

Wednesday, December 11, 2024, 5:30 p.m.

GRU Administration Building

301 SE 4th Avenue

Gainesville, FL 32601

Directors

Chair Eric Lawson

Vice-Chair David Haslam

Director Craig Carter

Director Jack Jacobs

Director Robert Skinner

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A. CALL TO ORDER

Agenda Statement: The Gainesville Regional Utilities Authority encourages civil public speech. The Gainesville Regional Utilities Authority expects each person entering this chamber to treat others with respect and courtesy. Speakers are expected to focus on agenda items under discussion. Signs, props, posters, food, and drinks should be left outside the auditorium.

B. INVOCATION

C. PLEDGE OF ALLEGIANCE

D. ADOPTION OF THE AGENDA

Includes Consent and Regular Agenda Items

E. CHAIR COMMENTS

F. GENERAL PUBLIC COMMENT

(for items not on the agenda, not to exceed 30 minutes total)

G. CONSENT AGENDA

1. Approval of the Minutes from the November 6, 2024 GRUA Meeting (B)

2. **2024-747 Property Transfer to General Government for Gainesville Fire Rescue Headquarters & Standalone Emergency Operations Center (B)**

Department: Chief Operating Officer / Administrative Services

Description: This item is seeking approval to transfer 0.40 acres of real property from GRU to General Government (GG). Gainesville Fire Rescue (GFR) will be redeveloping the Catalyst Building property within the Power District into a Standalone Emergency Operations Center and Headquarters. The GFR project includes the renovation of the existing 2-story Catalyst Building, the installation of a new 1800sf building and a parking lot expansion. The Catalyst Building is a GG asset and the surrounding property is a GRU asset and included in the established Power District boundary.

GG has requested the transfer of 0.40 acres of the surrounding GRU property to facilitate the parking lot design and required number of parking spaces for GFR staff. GRU and GG staff have drafted a Memorandum of Understanding that outlines the terms of this transfer, including the fair value that will be paid to GRU as determined by the most recent property appraisal for the Power District properties.

Attached is the Boundary & Topographic Survey of the Catalyst Building (Parcel 1) and proposed transfer area (Parcel 2); the GFR EOC/HQ concept plan; the proposed draft Memorandum of Understanding; and the 2023 Power District Properties appraisal

Fiscal Note: The fair value amount that will be transferred to GRU from GG will be \$156,500.00. An internal transfer to GG versus a third-party will result in lower real estate transaction costs. There will be no expenditures required of GRU related to the transfer of the property.

Recommendation: GRUA approve the transfer of the 0.40 acres from GRU to GG for the expansion and redevelopment of the Catalyst Building property and accept \$156,500.00 as fair value; authorize the CEO, or his designee, to execute the Memorandum of Understanding between GRU and GG.

3. **2024-915 The Energy Authority (TEA) Natural Gas Trade Guaranty Agreement (B)**
Department: Budget, Finance, and Accounting

Description: GRU is a member of TEA, an organization comprised of seven public power organizations throughout the United States, whose primary function is to leverage economies of scale to bring benefits to public power entities across the country. TEA provides a number of services to GRU including power trading, risk management and hedging, commodities market forecasting, and advanced analysis.

As part of this function, TEA through its members must guaranty that it will pay for power purchased from others.

- Guarantees from members are foundational to TEA's business and integral to providing value back to members.
- Corporate structure guarantees supplied by members are TEA's only source of trade collateral
 - Facility backed by guarantees, not cash
 - Guarantees have never been called on in TEA's history

The need is increasing due to fundamental market changes.

- The wholesale energy market has continued to become more complex and the power purchase volumes are much larger.
- Increased market volatility and less fuel diversity
- Member risk management needs (increased hedging)
- Continued growth

At this time, GRU's share of the trade guaranty amounts is \$26,100,000.

Fiscal Note: GRU and/or the other members of TEA would be required to pay in the unlikely instance that TEA was unable to pay.

Recommendation: GRUA authorize the CEO or his designee to execute the following documents: Annex 5 – re-setting the gas advanced for 2025 Natural Gas Trade Guaranty Agreement for 2025 Unconditional Guaranty (Gas) for 2025 Termination Notice to PNC terminating the 2024 Unconditional Guaranty, and Incumbency Certificate.

4. 2024-916 Application for Consumptive Use Permit Renewal (B)

Department: Chief Operating Officer / Water

Description: This item is seeking approval to proceed with an application for renewal of the Consumptive Use Permit (CUP) for the Murphree Wellfield. Groundwater withdrawal at the Murphree Wellfield is permitted under a CUP issued by the St. Johns River Water Management District. The existing CUP authorizes GRU to pump up to 30 million gallons per day (MGD) on an annual average basis and expires in 2034. GRU is eligible for early renewal of the permit. This enables GRU to secure our water supply for customer needs through 2045.

Fiscal Note: The funds for this project are included in the FY25-FY26 Water/Wastewater budget.

Recommendation: GRUA authorize the CEO, or his designee, to submit an application to the St. Johns River Water Management District for the renewal of the consumptive use permit for the Murphree Wellfield.

5. **2024-917 Application for Clean Water State Revolving Fund Emerging Contaminants Funding (B)**

Department: Chief Operating Officer / Wastewater

Description: This item is seeking approval to proceed with an application for Clean Water State Revolving Fund (SRF) Emerging Contaminants Funding.

The US Environmental Protection Agency set new drinking water standards for a group of fluorinated organic compounds known as per- and polyfluoroalkyl substances (PFAS) in April 2024. Public Water Systems must be in compliance with these new standards by 2029. GRU's drinking water has been tested and meets all proposed requirements.

PFAS is widely used in consumer products and is expected to be present in wastewater and reclaimed water. Regulatory standards for PFAS have not been set for reclaimed water. However, it is likely regulations will be forthcoming that require treatment/removal of these substances. To prepare for future regulations, GRU is proposing to quantify PFAS in our wastewater and reclaimed water and evaluate strategies for treatment to remove PFAS. Funding is currently available from the Florida Department of Environmental Protection (FDEP) through the Clean Water SRF program that will pay 100 percent of the cost for the evaluation, design and construction of systems for removing PFAS and other emerging contaminants from reclaimed water.

GRU submitted a request for inclusion and was listed by the FDEP to receive up to \$1,100,000 in SRF funding for evaluation and planning for PFAS removal from the Kanapaha Water Reclamation Facility. The FDEP listing is attached. The next step is for GRU to submit a funding application by December 12, 2024, and negotiate a funding agreement with FDEP. Once a funding agreement is executed, GRU can be reimbursed for all costs related to the evaluation incurred from the date of FDEP listing (August 2024). GRU has issued a task assignment for \$276,366 with Carollo Engineers through its continuing services contract to assist in the initial phase of the evaluation.

Based on the results of the evaluation, if GRU intends to initiate design and construction phases of PFAS removal facilities at Kanapaha Water Reclamation Facility, GRU will need to go through the request for inclusion and application processes to receive funding for those phases.

Fiscal Note: No impact to FY25 Wastewater budget due to SFR funding for emerging contaminants being 100 percent reimbursable; essentially no cost to GRU.

Recommendation: GRUA authorize the CEO, or his designee, to submit an application and execute a funding agreement with the Clean Water SRF program for funding up to \$1,100,000, subject to legal review and approval.

6. 2024-921 Cash Balance Study and Cash Balance Policy (B)

Department: Budget, Finance, and Accounting

Description: In 2019 GRU engaged its financial advisor, PFM LLC, to conduct a Resiliency and Cash Balance Study (Study). The purpose of the Study was to establish prudent cash levels to accommodate various sources of cash flow variability as well as manage risk. Based on the results of this Study GRU implemented its first Cash Balance Policy, approved by the City Commission in February of 2019, which established cash targets as well as upper and lower bounds around these targets.

One of the provisions of the policy is that the Study will be updated periodically with recommendations to adjust the cash targets as necessary. PFM recently concluded its 2023/2024 update to the Study. PFM's recommended 2025 cash target is ~\$107 million, which is ~\$27 million higher than the previous Study. There are several reasons for the increase:

- Targets were developed for each system which identified unique operational and financial risks compared to the prior Study
- Natural gas prices were significantly elevated in 2021 and 2022. This influenced not only the cost of natural gas but also the cost of electricity – whether GRU-generated or purchased on the market. Commodity expenses are the largest expense across all of GRU's systems.
- Inflationary impacts were felt across all expense classes beyond commodity expense. A & G expenses were elevated across systems.

Other risks were identified and quantified compared to the prior Study. These include:

- Cyber. GRU has a cyber-insurance policy but it is limited due to insurance market conditions
- Weather impacts from both "routine" Florida hurricanes to significant disruptions in commodity markets as seen in other parts of the United States (Texas, the mid-west, California) were quantified and included
- While GRU has a significant insurance portfolio, there is ~\$3 million of deductibles associated with these policies as well as limitations on the timing of coverage. GRU's generation fleet is older compared to peer utilities so the likelihood of forced outages is high. This was a new risk area for the Study.

Fiscal Note: Cash targets will increase ~\$27 million. Additionally, the Cash Balance Policy will be amended to reflect the fact that target ranges will be adjusted, if necessary, to ensure that the day's cash on hand does not fall below 250 days through the financial forecast horizon. Currently this requires cash reserves of ~\$50 million in excess of policy targets.

Recommendation: GRUA accept the updated Resiliency and Cash Balance Study and authorize the cash target changes to the Cash Balance Policy as recommended in the Study results. These cash target changes are already included in GRU's ten year forward financial modeling.

7. 2024-923 Fiscal Year 2024 General Fund Transfer (GFT) Update (B)

Department: CEO

Description: This item serves as an update to the GRUA based on their motion passed at the November 6, 2024 GRUA meeting which directed adjustments to certain expenses from the remaining FY2024 GFT.

Fiscal Note: The remaining FY24 GFT has been adjusted from \$3,000,000, to \$1,488,897.

Recommendation: GRUA approve the GFT adjustment.

H. CEO COMMENTS

I. ATTORNEY COMMENTS

J. BUSINESS DISCUSSION ITEMS

1. 2024-922 State of the Utility (B)

Department: CEO/COO

Description: GRU will be providing a monthly update to Authority members to ensure they are aware of important projects and relevant utility measurements and benchmarks. This first report looks at October 2024. We will be assessing the most effective methods for delivering the report in addition to the most relevant information as it evolves.

Fiscal Note: No fiscal note.

Recommendation: GRUA hear a monthly update regarding the utility's operational areas.

2. 2024-924 Financial Management Information System (FMIS) Upgrade (B)

Department: Budget, Finance, and Accounting

Description: This item serves as a request for authorization to negotiate and execute software agreements with SAP.

Fiscal Note: License subscription costs for the applications described below are estimated to be \$17.3 million over seven years. These costs will be partially offset by the retirement of current licenses totaling \$2 million over seven years. Software implementation costs for the full suite of applications are estimated to be \$7.1 million and are offset by the vendor's offer of a \$1.1 million transformation credit if under contract before the end of 2024. Both operating and capital costs are included in GRU's ten-year financial forecast.

Recommendation: GRUA authorize the CEO or his designee to negotiate and execute licensing agreements up to \$ 17.3 million (seven-year basis) and consulting services agreements up to \$7.1 million to initiate FMIS, document management, and reporting system upgrades and implementation of SuccessFactors HR application.

3. 2024-925 September 30, 2024 Pre-Audit Budget to Actual Comparison (B)

Department: Budget, Finance, and Accounting

Description: This is an informational item related to a summary of the FY24 pre-audit budget to actual results.

Fiscal Note: No fiscal impact.

Recommendation: GRUA receive the report.

K. RESOLUTIONS (Roll Call Required)

1. **2024-919 Amendment of a Credit Agreement between the Gainesville Regional Utilities Authority and U.S. Bank National Association (B)**

Department: Budget, Finance, and Accounting

Description: GRU's liquidity structure is of critical importance to our financial profile. Liquidity lines provide access to funds to address unforeseen financial events or to assist in short-term capital funding efforts. These programs are central to maintaining GRU's financial and operational flexibility and are also viewed favorably by the rating agencies as they augment our days cash and liquidity metrics.

As part of this liquidity structure, in April of 2022 GRU entered into a credit agreement with U.S. Bank National Association for a \$150 million revolving line of credit. This line of credit replaced \$150 million in authorized but unissued commercial paper lines, \$125 million of which was tax-exempt and \$25 million of which was taxable. This revolving line of credit features:

- Daily access to funds vs. the 30–45-day time frame of commercial paper issuance
- Flexibility to designate any portion of the \$150 million available as either tax-exempt or taxable.

The decision to amend the initial credit agreement is driven by two factors:

- The current interest rate index for the agreement, the Bloomberg Short-Term Bank Yield Index ("BSBY") ceased to be published on November 15, 2024
- The agreement is set to expire in April of 2025.

GRU, working through its financial advisor PFM LLC, and its bond counsel Holland & Knight has negotiated an extension to the maturity date of the agreement as well as a modification of the applicable interest rate index. The proposed amendment will extend the life of the agreement three years and will utilize the "Monthly Reset Term Secured Overnight Financing Rate (SOFR)" as the applicable index.

Fiscal Note: The unused facility fee for the amended credit agreement is \$570,000 per year which is an increase over the prior fee of \$315,000.

Recommendation: GRUA adopt the proposed resolution.

2. **2024-920 Gas Prepay Transaction Resolution (B)**

Department: Budget, Finance, and Accounting

Description: At its November 6, 2024, meeting, GRUA authorized the CEO or his designee to negotiate and execute a natural gas prepay agreement subject to certain execution parameters. Based on this authorization, attached is a proposed resolution which approves a natural gas supply agreement with Municipal Gas Authority of Georgia respecting a natural gas prepayment with Main Street Natural Gas.

Fiscal Note: Expected savings from the first segment of this transaction are 52 cents per MMBTU committed to the transaction or approximately \$1.9 million per year.

Recommendation: GRUA adopt the proposed resolution.

3. **2024-749 Appendix A - Utility Fees, Rates & Charges for Fiscal Year 2025 (B)**

Department: Budget, Finance & Accounting

Description: A resolution of the Gainesville Regional Utilities Authority, a unit of city government of the City of Gainesville, Florida, pursuant to the power and authority of the Authority set forth in the City Charter, providing that Gainesville Regional Utilities shall no longer be subject to portions of Appendix A, Schedule of Fees, Rates and Charges of the City of Gainesville Code of Ordinances that relate to electricity, water, sewerage, natural gas, and general charges; modifying residential base rates for electricity; providing for the notification to the City Commission of the conflict with existing ordinances; providing a severability clause; providing a repealing clause; and providing an immediate effective date.

This resolution modifies utility fees, rates, and charges as proposed by GRU staff.

The new and amended rates for fiscal year 2025 shall be applicable to all monthly bills which are for the first time rendered and postmarked after 12:01 AM on November 1, 2024.

Fiscal Note: The charge for Tier 1 of the Residential Electric base rate structure will remain at \$0.08460 per kWh but will move from the first 850 kilowatt hours per month to 1000 kilowatts per month, and for all kilowatt hours per month over 1000 the total charge per kWh will increase from \$0.1121 per kWh to \$0.12130 per kWh.

Recommendation: GRUA adopt the proposed resolution.

L. **DIRECTOR COMMENTS**

M. **ADJOURNMENT**

Gainesville Regional Utilities Authority

MINUTES

**November 6, 2024, 5:30 p.m.
GRU Administration Building
301 SE 4th Avenue
Gainesville, FL 32601**

Members Present: Craig Carter, Vice-Chair Haslam, Jack
Jacobs, Chair Lawson, Robert Skinner

A. CALL TO ORDER

Meeting called to order at 5:30 p.m.

B. ROLL CALL

Craig Carter joined the meeting at 5:30 pm.

Vice-Chair Haslam joined the meeting at 5:30 pm.

Jack Jacobs joined the meeting at 5:30 pm.

Chair Lawson joined the meeting at 5:30 pm.

Robert Skinner joined the meeting at 5:30 pm.

C. INVOCATION

David Haslam, GRU Authority

D. PLEDGE OF ALLEGIANCE

E. ADOPTION OF THE AGENDA

Public Comment: David Hastings

Moved by Robert Skinner

Seconded by Vice-Chair Haslam

Motion: The GRU Authority adopt the regular and consent agenda.

Aye (5): Craig Carter, Vice-Chair Haslam, Jack Jacobs, Chair Lawson, and Robert Skinner

Approved (5 to 0)

F. APPROVAL OF MINUTES

Moved by Craig Carter

Seconded by Robert Skinner

Motion: The GRU Authority approve the minutes from the October 7, 2024 GRU Authority meeting.

Aye (5): Craig Carter, Vice-Chair Haslam, Jack Jacobs, Chair Lawson, and Robert Skinner

Approved (5 to 0)

G. CHAIR COMMENTS

Chair Lawson thanked Folds Walker

Public Comment: Jim Konish

Moved by Vice-Chair Haslam

Seconded by Robert Skinner

Motion: All costs GRU has incurred in relation to Chapter 2023-348 are to be paid for by the City of Gainesville General Government via a deduction of the general fund transfer (GFT).

Aye (5): Craig Carter, Vice-Chair Haslam, Jack Jacobs, Chair Lawson, and Robert Skinner

Approved (5 to 0)

H. CONSENT AGENDA

1. 2024-821 Security Force Personnel Services (B)

Moved by Robert Skinner

Seconded by Vice-Chair Haslam

Recommendation: The GRU Authority delegate authority to the CEO or his designee to enter into a contract for Security Force Personnel Services with Excelsior Defense, Inc.

I. GENERAL PUBLIC COMMENT

Jim Konish
Angela Casteel

J. CEO COMMENTS

Presentation - IT SLA
HR consultant contracted part time
A GRIP grant was awarded
Rails to Trails program

Motion: GRU will: honor the fiscal year 2024 IT Service Level Agreement (SLA), which discounts services by \$3 million, recoup \$2.6 million for fiscal years 2023 and 2024 for streetlight payments of the county which was part of an agreement signed between the City and GRU and reduce the general fund transfer (GFT) to the City of Gainesville General Government to \$1.3 million.

Moved by Craig Carter
Seconded by Vice-Chair Haslam

Approved

K. ATTORNEY COMMENTS

Scott Walker, GRU Authority Attorney, thanked Chair Lawson for his accolades
Status updates were given on referendum and injunction
Director Carter addressed what GRUA will continue doing at this time

L. RESOLUTIONS (Roll Call Required)

M. BUSINESS DISCUSSION ITEMS

1. 2024-798 Natural Gas Prepay Transaction (B)

Presentation: Chris Lover, PFM Financial Advisors, LLC

Moved by Robert Skinner
Seconded by Jack Jacobs

Motion: The GRU Authority will delegate authority to the CEO or CFO to negotiate and execute a Prepay Agreement for natural gas, not exceeding 50% of GRU's average daily load and with savings of greater than \$0.40 per MMBtu.

Recommendation: The GRU Authority delegate to the CEO or CFO to negotiate and execute natural gas prepay contract(s) subject to the following parameters: A savings greater than \$0.40 per MMBtu.

Aye (5): Craig Carter, Vice-Chair Haslam, Jack Jacobs, Chair Lawson, and Robert Skinner

Approved (5 to 0)

2. 2024-807 State of the Utility, Monthly Update (B)

Chief Executive Officer, Ed Bielarski, gave update of operational areas for the fourth quarter.

Director Carter - Questioned if report is public

Recommendation: The GRU Authority hears a monthly update from the utility's operational areas.

Heard

3. 2024-796 Debt Management Policy Revision (B)

Chief Financial Officer, Claudia Rasnick, introduced the item to the board

Moved by Craig Carter

Seconded by Robert Skinner

Recommendation: The GRU Authority adopt the amended Debt Management policy.

Motion: Approve as recommended.

Aye (5): Craig Carter, Vice-Chair Haslam, Jack Jacobs, Chair Lawson, and Robert Skinner

Approved (5 to 0)

4. 2024-797 Amendment to GRU Investment Policy (B)

Chief Financial Officer, Claudia Rasnick, introduced the item to the board.

Director Lawson - questioned what has changed. Per CFO, just simple wording, but due to language in 2023-348, the Authority is to approve policy changes impacting GRU.

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Moved by Craig Carter

Seconded by Vice-Chair Haslam

Recommendation: The GRU Authority adopt the amended GRU Investment Policy.

Motion: Approve as recommended.

Aye (5): Craig Carter, Vice-Chair Haslam, Jack Jacobs, Chair Lawson, and Robert Skinner

Approved (5 to 0)

5. 2024-795 Financial Reporting Cadence (B)

Presentation and explanation given to the Authority by Chief Financial Officer, Claudia Rasnick.

Recommendation: This is an informational item only.

Heard

6. 2024-808 Deerhaven Renewable Outage Discovery (B)

Energy Supply Officer, Dino DeLeo, gave presentation to GRUA. Discussion ensued with several questions being asked by the Directors.

Recommendation: GRU will repair the turbine rotor prior to returning it to service to prevent further damage. This item is for information only purposes to the GRU Authority notifying them of the situation and repair.

Heard

N. DIRECTOR COMMENTS

No comments from Directors

O. ADJOURNMENT

Meeting adjourned at 7:28 p.m.

Craig Carter left the meeting at 7:28 pm.

Vice-Chair Haslam left the meeting at 7:28 pm.

Jack Jacobs left the meeting at 7:28 pm.

Chair Lawson left the meeting at 7:28 pm.

Robert Skinner left the meeting at 7:28 pm.

Christine Kunkel, GRUA Staff Liaison

File Number: 2024-747

Agenda Date: October 2, 2024

Department: Gainesville Regional Utilities

Title: 2024-747 Property Transfer to General Government for Gainesville Fire Rescue Headquarters & Standalone Emergency Operations Center (B)

Department: Chief Operating Officer / Administrative Services

Description: This item is seeking approval to transfer 0.40 acres of real property from GRU to General Government (GG). Gainesville Fire Rescue (GFR) will be redeveloping the Catalyst Building property within the Power District into a Standalone Emergency Operations Center and Headquarters. The GFR project includes the renovation of the existing 2-story Catalyst Building, the installation of a new 1800sf building and a parking lot expansion. The Catalyst Building is a GG asset and the surrounding property is a GRU asset and included in the established Power District boundary.

GG has requested the transfer of 0.40 acres of the surrounding GRU property to facilitate the parking lot design and required number of parking spaces for GFR staff. GRU and GG staff have drafted a Memorandum of Understanding that outlines the terms of this transfer, including the fair value that will be paid to GRU as determined by the most recent property appraisal for the Power District properties.

Attached is the Boundary & Topographic Survey of the Catalyst Building (Parcel 1) and proposed transfer area (Parcel 2); the GFR EOC/HQ concept plan; the proposed draft Memorandum of Understanding; and the 2023 Power District Properties appraisal

Fiscal Note: The fair value amount that will be transferred to GRU from GG will be \$156,500.00. An internal property transfer to GG versus a third-party will result in lower real estate transaction costs. There will be no expenditures required of GRU related to the transfer of the property.

Recommendation: GRUA approve the transfer of the 0.40 acres from GRU to GG for the expansion and redevelopment of the Catalyst Building property and accept \$156,500.00 as fair value; authorize the CEO, or his designee, to execute the Memorandum of Understanding between GRU and GG.

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
CITY OF GAINESVILLE AND GAINESVILLE REGIONAL UTILITIES, A UNIT OF
CITY GOVERNMENT OF THE CITY OF GAINESVILLE, FLORIDA
FOR THE TRANSFER OF REAL PROPERTY WITHIN THE POWER DISTRICT**

THIS MEMORANDUM OF UNDERSTANDING (“MOU”), entered into this ____ day of _____, 2024, by and between the CITY OF GAINESVILLE (“City”) and the GAINESVILLE REGIONAL UTILITIES, a Unit of City Government of the City of Gainesville, Florida (“GRU”), and may be referred to throughout this MOU as “Party” or collectively “Parties”. This MOU pertains to the transfer of a portion of real property owned by the City, and listed as a GRU asset, in the general vicinity of Depot Park and the Kelly Power Plant (generally referred to as the “Power District”), and illustrated in Exhibit “A” attached to this MOU.

WHEREAS, the Parties entered into an Memorandum of Understanding dated July 5, 2012 for the transfer of real property within the Power District depicted as Parcel 1 in Exhibit “A” and further described in Exhibit “B”; and

WHEREAS, the Parties desire to transfer additional real property within the Power District depicted as Parcel 2 in Exhibit “A” (“the Property”), and further described in Exhibit “C”; and

WHEREAS, the Property is no longer needed for GRU operations and the purpose of this MOU is to outline the terms and conditions by which GRU will transfer the Property to the City..

NOW, THEREFORE, the City and GRU agree as follows:

1. **Prior Memorandum of Understanding.** The Parties have met its obligations for the conveyance, transfer and payment terms of the Memorandum of Understanding dated July 5, 2012 in reference to Parcel 1 depicted in Exhibit “A” and Parcel 1 is no longer a GRU asset.

2. **Transfer of Property and Timeline for Payment.** In order to comply with GRU’s bond covenants, GRU shall obtain “fair value” for the Property. The full transfer for the Property is one-hundred fifty-six thousand, five hundred dollars (\$156,500.00) as determined by paragraph 3 below. The transfer of monies shall occur within ninety (90) calendar days of the last Party executing the MOU.

3. **Fair Value.** The City Commission and GRU Authority finds and determines the fair value for the transfer of the Property is \$156,500.00 in consideration of (without limitation) the following:

- a. The Property is not necessary for the conduct of GRU business, and the sale will not impart the ability of GRU to comply with the current or any future fiscal year with the provision of Section of the City's Utilities System Revenue Bond Resolution (the "rate covenant"); and
- b. The City stands ready, willing and able to consummate the transaction,; and
- c. Transferring the asset to the City will avoid the need for GRU to invest additional funds to improve the property, including (without limitation) for the purpose of abating the effects of the Property's close proximity to Kelly Generating Station; and
- d. Given the relationship between the City and GRU, transferring the property to the City rather than a third-party buyer will result in lower transaction costs for GRU; and
- e. The plans to utilize the Property will ultimately result in new utility customers/additional utility sales for GRU.

4. **Conveyance.** The Property will convey from GRU to the City immediately upon payment of the Fair Value.

5. **Disclaimer.** GRU expressly disclaims and negates any representations or warranties of any kind, whether express or implied, relating to the condition, merchantability or fitness for a particular purpose of the Property, including, without limitation, any warranty relating to the condition of the Property, its suitability for the City's purposes or the status of the Property under locally applicable law for any purpose. Except as otherwise specifically provided herein, the Property is to be transferred by GRU and accepted by the City "AS IS, WHERE IS."

6. **Environmental Accountability.** Any existing or future environmental contamination/issues will be handled by the City. GRU shall bear no costs related to any environmental issues. This may include, but is not limited to, remediation, contractual indemnifications, closure of or removing the Property from consideration for development. The City shall, at its sole cost and expense, be responsible for any further environmental site assessments or any other site investigations.

7. **Improvements to the Property.** All improvements to the Property will be paid for by the City and shall be of no expense to GRU. The City's conceptual site plan for the Property is depicted in Exhibit "D". The City shall permit any future successor to the Property remainder, an east-west multi-modal connection from SE 5th Terrace to the eastern property line of the Property in accordance with the City's Comprehensive Plan and Land Development Code. The City makes no representations or warranties that improvements made to the Property will conform to the conceptual site plan in Exhibit "D". Given the nature and use of GRU's property immediately west of the Property, certain improvements to any future structure on the Property, not shielded by the building depicted in Parcel 1 in Exhibit "A", are required of the City, its successors and assigns. It is understood that these requirements and covenants will run with the land and be included in any deed of conveyance of the Property until GRU no longer owns the property to immediately west of the Property:

- a. *Sound Attenuation Glazing.* All west facing glazing shall be engineered, specified, and constructed without operable (opening) windows and to realize a Sound Transmission Class (STC) value of at least 46. Anything less than an STC value of 46 must be mutually agreeable.
- b. *Sound Attenuation Walls.* All west facing walls shall be engineered, specified, and constructed to realize a Sound Transmission Class (STC) value of at least 46.
- c. *Exterior coatings.* All west facing walls and/or glazing shall be engineered, specified and constructed to withstand the effects of cooling tower drift.
- d. *Restrictive Access.* The City shall restore any existing security fencing disturbed with equivalent fencing or better, and install new, or extend the existing security fencing, around Parcel 2, to restrict access to the Property remainder.

8. **Utility Services.** During the time the City owns the Property, GRU reserves the right to be the sole provider of utility services, including, but not limited to, electricity, water, wastewater and natural gas unless GRU is unwilling or unable to meet the specific utility requirements of the City, and/or a future tenant(s). Payment of all related utility connection fees to the GRU system shall be the sole responsibility of the City, and/or future tenant(s), in accordance with the prevailing ordinances and policies of the City. The City, and/or future tenant(s), shall be responsible for arranging for and paying for all utility services required on the Property and shall agree to timely pay any and all charges for gas, electricity, water, storm water, sewage, telephone, solid waste and recyclables collection, and all other utilities. All utilities shall be accounts in the name of the City, and/or future tenant(s). GRU shall have no liability for the cost of such utilities, or for any damage, injury or inconvenience caused by interruption of utility service.

9. **Maintenance, Repair and Removal.** After the date of transfer of the Property, GRU shall have no liability for the cost of any maintenance and repair. GRU agrees to accommodate any removal of improvements to the remainder of the Property required for the removal of any improvements within the Property.

10. **Easement Reservation.** GRU and the City shall retain an easement for all utilities that encumber the property. GRU shall also reserve the rights of ingress and egress across Parcel 2 as shown in Exhibit "A", for its successors and/or assigns, to serve as a future access to SE 5th Terrace from the remainder of the Property. In the event that title to the remainder Property is transferred to another party, the City agrees to grant an access easement to said successor and/or assign. The City also agrees to allow the modification of any security fence in place at that time to accommodate the access to the remainder Property.

11. **Disclosures:**

a. *Status of Property.* As of the date of transfer of the Property, the Property may not be a legal lot for development purposes according to the City's Land Development Code. The City shall be responsible for any required lot splits or lot line adjustments.

b. *Sound.* The City, and its successors and assigns acknowledge that the land immediately to the west of the Property is currently used by GRU to generate, transmit and distribute electrical energy. As a result of such activities there can be a significant amount of sound generated on a continuous and/or sporadic basis. Such noise shall include, but not be limited to, power plant start-up activities, spontaneous plant shut down (high pressure steam release), steady state combustion turbine operation (jet engine type sounds), high voltage circuit breaker operation (similar to a shot gun blast), and a constant 60 hertz sound emission attributable to the power transformers on site. Given the nature of this generating facility, it is likely that heavy equipment and large numbers of personnel will be employed on site periodically for construction, maintenance and repair of GRU utility facilities.

c. *Cooling Towers.* The City, its successors and assigns, acknowledge that the cooling towers associated with the generating plant turbines can generate plumes of water vapor. This cooling tower "drift" may travel toward the Property. As the water evaporates, the residual minerals found in that vapor may be deposited on the Property, particularly the west wall and roof.

AGREED TO AND ACCEPTED BY THE CITY ON THE _____ DAY OF _____,
2024,.

CITY OF GAINESVILLE

By: _____
Cynthia W. Curry, City Manager

Approved as to Form and Legality

City Attorney: _____

AGREED TO AND ACCEPTED BY GRU ON THE _____ DAY OF _____, 2024.

By: _____
Edward J. Bielarski, Jr., CEO/GM

EXHIBIT "A"

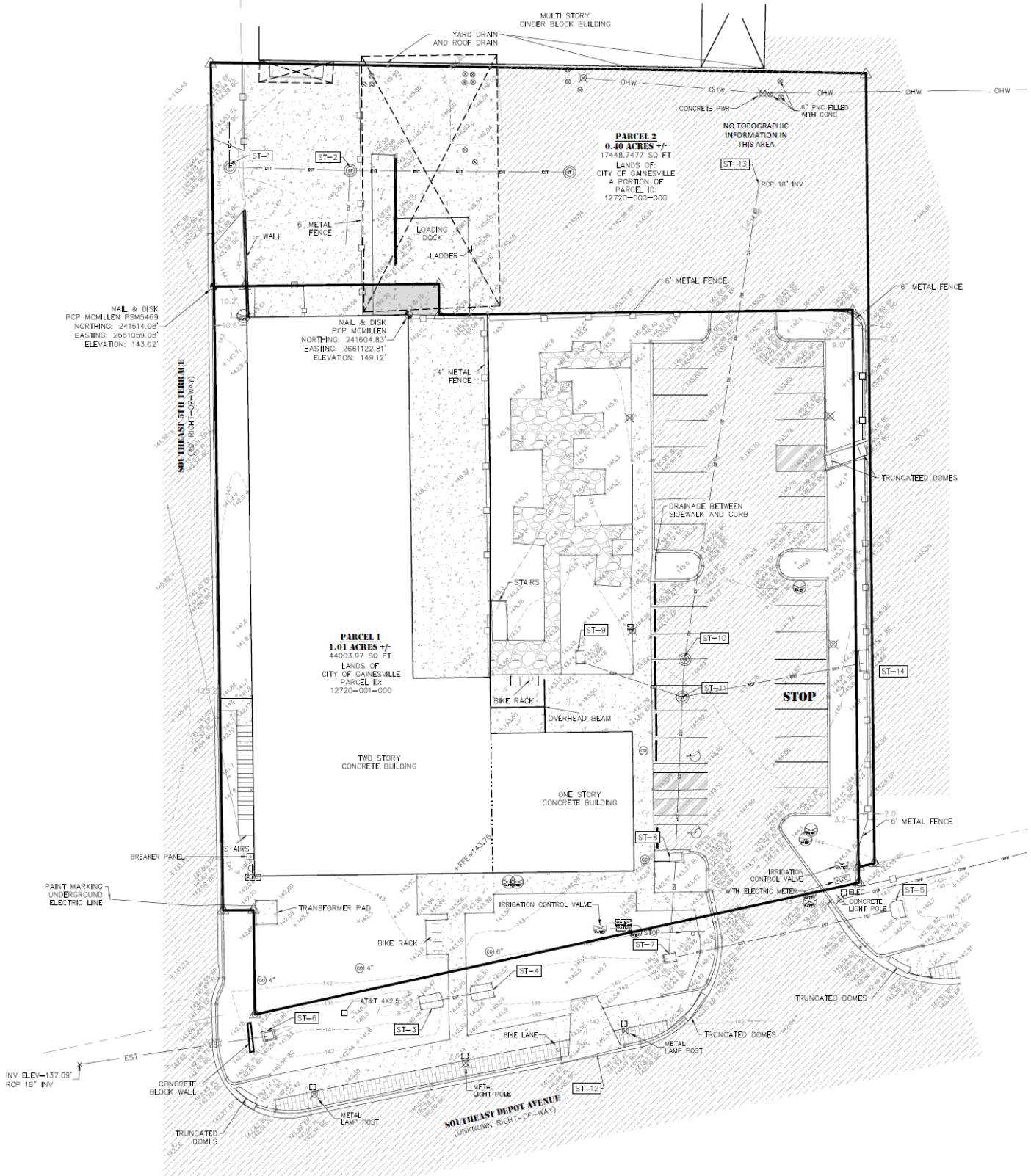


EXHIBIT “B”

Legal Description for Parcel 1

PART OF THE EAST ½ OF S.E. 5TH TERRACE, LYING BETWEEN S.E. 5TH AVENUE AND S.E. DEPOT AVENUE; AND PART OF LOT 11 ¾, BLOCKS 1 AND 2, RANGE II, ROPER’S ADDITION TO THE TOWN OF GAINESVILLE PER DEED BOOK “J”, PAGE 550, OF THE PUBLIC RECORDS OF ALACHUA COUNTY, FLORIDA; LYING IN SECTION 4, TOWNSHIP 10 SOUTH, RANGE 2 EAST, ALACHUA COUNTY, FLORIDA; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHEAST CORNER OF LOT 1, DAVIS ADDITION, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK “D”, PAGE 15, SAID PUBLIC RECORDS OF ALACHUA COUNTY, FLORIDA AND RUN THENCE SOUTH 89°26’31” WEST, ALONG THE SOUTH RIGHT-OF-WAY LINE OF SAID S.E. 5TH AVENUE, A DISTANCE OF 537.64 FEET TO THE EAST RIGHT-OF-WAY LINE OF SAID S.E. 5TH TERRACE; THENCE SOUTH 00°53’26” EAST, ALONG SAID EAST RIGHT-OF-WAY LINE, A DISTANCE OF 297.14 FEET TO THE POINT OF BEGINNING OF THE HEREIN DESCRIBED PARCEL; THENCE SOUTH 89°06’34” WEST, A DISTANCE OF 10.00 FEET; THENCE SOUTH 00°53’26” EAST, A DISTANCE OF 204.35 FEET; THENCE NORTH 89°06’34” EAST, A DISTANCE OF 10.00 FEET TO THE SAID EAST RIGHT-OF-WAY LINE OF S.E. 5TH TERRACE; THENCE SOUTH 00°53’26” EAST, ALONG SAID EAST RIGHT-OF-WAY LINE A DISTANCE OF 34.21 FEET TO THE NORTH RIGHT-OF-WAY LINE OF SAID S.E. DEPOT AVENUE; THENCE NORTH 77°34’57” EAST, ALONG SAID NORTH RIGHT-OF-WAY LINE, A DISTANCE OF 202.43 FEET; THENCE NORTH 01°48’16” WEST, ALONG SAID NORTH RIGHT-OF-WAY LINE, A DISTANCE OF 5.14 FEET; THENCE NORTH 00°43’46” WEST, A DISTANCE OF 182.46 FEET; THENCE SOUTH 89°13’24” WEST, A DISTANCE OF 135.31 FEET; THENCE NORTH 00°46’36” WEST, A DISTANCE OF 10.10 FEET; THENCE SOUTH 89°13’24” WEST, A DISTANCE OF 63.49 FEET TO THE SAID POINT OF BEGINNING. CONTAINING 1.010 ACRES MORE OR LESS.

EXHIBIT "C"

Legal Description for Parcel 2

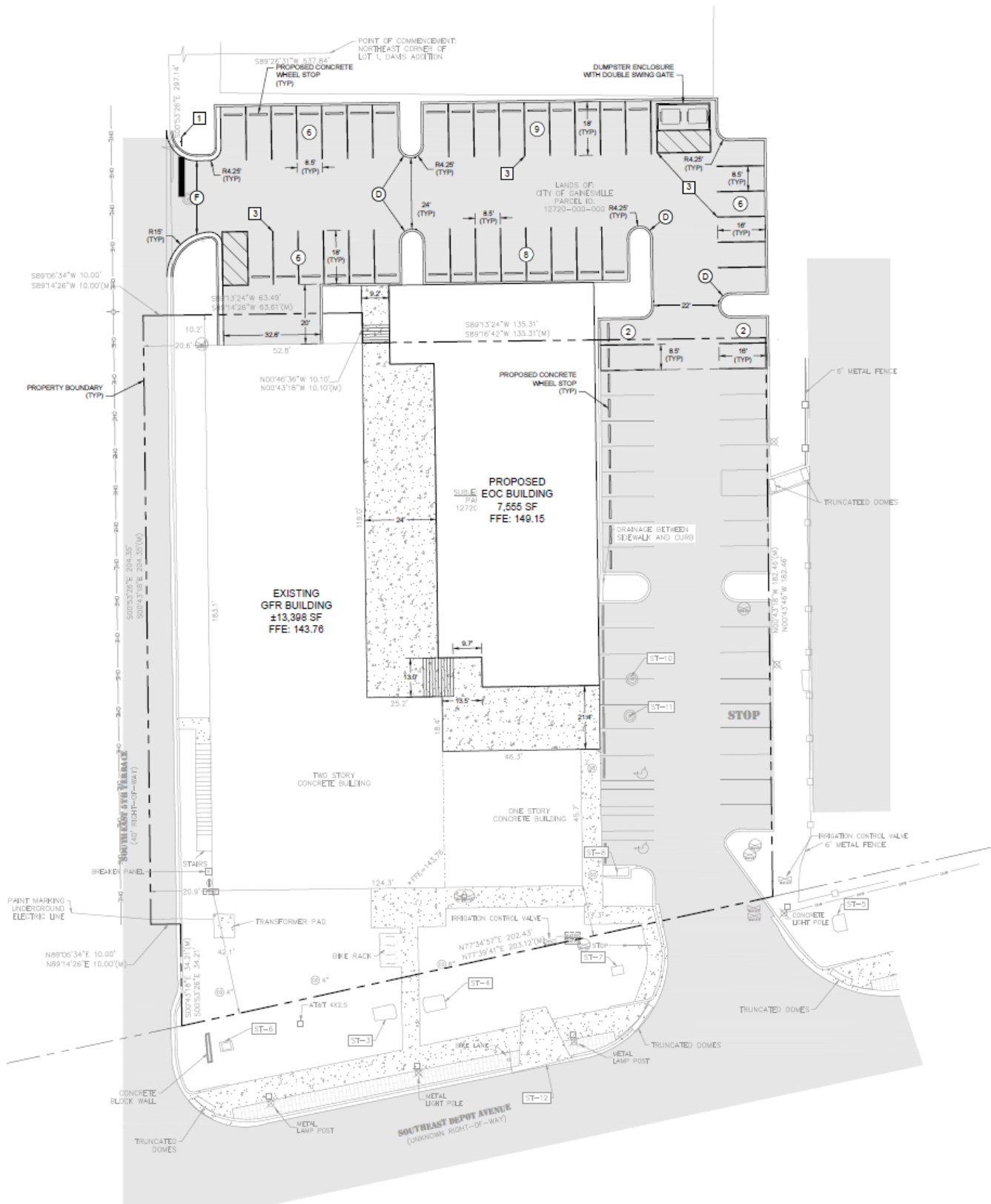
A PARCEL OF LAND SITUATE, LYING AND BEING LOCATED IN SECTION 4, TOWNSHIP 10 SOUTH, RANGE 2 EAST, ALACHUA COUNTY, FLORIDA; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

COMMENCE AT A 5/8" IRON ROD WITH CAP STAMPED "LB2389" MARKING THE NORTHEAST CORNER OF LOT 1, DAVIS ADDITION, AS PER MAP OR PLAT THEREOF RECORDED IN PLAT BOOK "D", PAGE 15 OF THE PUBLIC RECORDS OF ALACHUA COUNTY, FLORIDA AND RUN SOUTH 89 DEGREES 26 MINUTES 37 SECONDS WEST ALONG THE SOUTH RIGHT-OF-WAY BOUNDARY OF S.E. 5TH AVENUE A DISTANCE OF 537.65 FEET TO A NAIL AND DISK STAMPED "PCP MCMILLEN PSM5469 PRM" MARKING THE INTERSECTION OF SAID SOUTH RIGHT-OF-WAY WITH THE EAST RIGHT-OF-WAY BOUNDARY OF S.E. 5TH TERRACE; THENCE LEAVING SAID SOUTH RIGHT-OF-WAY BOUNDARY AND RUN SOUTH 00 DEGREES 53 MINUTES 53 SECONDS EAST ALONG SAID EAST RIGHT-OF-WAY BOUNDARY A DISTANCE OF 224.06 FEET; THENCE LEAVING SAID RIGHT-OF-WAY BOUNDARY AND RUN NORTH 89 DEGREES 05 MINUTES 15 SECONDS WEST 10.09 FEET TO A NAIL & DISK STAMPED "JBPRO LB8031" FOR THE POINT OF BEGINNING. FROM SAID POINT OF BEGINNING RUN SOUTH 89 DEGREES 03 MINUTES 15 SECONDS EAST 214.57 FEET TO A NAIL & DISK STAMPED "JBPRO LB8031"; THENCE SOUTH 00 DEGREES 37 MINUTES 32 SECONDS EAST 258.76 FEET TO A 5/8 IRON ROD AND CAP STAMPED "JBPRO LB8031" LYING ON THE NORTH RIGHT-OF-WAY BOUNDARY OF SOUTHEAST DEPOT AVENUE; THENCE SOUTH 77 DEGREES 19 MINUTES 08 SECONDS WEST ALONG SAID RIGHT -OF-WAY BOUNDARY A DISTANCE OF 5.35 FEET TO A 5/8 IRON ROD AND CAP STAMPED "JBPRO LB8031"; THENCE LEAVING SAID RIGHT-OF-WAY BOUNDARY AND RUN NORTH 00 DEGREES 37 MINUTES 32 SECONDS WEST 182.46 FEET TO A NAIL & DISK WITH NO IDENTIFICATION; THENCE SOUTH 89 DEGREES 19 MINUTES 38 SECONDS WEST 135.31 FEET TO A NAIL & DISK STAMPED "JBPRO LB8031"; THENCE NORTH 00 DEGREES 40 MINUTES 22 SECONDS WEST 10.10 FEET TO A NAIL & DISK STAMPED "JBPRO LB8031"; THENCE SOUTH 89 DEGREES 21 MINUTES 17 SECONDS WEST 63.50 FEET TO A 5/8 IRON ROD AND CAP STAMPED "JBPRO LB8031"; THENCE SOUTH 89 DEGREES 07 MINUTES 53 SECONDS WEST 10.00 FEET TO A NAIL & DISK STAMPED "PCP MCMILLEN PSM5469" LYING ON THE AFORESAID EAST RIGHT-OF-WAY BOUNDARY OF SOUTHEAST 5TH TERRACE; THENCE NORTH 00 DEGREES 50 MINUTES 12 SECONDS WEST ALONG SAID RIGHT-OF-WAY BOUNDARY A DISTANCE OF 73.37 FEET TO THE POINT OF BEGINNING.

CONTAINING 0.40 ACRES MORE OR LESS.

EXHIBIT "D"

City's Conceptual Site Plan



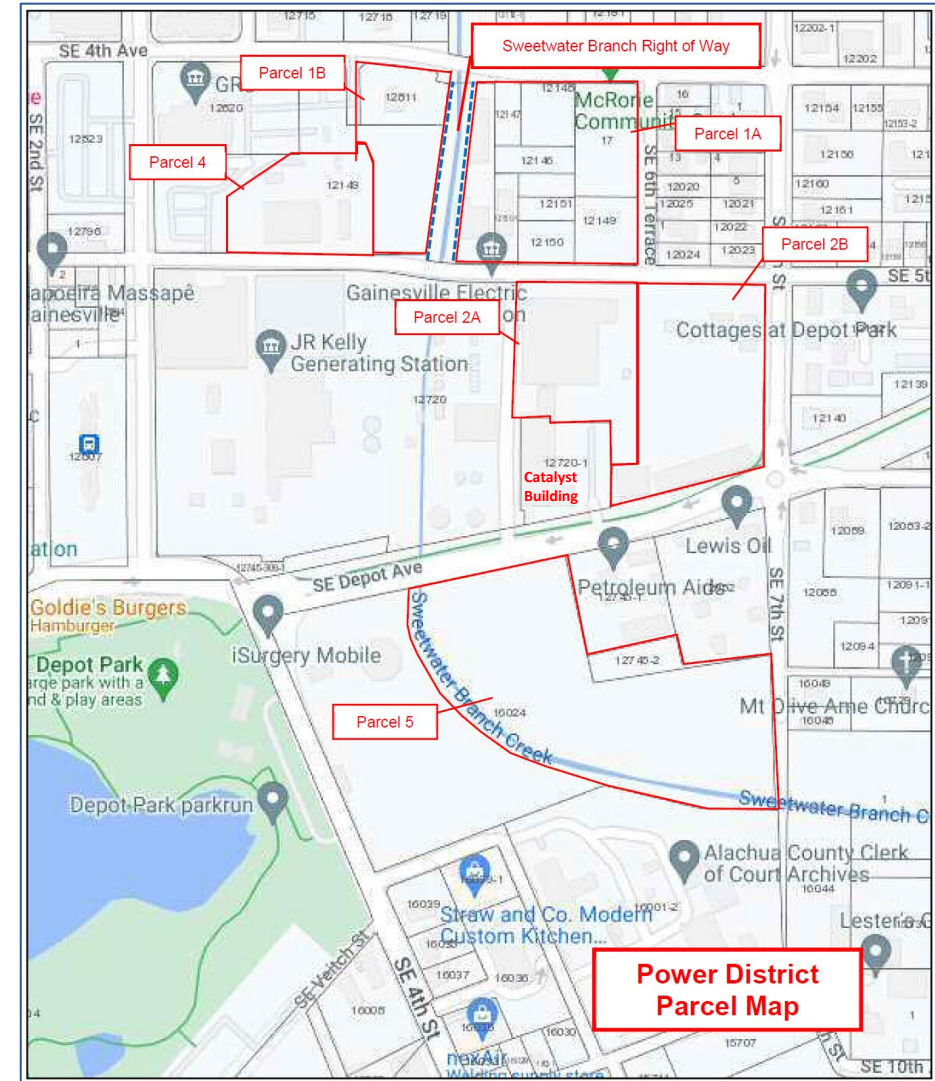
Property Transfer to GG

Gainesville Fire Rescue Headquarters & Standalone Emergency Operations Center



Location

- Gainesville Fire Rescue (GFR) redeveloping the Catalyst Building property located at 606 SE Depot Avenue
- Concept design requires additional property to accommodate GFR parking lot expansion
- Transfer of 0.40 acres from Power District Parcel 2A to GG



Real Estate Appraisal by Emerson Appraisal Company, Inc. – May 2023

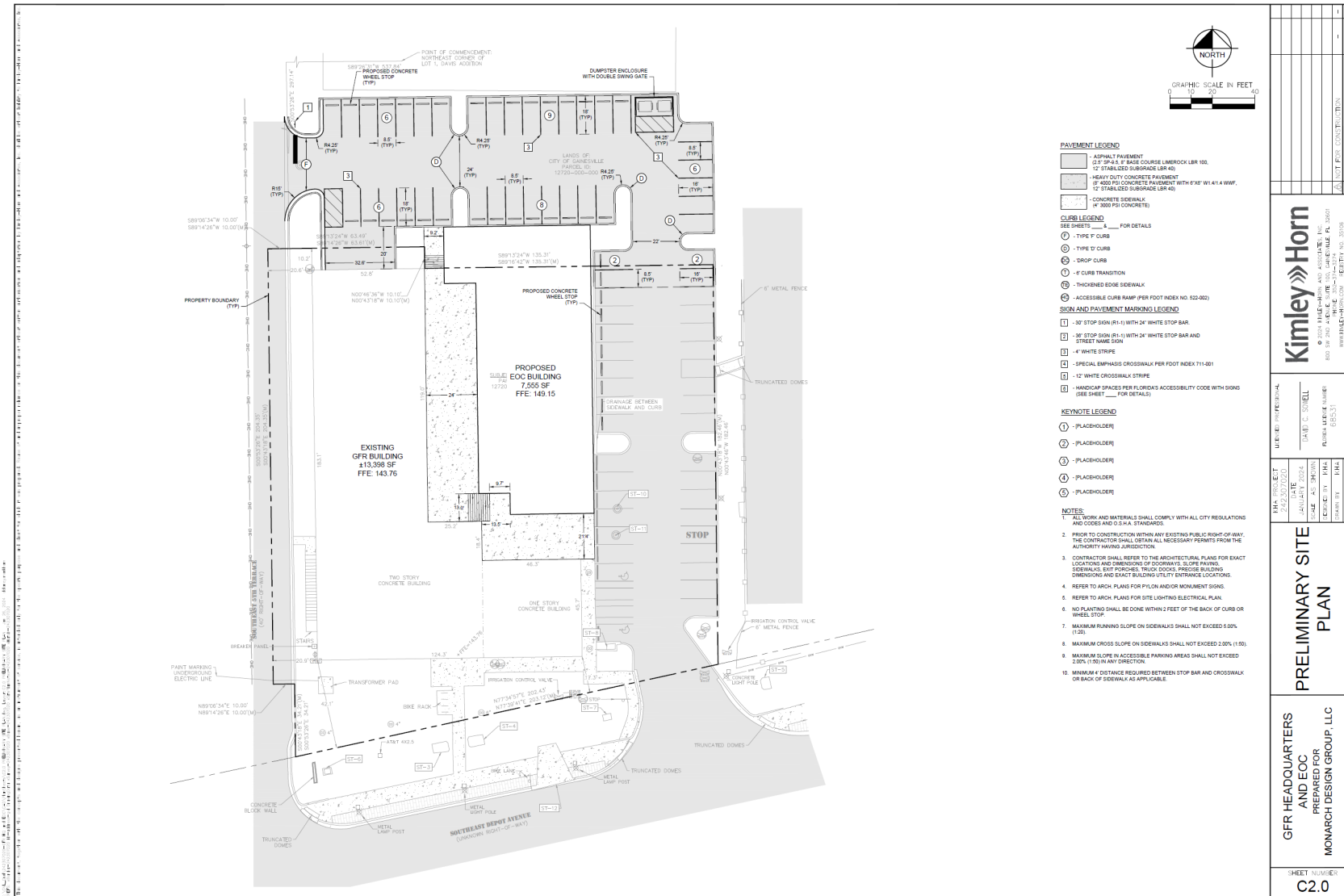
Parcel 2A – Pages 84-96

- Estimated Market Value for Power District Parcel 2A (Operations Center & Warehouse) = \$750,000
- Parcel 2A is 1.92 acres or 83,635sf
- Transfer parcel is 0.40 acres or 17,424sf
- Estimated Market Value of Parcel 2A per square foot: $\$750,000 \div 83,635 = \$8.97/\text{sf}$
- Estimated Market Value of transfer parcel 17,424sf @ $\$8.97/\text{sf} = \$156,293$
- Fair Value determined by GRU & GG = \$156,500

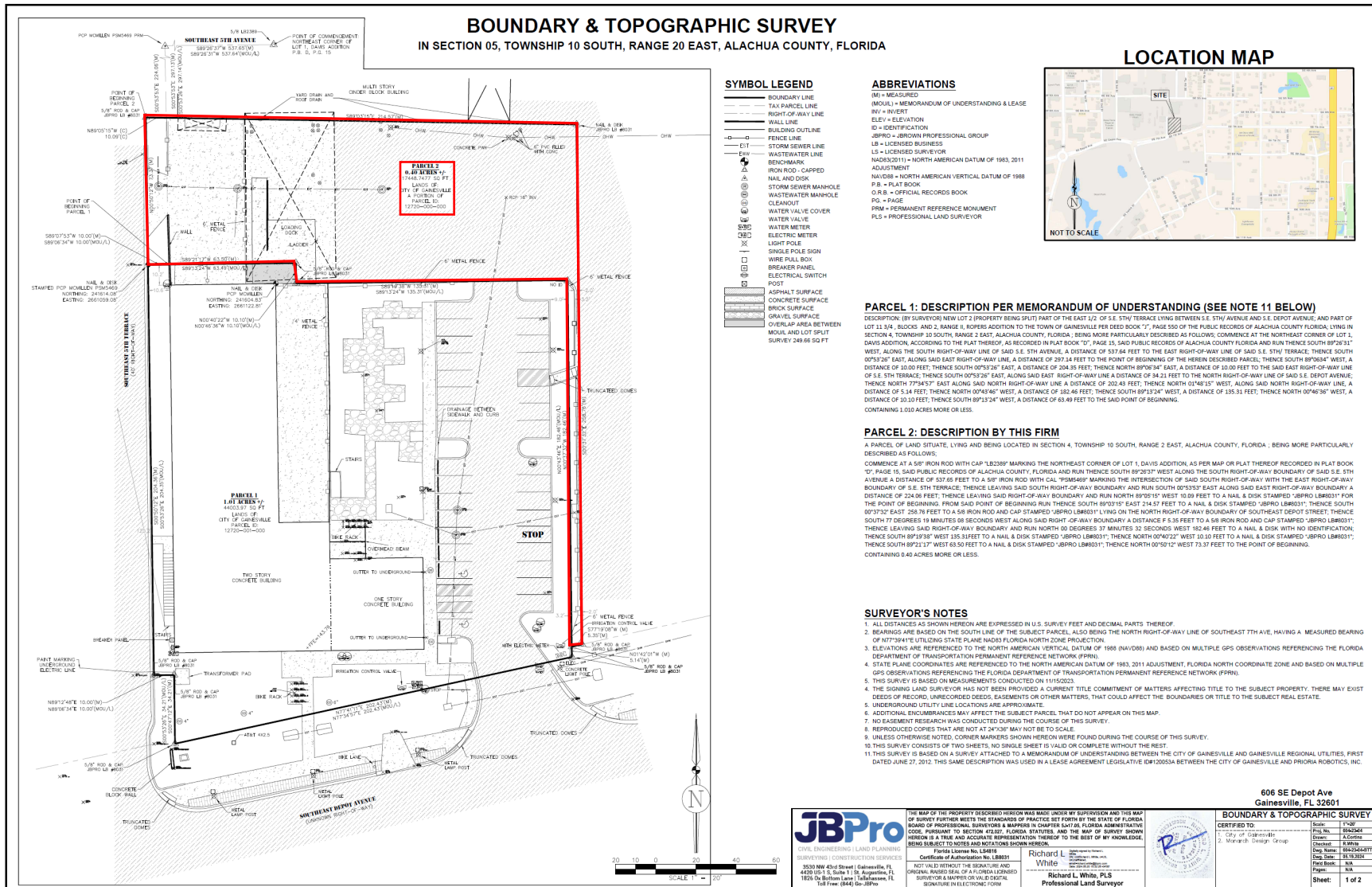
MOU Highlights

- Transfer of \$156,500 from GG to GRU
- Property will become a GG asset
- Property transferred “As Is”
- No environmental accountability for GRU
- Security fencing will be reestablished to protect GRU’s remaining property
- Access rights reserved for future owner of Parcel 2A
- Benefits of transfer: lower transaction costs for internal transfer, no expenditures required of GRU and additional utility sales from redevelopment

GFR Concept Plan



Parcel Survey



File Number: 2024-915

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-915 The Energy Authority (TEA) Gas Advance update (B)

Department: Budget, Finance, and Accounting

Description: GRU is a member of TEA, an organization comprised of seven public power organizations throughout the United States, whose primary function is to leverage economies of scale to bring benefits to public power entities across the country. TEA provides a number of services to GRU including power trading, risk management and hedging, commodities market forecasting, and advanced analysis.

As part of this function, TEA through its members must guaranty that it will pay for power purchased from others.

- Guarantees from members are foundational to TEA's business and integral to providing value back to members.
- Due to the corporate structure guarantees supplied by members are TEA's only source of trade collateral
 - Facility backed by guarantees, not cash
 - Guarantees have never been called on in TEA's history

The need is increasing due to fundamental market changes.

- The wholesale energy market has continued to become more complex and the power purchase volumes are much larger.
- Increased market volatility and less fuel diversity
- Member risk management needs (increased hedging)
- Continued growth

At this point, GRU's share of the gas advance amounts is \$26,100,000

Fiscal Note: GRU and/or the other members of TEA would be required to pay in the unlikely instance that TEA was unable to pay. Recommendation

Recommendation: GRUA authorize the CEO or his designee to execute the following documents: Annex 5 – re-setting the gas advanced for 2025 Natural Gas Trade Guaranty Agreement for 2025 Unconditional Guaranty (Gas) for 2025 Termination Notice to PNC terminating the 2024 Unconditional Guaranty, and Incumbency Certificate

NATURAL GAS TRADE GUARANTY AGREEMENT

This Natural Gas Trade Guaranty Agreement (this “Guaranty”) is dated as of January 1, 2025, by JEA, South Carolina Public Service Authority (“Santee Cooper”), American Municipal Power, Inc. (“AMP”), the City of Gainesville, Florida, doing business as Gainesville Regional Utilities (“GRU”), Grand River Dam Authority (“GRDA”) and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”) which become guarantors hereunder through a Guaranty Addendum as described herein (collectively, the “Guarantors”) in favor of the beneficiaries designated from time to time as indicated below or their successors and assigns (the “Counterparties”).

In consideration of the premises and the Counterparties from time to time entering into certain contracts with TEA, the Guarantors agree as follows:

1. **GUARANTY.** Subject to the provisions hereof, Guarantors hereby severally, and not jointly, irrevocably and unconditionally guarantee the payment obligations of TEA when due (the “Obligations”) under the contract (the “Contract”) designated on the Beneficiary Designation Schedule in the form attached hereto as Exhibit A which is completed and executed by TEA, but only to the extent of the respective guaranty amount for each Guarantor (the “Guaranty Amount”) set out therein. The Guarantors shall be bound by the Beneficiary Designation Schedules executed by an authorized officer of TEA, but in no case shall the aggregate amount guaranteed from time to time under this Guaranty exceed \$47,879,300 in the case of JEA, \$48,586,006 in the case of Santee Cooper, \$4,240,233 in the case of AMP, \$23,056,268 in the case of GRU, and \$27,738,192 in the case of GRDA or such other amounts relating to such Guarantors or any future Guarantors as may be indicated on any Guaranty Addendum described below (in each case as to each Guarantor, the “Guaranty Limit”). If TEA shall at any time fail or refuse to pay any Obligation to the Counterparty when due, the Guarantor will make such payment, to the extent of the Guaranty Amount and to the extent of the Guaranty Limit. If TEA shall at any time fail to deliver natural gas as required by the Contract, the Guarantors shall not be obligated to deliver such natural gas but will be obligated to pay the Obligation to the extent of the Guaranty Amount and to the extent of the Guaranty Limit. The guaranty granted hereunder shall constitute a guaranty of payment and not of collection. In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages, costs, or (except to the extent recoverable under the Contract) attorney’s fees.

2. **DEMANDS AND NOTICE.** If TEA fails or refuses to pay any Obligations, the Counterparty shall notify the Guarantors in writing specifying the manner in which TEA has failed to pay, including the details of the computation of the amount due, demanding that payment be made by the Guarantors and including the address or wire transfer instructions to which payment should be sent. Payment by the Guarantors to the extent of the Guaranty Amount shall be made within five (5) business days of receipt from the Counterparty of such written demand for payment hereunder.

Such demands for payment shall be sent to the Guarantors at the addresses identified in the Beneficiary Designation Schedule. Notice shall be effective upon actual receipt. Notices from TEA hereunder to the Counterparty shall be delivered as provided in the Contract.

3. **REPRESENTATIONS AND WARRANTIES.** Guarantors each represent and warrant (but only as to itself) as follows:

(a) JEA is a public body corporate and politic created under the laws of the State of Florida; South Carolina Public Service Authority is a body corporate and politic created by the laws of the State of South Carolina; American Municipal Power, Inc. is a non-profit corporation organized and existing under the laws of the State of Ohio, the City of Gainesville, Florida, is a Florida municipal corporation, doing business as Gainesville Regional Utilities, and Grand River Dam Authority is an agency of the State of Oklahoma. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in the Guaranty Addendum;

(b) The execution, delivery and performance of this Guaranty has been and remains duly authorized by all necessary governmental and board action and does not contravene any provision of the Guarantor's organizational or governing documents or any law, regulation or contractual restriction binding on it or its assets;

(c) No authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution and delivery of this Guaranty, other than those which have been obtained;

(d) This Guaranty constitutes a valid and legally binding agreement of the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4. **SETOFF AND COUNTERCLAIMS.** Without limiting a Guarantor's own defenses and rights hereunder, each Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which TEA is or may be entitled to arising from or out of the Contract or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in writing signed by the Guarantor and the Counterparties; except that (i) the Guaranty Amounts and the Guarantee Limits of any one or more Guarantors may be adjusted with respect to a Contract entered into during each succeeding annual period by delivery of a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any Guarantor; and (ii) additional Guarantors may also be added at any time and the Guaranty Amount and the Guaranty Limit of any existing Guarantor may also be adjusted (so long as the aggregate Guaranty Amount from all Guarantors is not reduced) by delivery of a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; provided that if the Counterparty objects to any such annual adjustment of Guaranty Amounts or Guaranty Limits or the addition of any Guarantor or the adjustment of Guaranty Amounts or Guaranty Limits of existing Guarantors, it shall by written

notice to TEA, which shall be received by TEA within ten (10) business days after receipt by the Counterparty of the new Beneficiary Designation Schedule, assert such objection, in which case this Guaranty shall be deemed terminated as to such Counterparty as of the date of receipt by TEA of such objection as to all future transactions not yet entered into under the Contract.

6. **WAIVERS.** Each Guarantor hereby waives (i) notice of acceptance of this Guaranty; (ii) diligence, presentment, protest, notice of dishonor and demand concerning the liabilities of the Guarantors, except as expressly hereinabove set forth; and (iii) any right to require that any action or proceeding be brought against TEA or any other person, or to require that Counterparty seek enforcement of any performance against TEA or any other person, prior to any action against Guarantors under the terms hereof.

Except as to applicable statutes of limitation, no delay of a Counterparty in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights or a release of the Guarantors from any obligation hereunder.

The Guarantors consent to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations or any part thereof or any changes or modifications to the terms of the Contract.

If at any time payment under the Contract is rescinded or must be otherwise restored or returned by the Counterparty upon the insolvency, bankruptcy or reorganization of TEA or any Guarantor or otherwise, Guarantors' obligations hereunder with respect to such payments shall be reinstated upon such restoration or return being made by the Counterparty.

7. **DURATION OF GUARANTY.** The Guarantors (or any of them) or TEA may terminate this Guaranty by providing written notice of such termination to the Counterparty; and upon the effectiveness of such termination, the Guarantors shall have no further liability hereunder, except as provided in the last sentence of this paragraph. No such termination shall be effective until five (5) business days after receipt by the Counterparty of such termination notice. No such termination shall affect the Guarantors' liability with respect to any transaction under the Contract which transaction was entered into prior to the time the termination is effective, which transaction shall remain guaranteed pursuant to the terms of this Guaranty.

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, such new members shall agree that this Guaranty is its legal, valid and binding obligation as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Section 3(a) hereof. Guaranty Limits for Guarantors may also be amended by the execution of such form of Guaranty Addendum, specifying the new Guaranty Limit, effective as provided in paragraph 5 hereof.

9. **ABSOLUTE GUARANTY.** The obligations of the Guarantors under this Guaranty will be absolute and unconditional, and will not be affected, modified, impaired, reduced or abated as to the Guarantor upon the happening of any event, including, without limitation, any of the following:

(a) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment, composition with creditors or readjustment of, or other similar proceedings, affecting TEA; or

(b) any default or failure of any Guarantor of the same debt to perform fully its obligations; or

(c) the invalidity or unenforceability of the Contract, or any contest of the validity of the Contract; or

(d) the release or discharge of any Guarantor of the same debt; or

(e) any change in the corporate existence, structure or ownership of TEA;

provided that the specific enumeration of the above-mentioned events, matters or conditions shall not be deemed to exclude any other events, matters or conditions, though not specifically mentioned above, it being the purpose and intent of this Guaranty that the obligations of the Guarantor shall be absolute and unconditional. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10. **BINDING EFFECT.** This Guaranty shall be binding upon the successors of the Guarantors. The obligation of the Guarantors may not be assigned without the consent of the Counterparties.

11. **GOVERNING LAW.** This Guaranty shall be interpreted and construed according to the laws of the State of Florida, without regard to its principles of conflicts of laws.

12. **SEVERABILITY.** Should any one or more of the provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions, nevertheless, shall remain effective and binding on the Guarantors.

[Signatures Appear on Following Page]

EXECUTED as of the day and year first above written.

JEA

By: _____
Name: Vickie Cavey
Title: Managing Director and Chief
Executive Officer

Approved as to Form (for JEA)

By: _____
Name: Regina Ross
Title: Chief Legal Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____
Name: Jimmy D. Staton
Title: President and Chief Executive
Officer

AMERICAN MUNICIPAL POWER, INC.

By: _____
Name: Jolene M. Thompson
Title: President and Chief Executive
Officer

Approved as to Form (for AMP)

By: _____
Name: Lisa G. McAlister
Title: Senior Vice President and General
Counsel

GAINESVILLE REGIONAL UTILITIES

By: _____
Name: Edward Bielarski, Jr.
Title: Chief Executive Officer

Approved as to Form (for GRU)

By: _____
Name: Katherine L. Mockler
Title: Assistant City Attorney II

GRAND RIVER DAM AUTHORITY

By: _____

Name: Daniel S. Sullivan

Title: President and Chief Executive Officer

EXHIBIT A

BENEFICIARY DESIGNATION SCHEDULE

This Beneficiary Designation Schedule No. ____ refers to that certain Natural Gas Trade Guaranty Agreement dated as of January 1, 2025, from JEA, South Carolina Public Service Authority, American Municipal Power, Inc., the City of Gainesville, Florida, doing business as Gainesville Regional Utilities, Grand River Dam Authority and any future guarantors. Capitalized terms used herein and not defined are used as defined in such Guaranty Agreement.

Counterparty:

	<u>Guaranty Amount</u>	<u>Guaranty Limit</u>
JEA	\$	\$47,879,300
Santee Cooper		48,586,006
AMP		4,240,233
GRDA		27,738,192
GRU		23,056,268
Total Guaranty Amount of all Guarantors	<hr/> \$	

Identification of contract (include date, name of contract and other identifying information):

The aggregate amount severally guaranteed by each of JEA, Santee Cooper, AMP, GRU, GRDA and [list future guarantors (if any)] on this date under such Guaranty does not exceed the respective Guaranty Limits set out above; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty which in the aggregate at any time in force exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty shall have been increased.

Notice addresses:

JEA
225 N. Pearl Street
Jacksonville, FL 32202
Attention: Treasurer

American Municipal Power, Inc.
1111 Schrock Road, Suite 100
Columbus OH 43229
Attention: President

South Carolina Public Service Authority
One Riverwood Drive
Moncks Corner, SC 29461-2901
Attention: General Counsel

Grand River Dam Authority
8624 Highway 412B
Chouteau, OK 74337
Attention: General Counsel

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, FL 32601
Attn: General Manager for Utilities

Executed this _____ day of _____, 20____.

THE ENERGY AUTHORITY, INC.

By: _____
Title: _____

EXHIBIT B

GUARANTY ADDENDUM NO. _____

Reference is made to that certain Natural Gas Trade Guaranty Agreement (the “Guaranty”) dated as of January 1, 2025, by JEA, South Carolina Public Service Authority, American Municipal Power, Inc., the City of Gainesville, Florida, doing business as Gainesville Regional Utilities, Grand River Dam Authority and all future members of The Energy Authority, Inc. (“TEA”) which become guarantors thereunder through a Guaranty Addendum in favor of beneficiaries designated from time to time. [The Guaranty Limit as defined in the Guaranty is hereby modified as to the undersigned Guarantor(s) as set out below, effective as provided in paragraph 5 of the Guaranty.] [The undersigned hereby agrees to become a Guarantor within the meaning of the Guaranty and shall have all rights thereunder and be bound by all obligations thereunder ascribed to Guarantors. The undersigned hereby restates the representations and warranties contained in the Guaranty and represents and warrants that it is *[describe representation similar to that contained in Section 3(a)]*].

Guaranty Limit: \$ _____

Executed this ____ day of _____, ____.

**[NAME OF GUARANTOR OR NEW
GUARANTOR]**

By: _____
Title: _____

**[Need to issue new Beneficiary Designation Schedule to specify different Guaranty
Amounts and Guaranty Limits for each Guarantor]**

Unconditional Guaranty (Gas)

Dated: January 1, 2025

THE ENERGY AUTHORITY, INC.

Riverplace Tower
1301 Riverplace Blvd, Suite 2700
Jacksonville, FL 32207
(the “Borrower”)

CITY OF GAINESVILLE, FLORIDA

doing business as GAINESVILLE REGIONAL UTILITIES

301 S.E. 4th Avenue
Gainesville, FL 32614-7117
(the “Guarantor” and together with
other Members executing a guaranty
in favor of the Bank, called “Guarantors”)

PNC BANK, NATIONAL ASSOCIATION

420 South Orange Avenue, Suite 300
Orlando, Florida 32801
Attention: Financial Services Group
(hereinafter referred to as the “Bank”)

Recitations of Fact

A. The Guarantor is a participating member (“Participating Member”) of the natural gas activities of the Borrower and party to a Restated and Amended Operating Agreement dated as of October 3, 2017, among the Borrower, the Guarantor and other Members (as it may be amended from time to time, the “Operating Agreement”) and a Restated and Amended Natural Gas Advance Agreement among the Borrower, the Guarantor and certain other Members dated as of December 1, 2013 (as it may be amended from time to time, the “Advance Agreement” and together with the Operating Agreement, collectively called the “Operating Instruments”).

B. The Borrower will enter into from time to time various contracts for the purchase or sale of natural gas or related transportation.

C. Certain of such contracts will need to be secured by a letter of credit issued by a financial institution.

D. The Borrower and the Bank have entered into a Letter of Credit and Reimbursement Agreement (Gas) dated as of January 1, 2016 (as it may be further modified, the “Reimbursement Agreement”) providing for the issuance of letters of credit (“Letters of Credit”) by the Bank for the account of the Borrower and for the reimbursement of all amounts disbursed by the Bank under such Letters of Credit.

E. The Bank is only willing to issue Letters of Credit under the Reimbursement Agreement if the reimbursement and other obligations of the Borrower are guaranteed or security otherwise provided by the certain guarantors, including the Guarantor, on a several, but not joint, basis.

Agreement

IN CONSIDERATION OF the mutual agreements contained herein and to induce the Bank to issue Letters of Credit, the Guarantor hereby absolutely, irrevocably and unconditionally guarantees to the Bank and its successors, assigns and affiliates the timely payment and performance of its Bank Guaranty Indicated Share of all existing and future due and unpaid liabilities and obligations of the Borrower to the Bank and its affiliates under the Reimbursement Agreement, including, but not limited to, all amounts payable to the Bank on account of draws under Letters of Credit, all fees and commissions, all indemnity amounts and all other obligations of the Borrower now existing or hereafter arising under the Reimbursement Agreement and all modifications, extensions or renewals thereof, including without limitation all principal, interest, charges, and costs and expenses incurred thereunder (including reasonable attorneys' fees and other costs of collection incurred, regardless of whether suit is commenced) (collectively, the Bank Guaranty Indicated Share of such obligations is herein referred to as the "Guaranteed Obligations"). The Guaranty provided hereunder shall be limited to \$3,043,732, plus interest, charges and costs and expenses incurred thereunder as described above, provided that such limit is subject to reduction with the consent of the Bank if such consent is required pursuant to the Reimbursement Agreement.

The capitalized terms used herein shall have the meanings set forth in the Reimbursement Agreement unless otherwise defined herein.

The Guarantor further covenants and agrees:

GUARANTOR'S LIABILITY. This Guaranty is a continuing and unconditional guaranty of payment and not of collection; provided, however, this Guaranty is a limited obligation of the Guarantor payable solely from lawfully available revenues of the electric, natural gas, water, wastewater and telecommunications system owned by the Guarantor. This Guaranty does not impose any obligation on the Bank to extend or continue to extend credit or otherwise deal with the Borrower at any subsequent time. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the Guaranteed Obligations is rescinded, avoided or for any other reason must be returned by the Bank, and the returned payment shall remain payable as part of the Guaranteed Obligations, all as though such payment had not been made. Except to the extent the provisions of this Guaranty give the Bank additional rights, this Guaranty shall not be deemed to supersede or replace any other guaranties given to the Bank by the Guarantor; and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by the Guarantor pursuant to any other agreement of guaranty given to the Bank and other guaranties of the Guaranteed Obligations.

TERMINATION OF GUARANTY. The Guarantor may terminate this Guaranty by written notice in the form attached as Exhibit B hereto, delivered personally to or received by certified or registered United States mail by an authorized officer of the Bank at the address for notices

provided herein. Such termination shall be effective (the "Effective Date") on the later of (a) the effective date stated in the Notice or (b) the 15th day following the date such written notice is received by said Bank officer. The Guarantor may not terminate this Guaranty as to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) existing on the Effective Date, or as to Guaranteed Obligations arising subsequent to the Effective Date if such Guaranteed Obligations (including expenses relating to enforcement actions) arise under Letters of Credit issued on or before the Effective Date, or arise as a result of advances which are necessary for the Bank to protect its collateral or otherwise preserve its interests with respect to Letters of Credit issued before the Effective Date.

APPLICATION OF PAYMENTS. Monies received from any source by the Bank for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in such order as to principal, interest and expenses deemed appropriate by the Bank.

CONSENT TO MODIFICATIONS. The Guarantor consents and agrees that the Bank may from time to time, in its sole discretion (but with the consent or agreement of the Borrower if required by the Reimbursement Agreement), without affecting, impairing, lessening or releasing the obligations of the Guarantor hereunder (a) extend the time or modify the manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) renew or enter into a novation of the Guaranteed Obligations; (c) waive or consent to the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of the Borrower or any other guarantor with the Bank; (e) proceed against, exchange, realize upon, or otherwise deal with in any manner any collateral that is or may be held by the Bank in connection with the Guaranteed Obligations or any liabilities or obligations of the Guarantor; and (f) proceed against, settle, or compromise with the Borrower, any insurance carrier, or any other person or entity liable as to any part of the Guaranteed Obligations, or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations, which may at any time be due or owing to the Bank; all in such manner and upon such terms as the Bank may deem appropriate, and without notice to or further consent from the Guarantor. No invalidity, irregularity, discharge or unenforceability of, or action or omission by the Bank relating to any part of, the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty. Notwithstanding the preceding language, the Guaranteed Obligations for all Participating Members shall be limited to \$20 million and for all purposes of determining the Guaranteed Obligations for all Participating Members there shall be excluded the excess, if any, of (a) the sum of (i) the Outstanding Amount (as defined in the Reimbursement Agreement) of Letters of Credit plus (ii) the amounts of any draws under Letters of Credit paid by the Guarantors to the Bank after demand and not reimbursed by the Borrower over (b) \$20 million without the written consent of the Guarantor.

WAIVERS AND ACKNOWLEDGMENTS. The Guarantor waives and releases the following rights, demands, and defenses the Guarantor may have with respect to the Bank and collection of the Guaranteed Obligations (a) promptness and diligence in collection of any of the Guaranteed Obligations from the Borrower or any other person liable thereon, and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that the Bank make demand upon, assert claims against, or collect from the Borrower or other persons or entities, foreclose any security interest, sell collateral, exhaust any remedies, or take any other action against the Borrower or other persons or entities

prior to making demand upon, collecting from or taking action against the Guarantor with respect to the Guaranteed Obligations; (c) any law or statute that requires that the Borrower or any other person be joined in, notified of or made part of any action against the Guarantor; (d) that the Bank preserve, insure or perfect any security interest in collateral or sell or dispose of collateral in a particular manner or at a particular time; (e) notice of extensions, modifications, renewals, or novations of the Guaranteed Obligations, of any new transactions or other relationships between the Bank, the Borrower and/or any Guarantor, and of changes in the financial condition of, ownership of, or business structure of the Borrower or any other guarantor; (f) acceptance, presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale, and all other notices of any kind whatsoever; (g) the right to assert against the Bank any defense (legal or equitable), set-off, counterclaim, or claim that the Guarantor may have at any time against the Borrower or any other party liable to the Bank; (h) all defenses relating to invalidity, insufficiency, unenforceability, enforcement, release or impairment of the Bank's lien on any collateral, of the Reimbursement Agreement, or of any other guaranties held by the Bank; (i) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against the Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity; and (j) the benefit of any exemption claimed by the Guarantor. The Guarantor acknowledges and represents that it has relied upon its own due diligence in making its own independent appraisal of the Borrower, the Borrower's business affairs and financial condition, and any collateral; the Guarantor will continue to be responsible for making its own independent appraisal of such matters; and the Guarantor has not relied upon and will not hereafter rely upon the Bank for information regarding the Borrower or any collateral.

FINANCIAL CONDITION. The Guarantor warrants, represents and covenants to the Bank that on the date hereof and on each date on which a letter of credit is issued by the Bank for the account of the Borrower (except as otherwise set forth on Exhibit A hereto or subsequently disclosed in writing to the Bank prior to such date), (a) the fair saleable value of the Guarantor's assets exceeds its liabilities, the Guarantor is meeting its current liabilities as they mature, and the Guarantor is and shall remain solvent; (b) all financial statements of the Guarantor furnished to the Bank are correct in all material respects and accurately reflect the financial condition of the Guarantor as of the respective dates thereof; (c) since the date of the latest such financial statements delivered to the Bank, there has not occurred a material adverse change in the financial condition of the Guarantor; and (d) there are not now any undischarged judgments against the Guarantor exceeding \$5,000,000, and no federal or state tax liens have been filed or threatened against the Guarantor that have not been previously disclosed to Bank as of the date of this Guaranty and the Guarantor is not in default or claimed default under any obligation exceeding \$5,000,000.

INTEREST. Regardless of any other provision of this Guaranty or the Reimbursement Agreement, if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest, and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations.

DEFAULT. If any of the following events occur, a default ("Default") under this Guaranty shall exist: (a) failure of timely payment or performance of the Guaranteed Obligations by the

Guarantor; (b) a breach of any agreement or representation contained or referred to in this Guaranty; (c) dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, the Guarantor; (d) the entry of any monetary judgment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against the Guarantor or any property of or debts due the Guarantor exceeding \$50,000,000 in the aggregate in any fiscal year of the Guarantor; provided, however, that such circumstance shall not be a Default if the Guarantor is appealing or contesting such obligation diligently and enforcement of such obligation is effectively stayed; provided, further, however, that should any final appeal or contest be adjudicated against the Guarantor, such circumstances shall not be a Default if the Guarantor pays or otherwise satisfies the amount of the judgment, lien, garnishment or attachment within 30 days of the entry of a decision on such final appeal or contest and that will not result in material adverse change in the financial condition of the Guarantor or (e) the Guarantor shall terminate or give notice of termination of this Guaranty other than in the manner described herein or shall repudiate the obligation hereunder.

ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION. The Guarantor shall pay all of the Bank's reasonable expenses incurred to enforce or collect any of the obligations of the Guarantor hereunder, including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any suit, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

SUBORDINATION OF OTHER DEBTS. The Guarantor agrees (a) to subordinate the obligations now or hereafter owed by the Borrower to the Guarantor ("Subordinated Debt") to any and all Guaranteed Obligations; provided however that the Guarantor may receive payments on the Subordinated Debt so long as (i) all sums due and payable by the Borrower to the Bank as Guaranteed Obligations have been paid in full on or prior to such date, and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations, shall be continuing on or as of the payment date; (b) a conspicuous notation of subordination is made on the face of any instrument evidencing any part of the Subordinated Debt; and (c) except as permitted by the proviso in clause (a) of this paragraph, the Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt, and any proceeds of the Subordinated Debt paid to the Guarantor, through error or otherwise, shall immediately be forwarded to the Bank by the Guarantor, properly endorsed to the order of the Bank, to apply to the Guaranteed Obligations.

OPERATING INSTRUMENTS. Without the written consent of the Bank, the Guarantor agrees not to terminate or agree to terminate any of the Operating Instruments or modify or agree to modify any of the Operating Instruments if such modification would materially alter the type or nature of the business of the Borrower (such business being in the area of power and natural gas marketing and power-related and natural gas-related matters).

SUBORDINATION OF SUBROGATION. Unless or until all Guaranteed Obligations have been paid in full, the Guarantor hereby subordinates and postpones any rights or claims that it may have against the Borrower or other guarantors for subrogation, contribution or reimbursement on account of payments made by the Guarantor; provided that unless an Event of Default, or condition which with notice or lapse of time or both would constitute an Event of Default, should exist under

the Reimbursement Agreement or would result from such enforcement, the Guarantor may enforce claims for subrogation, contribution or reimbursement.

AUTHORITY. The Guarantor represents and warrants that the execution and delivery of, and performance of its obligations under, this Guaranty comply with all applicable constitutional and legal limitations applicable to the Guarantor, have been duly authorized by all necessary actions under law and the charter or governing instrument of the Guarantor and that the Guaranty constitutes the valid and binding obligation of the Guarantor enforceable in accordance with its terms, except to the extent that enforceability may be limited (i) by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the availability or enforcement of creditors' rights generally or (ii) by application of general principles of equity limiting the availability of certain remedies, including but not limited to the remedy of specific performance. The Guarantor shall provide a legal opinion satisfactory to the Bank as to such matters and such other matters as the Bank may reasonably require.

MISCELLANEOUS. (a) **Assignment.** This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. The Bank's interests in and rights under this Guaranty and the Reimbursement Agreement are freely assignable, in whole or in part, by the Bank. Any assignment shall not release the Guarantor from the Guaranteed Obligations. (b) **Applicable Law; Conflict Between Documents.** This Guaranty shall be governed by and construed under the laws of the State of Florida without regard to that state's conflict of laws principles. (c) **Jurisdiction.** The Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state in which the office of the Bank first shown above is located. (d) **Severability.** If any provision of this Guaranty or of the Reimbursement Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or other document. (e) **Notices.** Any notices to the Guarantor shall be sufficiently given, if in writing and mailed or delivered to the Guarantor's address shown above or such other address as provided hereunder, and to the Bank, if in writing and mailed or delivered to the Bank's office address shown above or such other address as the Bank may specify in writing from time to time, with a copy as shown above. In the event that the Guarantor changes the Guarantor's address at any time prior to the date the Guaranteed Obligations are paid in full, the Guarantor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. (f) **Plural; Captions.** All references in the Reimbursement Agreement to borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Reimbursement Agreement are inserted for convenience only and shall not affect the meaning or interpretation of the Reimbursement Agreement. (g) **Binding Contract.** The Guarantor by execution of and the Bank by acceptance of this Guaranty agree that each party is bound to all terms and provisions of this Guaranty. (h) **Amendments, Waivers and Remedies.** No waivers, amendments or modifications of this Guaranty and the Reimbursement Agreement shall be valid unless in writing and signed by an officer of the Bank. No waiver by the Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of the Bank in exercising any right, power, or privilege granted pursuant to this Guaranty and the Reimbursement Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise

of any other right, power or privilege. All remedies available to the Bank with respect to this Guaranty and the Reimbursement Agreement and remedies available at law or in equity shall be cumulative and may be pursued concurrently or successively. (i) **Partnerships.** If the Guarantor is a partnership, the obligations, liabilities and agreements on the part of the Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals comprising the partnership.

FINANCIAL AND OTHER INFORMATION. The Guarantor shall deliver to the Bank such information as the Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to the Guarantor's financial condition, including, without limitation, annual audited financial statements within 180 days of the Guarantor's fiscal year end and quarterly financial statements for the first three fiscal quarters of each fiscal year within 45 days after the end of each such fiscal quarter. Such information shall be true, complete, and accurate. The Guarantor shall give written notice to the Bank (i) within three business days of the occurrence of any Default or (ii) within 30 days of the commencement of any litigation or government proceeding against the Guarantor involving (when combined with any other pending matters) potential uninsured liability or loss on the part of the Guarantor in excess of \$5,000,000.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE GUARANTOR BY EXECUTION HEREOF AND THE BANK BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS GUARANTY, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO ACCEPT THIS GUARANTY.

THE GUARANTOR AND THE BANK AGREE THAT THEY SHALL NOT HAVE A REMEDY OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND HEREBY WAIVE ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY HAVE NOW OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE WHETHER THE DISPUTE IS RESOLVED BY ARBITRATION OR JUDICIALLY.

IN WITNESS WHEREOF, the Guarantor, on the day and year first written above, has caused this Unconditional Guaranty to be executed under seal.

**CITY OF GAINESVILLE, FLORIDA
doing business as GAINESVILLE
REGIONAL UTILITIES**

By: _____
Name: Edward Bielski, Jr.
Title: Chief Executive Officer

Approved as to Form and Legality:

By: _____
Name: Katherine L. Mockler
Title: Assistant City Attorney II

EXHIBIT A

None.

EXHIBIT B

Notice of Termination

The undersigned Guarantor hereby notifies PNC Bank, National Association (the “Bank”) that it is terminating its Unconditional Guaranty dated January 1, 2025 (the “Guaranty”), effective at the end of the day on _____, _____, [which date shall be no earlier than the 15th day following receipt of this notice by the Bank officer described in the Guaranty] (the “Effective Date”). The undersigned acknowledges and confirms that it will remain liable for its Indicated Share of Guaranteed Obligations arising on or before the Effective Date (including those arising out of Letters of Credit issued on or before the Effective Date) as described in the Guaranty under the heading “Termination of Guaranty” and the Bank may rely upon this continuing liability in issuing Letters of Credit after receipt of this notice and on or before the Effective Date.

The capitalized terms used herein shall have the meanings set forth in the Guaranty unless otherwise defined.

CITY OF GAINESVILLE, FLORIDA
doing business as GAINESVILLE
REGIONAL UTILITIES

Date: _____

By: _____
Name: _____
Title: _____

ANNEX 5

Reference is made to that certain Restated and Amended Natural Gas Advance Agreement dated as of December 1, 2013, by and among JEA, South Carolina Public Service Authority, American Municipal Power, Inc., the City of Gainesville, Florida, doing business as Gainesville Regional Utilities, Grand River Dam Authority, and The Energy Authority, Inc. (the "Agreement"). The undersigned hereby agrees that the aggregate Advance from it shall in no case exceed \$26,100,000 without its further written consent. Capitalized terms used herein and not defined are used as defined in the Agreement.

Date: January 1, 2025

**CITY OF GAINESVILLE, FLORIDA,
doing business as Gainesville Regional
Utilities**

By _____
Name: Edward Bielarski, Jr.
Title: Chief Executive Officer

Approved as to Form and Legality

By _____
Name: Katherine L. Mockler
Title: Assistant City Attorney II

Notice of Termination

The undersigned Guarantor hereby notifies PNC Bank, National Association (the “Bank”) that it is terminating its Unconditional Guaranty dated January 1, 2024 (the “Guaranty”) effective at the end of the day on December 31, 2024 (the “Effective Date”). The undersigned acknowledges and confirms that it will remain liable for its Indicated Share of Guaranteed Obligations arising on or before the Effective Date (including those arising out of Letters of Credit issued on or before the Effective Date) as described in the Guaranty under the heading “Termination of Guaranty” and the Bank may rely upon this continuing liability in issuing Letters of Credit after receipt of this notice and on or before the Effective Date.

The capitalized terms used herein shall have the meanings set forth in the Guaranty unless otherwise defined.

CITY OF GAINESVILLE, FLORIDA
doing business as GAINESVILLE
REGIONAL UTILITIES

By: _____
Name: Edward Bielarski, Jr.
Title: Chief Executive Officer
Date: November 25, 2024

CERTIFICATE OF INCUMBENCY

2024-915E

The undersigned, City Clerk of the City of Gainesville, a municipal corporation (hereinafter the “Company”), hereby certifies as follows:

- 1. That she is the duly appointed, qualified, and acting Utilities Attorney of the Company.
- 2. That the following named person was designated and appointed to the position indicated below, that said person does continue to hold such position at this time, and that the signature set forth after such person’s name and title is such person’s genuine signature.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Edward Bielarski, Jr.	Chief Executive Officer	_____

3. That the person designated to serve in the above-entitled position is duly authorized to execute, on behalf of the Company, any guaranty agreements and instruments the forms of which are appended to the Restated and Amended Natural Gas Advance Agreement dated as of December 1, 2013, by and among JEA, South Carolina Public Service Authority, the City of Gainesville, Florida, doing business as Gainesville Regional Utilities, American Municipal Power, Inc., Grand River Dam Authority, and The Energy Authority, Inc. (the “Gas Advance Agreement”), including any Natural Gas Trade Guaranty Agreement, Unconditional Guaranty (Gas) in favor of PNC Bank, National Association, Notice of Termination, or other document that may be executed and delivered pursuant to the Gas Advance Agreement.

By _____
Name:
Title: Gainesville City Clerk
Date: _____



Gainesville Regional Utilities Authority Agenda Item Report

File Number: 2024-916

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-916 Application for Consumptive Use Permit Renewal (B)

Department: Water

Description: This item is seeking approval to proceed with an application for renewal of the Consumptive Use Permit (CUP) for the Murphree Wellfield. Groundwater withdrawal at the Murphree Wellfield is permitted under a CUP issued by the St. Johns River Water Management District. The existing CUP authorizes GRU to pump up to 30 million gallons per day (MGD) on an annual average basis and expires in 2034. GRU is eligible for early renewal of the permit. This enables GRU to secure our water supply for customer needs through 2045.

Fiscal Note: The funds for this project are included in the FY25-FY26 Water/Wastewater budget.

Recommendation: GRUA authorize the CEO, or his designee, to submit an application to the St. Johns River Water Management District for the renewal of the consumptive use permit for the Murphree Wellfield.

Consumptive Use Permit 11339 Renewal

Pre-application Kickoff Meeting

Date: December 11, 2024

Consumptive Use Permit (CUP) renewal to meet demands through 2045

- CUP 11339 currently expires in 2034
 - Authorizes 30 mgd
 - Incorporates an Interagency Agreement between St Johns River Water Management District (SJRWMD) and Suwannee River Water Management District (SRWMD)
- GRU seeks an early renewal
 - Good cause as provided for in Black Creek Project Agreement
 - 20 year CUP requested
 - Review and/or update of Interagency Agreement

CONSUMPTIVE USE TECHNICAL STAFF REPORT
10-Sep-2014
APPLICATION #: 11339-6

Owner: Gainesville Regional Utilities
Ronald G Herget
PO Box 147117
Sta A122
Gainesville, FL 32614-7117
352-393-1612

Applicant: Gainesville Regional Utilities
Anthony Lee Cunningham
PO Box 147117
Sta A122
Gainesville, FL 32614-7117
352-393-1615

Agent: Not Applicable

Compliance Contact: Gainesville Regional Utilities
Rae Ann Hafer
1600 NE 53rd Ave
Gainesville, FL 32609-2013
(352) 393-1635

Project Name: Murphree WTP - GRU
County: Alachua

Located in CFCA: No
Objectors: No

Authorization Statement:
The District authorizes, as limited by the attached permit conditions, the use of 10,950.0 million gallons per year (mgy) (30.0 million gallons per day (mgd) annual average) of groundwater from the Upper Floridan aquifer for public supply use (includes residential, commercial/industrial, water utility uses, fire protection and unaccounted for losses), to serve a projected population of 234,843 in 2034.

Recommendation: Approval
Reviewers: Jay Lawrence; Lance Hart

WATER USE SUMMARY:
Recommended Permit Duration and Compliance Reporting:
The applicant has requested, and staff is recommending, a 20-year duration permit with a ten-year compliance report, pursuant to section 373.236(4), Florida Statutes. In addition to the submittal of a compliance report, the permittee is also required to comply

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Collaboration is important to GRU

- Suggest a series of pre-application meetings
 - Discussion of technical topics
 - Resolution of comments
 - Build upon points of agreement
 - Similar to 2014 CUP application process
- Likely meeting topics
 - Demand projections
 - Water conservation and reuse
 - Groundwater modeling
 - Potential non-MFL impacts
 - Potential MFL impacts

CONSUMPTIVE USE TECHNICAL STAFF REPORT
10-Sep-2014
APPLICATION #: 11339-6

Owner: Gainesville Regional Utilities
Ronald G Herget
PO Box 147117
Sta A122
Gainesville, FL 32614-7117
352-393-1612

Applicant: Gainesville Regional Utilities
Anthony Lee Cunningham
PO Box 147117
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352-393-1615

Agent: Not Applicable

Compliance Contact: Gainesville Regional Utilities
Rae Ann Hafer
1600 NE 53rd Ave
Gainesville, FL 32609-2013
(352) 393-1635

Project Name: Murphree WTP - GRU
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Located in CFCA: No
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Recommendation: Approval
Reviewers: Jay Lawrence; Lance Hart

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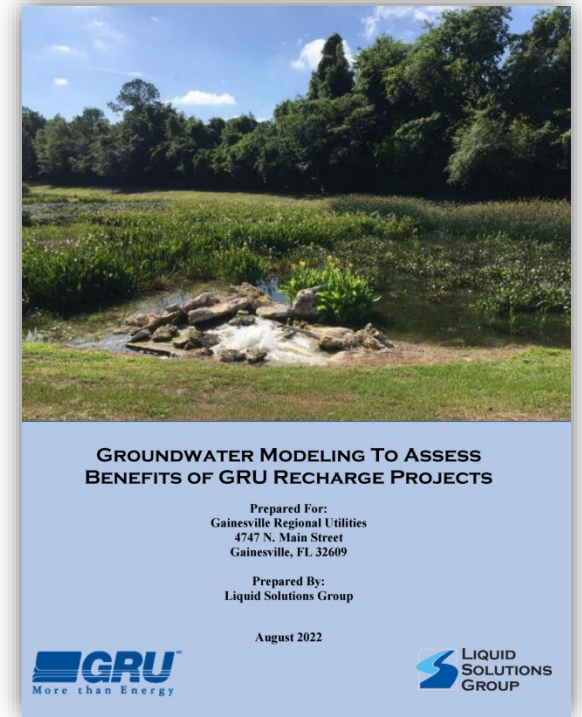
Anticipated application contents

- GRU projections indicate that an allocation in excess of 30 mgd will be required to meet 2045 demands
- GRU conservation program goes beyond minimum requirements
 - Proposed residential per capita water use is lower than last renewal
- GRU continues to beneficially reuse all reclaimed water
 - Aquifer recharge projects
 - Irrigation uses

Year Consumptive Use Permit Issued	Water Use Residential Gallons Per Capita Per Day (gpcd)
1984	117
1992	103
2001	101
2009	90
2014	76
2025 (Proposed)	70

Anticipated application contents

- GRU can purchase additional lift to address Lake Brooklyn and Geneva MFLs, if needed
 - Use methodology in Participation Agreement
- Use of NFSEG model to identify other potential GRU impacts
- GRU proposes use of GRU subregional NFSEG model to assess benefits of recharge projects in southwestern Alachua County
- Analyses indicate GRU can meet LSFIR MFL requirements
 - Reclaimed water recharge projects - current and planned
 - Black Creek Project



“the GRU Model improves upon the NFSEGV1.1 estimates and is appropriate for estimating increases in flow to the LSFIR as a result of GRU recharge projects in southwestern Alachua County.”

Next Steps

- Initiate scheduling of future pre-application meetings



File Number: 2024-917

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-917 Application for Clean Water State Revolving Fund Emerging Contaminants Funding (B)

Department: Wastewater

Description: This item is seeking approval to proceed with an application for Clean Water State Revolving Fund (SRF) Emerging Contaminants Funding.

The US Environmental Protection Agency set new drinking water standards for a group of fluorinated organic compounds known as per- and polyfluoroalkyl substances (PFAS) in April 2024. Public Water Systems must be in compliance with these new standards by 2029. GRU's drinking water has been tested and meets all proposed requirements.

PFAS is widely used in consumer products and is expected to be present in wastewater and reclaimed water. Regulatory standards for PFAS have not been set for reclaimed water. However, it is likely regulations will be forthcoming that require treatment/removal of these substances. To prepare for future regulations, GRU is proposing to quantify PFAS in our wastewater and reclaimed water and evaluate strategies for treatment to remove PFAS. Funding is currently available from the Florida Department of Environmental Protection (FDEP) through the Clean Water SRF program that will pay 100 percent of the cost for the evaluation, design and construction of systems for removing PFAS and other emerging contaminants from reclaimed water.

GRU submitted a request for inclusion and was listed by the FDEP to receive up to \$1,100,000 in SRF funding for evaluation and planning for PFAS removal from the Kanapaha Water Reclamation Facility. The FDEP listing is attached. The next step is for GRU to submit a funding application by December 12, 2024, and negotiate a funding agreement with FDEP. Once a funding agreement is executed, GRU can be reimbursed for all costs related to the evaluation incurred from the date of FDEP listing (August 2024). GRU has issued a task assignment for \$276,366 with Carollo Engineers through its continuing services contract to assist in the initial phase of the evaluation.

Based on the results of the evaluation, if GRU intends to initiate design and construction phases of PFAS removal facilities at Kanapaha Water Reclamation Facility, GRU will need to go through the request for inclusion and application processes to receive funding for those phases.

Fiscal Note: No impact to FY25 Wastewater budget due to SFR funding for emerging contaminants being 100 percent reimbursable; essentially no cost to GRU.

Recommendation: GRUA authorize the CEO, or his designee, to submit an application and execute a funding agreement with the Clean Water SRF program for funding up to \$1,100,000, subject to legal review and approval.

EMERGING CONTAMINANTS

- 6.) President Biden signed the Bipartisan Infrastructure Law (BIL) on November 15, 2021. The BIL provides \$5 billion through the State Revolving Funds (SRFs) to reduce people's exposure to perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants (EC). The BIL provides emerging contaminants funding through the SRFs that must be distributed to communities entirely as forgivable loans.

SFY 2025 Fundable Portion Increases and New Projects: Funds are available for adding project increases and new projects to the fundable portion of the SFY 2025 emerging contaminants project priority list, for the amounts shown below.

The Increases and New Projects are:

APPLICANT/ PROJECT NBR	PRIORITY SCORE	SRF PROJECT #	LOAN TYPE	MEETING DATE	APPLICATION DEADLINE	AGREEMENT DEADLINE	FUNDABLE LISTING AMOUNT*	ALLOCATED PRINCIPAL FORGIVENESS**
Boca Raton	340	5020H	WW/Planning - Pilot Study	08/14/24	12/12/24	03/12/25	\$ 742,000	\$ 742,000
Clay County	340	10022	WW/Planning - Pilot Study	08/14/24	12/12/24	03/12/25	\$ 1,114,000	\$ 1,114,000
Gainesville Regional Utility	340	01181	WW/Planning - Pilot Study	08/14/24	12/12/24	03/12/25	\$ 1,100,000	\$ 1,100,000
Polk County Utilities	340	53169	WW/Planning - Pilot Study	08/14/24	12/12/24	03/12/25	\$ 936,000	\$ 936,000
Davenport	350	53074	WW/Planning - Pilot Study	08/14/24	12/12/24	03/12/25	\$ 3,285,000	\$ 3,285,000
							\$ -	\$ -

TOTAL INCREASES AND NEW PROJECTS =

\$7,177,000

TOTAL ALLOCATED PRINCIPAL FORGIVENESS =

\$7,177,000

Staff recommends adding these projects to the fundable portion of the SFY 2025 project priority list for the amounts as shown.

BIL Emerging Contaminants Funding

SOURCE OF FUNDS

FEDERAL FUNDS

FFY 2024 SRF Emerging Contaminants Capitalization Grant for Projects - BIL \$ 7,177,000

STATE FUNDS

State Matching Funds for SFY 2025 Capitalization Grant(0%) - BIL Emerging Contaminants \$ -
Decreases \$ -

TOTAL FUNDS AVAILABLE

\$ 7,177,000

USE OF FUNDS

Increases and New Projects on SFY 2025 Priority List (Loan) \$7,177,000

Increases and New Projects on SFY 2025 Priority List (Subsidy)** \$7,177,000

TOTAL FUNDS OBLIGATED

\$7,177,000

BALANCE OF LOAN FUNDS for PROJECTS = \$0

File Number: 2024-921

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-921 Cash Balance Study and Cash Balance Policy (B)

Department: Budget, Finance, and Accounting

Description: In 2019 GRU engaged its financial advisor, PFM LLC, to conduct a Resiliency and Cash Balance Study (Study). The purpose of the Study was to establish prudent cash levels to accommodate various sources of cash flow variability as well as manage risk. Based on the results of this Study GRU implemented its first Cash Balance Policy, approved by the City Commission in February of 2019, which established cash targets as well as upper and lower bounds around these targets. One of the provisions of the policy is that the Study will be updated periodically with recommendations to adjust the cash targets as necessary. PFM recently concluded its 2023/2024 update to the Study. PFM's recommended 2025 cash target is ~\$107 million, which is ~\$27 million higher than the previous Study. There are several reasons for the increase:

- Targets were developed for each system which identified unique operational and financial risks compared to the prior Study
- Natural gas prices were significantly elevated in 2021 and 2022. This influenced not only the cost of natural gas but also the cost of electricity – whether GRU-generated or purchased on the market. Commodity expenses are the largest expense across all of GRU's systems.
- Inflationary impacts were felt across all expense classes beyond commodity expense. A & G expenses were elevated across systems.
- Other risks were identified and quantified compared to the prior Study. These include:
 - Cyber. GRU has a cyber-insurance policy but it is limited due to insurance market conditions
 - Weather impacts from both “routine” Florida hurricanes to significant disruptions in commodity markets as seen in other parts of the United States (Texas, the mid-west, California) were quantified and included
 - While GRU has a significant insurance portfolio, there is ~\$3 million of deductibles associated with these policies as well as limitations on the timing of coverage. GRU's generation fleet is older compared to peer utilities so the likelihood of forced outages is high. This was a new risk area for the Study.

Fiscal Note: Cash targets will increase ~\$27 million. Additionally, the Cash Balance Policy will be amended to reflect the fact that target ranges will be adjusted, if necessary, to ensure that the day's cash on hand does not fall below 250 days through the financial forecast horizon. Currently this requires cash reserves of ~\$50 million in excess of policy targets.

Recommendation: The Gainesville Regional Utility Authority accept the updated Resiliency and Cash Balance Study and authorize the cash target changes to the Cash Balance Policy as recommended in the Study results. These cash target changes are already included in GRU's ten year forward financial modeling.

GAINESVILLE REGIONAL UTILITIES

CASH BALANCE POLICY

The initial acceptable cash balance range was established through the Resiliency and Cash Balance Study conducted by GRU's independent financial advisor. The range will move each year based on an inflationary factor (3% per year) and will be adjusted as necessary by the Budget, Finance, and Accounting Department. Target ranges will be adjusted, if necessary, to insure that Days Cash on Hand metrics do not fall below 250 days throughout the financial forecast horizon.

Cash Balance Proposed (\$ millions)				
	FY2026	FY2027	FY2028	FY2029
Proposed Cash Targets:	106.6	109.8	113.1	116.5
Lower Bound	94.8	97.6	100.6	103.6
Upper Bound	118.3	121.8	125.5	129.3

Cash Balance Prior Study (\$ millions)				
	FY2022	FY2023	FY2024	FY2025
Proposed Cash Targets:	72.6	74.9	77.2	79.6
Lower Bound	61.9	63.8	65.8	67.8
Upper Bound	83.3	85.9	88.6	91.3

Policy protocols:

- The proposed cash target and ranges, as well as the inflationary factor applied, will be reviewed annually by internal staff beginning with the 2026 budget process. The cash targets and ranges will also be reviewed on a quarterly basis to actual cash balances by internal staff.
- The Study will be updated no less frequently than every three years by GRFU's financial advisor and more often if risks identified in the Study change significantly.
- If at any time actual cash balances fall outside the acceptable range, staff will as soon as practicable bring forth proposals for GRU Authority consideration designed to move cash balance levels to within the upper and lower bounds of the acceptable range.

Approved by _____
Ed Bielarski, Chief Executive Officer of the Utility Date

Approved by _____
Claudia Rasnick, Chief Financial Officer, Utilities Date

APPROVED AND ADOPTED BY THE GAINESVILLE REGIONAL UTILITIES AUTHORITY

Approved by _____
C. Eric Lawson, Chairperson Date



Gainesville Regional Utilities Resiliency and Cash Balance Study



“Commission / Authority Level”

April 22, 2024

PFM Financial
Advisors LLC

1735 Market Street
42nd Floor
Philadelphia, PA 19103

11605 North Community
House Road
Calhoun Building, Suite 500
Charlotte, NC 28277



2024 Recommendation

2024 Recommended Level		Prior Target	Change from Prior	Lower Bound (-15 days)	Upper Bound (+15 days)	Cash, UPIF and Rate Stabilization (2023 Audit)	In Range?	Over/Under Target
System								
Electric	\$69.1 million	\$60.8 million	\$8.3 million	\$60.4 million	\$77.7 million	\$83.6 million	Yes	\$14.5 million
Natural Gas	\$9.4 million	\$4.8 million	\$4.6 million	\$8.7 million	\$10.2 million	\$14.4 million	Yes	\$4.9 million
Water	\$8.6 million	\$5.3 million	\$3.3 million	\$7.7 million	\$9.4 million	\$20.6 million	Yes	\$12.0 million
Wastewater	\$8.7 million	\$6.5 million	\$2.2 million	\$7.7 million	\$9.7 million	\$22.9 million	Yes	\$14.2 million
GRU								
Cyber and Ransomware	\$2.3 million	NA	\$2.3 million	\$2.2 million	\$2.3 million			
Weather - "Routine"	\$1.9 million	\$4.0 million	\$.8 million	\$1.8 million	\$2.0 million			
Weather - Severe	\$2.9 million			\$2.8 million	\$3.0 million			
Insurance	\$1.6 million	\$1.0 million	\$.6 million	\$1.5 million	\$1.6 million			
GRUCom	\$2.2 million	\$2 million	\$.1 million	\$2.1 million	\$2.3 million			
Guarantee to The Energy Authority	Address through Line of Credit	NA						
Total	\$106.6 million	\$79.5 million	\$27.1 million	\$94.8 million	\$118.3 million	\$141.4 million	Yes	\$34.8 million

- Recommended level: ~\$107 million, range of ~\$95 million to ~\$118 million
- GRU's cash balances exceed target



Background of the Study

- Examines many facets of GRU's strategy, operations and finance

- Revenue Risk
- Expense Risk
- Working Capital
- Corporate Risks



“Bottom Up” Review of Risk and providing
(1) Dollar value to address that risk
(2) Based on three categories (Less Conservative,
Moderate, More Conservative Levels)

- Develops a target for Financial Reserves

- A bandwidth is built around the target (+/- 15 days of cash) for operational and financial flexibility

- Board-level approval

- Can be briefed and discussed with Rating Agencies (generally with positive feedback)

- Typically updated on a periodic cycle to allow for review of changes in the operational and financial risks – GRU's prior study was in 2018-2019



Changes to the Cash Reserve Balance Study

Electric System	Discussion
Revenue Risk	
General Sales Decrease	Reflects recession (average downturn)
Large Customer / Distributed Generation	Generally stable economic base but threat of distributed
Sales for Resale and Other Electric Sales Exposure	Not a significant Revenue Source
Other Revenue and Income Exposure	Not a significant Revenue Source
Expense Risk	
Forced Outage Exposure Kelly Plant	Maintenance issues recently due to older plants
Commodity Risk: Fuels (Coal, Natural Gas and	Significantly more natural gas exposure
Commodity Risk: Purchased Power	Commodity risk is higher compared to prior years
Inflation Risk on Operating Expenses	Inflation expected to continue into the future
Operational Risk / Working Capital and Rate Stabilization	
Working Capital	General 2 month payment lag as well as software issues
Rate Stabilization	Dynamic use/reliance on rate stabilization

- Reviewed each of GRU's systems (except GRUCom)
- Analyzed the risks to each system
- Applied common assumptions across systems
- Developed specific targets
- Some risk areas remain at the "Corporate level"
 - Cyber
 - Insurance
 - Climate Change
 - GRUCom
 - The Energy Authority



2024 Recommendation

2024 Recommended Level		Prior Target	Change from Prior	Lower Bound (-15 days)	Upper Bound (+15 days)	Cash, UPIF and Rate Stabilization (2023 Audit)	In Range?	Over/Under Target
System								
Electric	\$69.1 million	\$60.8 million	\$8.3 million	\$60.4 million	\$77.7 million	\$83.6 million	Yes	\$14.5 million
Natural Gas	\$9.4 million	\$4.8 million	\$4.6 million	\$8.7 million	\$10.2 million	\$14.4 million	Yes	\$4.9 million
Water	\$8.6 million	\$5.3 million	\$3.3 million	\$7.7 million	\$9.4 million	\$20.6 million	Yes	\$12.0 million
Wastewater	\$8.7 million	\$6.5 million	\$2.2 million	\$7.7 million	\$9.7 million	\$22.9 million	Yes	\$14.2 million
GRU								
Cyber and Ransomware	\$2.3 million	NA	\$2.3 million	\$2.2 million	\$2.3 million			
Weather - "Routine"	\$1.9 million	\$4.0 million	\$.8 million	\$1.8 million	\$2.0 million			
Weather - Severe	\$2.9 million			\$2.8 million	\$3.0 million			
Insurance	\$1.6 million	\$1.0 million	\$.6 million	\$1.5 million	\$1.6 million			
GRUCom	\$2.2 million	\$2 million	\$.1 million	\$2.1 million	\$2.3 million			
Guarantee to The Energy Authority	Address through Line of Credit	NA						
Total	\$106.6 million	\$79.5 million	\$27.1 million	\$94.8 million	\$118.3 million	\$141.4 million	Yes	\$34.8 million

- Recommended level: ~\$107 million and range of \$95 million to \$118 million
- GRU's cash balances exceed target



2024 Recommendation: Sources of Change

- Prior study recommended a cash balance target of ~\$75-\$80 million
- Target was applied to each system based on percentage of GRU revenue
- 2024 study reviews each system individually
- 2024's Study reflects significant changes in the economic, financial and operational landscape
 - Significant volatility and elevated prices for both natural gas and electricity (purchase and sales)
 - High inflation and supply chain disruptions impacts to all expenses
 - Cost to manage the utility systems on a day-to-day basis increased significantly. Primarily in 2021 and 2022
 - Other risks identified and quantified compared to prior study (cyber, weather, insurance)



Sources of Change: Commodities Example

- High amounts of variation in natural gas prices in Florida since 2019

<i>Fuel Expense (\$ million)</i>	2019	2020	2021	2022	2023
Natural Gas	\$32.6 million	\$28.9 million	\$44.6 million	\$117.3 million	\$61.2 million
Change (\$)	\$4.4 million	-\$3.7 million	\$15.7 million	\$72.7 million	-\$56.1 million
Change (%)	1%	-11%	54%	163%	-48%

- Volatile electricity prices in the state

<i>\$ per MWh</i>	2019	2020	2021	2022	2023
Average Electricity Price	\$104.42 per MWh	\$100.53 per MWh	\$106.64 per MWh	\$124.92 per MWh	\$135.26 per MWh
Change (\$)	\$1.12	-\$3.88	\$6.11	\$18.28	\$10.35
Change (%)	1.1%	-3.7%	6.1%	17.1%	8.3%

- GRU is reliant on natural gas (~65 to 70% of generation) and with the gasification of Deerhaven 2, likely more reliant in the future
- Higher market prices can lead to an increased cost to GRU associated with market purchases (if necessary)
- Implication: Overall data points toward a more conservative approach when looking at commodity market (natural gas and energy) risks



Electric System: Summary

Electric System	Less Conservative Level	Moderate Level	More Conservative Level	Discussion
Revenue Risk				
General Sales Decrease	\$3.0 million	\$5.3 million	\$9.1 million	Reflects recession (average downturn)
Large Customer / Distributed Generation	\$1.5 million	\$2.7 million	\$3.8 million	Generally stable economic base but threat of distributed generation
Sales for Resale and Other Electric Sales Exposure	\$.2 million	\$.3 million	\$.5 million	Not a significant Revenue Source
Other Revenue and Income Exposure	\$.3 million	\$1.0 million	\$1.7 million	Not a significant Revenue Source
Expense Risk				
Forced Outage Exposure Kelly Plant	\$1.5 million	\$3.6 million	\$10.9 million	Maintenance issues recently due to older plants
Commodity Risk: Fuels (Coal, Natural Gas and Biomass)	\$4.9 million	\$9.7 million	\$14.6 million	Significantly more natural gas exposure
Commodity Risk: Purchased Power	\$.6 million	\$1.2 million	\$1.7 million	Commodity risk is higher compared to prior years
Inflation Risk on Operating Expenses	\$.4 million	\$.9 million	\$1.3 million	Inflation expected to continue into the future
Operational Risk / Working Capital and Rate Stabilization				
Working Capital	\$26.0 million	\$34.6 million	\$43.3 million	General 2 month payment lag as well as software issues
Rate Stabilization	\$1.5 million	\$2.9 million	\$4.4 million	Dynamic use/reliance on rate stabilization

Preferred Level	\$69.1 million
15 Day Buffer	\$8.7 million
Lower Bound	\$60.4 million
Upper Bound	\$77.7 million

2023 Cash Available	
Operating Cash	\$15.3 million
Rate Stabilization	\$31.5 million
UPIF	\$36.7 million
Total	\$83.6 million



Natural Gas System: Summary

Natural Gas	Less Conservative Level	Moderate Level	More Conservative Level	Discussion
Revenue Risk				
General Sales Decrease	\$.3 million	\$1.1 million	\$1.8 million	Reflects recession
Loss of a Large Customer / Conservation	\$.1 million	\$.3 million	\$1.0 million	Generally stable economic base. Movement away from natural gas appliances
Sales for Resale	\$.01 million	\$.02 million	\$.03 million	Moderate Risk.
Expense Risk				
Commodity Risk: Fuels	\$1.0 million	\$1.6 million	\$2.1 million	Market risk for unhedged position
Inflation Risk on Operating Expenses	\$.2 million	\$.5 million	\$.9 million	Unforecasted inflation risk
Operational Risk / Working Capital and Rate Stabilization				
Working Capital	\$2.3 million	\$3.1 million	\$3.9 million	General payment lag between providing product and payment
Rate Stabilization	\$.6 million	\$1.3 million	\$1.9 million	Dynamic use of rate stabilization rather than a rate increase

Preferred Level	\$9.4 million
15 Day Buffer	\$.8 million
Lower Bound	\$8.7 million
Upper Bound	\$10.2 million

2023 Cash Available	
Cash	\$3.5 million
Rate Stabilization	\$.0 million
UPIF	\$10.9 million
Total	\$14.4 million



Water System: Summary

	Less Conservative Level	Moderate Level	More Conservative Level
Revenue Risk			
General Sales Decrease	\$.2 Million	\$.4 Million	\$.8 Million
Loss of Large Customer	\$.1 Million	\$.2 Million	\$1.1 Million
Other Revenue	\$.1 Million	\$.2 Million	\$.3 Million
Interest Income	\$.2 Million	\$.2 Million	\$.5 Million
Expense Risk			
Transmission & Distribution	\$.1 Million	\$.4 Million	\$.7 Million
Treatment	\$.0 Million	\$.6 Million	\$1.4 Million
Administrative and General	\$.0 Million	\$.4 Million	\$.9 Million
Operational Risk / Working Capital			
Working Capital	\$2.5 Million	\$3.3 Million	\$4.2 Million
Rate Stabilization Fund	\$.1 Million	\$.2 Million	\$.3 Million

- GRU is currently operating approximately \$12 million above the recommendation level
- Study Identified 3 different levels of risk including a recommended level, an upper bound level (+15 days cash), and a lower bound (-15 days cash)
- In 2022 GRU had a recommended cash target level of \$5.3 million. The current recommendation is approximately \$3.3 million higher at \$8.6 million.**
- The difference in recommended level is due to the evaluation of cash balances on a system-by-system basis, rather than looking at total combined balances.

Recommended Unrestricted Cash Level	\$8.6 Million
Upper Bound (+15 Days)	\$9.4 Million
Lower Bound (-15 Days)	\$7.7 Million

2023 Cash Available	
Operating Cash	\$1.2 million
Rate Stabilization	\$16.5 million
UPIF	\$3.0 million
Total	\$20.6 million



Waste Water System: Summary

	Less Conservative Level	Moderate Level	More Conservative Level
Revenue Risk			
General Sales Decrease	\$.3 Million	\$.5 Million	\$1.0 Million
Loss of Large Customer	\$.0 Million	\$.1 Million	\$.3 Million
Other Revenue	\$.3 Million	\$.4 Million	\$.9 Million
Interest Income	\$.1 Million	\$.1 Million	\$.2 Million
Expense Risk			
Collections	\$.1 Million	\$.4 Million	\$.7 Million
Treatment	\$.2 Million	\$.5 Million	\$1.0 Million
Administrative and General	\$.3 Million	\$.5 Million	\$1.1 Million
Operational Risk / Working Capital			
Working Capital	\$3.0 Million	\$4.0 Million	\$5.0 Million
Rate Stabilization Fund	\$.3 Million	\$.5 Million	\$1.0 Million

Recommended Unrestricted Cash Level	\$8.7 Million
Upper Bound (+15 Days)	\$9.7 Million
Lower Bound (-15 Days)	\$7.7 Million

- GRU is currently operating approximately \$14.2 million above the recommendation level
- Study Identified 3 different levels of risk including a recommended level, an upper bound level (+15 days cash), and a lower bound (-15 days cash)
- In 2022 GRU had a recommended cash target level of \$6.5 million. The current recommendation is approximately \$2.2 million higher at \$8.7 million.
- The difference in recommended level is due to the evaluation of cash balances on a system-by-system basis, rather than looking at total combined balances.

2023 Cash Available	
Operating Cash	\$3.7 million
Rate Stabilization	\$16.8 million
UPIF	\$2.3 million
Total	\$22.9 million

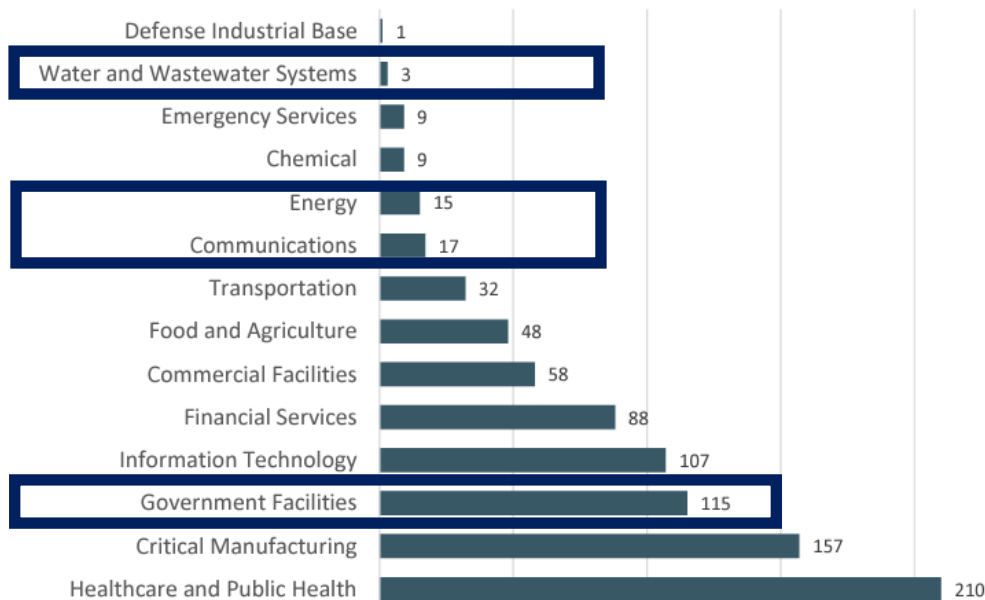


Corporate Risks



Corporate Risk – Cyber

Infrastructure Sectors Victimized by Ransomware



Source: FBI Internet Crime report, 2022

- Recent statistics from the FBI's annual report indicate Cyber attacks and ransomware are a continued threat

Data indicates that there were over 800,000 reported incidents with economic losses exceeding \$10 billion

Multiple utilities have been impacted by cyber events such as:

- Lansing Board of Water & Light
- Independence Power & Light
- Bonneville Power
- Aliquippa Water (PA)

- Some cyber experts have estimated the cost of a cyber intrusion have an average impact of \$4.5 million ¹



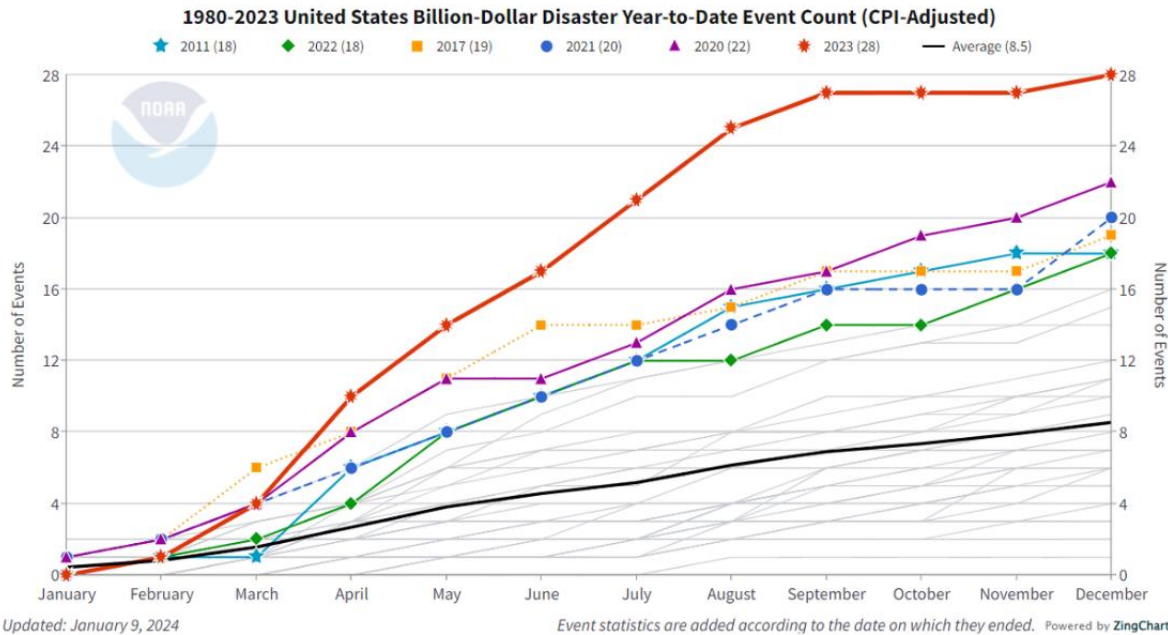
Corporate Risk – Cyber

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Average Cost per Event	\$4.5 million/event	\$4.5 million/event	\$4.5 million/event
Probability of Success	25%	50%	100%
Exposure	\$1.1 million	\$2.3 million	\$4.5 million

- Represents GRU's risk of cyber-attack and the resulting disruption in either operations or financial management (internal and external)
- Variance calculated as:
 - Less conservative – 25% probability of cyber-attack success
 - Moderate level – 50% probability of cyber-attack success
 - More conservative – 100% probability of cyber-attack success
- Recommendation: **Moderate Level**
- Reasoning: Could be a significant risk
 - Utilities are a frequent target
 - GRU has cyber-prevention program
 - Cyber insurance in place, but the policy has coverage limitations



Corporate Risk – Weather



Month-by-month accumulation of billion-dollar disasters for each year on record. The colored lines represent the top 6 years for most billion-dollar disasters. All other years are colored light gray. NOAA image by NCEI.

- Significant increases in the number of large-scale weather-related events
- Since 2017, these events have caused over \$1 trillion in damages
- Largest driver is hurricanes with category 4 or 5 making landfall in 5 of the last 7 years
- GRU's experience:

Year	Number of storms	Claimed Damages
2018	1	\$.1 million
2019	2	\$.8 million
2020	5	\$.6 million
2021	0	\$.0 million
2022	4	\$2.6 million
2023	1	\$.9 million
Total	13	\$5.0 million
	Average	\$.4 million



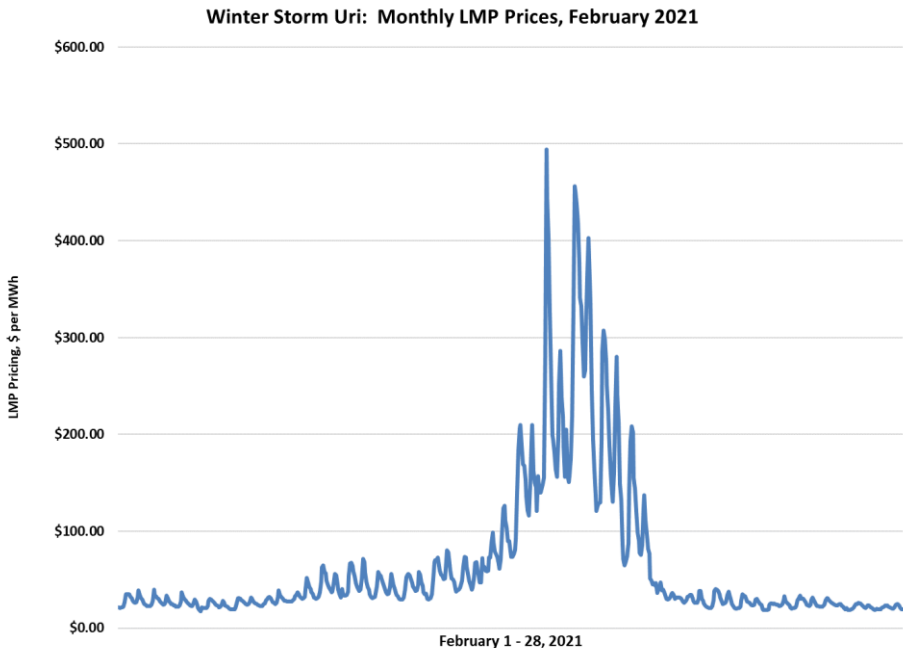
Corporate Risk: “Routine” Weather Event

<i>(\$ million)</i>	<i>Less Conservative Level</i>	<i>Moderate Level</i>	<i>More Conservative Level</i>
Estimated Cost Per Event	\$.4 million	\$.4 million	\$.4 million
Severity / Number of Events	1 event	2.6 events	5 events
Exposure	\$.4 million	\$1.0 million	➡ \$1.9 million ⬅

- ◆ Represents the immediate cost of repairs as well as funding mutual aid in the events of storm-related damage
- ◆ Calculated based on average weather costs from GRU’s experience, \$0.4 million
- ◆ FEMA reimbursement cycle can take years (compared to when expense is incurred)
- ◆ Variance calculated as:
 - Less conservative – one event during the year (as experienced in 2018, 2023)
 - Moderate level – 2.6 events during the year (average 2018 – 2023)
 - More conservative – 3 events during the year, major damage (maximum events in one year)
- ◆ Recommendation: **More Conservative Level**
- ◆ Reasoning:
 - Frequency and strength of storms has been increasing in recent years
 - Delays in FEMA reimbursement timing



Corporate Risk – Severe Storm Event



MISO Average LMPs, Winter Storm Uri	
13-Feb-21	\$52.73 per MWh
14-Feb-21	\$82.41 per MWh
15-Feb-21	\$144.56 per MWh
16-Feb-21	\$232.04 per MWh
17-Feb-21	\$299.56 per MWh
18-Feb-21	\$191.10 per MWh
19-Feb-21	\$109.88 per MWh
20-Feb-21	\$37.50 per MWh

Average	\$143.72 per MWh
----------------	-------------------------

- Winter Storm Uri (February 2021) had a severe impact in many parts of the country
- The impacts on electricity and natural gas prices were felt well beyond Texas as natural gas shortages led to high prices in other areas of the country
- In the mid-west transmission network, the effects, were also swift and severe with ~a week of elevated prices which averaged over \$143 per MWh



Corporate Risk: “Severe” Storm Event

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Average Daily MWh (Demand)	5,319 MWh	5,319 MWh	5,319 MWh
DHR Production (Supply)	2,460 MWh	2,460 MWh	2,460 MWh
Shortfall	2,859 MWh	2,859 MWh	2,859 MWh
Cost of replacement power	\$140.00 per MWh	\$160.00 per MWh	\$190.00 per MWh
Budgeted Cost	\$45.90 per MWh	\$45.90 per MWh	\$45.90 per MWh
Cost above Budget	\$94.10 per MWh	\$114.10 per MWh	\$144.10 per MWh
# Days of Storm	7 days	7 days	7 days
Exposure	\$1.9 million	\$2.3 million	\$2.9 million

- Represents potential of “Uri-like” event impacting Florida and Southeast markets
- Calculated assuming natural gas was unavailable (prohibitively expensive or extremely difficult to deliver). GRU would have to utilize more expensive generation to provide power, assuming DHR at capacity
- Variance calculated as:
 - Less conservative – MISO Average LMP during Winter Storm Uri
 - Moderate level – Average of highest MISO Electric Prices, 2015 – 2022
 - More conservative – Average of highest peak MISO Electric Prices, 2015 – 2022
- Recommendation: **More Conservative Level**
- Reasoning:
 - Higher electric costs impacts all of GRU’s systems
 - Lesson from Uri point to weatherization of facilities and diversity of fuels as prudent risk controls
 - Difficult to “reserve” against this type of event (many utilities in Texas were forced to issue debt to pay unexpected O&M costs)



Corporate Risk – Insurance

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Total Deductibles	\$3.1 million	\$3.1 million	\$3.1 million
Probability of Occurring	25%	50%	100%
Exposure	\$0.8 million	\$1.6 million	\$3.1 million

While GRU has an active risk management process

- Insurance policies in place have deductibles totaling \$3.1 million with \$2.0 million associated with the generating stations
- GRU has an older generating fleet compared to many other utilities
- Some insurance policies have a period of time *after* an event until they become effective
- Some policies only are effective when a certain price level, the strike price, is met or exceeded
- GRU has elected to not have insurance for some areas

Variance calculated as:

- Less conservative: Low probability of using insurance during a year (25%)
- Moderate level: 50% chance of needing multiple insurance policies
- More conservative: High probability of needing many policies during the year

Recommendation: **Moderate Level**

Reasoning: Aging generation fleet, recent maintenance and other events at generating stations, high level of deductibles associated with generation



Corporate Risk – The Energy Authority

- ◆ GRU is an equity owner of The Energy Authority (TEA)
- ◆ TEA plays an important role with GRU’s operations by
 - Managing natural gas procurement for both the electric and natural gas system
 - Conducting power sales and purchases
 - Providing market commentary and insight
 - Detailing recommendations on hedging strategy
 - Assisting with the Integrated Resource Plan
- ◆ As an equity owner, GRU is subject to a “Guarantee” based on GRU’s ownership and trading activity with TEA. This has varied over time and is based on GRU’s transactional exposure

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Guaranteed Credit backed by GRU	23,100,000	19,500,000	21,700,000	19,500,000	16,900,000	20,000,000	37,900,000	16,400,000	24,500,000
Change (\$)		(3,600,000)	2,200,000	(2,200,000)	(2,600,000)	3,100,000	17,900,000	(21,500,000)	8,100,000

Source: GRU Audit and TEA correspondence

- ◆ While unlikely, in the event of severe market disruption, GRU might have to provide this Guarantee to TEA, to assist with TEA on-going operations
- ◆ PFM believes, given the potential magnitude of this risk (based on commodity prices), that meeting this Guarantee would be best addressed through accessing a letter or line of credit in the event of a commodity market disruption



2024 Recommendation: Road Ahead

- Approve target of ~\$107 million
 - Lower Bound: \$95 million
 - Upper Bound: \$118 million
- Target will guide budget development
- 2025 and 2026 levels can be determined with an inflation adjustment
- GRU currently has sufficient cash (operating cash, rate stabilization and UPIF) to meet, if not exceed, target and upper bandwidth
- Brief rating agencies if no further adjustments



Gainesville Regional Utilities Resiliency and Cash Balance Study



Spring, 2024

PFM Financial
Advisors LLC

1735 Market Street
42nd Floor
Philadelphia, PA 19103

11605 North Community
House Road
Calhoun Building, Suite 500
Charlotte, NC 28277



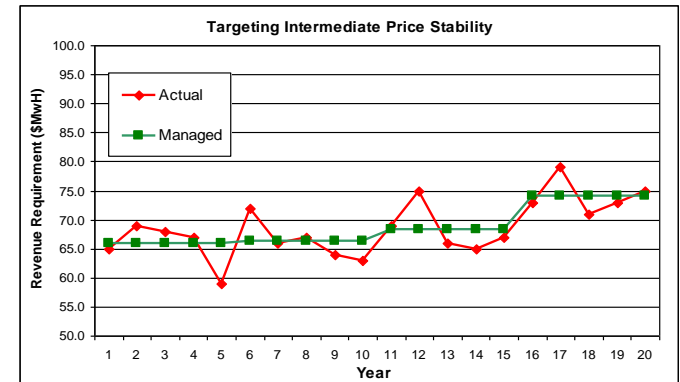
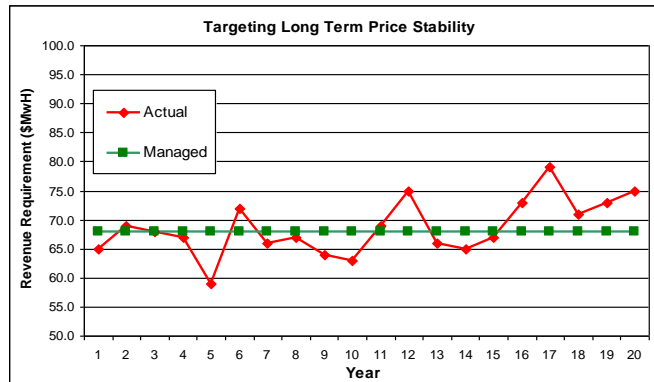
Reasons for the Cash Reserves Policy

- Utility customers at all levels prefer price stability – allows for budgetary certainty
 - However, price signals to ratepayers also have Value
- GRU should contribute to the “Stability Chain”
 - Volatility weakens the chain
 - While most understand there are some events out of GRU’s control, insulating ratepayers from these shocks and externalities seen as important
- Cash Reserves represent one of several tools aimed at maintaining price stability. Others are detailed below:
 - *Insurance*
 - *Hedging*
 - *Budgeting*
 - *Borrowing*

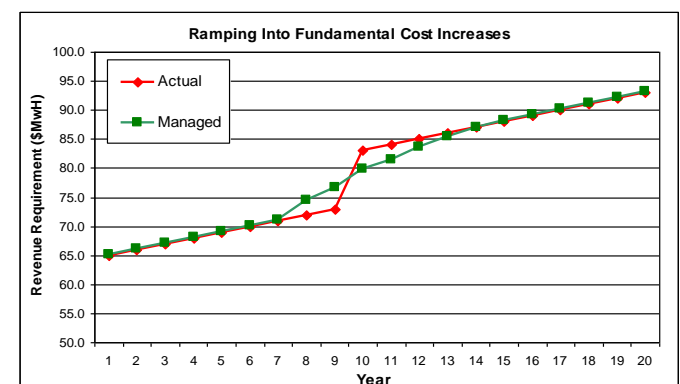
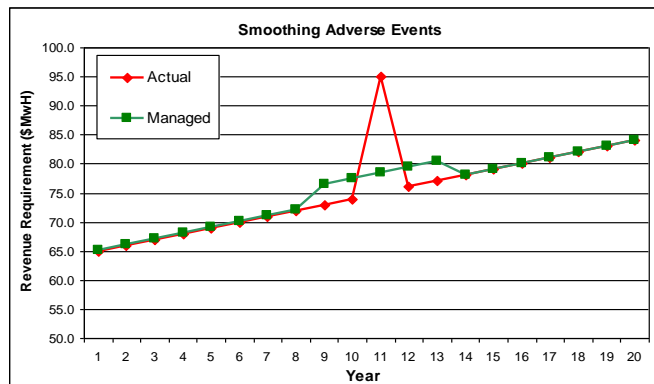


Reasons for the Cash Reserves Policy

- Examples of Financial Reserves Applications
 - Managing Revenue Requirement Fluctuations



- Managing Single Event Impacts





Reasons for the Cash Reserves Policy

- Decisions Regarding Financial Reserves
 - Choosing Where to Apply Reserves vs. Other Methods
 - Insurance is more appropriate in some cases – e.g. major equipment, but it might not apply in all circumstances based on policy specifics
 - Pass-through may be more customary – e.g. fuel cost adjusters
 - Capitalized interest to ramp into higher debt costs for large asset additions
 - Sizing Financial Reserves
 - Quantifying event impacts is the easier part (usually)
 - Anticipating the event is the challenge
 - *Timing, Probability, Duration, Correlations*
 - Reserve Decisions Translate to Rate Making Decisions
 - Near Term – funding the reserves if necessary
 - Long Term – raising rates when event impacts exceed reserves



Background of the Financial Reserves Policy

- Examines many facets of GRU's strategy, operations and finance

- Revenue Risk
- Expense Risk
- Working Capital
- Capital



"Bottom Up" Review of Risk and providing
(1) Dollar value to address that risk
(2) Based on three categories (Less Conservative,
Moderate, More Conservative Levels)

- Develops a target for Financial Reserves

- A bandwidth is built around the target (+/- 15 days of cash) for operational and financial flexibility

- Approved by Board

- Can be briefed and discussed with Rating Agencies (generally with positive feedback)

- Typically updated on a periodic cycle to allow for review of changes in the operational and financial risks – GRU's prior study was in 2018-2019



Prior Resiliency and Cash Balance Study

DRAFT



Executive Summary

\$ Million	Less Conservative Level	Moderate Level	More Conservative Level	
Revenue Risk				
General Sales Decrease	\$3.5	\$10.4	\$17.3	Reflects recession
Large Customer Exposure	\$9	\$1.7	\$6.9	Generally stable economic base
Sales for Resale / UF Water	\$0	\$1	\$2	Immaterial Revenue
Other Revenue Exposure	\$0	\$1	\$5	Immaterial Revenue
Expense Risk				
Replacement Power Exposure	\$2.6	\$10.0	\$22.1	Low probability but represents resiliency
Gas / Purchased Power Exposure	\$3	\$2.4	\$6.1	Market risk for unhedged position
Renewable Performance Exposure	Not Applicable			Limited renewable exposure
Insurance	\$1	\$1	\$2	
Resiliency and Climate Exposure	\$2.0	\$4.0	\$8.0	FEMA lag versus response time
Cyber Exposure	Not Applicable			Insurance coverage
Construction / CIP Exposure	Not Applicable			GRU's experience with projects
Operational Risk / Working Capital				
Working Capital	\$31.5	\$42.0	\$52.5	Use of RSF and general payment lag

* Numbers may not total due to rounding

Preferred Level	\$72.7
15 Day Buffer	\$9.6
Lower Bound	\$63.1
Upper Bound	\$82.3

- Study reviewed GRU's income statement and identified sources of risk
- Study determined 3 different levels of cash to address that risk
- Discussions of these risks and environments with GRU staff led to a "preferred" level for that particular risk
- Study then determined the cash balance across GRU's different systems



Cash Balance Targets: By System				
(\$ in Millions)	2019	2020	2021	2022
Electric	55.7	57.3	59.1	60.8
Gas	4.4	4.5	4.7	4.8
Water	4.8	5.0	5.1	5.3
Wastewater	5.9	6.1	6.3	6.5
GRUCom	1.9	2.0	2.0	2.1
Total	72.7	74.9	77.2	79.5

- Prior study recommended a cash balance target of ~\$75-\$80 million
- Broken down by system based on percentage of GRU revenue
- Cash included: Operating Cash, Rate Stabilization and UPIF



Changes to the Cash Reserve Balance Study

Electric System	Discussion
Revenue Risk	
General Sales Decrease	Reflects recession (average downturn)
Large Customer / Distributed Generation	Generally stable economic base but threat of distributed
Sales for Resale and Other Electric Sales Exposure	Not a significant Revenue Source
Other Revenue and Income Exposure	Not a significant Revenue Source
Expense Risk	
Forced Outage Exposure Kelly Plant	Maintenance issues recently due to older plants
Commodity Risk: Fuels (Coal, Natural Gas and	Significantly more natural gas exposure
Commodity Risk: Purchased Power	Commodity risk is higher compared to prior years
Inflation Risk on Operating Expenses	Inflation expected to continue into the future
Operational Risk / Working Capital and Rate Stabilization	
Working Capital	General 2 month payment lag as well as software issues
Rate Stabilization	Dynamic use/reliance on rate stabilization

- Reviewed each of GRU's systems (except GRUCom)
- Analyzed the risks to each system
- Applied common assumptions across systems
- Developed specific targets
- Some risks remain at the "Corporate level"
 - Cyber
 - Insurance
 - Climate Change
 - GRUCom



Inflation

- ◆ In addition to broad economic issues having an impact on overall GRU costs, inflation could influence future costs.
- ◆ In evaluating the cost base of the cash balance study, PFM includes adjustments to future costs by adding an inflation factor
- ◆ Resources examined in creating the inflation factor include:
 - **Consumer Price Index: CPI is an index that tracks the average change in prices paid by consumers for a market basket of goods and services.**
 - Consumer Price Index, Excluding Food and Energy: The CPI excluding food and energy, also known as “Core CPI”, measures prices paid by consumers for a typical basket of goods excluding any factors pertaining to food and energy. These factors are usually excluded to minimize volatility.
 - Producer’s Price Index: The PPI measures the average change in selling price over time received by domestic producers for the goods and services produced.
 - Producer Price Index, Utilities: The PPI, Utilities measures the average change in selling price over time received by domestic producers for the goods and services produced in the utility industry such as electric generation and natural gas.
 - Energy Information Agency: EIA data consists of price data gathered by the energy information agency which consists of information on electric generation, wind generation, natural gas generation and other forms of energy.



Executive Summary: 2024 Recommendation

	2024 Recommended Level	Prior Target	Change from Prior	Lower Bound (-15 days)	Upper Bound (+15 days)	Cash, UPIF and Rate Stabilization (2023 Audit)	In Range?	Over/Under Target
System								
Electric	\$69.1 million	\$60.8 million	\$8.3 million	\$60.4 million	\$77.7 million	\$83.6 million	Yes	\$14.5 million
Natural Gas	\$9.4 million	\$4.8 million	\$4.6 million	\$8.7 million	\$10.2 million	\$14.4 million	Yes	\$4.9 million
Water	\$8.6 million	\$5.3 million	\$3.3 million	\$7.7 million	\$9.4 million	\$20.6 million	Yes	\$12.0 million
Wastewater	\$8.7 million	\$6.5 million	\$2.2 million	\$7.7 million	\$9.7 million	\$22.9 million	Yes	\$14.2 million
GRU								
Cyber and Ransomware	\$2.3 million	NA	\$2.3 million	\$2.2 million	\$2.3 million			
Weather - "Routine"	\$1.9 million	\$4.0 million	\$.8 million	\$1.8 million	\$2.0 million			
Weather - Severe	\$2.9 million			\$2.8 million	\$3.0 million			
Insurance	\$1.6 million	\$1.0 million	\$.6 million	\$1.5 million	\$1.6 million			
GRUCom	\$2.2 million	\$2 million	\$.1 million	\$2.1 million	\$2.3 million			
Guarantee to The Energy Authority	Address through Line of Credit	NA						
Total	\$106.6 million	\$79.5 million	\$27.1 million	\$94.8 million	\$118.3 million	\$141.4 million	Yes	\$34.8 million

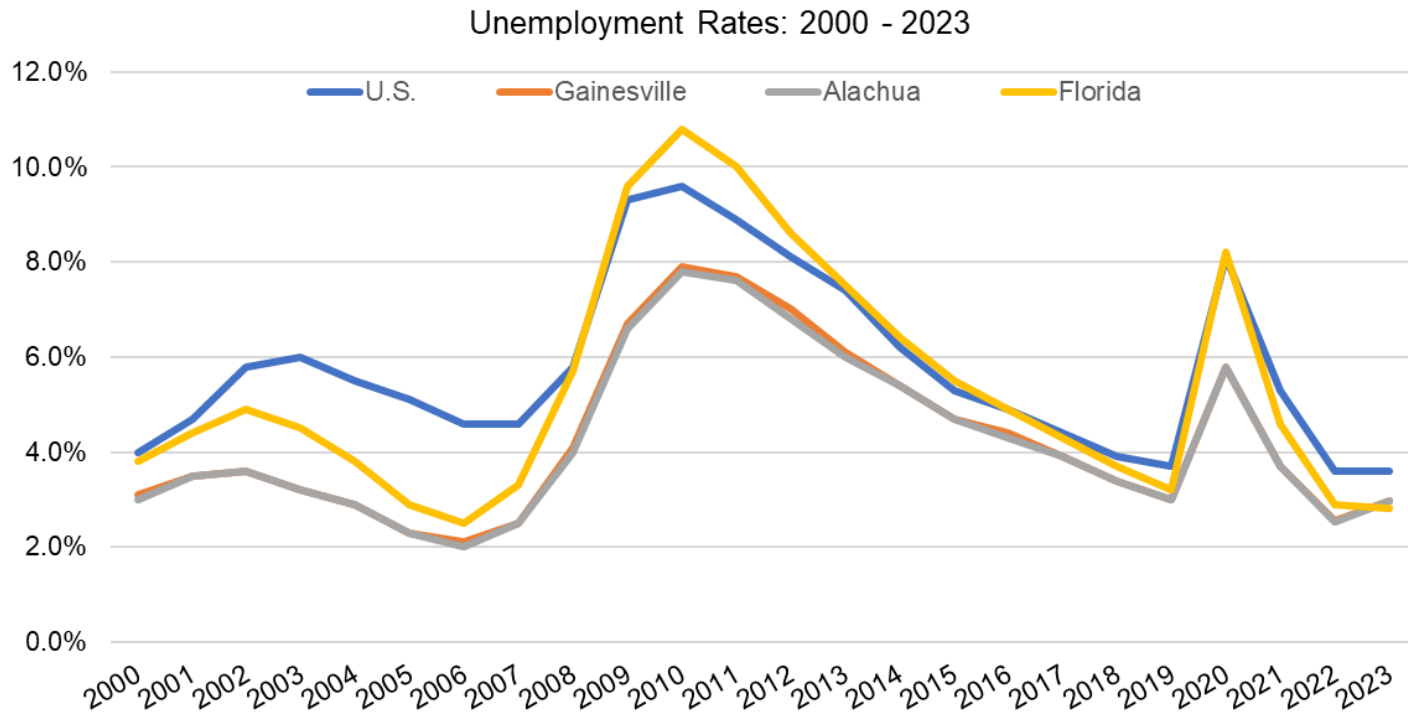
- Recommended level: ~\$107 million and range of \$95 million to \$118 million
- GRU's cash balances exceed target



Economic Landscape



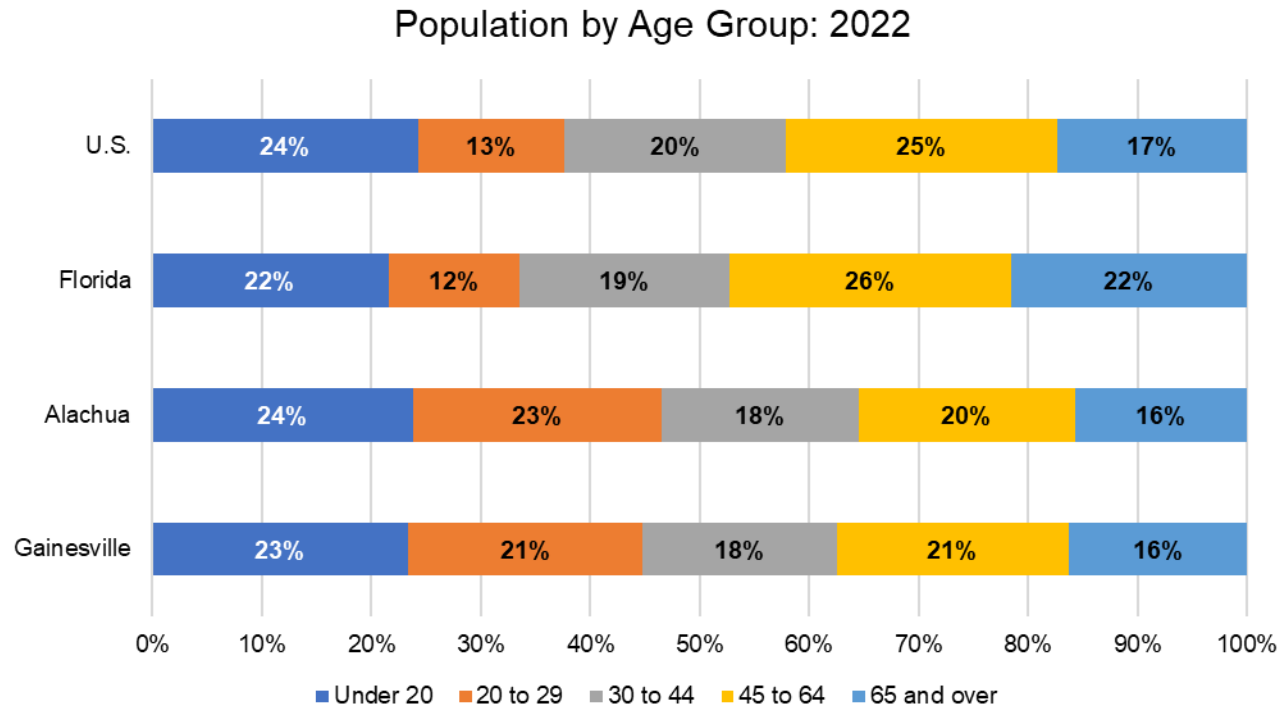
Economic Landscape: Low Unemployment



- Overall follows the trend on US unemployment and historically falls below the US average
- While Florida historically trends higher than US, the City and County trends lower



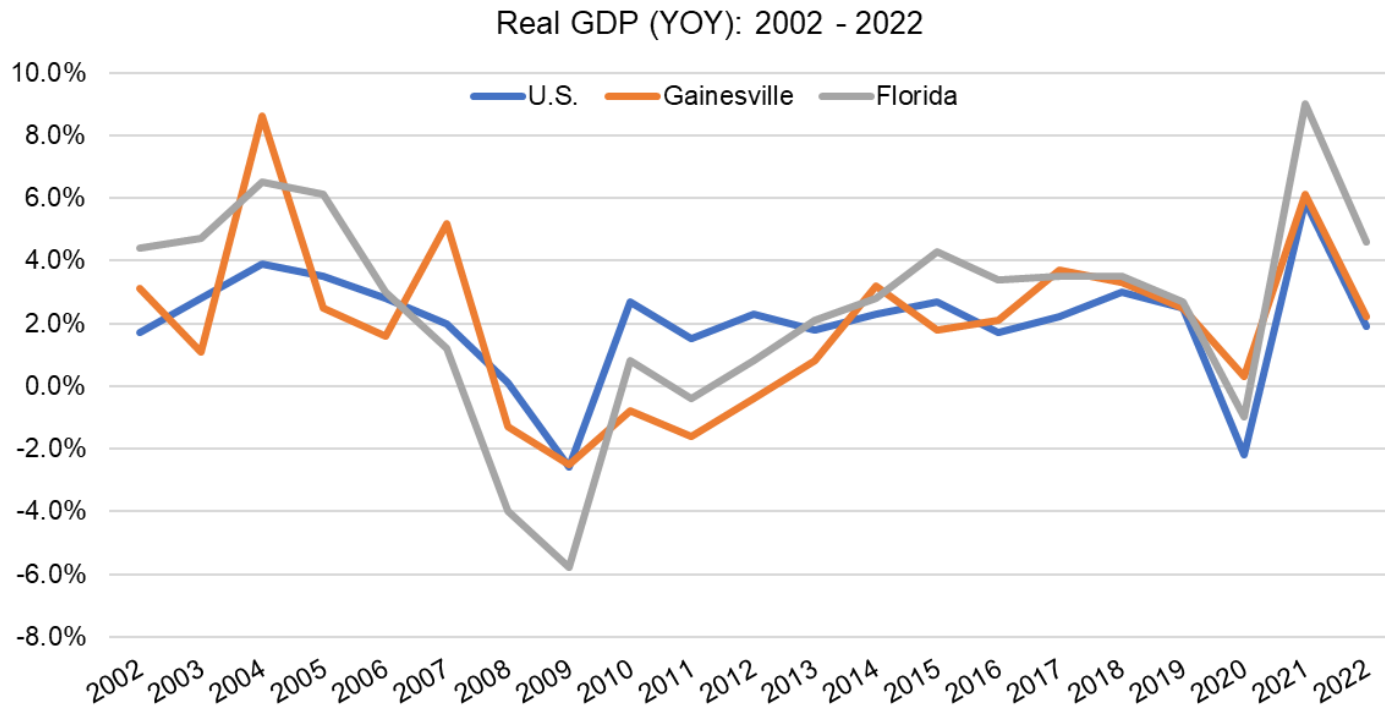
Economic Landscape: GRU Population



- Population age groups help determine the utility's ability to pass through costs
- Under 20 and Over 65: generally have difficulty addressing large rate increases
- Other 3 age groups are primary income generators
- City and County have a greater portion of the population of working age



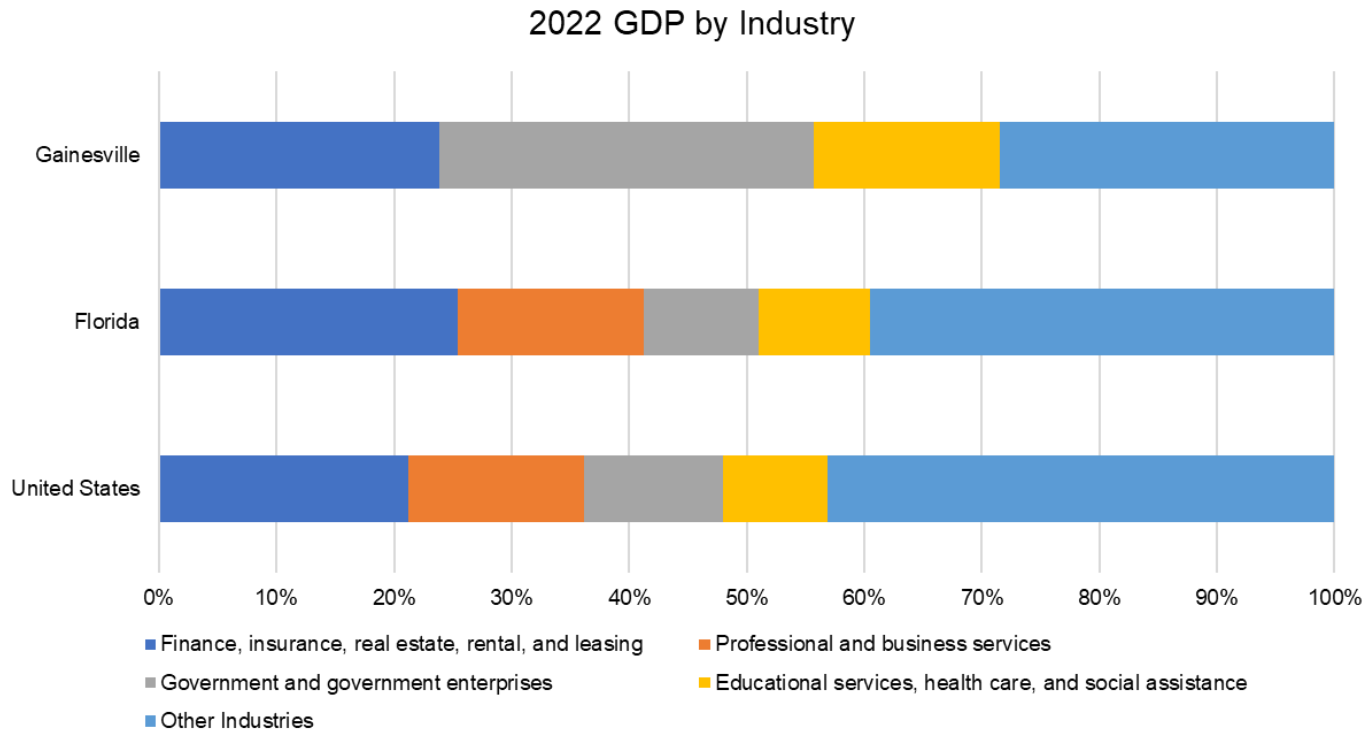
Economic Landscape: Lagging GDP Growth



- Year-over-year GDP shows a higher volatility compared to US
- Recent trend shows the City as rebounding more quickly from the pandemic



Economic Landscape: Diverse Industries Across GRU



- City's industries largely governmental, education and healthcare
- Provides stability to area
- Data doesn't include professional and business services for Gainesville to avoid disclosure of confidential information



Economic Landscape: Overall Assessment

- In some of the data, GRU and the members appear to have lower economic risk:
 - Unemployment rates are slightly below those in the U.S.
 - GDP growth slightly higher than the U.S. average
 - Lower proportion of young as well as older/retirees in the communities (fixed income) with about ~30-35% of residents in “prime income” years
- One somewhat negative metric is the diversity of industries across the GRU footprint
- **Implication: Lower to moderate risk when it comes to economic (micro and macro) shocks to the service territory**



Electric System



Electric System: Summary

Electric System	Less Conservative Level	Moderate Level	More Conservative Level	Discussion
Revenue Risk				
General Sales Decrease	\$3.0 million	\$5.3 million	\$9.1 million	Reflects recession (average downturn)
Large Customer / Distributed Generation	\$1.5 million	\$2.7 million	\$3.8 million	Generally stable economic base but threat of distributed generation
Sales for Resale and Other Electric Sales Exposure	\$.2 million	\$.3 million	\$.5 million	Not a significant Revenue Source
Other Revenue and Income Exposure	\$.3 million	\$1.0 million	\$1.7 million	Not a significant Revenue Source
Expense Risk				
Forced Outage Exposure Kelly Plant	\$1.5 million	\$3.6 million	\$10.9 million	Maintenance issues recently due to older plants
Commodity Risk: Fuels (Coal, Natural Gas and Biomass)	\$4.9 million	\$9.7 million	\$14.6 million	Significantly more natural gas exposure
Commodity Risk: Purchased Power	\$.6 million	\$1.2 million	\$1.7 million	Commodity risk is higher compared to prior years
Inflation Risk on Operating Expenses	\$.4 million	\$.9 million	\$1.3 million	Inflation expected to continue into the future
Operational Risk / Working Capital and Rate Stabilization				
Working Capital	\$26.0 million	\$34.6 million	\$43.3 million	General 2 month payment lag as well as software issues
Rate Stabilization	\$1.5 million	\$2.9 million	\$4.4 million	Dynamic use/reliance on rate stabilization

Preferred Level	\$69.1 million
15 Day Buffer	\$8.7 million
Lower Bound	\$60.4 million
Upper Bound	\$77.7 million

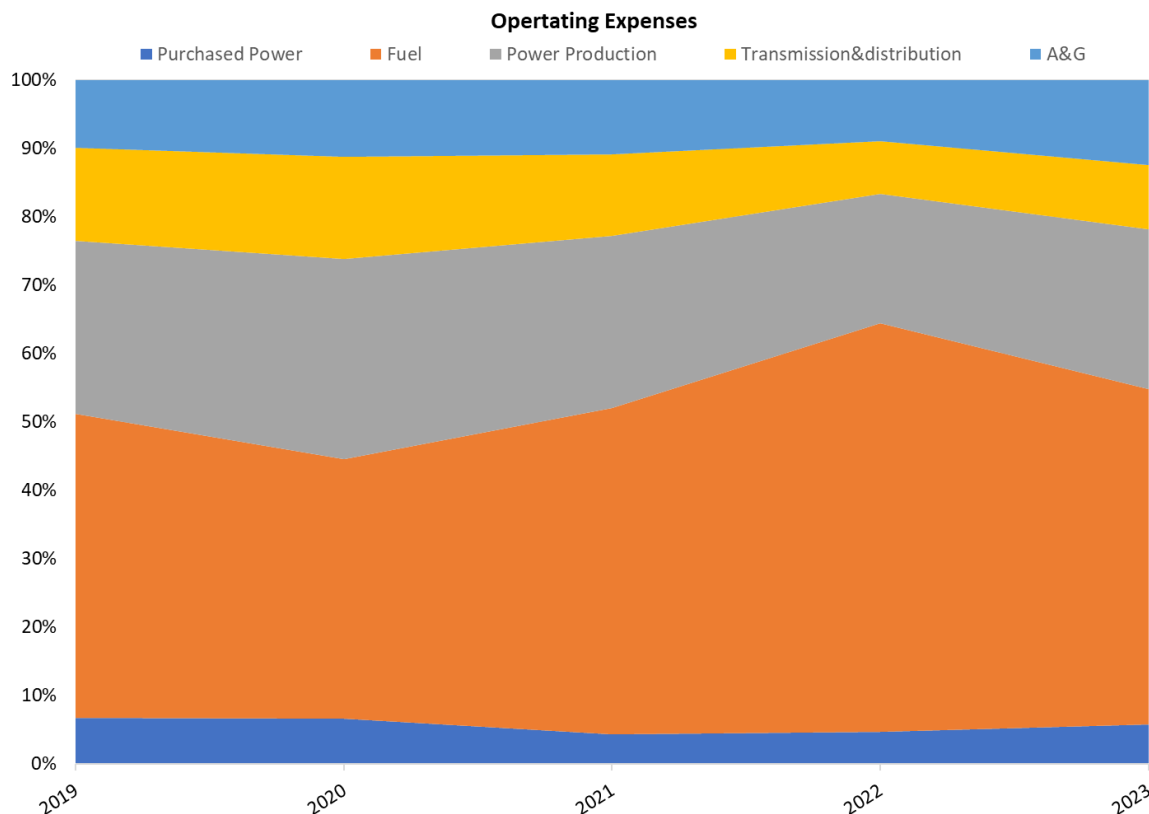
2023 Cash Available	
Operating Cash	\$15.3 million
Rate Stabilization	\$31.5 million
UPIF	\$36.7 million
Total	\$83.6 million



Electric System Revenue Risk



Electric System: Operating Expenses



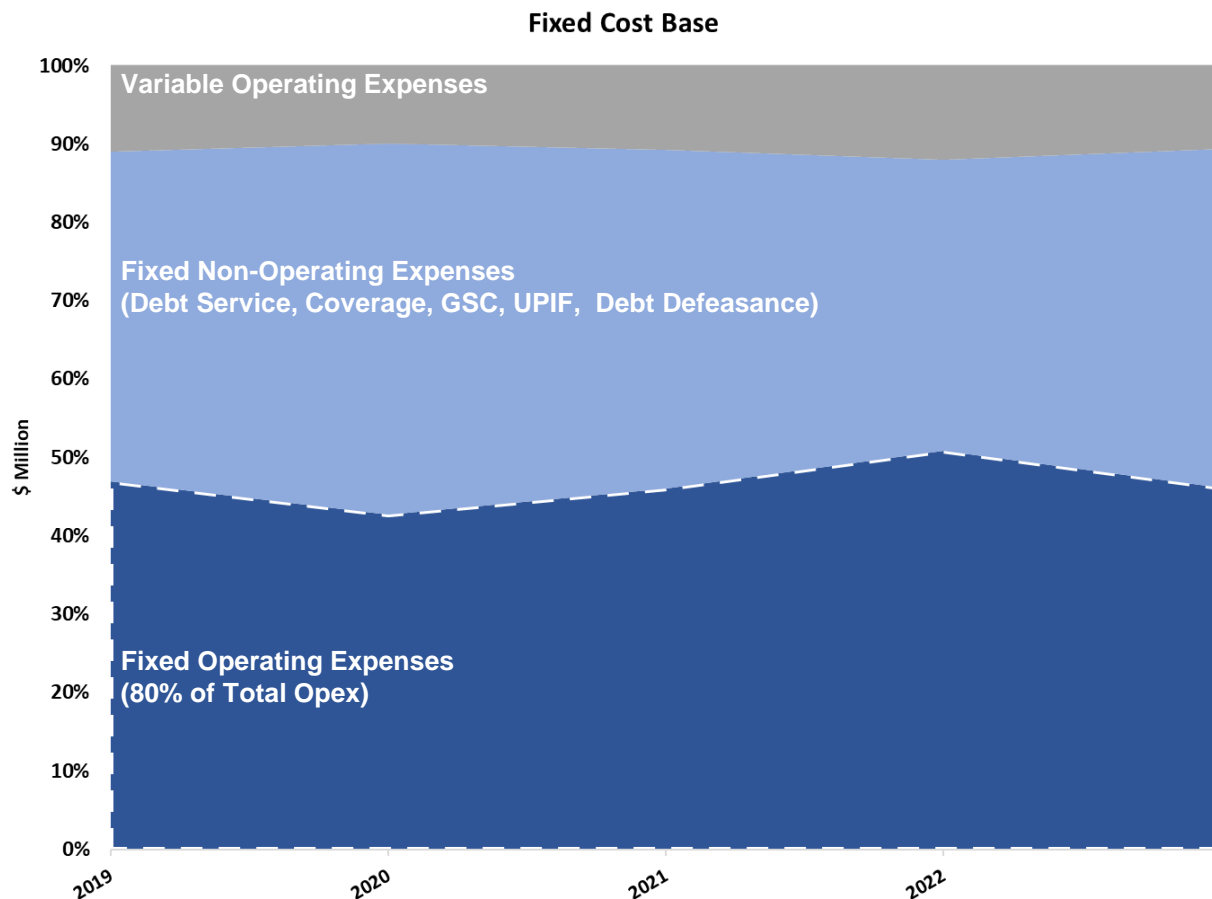
- Important calculation for the revenue risk categories
- Represents the operating expenses that GRU budgets to run the electric system
- 2022 saw significant fuel increases
- Fuel and Power Production comprise, on average, 70% of operating expenses – as fuel goes so do expenses
- GRU “less reliant” on power purchases than other utilities

Year over year change	2019	2020	2021	2022	2023
Purchased Power	-39%	-14%	-25%	48%	3%
Fuel	-8%	-25%	42%	75%	-32%
Power Production	5%	2%	-2%	4%	3%
Transmission & distribution	16%	-3%	-10%	-10%	1%
A&G	38%	0%	10%	15%	15%
Total Operating Expense	-2%	-12%	13%	39%	-16%



Fixed Cost Base

- Total operating expenses have averaged ~\$187 million between 2019 – 2022
- Generally, 80% of operating expenses are fixed on a year-to-year basis
- GRU has other fixed obligations (debt service, coverage, GSC, etc.)
- In total, ~90% of GRU's expenses are fixed and this is the fixed cost base
- This fixed cost base is used to calculate the next 2 categories





Fixed Cost Base: Adjusted for Inflation

<i>Fixed Cost Base (\$ in Millions)</i>	Fixed	2019	2020	2021	2022	2023
Purchased Power	Fixed	\$9.3	\$8.0	\$6.0	\$8.9	\$9.2
	Variable	\$2.3	\$2.0	\$1.5	\$2.2	\$2.3
Fuel	Fixed	\$61.7	\$46.2	\$65.6	\$114.5	\$78.4
	Variable	\$15.4	\$11.5	\$16.4	\$28.6	\$19.6
Power Production	Fixed	\$35.0	\$35.6	\$34.7	\$36.2	\$37.2
	Variable	\$8.8	\$8.9	\$8.7	\$9.1	\$9.3
Transmission & Distribution	Fixed	\$18.9	\$18.2	\$16.4	\$14.8	\$15.0
	Variable	\$4.7	\$4.6	\$4.1	\$3.7	\$3.8
A&G	Fixed	\$15.4	\$15.3	\$16.9	\$19.4	\$22.4
	Variable	\$1.7	\$1.7	\$1.9	\$2.2	\$2.5
Debt Service	Fixed	\$69.6	\$74.3	\$68.3	\$71.8	\$75.6
DS Margin	Fixed	\$17.4	\$18.6	\$17.1	\$18.0	\$18.9
UPIF	Fixed	\$22.9	\$21.2	\$23.4	\$24.8	\$27.3
GFT*	Fixed	\$9.5	\$9.5	\$9.5	\$9.5	\$9.5
	Total Fixed	\$259.7	\$247.0	\$257.9	\$317.9	\$293.6
	Total Variable	\$33.0	\$28.7	\$32.6	\$45.8	\$37.4

Fixed Cost Base, 5 Year Average: \$270.6 million

Inflation Rate 4%

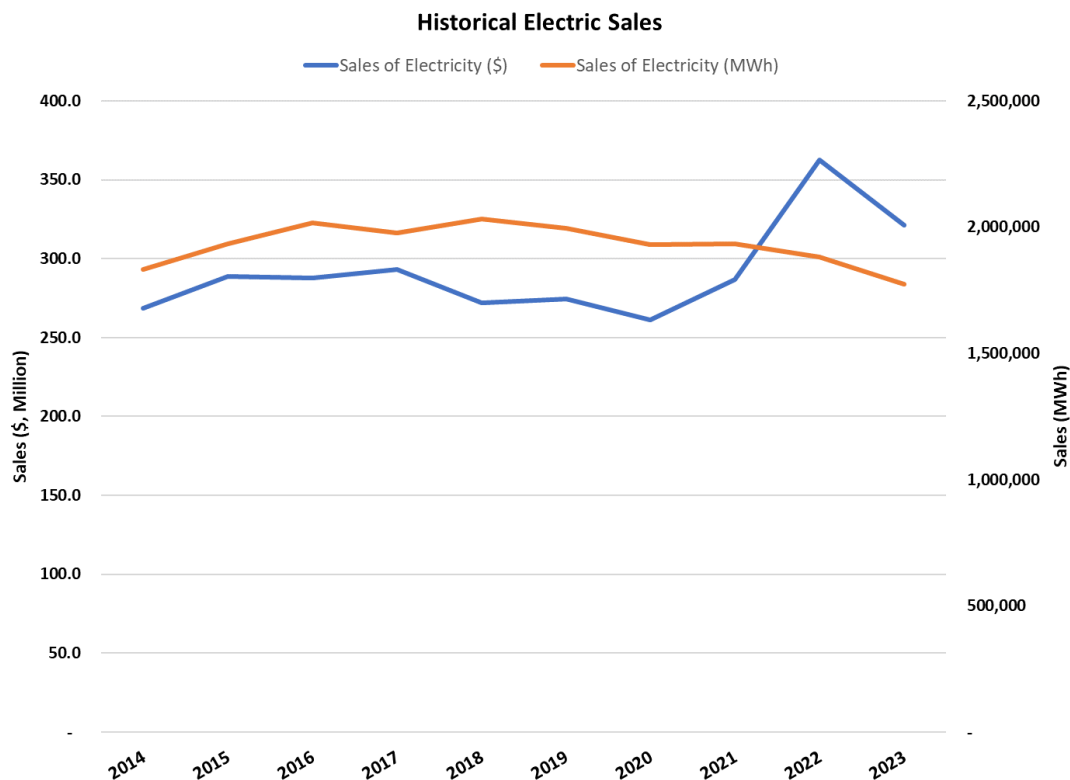
Number of Years 3

Fixed Cost Base \$304.4 million

* The City Commission approved a significant reduction in the General Fund Transfer in 2023. The GFT values in this table reflect the updated 2024 GCS (Government Services Contribution)



Revenue Risk: General Sales Decrease



Electric Sales	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Electric Sales (\$)	\$268.7 million	\$289.0 million	\$287.8 million	\$293.1 million	\$272.3 million	\$274.6 million	\$261.4 million	\$286.8 million	\$362.5 million	\$321.2 million
\$ Change	\$39.7 million	\$20.2 million	-\$1.2 million	\$5.3 million	-\$20.8 million	\$2.3 million	-\$13.2 million	\$25.4 million	\$75.6 million	-\$41.3 million
% Change	17.3%	7.5%	-0.4%	1.8%	-7.1%	0.8%	-4.8%	9.7%	26.4%	-11.4%

Electric Sales (MWh)	1,832,909 MWh	1,934,219 MWh	2,018,118 MWh	1,978,706 MWh	2,032,343 MWh	1,994,459 MWh	1,932,536 MWh	1,933,910 MWh	1,882,339 MWh	1,773,019 MWh
Change (MWh)	12,676 MWh	101,310 MWh	83,899 MWh	-39,412 MWh	53,637 MWh	-37,884 MWh	-61,923 MWh	1,374 MWh	-51,571 MWh	-109,320 MWh
Change (%)	0.7%	5.5%	4.3%	-2.0%	2.7%	-1.9%	-3.1%	0.1%	-2.7%	-5.8%



Revenue Risk: General Sales Decrease

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Assumed Fixed Cost Base	\$304.4 million	\$304.4 million	\$304.4 million
Assumed variance	-2.0%	-3.5%	-6.0%
Months of coverage	6 months	6 months	6 months
Exposure	\$3.0 million	\$5.3 million	\$9.1 million

- ◆ In the event of an economic downturn and lower overall revenues or sales, GRU would be required to cover the expected fixed costs (Fixed Cost Base) of the system **even if revenues do not materialize**
- ◆ Variance calculated as:
 - Less conservative – smallest decrease in year-over-year MWh sales
 - Moderate level – average decrease in year-over-year MWh sales
 - More conservative – largest decrease in year-over-year MWh sales
- ◆ Recommendation: **Moderate Level**
- ◆ Reasoning:
 - Possible recession expected based on Federal reserve actions and comments
 - GRU has experienced swings in sales, from -2% to -6% with -3.5% being “average downturn”



GRU Large Customers:

Rank	Customer	% of Revenue
1	GRU	3.47%
2	Shands Teaching Hospital and Clinics, Inc.	2.7%
3	Alachua County Public Schools	2.2%
4	North Florida Regional Medical Center	2.0%
5	VA Medical Center	1.9%
6	University of Florida	1.9%
7	Publix Super Markets	1.8%
8	City of Gainesville	1.7%
9	Alachua County Board of Commissioners	0.9%
10	Sante Fe	0.9%
		19.4%
Fiscal Year 2023 Total Electric Rev		\$330,525

Rank	Customer	% of Revenue
1	GRU	2.7%
2	Shands Teaching Hospital and Clinics, Inc.	2.3%
3	Alachua County Public Schools	2.2%
4	North Florida Regional Medical Center	1.7%
5	VA Medical Center	1.7%
6	University of Florida	1.7%
7	Publix Super Markets, Inc.	1.6%
8	City of Gainesville	1.5%
9	Alachua County Board of Commissioners	1.1%
10	Sivance, LLC	0.7%
		17.2%
Fiscal Year 2021 Total Electric Rev		\$291,573

Rank	Customer	% of Revenue
1	GRU	2.5%
2	Shands Teaching Hospital and Clinics, Inc.	2.2%
3	Alachua County Public Schools	1.8%
4	University of Florida	1.7%
5	VA Medical Center	1.6%
6	North Florida Regional Medical Center	1.5%
7	Publix Super Markets	1.3%
8	Alachua County Board of Commissioners	0.7%
9	Santa Fe College	0.7%
10	City of Gainesville	0.7%
		14.7%
Fiscal Year 2022 Total Electric Rev		\$383,673

Rank	Customer	% of Revenue
1	GRU	2.8%
2	Shands Teaching Hospital and Clinics, Inc.	2.2%
3	Alachua County Public Schools	2.1%
4	VA Medical Center	1.7%
5	City of Gainesville	1.7%
6	North Florida Regional Medical Center	1.7%
7	Publix Super Markets, Inc.	1.7%
8	University of Florida	1.5%
9	Alachua County Board of Commissioners	1.2%
10	Sivance, LLC	0.7%
		17.3%
Fiscal Year 2020 Total Electric Rev		\$274,426



Revenue Exposure: Large Customer/Distributed Generation

Change: higher
FCB, % variance
changed (lower)

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Assumed Fixed Cost Base	\$304.4 million	\$304.4 million	\$304.4 million
Assumed variance	-1.0%	-1.8%	-2.5%
Months of coverage	6 months	6 months	6 months
Exposure	\$1.5 million	\$2.7 million	\$3.8 million

- Represents loss of a major customer as well as the trend of distributed generation (solar, wind) that reduces overall MWh demand and revenue while GRU would still need to address all of the fixed cost base
- Largest Customer being GRU itself
- Variance calculated as:
 - Less conservative – loss in sales % of smaller Top 10 customer
 - Moderate level – loss in sales % of average Top 10 customer
 - More conservative – loss in of sales % of larger Top 10 customer
- Recommendation: **More Conservative Level**
- Reasoning:
 - Relatively stable customer base with reliance on education, healthcare and government.
 - This risk also serves as a proxy for distributed generation and renewable penetration in GRU's footprint**



Revenue Exposure: Sales for Resale and Other Electric Sales

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Expected Off-System sales and other revenue	\$33.3 million	\$33.3 million	\$33.3 million
Assumed Profit Margin (%)	10%	10%	10%
Expected Profit Margin (\$)	\$3.3 million	\$3.3 million	\$3.3 million
Assumed variance	-10%	-20%	-30%
Months of coverage	6 months	6 months	6 months
Exposure	➡ \$2 million ←	\$3 million	\$5 million

Change: Higher average off system sales. Margin % more varied, No change to total amount

- Represents sales to outside customers that do not materialize with some reliance on these sales to add revenue and margin to the bottom line. Generally, 11% of total electric sales averaging \$33 million/year
- Variance calculated as:
 - Less conservative – percentage loss of off-system sales relatively minor
 - Moderate level – percentage loss of off-system sales about average
 - More conservative – percentage loss of off-system sales above average
- Recommendation: **Less Conservative Level**
- Reasoning:
 - Stable off-system sales with contracts generally in place.
 - Given contracts in place rather than spot market sales, can be less conservative



Revenue Exposure: Other Revenue and Income

<i>Other Income (\$ million)</i>	2019	2020	2021	2022	2023
Other Revenue	\$1.9 million	\$9.5 million	\$6.1 million	\$6.4 million	\$6.6 million
Other Income	\$6.5 million	\$3.6 million	\$2.8 million	\$2.8 million	\$3.0 million
BABs	\$2.9 million	\$2.8 million	\$2.8 million	\$2.7 million	\$2.7 million
Total	\$11.3 million	\$15.9 million	\$11.7 million	\$11.9 million	\$12.3 million
Change	-4%	41%	-27%	2%	4%

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Other Income (\$)	\$12.6 million/day	\$12.6 million/day	\$12.6 million/day
Variance	-4%	-16%	-27%
Months Coverage	6 months	6 months	6 months
Exposure	\$3.3 million	\$1.0 million	\$1.7 million

- Represents revenue received from other sources to include BABs subsidy and the likelihood that this revenue does not materialize. This income stream averages \$12.6 million per year.
- Variance calculated as:
 - Less conservative – Smallest observed change
 - Moderate level – Average of the observed changes
 - More conservative – Largest observed change
- Recommendation: **Moderate Level**
- Reasoning: Greater variability (compared to prior category, sales for resale), more opportunistic

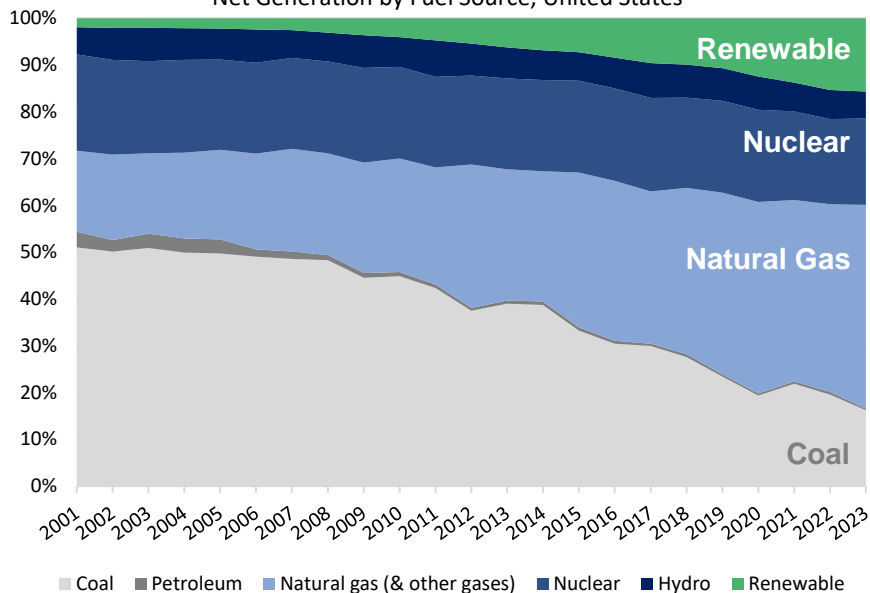


**Electric System
Expense Risk
Commodity & Generation Risk
Working Capital Risk**

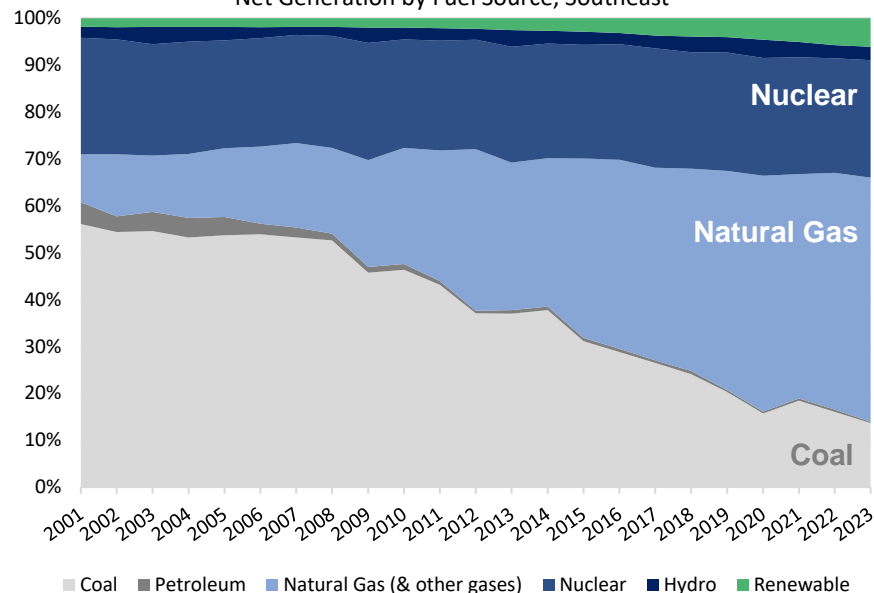


Observed Trends: Renewables

Net Generation by Fuel Source, United States



Net Generation by Fuel Source, Southeast

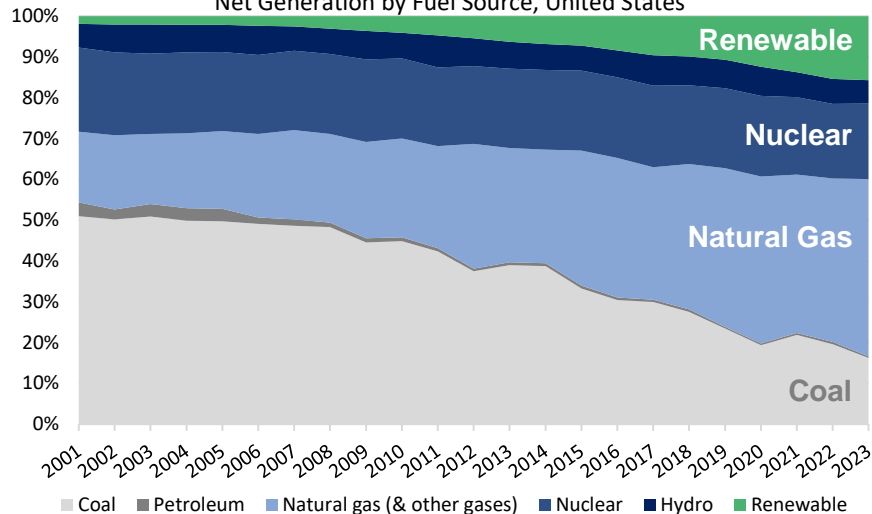


- Compares fuel sources of US and Regional utilities
- Southeast exceeds nation in terms of natural gas and reducing coal
- Southeast well behind with the penetration of renewables

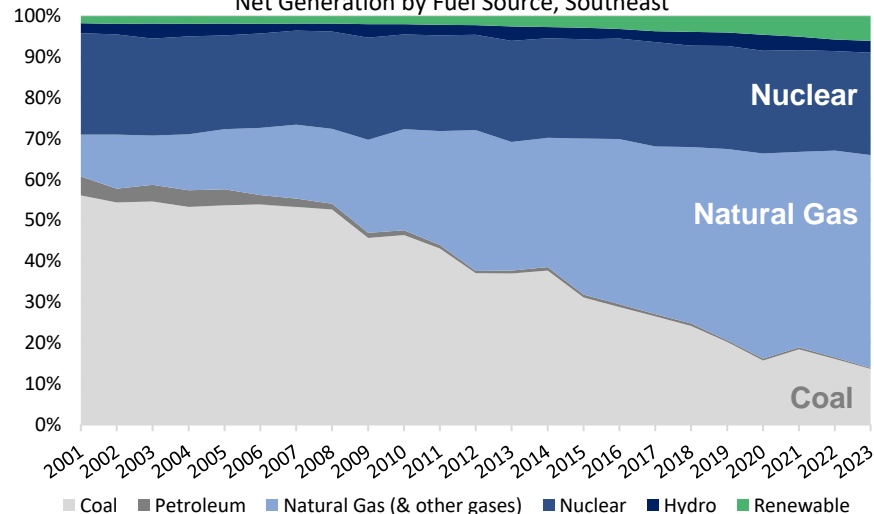


Observed Trends: Renewables

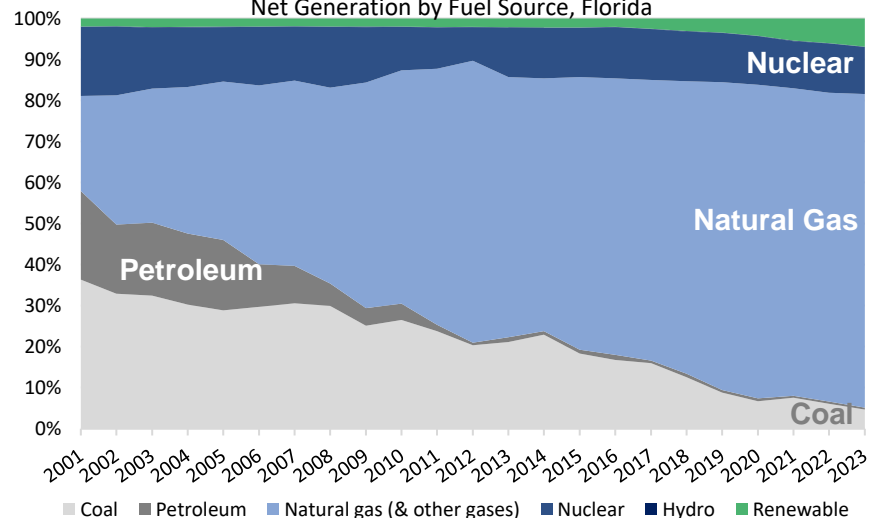
Net Generation by Fuel Source, United States



Net Generation by Fuel Source, Southeast



Net Generation by Fuel Source, Florida

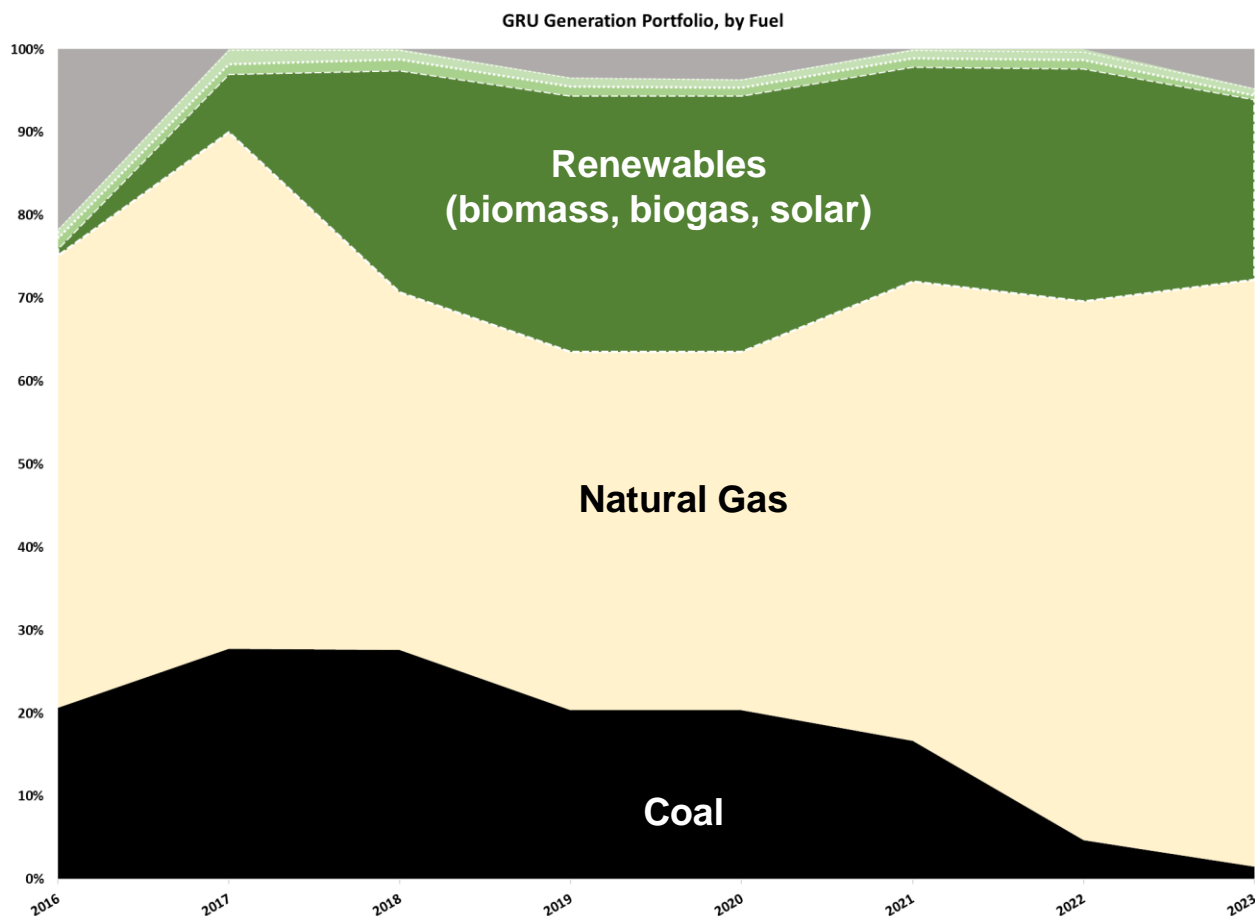


2023 Comparison

Fuel	U.S.	Southeast	Florida
Coal	16.2%	13.7%	4.6%
Petroleum	0.4%	0.2%	0.5%
Natural Gas	43.5%	52.1%	76.4%
Nuclear	18.5%	25.1%	11.5%
Renewable (Inclds Hydro)	21.4%	8.9%	7.0%



Observed Trends: GRU's Generation Portfolio



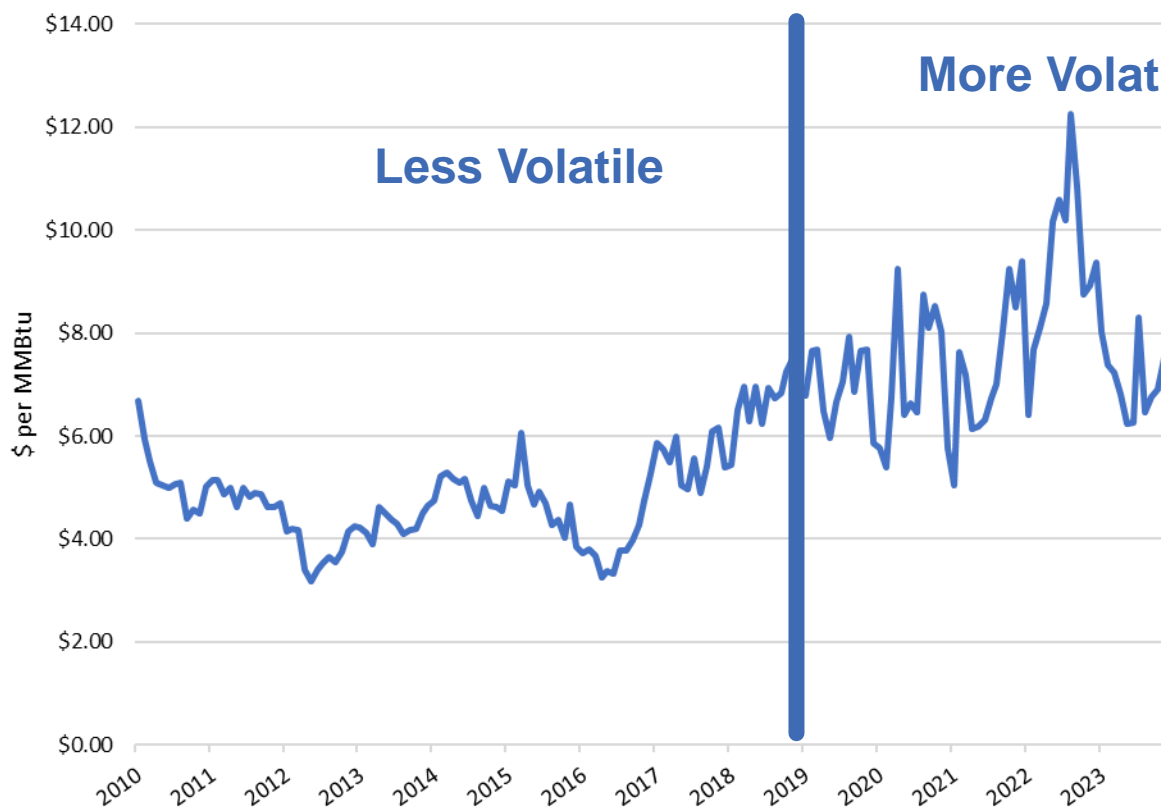
- Increased reliance on natural gas as it accounts for ~65% - 70% of generation
- Coal has averaged ~13% since 2019 with significant reduction in 2023 (~1.5% of MWh generated)
- Renewables average ~30% of generation
- GRU not reliant on market purchases, ~5% of MWhs in 2023 (darker grey section on chart)



Expense Exposure: Natural Gas Prices, Florida

Natural Gas Prices Florida, Citygate	2018	2019	2020	2021	2022	2023
Average	6.99	7.30	7.43	7.57	9.80	7.36
Min	5.65	6.08	5.59	5.23	6.66	6.47
Max	7.79	8.25	9.61	9.77	12.74	8.63
Standard Deviation	0.57	0.73	1.37	1.38	1.58	0.71

Natural Gas Prices 2010 - 2023



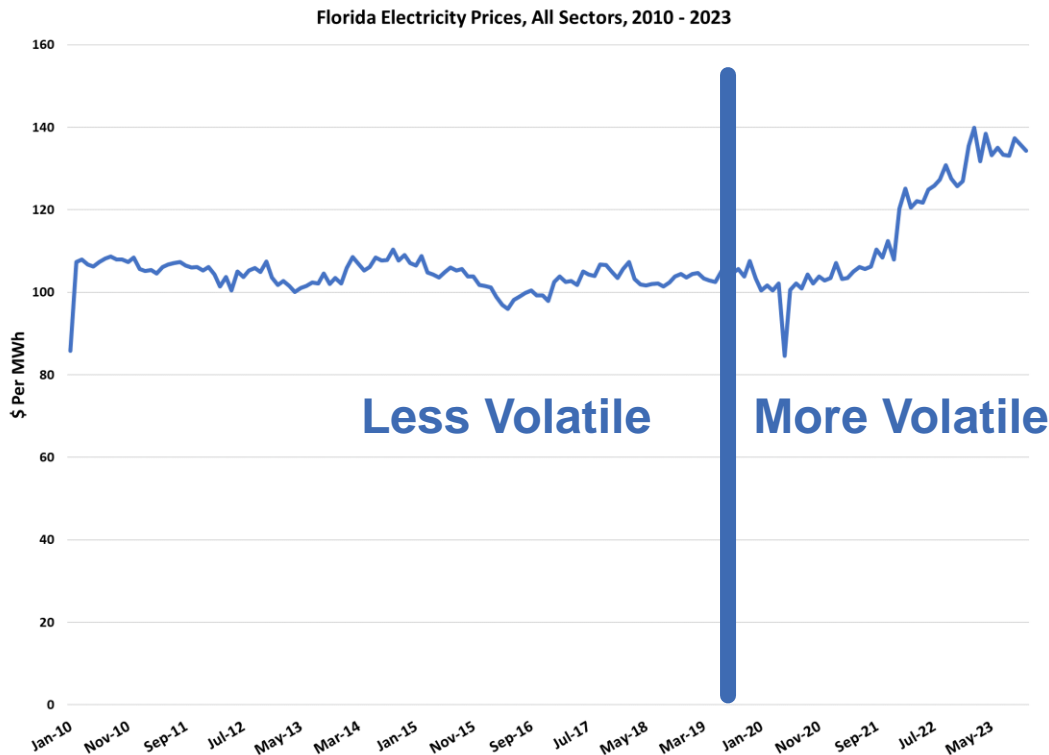
- Natural gas prices elevated in 2022
- Prior to 2019, the markets were less volatile
- Significantly more volatility with prices in recent years with markets seeming disjointed
- Natural gas prices drive electricity prices



Expense Exposure: Electricity Prices, Florida

\$ per MWh)	2019	2020	2021	2022	2023
Average Electricity Price	\$104.42 per MWh	\$100.53 per MWh	\$106.64 per MWh	\$124.92 per MWh	\$135.26 per MWh
Change (\$)	\$1.12	-\$3.88	\$6.11	\$18.28	\$10.35
Change (%)	1.1%	-3.7%	6.1%	17.1%	8.3%
Min	\$102.50 per MWh	\$84.60 per MWh	\$103.20 per MWh	\$120.30 per MWh	\$131.80 per MWh
Max	\$107.60 per MWh	\$104.30 per MWh	\$112.40 per MWh	\$130.80 per MWh	\$139.90 per MWh
Standard Deviation	\$1.39 per MWh	\$5.17 per MWh	\$3.61 per MWh	\$3.61 per MWh	\$2.50 per MWh

Change: 2023 data



- Electricity prices elevated in 2019 – 2023, +30% change over this timespan
- Prior to 2019, the markets were less volatile
- Reflects volatility in the natural gas market



Commodity Market Summary

- High amounts of variation in natural gas prices in Florida since 2019

<i>Fuel Expense (\$ million)</i>	2019	2020	2021	2022	2023
Natural Gas	\$32.6 million	\$28.9 million	\$44.6 million	\$117.3 million	\$61.2 million
Change (\$)	\$4.4 million	-\$3.7 million	\$15.7 million	\$72.7 million	-\$56.1 million
Change (%)	1%	-11%	54%	163%	-48%

- Volatile electricity prices in the state

<i>\$ per MWh</i>	2019	2020	2021	2022	2023
Average Electricity Price	\$104.42 per MWh	\$100.53 per MWh	\$106.64 per MWh	\$124.92 per MWh	\$135.26 per MWh
Change (\$)	\$1.12	-\$3.88	\$6.11	\$18.28	\$10.35
Change (%)	1.1%	-3.7%	6.1%	17.1%	8.3%

- GRU is reliant on natural gas (~65 to 70% of generation) and with the gasification of Deerhaven 2, likely more reliant in the future
- Higher market prices can lead to an increased cost to GRU associated with market purchases (if necessary)
- Implication: Overall data points toward a more conservative approach when looking at commodity market (natural gas and energy) risks



Expense Exposure – Commodity Risk, Forced Outage Kelly

<i>GRU Dispatch</i>		2019	2020	2021	2022	2023
Deerhaven	Net Generation	759,650 MWh	586,392 MWh	876,915 MWh	723,245 MWh	784,537 MWh
	% Portfolio	39.1%	31.3%	46.6%	35.4%	38.4%
	Cost (\$ / MWh)	\$74.80 /MWh	\$72.63 /MWh	\$63.03 /MWh	\$123.91 /MWh	\$54.02 /MWh
Deerhaven Renewable	Net Generation	635,367 MWh	439,491 MWh	496,963 MWh	584,484 MWh	431,780 MWh
	% Portfolio	32.7%	23.4%	26.4%	28.6%	21.1%
	Cost (\$ / MWh)	\$51.67 /MWh	\$63.27 /MWh	\$60.14 /MWh	\$62.96 /MWh	\$43.31 /MWh
Kelly	Net Generation	508,924 MWh	813,364 MWh	474,798 MWh	707,195 MWh	619,884 MWh
	% Portfolio	26.2%	43.4%	25.2%	34.6%	30.3%
	Cost (\$ / MWh)	\$43.20 /MWh	\$26.91 /MWh	\$55.16 /MWh	\$71.36 /MWh	\$32.87 /MWh
SEC	Net Generation	37,619 MWh	36,046 MWh	32,096 MWh	30,563 MWh	28,543 MWh
	% Portfolio	1.9%	1.9%	1.7%	1.5%	1.4%
	Cost (\$ / MWh)	\$124.09 /MWh	\$137.03 /MWh	\$154.66 /MWh	\$201.55 /MWh	\$56.06 /MWh
Total	Net Generation	1,941,561 MWh	1,875,293 MWh	1,880,772 MWh	2,045,487 MWh	1,864,744 MWh

- GRU is long on power generation assets (supply > demand)
- Kelly plant has, for most years,
 - Provided an average of 30% of GRU's generation needs
 - At the lowest cost (contingent on natural gas prices), averaging ~\$45 per MWh (compared to DHR = \$56 per MWh)
- If there were an unplanned outage at Kelly, GRU would use other, more expensive, generation stations to replace the necessary power



Expense Exposure – Commodity Risk, Forced Outage Kelly

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Average Kelly Generation	630,000 MWh	630,000 MWh	630,000 MWh
Outage Period	2 months	2 months	2 months
Shortfall Energy	105,000 MWh	105,000 MWh	105,000 MWh
Average Kelly Cost	\$45.90 /MWh	\$45.90 /MWh	\$45.90 /MWh
Average Replacement Cost	\$60.00 /MWh	\$80.00 /MWh	\$150.00 /MWh
Cost Differential	\$14.10 /MWh	\$34.10 /MWh	\$104.10 /MWh
Exposure	\$1.5 million	➡ \$3.6 million ⬅	\$10.9 million

- Represents risk that GRU's lowest cost asset, Kelly, has a forced outage and higher cost generating stations will make up the shortfall energy
- Variance calculated as:
 - Less conservative – 2 month outage, DHR cost
 - Moderate level – 2 month outage, Deerhaven cost
 - More conservative – 2 month outage, SEC cost
- Recommendation: **Moderate Level**
- Reasoning: GRU would be required to replace the shortfall energy, an unbudgeted expense. Months represents *typical* outages

Facility	Average Cost per MWh (2019-2022)	Inflation Adjusted*
Deerhaven	\$77.68 /MWh	\$80.00 /MWh
Deerhaven Renewable	\$56.27 /MWh	\$60.00 /MWh
Kelly	\$45.90 /MWh	\$52.00 /MWh
SEC	\$134.68 /MWh	\$150.00 /MWh

Adjusted for inflation, ~4%, 3 years



Expense Exposure – Commodity Risk, Fuels

<i>Fuel Expense (\$ million)</i>	2019	2020	2021	2022	2023
Coal	\$18.1 million	\$9.6 million	\$12.3 million	\$3.9 million	\$2.1 million
Biomass	\$21.5 million	\$16.4 million	\$18.9 million	\$24.2 million	\$20.7 million
Natural Gas	\$32.6 million	\$28.9 million	\$44.6 million	\$117.3 million	\$61.2 million
Total Fuel Expense	\$72.2 million	\$54.9 million	\$75.7 million	\$145.4 million	\$84.0 million
Change	0%	-24%	38%	92%	-42%

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Total Fuel Expense	\$97.2 million	\$97.2 million	\$97.2 million
% of fuel hedged	50%	50%	50%
Fuel unhedged	\$48.6 million	\$48.6 million	\$48.6 million
Deviation from budget	10%	20%	30%
Months of coverage	6 months	6 months	6 months
Exposure	\$4.9 million	\$9.7 million	\$14.6 million

- Represents GRU's unbudgeted cost for fuel price increases
- Assumes a percentage increase in cost purchased and then applies a 50% hedge
- Variance calculated as:
 - Less conservative – 10% unforecasted increase in fuel cost
 - Moderate level – 20% unforecasted increase in fuel cost
 - More conservative – 30% unforecasted increase in fuel cost
- Recommendation: **More Conservative Level**
- Reasoning:
 - Makes up greatest portion of operating expenses with highly elevated costs and inflation in recent years (+90% in 2022 alone)
 - Could be difficult to pass all fuel costs through to ratepayers



Expense Exposure – Commodity Risk, Purchased Power

<i>Purchased Power Expense (\$ million)</i>	2019	2020	2021	2022	2023
Purchased Power	\$11.7 million	\$10.0 million	\$7.5 million	\$11.2 million	\$11.5 million
Change	-39%	-14%	-25%	48%	3%

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Average Purchased Power Exp ¹	\$11.6 million	\$11.6 million	\$11.6 million
% hedged	50%	50%	50%
Purchased Power unhedged	\$5.8 million	\$5.8 million	\$5.8 million
Deviation from budget	10%	20%	30%
Months of coverage	6 months	6 months	6 months
Exposure	\$1.2 million	\$1.2 million	\$1.7 million

1. Average purchased power expense, 2019-2022, adjusted for inflation

- Represents GRU's unbudgeted cost for purchased power
- Assumes a percentage increase in cost purchased and then applies a 50% hedge (based on GRU policy)
- Variance calculated as:
 - Less conservative – 10% unforecasted increase in purchased power
 - Moderate level – 20% unforecasted increase in purchased power
 - More conservative – 30% unforecasted increase in purchased power
- Recommendation: **More Conservative Level**
- Reasoning: Likely GRU purchases power in times with elevated prices. 2022 was a significant increase in purchased power costs



Expense Exposure – Inflation Risk on Operating Expenses (Excl Fuel)

<i>Operating Expenses (\$ million)</i>	2019	2020	2021	2022	2023
Power Production	\$43.8 million	\$44.5 million	\$43.4 million	\$45.3 million	\$46.5 million
Transmission & Distribution	\$23.6 million	\$22.8 million	\$20.5 million	\$18.5 million	\$18.8 million
A&G	\$17.1 million	\$17.0 million	\$18.8 million	\$21.6 million	\$24.9 million
Total Operating Expenses	\$84.5 million	\$84.4 million	\$82.7 million	\$85.3 million	\$90.2 million
Change	13%	0%	-2%	3%	6%

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Other Operating Expenses	\$85.4 million	\$85.4 million	\$85.4 million
Inflation Deviation	1%	2%	3%
Months of coverage	6 months	6 months	6 months
Exposure	\$.4 million	\$.9 million	➔ \$1.3 million ➔

- Represents GRU's unbudgeted cost for unhedged Market/Bilateral purchases in an elevated price environment
- Assumes a percentage increase in MWh purchased and then applies a 75% hedge
- Variance calculated as:
 - Less conservative – small inflation deviation (1%)
 - Moderate level – medium inflation deviation (2%)
 - More conservative – high inflation deviation (3%)
- Recommendation: **More Conservative Level**
- Reasoning:
 - Average inflation is typically between 2-3%
 - Observed inflation has been as high as 8% in recent years, all unforeseen, and has been declining



Working Capital: Day-to-Day Operations

<i>Operating Expenses (\$ million)</i>	2019	2020	2021	2022	2023
Total Operating Expenses	\$173.3 million	\$152.1 million	\$172.2 million	\$239.7 million	\$199.6 million
One Days Cash	\$.47 million/day	\$.42 million/day	\$.47 million/day	\$.66 million/day	\$.55 million/day

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Average Day Cash	\$.5 million/day	\$.5 million/day	\$.5 million/day
Inflation Adjustment (3	4%	4%	4%
One Day's Cash	\$.58 million/day	\$.58 million/day	\$.58 million/day
Number of Days	45 days	60 days	75 days
Exposure	\$26.0 million	\$34.6 million	\$43.3 million

- Represents the ability to manage the day-to-day operations of the utility
- Calculated using the average (2018-2022) annual operating expenses
- Variance calculated as:

- Less conservative – 45 days of coverage
- Moderate level – 60 days of coverage
- More conservative – 75 days of coverage

Recommendation: **Moderate Level**

Reasoning:

- Provides ability to address the 60-day billing cycle as well as delinquent accounts/billing issues



Rate Stabilization

(\$ million)	2019	2020	2021	2022	2023
Use of Rate Stabilization	\$1.2 million	-\$2.9 million	-\$6.9 million	\$9.3 million	-\$5.2 million
Change (\$)	-\$6.0 million	-\$4.1 million	-\$4.0 million	\$16.2 million	-\$14.5 million
Change (%)	-84%	-348%	137%	-234%	-156%

Note: Positive values indicate use of rate stabilization funds to make up shortfalls. Negative numbers are reimbursement of funds to the rate stabilization fund

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Average Use of Rate Stabilization Funds	\$5.9 million	\$5.9 million	\$5.9 million
% to reserve	25%	50%	75%
Exposure	\$1.5 million	\$2.9 million	\$4.4 million

- Represents dynamic use of rate stabilization funds in the absence of rate increases
- Calculated using the average (2019-2023) annual use of rate stabilization funds
- Variance calculated as:
 - Less conservative – 25% of average usage
 - Moderate level – 50% of average usage
 - More conservative – 75% of average usage
 - Recommendation: **Moderate Level**
- Reasoning:
 - Provides ability to reserve a portion of the average usage of the rate stabilization funds



Electric System: Summary

Electric System	Less Conservative Level	Moderate Level	More Conservative Level	Discussion
Revenue Risk				
General Sales Decrease	\$3.0 million	\$5.3 million	\$9.1 million	Reflects recession (average downturn)
Large Customer / Distributed Generation	\$1.5 million	\$2.7 million	\$3.8 million	Generally stable economic base but threat of distributed generation
Sales for Resale and Other Electric Sales Exposure	\$.2 million	\$.3 million	\$.5 million	Not a significant Revenue Source
Other Revenue and Income Exposure	\$.3 million	\$1.0 million	\$1.7 million	Not a significant Revenue Source
Expense Risk				
Forced Outage Exposure Kelly Plant	\$1.5 million	\$3.6 million	\$10.9 million	Maintenance issues recently due to older plants
Commodity Risk: Fuels (Coal, Natural Gas and Biomass)	\$4.9 million	\$9.7 million	\$14.6 million	Significantly more natural gas exposure
Commodity Risk: Purchased Power	\$.6 million	\$1.2 million	\$1.7 million	Commodity risk is higher compared to prior years
Inflation Risk on Operating Expenses	\$.4 million	\$.9 million	\$1.3 million	Inflation expected to continue into the future
Operational Risk / Working Capital and Rate Stabilization				
Working Capital	\$26.0 million	\$34.6 million	\$43.3 million	General 2 month payment lag as well as software issues
Rate Stabilization	\$1.5 million	\$2.9 million	\$4.4 million	Dynamic use/reliance on rate stabilization

Preferred Level	\$69.1 million
15 Day Buffer	\$8.7 million
Lower Bound	\$60.4 million
Upper Bound	\$77.7 million

2023 Cash Available	
Operating Cash	\$15.3 million
Rate Stabilization	\$31.5 million
UPIF	\$36.7 million
Total	\$83.6 million



Natural Gas System



Natural Gas System: Summary

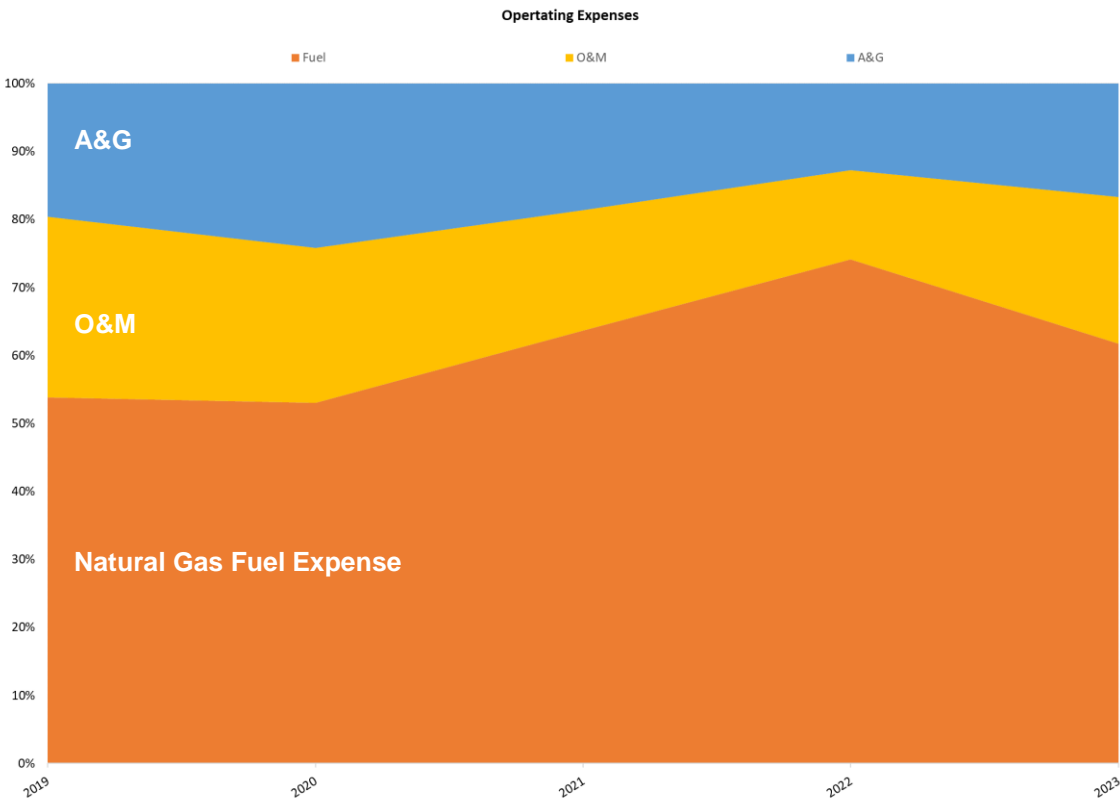
Natural Gas	Less Conservative Level	Moderate Level	More Conservative Level	Discussion
Revenue Risk				
General Sales Decrease	\$.3 million	\$1.1 million	\$1.8 million	Reflects recession
Loss of a Large Customer / Conservation	\$.1 million	\$.3 million	\$1.0 million	Generally stable economic base. Movement away from natural gas appliances
Sales for Resale	\$.01 million	\$.02 million	\$.03 million	Moderate Risk.
Expense Risk				
Commodity Risk: Fuels	\$1.0 million	\$1.6 million	\$2.1 million	Market risk for unhedged position
Inflation Risk on Operating Expenses	\$.2 million	\$.5 million	\$.9 million	Unforecasted inflation risk
Operational Risk / Working Capital and Rate Stabilization				
Working Capital	\$2.3 million	\$3.1 million	\$3.9 million	General payment lag between providing product and payment
Rate Stabilization	\$.6 million	\$1.3 million	\$1.9 million	Dynamic use of rate stabilization rather than a rate increase

Preferred Level	\$9.4 million
15 Day Buffer	\$.8 million
Lower Bound	\$8.7 million
Upper Bound	\$10.2 million

2023 Cash Available	
Cash	\$3.5 million
Rate Stabilization	\$.0 million
UPIF	\$10.9 million
Total	\$14.4 million



Natural Gas: Operating Expenses



- Important calculation for the revenue risk categories
- Represents the operating expenses that GRU budgets to run the natural gas system
- 2021/22 saw significant fuel increases
- Fuel comprises, on average, 60% of operating expenses
- A&G has also seen recent annual increases

Year over year change	2019	2020	2021	2022	2023
Fuel	4%	-25%	50%	72%	-19%
O&M	4%	-18%	-3%	10%	59%
A&G	25%	-6%	-4%	1%	27%
Total Operating Expense	8%	-19%	23%	45%	-1%

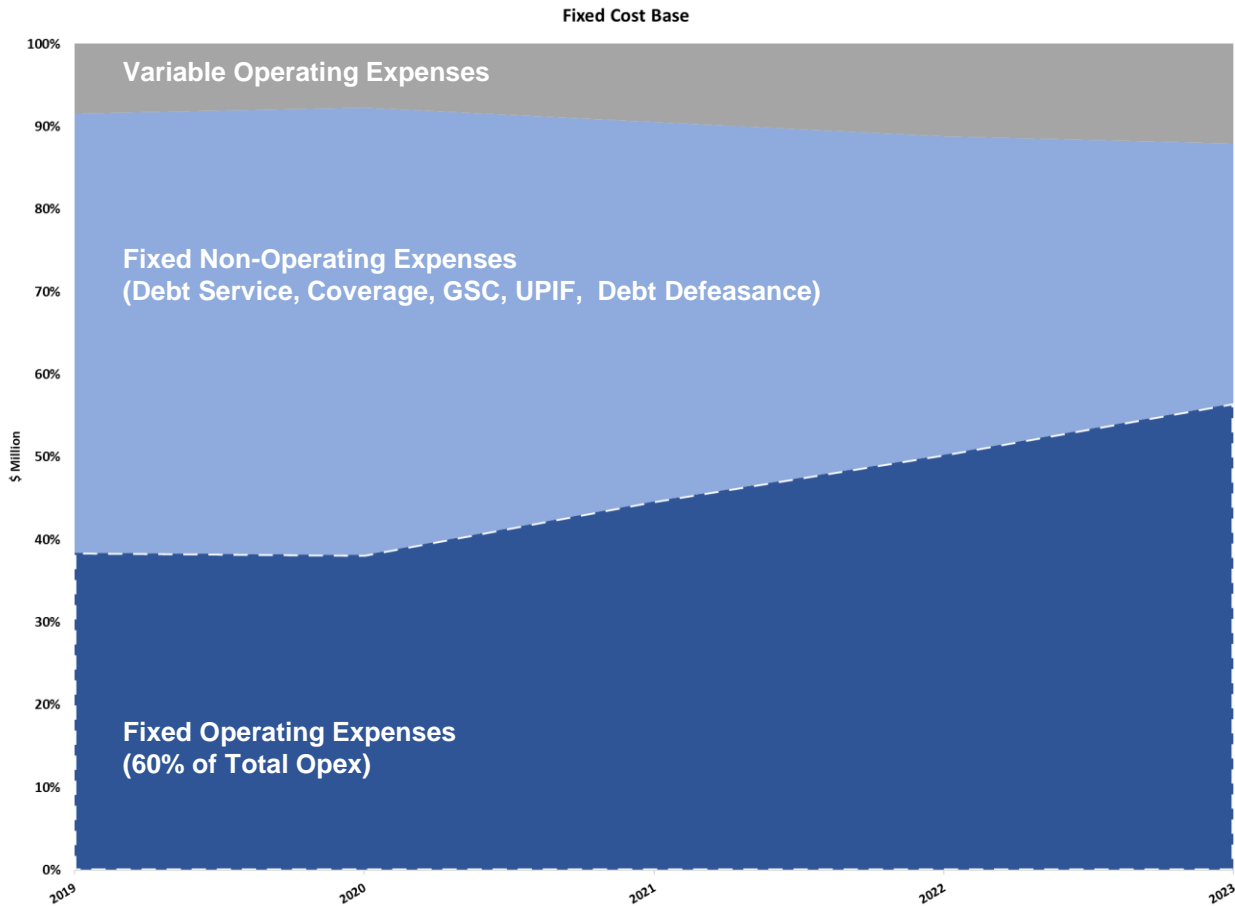


Natural Gas System Revenue Risk



Natural Gas System: Fixed Cost Base

- Total operating expenses have averaged ~\$16.7 million between 2019 – 2022
- Generally, 80% of operating expenses are fixed on a year-to-year basis
- GRU has other fixed obligations (debt service, coverage, GSC, etc.), when added to the fixed O&M, comprise 90% of total expenses
- The fixed cost base is used to calculate the next 2 categories





Fixed Cost Base: Adjusted for Inflation

<i>Fixed Cost Base (\$ in Millions)</i>	Fixed	2019	2020	2021	2022	2023
Fuel	Fixed	\$6.5	\$4.9	\$7.4	\$12.7	\$10.3
	Variable	\$1.6	\$1.2	\$1.8	\$3.2	\$2.6
O&M	Fixed	\$3.2	\$2.6	\$2.6	\$2.8	\$4.5
	Variable	\$.8	\$.5	\$.5	\$.6	\$.9
A&G	Fixed	\$2.7	\$2.5	\$2.4	\$2.5	\$3.1
	Variable	\$.3	\$.3	\$.3	\$.3	\$.3
Debt Service	Fixed	\$3.9	\$4.1	\$4.5	\$4.8	\$5.0
DS Margin	Fixed	\$1.0	\$1.0	\$1.1	\$1.2	\$1.3
UPIF	Fixed	\$2.4	\$6.6	\$4.7	\$4.8	\$3.5
GFT*	Fixed	\$.8	\$.8	\$.8	\$.8	\$.8
	Total Fixed	\$20.5	\$22.7	\$23.4	\$29.5	\$28.4
	Total Variable	\$2.7	\$2.0	\$2.6	\$4.0	\$3.8

Fixed Cost Base, 5 Year Average: \$24.9 million

Inflation Rate 4%

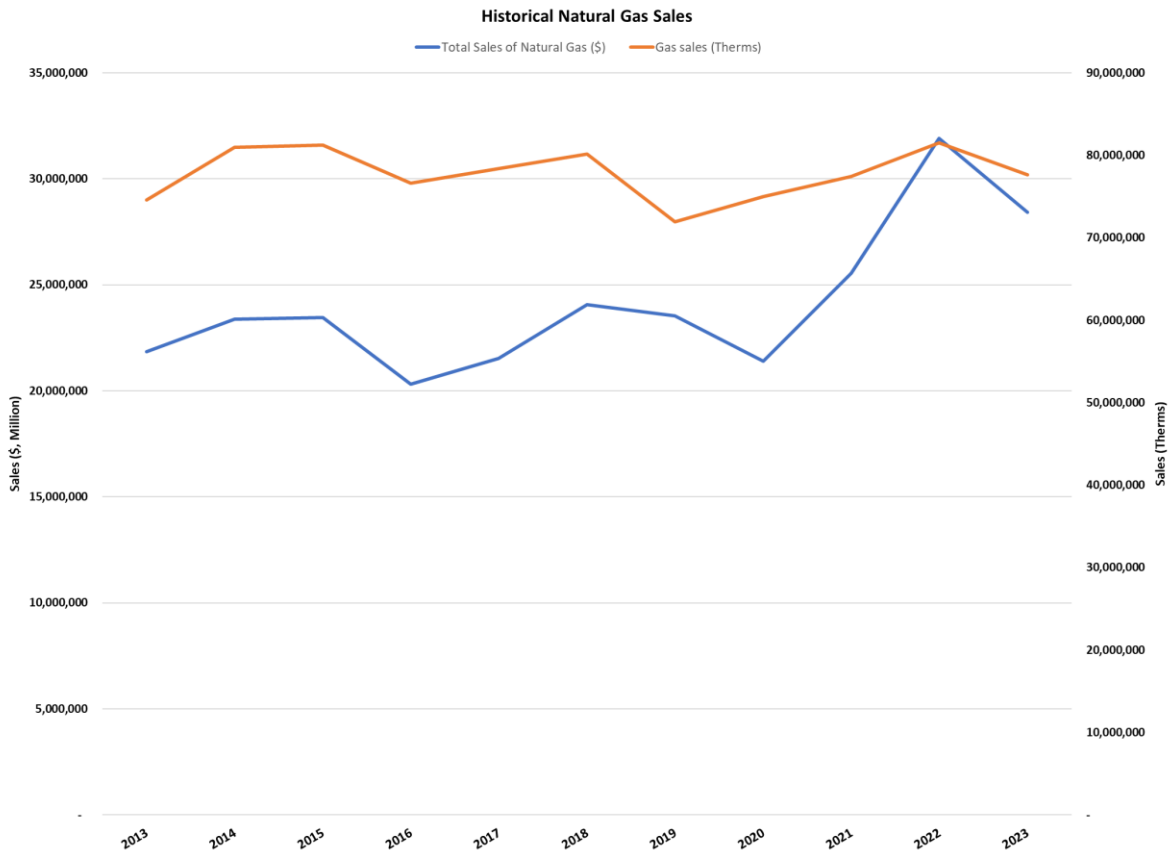
Number of Years 3

Fixed Cost Base	\$28.0 million
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* The City Commission approved a significant reduction in the General Fund Transfer in 2023. The GFT values in this table reflect the updated 2024 GCS (General Services Contribution)



Revenue Risk: General Sales Decrease



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Natural Gas Sales (\$)	\$21.8 million	\$23.4 million	\$23.5 million	\$20.3 million	\$21.5 million	\$24.1 million	\$23.5 million	\$21.4 million	\$25.5 million	\$31.9 million	\$28.4 million
\$ Change		\$1.5 million	\$1.1 million	-\$3.1 million	\$1.2 million	\$2.6 million	-\$0.5 million	-\$2.1 million	\$4.1 million	\$6.4 million	-\$3.5 million
% Change		7.0%	0.3%	-13.4%	5.9%	11.9%	-2.3%	-9.0%	19.3%	24.9%	-10.9%
Natural Gas Sales (Therms)	74,575,397 therms	81,002,399 therms	81,230,631 therms	76,595,422 therms	78,370,863 therms	80,146,304 therms	71,904,921 therms	75,022,822 therms	77,462,553 therms	81,542,839 therms	77,614,421 therms
Change (Therms)		6,427,002 therms	228,232 therms	-4,635,209 therms	1,775,441 therms	1,775,441 therms	-8,241,383 therms	3,117,901 therms	2,439,731 therms	4,080,286 therms	-3,928,418 therms
Change (%)		8.6%	0.3%	-5.7%	2.3%	2.3%	-10.3%	4.3%	3.3%	5.3%	-4.8%



Revenue Risk: General Sales Decrease

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Assumed Fixed Cost Base	\$28.0 million	\$28.0 million	\$28.0 million
Assumed variance	-2.0%	-8.0%	-13.0%
Months of coverage	6 months	6 months	6 months
Exposure	\$0.3 million	\$1.1 million	\$1.8 million

- In the event of an economic downturn and lower overall revenues or sales, GRU would be required to cover the expected fixed costs (Fixed Cost Base) of the system **even if revenues do not materialize**
- Variance calculated as:

 - Less conservative – smallest decrease in year-over-year revenue
 - Moderate level – average decrease in year-over-year revenue
 - More conservative – largest decrease in year-over-year revenue
- Recommendation: **Moderate Level**
- Reasoning:

 - Possible recession expected based on Federal reserve actions and comments
 - GRU has experienced swings in revenue, from -2% to -13% with -8% being “average downturn”



Natural Gas Large Customers:

Rank	Customer	% of Revenue
1	University of Florida	
2	VA Medical Center	
3	North FL Regional Medical Center	
4	Resilience Government Services	
5	WCA of Florida, LLC	
6	Shands Teaching Hospital and Clinics, Inc.	
7	Sivance LLC.	
8	Alachua County Public Schools	
9	Florida Power corporation	
10	Preferred Materials Inc	
	Fiscal Year 2023 Total Gas Rev	

Rank	Customer	% of Revenue
1	University of Florida	7.9%
2	VA Medical Center	3.3%
3	North Florida Regional Medical Center	2.9%
4	WCA of Florida, LLC	2.4%
5	Resilience Government Services	2.1%
6	Sivance, LLC	1.3%
7	Shands Teaching Hospital and Clinics, Inc.	1.3%
8	Alachua County Public Schools	1.3%
9	Florida Power Corporation	1.1%
10	Alachua County Public Schools	0.9%
		24.5%
	Fiscal Year 2022 Total Gas Rev	\$34,005

Rank	Customer	% of Revenue
1	University of Florida	7.2%
2	VA Medical Center	2.9%
3	North FL Regional Medical Center	2.6%
4	WCA of Florida, LLC	1.9%
5	Alachua County Public Schools	1.3%
6	Florida Power Corporation	1.3%
7	Shands Teaching Hospital and Clinics, Inc.	1.2%
8	Sivance LLC	1.2%
9	Ology Bioservices Inc	1.1%
10	Preferred Materials Inc	1.1%
		21.8%
	Fiscal Year 2021 Total Gas Rev	\$26,307

Rank	Customer	% of Revenue
1	University of Florida	7.1%
2	VA Medical Center	3.2%
3	North Florida Regional Medical Center	2.7%
4	WCA of Florida, LLC	2.1%
5	Alachua County Board of Commissioners	1.4%
6	Florida Power Corporation	1.4%
7	Sivance, LLC	1.2%
8	Shands Teaching Hospital and Clinics, Inc.	1.2%
9	Preferred Materials, Inc.	1.1%
10	Ology Bioservices, Inc.	1.1%
		22.5%
	Fiscal Year 2020 Total Gas Rev	\$24,819



Revenue Exposure: Loss of a Large Customer/Conservation

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Assumed Fixed Cost Base	\$28.0 million	\$28.0 million	\$28.0 million
Assumed variance	-1.0%	-2.0%	-7.0%
Months of coverage	6 months	6 months	6 months
Exposure	\$1.1 million	\$1.3 million	\$1.0 million

- Represents loss of a major customer that reduces overall natural gas demand and revenue while GRU would still need to address all of the fixed cost base
- Largest Customer being the University of Florida
- Variance calculated as:
 - Less conservative – loss in sales % of smallest customer
 - Moderate level – loss in sales % of average customer
 - More conservative – loss in of sales % of larger customer (UF)
- Recommendation: **More Conservative Level**
- Reasoning:
 - Stable customer base with reliance on education, healthcare and government.
 - Unlikely UF departs the natural gas system but concerns about substitution of natural gas appliances with electric



Revenue Exposure: Sales for Resale

<i>Other Revenue</i>	2019	2020	2021	2022	2023
Natural Gas Sales to Others	\$1.3 million	\$1.2 million	\$1.4 million	\$1.3 million	\$1.3 million
Change from Prior Year (\$)	-\$0.10 million	-\$0.03 million	\$0.11 million	-\$0.01 million	-\$0.07 million
Change from Prior Year (%)	-7.3%	-2.0%	9.0%	-1.0%	-5.2%
Relative % of Sales	5.4%	5.8%	5.3%	4.2%	4.5%

<i>(\$ in Millions)</i>	Less Conservative	Moderate Level	More Conservative
Expected Off-System Sales	\$1.3 million	\$1.3 million	\$1.3 million
Assumed Margin (%)	15%	15%	15%
Expected Margin (\$)	\$0.2 million	\$0.2 million	\$0.2 million
Assumed variance	10.00%	20.00%	30.00%
Months of coverage	6 months	6 months	6 months
Exposure	\$0.01 million	\$0.02 million	\$0.03 million

- Represents sales to outside customers that do not materialize with some reliance on these sales to add revenue and margin to the bottom line. Generally, 5% of total natural gas sales averaging \$1.3 million/year
- Variance calculated as:
 - Less conservative – loss in sales relatively minor and a lower “profit margin”
 - Moderate level – loss in sales relatively minor and a moderate “profit margin”
 - More conservative – loss in of sales relatively minor and a high “profit margin”
- Recommendation: **Moderate Level**
- Reasoning:
 - Stable off-system sales with contracts generally in place.
 - Higher inflation and inability to pass through costs leans toward moderate or more conservative level



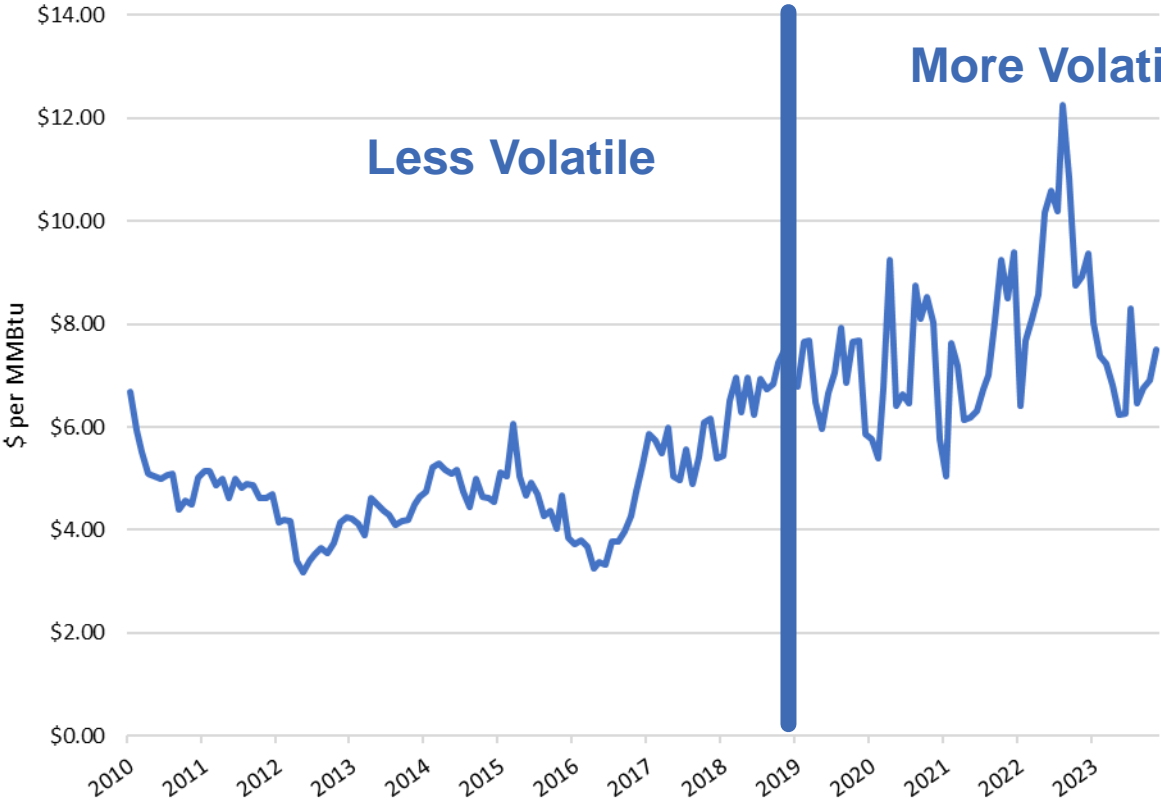
**Natural Gas System
Expense Risk
Commodity Risk
Working Capital Risk**



Expense Exposure: Natural Gas Prices, Citygate

Natural Gas Prices Florida, Citygate	2018	2019	2020	2021	2022	2023
Average	6.99	7.30	7.43	7.57	9.80	7.36
Min	5.65	6.08	5.59	5.23	6.66	6.47
Max	7.79	8.25	9.61	9.77	12.74	8.63
Standard Deviation	0.57	0.73	1.37	1.38	1.58	0.71

Natural Gas Prices 2010 - 2023



- Natural gas prices elevated in 2022
- Prior to 2019, the markets were less volatile
- Significantly more volatility with prices in recent years with markets seeming disjointed
- Natural gas prices drive electricity prices



Expense Exposure – Commodity Risk, Fuels

<i>Fuel Expense (\$ million)</i>	2019	2020	2021	2022	2023
Total Fuel Expense	\$8.2 million	\$6.1 million	\$9.2 million	\$15.9 million	\$12.8 million
Change (\$)	\$3.3 million	-\$2.0 million	\$3.1 million	\$6.6 million	-\$3.0 million
Change (%)	4%	-25%	50%	72%	-19%

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Total Fuel Expense*	\$10.4 million	\$10.4 million	\$10.4 million
% of fuel hedged	50%	50%	50%
Fuel unhedged	\$5.2 million	\$5.2 million	\$5.2 million
Deviation from budget	20%	30%	40%
Months of coverage	6 months	6 months	6 months
Exposure	\$1.0 million	\$1.6 million	\$2.1 million

- Represents GRU's unbudgeted cost for fuel price increases
- Assumes a percentage increase in cost purchased and then applies a 50% hedge
- Variance calculated as:
 - Less conservative – 20% unforecasted increase in fuel cost
 - Moderate level – 30% unforecasted increase in fuel cost
 - More conservative – 40% unforecasted increase in fuel cost
- Recommendation: **More Conservative Level**
- Reasoning: Makes up greatest portion of operating expenses with highly elevated costs and inflation in recent years. 2021 and 2022 saw significant volatility and high gas pricing levels



Expense Exposure – Inflation Risk on Operating Expenses

<i>Operating Expenses (\$ million)</i>	2019	2020	2021	2022	2023
O&M	\$4.0 million	\$2.6 million	\$2.6 million	\$2.8 million	\$4.5 million
A&G	\$3.0 million	\$2.8 million	\$2.7 million	\$2.7 million	\$3.5 million
Total Operating Expenses	\$7.0 million	\$5.4 million	\$5.3 million	\$5.6 million	\$7.9 million
Change	28%	-22%	-3%	6%	43%

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Other Operating Expenses*	\$6.2 million	\$6.2 million	\$6.2 million
Inflation Deviation	6%	17%	28%
Months of coverage	6 months	6 months	6 months
Exposure	\$.2 million	\$.5 million	➡ \$.9 million ⬅

- Represents GRU's unbudgeted cost for unhedged purchases in an elevated price environment
- Variance calculated as:
 - Less conservative – smallest year-over-year change in O&M and A&G expenses
 - Moderate level – average year-over-year change in in O&M and A&G expenses
 - More conservative – largest year-over-year change in in O&M and A&G expenses
- Recommendation: **More Conservative Level**
- Reasoning: Makes up greatest portion of operating expenses with elevated levels in recent years



Working Capital: Day-to-Day Operations

<i>Operating Expenses (\$ million)</i>	2019	2020	2021	2022	2023
Total Operating Expenses	\$15.2 million	\$11.6 million	\$14.5 million	\$21.4 million	\$20.8 million
One Days Cash	\$.04 million/day	\$.03 million/day	\$.04 million/day	\$.06 million/day	\$.06 million/day

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Average Day Cash	\$.05 million/day	\$.05 million/day	\$.05 million/day
Inflation Adjustment (3 year)	4%	4%	4%
One Day's Cash	\$.05 million/day	\$.05 million/day	\$.05 million/day
Number of Days	45 days	60 days	75 days
Exposure	\$2.3 million	\$3.1 million	\$3.9 million

- Represents the ability to manage the day-to-day operations of the utility
- Calculated using the average (2019 - 2023) annual operating expenses
- Variance calculated as:
 - Less conservative – 45 days of coverage
 - Moderate level – 60 days of coverage
 - More conservative – 75 days of coverage
- Recommendation: **Moderate Level**
- Reasoning:
 - Provides ability to address the 60-day billing cycle as well as the fluctuations in the commodity market



Rate Stabilization

(\$ million)	2018	2019	2020	2021	2022
Use of Rate Stabilization	-\$3.9 million	\$6.9 million	\$2.0 million	-\$.4 million	\$.8 million
Change (\$)		-\$10.8 million	\$4.9 million	\$2.4 million	-\$1.2 million
Change (%)		278%	72%	120%	306%

Note: Positive values indicate use of rate stabilization funds to make up shortfalls. Negative numbers are reimbursement of funds to the rate stabilization fund

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Average Use of Rate Stabilization Funds	\$2.5 million	\$2.5 million	\$2.5 million
% to reserve	25%	50%	75%
Exposure	\$.6 million	➡ \$1.3 million ⬅	\$1.9 million

- Represents dynamic use of rate stabilization funds in the absence of rate increases
- Calculated using the average (2019-2023) annual use of rate stabilization funds
- Variance calculated as:
 - Less conservative – 25% of average usage
 - Moderate level – 50% of average usage
 - More conservative – 75% of average usage
- Recommendation: **Moderate Level**
- Reasoning:
 - Provides ability to reserve a portion of the average usage of the rate stabilization funds



Natural Gas System: Summary

Natural Gas	Less Conservative Level	Moderate Level	More Conservative Level	Discussion
Revenue Risk				
General Sales Decrease	\$.3 million	\$1.1 million	\$1.8 million	Reflects recession
Loss of a Large Customer / Conservation	\$.1 million	\$.3 million	\$1.0 million	Generally stable economic base. Movement away from natural gas appliances
Sales for Resale	\$.01 million	\$.02 million	\$.03 million	Moderate Risk.
Expense Risk				
Commodity Risk: Fuels	\$1.0 million	\$1.6 million	\$2.1 million	Market risk for unhedged position
Inflation Risk on Operating Expenses	\$.2 million	\$.5 million	\$.9 million	Unforecasted inflation risk
Operational Risk / Working Capital and Rate Stabilization				
Working Capital	\$2.3 million	\$3.1 million	\$3.9 million	General payment lag between providing product and payment
Rate Stabilization	\$.6 million	\$1.3 million	\$1.9 million	Dynamic use of rate stabilization rather than a rate increase

Preferred Level	\$9.4 million
15 Day Buffer	\$.8 million
Lower Bound	\$8.7 million
Upper Bound	\$10.2 million

2023 Cash Available	
Cash	\$3.5 million
Rate Stabilization	\$.0 million
UPIF	\$10.9 million
Total	\$14.4 million

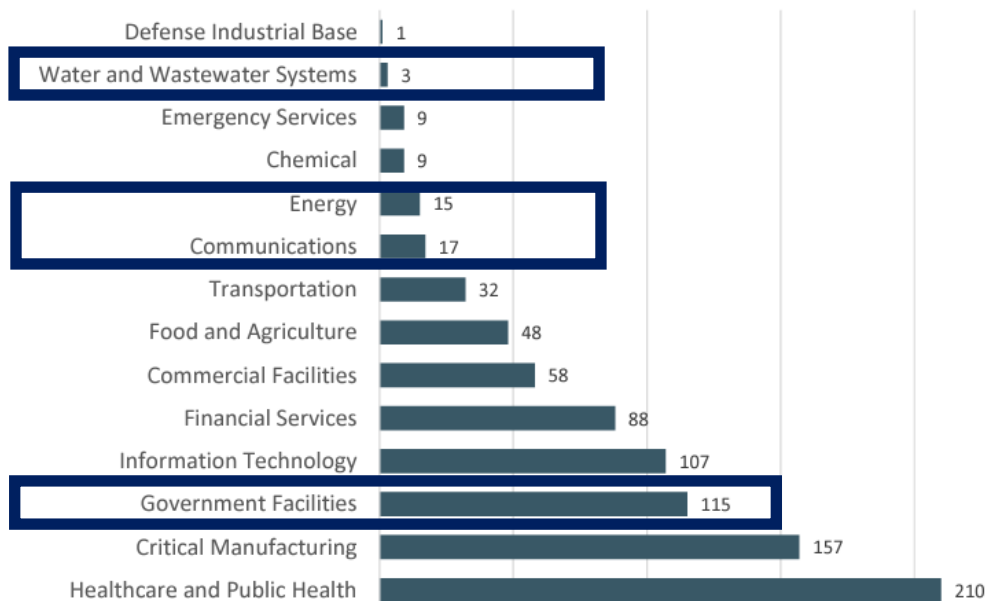


Corporate Risks



Corporate Risk – Cyber

Infrastructure Sectors Victimized by Ransomware



Source: FBI Internet Crime report, 2022

- Recent statistics from the FBI's annual report indicate Cyber attacks and ransomware are a continued threat

Data indicates that there were over 800,000 reported incidents with economic losses exceeding \$10 billion

Multiple utilities have been impacted by cyber events such as:

- Lansing Board of Water & Light
- Independence Power & Light
- Bonneville Power
- Aliquippa Water (PA)

- Some cyber experts have estimated the cost of a cyber intrusion have an average impact of \$4.5 million ¹



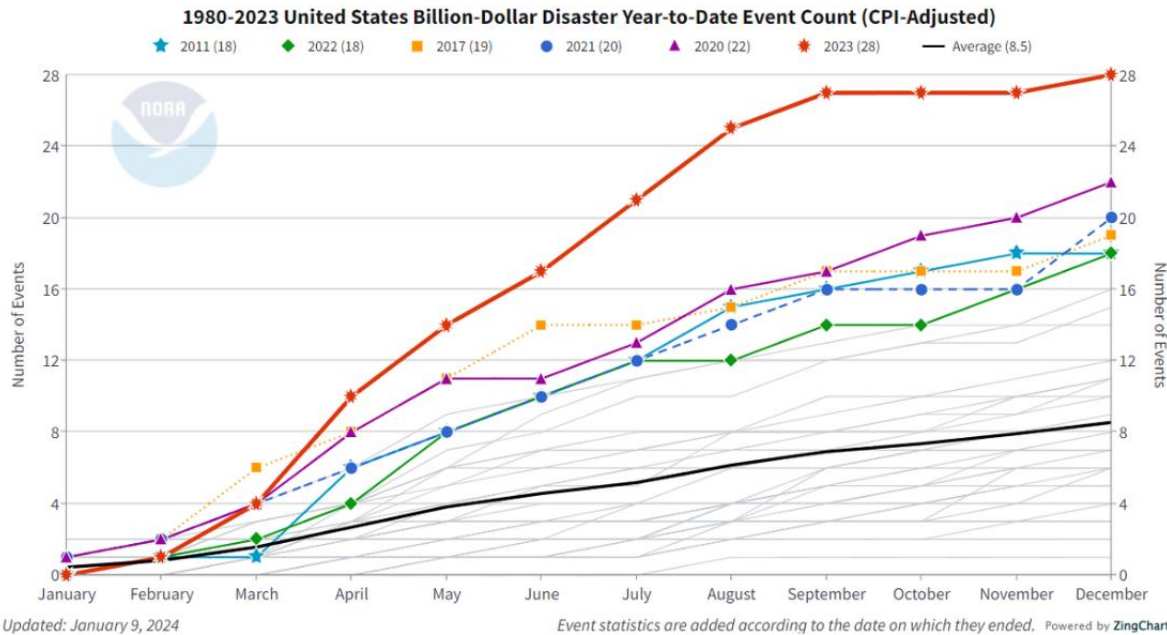
Corporate Risk – Cyber

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Average Cost per Event	\$4.5 million/event	\$4.5 million/event	\$4.5 million/event
Probability of Success	25%	50%	100%
Exposure	\$1.1 million	➡ \$2.3 million ⬅	\$4.5 million

- Represents GRU's risk of cyber-attack and the resulting disruption in either operations or financial management (internal and external)
- Variance calculated as:
 - Less conservative – 25% probability of cyber-attack success
 - Moderate level – 50% probability of cyber-attack success
 - More conservative – 100% probability of cyber-attack success
- Recommendation: **Moderate Level**
- Reasoning: Could be a significant risk
 - Utilities are a frequent target
 - GRU has cyber-prevention program
 - Cyber insurance in place, but the policy has coverage limitations



Corporate Risk – Weather



Month-by-month accumulation of billion-dollar disasters for each year on record. The colored lines represent the top 6 years for most billion-dollar disasters. All other years are colored light gray. NOAA image by NCEI.

- Significant increases in the number of large-scale weather-related events
- Since 2017, these events have caused over \$1 trillion in damages
- Largest driver is hurricanes with category 4 or 5 making landfall in 5 of the last 7 years
- GRU's experience:

Year	Number of storms	Claimed Damages
2018	1	\$.1 million
2019	2	\$.8 million
2020	5	\$.6 million
2021	0	\$.0 million
2022	4	\$2.6 million
2023	1	\$.9 million
Total	13	\$5.0 million
	Average	\$.4 million



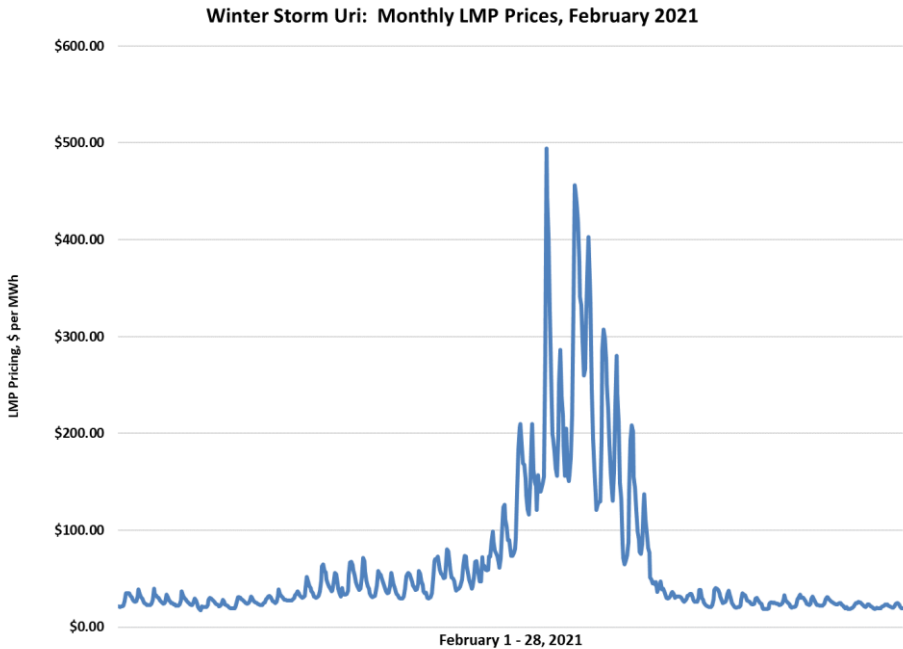
Corporate Risk: “Routine” Weather Event

(\$ million)	<i>Less Conservative Level</i>	<i>Moderate Level</i>	<i>More Conservative Level</i>
Estimated Cost Per Event	\$.4 million	\$.4 million	\$.4 million
Severity / Number of Events	1 event	2.6 events	5 events
Exposure	\$.4 million	\$1.0 million	➡ \$1.9 million ⬅

- ◆ Represents the immediate cost of repairs as well as funding mutual aid in the events of storm-related damage
- ◆ Calculated based on average weather costs from GRU’s experience, \$0.4 million
- ◆ FEMA reimbursement cycle can take years (compared to when expense is incurred)
- ◆ Variance calculated as:
 - Less conservative – one event during the year (as experienced in 2018, 2023)
 - Moderate level – 2.6 events during the year (average 2018 – 2023)
 - More conservative – 3 events during the year, major damage (maximum events in one year)
- ◆ Recommendation: **More Conservative Level**
- ◆ Reasoning:
 - Frequency and strength of storms has been increasing in recent years
 - Delays in FEMA reimbursement timing



Corporate Risk – Severe Storm Event



MISO Average LMPs, Winter Storm Uri	
13-Feb-21	\$52.73 per MWh
14-Feb-21	\$82.41 per MWh
15-Feb-21	\$144.56 per MWh
16-Feb-21	\$232.04 per MWh
17-Feb-21	\$299.56 per MWh
18-Feb-21	\$191.10 per MWh
19-Feb-21	\$109.88 per MWh
20-Feb-21	\$37.50 per MWh

Average	\$143.72 per MWh
----------------	-------------------------

- Winter Storm Uri (February 2021) had a severe impact in many parts of the country
- The impacts on electricity and natural gas prices were felt well beyond Texas as natural gas shortages led to high prices in other areas of the country
- In the mid-west transmission network, the effects, were also swift and severe with ~a week of elevated prices which averaged over \$143 per MWh



Corporate Risk: “Severe” Storm Event

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Average Daily MWh (Demand)	5,319 MWh	5,319 MWh	5,319 MWh
DHR Production (Supply)	2,460 MWh	2,460 MWh	2,460 MWh
Shortfall	2,859 MWh	2,859 MWh	2,859 MWh
Cost of replacement power	\$140.00 per MWh	\$160.00 per MWh	\$190.00 per MWh
Budgeted Cost	\$45.90 per MWh	\$45.90 per MWh	\$45.90 per MWh
Cost above Budget	\$94.10 per MWh	\$114.10 per MWh	\$144.10 per MWh
# Days of Storm	7 days	7 days	7 days
Exposure	\$1.9 million	\$2.3 million	➡ \$2.9 million ⬅

- Represents potential of “Uri-like” event impacting Florida and Southeast markets
- Calculated assuming natural gas was unavailable (prohibitively expensive or extremely difficult to deliver). GRU would have to utilize more expensive generation to provide power, assuming DHR at capacity
- Variance calculated as:
 - Less conservative – MISO Average LMP during Winter Storm Uri
 - Moderate level – Average of highest MISO Electric Prices, 2015 – 2022
 - More conservative – Average of highest peak MISO Electric Prices, 2015 – 2022
- Recommendation: **More Conservative Level**
- Reasoning:
 - Higher electric costs impacts all of GRU’s systems
 - Lesson from Uri point to weatherization of facilities and diversity of fuels as prudent risk controls
 - Difficult to “reserve” against this type of event (many utilities in Texas were forced to issue debt to pay unexpected O&M costs)



Corporate Risk – Insurance

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Total Deductibles	\$3.1 million	\$3.1 million	\$3.1 million
Probability of Occurring	25%	50%	100%
Exposure	\$0.8 million	\$1.6 million	\$3.1 million

While GRU has an active risk management process

- Insurance policies in place have deductibles totaling \$3.1 million with \$2.0 million associated with the generating stations
- GRU has an older generating fleet compared to many other utilities
- Some insurance policies have a period of time *after* an event until they become effective
- Some policies only are effective when a certain price level, the strike price, is met or exceeded
- GRU has elected to not have insurance for some areas

Variance calculated as:

- Less conservative: Low probability of using insurance during a year (25%)
- Moderate level: 50% chance of needing multiple insurance policies
- More conservative: High probability of needing many policies during the year

Recommendation: **Moderate Level**

Reasoning: Aging generation fleet, recent maintenance and other events at generating stations, high level of deductibles associated with generation



Corporate Risk – The Energy Authority

- GRU is an equity owner of The Energy Authority (TEA)
- TEA plays an important role with GRU’s operations by
 - Managing natural gas procurement for both the electric and natural gas system
 - Conducting power sales and purchases
 - Providing market commentary and insight
 - Detailing recommendations on hedging strategy
 - Assisting with the Integrated Resource Plan
- As an equity owner, GRU is subject to a “Guarantee” based on GRU’s ownership and trading activity with TEA. This has varied over time and is based on GRU’s transactional exposure

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Guaranteed Credit backed by GRU	23,100,000	19,500,000	21,700,000	19,500,000	16,900,000	20,000,000	37,900,000	16,400,000	24,500,000
Change (\$)		(3,600,000)	2,200,000	(2,200,000)	(2,600,000)	3,100,000	17,900,000	(21,500,000)	8,100,000

Source: GRU Audit and TEA correspondence

- While unlikely, in the event of severe market disruption, GRU might have to provide this Guarantee to TEA, to assist with TEA on-going operations
- PFM believes, given the potential magnitude of this risk (based on commodity prices), that meeting this Guarantee would be **best addressed through accessing a letter or line of credit** rather than reserving cash



Recommendation



Executive Summary: 2024 Recommendation

System	2024 Recommended Level	Prior Target	Change from Prior	Lower Bound (-15 days)	Upper Bound (+15 days)	Cash, UPIF and Rate Stabilization (2023 Audit)	In Range?	Over/Under Target
Electric	\$69.1 million	\$60.8 million	\$8.3 million	\$60.4 million	\$77.7 million	\$83.6 million	Yes	\$14.5 million
Natural Gas	\$9.4 million	\$4.8 million	\$4.6 million	\$8.7 million	\$10.2 million	\$14.4 million	Yes	\$4.9 million
Water	\$8.6 million	\$5.3 million	\$3.3 million	\$7.7 million	\$9.4 million	\$20.6 million	Yes	\$12.0 million
Wastewater	\$8.7 million	\$6.5 million	\$2.2 million	\$7.7 million	\$9.7 million	\$22.9 million	Yes	\$14.2 million
GRU								
Cyber and Ransomware	\$2.3 million	NA	\$2.3 million	\$2.2 million	\$2.3 million			
Weather - "Routine"	\$1.9 million	\$4.0 million	\$.8 million	\$1.8 million	\$2.0 million			
Weather - Severe	\$2.9 million			\$2.8 million	\$3.0 million			
Insurance	\$1.6 million	\$1.0 million	\$.6 million	\$1.5 million	\$1.6 million			
GRUCom	\$2.2 million	\$2 million	\$.1 million	\$2.1 million	\$2.3 million			
Guarantee to The Energy Authority	Address through Line of Credit	NA						
Total	\$106.6 million	\$79.5 million	\$27.1 million	\$94.8 million	\$118.3 million	\$141.4 million	Yes	\$34.8 million

- Recommended level: ~\$107 million, range of ~\$95 million to ~\$118 million
- GRU's cash balances exceed target



Gainesville Regional Utilities Resiliency and Cash Balance Study Water & Wastewater



April 22, 2024

PFM Financial
Advisors LLC

1735 Market Street
42nd Floor
Philadelphia, PA 19103

11605 North Community
House Road
Calhoun Building, Suite 500
Charlotte, NC 28277



Water



Executive Summary

	Less Conservative Level	Moderate Level	More Conservative Level
Revenue Risk			
General Sales Decrease	\$.2 Million	\$.4 Million	\$.8 Million
Loss of Large Customer	\$.1 Million	\$.2 Million	\$1.1 Million
Other Revenue	\$.1 Million	\$.2 Million	\$.3 Million
Interest Income	\$.2 Million	\$.2 Million	\$.5 Million
Expense Risk			
Transmission & Distribution	\$.1 Million	\$.4 Million	\$.7 Million
Treatment	\$.0 Million	\$.6 Million	\$1.4 Million
Administrative and General	\$.0 Million	\$.4 Million	\$.9 Million
Operational Risk / Working Capital			
Working Capital	\$2.5 Million	\$3.3 Million	\$4.2 Million
Rate Stabilization Fund	\$.1 Million	\$.2 Million	\$.3 Million

- GRU is currently operating approximately \$12 million above the recommendation level
- Study Identified 3 different levels of risk including a recommended level, an upper bound level (+15 days cash), and a lower bound (-15 days cash)
- In 2022 GRU had a recommended cash target level of \$5.3 million. The current recommendation is approximately \$3.3 million higher at \$8.6 million.**
- The difference in recommended level is due to the evaluation of cash balances on a system-by-system basis, rather than looking at total combined balances.

Recommended Unrestricted Cash Level	\$8.6 Million
Upper Bound (+15 Days)	\$9.4 Million
Lower Bound (-15 Days)	\$7.7 Million

2023 Cash Available	
Operating Cash	\$1.2 million
Rate Stabilization	\$16.5 million
UPIF	\$3.0 million
Total	\$20.6 million

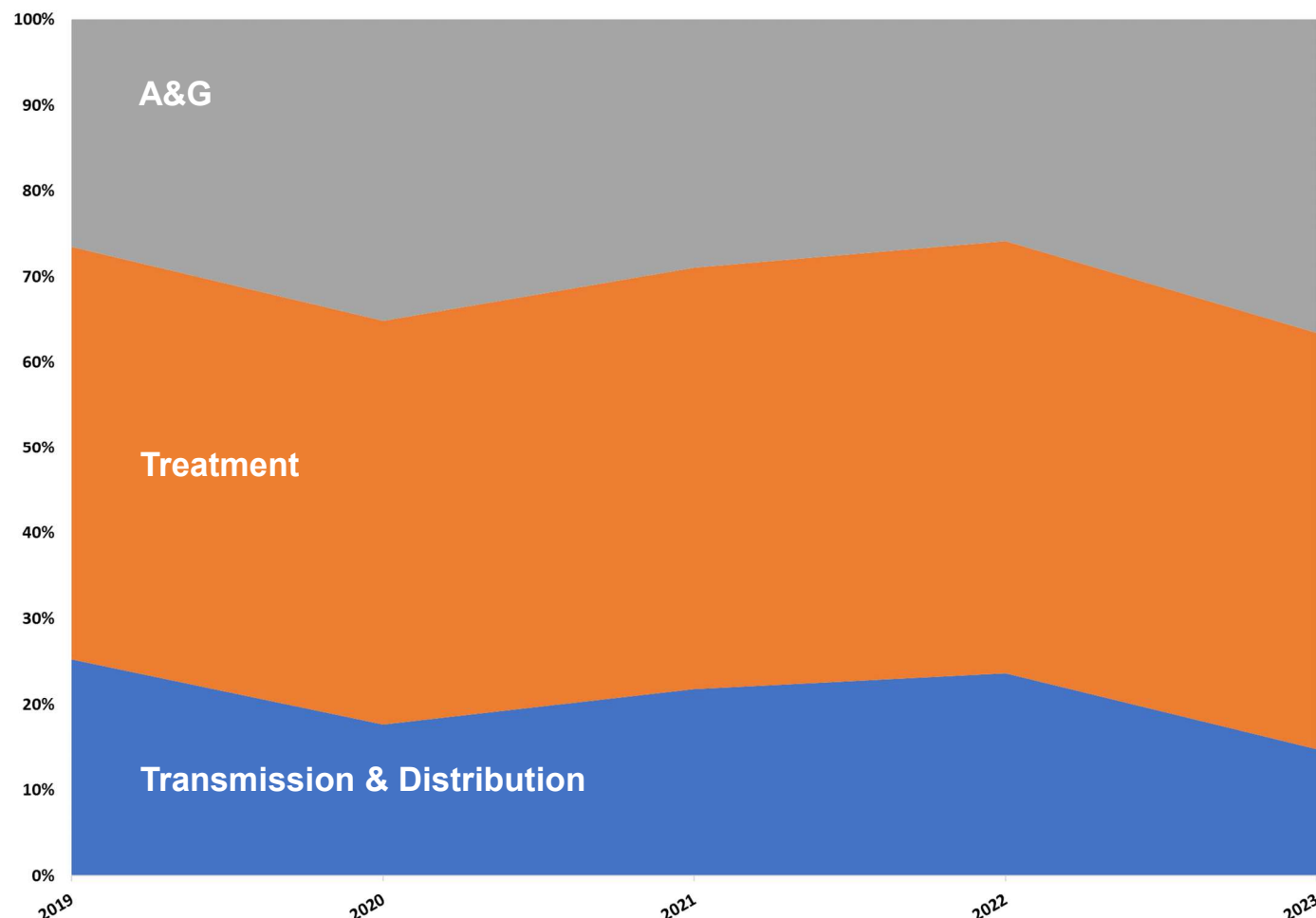


Fixed Cost Base Revenue Risks



Fixed Cost Base

■ Transmission & distribution ■ Treatment ■ A&G



- Important calculation for the revenue risk categories
- Represents the operating expenses that GRU budgets to run the utility
- Treatment makes up ~50% of operating expenses, on average, 2019-2023 with electric costs being the largest component (~25% of treatment expense and 10-15% of total operating expense)



Fixed Cost Base

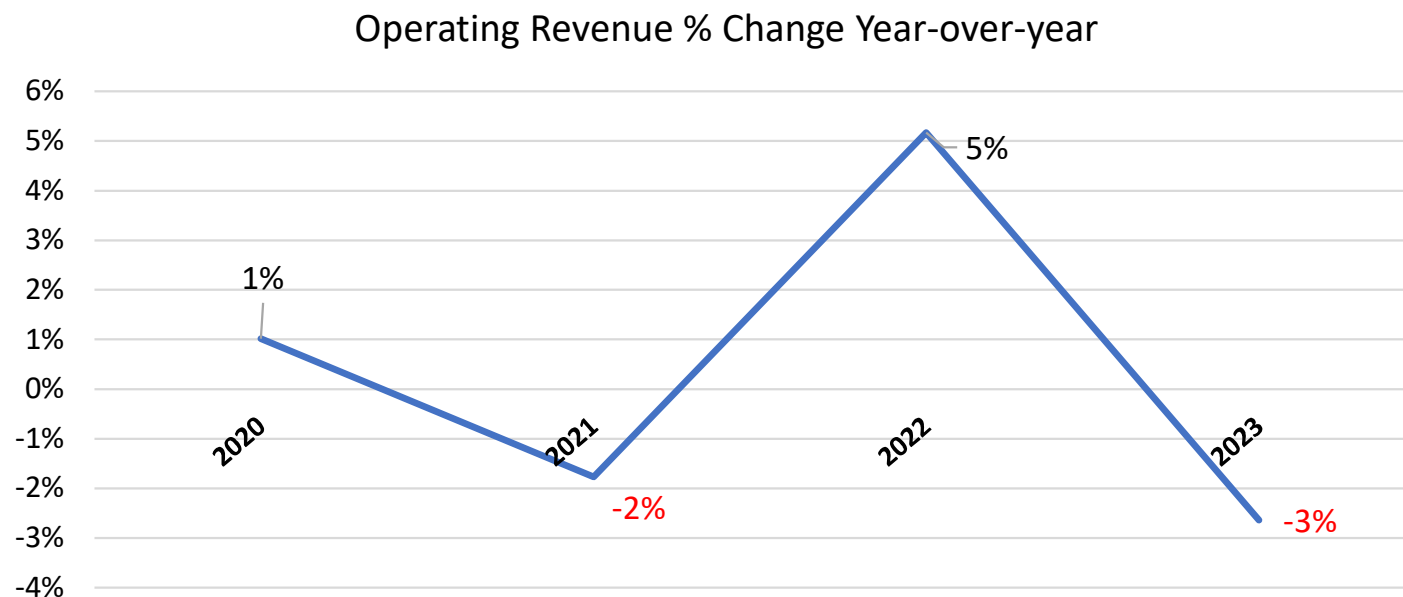
- Total expense category shows the 5 year historical average due to recent volatility
- Assume approximately 90% of expenses are fixed based on range of year-over-year variability in each expense
- Operating Revenues are used to cover the fixed cost base
- The categories examine shocks to these revenues with the exception of the fixed utility surcharge

Average Annual			
Operating Expenses (\$ Million)			
Expense	Total	Fixed	Variable
Transmission & distribution	\$3.7 Million	\$3.3 Million	\$.4 Million
Treatment	\$8.8 Million	\$7.9 Million	\$.9 Million
A&G expenses	\$5.5 Million	\$5.0 Million	\$.6 Million
Total Operating Expenses	\$18.0 Million	\$16.2 Million	\$1.8 Million
Debt Service Requirements & Fixed Costs			
Debt Service Requirements	\$8.7 Million	\$8.7 Million	\$.0 Million
Coverage	\$2.2 Million	\$2.2 Million	\$.0 Million
Total Debt Related Requirements	\$10.9 Million	\$10.9 Million	\$.0 Million
UPIF	\$6.0 Million	\$6.0 Million	\$.0 Million
GFT	\$2.1 Million	\$2.1 Million	\$.0 Million
Fixed Cost Base	\$36.9 Million	\$35.1 Million	\$1.8 Million
Fixed Cost Base (4% Inflation Adjustment - 3 Years)	\$41.6 Million	\$39.5 Million	\$2.0 Million

<i>Operating Expenses - Electric Service</i>	2019	2020	2021	2022	2023
Electric Service Expense (Treatment)	\$1.9 Million	\$2.0 Million	\$1.8 Million	\$2.5 Million	\$2.7 Million
\$ Change	-	\$.1 Million	-\$.2 Million	\$.7 Million	\$.2 Million
% Change	-	5%	-10%	39%	8%

Revenue Risk: General Sales Decrease

<i>Operating Revenue</i>	2019	2020	2021	2022	2023
Total Revenue from Sales	\$32.5 Million	\$32.9 Million	\$32.3 Million	\$34.0 Million	\$33.1 Million
\$ Change	-	\$.3 Million	-\$.6 Million	\$1.7 Million	-\$.9 Million
% Change	-	1%	-2%	5%	-3%





Revenue Risk: General Sales Decrease

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Fixed Cost Base	\$39.5 Million	\$39.5 Million	\$39.5 Million
Assumed variance	-1.0%	-2.0%	-4.0%
Months of coverage	6 months	6 months	6 months
Exposure	\$.2 Million	➡ \$.4 Million ⬅	\$.8 Million

■ In the event of an economic downturn and lower overall revenues, GRU would be required to cover the expected fixed costs (Fixed Cost Base) of the system **even if revenues do not materialize**

■ Variance calculated as:

- Less conservative – smallest decrease in year-over-year revenue
- Moderate level – average decrease in year-over-year revenue
- More conservative – largest decrease in year-over-year revenue

■ Recommendation: **Moderate Level**

■ Reasoning:

- Possible recession expected based on Federal reserve actions and comments



Largest Customers – Water

Rank	Customer	% of Revenue
1	University of Florida	5.9%
2	GRU	1.1%
3	Celebration Pointe Holdings, LLC	0.6%
4	City of Gainesville	0.6%
5	North Florida Regional Medical Center	0.6%
6	Alachua County Public Schools	0.6%
7	Shands Teaching Hospital and Clinics, Inc	0.6%
8	Alachua County Board of Commissioners	0.4%
9	VA Medical Center	0.4%
10	PEP-UF	0.4%
	Fiscal Year 2023 Total Water Rev	\$37,758

Rank	Customer	% of Revenue
1	University of Florida	4.8%
2	GRU	1.3%
3	Celebration Pointe Holdings, LLC	0.9%
4	North Florida Regional Medical Center	0.7%
5	VA Medical Center	0.6%
6	Alachua County Public Schools	0.6%
7	Shands Teaching Hospital and Clinics, Inc	0.5%
8	City of Gainesville	0.5%
9	Alachua County Board of Commissioners	0.4%
10	Viking Construction Company of Florida	0.3%
	Fiscal Year 2022 Total Water Rev	\$41,839

Rank	Customer	% of Revenue
1	University of Florida	5.0%
2	GRU	1.2%
3	North Florida Regional Medical Center	0.7%
4	VA Medical Center	0.7%
5	Alachua County Public Schools	0.5%
6	Shands Teaching Hospital and Clinics, Inc	0.5%
7	City of Gainesville	0.4%
8	Alachua County Board of Commissioners	0.4%
9	Sivance LLC	0.4%
10	Celebration Pointe Holdings LLC	0.3%
		10.1%
	Fiscal Year 2021 Total Water Rev	\$35,326

Rank	Customer	% of Revenue
1	University of Florida	5.4%
2	GRU	1.4%
3	North Florida Regional Medical Center	0.8%
4	City of Gainesville	0.6%
5	Shands Teaching Hospital and Clinics, Inc.	0.6%
6	Alachua County Public Schools	0.6%
7	VA Medical Center	0.6%
8	Celebration Pointe Holdings, LLC	0.5%
9	Alachua County Board of Commissioners	0.5%
10	Sivance, LLC	0.4%
		11.4%
	Fiscal Year 2020 Total Water Rev	\$37,355



Revenue Exposure: Loss of a Large Customer (conservation)

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Fixed Base	\$39.5 Million	\$39.5 Million	\$39.5 Million
Assumed variance based on customer sales	-0.5%	-1.0%	-5.4%
Months of coverage	6 months	6 months	6 months
Exposure	\$0.1 Million	\$0.2 Million	➔ \$1.1 Million ➔

- Represents loss of a major customer with largest customer being University of Florida. Also serves as a proxy for conservation
- Variance calculated as:
 - Less conservative – loss in sales % of smallest customer
 - Moderate level – loss in sales % of average customer (excluding University of Florida)
 - More conservative – loss in of sales % of largest customer
- Recommendation: **More Conservative Level**
- Reasoning:
 - Stable customer base, but chance of conservation efforts represent sale risk



Revenue Exposure: Other Revenue

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Assumed Fixed Base Covered by Other operating revenue	\$3.3 Million	\$3.3 Million	\$3.3 Million
Assumed variance	-7.0%	-12.0%	-20.0%
Months of coverage	6 months	6 months	6 months
Exposure	\$0.1 Million	\$0.2 Million	\$0.3 Million

- Represents other sources of water system revenue
- Variance calculated as:
 - Less conservative – smallest % change in “other revenue”
 - Moderate level – average % change in “other revenue”
 - More conservative – Largest % change in “other revenue”
- Recommendation: **Moderate Level**
- Reasoning:
 - Other Operating Revenues have a relatively high variance but only make up 7% of total operating revenues



Revenue Exposure: Interest Income

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Assumed Fixed Base Covered by Interest Income	\$3.0 Million	\$3.0 Million	\$3.0 Million
Assumed variance	-10.0%	-15.0%	-30.0%
Months of coverage	6 months	6 months	6 months
Exposure	\$0.2 Million	\$0.2 Million	\$0.5 Million

- Represents interest income for the water system
- Variance calculated as:
 - Less conservative – smallest % change in Interest income
 - Moderate level – average % change in Interest income
 - More conservative – Largest % change in Interest income
- Recommendation: **Moderate Level**
- Reasoning:
 - Interest income is relatively low compared to other sources of revenue



Expense Exposure Working Capital Risk & Operational Risk



Expense Exposure – Transmission & Distribution

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Average T&D Expense	\$3.7 Million	\$3.7 Million	\$3.7 Million
Variance	6%	20%	40%
Months of Coverage	6 months	6 months	6 months
Exposure	\$.1 Million	➡ \$.4 Million ⬅	\$.7 Million

- Represents GRU's cost exposure due to higher than budgeted Transmission and Distribution cost.
- Variance calculated as:
 - Less conservative – smallest year-over-year change in Transmission and Distribution cost
 - Moderate level – average year-over-year change in Transmission and Distribution cost
 - More conservative – largest year-over-year change in Transmission and Distribution cost
 - Recommendation: **Moderate Level**
- Reasoning: High variance with T&D making up a large portion of operating expenses



Expense Exposure – Treatment

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Average Treatment Expense	\$8.8 Million	\$8.8 Million	\$8.8 Million
Variance	1%	13%	33%
Months of Coverage	6 months	6 months	6 months
Exposure	\$0.0 Million	\$0.6 Million	➡ \$1.4 Million ⬅

- Represents GRU's cost exposure due to higher than budgeted Treatment costs.
- Variance calculated as:
 - Less conservative – minor change in Treatment costs
 - Moderate level – average year-over-year change in Treatment costs
 - More conservative – largest year-over-year change in Treatment costs
 - Recommendation: **More Conservative Level**
- Reasoning: Treatment costs can be elevated due to chemical prices and make up a large portion of operating expenses. There is also exposure to electric system expenses



Expense Exposure – Administrative and General

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Average A&G Expense	\$5.5 Million	\$5.5 Million	\$5.5 Million
Variance	1%	16%	33%
Months of Coverage	6 months	6 months	6 months
Exposure	\$0.0 Million	\$0.4 Million	\$0.9 Million

- Represents GRU's cost exposure due to higher than budgeted Administrative and General costs.
- Variance calculated as:
 - Less conservative – smallest year-over-year change in Administrative and General costs
 - Moderate level – average year-over-year change in Administrative and General costs
 - More conservative – largest year-over-year change in Administrative and General costs
 - Recommendation: **Moderate Level**
- Reasoning: Ongoing increases in salary and administrative fees



Working Capital: Day-to-Day Operations

<i>Operating Expenses (\$ Million)</i>	2019	2020	2021	2022	2023
System Operating Expenses	\$17.3 Million	\$17.4 Million	\$14.9 Million	\$19.4 Million	\$21.0 Million
One Days Cash	\$.047	\$.048	\$.041	\$.053	\$.057

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Average Days Cash	\$.05 Million/Day	\$.05 Million/Day	\$.05 Million/Day
Inflation Adjustment (3-year)	4%	4%	4%
Days Cash (Adjusted)	\$.06 Million/Day	\$.06 Million/Day	\$.06 Million/Day
Number of days	45 Days	60 Days	75 Days
Exposure	\$2.5 Million	\$3.3 Million	\$4.2 Million

- ◆ Represents the ability to manage the day-to-day operations of the utility
- ◆ Calculated using annual operating expenses
- ◆ Variance calculated as:
 - Less conservative – 45 days of coverage
 - Moderate level – 60 days of coverage
 - More conservative – 75 days of coverage
- ◆ Recommendation: **Moderate Level**
- ◆ Reasoning:
 - Provides ability to address the 60 day billing cycle



Revenue Exposure: Rate Stabilization Fund

<i>Rate Stabilization Fund</i>	2019	2020	2021	2022	2023
Transfers from (to) rate stabilization	-\$1.4 Million	-\$2.7 Million	-\$2.9 Million	\$.3 Million	-\$.3 Million
\$ Change	-	-\$1.3 Million	-\$.2 Million	\$3.2 Million	-\$.6 Million
% Change	-	88%	6%	-112%	-173%

Note: Positive values indicate use of rate stabilization funds to make up shortfalls. Negative numbers are reimbursement of funds to the rate stabilization fund

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Average Use of Rate Stabilization Funds	\$.3 Million	\$.3 Million	\$.3 Million
% to Reserve	25.0%	50.0%	100.0%
Exposure	\$.1 Million	\$.2 Million	\$.3 Million

- ◆ Represents variation in transfers in and out of the rate stabilization fund
- ◆ Variance calculated as:
 - Less conservative – smallest % change in rate stabilization fund deposit / withdrawal
 - Moderate level – average % change in rate stabilization fund deposit / withdrawal
 - More conservative – Largest % change in rate stabilization fund deposit / withdrawal
- ◆ Recommendation: **Moderate Level**
- ◆ Reasoning:
 - High variance in transfers to and from rate stabilization fund.



Water System Recommendation



Recommended Level

	Less Conservative Level	Moderate Level	More Conservative Level
Revenue Risk			
General Sales Decrease	\$.2 Million	\$.4 Million	\$.8 Million
Loss of Large Customer	\$.1 Million	\$.2 Million	\$1.1 Million
Other Revenue	\$.1 Million	\$.2 Million	\$.3 Million
Interest Income	\$.2 Million	\$.2 Million	\$.5 Million
Expense Risk			
Transmission & Distribution	\$.1 Million	\$.4 Million	\$.7 Million
Treatment	\$.0 Million	\$.6 Million	\$1.4 Million
Administrative and General	\$.0 Million	\$.4 Million	\$.9 Million
Operational Risk / Working Capital			
Working Capital	\$2.5 Million	\$3.3 Million	\$4.2 Million
Rate Stabilization Fund	\$.1 Million	\$.2 Million	\$.3 Million

- GRU is currently operating approximately \$12 million above the recommendation level
- GRU could use this excess reserve amount to defease current outstanding debt associated with the Water system or increase their PAYGO percentage
- In 2022 GRU had a recommended cash target level of \$5.3 million. The current recommendation is approximately \$3.3 million higher at \$8.6 million.**
- The difference in recommended level is due to the evaluation of cash balances on a system-by-system basis, rather than looking at total combined balances.

Recommended Unrestricted Cash Level	\$8.6 Million
Upper Bound (+15 Days)	\$9.4 Million
Lower Bound (-15 Days)	\$7.7 Million

2023 Cash Available	
Operating Cash	\$1.2 million
Rate Stabilization	\$16.5 million
UPIF	\$3.0 million
Total	\$20.6 million



Wastewater



Executive Summary

	Less Conservative Level	Moderate Level	More Conservative Level
Revenue Risk			
General Sales Decrease	\$.3 Million	\$.5 Million	\$1.0 Million
Loss of Large Customer	\$.0 Million	\$.1 Million	\$.3 Million
Other Revenue	\$.3 Million	\$.4 Million	\$.9 Million
Interest Income	\$.1 Million	\$.1 Million	\$.2 Million
Expense Risk			
Collections	\$.1 Million	\$.4 Million	\$.7 Million
Treatment	\$.2 Million	\$.5 Million	\$1.0 Million
Administrative and General	\$.3 Million	\$.5 Million	\$1.1 Million
Operational Risk / Working Capital			
Working Capital	\$3.0 Million	\$4.0 Million	\$5.0 Million
Rate Stabilization Fund	\$.3 Million	\$.5 Million	\$1.0 Million

Recommended Unrestricted Cash Level	\$8.7 Million
Upper Bound (+15 Days)	\$9.7 Million
Lower Bound (-15 Days)	\$7.7 Million

- GRU is currently operating approximately \$14.2 million above the recommendation level
- Study Identified 3 different levels of risk including a recommended level, an upper bound level (+15 days cash), and a lower bound (-15 days cash)
- In 2022 GRU had a recommended cash target level of \$6.5 million. The current recommendation is approximately \$2.2 million higher at \$8.7 million.
- The difference in recommended level is due to the evaluation of cash balances on a system-by-system basis, rather than looking at total combined balances.

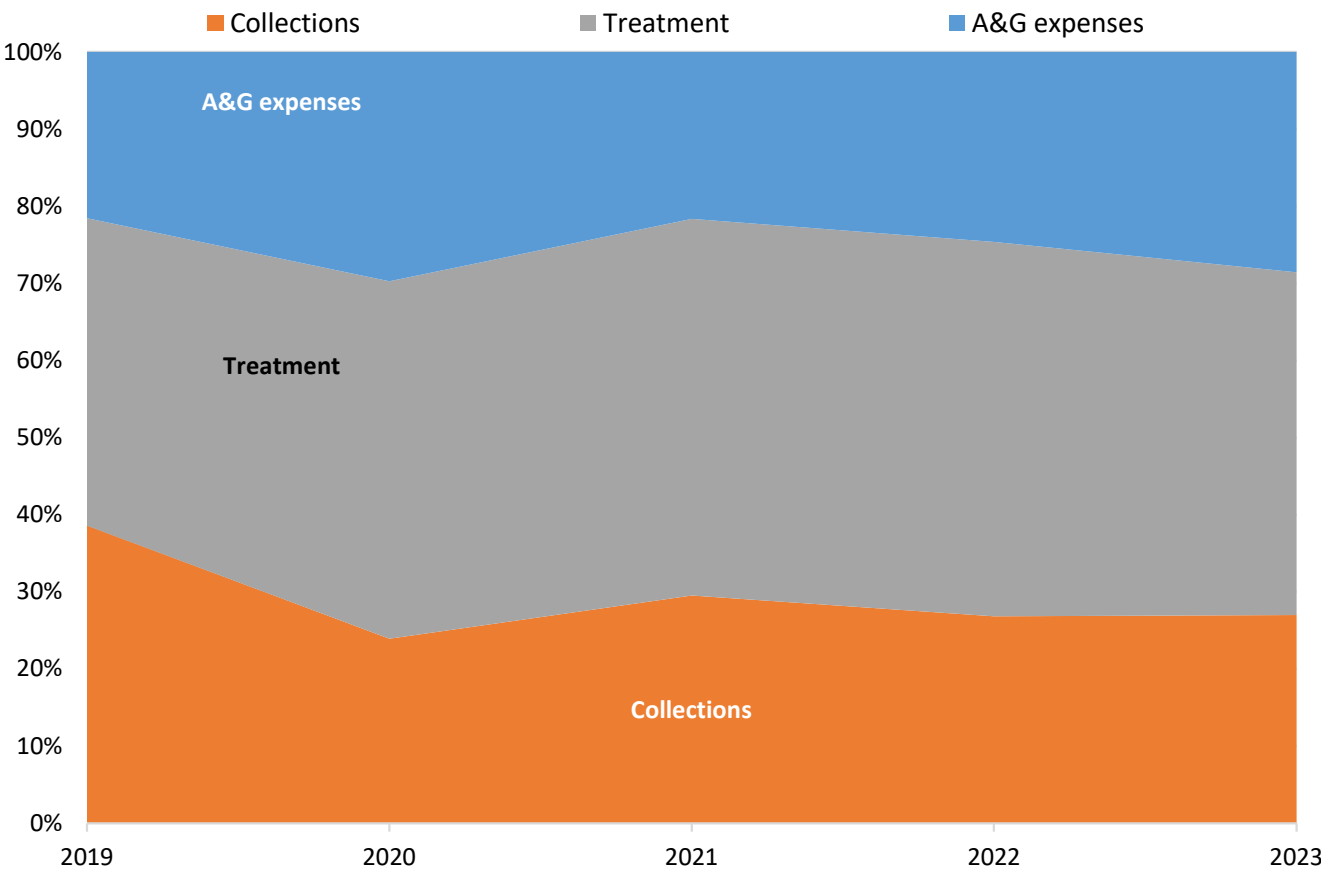
2023 Cash Available	
Operating Cash	\$3.7 million
Rate Stabilization	\$16.8 million
UPIF	\$2.3 million
Total	\$22.9 million



Fixed Cost Base Revenue Risks



Fixed Cost Base



- Important calculation for the revenue risk categories
- Represents the operating expenses that GRU budgets to run the utility
- Electric costs comprise ~20% of treatment costs and ~10% of total operating expenses

Operating Expenses - Electric Service	2019	2020	2021	2022	2023
Electric Service Expense (Treatment)	\$.8 Million	\$2.1 Million	\$2.0 Million	\$2.7 Million	\$2.9 Million
\$ Change	-	\$1.4 Million	-\$.1 Million	\$.6 Million	\$.2 Million
% Change	-	180%	-5%	30%	8%



Fixed Cost Base

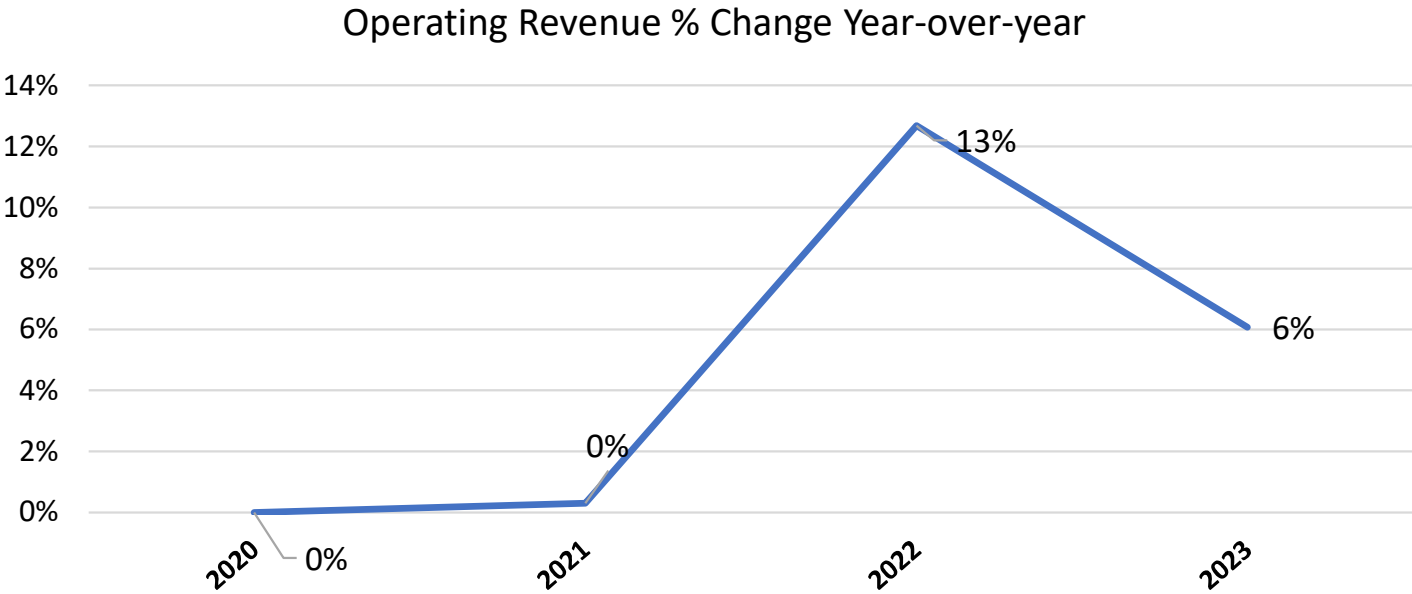
- Total expense category shows the 5 year historical average due to recent volatility
- Assume approximately 90% of expenses are fixed based on range of year-over-year variability in each expense
- Operating Revenues are used to cover the fixed cost base
- The categories examine shocks to these revenues with the exception of the fixed utility surcharge

Average Annual			
Operating Expenses (\$ Million)			
Expense	Total	Fixed	Variable
Collections	\$5.8 Million	\$5.2 Million	\$.6 Million
Treatment	\$9.7 Million	\$8.8 Million	\$1.0 Million
A&G expenses	\$5.4 Million	\$4.9 Million	\$.5 Million
Total Operating Expenses	\$21.0 Million	\$18.9 Million	\$2.1 Million
Debt Service Requirements			
Debt Service Requirements	\$12.6 Million	\$12.6 Million	\$.0 Million
Coverage	\$3.1 Million	\$3.1 Million	\$.0 Million
Total Debt Related Requirements	\$15.7 Million	\$15.7 Million	\$.0 Million
UPIF	\$8.7 Million	\$8.7 Million	\$.0 Million
GFT	\$2.6 Million	\$2.6 Million	\$.0 Million
Fixed Cost Base	\$48.0 Million	\$45.9 Million	\$2.1 Million
Fixed Cost Base (4% Inflation Adjustment - 3 Years)	\$53.9 Million	\$51.6 Million	\$2.4 Million



Revenue Risk: General Sales Decrease

<i>Operating Revenue</i>	2019	2020	2021	2022	2023
Total Revenue from Sales	\$37.4 Million	\$37.4 Million	\$37.5 Million	\$42.3 Million	\$44.8 Million
\$ Change	-	\$0.0 Million	\$.1 Million	\$4.8 Million	\$2.6 Million
% Change	-	0%	0%	13%	6%





Revenue Risk: General Sales Decrease

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Assumed Fixed Base Covered by Sales	\$51.6 Million	\$51.6 Million	\$51.6 Million
Assumed variance	-1.0%	-2.0%	-4.0%
Months of coverage	6 months	6 months	6 months
Exposure	\$.3 Million	➡ \$.5 Million ⬅	\$1.0 Million

- In the event of an economic downturn and lower overall revenues, GRU would be required to cover the expected fixed costs (Fixed Cost Base) of the system **even if revenues do not materialize**
- Variance calculated as:
 - Less conservative – smallest decrease in year-over-year revenue
 - Moderate level – average decrease in year-over-year revenue
 - More conservative – largest decrease in year-over-year revenue
- Recommendation: **Moderate Level**
- Reasoning:
 - Possible recession expected based on Federal reserve actions and comments



Largest Customers – Wastewater

Rank	Customer	% of Revenue
1	University of Florida	1.0%
2	North Florida Regional Medical Center	0.7%
3	Shands Teaching Hospital and Clinics, Inc.	0.7%
4	Sivance, LLC	0.6%
5	Florida Department of Children & Family	0.6%
6	Alachua County Public Schools	0.6%
7	City of Gainesville	0.5%
8	Celebration Pointe Holdings, LLC	0.5%
9	THP Cabana Beach Gainesville	0.4%
10	VA Medical Center	0.4%
	Fiscal Year 2023 Total Wastewater Rev	\$51,200

Rank	Customer	% of Revenue
1	North Florida Regional Medical Center	0.7%
2	University of Florida	0.6%
3	Shands Teaching Hospital and Clinics, Inc.	0.6%
4	Celebration Pointe Holdings, LLC	0.5%
5	Florida Department of Children & Family	0.5%
6	Alachua County Public Schools	0.5%
7	VA Medical Center	0.5%
8	GRU	0.4%
9	Cabot Carbon Oper Jumpstart	0.4%
10	Alachua County Board of County Commissioners	0.4%
	Fiscal Year 2022 Total Wastewater Rev	\$55,377

Rank	Customer	% of Revenue
1	North Florida Regional Medical Center	1.0%
2	Shands Teaching Hospital and Clinics, Inc	0.6%
3	Florida Department of Children & Family	0.6%
4	Alachua County Public Schools	0.6%
5	VA Medical Center	0.5%
6	Sivance LLC	0.5%
7	University of Florida	0.5%
8	Cabot Carbon Oper Jumpstart	0.5%
9	City of Gainesville	0.4%
10	GRU	0.4%
		5.6%
	Fiscal Year 2021 Total Wastewater Rev	\$44,953

Rank	Customer	% of Revenue
1	University of Florida	1.0%
2	North Florida Regional Medical Center	0.9%
3	Sivance, LLC	0.7%
4	Shands Teaching Hospital and Clinics, Inc.	0.7%
5	Alachua County Board of Commissioners	0.6%
6	City of Gainesville	0.6%
7	State of Florida, Dept of Children & Family Services	0.5%
8	Beazer East Incorporated	0.5%
9	Celebration Pointe Holdings, LLC	0.4%
10	Cabot Carbon Oper Jumpstart	0.4%
		6.3%
	Fiscal Year 2020 Total Wastewater Rev	\$45,503



Revenue Exposure: Loss of a Large Customer (conservation)

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Assumed Fixed Base Covered by Sales	\$51.6 Million	\$51.6 Million	\$51.6 Million
Assumed variance based on customer sales	0.0%	-0.5%	-1.0%
Months of coverage	6 months	6 months	6 months
Exposure	\$0.0 Million	\$0.1 Million	➡ \$0.3 Million ⬅

- Represents loss of a major customer with largest customer being North Florida Regional Medical Center. Also serves as a proxy for conservation
- Variance calculated as:
 - Less conservative – loss in sales % of smallest customer
 - Moderate level – loss in sales % of average customer
 - More conservative – loss in of sales % of largest customer
- Recommendation: **More Conservative Level**
- Reasoning:
 - Stable customer base with the possibility of conservation efforts



Revenue Exposure: Other Revenue

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Assumed Fixed Base Covered by Other operating revenue	\$6.0 Million	\$6.0 Million	\$6.0 Million
Assumed variance	-10.0%	-15.0%	-30.0%
Months of coverage	6 months	6 months	6 months
Exposure	\$.3 Million	\$.4 Million	\$.9 Million

- Represents other sources of wastewater system revenue
- Variance calculated as:
 - Less conservative – smallest % change in “other revenue”
 - Moderate level – average % change in “other revenue”
 - More conservative – Largest % change in “other revenue”
- Recommendation: **Moderate Level**
- Reasoning:
 - Other Operating Revenues have a relatively high variance but only makes up 11% of total operating revenues



Revenue Exposure: Interest Income

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Assumed Fixed Base Covered by Interest income	\$1.0 Million	\$1.0 Million	\$1.0 Million
Assumed variance	-10.0%	-15.0%	-30.0%
Months of coverage	6 months	6 months	6 months
Exposure	\$0.1 Million	\$0.1 Million	\$0.2 Million

- Represents interest income for the wastewater system
- Variance calculated as:
 - Less conservative – smallest % change in Interest income
 - Moderate level – average % change in Interest income
 - More conservative – Largest % change in Interest income
- Recommendation: **Moderate Level**
- Reasoning:
 - Interest income is relatively low compared to other sources of revenue



Expense Exposure Working Capital Risk & Operational Risk



Expense Exposure – Collection

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Average Collections Expense	\$5.8 Million	\$5.8 Million	\$5.8 Million
Variance	5%	15%	25%
Months of Coverage	6 months	6 months	6 months
Exposure	\$0.1 Million	➡ \$0.4 Million ⬅	\$0.7 Million

- Represents GRU's cost exposure due to higher than budgeted Collection cost.
- Variance calculated as:
 - Less conservative – smallest year-over-year change in Collection cost
 - Moderate level – average year-over-year change in Collection cost
 - More conservative – largest year-over-year change in Collection cost
 - Recommendation: **Moderate Level**
- Reasoning: Collections make up a large portion of operating expenses



Expense Exposure – Treatment

<i>(\$ in Millions)</i>	Less Conservative Level	Moderate Level	More Conservative Level
Average Treatment Expense	\$9.7 Million	\$9.7 Million	\$9.7 Million
Variance	5%	10%	20%
Months of Coverage	6 months	6 months	6 months
Exposure	\$0.2 Million	\$0.5 Million	\$1.0 Million

- Represents GRU's cost exposure due to higher than budgeted Treatment costs.
- Variance calculated as:
 - Less conservative – smallest year-over-year change in Treatment costs
 - Moderate level – average year-over-year change in Treatment costs
 - More conservative – largest year-over-year change in Treatment costs
 - Recommendation: **More Conservative Level**
- Reasoning: Treatment costs can be elevated due to chemical prices and make up a large portion of operating expenses. There is also exposure to electric system expenses



Expense Exposure – Administrative and General

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Average A&G Expense	\$5.4 Million	\$5.4 Million	\$5.4 Million
Variance	10%	20%	40%
Months of Coverage	6 months	6 months	6 months
Exposure	\$0.3 Million	\$0.5 Million	\$1.1 Million

- Represents GRU's cost exposure due to higher than budgeted Administrative and General costs.
- Variance calculated as:
 - Less conservative – smallest year-over-year change in Administrative and General costs
 - Moderate level – average year-over-year change in Administrative and General costs
 - More conservative – largest year-over-year change in Administrative and General costs
 - Recommendation: **Moderate Level**
- Reasoning: Ongoing increases in salary and administrative fees



Working Capital: Day-to-Day Operations

Operating Expenses (\$ Million)	2019	2020	2021	2022	2023
System Operating Expenses	\$20.0 Million	\$20.7 Million	\$19.1 Million	\$22.3 Million	\$25.4 Million
Days Cash	\$.055	\$.057	\$.052	\$.061	\$.070

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
verage Days Cash	\$.059 Million/Day	\$.059 Million/Day	\$.059 Million/Day
lation Adjustment (3-year)	4%	4%	4%
ys Cash (Adjusted)	\$.066 Million/Day	\$.066 Million/Day	\$.066 Million/Day
mber of days	45 Days	60 Days	75 Days
losure	\$3.0 Million	\$4.0 Million	\$5.0 Million

- Represents the ability to manage the day-to-day operations of the utility
- Calculated using annual operating expenses
- Variance calculated as:
 - Less conservative – 45 days of coverage
 - Moderate level – 60 days of coverage
 - More conservative – 75 days of coverage
- Recommendation: **Moderate Level**
- Reasoning:
 - Provides ability to address the 60 day billing cycle



Revenue Exposure: Rate Stabilization Fund

Rate Stabilization Fund	2019	2020	2021	2022	2023
Transfers from (to) rate stabilization	-\$2.2 Million	-\$2.7 Million	\$.2 Million	\$1.8 Million	-\$4.0 Million
\$ Change	-	-\$.6 Million	\$2.9 Million	\$1.6 Million	-\$5.8 Million
% Change	-	26%	-107%	833%	-320%

Note: Positive values indicate use of rate stabilization funds to make up shortfalls. Negative numbers are reimbursement of funds to the rate stabilization fund

(\$ in Millions)	Less Conservative Level	Moderate Level	More Conservative Level
Average Use of Rate Stabilization Funds	\$1.0 Million	\$1.0 Million	\$1.0 Million
% to Reserve	25.0%	50.0%	100.0%
Exposure	\$.3 Million	\$.5 Million	\$1.0 Million

- Represents variation in transfers in and out of the rate stabilization fund
- Variance calculated as:
 - Less conservative – smallest % change in rate stabilization fund deposit / withdrawal
 - Moderate level – average % change in rate stabilization fund deposit / withdrawal
 - More conservative – Largest % change in rate stabilization fund deposit / withdrawal
- Recommendation: **Moderate Level**
- Reasoning:
 - High variance in transfers to and from rate stabilization fund.



Recommendation



Recommended Level

	Less Conservative Level	Moderate Level	More Conservative Level
Revenue Risk			
General Sales Decrease	\$.3 Million	\$.5 Million	\$1.0 Million
Loss of Large Customer	\$.0 Million	\$.1 Million	\$.3 Million
Other Revenue	\$.3 Million	\$.4 Million	\$.9 Million
Interest Income	\$.1 Million	\$.1 Million	\$.2 Million
Expense Risk			
Collections	\$.1 Million	\$.4 Million	\$.7 Million
Treatment	\$.2 Million	\$.5 Million	\$1.0 Million
Administrative and General	\$.3 Million	\$.5 Million	\$1.1 Million
Operational Risk / Working Capital			
Working Capital	\$3.0 Million	\$4.0 Million	\$5.0 Million
Rate Stabilization Fund	\$.3 Million	\$.5 Million	\$1.0 Million

Recommended Unrestricted Cash Level	\$8.7 Million
Upper Bound (+15 Days)	\$9.7 Million
Lower Bound (-15 Days)	\$7.7 Million

- Study reviewed GRU’s Wastewater System income statement and identified sources of risk
- GRU could use this excess reserve amount to defease current outstanding debt associated with the Waste Water system or increase their PAYGO percentage
- In 2022 GRU had a recommended cash target level of \$6.5 million. The current recommendation is approximately \$2.2 million higher at \$8.7 million.**
- The difference in recommended level is due to the evaluation of cash balances on a system-by-system basis, rather than looking at total combined balances.

2023 Cash Available	
Operating Cash	\$3.7 million
Rate Stabilization	\$16.8 million
UPIF	\$2.3 million
Total	\$22.9 million

Recommended level assumes 3-year’s 4% inflation adjustment
Source: GRU’s Official Statements for debt transactions and continuing disclosure



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2024-923

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-923 Fiscal Year 2024 General Fund Transfer (GFT) Update (B)

Department: Budget, Finance, and Accounting

Description: This item serves as an update to the GRUA based on their motion passed at the November 6, 2024 GRUA meeting which directed adjustments to certain expenses from the remaining FY2024 GFT.

Fiscal Note: The remaining FY24 GFT has been adjusted from \$3,000,000, to \$1,488,897.

Recommendation: GRUA approve the GFT adjustment.

Fiscal Year 2024 GFT

U2131-ED

December 11, 2024

The Gainesville Regional Utilities Authority (GRUA) approved items on November 6, 2024, that impact the final payment of the fiscal year 2024 General Fund Transfer (GFT):

GRU has adjusted the following expenses:

FY24 GFT remaining	\$3,000,000
FY2024 county streetlights	(1,097,602)
Akerman LLC	(250,000)
Folds Walker	(135,463)
Carlton Fields	<u>(28,038)</u>

Balance due to GG	<u>\$ 1,488,897</u>
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Recommendation:

GRUA approve the GFT adjustment.



Gainesville Regional Utilities Authority Agenda Item Report

File Number: 2024-922

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-922 State of the Utility (B)

Department: CEO/COO

Description: GRU will be providing a monthly update to Authority members to ensure they are aware of important projects and relevant utility measurements and benchmarks. This first report looks at October 2024. We will be assessing the most effective methods for delivering the report in addition to the most relevant information as it evolves.

Fiscal Note: No fiscal note.

Recommendation: GRUA hear a monthly update regarding the utility's operational areas.



FY25

STATE OF THE UTILITY - OCTOBER

ENERGY SUPPLY

Major Energy Supply projects/milestones

**Recordable
Injuries**

0

**Regulatory
Compliance
Issues**

0

Storm Restoration

Following recent storms, where we experienced some plant site damage due to wind and heavy rain, the following repair work is in progress:

- Deerhaven Unit #2 Cooling Tower Cell #10 sustained damage to a fan shroud, fan blades and a gearbox. These repairs are in progress with a projection to restore the fan to full service by the end of January.
- One of the two culverts for the plant construction pond collapsed underground. The second culvert currently has adequate flow capability to support needs based on the season. The repairs to the collapsed culvert are in progress, with expected full repairs and restoration by the end of December.

Deerhaven Unit #2 update:

- The unit is online.
- In addition to the ongoing repairs to DH2 Cooling Tower Cell #10 mentioned above, Cell #9 is also being repaired from damage the fan sustained during a microburst on 6/5/24. Expecting Cell #9 to be fully restored to service by the end of January.
- The unit is being operated briefly on coal weekly to ensure dual-fuel reliability as well as operator proficiency while on coal.

ENERGY SUPPLY

Deerhaven Unit #1 update:

- Currently offline in an economic outage but may need to come back online in December if we cannot find more economic power purchase options.
- Battery load test completed on 11/19/24 with results at 85% capacity, which is above the minimum requirement for continued operation of 80%.
- Building a planned outage scope and schedule to be conducted in FY2026. This planned outage was originally going to be deferred due to expected retirement at the end of 2027; however, we will need this outage scope for evaluation of a possible life extension beyond 55 years.

Deerhaven combustion turbines update:

- CT2 was previously limited to running on natural gas vs dual-fuel capability. Repairs have been made to the pressure control modules in the unit diesel fuel control logic. Test runs completed on both fuels; restored to dual-fuel capability on 11/16/24.

Deerhaven Renewable (DHR) Update:

- Offline in extended outage.
- A scheduled planned outage started on 9/28/24 to inspect the steam turbine. Based on findings of material failure on the turbine rotor 1st stage, DHR is projected to be in an extended outage through January. For these repairs, the turbine rotor was shipped to Siemens in Charlotte, NC. First-stage blades have been removed and the rotor is being prepped for installation of new replacement blades. In parallel, our new blades are being fabricated in Switzerland and will be shipped to Charlotte directly when completed. The installation of the new blades and dampening wire will occur before rotor is projected to be shipped back to DHR in mid-January. Once rotor is back, we will need a little over two weeks to reassemble the turbine, so this would allow projected testing of the turbine in the last week of January or first week of February. We are projecting to need another five days for possible balancing following rotor repairs. **The projected return to service of DHR would likely be early to mid-February.**

ENERGY SUPPLY

DHR Update Continued:

- We are conducting research and analysis to determine cost and scope to add both a run transformer and run breaker electrical scheme to DHR like we have at all of our other steam units. This project is needed to resolve impactful reliability issues at DHR. Currently without this electrical scheme, DHR auxiliary equipment (fans, motors and pumps) have resulted in unit trips. This is due to voltage swings we experience on our grid that can impact logic to trip these auxiliaries. Our other three steam units (DH1, DH2 and JCC1) shift the unit equipment auxiliaries to their respective Run Transformers once unit is online, and therefore their auxiliary equipment is not impacted by these grid voltage swings.

South Energy Center Update:

- Heating Hot Water project for the UF Health Cancer Hospital is in progress. Only one small section of the required GRU supply piping remains to be complete; however, internal to the hospital there is ongoing work by UF Health contractor, so our current projected commissioning of this project is late January.
- Based on previous issues at SEC, we have purchased and received a new more robust exhaust louver design for the Wartsila engine. This new design will be installed starting December 9, when engines will be down for a two-week planned maintenance.
- The Wartsila engine will be in a planned maintenance outage for five to six days starting 12/9/24. The major scope of work for this outage consists of spark plug replacement, firing valve inspection and testing, as well as replacement of the two turbo chargers based on run hours. We will also complete some changes to our relay settings designed to allow the unit to be less susceptible to tripping through grid disturbances.

ENERGY SUPPLY

Kelly Generating Station Update:

- Online
- CT4 Battery had an inter-cell failure requiring full disconnect from unit for safety and installation of a temporarily leased battery. We still have our battery in service and a new permanent battery will be installed during next planned outage starting in late February.

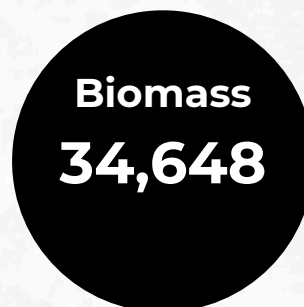
Additional Updates:

- Florida Gas Transmission (FGT), our natural gas provider, had an outage from 11/25 to 12/2/2024 that limited natural gas flow both at Kelly and Deerhaven. During this time we will still run JCC1 and DH2, but JCC1 will be at the bottom of its load capability until this FGT gas outage is complete.
- We are continuing to pursue an insurance claim for the DHR Stacker Reclaimer Bearing failure and replacement in FY23/24. The claim is accepted, and we are working on receiving payment. A second portion of this claim is still being reviewed for added coverage and potential cost recovery.

Inventories (in tons):



45 days at full load;
90 days at half load.



11.5 days at full load;
18.8 days at half load;
20.3 days at most recent
burn load.

ENERGY DELIVERY

Reliability Statistics:

Customers
Served
101,836

Total
Outages
181

Customers
Affected
9,349

Interruption
Length
(minutes)
264

Leading Outage Causes:

- Vegetation: **114**
- Equipment failure: **22**
- Undetermined: **15**
- Animals: **7**
- Weather: **6**
- Human cause: **3**

Standard Industry Comparisons:

SAIDI
9.19

CAIDI
100.11

SAIFI
.09

ASAI
99.98%

SAIDI: System Average Interruption Duration Index; monthly goal: **4.5**

CAIDI: Customer Average Interruption Duration Index; monthly goal: **55**

SAIFI: System Average Interruption Frequency Index; monthly goal: **.08**

ASAI: Average Service Availability

ENERGY DELIVERY

Electric System Consumption:

	CONSUMPTION	CUSTOMERS
Feed-In-Tariff - Residential	235 KWH	90
Feed-In-Tariff - General Service	2,060 KWH	145
Electric - GS - Demand - Regular	51,423,273 KWH	1,118
Electric - General Service Demand PV	1,675,803 KWH	30
Electric - GS - Kanapaha w Curtail Cr	1,041,600 KWH	1
Electric - GS - Demand - Large Power	9,648,120 KWH	9
Electric - GS - Murphree Curtail Credit	1,418,400 KWH	1
Electric - GS - Large Demand PV	4,838,400 KWH	2
Electric - GS - Non Demand	17,531,121 KWH	10,175
Electric - General Service PV	241,328 KWH	83
Electric - Lighting - Rental	817,953 KWH	1,813
Electric - Lighting - Street - City	403,953 KWH	15
Electric - Lighting - Street - County	127,313 KWH	1
Electric - Lighting - Traffic	144 KWH	1
Electric - Residential - Non TOU	82,333,566 KWH	90,980
Electric - Residential PV	1,082,066 KWH	1460
Total Retail Electric	172,585,335 KWH	104,095

ENERGY DELIVERY

Gas System Consumption:

	CONSUMPTION	CUSTOMERS
Gas - GS - Regular Service (Firm)	603,497 THM	1,258
Gas - GS - Regular Service (Small)	24,288 THM	486
Gas - GS - Interruptible - Regular Serv	25,815 THM	1
Gas - GS - Interruptible - Large Volume	373,691 THM	7
Gas - Residential - Regular Service	346,021 THM	35,458
Total Retail Gas	1,373,312 THM	37,210

Major Projects

Electric Engineering:

- *HCA Florida North Florida Hospital at Archer Road (underground and reliability improvements)*
- *Oaks Preserve Phase 2 (electrical installations in progress)*
- *Butler Plaza Center Cup (completed design, construction started)*
- *Archer Place Apartments (overhead-to-underground)*
- *Evergreen Apartments at Oaks Mall (waiting for developer to install electric facilities)*
- *Hawthorne Heights (final design details)*
- *Natura (design underway)*
- *Support Lakeland Electric in recovery of Hurricane Milton (completed)*

Substation & Relay:

- *Springhill battery bank replacement (changed 60 batteries showing signs of degradation)*
- *McMichen transformer (review and site work prep for T-42 replacement)*
- *Parker low-side and tiebreaker replacement (replaced 138k breakers and switches)*

ENERGY DELIVERY

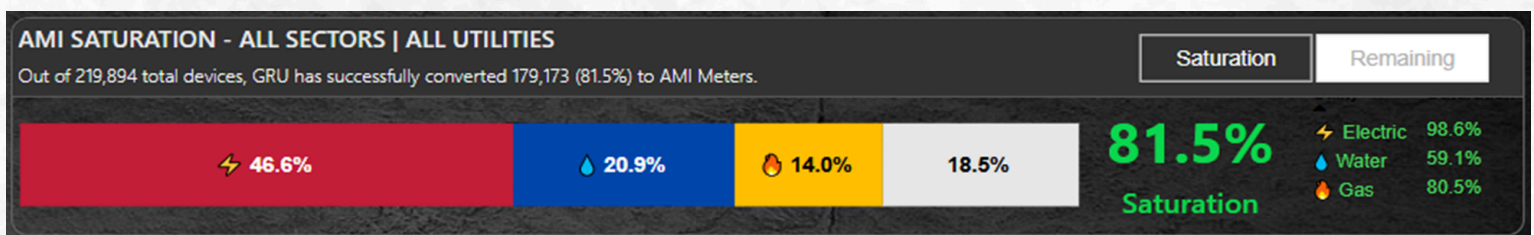
Gas Engineering:

- Bridlewood subdivision (6-inch main extension)
- Parker Road backfeed to Archer Road (construction started)
- Convergence Research Park Phase 3 (design nearly complete)
- UF backfeeds (job quoted to increase system reliability)
- UF Cogen test (meeting to schedule pressure test)

Gas T&D:

- Forest Pines pressure up-rate (increased from 5 psi to 60 psi)
- Barrington Place, main installation (8,175 feet of main installed)
- Lakota, main installation (2,860 feet of main installed)
- Infrastructure upgrade (replaced 3,500 feet of bare steel pipe)
- Museum Road pit relocation (received approval to relocate underground station above ground)

Advanced Metering Infrastructure (AMI):



AMI Detail:

Category	Electric	Water	Natural Gas	Total
Remote Reading	101,267	42,729	28,363	172,359
AMI Devices	102,439	45,971	30,763	179,173
Non-AMI Devices	1,458	31,799	7,464	40,721
Total Devices	103,987	77,770	38,227	219,984
Saturation %	98.6%	59.1%	80.5%	81.4%

ENERGY DELIVERY

AMI Financial Summary:

Inclusive of materials/meters purchased and stored in warehouse

Actuals Spent	\$39,027,780	82.9%
Project Budget Remaining	\$8,038,596	17.1%
Total AMI Project Budget	\$47,066,376	100%

Customer-Owned Solar PV (NEM program)

- As of 10/1/24, we have 1,568 customers in the NEM program with a total installed capacity of 21.63 MW DC.
- We have a total of 18.6 MW DC of FIT customers.
- Applications for GRU's NEM program have decreased since the Authority approved the resolution to convert GRU's net-metering program into a net-billing program. Below are recent records for NEM.

Year	Customers	MW DC
CY21	196	2
CY22	248	3
CY23	383	5
Q1, Q2, Q3, CY24	122	1.4

WATER/WASTEWATER

Operational Data

Murphree Water Treatment Plant (operations normal):

Avg. Flow
24.3 MGD

Peak Flow
30.7 MGD

Water Distribution (Leak Statistics):

- Service requests from dispatch: **413**
- Water leaks dispatched: **244**
- Third-party water damages: **20**
- Water leaks/damages repaired: **136**

Kanapaha Water Reclamation Facility (operations normal; reclaimed on):

Avg. Flow
11.8 MGD

Peak Flow
19.1 MGD

Repairs
136

WATER/WASTEWATER

Main Street Water Reclamation Facility (operations normal; reclaimed on):

Avg. Flow
7.1 MGD

Peak Flow
13.1 MGD

Wastewater Collections:

- Service requests from dispatch: **75**
- Stoppages dispatched and cleared: **15** (1 mainline; 14 individual services)
- Third-party sewer damages: **4** (1 air valve; 2 gravity main; 285 manholes)
- SWAMP program inspections:
 - **10.4 miles** gravity sewer
 - **285** manholes
- SWAMP coverage (overall):
 - **496 miles** of pipe
 - **74%** of collection system

Environmental Regulatory Compliance (sanitary sewer overflows)

Grease and toiletries	0
Infrastructure	2 (1 ARV; 1 contractor spill)
Third-party damage	0
Weather	0
Storms	0

WATER/WASTEWATER

Environmental/Regulatory Compliance Continued:

Precautionary Boil Water Notices:

PBWN

1

Service Line Inventory Letters:

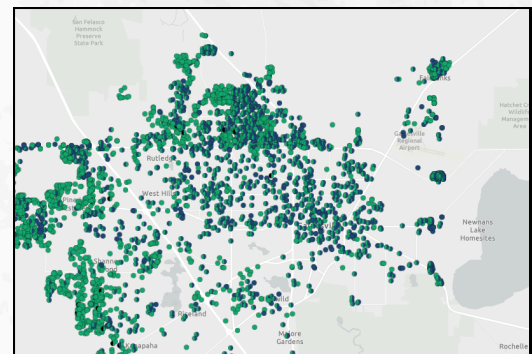
- Hundreds of customer inquiries received
- Staff working through responses
- Short informational videos to be placed on GRU website to address common questions

Information in GRU's Newsletter:

If you are a GRU water customer, you may have received a letter from us about your water service pipe material.

The U.S. Environmental Protection Agency's revised Lead and Copper Rule requires all drinking water systems to identify the pipe material for both public (GRU) and private (customer) water service lines and create an online inventory.

Because we don't install or maintain private lines (from the meter to the home or business), we don't have a record of the pipe materials. We are working to identify these pipes, but the process will take time. If you have information about your water service line, email us at ServiceLineInventory@gru.com.



gru.com/servicelineinventory

Media Coverage:

- Mainstreet Daily News
- TV 20
- Alligator

WATER/WASTEWATER

Major Projects:

- Water Distribution – Alachua County Public Works project for NW 23rd Ave. (two water main relocations; anticipated four-week construction duration)
- Wastewater Collection – SW 24th Ave. Force Main Improvements Project (Grant Funded) — (construction will begin January 2025)
- Wastewater Collection – Fort Clarke Gravity Main Improvements Project (Grant Funded) – (construction to begin Spring 2025)
- Main Street Water Reclamation Facility – Capacity and Renewal Upgrade Project Phase 1 (Grant Funded) – (influent piping work under construction; bypass pumping in place until piping work completed in December 2025. Contractor mobilized to begin work on plant site)
- Kanapaha Water Reclamation Facility – Headworks Bypass Piping Rehabilitation Project – (36-inch ductile iron pipe work is complete; finalizing contractor payments and project closeout)
- Murphree Water Treatment Plant – Chemical Building Roof Replacement (contractor working on final punch list to close out contract)

SAFETY & TRAINING

Employee Safety Incidents:

	First Aid	Recordable	*D.A.R.T.
Administration	0	1	0
W/WW	0	0	0
Energy Supply	0	0	0
Energy Delivery	0	1	0
IT/GRUCom	0	1	0
Totals	0	3	0

**D.A.R.T. (Days Away, Restricted or Transferred) — number of days out of work due to injury.*

Vehicle Safety Incidents:

	Miles Driven	Recordable	Preventable
Administration	7,537	0	0
W/WW	81,528	0	0
Energy Supply	2,770	0	0
Energy Delivery	128,712	3	2
IT/GRUCom	6,283	1	0
Totals	226,830	4	2

CUSTOMER SUPPORT SERVICES

Customer Operations consists of the following groups:

- Customer Service (call center, lobby and drive thru)
- New Services (pre- and post-construction)
- Revenue Assurance (collections)
- Billing and Customer Solutions (invoicing/back-office processing, such as emails bulk service requests)
- Customer Experience (new hire training, customer survey feedback, QA/QC)

Customer Service

Average Speed of Answer	October	Goal
Residential	2:25	5 minutes
Non-Residential	:55	3 minutes

Total Calls
13,250

Returned Payments
499

Avg. Lobby Visits
3,200

Project Share
\$3,953

Social Service Vouchers
97

Total:
\$199,705.67

Total:
\$87,364.17

CUSTOMER SUPPORT SERVICES

New Services

Active Projects	Amount
City	67
County	18

Building Permit Reviews	93
-------------------------	----

New Installations	Amount
Electric	32
Water	54

Solar Reviews	Amount
October	9 (all on time)
Installations	8

CUSTOMER SUPPORT SERVICES

New Services Major Projects:

- City:
 - IQ Fiber installation coordination
 - Evergreen Apartment Complex
 - Collegiate Apartment Project
 - UF Health Orthopedic Project
 - The Cardinal Apartments
 - Jessie's Village
 - The Henry Apartments
 - Woodland Park Phase 2
 - Gilbane Apartments
- County:
 - Santa Fe College Cellon Institute
 - Alachua County Courthouse (county project inside city limits)
 - Tara Vista
 - Tara Verde
 - Newberry Park Block 1B
 - Tara Lago, Florida Recovery Center at UF Springhill

Revenue Assurance:

**Referred to
collections:
9**



**Total:
\$13,889.96**

**Collection
Payments:
68**



**Total:
\$19,734.36**

**Bankruptcies:
6**



**Total:
\$11,657**

CUSTOMER SUPPORT SERVICES

Billing & Customer Solutions

- Locked reads: **268** through 10/24

Billing & Customer Solutions (spring relationship survey):

Transactions
4.2/5

Lobby
4.9/5

File Number: 2024-924

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-924 Financial Management Information System (FMIS) Upgrade (B)

Department: Budget, Finance, and Accounting

Description: This item serves as a request for authorization to negotiate and execute software agreements with SAP.

Fiscal Note: License subscription costs for the applications described below are estimated to be \$17.3 million over seven years. These costs will be partially offset by the retirement of current licenses totaling \$2 million over seven years. Software implementation costs for the full suite of applications are estimated to be \$7.1 million and are offset by the vendor's offer of a \$1.1 million transformation credit if under contract before the end of 2024. Both operating and capital costs are included in GRU's ten-year financial forecast.

Explanation: The vendor for GRU's Financial Management Information System will end maintenance after December 2025 – general fixes and security updates will no longer be available. GRU's document management and reporting tools face the same end of support shortly thereafter. The recommended path forward, from both a technical and financial standpoint, is to move these applications from GRU equipment onto specialized vendor managed cloud platforms. Concomitantly GRU has an opportunity to purchase SuccessFactors, a timekeeping, payroll, and HR application at favorable bundled pricing. In addition to its core HR functionality, SuccessFactors is deeply integrated with SAP financial applications and will provide more timely project labor tracking and financial details.

Recommendation: GRUA authorize the CEO or his designee to negotiate and execute licensing agreements up to \$ 17.3 million (seven-year basis) and consulting services agreements up to \$7.1 million to initiate FMIS, document management, and reporting system upgrades and implementation of SuccessFactors HR application.

Financial Management Information System

December 11, 2024



Executive Summary

- Current environment:
 - SAP is the software for GRU 's accounting and billing systems
 - The accounting software is known as Financial Information Management System (FMIS) originally implemented in 2009 and
 - re-implemented in 2017
 - The billing software is known as Customer Information System (CIS) Financial Support originally implemented in 2005 and re-implemented in 2023
- FMIS is moving out of service and warranty December 2025 – this will move GRU's data to the newest platform
- Expected capital costs are \$7.1m.
- Expected operating cost increase (7-year contract) of \$15.3m (net retirement of current license costs)
- GRU is requesting board approval to execute contract documents and move forward

Project Scope

- Project will begin December 2024 to meet scheduled completion by December 2025
- General Government has informed GRU that GRU needs to move off of the Workday software by 9/30/2025, or at the latest 12/30/2025 for:
 - Payroll
 - Benefits and pension
 - Human Resources functions
- Therefore, the SAP project includes the addition of:
 - Integrated Human Resources functions (hiring, recruitment, evaluations, etc)
 - Payroll
 - Travel (currently outside the system)
- Includes the addition of:
 - Document management
 - Reporting
 - Expense
 - Invoice management
- Benefits:
 - Simplifies IT management of financial application and several ancillary systems.
 - Provides best practice Disaster Recovery configuration
 - Places ERP system on modern platform with improved efficiency and reliability
 - All information will be integrated in one system

Recommendations

- Authorize CEO to negotiate and execute agreements with SAP, up to \$7.1m capital and \$17.3m license subscription (7-year basis) for upgraded financial, reporting, expense management, and document management software and for human resources, timekeeping, and payroll applications for anticipated total of \$24.4m.



Thank you!



Gainesville Regional Utilities Authority Agenda Item Report

File Number: 2024-925

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-925 September 30, 2024 Pre-Audit Budget to Actual Comparison (B)

Department: Budget, Finance, and Accounting

Description: This is an informational item related to a summary of the FY24 pre-audit budget to actual results.

Fiscal Note: No fiscal impact.

Recommendation: GRUA receive the report.

Gainesville Regional Utilities

Pre-Audit Financial Update

October 1, 2023 through September 30, 2024

SURPLUS (DEFICIT) AFTER GFT

	FY23 Actual	FY24 Actual	FY24 Budget	Difference FY23 Actual vs FY24 Actual	Difference FY24 Actual vs FY24 Budget
Electric	(10,076,727)	4,067,602	227,486	14,144,329	3,840,116
Water	(1,967,363)	1,312,645	2,004,156	3,280,008	(691,511)
Wastewater	(899,281)	6,249,029	5,820,231	7,148,310	428,798
Gas	294,823	1,873,456	2,169,732	1,578,633	(296,276)
GRUCom	(5,010,140)	(4,011,874)	(5,242,357)	998,266	1,230,483
Total	(17,658,688)	9,490,858	4,979,248	27,149,546	4,511,610

Financial Update Summary

- As of September 30, 2024 actual financial results are tracking closely to budget

COMBINED SYSTEM REVENUE & EXPENSE AS OF 9/30/24	
	% Actual Over (Under) Budget
Revenue Net of Fuel	0.06%
Expense Net of Fuel & Depreciation	3.07%

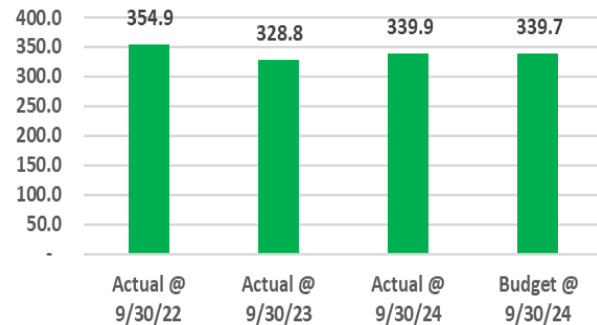
UNIT SALES AS OF 9/30/24	
	% Actual Over (Under) Budget
Retail Electric MWH sales	0.53%
Water System Kgal sales	1.60%
Wastewater System Kgal billings	1.74%
Gas System Therm sales	1.99%

- FY24 profits have increased as planned compared to prior years
 - Driven in large part by GFT reductions
 - Increase in profits utilized to fund increase in debt defeased
- Anomalies in GRUCom financials at 9/30/24 result from sale of Trunked Radio System
 - Reduced revenue & operating expense numbers
 - Increased non-operating revenue numbers from gain on sale of Trunked Radio System assets

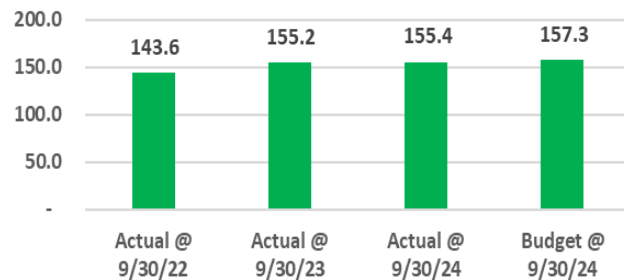
Combined Systems

	Actual @ 9/30/22	Actual @ 9/30/23	Actual @9/30/24	Budget @ 9/30/24	Favorable (Unfavorable)	% Difference	
Revenue Net of Fuel	354,923,965	328,783,692	339,874,859	337,269,000	2,605,859	0.77%	↕
Fuel	169,913,624	122,172,718	92,711,975	107,202,801	(14,490,826)	-13.52%	↓
Total Operating Revenue	524,837,589	450,956,410	432,586,834	444,471,801	(11,884,967)	-2.67%	↓
Expense Net of Fuel & Depreciation & MGP	143,628,868	155,228,612	155,418,446	157,324,197	1,905,751	1.21%	↓
Fuel	169,913,624	122,172,718	92,711,975	107,202,801	14,490,826	13.52%	↓
Depreciation	103,685,541	104,094,708	109,594,925	109,594,925	-		
Total Operating Expense	417,228,033	381,496,038	357,725,346	374,121,923	16,396,577	4.38%	↓
Operating Income	107,609,556	69,460,372	74,861,488	70,349,878	4,511,610	6.41%	↑
Non-operating Expense	60,364,600	52,836,060	50,065,405	50,065,405	-		
Income Before Capital Contributions & Transfers (Profit)	47,244,956	16,624,312	24,796,083	20,284,473	4,511,610	22.24%	↑
GFT	36,283,000	34,283,000	15,305,225	15,305,225	-		
Surplus (Deficit) after GFT	10,961,956	(17,658,688)	9,490,858	4,979,248	4,511,610	90.61%	↑

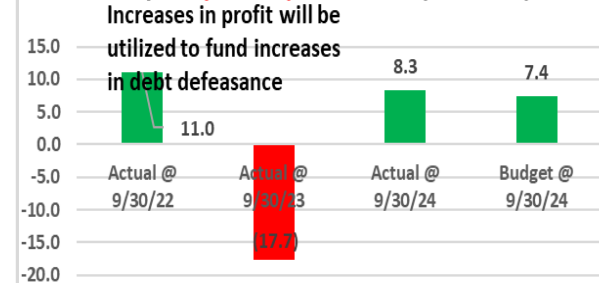
Revenue Net of Fuel (Millions)



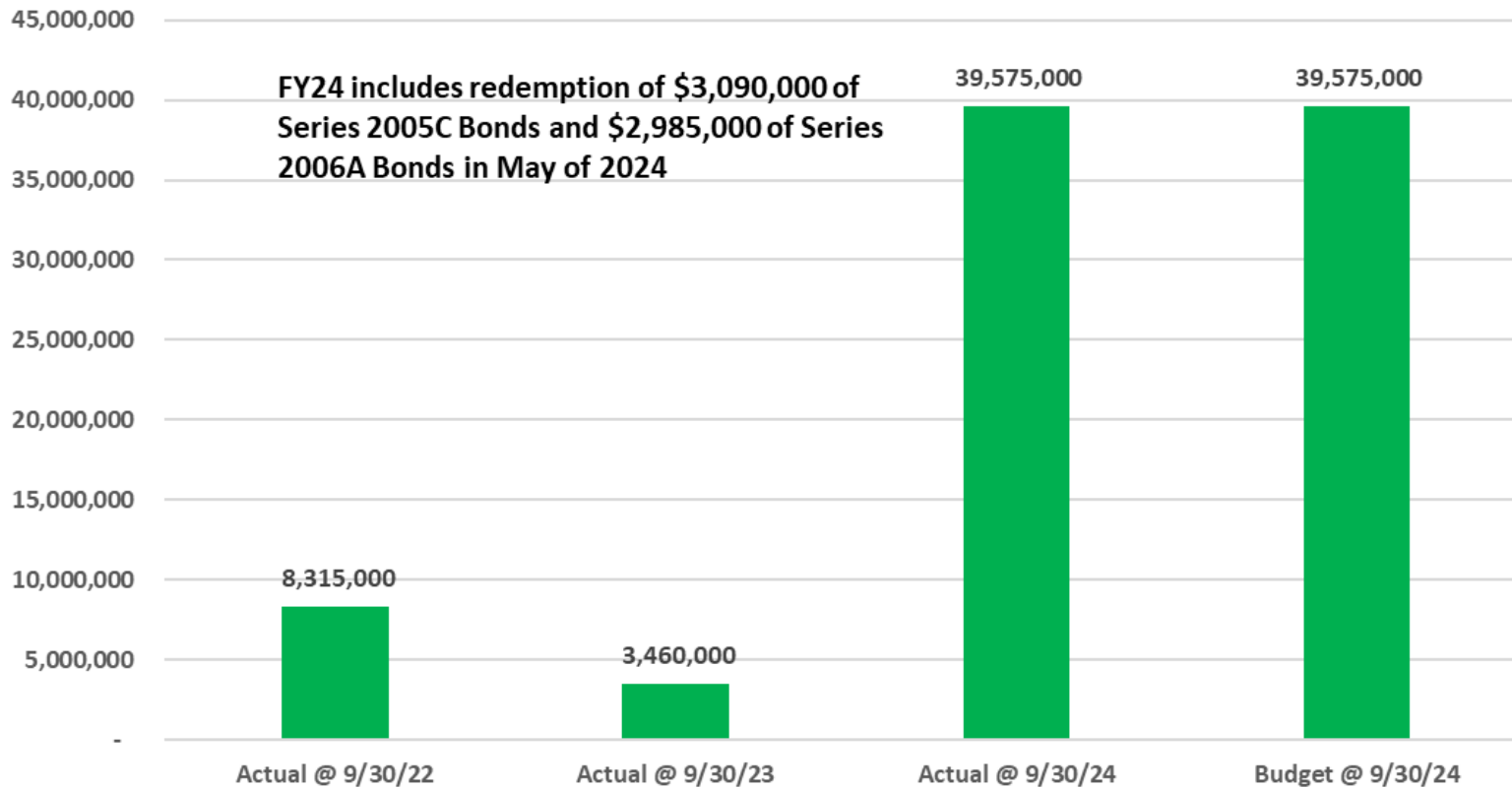
Expense Net of Fuel & Depreciation (Millions)



Surplus (Deficit) After GFT (Millions)



Debt Defeasance



Electric System

	Actual @ 9/30/22	Actual @ 9/30/23	Actual @ 9/30/24	Budget @ 9/30/24	Favorable (Unfavorable)	% Difference	
Revenue Net of Fuel	231,140,231	209,688,392	216,979,970	214,460,932	2,519,038	1.17%	↑
Fuel	154,038,253	109,346,516	83,162,144	95,440,704	(12,278,560)	-12.87%	↓
Total Operating Revenue	385,178,484	319,034,908	300,142,114	309,901,636	(9,759,522)	-3.15%	↓
Expense Net of Fuel & Depreciation	85,652,402	90,422,207	93,773,623	95,094,701	1,321,078	1.39%	↓
Fuel	154,038,253	109,346,516	83,162,144	95,440,704	12,278,560	12.87%	↓
Depreciation	67,409,282	70,047,291	73,677,553	73,677,553	-	-	
Total Operating Expense	307,099,937	269,816,014	250,613,320	264,212,958	13,599,638	5.15%	↓
Operating Income	78,078,547	49,218,894	49,528,794	45,688,678	3,840,116	8.40%	↑
Non-operating Expense	39,246,136	36,984,245	35,937,914	35,937,914	-	-	
Income Before Capital Contributions & Transfers (Profit)	38,832,411	12,234,649	13,590,880	9,750,764	3,840,116	39.38%	↑
GFT	23,388,369	22,311,376	9,523,278	9,523,278	-	-	
Surplus (Deficit) after GFT	15,444,042	(10,076,727)	4,067,602	227,486	3,840,116	1688.07%	↑

Retail MWH Sales through September				
Category	Budget	Actual	Difference	% Difference
Residential	846,341.9	856,684.4	10,342.5	1.22%
GSN	186,658.5	189,172.9	2,514.4	1.35%
GSD	590,576.2	590,464.9	(111.3)	-0.02%
Large Power	176,117.2	172,713.3	(3,403.9)	-1.93%
Other*	15,953.2	16,305.3	352.1	2.21%
Total	1,815,647.0	1,825,340.8	9,693.8	0.53%

*Other = traffic signals, street lighting & rental lighting

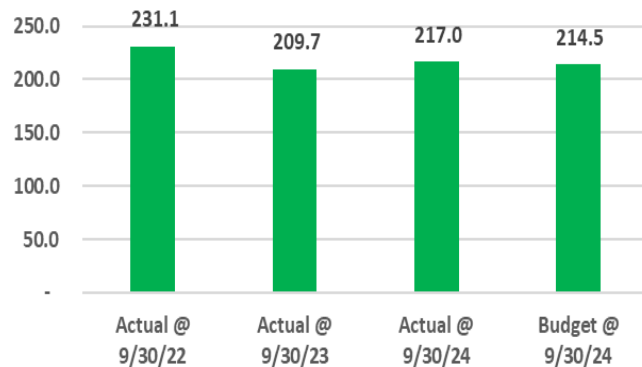
Heating Degree Days through September			
Average	Actual	Difference	% Difference
1,086	875	(211)	-19.43%

Cooling Degree Days through September			
Average	Actual	Difference	% Difference
2,835	3,011	176	6.21%

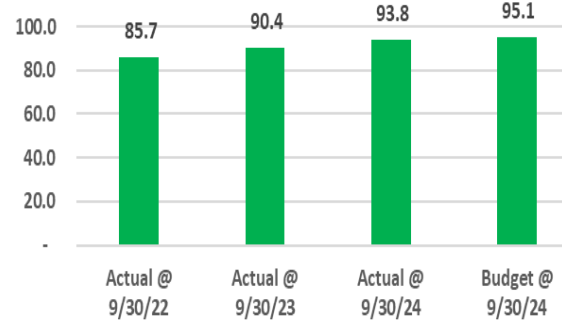
Every degree that avg. daily temperature > 65 = one cooling degree day

Every degree that avg. daily temperature < 65 = one heating degree day

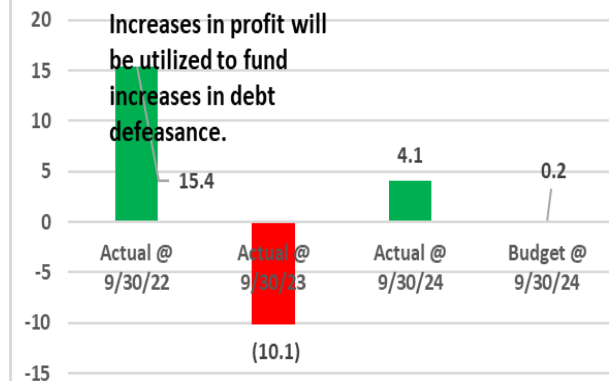
Revenue Net of Fuel (Millions)



Expense Net of Fuel & Depreciation (Millions)



Surplus (Deficit) After GFT (Millions)



Electric System Variances

Major Drivers

- As of September 30, 2024 Electric System revenues net of fuel are \$2.5M or 1.17% ahead of budget
 - Residential electric kWh sales are 0.53% above budget, resulting in residential electric sales revenues at \$1.74M over budget
- Expenses net of fuel & depreciation were \$1.3M or 1.39% less than budget as of September 30.
 - Joint services were \$661K below budget
 - Electric service was \$251K below budget

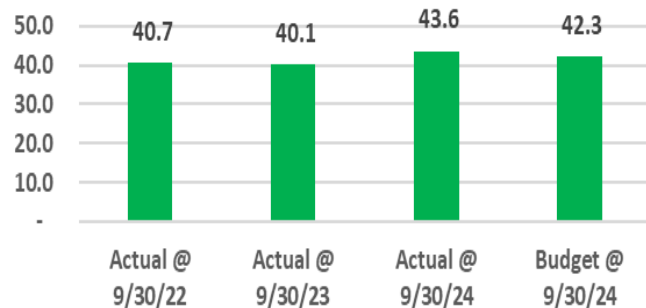
Water System

	Actual @ 9/30/22	Actual @ 9/30/23	Actual @ 9/30/24	Budget @ 9/30/24	Favorable (Unfavorable)	% Difference	
Revenue	40,679,628	40,135,794	43,584,925	42,267,302	1,317,623	3.12%	↑
Total Operating Revenue	40,679,628	40,135,794	43,584,925	42,267,302	1,317,623	3.12%	↑
Expense Net of Depreciation	19,368,774	21,000,697	22,938,953	20,929,819	(2,009,134)	-9.60%	↓
Depreciation	12,014,341	11,619,038	12,656,272	12,656,272	-		
Total Operating Expense	31,383,115	32,619,735	35,595,225	33,586,091	(2,009,134)	-5.98%	↓
Operating Income	9,296,513	7,516,059	7,989,700	8,681,211	(691,511)	-7.97%	↓
Non-operating Expense	7,311,981	5,438,028	4,685,631	4,685,631	-		
Income Before Capital Contributions & Transfers (Profit)	1,984,532	2,078,031	3,304,069	3,995,580	(691,511)	-17.31%	↓
GFT	4,426,217	4,045,394	1,991,424	1,991,424	-		
Surplus (Deficit) after GFT	(2,441,685)	(1,967,363)	1,312,645	2,004,156	(691,511)	-34.50%	↓

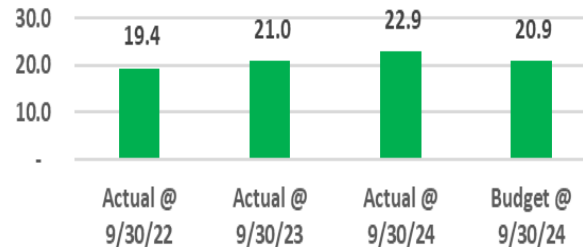
Kgal Sales through September				
Category	Budget	Actual	Difference	% Difference
Residential	4,349,290.7	4,318,363.0	(30,927.7)	-0.71%
Commercial	2,110,659.9	2,184,707.0	74,047.1	3.51%
UF	800,000.0	873,153.0	73,153.0	9.14%
Total	7,259,950.6	7,376,223.0	116,272.4	1.60%

Rainfall through September (Inches)			
Average	Actual	Difference	% Difference
48.82	60.05	11.23	23.00%
Rainfall March through May (Inches)			
Average	Actual	Difference	% Difference
9.58	7.92	(1.66)	-17.33%

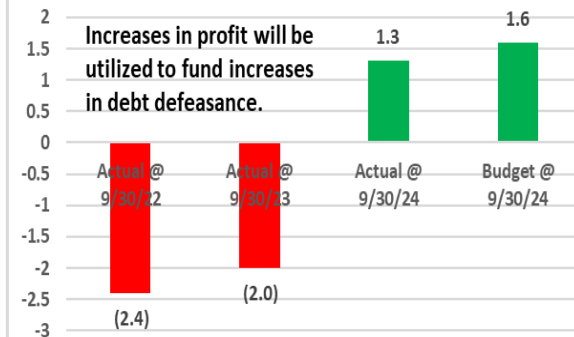
Revenue (Millions)



Expense Net of Depreciation (Millions)



Surplus (Deficit) After GFT (Millions)



Water System Variances

Major Drivers

- As of September 30, 2024 Water System revenues were \$1.3M or 3.12% ahead of budget \$42M budget. Non-residential and UF sales are ahead of budget, offset by slight budget shortfalls in plant connection and meter installation charges.
- Expenses net of depreciation are ~\$2.0M or 9.6% above budget as of September 30. The significant variances were related to;
 - Contract/outside services ~ \$793K over budget – this was driven by the unbudgeted \$1.4M payment to the St. Johns' Water Management District for the Black Creek Water Resource Development Project.
 - Personal services were ~\$553K greater than budget
 - Softening agents ~\$354K over budget – Calcium quick lime prices rose from \$375 to \$475 per ton.

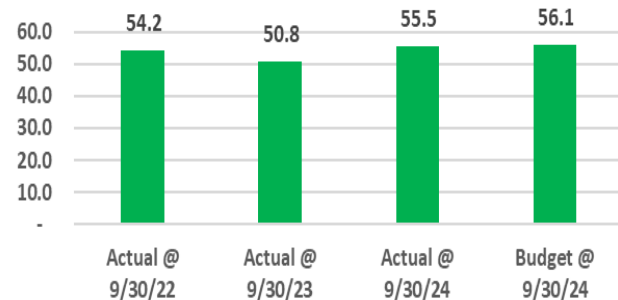
Wastewater System

	Actual @ 9/30/22	Actual @ 9/30/23	Actual @ 9/30/24	Budget @ 9/30/24	Favorable (Unfavorable)	% Difference	
Revenue	54,195,335	50,809,110	55,479,133	56,093,344	(614,211)	-1.09%	↓
Total Operating Revenue	54,195,335	50,809,110	55,479,133	56,093,344	(614,211)	-1.09%	↓
Expense Net of Depreciation	22,324,733	25,412,659	24,672,097	25,715,106	1,043,009	4.06%	↓
Depreciation	16,527,657	15,047,333	16,098,747	16,098,747	-		
Total Operating Expense	38,852,390	40,459,992	40,770,844	41,813,853	1,043,009	2.49%	↓
Operating Income	15,342,945	10,349,118	14,708,289	14,279,491	428,798	3.00%	↑
Non-operating Expense	9,716,158	6,407,639	6,002,343	6,002,343	-		
Income Before Capital Contributions & Transfers (Profit)	5,626,787	3,941,479	8,705,946	8,277,148	428,798	5.18%	↑
GFT	5,346,802	4,840,760	2,456,917	2,456,917	-		
Profit (Loss) after GFT	279,985	(899,281)	6,249,029	5,820,231	428,798	7.37%	↑

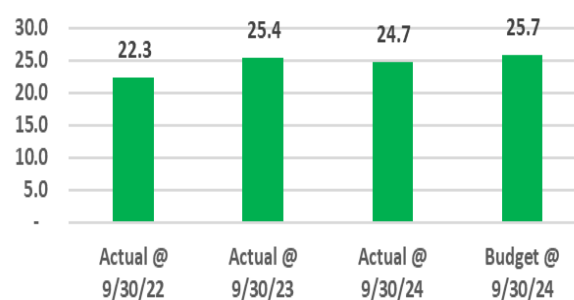
Kgals Billed through September				
Category	Budget	Actual	Difference	% Difference
Residential	3,533,600.7	3,526,717.0	(6,883.7)	-0.19%
Commercial	1,579,821.9	1,675,752.0	95,930.1	6.07%
Total	5,113,422.6	5,202,469.0	89,046.4	1.74%

Rainfall through September (Inches)			
Average	Actual	Difference	% Difference
48.82	60.05	11.23	23.00%
Rainfall March through May (Inches)			
Average	Actual	Difference	% Difference
9.58	7.92	(1.66)	-17.33%

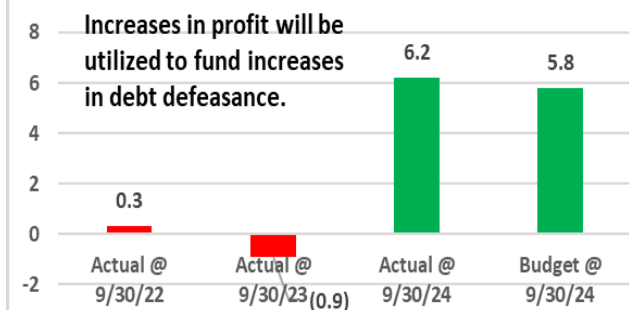
Revenue (Millions)



Expense Net of Depreciation (Millions)



Surplus (Deficit) After GFT (Millions)



Wastewater System Variances Major Drivers

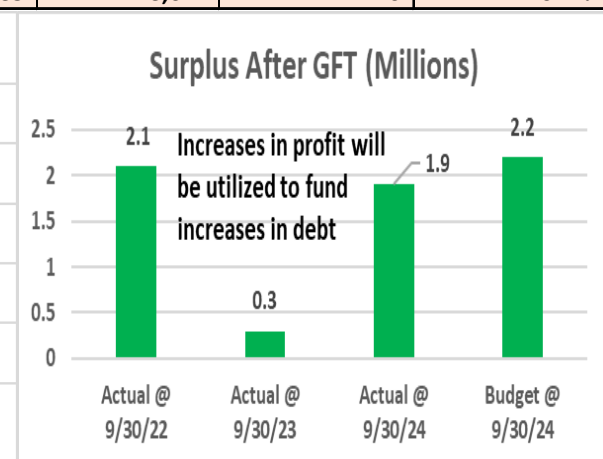
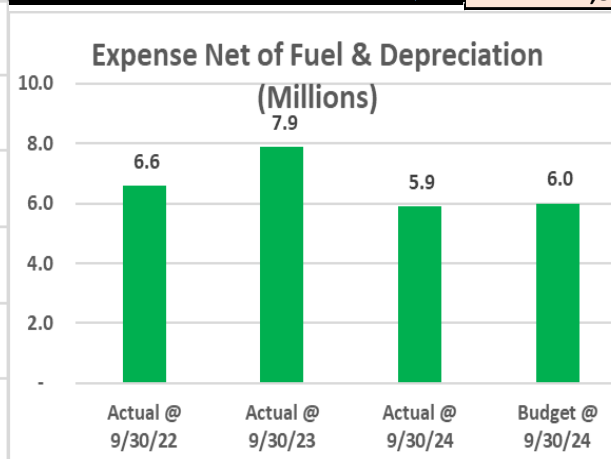
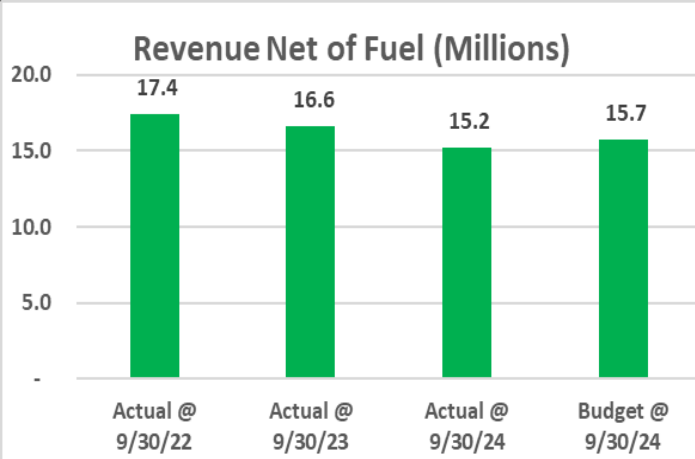
- As of September 30, 2024 Wastewater System revenues are (~\$614K) or (1.09%) less than budget. The primary driver were installation charges which were ~\$523K below budget
- In total expenses net of depreciation were 1.09% or ~\$4.06% below budget as of September 30. Insurance premium payments, property insurance and chemical were slightly over budget, offset by electric service costs which were set at higher than required levels. This issue was addressed in the development of the FY25 budget.

Gas System

	Actual @ 9/30/22	Actual @ 9/30/23	Actual @ 9/30/24	Budget @ 9/30/24	Favorable (Unfavorable)	% Difference	
Revenue Net of Fuel	17,355,929	16,556,084	15,232,551	15,707,347	(474,796)	-3.02%	↓
Fuel	15,875,371	12,826,202	9,549,831	11,762,097	(2,212,266)	-18.81%	↓
Total Operating Revenue	33,231,300	29,382,286	24,782,382	27,469,444	(2,687,062)	-9.78%	↓
Expense Net of Fuel, MGP Expense & Depreciation	6,629,217	7,942,557	5,856,299	6,034,819	178,520	2.96%	↓
Fuel	15,875,371	12,826,202	9,549,831	11,762,097	2,212,266	18.81%	↓
Depreciation	4,266,760	4,050,785	4,405,759	4,405,759	-	-	↓
Total Operating Expense	26,771,348	24,819,544	19,811,889	22,202,675	2,390,786	10.77%	↓
Operating Income	6,459,952	4,562,742	4,970,493	5,266,769	(296,276)	-5.63%	↓
Non-operating Expense	2,554,881	2,437,207	2,333,505	2,333,505	-	-	↓
Income Before Capital Contributions & Transfers (Profit)	3,905,071	2,125,535	2,636,988	2,933,264	(296,276)	-10.10%	↓
GFT	1,799,797	1,830,712	763,532	763,532	-	-	↓
Surplus After GFT	2,105,274	294,823	1,873,456	2,169,732	(296,276)	-13.65%	↓

Therm Sales through September				
Category	Budget	Actual	Difference	% Difference
Residential	7,820,794.4	7,645,668.0	(175,126.4)	-2.24%
Commercial	9,050,198.5	8,994,283.0	(55,915.5)	-0.62%
Old Interruptible	290,000.0	367,987.0	77,987.0	26.89%
New LVS	4,770,000.0	5,358,467.0	588,467.0	12.34%
Total	21,930,992.9	22,366,405.0	435,412.1	1.99%

Heating Degree Days through September			
Average	Actual	Difference	% Difference
1,086	875	(211)	-19.43%
Cooling Degree Days through September			
Average	Actual	Difference	% Difference
2,835	3,011	176	6.21%

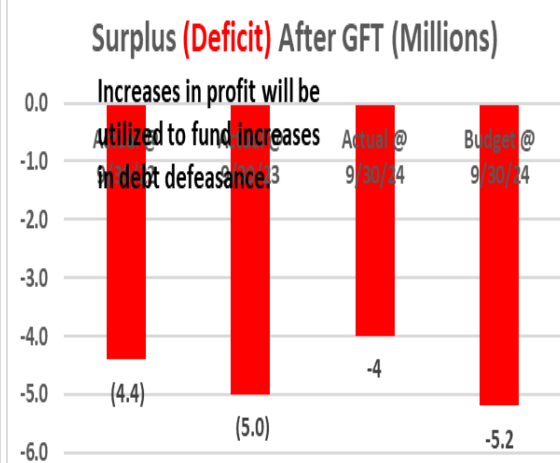
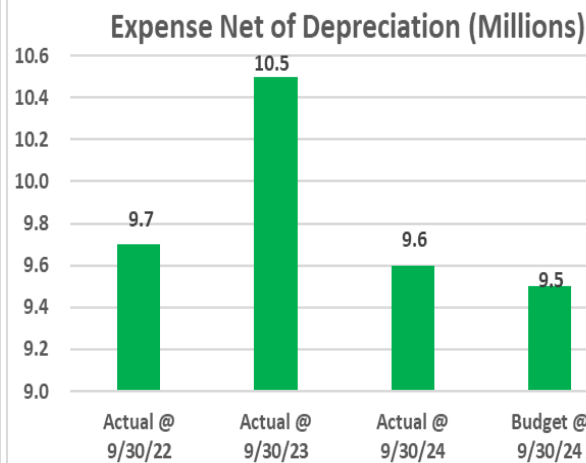
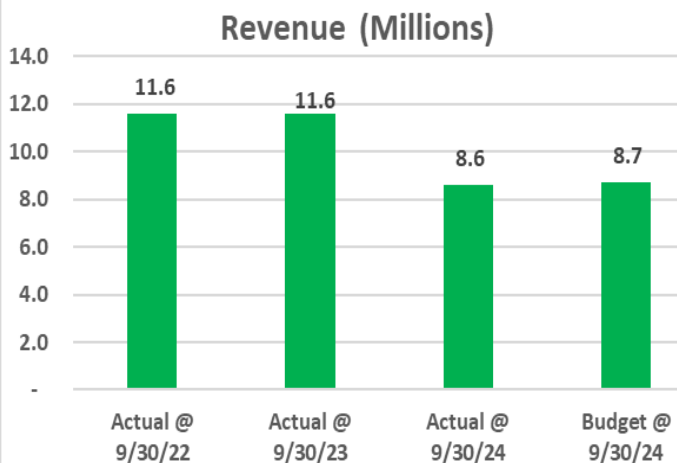


Gas System Variances

Major Drivers

- As of September 30, 2024 Gas System revenues net of fuel were ~(\$475K) or (3.02%) below budget.
- Expenses net of fuel, MGP expense & depreciation are ~(\$178 K) or (2.96%) below budget as of September 30. The largest single drivers of this difference is contractual/outside services which were \$151K below budget.

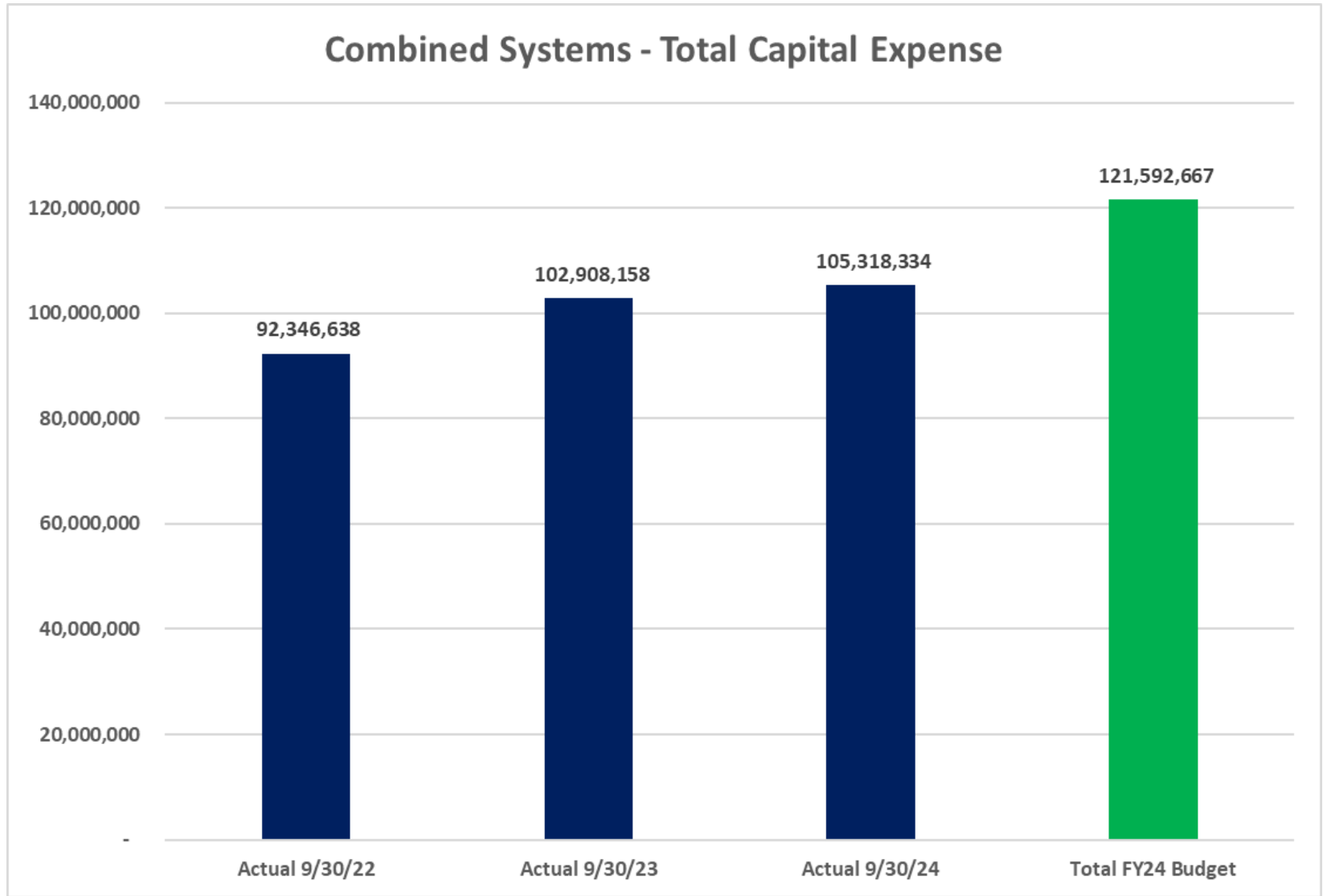
	Actual @ 9/30/22	Actual @ 9/30/23	Actual @ 9/30/24	Budget @ 9/30/24	Favorable (Unfavorable)	% Difference	
Revenue	11,552,842	11,594,312	8,598,280	8,740,075	(141,795)	-1.62%	↓
Total Operating Revenue	11,552,842	11,594,312	8,598,280	8,740,075	(141,795)	-1.62%	↓
Expense Net of Depreciation	9,653,742	10,450,492	8,177,474	9,549,752	1,372,278	14.37%	↓
Depreciation	3,467,501	3,330,261	2,756,594	2,756,594	-		
Total Operating Expense	13,121,243	13,780,753	10,934,068	12,306,346	1,372,278	11.15%	↓
Operating Income	(1,568,401)	(2,186,441)	(2,335,788)	(3,566,271)	1,230,483	-34.50%	↑
Non-operating Expense (Income)*	1,535,444	1,568,941	1,106,012	1,106,012	-		
Income Before Capital Contributions & Transfers (Profit)	(3,103,845)	(3,755,382)	(3,441,800)	(4,672,283)	1,230,483	-26.34%	↑
GFT	1,321,815	1,254,758	570,074	570,074	-		
Surplus (Deficit) After GFT	(4,425,660)	(5,010,140)	(4,011,874)	(5,242,357)	1,230,483	-23.47%	↑



GRUCom System Variances Major Drivers

- As of September 30, 2024 GRUCom System revenues were ~(\$142K) or (1.62%) below budgeted levels.
- Expenses are (\$1.4M) or (14.4%) below budget. The significant variances are:
 - Labor & fringe expense is \$781K below budget – GRUCom’s actual vacancy rate was well above the budgeted 6% level
 - Software maintenance is \$256K under budget

Combined System Capital Expense



Financial Metrics

FINANCIAL METRICS SEPTEMBER 30, 2024 (PRE AUDIT) at 11/20/24

Days Cash on Hand	Days of Liquidity	Debt Service Coverage	Coverage of Fixed Obligations	Debt to Capitalization	Leverage	Capex vs Depreciation	Accumulated vs Annual Depreciation	Book Value vs Annual Depreciation
222 ✗	442 ✓	1.96 ✓	1.69 ✓	80.91 ✗	9.24 ✗	0.967 ✗	13.7 ✗	16.93 ✓
Target: >=250	Target: >=300	Target: >=1.70	Target: >=1.3	Target: <=70%	Target: <=8.0	Target: >= 1X	Target: >= 15 years	Target: >=15 years

FINANCIAL METRICS SEPTEMBER 30, 2023

Days Cash on Hand	Days of Liquidity	Debt Service Coverage	Coverage of Fixed Obligations	Debt to Capitalization	Leverage	Capex vs Depreciation	Accumulated vs Annual Depreciation	Book Value vs Annual Depreciation
193 ✗	390 ✓	1.85 ✓	1.49 ✓	82.16 ✗	11.94 ✗	0.989 ✗	13.55 ✗	17.84 ✓
Target: >=250	Target: >=300	Target: >=1.70	Target: >=1.3	Target: <=70%	Target: <=8.0	Target: >= 1X	Target: >= 15 years	Target: >=15 years

File Number: 2024-919

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-919 Amendment of a Credit Agreement between the Gainesville Regional Utilities Authority and U.S. Bank National Association (B)

Department: Budget, Finance, and Accounting

Description: GRU's liquidity structure is of critical importance to our financial profile. Liquidity lines provide access to funds to address unforeseen financial events or to assist in short-term capital funding efforts. These programs are central to maintaining GRU's financial and operational flexibility and are also viewed favorably by the rating agencies as they augment our day's cash and liquidity metrics.

As part of this liquidity structure, in April of 2022 GRU entered into a credit agreement with U.S. Bank National Association for a \$150 million revolving line of credit. This line of credit replaced \$150 million in authorized but unissued commercial paper lines, \$125 million of which was tax-exempt and \$25 million of which was taxable. This revolving line of credit features:

- Daily access to funds vs. the 30-45 day time frame of commercial paper issuance
- Flexibility to designate any portion of the \$150 million available as either tax-exempt or taxable.

The decision to amend the initial credit agreement is driven by two factors:

- The current interest rate index for the agreement, the Bloomberg Short-Term Bank Yield Index ("BSBY") ceased to be published on November 15, 2024
- The agreement is set to expire in April of 2025.

GRU, working through its financial advisor PFM LLC, and its bond counsel Holland & Knight has negotiated an extension to the maturity date of the agreement as well as a modification of the applicable interest rate index. The proposed amendment will extend the life of the agreement three years and will utilize the "Monthly Reset Term Secured Overnight Financing Rate (SOFR)" as the applicable index.

Fiscal Note: The unused facility fee for the amended credit agreement is \$570,000 per year which is an increase over the prior fee of \$315,000.

Recommendation: GRUA approve the resolution authorizing the amendment of the credit agreement with U.S. Bank National Association.

RESOLUTION NO. 2024-919

A RESOLUTION OF THE GAINESVILLE REGIONAL UTILITIES AUTHORITY, A UNIT OF CITY GOVERNMENT OF THE CITY OF GAINESVILLE, FLORIDA, AUTHORIZING, ON BEHALF OF THE CITY OF GAINESVILLE, FLORIDA, PURSUANT TO THE POWER AND AUTHORITY OF THE AUTHORITY SET FORTH IN THE CITY CHARTER AND RESOLUTION NO 2023-1186 OF THE CITY COMMISSION AND RESOLUTION NOS. 2023-1148 AND 2024-557 OF THE AUTHORITY, THE AMENDMENT OF RESOLUTION NO. 211098 ADOPTED BY THE CITY ON APRIL 21, 2022; AUTHORIZING THE AMENDMENT OF A CREDIT AGREEMENT IN CONNECTION WITH THE CESSATION OF THE BLOOMBERG SHORT-TERM BANK YIELD INDEX AND MAKING CERTAIN OTHER AMENDMENTS; PROVIDING OTHER DETAILS WITH RESPECT THERETO; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Gainesville, Florida (the "City") adopted on September 21, 2017, its Resolution No. 170395 incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution adopted by the City on September 21, 2017, as amended (the "Senior Bond Resolution"), and authorized thereunder Subordinated Indebtedness;

WHEREAS, the City on May 17, 2018, adopted its Resolution No. 171090 incorporating by reference the Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution, as amended and supplementing the Senior Bond Resolution (the "Subordinated Bond Resolution" and together with the Senior Bond Resolution, the "Bond Resolution") authorizing the issuance of Subordinated Indebtedness junior and subordinated in all respects to the security interest in and pledge and assignment of the Trust Estate created by the Senior Bond Resolution as security for the Bonds;

WHEREAS, pursuant to Resolution No. 211098 (the "2022 Resolution") adopted by the City on April 21, 2022, the City issued its Variable Rate Subordinated Utilities System Revenue Bond, 2022 Series A and its Variable Rate Subordinated Utilities System Revenue Bond, 2022 Series B (Federally Taxable) (collectively, the "2022 Bonds") and in connection therewith the City entered into that certain Credit Agreement dated April 29, 2022 (as amended hereby and as may be further amended, restated, supplemented and otherwise modified from time to time, the "Credit Agreement") with U.S. Bank National Association (the "Purchaser"); and

WHEREAS, the 2022 Bonds were issued for the purpose of evidencing a revolving line of credit as Subordinated Indebtedness pursuant to the Subordinated Bond Resolution to finance from time to time the Cost of Acquisition and Construction of the System, including, without limitation, working capital; and

WHEREAS, the Charter of the City being Chapter 12760, Laws of Florida, as amended by Chapter 90-394, Laws of Florida was amended pursuant to House Bill 1645 and codified by Chapter No. 2023-348, Laws of Florida (the "Charter Amendment"), which such Charter Amendment, among other things, added Article VII to the Charter and thereby created the Gainesville Regional Utilities Authority (the "Authority"); and

WHEREAS, the City Commission of the City (the "City Commission") adopted Resolution No. 2023-1186 on December 22, 2023 (the "Transitional Resolution") to effectuate the orderly transition of the governance, operation, management, and control of all utility systems, properties and assets related to the System to the Authority; and

WHEREAS, pursuant to the Transitional Resolution, the City Commission authorized the Authority to, among other things, (a) supplement and amend the Bond Resolution and any supplements thereto and other related agreements, including, without limitation, the Credit Agreement, in order to effectuate the provisions of Section 716 of the Master Bond Resolution and all prior actions were thereby ratified, and (b) authority to take all actions on behalf of the City under the Bond Resolution; and

WHEREAS, pursuant Resolution 2023-1148 adopted by the Authority on December 6, 2023 and thereafter ratified by the Authority pursuant to Resolution No. 2024-557 adopted by the Authority on August 7, 2024 and the Transitional Resolution, the City and the Authority have each delegated to the General Manager or Chief Financial Officer, or his or her respective designees, in accordance with the Bond Resolution and the 2022 Resolution, from time to time authority to extend the term of the Credit Agreement and thereby the maturity of the 2022 Bonds; and

WHEREAS, the Bloomberg Short-Term Bank Yield Index ("BSBY"), which is the interest rate index for the 2022 Bonds, will cease to be published on November 15, 2024; and

WHEREAS, the Authority and the Purchaser, as the sole holder of the 2022 Bonds, have agreed to extend the maturity date, modify the interest rate index applicable to the 2022 Bonds and make certain other amendments to the 2022 Resolution and the Credit Agreement; and

WHEREAS, it is hereby determined to be necessary and desirable to authorize the approval of amendments to the 2022 Resolution and the Credit Agreement in the manner provided herein;

NOW, THEREFORE, BE IT RESOLVED by the Authority, a unit of city government of the City, that:

Section 1. Recitals. The foregoing recitals in the preamble hereto are hereby ratified and confirmed as being true and correct and are hereby made a specific part of this Resolution.

Section 2. Authority. This Resolution is adopted pursuant to the Constitution of the State of Florida, Chapter 166, Florida Statutes, Part II, Chapter 159, Florida Statutes and other applicable provisions of law (including, without limitation, in the preamble hereto).

Section 3. Definitions. Words and phrases used herein in capitalized form and not otherwise defined herein (including, without limitation, in the preamble hereto) shall have the meanings ascribed thereto in the Bond Resolution and the 2022 Resolution.

Section 4. Amendments to the 2022 Resolution.

(a) The following definitions are added to Section 1.02 of the 2022 Resolution:

"First Amendment Effective Date" shall have the meaning set forth in the Credit Agreement.

"Monthly Reset Term SOFR Rate" means the greater of (a) zero and (b) the one-month forward-looking term rate based on SOFR quoted by the Purchaser from the Term SOFR Administrator's Website (or other commercially available source providing such quotations as may be selected by the Purchaser from time to time), which shall be that one-month Term SOFR rate in effect two New York Banking Days prior to the Taxable SOFR Rate Adjustment Date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation; *provided* that if the Term SOFR rate is not published on such New York Banking Day due to a holiday or other circumstance that the Purchaser deems in its sole discretion to be temporary, the applicable Term SOFR rate shall be the Term SOFR rate last published prior to such New York Banking Day.

"SIFMA" means the Securities Industry and Financial Markets Association (formerly known as The Bond Market Association and the Public Securities Association), and any successor organization.

"SIFMA Index" shall mean, on any date, the SIFMA Municipal Swap Index determined on each Tax-Exempt Rate Determination Date to be effective on the immediately succeeding Tax-Exempt Rate Reset Date. If the SIFMA Municipal Swap Index or a successor equivalent index is no longer calculated and published by Bloomberg (or any successor indexing agent meeting the criteria identified in the definition of "SIFMA Municipal Swap Index" hereof) in its current form, then the SIFMA Municipal Swap Index shall be replaced by the S&P Municipal Bond 7 Day High Grade Rate Index and shall be determined on each Tax-Exempt Rate Determination Date to be effective on the immediately succeeding Tax-Exempt Rate Reset Date. If at any time neither such index is available, the "SIFMA Index" means instead the most recently effective index that the Purchaser determines most closely approximates the SIFMA Index, and which is procedurally acceptable to the Purchaser. If the SIFMA Municipal Swap Index or any alternate index is less than zero, the SIFMA Index shall be deemed to be zero for purposes of this Agreement.

"SIFMA Municipal Swap Index" means the seven day high grade market index of tax exempt variable rate demand obligations, as produced by Bloomberg (or any successor indexing agent which meets the specific criteria established by SIFMA) and published or made available by Bloomberg, SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Purchaser and effective from such date.

"SOFR" means the secured overnight financing rate which is published by the Board of Governors of the Federal Reserve System or any committee convened by the Board of Governors of the Federal Reserve System and available at www.newyorkfed.org.

"Tax-Exempt Advance" means an Advance under the 2022 Series A Bond.

"Tax-Exempt Interest Period" means, with respect to each Tax-Exempt Advance, the period from (and including) the date such Tax-Exempt Advance is made to (but excluding) the next succeeding Tax-Exempt Rate Reset Date, and thereafter shall mean the period from (and including) such Tax-Exempt Rate Reset Date to (but excluding) the next succeeding Tax-Exempt Rate Reset Date; provided any Tax-Exempt Interest Period that would otherwise extend past the Termination Date shall end on the Termination Date. "Tax-Exempt Rate Determination Date" means Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day.

"Tax-Exempt Rate Reset Date" means Thursday of each calendar week following the related Tax-Exempt Rate Determination Date; provided, that, if the Tax-Exempt Rate Determination Date for any calendar week is a Thursday, such Tax-Exempt Rate Determination Date shall be such Thursday.

"Taxable Advance" means an Advance under the 2022 Series B Bond.

"Taxable Computation Date" means the second New York Banking Day preceding each Taxable SOFR Rate Adjustment Date; provided, however, if no Taxable Advances are outstanding hereunder on the date of any Taxable Advance, the Taxable Computation Date shall mean the second New York Banking Day prior to the immediately preceding Taxable SOFR Rate Adjustment Date, and the related 2022B Interest Rate established as of such date shall be in effect until the next Taxable SOFR Rate Adjustment Date.

"Taxable Interest Accrual Period" means, initially, the period from and including the date of a Taxable Advance to but not including the immediately succeeding Taxable SOFR Rate Adjustment Date and, thereafter, the period from and including such Taxable SOFR Rate Adjustment Date to and including the last day of such calendar month; provided any Taxable Interest Accrual Period that would otherwise extend past the Termination Date shall end on the Termination Date.

"Taxable SOFR Rate Adjustment Date" means the first day of each month.

"Term SOFR" means a forward-looking term rate based on SOFR and recommended by the Board of Governors of the Federal Reserve System.

"Term SOFR Administrator's Website" means the website or any successor source for Term SOFR identified by CME Group Benchmark Administration Ltd. (or a successor administrator of Term SOFR).

(b) The following definitions in Section 1.02 of the 2022 Resolution are amended and restated in their entirety to read as follows (underlining reflecting inserts and strikethroughs reflecting deletions):

"2022A Interest Rate" means (x) during the Revolving Credit Period a per annum rate of interest effective on each Tax-Exempt Rate Determination Date equal to the sum of (i) the SIFMA Index for such date ~~the BSBY Rate times the Applicable Factor~~, (ii) the Tax-Exempt Applicable Spread, and (iii) the Rating Adjustment, and (y) with respect to

the Term Loan the Term Loan Rate, and in each case subject to adjustment as provided in Section 3.05 hereof. The 2022A Interest Rate shall be rounded upward to the nearest third decimal place.

"2022B Interest Rate" means (x) during the Revolving Credit Period a per annum rate of interest effective on each Taxable SOFR Rate Adjustment Date equal to the sum of (i) the Monthly Reset Term SOFR Rate for such date ~~BSBY Rate~~, (ii) the Taxable Applicable Spread, and (iii) the Rating Adjustment, and (y) with respect to the Term Loan the Term Loan Rate, and in each case subject to adjustment as provided in Section 3.05 hereof. The 2022B Interest Rate shall be rounded upward to the nearest third decimal place.

"Rating Adjustment" shall have the meaning set forth in the Credit Agreement.

"Tax-Exempt Applicable Spread" shall have the meaning set forth in the Credit Agreement.

"Taxable Applicable Spread" shall have the meaning set forth in the Credit Agreement.

"Unused Fee" shall have the meaning set forth in the Credit Agreement.

(c) The following defined terms are deleted from Section 1.02 of the 2022 Resolution in their entirety: "BSBY," "BSBY Rate," "Interest Accrual Period," "Interest Rate Determination Date," and "Rate Reset Date."

(d) Section 3.02(3) of the 2022 Resolution is amended and restated in its entirety to read as follows (underlining reflecting inserts):

(3) The registration of the 2022 Bonds may be transferred only as provided in Article III of the Subordinated Bond Resolution and in the Credit Agreement; provided, that the 2022 Bonds shall be issued in physical, definitive certificated form and shall not become Book Entry Subordinated Bonds. The 2022 Bonds may be sold, assigned or otherwise transferred in Authorized Denominations to a purchaser(s) that is a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended and that has delivered an Acknowledgment and Consent substantially in the form attached to the 2022 Bonds. Any sale not in compliance with this Section shall be void.

(e) Section 3.04(1) of the 2022 Resolution is amended and restated in its entirety to read as follows (underlining reflecting inserts and ~~strike throughs~~ reflecting deletions):

(1) Amounts may be Advanced under either the 2022 Series A Bond or the 2022 Series B Bonds as so designated by the City and in minimum amounts of \$250,000 and any increment of \$5,000 in excess thereof, and amounts advanced and repaid may be advanced again; provided, however, that at no time shall the aggregate amount of Advances outstanding hereunder exceed the Commitment Amount. By not later than 2:30 P.M. (New York City time) on the second (2nd) New York Banking Day~~Business~~

Day following receipt of the Advance Requisition, the Purchaser shall wire transfer, in federal or other immediately available funds to the account or accounts specified in such Advance Requisition the amount of the Advance; provided, however, such Advance shall not exceed, together with all prior amounts advanced and outstanding, the Commitment Amount. Any request for an Advance received by the Holder after 10:30 a.m. Eastern time shall be deemed received on the next Business Day.

(f) Section 3.05(1) of the 2022 Resolution is amended and restated in its entirety to read as follows (underlining reflecting inserts and ~~strikethroughs~~ reflecting deletions):

(1) With respect to the 2022 Bonds, except for the initial Interest Rate applicable to each 2022 Bond upon issuance, which shall be determined by the Purchaser on or prior to the Delivery Date, the interest rate on the 2022 Bonds shall be determined by the Purchaser ~~on each succeeding Interest Rate Determination Date at a rate equal to the applicable Interest Rate and such interest rate shall be effective on the immediately succeeding Rate Reset Date~~ as set forth herein, but in no event shall the Interest Rate exceed the Maximum Rate. The Interest Rate borne by the 2022 Bonds will be calculated on the basis of a 360-day year for the actual number of days elapsed. The Purchaser shall notify the City and the Paying Agent of the interest rate borne by the 2022 Bonds by electronic mail at such address as provided by the City and the Paying Agent to the Purchaser in writing within ten (10) Business Days after the effective date of such rate (or such other manner and time as acceptable to the City and the Purchaser), and the Purchaser will also provide an invoice on a monthly basis of amounts due hereunder and under the 2022 Bonds prior to each Interest Payment Date; provided, further, that the failure by the Purchaser to provide notice shall not relieve the City of its obligation to make payment of amounts as and when due hereunder and under the 2022 Bonds. The Purchaser shall determine the 2022A Interest Rate for each Tax-Exempt Interest Period on each related Tax-Exempt Rate Determination Date and such rate shall become effective on the immediately succeeding Tax-Exempt Rate Reset Date, commencing on and including such Tax-Exempt Rate Reset Date to but excluding the next succeeding Tax-Exempt Rate Reset Date. Such 2022A Interest Rate shall be in effect to and including the last day of such Tax-Exempt Interest Period. In the event a Tax-Exempt Advance is advanced on a date other than a Tax-Exempt Rate Reset Date, the Purchaser shall determine the 2022A Interest Rate based upon the SIFMA Index in effect for Tax-Exempt Advances on the Tax-Exempt Rate Reset Date immediately preceding the date of such Advance; provided, however, that in the event a Tax-Exempt Advance is advanced on a date other than a Tax-Exempt Rate Determination Date and there are no other Tax-Exempt Advances then outstanding, then the initial 2022A Interest Rate with respect to such newly advanced Tax-Exempt Advance shall be determined on the date of such Tax-Exempt Advance and such rate shall become effective on the date of such Tax-Exempt Advance. If the 2022A Interest Rate is not determined by the Purchaser on the Tax-Exempt Rate Determination Date solely due to an administrative error, the rate of interest born on such Tax-Exempt Advances shall be the rate in effect for the immediately preceding Tax-Exempt Interest Period until the Purchaser next determines the 2022A Interest Rate as required hereunder. The initial 2022B Interest Rate, as applicable, for a particular Taxable Advance shall be determined by the Purchaser on the Taxable Computation Date immediately preceding the related borrowing date. Following the

determination of the initial 2022B Interest Rate, the applicable 2022B Interest Rate for the next succeeding Taxable Interest Accrual Period shall be determined by the Purchaser on the Taxable Computation Date immediately succeeding such Taxable Interest Accrual Period, and such rate shall be effective on the immediately succeeding Taxable SOFR Rate Adjustment Date. Thereafter, the applicable 2022B Interest Rate shall be determined by the Purchaser on each Taxable Computation Date, and such rate shall be effective on the immediately succeeding Taxable SOFR Rate Adjustment Date. The Purchaser will consolidate the unpaid principal balance of the Tax-Exempt Advances so that all Tax-Exempt Advances bear interest at the same 2022A Interest Rate. The Purchaser will consolidate the unpaid principal balance of the Taxable Advances so that all Taxable Advances bear interest at the same 2022B Interest Rate.

(g) The second paragraph of Section 3.09 of the 2022 Resolution is amended and restated in its entirety to read as follows (underlining reflecting inserts and ~~striketroughs~~ reflecting deletions):

In the event that the Commitment Amount is terminated or otherwise permanently reduced by or on behalf of the City prior to the first anniversary date of the ~~Delivery Date~~First Amendment Effective Date, the City agrees to pay to the Purchaser on such termination date or reduction date, as applicable, in addition to all other obligations of the City that may be due and payable at such time, a termination fee equal to the product of (i) the Unused Fee in effect on the date of such termination or reduction, (ii) (A) if the Commitment Amount is being terminated, the Commitment Amount in effect on the date of such termination and (B) if the Commitment Amount is being reduced, the amount of the reduction in the Commitment Amount, and (iii) a fraction, the numerator of which is the number of days from and including the date of such termination or reduction to and including the first anniversary of the ~~Delivery Date~~First Amendment Effective Date and the denominator of which is 360. Notwithstanding the foregoing, such termination fee shall not be payable by the City if the Purchaser shall assign, sell, transfer, pledge or participate its interest in the Commitment Amount or there shall have occurred an event under Section 3.11 or Section 3.12 herein. At any time after the first anniversary date of the ~~Delivery Date~~First Amendment Effective Date the Commitment Amount may be terminated or otherwise permanently reduced, after payment of Unused Fees, the amount of Outstanding principal that would after the reduction exceed the Commitment Amount or all Outstanding principal if the Commitment Amount is terminated. Termination of the City's obligations hereunder shall be effective upon payment of the foregoing termination fee, if applicable, and the payment in full of all obligations of the City owing to the Purchaser hereunder and under the Credit Agreement. For purposes of the preceding sentence, amounts may be deposited with the Paying Agent in accordance with the Subordinated Bond Resolution.

(h) Section 3.11 of the 2022 Resolution is amended and restated in its entirety to read as follows (underlining reflecting inserts and ~~striketroughs~~ reflecting deletions):

SECTION 3.11. INABILITY TO DETERMINE RATES. (A) If the Purchaser determines that for any reason in connection with any Advance or a continuation thereof that (a) the administrator of BSBY Rate Term SOFR, or any relevant agency or authority for such administrator of Term SOFR (or any substitute index which replaces Term

~~SOFR the BSBY Rate (Term SOFR the BSBY Rate or such replacement, the "Benchmark")) has announced made a public statement that such Benchmark will no longer be provided, (b) any relevant agency or authority the administrator of the Benchmark has announced that such Benchmark is no longer representative, (c) any similar circumstance exists such that such Benchmark has become permanently unavailable or ceased to exist or (d) the interest rate determined by reference to the Benchmark BSBY Rate for any requested Interest Accrual Period does not adequately and fairly reflect the cost to the Purchaser of funding such of making or maintaining Taxable Advances, the Purchaser will promptly so notify the City; provided, however, that the Purchaser will advise the City of the occurrence of an event in clause (d) immediately above only in the event that a similar determination has been made with respect to similarly situated borrowers of the Purchaser under similar circumstances. Upon notice to the City of such determination, the obligation of the Purchaser to make or maintain Advances whose interest is determined by reference to the BSBY Rate Term SOFR shall be suspended until the Purchaser revokes such notice. Upon receipt of such notice, the Purchaser will (x) replace such Benchmark with a replacement rate or (y) if any such circumstance applies to fewer than all tenors of such Benchmark used for determining an interest period hereunder, discontinue the availability of the affected interest periods. In the case of Term SOFR, such replacement rate will be the related Alternate Rate set forth in clause (b) of such definition. In the case of the replacement of a rate other than Term SOFR, the Purchaser may add a spread adjustment selected by the Purchaser, taking into consideration any selection or recommendation of a replacement rate by any relevant agency or authority, and evolving or prevailing market practice. In connection with the selection and implementation of any such replacement rate, the Purchaser may make any technical, administrative or operational changes that the Purchaser decides may be appropriate to reflect the adoption and implementation of such replacement rate. The Purchaser does not warrant or accept any responsibility for the administration or submission of, or any other matter related to, Term SOFR or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation whether any such alternative, successor or replacement rate will have the same value as, or be economically equivalent to, Term SOFR. If the alternate rate of interest determined pursuant to this Section 3.11(A) shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement(i) any pending Advances will when honored bear interest at the Alternate Rate, in the amount specified therein, and (ii) the interest on all outstanding Advances shall be automatically converted to the Alternate Rate on the last day of the applicable Interest Accrual Period therefor; provided, however, that with respect to an interest rate adjustment described in clause (d) of the first sentence above, such Alternate Rate for the 2022 Series A Bond shall not become effective until there shall be delivered to the City and the Purchaser a Favorable Opinion with respect to such change in the interest rate, provided, however, if no Favorable Opinion is delivered within 30 days of such notice the 2022 Series A Bond shall bear interest at the Alternate Rate. Upon any such conversion, the City shall also pay accrued interest on the amount so converted on the date of such conversion. The Purchaser's internal records of applicable interest rates shall be determinative in the absence of manifest error.~~

(B) Inability to Determine SIFMA. If the Purchaser has determined in its sole discretion that: (i) deposits of a type and maturity appropriate to fund Tax-Exempt Advances which bear interest at a rate based on the SIFMA Index are not available to lenders in the relevant market, or (ii) the interest rate determined by reference to the SIFMA Index applicable to Tax-Exempt Advances is not ascertainable or available or does not adequately and fairly reflect the cost of making or maintaining Tax-Exempt Advances, then the Purchaser shall suspend the availability of Tax-Exempt Advances which bear interest at a rate determined by reference to the SIFMA Index (provided that the Purchaser shall make available to the City Tax-Exempt Advances which bear interest at the Alternate Rate) and require any affected Tax-Exempt Advances to be repaid or converted to bear interest at the Alternate Rate. If the alternate rate of interest determined pursuant to this Section 3.11(B) shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

(C) Opinion or Tax Gross-up Required. Upon the transition from a Benchmark to a replacement rate, either: (1) the City, at its own expense, will deliver to the Purchaser an opinion of Bond Counsel acceptable to the Purchaser that the replacement of a Benchmark with a replacement rate does not adversely affect the exclusion from gross income of interest on the Tax-Exempt Advances from the Purchaser or any other holder of the 2022 Series A Bond; or (2) if no such opinion is delivered to the Purchaser on the effective date of such replacement, a Determination of Taxability shall have been deemed to have occurred and, thereafter, any outstanding Tax-Exempt Advance shall bear interest at the Taxable Rate.

(i) Section 3.12 of the 2022 Resolution is amended and restated in its entirety to read as follows (underlining reflecting inserts and strike-throughs reflecting deletions):

SECTION 3.12. ILLEGALITY. If the Purchaser determines that any Law (or Change in Law) has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Purchaser to make, maintain or fund any Tax-Exempt Advance, or to determine or charge interest rates based upon the SIFMA Index and/or make, maintain, or fund any Taxable Advance whose interest is determined by reference to ~~the BSBY Rate~~ Term SOFR, or to determine or charge interest rates based upon the Term SOFR, as applicable ~~BSBY Rate~~, then, on notice thereof by the Purchaser to or the City, until the Purchaser notifies the City that the circumstances giving rise to such determination no longer exist, any obligation of the Purchaser to make Advances based on the SIFMA Index and/or Term SOFR, as applicable, shall be suspended and the interest on all outstanding related Advances shall be automatically converted to the related Alternate Rate. Upon any such conversion, the City shall also pay accrued interest on the amount so converted, together with any additional amounts, if any, required by Section 3.08 of the Credit Agreement. The City may also prepay such Advances and upon any such prepayment, the City shall also pay accrued interest on the amount so prepaid, together with any additional amounts, if any, required by Section 3.08 of the Credit Agreement.

Section 5. Delegation Provisions. The Rate Adjustment, Tax-Exempt Applicable Spread, Taxable Applicable Spread, Unused Fee, Maturity Date and Termination Date, each as to be set forth in the First Amendment to Credit Agreement, the form of which is attached as

Exhibit A hereto (the "First Amendment") shall be upon such terms and conditions as shall be determined by the General Manager or Chief Financial Officer, or such respective designees, to be advantageous to the City and commercially reasonable, such determination to be confirmed in writing by the System's financial advisor prior to the execution of the First Amendment, provided, however, in no event shall the Tax-Exempt Applicable Spread be greater than 2.65%, the Taxable Applicable Spread be greater than 2.80%, the Maturity Date be greater than ten years or the Termination Date be longer than six (6) years. The City Attorney, who shall be the Utilities Attorney under the Senior Bond Resolution that shall be engaged by the Authority, shall approve the Credit Agreement as to form and legality prior to the execution thereof by the General Manager or Chief Financial Officer, or his or her respective designees.

Section 6. Amendments to Credit Agreement. The form of the First Amendment is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein as may be approved and made in such First Amendment by the General Manager or Chief Financial Officer, or his or her designee and such other Authorized Officer of the City, or their respective designee (each an "Authorized Officer" and collectively, the "Authorized Officers") executing the same, in a manner consistent with the provisions of this Resolution and subject to the terms hereof, such execution to be conclusive evidence of such approval. Subject to the provisions set forth herein, each Authorized Officer is hereby authorized to execute the First Amendment for and on behalf of the City and the Authority pursuant to the terms hereof and the Clerk is hereby authorized to attest such signature to the extent required by the forms of First Amendment.

Section 7. Further Actions. Each Authorized Officer is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all such acts and things as may be necessary or desirable in connection with the adoption of this Resolution and the carrying out of its terms and the terms of this Resolution, the 2022 Resolution, as hereby amended, the First Amendment and the Credit Agreement, as amended by the First Amendment. The Authorized Officers, collectively or individually, and the officers, attorneys and other agents or employees of the City and/or the Authority upon satisfaction of the conditions set forth herein, are hereby authorized to execute, deliver and perform the First Amendment and the Credit Agreement, as amended by the First Amendment, on behalf of the City and the Authority, each subject to completion thereof, and with such changes therein as the officer(s) executing the same may approve as necessary and desirable and in the best interests of the City, such approval to be evidenced by the execution and delivery thereof. The Authorized Officers, or their respective designees, are each hereby authorized and directed to execute and deliver any and all papers, opinions and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder.

The Authorized Officers are hereby authorized to pay the costs of all legal expenses, expenses for fiscal agents, financial advisors, accountants and other experts and such other expenses necessary or incidental and incurred by the City in connection with this resolution and the First Amendment.

Section 8. Conflict. All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 9. Severability. If any one or more of the covenants, agreements or provisions of this Resolution should be held to be contrary to any express provision of law or to be contrary to the policy of express law, though not expressly prohibited, or to be against public policy, or should for any reason whatsoever be held invalid, then such covenants, agreements, or provisions of, and in no way affect the validity of, all the other provisions of this Resolution.

Section 10. Effective Date. This Resolution shall take effect immediately after its adoption by the Authority; provided, however, the amendments set forth herein shall not take effect until the execution and delivery by the parties to the First Amendment. Except as specifically amended herein, the 2022 Resolution shall continue in full force and effect in accordance with its original terms. Reference to this specific Resolution need not be made in any note, document, agreement, letter, certificate, the Credit Agreement or any communication issued or made subsequent to or with respect to the 2022 Resolution, it being hereby agreed that any reference to the 2022 Resolution shall be sufficient to refer to the 2022 Resolution, as hereby amended.

Section 11. Prior Actions. All actions of the Authorized Officers and of any person or persons designated and authorized to act by any such officer or agent of the City, which acts would have been authorized by this Resolution, except that such acts were taken prior to the adoption of this Resolution, are hereby separately ratified, confirmed, approved and adopted as acts in the name of and on behalf of the City.

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PASSED AND ADOPTED IN PUBLIC SESSION OF THE GAINESVILLE
REGIONAL UTILITIES AUTHORITY, THIS 11th DAY OF DECEMBER, 2024.

GAINESVILLE REGIONAL UTILITIES
AUTHORITY

By: _____
Chairman

APPROVED AS TO FORM AND
LEGALITY:

By: _____
Utilities Attorney

#503832010_v9 136433.00036

EXHIBIT A

FIRST AMENDMENT TO CREDIT AGREEMENT

FIRST AMENDMENT TO CREDIT AGREEMENT

This FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") dated December __, 2024 (the "Amendment Date"), is by and among the CITY OF GAINESVILLE, FLORIDA (the "City"), the GAINESVILLE REGIONAL UTILITIES AUTHORITY (the "Authority"), a unit of city government of the City, and U.S. BANK NATIONAL ASSOCIATION (the "Bank"). All capitalized terms used herein and not defined herein shall have the meanings set forth in the Agreement, as amended hereby.

W I T N E S S E T H

WHEREAS, the City adopted on September 21, 2017 its Resolution No. 170395 incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution adopted by the City on September 21, 2017, as amended (the "Master Bond Resolution"), and authorized the issuance of Bonds; and

WHEREAS, the City on May 17, 2018 adopted its Resolution No. 171090 incorporating by reference the Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution, as amended and supplementing the Master Bond Resolution (the "Subordinated Bond Resolution" and together with the Master Bond Resolution, the "Bond Resolution") authorizing the issuance of Subordinated Indebtedness junior and subordinate in all respects to the security interest in and pledge and assignment of the Trust Estate created by the Master Bond Resolution as security for the Bonds; and

WHEREAS, pursuant to Resolution No. 211098 (the "2022 Resolution") adopted by the City on April 21, 2022, the City issued its Variable Rate Subordinated Utilities System Revenue Bond, 2022 Series A and its Variable Rate Subordinated Utilities System Revenue Bond, 2022 Series B (Federally Taxable) (collectively, the "2022 Bonds") and in connection therewith entered into that certain Credit Agreement dated April 29, 2022 (as amended hereby and as may be further amended, restated, supplemented and otherwise modified from time to time, the "Agreement") with U.S. Bank National Association (the "Purchaser"); and

WHEREAS, the 2022 Bonds were issued for the purpose of evidencing the indebtedness under a revolving line of credit (the "Line of Credit") as Subordinated Indebtedness pursuant to the Subordinated Bond Resolution to finance from time to time the Cost of Acquisition and Construction of the System, including, without limitation, working capital; and

WHEREAS, pursuant to Section 9.04 of the Agreement, the Agreement may be amended by a written agreement of an Authorized Officer of the City and the Bank; and

WHEREAS, the Charter of the City being Chapter 12760, Laws of Florida, as amended by Chapter 90-394, Laws of Florida was amended pursuant to House Bill 1645 and codified by Chapter No. 2023-348, Laws of Florida (the "Charter Amendment"), which such Charter Amendment, among other things, added Article VII to the Charter and thereby created the Authority; and

WHEREAS, the City Commission of the City (the "City Commission") adopted Resolution No. 2023-1186 on December 22, 2023 (the "Transitional Resolution") to effectuate the orderly

transition of the governance, operation, management, and control of all utility systems, properties and assets related to the System to the Authority, and authorized this Amendment; and

WHEREAS, pursuant to the Transitional Resolution the City Commission authorized the Authority to, among other things, (a) supplement and amend the Bond Resolution and any supplements thereto and other related agreements, including, without limitation, the Agreement, in order to effectuate the provisions of Section 716 of the Master Bond Resolution and all prior actions were thereby ratified, and (b) authority to take all actions on behalf of the City under the Bond Resolution; and

WHEREAS, pursuant Resolution 2023-1148 adopted by the Authority on December 6, 2023 and thereafter ratified by the Authority pursuant to Resolution No. 2024-557 adopted by the Authority (the "Authority Transitional Resolution") on August 7, 2024 and by Resolution No. 2024-___ adopted by the Authority on December 11, 2024 (the "2024 Resolution" and together with the Authority Transitional Resolution, the "Extension Resolution") and the Transitional Resolution, the City and the Authority have each delegated to the General Manager (as defined herein) or Chief Financial Officer of the System (the "Chief Financial Officer"), or his or her respective designees, in accordance with the Bond Resolution and the 2022 Resolution, from time to time authority to extend the term of the Agreement and thereby the maturity of the 2022 Bonds; and

WHEREAS, General Manager has been defined as the General Manager of the System, who may have been appointed by the City Commission or appointed as the chief executive officer/general manager pursuant to the Amendment or any assistant General Manager in the General Manager's absence or unavailability or interim General Manager or other person authorized to serve as the general manager of the System (the "General Manager");

WHEREAS, the Extension Resolution and the Transitional Resolution each further provides that in connection with any such extension of the term of the Agreement, the General Manager or Chief Financial Officer, or his or her respective designees, is authorized to execute and deliver such documents and instruments (including, without limitation, an amendment to or amendment and restatement of the 2022 Bonds) as shall be determined by the General Manager or Chief Financial Officer, or his or her respective designees, to be (a) necessary or desirable and advantageous to the System and (b) in commercially reasonable form; provided, however, that if any such extension shall be on terms and conditions different from the terms and conditions of such Line of Credit as then in effect, then (i) such determination of the General Manager or Chief Financial Officer, or his or her respective designees, shall be confirmed in writing by the firm serving at that time as the System's financial advisor and (ii) the form of each such amendment, document or instrument shall be approved by the City Attorney or his/her designee as to form and legality prior to the execution thereof by the General Manager or Chief Financial Officer, or his or her respective designees; and

WHEREAS, pursuant to the Extension Resolution and the Transitional Resolution, the extension of the Line of Credit may be made by a separate agreement with the provider such of Line of Credit; and

WHEREAS, pursuant to the Agreement the Bank may, in its sole discretion, elect to extend the Termination Date and the Maturity Date then in effect, by delivering a written notice of extension (the "Notice of Extension") and upon the delivery of the Notice of Extension by the Bank and after compliance by the City with all terms and conditions thereof, all references in the Supplemental Subordinated Bond Resolution and this Agreement to the Termination Date and Maturity Date shall be deemed to be references to the date designated as such in the most recent Notice of Extension delivered to the City and that such extension may also be documented in a written agreement between the parties; and

WHEREAS, the Authority has requested that the Bank extend the Termination Date, and, in connection with such request, the Bank has requested that the Authority make certain amendments to the Agreement with respect to the Charter Amendment, and the Authority, as a unit of the City, and the Bank have agreed to make such amendments to the Agreement subject to the terms and conditions set forth herein and upon such amendment the 2022 Bonds shall be amended to reflect the Maturity Date as set forth herein; and

WHEREAS, the Authority adopted the 2024 Resolution amending the 2022 Resolution and authorizing this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. AMENDMENTS.

Upon satisfaction of the conditions precedent set forth in Section 2 hereof, the Agreement shall be amended as follows:

1.01. The following defined terms in Section 1.01 of the Agreement are hereby amended and restated in their entireties to read as follows:

"Financing Documents" means this Agreement, the 2022 Bonds, the Bond Resolution, the Authority Resolution, the Transitional Resolution and the Supplemental Subordinated Bond Resolution and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

"Maturity Date" means _____, 2030, or such later date which this Agreement may be extended or renewed in the sole discretion of the Bank by written notice from the Bank to the City in connection with the extension of the Revolving Credit Period pursuant to Section 3.01(c) hereof.

"Supplemental Subordinated Bond Resolution" means Resolution No. 211098 adopted by the City on April 21, 2022, authorizing the issuance of the 2022 Bonds, as amended and supplemented by the Extension Resolution and the 2024 Resolution, and as further amended and supplemented from time to time in accordance with the terms thereof and hereof, supplementing the Subordinated Bond Resolution.

"Termination Date" means the earlier of (i) _____, 2027, or such later date to which the Revolving Credit Period shall have been extended pursuant to Section 3.01(c), or if any such date is not a Business Day, the next preceding Business Day, or (ii) the date on which a Tender Event shall have occurred (and shall not have otherwise been waived by the Bank).

1.02. The following defined terms are hereby added in correct alphabetical order to Section 1.01 of the Agreement:

"Authority" means the Gainesville Regional Utilities Authority.

"Authority Resolution" means Resolution No. 2023-1148 of the Authority adopted on December 6, 2023, as ratified by the Authority pursuant to Resolution No. 2024-557 adopted by the Authority on August 7, 2024 and the 2024 Resolution, as amended and supplemented from time to time in accordance with the terms thereof and hereof.

"Authorized Officer of the Authority" means the General Manager of the System or Chief Financial Officer of the System.

"Charter Amendment" means House Bill 1645 as codified by Chapter No. 2023-348, Laws of Florida amending the Charter of the City, as amended.

"City Commission" means the City Commission of the City of Gainesville, Florida.

"First Amendment Effective Date" means _____, 2024.

"Monthly Reset Term SOFR Rate" shall have the meaning ascribed thereto in the Supplemental Subordinated Bond Resolution.

"Rating Adjustment" shall be determined on the basis of the Bond Rating by any of S&P, Fitch or Moody's:

<u>Level</u>	<u>Bond Rating</u> <u>(Fitch/ S&P/Moody's)</u>	<u>Rating</u> <u>Adjustment</u>
1	A+/A/Aa3 or better	0.00% (zero)
2	A-/A-/A3	0.20%
3	BBB+/BBB+/Baa1/	0.55%

If the Bond Ratings assigned by S&P, Fitch and Moody's, respectively, appear in more than one rating category (i.e., a split rating), the Rating Adjustment will be based on the category that includes the lowest Bond Rating (it being understood that Level 1 contains the highest Bond Rating and Level 3 contains the lowest Bond Rating). References to ratings above are references to rating categories as presently determined by S&P, Fitch and Moody's, respectively, and in the event of adoption of any new or changed rating system by any such rating agency, each of the ratings from the rating agency in question referred to above shall be deemed to refer to the rating category under the new rating system which

most closely approximates the applicable rating category as currently in effect. Each change in the Rating Adjustment resulting from a change in the Bond Rating shall become effective on the date of announcement or publication by S&P, Fitch or Moody's of a change in such rating or, in the absence of such announcement or publication, on the effective date of such changed rating.

In the event that the Bond Rating assigned by any of S&P, Fitch or Moody's falls below "BBB+", "BBB+" or "Baa1", respectively, or has been suspended or withdrawn for credit related reasons, the Rating Adjustment then in effect will increase automatically, without notice, to a per annum rate equal to the sum of 2.00% and the Bond Rating for the lowest rating category in the table above and such increased Rating Adjustment shall be payable until no such Bond Rating remains below "BBB+", "BBB+" or "Baa1", respectively, or is no longer suspended or withdrawn.

"Tax-Exempt Applicable Spread" means 0.65% (sixty-five (65) basis points).

"Taxable Applicable Spread" means 0.80% (eighty (80) basis points).

"Term SOFR" shall have the meaning ascribed thereto in the Supplemental Subordinated Bond Resolution.

"Transitional Resolution" means Resolution No. 2023-1186 of the City Commission adopted on December 22, 2023, as amended and supplemented from time to time in accordance with the terms thereof.

"Unused Fee" means a per annum rate of interest equal to the sum of (i) 0.38% (thirty-eight (38) basis points) per annum and (ii) the Rating Adjustment.

"2024 Resolution" means Resolution No. 2024-___ adopted by the Authority on December 11, 2024, as amended and supplemented from time to time in accordance with the terms thereof and hereof.

1.03. Article I of the Agreement is hereby amended by adding the following paragraphs to the end of Section 1.03:

Pursuant to the Charter Amendment, the Authority was established, as a unit of the City for the purpose of managing, operating, controlling, and otherwise having broad authority with respect to the utilities owned by the City of Gainesville. The City Commission of the City (the "City Commission") adopted the Transitional Resolution to effectuate the orderly transition of the governance, operation, management, and control of all utility systems, properties and assets related to the System to the Authority. Pursuant to the Transitional Resolution the City Commission authorized the Authority to, among other things, (a) supplement and amend the Bond Resolution and any supplements thereto and other related agreements, including, without limitation, the Agreement, in order to effectuate the provisions of Section 716 of the Master Bond Resolution and all prior actions were thereby ratified, and (b) authority to take all actions on behalf of the City under the Bond Resolution.

The Authority has assumed all obligations and duties of the City with respect to governance, operation, management, and control of the System under this Agreement (provided, that the indebtedness evidenced by the 2022 Bonds remains an obligation of the City) for so long as the Charter Amendment shall be effective and if the Charter Amendment shall not be effective such obligations and duties with respect to governance, operation, management, and control of the System under this Agreement shall revert to the City Commission. All references to obligations and warranties of the City or actions by or of the City with respect to governance, operation, management, and control of the System shall mean obligations undertaken by and warranties of the Authority or actions by or of the Authority, as a unit of the City for so long as the Charter Amendment shall be effective and if the Charter Amendment shall not be effective, shall mean obligations undertaken and warranties of the City Commission or successors permitted pursuant to Section 716 of the Bond Resolution. Whenever the City's knowledge is implicated in this Agreement or the phrase "to the City's knowledge" or a similar phrase is used in this Agreement, the City's knowledge or such phrase(s) shall be interpreted to mean the actual knowledge of the Authority's officers, directors, or executive staff executing such certificate or making such representation, after reasonable inquiry. Unless the context shall otherwise require, references to the Authority or Person shall be deemed to include the Authority's or such Person's successors and permitted assigns.

1.04. Article I of the Agreement is hereby amended by adding thereto a new Section 1.04 to appear in the appropriate numerical sequence and to read as follows:

SECTION 1.04. Monthly Reset Term SOFR Rate. The interest rate on the 2022 Series B Bond is determined by reference to the Monthly Reset Term SOFR Rate, which is derived from Term SOFR. The Supplemental Subordinated Bond Resolution provides a mechanism for (a) determining an alternative rate of interest if Term SOFR is no longer available or in the other circumstances set forth in the Bond Resolution, and (b) modifying the Supplemental Subordinated Bond Resolution to give effect to such alternative rate of interest. The Bank does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to Term SOFR or other rates in the definition of Monthly Reset Term SOFR Rate or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant to the Supplemental Subordinated Bond Resolution, will have the same value as, or be economically equivalent to, the Monthly Reset Term SOFR Rate. The Bank and its affiliates or other related entities may engage in transactions that affect the calculation of Alternate Rate, Term SOFR, the Monthly Reset Term SOFR Rate, any alternative, successor or replacement rate or any relevant adjustments thereto, in each case, in a manner adverse to the City. The Bank may select information sources or services in its reasonable discretion to ascertain the Alternate Rate, Term SOFR, the Monthly Reset Term SOFR Rate, any alternative, successor or replacement rate, in each case pursuant to the terms of this Agreement and the Supplemental Subordinated Bond Resolution, and shall have no liability to the City or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether

in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

1.05. Section 5.03 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.03 Organization; Compliance with Law. The City (a) is a municipal corporation duly organized and validly existing under the laws of the State of Florida, (b) has all requisite power and authority and the legal right to own the System and (c) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, materially adversely affect the ability of the City to perform its payment obligations under this Agreement or the Financing Documents. The Authority (a) is a unit of city government of the City and, except as otherwise provided in the Charter Amendment, shall be free from direction and control of the Gainesville City Commission, (b) has all requisite power and authority and the legal right to operate the System, and (c) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, properties or financial or other condition of the System, and would not materially adversely affect the ability of the Authority to perform its obligations under this Agreement or the Financing Documents.

1.06. Section 5.11 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.11 Sovereign Immunity. The defense of sovereign immunity is not available to the City, including the Authority as a unit of the City, in any proceedings by the Bank to enforce any of the provisions of this Agreement or the Financing Documents, except to the extent that any such proceeding seeks enforcement based on tort or similar claim and in such case such defense is available only to the extent set forth under Florida Statutes Section 768.28 or other similarly applicable provision of law and, to the extent permitted by applicable law, the City and the Authority each consents to the initiation of any such proceedings in any court of competent jurisdiction and agrees not to assert the defense of sovereign immunity in any such proceedings.

1.07. Section 5.14 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.14 No Proposed Legal Changes. Except as disclosed in writing to the Bank (including without limitation notice given with respect to the amendment that was approved by the City Commission relating to the Charter Amendment and on the November 2024 ballot, litigation initiated by the Authority challenging the City's amendment to be placed on the ballot and other various pending litigation challenging the Charter Amendment) or such other matters as

otherwise permitted by the Subordinated Bond Resolution or the Bond Resolution, there is no amendment or proposed amendment or, to the knowledge of the City, to the Constitution of the State of Florida or to any law, ordinance, or regulation of the State of Florida applicable to the System, or any legislation that has passed either house of the legislature of the State of Florida, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a material adverse effect upon (a) the ability of the City or the Authority to perform their respective obligations under this Agreement or any Financing Document in any material respect or any other material contract related to the System to which any one or more of them is a party; (b) the legality, validity or enforceability of this Agreement or any Financing Document; or (c) the priority of the Liens granted under the Resolutions or the rights and remedies of the Bank under this Agreement or any other Financing Document.

1.08. Section 5.16 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.16 Rate Increases. Except as otherwise provided for by Section 716 of the Bond Resolution, an increase by the City of rates, fees, rentals or other charges for use of the product, services and facilities of the System requires no action or approval by or in respect of any Governmental Authority other than the City and the Florida Public Service Commission; provided, that pursuant to the Charter Amendment and for so long as the Charter Amendment remains in effect, the Authority has been authorized to set the rates, fees and charges with respect to the use and the sale of the capacity, output or service of the System for the City.

1.09. Section 6.03(e) of the Agreement is hereby amended and restated in its entirety to read as follows:

(e) of all legislation (A) enacted by the legislature of the State of Florida of which the City has knowledge, or (B) signed into law by the Governor and, in either case, which, in the judgment of the City, could reasonably be expected to result in a (i) material adverse effect on the business, operations, properties or financial or other condition of the System (or the control or management thereof) or material change in the control or management of the System or (ii) material adverse effect on or material change to the ability of the City to perform its obligations under this Agreement or the Financing Documents;

1.10. Section 6.06 of the Agreement is hereby amended by adding thereto a new paragraph (d) to appear in the appropriate numerical sequence and to read as follows:

(d) Pursuant to the Charter Amendment and for so long as the Charter Amendment remains in effect, the Authority has been authorized to set the rates, fees and charges with respect to the use and the sale of the capacity, output or service of the System.

1.11. Section 6.04 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 6.04. Resolutions, Etc. The City shall not amend the Subordinated Bond Resolution without the prior written consent of the Bank or modify, amend or supplement or agree to modify, amend or supplement, any other Financing Document in any respect which is adverse to the interests of the Bank or is inconsistent with this Agreement, without the prior written consent of the Bank; provided, however, that except as hereinafter provided, (a) in the case of the Subordinated Bond Resolution, no such consent shall be required in connection with any amendment thereto permitted under the provisions of Section 10.01 or 10.02 clause (1) or (2) thereof and (b) in the case of the Senior Bond Resolution, no such consent shall be required in connection with any amendment thereto permitted under the provisions of Sections 716, 1001 or 1002 thereof. The City shall promptly (and in any event within thirty (30) days) furnish to the Bank copies, certified by the Clerk of the Commission of the City as being in full force and effect, of any modification of, amendment of or supplement to any of the Resolutions as in effect on the date of the delivery of the certified Resolutions referred to in subsection 4.01(c); provided, however, that (a) in the case of the Subordinated Bond Resolution, the City shall not be required to furnish any such modification, amendment or supplement permitted under the provisions of Section 10.01 or 10.02 clause (1) or (2) thereof, other than such a modification, amendment or supplement that amends or modifies the provisions of the Second Supplemental Subordinated Bond Resolution and (b) in the case of the Bond Resolution, the City shall not be required to furnish any such modification, amendment or supplement permitted under the provisions of Section 1001 or 1002 thereof. No such amendments permitted hereunder shall impair the rights of the Bank under the Subordinated Bond Resolution or the Bond Resolution or the ability of the City to perform its obligations hereunder or under the 2022 Bonds; provided, however, that the foregoing shall not impair the rights of the City to issue additional indebtedness and obligations in accordance with the terms of the Subordinated Bond Resolution or the Bond Resolution. The Bank further provides its revocable consent to amendments to the Subordinated Bond Resolution but only to the extent such amendments are consistent with the amendments made to the Bond Resolution pursuant to Section 716 thereof and agrees not to unreasonably revoke such consent.

No amendment to the sections of the Bond Resolution incorporated by reference into the Subordinated Bond Resolution by virtue of Section 7.07 of the Subordinated Bond Resolution shall be effective for purposes of the Subordinated Bond Resolution unless approved in the same manner as required for an amendment to the Subordinated Bond Resolution (as if such incorporated provisions were set out in full in the Subordinated Bond Resolution).

1.12. Section 6.14 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 6.14 Maintenance of Existence. The City (a) shall, subject to Section 716 of the Senior Bond Resolution, maintain its existence pursuant to the laws of the State and shall maintain the System's existence pursuant to the laws of the State and (b) except as permitted under the Bond Resolution shall not (i) liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or substantially all of the System, its property, assets or business, or combine, merge or consolidate with or into any other entity or (ii) directly or indirectly, incur, create or permit to exist any Lien on all or any part of the security provided by the Bond Resolution, other than Liens created under and in accordance with the term of the Bond Resolution and this Agreement.

1.13. Section 7.01(i) of the Agreement is hereby amended and restated in its entirety to read as follows:

(i) (A) any material provision of this Agreement or any Financing Document (including without limiting the generality of the foregoing, Section 5.01(1) of the Subordinated Bond Resolution) affecting the ability or the obligation of the City to pay when due, the payments due on the Subordinated Bonds (including the 2022 Bonds) shall at any time cease to be valid and binding on the City or the Authority (so long as the Charter Amendment is in effect) as a result of a final, non-appealable judgment of a court of competent jurisdiction or by any Governmental Authority having jurisdiction, or (B) the City or the Authority (so long as the Charter Amendment is in effect) shall have taken or permitted to be taken any official action, or shall have duly enacted any ordinance, which would invalidate, render null and void or make unenforceable any provision of this Agreement, the Bond Resolution or the 2022 Bonds;

1.14. Section 9.04 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 9.04. Amendments and Waivers. Any provision of this Agreement or the 2022 Bonds may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by an Authorized Officer of the City (or, for so long as the Charter Amendment remains in effect, an Authorized Officer of the Authority) and the Bank. Each party to this Agreement agrees that it will not rely on any course of dealing, course of performance or oral or written statement by any representative of any other party that does not comply with this Section to effect an amendment, modification, supplement, extension, termination or waiver to departure from the provisions of this Agreement or any Financing Document or any consent thereto.

1.15. By executing and delivering this Amendment, the Authority hereby becomes a party to the Agreement and shall observe and perform the obligations and agreements of the City under the Agreement as and to the extent provided therein and herein. The Authority (i) hereby represents and warrants that it has received a complete copy of the Agreement, (ii) hereby represents and warrants that it has fully reviewed each and every provision of the Agreement and discussed the same with legal counsel selected by the Authority, (iii) agrees to observe and perform

all of the obligations and agreements of the City set forth in Article VI of the Agreement to the extent applicable to the Authority and its governance, operation, management, and control of the System, including, without limitation, Sections 6.01, 6.02, 6.04, 6.06, 6.07, 6.08, 6.10, 6.16 and 6.18 thereof, (iv) hereby acknowledges and agrees that the Tender Events set forth in Section 7.01 of the Agreement shall apply to both the City and Authority such that each of the City and the Authority shall be deemed to be the "City" for purposes thereof and (v) and hereby acknowledges and agrees that the Authority shall perform and comply with the covenants, agreements and provisions set forth in the Resolutions, the Authority Resolution and the Transitional Resolution and in each case such covenants, agreements and provisions, together with the related definitions of terms contained therein, are hereby incorporated by reference in the Agreement with the same effect as if each and every such provision were set forth therein in its entirety.

SECTION 2. CONDITIONS PRECEDENT; BANK COUNSEL FEE;

2.01 This Amendment shall become effective on the Amendment Date subject to the satisfaction of or waiver by the Bank of all of the following conditions precedent:

(a) Receipt by the Authority and the Bank of a fully executed copy of this Amendment.

(b) Receipt by the Bank of an opinion of counsel to the Authority, addressed to the Bank and in form and substance satisfactory to the Bank and its counsel as to the due authorization, execution, delivery and enforceability of this Amendment, the Agreement, as amended hereby, and the 2024 Resolution.

(c) Receipt by the Bank of a certificate attaching copies of the Transitional Resolution, Authority Transitional Resolution and the 2024 Resolution, and including specimen signatures of the persons authorized to execute such documents on the Authority's behalf, which certificate, dated the date hereof, shall state that such resolutions are in full force and effect on the date hereof and have not been amended or supplemented in any manner.

(d) Receipt by the Bank of a certificate of the System's financial advisor that the Rating Adjustment, Tax-Exempt Applicable Spread, Taxable Applicable Spread, Unused Fee, Maturity Date and Termination Date are advantageous to the City and commercially reasonable.

(e) No Potential Tender Event or Tender Event shall have occurred and be continuing or would result from the execution of this Amendment.

2.02 The Authority agrees to pay Chapman and Cutler LLP, legal counsel to the Bank ("Bank Counsel") within thirty (30) days of receipt of an invoice from Bank Counsel legal fees and expenses of Bank Counsel not to exceed \$_____.

SECTION 3. REPRESENTATIONS AND WARRANTIES.

3.01. The City and the Authority with respect to governance, operation, management, and control of the System, each hereby represents and warrants that the following statements are true and correct as of the date hereof:

(a) the representations and warranties contained in Article V of the Agreement and in each of the Financing Documents are true and correct on and as of the date hereof as though made on and as of such date (except with respect to the representations and warranties contained in Section 5.01 and 5.02 of the Agreement which shall be deemed to refer to the most recent financial statements of the City delivered to the Bank pursuant to Section 6.18 of the Agreement and Effective Date shall mean the date hereof); and

(b) no Potential Tender Event or Tender Event has occurred and is continuing or would result from the execution of this Amendment.

3.02. The Authority hereby represents and warrants as follows:

(a) The execution, delivery and performance by the Authority of this Amendment and the performance by the Authority of this Amendment and the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the Authority.

(b) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Authority of this Amendment or the performance by the Authority of this Amendment and the Agreement, as amended hereby.

(c) This Amendment has been duly executed and delivered and this Amendment and the Agreement, as amended hereby, constitute legal, valid and binding obligations of the Authority as a unit of the City enforceable against the Authority as a unit of the City in accordance with their respective terms, except to the extent that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation of the Authority, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

3.03. The City hereby represents and warrants as follows:

(a) The execution, delivery and performance by the City of this Amendment and the performance by the City of this Amendment and the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the City.

(b) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the City of this Amendment or the performance by the City of this Amendment and the Agreement, as amended hereby.

(c) This Amendment has been duly executed and delivered by an Authorized Officer of the City and this Amendment and the Agreement, as amended hereby, constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except to the extent that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation of the City, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

SECTION 4. MISCELLANEOUS.

4.01. Effect of Amendment. Except as specifically amended herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Bank under the Agreement or any Financing Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Agreement or any Financing Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect in accordance with their original terms. Nothing herein shall be deemed to entitle the City or the Authority to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Agreement or any other Financing Document in similar or different circumstances after the date hereof. On and after the Amendment Date, (x) all references in the Agreement to "this Agreement", "herein", "hereunder" and words of like import, and all references in any Financing Document to the Agreement, "therein" and words of like import, shall mean and be references to the Agreement as amended by this Amendment, (y) this Amendment shall be a Financing Document for all purposes under the Agreement and the other Financing Documents and (z) all references in the Agreement or any Financing Document to "the Financing Documents", "therein" or words of like import shall mean and be a reference to this Amendment and the other Financing Documents.

4.02. References to the Agreement. Reference to this specific Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement, any Financing Document or any communication issued or made subsequent to or with respect to the Agreement, it being hereby agreed that any reference to the Agreement shall be sufficient to refer to the Agreement, as hereby amended.

4.03. Ratification and Reaffirmation. The Authority, on behalf of itself and as a unit of the City, acknowledges and agrees that the Agreement and each of the Financing Documents are and shall continue to be in full force and effect, as specifically amended by this Amendment, and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Authority, on behalf of itself and as a unit of the City, hereby agrees that the collateral described in the applicable Financing Documents do and shall continue to secure the Obligations under the

Agreement as amended hereby to the extent provided in such Financing Documents, each of which is hereby ratified and confirmed in all respects. This Amendment amends the Agreement but is not intended to be or operate as a novation or an accord and satisfaction of the Agreement or any other Financing Document or the indebtedness, obligations and liabilities of the City evidenced or provided for thereunder. This Amendment does not extinguish the obligations for the payment of money outstanding under the Agreement or any other Financing Document or discharge or release the obligations or the liens or priority of any pledge or any other security therefor.

4.04. Severability of Provisions. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby.

4.05. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Amendment shall be deemed to be a contract under, and shall be governed by, and construed and interpreted in accordance with, the law of the State of Florida and applicable federal law without regard to choice of law rules.

4.06. Counterparts; Execution. This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Amendment may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

4.07. Headings. Section headings used in this Amendment are for reference only and shall not affect the construction of this Amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers hereunto duly authorized as of the Amendment Date.

The City of Gainesville, Florida,
and the Gainesville Regional Utilities Authority,
as a unit of city government of the City

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM AND
LEGALITY:

By: _____
City Attorney

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: Helen Martin

Title: Senior Vice President

#509877991_v10 136433.00036

FIRST AMENDMENT TO CREDIT AGREEMENT

This FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") dated December __, 2024 (the "Amendment Date"), is by and among the CITY OF GAINESVILLE, FLORIDA (the "City"), the GAINESVILLE REGIONAL UTILITIES AUTHORITY (the "Authority"), a unit of city government of the City, and U.S. BANK NATIONAL ASSOCIATION (the "Bank"). All capitalized terms used herein and not defined herein shall have the meanings set forth in the Agreement, as amended hereby.

W I T N E S S E T H

WHEREAS, the City adopted on September 21, 2017 its Resolution No. 170395 incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution adopted by the City on September 21, 2017, as amended (the "Master Bond Resolution"), and authorized the issuance of Bonds; and

WHEREAS, the City on May 17, 2018 adopted its Resolution No. 171090 incorporating by reference the Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution, as amended and supplementing the Master Bond Resolution (the "Subordinated Bond Resolution" and together with the Master Bond Resolution, the "Bond Resolution") authorizing the issuance of Subordinated Indebtedness junior and subordinate in all respects to the security interest in and pledge and assignment of the Trust Estate created by the Master Bond Resolution as security for the Bonds; and

WHEREAS, pursuant to Resolution No. 211098 (the "2022 Resolution") adopted by the City on April 21, 2022, the City issued its Variable Rate Subordinated Utilities System Revenue Bond, 2022 Series A and its Variable Rate Subordinated Utilities System Revenue Bond, 2022 Series B (Federally Taxable) (collectively, the "2022 Bonds") and in connection therewith entered into that certain Credit Agreement dated April 29, 2022 (as amended hereby and as may be further amended, restated, supplemented and otherwise modified from time to time, the "Agreement") with U.S. Bank National Association (the "Purchaser"); and

WHEREAS, the 2022 Bonds were issued for the purpose of evidencing the indebtedness under a revolving line of credit (the "Line of Credit") as Subordinated Indebtedness pursuant to the Subordinated Bond Resolution to finance from time to time the Cost of Acquisition and Construction of the System, including, without limitation, working capital; and

WHEREAS, pursuant to Section 9.04 of the Agreement, the Agreement may be amended by a written agreement of an Authorized Officer of the City and the Bank; and

WHEREAS, the Charter of the City being Chapter 12760, Laws of Florida, as amended by Chapter 90-394, Laws of Florida was amended pursuant to House Bill 1645 and codified by Chapter No. 2023-348, Laws of Florida (the "Charter Amendment"), which such Charter Amendment, among other things, added Article VII to the Charter and thereby created the Authority; and

WHEREAS, the City Commission of the City (the "City Commission") adopted Resolution No. 2023-1186 on December 22, 2023 (the "Transitional Resolution") to effectuate the orderly

transition of the governance, operation, management, and control of all utility systems, properties and assets related to the System to the Authority, and authorized this Amendment; and

WHEREAS, pursuant to the Transitional Resolution the City Commission authorized the Authority to, among other things, (a) supplement and amend the Bond Resolution and any supplements thereto and other related agreements, including, without limitation, the Agreement, in order to effectuate the provisions of Section 716 of the Master Bond Resolution and all prior actions were thereby ratified, and (b) authority to take all actions on behalf of the City under the Bond Resolution; and

Whereas, pursuant Resolution 2023-1148 adopted by the Authority on December 6, 2023 and thereafter ratified by the Authority pursuant to Resolution No. 2024-557 adopted by the Authority (the "Authority Transitional Resolution") on August 7, 2024 and by Resolution No. 2024-___ adopted by the Authority on December 11, 2024 (the "2024 Resolution" and together with the Authority Transitional Resolution, the "Extension Resolution") and the Transitional Resolution, the City and the Authority have each delegated to the General Manager of the System (the "General Manager") or Chief Financial Officer of the System (the "Chief Financial Officer"), or his or her respective designees, in accordance with the Bond Resolution and the 2022 Resolution, from time to time authority to extend the term of the Agreement and thereby the maturity of the 2022 Bonds; and

WHEREAS, the Extension Resolution and the Transitional Resolution each further provides that in connection with any such extension of the term of the Agreement, the General Manager or Chief Financial Officer, or his or her respective designees, is authorized to execute and deliver such documents and instruments (including, without limitation, an amendment to or amendment and restatement of the 2022 Bonds) as shall be determined by the General Manager or Chief Financial Officer, or his or her respective designees, to be (a) necessary or desirable and advantageous to the System and (b) in commercially reasonable form; provided, however, that if any such extension shall be on terms and conditions different from the terms and conditions of such Line of Credit as then in effect, then (i) such determination of the General Manager or Chief Financial Officer, or his or her respective designees, shall be confirmed in writing by the firm serving at that time as the System's financial advisor and (ii) the form of each such amendment, document or instrument shall be approved by the City Attorney or his/her designee as to form and legality prior to the execution thereof by the General Manager or Chief Financial Officer, or his or her respective designees; and

WHEREAS, pursuant to the Extension Resolution and the Transitional Resolution, the extension of the Line of Credit may be made by a separate agreement with the provider such of Line of Credit; and

WHEREAS, pursuant to the Agreement the Bank may, in its sole discretion, elect to extend the Termination Date and the Maturity Date then in effect, by delivering a written notice of extension (the "Notice of Extension") and upon the delivery of the Notice of Extension by the Bank and after compliance by the City with all terms and conditions thereof, all references in the Supplemental Subordinated Bond Resolution and this Agreement to the Termination Date and Maturity Date shall be deemed to be references to the date designated as such in the most recent

Notice of Extension delivered to the City and that such extension may also be documented in a written agreement between the parties; and

WHEREAS, the Authority has requested that the Bank extend the Termination Date, and, in connection with such request, the Bank has requested that the Authority make certain amendments to the Agreement with respect to the Charter Amendment, and the Authority, as a unit of the City, and the Bank have agreed to make such amendments to the Agreement subject to the terms and conditions set forth herein and upon such amendment the 2022 Bonds shall be amended to reflect the Maturity Date as set forth herein; and

WHEREAS, the Authority adopted the 2024 Resolution amending the 2022 Resolution and authorizing this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. AMENDMENTS.

Upon satisfaction of the conditions precedent set forth in Section 2 hereof, the Agreement shall be amended as follows:

1.01. The following defined terms in Section 1.01 of the Agreement are hereby amended and restated in their entireties to read as follows:

"Financing Documents" means this Agreement, the 2022 Bonds, the Bond Resolution, the Authority Resolution, the Transitional Resolution and the Supplemental Subordinated Bond Resolution and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

"Maturity Date" means ____, 20__, or such later date which this Agreement may be extended or renewed in the sole discretion of the Bank by written notice from the Bank to the City in connection with the extension of the Revolving Credit Period pursuant to Section 3.01(c) hereof.

"Supplemental Subordinated Bond Resolution" means Resolution No. 211098 adopted by the City on April 21, 2022, authorizing the issuance of the 2022 Bonds, as amended and supplemented by the Extension Resolution and the 2024 Resolution, and as further amended and supplemented from time to time in accordance with the terms thereof and hereof, supplementing the Subordinated Bond Resolution.

"Termination Date" means the earlier of (i) September __, 2027, or such later date to which the Revolving Credit Period shall have been extended pursuant to Section 3.01(c), or if any such date is not a Business Day, the next preceding Business Day, or (ii) the date on which a Tender Event shall have occurred (and shall not have otherwise been waived by the Bank).

1.02. The following defined terms are hereby added in correct alphabetical order to Section 1.01 of the Agreement:

"Authority" means the Gainesville Regional Utilities Authority.

"Authority Resolution" means Resolution No. 2023-1148 of the Authority adopted on December 6, 2023, as ratified by the Authority pursuant to Resolution No. 2024-557 adopted by the Authority on August 7, 2024 and the 2024 Resolution, as amended and supplemented from time to time in accordance with the terms thereof and hereof.

"Authorized Officer of the Authority" means the General Manager of the System or Chief Financial Officer of the System.

"Charter Amendment" means House Bill 1645 as codified by Chapter No. 2023-348, Laws of Florida amending the Charter of the City.

"City Commission" means the City Commission of the City of Gainesville, Florida.

"Monthly Reset Term SOFR Rate" shall have the meaning ascribed thereto in the Supplemental Subordinated Bond Resolution.

"Rating Adjustment" shall be determined on the basis of the Bond Rating by any of S&P, Fitch or Moody's:

<u>Level</u>	<u>Bond Rating (Fitch/ S&P/Moody's)</u>	<u>Rating Adjustment</u>
1	A+/A/Aa3 or better	0.00% (zero)
2	A-/A-/A3	0. __%
3	BBB+/BBB+/Baa1/	0. __%

If the Bond Ratings assigned by S&P, Fitch and Moody's, respectively, appear in more than one rating category (i.e., a split rating), the Rating Adjustment will be based on the category that includes the lowest Bond Rating (it being understood that Level 1 contains the highest Bond Rating and Level 3 contains the lowest Bond Rating). References to ratings above are references to rating categories as presently determined by S&P, Fitch and Moody's, respectively, and in the event of adoption of any new or changed rating system by any such rating agency, each of the ratings from the rating agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. Each change in the Rating Adjustment resulting from a change in the Bond Rating shall become effective on the date of announcement or publication by S&P, Fitch or Moody's of a change in such rating or, in the absence of such announcement or publication, on the effective date of such changed rating.

In the event that the Bond Rating assigned by any of S&P, Fitch or Moody's falls below "BBB+", "BBB+" or "Baa1", respectively, or has been suspended or withdrawn for credit related reasons, the Rating Adjustment then in effect will increase automatically, without notice, to a per annum rate equal to the sum of 2.00% and the Bond Rating for the lowest rating category in the table above and such increased Rating Adjustment shall be payable until no such Bond Rating remains below "BBB+", "BBB+" or "Baa1", respectively, or is no longer suspended or withdrawn.

"Tax-Exempt Applicable Spread" means []% ([] basis points).

"Taxable Applicable Spread" means []% ([] basis points).

"Term SOFR" shall have the meaning ascribed thereto in the Supplemental Subordinated Bond Resolution.

"Transitional Resolution" means Resolution No. 2023-1186 of the City Commission adopted on December 22, 2023, as amended and supplemented from time to time in accordance with the terms thereof.

"Unused Fee" means a per annum rate of interest equal to the sum of (i) []% ([] basis points) per annum and (ii) the Rating Adjustment.

"2024 Resolution" means Resolution No. 2024-__ adopted by the Authority on December 11, 2024, as amended and supplemented from time to time in accordance with the terms thereof and hereof.

1.03. Article I of the Agreement is hereby amended by adding the following paragraphs to the end of Section 1.03:

Pursuant to the Charter Amendment, the Authority was established, as a unit of the City for the purpose of managing, operating, controlling, and otherwise having broad authority with respect to the utilities owned by the City of Gainesville. The City Commission of the City (the "City Commission") adopted the Transitional Resolution to effectuate the orderly transition of the governance, operation, management, and control of all utility systems, properties and assets related to the System to the Authority. Pursuant to the Transitional Resolution the City Commission authorized the Authority to, among other things, (a) supplement and amend the Bond Resolution and any supplements thereto and other related agreements, including, without limitation, the Agreement, in order to effectuate the provisions of Section 716 of the Master Bond Resolution and all prior actions were thereby ratified, and (b) authority to take all actions on behalf of the City under the Bond Resolution.

The Authority has assumed all obligations and duties of the City with respect to governance, operation, management, and control of the System under this Agreement (other than payment obligations, which will remain the obligations of the City) for so long as the Charter Amendment shall be effective and if the Charter Amendment shall not be effective such obligations and duties with respect to governance, operation, management, and control of the System under this Agreement shall revert to the City Commission. All references to obligations

and warranties of the City or actions by or of the City with respect to governance, operation, management, and control of the System shall mean obligations undertaken by and warranties of the Authority or actions by or of the Authority, as a unit of the City for so long as the Charter Amendment shall be effective and if the Charter Amendment shall not be effective, shall mean obligations undertaken and warranties of the City Commission or successors permitted pursuant to Section 716 of the Bond Resolution. Whenever the City's knowledge is implicated in this Agreement or the phrase "to the City's knowledge" or a similar phrase is used in this Agreement, the City's knowledge or such phrase(s) shall be interpreted to mean the actual knowledge of the Authority's officers, directors, or executive staff executing such certificate or making such representation, after reasonable inquiry. Unless the context shall otherwise require, references to the Authority or Person shall be deemed to include the Authority's or such Person's successors and permitted assigns.

1.04. Article I of the Agreement is hereby amended by adding thereto a new Section 1.04 to appear in the appropriate numerical sequence and to read as follows:

SECTION 1.04. Monthly Reset Term SOFR Rate. The interest rate on the 2022 Series B Bond is determined by reference to the Monthly Reset Term SOFR Rate, which is derived from Term SOFR. The Supplemental Subordinated Bond Resolution provides a mechanism for (a) determining an alternative rate of interest if Term SOFR is no longer available or in the other circumstances set forth in the Bond Resolution, and (b) modifying the Supplemental Subordinated Bond Resolution to give effect to such alternative rate of interest. The Bank does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to Term SOFR or other rates in the definition of Monthly Reset Term SOFR Rate or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant to the Supplemental Subordinated Bond Resolution, will have the same value as, or be economically equivalent to, the Monthly Reset Term SOFR Rate. The Bank and its affiliates or other related entities may engage in transactions that affect the calculation of Alternate Rate, Term SOFR, the Monthly Reset Term SOFR Rate, any alternative, successor or replacement rate or any relevant adjustments thereto, in each case, in a manner adverse to the City. The Bank may select information sources or services in its reasonable discretion to ascertain the Alternate Rate, Term SOFR, the Monthly Reset Term SOFR Rate, any alternative, successor or replacement rate, in each case pursuant to the terms of this Agreement and the Supplemental Subordinated Bond Resolution, and shall have no liability to the City or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

1.05. Section 5.03 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.03 Organization; Compliance with Law. The City (a) is a municipal corporation duly organized and validly existing under the laws of the State of Florida, (b) has all requisite power and authority and the legal right to own the System and (c) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, materially adversely affect the ability of the City to perform its payment obligations under this Agreement or the Financing Documents. The Authority (a) is a unit of city government of the City and, except as otherwise provided in the Charter Amendment, shall be free from direction and control of the Gainesville City Commission, (b) has all requisite power and authority and the legal right to operate the System, and (c) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, properties or financial or other condition of the System, and would not materially adversely affect the ability of the Authority to perform its obligations under this Agreement or the Financing Documents.

1.06. Section 5.11 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.11 Sovereign Immunity. The defense of sovereign immunity is not available to the City, including the Authority as a unit of the City, in any proceedings by the Bank to enforce any of the provisions of this Agreement or the Financing Documents, except to the extent that any such proceeding seeks enforcement based on tort or similar claim and in such case such defense is available only to the extent set forth under Florida Statutes Section 768.28 or other similarly applicable provision of law and, to the extent permitted by applicable law, the City and the Authority each consents to the initiation of any such proceedings in any court of competent jurisdiction and agrees not to assert the defense of sovereign immunity in any such proceedings.

1.07. Section 5.14 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.14 No Proposed Legal Changes. Except as disclosed in writing to the Bank (including without limitation notice given with respect to the amendment that was approved by the City Commission relating to the Charter Amendment to be placed on the November 2024 ballot, litigation initiated by the Authority challenging the City's amendment to be placed on the ballot and other various pending litigation challenging the Charter Amendment) or such other matters as otherwise permitted by the Subordinated Bond Resolution or the Bond Resolution, there is no amendment or proposed amendment or, to the knowledge of the City, to the Constitution of the State of Florida or to any law, ordinance, or regulation of the State of Florida applicable to the System, or any legislation that has passed either house of the legislature of the State of Florida, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a material adverse effect upon (a) the ability of the

City or the Authority to perform their respective obligations under this Agreement or any Financing Document in any material respect or any other material contract related to the System to which any one or more of them is a party; (b) the legality, validity or enforceability of this Agreement or any Financing Document; or (c) the priority of the Liens granted under the Resolutions or the rights and remedies of the Bank under this Agreement or any other Financing Document.

1.08. Section 5.16 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.16 Rate Increases. Except as otherwise provided for by Section 716 of the Bond Resolution, an increase by the City of rates, fees, rentals or other charges for use of the product, services and facilities of the System requires no action or approval by or in respect of any Governmental Authority other than the City and the Florida Public Service Commission; provided, that pursuant to the Charter Amendment and for so long as the Charter Amendment remains in effect, the Authority has been authorized to set the rates, fees and charges with respect to the use and the sale of the capacity, output or service of the System for the City.

1.09. Section 6.03(e) of the Agreement is hereby amended and restated in its entirety to read as follows:

(e) of all legislation (A) enacted by the legislature of the State of Florida of which the City has knowledge, or (B) signed into law by the Governor and, in either case, which, in the judgment of the City, could reasonably be expected to result in a (i) material adverse effect on the business, operations, properties or financial or other condition of the System (or the control or management thereof) or material change in the control or management of the System or (ii) material adverse effect on or material change to the ability of the City to perform its obligations under this Agreement or the Financing Documents;

1.10. Section 6.06 of the Agreement is hereby amended by adding thereto a new paragraph (d) to appear in the appropriate numerical sequence and to read as follows:

(d) Pursuant to the Charter Amendment and for so long as the Charter Amendment remains in effect, the Authority has been authorized to set the rates, fees and charges with respect to the use and the sale of the capacity, output or service of the System.

1.11. Section 6.04 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 6.04. Resolutions, Etc. Shall not amend the Subordinated Bond Resolution without the prior written consent of the Bank or modify, amend or supplement or agree to modify, amend or supplement, any other Financing Document in any respect which is adverse to the interests of the Bank or is inconsistent with this Agreement, without the prior written consent of the Bank; provided, however, that except as hereinafter provided, (a) in the case of the

Subordinated Bond Resolution, no such consent shall be required in connection with any amendment thereto permitted under the provisions of Section 10.01 or 10.02 clause (1) or (2) thereof and (b) in the case of the Senior Bond Resolution, no such consent shall be required in connection with any amendment thereto permitted under the provisions of Sections 716, 1001 or 1002 thereof. The City shall promptly (and in any event within thirty (30) days) furnish to the Bank copies, certified by the Clerk of the Commission of the City as being in full force and effect, of any modification of, amendment of or supplement to any of the Resolutions as in effect on the date of the delivery of the certified Resolutions referred to in subsection 4.01(c); provided, however, that (a) in the case of the Subordinated Bond Resolution, the City shall not be required to furnish any such modification, amendment or supplement permitted under the provisions of Section 10.01 or 10.02 clause (1) or (2) thereof, other than such a modification, amendment or supplement that amends or modifies the provisions of the Second Supplemental Subordinated Bond Resolution and (b) in the case of the Bond Resolution, the City shall not be required to furnish any such modification, amendment or supplement permitted under the provisions of Section 1001 or 1002 thereof. No such amendments permitted hereunder shall impair the rights of the Bank under the Subordinated Bond Resolution or the Bond Resolution or the ability of the City to perform its obligations hereunder or under the 2022 Bonds; provided, however, that the foregoing shall not impair the rights of the City to issue additional indebtedness and obligations in accordance with the terms of the Subordinated Bond Resolution or the Bond Resolution. The Bank further provides its revocable consent to amendments to the Subordinated Bond Resolution but only to the extent such amendments are consistent with the amendments made to the Bond Resolution pursuant to Section 716 thereof and agrees not to unreasonably revoke such consent.

No amendment to the sections of the Bond Resolution incorporated by reference into the Subordinated Bond Resolution by virtue of Section 7.07 of the Subordinated Bond Resolution shall be effective for purposes of the Subordinated Bond Resolution unless approved in the same manner as required for an amendment to the Subordinated Bond Resolution (as if such incorporated provisions were set out in full in the Subordinated Bond Resolution).

1.12. Section 6.14 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 6.14 Maintenance of Existence. The City (a) shall, subject to Section 716 of the Senior Bond Resolution, maintain its existence pursuant to the laws of the State and shall maintain the System's existence pursuant to the laws of the State and (b) except as permitted under the Bond Resolution shall not (i) liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or substantially all of the System, its property, assets or business, or combine, merge or consolidate with or into any other entity or (ii) directly or indirectly, incur, create or permit to exist any Lien on all or any part of the security provided by the Bond

Resolution. other than Liens created under and in accordance with the term of the Bond Resolution and this Agreement.

1.13. Section 7.01(i) of the Agreement is hereby amended and restated in its entirety to read as follows:

(i) (A) any material provision of this Agreement or any Financing Document (including without limiting the generality of the foregoing, Section 5.01(1) of the Subordinated Bond Resolution) affecting the ability or the obligation of the City to pay when due, the payments due on the Subordinated Bonds (including the 2022 Bonds) shall at any time cease to be valid and binding on the City or the Authority (so long as the Charter Amendment is in effect) as a result of a final, non-appealable judgment of a court of competent jurisdiction or by any Governmental Authority having jurisdiction, or (B) the City or the Authority (so long as the Charter Amendment is in effect) shall have taken or permitted to be taken any official action, or shall have duly enacted any ordinance, which would invalidate, render null and void or make unenforceable any provision of this Agreement, the Bond Resolution or the 2022 Bonds;

1.14. Section 9.04 of the Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 9.04. Amendments and Waivers. Any provision of this Agreement or the 2022 Bonds may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by an Authorized Officer of the City (or, for so long as the Charter Amendment remains in effect, an Authorized Officer of the Authority) and the Bank. Each party to this Agreement agrees that it will not rely on any course of dealing, course of performance or oral or written statement by any representative of any other party that does not comply with this Section to effect an amendment, modification, supplement, extension, termination or waiver to departure from the provisions of this Agreement or any Financing Document or any consent thereto.

1.15. By executing and delivering this Amendment, the Authority hereby becomes a party to the Agreement and shall observe and perform the obligations and agreements of the City under the Agreement as and to the extent provided therein and herein. The Authority (i) hereby represents and warrants that it has received a complete copy of the Agreement, (ii) hereby represents and warrants that it has fully reviewed each and every provision of the Agreement and discussed the same with legal counsel selected by the Authority, (iii) agrees to observe and perform all of the obligations and agreements of the City set forth in Article VI of the Agreement to the extent applicable to the Authority and its governance, operation, management, and control of the System, including, without limitation, Sections 6.01, 6.02, 6.04, 6.06, 6.07, 6.08, 6.10, 6.16 and 6.18 thereof, (iv) hereby acknowledges and agrees that the Tender Events set forth in Section 7.01 of the Agreement shall apply to both the City and Authority such that each of the City and the Authority shall be deemed to be the "City" for purposes thereof and (v) and hereby acknowledges

and agrees that the Authority shall perform and comply with the covenants, agreements and provisions set forth in the Resolutions, the Authority Resolution and the Transitional Resolution and in each case such covenants, agreements and provisions, together with the related definitions of terms contained therein, are hereby incorporated by reference in the Agreement with the same effect as if each and every such provision were set forth therein in its entirety.

SECTION 2. CONDITIONS PRECEDENT; BANK COUNSEL FEE;

2.01 This Amendment shall become effective on the Amendment Date subject to the satisfaction of or waiver by the Bank of all of the following conditions precedent:

(a) Receipt by the Authority and the Bank of a fully executed copy of this Amendment.

(b) Receipt by the Bank of an opinion of counsel to the Authority, addressed to the Bank and in form and substance satisfactory to the Bank and its counsel as to the due authorization, execution, delivery and enforceability of this Amendment, the Agreement, as amended hereby, the Transitional Resolution, Authority Transitional Resolution and the 2024 Resolution.

(c) Receipt by the Bank of a certificate attaching copies of the Transitional Resolution, Authority Transitional Resolution and the 2024 Resolution, and including specimen signatures of the persons authorized to execute such documents on the Authority's behalf, which certificate, dated the date hereof, shall state that such resolutions are in full force and effect on the date hereof and have not been amended or supplemented in any manner.

(d) Receipt by the Bank of a certificate of the System's financial advisor that the Rate Adjustment, Tax-Exempt Applicable Spread, Taxable Applicable Spread, Unused Fee, Maturity Date and Termination Date are advantageous to the City and commercially reasonable.

(e) No Potential Tender Event or Tender Event shall have occurred and be continuing or would result from the execution of this Amendment.

2.02 The Authority agrees to pay Chapman and Cutler LLP, legal counsel to the Bank ("Bank Counsel") within thirty (30) days of receipt of an invoice from Bank Counsel legal fees and expenses of Bank Counsel not to exceed \$_____.

SECTION 3. REPRESENTATIONS AND WARRANTIES.

3.01. The City and the Authority with respect to governance, operation, management, and control of the System, each hereby represents and warrants that the following statements are true and correct as of the date hereof:

(a) the representations and warranties contained in Article V of the Agreement and in each of the Financing Documents are true and correct on and as of the date hereof as though made on and as of such date (except with respect to the representations and

warranties contained in Section 5.01 and 5.02 of the Agreement which shall be deemed to refer to the most recent financial statements of the City delivered to the Bank pursuant to Section 6.18 of the Agreement and Effective Date shall mean the date hereof); and

(b) no Potential Tender Event or Tender Event has occurred and is continuing or would result from the execution of this Amendment.

3.02. The Authority hereby represents and warrants as follows:

(a) The execution, delivery and performance by the Authority of this Amendment and the performance by the Authority of this Amendment and the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the Authority.

(b) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Authority of this Amendment or the performance by the Authority of this Amendment and the Agreement, as amended hereby.

(c) This Amendment has been duly executed and delivered and this Amendment and the Agreement, as amended hereby, constitute legal, valid and binding obligations of the Authority as a unit of the City enforceable against the Authority as a unit of the City in accordance with their respective terms, except to the extent that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation of the Authority, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

3.03. The City hereby represents and warrants as follows:

(a) The execution, delivery and performance by the City of this Amendment and the performance by the City of this Amendment and the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the City.

(b) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the City of this Amendment or the performance by the City of this Amendment and the Agreement, as amended hereby.

(c) This Amendment has been duly executed and delivered by an Authorized Officer of the City and this Amendment and the Agreement, as amended hereby, constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except to the extent that (i) the enforcement thereof may be

limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation of the City, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

SECTION 4. MISCELLANEOUS.

4.01. Effect of Amendment. Except as specifically amended herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Bank under the Agreement or any Financing Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Agreement or any Financing Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect in accordance with their original terms. Nothing herein shall be deemed to entitle the City or the Authority to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Agreement or any other Financing Document in similar or different circumstances after the date hereof. On and after the Amendment Date, (x) all references in the Agreement to "this Agreement", "herein", "hereunder" and words of like import, and all references in any Financing Document to the Agreement, "therein" and words of like import, shall mean and be references to the Agreement as amended by this Amendment, (y) this Amendment shall be a Financing Document for all purposes under the Agreement and the other Financing Documents and (z) all references in the Agreement or any Financing Document to "the Financing Documents", "therein" or words of like import shall mean and be a reference to this Amendment and the other Financing Documents.

4.02. References to the Agreement. Reference to this specific Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement, any Financing Document or any communication issued or made subsequent to or with respect to the Agreement, it being hereby agreed that any reference to the Agreement shall be sufficient to refer to the Agreement, as hereby amended.

4.03. Ratification and Reaffirmation. The Authority, on behalf of itself and as a unit of the City, acknowledges and agrees that the Agreement and each of the Financing Documents are and shall continue to be in full force and effect, as specifically amended by this Amendment, and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Authority, on behalf of itself and as a unit of the City, hereby agrees that the collateral described in the applicable Financing Documents do and shall continue to secure the Obligations under the Agreement as amended hereby to the extent provided in such Financing Documents, each of which is hereby ratified and confirmed in all respects. This Amendment amends the Agreement but is not intended to be or operate as a novation or an accord and satisfaction of the Agreement or any other Financing Document or the indebtedness, obligations and liabilities of the City evidenced or provided for thereunder. This Amendment does not extinguish the obligations for the payment of money outstanding under the Agreement or any other Financing Document or discharge or release the obligations or the liens or priority of any pledge or any other security therefor.

4.04. Severability of Provisions. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby.

4.05. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Amendment shall be deemed to be a contract under, and shall be governed by, and construed and interpreted in accordance with, the law of the State of Florida and applicable federal law without regard to choice of law rules.

4.06. Counterparts; Execution. This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Amendment may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

4.07. Headings. Section headings used in this Amendment are for reference only and shall not affect the construction of this Amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers hereunto duly authorized as of the Amendment Date.

The City of Gainesville, Florida,
and the Gainesville Regional Utilities Authority,
as a unit of city government of the City

By: _____
Name: _____
Title: _____

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: Helen Martin
Title: Senior Vice President

#509877991_v7 136433.00036

U.S. Bank Revolving Line of Credit Amendment and Extension

December 11 2024

Executive Summary

- GRU's liquidity structure is vital to our financial profile
- Liquidity programs provide access to resources to address unforeseen financial events or to assist in funding short-term capital needs
- They are central to maintaining GRU's financial and operational flexibility, and are viewed favorably by the rating agencies as they augment our days cash and liquidity metrics

Executive Summary

- As part of GRU's liquidity structure, in April of 2022 GRU entered into a credit agreement with U.S. Bank National Association for a \$150 million revolving line of credit
- At the time this line of credit replaced \$150 million in authorized but unissued commercial paper line, \$125 million of which was tax-exempt and \$25 million of which was taxable
 - Governance issues are continuing to create credit uncertainty with our counterparties which translates to potentially higher financing costs
- The revolving line of credit features:
 - Daily access to funds vs the 30-45 day time frame of commercial paper issuance
 - Flexibility to designate any portion of the \$150 million available as either tax-exempt or taxable

Executive Summary

- The decision to amend and extend the agreement is driven by two factors:
 - Publishing of the current interest rate index for the agreement , the Bloomberg Short-Term Yield Index (“BSBY”) ceased on November 15, 2024
 - The current agreement is set to expire in April of 2025
- Working with our financial advisor and bond counsel, GRU has negotiated an extension to the maturity date of the agreement as well as a modification of the applicable interest rate index.
 - The proposed amendment will extend the life of the agreement three years
 - The new interest rate index will be the “Monthly Reset Term Secured Overnight Financing Rate (SOFR)”

Recommendation

Recommendation

The Gainesville Regional Utility Authority approve the resolution authorizing the amendment of the \$150 million revolving line of credit agreement with U.S. Bank National Association

Appendix

Liquidity Facilities

Liquidity Facilities							
Series	Series Type	Facility	Term Date	Fee	Remarketing Agent	Par (000) O/S or LOC	Comments
2012 B*	Daily VRDO	Truist	4/24/2027	43 bps	JPMorgan	88,545	SBPA
2018 A (LOC)	Tax-Exempt LOC	SunTrust	11/21/2027	25 bps	NA	25,000	LOC
2019 C	Daily VRDN	BofA	4/25/2025	34 bps	BofA	66,745	LOC
2020 A (LOC)	Taxable LOC	Truist	11/21/2027	30 bps	NA	50,000	LOC
2022A/B Revolver Facility	A - TE B - Tax	USBank	4/29/2025	17 bps	NA	150,000	Revolver Facility LOC



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2024-920

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-920 Gas Prepay Transaction Resolution (B)

Department: Budget, Finance, and Accounting

Description: At its November 6, 2024, meeting, GRUA authorized the CEO or his designee to negotiate and execute a natural gas prepay agreement subject to certain execution parameters. Based on this authorization, attached is a proposed resolution which approves a natural gas supply agreement with Municipal Gas Authority of Georgia respecting a natural gas prepayment with Main Street Natural Gas.

Fiscal Note: Expected savings from the first segment of this transaction are 46 cents per MMBTU committed to the transaction.

Recommendation: GRUA adopt the proposed resolution.

RESOLUTION GAINESVILLE REGIONAL UTILITIES AUTHORITY, A UNIT OF CITY GOVERNMENT OF THE CITY OF GAINESVILLE, FLORIDA, APPROVING THE EXECUTION, DELIVERY AND PERFORMANCE OF ONE OR MORE NATURAL GAS SUPPLY AGREEMENTS WITH MUNICIPAL GAS AUTHORITY OF GEORGIA, AND OTHER DOCUMENTS RESPECTING NATURAL GAS PREPAYMENT TRANSACTIONS WITH MAIN STREET NATURAL GAS; AND FOR OTHER PURPOSES

WHEREAS, the Charter of the City of Gainesville, Florida (the "City") being Chapter 12760, Laws of Florida, as amended by Chapter 90-394, Laws of Florida was amended pursuant to House Bill 1645 and codified by Chapter No. 2023-348, Laws of Florida (the "Charter Amendment"), which such Charter Amendment, among other things, added Article VII to the Charter and thereby created the Gainesville Regional Utilities Authority (the "Authority"); and

WHEREAS, the City Commission of the City (the "City Commission") adopted Resolution No. 2023-1186 on December 22, 2023 (the "Transitional Resolution") to effectuate the orderly transition of the governance, operation, management, and control of all utility systems, properties and assets related to the electric utility, water utility system, wastewater utility system, natural gas utility system, communications utility system (collectively, the "System"), doing business as the Gainesville Regional Utilities, to the Authority; and

WHEREAS, the Authority is expressly authorized pursuant to the Charter Amendment to, among other things, enter into agreements for the future delivery of fuel or other commodities; and

WHEREAS, the System was formed, among other reasons, to acquire secure, reliable and adequate long-term supplies of natural gas for resale to governmentally owned customers for ultimate delivery to the residential, commercial, institutional, and industrial consumers in their areas of service and to achieve cost savings, economies of scale and reliability of supply; and

WHEREAS, the System has a need for gas supplies; and

WHEREAS, Municipal Gas Authority of Georgia (the "Gas Authority") is participating in, and developing new, natural gas prepayment transactions from time to time with Main Street Natural Gas, Inc. ("Issuer") from the proceeds of certain tax-exempt bonds (each a "Prepayment Project"); and

WHEREAS, neither the Authority nor the City shall have any financial liability with respect to the tax-exempt bonds to be issued by the Issuer and the only obligation of the Authority, as a unit of the City government, shall be to make payments for natural gas deliveries made pursuant to the Agreement (as defined herein);

WHEREAS, the Gas Authority and the Authority have caused to be prepared forms of Base Contract for Sale and Purchase of Natural Gas, Special Provisions to the NAESB Base Contract between the Gas Authority and the Authority, which modifies and supplements the NAESB Standard 6.3.1 Base Contract for the Sale and Purchase of Natural Gas (the "Base Contract") with the special provisions contained therein ("Special Provisions") and the Transaction Confirmation for Immediate Delivery (collectively, the "Agreement"), forms of which are attached hereto, all as appropriate to Issuer's tax-exempt financing of its prepaid deliveries from one or more Prepayment Projects, for a term of approximately 30 years, providing for the purchase by the Authority of not to exceed 50% of its projected average daily load, with not less than a \$0.30/MMBtu discount, for the initial term of the transaction, net of administrative fees (collectively, the "Purchase Terms"); and

WHEREAS, the Base Contract, including the General Terms and Conditions thereto, as modified by the Special Provisions, shall apply to all confirmed transactions between the Gas Authority and the Authority for the purchase and sale of gas unless otherwise specifically stated in a written confirmation executed by both parties; and

WHEREAS, the Authority will pay for gas supplies delivered pursuant to an Agreement only if and as such supplies are delivered; and

WHEREAS, the City Commission adopted on September 21, 2017, its Resolution No. 170395 incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution adopted by the City on September 21, 2017 (the "Bond Resolution"); and

WHEREAS, pursuant to the Transitional Resolution, the City Commission authorized the Authority to, among other things, take all actions on behalf of the City under the Bond Resolution; and

WHEREAS, the purchase of gas delivered and paid by the Authority and all other fees, costs and expenses related thereto shall be an Operation and Maintenance Expense under the Bond Resolution;

NOW, THEREFORE, BE IT RESOLVED by the Authority, a unit of city government of the City, that the Agreement, and the Purchase Terms, transactions, purchases and obligations represented thereby, are hereby approved in substantially the form of the Agreement, forms of which are attached hereto, and the Chief Executive Officer/General Manager of the Authority, the Chief Financial Officer of the Authority, or any other officer, employee or agent of the City or the Authority pursuant to the Charter authorized to perform specific acts or duties by resolution duly adopted by the Authority (the "Authorized Officers"), or any of them, are hereby authorized to finalize one or more Agreements from time to time within the parameters of the Purchase Terms with such changes, additions, and deletions as are required, in their sole discretion, to complete the Agreement, and the execution of the Agreement by any Authorized Officer shall be conclusive evidence of any such approval; and

FURTHER RESOLVED that, when each such Agreement is so finalized, the Authorized Officers, or any of them, are hereby authorized to execute and deliver such Agreement in as many counterparts as may be required; and

FURTHER RESOLVED that the Authorized Officers, or any of them, are hereby authorized to execute and deliver all such additional certificates, documents and other instruments reasonably required or desirable to complete the transactions contemplated by each Agreement, including but not limited to any necessary tax certificates or documents necessary to evidence the Authority's compliance with any tax or continuing disclosure requirements arising as a result of the Authority's execution of the Agreement or as reasonably required.

PASSED AND ADOPTED IN PUBLIC SESSION OF THE GAINESVILLE REGIONAL UTILITIES AUTHORITY, THIS 11th DAY OF DECEMBER, 2024.

GAINESVILLE REGIONAL UTILITIES
AUTHORITY

By: _____
Chairman

APPROVED AS TO FORM AND
LEGALITY:

By: _____
Utilities Attorney

Exhibit
Gas Supply Agreement

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: December 18, 2024. The parties to this Base Contract are the following:

MUNICIPAL GAS AUTHORITY OF GEORGIA Duns Number: 183909514 Contract Number: _____ U.S. Federal Tax ID Number: 58-762484		GAINESVILLE REGIONAL UTILITIES AUTHORITY Duns Number: _____ Contract Number: _____ U.S. Federal Tax ID Number: _____	
<u>Notices:</u> 104 Town Park Drive, Kennesaw, GA 30144 Attn: Jeff Billings Phone: 404-444-3043 jbillings@gasauthority.com		<u>Notices:</u> 	
<u>Confirmations:</u> 104 Town Park Drive, Kennesaw, GA 30144 Attn: Jeff Billings Phone: 404-444-3043 supply@gasauthority.com		<u>Confirmations:</u> 	
<u>Invoices and Payments:</u> 104 Town Park Drive, Kennesaw, GA 30144 Attn: Dianna Bullock Phone: 678-819-0915 dbullock@gasauthority.com		<u>Invoices and Payments:</u> 	
<u>Wire Transfer or ACH Numbers (if applicable):</u> BANK: Wells Fargo Bank, N.A. ABA: 121000248 ACCT: 2000132133254 Other Details: to be specified pursuant to the relevant Transaction Confirmation		<u>Wire Transfer:</u> Other Details:	
This Base Contract incorporates by reference for all purposes the General Terms and conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the; parties fail to check a box, the specified default provision shall apply. <u>Select only one box from each section.</u>			
Section 1.2 Transaction Procedure	<input type="checkbox"/> Oral (default) <input checked="" type="checkbox"/> Written	Section 7.2 Payment Date	<input type="checkbox"/> 23 rd Day of Month following Month of delivery (default) <input checked="" type="checkbox"/> 19 th Day of Month following Month of delivery
Section 2.7 Confirm deadline	<input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> _____ Business Days after receipt	Section 7.2 Method of Payment	<input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH)

			<input type="checkbox"/> Check
Section 2.8 Confirming Party	<input checked="" type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input type="checkbox"/> _____	Section 7.7 Netting	<input type="checkbox"/> Netting applies (default) <input checked="" type="checkbox"/> Netting does not apply
Section 3.2 Performance Obligation	<input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages	<input type="checkbox"/> Early Termination Damages Apply (default) <input checked="" type="checkbox"/> Early Termination Damages Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding. Section 2.31 <input checked="" type="checkbox"/> Gas Daily Midpoint (default) Spot Price Publication		Section 10.3.2 Other Agreement Setoffs	<input type="checkbox"/> Other Agreement Setoffs Apply (default) <input checked="" type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 Taxes	<input checked="" type="checkbox"/> Buyer Pays at and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 15.5 Choice of Law	New York, except as specified in the relevant Transaction Confirmation
		Section 15.10 Confidentiality	<input checked="" type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

MUNICIPAL GAS AUTHORITY OF GEORGIA _____ Name: Title: Date:	GAINESVILLE REGIONAL UTILITIES AUTHORITY _____ Name: Title: Date:
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SPECIAL PROVISIONS TO THE NAESB BASE CONTRACT

between

MUNICIPAL GAS AUTHORITY OF GEORGIA

and

GAINESVILLE REGIONAL UTILITIES AUTHORITY

Dated as of

December 18, 2024

Municipal Gas Authority of Georgia ("Seller") and the Gainesville Regional Utilities Authority ("Buyer") hereby agree effective this 1st day of December 18, 2024, to modify and supplement the NAESB Standard 6.3.1 Base Contract for the Sale and Purchase of Natural Gas (the "Base Contract") with the special provisions contained herein ("Special Provisions"). The Base Contract, including the General Terms and Conditions thereto, as modified by the Special Provisions, shall apply to all confirmed transactions between the parties for the purchase and sale of Gas unless otherwise specifically stated in a written confirmation executed by both parties. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Base Contract.

SECTION 1. PURPOSE AND PROCEDURE

Section 1.3 shall be amended by deleting the sentence: "The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation."

SECTION 6. TAXES

Section 6 shall be amended by adding "Failure by either party to furnish such documentation shall not give rise to an Event of Default under this Contract." to the end of the procedure the parties selected and as indicated on the Base Contract.

SECTION 7. BILLING, PAYMENT, AND AUDIT

Section 7 shall be amended by adding "Except as set forth in Section 3.2," to the beginning of such Section."

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

Section 8.3 shall be amended by adding "To the extent permitted by law," to the beginning of each sentence in such Section.

SECTION 10. FINANCIAL RESPONSIBILITY

Section 10.1 is replaced with the following:

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y or Its Guarantor, if applicable), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to cash, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or guaranty. Y hereby grants to X a continuing security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Y to X pursuant to this Section 10.1. Such security interest shall be secondary to any security interest already provided by Y to bondholders or other creditors with respect to the assets comprising the Adequate Assurance of Performance. Upon the return by X to Y of such Adequate

Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party.

SECTION 15. MISCELLANEOUS

Section 15.11 shall be amended by replacing this section in its entirety with the following: "Any dispute relating to the Contract shall be resolved by binding, self-administered arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association ("AAA") and all such proceedings shall be subject to the Federal Arbitration Act. A single arbitrator shall be selected under the expedited rules of the AAA. Only damages allowed pursuant to the Contract may be awarded."

A new Section 15.13 is added:

"This Contract is entered into for the sale of Gas by Seller to Buyer that Seller has purchased from certain suppliers from time to time. Seller intends to prepay the purchase price of the Gas purchased from such suppliers pursuant to gas purchase agreements (the "Prepayment") from the proceeds of its bonds issued from time to time (the date of issuance of any such series of bonds, the "Issue Date") with the intention that the interest on such bonds will be excludable from the gross income of the holders, of such Bonds under the provisions of the Internal

Revenue Code of 1986, as amended (the "Code"). Accordingly, Buyer represents and warrants that:

(a) it is a unit of city government of the City of Gainesville, Florida a municipal corporation of the State of Florida and owns and operates retail and wholesale electric and gas systems. Buyer is authorized to purchase Gas under this Contract and is a "governmental person" as defined in Treasury Regulation Sec. 1.141-1(b). Buyer is authorized to purchase Gas under this Contract.

(b) it is acquiring Gas under this Contract either (i) for resale by a utility or utilities owned by Buyer or another governmental unit or units providing Gas transmission or distribution services or (ii) for the generation of electricity by a utility or utilities owned by Buyer or another governmental unit or units providing electricity distribution services (each such utility referred to herein as the "Utility").

(c) the amount of Gas permitted to be acquired under the Contract on behalf of each Utility during any year does not exceed:

(i) the annual average amount of Gas purchased (other than for resale) during the most recent 5 calendar years ended prior to the Effective Date (the "Testing Period") by customers of the Utility located in the Utility's Gas or electric service area, provided that Gas used to generate electricity shall be taken into account only to the extent that the electricity is sold (other than for resale) to customers of the Utility located in the Utility's service area, and

(ii) the amount taken into account under this clause shall not exceed the annual amount of Gas reasonably expected to be purchased (other than for resale) by persons who are located within the Utility's service area and who, as of the Effective Date, are customers of the Utility, plus

(iii) the amount of Gas to be used to transport the Gas acquired under the Contract to the Utility during such year, less the Gas held by the Utility on the Effective Date allocable to such year if such Gas were allocated ratably over the five year period beginning on the Effective Date, less the Gas (not taken into account in clause (iii)), which the Utility has a right to acquire during such year, determined as of the Effective Date.

For purposes of this section, the Utility's service area means (i) any area throughout which the Utility provided Gas or electricity distribution services, at all times during the Testing Period; (ii) any area within a county contiguous to the area described in clause (i) in which retail customers of the Utility are located if such area is not also served by another utility providing Gas or electricity services and (iii) any area recognized as the service area of the Utility under State or Federal law. Buyer shall cooperate with Seller to furnish such commercially reasonable or legally required information, certificates and representations as may be reasonably requested to establish and demonstrate that this Contract is a "qualified natural gas supply contract" within the meaning of Code § 148(b)(4).

(d) Buyer and each Utility has not and shall not engage in any intentional act (which specially excludes good faith projections) to render the volume of Gas purchased under this Contract to be in excess of the sum of: (i) the amount of Gas needed (other than for resale) by customers of the Utility located in the Utility's service area, including Gas used by the Utility to generate electricity needed (other than for resale) by customers of the Utility located in the Utility's service area, and (ii) the amount of Gas used to transport such Gas to the Utility.

(e) The Gas purchased under this Contract and, to the extent used by a Utility to generate electricity, the Gas or electricity shall not be resold to persons who are not governmental persons except for (i) Gas or electricity resold to retail customers on the basis of rates that are generally applicable and uniformly applied, (ii) Gas or electricity resold to retail customers pursuant to contracts other than take contracts, or take or pay contracts, under which a customer agrees to purchase all or part of its output requirements, provided that such requirements contracts do not obligate the purchaser to have output requirements or to make payments that are not contingent on its output requirements (other than provisions requiring the purchaser to pay reasonable and customary damages in the event of a default, or permitting the purchaser to pay a specified amount to terminate the contract while the purchaser has requirements, so long as the amount of such payments is reasonably related to the purchaser's obligation to buy requirements that is discharged thereby), or (iii) other arrangements approved in a Favorable Opinion of Bond Counsel (as such term shall be defined in the respective Trust Indentures relating to any bonds of Issuer as described herein).

(f) Buyer shall cooperate with Seller to furnish such commercially reasonably or legally required information, certificates and representations as may be reasonably requested to establish and demonstrate that the arrangements for the sale of Gas purchased under this Contract and, to the extent used by a Utility to generate electricity, the arrangements for the sale of the electricity, do not meet the private business tests under § 1.141-3 or § 1.141-7(c)(1) of the Treasury Regulations, as amended. Initially, satisfaction with the tax covenants contained herein, including satisfaction of Sections (d) and (e) above, shall be documented through the delivery by Buyer to Seller of a compliance certificate in substantially the form attached hereto as Exhibit A by the 15th day of each month for the previous month of gas flow. Gas delivered hereunder shall be considered the first gas supply delivered (or used to generate electricity delivered) to Buyer's retail gas or electric customers for purposes of satisfaction of Sections (d) and (e) above, except for tax-exempt financed gas that is already under contract as of the Effective Date hereof. Buyer shall use its best efforts to (1) provide advance notice to the Seller of any circumstance that may prevent satisfaction of the tax covenants contained herein, including satisfaction of Section (d) and (e) above, and shall use commercially reasonable efforts to (2) remediate such non-compliance promptly if it is unable to prevent such circumstance from occurring, including, without limitation, taking additional Gas volumes under terms necessary to effect remediation. Buyer shall use its commercially reasonable efforts to purchase additional Gas supplies from Seller in the future so that Issuer can purchase such Gas from prepayment suppliers as necessary such that the interest on the Issuer's bonds shall remain excludable from the gross income of the holder of such bonds under the provisions of the Internal Revenue Code of 1986, as amended.

- (f) this Contract constitutes the valid and binding obligation of Buyer enforceable against it in accordance with its terms;
- (g) the execution, delivery, and performance of this Contract will not cause Buyer to be in violation of any other agreement or any law, regulation, order, or court process or decision to which it is a party or by which it or its properties are bound or affected;
- (h) no litigation, action, or proceeding by or before any governmental authority has been instituted or threatened against Buyer which might restrain, prohibit, or invalidate this Contract or the performance by Buyer of its obligations hereunder; and
- (i) each representation and warranty under this Contract shall survive any delivery and payment under and termination of this Contract.”

A new Section 15.14 is added:

“Though initially unnecessary, the Buyer shall provide to the Seller, in such form as shall be reasonably requested by the Seller, any and all commercially reasonably or legally required documents, releases, financial statements and other information necessary to enable the Seller and Issuer to comply with any disclosure or other reporting requirement, including but not limited to Rule 15c2-12 of the Securities and Exchange Commission, now or hereafter imposed by the United States of America, the State of Georgia, or any political subdivision or agency of either having jurisdiction over the Buyer, the Seller or the issuance and sale of the Seller’s bonds or other debt obligations, by law, judicial decision, regulation, rule or policy. Such information shall be provided by the Buyer from time to time as requested by the Seller, but in any case, no less frequently than shall enable the Seller to comply with any such law, judicial decision, regulation, rule or policy.”

A new Section 15.15 is added:

“The Buyer hereby agrees that it shall at all times maintain rates, fees and other charges for its gas supply or electricity services to its members or customers as shall be sufficient to provide revenues in each fiscal year, together with other available funds, to pay all amounts due as they come due under this Contract, together with all other obligations of Buyer, and Buyer shall promptly enforce the payment of all material accounts due and owing to Buyer.”

A new Section 15.16 is added:

“The Buyer hereby agrees that all amounts payable by the Buyer hereunder shall constitute costs of purchased gas and, as such, an operating expense of the Buyer’s gas or electric systems, payable ahead of revenue obligations of the Buyer having a lien on Buyer’s net Gas or electric revenues.”

IN WITNESS WHEREOF, the parties have executed these Special Provisions in duplicate.

MUNICIPAL GAS AUTHORITY OF GEORGIA

By : _____

GAINESVILLE REGIONAL UTILITIES AUTHORITY

By: _____

Exhibit A

Monthly Tax Compliance Certificate

**TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY**

Date: December 18, 2024

Transaction Confirmation #: _____

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated as of December 18, 2024. The terms of this Transaction Confirmation are binding upon execution unless otherwise specified in the Base Contract.

SELLER:

MUNICIPAL GAS AUTHORITY OF GEORGIA
("Seller" or "Gas Authority")

104 TownPark Drive, Kennesaw, GA 30144

BUYER:

GAINESVILLE REGIONAL UTILITIES AUTHORITY
("Buyer" or "Customer")

Attn: Jeff Billings

Phone: (770) 590-1000

Fax: 678-819-0948

EMAIL: jbillings@gasauthority.com

Base Contract No.

Transporter:

Transporter Contract Number:

Contract Price: Spot Index minus \$0.52/MMBtu Discount plus the Index Premium as defined herein under Section 15H below. The Discount is subject to change as provided in Section 15I(2) below.

Delivery Period: Begin: April 1, 2025 End: March 31, 2054, subject to Section 15A and Section 15I below.

Performance Obligation and Contract Quantity:*

Firm: Contract Quantity in MMBtu per day as set forth in Exhibit A.

Delivery Point(s):

See Exhibit A hereto for volumes and delivery points.*

*Pursuant to a certain Natural Gas Supply Agreement, dated as of December 1, 2024, between Seller and Main Street Natural Gas, Inc. ("Main Street"), the volumes to be delivered to Buyer hereunder, as reflected in Exhibit A attached hereto, shall be sourced from Main Street's hereinafter defined Citi2024E Gas Purchase Agreement. Buyer has executed a Qualified Use Certificate in accordance with its purchase of the Gas from Seller under this Transaction Confirmation. A copy of such Qualified Use Certificate is attached to this Transaction Confirmation as Exhibit C and is a part of it and this Contract.

Special Conditions:

The following Special Conditions shall apply to the transaction set forth in this Transaction Confirmation:

Amendment to Section 1.3 to the Base Contract:

The second sentence of this paragraph is revised to read: "For a Transaction Confirmation using NAESB WGO Standard No. 6.4.2 dataset sent via ECS, the receiving party shall notify the sending party via ECS of receiving party's acceptance or dispute of the Transaction Confirmation."

Amendment to Section 3.2 of the Base Contract:

Subsection (ii) of Section 3.2 (Cover Standard) of the Base Contract is hereby amended to provide that, in the case of a breach by Buyer, Buyer's payment to Seller, if any, shall be determined using the Cover Standard and the 'Spot Index' as defined herein under new Section 15B.

Amendment to Section 7.1 to the Base Contract:

Section 7.1 is hereby amended by deleting the first sentence and inserting in lieu thereof a new first sentence to read in its entirety as follows:

"Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged, on the 15th day of each Month. For the avoidance of doubt, Buyer shall have no duty to pay Seller for Gas not delivered and received, including any Gas not delivered and received due to, force majeure or default by the Supplier under the Citi2024E Gas Purchase Agreement (as hereinafter defined in Section 15A below)."

Amendment to Section 7.4 to the Base Contract:

Section 7.4 is hereby amended by deleting Section 7.4 in its entirety and inserting in lieu thereof new Section 7.4 to read as follows:

"The invoiced party shall pay the invoice in full, including any disputed amounts, but excluding disputed amounts, if any, in excess of the Contract Price multiplied by the scheduled Gas deliveries for the prior month to which such invoice relates (e.g., such excluded, excess amounts include excess replacement costs and penalties). After such payment, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practices to support the amount paid and disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy at law or in equity, including but not limited to mandamus, to enforce its rights pursuant to this Section. The payment obligations of the Buyer under this Contract shall be absolute and unconditional without right of recoupment or setoff, and without regard to the existence of any claim, defense, reduction, abatement or other right to which the Buyer may have at any time against the Seller, including without limitation any defense related to force majeure."

Amendment to Section 8.3 to the Base Contract:

Section 8.3 is hereby amended by inserting the following language at the beginning of the second sentence thereof:

"To the extent permitted by law,"

In addition, the following is added to Section 8.3 after the second sentence thereof: "Notwithstanding the foregoing, to the extent that any such proceeding seeks enforcement based on tort or similar claim, in such case such defense is available only to the extent set forth under Section 768.28, Florida Statutes or other similarly applicable provision of law."

Amendment to Section 10.2 to the Base Contract:

Section 10.2 is hereby amended by deleting the period at the end thereof and inserting the following language: "; provided, however, that with respect to any Event of Default described in clauses (i) through (viii) above where Buyer is the Defaulting Party, Seller shall notify Buyer on the 19th Day of the Month that Seller shall, on the tenth Business Day following such Notice, withhold and/or suspend deliveries or payments and terminate or liquidate the transactions under this Contract in the manner provided in Section 10.3 of this Contract."

Amendment to Section 10.6 of the Base Contract:

Section 10.6 of the Base Contract is deleted in its entirety and replaced with a new Section 10.6 to read in its entirety as follows:

"The Non-Defaulting Party's remedies under this Section 10, those remedies expressly provided for in this Transaction Confirmation and any derivative rights of Buyer under the Citi2024E Gas Purchase Agreement (as hereinafter defined) are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date."

Amendment to Section 15.2 to the Base Contract:

Section 15.2 is hereby amended by deleting the period at the end thereof and inserting the following language: "; provided, however, that if such severability materially changes the economic benefits or risks of this Contract to either Party, the Parties shall negotiate in good faith and attempt to agree to an equitable adjustment to the provisions of this Contract to replicate to the best of their ability the economic benefits and risks of this Contract to both Parties."

Amendment to Section 15.5 to the Base Contract:

Section 15.5 is deleted in its entirety and replaced with a new Section 15.5 to read in its entirety as follows:

"This Contract shall be interpreted in accordance with the laws of the State of New York without regard to principles of law that would require the application of the laws of another jurisdiction, except that interpretation of the Contract with respect to the powers of Buyer shall be interpreted in accordance with the laws of the Buyer's state of organization without regard to principles of law that would require the application of the laws of another jurisdiction."

A new Section 15A is added to the Base Contract:

"Source of Supply. This Transaction Confirmation is entered into for the sale of gas by Seller to Buyer that Seller has purchased from Main Street, which Main Street has purchased from Citi Prepaid Energy LLC ("Citi" or "Supplier") under a certain Prepaid Natural Gas Purchase and Sale Agreement, between Main Street and Supplier, dated December , 2024 (the "Citi2024E Gas Purchase Agreement"). Main Street has paid the purchase price of the gas under the Citi2024E Gas Purchase Agreement from the proceeds of its Gas Supply Revenue Bonds, Series 2024E (the "Bonds") issued pursuant to a Trust Indenture, dated as of December 1, 2024, between Main Street and U.S. Bank National Association, as trustee (the "Trustee"). The Seller's duty to deliver, and Buyer's duty to purchase, Gas to be delivered by Main Street from the Supplier pursuant to this Contract shall be terminated by Seller or Buyer, in whole or in part, upon the occurrence of an early termination of the Citi2024E Gas Purchase Agreement, in whole or in part, notwithstanding any other provision herein to the contrary, and any such termination by Seller or Buyer shall not constitute a breach of this Contract or a default under this Contract, such that in any such event, no early termination damages shall be owed by either Seller or Buyer under Section 10.3.1. In addition, any invocation of force majeure by the Supplier under the Citi2024E Gas Purchase Agreement shall automatically support an invocation of force majeure by Seller under this Contract and shall constitute an event of Seller force majeure."

A new Section 15B is added to the Base Contract:

"Pricing. The Contract Price under this Transaction Confirmation shall be the Index-based price as stated in this Transaction Confirmation. 'Spot Index' means, for a Delivery Point for any Month, the index price per MMBtu, stated in U.S. dollars, as published in the first issue for the Month (including corrections thereto in later issues) in which the event occurred that required calculation of the index price, of *Inside FERC's Gas Market Report*, a publication of S&P Global Platts, a division of S&P Global, in the section "Monthly Bidweek Spot Gas Prices (\$/MMBtu)", under the heading for such Delivery Point as is specified on Exhibit A hereto. If *Inside FERC's Gas Market Report* should cease to publish such first-of-the-month index prices or should cease to be published entirely, the Spot Index Price for a Delivery Point shall be the price per MMBtu, stated in U.S. dollars, for Gas to be delivered at such Delivery Point during the applicable Month as set forth in an alternative index as determined by Seller related to the Citi2024E Gas Purchase Agreement."

A new Section 15C is added to the Base Contract:

"Annual Returns. In addition to the monthly discount applicable to deliveries hereunder, Seller will provide such Annual Refund to Buyer as may be available for distribution following distribution of refunds to Seller by Main Street pursuant to the Indenture. Such Annual Refund, if any, will be paid by Seller to Buyer and the other Project Participants (Seller and other Customers, as defined in the Indenture) as soon as practicable following the receipt of funds for such purpose by Seller from Main Street under the terms of the Indenture. Buyer and the other Project Participants will be allocated a proportionate share of the refunds received by Seller in accordance with each Project Participant's Annualized Daily Quantity as a percentage of the aggregate Annualized Daily Quantities of all Project Participants for the applicable as distributed pursuant to the Indenture. Notwithstanding anything else herein to the contrary, Annual Returns provided for in this Section shall only be due to Buyer to the extent a corresponding Annual Return is received by Seller from Main Street."

A new Section 15D is added to the Base Contract:

"Information Provisions:

Buyer shall furnish the following information to the Seller:

- (1) Annual audited financial statements related to Buyer's purchase of gas under this Contract within 180 days after the end of the Buyer's fiscal year (together with a certification of Buyer that it is not aware of any default or Event of Default under this Contract); and
- (2) A full original transcript of authorizing resolutions and executed documents relating to the execution of any amendment, supplement, modification or waiver of this Contract.

A new Section 15E is added to the Base Contract:

"Payments. Payments to Seller pursuant to this Contract shall be made to Seller's Account maintained at Wells Fargo Bank, N.A., as follows:

Wire Transfer or ACH Number:
BANK: Wells Fargo Bank, N.A.
ABA: 121000248
ACCT: 2000132133254"

A new Section 15F is added to the Base Contract:

"Additional Purchases from Seller. Buyer shall use its good faith efforts to purchase additional Gas supplies from Seller in the future so that Issuer can purchase such Gas from the Prepayment suppliers as necessary such that the interest on the Issuer's bonds shall remain excludable from the gross income of the holder of such bonds under the provisions of the Internal Revenue Code of 1986, as amended."

A new Section 15G is added to the Base Contract:

"Sale of Buyer's Gas or Electric System. If the governing body of Buyer sells Buyer's gas or electric system to an entity other than a governmental person within the meaning of Section 1.141-1(b) of the Treasury Regulations, as amended, for qualifying tax-exempt uses, Seller's duty to sell and deliver, and Buyer's duty to purchase and receive, Gas to be delivered pursuant to this Contract shall be terminated. Buyer shall notify Seller no later than 60 days prior to the effective date of such sale, or such earlier date as designated by Seller in a written notice to Buyer, and any such termination shall not constitute a breach of this Contract or a default under this Contract."

A new Section 15H is added to the Base Contract:

"Index Premium (Discount). The Index Premium (Discount) for each Delivery Point, which shall be established under the Citi2024E Gas Purchase Agreement and flowed through from Main Street to Seller and from Seller to Buyer, is set forth in Exhibit A and shall remain in effect through the date corresponding to each such Delivery Point. Thereafter, as to each Delivery Point, the Index Premium shall be subject to adjustment no more often than quarterly upon mutual agreement of Main Street and Supplier under the Citi2024E Gas Purchase Agreement, and such Index Premium shall be for a minimum period of at least three months. Seller shall notify Buyer at least 15 Days before the end of each Index Premium period to enable Buyer to participate in the process of establishing the new Index Premium, if any, prior to the beginning of the next Index Premium period. Upon adjustment of the Index Premium as to any Delivery Point, Seller and Buyer shall execute a revised Exhibit A reflecting the new Index Premium, if any."

A new Section 15I is added to the Base Contract:

"(1) Early Termination Upon Termination of the Citi2024E Gas Purchase Agreement. Notwithstanding the Delivery Period of this Transaction Confirmation, Buyer acknowledges and agrees that, in the event the Citi2024E Gas Purchase Agreement terminates prior to the end of the Delivery Period, (i) this Transaction Confirmation shall terminate on the date of early termination of the Citi2024E Gas Purchase Agreement, and (ii) Seller's obligation to deliver Gas under this Transaction Confirmation shall terminate on the same date on which the Supplier's obligation to deliver Gas to Main Street under the Citi2024E Gas Purchase Agreement terminates; provided, however, that in the event of such early termination, Seller agrees to continue to deliver to Buyer and Buyer agrees to purchase from Seller the Contract Quantity at the applicable Delivery Point for the remainder of the Month during which such early termination has occurred and for the remainder of the Index Premium period currently in effect, at a price equal to the Spot Index Price plus any Index Premium. Seller shall provide notice to Buyer of any early termination of this

Transaction Confirmation pursuant to this Section 15I, the date of such termination, and the date on which the obligation to purchase Gas at the Spot Index Price plus any Index Premium shall end.

(2) Early Termination Upon a Remarketing Election at a Reset Period under the Citi2024E Gas Purchase Agreement.

(i) **Reset Protocol.** The Discount provided in the Contract Price together with the Annual Returns is dependent on the pricing achieved under the Citi2024E Gas Purchase Agreement. Such pricing is subject to change at the end of a Reset Period. The Initial Reset Period ends on November 30, 2032. For each Reset Period following the Initial Reset Period under the Citi2024E Gas Purchase Agreement, Seller shall provide to Buyer, at least nine (9) days prior to the applicable deadlines under the Citi2024E Gas Purchase Agreement, written notice setting forth the duration of such Reset Period and the estimated Discount available and Annual Returns, if any, for such Reset Period.

(ii) **Remarketing Event.** In the event the estimated Discount available ("Estimated Available Discount") for a Reset Period is less than 23 cents ("Minimum Discount") per MMBtu (a "Remarketing Event"), the notice provided pursuant to Section 15I(2)(i) above shall state (i) that a Remarketing Event has occurred and (ii) that Buyer may (A) continue to purchase and receive its Contract Quantity for each Gas Day of each Delivery Month during such Reset Period at a Contract Price that reflects the Discount available for the Reset Period (as finally determined as hereinafter described in Section 15I(2)(iv)), or (B) elect that such Contract Quantity be remarketed for the remainder of the Delivery Period (a "Remarketing Election") by providing a Remarketing Election Notice (as defined below in Section 15I(2)(iii)) prior to the Remarketing Election Deadline, which shall be set forth in the notice

(iii) **Remarketing Election; Early Termination.** If Buyer makes a Remarketing Election and thereby elects to have its Contract Quantity remarketed for the remainder of the Delivery Period following the occurrence of a Remarketing Event, Buyer shall provide written notice of such Remarketing Election to Seller (its "Remarketing Election Notice") not later than the applicable Remarketing Election Deadline. In the event Buyer provides a Remarketing Election Notice on or prior to the applicable Remarketing Election Deadline, the Delivery Period shall terminate as of the end of the last Gas Day of the last Delivery Month of the Reset Period then in effect, and this Transaction Confirmation shall terminate as of the last day of such Reset Period. Any such termination on the last Delivery Month of the Reset Period shall not constitute a breach of this Contract or a default under this Contract, such that in any such event, no early termination damages shall be owed by either Seller or Buyer under Section 10.3.1.

(iv) **Final Determination of Available Discount.** Buyer acknowledges and agrees that the final Discount available for any Reset Period following the Initial Reset Period shall be determined under the Citi2024E Gas Purchase Agreement, and that such Discount may differ from the estimate or estimates of such Discount provided to Buyer prior to the applicable Remarketing Election Deadline, provided that the final Discount shall not be less than the Minimum Discount per MMBtu unless Buyer affirmatively agrees to such a Discount or fails to provide a Remarketing Election Notice prior to the Remarketing Election Deadline."

A new Section 15J is added to the Base Contract:

"Permanent Load Loss. In the event of permanent load loss on Buyer's system due to (a) the permanent cessation of all or part of the operations of a large industrial customer or natural gas fired electric generation facilities, (b) a permanent reduction in requirements for Gas due to a change in Customer's generation requirements (including as a result of increased purchases of renewable generation or economic dispatch of other non-Gas-fired generation) or (c) the sale of the relevant utility system to any entity other than a governmental person ("Gas Need Reduction"), Customer may request the permanent reduction of its Contract Quantity for the remaining term of this Transaction Confirmation. If the Gas Authority consents to such request, which consent will not be unreasonably withheld, conditioned or delayed and subject to Section 15K, the Seller will reduce Customer's Contract Quantities through the remaining term of this Agreement accordingly. Any such reduction shall not constitute a breach of this Contract or a default under this Contract, such that in any such event, no early termination damages shall be owed by either Seller or Buyer under Section 10.3.1.

At Buyer's option, in lieu of a reduction in the Daily Contract Quantities through the remaining term of this Transaction Confirmation upon a Gas Need Reduction, and upon no less than 18 Months' advance notice and effective on the first day of a Reset Period, Buyer may request that the Gas Authority cause wholesale electricity to be provided to Customer in lieu of Gas, as provided for hereunder by taking assignment or causing an affiliate to take assignment of one or more power purchase agreements, to which Buyer is a party, in whole or in part. Upon receipt of any such notice, the Gas Authority will make good faith efforts to implement the requested transaction."

A new Section 15K is added to the Base Contract:

“Priority of Gas. The Customer covenants and agrees to take the Contract Quantity delivered by Seller under this Transaction Confirmation (a) in priority over and in preference to all other Gas available to the Customer that is not Priority Gas, and (b) in priority over and in preference to all other Priority Gas that first commences deliveries after the initiation of deliveries under this Transaction Confirmation. “Priority Gas” means the Gas to be purchased by the Buyer under this Agreement, together with Gas (i) purchased by the Buyer or a related joint powers authority using the proceeds of bonds, notes, or other obligations the interest on which is excluded from income for federal income tax purposes pursuant to a long-term prepaid gas purchase agreement or (ii) produced from oil and gas reserves in the ground owned by the Buyer or a related joint powers authority that were financed with the proceeds of bonds, notes, or other obligations the interest on which is excluded from income for federal tax purposes.”

A new Section 15L is added to the Base Contract:

“Remediation Event. Upon a Remediation Event under the Citi2024E Gas Purchase Agreement with respect Gas hereunder, Customer will be relieved of its obligation to purchase and take delivery of Gas under this Transaction Confirmation as to those quantities of Gas to the extent of the Remediation Event; provided, however, not less than six months prior to a Remediation Event being declared, Customer may request that a Remediation Use be effected respecting the applicable quantities of Gas, and upon such request, Seller will work in good faith to effect the requested Remediation Use. Capitalized terms used herein but not defined have the meaning set forth in the Citi2024E Gas Purchase Agreement.

“Remediation Event” means that Disposition Proceeds have remained for two (2) years or more within the Disposition Proceeds Ledger without having been applied to a Remediation Use, unless there is a Favorable Opinion of Bond Counsel permitting other action.

“Remediation Use” means, with respect to Disposition Proceeds, any of the following:

(a) the purchase of Gas in an amount equal to such Disposition Proceeds and the sale of such Gas for a Qualifying Use (as evidenced by a Qualifying Use Certificate);

(b) the application of an amount equal to the Disposition Proceeds by the Gas Authority to the purchase of Gas which Gas is sold by the Gas Authority for a Qualifying Use; or

(c) the application of an amount equal to the Disposition Proceeds to the purchase of electricity in compliance with Treasury Regulation Section 1.148-1(e)(2)(iii)(B)(2).”

A new Section 16A is added to the Base Contract:

“Delivery Point Exchange. Buyer may effectuate an exchange of Delivery Points for Gas Purchased under this Contract on a Monthly basis. With the consent of the Seller, which will not be unreasonably withheld, conditioned or delayed, the seller will exchange Gas delivered at the Delivery Point (“Primary Point”) to a delivery point on the same pipeline or another pipeline on which the Buyer has transportation receipt rights (“Alternate Point”) pursuant to Exhibit A & B hereto.”

Seller: MUNICIPAL GAS AUTHORITY OF GEORGIA	Buyer: GAINESVILLE REGIONAL UTILITIES AUTHORITY
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

Exhibit A

INDEX – For Primary Delivery Point – SONAT Zone 0 will be:

Source:	Inside FERC's Gas Market Report, published by S&P Global Platts, a Division of S&P Global, first issue of the month
Heading:	Monthly Bidweek Spot Gas Prices – Platts Locations (\$/MMBtu)
Index Point:	SONAT Zone 0
Column:	"Index"
Contract Quantity:	_____ MMBtu/day
Primary Delivery Point:	SONAT Zone 0

Exchange Request: **Effective Date – x 1, 202_ – x xx, 202_**

Exchange Summary						
	Primary Delivery Point			Alternate Delivery Point		
	SONAT Zone 0			_____		
Delivery Period	Delivery Point Quantity (MMBtu/day)	Index Point	Exchange Cost	Delivery Point Quantity (MMBtu/day)	Index Point	Index Premium
xx 1, 202_ – _____, 202_	_____	SONAT Zone 0	\$0.xx	_____	[FGT Zone 3]	\$0.xx

Seller: MUNICIPAL GAS AUTHORITY OF GEORGIA

Buyer: GAINESVILLE REGIONAL UTILITIES AUTHORITY

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit B
Exchange Terms

As provided in Section 15A of the Transaction Confirmation, dated December 18, 2024 (the "Agreement"), between GAINESVILLE REGIONAL UTILITIES AUTHORITY ("Customer"), and Municipal Gas Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality created and existing under the laws of the State of Georgia (the "Exchange Provider"), as exchange provider, Customer may effectuate an exchange of Delivery Points for Gas purchased under the Agreement on a daily or Monthly basis. Upon written request, the Exchange Provider will exchange Gas delivered at the Delivery Point ("Primary Point") to a delivery point on another pipeline on which Customer has transportation receipt rights ("Alternate Point") pursuant to this Exhibit B and the Agreement.

Customer has contracted for the purchase of Gas ("Exchange Quantities"), at Primary Point (as defined in Exhibit A as updated from time to time, and hereby requests that Exchange Provider effect an exchange and deliver equivalent quantities of such Exchange Quantities as set forth in Exhibit A at Alternate Point ("Equivalent Quantities") approximately equivalent to such Exchange Quantities. The terms of the Agreement are incorporated herein by this reference and capitalized terms used herein but not defined have the meaning set forth therein; provided that such terms will apply to transactions contemplated hereby and Equivalent Quantities at Alternate Point in lieu of Exchange Quantities at Primary Point.

Customer will deliver or cause to be delivered for the account of Exchange Provider a quantity of gas equal to up to the Exchange Quantity attributable to Customer's source of supplies at Primary Point, and Exchange Provider will deliver or cause to be delivered for the account of Customer on each day from its sources of supplies such quantity of gas at Alternate Point. Greater or less than Exchange Quantity for any period will be exchanged hereunder upon mutual agreement of the parties.

Unless otherwise mutually agreed, the Exchange Quantity on any given day will be equal to quantities of gas available to Customer at Primary Point and will be equal to quantities and term shown in Exhibit A hereto.

On any day, Exchange Provider may determine in its reasonable judgment how to schedule and allocate gas at any or all of Primary Point for exchange under this Agreement, so long as Customer and third parties are not substantially harmed by Exchange Provider's allocation method. Customer will provide Exchange Provider all downstream contract information necessary so that Exchange Provider may schedule and deliver the gas at Alternate Point.

Customer will reimburse actual costs and expenses incurred, e.g., premium and other costs at Alternate Point(s), daily replacement costs, or other costs related to failures by the physical supplier for the Alternate Point, and minus actual benefits achieved in performance of service hereunder (the "Exchange Fee"). In return for this Exchange Fee, Exchange Provider will work in good faith with Customer respecting all nominations, scheduling, balancing, reporting, and other administrative activities related to this Agreement and each party will keep the other informed on a daily basis of the quantities confirmed as being exchanged under this Agreement.

Exhibit C

QUALIFIED USE CERTIFICATE

This Qualified Use Certificate is executed in connection with the NAESB Transaction Confirmation dated December 18, 2024 (the "Supply Agreement"), by and between the Municipal Gas Authority of Georgia (the "Gas Authority") and GAINESVILLE REGIONAL UTILITIES AUTHORITY, a unit of city government of the City of Gainesville, Florida ("Customer"). Capitalized terms used and not otherwise defined herein will have the meanings given to them in the Supply Agreement or in the Indenture.

WHEREAS Customer acknowledges that Main Street Natural Gas, Inc. has issued the Bonds to fund the prepayment price under the Prepaid Gas Agreement; and

WHEREAS the Bonds are intended to qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended; and

WHEREAS Customer's use of Gas acquired pursuant to the Supply Agreement and certain funds and accounts of Customer will affect the Bonds' qualification for such tax exemption.

NOW, THEREFORE, CUSTOMER HEREBY CERTIFIES AS FOLLOWS:

Customer is a unit of city government of the City of Gainesville, Florida a municipal corporation of the State of Florida and owns and operates retail and wholesale electric systems.

Customer will either (a) resell all of the Gas acquired pursuant to the Supply Agreement to its retail gas customers within its natural gas service area or (b) utilize such Gas for purposes of electric generation, which will then be sold to retail electric system customers within the service area pursuant to regularly established and generally applicable tariffs or under authorized requirements contracts. For purposes of the foregoing sentence, the term "service area" means (x) the area throughout which Customer's identified customers provided Gas transmission or distribution service or electric generation at all times during the 5-year period ending on December 31, 2023, and from then until the date of execution of the Service Agreement (the "Closing Date"), and (y) any area recognized as the service area of Customer's customers under state or federal law.

The annual average amount during the most recently completed five-year testing period of Gas purchased by the specified customers of Customer (other than for resale) who are located within the service area of Customer is _____ MMBtu [the average shall not exceed the annual amount of Gas reasonably expected to be purchased by customers (other than for resale) within the service area of Customer who as of the date of issue of the Bonds [fill in] are customer of the Customer]. The maximum annual amount of Gas which Customer otherwise has a right to acquire, as of the Closing Date, is zero (0). The maximum annual amount of Gas which Customer holds in storage as of the Closing Date is _____ MMBtu, and the annual average amount of Gas which Customer holds in storage in the past year prior to the Closing Date is _____ MMBtu. The sum of (a) the maximum amount of Gas in any year being acquired pursuant to the Supply Agreement, (b) the amount of Gas which Customer otherwise has a right to acquire, and (c) the annual average amount of Gas which Customer holds in storage in the year described in the foregoing clause (a) is _____ MMBtu. Accordingly, the amount of Gas to be acquired under the Supply Agreement by Customer, supplemented by the amount of Gas otherwise available to Customer as of the Closing Date, during any year does not exceed the sum of (i) _____ % of the annual average amount during the testing period of Gas purchased (other than for resale) by customers of Customer who are located within the service area of Customer, and (ii) the amount of Gas to be used to transport the prepaid Gas to Customer during such year. For purposes of this paragraph, the term "testing period" means the 5 calendar years ending December 31, 2023, and the term "service area" means (x) the area throughout which Customer's customers provided Gas transmission or distribution service or electric generation at all times during the testing period, (y) any area within a county contiguous to the area described in (x) in which retail customers of Customer's customers are located if such area is not also served by another utility providing Gas services, and (z) any area recognized as the service area of Customer's customers under state or federal law. However, the supplying of additional Gas pursuant to a contract to supply Gas to business customers (other than for resale) (the "Contract") within the service area after the close of the testing period and before the date of issue of the Bonds [fill in] where Customer did not supply Gas to such property during the testing period or the ratable amount of Gas to be supplied to under the Contract is significantly greater than the ratable amount of Gas supplied to such property during the testing period is _____ MMBtu, which constitutes a permitted additional amount of Gas to be acquired under the Supply Agreement.

Customer expects to pay for Gas acquired pursuant to the Supply Agreement with funds derived from the resale of Gas to its customers as specified herein. Customer will pay for other Gas not acquired pursuant to the subject Supply Agreement in accordance with other appropriate contractual arrangements with its customers. Customer intends to pay for Gas purchased in accordance with the Gas Supply Agreement. Customer does not intend or expect to invest Bond proceeds for purposes of accruing interest, nor otherwise utilize any proceeds of the Bonds, either directly or indirectly, for any purpose other than that for which the Bonds were issued. The representations and warranties contained in the Supply Agreement are true and correct as of the date hereof.

December 18, 2024

By: _____

[Authorized Representative]

File Number: 2024-749

Agenda Date: December 11, 2024

Department: Gainesville Regional Utilities

Title: 2024-749 Appendix A - Utility Fees, Rates & Charges for Fiscal Year 2025 (B)

Department: Budget, Finance & Accounting

Description: A resolution of the Gainesville Regional Utilities Authority, a unit of city government of the City of Gainesville, Florida, pursuant to the power and authority of the Authority set forth in the City Charter, providing that Gainesville Regional Utilities shall no longer be subject to portions of Appendix A, Schedule of Fees, Rates and Charges of the City of Gainesville Code of Ordinances that relate to electricity, water, sewerage, natural gas, and general charges; modifying residential base rates for electricity; providing for the notification to the City Commission of the conflict with existing ordinances; providing a severability clause; providing a repealing clause; and providing an immediate effective date.

This resolution modifies utility fees, rates, and charges as proposed by GRU staff.

The new and amended rates for fiscal year 2025 shall be applicable to all monthly bills which are for the first time rendered and postmarked after 12:01 AM on November 1, 2024.

Fiscal Note: The charge for Tier 1 of the Residential Electric base rate structure will remain at \$0.08460 per kWh but will move from the first 850 kilowatt hours per month to 1000 kilowatts per month, and for all kilowatt hours per month over 1000 the total charge per kWh will increase from \$0.1121 per kWh to \$0.12130 per kWh.

Recommendation: GRUA adopt the proposed resolution.

Residential Electric Tier Structure

December 11 2024

Executive Summary

- GRU is proposing to change the residential electric tier structure effective January 1, 2025
- 1,000 kWh per month is the standard billing benchmark for municipal utilities
- Currently GRU's residential electric rate structure has two tiers
 - Tier 1: from 1 – 850 kWh per month is priced at \$0.0846/kWh
 - Tier 2: > 850 kWh per month is priced at \$0.1121/kWh
- The proposed structure moves the billing break point between the 1st and 2nd tiers from 850 kWh to 1,000 kWh
 - The current first tier price of \$0.0846/kWh is held at its current level
 - The second tier is priced so that overall GRU is revenue neutral – an increase from \$0.1121/kWh to \$0.1213/kWh

	CURRENT		PROPOSED	
	Break Point	Price	Break Point	Price
Tier 1	1 - 850 kWh	\$0.0846/kWh	1 - 1,000 kWh	\$0.0846/kWh
Tier 2	> 850 kWh	\$0.1121/kWh	> 1,000 kWh	\$0.1213/kWh

Residential Electric Tier Change

- Notable effects of the change are:
 - GRU's 1,000 kWh bill compare will improve by \$4.13 per month
 - Bill amounts for consumption from 1 – 850 kWh per month will remain unchanged
 - Bill amounts for consumption from 851 kWh to ~ 1,450 will be slightly lower
 - Bill amounts for consumption above ~1,450 kWh per month will be higher
- Using consumption information on 89,363 customer accounts from FY23, assuming no behavioral change, over the course of 12 months
 - 59% of customer accounts would pay less – the average reduction is \$2.23
 - 24% of customer accounts will pay the same, and
 - 17% of customer accounts will pay more – the average increase is \$5.52
- The customer charge will remain at \$17.00/month and the fuel adjustment is unaffected

Residential Electric Tier Change

IMPACT OF PROPOSED TIER CHANGE				
Monthly Consumption (kWh)		Reduction in Monthly Bill	Monthly Consumption (kWh)	Increase in Monthly bill
900		(1.38)	1,500	0.47
950		(2.75)	1,600	1.39
1,000		(4.13)	1,700	2.31
1,050		(3.66)	1,800	3.23
1,100		(3.27)	1,900	4.15
1,150		(2.74)	2,000	5.07
1,200		(2.29)	2,500	9.67
1,300		(1.37)	3,000	14.27
1,400		(0.45)	4,000	23.49
			5,000	32.67

Residential Electric Tier Change

Recommendation

The GRU Authority adopt the proposed resolution which provides that effective January 1, 2025 the GRU Authority change GRU's residential electric tier rate structure:

From: Tier 1 1- 850 kWh at a price of \$0.0846/kWh
Tier 2 > 850 kWh at a price of \$0.1121/kWh

To: Tier 1 1 – 1,000 kWh at a price of \$0.0846/kWh
Tier 2 > 1,000 kWh at a price of \$0.1213/kWh

	CURRENT		PROPOSED	
	Break Point	Price	Break Point	Price
Tier 1	1 - 850 kWh	\$0.0846/kWh	1 - 1,000 kWh	\$0.0846/kWh
Tier 2	> 850 kWh	\$0.1121/kWh	> 1,000 kWh	\$0.1213/kWh

Appendix



Basic Rate Design

- Rate structures commonly consist of a combination of fixed and variable charges
- The objective is to construct an algorithm such that the revenue requirement is met
- The portion of revenue collected from various rate components is generally guided by cost of service studies, but ultimately there is an element of subjectivity involved
- A higher fixed monthly customer charge will translate to a lower variable usage-based charge and vice-versa

Basic Rate Design

What is a Tiered Rate Structure?

- Usage (consumption) at different levels is priced differently
- More generically known as Blocked Pricing
 - Declining block – less expensive when more is consumed, or
 - Inclining block – more expensive when more is consumed
- Commonly used with electric and water rate structures
 - Most commonly used with residential rate structures
- Historically, the goal was typically to encourage conservation and align revenues with variable costs

Basic Rate Design

Pros and Cons of Tiered Rate Structures

PROS	CONS
Encourages efficient utilization of resources	Harder for customers to understand
Collects revenue in proportion to factors impacting costs	Can be impacted by billing cycle
Viewed favorably by rating agencies	Assumes customer profile aligns with rate structure, creating more potential for winners and losers
Common industry practice	Can impact bill comparisons
	Revenue stream more variable

Basic Rate Design

History of Tier Billing Break Points

RESIDENTIAL ELECTRIC RATE STRUCTURE			
Fiscal Year	Tier 1 kWh per Month	Tier 2 kWh per Month	Tier 3 kWh per Month
1980 - 2006	1 - 750	751 +	
2007 - 2015	1 - 250	251 - 750	751 +
2016 - present	1 - 850	851 +	

Resolution No. 2024-749

A resolution of the Gainesville Regional Utilities Authority, a unit of city government of the City of Gainesville, Florida, pursuant to the power and authority of the Authority set forth in the City Charter, providing that Gainesville Regional Utilities shall no longer be subject to portions of Appendix A, Schedule of Fees, Rates and Charges of the City of Gainesville Code of Ordinances that relate to electricity, water, sewerage, natural gas, and general charges; modifying residential base rates for electricity; providing for the notification to the City Commission of the conflict with existing ordinances; providing a severability clause; providing a repealing clause; and providing an immediate effective date.

WHEREAS, Article VII, 7.03(1)(b) of the Charter of the City of Gainesville, Florida vests the Gainesville Regional Utilities Authority, a unit of city government, with the power to amend the rates, fees, assessments, charges, rules, regulations, and policies governing the sale and use of services provided through the utilities; and

WHEREAS, notice has been given by posting on GRU's main website at <https://www.gru.com> notifying the public of this proposed resolution and of the public hearings in the GRU Multipurpose Room located on the first floor of the GRU Administration building in the City of Gainesville; and

WHEREAS, a public hearing was held pursuant to the published notice described above, at which all interested parties had an opportunity to be, and were, in fact, heard; and

NOW, THEREFORE, BE IT RESOLVED BY THE GAINESVILLE REGIONAL UTILITIES AUTHORITY, A UNIT OF CITY GOVERNMENT OF THE CITY OF GAINESVILLE, FLORIDA AS FOLLOWS:

Section 1. The Gainesville Regional Utilities Authority hereby enacts the following terms and conditions, titled, "Appendix A – Utility Fees, Rates and Charges," which is attached as "Exhibit A," which controls the operation of the utility system.

Section 2. It is the intention of the Gainesville Regional Utilities Authority that the provisions of Section 1 of this resolution govern in place of conflicting provisions of the following paragraphs of the "Utilities" portion of Appendix A of the Code of Ordinances of the City of Gainesville, Florida: Paragraph (1) "Electricity," paragraph (3) "Water," paragraph (4) "Sewerage," paragraph (5) "Natural gas," and paragraph (7) "In general." To the extent this resolution conflicts with the "Utilities" portion of Appendix A of the Code of Ordinances, City of Gainesville, Florida, per Charter Article VII, 7.10(2), the provisions of this resolution shall govern.

Section 3. If any word, phrase, clause, paragraph, section or provision of this resolution or the application hereof to any person or circumstance is held invalid or unconstitutional, such finding shall not affect the other provision or applications of the resolution which can be given effect without the invalid or unconstitutional provisions or application, and to this end the provisions of this resolution are declared severable.

Section 4. All resolutions, or parts of resolutions, in conflict herewith are to the extent of such conflict hereby repealed on the effective date of this resolution.

Section 5. The Gainesville Regional Utilities Authority shall notify the City Commission of the conflict between the provisions of this resolution and the "Utilities" portion of Appendix A of the Code of Ordinances.

Section 6. The resolution shall take effect immediately upon adoption for Fiscal Year 2025 and shall be applicable to all monthly bills which are for the first time rendered and postmarked after 12:01 AM on January 1, 2025.

PASSED AND ADOPTED this 11th day of December, 2024.

APPROVED:

By GRUA Chairman:

Name: C. Eric Lawson

Signature: _____

By GRU Attorney:

Name: _____

Signature: _____