



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

*A regular meeting of the Board of Directors was held on **April 16, 2020** virtually.*

*This meeting was called to order at **10:04 AM** by the President.*

The following Board Members (B) and Alternates (A) were present:

Dukku Lee (B), Graham Bowen (A), Tom Miller (B), Jorge Somoano (B), Ramzi Raufdeen (B), Kanna Vancheswaran (A), Rebecca Gallegos (A), Stephen Zurn (B), Henry Martinez (B), Louis Ting (A), Todd Corbin (B), Danny Garcia (A), Todd Dusenberry (B), Gurcharan Bawa (B)

Staff Members present were:

Michael Webster, Richard Morillo, Aileen Ma, Daniel Hashimi, John Quan, Katie Ellis, Nick Blair, Amy Mmagu, Bryan Cope, Joanna Lopez, Nicole Solano, Randy Krager, Jessica Chu, Jon Constantino, Salpi Ortiz, Rachel Powell, Joan Ilagan

Attorneys, Member Employees and Consultants present were:

Victor Hsu (Norton Rose Fulbright), Mike Berwanger,

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

Mr. Somoano called the meeting to order at 10:04 a.m. He asked everyone to please mute their phones and advised that participants can raise their hand via the web conference. He advised the Board that each vote would be a rollcall vote and asked Mr. Webster to take roll.

Mr. Webster took roll. Mr. Somoano invited comments from the public.

2. Consent Calendar

There being none, Mr. Somoano asked if there were any changes to the agenda. There being none, Mr. Somoano presented to the Board for their consideration the Consent Calendar. Mr. Martinez noted an error in the minutes for Magnolia Bond Refunding. IID was marked as Present, Not Voting and as Absent. Mr. Martinez asked that the minutes be corrected. Mike Webster confirmed that SCPPA will correct the error. Mr. Somoano also asked that his attendance be recorded in the March minutes.

The Consent Calendar was Moved by Tom Miller and seconded by Dukku Lee. The following rollcall vote was taken:

	Yes	No	Present, Not Voting	Absent
Anaheim	X			
Azusa				X
Banning	X			
Burbank	X			
Cerritos	X			
Colton	X			
Glendale	X			
IID	X			
LADWP	X			

Pasadena				X
Riverside	X			
Vernon	X			

All Members present voted unanimously in favor.

3. Executive Director's Report

Working Group Update:

Mr. Webster reported that SCPPA staff and families are well during COVID-19. Staff are telecommuting. Working Groups are discussing utilities' responses to COVID-19. Mr. Webster thanked the Board for getting emergency information back to SCPPA.

Public Benefits Group just finished an RFP for Energy Efficiency Evaluation Measurement and Verification Protocol. A recommendation will come forward today. The Renewables Group is monitoring issues related to the impact on projects due to COVID-19. SCPPA has received many potential warnings of issues, but there are no concrete notices of any delays. SCPPA is currently actively negotiating six projects.

There was a joint meeting with the Transportation Electrification Working Group and the Transmission and Distribution Working Group to discuss integrating efforts to support EV infrastructure.

SCPPA staff are embracing telecommuting and are staying in communication and continuing to provide support to the Members.

Mr. Webster presented to the Board for their consideration Resolution 2020-012. Resolution 2020-012 is a recommendation for the Board to adopt an Energy Efficiency and Demand Reduction program. In February, SCPPA presented to the Board a report on establishing a program. At that time, the Board requested to defer this issue to allow Riverside time to address some concerns and questions. SCPPA staff has reached out to Riverside to help address questions and concerns over the course of the last couple of months. The Resolution was brought back to the Board for their consideration.

Mr. Webster provided some brief background to refresh the Board on the details of the Resolution. Mr. Webster noted that the Resolution provides formality for a program that has already been in place. It provides clarity to staff on their activities and provides boundaries on services offered. It also gives a marker to go back to that connects our services to the Joint Powers Agreement. For these reasons, Mr. Webster offered Resolution 2020-012 to the Board.

Mr. Somoano invited discussion from the Board. Mr. Corbin expressed appreciation to SCPPA staff in reaching out to Riverside; however, Mr. Corbin stated that Riverside still has concerns about the language in the Resolution. The Board discussed Mr. Corbin's concerns and agreed to allow Riverside an additional month to review with their legal team.

Tom Miller moved to pass the Resolution and Manny Robledo seconded; however, after further discussion, Mr. Robledo moved to have Tom Miller's motion postponed until the next Board Meeting. Henry Martinez seconded.

	Yes	No	Present, Not Voting	Absent
Anaheim	X			
Azusa	X			
Banning		X		
Burbank	X			
Cerritos	X			
Colton	X			
Glendale	X			
IID	X			
LADWP	X			
Pasadena				X
Riverside	X			

Vernon	X			
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4. Government Affairs: Director's Report **COVID-19 Update:**

Ms. Mmagu gave an update on COVID-19 and stated that Governor Newsom is holding daily press conferences at noon to give updates. California seems to be doing a good job of following stay-at-home orders and flattening the curve for the spread of COVID-19. The Legislature is currently scheduled to return on May 4th; however, there is no clear indication that they will return on that date. SPPA Government Affairs is watching closely. Today there will be a Senate budget hearing specifically on COVID-19. Current measures and status of the state will be discussed. The Team will provide a report after the hearing is over. In-person participation at the Capitol will be allowed for these hearings. There will be strict procedures for allowing people in, including temperature readings taken upon arrival, physical distancing, and limiting the number of people in the Capitol. There will be a second budget meeting on Monday, from the Assembly side. This will have to do with oversight of budget expenditures. This is being called, in part, because there are some concerns about the governor's expenditures, to date.

The Assembly Energy Committee has given guidance on asking Members to limit the number of legislation items they will carry. They have asked them to ensure that what they want to push forward is of urgency to the state or is a direct response to COVID-19 recovery.

Legislative Scorecard:

Ms. Mmagu advised the Board that the bills SPPA does not favor will continue to be pushed through. SPPA had a Legislative Working Group meeting yesterday, taking a position on three additional bills; however, one of those bills was not included in the presentation to the Board.

AB2255 is a NextEra bill being run for the third year in a row. They have tried to repackage the bill; however, it is the same. SPPA's Legislative and Regulatory Working Group has agreed to submit an opposition letter.

AB2547, by Lorena Gonzalez, is a bill to eliminate "bucket 3" and move the bucket 3 requirements to bucket 1. SPPA had a conversation with the author's office this week. They seemed very unwilling to make any amendments. SPPA tried to emphasize that bucket 3 is essential to utilities. The intention of the bill is to aid with economic recovery from COVID-19. The author's office has not yet received confirmation from the Committee on whether the bill will be heard.

AB2629, by Assemblymember Chad Mayes, was not included in the presentation for the Board; however, Ms. Mmagu advised the Board that this bill is a replay version of the bill AB854, which sought to change structure of the IID board and change the way they could vote. AB2629 takes a slightly different approach, looking at how they can alter the way things are done. SPPA continues to take an oppose position.

AB2951 is a 10 GW offshore wind "planning goal." SPPA has had conversations with the sponsors of this bill and they say they do not intend for this bill to be a mandate; however, the way SPPA reads the bill, it will direct state agencies to coordinate and plan for 10 GW of offshore wind development by 2040. SPPA will be taking an oppose position on the bill.

SB 953, by Senator Wiener, is a revision of SB288 from last year that talked about discriminatory DER fees and on-site renewable generation. This is sponsored by the California Energy for Storage Alliance. This bill would prohibit any utilities from imposing a "discriminatory fee" for solar or storage customers. Within the bill, "discriminatory" is not defined. This bill also uses economic recovery as a rationale for moving forward; however, as of yesterday, there is potential that Senator Wiener will not be pursuing the bill.

Ms. Mmagu took questions from the Board.

Mr. Constantino stated that SS6 Rulemaking is still pending. The Advanced Clean Truck Rule amendment is still pending. Regarding the Zero-Emission Fleet rule, SPPA submitted a letter, which included pictures and descriptions of specialty utility equipment that SPPA would like to be exempt. It is still early in the process, so Mr. Constantino does not expect an answer anytime soon.

Cap-and-Trade Update:

Mr. Constantino gave an update on the post-2020 allocation conversation that has been taking place. CARB updated some of the data and provided a revised data sheet to SPPA. The data still reflects about an 18-

24% average reduction from SCPPA. The existing allocations are in the negative. SCPPA put together a policy outline that reflects the position SCPPA is taking. SCPPA would prefer to only have adjustments based on the SB100 statutory adjustment. SCPPA is not in favor of CARB resetting the baseline and going by newer demand forecast.

California Wildfire Safety Advisory Board Update:

POUs are encouraged to submit Wildfire Mitigation Plans as soon as possible, but no later than July 1, 2020.

SCPPA, NCPA, and CMUA provided a joint presentation to the Wildfire Safety Advisory Board, which was well received. Mr. Blair advised the Board that the Advisory Board has approved their recommendations for IOUs for 2020. Sometime later this year, they will have advisory for POUs, but they have not yet set a date for when that might occur.

Mr. Blair took questions from the Board.

RPS Enforcement Update

CA Energy Commission is moving forward. They had originally said mid-April; however, it looks like 45-day language is expected in late April/Early May. The Commission is hoping to hold a workshop on May 19 to discuss the language with stakeholders. The meeting will likely be conducted via teleconference. The CA Energy Commission is waiting for approvals from the Natural Resources Agency.

5. Project and Program Development: Managers' Reports

Engineering Services for Evaluating and Presenting Emerging Market Issues and Special Studies:

On July 15, 2019, SCPPA posted an RFP. Nineteen proposals were submitted, and the RFP closed on August 15, 2019. SCPPA, along with three SCPPA Member utilities, reviewed all 19 proposals. Proposals were ranked according to the following criteria:

- Fees and Cost Competitiveness
- Qualification of the Vendor
- Comprehensive Services Offered
- Overall Completeness and Quality of Proposal

Five vendors were selected for a detailed presentation with the Evaluation Team and four vendors were selected for award of a Master Professional Service Agreement, to be approved by the SCPPA Board of Directors.

The term of each of the four MPSA contracts is three years with a three-year extension option. There is a \$50,000 budget, shared by all Members, for market presentations and workshops. Task Orders are not to exceed \$300,000 for a three-year term. Services offered include engineering services and independent studies, quarterly market presentations for Working Groups as well as semi-annual presentations to the SCPPA Board of Directors, and case studies and workshops.

Mr. Somoano asked for clarifying language in the agreements, to specify that services will be offered as tasked out.

Mr. Quan took questions from the Board and asked the Board to approve the following four Resolutions:

- 2020-020: MPSA with SCPPA and DNV GL
- 2020-021: MPSA with SCPPA and Guidehouse/Navigant
- 2020-022: MPSA with SCPPA and Black & Veatch
- 2020-023: MPSA with SCPPA and ABB

Subject to the revisions to the language of the four MPSA agreements, as requested by Jorge Somoano, the four Resolutions were voted on by the Board in one rollcall vote. Moved by Rebecca Gallegos. Seconded by Henry Martinez.

	Yes	No	Present, Not Voting	Absent
Anaheim	X			
Azusa	X			

Banning	X			
Burbank	X			
Cerritos	X			
Colton	X			
Glendale	X			
IID	X			
LADWP	X			
Pasadena	X			
Riverside	X			
Vernon	X			

The motion carries, with unanimous approval.

Evaluation, Measurement, and Verification of Energy Efficiency Programs RFP:

Last year, SCPPA issued an RFP for Evaluation, Measurement, and Verification of Energy Efficiency Programs. Eight responses were received, which were evaluated by LADWP and SCPPA staff. The final selection was determined by combined RFP & oral presentation scores.

Mr. Cope reviewed for the Board the following criteria for evaluation:

- Technical Approach/Rigor
- Cost Competitiveness
- Integrated Management of EM&V
- Qualifications of Firm
- Qualifications of Key Personnel and Subcontractors
- Assignment of Key Resources/Personnel
- Schedule
- Financial Stability of Firm
- Sample of Capabilities and Scalability of Firm

The top six respondents were selected for interviews and oral presentations. LADWP determined ADM Associates, Inc. to be the most qualified to conduct the requested scope of work. A Master Professional Services Agreement with ADM is SCPPA's recommendation to the Board.

Mr. Cope presented to the Board for their approval Resolution 2020-031.

Resolution 2020-031 was moved by Louis Ting and seconded by Dukku Lee. A rollcall vote was taken by Mr. Webster.

	Yes	No	Present, Not Voting	Absent
Anaheim	X			
Azusa	X			
Banning	X			
Burbank	X			
Cerritos	X			
Colton	X			
Glendale	X			
IID	X			
LADWP	X			
Pasadena	X			
Riverside				X
Vernon	X			

6. Asset Management and Special Projects: Director's Report

Quarterly Budget Comparisons:

At this point in the fiscal year, it is preferred to see projects at 50% under budget. Currently, projects are averaging 56% under budget. Ms. Ellis stated that the Traditional projects are at 54% under budget and that with the pandemic, it is uncertain whether they will be able to catch up by the end of the year. The Natural Gas projects are currently 62% under budget. The biggest variance is on the prepay projects, where the cost of gas per plot settlement is much less than what was budgeted. Ms. Ellis had increased that budget for FY19-20 after going over budget in FY18-19, but after this performance, Ms. Ellis predicts that she will drop back down for FY 20-21. Transmission projects are very close to on budget. Hydro projects are under budget. Wind, as a group, is 53% under budget. Geothermal and Solar are under budget, on average. It seems to be a low generation year for each. Ms. Ellis is unsure that they will be able to catch up to the budget before the end of the year.

Pinedale:

The case with Ultra is related to their formula for calculating the working interest owner's share of net profits that are owed to a third party. The case has been going on for almost four years and has been complicated by Ultra filing for bankruptcy in the meantime. In July of 2017, SCPPA filed a motion for summary judgement in the bankruptcy court and on March 31, the judge granted SCPPA's motion. The motion is in SCPPA's favor; however, it does not specify the dollars owed. SCPPA is working to agree with Ultra on a number. Ms. Ellis stated that her calculations put the number around 1.6 or 1.7 million dollars owed to SCPPA Members. This will affect all billing going forward for this project. Ultra could still appeal.

Impact of COVID-19:

Ms. Ellis stated that the biggest impacts of COVID-19 are on traditional fleets. The renewables require fewer on-site personnel, so they have been much less affected. The Apex generation station has taken a proactive approach to managing the COVID-19 related risks. Major outage work has been deferred until October and An emergency staffing plan has been developed up to the need to sequester. Canyon reports that only essential operators are allowed on-site. At Palo Verde, the current projection for COVID-19 related costs is \$4.3M. Their spring outage scope has been reduced and one employee tested positive for the virus. Magnolia reports no immediate impact to operations. Social distancing has been implemented. San Juan's mine reclamation work has been paused. Desert Harvest received a Force Majeure notice from their panel supplier.

7. Finance: CFO/CAO's Report

Linden Bond Refunding:

Project Participants are LADWP and Glendale. Glendale sold 100% of its entitlement to LADWP through a separate layoff agreement. In September 2010, \$96.775M was issued in 20-year fixed rate bonds.

\$63.985M remains outstanding. There is an optional redemption on July 1, 2020. Current interest rates remain low to refund bonds for debt service savings. A project in the state of Washington is subject to transmission constraints. Expiring transmission and energy exchange agreements are expected to be renewed for 3 years. Requirements for future agreements beyond 2023 are uncertain.

Ms. Ma stated that issuance of 10-year fixed rate refunding bonds are callable in 2024 and that SCPPA is evaluating other structures that will provide similar flexibility. As of March 31, 2020, the net present value savings is -\$11.1M, which is -17.3% of refunded bonds.

Pricing is anticipated in late April and should maintain flexibility with current market conditions. On April 6, 2020, the Finance Committee recommended, for consideration by the SCPPA Board of Directors, adoption of Resolution 2020-024, authorizing the issuance of refunding bonds and the execution and delivery of various agreements relating to the issuance of refunding bonds. The Committee also recommended adoption of Resolution 2020-025, authorizing the provision of certain Continuing Disclosure information with respect to the refunding bonds.

Resolutions 2020-024 and 2020-025 were taken together. Moved by Louis Ting and seconded by Stephen Zurn. Mike Webster took a rollcall vote:

	Yes	No	Present, Not Voting	Absent
Anaheim	X			
Azusa	X			
Banning			X	
Burbank	X			
Cerritos	X			
Colton	X			
Glendale	X			
IID	X			
LADWP	X			
Pasadena	X			
Riverside	X			
Vernon	X			

The motion carries by unanimous approval.

Windy Point/Windy Flats Bond Refunding:

Project participants are LADWP and Glendale. Glendale sold 100% of its entitlement to LADWP through a separate layoff agreement. \$514.16M was issued in September 2010 in 20-year fixed rate bonds. \$341.135M remains outstanding. There is an optional redemption on July 1, 2020. Current interest rates remain low to refund bonds for debt service savings. A project in the state of Washington is subject to transmission constraints. Expiring transmission and energy exchange agreements are expected to be renewed for three years. Requirements on future agreements beyond 2023 are uncertain. Ms. Ma presented a plan of finance which issues 10-year fixed rate refunding bonds which are callable in 2024. SCPPA is evaluating other structures that will provide similar flexibility. As of March 31, 2020, the net present value savings is -\$62.6M, with -18.3% savings of refunded bonds.

Pricing is anticipated in May and will maintain flexibility with current market conditions. On April 6, 2020, the Finance Committee recommended approval of Resolutions 2020-026 and 2020-027. Resolution 2020-026 authorizes the issuance of refunding bonds and the execution and delivery of various agreements relating to the issuance of refunding bonds. Resolution 2020-027 authorizes the provisions of certain Continuing Disclosure information with respect to the refunding bonds.

Resolutions 2020-026 and 2020-027 were taken together. Moved by Louis Ting and seconded by Stephen Zurn. Mike Webster took a rollcall vote:

	Yes	No	Present, Not Voting	Absent
Anaheim	X			
Azusa	X			
Banning			X	
Burbank	X			
Cerritos	X			
Colton	X			
Glendale	X			
IID	X			
LADWP	X			
Pasadena	X			
Riverside	X			
Vernon	X			

The motion carries by unanimous approval.

Tieton Bond Refunding:

Project participants are Burbank and Glendale. \$36.34M was issued in August 2010, with final maturity in 2040. The full principal remains outstanding, with an optional redemption on July 1, 2020. Current investment rates are low to refund bonds for debt service savings. As of March 31, 2020, the net present value savings is -\$10.7M, -29.4% savings of refunded bonds.

Pricing is anticipated to be in May and should maintain flexibility with current market conditions. On April 6, 2020, the Finance Committee recommended approval of two Resolutions. Resolution 2020-028 authorizes the issuance of refunding bonds and the execution and delivery of various agreements relating to the issuance of refunding bonds. Resolution 2020-029 authorizes the provision of certain Continuing Disclosure information with respect to the refunding bonds.

Resolutions 2020-028 and 2020-029 were taken together. Moved by Stephen Zurn and seconded by Jorge Somoano. Mike Webster took a rollcall vote:

	Yes	No	Present, Not Voting	Absent
Anaheim	X			
Azusa	X			
Banning			X	
Burbank	X			
Cerritos	X			
Colton	X			
Glendale	X			
IID	X			
LADWP	X			
Pasadena	X			
Riverside	X			
Vernon	X			

The motion carries by unanimous approval.

Magnolia Project A Bond Refunding:

Project participants are Anaheim, Burbank, Colton, Glendale, and Pasadena. Ms. Ma presented a plan of finance, which replaces the unhedged portion of variable rate bonds with fixed rate bonds and combines hedged variable rate bonds into one series, with the renewing of the Letter of Credit. Additionally, the plan includes a partial swap termination to reduce swap risks.

Ms. Ma stated that the Finance Team has been monitoring the market since the March Board Meeting. The market has been better in the past week or so.

July 1, 2020 is a key deadline for 2017-1 Bonds Mandatory Tender Date. There is an additional \$6.9M in debt service cost for year one if not refinanced by July 1, 2020. Ms. Ma stated that an alternative plan is needed to address the July 1, 2020 deadline. US Bank has offered a direct purchase alternative where the bank will purchase the fixed rate bond with a one-year term, callable after a six-month lock-out. Due to market volatility, the Finance Committee recommended having an alternative plan in place.

Ms. Ma presented to the Board for their consideration, Resolution 2020-030, authorizing the preparation of all necessary documents for the Direct Purchase alternative and the execution and delivery of the documents if it is determined to be in the best interest for the Magnolia Power Project A.

Ms. Ma took questions from the Board.

Resolution 2020-030 was moved by Dukku Lee and seconded by Rebecca Gallegos. Mike Webster took a rollcall vote:

	Yes	No	Present, Not Voting	Absent
Anaheim	X			
Azusa	X			
Banning			X	
Burbank	X			
Cerritos	X			
Colton	X			
Glendale	X			
IID	X			
LADWP	X			
Pasadena	X			
Riverside				X
Vernon	X			

The motion carries by unanimous approval.

Mr. Webster noted that there is no Closed Session and turned the meeting back over to Mr. Somoano for Roundtable Discussion.

8. Roundtable Discussion

Mr. Somoano mentioned the transformer explosion in Burbank which made international news. No one was hurt in the incident. Something went wrong internally. Burbank is looking into the issue.

Mr. Martinez said IID is in negotiations for an agreement. An outcome is expected today.

After no further comments from the Board, Mr. Somoano called the meeting to a close at 12:26 p.m.

Respectfully Submitted,

DocuSigned by:

Michael S Webster

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Michael S. Webster
Assistant Secretary