

City of Gainesville

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



Meeting Agenda

February 8, 2018

5:30 PM

MODIFIED AGENDA

City Hall Auditorium

Utility Advisory Board

Annie Orlando

Darin Cook

Mary Alford

Sandra Campbell

Michael Selvester

David Denslow

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 TDD phone line at 334-2069 at least two business days in advance.

CALL TO ORDER**ROLL CALL****ADOPTION OF CONSENT ITEMS**[170783.](#)**Minutes for the August 22, 2017 Special UAB Meeting and January 11, 2018 Regular UAB Meeting (B)****RECOMMENDATION**

Approve the minutes of the August 22, 2017 and January 11, 2018 meetings as drafted.

[170783 UAB 8.22.17 Special Mtg Minutes 20180208](#)

[170783 UAB 1.11.18 Meeting Minutes 20180208](#)

ADOPTION OF THE AGENDA

CITIZEN COMMENT - For Items not on the agenda, limited to three minutes per citizen

STATE OF THE UTILITY[170811.](#)**GRU Operational Update for January 2018 (B)**

Explanation: Staff has prepared a report of statistical data from operation of the Utility in the month of January 2018.

RECOMMENDATION

Receive a report.

[170811 Ops Update Jan 2018 - All Depts. 20180208](#)

OLD BUSINESS[170719.](#)**Alternative Options to Synthetically Fix the 2017 Series C Utility System Revenue Bonds (B)**

Explanation: At the Utility Advisory Board meeting of January 11, 2018 staff presented information regarding several alternatives to synthetically fix the 2017 Series C Utility System Revenue Bonds:

- *Interest rate collar*
- *Interest rate swap*

- *Interest rate cap*

At the conclusion of the presentation the UAB requested that staff return with updated rates and costs for these alternatives.

Fiscal Note: The alternatives offered would fix the current variable rate debt associated with the 2017 Series C bonds.

RECOMMENDATION

The Utility Advisory Board receive a presentation regarding updated rate and costs for alternatives to synthetically fix 2017 the Series C variable rate bonds.

[170719 2017C Synthetic Alternatives Presentaiton 20170111](#)

[170719 Swap vs Collar Presentation 2010208](#)

NEW BUSINESS

[170793.](#)

External Cost of Service and Utility Rates Study by Willdan Financial Services (B)

Explanation: GRU staff periodically performs cost-of-service studies for the electric, gas, water and wastewater utility systems. Revenue requirements and rate designs are also developed by GRU staff and presented to the City Commission during the annual budget process. The last external cost-of-service and utility rate study was performed in 2014.

In July 2017, UAB approved that GRU move forward with a purchase order for Willdan Financial Services to conduct a Cost of Service and Rate Study.

The purpose of the current cost-of-service and rate study is to evaluate electric, water, wastewater, and the gas system. This study will provide information regarding the adequacy of current rate structures and propose the most appropriate structure for utility rates assessed by GRU.

Fiscal Note: N/A

RECOMMENDATION

The Utility Advisory Board receive a presentation from Willdan Financial Services on their Cost of Service Study.

[170793 GRU COS_Presentation UAB 20180208](#)

[170793 GRU Electric COS Model 20180208](#)

[170793 GRU Gas COS_Rate Model 20180208](#)

[170793 GRU Review Model W-WW 20180208](#)

[170793 GRU SDC Model-20180208](#)

[170793 COS_Presentation for CCom 20180208](#)

[170794.](#)

Extension of Standby Bond Purchase Agreement for Variable Rate Utilities System Revenue Bonds, 2007 Series A (B)

Explanation: On March 1, 2007 the City issued its Variable Rate Utilities System Revenue Bonds, 2007 Series A (the "Bonds") payable from revenues of the City's utilities system. The Bonds are subject to mandatory tender upon certain events and optional tender at the request of the holders of the Bonds. The Bonds have liquidity support pursuant to a Standby Bond Purchase Agreement dated as of March 1, 2007 (the "SBPA") between the City and State Street Bank and Trust Company ("State Street"). The SBPA is scheduled to expire by its terms on March 1, 2018.

Staff, GRU's Financial Advisor, Public Financial Management (PFM), and Bond Counsel Holland & Knight have negotiated with State Street a long-term extension of the SBPA. State Street has agreed to extend the expiration of the facility for an additional three years at a fee of 46 basis points or two years at a fee of 43 basis points. Based on discussions with PFM, a review of GRU's recently renewed liquidity facilities, proposed terms, long-term and short-term bank ratings and other fees and expenses, State Street's three year term was determined to be the best option.

Under the authority delegated to the General Manager by Resolution No. 061002 adopted on February 26, 2007, upon satisfying certain conditions under the State Street SBPA, the City and State Street agreed to a 30 day extension of the current agreement through March 31, 2018 to provide the Utility Advisory Board and the City Commission time to consider the proposed long-term extension before the Bonds become subject to mandatory tender.

Fiscal Note: The facility fee under the current State Street SBPA is 39 basis points, which based on an existing par amount of \$136,900,000 translates to an annual cost of \$533,910. The fee proposal from State Street for the three year facility extension is 46 basis points, which based on the same par amount of \$136,900,000 translates to an annual cost of approximately \$629,740.

RECOMMENDATION

The City in Resolution No. 061002 adopted on February 26, 2007 delegated to the General Manager for Utilities the authority, upon satisfying certain conditions, to extend the term of the State Street SBPA securing the Bonds. Although those conditions could be satisfied, it is requested that the Utility Advisory Board recommend that the City Commission

1) approve the extension of the liquidity facility for the Bonds with State Street for an additional three

(3) years at a cost of 46 basis points, and in connection therewith to enter into such amendments to the SBPA and the applicable fee letter as necessary or desirable and in the best interests of the City as determined by the General Manager, Chief Financial Officer, and/ or Mayor and not inconsistent with the terms hereof, and

2) authorize the Clerk of the Commission, General Manager, Chief Financial Officer, and/ or Mayor to enter in such other agreements and documents as may be necessary to complete the transaction, subject to approval of the City Attorney as to form and legality.

[170794 - 2007A Resolution 20180208](#)

[170794 Certificate making Certain Determinations 20180208](#)

[170794 PFM letter 2007A 20180208](#)

[170794 Third Amendment 2007 Resolution 20180208](#)

[170707.](#)

Gainesville Regional Utilities Unaudited Internally Prepared Financial Statements for the Year Ended September 30, 2017 (B)

Explanation: The following item was presented to the Audit and Finance Committee (AFC) for review on January 17, 2018: Unaudited Internally Prepared Financial Statements for the Year Ended September 30, 2017, including management's discussion and analysis. The AFC made a recommendation that the City Commission accept the Unaudited Internally Prepared Financial Statements for the Year Ended September 30, 2017, and staff will include them on the February 15, 2018, City Commission meeting agenda.

The item is presented to the UAB today for informational purposes.

RECOMMENDATION Hear a report from staff.

[170707 GRU Interim Financials Unaudited YE 2017 Sept 20180208](#)

[170708.](#)

Gainesville Regional Utilities Internally Prepared Actuals to Budget for the Year Ended September 30, 2017 (B)

Explanation: The following item was presented to the Audit and Finance Committee (AFC) for review on January 17, 2018: Actuals to Budget for the year ended September 30, 2017, internally prepared, including management's discussion and analysis. The AFC made a recommendation that the City Commission accept the Internally Prepared Actuals to Budget for the Year Ended September 30, 2017, and staff will include them on the February 15, 2018, City Commission meeting agenda.

The item is presented to the UAB today for informational purposes.

RECOMMENDATION *Hear a report from staff.*

[170708 GRU Budget to Actuals YE 2017 Sept 20180208](#)

[170709.](#)

Gainesville Regional Utilities Internally Prepared Supplementary Data for the Year Ended September 30, 2017 (B)

Explanation: The following item was presented to the Audit and Finance Committee (AFC) for review on January 17, 2018: Supplementary Data for the year ended September 30, 2017, internally prepared. The AFC made a recommendation that the City Commission accept the Supplementary Data for the year ended September 30, 2017, internally prepared, and staff will include them on the February 15, 2018, City Commission meeting agenda.

This item is presented to the UAB today for informational purposes.

RECOMMENDATION *Hear a report from staff.*

[170709 GRU Supplementary Data YE 2017 Sept 20180208](#)

[170797.](#)

UAB Membership Applications (B)

Explanation: In December 2017, UAB member Robert Walpole resigned from the Board, three months before his term was to expire. At their December 7, 2018 meeting, the City Commission voted to advertise for the vacant seat. They also discussed that two more members' terms would be expiring in March 2018, and voted to fill the three vacancies at the same time. The Clerk of the Commission subsequently advertised the vacancies until February 1, 2018, and now presents the applications for the UAB's review and recommendation to the City Commission.

RECOMMENDATION *Discuss UAB membership applications received by the Clerk's office and take any action deemed appropriate.*

[170797 UAB Membership Applications 20180208](#)

[170798.](#)

Update on UAB's January 23, 2018 Workshop (B)

Explanation: Chair Cook was unable to attend the Board's January 23, 2018 workshop and requested an update on the issues discussed.

RECOMMENDATION *Discuss*

[170798 Draft Minutes 1.23.18 Workshop 20180208](#)

MEMBER COMMENT

CITIZEN COMMENT

NEXT MEETING DATE

March 8, 2018

ADJOURNMENT