

**TO:** James O'Connor, City Manager of the City of Vero Beach

**FROM:** Richard J. Miller   
Eric T. Grill

**DATE:** October 3, 2012 **CLIENT-MATTER NO.:** 311016-0001

**RE:** City of Vero Beach / Florida Power & Light Transaction – Summary of FMPA Transfer Agreements

The City of Vero Beach (“COVB”), Orlando Utilities Commission (“OUC”) and Florida Power & Light Company (“FPL”) have certain obligations as contemplated by the Memorandum of Understanding executed by COVB, OUC and FPL on September 19, 2012 in connection with the proposed purchase and assumption by FPL, and the sale and assignment by COVB, of certain electric utility assets and certain associated liabilities (the “FPL Transaction”). The COVB’s foremost obligations involve (i) the transfer of the Florida Municipal Power Agency Entitlement Agreements for the Stanton I Project, Stanton II Project and the St. Lucie Project to the Orlando Utilities Commission (“OUC”) and (ii) the termination the Agreement for Purchase and Sale of Electric Energy and Capacity, Gas Transportation Capacity and Asset Management Services with OUC. Below is a brief synopsis of the documents necessary to satisfy these obligations.

1. **Agreement between the City of Vero Beach and the Orlando Utilities Commission for the Transfer of 100% of the City of Vero Beach’s Power Entitlement Share of the Florida Municipal Power Agency Stanton Project and Florida Municipal Power Agency Stanton II Project (“Stanton Transfer Agreement”)** – The Stanton Transfer Agreement provides for the transfer of COVB’s 32.521% Power Entitlement Share in the Stanton I Project and 23.9521% Power Entitlement Share in the Stanton II Project to OUC, along with COVB’s post-transfer obligations under the (i) Stanton I Project Power Sales Contract, (ii) Stanton I Project Project Support Contract, (iii) Stanton II Project Power Sales Contract and (iv) Stanton II Project Project Support Contract, to OUC in consideration of the payment of Thirty-Four Million Dollars (\$34,000,000) by COVB to OUC payable upon the closing of the FPL Transaction.

The Assignment Agreements (attached as Exhibit B to the Stanton Transfer Agreement) will effectuate the actual transfer contemplated by the Stanton Transfer Agreement (similar to a Bill of Sale). Both the Stanton Transfer Agreement and the attached Assignment Agreements will be signed immediately upon formal approval by COVB and OUC, but will be effective upon the satisfaction of the conditions precedent set forth therein, including, without limitation, the approval of the Florida Municipal Power Agency and the closing of the FPL Transaction.

2. **Agreement between the City of Vero Beach and the Orlando Utilities Commission for the Transfer of 100% of the City of Vero Beach’s Power Entitlement Share of the Florida Municipal Power Agency St. Lucie Project (“St. Lucie Transfer Agreement”)** –

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The St. Lucie Transfer Agreement provides for the transfer of COVB's 15.202% Power Entitlement Share in the St. Lucie Project to OUC, along with COVB's post-transfer obligations under the (i) St. Lucie Project Power Sales Contract and (ii) St. Lucie Project Project Support Contract, to OUC.

The Assignment Agreement (attached as Exhibit B to the St. Lucie Transfer Agreement) will effectuate the actual transfer contemplated by the St. Lucie Transfer Agreement. Both the St. Lucie Transfer Agreement and the attached Assignment Agreements will be signed immediately upon formal approval by COVB and OUC, but will be effective upon the satisfaction of the conditions precedent set forth therein, including, without limitation, the approval of the Florida Municipal Power Agency and the closing of the FPL Transaction. The St. Lucie Transfer Agreement is nearly identical to the Stanton Transfer Agreement, except that, unlike the Stanton Transfer Agreement, there is no consideration paid by COVB to OUC for this assignment.

3. **Termination and Settlement Agreement between the City of Vero Beach and the Orlando Utilities Commission ("Termination Agreement")** – The Termination Agreement voluntarily terminates the Agreement for Purchase and Sale of Electric Energy and Capacity, Gas Transportation Capacity and Asset Management Services with OUC in consideration of the payment of Twenty Million Dollars (\$20,000,000) by COVB to OUC payable upon the closing of the FPL Transaction. The Termination Agreement will be signed immediately upon formal approval by COVB and OUC, but will be effective upon the satisfaction of the conditions precedent set forth therein, including, without limitation, the closing of the FPL Transaction.