



Legislation Text

File #: 180747., **Version:** 2

Resolution Authorizing the Issuance of City of Gainesville Utility System Revenue Bonds 2019 Series A and 2019 Series B (B)

Gainesville Regional Utilities (GRU) is planning the issuance of 2019 Series A and 2019 Series B revenue bonds. 2019 Series A is a fixed rate tax-exempt issue which will generate approximately \$181M in proceeds which will provide:

- \$73M to finance capital improvement projects in FY19 and FY20
- \$23M to finance capital improvement projects which would have been otherwise paid with utility revenues on deposit and thereby replenish Utility Plant Improvement Fund (UPIF) reserves, and
- \$85M to convert GRU's currently outstanding tax-exempt short term commercial paper to long term fixed rate bonds. This change will:
 - o Improve the risk profile of the debt portfolio by reducing unhedged variable rate debt
 - o Develop a better match between GRU's cash and investment balances and unhedged variable rate debt, and
 - o Improve liquidity metrics

2019 Series B is a taxable fixed rate issue which will generate approximately \$27.1M in proceeds which will provide:

- \$8M to fund GRUCom capital projects over the next several years
- \$8M to convert currently outstanding GRU taxable commercial paper previously used to finance GRUCom projects to long term fixed rate bonds, and
- \$10.1M to refund currently outstanding 2005 Series B taxable bonds maturing in FY19 - FY21

If approved, the schedule for this issue calls for pricing the bonds on or about April 2, with a proposed closing date of April 12.

Staff is also working on a proposal to issue 2019 Series C bonds. This variable rate issue would provide approximately \$10M to fund capital projects and approximately \$57M to refund certain maturities of currently outstanding variable rate bond series. It is currently anticipated that this proposal will be brought forward for consideration by the Utility Advisory Board at their March 14th meeting and to the City Commission at their March 21st meeting.

This item was presented to the UAB on March 13, 2019, and they voted unanimously to advise the Commission to approve the staff recommendation. The UAB chair drafted a statement of justification for their vote and the statement is included in the back-up for this item.

As noted above, the 2019 Series A & B issue will provide resources to:

- Fund capital projects
- Convert all currently outstanding GRU commercial paper to long term fixed rate bonds, and
- Refund outstanding 2005 Series B Bonds

The City Commission approve the Thirtieth Supplemental Utilities System Revenue Bond Resolution and thereby approve the issuance and sale of the 2019 Series A and 2019 Series B Bonds to the underwriters and approve the forms of the Bond Purchase Contract, Preliminary Official Statement, and Continuing Disclosure Certificate, and authorize the execution and delivery thereof, subject to approval of the City Attorney as to form and legality.

The UAB advises that the City Commission approve the staff recommendation.