



Legislation Text

File #: 190902., **Version:** 2

Resolution Authorizing the Issuance of Gainesville Regional Utilities System Revenue Bonds 2020 Series A (B)

****This item is informational only.****

At the October 17, 2019 City Commission meeting the Commission authorized the General Manager to execute, within prescribed execution parameters and timeframes, a range of financial transactions. One of the transaction types authorized was refunding of fixed rate bonds.

Subsequent to this authorization staff has pursued a refunding of \$10.505 million of outstanding 2010 Series C Utilities System Revenue Bonds. The authorizing resolution in October contemplated public offerings to execute refundings of fixed rate bonds. Given the relatively small size of the proposed 2010 Series C Bonds refunding issue, staff and our financial advisor have determined that the most efficient manner to execute this transaction would not be through a public offering but rather through a direct placement with a single purchaser. The proposed Thirty-Third Supplemental Utilities System Revenue Bond Resolution authorizes such a direct placement and is being done as part of the bonds authorized by the resolution adopted on October 17, 2019. Due to federal tax law requirements Bank of America, N.A. will pursuant to a forward delivery agreement, agree to purchase the bonds on or about July 3, 2020 and the proceeds will be held in escrow with U.S. Bank and used to redeem the refunded bonds on October 1, 2020.

This current resolution was presented to the City Commission for approval on February 6, 2020, and was passed unanimously. In order to optimize the benefit derived from the transaction, staff's best option was to take it directly to the City Commission.

Refunding the 2010 Series C Bonds will result in reduced debt service expense.

Discuss with staff.