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GM Regular 12/4/14
Exhibit A

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Mr. David Richardson
Interim Chief Financial Officer
Gainesville Regional Utilities
Utilities Administration Building
Post Office Box 147117
Gainesville, Florida, 32614-7117

On behalf of Public Financial Management ("PFM"), I am pleased to submit this letter as required by section 3(l) of Resolution No. 140524 in connection with the proposed City of Gainesville (the "City") Utilities System Revenue Bonds, 2014 Series A and B (the "Bonds"). The city anticipates issuing the Bonds in the following two tax-exempt series:

- 1) The 2014 Series A Bonds will be issued (a) to pay costs of acquisition and construction of certain improvements to the System and (b) to pay costs of issuance of the 2014 Series A Bonds.
- 2) The 2014 Series B Bonds will be issued to (a) advance refund certain of the City's outstanding Utilities System Revenue Bonds (2005 Series A) on or about October 1, 2015, (b) current refund certain of the City's outstanding Utilities System Revenue Bonds (2008 Series A) on or about December 19, 2014 and (c) pay costs of issuance of the 2014 Series B Bonds.

The proposed issuance of the 2014 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 sale.

- A negotiated sale allows for more a more comprehensive investor outreach and marketing effort. This outreach and education process is particularly helpful for municipal utility credits such as GRU. Roughly 90% of electric utility and combined utility transactions are sold via negotiated sale and the negotiated marketing process enables utilities to explain their unique credit circumstances to investors. Given that GRU has not had a bond transaction since 2012, a negotiated sale provides the best means available to communicate GRU's unique opportunities and challenges to investors that arise in an ever-changing utility business.
- The 2014 transaction includes a series of bonds, the 2014 Series B Bonds, for a tax-exempt refunding. The final amount of this refunding is sensitive to market fluctuations and conditions. The negotiated sale process provides issuers such as GRU the flexibility to react to market developments and revise the size and structure of the transaction up to the date of sale. The competitive sale process, on the other hand, would require the City to select the final debt structure several days in advance of the sale with limited ability to flexibly respond to investor inquiries or demand during pricing. The necessary flexibility associated with a negotiated transaction is part of the reason

the vast majority of municipal utility refunding transactions are executed via a negotiated process.

While it would be possible to conduct the sale of the 2014 Bonds on a competitive basis, PFM believes that the negotiated sale will generate superior results. Therefore, we recommend that the City utilize the negotiated sale process.

Interest rates and other terms of the Bonds will be established via a negotiated process during pricing and PFM will provide an opinion that states, among other things, that the terms of the Bonds are fair, reasonable and reflect fair-market values. PFM will base this opinion on its review of new issue pricing levels for both negotiated and competitive offerings and secondary market pricing levels for comparable utility bonds in and around the pricing date of the City's Bonds. PFM will provide a Post-Pricing Marketing Report that will provide this justification for the recommended method of sale.

PFM hopes that this information is helpful in the decision making process. If further information is required please contact me at (757) 651-4913 or via email at LoverC@pfm.com.

Sincerely



Chris Lover
Director