



TO: Board of Directors

FROM: Bill D. Carnahan

SUBJECT: Finance Committee Report

DATE: May 6, 2013

A meeting of the Finance Committee was held on May 6, 2013, at the SCPPA office in Glendora.

Committee members present were: Russell Dowell (*Anaheim*); Bob Liu (*Burbank*); Eric Campbell (*Glendale*); Shari Thomas (*Pasadena*); Laura Nomura (*Riverside*) and Mario Ignacio (*LADWP*).

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

1. Investment Report

The Committee reviewed the Investment Reports for the month and quarter ended March 31, 2013. The Committee recommended forwarding the reports to the Board for receipt and filing.

2. 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 has received tentative sign-off on the tax aspects. Four or five firms are being considering for the new commodity swap provider and a Dodd-Frank issue remains. Completion of the transaction is currently expected in August 2013.

3. STS Project 2001 Series Bonds

PFM updated the Committee on the fixed rate refinancing of the 2001 series bonds. Pricing was completed on May 2nd. The deal was well received by the market, indicated by the 4.8 times overall oversubscription. The related \$79,795,000 swap with UBS was terminated with a very favorable 12 bps value, eliminating SCPPA swap counterparty and bank liquidity risk with respect to those bonds. The All-in TIC was 1.21% for an average of 5.6 years. The transaction is scheduled to close on June 5, 2013.

4. Proposed Acquisition of a Gas-fired Project

The Committee discussed the adoption of a Reimbursement Resolution for the possible acquisition of a gas-fired project. The Committee recommended forwarding a Reimbursement to the Board for its approval.

5. Market and VRDO Update

The Committee received a market and VRDO status report from PFM. The STS 2001 series VRDB was trading slightly higher prior to the fixed-rate refinancing discussed above. The remaining VRDBs are performing well.

6. Unsolicited Proposals

The Committee reviewed unsolicited proposals from Goldman Sachs, Wells Fargo and Morgan Stanley. The Committee decided to monitor the market as it relates to the proposals for future consideration.

**THE NEXT REGULARLY SCHEDULED
FINANCE COMMITTEE MEETING WILL BE ON JUNE 3, 2013.**