

CITY OF GREAT FALLS, MONTANA
A G E N D A R E P O R T

AGENDA# 3
DATE September 6, 2005

ITEM: ENGAGE CHAPMAN AND CUTLER, LLP AND DORSEY AND WHITNEY, LLP AS CO-BOND COUNSEL RELATED TO THE CITY OF GREAT FALLS' SHARE OF CONSTRUCTION FINANCING FOR HIGHWOOD GENERATING STATION, UNIT 1.

INITIATED BY: ELECTRIC CITY POWER

ACTION REQUESTED: APPROVE BOND COUNSEL ENGAGEMENT

PRESENTED BY: COLEEN BALZARINI, FISCAL SERVICES DIRECTOR

RECOMMENDATION: Staff recommends the City Commission approve the following motion:

MOTION:

I move the City Commission approve engaging Chapman and Cutler, LLP and Dorsey and Whitney, LLP as co-bond counsel related to the City of Great Falls' share of construction financing for Highwood Generating Station, Unit 1.

SYNOPSIS:

City staff recommends retaining Chapman and Cutler, LLP and Dorsey and Whitney, LLP as co-bond counsel to assist the City in developing a strategy for financing of its portion of the Highwood Generating Station, Unit 1.

In April, the City released a request for proposals (RFP) for bond counsel legal services for financing its portion of the Highwood Generating Station. The RFP was directed to firms with extensive public power experience, and staff interviewed five firms via videoconference. The firms interviewed were Orrick, Herrington, and Sutcliffe; Preston, Gates, and Ellis, Chapman and Cutler, Koegen Edwards with Nixon Peabody, and Dorsey and Whitney. The interviews produced useful discussions, and staff was impressed by the candidate firms' expertise. Chapman and Cutler was selected for its broad and extensive public power expertise and experience; and Dorsey and Whitney was selected for its knowledge and experience with Montana local governments.

BACKGROUND:

The firms will provide services based on a fee system with one component that reflects time devoted to initial research and development and a second component contingent upon a bond issue. The City will be obligated to pay \$12,500 to each of the two firms for the initial phase and the remainder will be contingent on and payable from the actual issuance of bonds.

It will also be necessary to issue an RFP for bond underwriter services. The selected underwriter will be an important component of the financing team to assure a marketable product. The addition of these two professional elements will strengthen the City's ability to issue desirable, affordable debt and illuminate a more complete spectrum of options for financing our portion of the plant. The City will issue an RFP in the next couple of weeks for underwriter services and a selection will be made after proposals are received and evaluated. Underwriter fees will be contingent on and payable from the bond issue.