

**NORTHERN  
CALIFORNIA  
POWER AGENCY**

**ORD. NO. 1228**

**ORD. NO. 1229**

**(INTRODUCED)**

City Manager Graves presented for Council approval the following documents pertaining to the Northern California Power Agency.

- 1) Ordinance Authorizing the Northern California Power Agency to issue Revenue Bonds (NCPA Project No. 1 - Development Fund Bonds)
- 2) Ordinance Authorizing the Northern California Power Agency to Issue Revenue Bonds (Shell East Block Project - Second Phase Bonds)
- 3) Member Agreement (Second Phase) for financing of Planning and Development Activities of the Shell East Block Geothermal Project

The City Manager reported that the purpose of the financing ordinances is to allow the Agency to obtain the lowest interest rate possible by

issuing tax-exempt bonds and/or notes. The Agency is tax exempt; however, its non-profit power corporations are not and each corporation requires a special ruling from the Internal Revenue Service to be eligible to issue tax-exempt bonds and/or notes and this can be quite time consuming. If these ordinances pass, the Agency will borrow the money, and in turn, lend it to the necessary power corporation. The ordinance dealing with the financing for Power Corporation No. One (RFL) will be taken out of Development Fund payments already pledged and will cause no increase in obligations other than those presently made by those cities participating in the R.F. Project.

Although some members are not participating in the RFL project, all members must approve this ordinance even though non-participating members will not incur any financial obligations. This is a requirement of the enabling legislation under which the Agency was formed.

The Member Agreement for the Shell East Block project is to have in place a legal mechanism at which financing for the project can proceed.

Following a lengthy discussion with questions being directed to Staff, Council took the following actions concerning these items.

Councilman Katnich then moved for introduction of Ordinance No. 1228 - Ordinance authorizing the Northern California Power Agency to issue Revenue Bonds (NCPA Project No. 1 - Development Fund Bonds). The motion was seconded by Mayor Pro Tempore Murphy and carried by unanimous vote.

Mayor Pro Tempore Murphy moved for introduction of Ordinance No. 1229 - Ordinance authorizing the Northern California Power Agency to issue Revenue Bonds (Shell East Block Project - Second Phase Bonds). The motion was seconded by Councilman Hughes and carried by unanimous vote.

On motion of Mayor Pro Tempore Murphy, Hughes second, Council deferred action on agenda item "v" - "Member Agreement (Second Phase for financing of Planning and Development Activities of the Shell East Block Geothermal Project" to the regular Council meeting of July 1, 1981.