

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

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

The meeting was called to order at 10:17 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. Joseph F. Hsu, City of Azusa (M), Mr. Terry Collins, City of Banning (M), Mr. Ronald V. Stassi, City of Burbank (M), Mr. Gale Drews, City of Colton (M), Mr. Tommy Wu, City of Glendale (A), Mr. Kenneth S. Noller, Imperial Irrigation District (M), Mr. Bernard V. Palk, City of Los Angeles (A), Mr. Henry C. Lee, City of Pasadena (A), 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, Ms. Geri Gerhard, and Ms. Manuela Ho, Mr. B C Monk, LADWP Director of Joint Venture Accounting, Ms. Estrella R. Vilorio, Manager of SCPPA Accounting, and Mr. Ron F. Balingit, LADWP Nuclear Fuels Group.

Others attending were: Ms. Margaret Chan and Mr. William Baker, Jr., from O'Brien Partners, Edward W. Long, Esquire, and Carolyn Clark, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, Alan Watts, Esquire, from Rourke, Woodruff & Spradlin, Mr. James E. Scott and Mr. Oscar J. Carlson, from The First Boston Corporation, Mr. Eric Seder, from Smith Barney, Mr. Stuart E. Wilson, California Municipal Utilities Association, Ms. Ingrid R. Marsh, City of Anaheim, Mr. Gerald Wolf, Cities of Azusa, Banning, and Colton, Ms. Marilyn Fuchs, LADWP Risk Manager, Ms. Stephanie Patterson, RFP Insurance Agency, Mr. H. David Wood, Marsh & McLennan Inc., and Mr. Peter K. Sternad, Vice President Municipal Utility Department, Bank of America.

1. Opportunity for the Public to Address the Board

President Stassi afforded the public an opportunity to address the Board. At this time Ms. Marilyn Fuchs, LADWP Risk Manager, introduced H. David Wood of Marsh & McLannan and Stephanie Patterson of RFP Insurance Agency, Los Angeles insurance consultants. Ms. Fuchs stated she would be administering SCPPA insurance needs and Mr. Woods explained he would be assisting Ms. Fuchs with placement and analysis of the necessary policies. There were no comments from the public.

2. Approval of the Minutes of the Following Meetings

February 18, 1993 Regular Meeting - Ms. Lazzerino noted that there was a revised draft of page three in the Board folders. A motion was made by Mr. Gale Drews, seconded by Mr. William Carnahan and unanimously carried, that the Minutes of the February 18, 1993 Regular Meeting be approved as revised.

February 25, 1993 Special Meeting - A motion was made by Mr. Gale Drews, seconded by Mr. William Carnahan and unanimously carried, that the Minutes of the February 25, 1993 Special Meeting be approved.

3. Matters Related to the Southern Transmission Project

Issuance of Refunding Revenue Bonds

Mr. William Baker explained the changes in the bond market which have reduced the potential savings on a refunding below the 5% target. He noted that both First Boston and O'Brien Partners believe the market will regain its losses in the next few weeks, and would like to be ready to enter the market when the 5% savings can be reached.

Mr. Edward Long explained Resolution 1993-5, which approves the financing and sets the parameters under which SCPPA's officers can proceed with the financing, in consultation with the Finance Committee. Among other things, the resolution authorizes a supplemental indenture, two subordinate indentures, and the purchase contracts. It sets forth the team of investment bankers and authorizes the official statements, the escrow investments, the use of derivative products, municipal bond insurance, municipal call rights, and repurchase agreements for the new subordinate reserve account.

The parameters section sets the principal amount at \$150 million to \$250 million, authorizes determination of the interest rates, sets the final maturity date at 2023, caps the underwriter's compensation at 1%, and caps the municipal bond insurance premium at 35 basis points. It sets the present

value savings minimum at 5% of the principal amount of the refunding bonds.

Mr. Long also explained Resolution 1993-6, the Blue Sky Resolution.

Mr. Edward Aghjayan moved that Resolutions 1993-5 and 1993-6 be approved. The motion was seconded by Mr. Bernard Palk and approved by Roll Call Vote, with Azusa, Banning, Colton, Imperial and Vernon present but not voting.

Financial Advisor's Agreement

Ms. Linda Lazzerino presented the letter-agreement setting the Financial Advisor's compensation for this refunding at \$125,000. Mr. Tommy Wu moved that the agreement be approved. The motion was seconded by Mr. Palk and unanimously approved.

4. Matters Related to the Palo Verde Project

Refunding of Power Project Revenue Bonds

Mr. Ozzie Carlson presented the Summary of Refunding for the current Palo Verde refunding. He noted that the issue size was \$370,765,000, with a net present value savings of \$26.9 million, or 7.648%. He pointed out that SCPA entered the market for this transaction during the lowest rates seen on the Revenue Bond Index in 13 years.

Mr. James Scott reviewed the evolution and the structure of the transaction, and pointed out the future benefits of its flexibility.

Financial Advisor's Agreement

Ms. Lazzerino explained the Finance Committee's recommendation to revise the Financial Advisor's Agreement for the Palo Verde refunding. Because of the length of time involved and the complexity of the transaction, the Finance Committee recommends increasing the Financial Advisor's compensation from \$170,000 to \$220,000, including expenses. Mr. Ken DeDario moved that the revised agreement be approved. The motion was seconded by Mr. Palk and unanimously approved.

5. Matters Related to the San Juan Unit 3 Project

Mr. Gerald Wolf reported that all the agreements were ready for signature by President Stassi, and for filing with FERC the following week. He noted that five participant documents needed to be taken back to the participant cities for local signatures and returned to Mr. Watts immediately, and that the earnest money can be deposited as early as March 25. The plan is that FERC will accept the documents for filing by May 15,

with the target for closing being May 31.

Mr. Wolf also reported that the E&O Committee has adjusted the pricing of coal to encourage increased usage, which in turn brings down the cost of energy.

6. Strategic Planning Committee Report

Mr. Bill Carnahan informed the Board that the Strategic Planning Committee had met to discuss issues such as a compensation/benefits package, increased SCPPA staff levels, and associated space needs. The Committee recommends that the Board hold a budget workshop to consider the Committee's recommendations and how they might impact the budget for Fiscal Year 1993-94.

7. Executive Director's Reports

Monthly Report

Ms. Lazzerino referenced her written report, and noted that the folders included a survey requesting a list of expected attendees at the SCPPA breakfast at the APPA National Conference. Discussion followed regarding the format and invitation list for the breakfast.

Ms. Lazzerino presented the proposed schedule for the 1993-94 A&G Budget process, which included a Budget Workshop on April 5, a draft budget at the regular Board Meeting on April 15, with a second Workshop immediately following the Board Meeting if further discussion is warranted, and final approval at the May 20 regular Board Meeting. The Strategic Planning Committee's proposals would be discussed at the April 5 Workshop. Mr. Aghjayan requested that the materials for the April 5 Budget Workshop be transmitted by March 29.

She also reminded the Board that disclosure statements for conflict of interest are due by April 1.

Legislative Report

Ms. Lazzerino referenced Deborah Sliz's written legislative report, and emphasized Ms. Sliz's request for supporting information or written testimony to the House Energy and Water Development Subcommittee in support of renewable energy production incentives.

8. Management Reports

Monthly Staff Report

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

Palo Verde

Mr. Palk referenced the written report in the Board notebooks, and updated the Board on a Level 2 Alert due to a leak in one of the cooling systems of Unit 2.

Mr. Ron Balingit described the events leading to the Alert, and the status of repairs and decontamination. He also mentioned several records set by Palo Verde during 1992, and the results of an election rejecting union representation at the plant.

Hoover

Mr. Charles Patrick referenced his written report in the Board notebooks, and updated the Board on continuing efforts to resolve the 9 outstanding issues which came out of the settlement agreement. He described the division of the issues into three groups, with a different committee assigned to each group, in order to bring the issues to closure by June 1. The issues and the committees are listed in the written report in the Board notebooks.

6-Month Status Report on SPCPA A&G Budget

Mr. Spencer presented a report on the status of the 1992-93 SPCPA A&G Budget. Discussion followed on the variances and projections for the remainder of the year.

9. Other Business

Ms. Ingrid Marsh updated the Board on preparations for the APPA National Conference coming up in June. She distributed information regarding the need for Sergeant-at-Arms, the local arrangements committee booth, and the draft conference program.

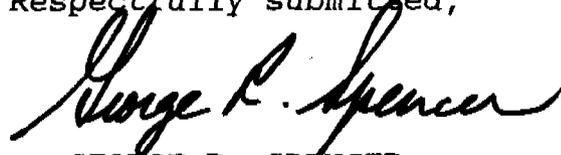
Mr. Aghjayan reviewed fund-raising efforts in support of the hosting activities, and the need to set up a mechanism for collecting the money and paying for these activities. It was agreed that SPCPA would receive the money pledged by CMUA (\$10,000), NCPA (\$10,000), and APPA (\$5,000), add it to SPCPA's assistance, and write the checks to the suppliers.

Mr. Stuart Wilson invited the Board Members to attend a meeting in the Pasadena offices immediately following the Board Meeting, to discuss WATSCO. A session for CMUA members and representatives of the Coalition for Energy Efficiency and Renewable Technologies regarding acquisition of renewable resources will be held in the same location at 1:30 p.m.

10. Adjournment

There being no further business, the meeting was adjourned at 11:55 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "George R. Spencer". The signature is written in black ink and is positioned above the printed name and title.

GEORGE R. SPENCER
Assistant Secretary

c: Board of Directors