



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Tax-exempt Financing for Termination of Power Supply Contract with Washington Water Power Company (WWP)

MEETING DATE: January 21, 1997

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt the attached resolution approving and authorizing execution of the agreement by the City Manager for financing electric capacity with the Northern California Power Agency (NCPA).

BACKGROUND: This is the final step in the approval process for securing tax-exempt financing of the payment to Washington Water Power company for termination of the NCPA-WWP power supply contract. Approval of the agreement commits Lodi to make its share of the debt service payments to NCPA which will issue the debt on behalf of the participants in the NCPA-WWP transaction. As discussed as part of the initial resolution, this is an opportunity to save an additional \$47,200 to \$70,800.

FUNDING: Not applicable.

A handwritten signature in black ink, appearing to read "Alan N. Vallow", written over a horizontal line.

Alan N. Vallow
Electric Utility Director

ANV/JLS/sh
Prepared by Jack Stone, Manager, Rates and Resources

cc: City Attorney

RESOLUTION NO. 97-11

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING AND AUTHORIZING THE EXECUTION OF THE
AGREEMENT FOR FINANCING ELECTRIC CAPACITY WITH
THE NORTHERN CALIFORNIA POWER AGENCY

WHEREAS, the Northern California Power Agency ("NCPA") has entered into that certain WWP-NCPA 20-Year Power Sale Agreement ("Power Sale Agreement") effective as of October 10, 1991, between NCPA and The Washington Water Power Company ("WWP") pursuant to which NCPA has acquired, as agent for those members of NCPA executing the Third Phase Agreement mentioned below 50MW of firm electric capacity and associated energy; and

WHEREAS, NCPA has entered into that certain Northwest Resource Third Phase Agreement (the "Third Phase Agreement"), dated as of October 11, 1991 among NCPA and the City of Alameda, the City of Healdsburg, the City of Lodi (the "City"), the City of Lompoc, the City of Palo Alto, the City of Roseville, the Turlock Irrigation District and the City of Ukiah, (collectively, the "Project Beneficiaries") pursuant to which NCPA has sold the electric capacity and associated energy purchased under the Power Sale Agreement to the Project Beneficiaries and each of the Project Beneficiaries is obligated to pay its respective share of the costs incurred by NCPA in connection with the Power Sale Agreement, including the cost of capacity thereunder;

WHEREAS, NCPA and the Project Beneficiaries have determined there are significant economic savings by paying WWP a one-time payment equal to the present value of all unpaid fixed charges with respect to the capacity purchased under the Power Sale Agreement to June 30, 2001 (the "Capacity Payment") and to terminate the Power Sale Agreement including the obligations thereunder with respect to fixed charges for transmission under the Transmission Agreement (as defined in the Power Sale Agreement); and

WHEREAS, the City has requested NCPA to issue its bonds for the purpose of financing the City's share of the Capacity Payment; and

WHEREAS, NCPA is to undertake the financing of the City's share of the Capacity Payment as provided in the Agreement for Financing Electric Capacity between NCPA and the City of Lodi (such agreement in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution being referred to herein as the "Agreement"); and

WHEREAS, there has been prepared and submitted to this meeting a form of the Agreement;

NOW, THEREFORE, BE IT RESOLVED by the Lodi City Council as follows:

Section 1. The Agreement, in the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The City Manager is hereby authorized and directed to execute and deliver the Agreement in the form presented to this meeting with such changes, insertions and deletions, which deletions may include the proviso clause at the end of Section 6(a) of the Agreement, as may be approved by the City Manager, whose execution of the Agreement will be conclusive evidence of such approval.

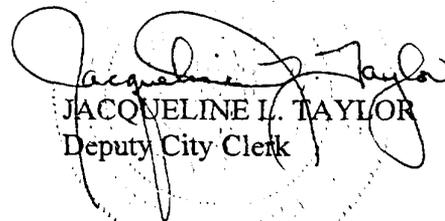
Section 2. The Lodi City Council does hereby find and determine that there are significant public benefits in financing the City's share of the Capacity Payment through the issuance of bonds by NCPA as contemplated by the Agreement in that there are demonstrable savings in effective interest rate, bond preparation, bond underwriting and bond issuance costs that can be achieved through such financing.

Section 3. The City Manager, the Electric Utility Director and any other proper officer of the City, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents or instruments and to do and perform any and all acts and things necessary or proper for carrying out the transactions contemplated by the Agreement and by this Resolution.

Dated: January 21, 1997

I hereby certify that Resolution No. 97-11 was passed and adopted by the City Council of the City of Lodi in a special meeting held January 21, 1997 by the following vote:

AYES: Council Members - Land, Mann, Warner and Pennino (Mayor)
NOES: Council Members - None
ABSENT: Council Members - Sieglock
ABSTAIN: Council Members - None


JACQUELINE L. TAYLOR
Deputy City Clerk