



TO: Board of Directors
FROM: Bill D. Carnahan
SUBJECT: Finance Committee Report
DATE: August 1, 2011

A meeting of the Finance Committee was held on August 1, 2011, at the SCPPA office in Pasadena.

Committee members in attendance were: Bill Carnahan (*SCPPA*); Ed Zacherl (*Anaheim*); Bob Liu (*Burbank*); Amer Jakher (*Colton*); Dave Davis (*Glendale*); Belen Valenzuela (*IID*); Shari Thomas (*Pasadena*); and Reiko Kerr (*Riverside*).

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

1. Investment Reports

The Committee reviewed the Investment Reports for the month and quarter ended June 30, 2011. The Committee recommended forwarding the reports to the Board for receipt and filing.

2. Milford II Project Update

The Committee received an update from Public Financial Management (PFM) with respect to the Milford II Project financing. The developer expects to receive the DOE grant this week. Pricing will be determined following confirmation of receipt by the developer. SCPPA is the process of finalizing a waiver with the developer that would delay prepayment beyond August 29, the original prepayment deadline.

3. Hoover Project

PFM discussed the proposed refunding of the 2001 Series. The Committee decided that the SCPPA Executive Director will research possible impacts of this refunding related to the Hoover Bill and report his findings to the Committee next meeting.

4. STS 2001 Series A

PFM updated the Committee on the proposed liquidity facility. The Committee recommended forwarding to the Board a Resolution approving the Standby Purchase Agreement and the Remarketing Memorandum.

5. Moody's New Financial Metrics

PFM discussed Moody's proposed changes to their public power rating criteria to which Moody's has requested comments by mid-August. The Committee decided to have PFM complete the written response for final approval by the SCPPA Executive Director.

6. Market and VRDO Update

The Committee received a market and VRDO status report from PFM. The reset rates for the Dexia backed STS 2001 facility remain an issue due to the Dexia downgrade. SCPPA expects to replace Dexia next month.

7. Unsolicited Proposals

The Committee reviewed unsolicited proposals that have been received from Citi, Morgan Stanley and Ramirez. The Committee recommended forwarding to the Board two resolutions authorizing the working group to prepare documents and other authorizing actions in connection with the forward refunding of the STS 2002 Series A and Magnolia 2003-1 Series A bonds.

8. Financial Advisory RFP

The Committee discussed the RFP for Financial Advisory Services sent out on June 8, 2011. The Committee decided to make a recommendation to the Board that SCPPA continue with PFM as its Financial Advisor. A three-year contract with a three-year extension will be recommended. Shari Thomas (Pasadena) was present, but did not vote.

**THE NEXT REGULARLY SCHEDULED FINANCE COMMITTEE MEETING
WILL BE HELD MONDAY, SEPTEMBER 12, 2011, AT 10:30 A.M. AT THE SCPPA OFFICE.**