

RESOLUTION NO. 140638

A RESOLUTION OF THE CITY OF GAINESVILLE, FLORIDA, AUTHORIZING AND PROVIDING FOR THE RECORDING OF REGULATORY ASSETS RELATED TO DEBT ISSUANCE COSTS AND RECORDING OF REGULATORY ASSETS FOR COSTS RECOVERABLE IN FUTURE YEARS RELATED TO THE GAINESVILLE RENEWABLE ENERGY CENTER IN ACCORDANCE WITH GASB STATEMENT NO. 62; PROVIDING OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Gainesville, Florida, doing business as Gainesville Regional Utilities ("GRU") has previously recorded debt issuance costs as assets in compliance with prior accounting standards. In fiscal year 2014, GASB required GRU to adopt the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, to ensure compliance with required accounting standards or to follow the provisions in GASB Statement No. 62, paragraphs 476-500, Regulated Operations. GRU has elected to follow GASB 62, paragraphs 476-500, Regulated Operations, which allows for debt issuance costs to be recorded as regulatory assets; and

WHEREAS, in fiscal year 2014, GRU recorded the power purchase agreement (PPA) with the Gainesville Renewable Energy Center (GREC), as a capital lease pursuant to GASB Statement No. 62, paragraphs 476-500, Regulated Operations, which allows for costs related to the capital lease activity to be recorded as regulatory assets and recovered in future years.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, AS FOLLOWS:

Section 1. Authority for this Resolution. This Resolution is adopted pursuant to the Constitution of the State of Florida, the Charter of the City of Gainesville and other applicable provisions of law.

Section 2. Definitions. Words and phrases used herein in capitalized form and not otherwise defined herein (including, without limitation, in the preamble hereto) shall have the following meanings:

"Chief Financial Officer" shall mean the Chief Financial Officer, Finance Director or such other chief financial officer of the Issuer as defined in Section 218.403, Florida Statutes.

"GASB" shall mean the Governmental Accounting Standards Board.

Section 3. Approval of Accounting Treatment Procedures for the Above Identified Regulatory Assets. Related to debt issuance costs, in Fiscal Year 2014, GASB required GRU to adopt GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, to ensure compliance with required accounting standards and expense these types of costs. Pursuant to GASB Statement No. 62, paragraphs 476-500, Regulated Operations, since GRU is a regulated entity, GRU can instead elect to follow GASB Statement No. 62. As such, GRU has elected to follow GASB Statement No. 62, paragraphs 476-500, Regulated Operations. Resulting from GRU's election to follow GASB Statement No. 62, GRU records

debt issuance costs as regulatory assets. Related to capital lease activity costs, in fiscal year 2014, GRU recorded the activity related to the PPA as a capital lease pursuant to GASB Statement No. 62, paragraphs 476-500, Regulated Operations, which allows for costs related to the capital lease activity to be recorded as regulatory assets and recovered in future years. The accounting treatment for the above identified assets will be incorporated into GRU's financial statements, annual audits, and business practices.

Section 4. Applicable Provisions of Law. This Resolution shall be governed by and construed in accordance with the laws of the State of Florida

Section 5. Authorizations. All officials and employees of GRU, including, without limitation, the Chief Financial Officer, are authorized and empowered, collectively or individually, to take all other actions and steps as they shall deem necessary or desirable in connection with the adoption and compliance with this Resolution.

Section 6. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED IN PUBLIC SESSION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA ON THIS DAY OF _____, 2015.

CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA

By: _____
Edward B. Braddy, Mayor

ATTESTED:

By: _____
Kurt Lannon, Clerk of the Commission

APPROVED AS TO FORM AND LEGALITY:

By: _____
Nicolle M. Shalley, City Attorney