

MINUTES OF THE FEBRUARY 25, 1993  
SPECIAL MEETING OF THE  
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A special meeting of the Board of Directors was held on February 25, 1993, in the conference room at the City of Azusa's Utility Building, 777 N. Alamenda, Avenue, Azusa, California 91702.

The meeting was called to order at 10:15 a.m. by President Ronald V. Stassi.

The following Board members (M) and alternates (A) were present and acting in their capacity as representative for their member city: Joseph F. Hsu, City of Azusa (M), who left at 10:25 a.m., Terry Collins, City of Banning (M), Ronald V. Stassi, City of Burbank (M), Gale A. Drews, City of Colton (M), Tommy Wu, City of Glendale (A), Kenneth S. Miyoshi, City of Los Angeles (A), Henry C. Lee, City of Pasadena (A), Brian G. Thomas, City of Riverside (A), and Kenneth J. DeDario, City of Vernon (A).

Also present were: SCPPA Executive Director, Linda M. Lazzerino, and SCPPA staff members George R. Spencer, Steven L. Homer, and Geri L. Gerhard.

Others attending were: Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, William Baker, from O'Brien Partners, Phyllis Curry, LADWP Chief Financial Officer, and B C Monk, LADWP Director of Joint Venture Accounting.

1. Opportunity for the Public to Address the Board

President Stassi afforded the public an opportunity to address the Board. There were no comments from the public.

2. Matters related to the Palo Verde Project

Mr. William Baker explained the need for the Board to approve the possible use of two types of documents in order for the proposed refinancing of Palo Verde bonds to proceed. The documents are interest rate cap agreements and reserve fund investment agreements.

Mr. Baker noted that both Moody's and Standard and Poor's have upgraded their ratings of the Palo Verde bonds. S&P confirmed their AA rating on the senior bonds, and rated the subordinate bonds AA-. Moody's raised their rating from A1 to Aa on both the senior and subordinate bonds.

Mr. Baker explained that a recent private letter ruling may allow an additional \$30 million to be refunded. This would allow a extended escrow and further mitigate the negative arbitrage. Present value savings on a transaction including this additional \$30 million would be approximately 7.2% or \$27 million. PV savings on a transaction without the additional \$30 million would be approximately 6% or \$22 million. Both estimates are before any reserve fund investment income.

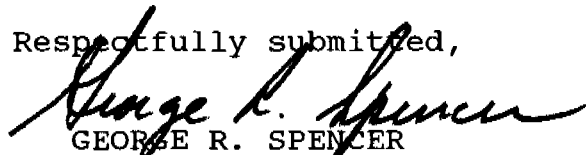
Mr. Edward Long explained that paragraph number 1 of Resolution 1993-4 provides for one or more repurchase agreements in connection with investment of debt service reserve moneys. He also explained that paragraph number 2 authorizes one or more interest rate cap or hedge agreements in connection with the use of indexed cap bonds. The resolution was modified to include authority for the Finance Committee to approve the terms of either type of agreement, and to reduce the required rating of any counterparty in a repurchase agreement from AA to A.

Mr. Kenneth DeDario moved that Resolution 1993-4 be approved as amended. The motion was seconded by Mr. Kenneth Miyoshi and approved by Roll Call Vote, with Anaheim, Azusa, and Imperial absent.

#### Adjournment

There being no further business, the meeting was adjourned at 10:45 a.m.

Respectfully submitted,

  
GEORGE R. SPENCER  
Assistant Secretary

c: Board of Directors

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Also present were: SCPPA Executive Director, Linda M. Lazzerino, and SCPPA staff members George R. Spencer, Steven L. Homer, and Geri L. Gerhard.

Others attending were: Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, William Baker, from O'Brien Partners, Phyllis Curry, LADWP Chief Financial Officer, and B C Monk, LADWP Director of Joint Venture Accounting.

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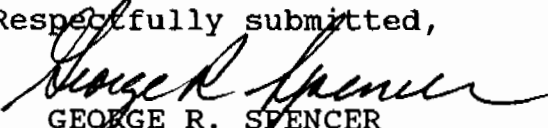
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Mr. Kenneth DeDario moved that Resolution 1993-4 be approved as amended. The motion was seconded by Mr. Kenneth Miyoshi and approved by Roll Call Vote, with Anaheim, Azusa, and Imperial absent.

#### Adjournment

There being no further business, the meeting was adjourned at 10:45 a.m.

Respectfully submitted,



GEORGE R. SPENCER  
Assistant Secretary

c: Board of Directors

MINUTES OF THE FEBRUARY 18, 1993  
REGULAR MEETING OF THE  
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on February 18, 1993 in the Koar Room of the Pasadena Hilton Hotel, 150 South Los Robles Avenue, Pasadena, California 91101.

The meeting was called to order at 10:18 a.m. by President Ronald V. Stassi.

The following Board members (M) and alternates (A) were present and acting in their capacity as representative for their member city: Mr. Edward K. Aghjayan, City of Anaheim (M), Mr. Terry Collins, City of Banning (M), Mr. Ronald V. Stassi, City of Burbank (M), Mr. Gale Drews, City of Colton (M), Mr. Michael P. Hopkins, City of Glendale (M), Mr. Eldon A. Cotton, City of Los Angeles (M), Mr. David C. Plumb, City of Pasadena (M), Mr. Bill D. Carnahan, City of Riverside (M), and Mr. Kenneth J. DeDario, City of Vernon (A).

Also present were: SCPPA Executive Director, Ms. Linda M. Lazzerino, SCPPA Assistant Secretary, Mr. George R. Spencer, SCPPA staff members, Mr. Charles E. Patrick, Mr. Steven L. Homer, Ms. Geri Gerhard, and Ms. Ann Peterson, Mr. William G. Williams, LADWP Asst. Chief Financial Officer, Mr. B C Monk, LADWP Director of Joint Venture Accounting, and Ms. Estrella A. Vilorio, Manager of SCPPA Accounting.

Others attending were: Ms. Deborah Sliz, APCO Associates, Mr. John O'Brien and Mr. William Baker, Jr., from O'Brien Partners, Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, Alan Watts, Esquire, from Rourke, Woodruff & Spradlin, Mr. James E. Scott from The First Boston Corporation, Mr. Michael Lissack and Mr. Thomas Staz, from Smith Barney, Mr. Brian G. Thomas, City of Riverside, Ms. Ellen F. Sandt, Los Angeles City Administrative Office, Mr. Tommy Wu, City of Glendale, Mr. Alan Vallow and Ms. Deborah LeVine, LADWP, Mr. Robert Buell, City of Colton, and Mr. Frank Devore and Mr. Robert McGuinness, representing San Diego Gas and Electric Company.

1. Approval of the Minutes  
of the Following Meeting

December 17, 1992 Regular Meeting - A motion was made by Mr. Gale Drews, seconded by Mr. William Carnahan and unanimously carried, that the Minutes of the December 17, 1992 Regular Meeting be approved.

2. Opportunity for the Public to Address the Board

President Stassi afforded the public an opportunity to address the Board. Mr. Frank Devore, representing San Diego Gas and Electric Company, addressed the Board regarding negotiations between SDG&E and Metropolitan Water District to extend the term of a water supply agreement for the Blythe power plant site. He requested that the Board provide resolutions from their individual City Councils supporting extension of the water supply agreement, thus keeping open the option for SDG&E or any utility to build a power plant at the Blythe site. He also requested the Directors to discuss the issue positively with the MWD Board.

3. Matters Related to the Mead-Phoenix/Mead-Adelanto Projects

Mr. George Spencer explained Resolution 1993-1, which revises the Rules for Procurement of Services and Materials (Rules) for the Mead-Adelanto Project to authorize the Mead-Phoenix owners to use the Rules for their half of the Marketplace substation.

Mr. Spencer also explained Resolution 1993-2, which delegates signature authority to Los Angeles to execute Grant Deeds and Quitclaim Deeds needed to acquire parcels of private land for the Mead-Adelanto Project and transfer title to the Mead-Adelanto Project Owners.

Mr. David Plumb moved that Resolutions 1993-1 and 1993-2 be approved. The motion was seconded by Mr. Eldon Cotton and unanimously approved by Roll Call Vote, with Azusa and Imperial absent.

4. Finance Committee

President Stassi reported that the Finance Committee had held numerous conference calls with Mudge Rose, O'Brien Partners, and First Boston, regarding the prospective Palo Verde refunding and the 5% present value savings target. First Boston had presented a transaction including a swap agreement which would reach the 5% target, but the Committee was not willing to recommend accepting the higher risk.

The Committee recommends a one-time only lowering of the 5% target, which would allow a \$350 million "plain vanilla" deal coupled with a repurchase agreement, yielding 4.2% or greater present value savings. The Committee believes that new tax regulations effective July 1, 1993 will limit future opportunities for advance refinancing.

Mr. John O'Brien handed out revised projections, based on the bond market's current rally. Based on the previous day's market position, a simple \$357 million refunding would yield 4.24% present value savings. Adding a Reserve Investment Agreement (repurchase agreement) would bring the present value savings to over 6%.

Mr. O'Brien explained the structure of the proposed transaction, which included Hedged Index Bonds, Inverse Floaters (like RIBS/SAVRS), and the possibility of selling Municipal Call Rights. He also explained the proposed methods of negative arbitrage mitigation, and recommended going ahead next week or as soon as possible.

#### Approval of Financing Guidelines

After discussion of the advisability of making exceptions to the traditional 5% savings target, and how that would fit with the proposed Financing Guidelines, Mr. Ken DeDario moved that the Financing Guidelines be approved. The motion was seconded by Mr. Michael Hopkins and unanimously approved.

#### Out-of-Pocket Travel and Personal Expenses/Guidelines

Mr. B C Monk explained the need for the proposed Out-of-Pocket Travel and Personal Expenses Guidelines. Mr. Ed Aghjayan moved that the guidelines be approved. The motion was seconded by Mr. Terry Collins and unanimously approved.

#### 5. Matters Related to the Palo Verde Project

Mr. Edward Long explained Resolution 1993-3, which authorizes the issuance and sale of municipal call rights and rights certificates; amends Resolution No. 1992-43 regarding principal amount, maturity and savings test; and authorizes the officers of the Authority to do all other things deemed necessary or advisable.

He explained that paragraph 1 authorizes the municipal call rights product; paragraph 2 makes changes to the action the Board took in December 1992, changing the principal amount to up to \$400 million, extending the final maturity date of the subordinate bonds one year to 2018, and reducing the savings test to 4.2%.

Mr. Long pointed out that if the repurchase agreement and/or the hedged index bonds are used, the Board would have to approve the terms of the transactions.

Mr. O'Brien stated that the documentation could be completed for Board approval by Thursday, February 25.

Mr. Bill Carnahan moved that Resolution 1993-3 be approved. The motion was seconded by Mr. DeDario and approved by Roll Call Vote, with Anaheim present but not voting and Azusa and Imperial absent.

Ms. Lazzerino stated that a Special Meeting would be planned for Thursday, February 25.

6. Executive Director's Reports

Ms. Lazzerino referenced her written report, and noted that the San Juan Unit 3 Project was at least 60 days away from a financing. She pointed out that the draft Engineer's Report was included in the Board Folders, and will be updated shortly before closing. Ms. Lazzerino called attention to other items in the Board Folders, including APPA resolutions, and discussed a survey regarding natural gas supply and power pooling.

Legislative Report

Ms. Deborah Sliz explained the process of nominating representatives to the APPA L&R Committee, and APPA's position on Energy Taxes used for deficit reduction. She stated that APPA had written the President, opposing energy taxes used exclusively for deficit reduction, but suggesting that some of the taxes be used to promote energy efficiency and conservation, and low income assistance. APPA would be delighted to have SCPPA members take an active part in promoting this position. Those members who would be in Washington the following Monday for the APPA breakfast meeting could draft a supportive resolution if it seemed appropriate.

7. Management Reports

Monthly Staff Report

Mr. George Spencer referenced his written report, which details staff's activities for the month.



## Palo Verde

Mr. Spencer referenced Los Angeles' written report. Mr. Alan Watts discussed his memo regarding a decision by the Arizona Tax Court concerning the "QTR" Tax. He recommended joining with the other participants in appealing the decision, at a cost of \$10,000 to \$15,000. Mr. Carnahan moved that the Board authorize participating in the appeal. The motion was seconded by Mr. Cotton and unanimously approved.

Mr. Watts also updated the Board on developments in the El Paso bankruptcy, specifically efforts by the two major candidates (Southwest Public Service and Central & Southwest) to take over El Paso.

## Hoover

Mr. Charles Patrick referenced his written report in the Board notebooks, and the addendum in the Board Folders. Mr. Patrick also updated the Board on continuing negotiations to resolve outstanding issues, and noted that the final Uprating Unit was scheduled for completion by March 1.

### 8. Palo Verde Second Quarter Budget Comparison

Mr. Patrick referred the Board to the written Second Quarter Budget Comparison for the Palo Verde Project.

### 9. Southern Transmission System Second Quarter Budget Comparison

Mr. Steven Homer presented the STS Second Quarter Budget Comparison, and noted that the Total Cost to the Authority was 2% under budget at the end of six months.

### 10. Election of Officers of the Authority

President Stassi opened nominations for officers of the Authority. Mr. Collins nominated the current set of officers to serve during the coming year. The nominations were seconded by Mr. Aghjayan and unanimously approved.

### 12. Other Business

Mr. Aghjayan discussed local arrangements for the APPA National Conference in Anaheim in June. SCPPA will be the lead agency for a golf tournament and a tennis tournament. A breakfast for other Joint Action Agencies and dignitaries is being planned, and a gift package for attendees is being developed. Mr. Aghjayan suggested budgeting \$15,000 to cover the cost of the breakfast and the gifts.

Ms. Lazzerino stated that money was available in several budget categories, so that the \$15,000 could be spent without amending or over-running the current budget. Mr. Gale Drews moved that the Board authorize spending \$15,000 for the two activities. The motion was seconded by Mr. Cotton and unanimously approved.

Mr. Cotton offered to host a meeting at which Los Angeles would summarize what led them to adopt a voluntary environmental program, and what the costs are expected to be.

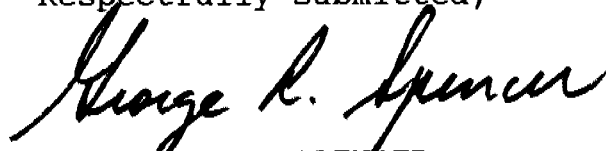
The Board joined President Stassi in thanking retiring Pasadena Office Secretary Ann Peterson for her years of service to SCPPA and wished her the best of luck in her retirement.

12. At this point, President Stassi announced that the Board would go into closed session to consider matters pending or threatened litigation, or personnel matters, pursuant to Government Code Sections 54956.9 or 54957.6.

13. Adjournment

There being no further business upon reconvening from closed session, the meeting was adjourned at 1:45 p.m.

Respectfully submitted,



GEORGE R. SPENCER  
Assistant Secretary

c: Board of Directors