



TO: Board of Directors
FROM: Bill D. Carnahan
SUBJECT: Finance Committee Report
DATE: February 7, 2011

A meeting of the Finance Committee was held on February 7, 2011, at the SCPPA office in Pasadena.

Committee members in attendance were: Bill Carnahan (*SCPPA*); Ed Zacherl (*Anaheim*); Bob Liu (*Burbank*); Peggy Keigler (*Colton*); Bill Fox (*Glendale*); Belen Valenzuela (*IID*); Mario Ignacio (*LADWP*); Shari Thomas (*Pasadena*); and Dora Burns (*Riverside*).

Others present were: Stephen Cole (*Fulbright & Jaworski*); Rick Weber (*Fulbright & Jaworski, Houston, via phone*); Mike Berwanger and Will Frymann (*Public Financial Management*); Dan Hartman (*PFM via phone*); Therese Savery (*LADWP/SCPPA*); Vernon Oates and Steve Homer (*SCPPA*).

1. Investment Reports

The Committee reviewed the Investment Report for the month of December 2010. The Committee recommended forwarding the report to the Board for receipt and filing.

2. Project Budget Comparison Reports

The Committee reviewed the quarterly Project Budget Comparison Reports for the quarter ended September 30, 2010. The Committee recommended forwarding the reports to the Board for receipt and filing.

3. Renewable Energy Project Financings

The Committee received an update from Public Financial Management (PFM) with respect to near-term renewable energy project financings; Windy Point III, Milford Wind II and Miller Ranch are all progressing. The underwriter for the Windy Point III is expected to be JP Morgan.

4. Gas Prepaid Project

PFM discussed the possible termination of the AIG commodity swap and/or Guaranteed Investment Contract (GIC). The Committee decided to reconvene on February 16th to explore options for replacing the commodity swap and/or the GICs.

5. Other AIG GICs

PFM discussed possible termination of the AIG GICs related to the Natural Gas Reserves Projects; the STS Project 1992 DSRF; and the San Juan Project DSRF. The Committee decided to not take action at this time and see how the market goes and options arise.

6. Palo Verde 2008 Bonds

PFM updated the Committee on possible options related to the expiring LOCs with JP Morgan and Dexia. The Committee chose to pursue renewing with JP Morgan and replacing the Dexia facility with another LOC.

7. 1991 STS Refunding

The Committee received an update from PFM with respect to refunding the 1991 STS Bonds in January 2011. The refunding resulted in the termination of the AIG swap and GIC, Lloyds liquidity facility and Citi remarking agreement. The transaction was break-even, incorporating all the original features of the 1991 transaction with no additional costs to SCPPA.

8. Market and VRDO Update

The Committee received a market and VRDO status report from PFM. All the variable rate bonds are trading well.

9. Unsolicited Proposals

The Committee reviewed unsolicited proposals from JP Morgan and Morgan Stanley. The Committee took no action with respect to such proposals.

**THE NEXT REGULARLY SCHEDULED FINANCE COMMITTEE MEETING
WILL BE HELD MONDAY, MARCH 7, 2011, AT 10:30 A.M. AT THE SCPPA OFFICE.**