

MINUTES OF THE DECEMBER 16, 1993  
REGULAR MEETING OF THE  
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on December 16, 1993, in the San Diego Room of the Pasadena Hilton Hotel, 150 South Los Robles Avenue, Pasadena, California.

The meeting was called to order at 10:12 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. Michael P. Hopkins, City of Glendale (M); Mr. Kenneth S. Noller, Imperial Irrigation District (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. Manuela Ho, and Ms. Geri Gerhard; Mr. Bernard V. Palk, LADWP Assistant Chief Engineer, Power; Mr. B C Monk, LADWP Director of Joint Venture Accounting; and Ms. Estrella R. Vilorio, Manager of SCPPA Accounting; and Mr. Charles W. Montoya, Principal Power Engineer, LADWP.

Others attending were: Ms. Margaret L. Chan, Mr. William A. Baker, Jr., and Mr. Chris Fantozzi, from O'Brien Partners; Edward W. Long, Esquire, and Stephen T. Cole, Esquire, from Mudge Rose Guthrie Alexander & Ferdon; Alan Watts, Esq., from Rourke, Woodruff & Spradlin; Mr. James E. Scott and Mr. Oscar J. Carlson, from CS First Boston Corporation; Mr. Donald R. Larson, Jr. and Mr. Winston Peterson, from Prager, McCarthy & Sealy; Mr. Eric G. Seder and Mr. Tom Staz, from Smith Barney Shearson; Mr. Brian J. Brady, City of Anaheim; Mr. Alan Vallow, LADWP; Mr. Steve Dworkin, Bear Stearns; Mr. John E. Muus, from Paine Webber; Mr. Eric D. Lashman, Brown & Wood; Ms. Addie E. Little, Smith Mitchell Investment Group; Ms. Diane S. Krantz, Artemis Capital Group; Mr. David Wright, City of Riverside; Mr. Tommy Wu, City of Glendale; and Mr. Charles Wolf, O'Melveny & Meyers.

1. Approval of the Minutes of the Following Meeting:

November 18, 1993 Regular Meeting

President Stassi announced that during the closed session at the end of the November 18, 1993 Regular Meeting, the Board approved Resolution 1993-34, authorizing a separation agreement with the Executive Director, and Resolution 1993-35, approving payment to the Executive Director of accrued leave. He further announced that the Executive Director had submitted her resignation.

Ms. Lazzerino announced that during the closed session the Board had also authorized the filing of a Notice of Dispute and Request for Arbitration with Century Power, regarding disputed prepaid costs in connection with the San Juan Unit 3 purchase.

A motion was made by Mr. Eldon Cotton, seconded by Mr. Terry Collins and unanimously approved, that the Minutes of the November 18, 1993 Regular Meeting be approved as amended to reflect actions taken in closed session.

A motion was made by Mr. Cotton, seconded by Mr. Gale Drews and unanimously approved, to accept the resignation of the Executive Director, effective December 31, 1993.

Mr. Ed Aghjayan moved, seconded by Mr. Joseph Hsu and unanimously approved, that discussion regarding the appointment of a new Executive Director was a personnel matter which requires a closed session at the conclusion of the regular meeting.

2. Opportunity for the Public to Address the Board

President Stassi afforded the public an opportunity to address the Board.

3. Matters Related to the Refunding of Multiple Project Revenue Bonds

Ms. Lazzerino noted that the proposed refunding of Multiple Project Revenue Bonds had been discussed in prior Board Meetings, and the Finance Committee had recommended going forward.

Ms. Margaret Chan explained that the current proposal was to refund the 60% of the Multiple Project funds which are allocated to Mead-Phoenix and Mead-Adelanto Projects. A \$230 million tax-exempt issue and a \$23 million taxable issue are contemplated, with a minimum 5% and \$10 million net present value savings required.

Mr. Ed Long explained Resolution 1993-36, which authorizes an indenture and the issuance of bonds, an escrow agreement, a supplemental indenture, a purchase contract with the underwriting team, the disclosure documents (Preliminary Official Statement and final Official Statement), escrow investments, a debt service reserve surety, bond insurance, the use of derivative products, and the parameters of the transaction. The resolution also states that savings on the unallocated 40% of the Multiple Project funds which accrue as a result of this refunding of Mead-Phoenix and Mead-Adelanto bonds will be considered Mead-Phoenix and Mead-Adelanto savings.

Mr. Long also presented Resolution 1993-37, the "Blue Sky" Resolution.

Mr. Michael Hopkins moved that Resolutions 1993-36 and 1993-37 be approved. The motion was seconded by Mr. David Plumb and approved by Roll Call Vote, with Vernon abstaining.

#### Financial Advisor Fee Agreement

Ms. Lazzerino presented the fee agreement for the Financial Advisor for this transaction. Mr. Hsu moved that the agreement be approved. The motion was seconded by Mr. Bill Carnahan and unanimously approved.

#### Bond Counsel MPRB-Related Services Agreement

Ms. Lazzerino explained that the proposed agreement for Bond Counsel MPRB-related services supplements the existing agreement regarding the MPRBs to include work related to Mead-Phoenix and Mead-Adelanto bonds or other future project financed from MPRB funds.

Mr. Drews moved that the agreement be approved. The motion was seconded by Mr. Carnahan and unanimously approved.

#### 4. Amendment to Palo Verde 1993 Subordinate Indenture of Trust

Mr. Long explained Resolution 1993-39, which amends the Palo Verde 1993 Subordinate Indenture of Trust to conform with the Official Statement (which is correct) in the matter of interest payment dates for Inverse Floaters/ACES.

Mr. Cotton moved that Resolution 1993-39 be approved. The motion was seconded by Mr. Drews and unanimously approved by Roll Call Vote.

#### 5. San Juan Unit 3 Agency Agreements

Ms. Lazzerino explained the need to terminate the existing agency agreements with Azusa and Imperial, and to approve a new agreement with Imperial.

Mr. Alan Watts explained Resolution 1993-32 which terminates the agreement with Azusa, and Resolution 1993-33, which assigns to Imperial the representation duties previously assigned to Azusa.

Mr. Collins moved that Resolutions 1993-32 and 1993-33 be approved. The motion was seconded by Mr. Drews and approved by Roll Call Vote, with Los Angeles, Pasadena, and Vernon abstaining.

6. Medicare Tax Issue

Mr. Watts referenced the explanatory memos in the Board packages, and summarized the situation regarding Medicare taxes for two employees which were not paid for the period from July 1, 1991 through November, 1993. SCPPA has now paid the entire amount, and the question for consideration is whether to ask the employees to reimburse SCPPA for the approximately \$3,500 which would have been withheld as employee contributions if SCPPA had not thought it was exempt from these taxes.

Mr. Cotton moved that the decision be continued to the January Board Meeting, and that the history of the matter be sent to the Board Members in advance of the January meeting. The motion was seconded by Mr. Hopkins and unanimously approved.

7. El Paso Cure and Assumption Agreement

Mr. Cotton explained that he had approved on behalf of SCPPA a Cure and Assumption Agreement with El Paso Electric Company, and, in order to assure that the Board was fully informed and in agreement, was asking the Board to ratify his action.

Mr. Watts reviewed the effect of the Cure and Assumption Agreement and the updated the Board on current developments.

Mr. Ken DeDario moved that the Board ratify Mr. Cotton's approval of the Cure and Assumption Agreement. The motion was seconded by Mr. Plumb and unanimously approved.

8. Annual Report of Hoover Upgrading Project  
Fiscal Year 1992-93 Operating Budget

Mr. Charles Patrick presented the annual budget reconciliation for the Hoover Upgrading Project and discussed the variances.

9. First Quarter Budget Comparison Southern Transmission System

Mr. Steven Homer presented the first quarter budget comparison for the Southern Transmission System and discussed the major variances.

10. Finance Committee Reports

President Stassi reviewed the Finance Committee meeting of December 6 and discussed the highlights of the written report.

11. Selection of Officers

President Stassi announced the formation of a Nominating Committee for officers of the Authority. The members are: Mr. Drews, as Chair, Mr. DeDario, Mr. Noller and Mr. Plumb. The Nominating Committee will bring their recommendations to the January Board Meeting.

12. Executive Director's Report

Ms. Lazzerino referenced her written report and noted that APPA had indicated some funds would be available to assist with funding of a congressional tour. She discussed highlights of the monthly report from Deborah Sliz.

It was suggested that Ms. Sliz send the Board a summary of upcoming legislative issues which should be discussed at the APPA Winter Meeting. Board Members will bring their city's legislative concerns to the January SCPPA meeting, for discussion in connection with the Executive Director's Report, as preparation for the APPA meeting.

13. Management Reports

Monthly Staff Report

Mr. George Spencer referenced his written report, which details staff's activities for the month of November, and noted that the annual Summary of Power System Data for SCPPA Member Utilities was included with his report.

Hoover

Mr. Patrick summarized developments regarding Critical Habitat, Plant Status, and the Settlement Issues.

Palo Verde

Mr. Cotton referenced the written report, and discussed plans to return to 96% power on Unit 1 after the next refueling.

San Juan Unit 3

Mr. Noller referenced the written report and noted the upcoming outage.

14. Other Business

Mr. Alan Vallow updated the Board on development of WATSCO bylaws. Mr. Vallow reported that the document would be distributed by CMUA next week, and that he would be meeting with the SCPPA members and staffs individually or in small groups to discuss it and get reaction. Following those meetings, a large meeting will be held in January to make common recommendations to be presented to the CMUA Transmission Task Force.

Staff was asked to investigate and report on the desirability of conducting a SCPPA Annual Meeting.

At this point the Board went into closed session to consider pending or threatened litigation or personnel matters pursuant to Government Code Section 54956.9 and Section 54957.6.

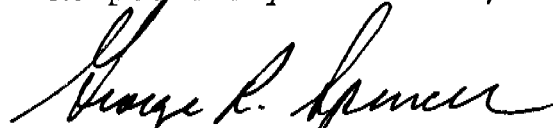
Upon reconvening from closed session, President Stassi announced that the Board had approved Resolution 1993-40, appointing Mr. Charles Montoya as Executive Director.

President Stassi also announced the formation of a Search Committee to recruit candidates for a permanent Executive Director. Directors appointed to serve on the Search Committee were Bill D. Carnahan, Chairman, Edward K. Aghjayan, Joseph F. Hsu, David C. Plumb, and Eldon A. Cotton.

12. Adjournment

There being no further business, the meeting was adjourned at 12:34 p.m.

Respectfully submitted,



GEORGE R. SPENCER  
Assistant Secretary