

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SOUTHERN CALIFORNIA PUBLIC AUTHORITY**

A regular meeting of the Board of Directors was held on March 17, 2016 at the offices of the Authority, 1160 Nicole Court, Glendora, California.

This meeting was called to order at 10:00 A.M. by Mr. Mason.

The following board members (B) and alternates (A) were present: Fred Mason (B), Dukku Lee (B), George Morrow (B), Vince Brar (A), Dave Kolk (B), Marcie Edwards (B), Jorge Somoano (A), Mike Webster (A), David Wright (A), Shari Thomas (A), Reiko Kerr (A), Ramon Abueg (A), Todd Dusenberry (A)

Staff members were: Bill Carnahan, Richard Morillo, Daniel Hashimi, Steve Homer, Ted Beatty, Tanya DeRivi, Katie Ellis, Bryan Cope, Kelly Nguyen, Arpi Lepedzhyan, Erin Lewis, Kevin Crawford, Therese Savery

Attorneys, Member Employees and consultants present were: Peter Hervish (Vernon), Jamie Asbury (IID), Lincoln Blevins (Burbank), Steven Cole (Consultant), Eldon Cotton (Consultant), Jody Cross (CAISO), Danny Garcia (Riverside)

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

President Mason afforded the public an opportunity to address the Board. There being no request to do so, the Board proceeded to the Consent Calendar.

2. Consent Calendar

(a) SCPPA Board Minutes for 02-18-16

(b) Monthly Investment Report for 01-16

**(c) Resolution 2016-010 (Fostering Executive Leadership)
Professional Service Agreement for LADWP**

Moved By: George Morrow

Seconded By: Dukku Lee

Unanimously Approved

STAFF REPORTS

3. Executive Director's Report

Mr. Carnahan discussed how resolution 2016-011 would establish a relationship with MFP Connect that can open up for other members to utilize the services. Mr. Wright (LADWP) explained their need for this contract within LADWP. Ms. Edwards (LADWP) discussed the limitations of CalPers and how it will impact the contract terms. Mr. Morillo (SCPPA) discerned that the approach that is being taken with the classification of the hirees is within the parameters and should not cause an issue with the CalPers system.

Mr. Carnahan discussed the progress of of 1172 Nicole Court refurbishing.

Mr. Carnahan presented resolution 2016-012 to give the Executive Director authority to enter into training agreements up to \$50,000 without seeking board approval each time. A corrected copy of the resolution was provided to the board.

Mr. Carnahan shared that SCPPA was in the process of gathering data and researching associate memberships. He plans to bring it to the board for discussion and consideration in April to coincide with reviewing the budget for the new fiscal year.

Mr. Carnahan discussed that SCPPA has an upcoming NCPA Conference call regarding their joint participation. SCPPA has visited their offices and NCPA has a visit planned to visit SCPPA offices to gain better insights on how each organization is being conducted.

Resolution 2016-011 (MFP Connect)

Professional Services Agreement for LADWP

Moved By: David Wright

Seconded By: Dukku Lee

Unanimously Approved

Resolution 2016-012 (SCPPA Training)
Authorization for Training Agreements

Moved By: George Morrow
Seconded By: Jorge Somoano
Unanimously Approved

4. Government Affairs Reports

Ms. DeRivi discussed the ARB Rulemakings for RPS enforcement penalties for POU's and their expected revised language. Comments were filed on March 11th and the rulemaking has been delayed from May to expected rulemaking in November.

Mandatory Reporting and Cap & Trade Amendments have accelerated the GHG verification deadline by one month.

A Joint Utilities Group meeting with ARB has been scheduled on March 23rd to discuss Clean Power Plan Amendments as well as SB350 targets and cost containment.

In regards to SB 350 implementation, the CAISO is revising its benefits analysis on a smaller, regional basis. The Governance legislation is not expected by the end of the second quarter. APPA has created a Western Markets Working Group in discussing with FERC Commissioners and developing some white papers on the topic.

Ms. DeRivi discussed the rehearing that has been requested for the CPUC "NEM 2.0" and the appeals on the decision. This could end up at the California Court of Appeals. Mr. Webster (LADWP) discussed how this correlates with the recent rate issue they had in regards to solar.

SCAQMD Updates: for the NOx Reclaim "Shave" which reduced from 14 to 12 tons per day. Environmental groups are now pursuing lawsuits with the air district. The board voted to dismiss the executive director Barry Wallerstein.

In regards to Aliso Canyon, there is a workshop being held in April that will include 3 panels and a public comment period. SCPPA members will be represented on the second panel.

State Legislation updates on Aliso Canyon SB 380 (heading to assembly of appropriations). SCPPA and CMUA oppose AB 2339, which includes a NEM 5%

calculation. SB 1028 on wildfires that includes mitigation for power plants is intended to be for IOUs and NCPA is drafting language for POUs.

In conclusion, Ms. DeRivi discussed the APPA legislative rally where a House Municipal Finance Caucus was formed.

5. Chief Financial Officer's Report

Mr. Crawford discussed the Canyon Power Project Bond resolutions and the expected schedule for the pricing, OS Mailing and closing. Mr. Crawford reviewed the S&P reaffirmation for the 2012A and 2012B MA/MP Bonds.

Mr. Crawford presented the schedule for the annual SCPPA Budget with expectations to distribute the budget to the board at the April meeting and seek adoption in May.

Mr. Crawford provided an update on the financial market in regards to muni rates, the improvement of payroll within local non-education government payroll, positive gains with the GDP, the passing of the HQLA bill and the formation of the Municipal Finance Caucus.

The following resolutions were adopted concurrently:

Resolution 2016-013 (Canyon Power Project)

Canyon Power Project Bond Refunding

Resolution 2016-014 (Canyon Power Project)

Continuing Disclosure for Canyon Power Project Bonds

Moved By: Dukku Lee

Seconded By: Marcie Edwards

Unanimously Approved

6. Director of Resource and Program Development

Mr. Beatty discussed the current Renewable RFPs that SCPPA received for submissions for in 2015 and reviewed the RFP process.

Mr. Beatty provided a summary of the quarterly Black & Veatch presentation with proposed InterRegional Transmission lines. Mr. Webster (LADWP) asked how these transmission lines would connect into the California market. Mr. Beatty responded that the developers are still researching the possibilities and options

for delivering to California. Mr. Beatty also discussed the key drivers for transmission additions and the implications for SCPPA members to acquire new renewables.

Mr. Beatty discussed the CAISO Transmission Access Charge and the effects it has on potential transmission lines owned by SCPPA in regards to cost allocation between the ISO and PacifiCorps. Ms. Edwards (LADWP) suggested a meeting with PacifiCorps to better understand their views and opinions on the matter.

Black & Veatch has been invited to the April board meeting to discuss future utility business model and disruptive technologies. Mr. Webster (LADWP) requested a discussion on 100% renewable energy mandates.

Mr. Beatty discussed public benefit programs for low income households. The 10th Annual SB 1037 report on energy efficiency was delivered to the CEC on March 15th.

Mr. Beatty announced the successful completion of the Electric Vehicle Charging Project with the \$500,000 grant from the CEC. Mr. Mason (Banning) discussed that EV Charging Infrastructure needs to continue to improve to provide better service to the customers in reduction of wait times for the chargers and increased locations.

Mr. Beatty reviewed the active RFPs that are available from SCPPA and their deadlines.

In conclusion, Mr. Beatty announced the upcoming Western Load Research Association's conference that is hosted by SCPPA and will take place in April.

7. Project Administration Director's Report

Mr. Homer provided an update on the Hoover 2017 contract negotiations. The negotiations are hoping to produce final drafts in April.

Mr. Homer discussed the participation agreement within Palo Verde and the need to address the unanimous approval requirement. Mr. Webster (LADWP) discussed that politics need to be considered in these agreements and SCPPA needs to proceed cautiously. Mr. Homer addressed some hurdles in the agreements in regards to veto power and the approval process. The next meeting is scheduled for March 21 and is expected to provide suggested amendments.

Mr. Homer discussed the net profits of the Pinedale project and the pursuit of a remedy for an overcharge associated with the project.

8. Closed Session

The board entered into closed session at 12:00pm

After re-convening in open session at 1:10PM, the meeting was adjourned at 1:10PM.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "M. Ignacio", is written over a horizontal line.

Mario Ignacio

Assistant Secretary

c: Board of Directors