

RESOLUTION NO. 2004-18

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY FINDING AND DECLARING THE PROPOSED NATURAL GAS PROJECT TO BE A STUDY PROJECT; AUTHORIZING THE EXECUTION OF THE NATURAL GAS DEVELOPMENT AGREEMENT; AND AUTHORIZING THE OFFICERS OF THE AUTHORITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR PROPER.

WHEREAS, the Cities Anaheim, Burbank, Colton, Glendale, Los Angeles, and Pasadena (together, the "SCPPA Project Participants") are interested in acquiring natural gas rights and related facilities to be used as fuel for power generation and as a means of stabilizing power generation fuel costs; and

WHEREAS, the SCPPA Project Participants desire to undertake a preliminary feasibility study for the acquisition of natural gas rights and related facilities to be known as the Natural Gas Project (the "Project"); and

WHEREAS, the SCPPA Project Participants have requested that the Southern California Public Power Authority (the "Authority") make the proposed Project a "Study Project" as provided in the Joint Powers Agreement, dated as of November 1, 1980 (as amended, the "Joint Powers Agreement"); and

WHEREAS, the SCPPA Project Participants have requested that the Authority enter into all necessary or desirable contracts and other arrangements to facilitate the Study Project; and

WHEREAS, the Board of Directors of the Authority, pursuant to the Joint Powers Agreement, desires to undertake to prepare studies, negotiate agreements and to incur other costs related to the Study Project; and

WHEREAS, the Board of Directors of the Authority desires that certain draft agreements be prepared in connection with the Study Project, including, but not limited to, natural gas purchase agreements between SCPPA and the sellers of the natural gas rights and related facilities, gas sales agreements between SCPPA and certain Study Project Participants (as defined below), Project joint ownership and operating agreements, and financing agreements for certain Study Project Participants; and

WHEREAS, the City of Redding, the Turlock Irrigation District, and the Southern Nevada Water Authority (together, the "Additional Project Participants" and together with the SCPPA Project Participant, the "Study Project Participants") are publicly owned power generators with natural gas needs similar to those of the SCPPA Project Participants; and

WHEREAS, a Natural Gas Project Development Agreement has been developed by the Authority's staff and certain SCPA Project Participants in connection with the Study Project to be executed by the Authority, the SCPA Participants and the Additional Project Participants; and

WHEREAS, the Additional Project Participants have expressed an interest in participating in the Study Project with the SCPA Project Participants under the terms and conditions of the Natural Gas Project Development Agreement; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1990-15, established a revolving general fund (the "General Fund"); in its Resolution No. 1992-1, established a procedure to be followed with respect to additional contributions to the General Fund; and

WHEREAS, although the amounts to be contributed under this Resolution and related income shall constitute part of the General Fund, they shall be held and accounted for in a separate account, to be known as the Natural Gas Project Account within the General Fund, for the purpose of holding contributions and related income, and making disbursements, under this Resolution; and

WHEREAS, the Board of Directors of the Authority wishes to provide for additional contributions to the General Fund, which contributions will be paid by the Study Project Participants; and

WHEREAS, pursuant to Resolution 2003-34 SCPA established the Petrie Parkman & Company ("PPC") Subaccount and has collected an aggregate total of \$132,000 from certain Study Project Participants for services provided by PPC, of which \$41,484.29 has been spent to date and \$90,516.71 remains unspent in the PPC Subaccount; and

WHEREAS, certain Study Project Participants desire that the remaining \$90,516.71 in the PPC Subaccount be transferred to the Natural Gas Project Account and such funds be used for Project expenses pursuant to the Natural Gas Project Development Agreement; provided that said Study Project Participants shall receive a credit on their first invoice pursuant to the Natural Gas Project Development Agreement for their share of \$132,000 paid pursuant to Resolution 2003-34; and

WHEREAS, if the Authority issues tax-exempt bonds (or taxable bonds) to pay for the acquisition of natural gas rights and related facilities with respect to the Project (which bonds are currently expected not to exceed \$500,000,000 in principal amount), a portion of the proceeds thereof are expected to be used to reimburse expenditures made to pay for costs relating to the Study Project and the Project for certain SCPA Project Participants.

NOW, THEREFORE, the Board of Directors of the Southern California Public Power Authority does hereby resolve, determine and order:

1. That the proposed Project is hereby declared to be a Study Project of the Authority and that a Coordinating Committee, in accordance with the Natural Gas Project Development Agreement, is hereby created.

2. Each of the President and Vice President of the Authority is hereby authorized and directed to execute and deliver a Natural Gas Project Development Agreement, among the Authority and two or more of the following Study Project Participants: the City of Anaheim, the City of Burbank, the City of Colton, the City of Glendale, the City of Los Angeles, the City of Pasadena, the City of Redding, the Turlock Irrigation District, and the Southern Nevada Water Authority, 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 his execution and delivery thereof), and each of the Secretary and any Assistant Secretary is hereby authorized to attest to such signature; provided however that the aggregate sum of cost shares in said Natural Gas Project Development Agreements must equal one hundred percent (100%). The form of such Natural Gas Project Development Agreement is hereby made a part of this Resolution as though set forth in full herein and the same hereby is approved.

3. The Board of Directors hereby provides for additional contributions to the General Fund. Notwithstanding anything to the contrary in Resolution No. 1992-1, such additional contributions shall be solely for the purpose of paying costs and expenses incurred by the Authority with respect to the Natural Gas Project Development Agreement and its administration, and pending application for such purpose the contributions shall not be expended to pay costs or expenses properly allocable to one or more projects as provided in Section 3 of Resolution No. 1992-1, and shall be collected in one or more payments from the Participants and Additional Participants, pursuant to the Natural Gas Project Development Agreement; and

4. Although the amounts to be contributed under this Resolution and related income shall constitute part of the General Fund, they shall be held and accounted for in a separate account. The Executive Director of the Authority is hereby directed to establish an account (the Natural Gas Project Account) within the General Fund for the purpose of holding contributions and related income, and making disbursements, under this Resolution. The President, Vice President, Secretary, any Assistant Secretary and the Executive Director of the Authority are each authorized to execute checks drawn on the Natural Gas Project Account from time to time.


5. Amounts contributed to and held in the General Fund and the Natural Gas Project Account pursuant to this Resolution will not be contributed or held for the purposes of any project for which the Authority has obtained any form of external financing. Such amounts shall not constitute (a) Revenues, or (b) revenues, income, rents or receipts derived by the Authority from or attributable to Authority Capacity (or to the payment of the costs thereof) or the ownership or operation of any Project. As used herein, "Revenues", "Authority Capacity" and "Project" shall have the respective meanings set forth in the indentures of trust and other instruments governing the external financing arrangements entered into from time to time by the Authority.

6. Remaining unspent funds previously contributed by certain SCPPA members pursuant to Resolution 2003-34 shall be transferred to the Natural Gas Project Account, and the use of such funds is hereby authorized to pay for Project expenses authorized by the Coordinating Committee; provided that said Study Project Participants shall receive a credit on their first invoice issued pursuant to the Natural Gas Project Development Agreement for their full amount contributed pursuant to Resolution 2003-34; and

7. Each of the President, Vice President, Secretary, and Assistant Secretary and the Executive Director of the Authority, and any other officer or authorized representative of the Authority is hereby authorized, with the concurrence of the Coordinating Committee, and directed to execute and deliver any and all agreements, documents and instruments with respect to the Study Project, including but not limited to consulting agreements and agreements for professional services, and to do and cause to be done any and all acts and things deemed necessary or proper for carrying out the transactions contemplated by this Resolution and the Natural Gas Project Development Agreement.


8. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 20th day of May, 2004.



PRESIDENT
Southern California Public
Power Authority

ATTEST:



SECRETARY
Southern California Public
Power Authority