

Original

MINUTES OF THE JULY 10, 1992
SPECIAL MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A special meeting of the Board of Directors was held on July 10, 1992, in the second-floor conference room of the Pasadena Department of Water & Power, 150 South Los Robles, Suite 200, Pasadena, California 91101

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: Richard Butryn, City of Anaheim (A), Ronald V. Stassi, City of Burbank (M), Michael Hopkins, City of Glendale (M), Dennis B. Whitney, City of Los Angeles (A), Don Shakelford, City of Pasadena (A), and Brian Thomas, City of Riverside (A).

Also present were: SCPPA Executive Director, Linda M. Lazzerino, and SCPPA staff member Steven L. Homer.

Others attending were: Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, Margaret Chan and William Baker, from O'Brien Partners, Eric Seder and Michael Lissack, from Smith Barney, Michael Fisher, from O'Melveny and Meyers, B C Monk, LADWP Director of Joint Venture Accounting, and William Williams, from LADWP Finance and Accounting.

1. Matters related to the Southern Transmission System

- o Consideration of and action regarding the issuance and sale of subordinate refunding revenue bonds (including crossover special obligation bonds) for the Southern Transmission System Project, including the approval of authorization of related documentation, amendment of Resolution No. 1992-20, delegation of authority, and related matters.

Ms. Margaret Chan explained that market changes subsequent to the June 12 mailing of the Preliminary Official Statement prompted changes in the structure of the refunding. Lower interest rates have made it possible to improve savings by including more bonds than originally considered. The transaction size is now approximately \$400 million (up from \$275 million).

In addition to the traditional advance refunding, a crossover structure will be used for three series of bonds, because of negative arbitrage. By investing the escrows from the crossover bonds in Guaranteed Investment Contracts (GIC's), at higher than present market rates, negative arbitrage can be overcome. The GIC's will be with AAA providers, and will include contingent collateral provisions, requiring the GIC holder to provide collateral in U.S. Government securities if its rating is downgraded.

Ms. Chan discussed present market conditions, and pointed out that this week the Bond Buyer Revenue Index had reached its lowest level since 1979. Going into the market today, it might be possible to achieve over \$25 million in present value savings (over 7%). She added that approximately \$85 million in RIBS/SAVRS was included, providing about \$2 million in additional savings.

Mr. Edward Long explained Resolution No. 1992-22, which supplements the action taken at the last Board Meeting. It provides for the crossover structure, and authorizes the Guaranteed Investment Contracts. It increases the maximum principal amount and authorizes subissues to facilitate the multiple escrows. The basic requirement of at least 5% present value savings remains.

Mr. Brian Thomas moved that Resolution No. 1992-22 supplementing and amending Resolution No. 1992-20 regarding financing for the cost of acquisition of capacity relating to the Southern Transmission Project be approved. The motion was seconded by Mr. Richard Butryn and approved by role call vote, with Azusa, Banning, Colton, Imperial, and Vernon absent.

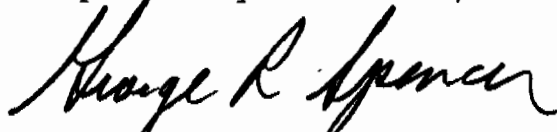
2. Opportunity for the Public to Address the Board

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

Adjournment

There being no further business, the meeting was adjourned at 10:40 a.m.

Respectfully submitted,



GEORGE R. SPENCER
Assistant Secretary

c: Board of Directors

original

MINUTES OF THE JULY 16, 1992
REGULAR MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on July 16, 1992, 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 10:12 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. Galè A. 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), and Mr. Bill D. Carnahan, City of Riverside (M), and Mr. Kenneth J. DeDario, City of Vernon (A).

Also present were: Mr. Brian J. Brady, City of Anaheim (A), Mr. Nitin Modi, City of Colton (A), Mr. Henry Legaspi, Imperial Irrigation District (A), Mr. Bob Schact, City of Glendale, Mr. Donald H. Coltrain, Imperial Irrigation District, Ms. Donna Stevener, City of Riverside, 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. Nellie Ho, and Ms. Ann Peterson, Mr. Bruce Blowey, LADWP Generation-External, Ms. Estrella A. Vilorio, Manager of SCPPA Accounting, and Mr. Alan N. Vallow, LADWP Environmental and Government Affairs.

Others attending were: Ms. Margaret Chan and Mr. William A. Baker, Jr., from O'Brien Partners, Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, Alan Watts, Esquire, from Rourke & Woodruff, Mr. Eric Seder from Smith Barney, Harris Upham & Company, Inc., Mr. David J. Stoldt from Paine Webber, Mr. James E. Scott from The First Boston Corporation, Mr. William T. Berry, Jr. from Lehman Brothers, Mr. Wes Granger and Mr. Mark Vincent Allen from Southern California Edison.

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. Approval of the Minutes of the Following Meetings

May 21, 1992 Regular Meeting - A motion was made by Mr. Gale Drews, seconded by Mr. Terry Collins and unanimously carried that the Minutes of the May 21, 1992 Regular Meeting be approved.

May 28, 1992 Special Meeting - A motion was made by Mr. Gale Drews, seconded by Mr. Terry Collins and unanimously carried that the Minutes of the May 28, 1992 Special Meeting be approved.

3. Approval of Allocation Formulas for Non-Project Related Expenses

Ms. Linda Lazzerino explained that the allocation formulas had been recommended by the Budget Committee and discussed at the May 21 Board Meeting. Resolution 1992-12 deals with Legislative Advocacy and allocates by even shares (1/11). Resolution 1992-13 covers Joint Planning, and the allocation is based on 1991 peak capacity.

Mr. DeDario moved that Resolution 1992-12, providing for an additional contribution to the Authority's revolving fund and taking certain related action (advocacy matters) be approved. The motion was seconded by Mr. Hopkins and unanimously approved by Role Call Vote.

Mr. DeDario moved that Resolution 1992-13, providing for an additional contribution to the Authority's revolving fund and taking certain related action (joint planning matters) be approved, with the exhibit amended to show how each Member's 1991 peak capacity corresponds to its allocation percentage. The motion was seconded by Mr. Carnahan and unanimously approved by Roll Call Vote.

4. Consideration of Adoption of San Juan Unit 3 Project

Mr. Coltrain gave the Board an overview of the project, and explained that 204 MW were available from Century Power and could be delivered at Palo Verde or Westwing. An asset purchase is being considered (as opposed to a stock purchase), in the range of \$935-\$965 per kW, and R. W. Beck has been hired to evaluate the project.

Mr. Coltrain noted that the power would have to be sold or laid off until the Mead-Adelanto and/or the Southern Arizona Transmission Projects are completed. He gave the tentative schedule of activities, including the payment of \$10 million earnest money in October, leading to closing by the end of the year.

Mr. Hsu informed the Board that the current participants were Azusa, Banning, Colton, Glendale, Imperial, Riverside, and Vernon.

Mr. Watts noted that the \$10 million earnest money would be funded out of the participants' current revenues. He also pointed out that an agreement between the participants and SCPPA would be needed to fund SCPPA's costs.

Mr. Hopkins moved that Resolution 1992-24, finding and declaring the financing and acquisition of an ownership interest in Unit No. 3 of the San Juan Generating Station from Century Power Corporation to be a study project, be approved. The motion was seconded by Mr. Collins and unanimously approved by Roll Call Vote.

5. Executive Director's Report

Pittsburgh National Bank Request

Ms. Lazzerino discussed Pittsburgh National Bank's request to reclassify SCPPA's multi-project investment agreement from a time deposit to a bank note, in order to save Pittsburgh a 0.23% FDIC insurance premium each year.

Pittsburgh asserts that this would have no negative impact on SCPPA. Ms. Lazzerino informed Pittsburgh that the Authority must be assured by our bond counsel and financial advisor that there would be no legal or financial risk, and by the rating agencies that there would be no negative effect on our ratings. Pittsburgh is willing to pay the costs of such verification, up to \$100,000. There is apparently no benefit to SCPPA other than appearing to be cooperative with our business partners.

Mr. Carnahan moved that the Board authorize an investigation of the feasibility of converting the investment agreement to a bank note, with the cost of the investigation to be born by Pittsburgh National Bank as detailed in their July 1, 1992 letter. The motion was seconded by Mr. Hsu and unanimously approved.

Approval of APCO Agreement

Ms. Lazzerino explained the need to extend the original 6-month contract with APCO for legislative advocacy, and the minor changes in the agreement. Mr. Hsu moved that the agreement be extended as amended for one year. The motion was seconded by Mr. Aghjayan and unanimously approved.

Legislative Report

Ms. Lazzerino referenced the written material in the Board packages. She pointed out that Ms. Sliz had recommended letters to Senators Cranston and Seymour urging support for the concepts in the House EMF bill. Ms. Sliz also recommend letters supporting the Senate's broader language regarding making utility rebates for conservation measures non-taxable. Ms. Sliz will provide draft letters to the Board Members for review.

Mr. Aghjayan discussed Anaheim's efforts to influence the provisions of the Miller bill to include incentives for efficiency measures and a study to determine if significant opportunities for savings exist in the Hoover Project.

6. Finance Committee/Financing

Mr. Stassi referenced the Finance Committee Report, the Finance Committee Guidelines, and the Guidelines for out-of-pocket expenses contained in the Board packages. It was suggested that SCPPA-related costs be included under Cost of Issuance, Guideline V.

Mr. Aghjayan felt the Guidelines addressed only unsolicited proposals, and that SCPPA should be taking the initiative through the Financial Advisor to find opportunities. He felt there should be procedures for issuing Requests for Proposals and soliciting competing proposals.

After further discussion, Mr. Drews moved that the Guidelines be sent back to the Finance Committee for incorporation of the concepts of open access and active solicitation of proposals. The motion was seconded by Mr. Collins and unanimously approved.

Transmission Project Revenue Bonds, 1992 Subordinate Refunding Series

Ms. Chan reported that the refinancing had been restructured due to changing market conditions, which made a larger refunding appropriate. The bonds went into the market on the day the Bond Buyer's Index was the lowest in 13 years, at a

true interest cost of 6.165%. The sale is expected to yield net present value savings of more than \$25 million (over 6.5%). Factoring in the return of the Debt Service Reserve Fund at the end of the life of the bonds would make the net present value savings over 7%.

Ms. Chan noted that this was subject to documentation, and to confirmation of ratings by Moody's and S&P. The expected closing will be July 29.

7. Joint Planning Subcommittee

Mr. Plumb referenced the report in the Board notebooks and updated the Board regarding the R.W. Beck load forecast data base. Consideration of the subcommittee's future existence and role was deferred until the subcommittee brings its report and recommendations to a future meeting.

8. Management Report

Mr. Spencer referenced the written reports for May and June in the Board folders.

10. Project Reports

Palo Verde Project

Mr. Cotton referenced the written report in the Board folders. Hoover Uprating Project

Mr. Patrick referenced his written report.

Mead-Phoenix/Mead Adelanto Projects

Mr. Long reported on a meeting of the Coordinating and Management Committees for Mead-Phoenix and Mead-Adelanto, which focused on the schedule for undertaking construction. Because Western Area Power Administration needs the long term agreements signed by September 1, the Committees agreed to remove the finalization of the Westwing and McCullough Interconnection Agreements as a precondition to the long term agreements, subject to two understandings. One, that SCPPA affirm the ratings needed to make its Multiple Project money available, and two, that the Committees be allowed to review and approve the interconnection agreements when they are complete. SCPPA was asked to have the ratings available by August 4, which means accelerating the effort to obtain ratings from Moody's and S&P.

11. Closed Session

At this point Mr. 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.

Adjournment

Upon reconvening from closed session, there being no further business, the meeting was adjourned at 12:25 p.m.

Respectfully submitted,



GEORGE R. SPENCER
Assistant Secretary

c: Board of Directors