

RESOLUTION NO. 2009-17

RESOLUTION RELATING TO THE GAS PROJECT REVENUE BONDS (PROJECT NO. 1), SERIES 2007A AND SERIES 2007B: (I) AUTHORIZING THE EXECUTION AND DELIVERY OF (A) A LETTER AGREEMENT AMENDING THE COMMODITY SWAP SCHEDULE BETWEEN THE AUTHORITY AND AIG-FP BROADGATE LIMITED, (B) A RELATED CREDIT SUPPORT ANNEX, (C) A CUSTODY AGREEMENT AND (D) A VALUATION AGENT AGREEMENT; AND (II) AUTHORIZING THE OFFICERS OF THE AUTHORITY TO DO ALL THINGS DEEMED NECESSARY OR ADVISABLE

WHEREAS, in connection with the issuance of its Gas Project Revenue Bonds (Project No. 1), Series 2007A and Series 2007B (the "Bonds"), the Southern California Public Power Authority (the "Authority") entered into a natural gas commodity swap agreement with AIG-FP Broadgate Limited (the "Counterparty"), consisting of an ISDA Master Agreement and a related Schedule (the "Schedule") and Confirmation (collectively, the "Commodity Swap");

WHEREAS, the Commodity Swap is subject to termination if the rating of the Counterparty's guarantor, American International Group, Inc. ("AIG"), is not rated by or is rated below "A2" by Moody's or below "A" by Standard & Poor's, unless the Counterparty provides adequate assurances of its ability to perform under the Commodity Swap;

WHEREAS, AIG's ratings have been downgraded below the thresholds set forth in the Commodity Swap;

WHEREAS, in order to address the occurrence of the termination event arising from such downgrade, the Counterparty has proposed amending the Schedule pursuant to a letter agreement between the Authority and the Counterparty (the "Letter Agreement") and providing collateral to secure, for a 60-day rolling period, its obligations under the Commodity Swap pursuant to a Credit Support Annex between the Authority and the Counterparty (the "Credit Support Annex");

WHEREAS, the Counterparty has proposed to enter into similar documentation with J. Aron & Company ("J. Aron"), the provider of the natural gas financed by the Bonds, to cure a corresponding termination event under the commodity swap agreement between the Counterparty and J. Aron (the "J. Aron Commodity Swap");

WHEREAS, the termination of either the Commodity Swap or the J. Aron Commodity Swap, or both, would trigger a mandatory redemption of the Bonds;

WHEREAS, in order to prevent such mandatory redemption of the Bonds, the Authority is willing to enter into the Letter Agreement and the Credit Support Annex; and

WHEREAS, pursuant to the Credit Support Annex, the Authority wishes to engage the services of (i) a custodian to hold collateral posted thereunder for the benefit of the Authority and (ii) a valuation agent to determine regularly the amount of collateral to be posted for the benefit of the Authority.

NOW, THEREFORE, 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 Authority are hereby authorized to execute and deliver the Letter Agreement, in the form on file with the Authority, with such changes, insertions and omissions as shall be approved by said President or Vice President (such approval to be conclusively evidenced by such officer's execution and delivery thereof); and each of the Secretary and any Assistant Secretary is hereby authorized to attest and affix the seal of the Authority thereto. The Letter Agreement 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 the Credit Support Annex, in the form on file with the Authority, with such changes, insertions and omissions as shall be approved by said President or Vice President (such approval to be conclusively evidenced by such officer's execution and delivery thereof); and each of the Secretary and any Assistant Secretary is hereby authorized to attest and affix the seal of the Authority thereto. The Credit Support Annex is hereby made a part of this Resolution as though set forth in full herein and the same hereby is approved.

3. Each of the President, Vice President and Executive Director of the Authority is hereby authorized to execute and deliver a custody agreement or an account control agreement governing the custody and disposition of collateral posted for the benefit of the Authority under the Credit Support Annex, between the Authority and U.S. Bank National Association or any other fiduciary, as determined by such officer or Executive Director.

4. Each of the President, Vice President and Executive Director of the Authority is hereby authorized to execute and deliver a valuation agent agreement to determine the amount of collateral required to be held under the Credit Support Annex for the benefit of the Authority, between the Authority and the Counterparty or any other entity or consultant, as determined by such officer or Executive Director.

5. 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, documents and instruments and to do and cause to be done any and all acts and things deemed necessary or advisable for carrying out the transactions contemplated by this Resolution. Each reference in this Resolution to the President, Vice President, Secretary, Assistant Secretary or Executive Director shall refer to the person holding such office or position, as applicable, at the time a given action is taken and shall not be limited to the person holding such office or position at the time of the adoption of this Resolution. All actions heretofore taken by the officers, employees and agents of the Authority in furtherance of the transactions contemplated by this Resolution are hereby approved, ratified and confirmed.

6. This Resolution shall become effective immediately.

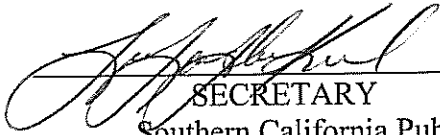
THE FOREGOING RESOLUTION is approved and adopted by the Authority this 19th day of February, 2009.



PRESIDENT

Southern California Public
Power Authority

ATTEST:



SECRETARY

Southern California Public
Power Authority