PFM®
The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

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File No. 090351
Exhibit A

August 31, 2009

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(F) of Resolution No. 090351 in connection with the proposed City of Gainesville (the "City") Utilities System Revenue Bonds, 2009 Series A, B and C (the "Bonds"). The City anticipates issuing the Bonds in three series, as follows:

(1) Taxable 2009 Series A Bonds to: (a) pay a portion of the cost of improvements to its combined utilities system, (b) refund $14,000,000 of the City's taxable Utilities System Commercial Paper Notes, Series D and (c) pay costs of issuance;

(2) Taxable Issuer Subsidy Build America Bonds 2009 Series B Bonds to: (a) pay a portion of the cost of improvements to its combined utilities system and (b) pay costs of issuance; and

(3) Tax-Exempt 2009 Series C Bonds to: (a) pay a portion of the cost of improvements to its combined utilities system and (b) pay costs of issuance.

It is possible that the City may elect to forego the issuance of the Tax-Exempt 2009 Series C Bonds if it is able to obtain lower net interest rates, after taking into account the Federal interest subsidy described below, by issuing a greater amount of the Taxable Issuer Subsidy Build America Bonds 2009 Series B Bonds, as described below.

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 basis. It is possible that the transaction could include both taxable and tax-exempt bonds. A portion of the taxable bonds will likely be sold as Build America Bonds. The American Recovery and Reinvestment Act of 2009, signed into law on February 17, 2009, created Build America Bonds ("BABs"). These bonds can be issued by municipal borrowers such as the City, as an alternative to traditional tax-exempt bonds. The interest on BABs is subject to Federal income taxation, causing BABs to have higher rates than those of traditional tax-exempt bonds. However, governmental issuers of BABs are eligible to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the BABs. The purpose of this new financing vehicle was to assist governmental borrowers by providing a cost effective alternative to traditional tax-exempt bonds. Generally, BABs may be issued for new money purposes until December 31, 2010. Many of the roughly $20 billion of BABs issued so far in 2009 have been

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purchased by investors that had not previously purchased bonds issued by municipal government borrowers. This has required a considerable marketing effort on the part of many borrowers and their underwriters in order to educate these new buyers on what for them are new credits. The negotiated sale format is the only means by which investors are able to have meaningful contact or dialogue with the issuer prior to making their investment decision. Negotiated sale also involves the underwriters in this dialogue and provides time for them to participate in the due diligence required for them to actively promote a transaction. PFM estimates that roughly 90% of taxable bonds issued in 2009 have been sold via negotiated sale. To our knowledge every taxable utility revenue bond in excess of $100 million done in 2009 has been sold via negotiated sale.

The negotiated sale process also provides borrowers the ability to react to market conditions and change between taxable and tax-exempt bond up to the date of sale. Under current conditions, we expect the majority of the City's Bonds will be sold as taxable bonds. However, conditions or structure could change such that the City will realize lower net interest rates by offering a portion of the Bonds as traditional tax-exempt bonds. The City can make this determination up to the sale date of a negotiated sale, and respond to specific investor demand. The competitive sale process would require that the City select a final structure several days in advance of a sale, with limited means of responding to investor inquiries or demand.

The condition of the credit markets has improved considerably since late 2008 and early 2009. However, they have not returned to the stability we had seen during much of the past decade, prior to 2008. Investors remain very sensitive to credit distinctions and market volatility. We also see periods of time where investors have increased concerns and reduce their participation in the new issue market. The negotiated sale process enhances the City's ability to become aware of investor concerns and respond to them – either by addressing any questions they may have, or rescheduling the transaction.

While it would be possible to conduct the sale on a competitive basis, PFM believes that the negotiated process will generate superior results in this case, and 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. However, 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

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Managing Director