

RESOLUTION NO 2025 - 048

CITY OF LAKE CITY, FLORIDA

A RESOLUTION OF THE CITY OF LAKE CITY, FLORIDA APPROVING THAT CERTAIN DIRECTIVE BY AND BETWEEN THE CITY OF LAKE CITY AND FLORIDA GAS UTILITY FOR PARTICIPATION IN THAT CERTAIN GAS PRE-PAY TRANSACTION INITIATED BY THE MUNICIPAL GAS AUTHORITY OF GEORGIA; MAKING CERTAIN FINDINGS OF FACT IN SUPPORT OF THE CITY OF LAKE CITY ENTERING INTO SAID DIRECTIVE; RECOGNIZING THE AUTHORITY OF THE MAYOR OF THE CITY OF LAKE CITY TO EXECUTE SAID DIRECTIVE; DIRECTING THE MAYOR OF THE CITY OF LAKE CITY TO EXECUTE SAID DIRECTIVE; REPEALING ALL PRIOR RESOLUTIONS IN CONFLICT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Lake City (the "City") entered into a Gas Services Agreement with Florida Gas Utility (the "Utility") on September 1, 1989, which agreement has since been amended by certain agreements (collectively, the "Agreement"); and

WHEREAS, the City provides natural gas utility services to consumers of natural gas; and

WHEREAS, the Utility has presented to the City the opportunity to participate in that certain gas pre-pay transaction initiated by the Municipal Gas Authority of Georgia for the purchase of natural gas at a discounted rate (the "Discount Rate Opportunity"); and

WHEREAS, the City desires to participate in the Discount Rate Opportunity by transmitting that certain directive and authorization as an amendment to the Agreement in the form attached hereto (the "Directive") to direct and authorize the Utility to delivery natural gas to the City pursuant to the terms of the Directive; and

WHEREAS, executing and transmitting the Directive is in the best interests of the City to ensure a reliable supply of natural gas to the City at a stable price; now therefore

BE IT RESOLVED by the City Council of the City of Lake City, Florida:

1. Pursuing the Discount Rate Opportunity is in the public or community interest and for the public welfare; and

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2. In furtherance thereof the Directive in the form of the Exhibit attached hereto should be and is approved by the City Council of the City of Lake City; and
 3. The Mayor of the City is authorized and directed to execute the Directive on behalf of the City and transmit same to the Utility; and
 4. All prior resolutions of the City Council of the City in conflict with this resolution are hereby repealed to the extent of such conflict; and
 5. This resolution shall become effective and enforceable upon final passage by the City Council of the City of Lake City.

APPROVED AND ADOPTED, by an affirmative vote of a majority of a quorum present of the City Council of the City of Lake City, Florida, at a regular meeting, this ____ day of April, 2025.

BY THE MAYOR OF THE CITY OF LAKE CITY,
FLORIDA

Noah E. Walker, Mayor

ATTEST, BY THE CLERK OF THE CITY COUNCIL
OF THE CITY OF LAKE CITY, FLORIDA:

Audrey Sikes, City Clerk

APPROVED AS TO FORM AND LEGALITY:

Clay Martin, City Attorney

MEETING DATE
04/07/2025

CITY OF LAKE CITY

Report to Council

COUNCIL AGENDA	
SECTION	
ITEM NO.	

SUBJECT: Natural Gas Prepay 2025B

DEPT / OFFICE: Natural Gas

Originator: Steve Brown, Executive Director of Utilities		
City Manager Don Rosenthal	Department Director Steve Brown	Date 3/7/2025
Recommended Action: Our recommendation is to authorize the execution of the directive for the prepaid deal.		
Summary Explanation & Background: <p>The City of Lake City as a member of Florida Gas Utility has entered into 5 previous gas deals with Municipal Gas Authority of Georgia and BlackBelt Energy to prevent extreme cost swings from being past along to our valued customers. The savings are estimated at 0.65/dth, approximately \$53,143.80 a year. Florida Gas Utility has brought to our attention that we have the opportunity to enter into another prepaid deal with Municipal Gas Authority of Georgia.</p> <p>Florida Gas Utility has volunteered to come present a plan to show over all cost savings.</p>		
Alternatives: Not to participate.		
Source of Funds: 420.80.532.030.49		
Financial Impact: None		
Exhibits Attached:		



City of Lake City
Natural Gas Department
590 SW Arlington Boulevard
Lake City, FL 32025

Directive Confirmation and Addendum

EXHIBIT TO
RESOLUTION

To: Katie Hall, General Manager & CEO
Florida Gas Utility

From: City of Lake City (referred to in this Directive as "Participant")

Subject: Firm Gas Supply Authorization Under All Requirements Gas Services Agreement - MGAG Pending Transaction 2025B

This directive and authorization ("Directive") is given pursuant to the All Requirements Gas Services Agreement between Florida Gas Utility ("FGU") and Participant, dated as of October 1, 2016 (the "Agreement") and will constitute an Addendum to the Agreement. The gas to be delivered under this Directive shall, except as otherwise provided herein, be supplied in accordance with Article III of the Agreement.

FGU has shared with Participant information concerning an opportunity to participate in a gas pre-pay transaction initiated by Municipal Gas Authority of Georgia ("MGAG"). Under the proposal, MGAG has offered initial minimum discounted pricing of \$0.60/Dth off Inside FERC First of Month Index for the applicable geographic zone, for an approximate 30-year commitment to purchase firm quantities of gas, subject to a number of adjustments and variables, including future bond re-pricings after the first five to ten years, that will occur thereafter at approximate five-year intervals over the term (the "Variable Discount"). If the Variable Discount achieved during any re-pricing period is below \$0.23/Dth (the "Minimum Discount"), then the Participant has the option, but not the obligation, to exercise its right to terminate its participation in the remainder of the Transaction. If the Variable Discount achieved during any re-pricing period is at or above the Minimum Discount, then the Participant may or may not agree to an extension of the term of the transaction for a period equal to or less than the expiring re-pricing period. FGU shall contact Participant in advance of making a final decision regarding the term extension for final approval or rejection. MGAG also has the right to terminate the gas purchase agreement with FGU under certain circumstances. The detailed terms and conditions of the MGAG offer are contained in gas purchase documentation that FGU has previously delivered to Participant (the "MGAG Pending Transaction 2025B Documentation"). FGU is willing to enter into the MGAG Pending Transaction 2025B Documentation on behalf of and as agent for Participant, upon Participant's execution of this Directive, and upon receipt of other Directives from other FGU Members wishing to participate in MGAG's offer. This Directive will not become effective until FGU executes and enters into the MGAG Pending Transaction 2025B Documentation.

NOT FOR
EXECUTION

Participant hereby requests and authorizes FGU to secure firm gas supply on behalf of and as agent for Participant in the following quantities, under the terms and conditions of the MGAG Pending Transaction 2025B Documentation and the Agreement (the “Transaction”):

Term: For a term of up to 30 years starting no earlier than November 1, 2025, subject to MGAG’s termination rights under the MGAG Pending Transaction 2025B Documentation and Participant’s termination rights in the event: 1) that the Minimum Discount is not achieved in any re-pricing period; or 2) that its load requirements are significantly reduced or extinguished.

Quantity: 247 Dths per day, firm for the months of November – March in year one through and including year 30 of the Transaction;

209 Dths per day, firm for the months of April – October in year one through and including year 30 of the Transaction.

Participant will be obligated to take, or pay for, the designated quantity throughout the term, notwithstanding fluctuations in Participant’s gas supply requirements as otherwise permitted under Article III of the Agreement. Gas supplies furnished pursuant to this Directive shall constitute a portion of Participant’s gas requirements as contemplated in Article III (A) of the Agreement and shall be transported to Participant pursuant to Article II of the Agreement.

Price: Variable based on Inside FERC First of Month Index for the applicable geographic zone minus the Variable Discount, which initially shall be a minimum of \$0.60/Dth, portions of which shall be applied on a monthly basis with the remainder applied on an annual basis. About year five to ten and approximately every fifth year thereafter for the full term, the Variable Discount will be subject to adjustment. Participant shall be obligated to pay a pro rata share of all other costs payable by FGU under the MGAG Pending Transaction 2025B Documentation as described below.

Location: Receipt point(s) in FGT Zone 3 or as otherwise determined by FGU’s General Manager in accordance with the MGAG Pending Transaction 2025B Documentation.

Participant will be required to execute additional documentation in connection with the implementation of the Transaction (such as certificates as to base load percentages and use) and periodically thereafter in accordance with the MGAG Pending Transaction 2025B Documentation and will be subject to certain limitations on the use of gas purchased under this Directive, all as set forth in the MGAG Pending Transaction 2025B Documentation.

Participant acknowledges that any quantities purchased by FGU pursuant to this Directive will be purchased under firm contracts and that FGU will be required to take delivery of such quantities. Participant agrees to pay all amounts becoming due with respect to the gas to be delivered under this Directive, in accordance with the terms of the MGAG Pending Transaction 2025B Documentation and the Agreement, regardless of whether the gas is actually delivered to or used by Participant. Purchaser accepts the risks and limitations otherwise described in the

MGAG Pending Transaction 2025B Documentation and hereby agrees to pay its share of all costs, expenses and liabilities (including court costs and attorney fees) incurred by FGU in connection with its obligations arising under or in respect of the MGAG Pending Transaction 2025B Documentation or the transactions contemplated thereby. Furthermore, Participant understands that any claim for adequate assurance that results in a required payment or deposit by FGU, an early termination resulting in early termination costs, or any other costs, incurred by FGU on Participant's behalf because of this Transaction, shall be the responsibility of Participant in accordance with the terms of the Agreement.

This Directive is given as an Addendum to the Agreement for the purchase of a specific supply of gas and shall constitute a contractual obligation of Participant. In the event of a conflict between the terms of the MGAG Pending Transaction 2025B Documentation, as implemented by this Directive, and the terms of the Agreement, the terms of this Directive and the MGAG Pending Transaction 2025B Documentation shall control.

THIS DIRECTIVE SUPERCEDES ALL PRIOR AND CONTEMPORANEOUS DIRECTIVES REGARDING THE MUNICIPAL GAS AUTHORITY OF GEORGIA'S PENDING TRANSACTION 2025B AND CONSTITUTES THE SOLE, PREVAILING DIRECTIVE WITH REGARD TO THE SUBJECT MATTER ADDRESSED HEREIN.

EXHIBIT-NOT FOR EXECUTION

Authorized Signature

Print Name

Date