



CITY OF FALLON

REQUEST FOR COUNCIL ACTION

DATE SUBMITTED: April 10, 2024
AGENDA DATE: April 16, 2024
TO: The Honorable City Council
FROM: Sean Rowe, UAMPS Member Representative
AGENDA ITEM TITLE: Consideration and possible approval of a Resolution Authorizing a Tax Certificate and Agreement for UAMPS' Firm Power Supply Project; and Related Matters. **(For possible action)**

TYPE OF ACTION REQUESTED:

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| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Other – Discussion Only |
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RECOMMENDED COUNCIL ACTION: Motion to approve a Resolution Authorizing a Tax Certificate and Agreement For UAMPS' Firm Power Supply Project; and Related Matters.

DISCUSSION: Through its relationship with Utah Associated Municipal Power Systems ("UAMPS"), the City of Fallon participates in the Red Mesa Power Purchase Agreement from which the City purchases power for its electric utility. IRS Code and US Treasury Regulations contain special provisions which allow tax-exempt bonds to be issued to finance prepayments for the purchase of electricity. These allow the City to structure transactions to convert the difference between the issuer's lower (tax-exempt) costs of funds and the prepaid energy supplier's higher (taxable) costs into a discounted price for prepaid energy. At this time, UAMPS estimates the initial discount to be EIGHT PERCENT (8%) though the final savings will be determined at closing. This Resolution authorizes UAMPS to enter into the necessary agreements to effectuate this discounted transaction and further authorizes the City's staff to execute and deliver these agreements to UAMPS to in order to complete the transaction and authorizes City Staff to take such actions as are reasonably necessary to carry out the intentions of this Resolution.

FISCAL IMPACT: N/A

FUNDING SOURCE:

PREPARED BY: Sean Rowe, Deputy City Attorney