



**TO:** Board of Directors  
**FROM:** Bill D. Carnahan  
**SUBJECT:** Meeting of the SCPPA Finance Committee – August 31, 2009  
**DATE:** September 4, 2009

---

A meeting of the Finance Committee was held on August 31, 2009, at the SCPPA office in Pasadena.

**Committee members in attendance were:** Chairman Bill Carnahan (*SCPPA*); Ed Zacherl (*Anaheim*); Peggy Keigler (*Colton*); Bill Fox (*Glendale*); Greg Broeking (*Imperial Irrigation District*); Mario Ignacio (*LADWP*); and Reiko Kerr (*Riverside*).

**Others present were:** Stephen Cole (*Fulbright & Jaworski*); Dan Hartman, Mike Berwanger and Will Frymann (*Public Financial Management*); Therese Savery (*LADWP*); and Richard Helgeson (*SCPPA*).

## **1. Investment Reports**

The Committee reviewed the Investment Reports for the month of July and agreed to forward the reports to the Board for receipt and filing.

## **2. Renewable Energy Project Financing Update**

Public Financial Management (PFM) provided an update on near-term renewable project financings:

- **Windy Point:** Windy Point/Windy Flats is a contemplated \$500 million transaction for a 262.2 MW wind project located in Washington, with LADWP (242 MW 92.37%) and Glendale (20 MW 7.63%) as participants. Glendale is expected to execute Layoff Agreement with LADWP. The expected COD is early 2010. The financing approach is a DOE Grant with prepayment, and if done in two phases, could involve two financings. JPMorgan has been selected as the underwriter.
- **Leaning Juniper:** Leaning Juniper is a 200 MW wind project located in Oregon, the first phase of which is 90 MW and has LADWP (75 MW 83.3%), Glendale (10 MW 11.1%), and Pasadena (5 MW 5.6%) as participants. The project currently has two phases and contemplates \$224 million and \$306 million transactions. COD is expected for May 2010 and March 2011. The financing approach is installment payments. Goldman Sachs has been selected as underwriter.

### **3. Linden Wind Energy Project**

PFM provided the Committee with an update in connection with the Linden Wind Energy Project. The Project has reached a business arrangement, and the approval process is underway. Project Participants are LADWP (90%) and Glendale (10%), with a Layoff Agreement providing Glendale the right to recapture all or a portion of its 10% interest after three years. The financing structure is a one year note with long-term bond take-out financing. The approval process at LADWP and Glendale are expected to be completed on schedule. Participants were billed during August for the initial payment of \$13,995,000 due in September and will be reimbursed from bond proceeds. Expected COD is end of 2010. Morgan Stanley was selected as underwriter. A motion to forward legal documents for the Notes, a material events resolution and a Preliminary Official Statement to the SCPPA Board for approval was approved by the Committee.

### **4. Milford Wind Project – Phase I and Phase II**

PFM provided an update on the Milford Wind Projects which are proceeding on separate schedules. The project has two phases which are expected to result in transactions in the 2009 or 2010 timeframe.

- **Milford I:** Milford I is a 200 MW wind project located in Utah which contemplates a \$260 to \$400 million transaction with LADWP (185 MW 92.5%), Burbank (10 MW 5%), and Pasadena (5 MW 2.5%) as participants. Expected COD is November 2009. The financing approach is expected as either a buyout or prepay with PTC Tax Equity. Barclays has been selected as the underwriter.
- **Milford II:** Milford II is a 100 MW wind project located in Utah which contemplates a \$180 to \$275 million transaction with LADWP (65 MW 65%), Anaheim (25 MW 25%) and Pasadena (10 MW 10%) as participants. Expected COD is June 2010; funding is expected in 2010. The financing approach is Tax Equity with prepayment.

### **5. Canyon Power Project Update**

PFM provided an update on the Canyon Project and related financing. SCPPA is proceeding according to plan on the Canyon Power Project financing which at this point in time has been shifted to a Revenue Note structure. The project is expected to cost approximately \$320 million. The project has \$104 million of Revenue Anticipation Notes outstanding which have a maturity of December 2, 2009, and SCPPA will be completing the anticipated new money and refunding transaction prior to that date. The remaining construction costs are expected to total approximately \$216 million. SCPPA has selected Citigroup and Morgan Stanley as co-senior managers. Since long-term financing will be contingent upon the AQMD process and CEC licensing, SCPPA expects to complete a long-term refinancing of the Notes in 2010. A motion was made to forward documents, including an amendment to the Power Sales Agreement, an Agency Agreement, and the legal documents for the Notes and a Preliminary Official Statement to the SCPPA Board.

### **6. Mead-Adelanto and Mead-Phoenix Standby Bond Purchase Agreement Renewals**

PFM provided an update on the extension of the existing Standby Bond Purchase Agreements for the 2008 Mead Phoenix and Mead Adelanto bonds which will become effective on October 1, 2009.

**7. Magnolia Power Project Basis Swap**

PFM provided an update in connection with the implementation of a basis swap, from SIFMA to a percentage of three-month LIBOR. SCPPA is moving forward on the addition of separate basis swaps, assuming the swaps can be priced at favorable levels. PFM and Fulbright have continued work with Barclays and RBC to draft documents which would allow both to serve as possible counterparties to SCPPA.

**8. Tieton Hydropower Project**

PFM provided the Committee with an update for the Tieton Hydropower Project and potential asset purchase and bond financing. The Tieton Project is a 19 MW Hydroelectric facility in Washington. Project participants are expected to be LADWP (6 MW, 33%), Burbank (6 MW, 33%), and Glendale (6 MW, 33%). A motion was made to forward the legal documents and certain other materials to the SCPPA Board for approval.

**9. Imperial Valley Geothermal Project Reimbursement**

The Committee discussed the current contemplation of expenditures related to the Imperial Valley Geothermal Project. The project is currently contemplated as a 50 MW geothermal facility with LADWP, Glendale, Pasadena, Burbank, IID and Banning as participants. A motion was made to forward a Reimbursement Agreement to the SCPPA Board for approval.

**10. Raser Geothermal Project**

The Raser Geothermal project is a 77 MW facility located in Utah and the project participants include LADWP (41 MW 53.2%), Burbank (11 MW 14.3%), Glendale (11 MW 14.3%), and Pasadena (14 MW 18.2%). Cost is to be determined and COD is expected for the end of 2010. The expected financing structure will utilize PTC tax equity with a prepayment. Barclays has been selected as underwriter.

**11. Market and VRDO Update**

PFM provided a market and VRDO status report. There have been no significant changes since the last meeting. The most troubled remaining issues are the STS 2000 and STS 2001 Series bonds. Some improvement was seen in Dexia-backed bond trading in August, but significant concerns remain. SCPPA's outstanding variable rate issues continued to trade well in August.

**12. Gas Prepay Project No. 1**

The Committee discussed potential restructuring for the Gas Prepay Project No 1. The Committee has agreed to continue to move forward with the restructuring and will target SCPPA Board approval in October. It is contemplated that a number of documents will need to be approved by the SCPPA Board and that a revised Gas Supply Contract will require approval from each Project Participant's City Council. The Committee also discussed several open items relating to fees and document drafting. A motion was made recommending to the SCPPA Board the adoption of a resolution authorizing SCPPA's team of financial professionals to prepare documents for the restructuring was approved by the Committee.

**13. Palo Verde Project 1997 Revenue Bonds, Series B**

The Committee discussed a Forward Delivery Purchase Agreement which was executed with Bear Stearns in 1997. Bear Stearns has transferred any interests it may have in various documents of many issuers to JP Morgan. The Committee has chosen to follow up with JPMorgan.

---

**THE NEXT REGULARLY SCHEDULED FINANCE COMMITTEE MEETING  
WILL BE HELD MONDAY, OCTOBER 5, 2009, AT 10:30 A.M. AT THE SCPA OFFICE.**