

STAFF REPORT
Lancaster Power Authority

PA NB 2
02/12/13
MVB

Date: February 12, 2013

To: Chairman Parris and Authority Board Members

From: Jason Caudle, Deputy Executive Director

Subject: **Addendum to the June 28, 2011 Master Power Purchase and Sale Agreement with US Topco for the Construction of a Photovoltaic Solar Generation Facility**

Recommendation:

Approve the addendum to the Master Power Purchase and Sale Agreement dated June 28, 2011 and authorize the Executive Director to execute all documents necessary to complete the transaction.

Fiscal Impact:

This addendum does not change any of the original terms and conditions as it relates to price, term, and rate. The change however does allow for the renegotiation of the terms and conditions at the time at which the City receives authority from the State Department of Finance (DOF) to sell or lease the property. These negotiations will be in compliance with the Property Management Plan which will be adopted by the Lancaster Successor Agency.

Background:

On June 28 2011, the LPA approved and subsequently entered into a Master Power Purchase and Sale Agreement (MPPA) for the purchase and sale of energy to SCE under the CREST program. Under the terms of this agreement the City was to lease land to US Topco for the construction and development of solar generating facilities. The City of Lancaster's Oversight Board took the necessary steps to lease the property to US Topco in accordance with the agreement, which was subsequently denied by the DOF until such time as the DOF approves the Lancaster Successor Agency's Property Management Plan. As a result, staff is recommending your approval of this addendum to the agreement to provide clarity, and security to US Topco, that when the City receives authority to comply with the terms of the MPPA US Topco will have the first right of refusal to acquire the property. In addition, this addendum allows US Topco to proceed in the development of the property with some assurance that control of the property will be forthcoming.

Attachments:

MPPA Addendum