



Legislation Text

File #: 180818., **Version:** 2

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

Gainesville Regional Utilities (GRU) is planning the issuance of 2019 Series C revenue bonds. 2019 Series C bonds are a variable rate tax-exempt issue which will:

- Generate \$10 million in new proceeds to fund capital projects and
- Restructure certain maturities of existing variable rate bonds.

For a list of the variable rate bonds targeted for restructuring, see Table 1 in the back-up for this item.

Near term debt service savings will be generated by this restructuring through issuing longer term bonds to refund these targeted shorter term maturities. These savings from restructuring will be used to bolster Rate Stabilization Fund balances. While there is a present value savings of \$9.1 million from the restructuring portion of the 2019 Series C bonds, there are gross principal and interest dissavings associated with this series over the period FY25 through FY47.

The 2019 Series C bonds will be issued as variable rate demand bonds secured by a direct pay letter of credit issued by Bank of America, N.A. and remarketed upon optional tender by Merrill Lynch, Pierce Fenner & Smith, Incorporated as remarketing agent.

This item was presented to the UAB on March 14, 2019.

As noted above, the 2019 Series C issue will provide resources to

- Fund \$10 million of capital projects
- Refund approximately \$57 million of existing variable rate debt

The City Commission approve the Thirty-First Supplemental Utilities System Revenue Bond resolution and thereby approve the issuance and sale of the 2019 Series C Bonds to the underwriters and approve the form of the Bond Purchase Agreement, Preliminary Official Statement, Continuing Disclosure Agreement, Tender Agency Agreement, Reimbursement Agreement and Fee Letter and Remarketing Agreement and authorize the execution and delivery thereof, subject to approval of the City Attorney as to form and legality.

At their March 14, 2019 meeting, the UAB voted 5-2 to advise the City Commission to accept the staff

recommendation. Members Mary Alford and Michael Selvester were in dissent.