

7A(c)(4)

Verne, B. Michael

From: [Redacted]
Sent: Monday, August 04, 2008 9:59 PM
To: Verne, B. Michael
Subject: 7(A)(c)(4); 802.2(c) Exemptions - Power Plant Project

Mike,

We have a transaction in which a general law city plans to sell up to 100% of its ownership interests in a power plant project that has not yet commenced construction. The size-of-transaction and size-of-parties thresholds are exceeded. Assets included in the sale will include the city's interest in real property, permits, and contracts (e.g., purchase of power generation equipment and related services, development, engineering, procurement, and construction). The city is currently negotiating grid interconnection arrangements with the independent system operator.

The city is pursuing a program to develop Community Choice Aggregation entities ("CCAs") for its residences, businesses and municipal facilities as well as those located in neighboring jurisdictions. The CCAs, which are authorized under state law, will provide an alternative to the wholesale electric market for the output of the project. The city plans to negotiate rights to a portion (up to and including 100%, if economically justified) of the power output from the project to serve CCAs under reasonable terms and conditions either through a contract or through a small minority ownership position.

Would you please confirm that the city is entitled to the 7(A)(c)(4) political subdivision exemption (i.e., not an "entity") as well as the 802.2(c) unproductive real property.

Best Regards,

[Redacted]

[Redacted]

[Redacted]

Agree -
BM
8/25/08

To comply with IRS regulations, we advise you that any discussion of Federal tax iss
For more information please go to [Redacted]

This email may contain material that is confidential, privileged and/or attorney wor
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