

City of Gainesville

*City Hall
200 East University Avenue
Gainesville, Florida 32601*



Meeting Minutes

Monday, December 4, 2006

6:00 PM

City Commission Special Meeting

City Hall Auditorium

City Commission

*Mayor Pegeen Hanrahan (At Large)
Mayor-Commissioner Pro Tem Craig Lowe (District 4)
Commissioner Rick Bryant (At Large)
Commissioner Jeanna Mastrodicasa (At Large)
Commissioner Scherwin Henry (District 1)
Commissioner Ed Braddy (District 2)
Commissioner Jack Donovan (District 3)*

Persons with disabilities who require assistance to participate in this meeting are requested to notify the Office of Equal Opportunity at 334-5051 or call the TDD phone line at 334-2069 at least two business day

CALL TO ORDER - 6:06 PM

ADOPTION OF THE AGENDA

Mayor-Commissioner Pro Tem Lowe moved and Commissioner Bryant seconded to adopt the agenda.

(VOTE: 5-0, Commissioners Braddy and Henry - Absent, MOTION CARRIED)

NOTE: Commissioner Braddy entered the meeting room at 6:10 PM and Commissioner Henry entered the meeting room at 6:13 PM.

ROLL CALL

Present: Pegeen Hanrahan, Edward Braddy, Rick Bryant, Craig Lowe, Jack Donovan, Jeanna Mastrodicasa and Scherwin Henry

GENERAL MANAGER FOR UTILITIES

060782. Refunding of 2003 Series A and 2005 Series A Bonds, Interest Rate Swap (NB)

The Utility has an opportunity to advance refund certain of its outstanding bonds. Long-term tax-exempt interest rates currently are close to their historical lows, and utilization of one or more interest rate swaps will enable the Utility to "lock-in" today's low rates. The Utility would issue variable rate bonds and use the interest rate swap(s) to achieve a synthetically fixed rate financing. The Utility has used this technique in the past to achieve greater savings than would be possible with a conventional financing structure. Currently, this structure can deliver a long-term borrowing cost of roughly 4.00%, while conventional alternatives would be closer to 4.50%. Utility staff and our Financial Advisor recommend that the interest rate swap transaction(s) be accomplished through a competitive selection process, and the bonds be sold to a sole Underwriter, which also would serve initially as the sole Remarketing Agent for the bonds. This refunding will help hold down future debt service costs.

Gainesville Regional Utilities (GRU) Chief Financial Officer (CFO) Jennifer Hunt gave a presentation.

Chair Hanrahan recognized Walter Willard who spoke to the matter.

RECOMMENDATION

The City Commission: 1) Authorize the refunding of all or a portion of the Utilities System Revenue Bonds, 2003 Series A (the "2003 Series A Bonds") and the Utilities System Revenue Bonds, 2005 Series A (the "2005 Series A Bonds") through the issuance of variable rate bonds (the "Refunding Bonds") that are converted synthetically to a fixed interest rate through the use of one or more "floating-to-fixed" interest rate swaps

(collectively, the "Swap"), and approve the selection of Bear Stearns as the sole Underwriter/Remarketing Agent for the Refunding Bonds; and 2) Authorize the Utility to work with its Financial Advisor, Public Financial Management, to utilize a competitive process to select one or more counterparties to provide the Swap from among a group to include Goldman Sachs, Bear Stearns, JP Morgan, and Merrill Lynch; and 3) Authorize the execution of the Swap, subject to the limitations set forth below; and 4) Approve the designation of the Swap as a "Qualified Hedging Contract" within the meaning of the City's Amended and Restated Utilities System Revenue Bond Resolution ("Utilities Bond Resolution"), and authorize the securing of the Swap under the Utilities Bond Resolution; and 5) Authorize the Clerk of the Commission, the Interim General Manager and other Authorized Officers to enter into such documents evidencing the Swap (including, without limitation, a Confirmation under (and as defined in) the International Swaps and Derivatives Association, Inc. ("ISDA") Master Agreement currently in effect between the Utility and each selected Swap counterparty) as they determine are necessary or appropriate, subject to approval of the Office of the City Attorney as to form and legality, and to take such other actions as may be necessary or advisable to proceed with this transaction in accordance with this City Commission authorization.

A motion was made by Mayor-Commissioner Pro Tem Lowe, seconded by Commissioner Bryant, that this matter be Approved as Recommended. The motion carried by the following vote:

Votes: Aye: Rick Bryant, Edward Braddy, Jack Donovan, Pegeen Hanrahan, Craig Lowe, Scherwin Henry and Jeanna Mastrodicasa

ADJOURNMENT - 6:17 PM

Kurt M. Lannon, Clerk of the Commission