

**SOUTHERN CALIFORNIA
PUBLIC POWER AUTHORITY**



**Request for Qualifications and Proposals
for
Renewable Energy Project Underwriting Services**

RFP Date: January 7, 2009

Response Deadline: January 20, 2009 by 5:00 PM PST

Request for Qualifications and Proposals Related to Renewable Energy Project Underwriting Services

The Southern California Public Power Authority (“SCPPA”) has solicited and received numerous proposals for renewable energy projects. The proposals have been comprehensive and have presented SCPPA and SCPPA’s members with valuable project opportunities. SCPPA has committed to several of these projects and is actively pursuing others. As a result, SCPPA would like to establish a team of underwriting firms (“the SCPPA Renewable Project Underwriting Pool”) from which senior managers and co-managers may be chosen to advise SCPPA and to help SCPPA execute financings for such projects.

In relation to renewable energy projects, it is SCPPA’s intent to obtain underwriting services from only those firms which are part of the SCPPA Renewable Project Underwriting Pool. SCPPA will maintain its existing team of underwriting firms (“the SCPPA Underwriting Pool”) for non-renewable project financings and the SCPPA Renewable Project Underwriting Pool would be neither explicitly inclusive or exclusive of members of the SCPPA Underwriting Pool.

SCPPA reserves the right to reject all proposals, to select as many firms as so desired, to postpone the decision to select any firm, and to change the selected underwriting team at any time, all without liability or cost to SCPPA.

Background

SCPPA, a joint powers authority and a public entity organized under the laws of the State of California, was created pursuant to the Government Code of California and a Joint Powers Agreement for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation or transmission of electric energy.

Membership consists of eleven cities and one irrigation district which supply electric energy to Southern California, including the municipal utilities of the cities of Anaheim, Azusa, Banning, Burbank, Colton, Cerritos, Glendale, Los Angeles, Pasadena, Riverside, Vernon, and the Imperial Irrigation District. Bill Carnahan acts as Executive Director of SCPPA and Craig Koehler acts as Finance and Accounting Manager.

SCPPA is advised by Fulbright and Jaworski, LLP as bond counsel and by Public Financial Management, Inc. as financial advisor.

As part of its mandate, and in the spirit of joint action, SCPPA has focused on AB 32 legislation which is intended to cause the achievement of 1990 greenhouse gas emission levels by 2020. SCPPA is taking a leading role in developing an implementation process, and SCPPA is committed to the establishment of a fair and equitable process for reducing emissions.

SCPPA has, for the benefit of its members and for the expressed purpose of assisting member agencies in complying with the carbon reduction and green resource mandates (such as AB 32) on national, state, and individual utility basis, been pursuing participation options in renewable energy projects. As mentioned, SCPPA is in a continuing process of evaluating such projects some of which SCPPA is now looking to finance.

Scope of Services

The SCPPA Renewable Project Underwriting Pool will be composed of a group of firms from which senior managers and co-managers may be chosen to execute transactions.

The SCPPA Renewable Project Underwriting Pool will be expected to work with SCPPA's finance team (including project participants) in identifying and recommending financing structures for specified projects, for preparing and reviewing necessary legal documents, and for execution of bond financings.

For a specified financing, under the direction of the Executive Director, the firm(s) selected as senior manager(s), will be expected to fulfill the following duties:

- Attend and participate in meetings related to the financing.
- Provide support services for completion of the financing.
- Provide ongoing information to SCPPA's finance team (including project participants) regarding the activity and status of the financing.
- Assist in preparation for presentations to the SCPPA Board of Directors, SCPPA Finance Committee, rating agencies, investors, and insurers, as appropriate.
- Structure, schedule, purchase and lead the marketing of the bonds.
- Present a timely, comprehensive summary of management performance to include distribution of bonds by syndicate member and investor category.
- If necessary, assist in the placement of tax-equity.
- If necessary, serve as or solicit the services of a derivative counterparty.
- Assist in the creation of models and execution of analysis related to tax equity structures and other prepayment structures.
- Analyze and assist in the evaluation of credit enhancement proposals, as appropriate.

Underwriting Team Selection Criteria

- SCPPA intends to select an underwriting team with a strong commitment to providing renewable energy expertise and services to its participant members.
- A firm's capitalization and the ability to underwrite bonds will be strongly considered in naming a bookrunner and co-managers for each transaction.
- SCPPA may also vary the size of the underwriting team for each transaction and may replace a member of the team if services to SCPPA are discontinued for any

reason. SCPPA's guidelines call for a review of the underwriting team every two to three years.

- SCPPA's goal is to reward each member of the syndicate that provides workable applications of financing ideas according to their value to SCPPA.
- At SCPPA's discretion, the member who provides the workable idea could be made the book-running senior manager for the underwriting or, if the idea is something other than direct debt issuance, the party with whom the transaction is executed.
- SCPPA intends to provide for minority-owned and women-owned business enterprise participation in the team.

Questions

In addressing the questions below, please use the major outline categories as the structure of your response and as part of your response to each of the major topic requests please address each of the sub-bullet items.

A. Describe the level of staffing and experience of the individuals who would be available to SCPPA as part of your firm's team.

1. *Identify the name, address, telephone number, email address and facsimile number of the person in your organization authorized to negotiate terms and make decisions on this proposal*
2. *Indicate the names of the individuals whom SCPPA would contact on a day-to-day basis and the name of the individual who would be responsible for project oversight on SCPPA projects if other than mentioned above.*
3. *If your firm has a dedicated Renewables and/or Public Power practice, indicate the number of individuals dedicated to that practice.*
4. *For principal contacts, provide brief resumes, emphasizing financings for renewable energy projects for which your firm was retained and emphasizing past experience working with SCPPA.*
5. *Provide the locations of your municipal underwriting desks and the names and locations of the underwriters who would most likely serve SCPPA.*

B. Firm Qualifications and Recommendations

1. *Very briefly, state why your firm should be appointed as one of the senior managing or co-managing underwriters in the SCPPA Renewable Project Underwriting Pool.*
2. *Briefly summarize your firm's current financial condition and describe your firm's commitment to renewable energy practice as well as the municipal finance business.*
 - a. *Very briefly describe the status and significance of any major organizational changes (such as acquisitions) which have been made recently at your firm.*
 - b. *Indicate your firm's level of commitment to the renewable energy practice and municipal finance business and detail any changes made in the past*

year to the character or level of renewable energy and municipal finance services directly offered by your firm.

- c. Indicate the current long-term credit ratings assigned by Moody's, Standard and Poor's and Fitch Ratings to the division(s) of your firm that would be providing underwriting services, would be serving as a derivative counterparty, or would be capable of extending credit to SCPPA.
 - d. Provide your firm's most recently reported total equity capital and excess net equity capital positions in accordance with GAAP and please indicate the date on which the given information was compiled.
3. *Describe your firm's level of expertise in Public Power financings and specifically your firm's experience with renewable energy project financings.*
- a. Provide your ranking (in number of Senior-Managed transactions and total par of Senior-Managed transactions) for national and California Public Power related financing transactions completed by your firm for calendar year 2007 and Q1-Q3 of 2008.
 - b. Indicate the significant renewable energy projects which your firm has helped to finance with traditional tax-exempt debt over the past three years. Provide the project name, type of technology, the residing state, the type of debt utilized, and the approximate financing size.
 - c. Indicate the total dollar amount and GWH output capacity of the renewable energy projects which your firm has helped to finance as a senior manager over the past three years.
 - d. Provide a brief summary of any renewable energy financings which your firm has worked on or completed which made use of either a prepayment structure or utilized tax equity or both. Indicate the kind of structure(s) utilized and indicate whether the financing strategy has been executed. If a listed project financing has not been completed, please provide a brief explanation. Also indicate if any of the structures contemplated allowed for ownership of the project. Case studies are also welcomed, but please provide no more than two case studies.
 - e. Very briefly describe your firm's current thoughts on renewable prepayment transactions and the economics of such transactions. Provide your firm's view on the options for utilizing a prepayment structure which would later allow SCPPA to obtain ownership of the project.
 - f. Indicate your firm's level of experience in working with for-profit entities in financing renewable energy projects. Describe your firm's experience and familiarity in using tax-equity structures for such entities. Describe, if applicable, any committed group of tax-equity or renewable energy project financings specialists which your firm employs.
 - g. Describe your firm's interest in or ability to procure investor interest in tax-equity in the current market. Very briefly describe your firm's thoughts on the tax-equity market and the benefits which the same might provide. Provide your firm's view on the options for utilizing a tax-equity structure which would later allow SCPPA to obtain ownership of the project.
 - h. Indicate any additional alternative renewable energy project financing structures (such as CREBs) which your firm has helped to structure or to place in the past three years.

- i. Provide a detailed list of CREB financings which your firm has executed including the issuer, par amount and form of offering.
 - j. Provide your firm's insights on additional renewable financing structures which your firm might offer SCPPA, or describe any significant financing structures of which SCPPA might be unaware. Describe, if possible, any alternative financing vehicles through which a municipal entity such as SCPPA could access the value of production tax credits.
 - k. Provide any suggestions or recommendations which your firm might have for SCPPA as it relates to legislatively advocating particularly in light of SCPPA's tax-exempt status and the currently weak tax equity market.
4. *Describe your firm's level of experience working with SCPPA and your firm's commitment to SCPPA.*
- a. Please provide a list of financings, which your firm has been involved with at SCPPA or with SCPPA's members over the past three years. Describe your firm's role (senior or co-manager) in those transactions.
 - b. Discuss what your firm has done to assist SCPPA or SCPPA's members with the unprecedented market conditions over the past year.
 - c. Very briefly discuss any occasions over the past year which demonstrate your firm's willingness to utilize your firm's balance sheet for the benefit of SCPPA or SCPPA's members.
 - d. Describe your firm's current ability to serve as a derivative counterparty and/or to extend credit to SCPPA. Describe your firm's willingness and capability to serve as a remarketing agent and/or to provide a credit or liquidity facility, if available, should SCPPA wish to issue variable rate bonds as part of a project financing.
5. *Describe the qualifications of your firm's underwriters as those qualifications might relate to SCPPA.*
- a. Provide a case study from the past three months which demonstrates your firm's aggressiveness in pricing fixed rate tax-exempt or taxable bonds. Describe the risk which your firm was willing to assume.
 - b. Discuss your firm's ability to assist SCPPA in realizing the full benefit of California retail investor demand.
 - c. Discuss your firm's ability to market and sell large blocks of municipal taxable bonds in the current market should any of the SCPPA projects necessitate the sale of such debt.
 - d. Describe very briefly how the recent short-term market turmoil has affected your short-term operations.
 - e. Describe your firm's short-term debt placement capability, both taxable and tax-exempt. Indicate the volume and modes of your remarketing portfolio, auction rate portfolio, and commercial paper programs.
 - f. Provide the amount of capital your firm currently has available for the purpose of municipal bond underwriting.
 - g. Describe your firm's policy for allocating bonds to syndicate members and your firm's policy on assuring meaningful participation by local, minority-owned or women-owned firms.

6. *State which of the following categories best describes your firm: National, Regional, Certified Minority Owned or Minority-Owned / Women-Owned Business Enterprise.*
 - a. If your firm is headquartered in California and has a trading desk in California, specify the locations of each.
 - b. If your firm is a Certified Minority Owned or Minority-Owned / Women-Owned Business Enterprise or otherwise in large Minority-Owned / Women-Owned, specify your firm's certification or lack of certification.

7. *Address your firm's position on renewable or non-carbon emitting technologies and detail actions which your firm has taken to change its energy usage profile.*
 - a. Describe your firm's investment, either directly or indirectly in renewable technologies or practices.
 - b. Explain your firm's position on the adoption of the Carbon Principles.
 - c. Detail your firm's stated policy positions (if any) with regard to Federal Carbon related policy (for example Cap and Trade System implementation, Federal RPS Standards, Renewable Tax Credits, etc.).

Form of Proposals

- Each recommendation should be bound in an appropriate binder and should specifically address the above questions.
- Recommendations should not exceed 20 pages in length, including a one or two-page signed and dated cover letter.
- Please refrain from submitting general marketing information or materials that do not explicitly respond to the information requested.
- Responses shall be submitted on recycled paper that has a minimum of 30 percent post-consumer recycled content duplex copied (double sided pages). Neon or fluorescent paper shall not be used.
- The following declaration must be included on the transmittal letter:
"This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the proposing firm has not directly or indirectly induced or solicited any other proposing firm to put in a sham bid, or any other person, firm or corporation to refrain submitting a proposal; and the proposing firm has not in any manner sought by collusion to secure for themselves an advantage over any other proposing firm."
- Firms submitting responses that, in SCPPA's opinion, are incomplete, unresponsive, and/or do not subscribe to the format guidelines may be disqualified without further consideration.

Terms and Conditions

- SCPPA reserves the right to cancel this RFQ, reject any or all of the submittals and to waive irregularities.
- SCPPA is under no obligation to execute a transaction as a result of this process.

- SCPPA reserves the right to request clarification of information submitted and to request additional information.
- All responses provided will remain firm for a period of ninety (90) days from the RFQ's due date.
- SCPPA will not be liable for any costs associated with a firm's preparation of its response to this RFQ.
- Responses to the RFP become the exclusive property of SCPPA. At such time when a firm is selected and its name made public, the responses submitted shall be regarded as public records. Exceptions will be those elements in each response, which are defined by the firm as business or trade secrets and marked "TRADE SECRET", "CONFIDENTIAL", OR "PROPRIETARY". Any element that a firm desires not to be considered a public record must be clearly marked as set forth above and any blanket statement (e.g., regarding entire pages, documents or other non-specific designations) shall not be sufficient and shall not bind SCPPA in any way whatsoever. SCPPA shall not be in any way be liable or responsible for the disclosure of any such records including, but not limited to, those so marked if disclosure is deemed to be required by law or court order. If a dispute arises among SCPPA, the firm, and the person seeking disclosure of such records, SCPPA shall notify the firm so that the firm has the opportunity to seek a court order precluding the disclosure of such information. In the absence of the firm obtaining such an order, SCPPA shall have the right to release the information.
- While SCPPA is not precluded from entertaining proposals for joint ventures, and while the renewable energy investment banking team appointed by SCPPA may be structured to include MBE/WBE/DBE firm(s), SCPPA has a clear preference for proposals from individual firms.

Submission Requirements

Five hard copies of your recommendation should be delivered on or before January 20, 2009 by 5:00 PM PST to Craig Koehler and one hard copy to Dan Hartman:

Craig Koehler
 SCPPA Finance and Accounting Manager
 Southern California Public Power Authority
 225 S. Lake Avenue, Suite 1250
 Pasadena, California 91101
 (626) 793-9364; Fax (626) 793-9461

Dan Hartman
 Managing Director
 Public Financial Management
 4350 North Fairfax Drive, Suite 580
 Arlington, VA 22203
 (703) 741-0175; Fax (703) 516-0283

Your response should also be emailed to Craig Koehler at ckoehler@scppa.org, Mario Ignacio at mario.ignacio@ladwp.com; Dan Hartman at hartmand@pfm.com, Mike Berwanger at berwangerm@pfm.com and William Frymann at frymannw@pfm.com.

Late or non-responsive recommendations will be rejected.

Any contact with the SCPPA Board of Directors or any SCPPA participant concerning this RFQ other than those listed above is expressly prohibited without the consent of the Executive Director of SCPPA. Any inquiry regarding this RFQ should be directed exclusively to SCPPA's Finance and Accounting Manager. Failure to adhere to this protocol may result in disqualification.

Tentative Schedule

SCPPA Renewable Projects Underwriter Pool Selection Process	
Schedule of Requirements	Target Date(s)
Issue RFQ	January 07, 2009
RFQ Due	January 20, 2009 @ 5:00 PM PST
Review of RFQs	January 20, 2009 - February 1, 2009
Finance Committee Meeting and Shortlist Firms for Interviews	February 02, 2009
Interviews	February 09, 2009 Starting @ 9:30 AM PST
SCPPA Board Approval of Selection	February 19, 2009