



March 10, 2014

Mr. Nicholas P. Guarriello
General Manager and CEO
Florida Municipal Power Agency
8553 Commodity Circle
Orlando, FL 32819-9002

Re: City of Vero Beach

Dear Nick:

Thank you for your letter dated March 5th. While I appreciate your concerns, we believe Ms. Brunjes accurately presented the situation from FPL's perspective. Furthermore, FPL and the City of Vero's transactional attorneys continue to disagree with many of the rigid positions that FMPA has taken regarding the project contracts and necessary steps in order to close the transaction. As I discussed with you and members of your team in Orlando on February 19th, my experience with complex transactions is that it is relatively easy to find points of dispute or differences in almost any agreement, particularly if that is the primary focus of one or more of the parties involved. However, I firmly believe if all the parties focus on identifying solutions, rather than problems, and dedicate themselves to getting to "yes", then a fair and equitable agreement can be reached. That is why over the past several years we have always been willing to come to you to meet, why we have diligently listened to your many concerns and why we have offered multiple solutions and options to solve the many issues your team has raised. To be clear, I am not dismissing your stated concerns. However, there's no question in my mind that if we work together, this sale can be completed by January 2015.

Nick, I am proud of the FPL team for continuing to work to identify and propose solution after solution to the various problems FMPA has pointed out over the years. But the time has come for us to complete the process. That is why we have proposed an alternative approach to closing the transaction, which includes accepting your proposed fee of \$52 million for FMPA to assume the City of Vero Beach's interest in Stanton and Stanton II coal projects for no more than three years. FPL is focused on finding common ground and solutions and completing this transaction in a manner that's fair to all parties, including your members and the customers of Vero Beach who have overwhelmingly endorsed a sale. Accordingly, rather than responding to each of your points in writing, I have asked Sam Forrest to give you a call so we can move forward. As part of that call, I've asked Sam to discuss scheduling. As you know, members of my team have tried repeatedly in the past two weeks to set up a date and time to meet with us and the City and it would be extremely helpful if during your call you

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would provide Sam with some options. Unfortunately, we have lost valuable time these past few weeks and I hope we can quickly come to an agreement on a path forward. Our goal has always been to achieve meaningful savings for Vero Beach customers on day one. Both of our pending proposals achieve this goal, so I remain hopeful that by working together to find constructive solutions, we can deliver those savings by January.

Sincerely,



Eric Silagy
President

cc: Frederick M. Bryant, Esquire, General Counsel FMPA
R. Wade Litchfield, Vice President & General Counsel, FPL
Sam Forrest, VP Energy Marketing & Trading, FPL
James R. O'Connor, City Manager, COVB
Kenneth P. Ksionek, General Manager and CEO, OUC
John G. Igoe, Esquire