



## Legislation Text

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**File #:** 170462., **Version:** 2

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### **Swap Authorizing Resolution (B)**

At their meeting of September 21, 2017 the City Commission approved 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).

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.

Staff:

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.

UAB:

At their October 12, 2017 meeting, the UAB voted in favor of passing the resolution. The vote was 4-2, with Member Campbell absent and Members Orlando and Alford in dissent. The Board Chair provided this statement following the meeting: We found the bond resolution acceptable and common practice and appropriately vetted. This is a continuation vote to the recommendation the UAB made to accept the recommendation of the purchase of the biomass plant through 65% fixed, 20% synthetic fixed and 15% variable rate bonds. The GCC followed this recommendation. Backup has also been provided on this vote.