PFM
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Item #120097
Exhibit A

June 14, 2012

Ms. Jennifer Hunt
Chief Financial Officer
Gainesville Regional Utilities
Utilities Administration Building
Post Office Box 147117
Gainesville, Florida 32614-7117

Dear Ms. Hunt,

On behalf of Public Financial Management, Inc. ("PFM"), I am pleased to submit this letter as required by section 3(I) of Resolution No. 120097 in connection with the proposed City of Gainesville (the "City") Utilities System Revenue Bonds, 2012 Series A and B (the "2012 Bonds"). The City anticipates issuing the Bonds in the following two tax-exempt series:

(1) The 2012 Series A Bonds will be issued (a) to provide a portion of the funds required to refund all or a portion of the City's Utilities System Revenue Bonds, 2003 Series A and the City's Utilities System Revenue Bonds, 2005 Series A and (b) to pay costs of issuance of the 2012 Series A Bonds.

(2) The 2012 Series B (Variable Rate) Bonds will be issued to provide the funds required to refund all or a portion of the City's Utilities System Revenue Bonds, 2005 Series B, the City's Utilities System Revenue Bonds 2005 Series C, the City's Utilities System Revenue Bonds 2006 Series A and the City's Utilities System Revenue Bonds 2008 Series A and (b) to pay costs of issuance of the 2012 Series B Bonds.

PFM is of the opinion that certain features of the proposed transaction, in combination with current market conditions, make it necessary, and in the best interests of the City, that the Bonds be sold on a negotiated rather than competitive basis.

The proposed issuance of the 2012 Bonds is a multi-faceted and complex transaction. There are, in PFM's opinion, several benefits to Gainesville Regional Utilities (GRU) of a negotiated compared to a competitive transaction:

- The 2012 Series A Bonds are being issued as refunding bonds and are sensitive to market fluctuations and conditions. The negotiated sale process provides issuers the ability and flexibility to react to market conditions and change the transaction structure up to the date of sale. The competitive sale process, on the other hand, would require the City to select a final debt structure several days in advance of a sale, with limited means of responding to investor inquiries or demand. The negotiated sale process provides the flexibility to react to market developments and revise the size and structure of the transaction if rates are lower or higher than expected. The necessary flexibility is part of the reason that over 90% of municipal utility refunding transactions are executed via negotiated sale. The negotiated sale provides the time necessary to integrate the various portions and variables of the 2012 transactions and react to potential market changes

- The 2012 Series B Bonds are structured as tax-exempt, variable-rate bonds supported by a bank liquidity facility. Municipal bonds of a variable nature are almost entirely sold via a negotiated transaction rather than a competitive bidding process. This is largely attributable to the marketing and placement process for tax-exempt, variable-rate debt.

- The negotiated sale process allows GRU to gather and use the support, ideas and expertise of the bond underwriting community. For the 2012 Bonds, JP Morgan was selected as the Senior Managing Underwriter to direct the structuring, sales and marketing effort. JP Morgan has participated in virtually of the pre-sale activities (e.g. structuring decisions, tax analysis, liquidity facility negotiations and rating agency presentations). Since a negotiated sale allows for more issuer-to-investor communications, JP Morgan, with this information, can facilitate the marketing process for the bonds, as compared to a competitive process when there is virtually no premarketing efforts prior to when the bonds are sold.

In PFM's experience, it would be extremely rare to utilize a competitive sale process for a combined fixed and variable-rate refunding, for which the actual size of the refunding will depend on actual interest rates on the transaction and on investment rates on US Government Securities purchased to defease the refunded bonds. While it may be theoretically possible to competitively bid certain refunding transactions, PFM believes the multiple variable components of this transaction make negotiated sale a practical necessity.

PFM recommends that the City utilize the negotiated sale process. Interest rates and other terms of the 2012 Bonds will be established via a negotiated process and PFM will provide an opinion that states, among other things, that the terms of the Bonds are fair and reasonable and reflect fair-market values. PFM will base this opinion on new issue pricing levels for both competitive and negotiated offerings, and secondary market pricing levels for comparable utility bonds. PFM's post-marketing report will provide justification for our recommended method of sale.

We hope this information is helpful in your decision-making process. If you require further information, please contact me at (704) 541-8339, or via e-mail at macem@pfm.com.

Sincerely,
Public Financial Management

Michael Mace

Michael Mace
Managing Director