

WHEREAS, the Los Angeles Department of Water and Power (LADWP) currently owns 21.2 percent of the coal-fired generation at the Navajo Generating Station (NGS) outside of Page, Arizona and has been a participant in the project along with five other parties including the Salt River Project Agricultural Improvement and Power District (SRP) since 1969; and

WHEREAS, on December 20, 1967, LADWP entered into the Amended and Restated Eldorado System Conveyance and Co-Tenancy Agreement, as amended by Eldorado System Conveyance 2 and the Eldorado System Conveyance and Co-Tenancy Agreement Assignment dated as of December 23, 1968 (DWP No. 10213) with other electric utilities including SRP which established certain terms and conditions relating to its interest in and ownership of certain transmission assets (Eldorado Transmission); and

WHEREAS, LADWP AND SRP are also co-owners of certain interests in the decommissioned Mohave Generating Station located in Laughlin, Nevada including land, transmission and related assets (Mohave Assets) as further described in the proposed Asset Purchase and Sale Agreement (APSA) discussed below; and

WHEREAS, NGS is under an Environmental Protection Agency ruling to comply with the Clean Air Act to reduce emissions pursuant to Best Available Retrofit Technology; and

WHEREAS, pursuant to LADWP's coal reduction strategy as outlined in the LADWP Integrated Resource Plan and in response to California legislative mandates including Senate Bill 1368 – California Emission Performance Standards and Assembly Bill 32 – California Global Warming Solutions Act of 2006, LADWP seeks to divest its undivided ownership interests in all of the assets constituting the coal-fired generation station of NGS (NGS Assets) and replace it with cleaner sources of power generation and requests that the Board find that the NGS Assets are no longer necessary or suitable for use by LADWP; and

WHEREAS, SRP is the only viable buyer that has emerged from LADWP's efforts to divest its undivided ownership interests in the NGS Assets; and

WHEREAS, the Board approved a motion at its March 19, 2013 meeting directing the General Manager and those s/he may designate to continue work with SRP to negotiate acceptable definitive agreements regarding the sale of LADWP's undivided ownership interests in the NGS Assets and bring back definitive agreements to the Board for its review and consideration; and

WHEREAS, LADWP proposes to enter into the APSA with SRP for the sale of LADWP's undivided ownership interests in the NGS Assets at a cash price of \$10 million (subject to a positive or negative adjustment in the year 2020 based upon the actual market value of energy for the calendar years 2016 through 2019); and

WHEREAS, the APSA provides for additional consideration to LADWP for the sale of its undivided ownership interests in the NGS Assets in the form of the transfer of SRP's ownership interests in the Eldorado Transmission and Mohave Assets to LADWP; and

WHEREAS, the APSA also provides that as a condition for LADWP's early divestment from NGS, SRP and LADWP will use commercially reasonable efforts to cause one of the three coal-fired generating units at the plant to permanently cease operation by 2019; and

WHEREAS, LADWP also proposes to enter into, a Term Energy Transaction Confirmation Agreement (Energy Agreement) for LADWP to purchase approximately 55 Megawatts of renewable geothermal energy from SRP's rights in the Hudson Ranch Geothermal Project located in the Imperial Valley of Southern California through 2021, a Firm Entitlement Agreement (Entitlement Agreement) providing transmission services to SRP through 2019 on transmission interests owned by LADWP which are part of the larger Navajo Project, and an Energy Exchange Agreement (Exchange Agreement) which would serve the same purpose as the Entitlement Agreement in the event such latter agreement must be terminated early, in each case by and between LADWP and SRP; and

WHEREAS, in accordance with Sections 385, 675(d)(1) and 675(e)(5) of the Charter of the City of Los Angeles the Board has the authority to approve this transaction subject to approval by the City Council by ordinance pursuant to Section 674 of the Charter of the City of Los Angeles and Section 7.71(b) of the City of Los Angeles Administrative Code, which transaction includes the sale of LADWP's undivided ownership interests in the NGS Assets, LADWP's acquisition of SRP's ownership interests in Eldorado Transmission and Mohave Assets, and LADWP's entering into the Energy Agreement, Entitlement Agreement and Exchange Agreement, in each case by and between LADWP and SRP.

NOW, THEREFORE, BE IT RESOLVED, that the NGS Assets are no longer necessary or suitable for use by LADWP and that the manner of sale and the mode of payment is in the best interest of LADWP and the City of Los Angeles.

BE IT FURTHER RESOLVED, that the net present value of any deferred payments by SRP will be at least equivalent to the net present value of a cash sale.

BE IT FURTHER RESOLVED that the APSA, the Energy Agreement, the Entitlement Agreement, and the Exchange Agreement, in each case by and between LADWP and SRP, now on file with the Secretary of the Board and approved as to form and legality by the City Attorney (Transaction Documents), be and the same are hereby approved.

BE IT FURTHER RESOLVED that the Board requests that the City Council approve, by ordinance, the Transaction Documents and authorize the Board to act on and approve all future amendments to the Transaction Documents, without further approval by the City Council, provided that such amendments are ministerial and administrative in

nature and do not increase the costs or extend the duration of the respective agreements.

BE IT FURTHER RESOLVED that the President or Vice President of this Board, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute the Transaction Documents pursuant to Sections 385, 675(d)(1) and 675(e)(5) of the Charter of the City of Los Angeles subject to approval by the City Council by ordinance pursuant to Section 674 of the Charter of the City of Los Angeles and Section 7.71(b) of the City of Los Angeles Administrative Code.

BE IT FURTHER RESOLVED that the General Manager is hereby authorized, in the name of and on behalf of LADWP, to carry out the terms of the Transaction Documents, execute all certificates and other instruments necessary to effectuate the execution of the Transaction Documents and perform such ministerial acts that are necessary in order to carry out the authority conferred by this Resolution or to evidence said authority and its exercise.

BE IT FURTHER RESOLVED, that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund, in payment of the obligations arising under the Transaction Documents.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

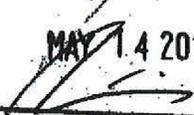
MAY 19 2015

Barbara E. Anselmos

Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL H. FEUER, CITY ATTORNEY

MAY 14 2015

BY 
VAUGHN MINASSIAN
DEPUTY CITY ATTORNEY