



Legislation Text

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Swap Authorizing Resolution (B)

At their meeting of September 14, 2017, the Utility Advisory Board recommended to the City Commission approval of the financing structure related to the acquisition of the Gainesville Renewable Energy Center. This structure consists of 65% fixed rate bonds (2017 Series A), 20% direct placement variable rate bonds to be synthetically fixed through a 10 year swap agreement (2017 Series B), and 15% direct placement variable rate bonds which would remain unhedged (2017 Series C). On September 21, 2017, the City Commission approved this financing structure.

To effectuate the swap agreement related to the 2017 Series B Bonds, the attached Swap Authorizing Resolution authorizes the forms of a Master ISDA Agreement, Schedule and Credit Support Annex (collectively the Swap Documents). The Swap Documents will provide the basis for soliciting proposals from potential swap counterparties. The resolution also delegates authority to the General Manager and Chief Financial Officer to conduct a negotiated bid of the swap with counterparties, and to complete the negotiation of the Swap Documents, in accordance with the delegation parameters set forth in Section 2.02 of the resolution.

Utilizing the 65% fixed, 20% synthetically fixed, and 15% variable rate financing structure is expected to enhance the annual average savings associated with the acquisition of the Gainesville Renewable Energy Center by approximately 2 million dollars compared to the alternative structure of 85% fixed and 15% variable rate bonds.

The Utility Advisory Board recommend that the City Commission approve the attached Swap Authorizing Resolution, authorizing the forms of a Master ISDA Agreement, Schedule and Credit Support Annex, and delegating authority to the General Manager and Chief Financial Officer to conduct a negotiated bid of the swap with counterparties, and to complete the negotiation of the Swap Documents, in accordance with the stated delegation parameters.