has been duly and validly executed and delivered by the Undersigned and constitutes the legal, valid and binding obligations of the Undersigned.

Witnesses:

CITY OF NEW SMYRNA BEACH,
as a Wholesale Customer

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to City of New Smyrna Beach*

Witnesses:

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH,
as a Wholesale Customer

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to New Smyrna Beach Utilities Commission*

## CONSENT AND JOINDER

The Undersigned is a "Wholesale Customer", as defined in the CR-3 Settlement Release, and Acquisition Agreement (the "**Agreement**") to which this Consent and Joinder is attached. By execution of this Consent and Joinder, the Undersigned agrees with and will comply with the following sections of the Agreement, each of which applies to the Undersigned:

Sections 1, 2.8, 2.9, 2.10, 8.2, 8.3, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13, 8.14, Exhibit G, Exhibit H, Exhibit M and Schedule 2.8(b).

This Consent and Joinder has been duly and validly executed and delivered by the Undersigned and constitutes the legal, valid and binding obligations of the Undersigned.

Witnesses:

CITY OF QUINCY,
as a Wholesale Customer

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to City of Quincy*

## CONSENT AND JOINDER

The Undersigned is a "Wholesale Customer", as defined in the CR-3 Settlement Release, and Acquisition Agreement (the "**Agreement**") to which this Consent and Joinder is attached. By execution of this Consent and Joinder, the Undersigned agrees with and will comply with the following sections of the Agreement, each of which applies to the Undersigned:

Sections 1, 2.8, 2.9, 2.10, 8.2, 8.3, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13, 8.14, Exhibit G, Exhibit H, Exhibit M and Schedule 2.8(b).

This Consent and Joinder has been duly and validly executed and delivered by the Undersigned and constitutes the legal, valid and binding obligations of the Undersigned.

Witnesses:

CITY OF WILLISTON,
as a Wholesale Customer

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to City of Williston*

## CONSENT AND JOINDER

The Undersigned is a "Wholesale Customer", as defined in the CR-3 Settlement Release, and Acquisition Agreement (the "**Agreement**") to which this Consent and Joinder is attached. By execution of this Consent and Joinder, the Undersigned agrees with and will comply with the following sections of the Agreement, each of which applies to the Undersigned:

Sections 1, 2.8, 2.9, 2.10, 8.2, 8.3, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13, 8.14, Exhibit G, Exhibit H, Exhibit M and Schedule 2.8(b).

This Consent and Joinder has been duly and validly executed and delivered by the Undersigned and constitutes the legal, valid and binding obligations of the Undersigned.

Witnesses:

FLORIDA MUNICIPAL POWER AGENCY (ALL REQUIREMENTS POWER SUPPLY PROJECT), as a Wholesale Customer

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to FMPA*

## CONSENT AND JOINDER

The Undersigned is the parent company of the Company, as defined in the CR-3 Settlement Release, and Acquisition Agreement (the "**Agreement**") to which this Consent and Joinder is attached. By execution of this Consent and Joinder, the Undersigned hereby agrees to guarantee the Company's obligations as set forth in the Agreement.

This Consent and Joinder has been duly and validly executed and delivered by the Undersigned and constitutes the legal, valid and binding obligations of the Undersigned.

Witnesses:

DUKE ENERGY CORPORATION,
as the Company Parent

_____
Print Name:_____

By:_____
As its:_____

_____
Print Name:_____

(CORPORATE SEAL)

*As to Duke Energy Corporation*

## EXHIBITS

| | |
|---|---|
| Exhibit "A" | Schedule of Tenant in Common Interests of Sellers |
| Exhibit "B" | Legal Description of Realty/Site |
| Exhibit "C" | Form of General Release (Company and Sellers) |
| Exhibit "D" | Form of Trust Conveyance Documents |
| Exhibit "E" | Allocation of Settlement Payment |
| Exhibit "F" | Assignment and Assumption Agreement |
| Exhibit "G" | Copies of Wholesale Customer Contracts |
| Exhibit "H" | Form of Wholesale Customer General Release (Company and Wholesale Customers) |
| Exhibit "I" | Form of Closing Certificates |
| Exhibit "J" | Form of Opinion of Counsel for Sellers |
| Exhibit "K" | Form of Special Warranty Deed and Bill of Sale |
| Exhibit "L" | Form of Opinion of Counsel of Company |
| Exhibit "M" | Notice Provisions |

## SCHEDULES

| | |
|---|---|
| Schedule 2.4 | Allocation of $429,560.21 |
| Schedule 2.6 | Allocation of $1,311,402.90 |
| Schedule 2.8(b) | Allocation of Wholesale Customer Payments |

## EXHIBIT "A"

### Schedule of Tenant in Common Interests of Sellers

| Applicable Seller | Applicable Tenant in Common Undivided Percentage Interest in Realty |
|---|---|
| City of Alachua | 0.0779 |
| City of Bushnell | 0.0388 |
| City of Gainesville | 1.4079 |
| City of Kissimmee | 0.6754 |
| City of Leesburg | 0.8244 |
| City of New Smyrna Beach and New Smyrna Beach Utilities Commission | 0.5608 |
| City of Ocala | 1.3333 |
| City of Orlando and Orlando Utilities Commission | 1.6015 |

# EXHIBIT "B"

## Legal Description of Realty/Site

# EXHIBIT "C"

## Form of Mutual General Release
## (Company and Sellers)

# MUTUAL GENERAL RELEASE
(Company and Sellers)

This Mutual General Release is effective on the Closing Date by and between Duke Energy Florida, Inc. (the "Company") and the City of Alachua, the City of Bushnell, the City of Gainesville d/b/a Gainesville Regional Utilities, the City of Kissimmee, the City of Leesburg, the City of New Smyrna Beach and the Utilities Commission, City of New Smyrna Beach, the City of Ocala, and the City of Orlando and Orlando Utilities Commission, who are minority owners of the Crystal River Unit 3 nuclear power plant ("CR-3") (collectively the "Participants").

WHEREAS, certain disputes have arisen or may arise by and between the Company and the Participants concerning the operation and maintenance of, and management of CR-3 by the Company, including but not limited to:

(vii) the events, actions, or omissions related to the CR-3 outage that began on October 2, 2009, including but not limited to, the CR-3 steam generator replacement project (the "SGR Project");

(viii) the CR-3 containment building delaminations that occurred during the CR-3 outage that began on October 2, 2009 as part of the SGR Project and/or the repair activities and repair plans associated with the CR-3 containment building delaminations;

(ix) the rights or obligations in or related to the CR-3 Participation Agreement dated July 31, 1975 resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans;

(x) the rights or obligations in or related to the Settlement Agreement and Mutual Release dated May 31, 2002 resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans;

(xi) the rights or obligations in or related to all potentially applicable CR-3 property and accidental outage policies with Nuclear Electric Insurance Limited ("NEIL") resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations and/or the associated CR-3 delamination repair activities and repair plans;

(xii) the decision by the Company to settle all potential claims with NEIL resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans under all applicable CR-3 property and accidental outage policies with NEIL; and/or

(xiii) the decision by the Company to retire and decommission CR-3 (collectively the "Participant Disputes").

WHEREAS, all defined terms contained in the CR-3 Settlement, Release, and Acquisition Agreement that are not defined herein are incorporated herein by this reference;

WHEREAS, the Company and the Participants now desire to and do hereby resolve all issues between them in any way related to or connected with the Participant Disputes as set forth below.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and agreements set forth below, and for other good and valuable consideration provided and received as acknowledged below by the execution of this Mutual General Release by the Company and the Participants, the Company and the Participants agree as follows:

1. The Participants, for themselves and their parents, subsidiaries, affiliates, directors, officers, agents, representatives, attorneys, successors, predecessors in interest, and assigns, do hereby fully and forever release, acquit, waive, discharge, and otherwise extinguish any and all of their rights, claims, and interests, of whatever kind or nature, in contract, in tort, or in law or equity, whether now known or unknown and that have arisen or that may arise in the future, from, in connection with, or relating in any way to the Participant Disputes.

2. The Participants further, for themselves and their parents, subsidiaries, affiliates, directors, officers, agents, representatives, attorneys, successors, predecessors in interest, and assigns, do hereby fully and forever release, acquit, waive, and discharge, the Company, its parent, subsidiaries, affiliates, directors, officers, agents, employees, representatives, attorneys, insurers, successors, predecessors in interest, and assigns from any and all actions, causes of action, losses, claims, damages, and demands, of whatever kind or nature, in contract, in tort, or in law or equity, whether now known or unknown and that have arisen or that may arise in the future, from, in connection with, or relating in any way to the Participant Disputes, any and all claims for attorneys' fees, costs and expenses relating to the Participant Disputes, and any and all claims for fraud in the inducement or any similar claim relating to the CR3 Settlement, Release, and Acquisition Agreement and/or this Mutual General Release.

3. The Company further, for itself and its parent, subsidiaries, affiliates, directors, officers, agents, employees, representatives, attorneys, successors, predecessors in interest, and assigns, hereby fully and forever releases, acquits, waives, and discharges, the Participants and their parents, subsidiaries, affiliates, directors, officers, agents, representatives, attorneys, insurers, successors, predecessors in interest, heirs, and assigns, from any and all actions, causes of action, losses, claims, damages, and demands, of whatever kind or nature, in contract, in tort, or in law or equity, whether now known or unknown and that have arisen or that may arise in the future, from, in connection with, or relating in any way to the Participant Disputes, any and all claims for attorneys' fees, costs and expenses relating to the Participant Disputes, and any and all claims for fraud in the inducement or any similar claim relating to the CR3 Settlement, Release, and Acquisition Agreement and/or this Mutual General Release.

4. The Participants also for themselves and their parents, subsidiaries, affiliates, directors, officers, agents, representatives, attorneys, insurers, successors, predecessors in interest, and assigns, do hereby fully and forever release, acquit, waive, and discharge, the Company, its parent, subsidiaries, affiliates, directors, officers, agents, employees,

representatives, attorneys, insurers, successors, predecessors in interest, and assigns from any and all actions, causes of action, losses, claims, damages, and demands, of whatever kind or nature, in contract, in tort, or in law or equity, whether now known or unknown and that have arisen or that may arise in the future, from, in connection with, or relating in any way to the allocation, and the amount of, any and all payments made by the Company to the Participants in accordance with the CR-3 Settlement, Release, and Acquisition Agreement, provided that such payments are made by the Company to the Participants in accordance with the terms of the CR-3 Settlement, Release, and Acquisition Agreement.

5. The Company and the Participants have entered into the CR-3 Settlement, Release, and Acquisition Agreement and/or this Mutual General Release solely in order to end the controversies between them, to avoid the risks and costs of arbitration or litigation, to conserve the time that arbitration or litigation would involve, and to obtain a compromise and final settlement of all the controversies between and among them related in any way to the Participant Disputes. The Company and the Participants agree and acknowledge that the terms of the CR-3 Settlement, Release and Acquisition Agreement and this Mutual General Release are a full and complete, final, and binding compromise of the Participant Disputes, including but not limited to, attorneys' fees, costs, and expenses.

6. It is understood that the execution and performance of this Mutual General Release is not to be considered an admission by either the Company or the Participants of liability or damages, but is a full settlement and compromise of the Participant Disputes.

7. The Company and the Participants further represent and warrant that they have not made or suffered to be made any assignment, subrogation, sale, conveyance, or transfer of any right, claim, action, or cause of action released in this Mutual General Release. These representations and warranties and any other representations and warranties contained in this Mutual General Release are conditions of the performance of this Mutual General Release by the Company and the Participants, and the Company and the Participants have relied on them in entering into this Mutual General Release.

8. The Participants further represent and warrant that, either collectively or individually, they will not assist any third party in the third party's prosecution of claims against the Company related to the CR-3 steam generator replacement project or subsequent containment wall delaminations and retirement of CR-3 occurring before the Closing referenced in the CR-3 Settlement, Release, and Acquisition Agreement. Notwithstanding the preceding sentence, no Participant shall be in violation of this Section 9 of this Mutual General Release, or the CR-3 Settlement, Release and Acquisition Agreement, when disclosing information to a third party where such disclosure is necessary to comply with any laws, including but not limited to Chapters 119 and 286, Florida Statutes, (the "Florida Public Records Law") rules or orders of any court with competent jurisdiction, or when required to respond to any lawful subpoena or public records request.

9. The terms of this Mutual General Release are contractual and not a mere recital, and all agreements and understandings of the Company and the Participants with respect to the Participant Disputes are expressed and embodied in the CR-3 Settlement, Release, and Acquisition Agreement and/or this Mutual General Release. The Company and the Participants

shall bear their own costs, expenses, and attorneys' fees incurred in connection with the Participant Disputes and the preparation, review, and execution of the CR-3 Settlement, Release, and Acquisition Agreement and/or this Mutual General Release.

10. If either the Company or any of the Participants commences an action to enforce or interpret any portion of this Mutual General Release, the prevailing party in such action (including any appeals) shall be paid by the other party the prevailing party's costs, expense, and reasonable attorneys' and paralegal fees and costs, to be awarded by the court.

11. This Mutual General Release shall be binding upon and shall inure to the benefit of the Company and the Participants and their respective predecessors in interest, successors, representatives, and assigns.

12. The Company and the Participants, through the persons executing this Mutual General Release on their behalf, represent and warrant that this Mutual General Release has been duly approved and authorized in accordance with applicable laws, regulations, resolutions, and by-laws so as to bind them and their parents, subsidiaries, affiliates, directors, officers, agents, representatives, attorneys, successors, predecessors in interest, and assigns, and that neither the Company nor any of the Participants shall later attempt to claim that the Mutual General Release was not duly approved and authorized.

13. In entering into this Mutual General Release, the Company and the Participants represent that they have been adequately represented in this matter by counsel of their choice, they have consulted legal counsel before executing this Mutual General Release, they have read and understood the terms of the Mutual General Release, and they are executing the Mutual General Release freely and voluntarily and without coercion or threats of any kind.

14. This Mutual General Release shall be construed and governed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Witnesses:

DUKE ENERGY FLORIDA, INC.

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to Company*

Witnesses:

CITY OF _____

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to Seller*

# EXHIBIT "D"

## Form of Trust Conveyance Documents

## INDEMNIFICATION AND HOLD HARMLESS AGREEMENT

**THIS INDEMNIFICATION AND HOLD HARMLESS AGREEMENT** (the "Agreement") is made and entered into this _____ day of _____, 201____, by and between CITY OF ALACHUA (the "City") and DUKE ENERGY FLORIDA, INC. (the "Company"), and is made in reference to the following facts:

## RECITALS

**WHEREAS**, City owns an undivided tenant in common interest in the nuclear generating unit known as Crystal River Unit 3 ("CR-3"), which City desires to transfer and convey to Company, and Company desires to acquire such undivided interest; and

**WHEREAS**, certain disputes have arisen or may arise by and between the Company and the City, concerning the operation and maintenance of, and management of CR-3 by the Company, including but not limited to:

(a) the events, actions, or omissions related to the CR-3 outage that began on October 2, 2009, including but not limited to, the CR-3 steam generator replacement (the "SGR Project");

(b) the CR-3 containment building delaminations that occurred during the CR-3 outage that began on October 2, 2009 as part of the SGR Project and/or the repair activities and repair plans associated with the CR-3 containment building delaminations;

(c) the rights or obligations in or related to the Participation Agreement, dated July 31, 1975 between City and Company (among others), resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans;

(d) the rights or obligations in or related to the Settlement Agreement and Mutual Release dated May 31, 2002 resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans;

(e) the rights or obligations in or related to all potentially applicable CR-3 property and accidental outage policies with Nuclear Electric Insurance Limited (NEIL) resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations and/or the associated CR-3 delamination repair activities and repair plans;

(f) the decision by the Company to settle all potential claims with NEIL resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans under all applicable CR-3 property and accidental outage policies with NEIL; and/or

(g) the decision by the Company to retire and decommission CR-3; and

**WHEREAS**, as a way of settling the Participant Disputes, the City and Company, among others, have entered into a CR-3 Settlement, Release, and Acquisition Agreement dated _____, 2014, all terms and provisions (including defined terms) of which are incorporated herein by this reference (the "Settlement Agreement"); and

**WHEREAS**, Section 2.4 of the Settlement Agreement requires the City (among others) to transfer to Company at Closing all of City's right, title and interest in and to its CR-3 Decommissioning Trust, and all funds, proceeds and rights contained therein (collectively the "City's Decommissioning Trust"); and

**WHEREAS**, as a condition to accepting the transfer of the City's Decommissioning Trust, the Company and the City have agreed to indemnify and hold the other harmless from certain items and matters, all as more specifically set forth herein.

NOW, THEREFORE, for and in consideration of the premises, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by both parties hereto, the parties agree as follows:

1. Recitals. The recitals of fact set forth above are true and correct and are by this reference made a part hereof.

2. Indemnification and Hold Harmless.

(a) At and after the Closing the City hereby indemnifies and holds Company, its parent, affiliates, directors, members, officers, employees, and agents, harmless from and against any and all actual, pending, or potential losses, costs, claims, damages, liabilities, fines, penalties, and expenses, including all attorneys' fees and all costs including paralegal costs, that the City is notified within two (2) years of the Closing in any way whatsoever of by the Company, its parent, affiliates, directors, members, officers, employees, or agents, any federal or state agency, or any trustee or agent of City's Decommissioning Trust, related to, arising out of, or relating in any way to : (i) the failure of City or any third party under the express or implied direction of the City, to have invested the funds in the City's Decommissioning Trust in accordance with all applicable rules and regulations (including regulatory guides) of the U. S. Nuclear Regulatory Commission ("NRC"), the Florida Public Service Commission ("PSC"), or any other federal or state agency, or successor agency, that now has, has in the past had, or hereafter may have for two (2) years from the Closing, authority regarding the City's Decommissioning Trust, or the funds therein, as amended from time to time; (ii) the failure of City, or any third party under the express or implied direction of the City, to insure and protect against the illicit conversion of funds in the City's Decommissioning Trust for the Company's benefit; and/or (iii) the City's possession, management, operation, use or transfer of City's Decommissioning Trust, including all funds contained therein, prior to the Closing.

(b) At and after the Closing, Company, its parent, successors, and assigns, hereby indemnifies and holds the City, its parent, affiliates, directors, members, officers, employees, and agents, harmless from and against any and all actual, pending, or potential losses, costs, claims, damages, liabilities, fines, penalties, and expenses, including all attorneys' fees and all costs including paralegal costs, that the Company is notified in any way whatsoever of by the City, its parent, affiliates, directors, members, officers, employees, or agents, any federal or state agency, or any trustee or agent of City's Decommissioning Trust, related to, arising out of, or relating in any way to : (i) the failure of Company, to have invested the funds in the Company's Decommissioning Trust, excluding that portion of the Decommissioning Trust transferred by the City at Closing and covered by the City's indemnification in paragraph 2 above, in accordance with all applicable rules and regulations (including regulatory guides) of the U. S. Nuclear Regulatory Commission ("NRC"), the Florida Public Service Commission ("PSC"), or any other federal or state agency, or successor agency, that now has or has in the past had authority regarding the Company's Decommissioning Trust, or the funds therein, as amended from time to time; and/or (ii) the Company's possession, management, operation, or use of Company's Decommissioning Trust, excluding that portion of the Decommissioning Trust transferred by the City and covered by the City's indemnification in paragraph 2 above, including all funds contained therein, prior to and after the Closing.

(c) The City will fully cooperate with any regulatory inquiry from the NRC, the PSC, or any other federal or state agency, including any successor agency, that now has, has in the past had, or hereafter may have for two (2) years from the Closing, authority regarding the City's Decommissioning Trust, or the funds therein, with respect to the management of, and activities associated with, the City's Decommissioning Trust that occur prior to Closing, including, but not limited to, providing the Company with assistance in responding to any Public Records requests, Requests For Information, discovery requests, or any other requests or demands for information of any kind in any NRC, PSC, or other federal or state agency investigation, proceeding, or regulatory review, whether formal or informal, and whether civil, criminal, or administrative in nature. The City shall further notify the Company in writing immediately of any regulatory inquiry it receives from the NRC, the PSC, or any other federal or state agency regarding the City's Decommissioning Trust, or the funds therein, or any actual or potential claim for indemnity under this Agreement. The obligations of City set forth in this Section 2(c) shall expire two years after the date of Closing, unless the Company separately agrees to pay all costs of City's cooperation after such expiration.

(d) Should the City seek indemnification pursuant to the terms of this Agreement, it shall notify the Company in writing of any claims for which indemnity is sought, after receiving any information concerning any actual or potential claims that could result in a claim for indemnity by the City under this Agreement. The Company shall fully cooperate in the defense of any such claim, and shall make available to the City all pertinent information under its control relating thereto.

(e) Should the Company seek indemnification pursuant to the terms of this Agreement, it shall notify the City in writing of any claims for which indemnity is sought, after receiving any information concerning any actual or potential claims that could result in a claim for indemnity by the Company under this Agreement. The City agrees that the Company shall be entitled to name the counsel to defend any claims for which it is or may be indemnified under this Agreement, whether or not Company is a party to any arbitration, action, cause of action, proceeding, or regulatory investigation or review related to such claims, and the City shall fully cooperate with the attorneys and agents retained by the Company for such defense, at the sole cost and expense of the City. In the event that the defendants in any action shall include both the Company and the City, and the City shall have concluded to the reasonable satisfaction of the Company that counsel selected by the Company has a conflict of interest because of the availability of different or individual defenses to the City, then, in that case, the City shall have the right to select separate counsel to participate in the defense of such action on its own behalf and at its own expense (but while still paying the cost of defense of the Company), and subject to the Company's right to control the defense of such action. The City shall fully cooperate in the defense of any such claim, and shall make available to the City all pertinent information under its control relating thereto. The City further agrees that the Company shall have the right, at its sole election, to pay, compromise, settle, or defend such action, and the City shall not enter into any settlement or compromise of such action without the prior written consent of the Company.

3. Payment of Claims. The indemnifying party does hereby covenant and agree to promptly pay all items set forth in Section 2 above, upon the indemnified party's demand, and to satisfy all judgments recovered in relation thereto.

4. Applicable Law. This Agreement has been negotiated and signed in the State of Florida. As such, this Agreement, and all matters relating thereto, shall be governed by the laws of the State of Florida without regard to its principles of conflicts of law. The sole and exclusive venue for any action, suit, or proceeding brought under this Agreement shall be Pinellas County, Florida..

5. Modification. This Agreement contains the entire agreement of the parties relating to the subject matter hereof. This Agreement may be modified only by an instrument in writing signed by both parties hereto.

6. Attorneys Fees. The non-prevailing party shall pay the reasonable costs, expenses and attorneys fees incurred by the prevailing party in any formal or informal proceedings to resolve any disputes arising out of or related to the representations, warranties, terms, conditions, promises or covenants contained in this Agreement, whether incurred during the original proceeding or activities, or in any bankruptcy, appellate or other review proceedings.

7. Authorization. The Company and City respectively represent and warrant to each other that this Agreement has been duly authorized, executed, and delivered by each of them, and is valid and enforceable in accordance with its terms, and that compliance by each of them, respectively, with the terms and conditions hereof will not conflict with, result in a breach of, or be adversely affected by any terms and conditions of any agreement or instrument to which either is a party, or by which either may be bound, or any judgment, order, law, statute or regulation to which either is subject.

8. Notices. All notices, consents, waivers, approvals and other communications under this Agreement shall be in writing and shall be sent by nationally recognized overnight courier service, or via U. S. mail, postage prepaid, and addressed as follows:

To the Company: _____
_____
_____
_____

To City: _____
_____
_____
_____

The person to be notified and the address, may be changed by either party by giving written notice as herein provided. All notices shall be deemed given on the date of receipt.

9. Amendment. Neither this Agreement nor any provisions hereof may be waived, modified, or amended except by an instrument in writing signed by the party against which the enforcement of such waiver, modification, or amendment is sought and then only to the extent set forth in such instrument.

10. No Third Party Beneficiaries. This Agreement is for the benefit of the parties hereto and not for the benefit of any other person or entity.

11. Successors and Assigns. Each and all covenants and conditions of this Agreement shall inure to the benefit of, and shall be binding upon, the successors in interest, assigns, and legal representatives of the parties hereto.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, and shall be deemed to have executed such, on the day and year first above written.

Signed, sealed and delivered
in the presence of:

DUKE ENERGY FLORIDA, INC.

_____ By:_____
Print Name:_____ Name:_____
Title:_____

_____
Print Name:_____ (CORPORATE SEAL)

*As to Company*

STATE OF FLORIDA )
COUNTY OF PINELLAS )

The foregoing instrument was acknowledged before me this _____ day of _____, 201____, by _____, the _____ President of DUKE ENERGY FLORIDA, INC., on behalf of the corporation.

**Personally Known** _____ **OR Produced Identification** _____
**Type of Identification Provided** _____

_____
SIGNATURE

_____
NAME LEGIBLY PRINTED,
TYPEWRITTEN OR STAMPED

(SEAL) NOTARY PUBLIC

My Commission Expires:

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, and shall be deemed to have executed such, on the day and year first above written.

Witnesses:

CITY OF ALACHUA

_____ By:_____

Print Name:_____ As its:_____

_____

Print Name:_____ (CORPORATE SEAL)

*As to City*

STATE OF FLORIDA )
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 201____, by _____, the _____ of the City of Alachua, on behalf of the City.

**Personally Known** _____ **OR Produced Identification** _____
**Type of Identification Provided** _____

_____
SIGNATURE

_____
NAME LEGIBLY PRINTED,
TYPEWRITTEN OR STAMPED

(SEAL) NOTARY PUBLIC

My Commission Expires:

CR-3 Settlement

Assignment and Assumption Agreement

This Assignment and Assumption Agreement is made this _____ day of _____, 2014, by and between _____ ("Assignor"), a beneficiary under that certain Trust Agreement (hereinafter "the Trust") dated July 19, 1990, as amended, between Florida Municipal Power Agency (as agent for Assignor and others) and Sun Bank, National Association, n/k/a SunTrust Bank, and Duke Energy Florida, Inc. ("Assignee").

1. For value received, Assignor hereby assigns to Assignee all of Assignor's right, title and interest in the Trust and has directed and hereby directs the Florida Municipal Power Agency to terminate Assignor's interest in the Trust and to pay over and transfer all of Assignor's interest therein to Assignee.

2. Accepting the aforesaid Assignment, Assignee hereby assumes all of Assignor's right, title and interest in the Trust and all of Assignor's duties and obligations in regard to the Crystal River Unit 3 Nuclear Plant and the decommissioning thereof, less and except the Sellers' NDT Indemnification Obligations, as defined in the CR-3 Settlement, Release and Acquisition Agreement between Assignor and Assignee, among others, executed effective _____, 2014.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Witnesses:

_____

Print Name: _____

_____

Print Name: _____

By: _____

Its: _____

Assignor

Witnesses:

_____

Print Name: _____

_____

Print Name: _____

By: _____

Its: _____

Assignee

Certification of Trust for the
TRUST FUND FOR THE CRYSTAL RIVER UNIT 3 PARTICIPANTS
UNDER TRUST FUND AGREEMENT DATED JULY 19, 1990

This Certification of Trust is signed by the current Trustee of the Trust Fund under Trust Fund Agreement between the Florida Municipal Power Agency, as agent for the City of Alachua, City of Bushnell, City of Gainesville, City of Leesburg, City of Ocala, Kissimmee Utility Authority and Sebring Utilities Commission, as Grantor (hereinafter "Settlor"), and Sun Bank, National Association, as Trustee (hereinafter "Trustee"), dated July 19, 1990, as amended, who declares as follows:

1. The Trust exists, and the trust instrument establishing it was executed on July 19, 1990, as amended by an Amendment thereto dated March 24, 1992, which removed the Sebring Utilities Commission as a Crystal River Unit 3 Participant, and by an Amendment thereto dated December 4, 2001.

2. The Settlor of the Trust is the Florida Municipal Power Agency (as agent for the City of Alachua, City of Bushnell, City of Gainesville, City of Leesburg, City of Ocala and Kissimmee Utility Authority hereinafter collectively referred to as the "Crystal River Unit 3 Participants"), as Grantor, and Sun Bank, National Association, as Trustee.

3. The Trustee of the Trust is SunTrust Bank, a Georgia banking corporation, f/k/a Sun Bank, National Association.

4. Excerpts from the trust agreement that establish the Trust, designate the Trustee and set forth the powers of the Trustee will be provided upon request. The powers of the Trustee include the powers to sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary for prudent management of the Fund and to make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out its powers.

5. The Trust is irrevocable.

6. The Trustee has been advised by the Settlor that each of the Crystal River Unit 3 Participants has assigned all of its right, title and interest in the Trust to Duke Energy Florida, Inc. and the Trustee has received a certificate duly executed by the Secretary of the Settlor attesting to the occurrence of the events giving rise to the necessity for such assignments and attesting that decommissioning is proceeding pursuant to a Nuclear Regulatory Commission approved Plan (the "Plan"), and the funds thus assigned and withdrawn will be expended for activities undertaken pursuant to the Plan.

7. The Trustee has also received from the Settlor written instructions signed on behalf of the Settlor in a manner sufficient to bind the Settlor, to transfer all the Trust funds in which the Crystal River Unit 3 Participants, or any of them, have a right, title or interest to Duke Energy Florida, Inc. in Trust, under its existing decommissioning Trust fund.

8. Title to assets held in the Trust shall be titled as:

SunTrust Bank as Trustee of the Trust Fund under Trust Fund Agreement between the Florida Municipal Power Agency, as agent for the City of Alachua, City of Bushnell, City of Gainesville, City of Leesburg, City of Ocala and Kissimmee Utility Authority, as Grantor, and Sun Bank, National Association, as Trustee, under Agreement dated July 19, 1990, as amended.

9. Any alternative description shall be effective to title assets in the name of the Trust or to designate the Trust as a beneficiary if the description includes the name of at least one initial or successor trustee, any reference indicating that property is being held in a fiduciary capacity, and the date of the Trust.

10. The Trust has not been revoked, modified or amended in any way that would cause the representations in this Certification of Trust to be incorrect.

Witnesses: SunTrust Bank

_____ By: _____

_ Print Name: Its:

_____ _____

_____

_ Print Name:

_____

STATE OF _____ )
) ss.
COUNTY OF _____ )

The foregoing instrument was acknowledged before me this _____ day of _____, 2014, by _____ (who is personally known to me or who provided _____ as identification) as _____ of SunTrust Bank, a banking corporation organized under the laws of the State of Georgia, on behalf of said Bank.

_____

Notary Public
My commission expires:

## EXHIBIT "E"

## Allocation of Settlement Payment

| | Applicable Seller | Applicable Portion of Purchase Price and Allocation | |
|---|---|---|---|
| | | Purchased Interest | Settlement Payment |
| 1. | City of Alachua | $23.90 | $606,379.37 |
| 2. | City of Bushnell | $11.90 | $371,338.50 |
| 3. | City of Gainesville | $431.87 | $9,559,811.47 |
| 4. | Kissimmee Utility Authority | $207.18 | $6,997,155.16 |
| 5. | City of Leesburg | $252.88 | $7,847,491.15 |
| 6. | City of New Smyrna Beach and New Smyrna Beach Utilities Commission | $172.02 | $4,355,287.69 |
| 7. | City of Ocala | $408.99 | $12,691,727.25 |
| 8. | Orlando Utilities Commission | $491.26 | $12,568,809.41 |
| 9. | TOTAL | $2,000.00 | $54,998,000.00 |

# EXHIBIT "F"

## Form of Assignment and Assumption Agreement

**ASSIGNMENT AND ASSUMPTION AGREEMENT**
**(Participation Agreement)**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT, dated this _____ day of _____ 20_____, by and between _____ ("Assignor") and Duke Energy Florida, Inc., a Florida corporation ("Assignee");

WHEREAS, Assignee, certain participants and Assignor have entered into a Participation Agreement dated as of July 31, 1975, as amended (the "Participation Agreement"); and

WHEREAS, pursuant to that certain CR-3 Settlement, Release, and Acquisition Agreement, dated _____, 20_____ ("Acquisition Agreement"), Assignor has undertaken to assign its interest, rights and obligations in and to the Participation Agreement to the Assignee, effective as of the date above first written (the "Closing Date"); and it hereby terminates its status as a Participant under the Participation Agreement.

NOW THEREFORE, in consideration of their mutual covenants and intending to be legally bound, the parties hereto agree as follows:

1. Assignment of Participation Agreement. Assignor does hereby assign and transfer to Assignee, and its successors and assigns, Assignor's entire right, title and interest, and, except as provided below, all obligations and liabilities in and to the Participation Agreement. Provided however, Assignor shall remain fully liable for its obligations and liabilities as set forth in the Indemnification and Hold Harmless Agreement being executed by Assignor and Assignee on or about the date hereof (the "Indemnification Agreement"). Capitalized terms not defined in this Agreement shall have the respective meanings set forth in the Acquisition Agreement.

2. Representation and Warranties of Assignor. Assignor, for itself, its successors and assigns, hereby represents and warrants as follows: that it has fulfilled, or taken all action reasonably necessary to enable it to fulfill when due, all of its obligations under the Participation Agreement; it is not in default or breach thereunder; that there is no event or condition existing which, with notice or lapse of time or both, would constitute a breach or default thereunder; that Assignor has received no notice of any dispute, cancellation, termination or any breach or default thereunder; that the Participation Agreement is valid, binding and enforceable in accordance with its terms; that the Participation Agreement is assignable by Assignor to Assignee without the further consent of any third party; and that no rents, royalties, or other income sources to Assignor derived under the Participation Agreement have been prepaid.

3. Acceptance. In consideration of Assignor's assignment and transfer as described in Section 1 above, Assignee does hereby accept assignment of the Assignor's interest in the Participation Agreement, and hereby assumes and agrees to discharge the Assignor's obligations arising out of the Participation Agreement, but only to the extent they: (a) do not include the Assignors' obligations and liabilities under the Indemnification Agreement; and (b) are not the result of Assignor's breach or default under the Indemnification Agreement.

4. Release. Each of Assignor and Assignee (the "Releasing Party"), on behalf of itself, its successors and assigns, hereby completely releases and forever discharges the other

party (the "Released Party" and the Released Party's past, present and future successors and assigns (such Released Party and its successors and assigns being individually called a "Releasee" and collectively the "Releasees") from any and all claims, disputes, demands, proceedings, arbitrations, causes of action, rights, damages, obligations, contracts, agreements, debts and liabilities whatsoever, whether known or unknown, suspected or unsuspected, or whether at law or in equity, which the Releasing Party or any of its successors or assigns now has, has ever had or may hereafter have against any of the Releasees arising on account of, or arising out of any matter relating to: (a) CR-3 (as defined in the Acquisition Agreement); (b) the Releasing Party's interests therein; (c) the Participation Agreement; (d) the Released Party's covenants, obligations, duties, representations, warranties, or actions under or pursuant to the Participation Agreement; or (e) the construction, operation, maintenance or use of CR-3. Provided however, that notwithstanding the other provisions of the Section 4: (i) Assignor does not hereby release or discharge Releasees with respect to any claims by third parties insofar as Assignor may be, or may have been, but for the execution of this Agreement, entitled to indemnification or contribution from or against any Releasees for any liability arising out of such claims; and (ii) neither party releases the Releasees with respect to any obligations of the Released Party under the Acquisition Agreement, including the Settlement-Related Documents, as defined therein.

Without in any way limiting any of the rights and remedies otherwise available to any Releasee, each party, to the extent not prohibited by Florida law, shall indemnify and hold harmless each Releasee from and against all loss, liability, claim, damage (including, without limitation, incidental and consequential damages) or expense (including, without limitation, costs of investigation and defense and reasonable attorney's fees and costs) arising directly or indirectly from or in connection with the assertion by or on behalf of the Releasing party, or any of the Releasing Party's successors or assigns, of any claim or other matter purported to be released pursuant to this release.

5. Savings Clause. The Participation Agreement shall continue in full force and effect as to the Company and any remaining party to the Participation Agreement.

6. No Third Party Beneficiaries. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and the other Releasees and shall not run to the benefit of any other persons or entities.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

Attest:

By:_____
Name:_____
Title:_____

ASSIGNOR:
Seller of _____

By:_____
Name:_____
Title:_____
Date of Signature:_____

ASSIGNEE:

Duke Energy Florida, Inc., a Florida corporation

By:_____
Name:_____
Title:_____
Date of Signature:_____

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by _____, as _____ of the Seller of _____, on behalf of Seller. He/she is personally known to me or has produced as identification.

_____
NOTARY PUBLIC

_____
Print Name

[AFFIX NOTARIAL SEAL]

Commission No.:_____

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by _____, as _____ of Duke Energy Florida, a _____ corporation, on behalf of the corporation. He/she is personally known to me or has produced _____ as identification.

_____
NOTARY PUBLIC

_____
Print Name

[AFFIX NOTARIAL SEAL]

Commission No.:_____

# EXHIBIT "G"

## Copies of Wholesale Customer Contracts

# EXHIBIT "H"

## Form of Wholesale Customers Mutual General Release

# MUTUAL GENERAL RELEASE
**(Company and Wholesale Customers)**

This Mutual General Release is effective on the Closing Date by and between Duke Energy Florida, Inc. (the "Company") and the City of Chattahoochee, the City of Gainesville d/b/a Gainesville Regional Utilities, City of Homestead, the City of Mount Dora, the City of Williston, the City of Quincy, the City of New Smyrna Beach and Utilities Commission, City of New Smyrna Beach, the City of Bartow, and the Florida Municipal Power Agency (All-Requirements Power Supply Project), who are or were purchasers of capacity, energy, or both under wholesale power contracts with the Company that included or involves the actual or potential contribution of capacity, energy, or both from the Crystal River Unit 3 nuclear power plant ("CR-3") (collectively the "Wholesale Customers").

WHEREAS, the Company and the Wholesale Customers entered into contracts for the sale by the Company and the purchase by the Wholesale Customers of capacity, energy, or both that included or includes the actual or potential contribution of capacity, energy, or both from CR-3 (collectively the "Wholesale Customers Contracts");

WHEREAS, the Wholesale Customer Contracts are listed in Exhibit "G" to the CR-3 Settlement, Release, and Acquisition Agreement and included and made a part of this Mutual General Release as Attachment 1 to this Mutual General Release (the "Settlement/Acquisition Agreement");

WHEREAS, all defined terms contained in the Settlement/Acquisition Agreement that are not defined herein are incorporated herein by this reference;

WHEREAS, certain disputes have arisen or may arise by and between the Company and the Wholesale Customers under the Wholesale Customers Contracts concerning the operation and maintenance of, and management of CR-3 by the Company on or before the Closing Date, including but not limited to:

(i) the events, actions, or omissions related to the CR-3 outage that began on October 2, 2009, including but not limited to, the CR-3 steam generator replacement project ("SGR Project");

(ii) the CR-3 containment building delaminations that occurred during the CR-3 outage that began on October 2, 2009 during the SGR Project and/or the repair activities and repair plans associated with the CR-3 containment building delaminations;

(iii) the rights or obligations in or related to the Wholesale Customer Contracts resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans;

(iv) the rights or obligations in or related to all potentially applicable CR-3 property and accidental outage policies with Nuclear Electric Insurance Limited ("NEIL") resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the

CR-3 containment building delaminations and/or the associated CR-3 delamination repair activities and repair plans;

(v) the decision by the Company to settle all potential claims with NEIL resulting from or related to the CR-3 outage that began on October 2, 2009, the SGR Project, the CR-3 containment building delaminations, and/or the associated CR-3 delamination repair activities and repair plans under all applicable CR-3 property and accidental outage policies with NEIL; and/or

(vi) the decision by the Company to retire and decommission CR-3 (collectively the "Wholesale Customer Disputes").

WHEREAS, the Company and the Wholesale Customers now desire to and do hereby resolve all issues between them in any way related to or connected with the Wholesale Customer Disputes as set forth below.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and agreements set forth below, and for other good and valuable consideration provided and received as acknowledged below by the execution of this Mutual General Release by the Company and the Wholesale Customers, the Company and the Wholesale Customers agree as follows:

1. The Wholesale Customers, for themselves and their parents, subsidiaries, affiliates, directors, officers, agents, representatives, attorneys, successors, predecessors in interest, and assigns, do hereby fully and forever release, acquit, waive, discharge, and otherwise extinguish any and all of their rights, claims, and interests, of whatever kind or nature, in contract, in tort, or in law or equity, whether now known or unknown and that have arisen or that may arise in the future, from, in connection with, or relating in any way to the Wholesale Customer Disputes.

2. The Wholesale Customers further, for themselves and their parents, subsidiaries, affiliates, directors, officers, agents, representatives, attorneys, successors, predecessors in interest, and assigns, do hereby fully and forever release, acquit, waive, and discharge, the Company, its parent, subsidiaries, affiliates, directors, officers, agents, employees, representatives, attorneys, insurers, successors, predecessors in interest, and assigns from any and all actions, causes of action, losses, claims, damages, and demands, of whatever kind or nature, in contract, in tort, or in law or equity, whether now known or unknown and that have arisen or that may arise in the future, from, in connection with, or relating in any way to the Wholesale Customer Disputes, any and all claims for attorneys' fees, costs and expenses relating to the Wholesale Customer Disputes, and any and all claims for fraud in the inducement or any similar claim relating to the Settlement/Acquisition Agreement, the Wholesale Customer Contracts, and/or this Mutual General Release.

3. The Company, for itself and its parent, subsidiaries, affiliates, directors, officers, agents, employees, representatives, attorneys, successors, predecessors in interest, and assigns, hereby fully and forever releases, acquits, waives, and discharges, the Wholesale Customers and their parents, subsidiaries, affiliates, directors, officers, agents, representatives, attorneys, insurers, successors, predecessors in interest, heirs, and assigns, from any and all actions, causes

of action, losses, claims, damages, and demands, of whatever kind or nature, in contract, in tort, or in law or equity, whether now known or unknown and that have arisen or that may arise in the future, from, in connection with, or relating in any way to the Wholesale Customer Disputes, any and all claims for attorneys' fees, costs and expenses relating to the Wholesale Customer Disputes, and any and all claims for fraud in the inducement or any similar claim relating to the Settlement/Acquisition Agreement, the Wholesale Customer Contracts, and/or this Mutual General Release.

4. The Wholesale Customers also for themselves and their parents, subsidiaries, affiliates, directors, officers, agents, representatives, attorneys, insurers, successors, predecessors in interest, heirs, and assigns, do hereby fully and forever release, acquit, waive, and discharge, the Company, its parent, subsidiaries, affiliates, directors, officers, agents, employees, representatives, attorneys, insurers, successors, predecessors in interest, and assigns from any and all actions, causes of action, losses, claims, damages, and demands, of whatever kind or nature, in contract, in tort, or in law or equity, whether now known or unknown and that have arisen or that may arise in the future, from, in connection with, or relating in any way to the allocation, and the amount of, any and all payments made by the Company to the Wholesale Customers in accordance with the Settlement/Acquisition Agreement provided that such payments are made by the Company to the Participants in accordance with the terms of the Settlement/Acquisition Agreement.

5. The Company and the Wholesale Customers have entered into this Mutual General Release solely in order to end the controversies between them, to avoid the risks and costs of arbitration or litigation, to conserve the time that arbitration or litigation would involve, and to obtain a compromise and final settlement of all the controversies between and among them related in any way to the Wholesale Customer Disputes. The Company and the Wholesale Customers agree and acknowledge that the terms of the Mutual General Release are a full and complete, final, and binding compromise of the Wholesale Customer Disputes, including but not limited to, attorneys' fees, costs, and expenses.

6. It is understood that the execution and performance of this Mutual General Release is not to be considered an admission by either the Company or the Wholesale Customers of liability or damages, but is a full settlement and compromise of the Wholesale Customer Disputes.

7. The Company and the Wholesale Customers further represent and warrant that they have not made or suffered to be made any assignment, subrogation, sale, conveyance, or transfer of any right, claim, action, or cause of action released in this Mutual General Release. These representations and warranties and any other representations and warranties contained in this Mutual General Release are conditions of the performance of this Mutual General Release by the Company and the Wholesale Customers, and the Company and the Wholesale Customers have relied on them in entering into this Mutual General Release.

8. The Wholesale Customers further represent and warrant that, either collectively or individually, they will not assist any third party in the third party's prosecution of claims against the Company related to the CR-3 steam generator replacement project or subsequent containment wall delaminations and retirement of CR-3 occurring before the closing referenced in the

Settlement/Acquisition Agreement. Notwithstanding the preceding sentence, no Participant shall be in violation of this Section 8 of this Mutual General Release, or the CR-3 Settlement, Release and Acquisition Agreement, when disclosing information to a third party where such disclosure is necessary to comply with any laws, including but not limited to Chapters 119 and 286, Florida Statutes, (the "Florida Public Records Law") rules or orders of any court with competent jurisdiction, or when required to respond to any lawful subpoena or public records request.

9. The terms of this Mutual General Release are contractual and not a mere recital, and all agreements and understandings of the Company and the Wholesale Customers with respect to the Wholesale Customer Disputes are expressed and embodied in this Mutual General Release and the Joinder and Consent to the Settlement/Acquisition Agreement. The Company and the Wholesale Customers shall bear their own costs, expenses, and attorneys' fees incurred in connection with the Wholesale Customer Disputes and the preparation, review, and execution of this Mutual General Release.

10. If either the Company or any of the Wholesale Customers commences an action to enforce or interpret any portion of this Mutual General Release, the prevailing party in such action (including any appeals) shall be paid by the other party the prevailing party's costs, expense, and reasonable attorneys' and paralegal fees and costs, to be awarded by the court.

11. This Mutual General Release shall be binding upon and shall inure to the benefit of the Company and the Wholesale Customers and their respective predecessors in interest, successors, representatives, and assigns.

12. The Company and the Wholesale Customers, through the persons executing this Mutual General Release on their behalf, represent and warrant that this Mutual General Release has been duly approved and authorized in accordance with applicable laws, regulations, resolutions, and by-laws so as to bind them, and that neither the Company nor any of the Wholesale Customers shall later attempt to claim that this Mutual General Release was not duly approved and authorized.

13. In entering into this Mutual General Release, the Company and the Wholesale Customers represent that they have been adequately represented in this matter by counsel of their choice, they have consulted legal counsel before executing this Mutual General Release, they have read and understood the terms of this Mutual General Release, and they are executing the Mutual General Release freely and voluntarily and without coercion or threats of any kind.

14. This Mutual General Release shall be construed and governed in accordance with the laws of the State of Florida.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Witnesses:

DUKE ENERGY FLORIDA, INC.

_____

By:_____

Print Name:_____

As its:_____

_____

Print Name:_____

(CORPORATE SEAL)

*As to Company*

Witnesses:

CITY OF _____

_____

By:_____

Print Name:_____

As its:_____

_____

Print Name:_____

(CORPORATE SEAL)

*As to Wholesale Customer*

# EXHIBIT "I"

## Form of Closing Certificate

**CLOSING CERTIFICATE**
**of**
**[SELLER NAME]**

**[SELLER NAME]**, a Florida municipal corporation ("City"), hereby certifies to **DUKE ENERGY FLORIDA, INC.**, a Florida corporation ("Duke"), with respect to that certain CR-3 Settlement, Release and Acquisition Agreement entered into as of _____, 2014 by and between the City and Duke, among others (the "Agreement"), that:

1. All defined terms contained in the Agreement are incorporated herein by this reference.

2. All representations and warranties of City set forth in Section 3 of the Agreement, and the information in all lists, certificates, documents, exhibits and other writings delivered by City to Duke pursuant to the Agreement, are true and correct on and as of the Effective Date of the Agreement, and are true and correct in all material respects on and as of the date of this Closing Certificate.

[Signature Page Follows]

This Closing Certificate of City is dated _____, 201___.

[SELLER NAME]

By: _____
Name:
Title:

**CLOSING CERTIFICATE**
**of**
**DUKE ENERGY FLORIDA, INC.**

**DUKE ENERGY FLORIDA, INC.**, a Florida corporation ("Duke"), hereby certifies to **[SELLER NAME]**, a Florida municipal corporation ("City"), with respect to that certain CR-3 Settlement, Release and Acquisition Agreement entered into as of _____, 2014 by and between Duke and the City, among others (the "Agreement"), that:

1. All defined terms contained in the Agreement are incorporated herein by this reference.

2. All representations and warranties of Duke set forth in Section A of the Agreement, and the information in all lists, certificates, documents, exhibits and other writings delivered by Duke to City pursuant to the Agreement, are true and correct on and as of the Effective Date of the Agreement, and are true and correct in all material respects on and as of the date of this Closing Certificate.

[Signature Page Follows]

This Closing Certificate of City is dated _____, 201___.

**DUKE ENERGY FLORIDA, INC.**

By: _____
Name:
Title:

# EXHIBIT "J"

## Form of Opinion of Counsel for Sellers

Date

Gentlemen:

I am General Counsel to _____ ("Seller") and have acted as counsel to Seller in connection with the execution and delivery of that certain CR-3 Settlement, Release and Acquisition Agreement dated as of _____, 2014 (the "Acquisition Agreement") between Duke Energy Florida ("Company") and the Seller.

In so acting, I have examined originals or copies of the Acquisition Agreement and have relied as to factual matters upon the representations and warranties contained in each such document (such reliance does not include the representations contained in Section 3.1, Section 3.2 and Section 3.3 of the Acquisition Agreement). I have also examined originals or copies, certified or otherwise identified to my satisfaction, of all Seller records, documents, agreements and other instruments, certificates, opinions and correspondence with public officials, and certificates of officers and representatives of Seller and made such other investigations as I have deemed necessary or advisable for the purposes of rendering the opinions set forth herein. I have assumed the genuineness of all signatures and the authenticity of all documents submitted to me as originals and the conformity with the originals of all documents submitted to me as copies. This opinion is issued to you pursuant to Section 6.2 of the Acquisition Agreement.

Based upon the foregoing and subject to the further qualifications and limitations set forth below, I am of the opinion-that:

(a) Seller is a municipality of the State of Florida which has the requisite power and authority to execute and deliver the Acquisition Agreement and to perform its obligations thereunder.

(b) The execution, delivery and performance by Seller of the Acquisition Agreement has been duly authorized by all necessary actions on the part of Seller, does not contravene any law, or any government rule, regulation or any order applicable to Seller or its properties, and does not and will not contravene the provisions of, cause the acceleration of any rights under, cause the creation of any lien under, or constitute a default under, any material agreement, resolution or other instrument known to me after due inquiry to which Seller is a party or by which Seller is bound.

(c) All requisite governmental and regulatory approvals and consents required to be obtained by Seller for the execution, delivery and performance by Seller of the Acquisition Agreement have been obtained. The execution, delivery and performance of the Acquisition Agreement does not require Seller to (i) obtain any consent of any creditor, lessor, mortgagee, co-participant, co-owner of the Purchased Interest or other party to any agreement or instrument to which Seller is a party or by which Seller or any of its properties are bound, except as

provided in Section 9.2 of the CR-3 Participation Agreement dated July 31, 1975, or (ii) notify or obtain any permit, authorization or approval of any federal, state or local authority, other than the Seller's governing body.

(d) The Acquisition Agreement has been duly and validly executed and delivered by Seller and constitutes a legal, valid and binding obligation of Seller, enforceable in accordance with its respective terms.

(e) There are no actions, suits or proceedings pending or, to my knowledge, threatened against Seller with respect to the Acquisition Agreement, or any of the transactions thereunder, before any court or administrative body or agency having jurisdiction over Seller with respect to the Acquisition Agreement (including, without limitation, any arbitrations, Worker's Compensation or other administrative proceedings, condemnation proceedings, criminal prosecutions or governmental investigations) or which would have a material adverse effect on the Seller's ability to perform its obligations under the Acquisition Agreement.

(f) The Special Warranty Deed and Bill of Sale and the Assignment and Assumption Agreement dated the date hereof, between Seller, as "Grantor" or "Assignor", and Company, as "Grantee" or "Assignee", as the case may be, are in sufficient form to transfer the title or to assign, the rights, title, and interest each purports to transfer or assign, and, upon execution and delivery of the Special Warranty Deed and Bill of Sale and the Assignment and Assumption Agreement, such title to the portion of the Purchased Interest that constitutes real property, and such title to the portion of Purchased Interest that constitutes personal property, and Seller's entire right, title, and interest in the Participation Agreement shall be effectively transferred to Company as set forth in those documents. All terms used in this letter shall be deemed to have the definitions set forth in the Conveyance Documents except as otherwise specifically set forth herein. The "Conveyance Documents" is meant collectively, the Acquisition Agreement, the Assignment and Assumption Agreement, and the Special Warranty Deed and Bill of Sale.

(g) The Settlement-Related Documents are valid, binding, and enforceable against the Seller.

My opinion that any document is valid, binding, or enforceable in accordance with its terms is qualified as to:

(i) limitations imposed by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws relating to or affecting the rights of creditors generally;

(ii) general principles of equity, including, without limitation, the possible unavailability of specific performance or injunctive relief, regardless of whether such enforceability is considered in a proceeding in equity or at law; and

(iii) judicial discretion, and the valid exercise of sovereign police powers of the State of Florida and the constitutional powers of the United States of America.

I do not purport to express any opinion herein concerning any laws other than the laws of the State of Florida and the federal laws of the United States of America, all as in effect on the date hereof.

This opinion speaks as of the date hereof. This opinion is furnished by me at your request for your sole benefit and no other person or entity shall be entitled to rely on this opinion without our express written consent. This opinion is limited to the matters stated herein, and no opinion is implied or may be implied or may be inferred beyond matters expressly stated herein.

Yours truly,

CITY OF _____

By:_____

# EXHIBIT "K"

## Form of Special Warranty Deed and Bill of Sale

**Property Appraiser's**
**Parcel ID No.**

## SPECIAL WARRANTY DEED AND BILL OF SALE

THIS Indenture, made this _____ day of _____, 20_____, between _____ ("Grantor") and Duke Energy Florida, Inc., a Florida corporation ("Grantee").

WITNESSETH

WHEREAS, Grantor is the owner of an undivided _____% tenant in common interest in a nuclear generating plant known as Crystal River Unit No. 3 situated on certain lands in Citrus County, Florida, as more fully described herein (hereinafter referred to as "CR-3"); and

WHEREAS, Grantee desires to purchase and acquire, and Grantor desires to sell, convey and transfer Grantor's entire undivided _____% tenant in common interest in CR-3 to the Grantee;

NOW, THEREFORE, Grantor, in consideration of the sum of Ten Dollars ($10.00); and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby bargains, sells, conveys and transfers to Grantee, and Grantee's successors and assigns forever, Grantor's entire _____% undivided interest as tenant in common, in and to the following described real and personal property:

(a) Real property situated in Citrus County, Florida:

Commence at the Northwest corner of Section 33, Township 17 South, Range 16 East, Citrus County, Florida, said corner having plant coordinates of N 0+34.61 & E 0+36.85, and run S 00° 58' 04" E, along the West boundary of said Section 33, a distance of 1,254.79 feet; thence East a distance of 1,456.95 feet to the Point of Beginning, said point having plant coordinates, S 12+20 & E 15+15; thence South, a distance of 63.98 feet; thence S 45° 41' 57" W, a distance of 201.91 feet; thence West, a distance of 436.50 feet to the Point of Curvature of a curve concave Southeasterly and having a radius of 134.0 feet; thence run 210.49 feet along the arc of said curve, a chord bearing and distance of S 45° 00' 00" W, 189.50 feet to the Point of Tangency; thence South, 757.33 feet; thence East,

484.00 feet; thence North, 137.83 feet; thence East, 66.00 feet to the Point of Curvature of a curve concave Northwesterly and having a radius of 147.43 feet; thence run 149.75 feet along the arc of said curve, a chord bearing and distance of N 60° 54' 14" E, 143.40 feet to the Point of Tangency; thence N 31° 47' 52" E, 87.01 feet to a curve concave Northerly and having a radius of 1183.72 feet; thence run 319.45 feet along the arc of said curve, a chord bearing and distance of N 73° 50' 37" E, 318.48 feet to the Point of Tangency; thence N 67° 31' 02" E 481.14 feet to the Point of Curvature of a curve concave Southerly and having a radius of 676.78 feet; thence run 265.05 feet along the arc of said curve, a chord bearing and distance of N 78° 43' 36" E, 263.36 feet to the Point of Tangency; thence N 89° 53' 49" E, 200 feet; thence N 00° 06' 11" W, 80.00 feet; thence S 89° 53' 49" W, 200 feet to the Point of Curvature of a curve concave Southerly and having a radius of 756.78 feet; thence run 296.31 feet along the arc of said curve, a chord bearing and distance of S 78° 43' 36" W, 294.42 feet to the Point of Tangency; thence S 67° 31' 02" W, 481.14 feet to the Point of Curvature of a curve concave Northerly and having a radius of 1103.72 feet; thence 241.24 feet along the arc of said curve, a chord bearing and distance of S 73° 59' 18" W, 240.76 feet; thence West, 150.57 feet; thence North, 204.70 feet; thence East, 60.00 feet; thence North, 161.00 feet; thence East, 437.55 feet; thence North, 353 feet; thence West, 397 feet to the Point of Beginning. Containing 18.86 acres, more or less.

Together, with all licenses, profits, easements, rights of way, development rights and entitlements, and all other tangible and intangible rights that are appurtenant or associated therewith or thereto, and all buildings, power plants, structures, improvements and all fixtures located thereon.

(b) Structures, equipment and facilities now or hereafter constructed and installed in or on the above described real property, including, but not limited to, the following:

A nuclear steam supply system of the pressurized water type.

A steam turbine-generator with a design nameplate turbine capability of 858.9 MW, and designed to take steam from the nuclear steam supply system.

Containment for the nuclear steam supply system.

All auxiliary equipment and other engineered safeguards associated with the foregoing.

An administration building, machine shop, warehouse, public information facility and other support buildings located adjacent to said units. (This does not include support buildings that are Common or External Facilities.)

A radioactive waste treatment and control system or systems and all associated equipment.

Cooling water system(s).

Generator step-up bank consisting of four transformers rated at 316 MVA each. Standby auxiliary power transformation equipment and related facilities.

CR-3 control and communication facilities and associated buildings or equipment not included in Common or External Facilities.

All other right, title and interest of Grantor in and to CR-3.

(collectively the "Property").

TO HAVE AND TO HOLD THE PROPERTY IN FEE SIMPLE FOREVER.

Grantor covenants that the foregoing real and personal property is free of all encumbrances imposed by or through Grantor; that lawful seisin of and good right to sell, convey and transfer such Property is vested in Grantor; and that Grantor does fully warrant such title to such Property and will defend forever the same against the lawful claims of all persons claiming by or through Grantor.

WHEREFORE, Grantor has caused this instrument to be executed by its duly authorized officers on the day and year first above written.

Signed, sealed and delivered
in the presence of:

_____

_____
Print Name

_____

_____
Print Name

CITY OF _____

By:_____
Name:_____
Title:_____

Attest:_____
Name:_____
Title:_____

(AFFIX CORPORATE SEAL)

STATE OF FLORIDA

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ 20_____, by _____, as the _____ of the Seller of _____, on behalf of Seller. He/she is personally known to me or has produced _____ as identification.

_____
NOTARY PUBLIC

_____
Print Name

[AFFIX NOTARIAL SEAL]

Commission No.:_____

# EXHIBIT "L"

## Form of Opinion of Counsel of Company

Date

Gentlemen:

I am Deputy General Counsel to Duke Energy Florida, Inc. ("Duke") and in such capacity and together with attorneys in Duke's Legal Department acting under my supervision, have acted as counsel to Duke in connection with the execution and delivery of that certain CR-3 Settlement, Release and Acquisition Agreement dated as of _____, 2014 (the "Acquisition Agreement") between Duke and the City of Alachua, City of Bushnell, City of Gainesville, Kissimmee Utility Authority, City of Leesburg, City of New Smyrna Beach and the New Smyrna Beach Utilities Commission, City of Ocala, and the Orlando Utilities Commission (collectively the "Sellers").

In so acting, I have examined originals or copies of the Acquisition Agreement and have relied as to factual matters upon the representations and warranties contained in that document (such reliance does not include the representations contained in Section 4.1, Section 4.2 and Section 4.3 of the Acquisition Agreement). I or attorneys in Duke's Legal Department acting under my supervision have also examined originals or copies, certified or otherwise identified to our satisfaction, of all Duke's corporate records, documents, agreements and other instruments, certificates, opinions and correspondence with public officials, and certificates of officers and representatives of Duke and made such other investigations as I have deemed necessary or advisable for the purposes of rendering the opinions set forth herein. As to all matters of fact covered thereby, I have relied, without independent investigation or verification, thereon. I have assumed the genuineness of all signatures and the authenticity of all documents submitted to me as originals and the conformity with the originals of all documents submitted to me as copies. This opinion is issued to you pursuant to Section 7.2 of the Acquisition Agreement. All defined terms contained in the Agreement are incorporated herein by this reference.

Based upon the foregoing and subject to the further qualifications and limitations set forth below, I am of the opinion that:

(a) Duke is a corporation, incorporated under the laws of the State of Florida, and it has the requisite power and authority to execute and deliver the Acquisition Agreement and to perform its obligations thereunder.

(b) The execution, delivery and performance by Duke of the Acquisition Agreement has been duly authorized by all necessary actions on the part of Duke, does not contravene any law, or any government rule, regulation or any order applicable to Duke or its properties, and does not and will not contravene the provisions of, cause the acceleration of any rights under, cause the creation of any lien under, or constitute a default under, any material agreement, resolution or other instrument known to me after due inquiry to which Duke is a party or by which Duke is bound.

(c) All requisite governmental and regulatory approvals and consents required to be obtained by Duke for the execution, delivery and performance by Duke of the Acquisition Agreement have been obtained. The execution, delivery and performance of the Acquisition Agreement does not require Duke to: (i) obtain any consent of any creditor, lessor, mortgagee, co-participant, co-owner of the Purchased Interests or other party to any agreement or instrument to which Duke is a party or by which Duke or any of its properties are bound, except as provided in Section 9.2 of the CR-3 Participation Agreement dated July 31, 1975, or (ii) notify or obtain any permit, authorization or approval of any federal, state or local authority, other than Duke's governing body.

(d) The Acquisition Agreement has been duly and validly authorized, executed and delivered by Duke and constitutes a legal, valid and binding obligation of Duke, enforceable in accordance with its terms.

(e) There are no actions, suits or proceedings pending or, to my knowledge, threatened against Duke with respect to the Acquisition Agreement, or any of the transactions thereunder, before any court or administrative body or agency having jurisdiction over Duke with respect to the Acquisition Agreement (including, without limitation, any arbitrations, Worker's Compensation or other administrative proceedings, condemnation proceedings, criminal prosecutions or governmental investigations) or which would have a material adverse effect on Duke's ability to perform its obligations under the Acquisition Agreement.

(f) The Settlement-Related Documents that are executed by Duke are valid, binding, and enforceable against Duke.

My opinion that any document is valid, binding, or enforceable in accordance with its terms is qualified as to:

(i) limitations imposed by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws relating to or affecting the rights of creditors generally;

(ii) general principles of equity, including, without limitation, the possible unavailability of specific performance or injunctive relief, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(iii) rulings, orders or decrees of the Nuclear Regulatory Commission, the Federal Energy Regulatory Commission, and the Florida Public Service Commission; and

(iv) judicial discretion, and the valid exercise of sovereign police powers of the State of Florida and the constitutional powers of the United States of America.

I do not purport to express any opinion herein concerning any laws other than the laws of the State of Florida and the federal laws of the United States of America, all as in effect on the date hereof.

This opinion speaks as of the date hereof, and I assume no obligation to update or supplement such opinion to reflect any fact or circumstance that may hereafter come to my attention or any changes in law that may hereafter occur or become effective. This opinion is

furnished by me at your request for your sole benefit and no other person or entity shall be entitled to rely on this opinion without my express written consent. This opinion is limited to the matters stated herein, and no opinion is implied or may be implied or may be inferred beyond matters expressly stated herein.

Yours truly,

By: _____

Deputy General Counsel

# EXHIBIT "M"

## Notice Provisions

## SCHEDULE 2.4

## Allocation of $429,560.21

| | Applicable Seller | Allocation of $429.560.21 CR-3 Decommission Trust Withdrawal |
|---|---|---|
| 1. | City of Alachua | $5,132.33 |
| 2. | City of Bushnell | $2,556.28 |
| 3. | City of Gainesville | $92,858.33 |
| 4. | City of Kissimmee | $44,497.70 |
| 5. | City of Leesburg | $54,314.33 |
| 6. | City of New Smyrna Beach and New Smyrna Beach Utilities Commission | $36,947.45 |
| 7. | City of Ocala | $87,842.42 |
| 8. | City of Orlando and Orlando Utilities Commission | $105,512.37 |

## SCHEDULE 2.6

## Allocation of $1,311,402.90

| Applicable Seller | Refund Amount |
|---|---|
| 1. City of Alachua | $24,232.86 |
| 2. City of Bushnell | $8,973.66 |
| 3. City of Gainesville d/b/a Gainesville Regional Utilities | $219,706.52 |
| 4. City of Kissimmee | $156,206.51 |
| 5. City of Leesburg | $153,664.85 |
| 6. Utilities Commission, City of New Smyrna Beach | $129,701.82 |
| 7. City of Ocala | $248,521.76 |
| 8. Orlando Utilities Commission | $370,394.92 |
| **Total** | **$1,311,402.90** |

## SCHEDULE 2.8(b)

## Allocation of Wholesale Customer Payments

| Wholesale Purchaser | Cash Payment |
|---|---|
| 1. City of Bartow | $293,864.40 |
| 2. City of Chattahoochee | $515,355.17 |
| 3. City of Gainesville d/b/a Gainesville Regional Utilities | $618,534.33 |
| 4. City of Homestead | $4,034,848.80 |
| 5. City of Mt. Dora | $1,284,526.58 |
| 6. Utilities Commission, City of New Smyrna Beach | $916,219.41 |
| 7. City of Quincy | $105,284.73 |
| 8. City of Williston | $421,562.43 |
| 9. Florida Municipal Power Agency (All-Requirements Power Supply Project) | $209,804.15 |
| **Total** | **$8,400,000.00** |

# CITY OF QUINCY
# CITY COMMISSION
# AGENDA REQUEST

Date of Meeting: June 10, 2014

Date Submitted: June 6, 2014

To: Honorable Mayor and Members of the Commission

From: Mike Wade, Interim City Manager

Subject: Timber Sale Contract Extension

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## Issue

The Timber Sale Contract between the City of Quincy and Whitfield Timber Company, Inc. (WTC) has expired. An extension to the contract is needed for the cutting of timber in the Industrial Park to be completed.

## Analysis/Discussion

On October 10, 2013, the City of Quincy entered into a six month contract with WTC for the harvesting and sale of timber at the City owned Industrial Park located off of Joe Adams Road. Due to equipment problems and weather conditions, WTC was unable to complete the harvesting of the timber on the property. It is estimated that the remaining timber will be cut and hauled within two to three weeks. We are requesting an extension of the existing contract for a period to end on June 30, 2014.

## Options

Option 1: Authorize the Interim City Manager to sign the Addendum to Timber Sale Contract.

Option 2: Do not authorize the signing of the Addendum to Timber Sale Contract.

**Staff Recommendation:** Option 1

## Attachments:

1. Addendum to Timber Sale Contract
2. Timber Sale Contract

# ADDENDUM TO TIMBER SALE CONTRACT

The following changes shall be made to, and hereby become a part of, that certain **TIMBER SALE CONTRACT**, entered into on October 10, 2013, by and between **CITY OF QUINCY, FLORIDA** as **Seller**, and **WHITFIELD TIMBER COMPANY, INC.,** as **Buyer**.

**Change to said Contract:**

*Section 3. in the Contract reads:*

3. The term of this Timber Sale Contract shall begin on the date and time the Seller fully executes this Contract (the "Effective Date") and shall terminate when all obligations hereunder have been met by both the Seller and Buyer, or six (6) months from the Effective Date, whichever is sooner. At the sole discretion of the Seller, the termination of this Contract may be extended. At the termination of the Contract, the Buyer relinquishes all rights and title herein conveyed, and the Buyer agrees to issue and deliver to Seller a written release of rights and title upon such termination.

*Section 3. shall be stricken from the Contract as if never written and replaced with the following and said replacement language shall become a part of the Timber Sale Contract:*

3. The term of this Timber Sale Contract shall begin on the date and time the Seller fully executes this Contract (the "Effective Date") and shall terminate when all obligations hereunder have been met by both the Seller and Buyer, or on June 30, 2014, whichever is sooner. At the sole discretion of the Seller, the termination of this Contract may be extended. At the termination of the Contract, the Buyer relinquishes all rights and title herein conveyed, and the Buyer agrees to issue and deliver to Seller a written release of rights and title upon such termination.

As evidenced by the signatures below, the **BUYER** and **SELLER** agree to all terms and stipulations as stated above in this Addendum.

**SELLER: CITY OF QUINCY, FLORIDA**

_____ _____

by: Mike Wade, Interim City Manager Date [SEAL]

**BUYER: WHITFIELD TIMBER COMPANY, INC.**

_____ _____

by: Ted Whitfield, President Date [SEAL]

State of Florida
County of Gadsden

# TIMBER SALE CONTRACT

1. This Contract is entered into between **CITY OF QUINCY, FLORIDA,** of 404 W. Jefferson Street, Quincy, Florida 32351, hereafter called **SELLER**, and **WHITFIELD TIMBER COMPANY, INC.** (a Florida Corporation), of 101 Highway 71, Wewahitchka, Florida 32465 and mailing address: P.O. Box 674, Wewahitchka, Florida 32465, hereafter called **BUYER.**

2. For and in consideration of mutual promises and covenants set forth below, the Seller does hereby grant, sell, and convey to the Buyer; and Buyer hereby warrants to cut, haul and pay for ALL MERCHANTABLE TIMBER on approximately 172 acres, on property owned by the Seller and located in Sections 19 & 30, Township 2 North; Range 3 West: and Sections 24 & 25 Township 2 North; Range 4 West; and Sections 32, 431, 432; Township 4 North; Range 5 West; all in Gadsden County, Florida; as shown approximately on the attached maps labeled Exhibit "A", and Exhibit "B" and hereafter referred to as the "Property".

3. The terms of this Timber Sale Contract shall begin on the date and time the Seller fully executes this Contract (the "Effective Date") and shall terminate when all obligations hereunder have been met by both the Seller and Buyer, or six (6) months from the Effective Date, whichever is sooner. At the sole discretion of the Seller, the termination of this Contract may be extended. At the termination of the Contract, the Buyer relinquishes all rights and title herein conveyed, and the Buyer agrees to issue and deliver to Seller a written release of rights and title upon such termination.

4. Method of payment:

4.1. All payments from the Buyer for timber sold under this Contract will be bank checks made payable as follows:

4.1.1. 90.0% of the proceeds to: City of Quincy
4.1.2. 10.0% of the proceeds to: The Woodlands Company, Inc.

4.2. Advanced Payment Deposit: On or before 2:00 PM EDT, the third day from the Effective Date, the Buyer shall deposit an advance payment for said timber in the amount of One Hundred Thousand and no/100's dollars ($100,000.00) (the "Advanced Payment"). Said Advanced Payment shall be made per Section 4.1. herein, shall be fully earned upon receipt.

4.3. Once logging begins, the Buyer agrees that each logging crew will keep a written "trucking ledger" of all truckloads of timber removed from the sale area. For each truckload, the following information shall be recorded on said ledger beginning before the load leaves the Property, and completed at the time the load is scaled: date, time, truck identification number, drivers name, product, destination, scale ticket number, and gross and net timber load weight. Upon request, the trucking ledger shall be available for review by the Seller or Seller's Agent at any time during the sale. In addition, the Buyer agrees to supply the Seller copies of the trucking ledger and all mill scale receipts concerning timber removed from the Property. These trucking ledger copies and mill scale receipts, along with all corresponding payments of any nature, shall be mailed to The Woodlands Company, Inc., 603 W. Washington Street, Quincy, Florida 32351 (the "Seller's Agent"), on a weekly basis. Based on scale receipts, and the prices and product specifications given in Section 5 below, if and when timber valued at $100,000.00 has been removed from the Sale Area, the Buyer agrees to pay the Seller, on a weekly basis, for additional timber removed from the Sale Area at the same rates, until all timber offered for sale has

Buyer's Initials:
Seller's Initials:

been cut and paid for per the terms of this Contract.

4.3.1. After all timber designated for sale has been cut and removed from the sale area, and scaled, if the value of all the timber removed does not equal $100,000.00, per the stumpage rates given in Section 5 herein, the Seller agrees to refund to the Buyer the difference of the value of the timber sold and $100,000.00.

5. The payment for all timber cut will be based on the following specifications and price:

5.1. All merchantable pine, regardless of product class: All pine trees, or portions thereof, offered for sale, with a 17.0 foot merchantable minimum length to a 2.0 inch outside bark minimum top diameter. After the first 17.0 feet, the merchantable length will increase randomly. **Rate of payment: Twenty one dollars and 50/100's ($21.50) per ton.**

5.2. Hardwood Sawtimber: All merchantable hardwood trees offered for sale, with sufficient form, and a 17.0 foot merchantable minimum length to a 12.0 inch outside bark minimum top diameter for hard hardwood and 10.0 inch outside bark minimum top diameter for soft hardwood. After the first 17.0 feet, the merchantable length will increase in 8.0 foot increments. **Rate of payment: Twenty Seven dollars and no/100's ($27.00) per ton.**

5.3. Hardwood Pulpwood: All hardwood trees offered for sale, or portions thereof, not suitable for a higher value product, with a 17.0 foot minimum length to a 4.0 inch top diameter. After the first 17 feet, the merchantable length will increase in random increments. **Rate of payment: Twelve and no/100's ($12.00) per ton.**

6. Neither the Seller nor the Seller's Agent, make any guarantee as to the quantity or quality of trees conveyed by this Timber Sale Contract.

7. The Seller grants to the Buyer reasonable rights of ingress and egress across the Property, but the Buyer agrees to limit logging activity to the sale area or to areas previously approved by the Seller's agent prior to use.

8. Seller reserves the right to declare this contract terminated by notice to the Buyer, for any reason or no reason. Upon such notice, all cutting operations shall immediately cease and appurtenant equipment shall be removed from the Property. Buyer must pick up, haul, and fully utilize any and all previously cut timber prior to leaving the Property, and leave the property in the condition as provided for elsewhere herein. Upon such early termination, all deposits and/or unearned advances in payment shall be immediately returned to the Buyer, unless otherwise provided herein.

9. The Buyer agrees to start the logging operations on or before December 1, 2013. The Buyer agrees to log on a continuing basis until "cutting is complete", except if excessively wet ground conditions make the operation of logging equipment unreasonable. If wet conditions interrupt the logging operation and force the Buyer to cease logging and move the equipment from the Property, the Buyer agrees to immediately resume logging on the Property when reasonable ground conditions allow, and the expiration date of this Contract shall be extended the number of days equal to the number of days the logging was

Buyer's Initials:

Seller's Initials:

interrupted due to wet ground conditions. The Buyer agrees to work with the Seller's Agent in organizing the timber cutting progression in a manner that allows for the areas with the greatest risk of limiting logging conditions to be logged first, and to log the remainder of the Sale Area in a logical method addressing stands with lesser quality timber and longer access routes first where reasonable.

9.1. After logging begins, if cutting is interrupted for whatever reason, the Buyer agrees to notify the Seller's Agent prior to stopping the logging operation, and again, 24 hours before the cutting is scheduled to resume.

9.2. It is agreed the Buyer will call for a pre-cutting conference which will take place immediately prior to beginning the logging, between the Seller's Agent, Ted Whitfield, and the logging crews foremen. This conference is to discuss proper utilization, access, identify sensitive areas, and otherwise reasonably insure that all parties are aware of the terms of this Contract. At the pre-cutting conference, a copy of this Contract shall be supplied to the logging crew foremen.

9.3. The Buyer agrees the location of each of the loading ramps will be pre-determined before their establishment and use by mutual agreement between the Seller's Agent, and the Buyer.

10. The Buyer shall hold the Seller, and his agents and assigns, harmless against any damages which may be caused by the Buyer, its servants, agents, employees, or contractors in any operation in connection with cutting and removing the timber sold.

11. The Buyer agrees to hold the Seller blameless for any and all damages to the Buyer's, or agents of the Buyer's, equipment.

12. The Buyer agrees to hold the Seller blameless for any and all injuries to the Buyer, his agents or workmen, during the period of this Timber Sale Contract.

13. The Buyer agrees to have adequate liability insurance (in excess of one million dollars coverage) during the period of this Timber Sale Contract and to furnish the Seller's Agent, an insurance certificate proving such before cutting begins.

14. The Buyer agrees to protect survey corners, fences, paved driveways, lamp-posts, electrical equipment, structures and all other improvements from logging damage, and to immediately repair or replace such improvements if accidentally damaged by the logging operation, at the sole cost to the Buyer.

15. Logging Roads:

15.1. It is the responsibility of the Buyer to maintain all logging haul roads in a condition that normal vehicular traffic used in forestry operations (i.e.: pick-up trucks) can travel such roads. At the end of the logging operation, the condition of the existing roads on the Seller's property that are used by the Buyer, shall be in a condition that is at least as good as before the logging began. The Buyer agrees to immediately remove logging generated debris from streams and drains so that the flow of water is not impeded.

Buyer's Initials: _____

Seller's Initials: _____

15.2. Before logging begins, the Buyer will be provided a combination to each locked gate crossing roads necessary for logging access. It is the responsibility of the Buyer to close and latch each gate used by the Buyer at the end of each day, and lock gates equipped with a lock.

16. Logging crews will remove from the Seller's property all containers, paper, cans, bottles, cable, and other debris and litter they produce while removing the timber, and move all logging debris within 50 feet of any sale boundary and deposit said debris further inside the timber sale area. This will be done on a daily basis.

17. The Buyer shall sever timber as low to the ground as is reasonably possible.

18. The Buyer shall cut, haul and pay for all timber offered for sale. The Buyer will fully utilize all merchantable portions of timber offered for sale. At the termination of this Contract, if merchantable trees or portions thereof remain on the Property, the Buyer agrees to pay the cost of the Seller's Agent to inventory and appraise said remaining timber, and the value of the remaining timber shall be calculated by multiplying the volume calculations of the Seller's Agent by the payment rates in Section 5 herein. The cost of the inventory and appraisal shall be paid directly to the Seller's Agent, and the payment for the remaining timber shall be paid per Section 4 herein, within 10 days of the notification of the amounts due.

19. The cost of cutting, removing and transporting the timber which is the subject of this Timber Sale Contract, will be at the sole expense of the Buyer.

20. Whitfield Timber Company, Inc., and **NOT** the Seller and **NOT** the Seller's Agent nor any Seller related entity, shall be solely responsible for compliance with any and all federal, state, county or local government laws and regulations, including, but not limited to, wetlands protection and threatened or endangered animal or plant species (both terrestrial and aquatic), pertaining to the removal of the timber which is the subject of this Contract or alteration of the site during the logging operation. Whitfield Timber Company, Inc. will be solely responsible, both physically and financially, for penalties, restoration costs, or any other actions or costs (including, but not limited to, all legal fees, court costs, and appraisal fees), resulting from violations of such laws and regulations. Said regulations may prevent the Buyer from cutting timber from the Property that would otherwise be merchantable.

21. Ted Whitfield shall frequently inspect the logging operation to insure that the terms of this Timber Sale Contract are met.

22. Performance and/or Damage:

22.1. Simultaneously with the placement of the "Advanced Payment" per section 4.2 herein, the Buyer shall deposit by cashier's check, the amount of two thousand and no/100's dollars ($2,000.00), made payable to and placed into the account of: Woodlands Company, Inc. Trust Account. This deposit will be held during the term of this Timber Sale Contract as security to guarantee the performance of the Buyer, and mitigate any damages to the Property, or the failure to cut, remove and pay for timber offered for sale, under the terms and conditions of this Timber Sale Contract. In the event a dispute arises regarding the fulfillment of the obligations of the Buyer in this Timber Sale Contract, the Seller may elect to implement arbitration per Section 22.3 herein. In which case, if the arbitration panel determines the Buyer to be inconsistent with the

terms and conditions of this Timber Sale Contract, the Performance / Damage Deposit shall be delivered to the Seller, and Seller shall be entitled to additional payment of remedy as determined by the arbitration panel and to pursue against Buyer any remedy available to Seller at law, in equity or under this Timber Sale Contract, including but not limited to specific performance.

22.2. Notwithstanding the foregoing provisions for arbitration, nothing herein shall be construed as precluding either party from commencing, prior to commitment to resolution by binding arbitration, the right to invoke any remedy allowed at law or in equity; reference to any particular remedy shall not preclude the exercise of any other remedies, all of which being cumulative, and the failure of a party to exercise any power hereunder or to insist upon strict compliance for the other party with any obligations hereunder, shall not constitute a waiver of any rights to demand compliance with the terms thereof. Should either party breach the covenants of this Contract, the non breaching party shall be entitled, prior to mutual agreement to commence arbitration, as he elects, to institute and prosecute proceedings in any court of competent jurisdiction, to obtain any one or more of the following remedies against the breaching party: specific performance of this Contract, injunction against breach of this Contract, and damages (plus all costs and expenses, including, but not limited to, reasonable attorney's fees incurred by such institution and prosecution). It is the mutual intent of the parties hereto to resolve any breach by negotiation in good faith without the need to pursue resolution by arbitration or other legal remedies.

22.3. In the event of any dispute between the Seller and the Buyer arising out of the terms and conditions of this Contract and the performance of either party hereunder, the cutting shall immediately cease upon written notification of such from one party to the other, and the Seller and the Buyer agree to accept the decision of an arbitration board of three members concerning the dispute. Within thirty (30) days of the notice of dispute, one arbitration board member shall be selected by the Seller, one by the Buyer, and the third member shall be selected by the first two members appointed. The three arbitrators must reach an agreement, by majority vote, within thirty (30) days after the appointment of a third arbitrator by the arbitrators appointed by the Seller and the Buyer. All arbitrators shall be professional foresters that normally practice in the northwestern part of Florida. Any decision reached by the arbitrators, will be binding upon the Seller and the Buyer. All expenses incurred necessary to resolve the dispute, shall be paid by the party at fault, as judged by the arbitrators.

22.4. If no dispute arises during the term of this Timber Sale Contract, the Performance / Damage Deposit shall immediately be returned to the Buyer upon the satisfactory termination of this Timber Sale Contract.

23. The Buyer agrees to do a neat, clean logging job, and not create reasonably preventable situations that adversely affect the Seller.

24. Neither Seller, nor Buyer shall be responsible for non-performance due to strike, lockout, riot, war, civil disturbance, Act of God or other causes (whether or not of a similar nature) beyond the reasonable control of the parties. At the option of the Seller, the terms of this contract may be extended for a period of time equal to the time the Buyer is prevented from cutting and removing said timber due to any of the above occurrences.

25. The Seller guarantees that the Seller has the right to sell the subject timber; that the title to the timber is free from defects, imperfections and encumbrances; that the Seller does hereby warrant and will forever

Buyer's Initials:

Seller's Initials:

defend the title to the timber against the lawful claims of all persons whomsoever; and that the Buyer shall quietly and peaceable possess and enjoy the same.

26. The Seller is responsible for clearly marking with flagging the boundaries of the areas to be logged.

27. Time is of the essence of this contract.

28. The terms and conditions of this Timber Sale Contract shall survive the closing of this transaction.

29. This Timber Sale Contract shall not be held more strongly against either party, regardless of authorship.

30. This Timber Sale Contract may be executed in counterparts, each of which shall be deemed to be an original instrument. All such counterparts together shall constitute a fully executed Timber Sale Contract. This Timber Sale Contract may be executed and delivered by facsimile transmission, with the intention that such facsimile signature and delivery shall have the same effect as an original signature and actual delivery.

----- THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY -----

Buyer's Initials:

Seller's Initials:

31. As evidenced by the signatures below, the Buyer and the Seller agree to all terms and stipulations as stated above in this Contract:

**SELLER: CITY OF QUINCY, FLORIDA**

By: Jack McLean, City Manager — Date: 10/10/13

Witness, print name: Cynthia Shingles

Witness, print name: Jeronda Gilcrease

JERONDA S. GILCREASE
Commission # DD 987666
Expires May 3, 2014
Bonded Thru Troy Fain Insurance 800-385-7019

I am an officer duly authorized to take acknowledgments and I hereby certify that Jack McLean, who produced a Florida Driver's License as identification, and did not take an oath, appeared before me and placed his signature above.

Print name: Jeronda Gilcrease, Notary Public — Date: 10/10/13 — Seal:

**BUYER: WHITFIELD TIMBER COMPANY, INC.**

By: ~~Ted Whitfield, President~~ RALPH THEIBY Secretary — Date: 10/21/13

Witness, print name: Jeff O'Bryan

Witness, print name: BEN POWELL

BEN POWELL
MY COMMISSION # DD 984864
EXPIRES: June 30, 2014
Bonded Thru Budget Notary Services

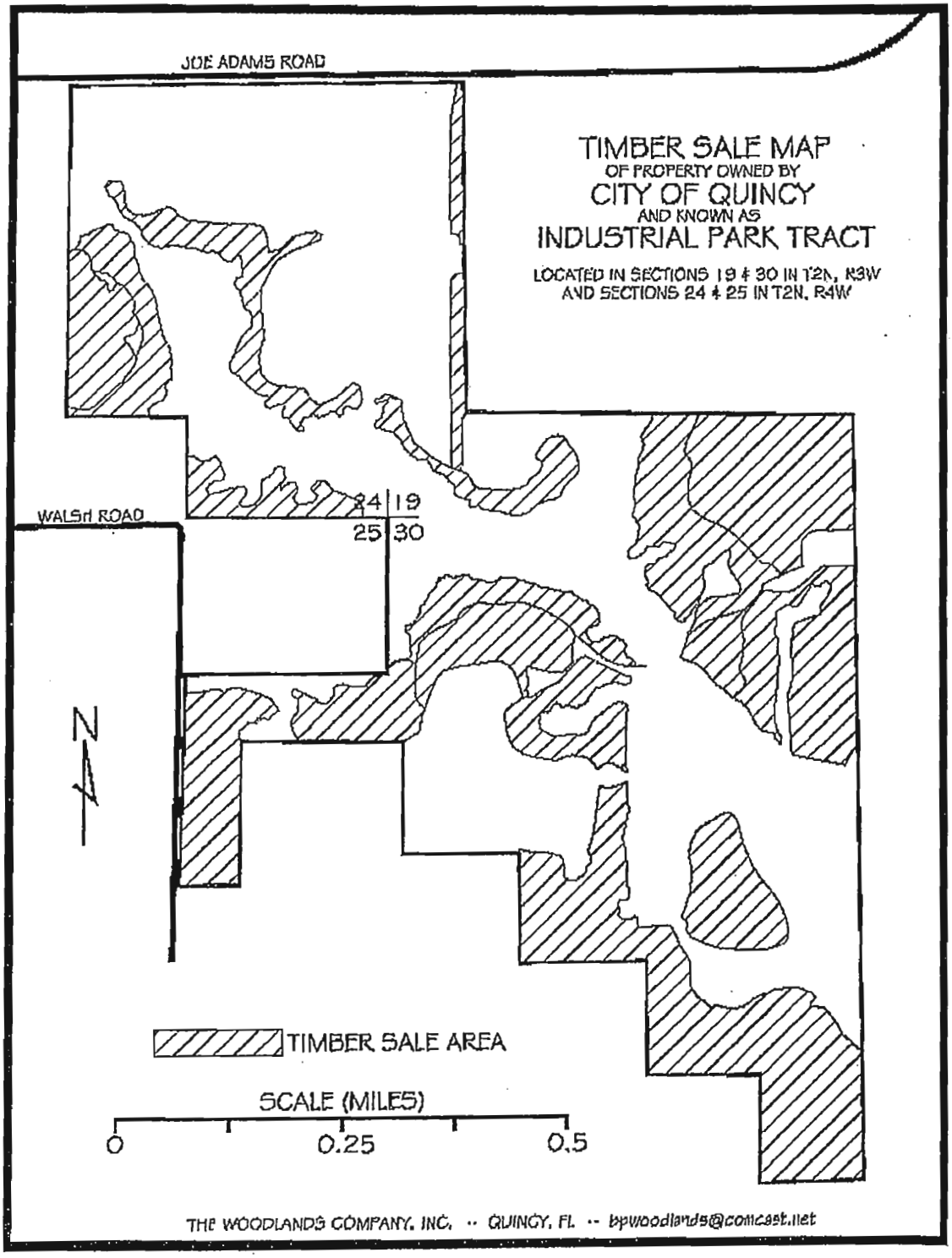
I am an officer duly authorized to take acknowledgments and I hereby certify that Ted Whitfield, who produced a Florida Driver's License as identification, and did not take an oath, appeared before me and placed his signature above.

Print name: BEN POWELL, Notary Public — Date: 10/21/13 — Seal:

Buyer's Initials: _____

Seller's Initials: JM

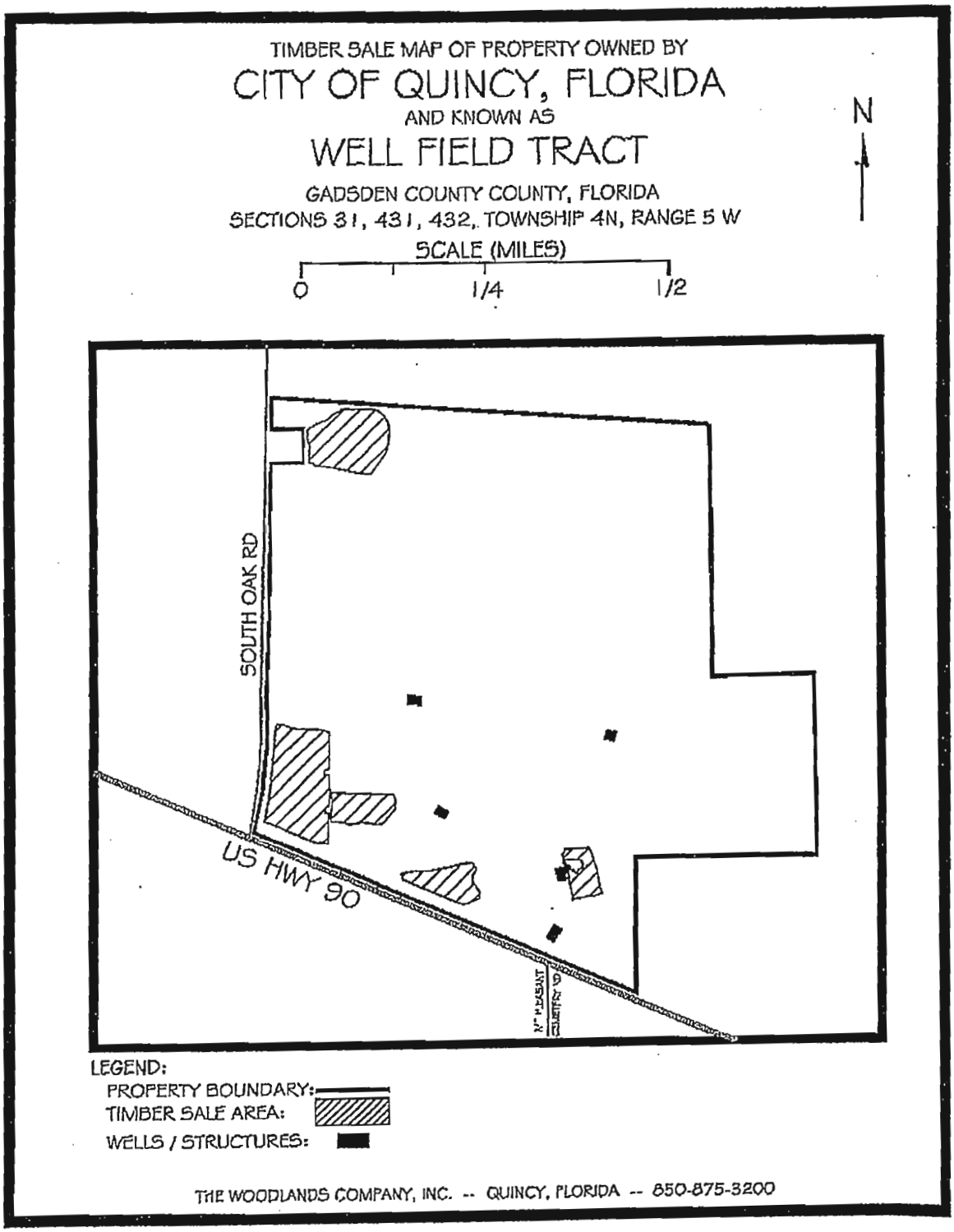
## EXHIBIT "A"




Buyer's Initials: _____

Seller's Initials: _____

## EXHIBIT "B"




Buyer's Initials: CS

Seller's Initials: TLM

# CITY OF QUINCY
# CITY COMMISSION
# AGENDA REQUEST

| | |
|---|---|
| Date of Meeting: | June 10, 2014 |
| Date Submitted: | June 6, 2014 |
| To: | Honorable Mayor and Members of the Commission |
| From: | Mike Wade, Interim City Manager<br>Chris Jordan, Interim IT Director |
| Subject: | Request for Proposal for Telecommunication Services |

## Issue

Staff requests authorization to develop and issue a Request for Proposal (RFP) for telecommunication services for the City in order to evaluate the costs and feasibility of having internet and telephone services provided by a third party vendor.

## Analysis/Discussion

During the regular City Commission Meeting of May 27, 2014, Commissioner McMillan stated that Netquincy is operating at a loss and we need an alternative for internet services and that we should see what it would cost for another telecommunication provider to provide internet and telephone services. The objective of the City is to acquire a telecommunications system to serve the administrative operations of the City in an efficient and cost effective manner. Part of the evaluation and development process will be to perform a cost analysis of our existing system. We will then determine the technical needs of the City and develop a Scope of Services. The RFP for telecommunication services will replace existing communication services and will provide normal single line telephone services, long distance call services, and Internet Service Provider (ISP) services providing access to the internet and the world wide web. The RFP will include maintenance, ongoing enhancement and other support services from the selected provider; however, the City will manage the day-to-day changes and maintenance internally. The RFP will not commit the City to award a contract or to pay any costs incurred in the preparation of a proposal in response to this request.

## Options

Option 1: Authorize staff to issue a Request for Proposal for Telecommunication services.

Option 2: Do not authorize staff to issue a Request for Proposal for Telecommunication services.

## Staff Recommendation:

Option 1

# CITY OF QUINCY
# CITY COMMISSION
# AGENDA REQUEST

| | |
|---|---|
| Date of Meeting: | June 10, 2014 |
| Date submitted: | June 4, 2014 |
| To: | Honorable Mayor and Members of the City Commission |
| From: | Mike Wade, City Manager<br>Bernard O. Piawah, Director, Building and Planning |
| Subject: | Bus Shuttle Service Continuation Discussion |

**Statement of Issue**

On April 22, 2014, the City Commission authorized the City Manager to enter into a short-term contract with Big Bend Transit Inc., to continue the bus shuttle service from May to the end of September in order to give the City some time to evaluate its budget to determine whether the budget will permit the City to continue to provide the bus shuttle service in the City. The Commission also directed staff to bring the matter back for discussion with some suggestions on how to address the bus shuttle issue during the next budget year. This agenda item is intended to initiate a discussion on what to do with the Quincy Bus Shuttle service during the next budget year. Attached to this memo are the agenda memos for the meeting of April 22, 2014 and April 8, 2014, respectively, discussing the bus shuttle service.

**Background**:

During the past 12 months, the total operating expense on the bus shuttle service was $80,505.00 while the fare collected was $4,026.75. After deducting the fare collected, the balance of $76,478.25 was covered by the City and County (Quincy $38,239.13 and County $38,239.13). The City and County's share of the cost exceeds the $72,000.00 that was originally projected to be covered by the City and County.

In view of this expense by the City and County, the City's staff is seeking direction from the Commission regarding the bus shuttle during the next budget year. There are three options that the Commission could consider: 1) whether staff should issue an RFP (contingent on the County's participation) to look for a company that can provide the service at a lower cost, 2) continue to rely on Big Bend Transit Inc. to provide the service; or 3) allow the contract to expire and the bus shuttle service discontinued.

**Options:**

Option 1: Vote to direct staff to issue an RFP (contingent on the County's participation) to look for a company that can provide the service at a lower cost to the City and County;

Option 2: Vote to continue to rely on Big Bend Transit Inc., to provide the service at the rate currently offered.

Option 3: Vote to discontinue the subsidization of the Quincy bus shuttle service.

**Attachments:**

April 22, 2014 Agenda Item
April 8, 2014 Agenda Item
Big Bend Transit Inc. Contract between the City of Quincy and Gadsden County BOCC

# ATTACHMENT 1

## CITY OF QUINCY
## CITY COMMISSION
## AGENDA REQUEST

| | |
|---|---|
| Date of Meeting: | April 22, 2014 |
| Date submitted: | April 17, 2014 |
| To: | Honorable Mayor and Members of the City Commission |
| From: | Mike Wade, Interim City Manager<br>Bernard O. Piawah, Director, Building and Planning |
| Subject: | Bus Shuttle Contract: 2014 to 2015 Update |

**Statement of Issue**

This agenda item is intended to update the Commission regarding their directive from the meeting of April 8, 2014, to staff regarding the contract with Big Bend Transit, Inc. (BBT) to provide bus shuttle service in the City of Quincy. The directive was that staff should enter into discussions with BBT and the County to see if service could be continued until the end of September, during which time the Commission can discuss extending the contract for another year during the FY 2015 budgeting process. Also, the Commission directed staff to discuss with Havana and Gretna if they could contribute some money towards the service this year to defray the unanticipated cost incurred during this current contract.

The City Manager has discussed the matter with BBT and the County and there is willingness on the part of BBT for a short-term contract that will start from May 2014 and end in September 2014, after which, another one-year contract could be entered into with BBT, if it could be accommodated by the 2015 budget. The County Manager will seek approval from his board to continue service through September if Quincy approves the short-term extension. The City Manager determined there is funding in the current budget (2014 budget) that will accommodate such a short-term contract. Also, the managers of the cities of Havana and Gretna appear willing to consider contributions

towards the current contract shortfalls; however, they have to take the matter to their respective councils, which do not meet until later in April and in May 2014, respectively. Staff is hereby requesting that the Commission authorize the Manager to enter into a short term contract with BBT for short term service that will start on May 1, 2014 and end on September 30, 2014; after which a new one-year contract could be entered into with BBT. Attached are the April 8, 2014 agenda item and the draft short-term contract.

**Options:**

Option 1: Vote to authorize a short-term contract ending in September 2014.

Option 2: Do not vote to authorize a short-term contract.

# ATTACHMENT 2

## CITY OF QUINCY
## CITY COMMISSION
## AGENDA REQUEST

| | |
|---|---|
| Date of Meeting: | April 8, 2014 |
| Date Submitted: | April 1, 2014 |
| To: | Honorable Mayor and Members of the City Commission |
| From: | Mike Wade, Interim City Manager<br>Bernard O. Piawah, Director, Building and Planning |
| Subject: | Bus Shuttle Contract: 2014 to 2015 Update |

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**Statement of Issue**

Big Bend Transit, Inc. (BBT) is under a one-year contract to provide bus shuttle service within the City of Quincy along a fixed route that loops through the City of Havana and Gretna. The current contract is for the period starting from May 1, 2013 and ending on April 30, 2014. BBT has notified the City that the contract is due to expire and the need to renew it before the expiration date if the service is to continue into 2014. This agenda item is intended to update the Commission of the status of the Bus Shuttle ridership and to request that the contract be renewed for another year (2014-2015).

**Background**

The contract with Big Bend Transit to operate the Quincy Shuttle bus service ends on April 30, 2014. The shuttle provides service along a fixed route within the City of Quincy that loops through Havana and Gretna. It is a five-day service: Monday to Friday, from 7:30 am to 2:30 pm. The City and County had asked Big Bend Transit to continue the service under the new contract based on a new fare ($1.75) and schedule. The cost of providing the service is $ 82,000.00 of which $36,000.00 of the cost would be paid by the City of Quincy and $36,000.00 to be provided by the County and the remaining $10,000.00 in costs was to be covered by rider fares. The shuttle service will cease operating unless the City of Quincy and Gadsden County enter into a new contract with

Big Bend Transit to continue the service for a new one-year term: beginning on May 1, 2014 and ending on April 30, 2015.

For a historical perspective, prior to November 01, 2012, the fare was $1.00 per trip and the time of operation was from 7:30 a.m. to 6:00 p.m., five days a week (the service was entirely within the City of Quincy) which generated approximately $12,000.00 in fares. Beginning November 01, 2012, the fare was increased to $2.50 per trip and the time of operation was shortened to 7:30 am to 2:30 pm daily, five days a week. Following the change in fare from $1.00 to $ 2.50 in November 2012, the ridership decreased by about 60%; however, the total fare collected remained about the same as before the change because the increased fare made up for the loss in ridership.

Under the new contract the fare was reduced from $2.50 to $1.75; however, the ridership did not increase. As a result, the fare collected remained low. Table 1 below shows the fare collected per month, from May 2013 to February 2014 under the new contract (March data not yet available).

**TABLE 1**

**Ridership and Fare**
**Under the 2013-2014 Contract**

| **Month** | | **Total Passenger Trips** | **Fares Collected ($1.75 x No. of trips)** |
|---|---|---|---|
| May | 2013 | 231 | $404.25 |
| June | 2013 | 185 | $323.75 |
| July | 2013 | 205 | $369.25 |
| August | 2013 | 221 | $386.75 |
| September | 2013 | 228 | $399.00 |
| October | 2013 | 233 | $407.75 |
| November | 2013 | 187 | $327.25 |
| December | 2013 | 175 | $306.25 |
| January | 2014 | 155 | $271.25 |
| February | 2014 | 184 | $322.00 |
| **Total** | | **2,004** | **$3,517.50** |
| | | | |

Based on the information in Table 1, the average fare collect per month is $351.75. So, it could be assumed that for the remaining two months, March 2014 and April 2014, the fare will be about $352.00, respectively; which means the total fare collected for the year will be about $4,222.00 Thus, the total fare collected is less than the projected fare box amount of $$10,000.00.

## Fiscal Impact

Under the current contract, the projected expense for providing the service is $82,000.00 for which the City and County were expected to contribute $36,000.00 each with the balance coming from monthly fare collected. Based on the invoice from BBT, it appears that the total expense will be less than project; the total expense for the past 10 months of service is $63,892.50 (after the fare collected has been deducted). Assuming, for discussion sake, that BBT's expense for March and April are about $6,000.00, respectively, the total cost of providing the service by BBT for the year would be about $75,893.00, for which the City will pay half and the County pays the other half (i.e., about $37,947.00 each). The City's 2013 budget includes $37,000.00 for the bus shuttle service. That means, the City would have to budget an additional $947.00, approximately, in order to pay the City's share of the expense for the year.

## Human Impact:

For many citizens, the Quincy Bus Shuttle provides an essential service that addresses the transportation needs of a particular segment of the population (mostly the elderly). Many users of this service have become reliant on it for grocery shopping, doctor's visit and the payment of bills. Thus, discontinuing this service would adversely impact the quality of life and activities of those who depend on the shuttle as their only means of transportation. Public transportation systems are often not designed for profit making, which is why they are always subsidized by the government. Staff believes that this is a very useful and valuable service which should be continued into the future. However, giving the financial impact it will have on the City's budget, it is recommended that the City Commission give a serious consideration to this matter.

## Options

Option 1: Vote to renew the Quincy Bus Shuttle service with Big Bend Transit, Inc., for another year.

Option 2: Do not vote to renew the contract with Big Bend Transit, Inc., to provide the shuttle service for another year.

## Attachment

Existing contract that needs to be renewed

## ATTACHMENT 2

**TRANSPORTATION AGREEMENT
BETWEEN THE GADSDEN COUNTY BOARD OF
COUNTY COMMISSIONERS,
CITY OF QUINCY AND
BIG BEND TRANSIT, INC.**

**THIS CONTRACTOR AGREEMENT**, made this ___ day of _____in the year 2014, by and between the Gadsden County Board of County Commissioners, City of Quincy (hereinafter referred to as "the Agency",) and Big Bend Transit, Inc, (hereinafter referred to as 'BBT') and the County agrees, that the relationship of the BBT to the Agency under this agreement continues to be that of Independent Contractor.

**NOW, THEREFORE**, in consideration of their mutual promises and covenants and other good and valuable considerations, the parties hereto agree that Public Bus Transportation Services shall be furnished by BBT upon the following terms and conditions.

1. BBT agrees to operate the Quincy/Gadsden County "In-Town" bus shuttle service five days per week Monday through Friday from 7:30 AM to 2:30 PM (seven hours) except on the following days: Thanksgiving, Christmas, New Years and Martin Luther King, Jr., for the purpose of providing a fixed-route mass transit service to the citizens of Quincy and the environs-Havana and Gretna- and the fixed route is described in Exhibit A. It shall be BBT's responsibility to maintain any bus used on the route in good, safe, working order, and in compliance with all laws and regulations applicable thereto. All bus drivers must be appropriately licensed, competent, responsible individuals and shall be employees of BBT and must not be considered for any purpose as employees of the Agency.

2. BBT agrees to provide one (1) bus at its expense to operate under the conditions setforth in section 1 of this agreement. BBT further agrees to maintain sufficient backup buses of the same capacity. These buses shall meet the requirements of all Federal, State, County and Municipal laws, statutes, ordinances, rules and regulations which are applicable to and enforceable in Gadsden County, Florida.

3. BBT agrees to furnish at its expense all labor, parts and other materials required for the operation of the buses, including drivers, maintenance, repairs, gasoline, oil and other motor fuel and lubricants.

A. BBT shall keep its buses in good and safe mechanical condition at all times in accordance with standards established by statute, lawful authority and Agency.

B. BBT shall keep its buses in clean and sanitary condition at all times that they are being used.

4. BBT shall provide the Agency with BBT's Federal Tax Identification Number. All drivers and others engaged in the operation of the BBT's buses shall be employees of BBT. BBTs shall carry adequate Workmen's Compensation Insurance and cause a certificate of such insurance to be forwarded by the insurance carrier to the Agency, indicating that the policy is not subject to cancellation, non-renewal or reduction in coverage. Nothing contained herein or any document executed in connection herewith, shall be construed to create an employer-employee partnership or joint venture relationship between BBT and Agency.

A. All drivers shall be qualified under State law to drive a bus and drivers shall be employed or continued in employment by BBT.

B. BBT shall be responsible for compliance by its drivers with all state and local laws, statutes, rules and regulations. BBT shall provide bus drivers, who exercise acceptable control and respect of the riding public at all times during transportation.

C. Drivers shall observe the highest possible standards of safe driving at all times and strictly comply with the rules of the road and all provisions of the Florida Motor Vehicle Laws.

5. BBT agrees to collect, store daily ridership data and to provide the Agency with that information on a monthly basis. BBT will provide performance base information to the Agency twice a year.

A. BBT agrees not to deviate from the designated fixed routes without the consent of the Agency or its duly designated representatives, who may designate stops to be made and time schedule of buses. The Agency reserves the right to change bus routes after consultation with BBT. The Agency will also provide BBT with no less than one week notice (7 days) of any route changes. The Agency will provide BBT in writing any route changes which have

been previously agreed upon by Agency representatives of both the City of Quincy and Gadsden County.

6. ~~The cost of operating the Quincy In-Town Bus shuttle is $82,000.00 per year.~~ The Agency agrees to pay BBT ~~$72,000.00~~ $34,161.00 (5/12th of 12 month contract) less the fare box for a five-month contract. The fare to be paid by riders is $1.75, which may be decreased or increased, by the Agency, from time to time. ~~The fare box shall constitute the balance of the agreement ($10, 000). During the first 6 months of service, BBT will deduct the fares collected from the Agency monthly bill. During the next six months of the contract, any fare box amounted collected in excess of $5,000 will be returned via check to the Agency.~~

7. BBT will bill the Agency for services at the Gadsden County Board of County Commissioners, Post Office Box 1799, Quincy, Florida, 32353, and City of Quincy, 404 W. Jefferson Street Quincy, Florida, 32351 and payment in full will be paid within thirty (30) days and not later than forty-five (45) days of billing.

8. BBT shall procure and maintain the insurance identified below during the terms of this Agreement:

(a) Applicable workers' compensation insurance (or the equivalent) in accordance with the laws of the State of Florida, covering all employees who are to provide service under this Agreement. BBT's policy shall be specifically endorsed to waive any rights of subrogation against the Agency. BBT hereby indemnifies and holds the Agency harmless from any claims that might arise as a result of BBT's failure to obtain and keep, in full force and effect, adequate workers' compensation insurance.

(b) BBT shall provide commercial general liability occurrence coverage with limits of not less than One Million and No/100 Dollars ($1,000,000.00) each occurrence, One Million and No/100 Dollars ($1,000,000.00) products/completed operations aggregate, and One Million and No/100 Dollars ($1,000,000.00) general aggregate. Any exclusions or amendments to the policy must be disclosed to the Agency. BBT shall supply the Agency with the above proof of insurance as required upon the signing of this Agreement, but the Agency's failure to demand such proof shall not waive the Agency's rights to such coverage as specified herein. BBT agrees to provide the Agency with an Endorsement Certificate and a Certificate of Liability Insurance naming the Agency as an Additional Insured in Regard to Liability as required by written contract.

(c) BBT shall provide commercial general automobile liability coverage for bodily injury and property damage with limits of not less than One

Million and No/100 Dollars ($1,000,000.00) combined single limit for each accident. Any exclusions or amendments to the policy must be disclosed to the Agency. BBT shall supply the Agency with the above proof of insurance as required upon the signing of this Agreement, but the Agency's failure to demand such proof shall not waive the Agency's rights to such coverage as specified herein. BBT agrees to provide the Agency with an Endorsement Certificate and a Certificate of Liability Insurance naming the Agency as an Additional Insured in Regard to Liability as required by written contract.

9. BBT shall indemnify, defend, and hold the Agency, its affiliates, officials, boards, members, employees, agents, guests, and assigns harmless from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs, and expenses, including reasonable and actual attorneys' fees sustained or incurred by or asserted against the Agency by reason of, or arising out of, any services provided under this Agreement and any negligence or breach of duty related thereto by BBT or any of its employees. The Indemnity obligations of BBT under this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Nothing in this section shall be construed or interpreted as a waiver of sovereign immunity beyond the applicable waiver provided by Florida law.

10. This agreement shall be for a term of ~~one (1) year from April ___, 2013 to March 31, 2014~~ five months from May 1, 2014 to September 30, 2014. Either the Agency or BBT may terminate this agreement for any reason upon notice in writing to the other party at least thirty (30) calendar days prior to the end of its term.

11. It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of this Agreement to create in the public or any member thereof, third party beneficiary status in connection with the performance of the obligations herein without the written consent of the Agency and notwithstanding its concurrence in or approval of the award of any contract or subcontract or the solicitation thereof in fulfilling the obligations of the Agreement.

12. By entering into this contract, the Agency and its officials, board members commissioners do not waive sovereign immunity, do not waive any defenses and do not waive any limitations of liability as may be provided for by law. No provision of this contract modifies and / or waives any provision of the sovereign immunity statutes.

13. If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

14. This Agreement shall be governed, interpreted, construed, enforced and regulated by the laws of the State of Florida applicable to contracts made and to be performed in such State without giving effect to the principles of conflicts of law.

15. This Agreement shall be binding upon the parties. In the event of such early termination, all contract fees and charges incurred through the effective date of the termination shall be payable in accordance with the terms of this Agreement. In the event of such termination, neither party shall be liable for any damages, penalties, contract termination expenses of any nature. In the event of a conflict between this clause and any other clause of this Agreement, this clause shall control.

IN WITNESS WHEREOF THE PARTIES DO HEREUNTO SET THEIR HANDS on the date first written above:

BIG BEND TRANSIT, INC.

_____

Dino J. Kaklamanos, General Manager

GADSDEN COUNTY BOARD OF COUNTY COMMISSIONERS

_____

THE CITY OF QUINCY, a Florida Municipal Corporation

_____

# City of Quincy
# City Commission
# Agenda Request

| | |
|---|---|
| Date of Meeting: | June 10, 2014 |
| Date Submitted: | June 5, 2014 |
| To: | Honorable Mayor and Members of the Commission |
| From: | Mike Wade, Interim City Manager<br>Chris Jordan, Interim IT Director |
| Subject: | NetQuincy Report |

**Statement of Issue:**

The Commission requested a report on NetQuincy Billing and Collections.

**Status:**

Staff has identified several issues with customer accounts which are listed below and we are working to resolve these issues. Staff feels that if the issues can be corrected, we will see an increase in collections.

**Issues:**

- Duplicate Customer Accounts
- Customers still being billed after service has been cancelled
- No cut-off procedure

**Plan of Action**

- Staff is working to consolidate duplicate accounts. This will ensure payments are credited to the correct account.
- Staff has identified the customers that have cancelled their services but was still getting billed. A correction was made on these accounts. If a balance was still on the account, a final bill will be sent out.
- Staff has implemented a cut-off procedure. Cut-off will be done on the first Monday of each month.

# City of Quincy
# City Commission
# Agenda Request

| | |
|---|---|
| Date of Meeting: | June 10, 2014 |
| Date Submitted: | June 5, 2014 |
| To: | Honorable Mayor and Commissioners |
| From: | Michael Wade, Interim City Manager<br>Jeffrey Williams, Interim Finance Director |
| Subject: | Accounts Payable Report as of June 5, 2014 |

The balance in accounts payable is less than $1,750,000 as of 6/5/14. The City is making slow and steady progress on reducing the total outstanding.

## ATTACHMENTS

Accounts Payable, listed as of June 5th, 2014

| Vendor # | Vendor Name<br>As of 06/05/14 | Due Date<br>12.31.2013 | Due Date<br>02.28.2014 | Due Date<br>03.31.2014 | Due Date<br>05.31.2014 | Future<br>Dated | Invoice Amt<br>Total |
|---|---|---|---|---|---|---|---|
| 4790 | SYLVIA HICKS | $ - | $ - | $ - | $ 8 | $ - | $ 8 |
| 127 | CLARK MUNROE TRACTOR COMPA | - | - | 9 | - | - | 9 |
| 500 | Comcast Cable Communications, | - | - | 15 | - | - | 15 |
| 5603 | ALLSTATE AMERICAN HERITAGE LI | - | - | - | 21 | 11 | 32 |
| 4703 | BSN SPORTS | - | - | - | 33 | - | 33 |
| 114536 | SHRED-IT | - | - | - | 39 | - | 39 |
| 145053 | FedEx | - | - | - | 20 | 20 | 39 |
| 1281 | GADSDEN COUNTY PUBLIC WORKS | - | 45 | - | - | - | 45 |
| 6130 | BREATHING AIR SYSTEMS DIVISION | - | - | - | 47 | - | 47 |
| 1631 | MRS. NANCY SADLER | - | - | - | - | 50 | 50 |
| 5466 | JONES WELDING & INDUSTRIAL | - | - | 39 | 11 | - | 50 |
| 114562 | NETQUINCY.COM | - | - | - | 40 | 20 | 60 |
| 145283 | Climate Control | - | - | - | 80 | - | 80 |
| 145543 | State Farm Insurance | - | - | 90 | - | - | 90 |
| 288 | HOLLEY'S, INC. | - | - | - | 93 | - | 93 |
| 3799 | AMERICAN BUSINESS CENTER INC | - | - | - | 110 | - | 110 |
| 2206 | QUALITY WATER SUPPLY | - | 14 | - | 87 | 32 | 133 |
| 4530 | EVERITE TIME AND EQUIPMENT | - | - | 135 | - | - | 135 |
| 146583 | BACK TRACK RESEARCH | - | - | - | - | 138 | 138 |
| 336 | LANIER MUNICIPAL SUPPLY | - | - | - | 139 | - | 139 |
| 9735 | EDWARDS FIRE PROTECTION, INC. | - | 140 | - | - | - | 140 |
| 9084 | SAFETY-KLEEN | - | - | - | 145 | - | 145 |
| 3625 | CAPITAL RUBBER & INDUSTRIAL SU | - | 41 | 41 | 67 | - | 149 |
| 426 | CONTINENTAL AMERICAN INSURAN | - | - | - | 102 | 51 | 154 |
| 23 | PRE-PAID LEGAL SERVICES, INC. | - | - | - | 103 | 51 | 154 |
| 5184 | PRIORITY NEWS, INC. | - | - | 55 | 109 | - | 164 |
| 145673 | Economy Auto Salvage | - | - | - | 180 | - | 180 |
| 11857 | QUINCY PROF. FIREFIGHTERS | - | - | - | - | 180 | 180 |
| 114548 | ADT SECURITY SERVICES | - | - | - | - | 191 | 191 |
| 114348 | Heiman Inc. | - | - | 201 | - | - | 201 |
| 5649 | SONITROL OF TALLAHASSEE INC | - | - | - | 218 | - | 218 |
| 1402 | KENON PLUMBING SERVICE | - | - | - | 241 | - | 241 |
| 145034 | Eyecatcher Signs | - | - | - | - | 245 | 245 |
| 721 | TALLAHASSEE DEMOCRAT | - | - | 136 | 114 | - | 250 |
| 119 | BIG BEN WRECKER & AUTO BODY I | - | 250 | - | - | - | 250 |
| 5291 | NORTH FLORIDA VAULT & SEPTIC | - | 250 | - | - | - | 250 |
| 9978 | CRAWFORD & SONS OIL CO., INC. | - | - | - | 269 | - | 269 |
| 12056 | THE PARTS HOUSE, INC. | - | - | - | 49 | 226 | 275 |
| 9343 | SUNSHINE STATE ONE CALL | - | 103 | 98 | 79 | - | 280 |
| 146724 | BEST WAY INC | - | - | - | - | 290 | 290 |
| 251 | STONE'S INCORPORATED | - | - | - | 295 | - | 295 |
| 3256 | QUINCY ANIMAL HOSPITAL | - | - | 311 | - | - | 311 |
| 145226 | Moveable Cubicle | - | - | 160 | 163 | - | 322 |
| 145518 | Georgia Department of Revenue | - | - | - | 238 | 95 | 333 |
| 9772 | SOUTHEAST DIGITAL NETWORKS | - | - | - | 350 | - | 350 |
| 814 | B & B SPORTING GOODS | - | - | - | 360 | - | 360 |
| 145064 | PATIENTS FIRST | - | - | - | 100 | 275 | 375 |
| 524 | PAUL'S PEST CONTROL | - | - | - | 295 | 89 | 384 |
| 28 | UNITED WAY OF BIG BEND | - | - | - | 258 | 129 | 387 |
| 146744 | BRADY LEE HUDSON PHD | - | - | - | - | 400 | 400 |
| 145688 | R.A.W Construction, LLC | - | - | - | - | 404 | 404 |
| 114372 | HODGES HEATING | - | - | - | 430 | - | 430 |
| 11538 | CHECKCARE | - | - | - | - | 450 | 450 |
| 943 | EXECUTIVE OFFICE FURNITURE IN | - | - | 65 | 386 | - | 451 |
| 114477 | EDWARD FIRE PROTECTION, INC. | - | - | - | 464 | - | 464 |
| 749 | HAVANA FORD INC. | - | - | - | 479 | - | 479 |
| 1062 | LEWIS-SMITH SUPPLY CORP | - | 70 | 221 | 193 | - | 484 |
| 114319 | AWARDS 4U | - | - | - | - | 485 | 485 |
| 26 | FLORIDA POLICE BENEVOLENT | - | - | - | 330 | 165 | 495 |
| 145249 | All Fiber-Fiber Optics, Inc. | - | - | - | 500 | - | 500 |
| 982 | QUILL CORPORATION | - | 220 | 83 | 209 | - | 512 |
| 62 | Aflac Flexible Spending | - | - | - | - | 522 | 522 |
| 3197 | WILLIAMS COMMUNICATIONS INC. | - | - | - | 538 | - | 538 |
| 536 | D'ALEMBERTE INSURANCE AND RE | - | - | 550 | - | - | 550 |
| 3547 | FLORIDA RURAL WATER ASSOCIAT | - | - | 560 | - | - | 560 |
| 4565 | NAFECO, INC. | - | - | 591 | - | - | 591 |
| 3841 | CAPITAL HYDRAULICS INC | - | - | 598 | - | - | 598 |
| 9975 | LACAL EQUIPMENT, INC | - | 662 | - | - | - | 662 |
| 4330 | GADSDEN COUNTY PROPERTY APF | - | - | - | 703 | - | 703 |

| Vendor # | Vendor Name<br>As of 06/05/14 | Due Date<br>12.31.2013 | Due Date<br>02.28.2014 | Due Date<br>03.31.2014 | Due Date<br>05.31.2014 | Future<br>Dated | Invoice Amt<br>Total |
|---|---|---|---|---|---|---|---|
| 114506 | RICOH USA INC | - | - | 265 | 442 | - | 707 |
| 145026 | VERIZON | - | - | 810 | - | - | 810 |
| 117 | BELL AND BATES HARDWARE | - | - | - | 969 | - | 969 |
| 146105 | ALLCOL TECHNOLOGIES INC | - | - | - | 1,000 | - | 1,000 |
| 145534 | ACS Firehouse Software | - | - | - | 1,065 | - | 1,065 |
| 9863 | FIRST CALL TRUCK PARTS | - | 136 | 260 | 695 | - | 1,091 |
| 246 | SOUTHEASTERN TESTING | - | - | - | 1,112 | - | 1,112 |
| 146075 | Bandwidth.com | - | 1,269 | - | 0 | - | 1,269 |
| 12058 | VIRCOM INC | - | - | 1,300 | - | - | 1,300 |
| 146746 | GRANT & RUMPH PA | - | - | - | 1,530 | - | 1,530 |
| 202 | MOORE ELECTRIC | - | 1,563 | - | - | - | 1,563 |
| 197 | MARPAN SUPPLY CO., INC | - | 1,618 | - | - | - | 1,618 |
| 5638 | AUS FLORIDA GROUP LOCKBOX | - | - | - | 1,674 | - | 1,674 |
| 146036 | STAUNCH SYSTEMS LLC | - | 1,750 | - | - | - | 1,750 |
| 114569 | MYOFFICEPRODUCTS, LLC | - | - | - | 1,866 | - | 1,866 |
| 146163 | SEABORN PRINTING COMPANY INC | - | - | - | 1,921 | - | 1,921 |
| 146053 | HILAIRE DESA | - | 1,977 | - | - | - | 1,977 |
| 114823 | Allen, Norton & Blue, P.A. | - | - | - | 2,000 | - | 2,000 |
| 145760 | Michael Moore Lodge | - | - | 2,000 | - | - | 2,000 |
| 11070 | CINTAS CORPORATION #646 | - | - | 424 | 1,638 | - | 2,062 |
| 9203 | SRT SUPPLY | - | - | - | 2,092 | - | 2,092 |
| 301 | W & L TIRE & WHEEL CO. | - | - | - | 2,215 | - | 2,215 |
| 39 | AMERICAN GENERAL INSURANCE | - | - | - | 1,548 | 774 | 2,322 |
| 345 | SHERWIN-WILLIAMS | - | - | 2,546 | - | - | 2,546 |
| 4740 | BOARD OF COUNTY COMMISSIONE | - | - | - | 2,658 | - | 2,658 |
| 10 | UTILITY REFUNDS | - | - | - | 1,401 | 1,358 | 2,759 |
| 146655 | SOLAR SYSTEMS & PERIPHERALS I | - | 2,870 | - | - | - | 2,870 |
| 436 | CONSOLIDATED PIPE & SUPPLY CC | - | - | 1,155 | 1,752 | - | 2,906 |
| 3459 | QUINCY MUSIC THEATRE | - | - | - | - | 3,000 | 3,000 |
| 146704 | DECATUR COUNTY BOARD OF COM | - | - | - | 1,646 | 1,629 | 3,275 |
| 850 | MARIANNA AUTO PARTS-QUINCY A | - | 284 | 234 | 1,702 | 1,077 | 3,296 |
| 10060 | SOUTHERLAND ENTERPRISES | - | - | - | - | 3,500 | 3,500 |
| 5264 | HAMPTON INN | 3,520 | - | - | - | - | 3,520 |
| 6597 | Florida Combined Life/LTD | - | - | 707 | 2,741 | 712 | 4,160 |
| 114618 | HD SUPPLY POWER SOLUTIONS LT | - | - | - | 3,934 | 352 | 4,285 |
| 145218 | FLORIDA COMBINED LIFE-DENTAL | - | - | - | 3,539 | 1,185 | 4,724 |
| 146694 | GADSDEN COUNTY DEVELOPMENT | - | - | - | 5,000 | - | 5,000 |
| 962 | MOTOROLA INC. | - | - | 5,364 | - | - | 5,364 |
| 8923 | TOM HORNE SUPPLY CO. | 1,020 | 2,680 | 1,046 | 788 | - | 5,534 |
| 146640 | PLEAT PERRY & RITCHIE PA | - | - | - | 5,660 | - | 5,660 |
| 350 | POLICE & FIRE FIGHTERS | - | - | - | - | 5,749 | 5,749 |
| 11451 | HATCH MOTT MACDONALD | - | - | - | 5,935 | - | 5,935 |
| 12036 | THE GOLF CLUB OF QUINCY | 6,056 | - | - | - | - | 6,056 |
| 6696 | BENTLEY SYSTEMS, INC. | - | - | 6,705 | - | - | 6,705 |
| 230 | TDS TELECOM | - | - | - | 7,355 | - | 7,355 |
| 894 | CSX TRANSPORTATION | - | 4,272 | - | 3,402 | - | 7,674 |
| 145219 | Florida Combined Life/AD&D | - | 1,779 | 2,042 | 4,006 | 1,023 | 8,849 |
| 34 | AFLAC WORLDWIDE HEADQUARTE | - | - | - | 6,657 | 3,329 | 9,986 |
| 145624 | 1st Source Bank | - | - | - | - | 10,744 | 10,744 |
| 4342 | BIG BEND TRANSIT, INC | 2,986 | 6,326 | 2,989 | - | - | 12,302 |
| 11587 | Environmental Systems Research | - | - | 3,730 | 10,500 | - | 14,230 |
| 146067 | ELECTSOLVE TECHNOLOGY SOLUT | - | 3,730 | 3,730 | 3,730 | 3,730 | 14,920 |
| 11533 | ICMA | - | - | - | - | 16,908 | 16,908 |
| 144959 | BCBS - FLORIDA | - | - | - | 15,457 | 1,487 | 16,944 |
| 146566 | FKC CO LTD | - | - | - | 29,735 | - | 29,735 |
| 370 | Gadsden County BOCC | - | 15,540 | 16,359 | - | - | 31,899 |
| 323 | FLORIDA DEPARTMENT OF REVENU | - | - | - | - | 58,471 | 58,471 |
| 144958 | CAPITAL HEALTH PLAN | - | - | - | 59,869 | 6,965 | 66,834 |
| 18 | AMERICAN FUNDS | - | 13,576 | 27,061 | 52,666 | 13,545 | 106,848 |
| 999 | Jack McLean, jr | | | | | 150,000 | 150,000 |
| 5708 | SOUTHEASTERN POWER ADMINIST | - | 114,777 | - | 146,748 | - | 261,525 |
| 145087 | Waste Pro U.S.A. | - | - | 2,924 | 181,897 | 175,500 | 360,321 |
| 6180 | OPERATIONS MANAGEMENT INT'L, | | 76,425 | 157,296 | 78,648 | 78,648 | 391,016 |
| | REPORT TOTAL | $ 13,582 | $ 252,366 | $ 242,902 | $ 667,888 | $ 544,203 | $ 1,720,940 |