

RESOLUTION NO. 1996-17

RESOLUTION REGARDING FINANCING FOR THE COST OF ACQUISITION OF CAPACITY RELATING TO THE PALO VERDE PROJECT: (I) AUTHORIZING THE EXECUTION AND DELIVERY OF (A) A SUBORDINATE INDENTURE OF TRUST AUTHORIZING THE ISSUANCE OF SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY POWER PROJECT REVENUE BONDS, 1996 SUBORDINATE REFUNDING SERIES C AND (B) AN EIGHTEENTH SUPPLEMENTAL INDENTURE OF TRUST WITH RESPECT TO THE PALO VERDE PROJECT; (II) AUTHORIZING THE REFUNDING OF OUTSTANDING BONDS ISSUED UNDER THE SENIOR INDENTURE; (III) AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT; (IV) AUTHORIZING THE DELIVERY OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT; (V) AUTHORIZING THE EXECUTION AND DELIVERY OF A STANDBY BOND PURCHASE AGREEMENT (OR SIMILAR AGREEMENT) AND A REMARKETING AGREEMENT; (VI) AUTHORIZING CERTAIN RELATED ACTIONS; AND (VII) AUTHORIZING THE OFFICERS OF THE AUTHORITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY AS FOLLOWS:

1. Each of the President and Vice President and each of the Secretary and any Assistant Secretary of the Southern California Public Power Authority (the "Authority") are hereby authorized to execute and deliver an Eighteenth Supplemental Indenture of Trust, by and between the Authority and Wells Fargo Bank, National Association (or its successor and assigns), as trustee (the "Trustee"), in the form on file with the Assistant Secretary of the Authority, with such changes, insertions and omissions (subject to Paragraph 10 hereof) as shall be approved by said President or Vice President (such approval to be conclusively evidenced by his execution and delivery thereof); and each of the Secretary and any Assistant Secretary is hereby authorized to affix the seal of the Authority thereto (said Supplemental Indenture, in the form in which executed and delivered, is hereinafter referred to as the "Eighteenth Supplemental Indenture"). The Eighteenth Supplemental Indenture is hereby made a part of this Resolution as though set forth in full herein and the same hereby is approved.

2. Each of the President and Vice President and each of the Secretary and any Assistant Secretary of the Authority are hereby authorized to execute and deliver an Indenture of Trust relating to the Subordinate Bonds (as defined below), from the Authority to the Trustee in the form on file with the Assistant Secretary of the Authority, with such changes, insertions and omissions (subject to Paragraph 10 hereof) as shall be approved by said President or Vice President to provide for the terms of the Authority's Power Project Revenue Bonds, 1996 Subordinate Refunding

Series C (the "Subordinate Bonds") (such approval to be conclusively evidenced by his execution and delivery thereof); and each of the Secretary and any Assistant Secretary is hereby authorized to affix the seal of the Authority thereto. Such Indenture of Trust, as executed and delivered, is hereinafter referred to as the "Subordinate Indenture." The Subordinate Indenture is hereby made a part of this Resolution as though set forth in full herein and the same hereby is approved.

The issuance of the Subordinate Bonds is hereby authorized, subject to the provisions of this Resolution, the Subordinate Indenture, the Eighteenth Supplemental Indenture and the Authority's Sixteenth Supplemental Indenture of Trust dated as of January 1, 1996. The Subordinate Bonds shall be dated, shall mature on the date or dates and in the year or years and shall bear interest all as provided in the Subordinate Indenture and the Eighteenth Supplemental Indenture.

The form of the Subordinate Bonds and the provisions for signatures, authentication, payment, registration, redemption, denomination, sinking fund, number and other terms thereof shall be as set forth in the Subordinate Indenture.

The Subordinate Bonds shall be secured by the pledge effected by the Subordinate Indenture and shall be special, limited obligations of the Authority payable solely from the sources specified in the Subordinate Indenture. Neither the State of California nor any public agency thereof (other than the Authority) nor any member of the Authority nor any Project Participant shall be obligated to pay the principal or Redemption Price (as defined in the Subordinate Indenture) of, or interest on, the Subordinate Bonds. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of the Authority or any Project Participant is pledged to the payment of the principal or Redemption Price of, or interest on, the Subordinate Bonds. The Subordinate Bonds shall not constitute a debt or indebtedness of the Authority within the meaning of any provision or limitation of the constitution or statutes of the State of California, and they shall not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit.

3. Pursuant to Section 6571 of the Government Code of the State of California it is hereby found and determined by the Board of Directors that (a) if the Subordinate Bonds, or any thereof, are sold at less than the par amount thereof, such sale at less than the par amount thereof will result in more favorable terms for such Subordinate Bonds and (b) a negotiated sale of the Subordinate Bonds is necessary.

Each of the President and Vice President of the Authority is hereby authorized (i) to execute and deliver a purchase contract for the Subordinate Bonds, between the Authority and Smith Barney Inc. and (ii) to negotiate the underwriter's discount and remarketing agent fee relating to the Subordinate Bonds. Smith Barney Inc. is hereby designated the underwriter for the Subordinate Bonds. The purchase price at which the Subordinate Bonds are to be sold to the underwriter and the related underwriter's discount shall each be determined in accordance with this Resolution. Payment for the Subordinate Bonds shall be pursuant to the terms and conditions set forth in any purchase contract executed pursuant to this Resolution.

4. Each of the President and Vice President is hereby authorized to approve a Preliminary Official Statement relating to the Subordinate Bonds (such approval to be conclusively evidenced by the delivery thereof) (the "Preliminary Official Statement") and the Board of Directors hereby approves the use of the Preliminary

Official Statement in connection with the offering and sale of the Subordinate Bonds, with such additions thereto and changes therein as are determined necessary or appropriate by the President or Vice President of the Authority to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission (except for the omission of those items permitted by said Rule). Each of the President, Vice President and Executive Director of the Authority is authorized to deem the Preliminary Official Statement to be final within the meaning of Securities and Exchange Commission Rule 15c2-12 subject to completion of those items permitted by said Rule.

5. Each of the President and Vice President of the Authority is hereby authorized to approve an Official Statement relating to the Subordinate Bonds (such approval to be conclusively evidenced by his execution and delivery thereof) (the "Official Statement") and the Board of Directors hereby approves the use of such Official Statement in connection with the offering and sale of the Subordinate Bonds, and the Board of Directors hereby further approves the use of any supplement or amendment to such Official Statement that is necessary or appropriate so that, in the opinion of the President or the Vice President of the Authority (after consultation with the Authority's Co-Bond Counsel), such Official Statement does not include any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which such statements were made, not misleading. Each of the President and Vice President of the Authority is hereby authorized to execute such Official Statement and any amendment or supplement thereto, in the name and on behalf of the Authority, and thereupon to cause such Official Statement and any such amendment or supplement to be delivered to the underwriter. The underwriter is authorized to distribute such Official Statement to the purchasers of the Subordinate Bonds.

6. The refunding of the Refunded Bonds (as defined in the Subordinate Indenture) as provided for in the Eighteenth Supplemental Indenture and the Subordinate Indenture is hereby authorized. Each of the President, Vice President, Executive Director, Secretary and any Assistant Secretary of the Authority is hereby authorized on behalf of the Authority to purchase (by contract or otherwise) U.S. Government obligations (including non-callable State and Local Government Series direct obligations of the United States of America issued by the Bureau of Public Debt and certain direct obligations of the United States of America purchased on the open market) in such amounts, maturing at such time(s) and bearing such rate(s) of interest as shall be necessary (taking into account any moneys or other securities deposited in the 1996 Series C Subordinate Bonds Escrow Fund, as defined in the Eighteenth Supplemental Indenture, at the same time for such purpose) to pay when due the redemption price of and interest on the Refunded Bonds, and to take such other action as any of them may deem necessary or appropriate to effectuate the purchase of said obligations.

7. Each of the President and Vice President and any Assistant Secretary of the Authority is hereby authorized to execute and deliver a Standby Bond Purchase Agreement or similar agreement among the Authority, the Trustee and a bank or other entity acceptable to the President or Vice President, in the form on file with the Assistant Secretary of the Authority, with such changes, insertions and omissions (subject to Paragraph 10 hereof) as shall be approved by said President or Vice President (such approval to be conclusively evidenced by his execution and delivery thereof); and any Assistant Secretary is hereby authorized to affix the seal of the

Authority thereto (said Standby Bond Purchase Agreement or other similar agreement, in the form in which executed and delivered, is hereinafter referred to as the "Standby Bond Purchase Agreement"). The Standby Bond Purchase Agreement is hereby made a part of this Resolution as though set forth in full herein and the same hereby is approved.

8. Each of the President or Vice President of the Authority is hereby authorized and directed to execute and deliver a Remarketing Agreement between the Authority and Smith Barney Inc., as Remarketing Agent, in the form on file with the Assistant Secretary of the Authority, with such changes, insertions and omissions (subject to Paragraph 10 hereof) as shall be approved by said President or Vice President (such approval to be conclusively evidenced by his execution and delivery thereof). Said Remarketing Agreement, in the form in which executed and delivered, is hereinafter referred to as the "Remarketing Agreement." The Remarketing Agreement is hereby made a part of this Resolution as though set forth in full herein and the same hereby is approved.

9. (a) This Board of Directors hereby determines that one or more debt service reserve account policies may be obtained in connection with the issuance of the Subordinate Bonds, provided the premium for each such debt service reserve account policy shall not exceed 3.0% of the face amount of such debt service reserve account policy. Each of the President and Vice President of the Authority is hereby authorized to determine the provider or providers of each debt service reserve account policy with whom the Authority shall contract for each such debt service reserve account policy.

(b) Each of the President and Vice President of the Authority is hereby authorized to determine, in connection with the issuance and delivery of the Subordinate Bonds, whether to obtain municipal bond insurance for all or any portion of the Subordinate Bonds and, if it is determined that municipal bond insurance shall be obtained, the particular provider or providers of municipal bond insurance with whom the Authority shall contract for such municipal bond insurance.

10. (a) Each of the President and Vice President of the Authority is hereby authorized to determine, in connection with the execution and delivery of the Eighteenth Supplemental Indenture, the Subordinate Indenture and any sale of the Subordinate Bonds, and in consultation with the Finance Committee, the following:

(i) the aggregate principal amount of the Subordinate Bonds (not to be less than \$50,000,000 nor to exceed \$175,000,000);

(ii) the initial interest rate(s) of the Subordinate Bonds;

(iii) the maximum interest rate(s) under the Subordinate Indenture;

(iv) the maturity dates for the Subordinate Bonds, the latest of which shall be no later than July 1, 2017;

(v) the principal amount in each maturity and any sinking fund installments for any term Subordinate Bonds;

- (vi) the purchase price of the Subordinate Bonds;
- (vii) the first interest payment date;
- (viii) the terms and conditions for delivery of the Subordinate Bonds;
- (ix) the Outstanding Bonds (as such term is defined in the Senior Indenture) of the Authority to be refunded by the Subordinate Bonds (which Outstanding Bonds shall constitute the Refunded Bonds under the Eighteenth Supplemental Indenture and the Subordinate Indenture);
- (x) the initial Escrow Securities to be purchased and deposited in the 1996 Series C Subordinate Bonds Escrow Fund under the Eighteenth Supplemental Indenture;
- (xi) the redemption terms and prices of the Subordinate Bonds;
- (xii) the application of the proceeds of the Subordinate Bonds;
- (xiii) in addition to the transfers authorized by Paragraph 11 hereof, any other transfers required from any other funds or accounts created under the Senior Indenture relating to the Palo Verde Project (including, but not limited to, any further transfers from the Renewal and Replacement Account in the Reserve and Contingency Fund to the General Reserve Fund and the expenditure therefrom), in connection with the refunding of the Refunded Bonds;
- (xiv) the date(s) the Refunded Bonds shall be redeemed;
- (xv) whether or not to acquire municipal bond insurance in connection with the issuance of the Subordinate Bonds, such determination to be made in accordance with Paragraph 9(b) of this Resolution, provided the premium for such insurance shall not exceed 0.50% of the payments insured; and
- (xvi) any further changes, insertions or omissions to the form of the Eighteenth Supplemental Indenture or the form of the Subordinate Indenture as shall be deemed necessary or appropriate.

(b) The terms approved pursuant to paragraph (a) of this Paragraph 10 are contemplated to produce for the Authority aggregate present value savings from the refunding of the Refunded Bonds.

(c) As used herein, the "Finance Committee" refers to that portion of the committee of the Authority designated to consider financial matters, comprised of representatives of the Cities of Burbank, Colton, Glendale, Imperial Irrigation District, Los Angeles, Pasadena, Riverside and Vernon.

11. The Board hereby determines that in connection with the issuance of the Subordinate Bonds it may be desirable for the Authority to make an "equity" contribution in connection with the issuance of the Refunded Bonds. The Board hereby authorizes, pursuant to Section 510(6) of the Senior Indenture, the transfer from the Renewal and Replacement Account in the Senior Indenture to the General Reserve Fund in the Senior Indenture of the required amount of such equity contribution (as determined by the President or the Executive Director of the Authority) and hereby determines, in accordance with Section 510(6) of the Senior Indenture, that such amount is not needed for any of the purposes for which the Renewal and Replacement Account was established. The Board hereby authorizes each of the Authorized Authority Representatives under the Senior Indenture to direct the Trustee under the Senior Indenture (i) to transfer such amount from the Renewal and Replacement Account and thereafter from the General Reserve Fund in connection with the issuance of the Subordinate Bonds and (ii) to retain such amount in the General Reserve Fund until such time as the Trustee under the Senior Indenture is directed to transfer the amount from the General Reserve Fund.

12. Each of the President, Vice President, Secretary, Executive Director and any Assistant Secretary and any other officer of the Authority is hereby authorized to take any and all actions which such person deems necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of the Subordinate Bonds for issue, offer, sale or trade under the Blue Sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports, consents to service of process, appointments of attorneys to receive service of process and other papers and instruments which may be required under such laws, and to take any and all further actions which such person may deem necessary or advisable in order to maintain any such registration or qualification for as long as such person deems necessary or as required by law or by the underwriter for the Subordinate Bonds; and any such action previously taken is hereby ratified, confirmed and approved.

13. Each of the President and Vice President of the Authority is hereby authorized to appoint from time to time any additional fiduciaries, depositaries or agents (including paying agents) in connection with the Subordinate Bonds and to execute and deliver any and all documents and instruments necessary or proper in connection with each such appointment.

14. The following are hereby designated as Project Agreements under the Senior Indenture and the Power Sales Contracts (as defined in the Senior Indenture):

- (a) the Subordinate Indenture; and
- (b) any municipal bond insurance policy obtained with respect to Subordinate Bonds pursuant to Paragraph 10(a)(xv) hereof.

15. The President, Vice President, Secretary, any Assistant Secretary and Executive Director of the Authority and representatives of the Department of Water and Power of The City of Los Angeles are hereby authorized to cause the Trustee to transfer moneys as contemplated by the Eighteenth Supplemental Indenture.

16. The Executive Director of the Authority, in addition to the other offices or positions with the Authority he already holds, is hereby appointed an Assistant Secretary of the Authority and an Authorized Authority Representative under the Senior Indenture for the purpose of taking any and all required action in connection with the issuance and delivery of the Subordinate Bonds.

17. Each of the President, Vice President, Secretary, any Assistant Secretary, the Executive Director and any other officer of the Authority is hereby authorized to execute and deliver any and all agreements (including, but not limited to, any Guaranty Agreement required by any provider of municipal bond insurance obtained pursuant to Paragraph 10(a)(xv) hereof), documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution.

18. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 16th day of May 1996.



PRESIDENT
Southern California Public
Power Authority

ATTEST:



ASSISTANT SECRETARY
Southern California Public
Power Authority