

TO: Board of Directors
FROM: Michael S. Webster
SUBJECT: Finance Committee Report
DATE: October 1, 2018

A meeting of the Finance Committee was held on October 1, 2018 at the SCPPA office in Glendora.

Committee Members Present Were: Mario Ignacio (*LADWP*); Brian Beelner (*Anaheim*); Shari Thomas (*Pasadena*); Manny Robledo (*Azusa*); Aileen Ma (*Riverside*); Rebecca Gallegos (*Colton*); Bob Liu (*Burbank*); and Bill Fox (*Vernon*).

Others Participating Were: Victor Hsu and Stephen Cole (*Norton Rose Fulbright*); Mike Berwanger and Tyler Old (*Public Financial Management*); Matthew Curtis and Yolanda Pantig (*LADWP/SCPPA*); Michael S. Webster, Greg Broeking, Robert Duran, Katie Ellis, Rick Morillo, and Daniel Hashimi (*SCPPA*); Tim Hsu (*Glendale – Teleconference*); and Bernie DelaTorre (*Colton*).

The following are the business matters transacted by the Committee:

1. Opportunity for the Public to Address the Committee

No public comments were made.

2. Meeting Minutes

The Committee reviewed and approved the minutes for the September 10, 2018 Finance Committee meeting.

Moved By: Brian Beelner

Seconded By: Shari Thomas

Unanimously Approved

3. Investment Reports

The Committee reviewed the monthly Investment Report for the month ended August 31, 2018. The Committee will recommend forwarding the Report to the Board for receipt and filing.

Moved By: Shari Thomas

Seconded By: Bob Liu

Unanimously Approved

4. Project Quarterly Reports

The Committee reviewed the need, the method of presentation and the frequency of the Project Quarterly Reports. Waiting for the 6/30/18 year-end financial statements to provide quarterly summary reports. Will now be provided on a quarterly basis in lieu of detailed monthly reports.

5. Finance Committee Governance

The Committee received status on the action taken by the Board at its September meeting. Announcement was made that Mario Ignacio and Brian Beelner were voted in as Chair and Vice Chair, respectfully.

6. Fiscal Agency Agreement

The Committee received status on the draft of the Fiscal Agency Agreement. The agreement was approved by the Board. Awaiting approval by LADWP Board of Commissioners.

7. STS Refunding Update

The Committee received an update from PFM on the status of the issuances of refunding bonds to refund the STS 2008 Series A Bonds and most of the STS 2009 Series A Bonds.

8. Natural Gas Prepay RFP/RFI

The Committee received an update from PFM regarding the natural gas prepay banking and gas supply services RFP/RFI.

9. Suspension of SIFMA/LIBOR Basis Swap between the Authority and Barclays Bank PLC

The Committee received an update from PFM on the possible suspension of the SIFMA/LIBOR basis swap between the Authority and Barclays Bank PLC relating to the Magnolia Power Project. The Committee considered, among other things, the duration of any such suspension of the swap and the minimum amount of the upfront payment that would be made from Barclays Bank PLC to the Authority and decided that the minimum savings would be \$900,000.00 and the maximum duration of the suspension would be 5 years. The Committee considered forwarding to the Board a resolution authorizing the suspension of the swap.

Moved By: Shari Thomas

Seconded By: Brian Beelner

Unanimously Approved

10. Suspension of SIFMA/LIBOR Basis Swap between the Authority and Royal Bank of Canada

The Committee received an update from PFM on the possible suspension of the SIFMA/LIBOR basis swap between the Authority and Royal Bank of Canada relating to the Magnolia Power Project. The Committee considered, among other things, the duration of any such suspension of the swap and the minimum amount of the upfront payment that would be made from Royal Bank of Canada to the Authority and decided that the minimum savings would be \$900,000.00 and the maximum duration of the suspension would be 5 years. The Committee considered forwarding to the Board a resolution authorizing the suspension of the swap.

Moved By: Shari Thomas
Seconded By: Brian Beelner

Unanimously Approved

11. Pension and OPEB Funding Levels

The Committee discussed how to address the Board's directive on funding the shortfalls for pension and OPEB costs and may make recommendations to the Board on funding levels. Currently the pension funding level is approximately 78%. No action to be taken at this time. SCPA is currently in a "pay as you go" status for OPEB. No additional action needs to be taken at this time.

12. Annual Audit

The Committee was given an update on the status of the annual audit conducted by Moss Adams. A conference call will be held on October 5 at 8:30 A.M. with the audit sub-committee.

13. Market and VRDO Update

The Committee received a market and VRDO status report from PFM.

14. Unsolicited Proposals

The Committee reviewed unsolicited proposals that have been received from investment bankers. The Committee did not take any action with respect to such proposals.

15. Future Agenda Topics

The Committee members were given the opportunity to suggest topics for future Committee meetings.

The Authority upon request will provide reasonable accommodation to the disabled to ensure equal access to its meetings. To ensure availability, such request should be made 48 hours in advance by contacting the Authority at (626) 793-9364 during business hours.

**THE NEXT REGULARLY SCHEDULED
FINANCE COMMITTEE MEETING WILL BE NOVEMBER 5, 2018.**