

LETTER OF INTENT

This Letter of Intent is entered into as of May ____, 2017, between FLORIDA POWER & LIGHT COMPANY, a corporation organized under the laws of the State of Florida (“*FPL*”) and THE CITY OF VERO BEACH, a municipal corporation in, and organized under the laws of, the State of Florida (“*COVB*”). FPL and COVB are jointly referred to as the “*Parties*” and individually as a “*Party*”.

FPL and COVB are negotiating a potential transaction (the “*Potential Transaction*”), whereby: (a) FPL would purchase substantially all of the electric utility assets of COVB located in Indian River County other than those assets set forth in Part I, Section 1.2 hereof (the “*Full Sale*”); or (b) if the Full Sale does not close because one or more conditions to such closing have not been satisfied on or before the Full Sale Outside Date, as defined below, FPL would purchase substantially all of COVB’s electric utility distribution assets located within the boundaries of the Town of Indian River Shores (“*Indian River Shores*”) (such sale, the “*Partial Sale*”).

The Parties acknowledge that additional discussions and negotiations with respect to the Potential Transaction are necessary, and that neither Party is bound to proceed with a Potential Transaction unless and until mutually acceptable, definitive purchase and sale agreements and related agreements and documents are negotiated, approved, executed and delivered (the “*Definitive Agreements*”).

This Letter of Intent is based on our current thoughts about the matters set forth in Part I and Part II of this Letter of Intent. It is not a complete or binding statement of all material terms and conditions of a Potential Transaction, but provides a basis for further discussions and negotiations between the Parties. Except for the Binding Provisions, as defined below, this Letter of Intent is not, and shall not be deemed or construed to be, legally binding on the Parties and nothing contained in this Letter of Intent (except for the Binding Provisions) shall impose, or shall be deemed or construed to impose, any obligations, duties or liabilities on the part of either Party including, without limitation, the duty to negotiate, or to continue to negotiate, with the other Party with respect to a Potential Transaction.

PART I

In order to facilitate such discussions and negotiations, the Parties desire to set forth below the basic proposed terms of the Potential Transaction.

ARTICLE 1. FULL SALE

Section 1.1 Purchased Assets. At the closing of the Full Sale (the “*Full Sale Closing*”), FPL would purchase the electric utility assets of COVB located in Indian River County except for the Full Sale Excluded Assets, as defined below (the assets that would be purchased by FPL are called the “*Full Sale Purchased Assets*”). All of COVB’s right, title and

interest to the Full Sale Purchased Assets would be assigned, transferred or conveyed, as appropriate, free and clear of all liens and encumbrances arising through COVB except for Permitted Encumbrances as would be defined in the Definitive Agreements. FPL would rely on title information received from title insurers and other public records searches. Accordingly, Permitted Encumbrances would include, without limitation, any matter disclosed by any such title commitment or public records search, any matter that would be disclosed by a survey or physical inspection and other matters that otherwise may be disclosed in writing to FPL during the Negotiation Period, as defined below.

Section 1.2 Excluded Assets. COVB would not sell to FPL, and FPL would not purchase from COVB, any of the following assets of COVB or pertaining to COVB's electric system (collectively, the "***Full Sale Excluded Assets***"):

- (a) cash and cash equivalents, including bank deposits and accounts;
- (b) customer accounts receivable and deposits for periods prior to the Full Sale Closing Date, as defined below;
- (c) income, sales, payroll and other receivables relating to taxes, prior to the Full Sale Closing Date;
- (d) employee benefit plans and plan assets;
- (e) refunds, rebates and credits related to the Full Sale Purchased Assets for any period or periods prior to the Full Sale Closing Date;
- (f) full or partial interests (except to the extent necessary for FPL to receive an appropriate interest) in certain assignable permits, assignable interlocal agreements and other assignable licenses between COVB and the Indian River Farms Water Control District;
- (g) any portion of the fiber optic system and associated assets owned by one or more of COVB, Indian River County and the School District of Indian River County;
- (h) the Vero Beach Power Plant real property and improvements thereon;
- (i) the Grand Harbor Property owned by COVB;
- (j) COVB's insurance policies and proceeds thereof that pertain, whether generally or specifically, to COVB's electric system;
- (k) certain rights to the Full Sale Purchased Assets necessary for COVB to provide other municipal and or utility functions; and
- (l) certain other assets that would be mutually agreed between FPL and COVB and described as Full Sale Excluded Assets in the Definitive Agreements.

Section 1.3 Purchase Price. The purchase price for the Full Sale Purchased Assets would be the amount, subject to the assumptions set forth below, that would result in a net cash payment to COVB of ***\$36.6 Million Dollars*** and payments to the third parties referenced in Section 1.3(a), Section 1.3(b) and Section 1.3(c) not to exceed ***\$148.4 Million Dollars***, for a gross purchase price of ***\$185 Million Dollars*** (collectively, the “***Full Sale Purchase Price***”). The Full Sale Purchase Price consists of the sum of the following:

- (a) a payment not to exceed ***\$108 Million Dollars***, to the Florida Municipal Power Agency (“***FMPA***”) in exchange for a termination and full release delivered at the Full Sale Closing of all of COVB’s obligations and liabilities to FMPA, as further described in Section 1.6 below;
- (b) a payment, not to exceed ***\$20 Million Dollars***, to the Orlando Utilities Commission (“***OUC***”) in exchange for a termination and full release delivered at the Full Sale Closing of all of COVB’s obligations and liabilities to OUC, as further described in Section 1.7 below;
- (c) the amount that would be necessary to defease and fully release the lien of the current outstanding Vero Beach Electric Utility Bonds at the Full Sale Closing, currently estimated to be not more than ***\$20.4 Million Dollars*** at the time the Full Sale Closing is expected to occur;
- (d) a payment of ***\$10 Million Dollars*** to COVB as prepaid rent to lease the Vero Beach Power Plant Substation for a term of 99 years as further described in Section 1.5 below;
- (e) a fixed payment to COVB of ***\$6.6 Million Dollars***, with respect to COVB’s pension liability associated with all Transferred Employees, as defined below, as further described in Section 1.11 below; and
- (f) a payment of ***\$20 Million Dollars***, to COVB.

FPL would pay the Full Sale Purchase Price at the Full Sale Closing by wire transfer of immediately available funds. Each of the payments described in Section 1.3(a), Section 1.3(b) and Section 1.3(c) would be made by FPL directly to the applicable third party payee or payees (using an escrow where necessary or appropriate) and the payments described in Section 1.3(d), Section 1.3(e) and Section 1.3(f) would be made directly to COVB.

Section 1.4 Retail Electric Service.

- (a) Subject to approval of the Florida Public Service Commission (the “***FPSC***”), as a condition to the obligations of COVB to complete the Full Sale, FPL would provide retail electric service to all customers (including without limitation COVB) located in the former COVB electric utility territory at FPL’s then current FPSC approved retail rates applicable to all of its retail customers and subject to FPL’s approved electric tariff, all as may be revised from time to time under FPSC jurisdiction.

- (b) COVB's adoption of a franchise ordinance on terms acceptable to FPL would be a condition precedent to the Full Sale Closing.

Section 1.5 Power Plant Substation. FPL would lease from COVB the real property upon which the Vero Beach Power Plant Substation is located for a 99-year term in exchange for a one-time rental payment of ***\$10 Million Dollars*** referenced in Section 1.3(d) above. COVB will have the right to relocate the Vero Beach Power Plant Substation at its expense subject to terms to be negotiated and set forth in the definitive lease agreement to be executed at the Full Sale Closing. The lease would be a triple net lease with FPL being solely responsible for the property, taxes, insurance and operations of the facilities thereon during the entire term of the lease. COVB, at its sole cost, would relocate the necessary distribution facilities currently in the Vero Beach Power Plant to the Vero Beach Power Plant Substation.

Section 1.6 Florida Municipal Power Agency Agreements.

- (a) As a condition to the Full Sale Closing, the following agreements would be completely terminated (collectively, the "***FMPA Agreements***"): (i) St. Lucie Project Power Sales Contract dated June 1, 1982, between FMPA and COVB, as amended; (ii) St. Lucie Project Project Support Contract dated June 1, 1982, between FMPA and COVB, as amended; (iii) the Stanton Project Power Sales Contract, dated January 16, 1984, between FMPA and COVB; (iv) Stanton Project Project Support Contract dated January 16, 1984, between FMPA and COVB, as amended; (v) Stanton II Project Power Sales Contract executed on or about May 24, 1991, between FMPA and COVB, as amended; (vi) Stanton II Project Project Support Contract executed on or about May 24, 1991, between FMPA and COVB, as amended, (vii) that certain All-Requirements Power Supply Project Contract dated October 1, 1996, between FMPA and COVB, as amended, and (viii) any other agreements between FMPA and COVB.
- (b) The Parties have been informally advised by FMPA that FMPA is willing to terminate and fully release COVB at the Full Sale Closing from all obligations and liabilities of COVB to FMPA including, without limitation, COVB's obligations and liabilities under the FMPA Agreements (the "***FMPA Release***") in exchange for a one-time payment not to exceed ***\$108 Million Dollars*** (the "***FMPA Payment***") to be paid to FMPA at the Full Sale Closing.
- (c) The Parties have been further advised by FMPA that the amount of such FMPA Payment, and the terms of the FMPA Release, remain subject to formal approval by the individual municipality members of FMPA that participate in the projects governed by the FMPA Agreements (the "***Applicable FMPA Members***") and by holders of certain debt instruments issued by FMPA (the "***Applicable FMPA Bondholders***").
- (d) The Definitive Agreements for the Full Sale would terminate if:
 - (i) approvals from the Applicable FMPA Members and Applicable

FMPA Bondholders (collectively, the “*FMPA Approvals*”) have not been received by FPL and COVB;

(ii) the terms of the FMPA Release have not been finally negotiated by FMPA and COVB; and

(iii) the terms of the OUC Release (as defined below) have not been fully negotiated by OUC and COVB;

on or before ***December 31, 2017*** at 11:59 p.m. Eastern Time unless extended by FPL; provided, however, that any extension by FPL beyond a date that would be specified in the Definitive Agreements would require the written approval of COVB.

Section 1.7 Orlando Utilities Commission Agreement. As a condition precedent to the Full Sale Closing, the First Amended and Restated Agreement for the Purchase and Sale of Electric Energy and Capacity, Gas Transportation Capacity and Asset Management Services dated October 20, 2015 between COVB and OUC and any other agreements between COVB and OUC (the “*OUC Agreements*”) would be terminated, and OUC would fully release COVB from all obligations and liabilities of COVB to OUC including, without limitation, COVB’s obligations and liabilities under the OUC Agreements (the “*OUC Release*”) in exchange for a one-time payment to OUC not to exceed ***\$20 Million Dollars***, as referenced in Section 1.3(b) above.

Section 1.8 Territorial Agreement. At the Full Sale Closing, the Parties would jointly terminate the Territorial Boundary Agreement dated June 11, 1980, between FPL and COVB, as amended.

Section 1.9 Regulatory Approvals. The Full Sale Closing would be subject to approval by the FPSC and the Federal Energy Regulatory Commission (the “*FERC*”), upon terms satisfactory to FPL and not disadvantageous to COVB, no later than December 31, 2018.

Section 1.10 Employees. FPL would offer employment to all qualified COVB electric utility employees whose services or work assignments are directly associated with the Full Sale Purchased Assets and who are active employees of COVB on the date immediately preceding the Full Sale Closing Date (the “*Transferred Employees*”). The placement and continued employment of those Transferred Employees who would be assimilated into FPL bargaining unit positions would be subject to collective bargaining obligations with the IBEW System Council U-4.

Section 1.11 Employee Benefits of Transferred Employees.

- (a) COVB would retain all pension and other retirement obligations of the Transferred Employees accrued or incurred prior to the Full Sale Closing Date.
- (b) The Transferred Employees who are employed by FPL would begin to accrue or participate in pension and other employee benefits in accordance with FPL’s

benefit plans, policies and procedures commencing on the Full Sale Closing Date; provided, however, that each of the Transferred Employees who is hired by FPL would receive prior service credit, for purposes of eligibility, benefits (but not for the purposes of benefit accrual), and vesting under the applicable FPL employee benefit plans, for the aggregate amount of time that such Transferred Employee was employed by COVB.

- (c) At the Full Sale Closing, FPL would pay COVB the **\$6.6 Million Dollars** referenced in Section 1.3(e).

Section 1.12 Closing. Closing of the Full Sale would occur on a date mutually agreed by the Parties in the Definitive Agreements (the “**Full Sale Closing Date**”); provided, however, that the Full Sale Closing Date would occur after (a) receipt of regulatory approvals described in Section 1.9, and (b) FPL is able to complete its planning to integrate COVB’s customers into the FPL system (which planning is estimated to be completed approximately eight months following receipt of all FMPA Approvals); provided, however, the Definitive Agreements for the Full Sale would terminate if any one or more of the conditions precedent set forth in the Definitive Agreements to the Full Sale Closing, including, without limitation, the receipt of regulatory approvals described in Section 1.9, were not satisfied on or before December 31, 2018, or such later date agreed to by the Parties in writing (the “**Full Sale Outside Date**”).

Section 1.13 Assumed Liabilities. FPL would assume COVB’s obligations and liabilities under COVB’s assignable joint use agreements, certain other contracts that would be listed as Assumed Contracts in the Definitive Agreements, and any other liabilities of COVB set forth in the Definitive Agreements as assumed liabilities (the “**Full Sale Assumed Liabilities**”). Except for the Full Sale Assumed Liabilities, FPL would not be liable for, and COVB would retain responsibility for, any other obligations and liabilities related to the COVB electric system.

ARTICLE 2. CONTINGENT PARTIAL SALE

Section 2.1 Partial Sale Closing. Concurrent with the execution of Definitive Agreements for the Full Sale, FPL and COVB would enter into Definitive Agreements for the Partial Sale which would be contingent upon a termination of the Definitive Agreements with respect to the Full Sale as described in Section 1.12. The Partial Sale would close within a certain period following termination of the Definitive Agreements as to the Full Sale (which period would be set forth in the Definitive Agreements as to the Partial Sale), subject to receipt of all required regulatory approvals as specified in Section 2.7 below and satisfaction of all conditions precedent to such closing set forth in the Definitive Agreements as to the Partial Sale (such date, the “**Partial Sale Closing Date**”). At the closing of the Partial Sale (the “**Partial Sale Closing**”), COVB would assign, transfer or convey, as appropriate, to FPL only the following assets that pertain solely to that portion of COVB’s electric distribution system located within Indian River Shores (the “**Partial Sale Purchased Assets**”):

- (a) distribution facilities and related equipment;

- (b) assignable leases, easements and licenses;
- (c) partial or full assignment, as applicable, of assignable vendor warranties with respect to equipment and materials sold and transferred to FPL;
- (d) the information contained in COVB's electric utility accounting books and records, customer-related assets related exclusively to the Partial Sale Purchased Assets; and
- (e) assignable permits related solely to the Partial Sale Purchased Assets.

All of COVB'S right, title and interest to the Partial Sale Purchased Assets would be assigned, transferred or conveyed, as appropriate, to FPL free and clear of all liens and encumbrances arising through COVB except for Permitted Encumbrances as would be defined in the Definitive Agreements. FPL would rely on title information received from title insurers and other public records searches. Accordingly, Permitted Encumbrances would include, without limitation, any matter disclosed by any such title commitment or public records search, any matter that would be disclosed by a survey or physical inspection and other matters that otherwise may be disclosed in writing to FPL during the Negotiation Period.

Section 2.2 Partial Sale Excluded Assets. For the avoidance of doubt, COVB would not sell to FPL, and FPL would not purchase from COVB, any of the following assets of COVB pertaining to COVB's electric distribution system in Indian River Shores (collectively, the "*Partial Sale Excluded Assets*"):

- (a) cash and cash equivalents, including bank deposits and accounts;
- (b) customer accounts receivable and deposits for periods prior to the Partial Sale Closing Date;
- (c) income, sales, payroll and other receivables relating to taxes, prior to the Partial Sale Closing Date;
- (d) refunds, rebates and credits related to the Partial Sale Purchased Assets for any period or periods prior to the Partial Sale Closing Date;
- (e) full or partial interests (except to the extent necessary for FPL to receive an appropriate interest) in certain assignable permits, assignable interlocal agreements and other assignable licenses between COVB and the Indian River Farms Water Control District;
- (f) any portion of the fiber optic system and associated assets owned by one or more of COVB, Indian River County and the School District of Indian River County;
- (g) COVB's insurance policies and proceeds thereof that pertain, whether generally or specifically, to COVB's electric system;

- (h) certain other assets that would be mutually agreed between FPL and COVB and described as Excluded Assets in the Definitive Agreements;
- (i) transmission, substation and duct bank facilities;
- (j) certain rights to the Partial Sale Purchased Assets necessary for COVB to provide other municipal and or utility functions; and
- (k) any and all assets owned by COVB or pertaining to COVB's electric system not used exclusively for the electric distribution system in Indian River Shores.

Section 2.3 Purchase Price. The purchase price for the Partial Sale Purchased Assets would be a one-time payment by FPL to COVB of ***\$30 Million Dollars*** (the "***Partial Sale Purchase Price***"). The Partial Sale Purchase Price would be paid in immediately available funds at the Partial Sale Closing, subject to appropriate prorations and similar adjustments that would be set forth in the Definitive Agreements.

Section 2.4 Retail Electric Service. Subject to approval of the FPSC, FPL would provide retail electric service to all of the customers located within Indian River Shores currently served by the COVB electric utility at FPL's then current FPSC approved retail rates applicable to all of its retail customers and subject to FPL's approved electric tariff, all as may be revised from time to time under FPSC jurisdiction.

Section 2.5 Temporary Use of COVB Transmission & Distribution System. In order for FPL to provide electrical service to electric customers in Indian River Shores, following the Partial Sale Closing and until such time as FPL shall have completed its own transmission interconnection from FPL's existing service territory to Indian River Shores, COVB would permit FPL to transmit electricity on COVB's transmission and distribution system at no cost for a period to be agreed upon during the Negotiation Period and specified in the Definitive Agreements as to the Partial Sale.

Section 2.6 Territorial Agreement. At the Partial Sale Closing, the Parties would amend the Territorial Boundary Agreement dated June 11, 1980, between FPL and COVB relating to the Partial Sale Purchased Assets.

Section 2.7 Regulatory Approvals. The Partial Sale Closing would be subject to approval by the FPSC and the FERC upon terms satisfactory to FPL and not disadvantageous to COVB.

Section 2.8 Assumed Liabilities. At the Partial Sale Closing, FPL would assume COVB's obligations and liabilities under certain contracts and certain other obligations and liabilities that would be set forth in the Definitive Agreements (the "***Partial Sale Assumed Liabilities***"). Except for the Partial Sale Assumed Liabilities, FPL would not be liable for, and COVB would retain responsibility for, any other obligations and liabilities related to COVB's electric distribution system located in Indian River Shores.

Section 2.9 FMPA. The Parties have been informally advised by FMPA that the Partial Sale would not require any approvals by FMPA or its members or any action with respect to FMPA or its members or any terminations of any FMPA Agreements or other documentation.

PART II

ARTICLE 3. DUE DILIGENCE

Section 3.1 Throughout the Negotiation Period (defined below), each of FPL and COVB has the right to evaluate COVB, the assets of COVB's electric distribution system (the "*Assets*"), and the Potential Transaction including without limitation to review of information regarding:

- (a) accounting books and records;
- (b) material litigation and claims, including matters threatened but not yet brought;
- (c) defaults, or other issues limiting COVB's rights under the Assets;
- (d) regulatory and governmental matters, including operational filings, FERC and FPSC proceedings and reports to governmental agencies;
- (e) tax matters;
- (f) real property matters, including the marketability of title to all real property (and fixtures and other improvements thereon) owned or leased and assessment of title to other real property rights, including easements;
- (g) environmental matters, including air, surface, groundwater and weather matters and the condition of the properties, assets, sites and surrounding property;
- (h) operational documents/information regarding the Assets, including documentation of electrical output maintenance records and plans;
- (i) risk management and insurance records;
- (j) security and safety plans;
- (k) material contracts;
- (l) instruments of indebtedness, including notes, loans, synthetic leases, guarantees, letters of credit, etc.; and
- (m) labor and employment matters, including employee benefits and compensation, employee claims or litigation, and grievances or arbitrations.

In conducting its due diligence, FPL's or COVB's review may also include a review of the

physical assets and related to the Assets and an environmental audit.

Section 3.2 COVB will make available to FPL, pursuant to Florida Statutes, Chapter 119, during normal COVB business hours, all documents, reports, studies, contracts and other tangible or electronic items and information in the possession of the COVB utilities department relating to the Assets, including the forecasting, modeling, management and operation of the Assets. COVB will make reasonably available to FPL certain of COVB's employees engaged prior to or subsequent to the date of this Letter of Intent so that FPL's representatives may have reasonable access, during normal COVB business hours, to information developed or retained by such employees in relation to the Assets and reasonable opportunity to discuss such information with such persons. COVB will have the right to have a representative present during any meetings or other communications with such employees.

ARTICLE 4. CONDITIONS PRECEDENT

Section 4.1 COVB is not obligated to execute and deliver any Definitive Agreements unless, among other applicable conditions, COVB's City Council approves, in its sole discretion, entering into the Definitive Agreements.

Section 4.2 FPL is not obligated to execute any Definitive Agreements unless FPL determines in its sole discretion that all of the following conditions have been satisfied:

- (a) The due diligence described in Article 3 above has been completed and the results are reasonably satisfactory to FPL;
- (b) FPL determines that it can receive all applicable regulatory approvals, including without limitation approvals by the FPSC and the FERC and third party consents, in each case on terms and conditions reasonably acceptable to FPL; and
- (c) FPL receives approval from its senior management and board of directors to enter into the Definitive Agreements.

ARTICLE 5. GOOD FAITH NEGOTIATIONS; EXCLUSIVITY

Section 5.1 Good Faith Negotiations. The Parties would negotiate in good faith through August 31, 2017, unless this Letter of Intent is earlier terminated pursuant to Article 7 below (the "*Negotiation Period*"), in an effort to finalize and execute Definitive Agreements subject to the conditions set forth in this Letter of Intent.

Section 5.2 Exclusivity. In order to induce FPL to commit the resources necessary for the due diligence and evaluation of a Potential Transaction, COVB agrees that, during the Negotiation Period: (a) it will not, directly or indirectly, or through an official, employee, representative or by or through the use of any other conduit (including any other person or entity) transfer or offer to transfer other than to FPL (whether by asset sale or otherwise) the Assets or any material portion thereof, except for transfers of, or offers to transfer, assets in the ordinary course of business of the COVB electric system ("*Permitted Transfers*"), or request, solicit or otherwise encourage inquiries, proposals or offers from any person or entity other than FPL with

respect to the Assets or any material portion thereof, except for Permitted Transfers; and (b) it will not participate in any discussions or negotiations with, or furnish any non-public information to, any prospective buyer (or agent or representative of any prospective buyer) other than FPL regarding the transfer (whether by asset sale or otherwise) of any material portion the Assets except for Permitted Transfers.

ARTICLE 6. EFFECT OF THIS LETTER OF INTENT

Section 6.1 This Letter of Intent:

(a) except as set forth in Section 6.2 below, does not constitute a legally binding agreement;

(b) does not constitute a legally binding offer or agreement to negotiate or consummate the Potential Transaction or any other transaction or to enter into any Definitive Agreements; and

(c) does not contain all of the material terms of the Potential Transaction.

Section 6.2 Section 5.2, this Article 6 and Articles 7, 8, 9, 10, 11, 12, 13, 14 and 15 of this Letter of Intent constitute a legally binding agreement between the Parties, enforceable against each Party in accordance with their terms (the “*Binding Provisions*”).

Section 6.3 Any actions taken by a Party or any other person in reliance on the non-binding terms expressed in this Letter of Intent or statements made (whether orally or in writing) during the negotiations between the Parties shall be at that Party’s own risk, and neither this Letter of Intent (except for the Binding Provisions) nor any actions or statements (whether written or oral) made by a Party during the course of negotiations, due diligence and evaluation of the Potential Transaction shall be the basis for a contract by estoppel, implied contract or any other legal theory. Unless and until the Definitive Agreements have been duly authorized, executed and delivered by the Parties, neither Party shall have any legal obligation, duty or liability to the other, expressed or implied, or arising in any other manner, under this Letter of Intent, in the course of negotiations as contemplated by this Letter of Intent or in relation to any transaction contemplated by this Letter of Intent (except for the Binding Provisions). No binding commitment shall arise prior to such authorization, execution and delivery, other than with respect to the Binding Provisions, even if the Parties reach some understanding(s) or agreement(s) in principle.

ARTICLE 7. TERMINATION

Section 7.1 Unless extended by the Parties in writing, this Letter of Intent shall terminate on the earliest of: (a) execution of the Definitive Agreements; (b) the expiration of the Negotiation Period; (c) written notice by FPL to COVB that FPL is not satisfied (in its sole discretion) with its due diligence as to the COVB electric system or the Assets; or (d) written notice by COVB to FPL that COVB is not satisfied (in its sole discretion) with its due diligence as to the Potential Transaction or the Assets.

Section 7.2 Upon termination of this Letter of Intent, the Parties shall have no further

obligations, duties or liabilities hereunder except for the Binding Provisions, which shall survive the termination of this Letter of Intent.

ARTICLE 8. CONFIDENTIALITY

Section 8.1 All financial, commercial, technical, legal, regulatory, engineering, and security information regarding the Assets, a Party's customers, employees, management, any regulatory or legal position, actual or potential activities with respect to obtaining internal or external approvals that may be necessary to negotiate, enter into, or consummate a Potential Transaction, commercial or legal terms that were proposed or discussed during negotiations, and any other information that is identified by a Party as confidential, which was or is disclosed by one Party to the other Party in connection with a Potential Transaction including during the negotiation of this Letter of Intent, any Definitive Agreement or a Potential Transaction (the "**Confidential Information**") is confidential and may not be disclosed by the receiving Party to a third party without the disclosing Party's prior written consent, except that a Party may disclose Confidential Information to its financial, accounting, engineering and legal advisors and lenders who have a need to know such information and who agree to maintain its confidentiality. Confidential Information shall not include, however: (a) information which is or becomes publicly available; (b) information which is or becomes available on a non-confidential basis from a source which is not known to the receiving Party to be prohibited from disclosing such information pursuant to a legal, contractual or fiduciary obligation to the disclosing Party; (c) information which the receiving Party can demonstrate was legally in its possession prior to disclosure by the disclosing Party; or (d) information which is developed by or for the receiving Party independently of the disclosing Party's Confidential Information. Notwithstanding the foregoing, this Letter of Intent and any document submitted by a Party to the other under this Letter of Intent or during the negotiation of this Letter of Intent, any Definitive Agreement or the Potential Transaction (the "**Confidential Document**") may be a public record (as defined in Section 119.011, Florida Statutes) and may be open for inspection or copying by any person or entity unless such document is exempted under Section 119.071, Florida Statutes. During the term of this Letter of Intent, FPL may claim that some or all of the Confidential Documents are, or have been treated as, confidential and proprietary by FPL in accordance with Florida law, and are exempt from disclosure under Chapter 119, Florida Statutes. In the event that COVB is requested or required by legal or regulatory authority to disclose any Confidential Information of FPL, COVB shall within three (3) days notify FPL of such request or requirement prior to disclosure so that FPL may seek an appropriate protective order or waive compliance with the terms of this Section 8.1; *provided* that any fees and costs associated with such protective order shall be paid by FPL and FPL shall defend COVB from any liability and pay any fees and costs associated with contesting the confidentiality of any information or documentation hereunder. To the extent reasonably possible, FPL shall endeavor to provide redacted versions of documents containing Confidential Information, upon request of COVB. A Party's obligation of nondisclosure of Confidential Information shall survive the expiration or termination of this Letter of Intent.

ARTICLE 9. COSTS AND EXPENSES

Section 9.1 Each Party shall bear its own costs and expenses (including, without

limitation, fees of counsel and outside advisors) in connection with the preparation, negotiation, execution and delivery of this Letter of Intent and any Definitive Agreements (whether or not any Potential Transaction is consummated). FPL, however, shall be responsible for any Florida taxes imposed on or with respect to the Potential Transaction. Third party expenses incurred by COVB in reviewing any regulatory submissions of FPL for which FPL is seeking affirmative support of COVB, or with respect to any regulatory filings requested by FPL, shall be reimbursed by FPL subject to advance agreement on budgets, counsel and the nature of the support requested by FPL.

ARTICLE 10. LIMITATION ON LIABILITY

Section 10.1 IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ITS REPRESENTATIVES FOR ANY SPECIAL, INDIRECT, NON-COMPENSATORY, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY TYPE, INCLUDING LOST PROFITS, LOSS OF BUSINESS OPPORTUNITY OR BUSINESS INTERRUPTIONS WHETHER ARISING IN CONTRACT OR TORT (INCLUDING NEGLIGENCE, WHETHER SOLE, JOINT OR CONCURRENT OR STRICT LIABILITY) OR OTHERWISE, ARISING OUT OF THIS LETTER OF INTENT. IN ANY EVENT, NOTHING IN THIS LETTER OF INTENT SHALL BE CONSTRUED TO EXTEND THE LIABILITIES OF COVB BEYOND THOSE PROVIDED IN SECTION 768.28, FLORIDA STATUTES.

ARTICLE 11. NO THIRD-PARTY BENEFICIARIES

Section 11.1 This Letter of Intent is intended for the benefit of the Parties hereto and is not intended to and does not confer any benefit on any third parties.

ARTICLE 12. CHOICE OF LAW

Section 12.1 This Letter of Intent shall be governed by the laws of the State of Florida without regard to its conflicts of laws principles.

Section 12.2 IN ANY LITIGATION ARISING FROM OR RELATED TO THIS LETTER OF INTENT, EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LETTER OR INTENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER ORAL OR WRITTEN) OR ACTION OF EITHER PARTY TO THIS LETTER OF INTENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH OF THE PARTIES TO ENTER INTO THIS LETTER OF INTENT.

ARTICLE 13. ASSIGNMENT

Section 13.1 This Letter of Intent may not be assigned or transferred by either Party without the prior written consent of the other Party. The Binding Provisions shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties.

ARTICLE 14. COUNTERPARTS

Section 14.1 This Letter of Intent may be executed in separate counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

ARTICLE 15. ENTIRE AGREEMENT

Section 15.1 The Binding Provisions represent the entire agreement of the Parties that is binding and supersedes all previous understandings, written or oral.

ARTICLE 16. RESERVATION

Section 16.1 COVB reserves the right to accept, reject or negotiate any of the terms included or excluded in this Letter of Intent.

[signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Letter of Intent to be executed by their duly authorized representatives on the first date written above.

FLORIDA POWER & LIGHT COMPANY

By: _____
Name: _____
Title: _____

ATTEST:

CITY OF VERO BEACH, FLORIDA

Tammy K. Bursick
City Clerk

By: _____
Laura Moss
Mayor

(City Seal)

Approved as to form and legal
sufficiency:

Approved as conforming to municipal
policy:

Wayne R. Coment
City Attorney

By: _____
James R. O'Connor
City Manager

Approved as to technical requirements:

Approved as to technical requirements:
