



# City of Grand Island

Tuesday, February 26, 2008

Council Session

## Item I4

**#2008-77 - Consideration of Resolution of Intent to Finance  
Mercury Emissions Control Project at Platte Generating Station**

Staff Contact: David Springer

# **Council Agenda Memo**

**From:** Dave Springer, Finance Director

**Meeting:** February 26, 2008

**Subject:** Approving Intent to Issue Bonds to Finance Mercury Emissions Control Project at Platte Generating Station

**Item #'s:** I-4

**Presenter(s):** Dave Springer, Finance Director

## **Background**

At the time the Mercury Emissions Control project was approved, it was the intent to pay cash at the start, but to finance the major portion, or at least 80%, of the construction through the issuance of tax-exempt bonds. As we have entered the design phase and rough costs have become more quantifiable, the total project cost has dropped from over \$30 million to the mid \$20 million range. The very significant drop in interest rates recently, would make it desirable to bond a larger portion of the project, but would still be a lower amount of debt than originally planned. We would probably look for bond issuance in mid-summer or early fall of this year.

## **Discussion**

The purpose of the Resolution of Intent before council this evening is simply to meet U.S. Treasury requirements which would allow the City to go back to the effective date of this resolution and reimburse itself for costs incurred during that time from bond proceeds. The sizing of the bond issue has not yet been finalized, but the net funding of the construction account is not planned to exceed \$25 million. This would allow us to keep our financing options open on a project for which federal agencies are still making revisions to the requirements. As a point of reference, bonds of \$20 million at 4%, 20 year life, would require about \$1.5 million a year in debt service, a very manageable amount for the Electric Utility.

## **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

### **Recommendation**

City Administration recommends that the Council approve the Resolution of Intent to issue bonds.

### **Sample Motion**

Move to approve the Resolution of Intent to issue bonds to finance the Electric Utility Mercury Emission Control project.

RESOLUTION 2008-77

WHEREAS, the Mayor and the City Council of the City of Grand Island hereby find and determine that it is necessary and appropriate to declare their official intent to issue tax-exempt bonds on behalf of the City; and; and

WHEREAS, the City's reasonable expectations to reimburse certain expenditures with the proceeds of such bonds as proposed to be issued by the City in connection with the proposed project as described below; and

WHEREAS, this resolution shall stand as a statement of the City's official intent under Regulation Section 1.150-2 of the regulations of the United States Treasury and for such purpose the following information is hereby given:

1. A general functional description of the project for which expenditures may be made and reimbursement from bond proceeds provided is as follows:

Certain capital improvements to the City's Electric System, including improvements related to and necessary for compliance with the Federal Government mercury related regulations and other costs related thereto.

2. The maximum principal amount of debt expected to be issued for such project is Twenty Five Million Dollars (\$25,000,000.00).

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the intent to finance Mercury Emissions Control Project at the Platte Generating Station with tax exempt issued bonds is hereby approved.

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Adopted by the City Council of the City of Grand Island, Nebraska, February 26, 2008.

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Margaret Hornady, Mayor

Attest:

\_\_\_\_\_  
RaNae Edwards, City Clerk

Approved as to Form	☐ _____
February 21, 2008	☐ City Attorney