



Legislation Text

File #: 980766, Version: 3

GAINESVILLE REGIONAL UTILITIES - LEASE IN/LEASE OUT TRANSACTIONS (B)

Ordinance No. 0-09-27

An ordinance of the City of Gainesville, Florida repealing obsolete sections of Ordinance No. 980766, relating to the lease in-lease out transaction involving portions of Gainesville Regional Utilities' Deerhaven Units 1 and 2 and certain common facilities; providing a repealing clause; and providing an immediate effective date.

The City Commission adopt the proposed ordinance.

This ordinance relates to the repeal of Ordinance No. 980766, approved on November 30th, 1998 by the City Commission, which authorized the City to enter into a Lease In-Lease Out (LILO) transaction in connection with Gainesville Regional Utilities' Deerhaven Units 1 and 2 and shared common facilities. Under the terms of the transaction, the City was obligated to replace its equity credit enhancer, Ambac Assurance Corporation (Ambac) if its credit ratings fell below certain thresholds.

Such downgrade in credit rating did occur, and on February 19th, 2009, the City Commission authorized the termination of the LILO transaction and the repeal of Ordinance No. 980766. The City Commission concluded upon the recommendation of the Utilities' staff that it was in the best interest of the City to terminate the transaction rather than secure additional credit support for the obligation owed to its equity provider, Bank of New York. With the termination of the LILO transaction, sections 1 and 2 of Ordinance No. 980766 have become obsolete and should be repealed.

This ordinance requires two hearings. Should the City Commission pass this ordinance on first reading, second and final reading will be held on July 2nd, 2009.