

CITY OF GREAT FALLS, MONTANA

AGENDA# 7

AGENDA REPORT

DATE October 14, 2005

ITEM RESOLUTION NO. 9523, AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE OF GENERAL FUND OBLIGATION BONDS SERIES 2005 IN THE AMOUNT \$1,500,000

INITIATED BY FISCAL SERVICES

ACTION REQUESTED ADOPT RESOLUTION 9523

PRESENTED BY COLEEN BALZARINI, FISCAL SERVICES DIRECTOR

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RECOMMENDATION: Staff recommends adoption of Resolution 9523, to authorize the issuance and private negotiated sale of General Fund Obligation Bonds to pay costs of preliminary design, permitting and engineering related to the City's portion of costs of construction of a 250 MW CFB generation facility.

MOTION: "I move the City Commission adopt Resolution 9523".

SYNOPSIS: Staff continues work related to the financing, construction, and partial ownership in a 250 MW Coal Fired Electric Generation Facility near Great Falls. The total construction cost of the facility is estimated at \$500,000,000. The City anticipates plant ownership participation in the 17% to 26% range. The next phase in the development process requires the City to seek financing for approximately \$2,000,000 which will fund the City's pro-rata share of \$12,000,000 in necessary Permitting and Procurement Support. The outcome from this phase of the process will reimburse or finance costs for items such as a coal test burn, detailed system impact study, engineering support for EIS, permitting, air monitoring, site survey and boiler contract.

The City will seek proposals from banking institutions and underwriters to obtain financing for the first phase of the costs amounting to \$1,500,000. It is anticipated that an additional financing request will occur in FY 2007 for the remaining \$500,000 for a total of \$2,000,000 in interim financing.

BACKGROUND:

The City of Great Falls has been a member of Southern Montana Electric Generation and Transmission Co-Op since August of 2003. As a member of SME G&T the City has participated in independent consultant studies to determine the economic feasibility of constructing a 'clean coal' technology electric generation resource in Montana.

The intent is to build a 250 MW electric generation plant using the most environmentally compliant coal fired electric generation facility technology currently available. The electricity from this plant will be used by the members of SME G&T to replace existing long-term federal power supply contracts which will terminate beginning in 2008 and to provide stable, reliable prices to the City of Great Falls in place of the current default supply electricity currently available to the City.