

City of Gainesville

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



Meeting Agenda

May 17, 2017

3:00 PM

MODIFIED AGENDA

City Hall Auditorium

Utility Advisory Board

*Annie Orlando
Darin Cook
David Denslow
Robert Walpole
Mary Alford
Sandra Campbell
Michael Selvester*

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

CALL TO ORDER**ROLL CALL****ADOPTION OF THE AGENDA****APPROVAL OF MINUTES**[170045.](#)**UAB April 19, 2017 Meeting Minutes (B)****RECOMMENDATION**

Approve the minutes of the April 19, 2017 meeting as drafted.

[170045 UAB 4-19-17 Meeting Minutes 20170517](#)

GENERAL CITIZEN COMMENT - For items not on the agenda, limited to 3 minutes per citizen.**STATE OF THE UTILITY**[170051.](#)**GRU Operational Update for April 2017 (B)****RECOMMENDATION**

Receive report.

[170051 Ops Update - All Depts 2017-April 20170517](#)

OLD BUSINESS[160843.](#)**Independent Utility Board (B)**

Explanation: At the May 3, 2017 workshop, the board members in attendance discussed the possible ramifications of passage of HB 759. The members agreed that the bill in its current form does not provide accountability for an independent board and there would be no checks and balances. The members feel that the City should offer an alternative version of an independent board for the voters to decide in conjunction with Representative Clemons' bill, and that the UAB should create their own framework for a board structure. They agreed to bring this item to the May 17th regular meeting for further discussion.

RECOMMENDATION

Discuss the issues surrounding the creation of an independent utility board for GRU.

[160843 HB 759 Governance 20170315](#)

[160843 HB 759 - Current Version 20170503](#)

[160843 Email from D.Cook re Indep Util Brd 20170517](#)

[160846.](#)

Commission's Decision on the GREC MOU (B)

Explanation: At the May 3, 2017 workshop, the members in attendance discussed the signing of the GREC MOU and considered the UAB's options for next steps. In particular, they discussed whether to ask the City Commission to revisit their decision on the amount of the purchase price and give the two new commissioners a chance to weigh in. The members agreed that they would bring this item to the May 17th regular meeting for further discussion and action.

RECOMMENDATION Discuss the Commission's decision on the GREC MOU and purchase price and take any action deemed appropriate.

[160846 GREC GRU History 20160316](#)

[160846 GREC MOU - Signed Final 20170503](#)

[160846 - Draft GREC APA 20170517](#)

NEW BUSINESS

[170041.](#)

Replacement of Liquidity Agreements for the Variable Rate Utilities System Revenue Bonds, 2008 Series B and 2012 Series B Variable Rate Utilities System Revenue Bonds, approval of Reoffering Memorandums related thereto, and extension of Credit Agreement for Utilities System Commercial Paper Notes Series D (B)

Explanation: On January 28, 2008 the City adopted Resolution No. 070862 authorizing the issuance of \$90,000,000 of 2008 Series B Variable Rate Utilities System Bonds. In conjunction with the issuance of the bonds, a Standby Purchase Agreement (SBPA) was entered into providing liquidity support for the issue.

The current version of the SBPA expires July 7, 2017. The provider of the agreement, Bank of Montreal, has decided to exit this line of business in its entirety. To replace this agreement the City, through its Financial Advisor, Public Financial Management (PFM), solicited proposals for an alternate Credit Facility. Nine banks responded to the Request For Information (RFI):

Bank of America

U.S. Bank

Barclays Bank PLC

State Street

Sumitomo Mitsui Banking Corporation

JP Morgan

RBC
Citi Bank, and
Wells Fargo

Based on a review of evaluative criteria including but not limited to facility fees, proposed term, long- term and short- term bank ratings, trading history and performance of the bank and other fees and expenses, Barclays Bank PLC was selected as the best responder. Over the next nine months GRU has two additional liquidity facilities set to expire: a Letter of Credit Agreement provided by State Street Bank on our Utilities System Commercial Paper Notes, Series D that expires on August 28, 2017 and a Standby Letter of Credit Agreement provided by Sumitomo Mitsui Banking Corporation, acting through its New York Branch on our Variable Rate Utilities System Revenue Bonds, Series 2012 B that expires by its terms on January 12, 2018. Given the favorable pricing numbers we received through the Series 2008 Series B RFI process, it was determined that it would be in the City's best interest to explore the opportunity to replace or renew these agreements at the same time, prior to their formal expiration date. Replacing or renewing all three liquidity agreements at the same time will allow for efficiencies in the preparation of a disclosure document related to the 2008 Series B and 2012 Series B Bonds. This synergy of processes saves time, effort and significant expense on the part of the City and our financing team. Therefore, discussions were held with the institutions that responded to the original RFI for the 2008 Series B Bonds regarding the potential for providing liquidity support for the Utilities System Series D Taxable Commercial Paper Notes and the 2012 Series B Bonds. Based on the results of these discussions, the recommendation is to extend State Street as the provider of the Letter of Credit for the Series D Taxable Commercial Paper Program and replace Sumitomo Mitsui Banking Corporation with Citi Bank as the provider of liquidity support on the 2012 Series B Bonds.

Fiscal Note: The table titled "Cost Comparison", which is attached to this agenda item, outlines the comparison between costs associated with the current liquidity support agreements and those with the proposed renewals /replacements.

Based on fee changes alone, the proposed renewals and replacements will save GRU \$64,470 per year for three years compared to the current fee levels for these facilities. It is important to note that this savings amount does not include the "avoided" legal and disclosure costs that would be incurred if the facilities were replaced through separate, distinct processes based on the current expiration dates. Additionally, though they did not submit a proposal to provide liquidity support, Goldman Sachs did submit an offer to reduce remarketing fees for the following variable rate debt issues they currently service:

*2006 Series A
2008 Series B
Series C Tax Exempt Commercial Paper
Series D Taxable Commercial Paper*

The annual savings from these reduced remarketing fees is expected to be just under \$26,000.

RECOMMENDATION

The Utility Advisory Board recommend that the City Commission:

1) Approve the selection of the following liquidity support providers: Barclays for the 2008 Series B Bonds, Citi Bank for the 2012 Series B Bonds, and extension of the credit facility provider of State Street for the Series D Taxable Commercial Paper program,

2) Approve the terms and conditions set forth in the respective draft Credit Agreements, and related fee letters, and extension of the credit facility for State Street for the Series D Taxable Commercial Paper Program, each in substantially the form submitted to the Commission and with such changes thereto as the officer executing the same may approve as necessary or desirable and in the best interests of GRU, such approval to be evidenced by the execution and delivery thereof, and subject to the approval of the City Attorney as to form and legality and

3) authorize the Clerk of the Commission, General Manager, Chief Financial Officer, and other Authorized Officers to execute the Credit Agreements with the respective liquidity support agreements and amendments to extend the term of the credit facility with State Street for the Series D Taxable Commercial Paper Program, subject to approval of the City Attorney as to form and legality.

[170041 2008 Series B Fee Letter 20170517](#)

[170041 2008 Series B Stand-By PBA 20170517](#)

[170041 2012 Series B Fee Letter 20170517](#)

[170041 2012 Series B Stand-By PBA 20170517](#)

[170041 First Amendment to Credit Agreement GRU Commercial Paper \(201](#)

[170041 First Amendment to Fee Letter - GRU Commercial Paper \(2017\) 2017](#)

[170041 Cost Comparison 20170517](#)

[170041 Liquidity Facility Repl. Pres. 20170517](#)

[150562.](#)

Options for Consideration of a Forensic Audit Biomass Contract Procurement (B)

Explanation: At the July 16, 2015 City Commission meeting, the Commission requested the City Auditor conduct a review and report back with options for a possible forensic audit of the GREC contract.

RECOMMENDATION

The City Auditor recommends that the City Commission consider the options presented and

act according to Commission desires.

[150562 City Auditor Report on Options for Possible Forensic Audit of GREC Co](#)

[150562A Options For Forensic Audit 20170517.pdf](#)

[150562B Exhibits A- II w Appendix tabbed and labeled 20170517.pdf](#)

[161006.](#)

Proposed Gainesville Renewable Energy Center Asset Purchase Agreement Evaluation (B)

Explanation: On April 6, 2017, the City Commission amended the 2017 Annual Audit Plan to add an evaluation by the City Auditor of the proposed purchase of the GREC plant.

RECOMMENDATION

The City Auditor recommends that the City Commission accept the report.

[161006 Proposed GREC Asset Purchase Agreement Eval 20170517.pdf](#)

[161006 Proposed GREC Eval Appendix B 20170517](#)

[170042.](#)

Annual Election of Board Chair and Vice Chair (NB)

Explanation: In accordance with the official rules of the Utility Advisory Board, election of a Chair and Vice Chair shall occur annually in April. Nominations shall be made from the floor and a voice vote shall be taken immediately after.

Staff inadvertently neglected to include the matter on the Board's April meeting agenda.

RECOMMENDATION

Ask board members to make nominations for the office of Chair and Vice-Chair and make a selection by voice vote.

MEMBER COMMENT

CITIZEN COMMENT

NEXT MEETING DATE

June 14, 2017

ADJOURNMENT