



Legislation Details (With Text)

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File created: 11/9/2015 **In control:** General Manager for Utilities
On agenda: 11/19/2015 **Final action:** 11/19/2015
Title: REPLACEMENT OF CREDIT AGREEMENT FOR COMMERCIAL PAPER NOTES, SERIES C (B)

A RESOLUTION OF THE CITY OF GAINESVILLE, FLORIDA AUTHORIZING THE REPLACEMENT OF AN EXISTING CREDIT AGREEMENT WITH RESPECT TO ITS UTILITIES SYSTEM COMMERCIAL PAPER NOTES, SERIES C; APPROVING THE FORM OF A CREDIT AGREEMENT WITH BANK OF AMERICA, N.A., AND DELEGATING TO AUTHORIZED OFFICERS THE AUTHORITY TO NEGOTIATE AND FINALIZE THE TERMS THEREOF; AUTHORIZING THE PAYMENT OF COSTS OF ISSUANCE RELATED TO THE TRANSACTIONS DESCRIBED HEREIN; AUTHORIZING PROPER OFFICIALS TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE ISSUANCE OF THE REPLACEMENT CREDIT FACILITY; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 150519 Credit Facility Replacements 20151119, 2. 150519 Resolution w-Exhibits GRU CP Notes 20151119, 3. 150519 Commercial Paper Credit Facility Replacement Pres. 20151119, 4. 150519 Commercial Paper Offering Memo GRU Series C 20151119, 5. 150519_Resolution_20151119.pdf

Date	Ver.	Action By	Action	Result
11/19/2015	1	City Commission	Adopted (Resolution) and Approved the Recommendation	Pass

REPLACEMENT OF CREDIT AGREEMENT FOR COMMERCIAL PAPER NOTES, SERIES C (B)

A RESOLUTION OF THE CITY OF GAINESVILLE, FLORIDA AUTHORIZING THE REPLACEMENT OF AN EXISTING CREDIT AGREEMENT WITH RESPECT TO ITS UTILITIES SYSTEM COMMERCIAL PAPER NOTES, SERIES C; APPROVING THE FORM OF A CREDIT AGREEMENT WITH BANK OF AMERICA, N.A., AND DELEGATING TO AUTHORIZED OFFICERS THE AUTHORITY TO NEGOTIATE AND FINALIZE THE TERMS THEREOF; AUTHORIZING THE PAYMENT OF COSTS OF ISSUANCE RELATED TO THE TRANSACTIONS DESCRIBED HEREIN; AUTHORIZING PROPER OFFICIALS TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE ISSUANCE OF THE REPLACEMENT CREDIT FACILITY; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

On October 5, 1992, the City adopted its Second Supplemental Subordinated Utilities System Revenue Bond Resolution, as amended, supplementing the Amended and Restated Subordinated Utilities System Revenue Bond Resolution authorizing the issuance of its Utilities System Commercial Paper Notes, Series C. These Notes were secured by a Credit Agreement dated March 1, 2000, issued by Bayerische Landesbank Girozentrale (“BLB”), which expires November 30, 2015. BLB has decided to exit this business in its entirety and elected not to extend or renew the terms thereof.

The City, through its Financial Advisor, Public Financial Management (PFM), requested information and submissions for an alternate credit facility. The following five (5) banks responded to the RFI: Bank of America, N.A.; Barclays Bank PLC; JP Morgan Chase Bank, N.A.; Mizuho Bank, Ltd.; and Sumitomo Mitsui Banking Corporation.

Based on a review of evaluative criteria including, but not limited to, facility fees, proposed term, long-term and short-term bank ratings and other fees, expenses, and terms, Bank of America, N.A. provided the most responsive submission.

The facility fee under the current BLB Credit Agreement is 16 basis points, which translates to an annual cost of approximately \$136,000. The fee proposal from Bank of America, N.A. is 40 basis points for a term of three years, which equals an annual cost of approximately \$340,000. The BLB facility was established over 15 years ago and since that time the economic landscape has changed. The financial crisis sparked changes in not only financial regulation and compliance, but also general market conditions and bank economics. As a result, pricing close to the BLB agreement is no longer available in the market and has not been for many years.

The City Commission 1) approve the selection of Bank of America, N.A. as the liquidity support provider for the Tax-Exempt Commercial Paper Notes, Series C; 2) approve the form of the draft credit agreement between the City and Bank of America N.A. and the related Fee Letter, each in substantially the form submitted with such changes thereto as the General Manager or his designee executing may approve as necessary or desirable and in the best interests of GRU, such approval to be evidenced by the execution and delivery thereof, and subject to the approval of the City Attorney as to form and legality; 3) authorize the Clerk of the Commission, General Manager, Chief Financial Officer, or other Authorized Officers to execute (as defined in the Utilities Bond Resolution) such documents as may be necessary or desirable to proceed with the transaction pursuant to this City Commission authorization and delegation, subject to the approval of the City Attorney as to form and legality; and 4) approve the attached Authorizing Resolution.