

From: Linda Hughes [mailto:hugheslinda1@gmail.com]

Sent: Friday, February 12, 2010 7:03 PM

To: Rep Jim Jordan; George Voinovich; Ted Celeste; Chris Widener; Timothy DeGeeter; tom sawyer; Louis Blessing; Lisa Patt-McDaniel; tmaves@odod.state.oh.us; Mark Shanahan; Schriber, Alan; Wissman, Kim; Siegfried, Stuart; Lambeck, Klaus; Dale Arnold; Joe Cornely; Adam Specht; Warner, Cameron; Tim Tillman; Mike Kenoyer; Scott Armentrout; mcoates@co.champaign.oh.us; chall@co.unlon.oh.us; Jenny Snapp; dknight@co.logan.oh.us; jbayliss@co.logan.oh.us; Phil Metz; Kristine Cook; Holly Zachariah; herman_wang@platts.com; info@kasichforohio.com

Subject: TPP Waiver, Everpower and Terra Firma

Dear Legislators, Officials, Friends and Neighbors,

Terra Firma purchased Everpower in August of 2009 and Michael Speerschneider touted this as a testimony to the strength of Everpower (proposed Buckeye Wind project in Champaign County.)

And now, just a few months later, a new twist: Everpower does not have a power purchase agreement for the sale of electricity nor does it have financing. Terra Firma, the private equity firm that owns Everpower, is in serious financial difficulty.

And Governor Strickland is asking the legislature to give them a tax break.

From his State of the State address last month:

With the federal tax credit currently in place for renewable energy, companies will be making commitments to new facilities in the coming months. But the fact of the matter is that Ohio's tax structure discourages wind and solar companies from coming to Ohio to generate renewable energy. We should give those companies every reason to choose Ohio. That's why I am asking the legislature to erase Ohio's tangible personal property tax on generation for wind and solar facilities that break ground this year, create Ohio jobs, and begin producing energy by 2012.

The news report below is from the *Urbana Daily Citizen*.

Please take a few moments to read the linked articles on wind, the use of stimulus money and job creation.

Respectfully,

Linda Hughes
6320 State Route 540
Bellefontaine, Ohio 43311
937 592-1123

Everpower parent Terra Firma seeking cash to avoid default

From Staff and Wire reports

LOS ANGELES (AP) - The private equity firm that bought the recording label of the Beatles and Coldplay needs more cash from investors to avoid a possible foreclosure by Citigroup Inc.

The problems for British financier Guy Hands were detailed in a report that was audited by KPMG and released Thursday. Hands' private equity firm, Terra Firma, bought EMI Group PLC through a separate company, Maltby Capital Ltd., for 2.4 billion pounds (equivalent to \$3.8 billion now) in 2007.

Maltby directors said in the report the company needs to raise money by June 14 or risk defaulting on its loans. Maltby said it may require more than 105 million pounds (\$165 million) to last through this year. Maltby had 3.8 billion pounds (\$6 billion today) of debt as of last March, mostly owed to Citigroup.

Representatives for Terra Firma and Citigroup declined to comment on the report.

In August of 2009, Reuters reported Terra Firma bought Everpower Wind Holdings in a deal that was worth around \$350 million, looking to tap into the growing renewable energy sector.

Terra Firma bought Everpower from renewable energy fund Good Energies and the Everpower management team, both of which were re-investing in August alongside Terra Firma, according to Reuters.

"The attraction of investment by one of the world's leading private equity firms is a testament to the strength of Everpower's existing development, including a winning plan for wind power here in Ohio," Michael Speerschneider, Mid-Atlantic development director for Everpower, told the Daily Citizen in August. "With green energy now a leading investment in the global economy, Everpower is pleased to have the backing of Terra Firma in realizing our goals for expansion."

Construction is anticipated to begin on Everpower's proposed Buckeye Wind Project in Champaign County in 2010 following conclusion of the permit process. The Ohio Power Siting Board could make a decision about certification of the process as early as March. The Buckeye Wind Project as proposed would consist of 70 turbines spaced across Champaign County.

The source of the current Terra Firma foreclosure problem is EMI Music, a division of EMI that makes money by selling recordings of new and established artists.

Cash flow from the unit must exceed a certain percentage of net debt each quarter. Despite a revival helped by cost-cutting, it failed that test in four of the last six quarters since September 2008.

A rerelease of the Beatles' albums last fall helped it pass in September and will likely help it pass the December test. But it is expected to fail the test again March 31 because the terms of the loan make the ratio gradually more difficult to meet.

The unit's cash flow rose 52 percent to 160 million pounds (\$250 million) in the year to March 2009.

Although Maltby has 9.5 million pounds (\$15 million) available to inject to provide a so-called "cure" for substandard cash flow, "any further equity cure or injection of further funds would have to be made using additional funds provided by the shareholders," the report said.

Maltby and EMI are now preparing a revised strategic business plan to provide to Terra Firma investors along with a request for more cash, the report said.

If funds can't be raised and the loan goes into default, Citigroup could seize EMI and cause it to be sold or broken up.

Warner Music Group Corp.'s \$4.2 billion bid for EMI in 2007 was rejected in favor of what was then a \$4.9 billion bid by Terra Firma.

Because of the decline in CD sales, Warner is not likely to value EMI nearly as highly today and Warner CEO Edgar Bronfman Jr. said in August he would only work together with EMI "if it makes good business sense."

New Wind Farms in the U.S. Do Not Bring Jobs

Millions Have Been Invested in Wind Farms, but That Hasn't Brought Jobs

By JONATHAN KARL

Feb. 9, 2010

<http://abcnews.go.com/WN/wind-power-equal-job-power/story?id=9759949&page=1>

Renewable energy money still going abroad, despite criticism from Congress

By Russ Choma

Monday, February 8th, 2010

<http://investigativereportingworkshop.org/investigations/wind-energy-funds-going-overseas/story/renewable-energy-money-still-going-abroad/>