

Viridis Fuels Land Lease Update

Finance/Administration Committee

April 23, 2013

Overview



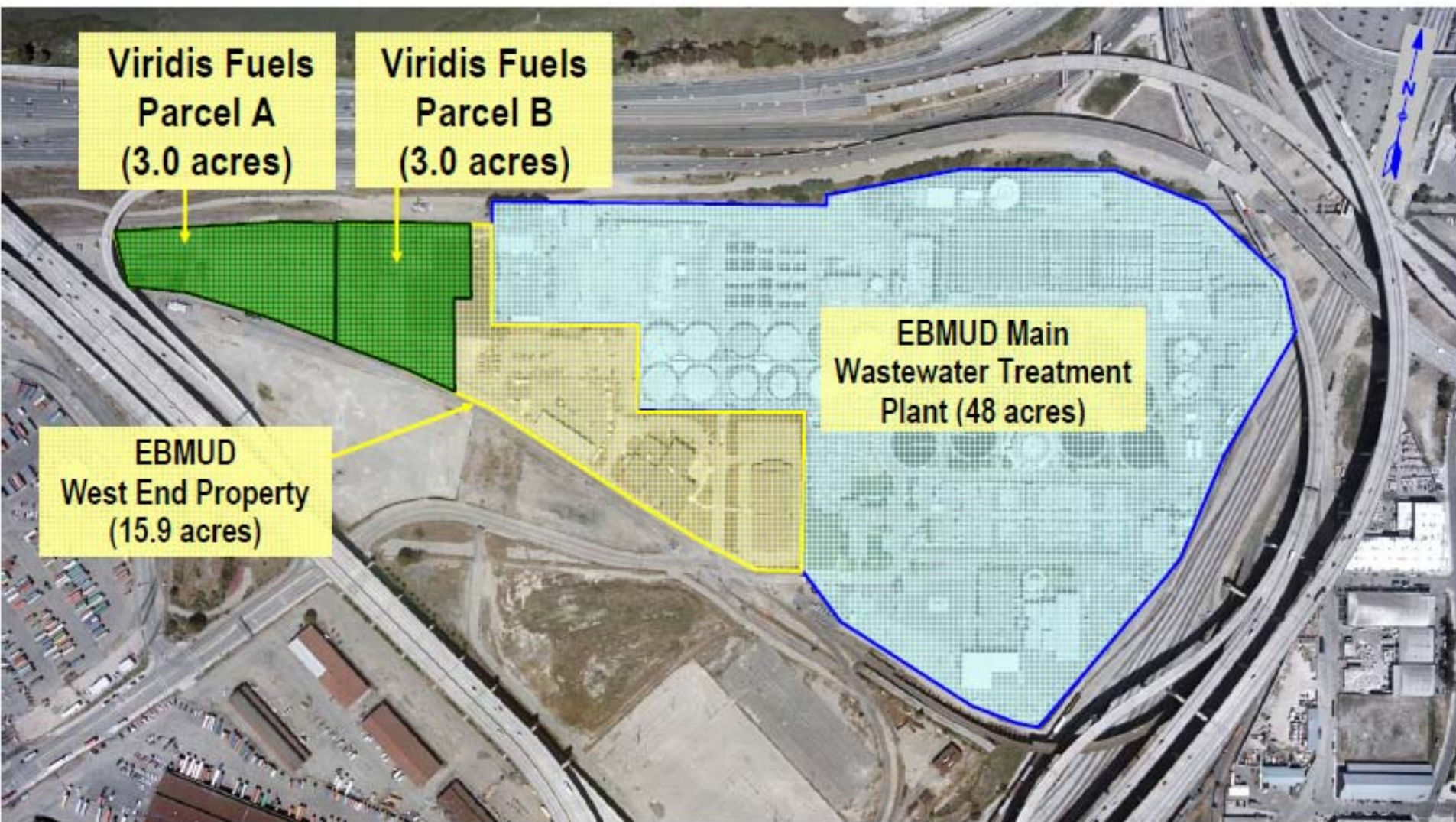
- Background
- Current Status of Lease
- Next Steps

Background

- In June 2008, the District issued an RFP to locate a biodiesel production facility adjacent to the MMWTP.
- In October 2011 the District signed an agreement with Viridis Fuels for:
 - 3 acre parcel, 25 year lease (w/2 possible extensions)
 - 3 acre parcel, 5 year lease (w/1 yr mutual extensions)
 - Production of Biodiesel
 - Refining of Glycerin By-Product for market (after additional environmental documentation is completed)

Background: Map Showing Lease Areas

EBMUD 1923
2013



Current Status of Lease



- Agreement allows Viridis Fuels to start lease of the land as soon as desired after October 2011 but no later than July 1, 2013.
- If Viridis Fuels has not notified District of notice to commence by May 1, 2013, lease commences on July 1, 2013.
- Non-payment of lease by July 11, 2013 constitutes default of the agreement.
- In a March 2013 meeting Viridis Fuels informed District staff that project start-up has been delayed but that environmental work and off-take agreements are now proceeding.

Next Steps

- The District expects an updated status letter from Viridis Fuels by May 1, 2013.
- If Viridis Fuels commences the lease on July 1, lease revenue is anticipated at \$486,000 annually with additional value to the District of \$280,000 per year once production commences.
- If Viridis Fuels does not commence the lease on July 1, staff intends to pursue long term lease of the land with other interested parties for expected annual revenue in the range of \$450,00 to \$500,000 annually.



EAST BAY MUNICIPAL UTILITY DISTRICT

Dodd-Frank Protocol Amendment of Interest Rate Swap Policy

Finance Committee
April 23, 2013

Agenda

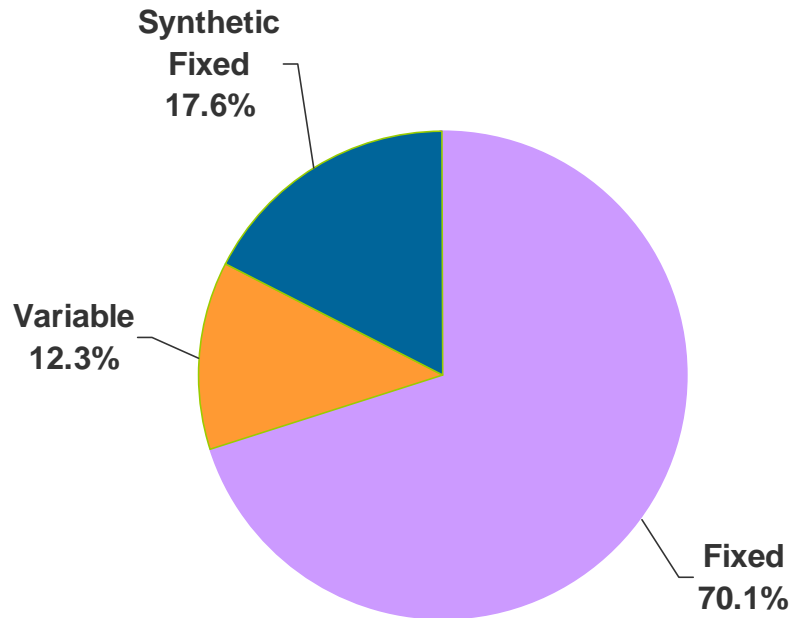


- Debt and swap portfolio
- Swap policy
- Dodd-Frank Protocol

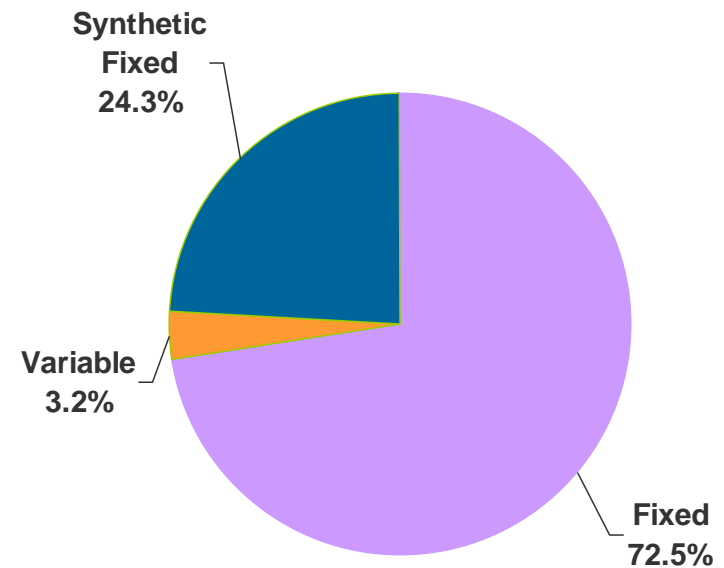
District Debt Portfolio



Water System
\$2.54 Billion



Wastewater System
\$463.7 Million



District Swap Portfolio



Water Swap Portfolio			Wastewater Swap Portfolio		
Bond Series	Counterparty	Outstanding Balance	Bond Series	Counterparty	Outstanding Balance
2011A	Bank of NY Mellon	99,020,000	2011A	Dexia Credit Local	63,475,000
2011A	JP Morgan Chase	49,510,000	2008C	Citigroup, Inc.	27,070,000
2008A	JP Morgan Chase	70,965,000	2008C	JP Morgan Chase	27,070,000
2008A	Bank of America	70,965,000			
2008A	Merrill Lynch	30,850,000			
2008A	Bank of NY Mellon	27,770,000			
2009/ 2008B	Deutsche Bank	61,050,000			
2009	Citibank, N.A.	15,675,000			
2009	Merrill Lynch	20,350,000			
		446,155,000			117,615,000

District Swap Policy



Interest Rate Swap Policy 4.23

- Created and adopted by the Board in April 2007
- Contains guidelines for use and ongoing monitoring of swaps:
 - Considerations for evaluating use of swaps
 - Permitted uses of swaps
 - Counterparty credit standards
 - Method of procurement
 - Documentation guidelines

Dodd-Frank Act



- Dodd—Frank Wall Street Reform and Consumer Protection Act—July 2010
- Title VII—Wall Street Transparency & Accountability
 - Regulates swap dealers
 - Commodity Futures Trading Commission (CFTC)
 - Securities and Exchange Commission (SEC)
 - Finalized rules which are effective May 1, 2013
- “External business conduct” of swap dealers
 - Duty to determine suitability of swap recommended to a counterparty
 - Obligation to report information on counterparties
 - Municipal agencies considered “special entity”
 - “Safe harbor” if special entity exercises independent judgment regarding swap transaction

Dodd—Frank Protocol



- Dealers will not execute, modify or terminate swaps without safe harbor
- DF Protocol is a standard way to disclose and exchange information to meet safe harbor provisions
 - We have not relied on the dealer
 - We have a qualified, independent advisor
- Minor changes to Swap Policy

Recommendation



Adopt changes to Swap Policy to facilitate additional de-risking of the District's swap portfolio.