

Resolution No. _____

Passed _____

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Pertaining to AMP Contract No. C-2-2011-8343

RESOLUTION NO. 17- 2011

A RESOLUTION AUTHORIZING THE DIRECTOR OF UTILITIES OF THE CITY OF ORRVILLE TO EXECUTE A POWER SALES CONTRACT WITH AMERICAN MUNICIPAL POWER, INC. AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH REGARDING PARTICIPATION IN THE AMP FREMONT ENERGY CENTER AND DECLARING AN EMERGENCY.

WHEREAS, the City of Orrville, Ohio (“hereinafter Municipality”) owns and operates an electric utility system for the sale of electric power and associated energy for the benefit of its citizens and taxpayers; and

WHEREAS, in order to satisfy the electric power and energy requirements of its electric utility system, Municipality has heretofore purchased, or desires to do so in the future, economical and reliable power and energy from, or arranged by, American Municipal Power, Inc. (hereinafter “AMP”), of which Municipality is a Member; and

WHEREAS, Municipality, acting individually and, along with other municipalities which own and operate electric utility systems, jointly, endeavors to arrange for reliable, reasonably priced supplies of electric power and energy for ultimate delivery to its customers; and

WHEREAS, it is efficient and economical to act jointly in such regard; and

WHEREAS, AMP is an Ohio nonprofit corporation, organized to own and operate facilities, or to provide otherwise, for the generation, transmission or distribution of electric power and energy, or any combination thereof, and to furnish technical services on a cooperative, nonprofit basis, for the mutual benefit of its Members, such Members, including the Municipality, being, and to be, political subdivisions of their respective states that operate electric systems in, as of the date of adoption hereof, Kentucky, Michigan, Ohio, Pennsylvania, Virginia and West Virginia; and

WHEREAS, each of the Members owns and operates its electric system for the benefit of its customers; and

WHEREAS, certain of the Members, including the Municipality, have determined it requires additional, long-term sources of reliable, environmentally sound and reasonably priced electric capacity and energy and has requested that AMP arrange for the same; and

WHEREAS, in furtherance of such purpose, Municipality, along with other Members (collectively “Participants”) request and AMP agrees and intends to finance, construct, operate and own up to a one hundred percent (100%), and in any case not less than an eighty percent (80%), undivided ownership interest, in the Fremont Energy Center having an expected net rated electric generating capacity of approximately seven hundred seven megawatts (707 MW), to be known collectively as the American Municipal Power Fremont Energy Center (as hereinafter defined, “AMP Fremont Energy Center”); and

WHEREAS, AMP has resolved, in accordance herewith, to develop, including, as appropriate, the financing, acquisition, construction, ownership and operation of, and arrangements for the acquisition, , financing, payment and prepayment of fuel for, its ownership interest in the AMP Fremont Energy Center as (the “Project”) well as other arrangements related thereto, which AMP and, in certain cases, the Participants, deem necessary to enable AMP to fulfill its obligations hereunder to sell and transmit, or

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otherwise make available, electric capacity and energy to the Participants pursuant to the Fremont Energy Center Power Sales Contract (hereinafter "PSC"); and

WHEREAS, in order to obtain such sources of electric capacity and energy, the Participants are willing to pay AMP for their respective rights to such electric capacity and energy and transmission service at rates that are sufficient, but only sufficient, to enable AMP to (i) recover all costs and expenses incurred with respect to, and arrangements for the acquisition, financing, payment and prepayment of fuel for, the Project as set forth herein, all other Power Sales Contract Resources obtained by AMP to supplement the Project, and related service arrangements undertaken by AMP to enable it to fulfill its obligations hereunder, and (ii) recover any other expenditures or revenues authorized hereunder; and

WHEREAS, AMP has investigated both a self-build of a natural gas combined cycle project as well as the acquisition of one of several existing natural gas combined cycle projects either operating or in various stages of construction; and

WHEREAS, AMP and certain Members have determined that the purchase of the nearly complete Fremont Energy Center from FirstEnergy is the best option for AMP Members; and

WHEREAS, because the expected in service date of the Fremont Energy Center is on or about January 1, 2012, certain Participants may need to have AMP rearrange their current power supply portfolio by selling certain already purchased power, principally for 2012 through 2015, into the market ("Buy-Out") and finance the cost of such transaction pursuant to the PSC.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORRVILLE, OHIO:

Section 1: That the PSC between Municipality and AMP, substantially in the form on file with the Clerk including Appendices thereto is approved, and the Director of Utilities of Municipality is hereby authorized to execute and deliver such Power Sales Contract, with such changes as the Director of Utilities may approve as neither inconsistent with this Resolution nor materially detrimental to the Municipality, his or her execution of the PSC to be conclusive evidence of such approval.

Section 2: That the Director of Utilities is hereby authorized to acquire on behalf of the Municipality, as a Participant, as defined in the PSC, Power Sales Contract Resources (hereinafter "PSCR Share"), as defined in the PSC, without bid, from AMP and to execute and deliver any and all documents necessary to become a Participant in the AMP Fremont Energy Center project pursuant to the conditions set forth herein and in the PSC and to carry out its obligations thereunder and to arrange for the Buy-Out of any excess power and energy currently under contract with AMP as the Director of Utilities deems in the best interests of the Municipality.

Section 3: That it is further acknowledged and understood that because the Participants will finalize the precise PSCR Share to be acquired by each Participant electing to enter into the PSC after all such Participants execute and deliver the PSC, the Director of Utilities in connection with the execution and delivery of the PSC, is authorized and directed to determine and acquire Municipality's PSCR Share (not taking into account the Step-Up as defined in the PSC), of up to a nominal amount of 20,000 kilowatts, after consultation with AMP and the other Participants regarding the PSCR Share available pursuant to said PSC,

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such PSCR Share to be set forth in Appendix A of the PSC, such determination as to such PSCR Share being conclusively evidenced by the adoption of Appendix A to the PSC, as authorized therein.

Section 4: That the Director of Utilities of this Municipality, as a part of such officer's official duties, is hereby appointed as Municipality's representative for any meetings or determinations of the Participants or the Participants Committee pursuant to the PSC and is authorized and directed, acting for, in the name of and on behalf of this Municipality, to vote Municipality's PSCR Share with regard to any determinations regarding the AMP Fremont Energy Center project as set forth in the PSC.

Section 5: That the Director of Utilities may appoint, in writing from time to time as necessary, another representative of the Municipality as his or her alternate to carry out the duties set forth in Section 4 hereof.

Section 6: That it is found and determined that all formal actions of this Council concerning and relating to the passage of this resolution were taken in an open meeting of this Council and that all deliberations of this Council and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

Section 7: If any section, subsection, paragraph, clause or provision or any part thereof of this resolution shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this resolution shall be unaffected by such adjudication and all the remaining provisions of this resolution shall remain in full force and effect as though such section, subsection, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not, to the extent of such invalidity, been included herein.

Section 8: That this Resolution is declared an emergency measure necessary for the immediate preservation of the public peace, health and safety of the residents of the City of Orrville, and for the further reason it is necessary to provide for a continuous and predictable source of power for the customers of municipal utilities and, therefore, this Resolution shall be in effect immediately after its passage and approval by the Mayor.

Passed this 6th day of June 2011.



President of Council

Attest:

T. Peppard

Clerk of Council

Approved:
David J. Zindulak

Mayor

Date 6/6/11

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RECORD OF RESOLUTIONS

Dayton Legal Bank, Inc., Form No. 30045

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