

RESOLUTION NO. 2019-44

**RESOLUTION RESTRICTING FUND BALANCE WITHIN
THE LIGHT AND POWER FUND FOR NON-FEDERAL POWER
PURCHASE CREDIT SUPPORT RESERVES**

WHEREAS, the City has committed to purchase 1 megawatt (MW) of non-federal power in both fiscal years 2019 and 2020 through the Northwest Energy Supply Cooperative (NIES); and

WHEREAS, the contract with NIES requires that the City establish Credit Support Reserves (Reserves) for the power purchases based on a percentage of the remaining purchase obligation; and

WHEREAS, the City Council has determined that restricting a portion of the Light and Power Fund's Fund Balance is the best way to meet the Reserves requirement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:

Section 1. The following amounts of the Light and Power Fund's Fund Balance are restricted solely for the purpose of meeting the Credit Support Reserves requirement of the power purchase agreement through NIES: 1) as of October 1, 2019, \$53,646; 2) as of June 30, 2020, the amount restricted is lowered to \$32,603; and 3) as of September 1, 2020, the amount restricted is lowered to \$27,955.

Section 2. This resolution is effective immediately upon its enactment by the City Council.

PRESENTED AND PASSED this 12th day of August, 2019.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 12th day of August, 2019.



Peter B. Truax, Mayor

Member's Credit Support Reserves requirement is calculated by multiplying the sum of Member's outstanding transactions minus its average two month prepay amount, and then multiplied by ten percent (10%).

Staff is recommending option C as it is the easiest method for the City to administer. This option requires that the City set aside funds which cannot be used for any other purpose while this resolution is in effect. The required reserves will decline over time. The required reserve at October 1, 2019, is \$53,646. The required reserves at September 1, 2020, is \$27,655. The resolution will adjust the amount of required reserves over time.

FISCAL IMPACT: Fiscal impact is minimal as only about 1% of the Light & Power Fund's Fund Balance will be restricted from other use at the outset of the resolution.

STAFF RECOMMENDATION: Staff recommends City Council approve the attached resolution establishing the restricted funds.

ATTACHMENT(s): Resolution Restricting Fund Balance Within the Light & Power Fund for Non-Federal Power Purchases