From: Bielarski, Edward J
To: Hayes-santos, Adrian
Subject: Fwd: Cost to GRU of Perry/Clemons bill
Date: Tuesday, January 31, 2017 4:01:05 PM

Adrian,

In addition GRU has SWAPs which we carry on unrealized loss of over $ 80 million which based on our current operations will never be realized. However, if we created a separate Authority we would create an immediate loss of $ 80 million.

Ed B

Sent from my iPad

Begin forwarded message:

> **From:** "Bielarski, Edward J" <BielarskiEJ@gru.com>
> **Date:** January 31, 2017 at 3:39:54 PM EST
> **To:** "Hayes-Santos, Adrian" <HayesSantosA@cityofgainesville.org>
> **Subject: Re: Cost to GRU of Perry/Clemons bill**
>
> Adrian,
>
> What is problematic about the debt and the creation of a new authority is the possibility of needing to defease our current bonds and reissue them under a newly created entity. That comes with underwriting fees, bond counsel fees, transaction fees and an independent engineers analysis and report. It's not hard to see a 2 to 3 percent charge on a billion dollars of bonds ($ 20 mm to $ 30 million). All vehicles and rolling stock would have to be transferred and new title and registration covered (could be up to $ 500 k).
>
> In addition, we'd have to pay for the creation of the authority which would include legal counsel and advisors along with the cost of establishing ratings for the new entity. That could be in the millions of dollars.
>
> Separating GRU from the city in terms of debt issuance and the ability of new authority to increase rates to customers would be a challenging concept for the rating agencies and could result in lower ratings for both GG and GRU.
>
> I've asked mr Locke to look into this further.
>
> Sent from my iPad
>
> > On Jan 30, 2017, at 8:06 PM, Hayes-Santos, Adrian <HayesSantosA@cityofgainesville.org> wrote:

Hi Ed,

You mentioned that transferring GRU debt to a new GRU authority would cause a big increase in cost. Do you have numbers on this or what the increase costs could be under a new authority?

Thanks!

Sent from mobile