

## RESOLUTION NO 2025 - 072

### CITY OF LAKE CITY, FLORIDA

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE CITY, FLORIDA, APPROVING THAT CERTAIN *DIRECTIVE TO EXECUTE FINANCIAL HEDGES* WITH FLORIDA GAS UTILITY; MAKING CERTAIN FINDINGS OF FACT IN SUPPORT OF THE CITY APPROVING SAID AGREEMENT; RECOGNIZING THE AUTHORITY OF THE MAYOR TO EXECUTE AND BIND THE CITY TO SAID AGREEMENT; DIRECTING THE MAYOR TO EXECUTE AND BIND THE CITY TO SAID AGREEMENT; REPEALING ALL PRIOR RESOLUTIONS IN CONFLICT; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Florida Gas Utility (“FGU”) was formed by Interlocal Agreement on September 1, 1989, which was subsequently amended by the Amended Interlocal Agreement on July 1, 1996, and thereafter amended and restated by Second Amended and Restated Interlocal Agreement dated as of July 27, 1999, and thereafter amended and restated by Second Amended and Restated Interlocal Agreement dated as of March 25, 2011; and

**WHEREAS**, to take advantage of perceived opportunities created by the restructuring of natural gas services, FGU was established between and among several public agencies for the purpose of achieving savings through joint services for FGU members; and

**WHEREAS**, the City of Lake City, Florida (the “City”) and FGU entered into the *All Requirements Gas Services Agreement* dated October 1, 2016 whereby FGU has agreed that it will furnish the City supplies of natural gas for the City’s natural gas requirements; and

**WHEREAS**, approving that certain *Directive to Execute Financial Hedges* (the “Directive”), in the form of the Exhibit attached hereto for the purpose of hedging the price of gas for FGU members is in the public interest and in the interests of the City; now therefore

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

1. Approving the Directive in the form attached as an Exhibit hereto for the purpose of hedging the price of gas for FGU members is in the public or community interest and for public welfare; and
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

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3. The Mayor of the City of Lake City is the officer of the City duly designated by the City's Code of Ordinances to enforce such rules and regulations as are adopted by the City Council of the City of Lake City; and
  4. The Mayor of the City of Lake City is authorized and directed to execute on behalf of and bind the City to the terms of the Agreement; and
  5. All prior resolutions of the City Council of the City of Lake City in conflict with this resolution are hereby repealed to the extent of such conflict; and
  6. 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 May, 2025.

BY THE MAYOR OF THE CITY OF LAKE CITY,  
FLORIDA

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Noah E. Walker, Mayor

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

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Audrey E. Sikes, City Clerk

APPROVED AS TO FORM AND LEGALITY:

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Clay Martin, City Attorney

## **DIRECTIVE TO EXECUTE FINANCIAL HEDGES**

THIS DIRECTIVE TO EXECUTE FINANCIAL HEDGES (this “Directive”) made and entered into as of \_\_\_\_\_, 2025, by the CITY OF LAKE CITY, (“LAKE CITY”) and directed to FLORIDA GAS UTILITY, a public body corporate and politic and joint action agency formed under the Florida Interlocal Cooperation Act (“FGU”).

WITNESSETH:

WHEREAS, FGU was formed by Interlocal Agreement on September 1, 1989, which was subsequently amended by the Amended Interlocal Agreement on June 1, 1992, and thereafter amended and restated by Amended and Restated Interlocal Agreement dated as of July 1, 1996, and thereafter amended and restated by Second Amended and Restated Interlocal Agreement dated as of July 27, 1999, and thereafter amended and restated by Third Amended and Restated Interlocal Agreement dated as of March 25, 2011 (as amended, the “Interlocal Agreement”); and

WHEREAS, FGU and LAKE CITY, as a member of FGU, have previously entered into a Gas Services Agreement, dated as of October 1, 2016 (the “Gas Agreement”), whereby FGU has agreed that it will furnish LAKE CITY supplies of natural gas for LAKE CITY's gas requirements in accordance with the policies of FGU established by its Board of Directors, including the determination of the sources of such gas, including the proper mix of firm gas supplies, spot gas supplies and long term gas supplies; and

WHEREAS, FGU's Derivatives Policy (the “Policy”) enables LAKE CITY to authorize FGU to acquire “Derivative Products”, as such term is defined in the Policy, upon written “Directive”, as such term is defined in the Gas Agreement, from LAKE CITY; and

WHEREAS, FGU, for the purpose of hedging the price of gas for its Members, has executed an enabling agreement that established and maintains an exchange clearing account with an appropriate counterparty (the “FGU Clearing Account”).

NOW, THEREFORE, LAKE CITY hereby represents to, covenants with, and directs, FGU as follows:

1. LAKE CITY has, by appropriate action, duly authorized the execution and delivery of this Directive on its behalf by its authorized officer, who is and shall constitute a “Member Representative”, as such term is defined in the Gas Agreement. This Directive has been validly authorized, duly executed and delivered and is binding upon LAKE CITY in accordance with its terms.

2. FGU is hereby directed to enter into a new “Financial Instrument”, as such term is defined in the Gas Agreement, meeting the parameters set forth in **Exhibit A** attached hereto (the “New Trade”). Upon entering into the New Trade, FGU should timely inform the Member Representative of the terms of the New Trade, but failure to provide such notice shall not alter or affect the authority of FGU hereunder to enter into the New Trade.

3. LAKE CITY hereby approves the parameters of the New Trade, agrees to be bound to all of the terms and conditions thereof, and agrees to promptly pay FGU all amounts that become due as a result of the New Trade in accordance with the Gas Agreement, including but not limited to brokerage commissions, margin calls, and losses that may be incurred due to changes in the market value and expiration of the New Trade.

4. LAKE CITY acknowledges and agrees that FGU is relying upon this Directive in connection with FGU's execution of the New Trade and for purposes of compliance with the terms and provisions of the Gas Agreement. This Directive relates solely to the New Trade and is supplemental to the

**EXHIBIT TO  
RESOLUTION**

**NOT FOR  
EXECUTION**

Gas Agreement and shall not be viewed as an amendment of any terms, provisions or requirements contained therein.

5. This Directive is made under and shall be governed by the laws of the State of Florida and, upon implementation by FGU, shall be binding and enforceable against LAKE CITY.

IN WITNESS WHEREOF, LAKE CITY has caused this Directive to be executed by its proper office being thereunto duly authorized as of the day and year first above written.

CITY OF LAKE CITY

By: EXHIBIT-NOT FOR EXECUTION

Name:

Title:

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**Exhibit A**  
**Parameters for Financial Instrument**

<b>Financial Instrument Contract:</b>	FGU Clearing Account
<b>Financial Product:</b>	Futures Contract or Call Option
<b>Commodity:</b>	Natural gas
<b>Trade Type:</b>	Purchase
<b>Summer Season:</b>	April through October
<b>Winter Season:</b>	November through March
<b>Maximum Trigger Price:</b>	Budget Cost of Gas Commodity per Dth or as agreed upon by Member and FGU for each annual period

**1-12 Months Out:**

<b>Quantity:</b>	Up to 75% of Average Annual Usage, by Season
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**13-24 Months Out:**

<b>Quantity:</b>	Up to 50% of Average Annual Usage, by Season
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**25-36 Months Out:**

<b>Quantity:</b>	Up to 25% of Average Annual Usage, by Season
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EXECUTION**