



Legislation Text

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Update on Gainesville Renewable Energy Center Acquisition Financing and Closing Process (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 (GREC) . 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 October 24, 2017, GRU successfully sold \$415.9 million of 2017 Series A Utilities System Revenue Bonds. Investor engagement was critical to this transaction, and prior to the sale GRU senior management staff conducted a concerted marketing effort, including live presentations to investors in New York and Boston, an internet-based presentation, and one-on-one conference calls with potential large investors. Over \$3 billion dollars in total orders were received for the bonds, with \$2.5 billion in investor orders from 76 different accounts. The estimated all-in True Interest Cost of the deal (including 2017 Series B and 2017 Series C), is 2.91%, subject to final execution of the 2017 B swap.

On the 2017 B swap, GRU received bids from 6 banks to serve as swap provider, with Goldman Sachs submitting the most cost beneficial bid. As we indicated to the City Commission in earlier presentations, in order to diversify and reduce counterparty risk, GRU and our advisors reached out to the next highest evaluated bidder, Citibank, with the offer to split the swap if they would substantially meet the terms of the winning bid. As a result, 70% of the swap will be awarded to Goldman Sachs and 30% to Citibank.

Closing on the financing and the acquisition is scheduled for November 7, 2017.

The resulting debt service compared to GREC fixed payments provides expected gross cash flow savings of approximately \$768 million or approximately \$548 million on a net present value basis.

The Board hear an update on the GREC acquisition financing and closing process.