

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is entered into by and between the **City of Gainesville** (the “City”), **Gainesville Regional Utilities** (“GRU”) and the **Gainesville Community Redevelopment Agency** (the “CRA”) regarding redevelopment of a portion of real property owned by the City and listed as a GRU asset and located in the general vicinity of Depot Park and the Kelly Power Plant (referred to generally as the “Power District”), and illustrated in Exhibit “A” attached to this MOU.

WHEREAS, the new GRU Eastside Operation Center (EOC) located on N. Main Street was completed on August 26, 2011 and included the construction of a modern utility operations center to satisfy the needs of the city’s electric, water, wastewater and GRU Com systems; and

WHEREAS, many GRU operations and associated employees previously located within the Power District have been moved to the EOC; and

WHEREAS, a portion of the Power District property is no longer needed for GRU operations, and can be declared surplus and transferred to private ownership and use; and

WHEREAS, the City Commission designated the CRA as the lead agency, and designated the CRA Director as the Champion for the City’s Strategic Initiative 2.2, which involves planning for redevelopment of the Power District due to the relocation of GRU’s operations facilities; and

WHEREAS, the City, received a Letter of Intent from Prioria Robotics, Inc. (“Prioria”) dated November 10, 2011, in which Prioria expresses its interest in relocating its business to a portion of the Power District property; and

WHEREAS, the City, GRU and the CRA are desirous of working together to convert the GRU Property to a new productive use that can promote the economy and viability of the City.

NOW, THEREFORE, the City, GRU and the CRA agree as follows:

1. Purpose. The purpose of this MOU is to outline, in conceptual terms, a proposed plan to be carried out by the City, GRU and the CRA that will result in the redevelopment and reuse of the Power District and in particular the portion that Prioria is interested in occupying. It is the intent of the parties that such redevelopment will transform the area by placing the vacated properties into a new productive use, thereby eliminating slum and blight, increasing the tax base within the Downtown Community Redevelopment Areas, growing the overall economy of the City by promoting gainful employment, business retention, economic development, and providing fair value to GRU for its assets.

2. Declaration of Surplus Property: GRU recommends and the City Commission agrees that the Property depicted on Exhibit "A" is no longer currently useful for GRU operations and is declared to be surplus and made available to be transferred to private use. The boundary lines depicted on Exhibit "A" may be administratively adjusted by the City Manager and the General Manager of Utilities to facilitate the intent and purpose of this Agreement.

3. Consideration: In order to comply with its bond covenants, GRU must obtain "fair value" to the City (as determined by the City) when GRU sells or exchanges any of its property or facilities constituting part of the GRU Utility System. At the time of sale or exchange, the City Commission, upon the recommendation of GRU, will determine and approve the "fair value" paid to GRU for deposit in the Utilities Plant Improvement Fund, and otherwise comply with the bond covenants.

4. Zoning, Land Use, and Preliminary Development Approvals: The Property depicted on Exhibit "A" currently has City of Gainesville Land Use of Public Facilities (PF) and Zoning of Public Services and Operations District (PS). GRU authorizes the CRA, on behalf of the City, to apply for and diligently pursue a Land Use Change to Mixed Use-High and a Rezoning to Central City District, or other appropriate land use and zoning designation upon approval by the General Manager for Utilities. The City shall process the applications as City-initiated applications, thereby waiving the City fees for same. GRU and the City, in its proprietary capacity, agree to cooperate with the CRA's efforts, including signing or consenting to any necessary applications for permits and development orders. The parties recognize that the City, in its regulatory capacity, is the government entity that is vested with authority to grant or deny the land use and zoning approvals. The parties agree that nothing contained in this MOU shall be interpreted or construed as an approval, waiver or contract to approve or waive any governmental requirement that the City has jurisdiction over in its regulatory capacity. Nothing contained in this MOU shall be interpreted or construed as contracting away the exercise of the police powers of the City.

5. Environmental: GRU, and its agents, shall continue to have access to the real Property to conduct environmental studies and testing on the real Property to determine the presence, or probable presence, of environmental contamination/issues. The City, GRU and CRA shall evaluate the risks and liability of any existing environmental contamination/issues and develop a plan to address same in the context of furthering the plan for redevelopment. This may include, but is not limited to, remediation, contractual indemnifications, closure of or removing the property from consideration for development.

6. Negotiations/Conveyance: GRU and the City authorize the CRA to undertake negotiations with Prioria in response to its Letter of Intent, or other third parties. The negotiations may include the portions of the Property as depicted on Exhibit "B" to be leased or conveyed, the provision of parking, the paving of parking lots, payment of property taxes and sales tax, build-out costs, lease, purchase or option to purchase, deed or lease restrictions, and any other terms and conditions deemed necessary and relevant by the parties. The boundary lines depicted on Exhibit "B" may be administratively adjusted by the City Manager and the General Manager of Utilities to facilitate the intent and purpose of this

Agreement. Any conveyance (whether by lease, deed or other) shall be subject to and shall not be executed until: (a) approved by the General Manager for Utilities (b) approved by the governing body of the City, GRU or the CRA, as applicable; and (c) reviewed, as to form and legality, by the City, GRU or CRA Attorney(s), as applicable.

7. Financing/Loans: Simultaneously with the negotiations, the CRA shall develop a plan for funding improvements necessary to make the property suitable for a redeveloped use, and to fund payment of fair value to GRU to satisfy the bond covenants related to this asset. The City and GRU will cooperate in developing this plan, as requested by the CRA.

8. Improvements to the Property: Prior to conveyance of the property or any portion thereof, GRU authorizes the CRA to make all necessary improvements to the portion of the property as required in any contractual agreement, as approved by GRU in advance of any and all improvements. It is understood that the CRA intends to seek financing from banks or other reputable lending institutions, seek grants or gifts to finance the costs of the required improvements to the Property. The CRA may be required to place liens on the improvements in order to secure such financing. At the time of transfer of the Property, or any portion thereof, by fee simple deed to a third party, the CRA must satisfy any such debts and liens on the Property unless such debts or liens are assumed by the grantee.

9. Design/Engineering work: The CRA and its agents shall have reasonable access to the property to undertake design and engineering work as necessary to accommodate the conveyance and financing plan.

10. Maintenance and insurance prior to conveyance: Until such time as the conveyance of the property or any portion thereof, GRU shall continue to provide ongoing maintenance and security of the property,. In addition, GRU shall maintain property and liability insurance, in such amounts and coverage as GRU deems in its best interest.

11. Utilities Services: GRU reserves the right to be the sole provider of utility services, including, but not limited to, natural gas, chilled water, communication and/or data services, back-up power generation, etc. Payment of all related connection fees to the GRU system shall be the sole responsibility of the developer and/or the future owners and tenants of the Power District in accordance with the prevailing ordinances and policies of the City.

This MOU is not intended to create a partnership, joint venture or other legal entity between the City, GRU and the CRA; but rather to set forth the intent, understandings and independent obligations of the parties in their joint effort to bring about the redevelopment of the Power District property on the terms outlined herein.

This MOU may be revised from time to time or terminated by written document approved by the governing boards of the City, GRU and the CRA.

AGREED TO AND ACCEPTED December 20th, 2011, by the **GAINESVILLE COMMUNITY REDEVELOPMENT AGENCY**

By: [Signature], its Executive Director

AGREED TO AND ACCEPTED December 20th, 2011, by the **CITY OF GAINESVILLE**

By: [Signature], its City Manager

AGREED TO AND ACCEPTED 12/20, 2011, by **GAINESVILLE REGIONAL UTILITIES**

By: [Signature], its GENERAL MGR

APPROVED AS TO FORM AND LEGALITY
By: [Signature]
Nicole M. Shalley
Attorney for Gainesville CRA

APPROVED AS TO FORM AND LEGALITY
By: [Signature]
Marion J. Hanson, City Atty.
City of Gainesville, Florida
DEC 15 2011



EXHIBIT "A"

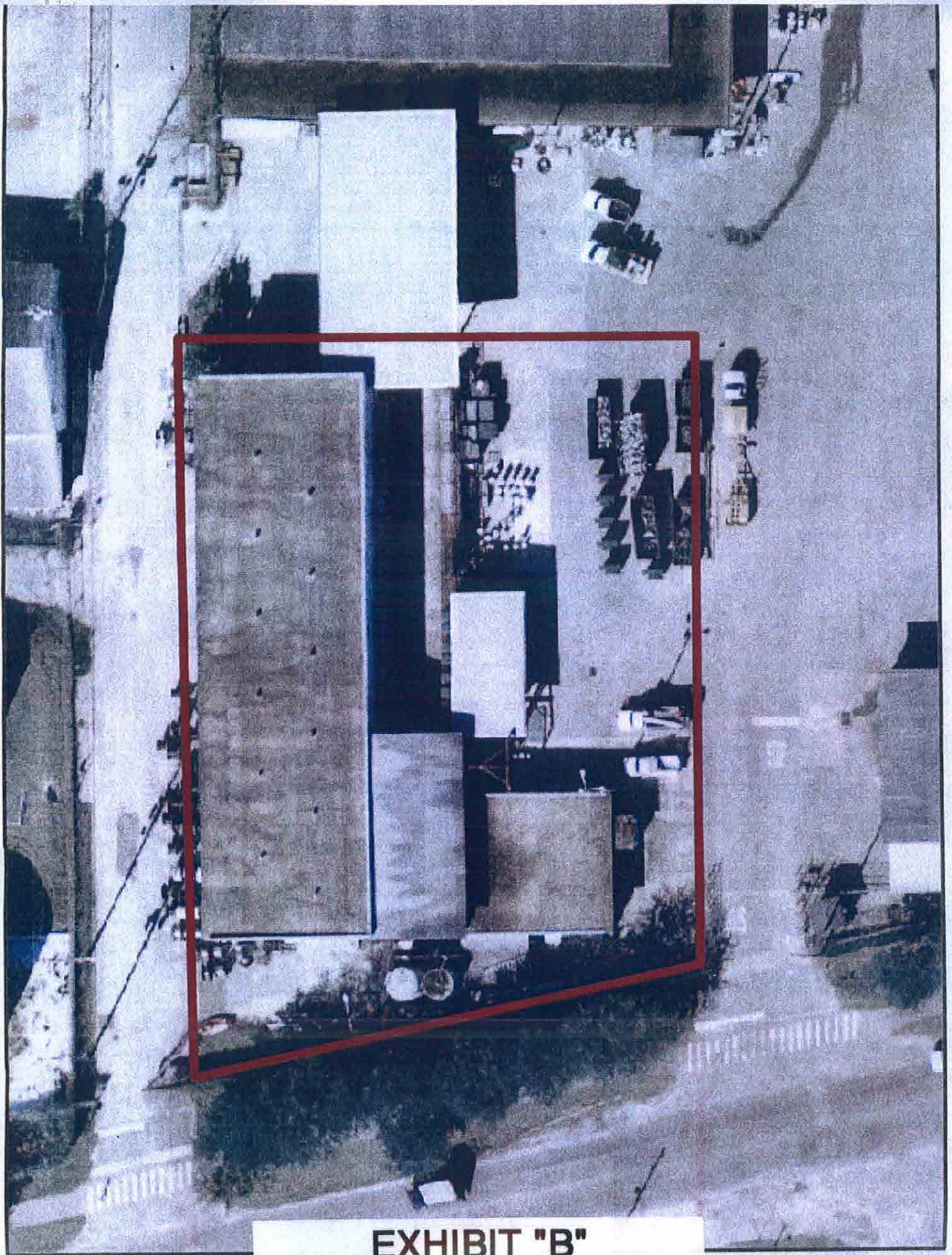


EXHIBIT "B"