

**MAGNOLIA POWER PROJECT  
MINUTES  
SPECIAL COORDINATING COMMITTEE MEETING NO. 63  
MARCH 29, 2005**

**In Attendance on the Conference Call:**

Ron Davis	Burbank W&P
Fred Fletcher	Burbank W&P
Richard Corbi	Burbank W&P
Dennis Moran	Burbank W&P
Bill Hutchings	Burbank W&P
Rick Morillo	Burbank City Attorney's Office
Vince Brar	Cerritos
Ignacio Troncoso	Glendale W&P
Ned Bassin	Glendale W&P
Ruwen Liu	Glendale W&P
Jeannette Olko	Colton Electric Utility
Jim Earhart	Colton Electric Utility
Steve Sciortino	Anaheim Utilities
Erik Klinkner	Pasadena W&P
Bill Carnahan	SCPPA
Steve Homer	SCPPA
Dick Helgeson	SCPPA
Tom McGuinness	Consultant - SCPPA
Gaye Mains	Burbank W&P

The meeting was called to order at 2:01 p.m. via conferencing call-in number: (888) 560-3504; Participant Passcode: 418063.

**PUBLIC COMMENT**

Any member of the public may address the Committee on any item of interest to the public before or during the Committee's consideration of the item, provided the item is within the subject matter jurisdiction of the Committee. No comments were received.

**ACTION ITEMS**

**GE Agreement for Initial Spare Parts** – Fred Fletcher stated that Project Team recommends that the Coordinating Committee approve the agreement with General Electric for purchase of initial spare parts for \$7,379,486, which includes sales tax. It is prudent to have a stock of parts most susceptible to failure at the site as soon as the unit goes commercial operation. Having an agreement with GE will eliminate long delays to get replacement parts and GE is by far the greatest provider of 7FA spare parts. When comparing GE and the Wood Group proposals, it was determined that GE's proposal is less

costly by over \$1 million. Attorney Chip Thompson has recommended that SCPPA separate the initial spare parts agreement and the long-term service agreement to give us maximum flexibility in the negotiation of the Contractual Services Agreement with GE as well as for timing purposes; GE can give us a price discount of 31 percent from its 2004 Price List which is equivalent to a 39 percent discount from its 2005 Price List. Ignacio Troncoso stated that we need to complete due diligence and compare items from the GE list with what LADWP has paid. Ron Davis stated that we will make every effort to determine what LADWP has paid and will also inform GE that our agreement will be subject to the fact that LADWP did not receive better discounts than the Project. Steve Sciortino moved to approve the agreement with General Electric for purchase of initial spare parts for \$7,379,486, including sales tax. Eric Klinkner seconded. Motion carried.

**Lease-Purchase Agreement with GE Capital** – Bill Carnahn stated that shortly before this meeting the lease-purchase agreement for initial spare parts with Comerica fell through at Comerica’s Risk Management Committee because it is not accustomed to having parts used as collateral. It is now recommended that the Coordinating Committee approve terms of the lease-purchase agreement with GE Capital for financing the purchase of initial spare parts in terms similar to Comerica’s, but not to exceed 4.1 percent on a five-year term. Glendale will provide their own financing. Steve Sciortino moved to approve the lease-purchase agreement as amended with GE Capital for financing the purchase of initial spare parts for not to exceed 4.1 percent for five years. Jim Earhart seconded. Motion carried with Glendale abstaining.

## **NEXT MEETING**

Project Manager Coordination Meeting – Friday, April 1, at 8:30 a.m. at BWP 2<sup>nd</sup> floor conference room.

Coordinating Committee Meeting – Thursday, April 21, at 9:00 a.m. in Pasadena.

Meeting adjourned at 2:37 a.m.