



Mayor's Statement Regarding 12-17-14 Mediation Session

On Wednesday, December 17th we participated in a mediation session with the City of Vero Beach and Indian River County regarding our lawsuit against the City. While we reached no long-term solution to our lawsuit, I am glad to report that we appeared to reach a tentative agreement that will allow us to avoid litigation for at least another two (2) months, and to explore our options for providing reasonably priced electricity to our citizens upon the expiration of our franchise agreement.

The terms of the agreement provide that our Town will abate its lawsuit through March 2, during which time we can investigate in earnest all viable alternatives to secure reasonably priced electricity for our citizens. The City also has agreed that our Town may hold discussions with potential electric service providers. During the abatement period, the City has agreed to continue to explore its options for addressing its long-term rate issues. Such options include working with FMPA, FPL, OUC, bond trustees and others to effectuate the sale of the City's electric utility to FPL. The City mediation team agreed to similar terms with the County.

Soon after our mediation session ended, the City met and approved in principle the tentative agreement that was hammered out in the mediation session. Also, in a surprise move, the City approved the filing of a petition for declaratory statement with the PSC to address issues raised by the County's previous PSC filing. The City's intent to file a petition with the Florida PSC was never disclosed during the mediation session.

Upon learning of the City's intent to file a petition with the PSC, our outside counsel contacted counsel for the City and expressed concern that the City's PSC petition could be a collateral attack on the Town's lawsuit, and it would be unfair for the City to agree to abate the lawsuit and then collaterally attack the issues in the lawsuit during the abatement. After receiving assurances from the City's counsel that the City's FPSC filing would be narrowly drawn only to issues pertaining to the County and would not pertain to the Town or otherwise collaterally attack the issues in the Town's abated lawsuit, our Town Council reviewed and approved the tentative agreement this morning pending our review of the City's FPSC filing, which could be filed as early as this week.

Over the next several months, we intend to honor our commitment to the mediator, the City and the County to make a good-faith effort to find a solution that is in the best interests of all parties. That is supposed to be the spirit and the purpose of the Conflict Resolution Process.

I wish to thank our mediator, Carlos Alvarez, for his hard work during yesterday's session. Mr. Alvarez was fair to all parties and worked hard to find a solution that would be in the best interests of the Town, City, County and all our residents and businesses.

As we move forward with continued discussion, it remains our commitment to explore all options for achieving long-term, significant rate relief for our citizens.