

# City of Gainesville

City Hall  
200 East University Avenue  
Gainesville, Florida 32601



## **Meeting Agenda**

**July 9, 2020**

**5:30 PM**

**Virtual Meeting**

## **Utility Advisory Board**

*Wendell Porter (Member)*  
*Wes Wheeler (Member)*  
*Barry Jacobson (Member)*  
*Carla Miles (Member)*  
*Theresa Spurling-Wood (Non-Voting Member)*  
*Tim Rockwell (Member)*  
*Don Davis (Non-Voting Member)*  
*Fletcher Crowe (Member)*  
*Jason Fults (Member)*

*If you have a disability and need an accommodation in order to participate in this meeting, please contact the Office of Equal Opportunity at (352) 334-5051 at least two business days in advance. TTY (Text Telephone Telecommunication Device) users please call 711 (Florida Relay Service). For Speech to Speech (STS) relay, please call 1-877-955-5334. For STS Spanish relay, please call 1-877-955-8773. For STS French Creole relay, please call 1-877-955-8707.*

**CALL TO ORDER****ROLL CALL****ADOPTION OF CONSENT ITEMS**[200099.](#)**UAB June 11, 2020 Meeting Minutes (B)**

*Explanation: Staff has prepared minutes of the June 11, 2020 UAB meeting.*

*Fiscal Note: None.*

**RECOMMENDATION**

*Approve the minutes of the June 11, 2020 UAB meeting as drafted.*

[200099 UAB 06.11.20 Meeting Minutes 20200709](#)

**ADOPTION OF THE AGENDA****STATE OF THE UTILITY**[200100.](#)**GRU Operational Update for the Month of May 2020 (B)**

*Explanation: Staff has prepared a report of statistical data for GRU's operations in the month of May 2020.*

*Fiscal Note: None.*

**RECOMMENDATION**

*Receive report.*

[200100 GRU Ops Update May 2020 20200709](#)

**NEW BUSINESS**[200028.](#)**GRU FY2021 Budget Discussion (B)**

*Explanation: Staff will give presentations on GRU's baseline fuels budget and other information related to GRU's proposed FY2021 budget and will ask the UAB to make a recommendation on GRU's final budget for the City Commission.*

*Fiscal Note: GRU's proposed FY21 budget.*

**RECOMMENDATION**

*The UAB advise the City Commission to approve the General Manager's recommendation as*

follows:

- 1) No base rate increases for the electric, water, wastewater or gas systems
- 2) A 1.84% inflationary increase in water/wastewater connection charges

[200028 GRU 2021 Fuels Budget Pres 20200709](#)

[200028 GRU 2021 Budget Discussion 1st Presentation UAB 20200709](#)

[200028 Forecast of Customer Sales and Revenue UAB 20200709](#)

[200028 GRU Final Budget Presentation 20200709](#)

[200028 UAB Rates Presentation 2% Elect 20200709](#)

[200028 UAB Rates Presentation 0% Elect 20200709](#)

#### [200097.](#)

#### **Mandatory Tender of 2017 Series B and 2017 Series C Bonds (NB)**

*Explanation:* As part of the financing to acquire the DHR facility in 2017, GRU issued \$265 million in variable rate debt in the form of two direct purchase agreements - \$150,000,000 of 2017 Series B bonds with Wells Fargo and \$115,000,000 in 2017 Series C Bonds with Bank of America.

Both of these direct purchase agreements have mandatory tender dates of November 7, 2020. This means that GRU must make a determination as to what financing options are preferable for the renewal of this variable rate debt. There are two primary options available to redeem this debt:

- 1) Issue fixed rate debt and terminate the swaps or allocate them to other variable rate debt
- 2) Maintain variable rate debt with the following choices:
  - a) Renew the existing direct purchase agreements
  - b) Issue floating rate notes
  - c) Issue variable rate demand bonds supported by a credit facility

*Fixed rate options:* Both of these variable rate issues are synthetically fixed through swaps, therefore issuance of fixed rate debt to redeem the issues is not an economically viable option.

*Variable Rate Options:* Circumstances of the COVID-19 Pandemic have created a supply and demand imbalance. Issuers either (1) need credit (2) need to increase credit or (3) draw on credit to improve cash balance and liquidity measures for FY20 and FY21. In this environment it now appears that floating rate notes or variable rate demand bonds may be the most viable options for GRU for renewing this debt but these options are dictated by investor preference.

GRU plans to post an announcement on EMMA regarding its variable rate process to potentially redeem this variable rate debt, the 2017 B and C Bonds. This redemption disclosure will facilitate GRU's (and the banks supporting this effort) to do price discovery by having preliminary

discovery with market participants. Price discovery can determine the most efficient and effective way for GRU to pursue this transaction. As part of being ready to exercise whichever option is determined to be preferable, staff will be bringing back to the City Commission supporting documents for both floating rate notes and variable rate demand bonds so that we can employ whichever the most efficient option is as dictated by market conditions at the time of the tender date.

*Fiscal Note:* The process for renewing this variable rate debt is designed to identify the most efficient and effective manner to proceed.

**RECOMMENDATION**

The City Commission receive a report on redeeming the Series 2017 B and Series 2017 C bonds on their mandatory tender date of November 7, 2020.

**200098.**

**Resolution Authorizing Renewal of the Existing Liquidity Facility for the Utilities System Commercial Paper Notes, Series D (B)**

*Explanation:* As one of the tools for ensuring sufficient liquidity GRU maintains a \$25 million taxable commercial paper program, the Utilities System Commercial Paper Notes, Series D. Commercial paper is a short-term obligation maturing not longer than 270 days. GRU is required by applicable bond resolutions, investors and rating agencies to maintain liquidity facilities to secure this commercial paper program. Liquidity facilities provide funds to pay maturing commercial paper on each roll date if new refunding commercial paper is unable to be issued. In this instance, the liquidity facility, rather than GRU, provides funds to the investor holding the maturing commercial paper. The liquidity facility that secures our taxable commercial paper expires on August 28, 2020. Given current market conditions caused primarily by the pandemic, liquidity facility fees are relatively high and our financial advisor, PFM Financial Advisors LLC recommends that we renew the existing facility with State Street Bank and Trust Company for a period of one year and to make certain other amendments set forth in a Fourth Amendment to Credit Agreement and an Amended and Restated Fee Letter. This will provide time for market conditions to moderate, and will coincide with the expiration of the liquidity facility on our tax-exempt commercial paper program, allowing us to roll these together if necessary.

*Fiscal Note:* The annual cost of the liquidity facility for the taxable commercial paper program is \$167,500.

**RECOMMENDATION**

The City Commission approve:

1) the resolution authorizing with State Street Bank and Trust Company the extension and other amendments to the existing liquidity facility agreement for the Utilities System Commercial Paper Notes, Series D and to amend the fee letter related to such facility, in each case subject to the approval of the City Attorney as to form and

*legality and*

*2) the forms of the Fourth Amendment to Credit Agreement for the liquidity facility and the Amended and Restated Fee Letter.*

[200098\\_Resolution\\_TCP\\_Liquidity\\_Facility\\_20200709](#)

## **NEXT MEETING DATE**

*August 13, 2020*

## **ADJOURNMENT**