

## **RESOLUTION 2017-03**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUSHNELL, FLORIDA, APPROVING THE EXERCISE OF THE PURCHASE OPTION CONTAINED IN ORDINANCE NO. 81-13, SUBJECT TO CERTAIN CONDITIONS PRECEDENT; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, in 1981, the City and Sumter Electric Cooperative, INC (hereafter "SECO") entered into a Franchise Agreement and a Territorial Agreement, pursuant to which the City granted SECO an exclusive thirty (30) year franchise to provide electrical service to a portion of the City's residents; and,

**WHEREAS**, the City owns its own electric utility system and provides electric service within the city limits of Bushnell; and,

**WHEREAS**, the Franchise Agreement contained an option for the City to purchase SECO's electric utility assets located within the City limits at or after the expiration of the thirty (30) year franchise. ("Purchase Option"); and,

**WHEREAS**, prior to the expiration of the Franchise Agreement, the City and SECO engaged in discussions concerning the renewal of the Franchise Agreement; and

**WHEREAS**, an impasse developed between SECO and the City over the extension of the purchase option, so the City authorized WHH Enterprises to prepare a feasibility study to determine if the purchase of the portion of the electric system and customers served by SECO within the City could be feasibly acquired by the City; and,

**WHEREAS**, the City received the feasibility study in October of 2015 and the study determined that the system and customers could be feasibly acquired; and,

**WHEREAS**, the City initiated this arbitration to determine the value of the Electric Utility Assets within the City boundaries, as those boundaries existed as of December 31, 2015; and,

**WHEREAS**, an arbitration was conducted by a three-member arbitration panel during February of 2017; and,

**WHEREAS**, the undersigned arbitrators rendered a final total award to SECO of \$5,135,000.00, which is to be paid to SECO in the event the City elects to purchase the system and customers; and,

**WHEREAS**, the matter has now been returned to the City for further deliberations and determinations before electing to exercise the option; and,

**WHEREAS**, the City has requested an update of the information in the 2015 feasibility study, information from its financial advisor, and advice from its special counsel regarding the advisability of electing to exercise its option; and,

**WHEREAS**, there are several issues and conditions that must be resolved before the final election to exercise the option and acquire title occurs.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BUSHNELL, FLORIDA, AS FOLLOWS:**

**SECTION 1. AUTHORIZATION TO PROCEED TO ACQUIRE ASSETS AND CUSTOMERS.** The City Council hereby accepts the above referenced recitals as its findings of fact and hereby determines that the purchase of the SECO electric distribution system and customers located in the City of Bushnell is feasible and in the public interest. The City Council hereby authorizes its City Manager, staff, consultants, and special counsel to take all actions necessary to resolve the issues listed below so that the Council may elect to exercise the option to purchase and acquire title to the SECO electric distribution system and customers located in the City of Bushnell. The following is a list of conditions precedent that must be resolved before the City can accept title to the said system and customers:

1. Negotiation of a transfer agreement to provide for the closing of title to the assets to be acquired from SECO in accordance with the Final Arbitration Award of April 7, 2017; and,
2. Completion of necessary short and long-term financing to secure the funds to pay for the acquisition of assets and construction of separation and reintegration facilities, and other necessary facilities; and ,
3. Determination of the true up payment amount as contemplated under the Final Arbitration Award; and,
4. Coordination with the City's bulk power supplier, the Florida Municipal Power Agency; and,
5. Resolution of any other issues deemed necessary to close the transaction of the purchase and sale of the said system and customers.

Upon completion of the above listed conditions precedent, it is the City Council's intention to elect and approve the exercise of the purchase option subject to negotiation of transfer agreement and appropriate resolution of the other issues.

**SECTION 2. EFFECTIVE DATE.** This Resolution shall be effective immediately upon adoption.

Upon motion made by Councilman Strickland, and seconded by Mayor Spaude, this Resolution was passed and adopted by the City Council of the City of Bushnell, Florida. The vote upon this Resolution was as follows:

Mayor/Councilman W.C. Spaude	Yea
Vice Mayor/Councilman Bill Durham	Absent
Councilwoman Karen Davis	Yea
Councilman Joe P. Strickland, Jr.	Yea
Councilman Dale Swain	Nay

This Resolution was adopted by the City Council of Bushnell, Florida, on the 15<sup>th</sup> day of May, 2017, at a regularly scheduled meeting of the City Council.

Approved by me this 16<sup>th</sup> day of May, 2017.



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HONORABLE W.C. SPAUDE  
MAYOR

ATTEST:



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CHRISTINA DIXON  
CITY CLERK