



## Utility Committee Meeting

### AGENDA

September 1, 2009

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#### I. CALL TO ORDER

#### II. MATTERS BEFORE COMMITTEE

1. [Resolution - MEAG Combined Cycle Amendment Contract](#)
2. [Resolution - MEAG Trust Amendment Contract](#)

#### III. ADJOURN



## Utility Committee Meeting

### AGENDA

September 1, 2009

**Item:**

Resolution - MEAG Combined Cycle Amendment Contract

**Department:**

**Additional Information:**

**Financial Impact:**

**Budgeted Item:**

**Recommendation / Request:**

Viewing Attachments Requires Adobe Acrobat. [Click here](#) to download.

**Attachments / click to download**

[MEAG Letter](#)

[Combined Cycle Amendment Contract Resolution](#)



**To:** MEAG Power Participants  
**From:** Scott Jones  
**Date:** 8/3/2009  
**Re:** Combined Cycle and Trust Amendments

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The Regional Managers will be scheduling visits with you to discuss two amendments. We have previously discussed these in Participant visits and our annual meeting.

*Combined Cycle Amendment:* This amendment is required to facilitate a change in the billing method of certain variable costs of the CC. Currently, CC project costs are pre-billed one month and this has caused difficulty, particularly when forecasted usage and gas prices are high. This amendment provides the CC project access to MEAG's line of credit facility, offering additional working capital. Once the amendment is approved by all the Participants, MEAG can bill certain variable costs (including fuel) on an actual basis instead of pre-billing estimates.

*Trust Amendment:* Most of the Participants previously approved a Second Amendment to the Municipal Competitive Trust. This Amendment will replace that Second Amendment (or be offered as a Restated Second Amendment for those that haven't approved the previous version). The Amendment accomplishes two things. First, it eliminates the two signature requirement in the Trust document. This is currently a Board policy and is still required, but there is no need for it to be in the Trust document as well. Second, it provides additional flexibility for the use of monies put into the New Generation and Capacity Funding Account (NGCFA). This NGCFA was previously established and restricted for use primarily to new constructed generation. After approving this new Second Amendment, the NGCFA can be utilized for additional purposes including power purchase agreements, premiums on long term inter-participant transactions, and to soften high budget-to-budget increases.

We strongly encourage the use of the NGCFA. Deposits into this account will greatly support MEAG's credit ratings as we move into the Plant Vogtle expansion project. Additional information provided by MEAG's Finance Department will be discussed by the Regional Managers during their upcoming visits, including suggested funding into the NGCFA to maintain our credit stability and competitive position.

**RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE AMENDED AND RESTATED COMBINED CYCLE POWER SALES CONTRACTS; AND FOR OTHER PURPOSES**

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WHEREAS, MEAG Power has entered into an Amended and Restated Combined Cycle Power Sales Contract (the "Contract") with the City of Monroe (the "CC Participants"); and

WHEREAS, MEAG Power and the CC Participant have determined that it is in their respective best interests that MEAG Power have the ability to utilize a credit facility for the purpose of funding, on an interim basis, certain fuel costs, capital costs and working capital requirements; and

WHEREAS, MEAG Power and the CC Participant have determined that it is necessary to amend the Contract in certain respects; and

WHEREAS, to effect such amendments, MEAG Power and the CC Participant have caused to be prepared a draft First Amendment to the Amended and Restated Combined Cycle Power Sales Contract (the "Amendment");

NOW, THEREFORE, BE IT RESOLVED that the Mayor (the "Authorized Official") is hereby authorized and directed to execute, and the Clerk, or any Assistant Clerk, is hereby authorized and directed to attest and deliver the Amendment in substantially the form thereof that has been presented at this meeting and filed in the Minute File of the CC Participant; and

FURTHER RESOLVED that the CC Participant hereby authorizes the Authorized Official and the Clerk, or any Assistant Clerk, to take any further actions and execute and deliver any other documents necessary to carry out the purpose of this Resolution, the Amendment and the Contract, as amended from time to time.

This the \_\_\_ day of \_\_\_\_\_, 2009.

**CITY OF MONROE**

ATTEST:

\_\_\_\_\_  
Its: Clerk

\_\_\_\_\_  
Its: Mayor

[SEAL]

**CLERK'S CERTIFICATE**

I, the undersigned Clerk of the City of Monroe (the "CC Participant"), DO HEREBY CERTIFY that the foregoing pages constitute a true and correct copy of a Resolution adopted by the CC Participant at an open public meeting duly and lawfully assembled in accordance with Official Code of Georgia Annotated Section 50-14-1, at which a quorum was present and acting throughout. The original of the Resolution has been duly recorded in the minute book of the CC Participant, which is in my custody and control.

WITNESS MY HAND this \_\_\_\_ day of \_\_\_\_\_, 2009.

(SEAL)

\_\_\_\_\_  
Clerk



FIRST AMENDMENT TO THE  
AMENDED AND RESTATED  
COMBINED CYCLE POWER SALES CONTRACT  
BETWEEN  
MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA  
AND  
THE UNDERSIGNED CC PARTICIPANT

FULTON COUNTY  
STATE OF GEORGIA

This First Amendment to the Amended and Restated Combined Cycle Power Sales Contract (hereinafter the "First Amendment") is made and entered into as of July 1, 2009, by and between the Municipal Electric Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia, hereinafter sometimes designated as the "Authority," and the undersigned political subdivision of the State of Georgia, hereinafter sometimes designated as the "CC Participant."

WITNESSETH THAT:

WHEREAS, an Amended and Restated Combined Cycle Power Sales Contract was entered into between the parties hereto as of July 15, 2003 (hereinafter referred to as the "Amended and Restated Combined Cycle Power Sales Contract"); and

WHEREAS, the parties have determined that it is in the best interest of the Authority and the CC Participant that the Authority have the ability to utilize a credit facility for the purpose of funding, on an interim basis, certain Project costs, including fuel costs, capital costs and working capital requirements; and

**SECTION 3.**

The Amended and Restated Combined Cycle Power Sales Contract is hereby further amended by deleting paragraph (b) of Section 707 in its entirety and substituting in lieu thereof the following:

“(b) Interim Financing.

The financing options made available to the CC Participant described in Subparagraph (a) above do not apply with respect to any interim financing of Project costs obtained by the Authority, including capital costs financing, working capital financing, fuel financing, revolving credit facilities, lines of credit, bond anticipation notes and any renewals thereof. Any such interim financing shall have a term not greater than ten years.”

**SECTION 4.**

The Amended and Restated Combined Cycle Power Sales Contract as amended hereby shall continue in full force and effect. Terms not defined herein are as defined in the Amended and Restated Combined Cycle Power Sales Contract.

**SECTION 5.**

This First Amendment shall become effective when duly approved and executed and delivered by the CC Participant, and when executed and delivered by the Authority. The Authority will only execute and deliver this First Amendment when it has determined that each of the other CC Participants has executed and delivered an amendment to its Amended and Restated Combined Cycle Power Sales Contract in substantially the form of this First Amendment.

CC PARTICIPANT

CITY OF \_\_\_\_\_

By: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

SEAL





## Utility Committee Meeting

### AGENDA

September 1, 2009

**Item:**

Resolution - MEAG Trust Amendment Contract

**Department:**

**Additional Information:**

**Financial Impact:**

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[MEAG Letter](#)

[Trust Amendment Contract Resolution](#)



**To:** MEAG Power Participants  
**From:** Scott Jones  
**Date:** 8/3/2009  
**Re:** Combined Cycle and Trust Amendments

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The Regional Managers will be scheduling visits with you to discuss two amendments. We have previously discussed these in Participant visits and our annual meeting.

*Combined Cycle Amendment:* This amendment is required to facilitate a change in the billing method of certain variable costs of the CC. Currently, CC project costs are pre-billed one month and this has caused difficulty, particularly when forecasted usage and gas prices are high. This amendment provides the CC project access to MEAG's line of credit facility, offering additional working capital. Once the amendment is approved by all the Participants, MEAG can bill certain variable costs (including fuel) on an actual basis instead of pre-billing estimates.

*Trust Amendment:* Most of the Participants previously approved a Second Amendment to the Municipal Competitive Trust. This Amendment will replace that Second Amendment (or be offered as a Restated Second Amendment for those that haven't approved the previous version). The Amendment accomplishes two things. First, it eliminates the two signature requirement in the Trust document. This is currently a Board policy and is still required, but there is no need for it to be in the Trust document as well. Second, it provides additional flexibility for the use of monies put into the New Generation and Capacity Funding Account (NGCFA). This NGCFA was previously established and restricted for use primarily to new constructed generation. After approving this new Second Amendment, the NGCFA can be utilized for additional purposes including power purchase agreements, premiums on long term inter-participant transactions, and to soften high budget-to-budget increases.

We strongly encourage the use of the NGCFA. Deposits into this account will greatly support MEAG's credit ratings as we move into the Plant Vogtle expansion project. Additional information provided by MEAG's Finance Department will be discussed by the Regional Managers during their upcoming visits, including suggested funding into the NGCFA to maintain our credit stability and competitive position.

**RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND REPLACEMENT AMENDMENT TO THE MUNICIPAL COMPETITIVE TRUST; AND FOR OTHER PURPOSES**

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WHEREAS, MEAG Power created and established for the Beneficiaries (as that term is defined in the Municipal Competitive Trust), including the City of Monroe (the "Participant"), as of January 1, 1999, a trust referred to as the Municipal Competitive Trust; and

WHEREAS, the Beneficiaries each consented to and approved a First Amendment to the Municipal Competitive Trust; and

WHEREAS, a Second Amendment to the Municipal Competitive Trust was approved by a majority of the Beneficiaries, including the Participant (the "Second Amendment"), for the purpose of providing additional flexibility pertaining to the funding of new generation projects by MEAG Power by establishing a New Generation Funding Account; and

WHEREAS, MEAG Power and the Beneficiaries, including the Participant, desire to amend the provisions of the Municipal Competitive Trust, as amended, to provide additional flexibility to the Beneficiaries as to the funding of new generation projects and capacity purchases proposed by MEAG Power, the funding of the purchase of additional entitlement share or obligation share of existing MEAG Power projects and for mitigation of certain Bulk Power Supply cost increases; and

WHEREAS, to effect such amendments, MEAG Power has caused to be prepared a draft Second Replacement Amendment to the Municipal Competitive Trust (the "Amendment") for execution by the Beneficiaries that executed the Second Amendment;

NOW, THEREFORE, BE IT RESOLVED that the Mayor (the "Authorized Official") is hereby authorized and directed to execute, and the Clerk, or any Assistant Clerk, is hereby authorized and directed to attest and deliver the Amendment in substantially the form thereof that has been presented at this meeting and filed in the Minute File of the Participant; and

FURTHER RESOLVED that the Participant hereby authorizes the Authorized Official and the Clerk, or any Assistant Clerk, to take any further actions and execute and deliver any other documents necessary to carry out the purpose of this Resolution, the Amendment and the Municipal Competitive Trust, as amended from time to time.

This the \_\_\_ day of \_\_\_\_\_, 2009.

CITY OF MONROE

ATTEST:

\_\_\_\_\_  
Its: Clerk

\_\_\_\_\_  
Its: Mayor

[SEAL]

### CLERK'S CERTIFICATE

I, the undersigned Clerk of the City of Monroe (the "Participant"), DO HEREBY CERTIFY that the foregoing pages constitute a true and correct copy of a Resolution adopted by the Participant at an open public meeting duly and lawfully assembled in accordance with Official Code of Georgia Annotated Section 50-14-1, at which a quorum was present and acting throughout. The original of the Resolution has been duly recorded in the minute book of the Participant, which is in my custody and control.

WITNESS MY HAND this \_\_\_ day of \_\_\_\_\_, 2009.

(SEAL)

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Clerk



SECOND REPLACEMENT AMENDMENT TO THE DECLARATION OF TRUST  
THE MUNICIPAL COMPETITIVE TRUST

This Second Replacement Amendment to the Declaration of Trust The Municipal Competitive Trust (“Second Replacement Amendment”) is made and entered into as of this 1<sup>st</sup> day of June, 2009.

WHEREAS, the Municipal Electric Authority of Georgia (“MEAG”) created and established for the Beneficiaries (as that term is defined in the Municipal Competitive Trust) as of January 1, 1999, a trust referred to as the Municipal Competitive Trust;

WHEREAS, the original purpose of the Municipal Competitive Trust was to provide a means for MEAG and the Beneficiaries to accumulate funds for the purpose of mitigating the effect of anticipated changes in the electric industry involving competition for retail electric power supply;

WHEREAS, the First Amendment to the Municipal Competitive Trust was made and entered into on the 1<sup>st</sup> day of June, 2006, by and among MEAG and each of the Beneficiaries (“First Amendment”) to provide additional flexibility pertaining to the withdrawal of funds accumulated in certain of the accounts created by the Municipal Competitive Trust for the purpose of lowering the Beneficiaries’ annual generation charges from MEAG over the period of January 1, 2009 through December 31, 2018, regardless of whether deregulation of the retail electric power supply occurs within the stated time frame;

WHEREAS, an additional purpose of the First Amendment was the creation of a Generation Construction Trust Account for the purpose of funding at the direction of the

SECTION 2. The Municipal Competitive Trust, as Amended, is hereby further amended by adding a new definition to the list of definitions included as part of Article III as follows:

“New Generation and Capacity Funding Account” –  
defined in clause (g) of Article 4

SECTION 3. The Municipal Competitive Trust, as Amended, is hereby further amended by adding a new clause (g) to Article 4 as follows:

(g) New Generation and Capacity Funding Account.  
This type of Subaccount may be funded from contributions by a Beneficiary from any of its own funds that it has available for such purposes, including funds contained within said Beneficiary’s Flexible Operating Trust Account.

SECTION 4. The Municipal Competitive Trust, as Amended, is hereby further amended by adding a new last paragraph to Article 5 as follows:

The Trustee shall pay all or any portion of the amounts contained in the New Generation and Capacity Funding Account as directed in writing by the Beneficiary for any of the purposes permitted under Article 6(a)(3) hereof.

SECTION 5. The Municipal Competitive Trust, as Amended, is hereby further amended by adding a new paragraph to clause (a) of Article 6 as follows:

(3) New Generation and Capacity Funding Account.  
The Beneficiary shall at any time have the right to cause



entitlement share) of either Costs of Acquisition and Construction or that portion of Project Annual Costs consisting of Other Annual Costs of any future generation project created by MEAG after the effective date of this Amendment, without the consent of MEAG, or that portion of Project Annual Costs consisting of Annual Fixed Costs of any future generation project created by MEAG after the effective date of this Amendment, with the consent of MEAG, which will not be withheld unless there are adverse federal tax consequences that impact the Beneficiaries, or as a credit against premium obligations incurred by said Beneficiary in connection with its purchase of an additional obligation share (or entitlement share) of any existing MEAG project;

(iii) In the event MEAG provides the Beneficiary with the option of paying interest expense incurred in connection with the construction of any generation project

which exceeds the Beneficiary's prior year's  
budgeted Bulk Power Supply costs by  
greater than twelve percent (12%).

SECTION 6. The Municipal Competitive Trust, as Amended, is hereby further  
amended by adding a new clause (d) to Article 6 as follows:

(d) Each Beneficiary shall have the right to  
withdraw part or all funds from the New Generation  
and Capacity Funding Account for any purpose  
after January 1, 2037.

SECTION 7. The Municipal Competitive Trust, as Amended, and as further  
amended herein shall continue in full force and effect. Terms not defined herein or in the  
Municipal Competitive Trust, as Amended, are to be defined as in the existing Project  
Power Sales Contracts.

IN WITNESS WHEREOF, MEAG has caused this Second Replacement  
Amendment to be executed by the duly authorized officers and official seal to be  
hereunto affixed and attested, the first date written above.

MUNICIPAL ELECTRIC AUTHORITY  
OF GEORGIA

BY: \_\_\_\_\_  
Robert P. Johnston  
President and Chief Executive Officer

ATTESTED

By: \_\_\_\_\_  
Assistant Secretary-Treasurer

The undersigned Beneficiary hereby approves and executes the Second Replacement Amendment to the Municipal Competitive Trust, as Amended.

BENEFICIARY

[NAME OF PARTICIPANT]

By: \_\_\_\_\_

Its: [Authorized Official]

Attested:

By: \_\_\_\_\_

[SEAL]

[BOARD/COMMISSION]

By: \_\_\_\_\_

Its: [Authorized Official]

Attested:

By: \_\_\_\_\_

[SEAL]