



GREC Asset Purchase Agreement

Item #160846

July 18, 2017

Asset Purchase Agreement

- Received Winston & Strawn's revisions July 11
- Close to agreement in principal



The graphic features the GRU logo at the top center, with the tagline 'More than Energy' below it. The main title 'WHY BUY GREC?' is prominently displayed in the center, with 'GREC?' in a larger, green font. Below the title is a green button labeled 'QUICK FACTS'. At the bottom of the graphic is a circular icon containing a green leaf and a white recycling symbol. The background is a dark blue with a pattern of light blue leaves.

GRU submitted a draft Asset Purchase Agreement to Gainesville Renewable Energy Center on May 10. The agreement is subject to review by the Gainesville Utility Advisory Board and contingent upon Gainesville City Commission approval. [View the draft agreement here.](#)

APA Structure

- Article 1 - Defined terms – 101 items
- Article 2 – Sale and Purchase of Purchased Assets
- Article 3 - Closing and Closing Conditions
- Article 4 – Reps and Warranties of Seller
- Article 5 – Reps and Warranties of Buyer
- Article 6 – Covenants
- Article 7 – Indemnification
- Article 8 – Termination
- Article 9 – Miscellaneous
- Article 10 – Specific Performance

Defined Terms

- Rejected GREC's narrow definition of "fraud"
- Rejected GREC's concept of "excluded breach"
- Rejected GREC's concept of "excluded IP" (GRU owns engineering/as-built plans)
- Defined "Material Adverse Effect," which ties to a Seller R&W
- Defined Section 1603 Grant
- Defined "seller surviving R&W's"
- Defined "Made Available"
- Defined "Purchased Assets"

Sale/Purchase of Purchased Assets

- \$ 750 million purchase price
- Free and clear of all liens
- All fuel stock (up to 15 days' burn) & spare parts
- Assigned contracts
- Intellectual Property/IT Assets/Personal Property
- Governmental approvals
- Deposits/Pre-pays/Seller's rights under warranties
- Books and records
- Assumed liabilities, other than excluded liabilities

Closing/Closing Conditions

- 3 days after satisfaction of closing conditions
- Bill of Sale and Assignment Agreement
- Payoff of GREC's project-level debt
- Deposit to escrow account (\$18.75 mm)
- Escrow agreement
- Settlement and release
- Closing actions (e.g. governmental approvals, consents and R&W's)

Reps and Warranties - Seller

Regarding Seller

- Organization – duly formed
- Authority and power to transact
- Valid and binding obligation
- Approvals and consents
- No violations (applicable to seller)
- No litigation

Reps and Warranties - Seller

Regarding Purchased Assets

- Good and valid title
- True, correct and complete list of material contracts
- All “real property” Interests
- Proprietary rights
- Compliance with laws
- Governmental approvals
- Litigation
- Tax matters

Reps and Warranties -Seller

Regarding Purchased Assets

- Environmental matters
- No Defects – To seller’s knowledge, there are no operational deficiencies or defects in the project that would have a material adverse effect.

Reps and Warranties - Buyer

Regarding Buyer

- Organization – duly formed
- Authority and power to transact
- Valid and binding obligation
- Approvals and consents
- No violations (applicable to seller)
- No litigation
- No further R&W's

Covenants

- Commercially Reasonable Efforts
- Stay the arbitration
- Transitional cooperation
- No actions outside of ordinary course of business
- Assignment of risk (casualty loss/condemnation)
- License IP to Seller
- Reasonable access
- Prompt updating of schedules

Indemnification

- 1-year limitation on making claim
- Deductible amount on claim (\$4 mm)
- Overall liability (\$18.75 mm)

Termination

- Mutual agreement by both parties
- November 24, 2017
- By buyer (5) days prior to closing if U.S. Treasury rates are higher than 3.43%
- Breach by either party

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Questions?



GRU
More than Energy

WHY BUY GREC?

QUICK FACTS

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