

#### FINANCE COMMITTEE MEETING

November 4, 2024

### 1. Annual Disclosure Training



Financial institutions
Energy
Infrastructure, mining and commodities
Transport
Technology and innovation
Life sciences and healthcare



# Southern California Public Power Authority: Disclosure Responsibilities Under the Federal Securities Laws

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#### FEDERAL SECURITIES LAWS

**■** SECURITIES ACT OF 1933

■ SECURITIES EXCHANGE ACT OF 1934

#### **SECURITIES ACT OF 1933**

'33 Act has two substantive provisions:

- ✓ registration requirement
- ✓ anti-fraud rules

Municipal securities are exempt from the registration requirement (and related line-item disclosure requirements) but are subject to the anti-fraud provisions.

#### **SECURITIES ACT OF 1933**

#### SECTION 17(a) OF THE SECURITIES ACT OF 1933

- (a) It shall be unlawful for any person in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce by the use of the mails, directly or indirectly
  - (1) to employ any device, scheme, or artifice to defraud, or
- (2) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or
- (3) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

#### **SECURITIES ACT OF 1933**

- Negligent, reckless or willful conduct can trigger liability under Section 17(a)
- ➤ No need to have intent to defraud to violate Section 17(a)
- ➤ Violations of Section 17(a) are enforced by the SEC but there is no private right of action

#### SECURITIES EXCHANGE ACT OF 1934

- √ '34 Act created ongoing disclosure requirements for publicly traded companies (Form 10-K, Form 10-Q, Form 8-K, etc.)
- Regulates broker-dealers and securities exchanges
- ✓ Includes Section 10(b) anti-fraud provisions applicable to municipal securities
- Foundational law that created the SEC

#### SEC RULE 10b-5

- SEC Rule 10b-5 was adopted in 1942 to implement Section 10(b) of the '34 Act
- Prohibits misstatements of material fact or misleading omissions of material fact in connection with offer, purchase or sale of securities
- Primary anti-fraud regulation used by the SEC
- Violations of Rule 10b-5 can create a private right of action

#### SEC RULE 10b-5

"It shall be unlawful for any person ...

- a) To employ any device, scheme or artifice to defraud,
- b) To make any untrue statement of a *material* fact or to omit to state a *material* fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading ..."
  - → No material misstatements
  - → No materially misleading omissions

#### Levels of Potential Liability Under Anti-Fraud Rules

- Negligence (Section 17(a))
- Recklessness (Section 17(a) or Rule 10b-5)
- Willful violation/intent to defraud (aka "scienter") (Section 17(a) or Rule 10b-5)
- Does it matter in an SEC enforcement action if no specific monetary harm to investors can be demonstrated?

No. One of the SEC's purposes is to maintain fair, orderly and efficient markets and (unlike private litigants) the SEC is not required to allege harm with respect to disclosure violations.

#### SECURITIES AND EXCHANGE COMMISSION

- □ SEC is the Primary Securities Regulatory and Enforcement Agency in the US
- □ Focus is Civil Enforcement (Criminal Enforcement is Handled by US Department of Justice)
- Broad Statutory Powers to Regulate Underwriters and Securities Markets and Enforce Federal Securities Laws
- Staffed by Attorneys, Accountants and Other Specialists
- SEC's Jurisdiction Includes Municipal Securities Market

#### SEC ENFORCEMENT TOOLS

- Investigations, Reports and Rulemaking
- Cease and Desist Orders
- Disgorgement Orders
- Civil Fines and Penalties
- Injunctions
- Civil Actions in Federal Court

#### SEC AND THE MUNICIPAL SECURITIES MARKET

Munis are a special case; historically less regulated

'33 Act and '34 Act both contain broad exemptions for municipal securities

■ Anti-fraud provisions of Section 17(a) of '33 Act and Section 10(b) of '34 Act still are applicable

#### SEC AND THE MUNICIPAL SECURITIES MARKET

#### 1975 Amendments to '34 Act

- Required SEC registration of municipal underwriters
- Established limited regulatory regime for municipal securities market
- Created Municipal Securities Rulemaking Board (MSRB)

#### SEC AND THE MUNICIPAL SECURITIES MARKET

1975 Amendments included the Tower Amendment

- Prohibits SEC and MSRB from requiring municipal issuers to file Official Statement or prospectus prior to sale of securities
- So, for municipal securities the SEC largely relies on
  - (i) express authority to regulate municipal securities dealers (not issuers),
  - (ii) its oversight of the MSRB (which regulates municipal securities dealers but not issuers) and
  - (iii) enforcement authority under anti-fraud provisions of the '33 Act and '34 Act

#### SEC PUBLIC FINANCE ABUSE UNIT

Created in 2010 to address municipal securities market abuse

Staffed by attorneys and non-attorney public finance specialists working in tandem with SEC Office of Municipal Securities

 Demonstrates that the municipal securities market is an enforcement priority

#### SEC ENFORCEMENT PRIORITIES

Core organizing principal is investor protection

Additional priority is **protection of municipal issuers** (particularly small, infrequent issuers) from abuses by municipal advisors and underwriters

## SEC REPORT OF INVESTIGATION OF ORANGE COUNTY BANKRUPTCY

#### Background

- OC Treasurer pursued highly leveraged and risky investment strategy for County Investment Pools
- strategy included six issuances of taxable notes to invest in Pools, aggregating \$1.3 billion
- Fed raised rates that year causing value of investments to plummet
- on December 6, 1994 OC became the largest municipality at the time ever to file for bankruptcy
- SEC investigated OS disclosures for the six taxable note deals and issued its Report of Investigation

## SEC REPORT OF INVESTIGATION OF ORANGE COUNTY BANKRUPTCY

- Report of Investigation noted that the County Board of Supervisors:
  - approved the draft POS for all six note issues on the consent calendar without deliberation
  - ✓ failed to read any portion of the draft POS's
  - ✓ did not understand the investment strategy behind the note issues or the risks of that strategy
  - ✓ failed to question County officials or employees, Bond Counsel, Disclosure Counsel or its Financial Advisor about the investment strategy or about POS disclosure generally

## SEC REPORT OF INVESTIGATION OF ORANGE COUNTY BANKRUPTCY

- Report of Investigation made the following findings:
  - ✓ Board members should have investigated and ensured adequate disclosure of County finances
  - ✓ Board members cannot rely on the County's professional advisors for accurate disclosure of information within their knowledge (such as budget pressures)
  - ✓ Board members cannot authorize securities disclosure known to be false or in reckless disregard of the facts
  - ✓ failure to read, discuss, question and understand draft POS disclosure while formally approving such disclosure was reckless

### Materiality and Total Mix of Information; Forward-Looking Statements—Dauphin County General Authority (2004)

- What happened? Dauphin County General Authority (Pennsylvania) issued bonds to finance acquisition of an office building. PennDOT was the primary tenant in this building. PennDOT was planning to vacate the space but this specific fact was not disclosed to investors – only a general statement that PennDOTs lease expired before the maturity date of the bonds and that they were not required to renew their lease.
- What did the SEC do? Alleged there were material misstatements and omissions in the offering document because specific fact that PennDOT was leaving was not disclosed – only general cautionary language – even though that general cautionary language was in BOLD TYPE.

## Misstatements/Omissions Not Limited to Preliminary or Final Official Statements—City of Harrisburg, PA (2013)

- What happened? City of Harrisburg guaranteed \$260 million of Bonds issued to finance a resource recovery facility, putting serious strain on its finances. From 2009 to 2011, Harrisburg failed to produce audited financials. Harrisburg's financial condition worsened, it failed to pay debt service on its GO Bonds and finally came under State receivership.
- What did the SEC do? For the first time, SEC charged a municipality for misleading statements made outside of its securities disclosure documents, finding false and misleading statements in budget reports, interim financials and the Mayor's "State of the City" speech.

## Misstatements/Omissions Not Limited to Preliminary or Final Official Statements—City of Harrisburg, PA (2013)

- Harrisburg's ongoing failure to file audited financials raised the importance of other statements made to the market on the City's website –including speeches of the Mayor – that were not prepared in connection with the issuance of bonds. This website information was unduly positive.
- In its Report of Investigation, the SEC stated "Statements that are reasonably expected to reach the securities markets, even if not prepared for that purpose, cannot be materially misleading."

- Anti-fraud rules apply not only at initial issuance but also in secondary market transactions
- Scrutiny on issuer statements "reasonably expected to reach investors and trading markets"
- Post-issuance statements can reach investors in several ways
  - ✓ Public announcements
  - ✓ Press releases
  - ✓ Interviews with media representatives
  - ✓ Discussions with interested parties
  - Even information not published for securities disclosure purposes must observe anti-fraud rules

## Misstatements/Omissions Not Limited to Preliminary or Final Official Statements—City of South Miami, FL (2013)

- What happened? After issuance of bonds, subsequent City Finance Directors signed annual tax certifications that were inaccurate, resulting in misstatements in later bond offering regarding the tax-exempt status of both bond offerings.
- What did the SEC do? Charged South Miami with securities fraud for not disclosing its failure to maintain the tax-exempt status of its Bonds and required retention of independent thirdparty consultant to oversee its policies, procedures and practices related to continuing disclosure.
- Improper post-issuance continuing disclosure can lead to securities fraud liability

## Control Person Liability for Municipal Officials—City of Allen Park, MI (2014)

- What happened? In Allen Park, the Mayor championed a movie studio project that had been substantially reduced in scope by the time bonds went to market. The Mayor appointed the City Administrator who reported daily to the Mayor. The City Administrator largely handled the bond offering process with outside advisors. The OS failed to describe the reduced scope of the project and the bonds went into default.
- What did the SEC do? SEC for the first time imposed "control person" liability on a municipal official under Section 20(a) of the '34 Act, which provides that a control person may be held liable for the securities law violations of the persons over whom he or she exercises control. (Remember Orange County Board of Supervisors example).

## Control Person Liability for Municipal Officials—City of Allen Park, MI (2014)

- SEC focused on the Mayor's status as a person of control within the governance of the City.
- SEC is not required to prove that control persons have knowledge of fraudulent activity. Participation in the fraud is unnecessary.
- Defense to liability if control person "acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action."
- The implementation of disclosure policies and procedures as well as training programs may help establish the "good faith" defense for issuer officials and staff in supervisory positions.

#### Proper Reliance on Professionals by Issuers

- City of Miami, FL (2003). Required elements:
  - (i) Did you make complete disclosure to the professional regarding the issue,
  - (ii) Did you explicitly seek professional advice as to the appropriateness of the conduct (mere participation in the transaction is not enough),
  - (iii) Did you receive advice that the conduct was appropriate, and
  - (iv) Did you rely on that advice in good faith.
- Allen Park, MI (2014). In response to concern by the judge that only issuer officials in this small town were charged in connection with disclosure failings, the SEC submitted an affidavit explaining why it had not charged Bond Counsel, the Underwriters or the Financial Advisor in connection with misstatements made in the offering document.
  - Financial Advisor drafted OS but was supplied with inaccurate information
  - Bond Counsel retained for the limited purpose of providing validity and tax opinion
  - Competitive bid so lower threshold of due diligence for Underwriters
  - No Disclosure Counsel

- In SEC's view, prior use of cease and desist orders and injunctions did not send strong enough message to municipal issuer officials and staff.
- No admission of guilt, no financial penalty, no individual culpability
- SEC enforcement action against City of San Diego resulted in first ever financial penalties against municipal officials in 2010 (\$25,000 penalty each against former City Manager, former Auditor & Comptroller and former Deputy City Manager for Finance; \$5,000 penalty against former City Treasurer)

- SEC continues to impose civil penalties against municipal officials.
  - City of Harvey, IL (2013): \$10,000 penalty against sitting Mayor; \$30,000 (plus \$187,115 disgorgement and interest) against former Comptroller.
  - City of Allen Park, MI (2015): \$10,000 penalty against former Mayor.
  - Westlands Water District (2016): \$50,000 penalty against General Manager/General Counsel; \$20,000 penalty against former Assistant General Manager.
  - United Neighborhood Organization of Chicago (2017): \$10,000 penalty against former CEO.
  - Rhode Island Commerce Corporation (2017): \$25,000 penalty against former Executive Director; \$25,000 penalty against former Deputy Director.
  - **Beaumont Financing Authority (2017)**: \$37,500 penalty against Executive Director.
  - Montebello Unified School District (2019): \$10,000 penalty against Superintendent of Schools.
  - Tri-Valley Learning Corporation (2020): \$20,000 penalty against CEO; \$15,000 penalty against Director of Finance.
  - > Park View School, Inc. (2020): \$30,000 penalty against former President
  - Rochester City School District (2022): \$25,000 penalty against former CFO.
  - Crosby Independent School District (2022): \$30,000 penalty against former CFO.
  - Town of Sterlington, LA (2023): \$35,000 penalty against former Mayor.

- SEC is increasingly focused on individual conduct making it important to have an understanding of what the federal securities laws actually prohibit and what actions can trigger liability.
- Traditional enforcement tools of cease and desist orders and injunctions are now routinely supplemental with financial penalties against municipal issuers and issuer officials
- SEC continues to require issuers to adopt policies and procedures as a condition to settlement of enforcement actions, as well as requiring the retention of independent third-party consultants to oversee compliance.

#### **KEY TAKEAWAYS**

- Remember that securities law violations can arise from mere negligence with no intent to deceive.
- SEC has made the municipal securities market an enforcement priority
- Anti-fraud rules apply not only at initial issuance of bonds but also in connection with post-issuance secondary market transactions
- Reliance on outside professionals is a valid defense only is such reliance is reasonable. Generally, outside counsel and advisors are not required to conduct an independent investigation of facts within an issuer's purview. Instead, they assist and advise based on the facts that that the issuer communicates to them.
- SEC increasingly is focused on culpability of individuals, with control person liability and personal fines and penalties

## NORTON ROSE FULBRIGHT

### 7. Underwriter Pool



### Request for Underwriter Qualifications (RFQ)

- ▶ RFQ issued on August 8<sup>th</sup>, response deadline of September 5<sup>th</sup>
- RFQ sent to 37 firms and 24 proposals received
- Evaluation team 4 Member representatives and SCPPA staff
- Evaluation criteria
  - Firm's qualifications and experience
  - Qualifications of key personnel
  - Transaction pricing
  - Credit support capabilities
  - Other capabilities
  - Financing ideas Senior Manager proposals only



# Proposed Underwriter Pool

# Senior Managers

- Barclays
- BofA Securities
- Goldman Sachs
- J.P. Morgan
- PNC Capital Markets
- RBC Capital Markets
- Siebert Williams Shank
- TD Securities
- Truist Securities
- Wells Fargo

# **Co-Managers**

- Cabrera Capital Markets
- Jefferies
- Loop Capital Markets
- Ramirez
- Raymond James
- Stern Brothers



# Recommendation

Approval of the proposed Senior and Co-Manager Underwriter Pool

- Underwriting assignments will be established at the time of each transaction
- SCPPA does not guarantee firms in the pool will participate in transactions
- SCPPA reserves the right to select firms not in the pool, if in the best interests of SCPPA's members
- SCPPA Board will be informed of the new pool







# Southern California Public Power Authority

**November 2024 Finance Committee Materials** 



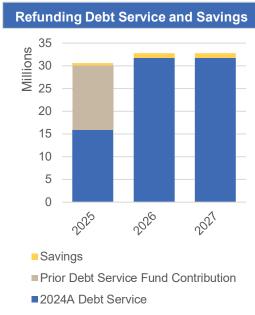
# 8. Southern Transmission Project Refunding Revenue Bonds



#### **Current Refunding Results**

 At current rates, refunding the 2015C bonds achieves just over \$1.0 million in cashflow savings in 2026 and 2027

Sources & Uses								
Sources								
Par Amount	\$73,280,000							
Premium	\$2,934,131							
Prior Bond Funds	\$14,195,000							
Total	\$90,409,131							
Uses								
Escrow	\$89,746,668							
Cost of Issuance	\$442,623							
UW's Discount	\$219,840							
Total	\$90,409,131							



Statistics								
Refunding Bond Statistics								
Dated date	1/23/2025							
Last Maturity	7/1/2027							
All-in TIC	2.76%							
Coupon range	5.00%							
Average life (yrs)	1.66							
Refunded Bond Statistics								
Par amount of refunded bonds	\$89,480,000							
Coupon range of refunded bonds	4.00% - 5.00%							
Average life (yrs)	1.47							
Savings Statistics								
Net PV savings	\$2,289,199							
Savings as a % of refunded bonds	2.56%							

		Participant Shares						
Date Cashflow Savings		LADWP	City of Anaheim	City of Riverside	City of Pasadena	City of Burbank	City of Glendale	
	<b>J</b> urings	59.534%	17.647%	10.164%	5.883%	4.498%	2.274%	
7/1/2025	459,065	273,300	81,011	46,659	27,007	20,649	10,439	
7/1/2026	1,043,400	621,178	184,129	106,051	61,383	46,932	23,727	
7/1/2027	1,042,250	620,493	183,926	105,934	61,316	46,880	23,701	
Total	2,544,715	1,514,971	449,066	258,645	149,706	114,461	57,867	



## **Proposed Schedule**

September								
S	M	Т	W	Т	F	S	S	١
1	2	3	4	5	6	7		Г
8	9	10	11	12	13	14	6	Г
15	16	17	18	19	20	21	13	•
22	23	24	25	26	27	28	20	2
29	30						27	2

October								
S	M T W T F							
		1	2	3	4	5		
6	7	8	9	10	11	12		
13	14	15	16	17	18	19		
20	21	22	23	24	25	26		
27	28	29	30	31				

November								
S M T W T F S								
					1	2		
3	4	5	6	7	8	9		
10	11	12	13	14	15	16		
17	18	19	20	21	22	23		
24	25	26	27	28	29	30		

December								
S	S M T W T F S							
1	2	3	4	5	6	7		
8	9	10	11	12	13	14		
15	16	17	18	19	20	21		
22	23	24	25	26	27	28		
29	30	31						

	January								
S	M	T	W	T	F	S			
			1	2	3	4			
5	6	7	8	9	10	11			
12	13	14	15	16	17	18			
19	20	21	22	23	24	25			
26	27	28	29						

Timing	Activity
Mid-October	First drafts of documents circulated
Week of November 18 <sup>th</sup>	Share documents with rating agencies
December 2 <sup>nd</sup> , 2024	Finance Committee Recommendation
Week of December 16 <sup>th</sup>	Receive ratings
December 19th, 2024	SCPPA Board Approval
January 2 <sup>nd</sup> , 2025	Post NOS and POS
January 8 <sup>th</sup> , 2025	Competitive Sale
January 23 <sup>rd</sup> , 2025	• Closing



# 9. Market and Variable Rate Demand Obligation (VRDO) Update



#### Market Overview Since October 7th

Date	DJIA	10-Yr BVAL	10-Yr Tsy	30-Yr BVAL	30-Yr Tsy
7-Oct	41,954	2.65%	4.03%	3.57%	4.30%
18-Oct	43,276	2.72%	4.08%	3.59%	4.38%
Δ	1,322	0.07%	0.05%	0.02%	0.08%

- Data releases in the first half of October continued to demonstrate the resilience of the US economy, encouraging more market participants to forecast a 25 bps November rate cut over a 50 bps cut.
  - September inflation came in at 2.4%, slightly above market expectations of 2.3%.
  - Unemployment released on 10/10 was significantly higher than expectations, partially boosted by ongoing strikes at Boeing and the impacts of Hurricane Helene. However, the following week unemployment claims unexpectedly fell 19,000 to 241,000 (seasonally adjusted).
  - Market sentiment was affirmed by comments from Fed President Bostic, who said in an interview he was open to cutting Fed Funds by 25 bps or leaving as is at the next meeting.

Date	DJIA	10-Yr BVAL	10-Yr Tsy	30-Yr BVAL	30-Yr Tsy
18-Oct	43,276	2.72%	4.08%	3.59%	4.38%
23-Oct	42,515	3.02%	4.24%	3.90%	4.51%
Δ	-761	0.30%	0.16%	0.31%	0.13%

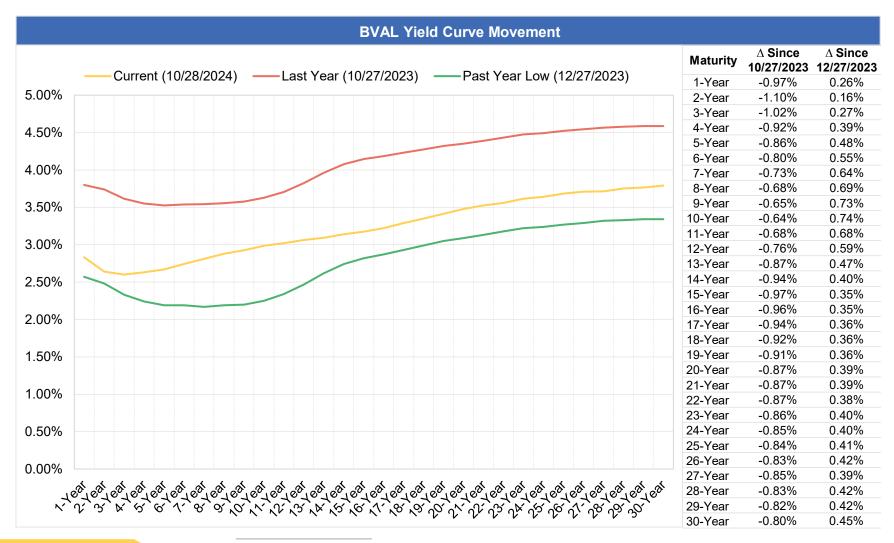
- Muni rates experienced a hard correction early the week of 10/21, with rates increasing by 14 to 32 bps over 3 days.
- Increased predictions of a Trump presidency and therefore expansionary fiscal policy also pushed rates higher.

Date	DJIA	10-Yr BVAL	10-Yr Tsy	30-Yr BVAL	30-Yr Tsy
23-Oct	42,515	3.02%	4.24%	3.90%	4.51%
30-Oct	42,142	3.03%	4.29%	3.82%	4.49%
Δ	-373	0.01%	0.05%	(0.08%)	(0.02%)

- By the end of October, traders had already priced in a 25 bps November rate cut. Mixed economic data releases at the end of the month did not provide a strong or consistent message.
  - QoQ GDP expanded 2.8%, below expectations of 3%, while QoQ Core PCE beat expectations at 2.2% vs. 2.1%.



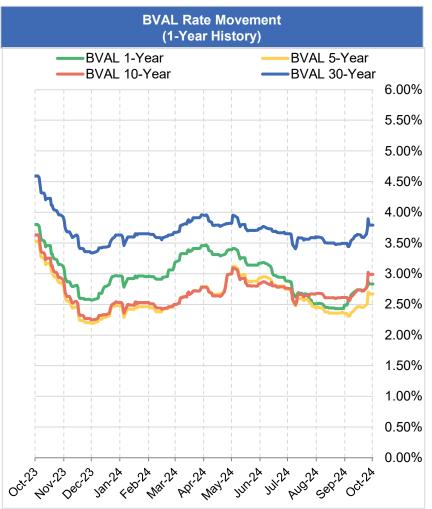
#### **Recent BVAL Yield Curve Movement**





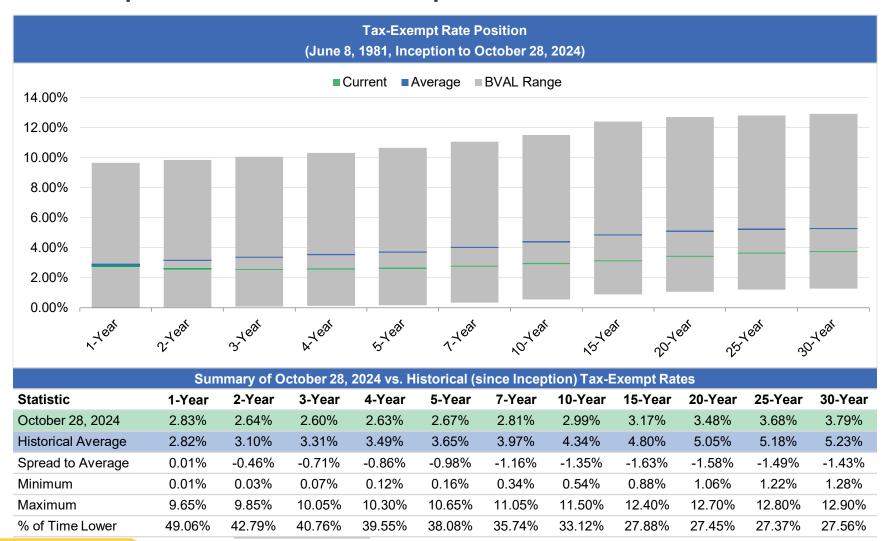
#### **U.S. Treasury & BVAL Rate Movement**







#### **Tax-Exempt Rate Position Since Inception**





#### **Interest Rate Forecasts**

Market participants still largely anticipate two rate cuts over the course of the quarter. Fed Funds
rate expectations have remained virtually the same since last finance committee meeting.

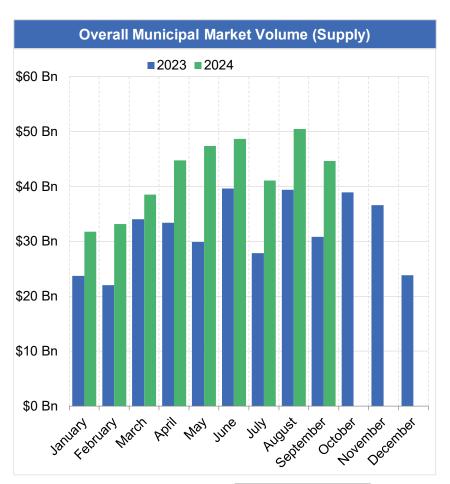
The Street's Interest Rate Forecast (As of October 28, 2024)										
Average Forecasts	Current	Q4 24	Q3 Δ vs. Current	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26
30-Year UST	4.51%	4.15%	-0.36%	4.10%	4.05%	4.03%	3.99%	4.00%	4.00%	3.99%
10-Year UST	4.26%	3.89%	-0.37%	3.80%	3.76%	3.74%	3.72%	3.66%	3.64%	3.63%
2-Year UST	4.12%	3.68%	-0.44%	3.52%	3.37%	3.26%	3.17%	3.08%	3.07%	3.06%
3M Term SOFR	4.59%	4.35%	-0.24%	3.95%	3.59%	3.37%	3.20%	3.14%	3.09%	3.05%
Fed Funds Target Rate (Lower)	4.75%	4.23%	-0.52%	3.81%	3.45%	3.21%	3.05%	2.92%	2.90%	2.88%
Fed Funds Δ Since October FC Meeting	0.00%	0.01%		0.02%	0.01%	0.01%	-0.03%	0.00%	0.04%	0.06%

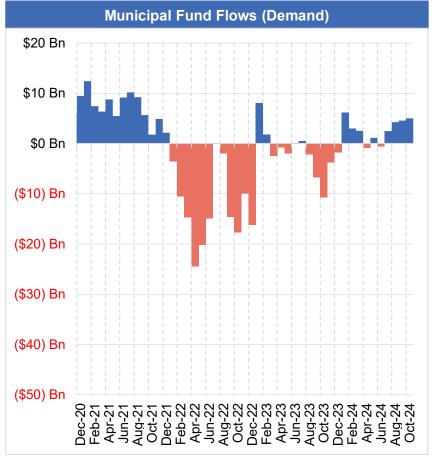
Source: Bloomberg



#### **Municipal Market Supply & Demand**

• Municipal funds experienced net inflows for the month of October. New issuance volume was up 44.8% year-over-year in September, and year-to-date new issuance volume was 35.6% higher than 2023 issuance through September.

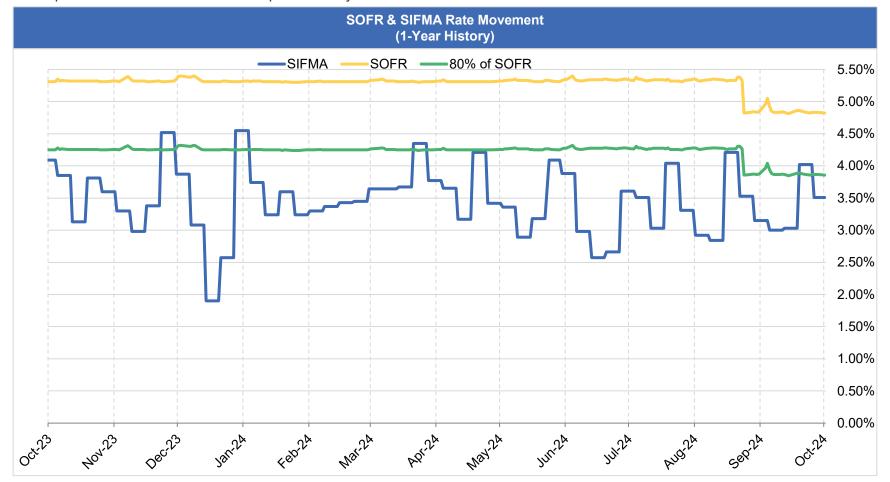






#### **SOFR & SIFMA Rate Movement**

•SIFMA fluctuated in October within 3.15% and 4.02%. SOFR dropped slightly to 4.82% following the 50 bps Fed rate cut at the September FOMC and for the most part has stayed around that level since.





## **Magnolia – October Variable-Rate Resets**

Magnolia Power Project A, Refunding Revenue Bonds, 2020-3								
Variable Rate Daily Resets – October 2024								
10/01/2024	2.00% – 115 bps vs. SIFMA Approximate Net Cost 1.981%	10/09/2024	2.00% - 103 bps vs. SIFMA Approximate Net Cost 2.101%	10/18/2024	3.40% – 62 bps vs. SIFMA Approximate Net Cost 2.511%	10/28/2024	2.95% – 56 bps vs. SIFMA Approximate Net Cost 2.571%	
10/02/2024	1.45% - 155 bps vs. SIFMA Approximate Net Cost 1.581%	10/10/2024	2.80% - 23 bps vs. SIFMA Approximate Net Cost 2.901%	10/21/2024	3.10% – 92 bps vs. SIFMA Approximate Net Cost 2.211%	10/29/2024	2.70% – 81 bps vs. SIFMA Approximate Net Cost 2.321%	
10/03/2024	1.15% - 185 bps vs. SIFMA Approximate Net Cost 1.281%	10/11/2024	3.60% + 57 bps vs. SIFMA Approximate Net Cost 3.701%	10/22/2024	2.70% - 132 bps vs. SIFMA Approximate Net Cost 1.811%	10/30/2024	3.15% – 9 bps vs. SIFMA Approximate Net Cost 3.041%	
10/04/2024	1.10% - 190 bps vs. SIFMA Approximate Net Cost 1.231%	10/15/2024	3.65% + 62 bps vs. SIFMA Approximate Net Cost 3.751%	10/23/2024	2.30% – 121 bps vs. SIFMA Approximate Net Cost 1.921%	10/31/2024	3.40% + 16 bps vs. SIFMA Approximate Net Cost 3.291%	
10/07/2024	1.00% - 200 bps vs. SIFMA Approximate Net Cost 1.131%	10/16/2024	3.25% - 77 bps vs. SIFMA Approximate Net Cost 2.361%	10/24/2024	2.78% – 73 bps vs. SIFMA Approximate Net Cost 2.401%			
10/08/2024	1.30% – 170 bps vs. SIFMA Approximate Net Cost 1.431%	10/17/2024	3.10% - 92 bps vs. SIFMA Approximate Net Cost 2.211%	10/25/2024	3.20% - 31 bps vs. SIFMA Approximate Net Cost 2.821%			



#### **Linden – October Variable-Rate Resets**

Linden Wind Energy Project, Refunding Revenue Bonds, 2024 Series A								
Variable Rate Daily Resets – October 2024								
10/01/2024	2.00% - 115 bps vs. SIFMA	10/09/2024	1.50% - 153 bps vs. SIFMA	10/18/2024	3.00% - 102 bps vs. SIFMA	10/28/2024	3.10% - 41 bps vs. SIFMA	
10/02/2024	1.40% - 160 bps vs. SIFMA	10/10/2024	2.20% - 83 bps vs. SIFMA	10/21/2024	3.25% - 77 bps vs. SIFMA	10/29/2024	2.70% - 81 bps vs. SIFMA	
10/03/2024	1.15% - 185 bps vs. SIFMA	10/11/2024	2.90% – 13 bps vs. SIFMA	10/22/2024	2.60% - 142 bps vs. SIFMA	10/30/2024	2.55% - 69 bps vs. SIFMA	
10/04/2024	0.95% - 205 bps vs. SIFMA	10/15/2024	3.30% + 27 bps vs. SIFMA	10/23/2024	2.25% - 126 bps vs. SIFMA	10/31/2024	3.10% – 14 bps vs. SIFMA	
10/07/2024	1.10% - 190 bps vs. SIFMA	10/16/2024	3.10% - 92 bps vs. SIFMA	10/24/2024	2.15% - 136 bps vs. SIFMA			
10/08/2024	1.10% - 190 bps vs. SIFMA	10/17/2024	2.70% - 132 bps vs. SIFMA	10/25/2024	2.70% 81 bps vs. SIFMA			

Source: EMMA, PFM/SCPPA



# **Canyon – Variable-Rate Resets**

	Canyon Power Pro	ject, Refunding Revenue B	onds, 2022 Series I	3
	1	Variable Rate Weekly Reset	S	
			Spread to 70% of	
Date	Reset	Spread to SIFMA	SOFR	Approximate Net Cost
06/06/2024	2.16%	-73 bps	-157 bps	1.54%
06/13/2024	2.66%	-52 bps	-106 bps	2.05%
06/20/2024	3.36%	-73 bps	-36 bps	2.75%
06/27/2024	3.26%	-62 bps	-48 bps	2.63%
07/04/2024	2.26%	-72 bps	-147 bps	1.64%
07/11/2024	1.96%	-61 bps	-178 bps	1.33%
07/18/2024	2.16%	-50 bps	-158 bps	1.53%
07/25/2024	3.26%	-35 bps	-49 bps	2.63%
08/01/2024	2.66%	-85 bps	-109 bps	2.03%
08/08/2024	2.27%	-76 bps	-147 bps	1.64%
08/15/2024	3.30%	-74 bps	-45 bps	2.67%
08/22/2024	2.57%	-74 bps	-115 bps	1.96%
08/29/2024	2.18%	-74 bps	-155 bps	1.56%
09/05/2024	2.11%	-73 bps	-164 bps	1.48%
09/12/2024	3.51%	-70 bps	-22 bps	2.89%
09/19/2024	2.76%	-77 bps	-61 bps	2.50%
09/26/2024	2.51%	-64 bps	-87 bps	2.24%
10/03/2024	2.21%	-79 bps	-119 bps	1.93%
10/10/2024	3.01%	-2 bps	-36 bps	2.75%
10/17/2024	2.58%	-144 bps	-81 bps	2.30%
10/24/2024	2.18%	-133 bps	-120 bps	1.91%
10/31/2024	2.03%	-121 bps	-134 bps	1.77%

Source: EMMA, PFM/SCPPA



### **SCPPA's Swap Portfolio**

Swap Valuations								
Project	Associated Bonds	SCPPA Pays	SCPPA Receives	Maturity Date	Initial Notional (most recent trade)	Bank Counterparty	Valuation	
MG	Series 2009	3.1390%	SIFMA Swap Index	7/1/2036	\$63,840,000	JPMorgan Chase Bank, N.A.	(\$539,356.36)	
MG	Series 2009	3.1250%	SIFMA Swap Index	7/1/2036	\$110,888,878	The Bank of New York Mellon	(\$706,460.88)	
MG	-	SIFMA Swap Index	80.4% of USD SOFR + 0.21033%	7/1/2036	\$100,000,000	Barclays Bank PLC	\$931,415.59	
MG	-	SIFMA Swap Index	81.0% of 3-Month Fallback SOFR*	7/1/2036	\$100,000,000	Royal Bank of Canada	\$758,404.76	
GP	Series 2007B	5.0475%	67% of 3 Month CME Term SOFR + 1.64528%	11/1/2035	\$36,000,000	J. Aron & Company	(\$3,165,163.57)	
CY	Series 2022B	3.1100%	70% of SOFR	7/1/2036	\$72,415,000	Goldman Sachs Bank USA	(\$74,280.00)	



# 10. Unsolicited Proposals



#### **Summary of Unsolicited Proposals Received**

- October 25, 2024, Wells Fargo:
  - Upcoming Refunding Opportunities: STS Subordinate 2015C Bonds, Canyon 2020A Bonds, Magnolia 2020-3 Bonds
  - Market Update

