

MINUTES OF THE DECEMBER 17, 1992
REGULAR MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on December 17, 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 10:11 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), who left at 12:00 noon, 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), who left at 12:00 noon, 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. Henry C. Lee, City of Pasadena (A), Mr. David C. Plumb, City of Pasadena (M), who arrived at 12:02 p.m., and Mr. Bill D. Carnahan, City of Riverside (M), who left at 12:00 noon.

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. 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. Margaret Chan, from O'Brien Partners, Edward W. Long, Esquire, and Carolyn Clarke, 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. Brian G. Thomas, City of Riverside, Ms. Ellen F. Sandt, Los Angeles City Administrative Office, Mr. Peter K. Sternad, Bank of America, Mr. Mark V. Allen, Southern California Edison, and Mr. John D. Heaton, Alliance Consulting Group.

1. Clarification of Voting Procedures

Mr. Edward Long gave a short review of the voting procedures with the emphasis on project votes. He noted that members who are not participating in a particular project still have a right to vote on the project, but have often preferred to abstain. He suggested that members wishing to show support for the project should feel free to vote "Yes", and those wishing not to vote should say, "Present, but not voting", instead of abstaining.

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.

3. Approval of the Minutes of the Following Meeting

October 15, 1992 Regular Meeting - A motion was made by Mr. Gale Drews, seconded by Mr. Henry Lee and unanimously carried, that the Minutes of the October 15, 1992 Regular Meeting be approved.

4. Matters Related to the San Juan Unit 3 Project

Ms. Lazzerino informed the Board that the Project was moving along on schedule, with financing expected some time in January. Mr. Joseph Hsu reviewed the rating agency visits to Azusa, Banning, and Colton, and the participants' visit to the rating agencies and insurance providers in New York.

Ms. Margaret Chan reported on her discussions with Standard and Poor, and their concerns regarding transmission. She hoped SCPPA could be in the market the third week of January.

A. Revenue Bonds for the San Juan Unit 3 Project

Mr. Long explained **Resolution 1992-40**, which, among other things, authorizes the indenture, the supplemental indenture, a purchase contract with the underwriters, official statements, and bond insurance. It sets out the parameters which must be met for the deal to go forward, and names the Authority and DWP employees who can handle investments and act on the provisions of the indenture.

B. Blue Sky Resolution

Mr. Long also explained **Resolution 1992-41**, which authorizes state securities law action (Blue Sky Resolution).

Mr. Drews moved that both **Resolution 1992-40**, regarding the issuance and sale of revenue bonds for the San Juan Unit 3 Project, including the approval or authorization of related documentation, designation of Trustee and managing underwriters, delegation of authority, designation of authorized representatives and related matters; and **Resolution 1992-41**, registration and qualification of Power Project Revenue Bonds under Blue Sky Laws of various states, be approved. The motion was seconded by Mr. Terry Collins, and approved by Roll Call Vote, with Vernon absent, and Anaheim, Los Angeles, and Riverside present but not voting.

C. Authorization of Fee Agreement for Financial Advisor

Ms. Lazzerino asked for a motion approving a letter agreement setting forth the compensation and scope of services regarding San Juan Unit 3 Project for the Board's Financial Advisor.

Mr. Michael Hopkins moved that the letter agreement be approved. The motion was seconded by Mr. Hsu and unanimously approved, with Anaheim, Los Angeles, and Riverside present but not voting.

D. Authorization of Retainer Agreement for Bond Counsel

Ms. Lazzerino requested approval of a supplemental letter agreement providing for services of Bond Counsel in connection with the San Juan Unit 3 Project.

Mr. Hsu moved that the Board authorize execution of the letter agreement. The motion was seconded by Mr. Drews and unanimously approved, with Anaheim, Los Angeles, and Riverside present but not voting.

E. Agency Agreements with DWP, IID and Azusa

Ms. Lazzerino explained the need for three separate agency agreements, one with Los Angeles for administrative upkeep, one for scheduling with the Imperial Irrigation District, and one for representation on committees with Azusa.

Mr. Drews moved that **Resolution 1992-42**, approving three separate agency agreements between the Authority and the Department of Water and Power of the City of Los Angeles, Imperial Irrigation District, and the City of Azusa, and related matters. The motion was seconded by Mr. Hsu and unanimously approved, with Anaheim and Riverside present but not voting.

5. Palo Verde Refunding

Ms. Lazzerino explained **Resolutions 1992-43 and 1992-44**, which authorize refunding certain Palo Verde bonds if specific conditions are met, and authorize actions necessary to comply with the Blue Sky Laws of various states.

Mr. Long reviewed the major provisions of the resolutions and discussed the parameters which need to be met for a deal to be entered into.

Ms. Chan discussed the individual bonds which are being targeted for refunding and the methods being considered. She noted that the market was 10-15 basis points away from meeting the Board's usual 5% present value savings requirement, and pointed out that reaching the target would yield about \$10 million savings.

Discussion followed regarding the provision in Section 9(b) of Resolution 1992-43, which allows the Finance Committee to unanimously approve a present value savings less than 5%.

Mr. Bill Carnahan moved that **Resolution 1992-43**, authorizing the refunding of Palo Verde bonds, be approved with the deletion of the phrase in Section 9(b) which would have allowed a present value savings less than 5% without Board approval; and that **Resolution 1992-44**, the Blue Sky Resolution, be approved. The motion was seconded by Mr. Hopkins and approved by Roll Call Vote, with Vernon absent and Anaheim present but not voting.

Authorization of Fee Agreement for Financial Advisor

Ms. Lazzerino requested approval of the letter agreement setting out the compensation and scope of services for the Board's Financial Advisor regarding the possible refunding of Power Project Revenue Bonds.

Mr. Hsu moved that the Board authorize the letter agreement. The motion was seconded by Mr. Drews and unanimously approved, with Anaheim present but not voting.

6. Delegation of Employment Powers to Executive Director

Ms. Lazzerino updated the Board on recruitment efforts for Pasadena Office Secretary/Office Manager, and explained the need to delegate general authority over personnel matters, within budget parameters, to the Executive Director. The salary of the Executive Director shall be specifically established by the Board of Directors.

Mr. Henry Lee moved that **Resolution 1992-45**, authorizing certain powers, duties and responsibilities regarding the employment of employees by the Executive Director, be approved. The motion was seconded by Mr. Hsu and approved by Roll Call vote, with Vernon absent.

7. Report of the Audit Committee

Mr. Brian Thomas presented the report of the Joint Audit Team, and noted that most of the recommendations have already been implemented. Ms. Lazzerino discussed some of the ongoing work on procedures and security, and agreed to Mr. Aghjayan's request for a report in six months on the implementation of the remaining recommendations.

8. Finance Committee

Mr. Stassi reported on two meetings of the Finance Committee, and referenced the written reports in the Board notebooks. He noted that the draft SCPPA Financing Guidelines were in the notebooks, and asked for comments by December 31.

9. Executive Director's Report

Ms. Lazzerino referenced her written report, and discussed the plan to sponsor a luncheon for Joint Action Agency representatives at the 1993 APPA National Conference, as well as provide a speaker for the luncheon.

Mr. Aghjayan requested a visit by the Board's legislative representative and any other appropriate speakers at the next Board Meeting, to brief the Board on current and upcoming issues.

Discussion followed regarding having a Member provide a person to serve on an APPA Global Warming Task Force, as a SCPPA representative.

10. Management Reports

Palo Verde

Mr. Eldon Cotton updated the Board on the recent 68-day refueling and developments in the El Paso bankruptcy.

Hoover

Mr. Charles Patrick referenced his written report in the Board notebooks, and updated the Board on the progress of the rate restructuring and requested the names of the authorized representatives for use in the formalization of the Engineering and Oversight Committee.

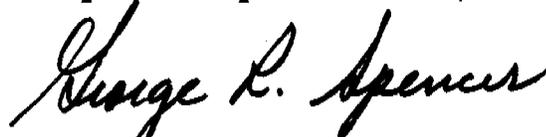
11. Southern Transmission System First Quarter Budget Comparison

Mr. Steven Homer presented the STS First Quarter Budget Comparison, and noted that the significant variances are typical for this time of year, and are due to the timing of the actual expenditures versus the evenly spaced budget.

12. Other Business

There being no other business, the meeting was adjourned at 12:03 p.m.

Respectfully submitted,



GEORGE R. SPENCER
Assistant Secretary

c: Board of Directors