

# City of Gainesville

City Hall  
200 East University Avenue  
Gainesville, Florida 32601



## **Meeting Agenda**

**October 8, 2020**

**5:30 PM**

**Virtual Teleconference 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 AGENDA****ADOPTION OF THE AGENDA****[200384.](#) Minutes of the July 9, 2020 UAB Meeting (B)**

*Explanation:* Staff has prepared minutes of the July 9, 2020 UAB meeting.

*Fiscal Note:* None.

**RECOMMENDATION** Approve minutes as drafted.

[200384 UAB July 9 20 Meeting Minutes 20201008](#)

**CITIZEN COMMENT****STATE OF THE UTILITY****[200382.](#) GRU Operational Updates for the Months of June and July 2020 (B)**

*Explanation:* Staff has prepared reports of statistical data from GRU's operations for the months of June and July 2020, along with a progress report on the Solar PPA.

*Fiscal Note:* None.

**RECOMMENDATION** Receive reports.

[200382 GRU Ops Update June2020 All Depts 20201008](#)

[200382 GRU Ops Update July2020 All Depts 20201008](#)

[200382 Solar PPA Quarterly Report 20201008](#)

**OLD BUSINESS****[180258.](#) Utility Advisory Board's Draft Energy Policy for the City of Gainesville - Staff Analysis (B)**

*Explanation:* The City Commission and UAB met jointly on October 30, 2018, to discuss the UAB's draft work plan. The Board expressed the desire to

*focus on creation of an energy policy for the City of Gainesville and the Commission agreed. The UAB held a series of workshops to work on crafting the policy document and presented the draft to the City Commission in a joint meeting on April 23, 2019. The Commission received the presentation and gave direction for the Board to continue their work. The Board discussed the policy document at each of their monthly scheduled regular meetings and workshops and prepared to present the draft document to the City Commission.*

*Following the Board's presentation of the document at the joint UAB/City Commission meeting on October 22, 2019, the Commission gave direction to have both GRU and GG staff do an analysis of the energy policy for potential impacts on operations and bring it back for further discussion. Staff has completed their analysis and submitted the report to the UAB for review before the Board gives another presentation to the City Commission.*

*Fiscal Note: None at this time.*

**RECOMMENDATION**                      *Discuss and take any action deemed appropriate.*

[180258 Miles 4.1-4.3 Energy Policy Draft 20190711](#)

[180258 Selvester 7-17-19 Econ Dev Draft 20190723](#)

[180258 Utility and Energy Policy Draft - ROCKWELL 20190808](#)

[180258 Utility Energy Policy Draft Econ Dev DAVIS 20190808](#)

[180258 Utility Energy Policy Draft PORTER 20190808](#)

[180258 Utility Energy Policy Draft WHEELER 20190808](#)

[180258 Utility Energy Policy Draft SELVESTER 20190808](#)

[180258 Utility Energy Policy Draft Spurling-Wood 20190808](#)

[180258 Utility Energy Policy Draft Financing DAVIS 20190808](#)

[190098 Alford 8-26-19 Draft HVAC Design 20190827](#)

[190098 Selvester 8-23-19 Master Draft 20190827](#)

[180258 Master Draft Energy + Util Policy 20190919](#)

[180258 Util Energy Policy Draft Wheeler 20190919](#)

[180258 4.4-Util Energy Policy Draft Davis 20190919](#)

[180258 Util Energy Policy Draft Wheeler Rockwell20190930](#)

[180258 UAB DRAFT ENERGY POLICY Staff Analysis 20201008](#)

## **NEW BUSINESS**

[200372.](#)

### **Resolution Authorizing the Renewal and Reissuance of the 2017 Series C Bonds Direct Placement with Bank of America (B)**

*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:

- Issue fixed rate debt and terminate the swaps or allocate them to other variable rate debt

- Maintain variable rate debt with the following choices:

- o Renew the existing direct purchase agreements
- o Issue new floating rate notes or other short term variable rate obligations

- o 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: Staff came to the City Commission in July with an information item describing our need to undertake some price discovery efforts to determine the most efficient and effective alternative for executing this transaction. Based on our review, together with our financial advisor and bond counsel we determined that the following structure will result in the optimal outcome for the utility:

- Renewal and reissuance of the \$115,000,000 direct placement with Bank of America on the 2017 Series C Bonds
- Refunding \$105,000,000 through issuance of a \$105,000,000 2020 Series B Bonds direct placement with TD Bank
- Renewal and reissuance of the remaining \$45,000,000 2017 Series B Bonds direct placement with Well Fargo

The attached resolution provides for the implementation of the first segment of this proposal - renewal and amendments to the \$115,000,000 direct placement with Bank of America on the 2017 Series C Bonds.

*Fiscal Note:* GRU is currently paying on the 2017 Series C direct placement with Bank of America 85% of one month LIBOR with a spread of 62 basis points. At current LIBOR rates this translates to an interest rate of .756%. The rate on the proposed reissuance is 80% of one month LIBOR with a spread of 59 basis points, or a rate of .718%.

**RECOMMENDATION**

The Utility Advisory Board recommend that the City Commission approve:

- 1) the resolution authorizing amendment of the 29th Supplemental Utilities System Revenue Bond Resolution No. 170404
- 2) the form of a replacement bond with respect to the City's Variable Rate Utilities System Revenue Bonds 2017 Series C
- 3) the form of an amendment to the Continuing Covenant Agreement with the Bank of America, subject to the approval of the City Attorney as to form and legality.

[200372 Amendment 29th Supplemental Resolution 2017C BOA 20201008](#)

[200373.](#)

**Resolution Authorizing the Refunding of a Portion of the 2017 Series B Bonds through the Issuance of \$105,000,000 in Variable Rate Utilities System Revenue Bonds, 2020 Series B (B)**

*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:

- Issue fixed rate debt and terminate the swaps or allocate them to other variable rate debt
- Maintain variable rate debt with the following choices:
  - o Renew the existing direct purchase agreements
  - o Issue new floating rate notes or other short term variable rate obligations
  - o 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:* Staff came to the City Commission in July with an information item describing our need to undertake some price discovery efforts to determine the most efficient and effective alternative for executing this transaction. Based on our review, together with our financial advisor and bond counsel we determined that the following structure will result in the optimal outcome for the utility:

- Renewal and reissuance of the \$115,000,000 direct placement with Bank of America on the 2017 Series C Bonds
- Refunding \$105,000,000 through issuance of a \$105,000,000 2020 Series B Bonds direct placement with TD Bank
- Renewal and reissuance of the remaining \$45,000,000 2017 Series B Bonds direct placement with Well Fargo

The attached resolution provides for the implementation of the second segment of this proposal - refunding \$105,000,000 of 2017 Series B Bonds through the issuance of \$105,000,000 in Variable Rate Utilities System Revenue Bonds, 2020 Series B.

*Fiscal Note:* GRU is currently paying on the 2017 Series B direct placement with Wells Fargo 85% of one month LIBOR with a spread of 43 basis points. At current LIBOR rates this translates to an interest rate of .56%. The rate on the proposed reissuance is 80% of one month LIBOR with a spread of 46 basis points, or a rate of .58%, plus a one-time payment of \$100,000 (which reduced the proposed spread from 51 basis points to 46 basis points and was determined by our financial advisor to reduce the overall borrowing cost). The closing is expected to occur on November 2, 2020.

**RECOMMENDATION**

The Utility Advisory Board recommend that the

City Commission approve:

- 1) A resolution authorizing the issuance of \$105,000,000 in Variable Rate Utilities System Revenue Bonds 2020 Series B to refund a portion of 2017 Series B Bonds
- 2) The form of a of Bond Purchase Agreement with respect to the 2020 Series B Bonds
- 3) The form of a Continuing Covenant Agreement with respect to the 2020 Series B Bonds and 4) the form of Paying Agent/Bond Registrar Agreement, in each case subject to the approval of the City Attorney as to form and legality.

[200373\\_Thirty-Fourth\\_Supplemental\\_Resolution\\_with\\_Exhibits\\_2020B\\_TDB\\_2!](#)

[200374.](#)

### **Resolution Authorizing the Renewal and Reissuance of a Portion of the 2017 Series B Bonds Direct Placement with Wells Fargo (B)**

*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:

- Issue fixed rate debt and terminate the swaps or allocate them to other variable rate debt
- Maintain variable rate debt with the following choices:
  - o Renew the existing direct purchase agreements
  - o Issue new floating rate notes or other short term variable rate obligations
  - o 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:* Staff came to the City Commission in July with an information item describing our need to undertake some price discovery efforts to determine the most efficient and effective alternative for executing this transaction. Based on our review, together with our financial advisor and bond counsel we determined that the following structure will result in the optimal outcome for the utility:

- Renewal and reissuance of the \$115,000,000 direct placement with Bank of America on the 2017 Series C Bonds
- Refunding \$105,000,000 through issuance of a \$105,000,000 2020 Series B Bonds direct placement with TD Bank
- Renewal and amendments to the remaining \$45,000,000 2017 Series B Bonds direct placement with Well Fargo

The attached resolution provides for the implementation of the third segment of this proposal - renewal and reissuance of \$45,000,000 of the

*direct placement with Well Fargo on the 2017 Series B Bonds.*

*Fiscal Note: GRU is currently paying on the 2017 Series B direct placement with Wells Fargo 85% of one month LIBOR with a spread of 43 basis points. At current LIBOR rates this translates to an interest rate of .56%. The rate on the proposed reissuance is 80% of one month LIBOR with a spread of 64 basis points, or a rate of .76%.*

**RECOMMENDATION**

*The Utility Advisory Board recommend that the City Commission approve:*

- 1) The resolution authorizing amendment of the 28th Supplemental Utilities System Revenue Bond Resolution No. 170403*
- 2) The form of a replacement bond with respect to the City's Variable Rate Utilities System Revenue Bonds 2017 Series C*
- 3) The form of an amendment to the Continuing Covenant Agreement with the Bank of America, subject to the approval of the City Attorney as to form and legality*

[200373 Thirty-Fourth Supplemental Resolution with Exhibits 2020B TDB 21](#)

**MEMBER COMMENT**

**NEXT MEETING DATE**

*November 12, 2020*

**ADJOURNMENT**