

**RESOLUTION NO. 2004-33**

**RESOLUTION AUTHORIZING THE EXECUTION AND APPROVAL OF THE TERMS AND PROVISIONS OF THE NATURAL GAS PROJECT GAS SALES AGREEMENTS; AND AUTHORIZING THE OFFICERS OF THE AUTHORITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR PROPER.**

WHEREAS, there has been presented to this meeting the proposed form of Natural Gas Project Gas Sales Agreements ("Gas Sales Agreements") between the Authority and certain of its members ("Purchasers") who decide to participate in the purchase of natural gas from the Project pursuant to said Gas Sales Agreements; and

WHEREAS, SCPPA was created pursuant to provisions contained in the joint exercise of powers act found in Chapter 5 of Division 7 of Title 1 of the Government Code of California, as amended from time to time (the "Act"), by its members, which are municipalities and an irrigation district that supply or will supply, among other things, electrical energy, in the State of California, for the purpose of jointly and cooperatively undertaking planning, financing, development, acquisition, construction, operation and maintenance of projects for the generation or transmission of electric energy, including the production, gathering, and/or delivery of gas fuel; and

WHEREAS, Pursuant to the terms of the Act, SCPPA has the power, for the purpose of promoting electric generation and transmission, to plan, develop, finance, own, acquire, design, construct, operate, maintain and repair projects involving production, gathering, and/or delivery of Gas fuel, or cause such projects to be planned, developed, financed, designed, constructed, operated, maintained and repaired, and to provide by agreement with a public agency of the State of California to perform such activities; and

WHEREAS, SCPPA and Purchasers, to wit: the Cities of Anaheim, Burbank, Colton, Glendale and Pasadena, have investigated the feasibility of the acquisition and development of certain gas resources, reserves, fields, wells, and related facilities as part of the Natural Gas Project in order to, among other things, provide a long-term supply of Gas for the purpose of fueling the electrical generation needs of the Participants. The Participants in Project A of the Natural Gas Project consist of the Cities of Anaheim, Burbank and Colton. The Participants in Project B of the Natural Gas Project consist of the Cities of Glendale and Pasadena. Project A will include SCPPA financing and Project B will not. Together Project A and Project B are referred to as the Project; and

WHEREAS, The Cities of Anaheim, Burbank, Colton, Glendale, Pasadena, the City of Los Angeles acting by and through the Department of Water and Power, the City of Redding, the Turlock Irrigation District, the Southern Nevada Water Authority and the SCPPA entered into and executed the Natural Gas Project Development Agreement through which these entities agreed to participate in the manner and to the extent set

forth therein, in a plan to effect the procurement and transportation of natural gas to fuel certain of their respective generation facilities as described in that agreement. The Natural Gas Project Development Agreement provided for certain development work to be undertaken to determine the feasibility and estimated cost of the Project, the obtaining of developmental studies, surveys, permits, licenses, approvals, cost estimates, and acquisition schedules, and the undertaking of other actions deemed necessary or desirable to securing regulatory approvals and meeting environmental requirements. The Natural Gas Project Development Agreement also provided for the potential acquisition of such assets as necessary to facilitate the timely and cost-effective acquisition and operation of the project and the provision of advisory and consulting services related to the Project. The Natural Gas Project Development Agreement also specified the respective rights, shares and obligations of the parties to that agreement; and

WHEREAS, SCPPA desires to proceed with the Project; and

WHEREAS, certain SCPPA members have the need for stable long term natural gas supplies to provide fuel to new and existing generation facilities and to assist in meeting future fuel needs and, as such, has determined that it is desirable to enter into Gas Sales Agreements to purchase gas of the Project from SCPPA.; and

WHEREAS, SCPPA will take or cause to be taken all steps necessary to secure such governmental permits, licenses and approvals as are necessary for, and will then proceed as appropriate with, financing, acquisition, operation and maintenance of those facilities herein described and designated as the Project for the supply of Gas to Purchaser, and to other Participants contracting with SCPPA therefore pursuant to the terms and conditions of their agreements with SCPPA, and will sell the excess Gas pursuant to this Agreement and similar Gas Sales Agreements to the extent that such sales do not contravene The Indentures; and

WHEREAS, Certain Participants consisting of the Cities of Anaheim, Burbank, and Colton, sometimes referred to herein as the Project A Participants, desire to finance their share of the capital required for acquiring, financing, and developing their share of the Project through the issuance by SCPPA of Debt in the form of Bonds, Notes, Commercial Paper, Certificates of Participation or other evidence of indebtedness. Such Project A Participants shall be solely responsible for their associated Debt obligations. Certain other Participants consisting of the Cities of Glendale and Pasadena, sometimes referred to herein as the Project B Participants, desire to pay for their share of the capital required for acquiring, developing and improving their share of the Project through prepaid contributed capital, which shall be due and payable to SCPPA contemporaneously with the receipt of the proceeds from the Debt issued by SCPPA pertaining to the Project A Participants; and

WHEREAS, On behalf of the Project A Participants, SCPPA intends to finance the costs of acquiring, financing, and developing the Project, in the Project's early years, through the issuance of Southern California Public Power Authority Natural Gas Project Revenue Bonds, Project A Draw Down Series 2004 and in the Project's later years, through the issuance of Southern California Public Power Authority Natural Gas Project

Revenue Bonds, Project A Term Bond Series. SCPA contemplates that a separate series of the Term Bonds shall be issued on behalf of each of the Cities of Anaheim, Burbank and Colton and that each City shall be independently responsible for the payment of its respective series. The Term bonds shall be more specifically designated at such time as the long term financing of the Project A component of the Project has been more definitively arranged and structured. It is contemplated that the proceeds of the Term bonds shall be employed, in whole or in part, to redeem, upon their maturity, the Project A Draw Down Series 2004 Bonds. To pay all costs of acquiring, financing, and developing the Project A component of the Natural Gas Project, SCPA intends to enter into Gas Sales Agreements with the Project A Participants. In order to enable SCPA to issue the Project A Bonds, or other forms of Project A Debt it is necessary for SCPA to have binding agreements with the Project A Participants, and all payments required to be made in accordance with the provisions of the Gas Sales Agreements entered into by the Project A Participants, including payments required to be made under this Agreement, may be pledged by SCPA as security for the payment of such Project A Bonds, and the interest thereon, subject to the application thereof to such purposes and on such terms as provided in the Project A Indentures and as required by the Act. SCPA shall further provide for the administration, operation and maintenance of the Project A participants' share of the Project through the application of the payments required to be made by the Project A participants to SCPA in accordance with the Provisions of the Gas Sales Agreements entered into by the Project A Participants; and

WHEREAS, On behalf of the Cities of Glendale and Pasadena, the Project B participants, SCPA intends to pay the Project B Participants' share of the cost of acquiring, developing and improving the Project through the use of contributed capital from these Participants. SCPA shall further provide for the administration, operation and maintenance of the Project B Participants' share of the Project through the application of the payments required to be made by the Project B Participants to SCPA in accordance with the provisions of the Gas Sales Agreements entered into by the Project B Participants; and

WHEREAS, It is the intendment of the Project A Participants that through the Project A Gas Sales Agreements the Cities of Anaheim, Burbank and Colton shall each commit their City electric systems to the payment of each of their respective proportionate shares of the principle and interest, when due, on such Bonds, Notes, Commercial Paper, Certificates of Participation or other evidence of indebtedness, issued by SCPA to finance the acquisition, financing, development, administration, operation, repair and maintenance of the Project A component of the Natural Gas Project; and

WHEREAS, It is the intendment of the Project B Participants that through the Project B Gas Sales Agreements the Cities of Glendale and Pasadena shall each commit their City Electric systems to the payment to SCPA as they become due, of each of their respective proportionate shares of the costs of acquisition, development, improvement, administration, operation, repair and maintenance of the Project B component of the Natural Gas Project.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Southern California Public Power Authority as follows:

1. The terms and provisions of the Project A and Project B Gas Sales Agreements submitted to this meeting, be and the same, are hereby approved. The President or the Vice President of the Authority and the Secretary or Assistant Secretary of the Authority, respectively, are hereby authorized to execute and deliver and attest said Agreements in substantially the form submitted to this meeting with such changes, insertions and omissions as may be approved by said President or Vice President, the execution of the Agreement by said President or Vice President being conclusive evidence of such approval.


2. 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 and directed to execute and deliver any and all documents and instruments 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 Agreements.

3. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 18<sup>th</sup> day of November, 2004.

  
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PRESIDENT  
Southern California  
Public Power Authority

ATTEST:

  
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SECRETARY  
Southern California  
Public Power Authority