

**San Joaquin Valley Power Authority
Board Workshop**

Minutes

February 14, 2008

Minutes of the Workshop of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held February 14, 2008.

Authority Board Chair Thomas Haglund, City of Hanford, called the meeting to order at 12:08 p.m.

ROLL CALL

Board Chair Haglund requested the official roll call of Authority Board Members.

MEMBERS PRESENT

CITY OF CLOVIS

Alternate Director Robert Ford

CITY OF CORCORAN

Absent

CITY OF DINUBA

Alternate Director Dan Meinert

CITY OF HANFORD

Director Thomas J. Haglund

CITY OF KERMAN

Director Ron Manfredi

CITY OF KINGSBURG

Director Don Pauley

KINGS COUNTY

Director Larry Spikes

CITY OF LEMOORE

Director Jeff Britz

CITY OF PARLIER

Director Lou Martinez

CITY OF REEDLEY

Absent

CITY OF SANGER

Absent

CITY OF SELMA

Alternate Director Judy Bier

TULARE COUNTY

Absent

Margaret Clayton, Kings River Conservation District (KRCD), reported eight (8) of the thirteen (13) Authority Member Agencies were present for a total of 50.16% voting shares under the

Joint Powers Agreement (JPA). Director Larry Spikes, County of Kings, arrived at 12:43 p.m. after

the roll, bringing the number of Authority Members present to 9 for a total of 59.97% voting shares.

OTHERS PRESENT

Jeff Adolph, Pacific Gas & Electric Company
Lisa Bischel, Madrid Salazar PR & Marketing
Douglas Brown, Stradling Yocca Carlson & Rauth
Margaret Clayton, Kings River Conservation District
Al Galvez, Pacific Gas & Electric Company
Brent Graham, Tulare Lake Basin Water Storage District
Peter Griffes, Pacific Gas & Electric Company
Melissa Hunter, Kings River Conservation District
Shannon Koontz, Pacific Gas & Electric Company
Jane Luckhardt, Downey, Brand LLP
Patrick Mealoy, Navigant Consulting Inc.
Toni Munoz-Woods, Kings River Conservation District
John Nelson, Pacific Gas & Electric Company
David Orth, Kings River Conservation District
Randy Shilling, Kings River Conservation District
Brian Trevarrow, Kings River Conservation District
Cristel Tufenkjian, Kings River Conservation District

ADDITIONS TO OR DELETIONS FROM THE AGENDA

There were no additions to or deletions from the agenda.

PUBLIC PRESENTATIONS

There were no public presentations.

ELECTRIC SUPPLY AGREEMENT AND ELECTRICITY REMARKETING AGREEMENT

David Orth, KRCD reported that KRCD has negotiated a contract with Citigroup Energy Inc. (CEI) in accordance with the authorization and direction set forth in 8.2.3 of the Power Services Agreement. Mr. Orth reported that the negotiations had been conducted by KRCD bond counsel, Doug Brown; KRCD's financial underwriter, Dave Houston from Citigroup Global Markets Inc.; Navigant Consulting representatives Patrick Mealoy and John Dalessi; and himself with input from the KRCD ad hoc Power Committee, the SJVPA ad hoc Contracts Committee and SJVPA legal counsel. He further reported that the KRCD and KRCD Public Financing Corporation boards of directors had approved the contracts on February 12, 2008. After the following comments by counsel and members of the ad hoc Contract Committee, Mr. Orth then provided an overview of key features of the ESA and ERA. Mr. Orth reported that the SJVPA would hold public hearings in the future to continue the discussion of these agreements and obtain public comment.

General Counsel Jane Luckhardt, Downey Brand, reported that she had reviewed the ESA and ERA documents from a legal and technical perspective. Ms. Luckhardt further reported that the agreements meet the emissions performance standards and are compliant with current State green house gas regulations.

Chair Haglund stated that the ad hoc Contracts Committee reviewed the ESA and ERA and reported the committee had provided input to KRCD during negotiations. Mr. Haglund stated the

purpose of this workshop is to familiarize the remainder of the Board so it can gain the understanding of the ESA and ERA and how they address the goals stated in the underlying documents of the Authority. Chair Haglund further reported that in addition to the independent Authority's General Counsel having reviewed the agreements, Downey Brand has arranged for independent review by an expert in the field to review and provide comments.

Another member of the ad hoc Contracts Committee, Director Ron Manfredi, City of Kerman, shared how impressed he was with the depth of the analysis provided by various parties who contributed in addition to Navigant, KRCD and staff, and commented that some aspects of the agreements are more complicated than others, thus a need to review further.

Director Don Pauley, City of Kingsburg, also a member of the ad hoc Contracts Committee, added that General Counsel Jane Luckhardt and Dan Carroll, both of Downey Brand, had reviewed the agreements thoroughly explaining details to the ad hoc Contracts Committee members thereby showing due diligence.

John Nelson, PG&E, spoke to share the thoughts and concerns of PG&E regarding their initial review of the ESA and ERA. The key areas mentioned were impact on customers in the CCA program, PG&E and its bundled customers, questions about setting rates, guaranteeing price of energy even through extreme weather conditions, and interaction between exit fees, banding and prepayment. Mr. Nelson also suggested the Authority obtain independent third party review of the agreements. Director Pauley, City of Kingsburg, asked if PG&E ever enters into contracts that are completely price fixed and guaranteed. Mr. Nelson answered that he didn't know but would find out and let the SJVPA board know. Mr. Nelson also stated that PG&E's market structure does not promise lower rates, just to do their best to provide reasonably priced energy at market cost.

Director Jeff Britz, City of Lemoore, reported that the staff report analysis on the agreements that was provided to Authority members was very complete and helpful. David Orth, KRCD, stated that if members of the public were interested, they can request copies through the Public Records Request Act.

CLOSED SESSION

Pursuant to Government Code Sections 54956.9 (a) and (c), the Authority Board adjourned to Closed Session at 1:24 p.m. to confer with Legal Counsel on case C.07-06-025 Complaint of the Power Authority against PG&E, and regulatory matters requiring litigation before the CPUC.

RECONVENE TO OPEN SESSION

The Board reconvened into Open Session at 2:06 p.m. General Counsel Jane Luckhardt disclosed the Board met in Closed Session, they discussed the status of the Complaint proceeding at the CPUC and received an update on the status of that proceeding.

ADJOURNMENT

There being no further business, Board Chair Haglund adjourned the meeting at 2:07 p.m.

Respectfully submitted,

Secretary

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