



Fitch to Affirm Gainesville, FL Var Rate Utilities Sys S-T Rtg at 'F1'

Fitch Ratings-New York-09 June 2017: On the effective date of June 30, 2017, Fitch Ratings will affirm the short-term 'F1' rating assigned to the City of Gainesville, Florida variable rate utilities system revenue bonds, 2012 series B.

The rating action is in connection with the replacement of the current liquidity support provided by Sumitomo Mitsui Bank ('A/F1', Outlook Stable) in the form of a Standby Letter of Credit with a substitute Standby Bond Purchase Agreement (SBPA) to be provided by Citibank, N.A. (Citi; 'A+/F1', Outlook Stable).

KEY RATING DRIVERS

On the effective, the short-term 'F1' rating will be based on the liquidity support provided by Citi in the form of an SBPA. The long-term 'AA-', Stable Outlook rating continues to be based on the underlying rating assigned to the bonds. For more information on the long-term rating, see the press release dated Nov. 22, 2016, available at www.fitchratings.com.

The Citi SBPA provides for the payment of the principal component of purchase price plus an amount equal to 36 days of interest calculated at a maximum rate of 12%, based on year of 365 days for tendered bonds during the daily and weekly rate modes (covered rate) in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The Citi SBPA will expire on June 29, 2020, the stated expiration date, unless such date is extended, conversion to a non-covered rate mode; or upon the occurrence of certain other events of default which result in a mandatory tender or other termination events related to the credit of the bond obligor which result in an automatic and immediate termination.

RATING SENSITIVITIES

The short-term rating reflects the short-term rating that Fitch maintains on the bank providing liquidity support, and will be adjusted upward or downward in conjunction with the short-term rating of the bank and, in some cases, the long-term rating of the bonds.

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