

RESOLUTION NO. 1996-18

RESOLUTION REGARDING FINANCING FOR THE COST OF ACQUISITION OF CAPACITY RELATING TO THE SOUTHERN TRANSMISSION PROJECT: (I) AUTHORIZING THE EXECUTION AND DELIVERY OF (A) SUBORDINATE INDENTURES OF TRUST AUTHORIZING THE ISSUANCE OF SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY SOUTHERN TRANSMISSION PROJECT REVENUE BONDS AND (B) SUPPLEMENTAL INDENTURES OF TRUST WITH RESPECT TO THE SOUTHERN TRANSMISSION PROJECT; (II) AUTHORIZING THE REFUNDING OF OUTSTANDING BONDS ISSUED UNDER THE SENIOR INDENTURE; (III) AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE PURCHASE CONTRACTS; (IV) AUTHORIZING THE DELIVERY OF ONE OR MORE PRELIMINARY OFFICIAL STATEMENTS AND THE EXECUTION AND DELIVERY OF ONE OR MORE OFFICIAL STATEMENTS; (V) AUTHORIZING THE EXECUTION AND DELIVERY OF A STANDBY BOND PURCHASE AGREEMENT (OR OTHER LIQUIDITY OR CREDIT 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 a Twelfth Supplemental Indenture of Trust and a Thirteenth Supplemental Indenture of Trust, each by and between the Authority and Wells Fargo Bank, National Association (or its successor and assigns), as trustee (the "Trustee"), in the forms 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 Indentures, in the form in which executed and delivered, are hereinafter referred to as the "Twelfth Supplemental Indenture" and the "Thirteenth Supplemental Indenture," respectively). The Twelfth Supplemental Indenture and the Thirteenth Supplemental Indenture are referred to collectively as the "Supplemental Indentures." The Supplemental Indentures are hereby made a part of this Resolution as though set forth in full herein and the same hereby are 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 Series A Bonds (as defined below) and an Indenture of Trust relating to the Series B Bonds (as defined below), each from the Authority to the Trustee in the forms 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 Transmission Project Revenue Bonds, 1996 Refunding Series A (the "Series A Bonds") and the Authority's Transmission Project Revenue Bonds, 1996 Refunding Series B (the "Series B Bonds," and together with the Series A Bonds, the "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. The Indenture of Trust relating to the Series A Bonds, as executed and delivered, is hereinafter referred to as the "Series A Indenture." The Indenture of Trust relating to the Series B Bonds, as executed and delivered, is hereinafter referred to as the "Series B Indenture," and together with the Series A Indenture, the "Indentures." The Indentures are hereby made a part of this Resolution as though set forth in full herein and the same hereby are approved.

The issuance of the Bonds is hereby authorized, subject to the provisions of this Resolution, the Indentures and the Supplemental Indentures. The 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 Indentures and the Supplemental Indentures.

The forms of the 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 Indentures.

The Bonds shall be secured by the pledge effected by the Indentures and shall be special, limited obligations of the Authority payable solely from the sources specified in the Indentures. 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 Indentures) of, or interest on, the 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 Bonds. The 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 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 Bonds and (b) the negotiated sale of the 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 Series A Bonds, between the Authority and Bear, Stearns & Co. Inc., Smith Barney Inc., Grigsby Brandford & Co., Inc., PaineWebber Incorporated and Prager, McCarthy & Sealy (the "Series A Underwriters") and (ii) to negotiate the underwriter's discount relating to the Series A Bonds. Bear, Stearns & Co. Inc. is hereby designated the "book-runner" for the Series A Bonds. Each of the President and Vice President of the Authority is hereby further authorized (i) to execute and deliver a purchase contract for the Series B Bonds, between the Authority and Bear, Stearns & Co. Inc., the underwriter for the Series B Bonds (the "Series B Underwriter") and (ii) to negotiate the underwriter's discount and remarketing agent fee relating to the Series B Bonds. The purchase price at which the Series A Bonds and the Series B Bonds are to be sold to the Series A Underwriters and the Series B Underwriter, respectively, and the related underwriter's discount shall each be determined in accordance with this Resolution. Payment for the Bonds shall be pursuant to the terms and conditions set forth in the purchase contract or purchase contracts executed pursuant to this Resolution.

4. Each of the President and Vice President is hereby authorized to approve one or more Preliminary Official Statements relating to the Bonds (such approval to be conclusively evidenced by the delivery thereof) (the "Preliminary Official Statements") and the Board of Directors hereby approves the use of the Preliminary Official Statements in connection with the offering and sale of the 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 Statements final as of their date or dates 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 Statements 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 one or more Official Statements relating to the Bonds (such approval to be conclusively evidenced by his execution and delivery thereof) (the "Official Statements") and the Board of Directors hereby approves the use of such Official Statements in connection with the offering and sale of the Bonds, and the Board of Directors hereby further approves the use of any supplement or amendment to any 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 the Official Statements and any amendment or supplement thereto, in the name and on behalf of the Authority, and thereupon to cause such Official Statements and any such amendment or supplement to be delivered to the Series A Underwriters or the Series B Underwriter, as applicable. The Series

A Underwriters are authorized to distribute the Official Statement relating to the Series A Bonds to the purchasers of the Series A Bonds. The Series B Underwriter is authorized to distribute the Official Statement relating to the Series B Bonds to the purchasers of the Series B Bonds.

6. The refunding of the Refunded Bonds (as defined in the respective Indentures) as provided for in the Supplemental Indentures and the Indentures 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 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 other liquidity or credit agreement relating to the Series B Bonds among the Authority, the Trustee and a bank or other entity acceptable to the President or Vice President, including, but not limited to, the Standby Bond Purchase Agreement 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 liquidity or credit 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 relating to the Series B Bonds between the Authority and Bear, Stearns & Co. 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 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 Bonds, whether to obtain municipal bond insurance for all or any portion of the 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 Supplemental Indentures, the Indentures and any sale of the Bonds, and in consultation with and approval by the Finance Committee, the following:

(i) the aggregate principal amount of the Series A Bonds (not to be less than \$40,000,000 nor to exceed \$150,000,000) and the Series B Bonds (not to be less than \$50,000,000 nor to exceed \$150,000,000);

(ii) the initial interest rates of the Series A Bonds and the Series B Bonds;

(iii) the maximum interest rate(s) under the Indentures;

(iv) the maturity dates for the Bonds, the latest of which shall be no later than July 1, 2023;

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

(vi) the purchase price of the Series A Bonds and the purchase price of the Series B Bonds;

(vii) the first interest payment date for the Series A Bonds and the first interest payment date for the Series B Bonds;

(viii) the terms and conditions for delivery of the Series A Bonds and the Series B Bonds;

(ix) the Outstanding Bonds (as such term is defined in the Senior Indenture relating to the Southern Transmission Project) of the Authority to be refunded by the Series A Bonds and the Series B Bonds (which Outstanding Bonds shall constitute the Refunded Bonds under the Supplemental Indentures and the Indentures);

(x) the initial Escrow Securities to be purchased and deposited in the 1996 Series A Bonds Escrow Fund under the Twelfth Supplemental Indenture and in the 1996 Series B Bonds Escrow Fund under the Thirteenth Supplemental Indenture;

(xi) the redemption terms and prices of the Series A and Series B Bonds;

(xii) the application of the proceeds of the Series A and the Series B Bonds;

(xiii) any transfers required from any funds or accounts created under the Senior Indenture in connection with the refunding of the Refunded Bonds;

(xiv) the date(s) the Series A Bonds and the Series B Bonds shall be redeemed;

(xv) whether or not to acquire municipal bond insurance in connection with the issuance of the 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 forms of the Supplemental Indentures or the forms of the Indentures 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 Anaheim, Burbank, Glendale, Los Angeles, Pasadena and Riverside.

11. In connection with the issuance of the Bonds, certain moneys in the Debt Service Reserve Account in the Debt Service Fund may be transferred, pursuant to Section 508 of the Senior Indenture, to the Revenue Fund and then transferred, pursuant to Section 506 of the Senior Indenture, to the General Reserve Fund. The Board hereby determines pursuant to Section 511.2 of the Senior Indenture that any such moneys transferred to the General Reserve Fund may be applied to or set aside for any of the purposes specified in Section 511.2 of the Senior Indenture (including, but not limited to, the defeasance of senior lien bonds issued under the Senior Indenture), which purpose or purposes shall be evidenced by a certificate of the President or Vice President of the Authority. In connection with the application or setting aside of any such moneys, 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 to pay the principal, premium, if any, and interest when due (including upon purchase or redemption, if prior to maturity) on any senior lien bonds purchased, redeemed or defeased in accordance with Section 511.2 of the Senior Indenture and to take such other actions as any of them may deem necessary or appropriate to effectuate the purchase of said obligations.

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 Bonds or any portion thereof, 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 Series A Underwriters (with respect to the Series A Bonds) and the Series B Underwriter (with respect to the Series B 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 Bonds or any portion thereof 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 Transmission Service Contracts (as defined in the Senior Indenture):

- (a) each of the Indentures; and
- (b) any municipal bond insurance policy obtained with respect to Bonds or any portion thereof 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 Supplemental Indentures.

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 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. The Authority's Resolution No. 1996-4, approved and adopted on March 21, 1996, is hereby rescinded.

19. This Resolution shall become effective immediately following the receipt of written notice from the Cities of Anaheim and Riverside and the Los Angeles Department of Water and Power that they each consent to the issuance of the Bonds.

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