

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE AMENDING THE HEDGE PLAN FOR THE NORTH LITTLE ROCK ELECTRIC DEPARTMENT; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES.**

WHEREAS, with the adoption of Ordinance No. 8771 on October 26, 2015, the City Council of North Little Rock (“City”) approved a Risk Management Policy (“RMP”) to identify risks and their economic impact on the North Little Rock Electric Department (“NLRED”), to manage or mitigate risks, and to establish and define procedures and controls to be used by NLRED staff and a third-party energy trading and risk management entity (“Power Manager”) to manage risk; and

WHEREAS, after the approval of Resolution No. 8883 on November 23, 2015, the City entered contract with The Energy Authority, Inc. (“TEA”) to perform power management services for NLRED as contemplated within the RMP; and

WHEREAS, with the adoption of Ordinance No. 8786 on January 25, 2016, the City approved a Hedge Plan which authorized the acquisition of wholesale power using specific procedures, and according to specific limits; and

WHEREAS, on April 25, 2016, the City received a quarterly compliance report on the Risk Management Committee (“RMC”) from the City Attorney which concluded that hedge percentages had exceeded authorized limits for the year +FY5 and recommended that, due to existing long-term contracts creating a “natural” hedge of 57%, maximum hedge limits should be raised; and

WHEREAS, on May 10, 2016, the RMC unanimously recommended increasing the maximum hedge limits for years +FY4 and +FY5 to 80%.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That the table in Appendix E (North Little Rock Electric Department Hedge Plan) to the City’s Risk Management Policy (Ordinance No. 8771, as amended) establishing the programmatic hedge schedule is hereby amended as follows:

<b>Fiscal Year</b>	<b>Minimum Hedge Percentage</b>	<b>Maximum Hedge Percentage</b>
FY1	70%	100%
FY2	60%	90%
FY3	50%	80%
FY4	40%	<del>70%</del> <u>80%</u>
FY5	30%	<del>60%</del> <u>80%</u>

Note: ~~Strikethrough~~ indicates deletion and underline indicates additions to the document.

SECTION 2: That all ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict.

SECTION 3: That the provisions of this Ordinance are hereby declared to be severable and if any section, phrase or provision shall be declared or held invalid, such invalidity shall not affect the remainder of the sections, phrases or provisions.

SECTION 4: It is hereby found and determined that the price of wholesale power is subject to substantial fluctuations which may occur to the detriment of the City of North Little Rock and the ratepayers of the North Little Rock Electric Department, requiring the immediate passage of this ordinance in order to insure the financial stability of the City and predictable flow and cost of electricity for North Little Rock Electric Department rate payers, and being necessary for the immediate preservation of the public health, safety and welfare, THEREFORE, an emergency is hereby declared to exist and this Ordinance shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

\_\_\_\_\_

\_\_\_\_\_

Mayor Joe A. Smith

SPONSOR:

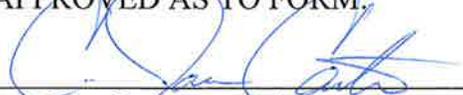
ATTEST:

  
\_\_\_\_\_  
Mayor Joe A. Smith

\_\_\_\_\_

Diane Whitbey, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
C. Jason Carter, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY

FILED	<u>11:22</u>	A.M.	_____	P.M.
By	<u>Cathy Carter</u>			
DATE	<u>5-17-16</u>			
<b>Diane Whitbey, City Clerk and Collector North Little Rock, Arkansas</b>				
RECEIVED BY				