



Legislation Text

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A RESOLUTION RATIFYING AND APPROVING THE TERMS OF THE CITY OF GAINESVILLE, FLORIDA'S \$115,925,000 UTILITIES SYSTEM REVENUE BONDS, 2003 SERIES C; MAKING CERTAIN AMENDMENTS TO THE RESOLUTIONS OF THE CITY AUTHORIZING THE ISSUANCE OF SAID BONDS; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE (B)

On July 14, 2003, the City Commission adopted a Resolution (Authorizing Resolution) incorporating by reference and also adopting, and authorizing the execution and delivery of the Thirteenth Supplemental Utilities System Revenue Bond Resolution (Supplemental Resolution) relating to the sale, execution and delivery of not to exceed \$125,000,000 of the City of Gainesville, Florida's Utility System Revenue Bonds, 2003 Series C (2003 Series C Bonds) for the purposes stated therein, including, but not limited to, the refunding of certain of the 1996 Series A Bonds, delegating authority to the General Manager or his designee to determine which of the particular 1996 Series A Bonds should be refunded and certain attributes of the 2003 Series C Bonds, including, but not limited to, the aggregate principal amount, maturity dates, underwriters' discount and price at which the 2003C Series Bonds were to be sold, provided, however, that 1) the maximum aggregate principal amount of the 2003 Series C Bonds would not exceed \$125 million; 2) the final maturity date of the 2003 Series C Bonds would not be later than October 1, 2013; 3) the true interest rate borne by the 2003 Series C Bonds would not exceed 3.50% per annum; and 4) the net present value savings to be realized as a result of the refunding would not be less than 6.00% of the principal amount of the 2003 Series C Bonds. As a result of the volatility of the municipal bond market pricing of the 2003 Series C Bonds was executed on Friday, July 18, 2003 resulting in present value savings of \$8.8 million and with a net true interest rate of 3.0514% for the 2003 Series C Bonds as a whole. Unfortunately, while the net interest cost of the sale met our intended 3.5% per annum target, the maximum interest rate per maturity was, likewise, set at 3.5% per annum (see Authorizing Resolution Section 5 and Supplemental Resolution Section 2.03(b)) a rate that was unintentionally, too low for actual market conditions. As a result, said parameter was not met. To assure that the City has full authority to close the issuance of the 2003 Series C Bonds, staff recommends that the attached ratifying Resolution be adopted.' The adoption of the Resolution does not change the economics of the transaction, but merely corrects a technical error.

The City Commission adopt the Resolution.

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