

BILL NO. _____

RESOLUTION NO. _____

A RESOLUTION ESTABLISHING PRIORITIES FOR USE OF ANY SURPLUS IN THE
INDEPENDENCE POWER AND LIGHT FUND.

WHEREAS, Section 3.12 of the Independence City Charter establishes the electric utility; and,

WHEREAS, Section 3.17 of the Independence City Charter states that after providing for depreciation accruals and amortization of bonds, and for reasonable accumulation of surplus, the electric utility shall apply all annual profits to rate reductions; and,

WHEREAS, the City Council adopted Resolution 17-729 to formalize a set of financial policies for the City consistent with the Council's adopted goal of ensuring City finances are stable and sustainable through control of long-term costs, optimization of resources, long-range financial planning, and sound decision-making; and,

WHEREAS, when addressing fund balances, these policies state that the City will endeavor to maintain a minimum Unrestricted Fund Balance in Enterprise Funds equal to 63 days of annual operating expenditures plus the annual debt service payment, if applicable; and,

WHEREAS, these policies further state that the City will endeavor when possible to retire bonds and other similar instruments early when sufficient revenues are accumulated, and to refinance debt when a Net Present Value Savings of at least 3% exists; and,

WHEREAS, the City's utility financial advisor, PFM, has spent the last several months conducting a financial health and cash flow analysis for the Independence Power & Light fund; and,

WHEREAS, it is expected that the results of this rigorous analysis will be presented to the Public Utilities Advisory Board at their November 19th, 2020 meeting and will be shared with the full City Council at the December 14th Study Session; and,

WHEREAS, it is prudent that the provisions of the City Charter and the City's financial policies be strictly adhered to in order to engender public confidence when contemplating the results of the financial analysis performed by PFM;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF
INDEPENDENCE, MISSOURI, AS FOLLOWS:

SECTION 1. That the City Council of Independence, Missouri hereby resolves to follow the City Charter and the adopted financial policies when contemplating the findings of the financial analysis to be presented by PFM with regard to the electric utility fund.

SECTION 2. That in following these provisions, the City Council will prioritize any surplus funds in the electric utility in the following manner: that the first priority shall be the defeasance of outstanding municipal bonds and the second priority shall be refunding the ratepayers of the electric utility.

PASSED THIS ____ DAY OF _____, 2020, BY THE CITY COUNCIL OF THE
CITY OF INDEPENDENCE, MISSOURI.

Presiding Officer of the City Council
of the City of Independence, Missouri

ATTEST:

City Clerk

APPROVED AS TO FORM AND LEGALITY

City Counselor

REVIEWED BY:

City Manager