

## RESOLUTION NO. 2007-4

**RESOLUTION OF THE SOUTHERN CALIFORNIA PUBLIC AUTHORITY AUTHORIZING: (I) THE EXECUTION AND DELIVERY OF A GUARANTEED INVESTMENT CONTRACT (GIC) WITH RESPECT TO THE DEBT SERVICE RESERVE ACCOUNT FOR THE MAGNOLIA POWER PROJECT A REVENUE BONDS, 2006-1; (II) AUTHORIZING CERTAIN RELATED ACTIONS; AND (III) AUTHORIZING THE OFFICERS OF THE AUTHORITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE**

WHEREAS, the Southern California Public Power Authority ("SCPPA") Investment Policy provides overall direction in the form of policies, guidelines, and procedures regarding cash management and investment activities; and

WHEREAS, certain investment contracts not expressly authorized in the Investment Policy, such as guaranteed investment contracts (GICs), may be entered into only upon approval by the SCPPA Board; and


WHEREAS, the Board of Directors of SCPPA wishes to enter into a guaranteed investment contract in connection with the Debt Service Reserve Account for the Magnolia Power Project A, Revenue Bonds, 2006-1, which guaranteed investment contract shall be bid pursuant to the Request for Bids from Eligible Investment Providers, in substantially the form attached hereto as Attachment A (the "Investment Contract").

BE IT RESOLVED by the Board of Directors as follows:

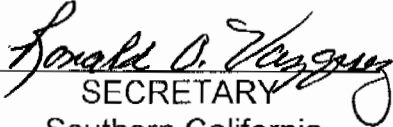
1. The Board of Directors hereby approves the bidding of the Investment Contract by the Trustee for the Magnolia Power Project A, Revenue Bonds, 2006-1, and hereby authorizes the execution and delivery of the Investment Contract by the Trustee for the Magnolia Power Project A, Revenue Bonds, 2006-1.
2. Bond Logistix LLC shall act on behalf of SCPPA as the structured products bidding agent for the Investment Contract.
3. Bond Logistix LLC's fee for its services under its agreement as the structured products bidding agent is \$7,500, and such fee shall be contingent upon and payable by the provider at the time of execution and delivery of the Investment Contract, attached hereto as Attachment B (the Services Agreement).

4. The President, Vice President, Secretary, any Assistant Secretary, Executive Director and any other officer of the Authority are each hereby authorized to execute and deliver any and all 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.
5. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority, this 15<sup>th</sup> day of February, 2007.

  
PRESIDENT  
Southern California  
Public Power Authority

ATTEST:

  
SECRETARY  
Southern California  
Public Power Authority



**BONDLOGISTIX** LLC  
INSIGHT. INNOVATION. INTEGRATION.

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New York, NY 10103  
Phone 212 506 5200  
www.bondlogistix.com

**JANUARY 31, 2007**

**REQUEST FOR BIDS FROM ELIGIBLE INVESTMENT PROVIDERS  
Collateralized Investment Agreement or Repurchase Agreement**

**Relating To**

**\$37,730,000**

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY  
(A PUBLIC ENTITY ORGANIZED UNDER THE LAWS OF THE STATE OF CALIFORNIA)  
MAGNOLIA POWER PROJECT A, REVENUE BONDS, 2006-1**

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**Bids Due Care Of:**

**Amy Kron, Bond Logistix LLC  
[akron@bondlogistix.com](mailto:akron@bondlogistix.com)  
Tel: (201) 963-6663  
Fax: (201) 963-655,**

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**Bid Date And Time:**

**WEDNESDAY, FEBRUARY 21, 2007**

**WE WILL ACCEPT BIDS FROM 8:00 A.M. PACIFIC TIME / 11:00 A.M. EASTERN TIME UNTIL 8:15 A.M. PACIFIC TIME / 11:15 A.M. EASTERN TIME**

**FAXED BIDS MUST BE RECEIVED BY THIS TIME.** Bids received after this time may not be considered. Bids must be firm until forty-five (45) minutes after the submission deadline stated above.

**Provider Conditions:**

Any conditions to a bid MUST be submitted no later than 12 noon New York time on the business day prior to the Bid Date via fax or e-mail.

**Fund To Be Invested:**

The 2006 Debt Service Reserve Account (the "Reserve Account")

**Anticipated Settlement And  
Initial Deposit Date:**

**SETTLEMENT: WEDNESDAY, MARCH 7, 2007.  
Initial Deposit Date: March 7, 2007**

**Terms Of Bid:**

Bidders must submit a bid rate for the Agreement expressed as an annual percentage to be paid on the average daily balance invested pursuant to that Agreement in accordance with the Interest Payment Frequency and Timing provisions described in the **Investment Terms** below.

**Basis Of Award:**

Highest interest rate bid (among all bids conforming to the requirements hereof).

The Issuer will select the Provider in the event of a tie.



**Right To Reject:**

The Issuer reserves the right to reject any and all bids for any reason and in such event, the Bidders will have no recourse against the Issuer, or any of its agents, advisors, attorneys, or Bond Logistix LLC ("BLX") as bidding agent.

**INTRODUCTION**

**Overview:**

Southern California Public Power Authority (the "Issuer") is requesting bids from qualified entities (the "Bidders"). The amounts to be invested and the Issuer's expectations with regard to the use and disposition of such amounts are set forth in this Request for Bid ("RFB"). The Provider will be determined pursuant to the Basis of Award as further described in this RFB.

**Capitalized Terms:**

Capitalized terms not defined herein, shall have the meaning as provided in the Indenture of Trust and the Official Statement.

**Equal Opportunity:**

All bidders will have an equal opportunity to bid. No bidder will have the opportunity to review other bids before providing a bid.

**Documentation:**

All bidders must be prepared to execute a final form of Agreement that conforms with the requirements set forth herein and that is in a form acceptable to the Trustee, the Bond Insurer, Bond Counsel, and the Issuer. The Provider will be required to circulate drafts of the Agreement, required opinions, and other relevant documentation no later than the close of business two days after the Bid Date. The Agreement must meet the requirements set forth in the definition of Permitted Investments which is attached as **Exhibit D** hereto.

**Failure to Settle:**

Neither the Issuer, the Bond Insurer, Bond Counsel, the Trustee, their counsel, BLX, nor any other party shall have any liability for any costs, expenses, loss of bargain, costs incurred in liquidating, terminating, obtaining or reestablishing any hedge or trading position, or any other direct or consequential damages or harm suffered by the Provider in the event that the Agreement is not executed and delivered on the Settlement Date.

**Attachments:**

- Exhibit A: Reserve Requirement
- Exhibit B: Bid Submittal Form
- Exhibit C: Certificate of Provider (Market Price Certificate)
- Exhibit D: Permitted Investments

**PART I: ISSUE INFORMATION\***

<b>1. Ratings</b> (as per the OS, POS or related offering memorandum):	Issue (all Bonds except those maturing in 2007 & 2008): Underlying (all Bonds):	<b><u>S&amp;P</u></b>  AAA  A+	<b><u>Moody's</u></b>  Aaa  A1	<b><u>Fitch</u></b>  n/a  n/a
<b>2. Credit Enhancement:</b>	Ambac (the "Bond Insurer")			
<b>3. Issue, First Call, Final Maturity Dates:</b>	<b><u>Issue Date</u></b> July 26, 2006	<b><u>First Call Date</u></b> The Bonds are not subject to optional or mandatory redemption prior to maturity.	<b><u>Final Maturity</u></b> July 1, 2016	

\* Per the Official Statement .

**PART II. INVESTMENT TERMS**

- 4. Type of Investment:** Bidders are requested to submit a bid as a Collateralized Investment Agreement or a Repurchase Agreement (the "Agreement") of the form and with entities as set forth in Permitted Investments attached as **Exhibit D** hereto.
- 5. Eligible Providers:** Eligible Providers are those entities that meet the requirements set forth in Permitted Investments attached as **Exhibit D** hereto.
- 6. Initial Deposit and Investment Maturity Dates:** ***\$3,863,183.87 maturing on July 1, 2016***
- 7. Additional Deposits:** The Agreement will have no additional deposits except for replenishment in connection with the Reserve Account as described in this RFB.
- 8. Business Day:** Business Day shall have the meaning set forth in the Bond Documents.
- 9. Interest Payment Frequency and Timing:** Interest will be calculated on the average daily balance on a 30/360 day basis on, and paid semi-annually to the Trustee on the third Business Day preceding each January 1 and July 1 beginning on the third business day preceding July 1, 2007 and ending on the Investment Maturity Date.
- 10. Withdrawals:** Withdrawals at par will be permitted for purposes of paying principal and interest on the Bonds in the event amounts in certain funds are insufficient to make such payments. ***Furthermore, if the Issuer substitutes a surety bond for the Reserve Fund, the Agreement will terminate per a One-Way Market Termination, as described in Paragraph 11 hereof.***

- 11. Termination Definitions:** **Par Value Termination:** Termination under which the Provider will pay to the Issuer (or to the Trustee on behalf of the Issuer) the invested balance plus all accrued but unpaid interest through the date of such termination. No market value adjustments or penalties will be paid by either the Provider or the Issuer.
- One-Way Market Termination:** Termination under which a market termination payment may be due from the Issuer to the Provider. Such payment will be determined in good faith by the Provider or, alternatively, by any other person mutually agreed upon by the Provider and the Issuer, on the basis of the arithmetic mean of at least three quotations from relevant market makers. Notwithstanding the preceding, the Provider may alternatively determine the market termination payment in a manner mutually agreeable to the Issuer. Any such payment shall be paid by the Issuer separately and will not reduce the current deposit with the Provider. In addition, any such payment will be subordinate to any bondholder rights or claims.
- 12. Notice of Withdrawals:** The Agreement must provide for withdrawals on no more than a two (2) days notice period. Confirmed facsimile notices must be acceptable.
- 13. Refunding Language:** The Bonds are not subject to optional or mandatory redemption prior to their final maturity date.

### **PART III. TERMS OF AGREEMENT**

- 14. Parties to the Agreement:** U.S. Bank National Association, as trustee (the "Trustee") and the Provider. The Collateral Agent Agreement will be signed by the Provider, the Collateral Agent and the Trustee. If requested, the Issuer will provide a direction letter authorizing the Trustee to enter into the Agreement and the Issuer may be asked to acknowledge the Agreement.
- 15. Governing Law:** The Agreement shall be governed by and construed in accordance with the laws of the State of New York. Authority of the Issuer to enter into the Agreement shall be governed by and construed in accordance with the laws of the State of California.
- 16. Legal Opinion:** The Provider will be required to deliver an opinion, acceptable to the Bond Counsel, as to the validity, legality and enforceability of its Agreement.
- Foreign Institutions:** In addition, foreign institutions shall deliver an opinion of foreign counsel to the effect that (a) the Agreement has been duly authorized, executed and delivered by the Provider and constitutes the legal, valid and binding obligation of the Provider enforceable in accordance with its terms, and (b) the choice of the law of the state set forth in the Agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (c) any judgment rendered by a court in the United States would be recognized and enforceable in such country without re-examination. If a guarantee is provided, the Provider of such guarantee will be required to furnish such opinions of counsel with respect to the guarantee.
- 17. Replenishment:** In the event of a withdrawal from the Reserve Account to pay debt service, the Agreement will require the Issuer to replenish such amounts as soon as

practicable and permitted by the Bond documents, and it will require the Provider to accept such replenishments, provided they are received within twelve (12) months of the corresponding withdrawal. In the event such replenishment is not made within twelve (12) months, the Agreement will remain in effect with respect to any remaining invested balance (i.e. the Provider will not have the option to terminate the Agreement) and will not be subject to Termination.

**18. Event of Default:**

The following events shall constitute Events of Default under the Agreement (each an "Event of Default"):

(a) The Provider (or their Guarantor) commences a case in bankruptcy relating to it, is adjudicated as insolvent or bankrupt, petitions or applies for the appointment of any receiver or trustee for itself or any substantial part of its property or initiates any proceeding relating to it seeking a court order for reorganization, arrangement, conservation, liquidation, or dissolution under applicable bankruptcy or similar applicable laws; or, any such proceeding is initiated against the Provider.

(b) Any representation or warranty of the Provider under this Agreement (or of the Guarantor ) under the Guarantee is determined to have been materially false or misleading when made.

(c) (if applicable) If the Guarantee expires, terminates or is repudiated by the Guarantor in respect of the Agreement, or any other event occurs and is continuing which causes the Guarantee to cease to be in full force and effect in respect of the Agreement, or any action is taken by the Guarantor which challenges the validity or enforceability of the Guarantee in respect of the Agreement.

(d) The Provider fails to make any payment of principal or interest when due pursuant to the provisions of the Agreement and such failure continues for one (1) or more Business Days after the Trustee or the Issuer gives the Provider written notice thereof.

(e) The Provider fails to post or maintain Collateral at the required levels within the time periods required herein following the occurrence of a Downgrade Event and the decision of the Provider to deliver Collateral and such failure continues for two (2) Business Days or more after written notice thereof is given by the Trustee or the Issuer to the Provider.

(f) The Provider fails to perform or observe any of its obligations under the Agreement (other than those described in (a) or (d) hereof) and such failure continues for ten (10) Business Days or more after written notice thereof is given by the Trustee or the Issuer to the Provider.

**19. Remedies Upon an Event of Default:**

Upon the occurrence and continuation of an Event of Default under (a) above, the entire balance of the Agreement and all accrued and unpaid interest shall be due and immediately payable and will be considered a Par Value Termination. Upon the occurrence and continuation of any other Event of Default, the Trustee (at the direction of the Issuer and/or the Bond Insurer) shall have the right to declare the entire principal balance of the Agreement and all accrued and unpaid interest to be due and immediately payable and to withdraw such entire balance and unpaid interest pursuant to a Par Value Termination.

**20. Downgrade Events:**

The Agreement must conform with the downgrade provisions as set forth on

**Exhibit D** hercof.

- 21. Payments Subordinate:** Any payments due to the Provider under the Agreement shall be subordinate to payments required to be made to bondholders.
- 22. Assignment:** The Agreement may not be assigned or amended by any party without the prior written consent of the Issuer and the Bond Insurer.
- 23. Monthly Statements:** The Provider must send to the Trustee, Bond Insurer and the Issuer monthly statements, no later than the 15th day of the following month, showing withdrawals, interest accrued and invested balance. Monthly statements relating to collateral custodian accounts, if any are required to be established during the term of the Agreement, must also be sent to the Trustee, Bond Insurer and the Issuer.
- 24. Expenses:** All expenses associated with the Provider's performance of the Agreement, including but not limited to the Provider's legal fees, Bidding Agent's fees, custodial fees, and electronic funds transfer charges, are the responsibility of the Providers. In the event collateral is required, the Provider will be responsible for identifying and bearing the costs of a tri-party custodian acceptable to the Trustee and the Issuer.
- 25. No Set-off:** The Agreement must state that it is unconditional and must expressly disclaim any right of set-off or counter-claim.

**PART V. COLLATERALIZATION REQUIREMENTS**

- 26. Collateral Requirements:** A third party custodian will act as collateral agent (the "Collateral Agent") and consistent with the Bond Insurer collateral must be maintained at a market value of at least 104% of U.S. Treasury and GNMA obligations and 105% of FNMA and FHLMC obligations, of the current invested balance. Collateral will be valued by the Collateral Agent no less frequently than weekly with deficiencies not cured within two (2) Business Days resulting in an Event of Default. All fees and expenses related to the collateral agent will be the responsibility of the Provider.
- 27. Perfected Security Interest:** The Agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Collateral Agent has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Collateral Agent is in possession). All legal expenses incurred by the Provider in association with the preparation of this legal opinion shall be paid by the Provider.



## **PART VI. OTHER TERMS**

**28. Bidder's Certificate:**

The winning Bidder will be required to sign a certificate substantially in the form of **Exhibit C** hereto. Additionally, submission of a bid is a representation that the Bidder did not consult with any other potential Provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential Provider has with the Issuer or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying applicable statutory or regulatory requirements. The Provider had no opportunity to review other bids for the Agreement before providing its bid.

**29. Bidding Agent Certificate:**

BLX will provide a Bidding Agent Certificate.

**30. Bidding Agent Fee:**

A Bidding Agent fee in the following amount will be payable to BLX by the Provider of the Agreement on the Settlement Date. Pursuant to Treasury Regulations relating to the qualified administrative costs for broker's commissions and similar fees incurred in connection with the acquisition of guaranteed investment contracts such fee does not exceed the safe harbor amount which is the greater of (i) \$3,000 and (ii) an amount equal to the lesser of (a) \$32,000 or (b) twenty basis points (.20%) of the gross proceeds expected to be deposited.

***Reserve Agreement: \$7,500***

**31. Waiver of Conflict:**

If BLX has represented, is representing, or may represent in the future, the Provider in some other matter, any conflict that may exist or appear to exist is waived or consented to by such bidder by submitting a bid.



Request for Bids  
SCPPA, Revenue Bonds, 2006-1  
January 31, 2007

***EXHIBIT A***

**RESERVE  
(SCHEDULED DEPOSITS AND SCHEDULED WITHDRAWALS)**

THE RESERVE FUND IS EXPECTED TO REMAIN LEVEL OVER THE TERM OF THE BONDS.



**EXHIBIT B**  
**BID SUBMITTAL FORM**

**\$37,730,000**  
**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**(A PUBLIC ENTITY ORGANIZED UNDER THE LAWS OF THE STATE OF CALIFORNIA)**  
**MAGNOLIA POWER PROJECT A, REVENUE BONDS, 2006-1**

Amy Kron  
Bond Logistix LLC  
Telephone: (201) 963-6663  
Facsimile: (201) 963-6655

Mrs. Amy Kron

We have read and understand, and agreed to, all of the provisions of the Request For Bids, submitted by you on behalf of the Southern California Public Power Authority, relating to a Collateralized Investment Agreement or a Repurchase Agreement for the 2006 Debt Service Reserve Account established in connection with the above-captioned issuance (the "Bonds"). In accordance with such Request for Bids, we are submitting this bid.

Reserve Account (30/360 basis, paid to the Trustee semiannually)      Agreement Rate      Agreement Type:  
\_\_\_\_\_ %      Coll I.A. / Repurchase

Market Breakage Language: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Credit Rating of the Bidder      Moody's \_\_\_\_\_      S&P \_\_\_\_\_

**We hereby certify that we are eligible to submit a bid according to the terms of the Request for Bids referenced above.**

Signed \_\_\_\_\_ Date \_\_\_\_\_  
Name \_\_\_\_\_  
Title and Firm \_\_\_\_\_  
Phone Number \_\_\_\_\_ Fax Number \_\_\_\_\_

**Bidder's Representation:** Submission of a bid is a representation that the potential Provider did not consult with any other potential Provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential Provider has with the Issuer or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying applicable statutory or regulatory requirements. The Provider had no opportunity to review other bids for the Agreement before providing its bid.



**EXHIBIT C**

**CERTIFICATE OF THE  
INVESTMENT AGREEMENT PROVIDER**  
relating to:

**\$37,730,000**

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
*(A PUBLIC ENTITY ORGANIZED UNDER THE LAWS OF THE STATE OF CALIFORNIA)*  
**MAGNOLIA POWER PROJECT A, REVENUE BONDS, 2006-1**

This certification is being made by \_\_\_\_\_ (the "**Provider**") in connection with the investment agreement (the "**Agreement**") entered into by the Issuer, the Provider and U.S. Bank National Association (the "**Trustee**"). The Provider understands that certain proceeds related to the above-captioned obligations (the "**Bonds**") will be invested under the Agreement. The Provider certifies the following:

1. The Provider is not paying, and does not expect to pay, any administrative costs to third parties, including any brokerage or selling commissions, legal and accounting fees other than a brokerage fee paid (as described in the Request for Bids) to Bond Logistix LLC, as Bidding Agent, and a legal fee to the Provider's legal counsel, if any, investment advisory fees, record-keeping, safekeeping, custody and similar costs or expenses, in connection with supplying the Agreement. The Provider is not acting as a regulated investment company in connection with the Agreement.

2. The Provider did not consult with any other potential seller about its bid for the Agreement. The bid was determined without regard to any other formal or informal agreement that the Provider has with the Issuer or the Trustee or any other person (whether or not in connection with the Bonds), and the bid was not submitted solely as a courtesy to the Issuer or the Trustee or any other person for purposes of satisfying applicable statutory or regulatory requirements. The Provider had no opportunity to review other bids for the Agreement before providing its bid.

Dated:

**Name of Firm** \_\_\_\_\_  
**By** \_\_\_\_\_  
**Name** \_\_\_\_\_  
**Title** \_\_\_\_\_

**EXHIBIT D**

**PERMITTED INVESTMENTS AND DOWNGRADE LANGUAGE**

**DEFINED TERM "INVESTMENT SECURITIES" FROM THE INDENTURE OF TRUST DATED MARCH 1, 2003:**

Investment Securities: shall mean and include any of the securities or investments that are at the time of purchase legal for investment of the Authority's funds under applicable law (including California Government Code Section 53601) and that are permitted by the then current investment policies of the Authority as they relate to the Indenture.

**EXCERPT FROM THE SCPPA INVESTMENT POLICY:**

**#6 Investment Scope/Maturity Limitations**

This Investment Policy applies to routine investment activity of SCPPA. Certain investment vehicles not referred to herein, such as guaranteed rate investment agreements, flexible repurchase agreements or debt service forward agreements, may be entered into only upon approval of the SCPPA Board.

**DOWNGRADE LANGUAGE:**

**#1: Provider rating falls below: AA- (S&P) OR Aa3 (Moody's)**

The Provider shall notify the Issue and the Trustee as soon as practicable, but in any event within ten (10) Business Days of such rating change. Provider shall, at its option, either:

(a) collateralize the Agreement (or over collateralized the Agreement to 107%) by delivering or transferring collateral to a third party acting solely as agent for the Trustee; or

(b) assign the existing agreement and all of its obligations thereunder to a financial institution mutually acceptable to the Issuer, and the Trustee which is rated in the top two rating categories (without modifiers) by S&P and Moody's.

If the Provider does not do either (a) or (b) above within ten (10) Business Days then the Trustee shall have the right, but not the obligation, at the direction of the Issuer to terminate the Agreement pursuant to a Par Value Termination.

**#2: Provider rating falls below: A- (S&P) OR A3 (Moody's); or is withdrawn or suspended.**

The Provider shall notify the Issuer and the Trustee as soon as practicable, but in any event within ten (10) Business Days of such rating change, withdrawal or suspension. Provider shall at the direction of the Trustee or the Issuer, terminate the Agreement pursuant to a Par Value Termination.



**BONDLOGISTIX** LLC  
INSIGHT. INNOVATION. INTEGRATION

777 South Figueroa Street, Suite 3200  
Los Angeles, CA 90017

Phone 310 374 0156 Fax 310 374 0956  
www.bondlogistix.com

December 13, 2006

Craig A. Koehler  
Finance & Accounting Manager  
Southern California Public Power Authority  
225 S. Lake Avenue, Suite 1250  
Pasadena, CA 91101

Re: Southern California Public Power Authority  
Magnolia Power Project A, Revenue Bonds, Series 2006-1  
Bond Proceeds Investment Services

Dear Mr. Koehler:

This letter will confirm the engagement by the Southern California Public Power Authority (the "Issuer") of Bond Logistix LLC ("BLX") to serve as bidding agent with respect to the reinvestment of amounts contained in the Debt Service Reserve Fund established in connection with the above-named bonds (the "Bonds"). BLX will provide the following services as bidding agent:

1. BLX will prepare a request for bids (the "RFB") from investment providers for investments that qualify under the bond documents for approval by the Issuer and Insurer, if any.
2. BLX will prepare a proposed list of qualified investment providers to receive the RFB.
3. BLX will coordinate a competitive solicitation of bids.
4. BLX will review any bids received in response to the above solicitation for compliance with the RFB.
5. BLX will provide the Issuer with a summary of the bids received, including a ranking by yield.
6. BLX will work with the Issuer, the Issuer's counsel, the trustee for the bonds, and the investment provider to close the investment transaction.
7. BLX will provide, if requested, a Closing Transcript of all pertinent documents.

The services provided by BLX will be limited to those set forth above. Although BLX is a wholly-owned subsidiary of Orrick, Herrington & Sutcliffe LLP ("Orrick"), a law firm, BLX's services will not include the delivery of legal services, legal advice or legal opinions of any kind. BLX will have no discretion or control over final decisions regarding solicitation and selection of the investment agreement provider and execution of (or direction to the trustee to execute) the investment agreement. All such final decisions will be made by the Issuer. Please also note that some of the investment providers that receive the RFB and may win the bidding may have been, may be or may become clients of BLX or Orrick. However, none is or shall be a client of BLX or Orrick with respect to the investment agreement that is the subject of

this engagement. To the extent that, because of any other relationship between Orrick or BLX and any investment provider, there may appear to be or is any conflict, actual or potential, with respect to the Issuer's engagement of BLX, the Issuer hereby waives the conflicts and consents to any such other relationship.

BLX is an independent investment advisor, registered under the Investment Advisor's Act of 1940. The Issuer acknowledges receipt of Part II of BLX's Form ADV. If this disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with BLX, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract.

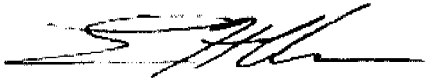
BLX's fee for its services under this agreement is \$7,500, which fee shall be contingent upon and payable by the provider of the agreement at the time of execution/delivery of the investment agreement.

If the terms and conditions of this engagement are satisfactory, you may authorize us to proceed by having an authorized officer sign and return to us a copy of this letter.

We look forward to working with you.

Very truly yours,

BOND LOGISTIX LLC

By:   
\_\_\_\_\_

ACCEPTED AND AGREED:  
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

By: \_\_\_\_\_

Dated: \_\_\_\_\_