



**TO:** Board of Directors  
**FROM:** Bill D. Carnahan  
**SUBJECT:** Finance Committee Report  
**DATE:** October 7, 2013

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A meeting of the Finance Committee was held on October 7, 2013, at the SCPPA office in Glendora.

**Committee members present were:** Russell Dowell (*Anaheim*); Bob Liu (*Burbank*); Rebecca Gallegos (*Colton*); Shari Thomas (*Pasadena*); Laura Nomura (*Riverside*); Mario Ignacio (*LADWP*); Bill Fox (*Vernon*), Steve Lins (*Glendale*) and Sondra Ainsworth (*IID-via teleconference*).

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

The following matters are the business transacted by the Committee:

**1. Investment Report**

The Committee reviewed the Investment Report for the month ended August 30, 2013. The Committee recommended forwarding the report to the Board for receipt and filing.

**2. Project Budget Comparison Reports**

The Committee reviewed the Project Budget Comparison Reports for the quarter ended June 30, 2013. The Committee recommended forwarding the reports to the Board for receipt and filing.

**3. Gas Prepay Project Restructuring**

PFM (Public Financial Management) updated the Committee on the closing of the debt restructuring. The Consent Solicitation that ended on September 13<sup>th</sup> achieved a 57.74% approval from the bondholders. As expected, the bonds are now rated A3/A-/A. SCPPA participants will be receiving a payment of \$3.4MM. A decision on revising the 2013-2014 Budget for the Project will be made at a later date.

**4. Market and VRDO Update**

The Committee received a market and VRDO status report from PFM. All variable resets are at all-time low levels.

**5. Unsolicited Proposals**

The Committee reviewed an unsolicited proposal from Morgan Stanley. The Committee took no action with respect to such proposal.

**6. Apex Project**

Mario Ignacio (LADWP) updated the Committee regarding the selection of the underwriting team for upcoming bond financing. Goldman Sachs was chosen as the Sr. Underwriter with Ramirez as the Co-Sr. Underwriter. Barclays, RBC and BAML will operate as Co-Managers on the transaction.

**7. Green House Gas Allowance Credits**

The Committee discussed the accounting treatment for value of Green House Gas Allowance Credits. The Committee decided to request an official opinion letter from Moss Adams, the SCPPA Financial Auditor, for the treatment to be followed by all SCPPA members.

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**THE NEXT REGULARLY SCHEDULED  
FINANCE COMMITTEE MEETING WILL BE NOVEMBER 4, 2013.**