

AGENDA
SPECIAL MEETING - AMENDED 12-18-15 @ 3:30 P.M.
SEWARD CITY COUNCIL MEETING
Monday, December 21, 2015 @ 7:00 PM

NOTICE IS HEREBY GIVEN that a meeting of the City Council of the City of Seward, Nebraska will be held at 7:00 PM on Monday, December 21, 2015, in the Municipal Building Council Chambers, 142 North 7th Street, Seward, Nebraska, which meeting will be open to the public. The Mayor and City Council reserve the right to adjourn into Closed Session as per Section 84-1410 of the Nebraska Revised Statutes. An Agenda for such meeting, kept continually current, is available at the Office of the City Clerk, 537 Main Street, Seward, Nebraska, during normal business hours. Individuals requiring physical or sensory accommodations, who desire to attend or participate, please contact the City Clerk's Office at 402.643.2928 no later than 3:30p.m.on the Friday preceding the Council Meeting.

City financial claims and related invoices will be available for Councilmember review, audit and voluntary signatures at Council Chambers beginning 30 minutes prior to the scheduled meeting time.

AGENDA ITEMS

CALL TO ORDER – Mayor Eickmeier

PLEDGE OF ALLEGIANCE-MOMENT OF SILENCE - Mayor Eickmeier

DISCLOSURE OF OPEN MEETINGS ACT & OTHER NOTIFICATIONS - Mayor Eickmeier

This is an Open Meeting of the Seward Nebraska Governing Body. The City of Seward abides by the Nebraska Open Meetings Act in conducting business. A copy of the Nebraska Open Meetings Act is displayed on the north wall of this meeting room facility as required. Disclosure of meeting recording processes is posted in the Meeting Room. A participant sign-in sheet is available for use by any Citizen addressing the Council. Presenters shall approach the podium, state their name & address for the Clerk's record and are asked to limit remarks to five minutes. All remarks shall be directed to the Mayor who shall determine by whom any appropriate response shall be made. The City of Seward reserves the right to adjust the order of items on this Agenda if necessary and may elect to take action on any of the items listed.

ROLL CALL - Mayor Eickmeier

- 1. PUBLIC HEARING - 7:00 P.M. - CONSIDERATION OF CITY OF SEWARD ACQUISITION OF SEWARD COUNTRY CLUB REAL AND PERSONAL PROPERTY - City Atty Hoffschneider**
- 2. CONSIDERATION OF CITY OF SEWARD ACQUISITION OF SEWARD COUNTRY CLUB REAL AND PERSONAL PROPERTY - City Atty Hoffschneider**
- 3. CONSIDERATION OF AWARDED FINANCING FOR SEWARD GOLF COURSE - Bruce Smith**
- 4. PRESENTATION AND CONSIDERATION OF THE POWER SUPPLY PROPOSALS - Bruce Smith & John Krajewski**

**5. CONSIDERATION OF ISSUING NOTICE TO NEBRASKA PUBLIC POWER TO
REDUCE ENERGY PURCHASE - Bruce Smith**

**6. CONSIDERATION OF PURCHASING A HYBRID VEHICLE FOR CITY
ADMINISTRATION - Bruce Smith**

7. MOTION TO ADJOURN

I, Bonnie Otte, the duly appointed, qualified and acting Assistant Administrator/Clerk-Treasurer/Budget & Human Resource Director of the City of Seward, Nebraska, hereby certify:

That the foregoing Notice of Meeting and Agenda for such meeting has been posted in the following places: Seward City Hall, Seward County Courthouse, Seward Memorial Library and CityofSewardNE.com

IN WITNESS WHEREOF, I have hereunto set my hand officially and affixed the seal of the City this 18th day of December, 2015.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/Budget & Human Resource Director

City of Seward, NE
Monday, December 21, 2015
Regular Session

Item G1

**PUBLIC HEARING - 7:00 P.M. - CONSIDERATION OF CITY
OF SEWARD ACQUISITION OF SEWARD COUNTRY CLUB
REAL AND PERSONAL PROPERTY - City Atty Hoffschneider**

Staff Contact:

City of Seward, NE
Monday, December 21, 2015
Regular Session

Item G2

**CONSIDERATION OF CITY OF SEWARD ACQUISITION OF
SEWARD COUNTRY CLUB REAL AND PERSONAL
PROPERTY - City Atty Hoffschneider**

Administrative Report: City Attorney Hoffschneider will present at the meeting, the final asset purchase agreement for execution.

Staff Contact:

City of Seward, NE
Monday, December 21, 2015
Regular Session

Item G3

**CONSIDERATION OF AWARDING FINANCING FOR
SEWARD GOLF COURSE - Bruce Smith**

Administrative Report: The City received one proposal from Jones Bank for providing the financing for purchasing the assets of the Seward Country Club golf course.

Following review and discussion, a motion to award the bid or provide other direction would be in order.

Staff Contact:

December 17, 2015

City of Seward
Office of the City Administrator
P.O. Box 38
Seward, NE 68434-0038



Dear Mr. Smith,

Thank you for considering Jones National Bank and Trust Company for a financing proposal on the proposed purchase of the assets of Seward Country Club. We appreciate the opportunity to support our community through these types of projects.

Jones National Bank and Trust Company will bid on the following:

1. Seward Country Club Asset purchase totaling \$350,000.00

JNB Proposal:

Loan to the City of Seward for Three Hundred Fifty Thousand Dollars and no 00/100. (\$350,000.00) at a rate not to exceed 2.750%; fixed for 7 years with semi-annual principal and interest payments. The above loan and rate are subject to Jones National Bank and Trust Company receiving a legal opinion qualifying the loan as tax-exempt financing.

1. The fee for the legal opinion will be covered by the City of Seward.
2. The bank contact will be: Michael Flyr, Commercial Loan Officer.
3. Jones National Bank and Trust company has supported our community by financing loans for the local municipality and loans for Tax Increment Financing projects. Likewise, we have bid on several tax exempt projects in our local territory for various governmental organizations and handled Tax Increment Financing proposals for other communities in Nebraska.
4. Please see "Exhibit 1": Amortization Schedule

Should you have any questions about the above proposal, please feel free to give me a call and I would be happy to discuss.

Sincerely,

A handwritten signature in black ink that reads 'Michael J. Flyr'.

Michael J. Flyr
Commercial Loan Officer

encl

Seward (402) 643-3602
Milford (402) 761-3602
Toll free (888) 562-3602
jonesbank.com
Member FDIC

Mortgage Loan Payments

Enter Values	
Loan Amount	\$ 350,000.00
Annual Interest Rate	2.75 %
Loan Period in Years	7.00
Number of Payments Per Year	2
Start Date of Loan	12/29/2015
Optional Extra Payments	\$ -

Lender Name: City of Seward

Loan Summary	
Scheduled Payments	\$ 27,654.36
Scheduled Number of Payments	14
Actual Number of Payments	14
Total Early Payments	\$ -
Total Interest	\$ 37,161.06

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	6/29/2016	\$ 350,000.00	\$ 27,654.36	\$ -	\$ 27,654.36	\$ 22,841.86	\$ 4,812.50	\$ 327,158.14	\$ 4,812.50
2	12/29/2016	327,158.14	27,654.36	-	27,654.36	23,155.94	4,498.42	304,002.20	9,310.92
3	6/29/2017	304,002.20	27,654.36	-	27,654.36	23,474.33	4,180.03	280,527.87	13,490.95
4	12/29/2017	280,527.87	27,654.36	-	27,654.36	23,797.10	3,857.26	256,730.77	17,348.21
5	6/29/2018	256,730.77	27,654.36	-	27,654.36	24,124.31	3,530.05	232,606.45	20,878.26
6	12/29/2018	232,606.45	27,654.36	-	27,654.36	24,456.02	3,198.34	208,150.43	24,076.60
7	6/29/2019	208,150.43	27,654.36	-	27,654.36	24,792.29	2,862.07	183,358.14	26,938.67
8	12/29/2019	183,358.14	27,654.36	-	27,654.36	25,133.19	2,521.17	158,224.95	29,459.84
9	6/29/2020	158,224.95	27,654.36	-	27,654.36	25,478.77	2,175.59	132,746.18	31,635.44
10	12/29/2020	132,746.18	27,654.36	-	27,654.36	25,829.10	1,825.26	106,917.08	33,460.70
11	6/29/2021	106,917.08	27,654.36	-	27,654.36	26,184.25	1,470.11	80,732.83	34,930.81
12	12/29/2021	80,732.83	27,654.36	-	27,654.36	26,544.29	1,110.08	54,188.54	36,040.88
13	6/29/2022	54,188.54	27,654.36	-	27,654.36	26,909.27	745.09	27,279.27	36,785.97
14	12/29/2022	27,279.27	27,654.36	-	27,279.27	26,904.18	375.09	0.00	37,161.06

City of Seward, NE
Monday, December 21, 2015
Regular Session

Item G4

**PRESENTATION AND CONSIDERATION OF THE POWER
SUPPLY PROPOSALS - Bruce Smith & John Krajewski**

Administrative Report: The City Council contracted services from Mr. Krajewski to conduct an energy supply RFP from suppliers. Mr. Krajewski will present the proposals to the City Council for discussion and consideration. The City Council may determine how to move forward.

Staff Contact:

Power Supply Evaluation

Presented to:
City Council, City of Seward
December 21, 2015

Presented by:
John A. Krajewski, P.E.



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Purpose of Presentation

- Discuss evaluation process
- Review economic assessment
- Identify other factors
- Discuss conclusions
- Next steps



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Evaluation Process

- Solicited power supply proposals
- Reviewed to ensure proposals met minimum requirements
- Initial economic assessment prepared
- Developed short-list
- Provided short-listed proposers opportunity to update proposals
- Prepared recommendation



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Schedule

Date	Description
November 9, 2015	RFP issues
November 16, 2015	Notice of Intent to Propose due
December 1, 2015	Proposals due
Early December 2015	Review by Consultant
December 10, 2015	Initial review with City staff
December 21, 2015	Meeting with City Council
December 31, 2015	Deadline to execute new NPPD 20-year agreement and avoid 3.57% adder



Requests for Proposals

- Initially sent to 17 suppliers
- Six entities provided proposals that were responsive for power supply
 - American Electric Power
 - Big Rivers Electric Corporation
 - First Security Power (disqualified)
 - Heartland Consumers Power District
 - Municipal Energy Agency of Nebraska
 - Nebraska Public Power District
- Two service providers offered market participant services



Layout of RFP

- Three options available for potential proposers to consider
 - Option 1 – 30% in 2019-2021
 - Option 2 – 50-90% in 2021
 - Option 3 – Total requirements beginning 2022



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Evaluation Parameters

- No NPPD production rate increase through 2027
- No City load growth
- For alternate suppliers:
 - 3.7% NPPD adder through 2021 for customers who do not sign new wholesale contract
 - 30% reduction in 2019
 - 100% reduction in 2022



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Assessment of Initial Responses

- NPPD offered most cost effective long-term supply (> 10 years)
- Cost difference between new contract and existing contract - \$200,000 per year
- Existing contract preserves termination rights and rights to reduce



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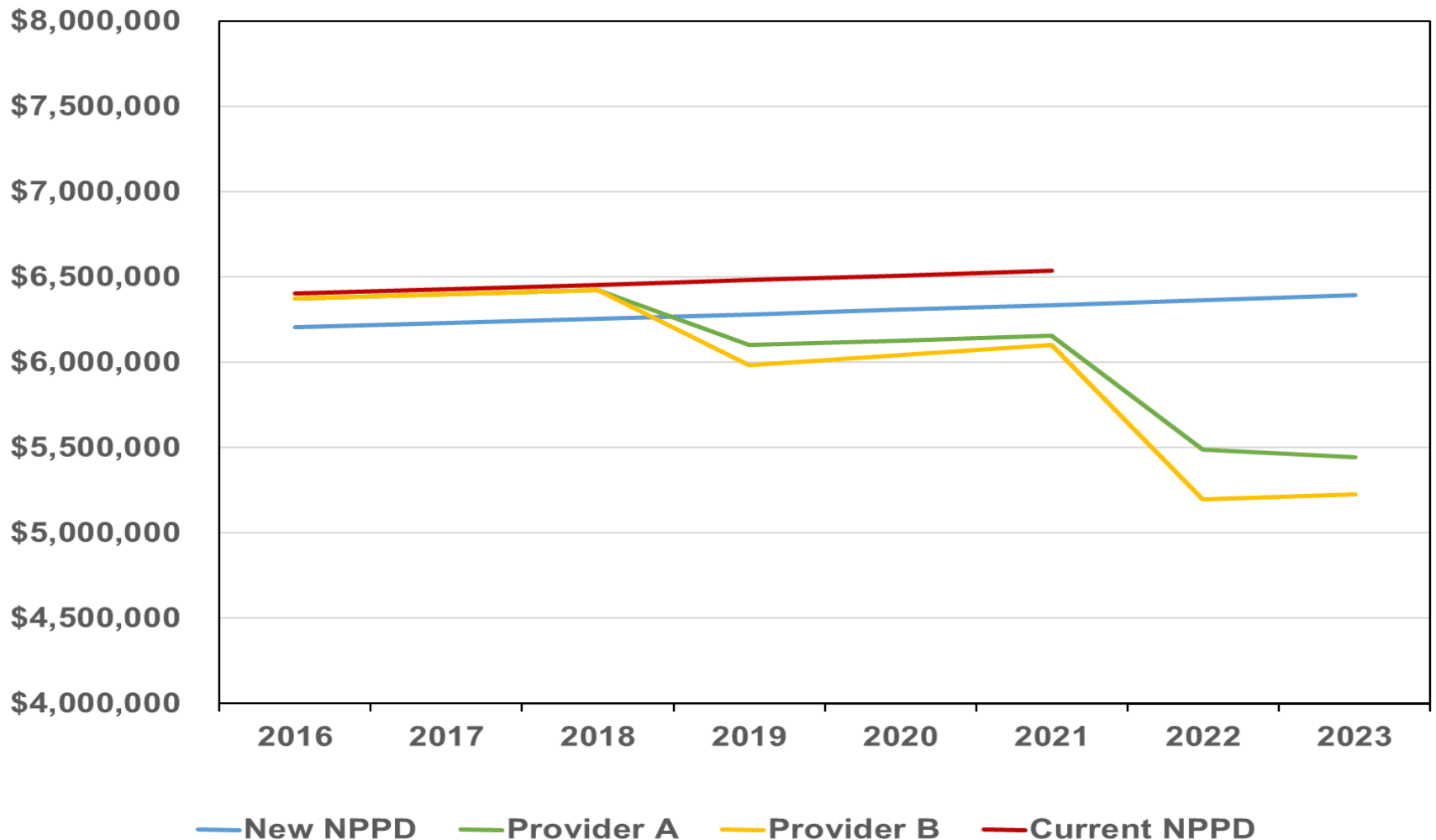
Assessment of Initial Responses

- Alternate suppliers provide lower costs beginning in 2019 (30% reduction)
 - ~\$300,000 annual savings in 2019-2021
 - Approximately 5% savings
- Larger savings in 2022
 - \$1.0 million per year, decreasing over time
 - 16% savings in 2022



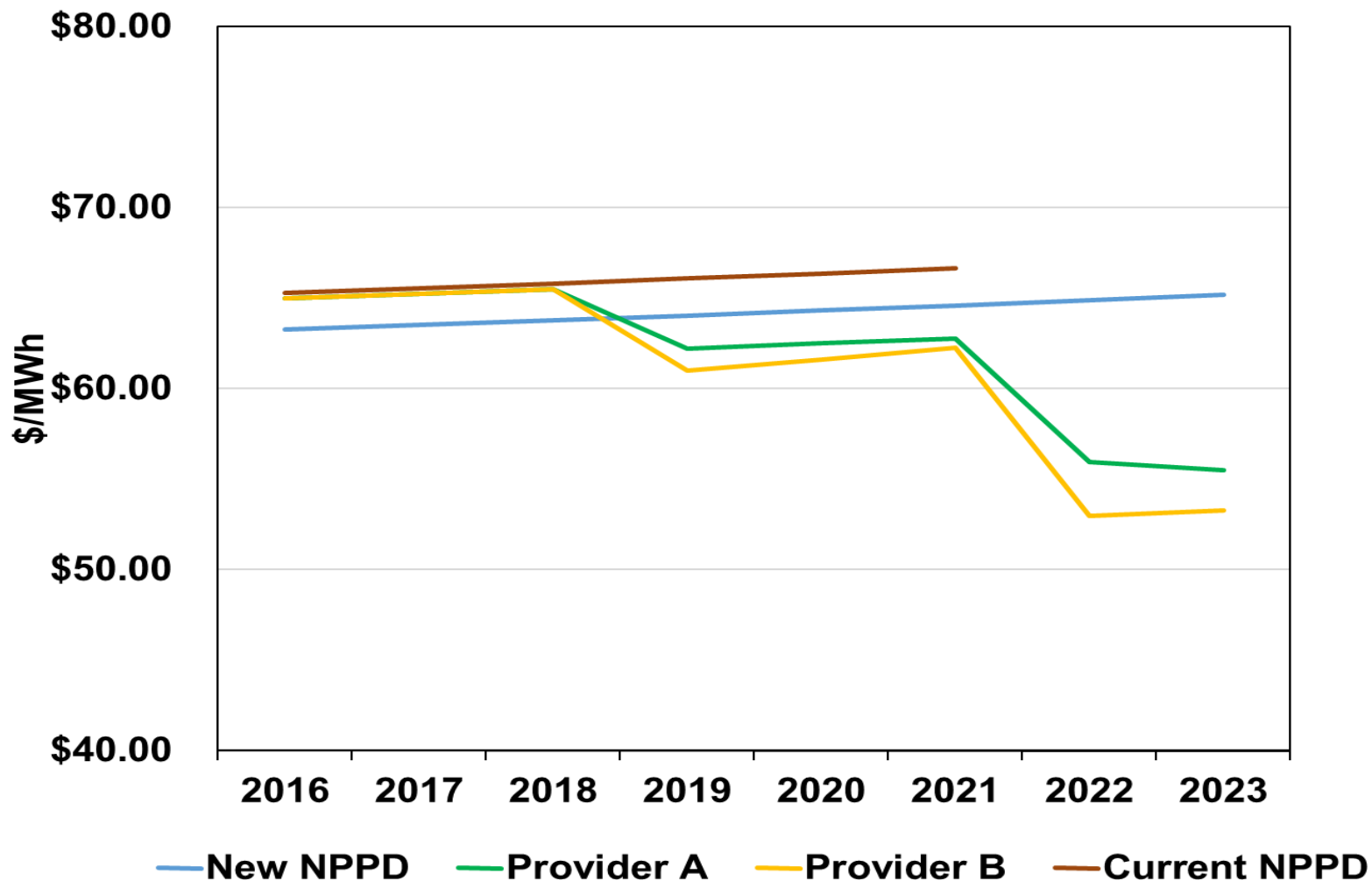
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Comparison of Alternatives



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Comparison of Alternatives



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Potential Strategies

- Option 1: Do nothing
- Option 2: Sign new NPPD 20-year contract
- Option 3: Reduce purchases 30% in 2019-2021, give notice in 2016 to terminate agreement at end of 2021



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Option 1: Do Nothing

- Approximately \$200,000/year more expensive through 2022
- Preserves right to reduce or limit purchases for any reason or terminate agreement on five years notice
 - NPPD has option to terminate with five years notice also



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Option 2: Sign New Contract

- Lower cost than Option 1, based on surcharge NPPD is assessing
 - Subject to outcome of litigation
- Lowest cost contract would provide for option to reduce if NPPD doesn't meet rate thresholds



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Option 2: Sign New Contract

- Provide long-term stability in exchange for long-term commitment
- City forgoes opportunity to purchase from third party in 2019 and beyond
 - Potential savings in power supply



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Option 3: Reduce/Terminate

- Higher cost (~\$200,000) through 2018
 - Subject to litigation outcome
- Potential savings in 2018-2021
 - Savings of ~\$300,000 annually in 2019-2021 because of NPPD surcharge
 - Savings of more than \$1 million in 2022, decreasing over time



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Option 3: Reduce/Terminate

- Scenario based on 30% reduction in 2019-2021
 - May be able to reduce purchases by more based on litigation outcome
 - Notice required by December 31, 2015 to reduce purchases from NPPD
- City would need to give notice before December 31, 2016 if it wants to terminate agreement at the end of 2021



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Option 3: Reduce/Terminate

- Economic assessment is based on initial proposals
 - Giving respondents opportunity to refine proposals may result in further energy cost reductions



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Initial Economic Assessment

Supplier	NPV 2016-2027
Option 3: 30% / 100% reduction	\$ 57,180
Option 2: New NPPD contract	60,410

Note: Supplemental power costs. Excludes WAPA.
NPV in 2016 dollars (\$000) at 4.5% discount rate.



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Conclusions

- NPPD new contract is best long-term (>10 year initial term), cost-based arrangement
 - Low rate cost escalation
 - Resource stability



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Conclusions

- Option 1 (stay on existing contract) provides City with flexibility over next six years
 - Observe NPPD rate changes
 - Ability to reduce purchases with three year notice
 - Ability to terminate with five years notice
- Cost for Option 1 compared to Option 2 is ~\$200,000 per year



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Conclusions

- City could save approximately \$3.2 million in 2016-2027 (2016 NPV) by selecting new supplier
 - Based on 30% reduction and termination of NPPD GFPS at end of 2021
 - Supplier offered fixed prices through 2027



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Recommendation

- If long-term power supply stability at low cost is most important factor to the City, consider signing the new NPPD 20-Year Agreement
- If City prefers terms of existing agreement, including reduce and limit options, it should do nothing
 - Monitor NPPD developments, particularly if it gives notice to terminate the GFPS



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Recommendation

- If lowest cost after 2019 is most important to City, notice to reduce purchases and terminate agreement should be given
 - Provide notice to NPPD for reduction, subject to outcome of litigation
 - Provide termination notice effective December 31, 2021
 - Commence negotiations with one or more short-listed providers



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Contact Information

John Krajewski
JK Energy Consulting, LLC
650 J Street, Suite 108
Lincoln, NE 68508
jk@jkenergyconsulting.com
Phone: 402-440-0227



City of Seward, NE
Monday, December 21, 2015
Regular Session

Item G5

**CONSIDERATION OF ISSUING NOTICE TO NEBRASKA
PUBLIC POWER TO REDUCE ENERGY PURCHASE - Bruce
Smith**

Administrative Report: If Council determines at this meeting not to sign a new 20-year contract with NPPD, the City needs to provide notice to NPPD prior to December 31, indicating the intent to reduce energy purchases.

Staff Contact:

December 21, 2015

Mr. Patrick L. Pope
President & CEO
Nebraska Public Power District
1414 15th Street
PO Box 499
Columbus, Nebraska 68602

Dear Mr. Pope:

This letter provides written notice to the Nebraska Public Power District (NPPD) from the City of Seward, Nebraska (City) to terminate the Wholesale Power Contract (WPC), dated January 1, 2002, between NPPD and the City. This termination shall be effective at the conclusion of its initial term on December 31, 2021. This notice is provided pursuant to Article 1, Section B, of the WPC.

Also, pursuant to Article 2, Section A, of the WPC, the City hereby notifies NPPD of the City's intent to limit and reduce its purchase of Demand and Energy from NPPD under the WPC on the earliest possible schedule and in the largest possible percentage rates of reduction the WPC permits. We understand that there is outstanding litigation regarding the reduction provision with other customers. The City will abide by the terms of the resolution of that litigation, but would like to reduce its purchases by the maximum amount allowed. In particular, the City hereby notifies NPPD of the following reductions:

Three (3) Consecutive Annual 30 Percent (30%) Reductions – Preferred Option

1. For the calendar year commencing January 1, 2019, the City shall limit and reduce its monthly purchase of Demand and Energy from NPPD by 30 percent (30%) of the City's Base Monthly Demand and Energy Obligation, as that term is defined in the WPC. This reduction shall remain effective through December 31, 2021.
2. For the calendar year commencing January 1, 2020, the City shall limit and reduce its monthly purchase of Demand and Energy from NPPD by an additional 30 percent (30%) of the City's Base Monthly Demand and Energy Obligation, effective through termination of the WPC. For calendar year 2020, the cumulative reduction shall be 60 percent (60%) of the City's Base Monthly Demand and Energy Obligation. This reduction shall remain effective through December 31, 2021.

3. For the calendar year commencing January 1, 2021, the City shall limit and reduce its monthly purchase of Demand and Energy from NPPD by an additional 30 percent (30%) of the City's Base Monthly Demand and Energy Obligation, effective through termination of the WPC. During calendar year 2021, and continuing through expiration of the WPC on December 31, 2021, the cumulative reduction shall be 90 percent (90%) of the City's Base Monthly Demand and Energy Obligation.

Notice of Consecutive Annual Reductions of 30 Percent (30%), 10 Percent (10%) and 50 Percent (50%) - Second Option

If the Preferred Option is not available as the result of the outstanding litigation, the City hereby gives notice as follows:

1. For the calendar year commencing January 1, 2019, the City shall limit and reduce its monthly purchase of Demand and Energy from NPPD by 30 percent (30%) of the City's Base Monthly Demand and Energy Obligation. This reduction shall remain effective through December 31, 2021.
2. For the calendar year commencing January 1, 2020, the City shall limit and reduce its monthly purchase of Demand and Energy from NPPD by an additional 10 percent (10%) of the City's Base Monthly Demand and Energy Obligation, effective through termination of the WPC on December 31, 2021. During calendar year 2020, the cumulative reduction shall be 40 percent (40%) of the City's Base Monthly Demand and Energy Obligation. This reduction shall remain effective through December 31, 2021.
3. For the calendar year commencing January 1, 2021, the City shall limit and reduce its monthly purchase of Demand and Energy from NPPD by an additional 50 percent (50%) of the City's Base Monthly Demand and Energy Obligation, effective through termination of the WPC on December 31, 2021. During calendar year 2021, and continuing through expiration of the WPC on December 31, 2021, the cumulative reduction shall be 90 percent (90%) of the City's Base Monthly Demand and Energy Obligation.

Notice of Consecutive Annual Reductions of 30 Percent (30%) and 10 Percent (10%) Thereafter – Third Option

If the Preferred Option or Second Option is not available as a result of the outstanding litigation, the City hereby gives notice as follows:

1. For the calendar year commencing January 1, 2019, the City shall limit and reduce its monthly purchase of Demand and Energy from NPPD by 30 percent (30%) of the City's Base Monthly Demand and Energy Obligation. This reduction shall effective through termination of the WPC on December 31, 2021.

2. For the calendar year commencing January 1, 2020, the City shall limit and reduce its monthly purchase of Demand and Energy from NPPD by an additional 10 percent (10%) of the City's Base Monthly Demand and Energy Obligation, effective through termination of the WPC on December 31, 2021. During calendar year 2020, the cumulative reduction shall be 40 percent (40%) of the City's Base Monthly Demand and Energy Obligation. This reduction shall remain effective through December 31, 2021.
3. For the calendar year commencing January 1, 2021, the City shall limit and reduce its monthly purchase of Demand and Energy from NPPD by an additional 10 percent (10%) of the City's Base Monthly Demand and Energy Obligation, effective through termination of the WPC on December 31, 2021. During calendar year 2021, and continuing through expiration of the WPC on December 31, 2021, the cumulative reduction shall be 50 percent (50%) of the City's Base Monthly Demand and Energy Obligation.

It is the City's expectation that all other provisions of the WPC will continue to remain in effect. The City reserves all other rights available under the WPC and applicable state law. We look forward to working with you to implement this request.

Sincerely yours,

Joshua Eickmeier
Mayor, City of Seward

City of Seward, NE
Monday, December 21, 2015
Regular Session

Item G6

**CONSIDERATION OF PURCHASING A HYBRID VEHICLE
FOR CITY ADMINISTRATION - Bruce Smith**

Administrative Report: \$6,000 in grant funds are available through Nebraska Community Energy Alliance (NCEA) for the purchase of an EV/Hybrid vehicle. Administration is considering a used Chevy Volt or other Hybrid vehicle to potentially replace the 2005 Van. Grant funds must be expended prior to December 31, 2015. Administration did not budget specifically for a replacement vehicle; however, funds are available from other line items.

Following review and discussion, a motion to authorize purchase of a replacement vehicle would be in order.

Staff Contact:

City of Seward, NE
Monday, December 21, 2015
Regular Session

Item G7

MOTION TO ADJOURN

Staff Contact: