



# STAFF REPORT

## CITY OF GREEN COVE SPRINGS, FLORIDA

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**TO:** Regular Session **MEETING DATE:** June 1, 2021  
**FROM:** Marlena Guthrie, Finance Director  
**SUBJECT:** Award of Loan Provider and Loan Option in an amount of not-to-exceed \$9,800,000 for the refunding of Electric Utility Revenue Note, Series 2018

### BACKGROUND

On April 20, 2021, City Council directed staff to engage the City's Financial Advisor Public Financial Management (PFM), LLC to release a Request for Proposals for the potential refunding of the Electric Utility Revenue Note, Series 2018. The current low interest rate environment would allow for potential debt service savings to be achieved through a refunding of the 2018 Electric Utility Revenue Note. The Request for Proposals was released on April 21, 2021 and seven (7) proposals were received by the May 21, 2021 deadline. The City's Financial Advisor, PFM solicited the loan proposals on behalf and at the direction of the City to identify the institution that can provide the City with a fixed, bank qualified refunding of the 2018 Electric Utility Revenue Note at the lowest overall borrowing cost and terms most favorable to the City, pursuant to certain conditions as determined by the City, in an aggregate principal amount of not to exceed \$9,800,000 which includes standard costs of issuance.

City Staff and PFM have reviewed the seven (7) proposals that were received and have noted that Key Government Finance, Inc. ("KGF") has submitted the best proposal. Their response included the lowest interest rate alternative along with the most favorable loan conditions. Attached to this staff report is a copy of the Request for Proposals along with a copy of each proposal received. Jeremy Niedfeldt and Aurora Pavlish-Carpenter with PFM are here tonight with the recommendation that summarizes all proposals and loan criteria. A copy of PFM's recommendation is also attached.

The loan will be secured solely by a senior pledge of the net revenues of the City's Electric Utility System. The net revenues pledge for the Electric Utility Revenue Refunding Note, Series 2021 will be obligated for a twelve (12) year term of the loan, matching the original 15-year term with no extension of the final maturity.

Once Council approves a preferred lender and financing alternative, the City's bond counsel, Bryant Miller Olive P.A., will prepare the Resolution to authorize borrowing the funds along with the closing documents. The Resolution and closing documents will be presented at the June 15, 2021 Council meeting. This is contingent upon the passage of an Ordinance that the City Charter Section 2.12 requires to approve the borrowing of funds for any purpose. The first reading of this Ordinance was presented tonight and the second reading of the Ordinance will be presented on June 15, 2021.

### FISCAL IMPACT

The City will be required to pay back this loan over time (12 years) and will use the net revenues of the City's Electric Utility System to pay the debt service. If approved, the estimated savings the City will realize is approximately \$920,000 of net present value debt service savings (more than \$1 million total

cashflow savings) or over 9.5% of the Refunded Bonds par amount, resulting in approximately \$150,000 in savings this year and more than \$70,000 annually through 2033.

## RECOMMENDATION

Subject to Council Direction.