

RESOLUTION NO. 1998-19

RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY AUTHORIZING (I) THE BIDDING AND NEGOTIATION OF A FLOAT FORWARD AGREEMENT WITH RESPECT TO THE ESCROW AGREEMENT RELATING TO THE REFUNDING OF CERTAIN MULTIPLE PROJECT REVENUE BONDS, 1989 SERIES, (II) THE EXECUTION AND DELIVERY OF THE RELATED ISSUER'S ACKNOWLEDGMENT AGREEMENT, (III) THE EXECUTION AND DELIVERY OF AN AGREEMENT WITH THE AUTHORITY'S FINANCIAL ADVISOR FOR PROVIDING SERVICES RELATING TO THE ABOVE AND (IV) THE OFFICERS OF THE AUTHORITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE

WHEREAS, the Southern California Public Power Authority (the "Authority") has heretofore issued its Multiple Project Revenue Bonds, 1989 Series (the "1989 Bonds"); and

WHEREAS, the Authority and U.S. Bank Trust National Association, as Escrow Agent (the "Escrow Agent"), have heretofore entered into an Escrow Agreement (the "Escrow Agreement") in connection with the issuance of bonds (the "1994 Refunding Bonds") for the refunding of certain of the 1989 Bonds; and

WHEREAS, the Authority will receive a significant fee if the Escrow Agent enters into a Float Forward Agreement or similar agreement (the "Float Agreement") relating to the future purchase of securities from proceeds of the 1994 Refunding Bonds held invested in the escrow fund (the "Escrow Fund") created by the Escrow Agreement; and

WHEREAS, in connection with the execution and delivery of the Float Agreement, it is anticipated that the Authority will be asked to execute and deliver an issuer's acknowledgment agreement or similar agreement (the "Issuer's Acknowledgment Agreement") pursuant to which, among other things, the Authority will acknowledge that it has directed the Escrow Agent to enter into the Float Agreement; and

WHEREAS, the Board of Directors of the Authority believes that the Float Agreement should be awarded on a competitive bid basis and that the Authority's financial advisor, Public Financial Management, Inc. ("PFM"), working with the Authority's staff (including the Authority's Consulting Financial Manager) and co-bond counsel, should oversee the bidding of the Float Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

1. PFM is hereby authorized to oversee the bidding of the Float Agreement (which Float Agreement is described in Attachment A hereto) and to perform such other services as described in the letter agreement between the Authority and PFM attached hereto as Attachment B (the "PFM Agreement").

2. Each of the President and the Vice President of the Authority is hereby authorized to execute and deliver the PFM Agreement.

3. The Escrow Agent is hereby authorized to execute and deliver the Float Agreement upon the direction of the President or Vice President of the Authority, and upon the direction of any authorized officer of the Authority, the Escrow Agent is further authorized to invest proceeds of the 1994 Refunding Bonds held in the Escrow Fund from time to time in direct obligations of the United States, and otherwise to invest such proceeds in non-interest bearing United States Treasury Obligations--State and Local Government Series.

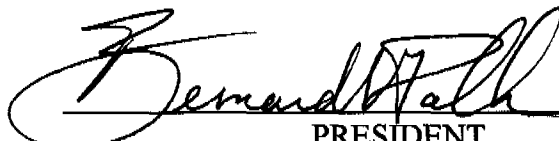
4. Each of the President and the Vice President of the Authority is hereby authorized to execute and deliver the Issuer's Acknowledgment Agreement required by the terms of the Float Agreement to be executed and delivered by the Authority.

5. The fee to be received by the Authority for the execution and delivery of the Float Agreement shall be allocated between the Mead-Adelanto Project and the Mead-Phoenix Project in the same proportion as each such Project contributed proceeds of the 1994 Refunding Bonds to the Escrow Fund (i.e., 77.04% of the fee shall be allocated to the Mead-Adelanto Project and 22.96% to the Mead-Phoenix Project).

6. Each of the President, Vice President, Secretary and any Assistant Secretary of the Authority, and any other officer of the Authority, is hereby authorized and directed to do and cause to be done any and all acts and things necessary or advisable for carrying out the matters contemplated by this Resolution.

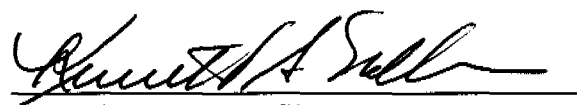
7. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 20th day of August, 1998.



PRESIDENT
Southern California Public Power Authority

ATTEST:



ASSISTANT SECRETARY
Southern California Public Power Authority



PUBLIC FINANCIAL MANAGEMENT, INC.

Financial and Investment Advisors

505 Montgomery Street, Suite 800
San Francisco, California 94111
415-982-5544 (Fax) 415-982-4513

August 4, 1998

Mr. Dan Waters
Executive Director
Southern California Public Power Authority
225 South Lake Avenue
Suite 1410
Pasadena, CA 91101

Dear Dan:

Pursuant to our conversations with Greg Leddy, SCPA has asked Public Financial Management, Inc. ("PFM") to submit a fee proposal for work relating to the proposed escrow restructuring for the Series 1994A Mead-Phoenix, Mead-Adelanto refunding escrow. We are very pleased to present this proposal to SCPA and continuing the work toward achieving a \$1 million benefit for the Mead-Phoenix, Mead-Adelanto participants.

The scope of work contemplated by this price proposal includes: (i) structuring the escrow reinvestment, including all quantitative modeling, to maximize cashflow savings to the participants, (ii) successfully negotiating the tax law restrictions relating to the Series 1994A escrow, (iii) preparation of the bid specifications for the SCPA Board to approve, (iv) competitively bidding out the float contract contemplated in the restructuring, and (v) working with the winning bidder and bond counsel to finalize the documents and close the escrow restructuring.

For the escrow restructuring, we would propose a fee of \$15,000 plus any out-of-pocket expenses. It should be noted that a portion of the fee (approximately \$9,500) will be paid by the winning float contract provider pursuant to the safe harbor provisions of the tax code. In talking with our investment management group, I believe that the actual number of hours will probably exceed that proposed figure; however, I have previously indicated this proposed fee to Greg, and our fee proposal will remain at the indicated level. SCPA is a valued client of PFM, and we look forward to continuing the work that has been started. Please feel free to call me (415-982-5544), should you have any questions regarding this proposal.

Sincerely,
PUBLIC FINANCIAL MANAGEMENT, INC.

Dan Hartman
Senior Managing Consultant

cc: Greg Leddy, SCPA
John Miller, PFM
Mike Harris, PFM