

CITY COUNCIL AGENDA ITEM COVER MEMO

FOR AGENDA OF COUNCIL MEETING/WORK SESSION - DATE: January 14, 2016

ACTION REQUESTED BY: Huntsville Utilities

COUNCILMEMBER: ALL DISTRICT: ALL

SUBJECT MATTER: Electric System Reimbursement

EXACT WORDING FOR AGENDA: Resolution authorizing reimbursement for Huntsville Utilities for electric capital improvement expenditures as required by IRS regulations. (Utilities: Electric)

ORDINANCE: **RESOLUTION:** X **MOTION:**

(IF AMENDMENT, STATE TITLE AND NUMBER OF ORIGINAL): N/A

ITEM IS TO BE CONSIDERED FOR:

INTRODUCTION: **ACTION:** X **DISCUSSION:**

UNANIMOUS CONSENT REQUIRED? No

BRIEFLY STATE WHY THE ACTION IS REQUESTED; WHY IT IS RECOMMENDED OR NOT RECOMMENDED; WHAT COUNCIL ACTION WILL PROVIDE, ALLOW, OR ACCOMPLISH; ANY ASSOCIATED COST; BUDGETED (?); AND ANY OTHER INFORMATION THAT YOU THINK MIGHT BE HELPFUL.

Approval of this resolution allows Huntsville Utilities to reimburse funds with warrant proceeds for any monies spent between 60 days prior to the approval of this resolution, and or the time when warrants will be issued. This resolution also has City Council in the future, allowing this designation for reimbursement to be made by the Huntsville Utilities boards.

MAYOR RECOMMENDS OR CONCURS? YES _____ NO _____ N/A _____

SIGNATURE: Jay C. Stowe, President & CEO

DATE: December 17, 2015

RESOLUTION NO. 16-_____

RESOLUTION DECLARING OFFICIAL INTENT

BE IT RESOLVED by the City Council (the "Council") of the City of Huntsville, Alabama (the "City") as follows:

Section 1. Findings. The Council hereby finds that the following facts are true and correct:

(a) the City owns an electric utility system (the "Electric System") which is operated by the Electric Utility Board of the City of Huntsville; and

(b) it is necessary, desirable and in the public interest that certain capital improvements be made to the Electric System including, without limitation, the design, development, construction, equipping, acquisition and installation of automated metering infrastructure, a meter data management system, fiber system backbone improvements for substation connections, transformers improvements, line improvements, substation improvements and various other capital improvements and equipment to the Electric System (collectively, the "Improvements"); and

(c) the cost of designing, developing, constructing, equipping and installing the Improvements has been estimated to be approximately \$35,000,000; and

(d) it is expected that one or more series of electric revenue warrants payable from revenues of the Electric System will be issued for the purpose of providing funds to pay the costs of the Improvements (collectively, the "Electric Revenue Warrants"), and it is expected that the aggregate principal amount of Electric Revenue Warrants issued for the Improvements will be not in excess of approximately \$37,000,000; and

(e) the City expects to incur certain costs to be paid out of the Electric Fund of the City in connection with design, development, construction, equipping and installation of the Improvements prior to the issuance of the Electric Revenue Warrants, and the City intends to allocate a portion of the proceeds of the Electric Revenue Warrants to be issued to reimburse the Electric Fund for the same.

Section 2. Designation. The City does hereby declare official intent to allocate a portion of the proceeds of the Electric Revenue Warrants to reimburse the City for expenditures incurred after the date that is no more than sixty (60) days prior to the date of the adoption of this resolution, but prior to the issuance of the Electric

Revenue Warrants, in connection with the design, development, construction, equipping and installation of the Improvements. This resolution is being adopted pursuant to the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations Section 1.150-2(e) promulgated thereunder.

ADOPTED this the ___ day of _____, 2016.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the _____ day of _____, 2016.

Mayor of the City of Huntsville, Alabama