

Doug Hutchinson, President
Kelly Ohlson, District 5, Vice-President
Ben Manvel, District 1
Lisa Poppaw, District 2
Aislinn Kottwitz, District 3
Wade Troxell, District 4
David Roy, District 6

City Council Chambers
City Hall West
300 LaPorte Avenue
Fort Collins, Colorado

Cablecast on City Cable Channel 14
on the Comcast cable system

Darin Atteberry, City Manager
Steve Roy, City Attorney
Wanda Krajicek, City Clerk

The City of Fort Collins will make reasonable accommodations for access to City services, programs, and activities and will make special communication arrangements for persons with disabilities. Please call 221-6515 (TDD 224-6001) for assistance.

MEETING

April 20, 2010
after the Regular Council Meeting

1. Call Meeting to Order.
2. Roll Call.
3. Public Hearing and First Reading of Ordinance No. 001, Authorizing the Issuance and Sale of its Tax-exempt Revenue Bonds, Series 2010A and its Taxable Revenue Bonds (Direct Pay Build America Bonds), Series 2010B, Providing for the Sources of Payment of the Bonds, and Providing Other Details Concerning the Bonds and the Enterprise's Electric Utility System. (staff: Bill Freeman, Chuck Seest; 5 minute staff presentaion; 10 minute discussion)

Ordinance No. 001 authorizes the issuance of \$18,500,000 of Electric Utility Enterprise Revenue Bonds. The proceeds of the bonds, net of issuance expenses, will be used to provide the Utilities' matching portion for the Smart Grid Investment Grant (SGIG) project. This Ordinance delegates authority to the City Finance staff to accomplish the bond sale prior to December 31, 2010, at the most appropriate time to secure terms and interest rates sufficient to provide for the cost savings reflected in the project description. The bonds are anticipated to have final maturities no longer than ten years from the date of issuance.

4. Other Business.
5. Adjournment.



April 20, 2010

ELECTRIC UTILITY ENTERPRISE

A regular meeting of the Electric Utility Enterprise was held on Tuesday, April 20, 2010 at 11:05 p.m. in the Council Chambers of the City of Fort Collins City Hall. Roll Call was answered by the following Boardmembers: Hutchinson, Kottwitz, Manvel, Ohlson, Poppaw, Roy, and Troxell.

Staff Members Present: Atteberry, Krajicek, Roy.

**Ordinance No. 001,
Authorizing the Issuance and Sale of its Tax-exempt Revenue Bonds,
Series 2010A and its Taxable Revenue Bonds (Direct Pay Build America Bonds),
Series 2010B, Providing for the Sources of Payment of the Bonds,
and Providing Other Details Concerning the Bonds and the
Enterprise's Electric Utility System, Adopted on First Reading**

The following is staff's memorandum for this item.

"EXECUTIVE SUMMARY

Ordinance No. 001 authorizes the issuance of \$18,500,000 of Electric Utility Enterprise Revenue Bonds. The proceeds of the bonds, net of issuance expenses, will be used to provide the Utilities' matching portion for the Smart Grid Investment Grant (SGIG) project. This Ordinance delegates authority to the City Finance staff to accomplish the bond sale prior to December 31, 2010, at the most appropriate time to secure terms and interest rates sufficient to provide for the cost savings reflected in the project description. The bonds are anticipated to have final maturities no longer than ten years from the date of issuance.

BACKGROUND/DISCUSSION

The bonds will be sold by a negotiated sale with George K. Baum servicing as underwriter. It is anticipated that the bonds will be rated by Standard and Poors Inc. prior to Second Reading, scheduled for May 4, 2010. Staff has estimated that the bonds will have substantially level debt service beginning in 2011. The projected sources and uses of bond proceeds will be provided prior to the May 4 Council meeting.

The sources and uses of the bond proceeds are estimates and are subject to change as the market for this debt issuance changes. The final sizing and structure of the bonds will be adjusted based on the response by the market. The Ordinance provides the authority to accept bids and award the bonds to the best bidder. The ordinance also describes the potential use of Build America Bonds for a portion of the sale. This is an alternative to typical tax-exempt revenue bonds that the Electric Utility would issue and would only be used if this combined structure will yield savings on debt service. The Build America Bonds are described in the attached memo from Bond Counsel."

April 20, 2010

Chuck Seest, Finance Director, stated the goal is optimize the bond structure for the electric bonds and lower the cost of debt. This is the first time since the 1940s the Electric Utility has issued bonds.

Eric Sutherland, 3520 Golden Curreant, stated a citizen advisory board should be created to examine issues relating to Utilities. He expressed concern relating to Utility staff.

Ann Malone, 220 Stuart, expressed concern relating to bond rates.

City Manager Atteberry stated Utility staff, including Steve Catanach, Light and Power Operations Manager, are very talented and do not deserve unwarranted criticism.

Boardmember Poppaw noted the Fort Collins Utilities Department is known throughout the state for its exemplary work.

Boardmember Troxell stated Fort Collins is on the cutting edge with its AMI and Smart Grid proposals.

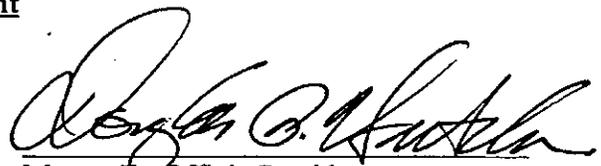
Boardmember Roy asked about the bond rates. Seest replied savings of close to \$750,000 are expected over the typical tax-exempt bonds, with rates expected to be between 2 and 2.5%; therefore staff finds this an optimum time to enter the market.

Boardmember Poppaw made a motion, seconded by Boardmember Roy, to adopt Ordinance No. 001, on First Reading. Yeas: Hutchinson, Manvel, Ohlson, Poppaw, Roy, and Troxell. Nays: Kottwitz.

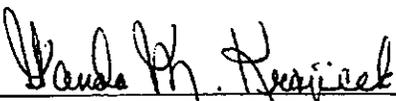
THE MOTION CARRIED.

Adjournment

The meeting adjourned at 11:25 p.m.


Mayor, Ex Officio President

ATTEST:


City Clerk, Ex Officio Secretary

