



Due Diligence

Item #170354

Sept. 7, 2017

Status Update

Action	Date
APA executed	Aug. 11
APA recommended by UAB	Aug. 22
APA Approved by CCOM	Aug. 24
Present due diligence to UAB	Sept. 5
Present due diligence to CCOM	Sept. 7
APA requires mayor' s signature	Sept. 14

Elements of Due Diligence

- Review current permits for requirements, assignability or need for new applications
- Review for consents and approvals
- Review material contracts City wishes to assume for key terms and conditions
- Search state/local courts for applicable matters
- Update/review survey and title report for encumbrances
- Review Phase 1 of IE report

Permits/Consents/Approvals

Permit/Consents/Approvals	Action	Authority	Comments
Authorization under Power Act	GREC files	FERC	Pre-closing condition
Title V air operation	GREC files	FDEP	30 days post-closing
Storm-water discharge	GREC/GRU file	FDEP	Post-closing
MOU w/ Suwannee RWMD	GRU Assignment	SRWMD	Post-closing
Conditions of certification under FEPPSA account	GREC files notice	FDEP	Pre-closing
Drinking water operators license	GREC/GRU file	FDEP	30 days pre-closing
Fire alarm permit application	GRU file	Alachua County	Post-closing
Weighing/Measuring device	GRU file	FL. Dept. Ag	30 days post-closing
Elevator cert. of operation	GREC file	FL. DBPR	30 days post-closing
Storage tank registration	GRU file	FDEP	10 days post-closing

Material Contracts

Entity	Contract Type	Action
NAES	O&M Management	Enter into new transitional contract
Edgar Minerals	Sand Supply Agreement	Enter into new contract
Solvay Chemical, Inc.	Sodium Bicarb Contract	Enter into new contract
Heart of Florida	Waste and Disposal Contract	Enter into new contract
Valmet	Boiler Agreement	Assume
Suwannee WMD	MOU	Assume
BioResource Management	Biomass Services Contract	Enter into new contract
Various Suppliers	Biomass Supply Contract	Enter into new contract
CSX (2010)	Supplemental Agreement	Assume
CSX (2011)	Supplemental Agreement	Assume
City of Gainesville	Easement Agreement	Terminate at Closing
Auxzilium	IT Service Level Agreement	Enter into new contract
Windstream	Internet Service	Enter into new contract

Litigation/UCC Filings & Corporate Status

- No open litigation found by attorney's office.
- Four (4) UCC filings found. One (1) UCC-1 financing statement and three (3) amendments.
- Gainesville Renewable Energy Center, LLC. is registered to do business in the State of Florida and is current on its annual reports.

Title and Encumbrances

Ownership interests in the property are held by:

- The City of Gainesville DBA GRU in free simple title
- GREC LLC. through memorandum of lease

**At closing, city will terminate lease.*

**No Real Property taxes due or outstanding.*

Recorded Liens against Property

Leasehold Mortgage	Union Bank	GREC to pay debt in full at closing & provide leases
Final Judgement	Wood Resource Recovery	Satisfaction of judgement being recorded
Easement	City of Gainesville	Terminated at closing
Conservation Easement	FDEP	Transferred at closing
Supplemental Agreement (private crossing)	CSX	Remain in place at closing
Utility Easement	City of Alachua	Remain in place at closing

Purchased Assets

The IE concludes:

The Plant appears to be designed and generally constructed by **industry standards** for a **biomass-fueled** power plant. Overall, B&M believes the Plant will be **fully** capable of providing **long-term, reliable** service as an **intermediate** generation resource if the plant is operated and continually maintained in accordance with **good utility practice**.

Recommendation to UAB

1. **Review results of due diligence activities and accept the results as satisfactory.**

Recommendation to CC

- 1. Review results of due diligence activities and accept results as satisfactory, thereby, directing mayor to execute APA (as approved on Aug. 24) on or before Sept. 14, 2017.**
2. Authorize GM or his designee(s) to apply for and execute any documents necessary to obtain permits, consents and approvals for operation and maintenance of biomass facility.
3. Authorize GM or his designee(s) to negotiate and execute (effective at closing) assumptions of existing contracts or new contracts necessary to operate and maintain biomass facility, subject to approval as to form and legality by city attorney and her designee(s).