

**RESOLUTION NO. 2007-10**

**RESOLUTION RELATING TO THE MAGNOLIA POWER PROJECT: (I) AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING BONDS; (II) AUTHORIZING THE EXECUTION AND DELIVERY OF (A) A THIRD SUPPLEMENTAL INDENTURE OF TRUST AUTHORIZING THE ISSUANCE OF THE MAGNOLIA POWER PROJECT A, REFUNDING REVENUE BONDS, 2007-1, (B) A PURCHASE CONTRACT, (C) A REMARKETING AGREEMENT, (D) INTEREST RATE SWAP AGREEMENTS AND RELATED DOCUMENTS, AND (E) ONE OR MORE INSURANCE AGREEMENTS; (III) AUTHORIZING CERTAIN RELATED ACTIONS; AND (IV) 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 Third Supplemental Indenture of Trust relating to the Magnolia Power Project A, Refunding Revenue Bonds, 2007-1 (the "Bonds"), from the Authority to U.S. Bank National Association, as Trustee, in substantially the form on file with the Authority, with such changes, insertions and omissions (subject to Paragraph 9 hereof) 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 affix the seal of the Authority thereto. The Third Supplemental Indenture of Trust, as executed and delivered, is hereinafter referred to as the "Supplemental Indenture." The form of such Supplemental 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 Bonds is hereby authorized, subject to the provisions of this Resolution, the Indenture of Trust, dated as of March 1, 2003, from the Authority to U.S. Bank National Association, as Trustee (as heretofore supplemented and amended, the "Indenture of Trust") and the Supplemental Indenture. 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 Indenture of Trust and the Supplemental Indenture.

The form of the Bonds and the provisions for signatures, authentication, payment, registration, redemption, tender for purchase, denominations, sinking fund, numbers and other terms thereof shall be as set forth in the Indenture of Trust and the Supplemental Indenture, as applicable.

The Bonds shall be secured by the pledge effected by the Indenture of Trust and shall be special, limited obligations of the Authority payable solely from the sources specified in the

Indenture of Trust. Neither the State of California nor any public agency thereof (other than the Authority) nor any member of the Authority nor any Project A Participant (namely the Cities of Anaheim, Burbank, Colton, Glendale and Pasadena) shall be obligated to pay the principal or Redemption Price (as defined in the Indenture of Trust) 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 A 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.

2. Each of the President and Vice President of the Authority is hereby authorized (i) to execute and deliver a purchase contract for the Bonds (the "Bond Purchase Contract"), between the Authority and Citigroup Global Markets Inc. (the "Underwriter") and (ii) to negotiate the underwriter's discount relating to the Bonds. The purchase price at which the 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 Bonds shall be pursuant to the terms and conditions set forth in the Bond Purchase Contract.

3. The refunding of the Refunded Bonds (as defined in the Supplemental Indenture) as provided for in the Supplemental Indenture and the Indenture of Trust 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 (as defined in the Indenture of Trust) in such amounts, maturing at such times and bearing such rates of interest as shall be necessary to pay when due the redemption price(s) 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.

4. 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 Bonds between the Authority and Citigroup Global Markets Inc., as Remarketing Agent, in substantially 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). 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.

5. Each of the President and Vice President of the Authority is hereby authorized and directed to execute and deliver an International Swaps and Derivatives Association, Inc. Master Agreement, a related Schedule, a related Credit Support Annex and a related Confirmation (i) between the Authority and Citibank, N.A., New York, or an affiliate thereof, and (ii) between the Authority and Bear Stearns Financial Products Inc., or an affiliate thereof (or other entity acceptable to the President or Vice President), in substantially the forms on file with the Authority, with such changes, insertions and omissions (subject to Paragraph 9 hereof) as shall be approved by said President or Vice President (such approval to be conclusively evidenced by such officer's execution and delivery thereof). The notional amounts of the Swap

Agreements will, in aggregate, equal the principal amount of the Bonds. The method of determining the compensation to the counterparties under the Swap Agreements shall be approved by the Magnolia Finance Committee after consultation with PFM Asset Management, LLC, and PFM Asset Management, LLC will provide to the Authority a fair market certificate or opinion with respect to the pricing of the Swap Agreements. Said Master Agreements, Schedules, Credit Support Annexes and Confirmations, in the forms in which executed and delivered, are hereinafter referred to collectively as the "Swap Agreements." The form of the Swap Agreements, which are to be executed and delivered prior to the issuance of the Bonds, are hereby made a part of this Resolution as though set forth in full herein and the same are hereby approved.

6. Pursuant to Section 5922(a) of the Government Code of the State of California, the Board of Directors hereby finds and determines that (i) it is appropriate to enter into the Swap Agreements and related financing arrangements (including terms, conditions and covenants relating to the Swap Agreements and the financing arrangements in the Indenture of Trust) and (ii) the Swap Agreements and such related financing arrangements are designed to reduce the amount or duration of rate risk and result in a lower cost of borrowing when used in combination with the issuance of the Bonds.

7. Each of the President and Vice President of the Authority is hereby authorized (i) to determine, in connection with the execution and delivery of the Swap Agreements, whether to obtain insurance for all or any portion of the Authority's obligations under the Swap Agreements ("Swap Insurance") and, if it is determined that Swap Insurance shall be obtained, the particular provider or providers with whom the Authority shall contract for such Swap Insurance and (ii) to execute and deliver an insurance and reimbursement agreement or other similar agreement between the Authority and the provider of any Swap Insurance (the "Insurance Agreement").

8. 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 ("Bond Insurance") and, if it is determined that Bond Insurance shall be obtained, the particular provider or providers with whom the Authority shall contract for such Bond Insurance.

9. (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 Indenture and the Swap Agreements and the sale of the Bonds, and in consultation with and approval by the Magnolia Finance Committee, the following:

- (i) the aggregate principal amount of the Bonds (which shall not exceed \$250,000,000);
- (ii) the initial interest rate of the Bonds;
- (iii) the maximum interest rate of the Bonds;

(iv) the maturity date or dates for the Bonds, the final maturity of which shall be no later than July 1, 2036;

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

(vi) the purchase price of the Bonds;

(vii) the first interest payment date for the Bonds;

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

(ix) the bonds of the Authority to be refunded by the Bonds (which bonds shall constitute the Refunded Bonds under the Supplemental Indenture);

(x) the initial escrow securities to be purchased in the Escrow Fund under the Supplemental Indenture;

(xi) the redemption terms and prices of the Bonds;

(xii) the application of the proceeds of the Bonds;

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

(xiv) whether or not to acquire Swap Insurance in connection with the execution and delivery of the Swap Agreements, such determination to be made in accordance with Paragraph 7 of this Resolution, provided the premium for such insurance shall not exceed 0.40% of the payments insured, calculated as provided in any swap insurance commitment agreement (or similar agreement) between the Authority and the provider of any such Swap Insurance;

(xv) whether or not to acquire Bond Insurance in connection with the issuance of the Bonds, such determination to be made in accordance with Paragraph 8 of this Resolution, provided the premium for such insurance shall not exceed 0.35% of the payments insured, calculated as provided in the bond insurance commitment agreement (or similar agreement) between the Authority and the provider of any such Bond Insurance; and

(xvi) the rate index and rate or rates payable under the Swap Agreements.

(b) The terms approved pursuant to paragraph (a) of this Paragraph 9 are contemplated to produce for the Authority present value savings from the refunding of the Refunded Bonds.

(c) As used in this Paragraph 9 and Paragraph 5, the "Magnolia Finance Committee" refers to that portion of the committee of the Authority designated to consider

financial matters relating to the Magnolia Power Project, comprised of at least three representatives of the Project A Participants.

10. 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 Underwriter; and any such action previously taken is hereby ratified, confirmed and approved.

11. 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.

12. Each of the President, Vice President and Executive Director of the Authority is hereby authorized to execute and deliver (i) a financial advisory services agreement relating to the sale and issuance of the Bonds between the Authority and Public Financial Management, Inc., in substantially the form attached hereto as Attachment A and (ii) an advisory services agreement relating to the execution and delivery of the Swap Agreements between the Authority and PFM Asset Management, LLC, in substantially the form attached hereto as Attachment B.

13. The following are hereby designated as Project Agreements under the Indenture of Trust and the Project A Power Sales Agreements (as defined in the Indenture of Trust): (a) the Third Supplemental Indenture; (b) any Bond Insurance; (c) any Swap Agreements; and (d) any Insurance Agreement.

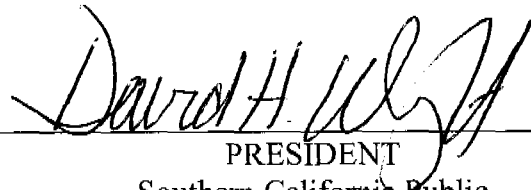
14. Each of the President, Vice President, Secretary, any Assistant Secretary and Executive Director of the Authority and representatives of the Department of Water and Power of The City of Los Angeles is hereby authorized to cause the Trustee to transfer moneys as contemplated by the Supplemental Indenture (including, but not limited to, the transfer of released moneys in the debt service account and the debt service reserve account relating to the Refunded Bonds).

15. 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 and to approve any and all 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. All actions heretofore taken by the officers, employees and agents of the Authority in furtherance of this Resolution are hereby approved, ratified and confirmed. 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.

16. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 19th day of April, 2007.

  
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PRESIDENT  
Southern California Public  
Power Authority

ATTEST:

  
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SECRETARY  
Southern California Public  
Power Authority