MINUTES OF THE MAY 15, 2008, MEETING OF THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A meeting of the Board of Directors was held on May 15, 2008, at the DoubleTree Hotel, 222 N. Vineyard Avenue, Ontario, California.

The meeting was called to order at 10:15 a.m. by President David Wright.

The following Board members (M) and alternates (A) were present and acting in their capacity as representative for their utility: Edward Zacherl, Anaheim (A); Bob Tang, Azusa, (A); James D. Earhart, Banning (M); Ronald E. Davis, Burbank (M); Jeannette Olko, Colton (M); Glenn O. Steiger, Glendale (M); Mario Escalera, Imperial (M); Lelani Johnson, Los Angeles (A); Phyllis E. Currie, Pasadena (M); David H. Wright, Riverside (M).

Staff present were: Executive Director Bill D. Carnahan; SCPPA staff members Richard M. Helgeson, Craig A. Koehler, Phyllis H. Brown, Geri L. Mitchell, Steven L. Homer; Roberto Sarmiento; and Therese Savery, Manager of SCPPA Accounting.

Attorneys and consultants present included: Stephen Cole, Fulbright & Jaworski.

Also present was Saif Mogri, of the Los Angeles Department of Water and Power.

1. Notice/Agenda Opportunity for the Public to Address the Board

President Wright afforded the public an opportunity to address the Board.

2. Approval of Minutes

Mr. Davis moved to approve the minutes of the Special Meeting held April 17, 2008. The motion was seconded by Ms. Olko, and unanimously approved.

3. Executive Director's Report

Mr. Carnahan referenced his written report and discussed the highlights.

4. Finance and Accounting Manager's Report

Mr. Koehler reported on the May meeting of the Finance Committee, and presented the Investment Reports for the month and quarter ended March 31, 2008. The reports were received and filed.

Mr. Koehler presented the unaudited financial statements for the quarter ended March 31, 2008. The reports were received and filed.

Mr. Koehler reported on the status of refinancing plans for Mead-Phoenix, Mead-Adelanto, Southern Transmission System and Palo Verde.

Mr. Koehler presented Resolution No. 2008-19, authorizing the reimbursement of certain expenditures from the proceeds of a proposed tax-exempt bond financing related to the acquisition of the Tieton Hydroelectric Project. Mr. Davis moved that Resolution No. 2008-19 be approved. The motion was seconded by Ms. Currie and unanimously approved.

Mr. Koehler presented the following resolution related to the 2008-09 Annual Administrative and General Expense Budget:

- Resolution No. 2008-20: Administrative and General Expense Budget
- Resolution No. 2008-21: Legislative Advocacy Expense Budget (General)
- Resolution No. 2008-22: Government Affairs Expense Budget (Sacramento)
- Resolution No. 2008-23: Restructuring Account Expense Budget
- Resolution No. 2008-24: Employee Benefits Revision

Mr. Davis moved that all five budget-related resolutions be considered in a single vote. The motion was seconded by Mr. Steiger and unanimously approved.

Mr. Earhart moved that Resolutions 2008-20, 2008-21, 2008-22, 2008-23, and 2008-24 be approved. The motion was seconded by Mr. Steiger and unanimously approved.

5. <u>Intermountain Power Project Greenhouse Gas Study</u>

Mr. Mogri presented a summary of the results of the Intermountain Power Project Greenhouse Gas Reduction Feasibility Study.

6. <u>Energy Systems Manager's Report</u>

Mr. Koehler referenced Mr. Robledo's written report, which discussed efforts relating to renewables, including wind, solar, and geothermal projects, small hydro, and the May meetings of the Customer Service Committee and the Resource Planning Committee.

Mr. Koehler presented Resolution No. 2008-25, authorizing an agreement with ECCO for staff training relating to the California Independent System Operator's transition to a locational market price market and Scheduling Infrastructure Business Rules. Mr. Steiger moved that Resolution No. 2008-25 be approved. The motion was seconded by Ms. Currie and unanimously approved.

Mr. Koehler presented Resolution No. 2008-26, authorizing the negotiation, execution and delivery of a Power Purchase Agreement and Power Sales Agreements relating to the Ormat Brawley Geothermal Project. Mr. Steiger moved that Resolution No. 2008-26 be approved. The motion was seconded by Mr. Escalera and unanimously approved.

Mr. Koehler presented Resolution No. 2008-27, authorizing the negotiation, execution and delivery of document necessary to the acquisition of the Tieton Hydroelectric Project, including a Power Purchase Agreement, Purchase and Sale Agreement, and Power Sales

Agreement. Mr. Zacherl moved that Resolution No. 2008-27 be approved. The motion was seconded by Mr. Davis and unanimously approved.

7. Government Affairs Manager's Report

Ms. Brown presented her written report, and discussed legislative activities in Sacramento and Washington, D.C.

8. Project Administrator's Report

Mr. Homer referenced the written reports, and updated the Board on issues at the projects.

Mr. Homer presented the Quarterly Budget Comparisons for all the projects for the period ending March 31, 2008.

Mr. Homer presented the budgets for Fiscal Year 2008/2009:

- Resolution No. 2008-28: Magnolia Power Project
- Resolution No. 2008-29: Mead-Adelanto Transmission Project
- Resolution No. 2008-30: Mead-Phoenix Transmission Project
- Resolution No. 2008-31: Natural Gas Reserves Project (Barnett)
- Resolution No. 2008-32: Natural Gas Reserves Project (Pinedale)
- Resolution No 2008-33: Natural Gas Prepayment Project 1
- Resolution No. 2008-34: Ormat Heber Geothermal Project
- Resolution No. 2008-35: Palo Verde Power Project
- Resolution No. 2008-36: San Juan Unit 3 Power Project
- Resolution No. 2008-37: Southern Transmission System Project.

Ms Currie moved that Resolutions 2008-28 through 2008-37 be approved by Project Roll Call Vote. A "yes" vote on this motion will indicate the Member's desire to vote "yes" on those projects in which he or she is a Participant, and "present but not voting" on projects in which he or she is not a Participant. The motion was seconded by Mr. Earhart and unanimously approved.

9. Closed Session

At this point, the Board went into closed session to discuss potential litigation and the performance evaluation of the Executive Director. No action was taken.

10. <u>Adjournment</u>

There being no further business, the meeting was adjourned at 2:02 p.m.

Respectfully submitted,

Mario C. Ignacio
Assistant Secretary