

SPONSOR: Stuart Heath

ORDINANCE NO. 82-07

AN ORDINANCE TO AUTHORIZE THE EXECUTION OF A POWER SCHEDULE WITH AMERICAN MUNICIPAL POWER-OHIO, INC., AND DECLARING AN EMERGENCY.

WHEREAS, the City of Jackson, Ohio (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 economical and reliable power and energy from AMP-Ohio, of which Municipality is a Member, or has heretofore purchased power arranged by AMP-Ohio; and

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

WHEREAS, Municipality has executed a Master Services Agreement with AMP-Ohio which sets forth the general terms and conditions for the provision of power supply and other services by AMP-Ohio to Municipality; and

WHEREAS, AMP-Ohio has acquired by contract with J. Aron (the "Original J. Aron Contract") economical long-term power and energy which has been made available for resale to certain AMP-Ohio Members, including Municipality ("Municipalities"), on a long-term basis; and

WHEREAS, Municipality previously determined that it could beneficially utilize a portion of such energy and executed the Original Power Schedule with AMP-Ohio for a share of the power and energy from the Original J. Aron Contract at the stated contract price to Municipality of \$0.04455 per kWh, excluding taxes, transmission costs, replacement power and AMP-Ohio service fees (the "Contract Price"); and

WHEREAS, AMP-Ohio is renegotiating the terms of the Original J. Aron Contract for purposes of prepaying all or a portion of AMP-Ohio's obligations under the Original J. Aron Contract, in a discounted lump sum (the "Prepayment"), in exchange for a reduction in the Contract Price; and

WHEREAS, the amount of the Prepayment will correspond to the shares of power and energy of Municipality and Municipalities authorizing power schedules substantially identical to the New Power Schedule ("Participants"); and

WHEREAS, not all Municipalities may become Participants; and

WHEREAS, an amendment to the Original J. Aron Contract relating to the Prepayment will enable AMP-Ohio to offer long-term power and energy to Participants at a discount price, excluding

taxes, transmission costs, replacement power and AMP-Ohio service fees (the "Discount Price"), from the Contract Price that would otherwise be charged by AMP-Ohio to service its obligations under the Original J. Aron Contract; and

WHEREAS, AMP-Ohio intends to issue bonds to finance the Prepayment and Municipality requests it to do so; and

WHEREAS, Municipality desires to obtain the benefit of the Discount Price and consents to the issuance of bonds by AMP-Ohio on its behalf to effect the Prepayment; and

WHEREAS, AMP-Ohio has offered to enter into the New Power Schedule, supplementary to its Master Services Agreement with Municipality, that will amend and restate the Original Power Schedule to provide that AMP-Ohio will agree to obtain and sell to Municipality, and Municipality will agree to take and pay for, a share of the power and energy acquired by AMP-Ohio pursuant to an amendment to the Original J. Aron Contract (the Original J. Aron Contract, as so amended, the "Prepayment Agreement"); and

WHEREAS, it is understood by Municipality that the ability of AMP-Ohio to offer power and energy to Municipality at the Discount Price will be governed by the terms of the Prepayment Agreement, and that, under certain conditions, such Prepayment Agreement may be terminated prior to December 31, 2012; and

WHEREAS, it is further understood by Municipality that, in the event the Prepayment Agreement shall be terminated by J. Aron or AMP-Ohio for any reason, the New Power Schedule will require AMP-Ohio to continue to sell, and Municipality to purchase, power and energy at the Contract Price, rather than the Discount Price, effective on the date of such termination; and

WHEREAS, it is understood by Municipality that all payments made by Municipality pursuant to such New Power Schedule will continue to constitute an operation and maintenance obligation of Municipality's electric utility system, payable from the revenues thereof in accordance with the New Power Schedule, and Municipality agrees, as specified in the New Power Schedule, to fix, charge and collect rates sufficient to pay its obligations thereunder along with all other legally required obligations of Municipality's electric utility system; and

WHEREAS, due to volatility in the electric power markets, an emergency exists in that Municipality is required to act expeditiously to authorize AMP-Ohio to secure the most favorable pricing and to capture additional savings for Municipality and it is necessary to immediately enact this ordinance for the preservation of the public health, safety and welfare.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF JACKSON, OHIO:

SECTION 1. That the New Power Schedule between Municipality and AMP-Ohio, substantially in the form attached hereto as Exhibit 1, including Appendices thereto is approved, and the Authorized Representative of Municipality is hereby authorized to execute and deliver such New Power Schedule, with such changes as the Authorized Representative may approve as neither inconsistent with this Ordinance/Resolution nor materially adverse to Municipality, his or her execution of such Schedule to be conclusive evidence of such approval.

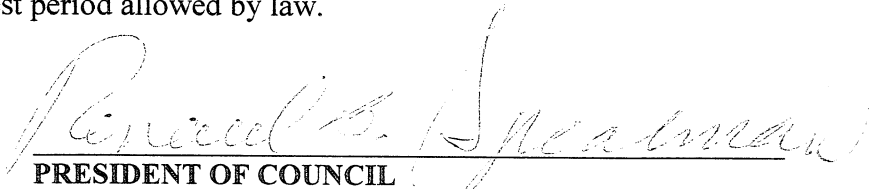
SECTION 2. The Authorized Representative may execute and deliver the New Power Schedule, conditioned upon AMP-Ohio's agreement to hold the same in escrow pending a written determination by AMP-Ohio's independent financial advisor being provided to the Authorized Representative, stating that the anticipated present value savings to Municipality from its participation in the Prepayment will equal or exceed two percent (2%). The Authorized Representative may conclusively rely upon the written estimate of AMP-Ohio's independent financial advisor as to the measure of such savings. In making such determination, AMP-Ohio's independent financial advisor may assume that the Prepayment Agreement shall run for a term coextensive with the term of the New Power Schedule.

SECTION 3. That the "Effective Date" of the New Power Schedule shall be the same date as the effective date of the Prepayment Agreement provided that such date shall be not later than December 31, 2007.

SECTION 4. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance that were required by law to be 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 that were required by law to be were in meetings open to the public, in compliance with all legal requirements.

SECTION 5. For the reasons stated in the preamble hereto this Ordinance is hereby declared to be an emergency measure necessary for the preservation of the public health safety and welfare and it shall take effect at the earliest period allowed by law.

Date: 6-11-07


PRESIDENT OF COUNCIL


CLERK OF COUNCIL

Approved:

Date: 6-15-07


MAYOR