

RESOLUTION NO. 05-02

ROLL CALL

VOTING	YES	NO
MAYOR DALE R. BARNEY <i>(votes only in case of tie)</i>		
MATTHEW D. BARBER <i>Councilmember</i>	X	
PAUL M. CHRISTENSEN <i>Councilmember</i>	X	
EVERETT KELEPOLO <i>Councilmember</i>	ABSENT	
SETH V. SORENSEN <i>Councilmember</i>	X	
CHRIS C. WADSWORTH <i>Councilmember</i>	X	

I MOVE this ordinance be adopted: Councilmember Barber

I SECOND the foregoing motion: Councilmember Wadsworth

RESOLUTION NO. 05-02

A RESOLUTION EXPRESSING THE INTENT OF THE CITY COUNCIL TO REPAY FUNDS TO THE ELECTRIC ENTERPRISE FUND

WHEREAS, Spanish Fork City has developed and operates a telecommunications system known as SFCN; and

WHEREAS, in order to obtain the capital to pay the start up costs of SFCN, the City obtained a revenue bond; and

WHEREAS, the City underestimated the demand for telecommunications services within the City, which demand caused the City to spend more funds to connect customers than anticipated; and

WHEREAS, the funds spent to connect the unanticipated customers caused the bond amount to be insufficient to complete the build out of the telecommunications system; and

WHEREAS, the additional demand also caused the operation and maintenance expenses for the first years of the system to exceed the expected amount; and

WHEREAS, SFCN used funds from the electric enterprise fund to pay the additional costs related to building out the system and the additional operation and maintenance expenses incurred; and

WHEREAS, the additional demand has also made SFCN more profitable than expected at an earlier date than expected; and

WHEREAS, SFCN is more successful than anticipated, even exceeding the best case scenario provided in the feasibility study. That success has allowed SFCN to fully pay its own way at the current time, despite its youth; and

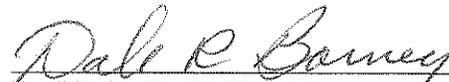
WHEREAS, it is the intent and desire that SFCN be self-sustaining, and therefore it should repay the electric enterprise fund for the build out and O&M expenses which were used from the electric fund, due to the unexpected demand and success of the system; and

WHEREAS one of the purposes of SFCN was to provide a service to the residents of the City which was lacking, therefore, the funds should be repaid to the electric enterprise fund when the bond is paid, rather than raise rates to repay it earlier;

NOW THEREFORE, be it resolved by the Spanish Fork City Council as follows:

1. It is the intent of Spanish Fork City to repay the electric enterprise fund from SFCN funds, in the amount of \$2,307,666.00, for electric funds borrowed by SFCN to complete its build out and pay the initial operation and maintenance expenses, upon completion of the bond payments incurred by SFCN.
2. Since the present City Council cannot bind a future council on budget items, it is recommended that the funds, as set forth in paragraph 1, be repaid, at the conclusion of the bond payments and in the same amount as the bond payments, with interest.

DATED this 5th day of April, 2005.



DALE R. BARNEY, Mayor

ATTEST:



KENT R. CLARK, City Recorder

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