



**TO:** Board of Directors  
**FROM:** Bill D. Carnahan  
**SUBJECT:** Finance Committee Report  
**DATE:** March 4, 2013

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A meeting of the Finance Committee was held on March 4, 2013, at the SCPPA office in Glendora.

**Committee members present were:** Ed Zacherl (*Anaheim*); Bob Liu (*Burbank*); Eric Campbell (*Glendale*); Mario Ignacio (*LADWP*); Tunji Adedeji (*Pasadena*); Laura Nomura (*Riverside*); Bill Fox (*Vernon*).

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

**1. Investment Report**

The Committee reviewed the Investment Report for the month ended January 31, 2013. The Committee recommended forwarding the report to the Board for receipt and filing.

**2. Financial Statements**

The Committee reviewed the Quarterly Financial Statements for the quarter ended December 31, 2012. The Committee recommended forwarding the report to the Board for receipt and filing.

**3. Multiple Project Revenue Bonds**

The discussion regarding the transfer of the moneys in the Multiple Project Proceeds Account was tabled until the next Finance Committee meeting.

**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. Negotiations are progressing, with the final closing expected in May, 2013.

## **5. STS Project 2001 Series Bonds**

PFM updated the Committee on the recent Underwriter RFP issued regarding the fixed rate refinancing of the 2001 series bonds. PFM provided an update on discussion with UBS on the swap termination valuation.

The summary rankings of the RFP respondents and categories are as follows: Citi and Barclays were highly ranked in all four rating categories of Coverage, Quality of Response, Price Thoughts and Cost. Wells Fargo and Morgan Stanley were rated slightly lower than the aforementioned in the same categories. Bank of America\Merrill Lynch and Ramirez were generally rated lower than the other respondents. The Committee recommended Citi as the Senior and Barclays as Co-Manager, subject to confirmation of certain information on the Citi proposal.

Discussions with UBS on the swap termination valuation related to the STS Series 2001 are ongoing.

The Committee recommended forwarding to the Board a Resolution authorizing the working group initiate work on the refunding of the STS Series 2001 Bonds.

The Committee decided to have PFM initiate discussions with Wells Fargo on a Direct Purchase transaction related to the STS Series 2000 Bonds.

## **6. 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.

## **7. Unsolicited Proposals**

The Committee reviewed unsolicited proposals from JP Morgan and Goldman Sachs. The Committee took no action with respect to such proposals.

## **8. Dodd-Frank Consultant**

The Director of Finance discussed a recommendation from a joint work group comprised of the Risk Management and Resource Planning Committees to engage a Dodd-Frank consultant. The Committee accepted the recommendation from the work group to hire a combination of The Willis Group and the Law Offices of Jeremy Weinstein. The Committee recommended forwarding a resolution to the Board authorizing the engagement of Willis Group and Jeremy Weinstein.

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**THE NEXT REGULARLY SCHEDULED  
FINANCE COMMITTEE MEETING WILL BE ON APRIL 1, 2013.**