



-Revised-

Agenda Item #1

Special Commission Meeting Date: May 1, 2013

**CITY OF GREAT FALLS
COMMISSION AGENDA REPORT**

Item: City Commission to consider a SETTLEMENT AGREEMENT AND RELEASE with Southern Montana Electric Generation and Transmission Cooperative, Inc.

From: Gerald Murphy and Doug James – Moulton Bellingham PC

Action Requested: Approve Settlement Agreement and Release as presented.

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (approve/reject) the Settlement Agreement and Release with Southern Montana Electric Generation and Transmission Cooperative, Inc. dated April 26, 2013.”

2. Mayor calls for a second, discussion, public comment, and calls the vote.

Background: Through its attorneys, Southern Montana G&T, the City of Great Falls and Electric City Power have reached a SETTLEMENT AGREEMENT AND RELEASE that will totally, completely, and permanently sever the City’s relationship with Southern Montana G&T. The proposed settlement agreement includes an owed water credit in the amount of \$1,186,061.83 plus a mediated settlement amount of \$2,063,938.17.

Fiscal Impact: The proposed settlement totals \$3.25 million dollars. The Settlement Payment is due and payable only after the order approving the Settlement Agreement has become a Final Order in Federal Bankruptcy Court. The first \$2,500,000 of the Settlement Payment shall be paid within three (3) business days of the entry of a Final Order. The balance of the Settlement Payment in the amount of \$750,000 shall be paid on or before December 31, 2013.

The first payment will come from existing city funds. The source of the second payment will be contemplated during the FY2014 budget development process.

Alternatives: Continue to litigate the matter in Federal Bankruptcy Court.

Attachments/Exhibits: 1) Letter from Attorney Doug James dated April 26, 2013.
~~2) Fund Allocation Worksheet for initial payment.~~