



TO: Board of Directors

FROM: Bill D. Carnahan

SUBJECT: Finance Committee Report

DATE: April 1, 2013

A meeting of the Finance Committee was held on April 1, 2013, at the SCPPA office in Glendora.

Committee members present were: Ed Zacherl (*Anaheim*); Bob Liu (*Burbank*); Eric Campbell (*Glendale*); Shari Thomas (*Pasadena*); Laura Nomura (*Riverside*); Rebecca Gallegos (*Colton*); Sondra Ainsworth (*IID*).

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

1. Investment Report

The Committee reviewed the Investment Report for the month ended February 28, 2013. The Committee recommended forwarding the report to the Board for receipt and filing.

2. Project Budget Comparison Reports

The Committee reviewed the Project Budget Comparison Reports for the quarter ended December 31, 2012. The Committee recommended forwarding the reports to the Board for receipt and filing.

3. Multiple Project Revenue Bonds

SCPPA Bond Counsel discussed the transfer of the moneys in the Multiple Project Proceeds Account upon payment of the final maturity of the Multiple Project Revenue Bonds (i.e., July 1, 2013), to the Projects' Stabilization Fund for the benefit of the Mead-Adelanto Participants and the Mead-Phoenix Participants. The Committee recommended forwarding a Resolution to the Board approving such transfer and any related matters.

4. Gas Prepay Project Unsolicited Proposal

PFM (Public Financial Management) updated the Committee on the progress of the debt restructuring as proposed by Goldman Sachs. Goldman Sachs continues to work on the tax aspects and comments raised by Moody's for the restructuring.

5. STS Project 2001 Series Bonds

PFM updated the Committee on the selection of underwriters for the fixed rate refinancing of the 2001 series bonds. One Credit Agency rating (S&P) will be obtained for this transaction. PFM has been in discussions with UBS on the swap termination valuation and expects resolution soon. The estimated avoided cost benefit is approximately \$1MM. The reduction of counterparty risk and present value realization of the originally proposed economics of the swap are the other primary benefits of this refinancing. The Committee recommended forwarding to the Board (i) a Resolution approving such refunding and the termination of the swap and (ii) a Resolution approving the Continuing Disclosure for the new STS bonds.

6. STS Project 2000 Series Bonds

PFM discussed unsolicited proposals for a direct purchase and other alternatives for the refinancing of the STS 2000 Series Bonds. The Committee took no action at this time, but requested PFM to continue to monitor.

7. Market and VRDO Update

The Committee received a market and VRDO status report from PFM. The STS VRDBs are resetting higher due to the Assured Guaranty downgrade. The remaining VRDBs are performing well.

8. Unsolicited Proposals

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

9. Private Use Policy

The Committee discussed possible revisions to and administration of the SCPPA Private Use Policy as amended in 2011. The Committee determined that no changes were necessary to the current policy.

10. Financing Guidelines

The Committee discussed possible revisions to the SCPPA Financing Guidelines pertaining to refinancings and refundings as well as syndicate rules. The Committee expects to finalize all changes at the next meeting.

11. Dodd-Frank Compliance

The Committee discussed possible amendments to Dodd-Frank related transactions. The Committee recommended forwarding a Resolution to the Board approving, among other matters, possible amendments to existing swaps.

**THE NEXT REGULARLY SCHEDULED
FINANCE COMMITTEE MEETING WILL BE ON MAY 6, 2013.**