

1 24-20010125-16090418-16183967 (9:35)

2 GREG: This is Greg.

3 KARIN BULOVA: Hi Greg, this is Karin Bulova.

4 GREG: Hi. How are you?

5 KARIN: Fine, how are you?

6 GREG: Oh, I'm all right.

7 KARIN: All right?

8 GREG: I saw – I saw an e-mail of, ah – that had a long list of ah, EEI terms that needed to
9 be incorporated in the, ah, Snohomish, ah, agreement.

10 KARIN: Mm hm. Mm hm. Yeah [*chuckles*]

11 GREG: So, I figured that that might be keeping people busy.

12 KARIN: Yep, ah, they definitely have been busy going back and forth on that. Um, let's see.

13 I am calling about the um, 9-year offer for the hundred dollars.

14 GREG: Yeah. Yeah.

15 KARIN: Um, you don't sound good.

16 GREG: No, actually, ah, the 'O'-2, ah – the 'O'-2 – there – there is some trading in the
17 calendar 'O'-2, and ah, it – it traded up quite a bit. I don't know how that affects the overall
18 term of the deal, but, anyway, what's your question on that?

19 KARIN: Well, my question was whether or not we could um, come to agreement on it, um,
20 tonight and – and see if we can maybe, ah, lock in a price for, um a 24 hour period, um, as
21 we work through these contract terms in good faith.

22 GREG: Yeah. Um, let me, ah – let me sit down with our trader and you know, he – the –
23 that was the first thing he said when I walked in this morning and then ah – is that things
24 were up and then, ah, about two hours after that – about ten or eleven this morning and
25 kind of – he told me that the 'O'-2's had traded up quite a bit, so –

26 KARIN: Mm hm.

27 GREG: Ah, let me sit down with him and find out and I don't know with respect to term,
28 um, you know, I don't know how far you guys are, you know, lookin' to do or anything.

1 KARIN: Well, we – we’d like to be able to hold it at what the last offer was.
2 GREG: Yeah.
3 KARIN: Which was through December 31st 2009.
4 GREG: Right.
5 KARIN: Um, at the 100 dollars.
6 GREG: Yeah.
7 KARIN: We’re – we’re very interested in working with you on that offer.
8 GREG: OK. So, I haven’t seen, um, I guess, other than – ah, and – and, you know, one, I
9 think we need to um, ah, I – I think – I can – I can have that discussion internally.
10 KARIN: Mm hm.
11 GREG: Um, how we would want – you know whe – whether that’s do-able for us.
12 KARIN: OK.
13 GREG: Um, but I guess the other thing I need to know is, ah, where do you think we are, I
14 – I mean, it just seemed like from [*inaudible*] e-mail over to ah, um, what’s ah -- ?
15 KARIN: Eric?
16 GREG: Mm – I’m sorry, my phone fell. Um –
17 KARIN: To Eric Christensen?
18 GREG: Yeah. Ah, it just seemed like a long list of things and unless he’s just cutting and
19 pasting, I don’t – I mean, is there a real, ah, um – is there a real, um, ah, hesitation to do
20 something under the industry contract?
21 KARIN: Um, there – there is, only because we’re under such a short time-frame and we’re
22 just so completely unfamiliar with that contract –
23 GREG: Yeah.
24 KARIN: -- that, um, it’s very difficult to sign onto it being that unfamiliar with it and it’s
25 very hard to get – I mean, it’s – it’s – it’s a monstrous contract with, um, all sorts of cross,
26 you know, provisions and – and to, you know, get it one day and sign it the next day is –
27 GREG: Right, right.
28 KARIN: -- really scary, especially when you’re talking about the amounts of money that are

1 going to be under that contract.

2 GREG: Right.

3 KARIN: So, I – we’re working very hard to try to, um, incorporate the terms or, you know,

4 work together to get something that’s going to work for the both of us.

5 GREG: Yeah.

6 KARIN: I think – I think we both want to have good, fair terms and I think we understand

7 where you guys are coming from and I know you understand where we’re coming from, too.

8 GREG: Yeah, yeah.

9 KARIN: So, I – I think that we can, um, negotiate this in good faith. How it looks in the

10 end, if it’s going to be exactly your agreement, or some ah, major modifications to ours or –

11 GREG: Right.

12 KARIN: Whatever the case might be, but we’re definitely interested in pursuing that.

13 GREG: OK. Um, and, m – I guess my preference is to not get into, um, a situa – you know,

14 we talked about this a little bit yesterday is – is, I really just kind of hesitate to get the cart

15 before the horse on – on, um, you know, if – if – if, ah, is – is it Eric or Erin?

16 KARIN: Eric.

17 GREG: Eric. If – if – if sh – if Shari and Eric are havin’ some positive discussions and Shari

18 says, yeah, I think we’re there, um, and we’re pretty close to havin’ a master agreement that –

19 that we can, um, you know at any time, ah, do a, ah, – do a, um – ah, transaction under. Um,

20 do you happen to know the status of that? Because I haven’t talked to Shari since this

21 morning – since about ten O’clock. So, five hours ago.

22 KARIN: I know Eric’s in his office right now working on it.

23 GREG: OK.

24 KARIN: So, um, and I know he knows that, you know, we’re very interested in – in you

25 know, negotiating through this with you, so –

26 GREG: Yeah. And are there any – I don’t know, ah, if – if there’s any third party, ah,

27 counsel that Snohomish uses that – that um, I guess, could get Eric comfortable with the

28 fact that those are industry *[inaudible]*.

1 KARIN: We do. We have, um, actually two other firms

2 GREG: Ok.

3 KARIN: -- looking at it and helping us with it, um, and helping to get comfortable. So, he's

4 not the only one. He does have other people helping him. Um, he's got a bunch of lawyers

5 from DC and a couple others down in Seattle.

6 GREG: Yeah.

7 KARIN: So --

8 GREG: All right well --

9 KARIN: We -- we have a team on it. Ah, we're -- we're giving lots of resources to it, we're --

10 we're trying to work through it, just ah, you know, can't sign today, but we really believe

11 that, um, you know, by close of business tomorrow we would be able to.

12 GREG: Yeah. OK. All right, well let me, um -- let me just kind of get -- get a sense from

13 Shari that -- that she feels like things are going in a positive direction, then, ah, I'll catch our

14 traders -- they normally leave in about 15 minutes and then, um, the guy that, ah, the specific

15 guy that, ah, ah, works the Northwest is supposed to be off tomorrow, but I'll figure out

16 how we can -- you know, whether we can, ah, kind of -- how comfortable he would feel --

17 KARIN: Mm hm.

18 GREG: And you've seen -- I mean, the -- the big deal is is that these near term markets, ah,

19 as volatile as they are and -- and pretty much if continue in just is is creeping up --

20 KARIN: Right.

21 GREG: You understand that -- that -- that all -- all that financing, you know, when you get

22 out to the end, you're -- you're -- there's a lot of money that just gets -- that -- that we're

23 basically financing in this deal and -- and um, and in the back end, you know, the spreads are

24 a lot smaller between the hundred dollar price and the -- and the market price, and -- and so,

25 ah, even though these jumps are for the shorter period o -- in the front end --

26 KARIN: Right.

27 GREG: -- it creates a longer stream in the back end, you know, and ah, it just, I -- I mean I

28 -- I -- I -- I guess, you know, at some point [*chuckles*] I -- I -- I just get frustrated sendin' out,

1 ah, y – you know, markets generally move up and down, but I – I – it's just – it's gone up
2 and up and up and – and – and I hate doin' that, I – I – I mean I –

3 KARIN: Right.

4 GREG: -- got a little frustrated yesterday and – and ah, um, but that's – that's real – real
5 dollars.

6 KARIN: Yeah, it's – it's pretty frustrating on this end, too. [*chuckles*]

7 GREG: So, you know, I just – ah, I – it's – it's a lot easier to show a customer that you
8 know, things are moving their way than – than movin' against 'em, and – and ah –

9 KARIN: Right.

10 GREG: -- I don't know, it just, ah, I – I kind of wish that wasn't happening. It'd be nice if
11 we were a little bit more stable here, but –

12 KARIN: Right.

13 GREG: - um, you know –

14 KARIN: Well, you know, in three days, we've – we've changed a hundred dollar deal from 6
15 years to 9 years.

16 GREG: Yeah.

17 KARIN: And you know, I think, ah, you know, in – with good faith, if we could hold that
18 until the close of business tomorrow, I think we would have a deal.

19 GREG: OK.

20 KARIN: So, we'll see if we can work on that.

21 GREG: All right. Well, let me catch him, and I – I'm – I'm not – based upon what he said
22 earlier, I'm not ah, I'm not real um, ah, confident that – that that's – that that's a deal that we
23 can do – you know, basically.

24 KARIN: Well, we can also, I mean, if it's something that you need we can sign a good faith
25 letter tonight or something like that, that will –

26 GREG: And – and I'm – I'm talkin' about ah, ah – less so about the um, ah, the holding the
27 price for a day in this situation than I am – we haven't even recalculated, um, what the –
28 what basically what the amount is financed based upon the, um, the run up in the 'O'-2

1 market today, so –

2 KARIN: Right.

3 GREG: - that's what, um – that's ah – that's kinda what I'm, you know, hesitating to come

4 back to you with more bad news about, so –

5 KARIN: Right.

6 GREG: [*inaudible*] don't come back to me with bad news!

7 [*laughter*]

8 KARIN: We'll click our heels – heels three times –

9 GREG: [*laughs*]

10 KARIN: -- and it'll all be OK.

11 [REDACTED]

12 GREG: Well, let me – let me catch – catch him before he leaves –

13 KARIN: Yeah.

14 GREG: -- and then, ah, I'll just have him re-price it and then see how he feels about, um,

15 you know, let's just – can – can we keep it there for a day and – and see what – see what the

16 deal is.

17 KARIN: OK. All right.

18 GREG: And then, I need to – I do need to just get a, ah, sense from Shari whether she –

19 she thinks we're going to get there.

20 KARIN: OK.

21 GREG: All right, I'll call you back –

22 KARIN: Thanks.

23 GREG: -- probably with – by four o'clock.

24 KARIN: Thank you.

25 GREG: All right Karin.

26 KARIN: Bye.

27 GREG: Bye – bye.