



## **M-S-R Public Power Agency**

### **SPECIAL MEETING OF THE FINANCIAL MANAGEMENT COMMITTEE**

Wednesday, January 20, 2016 4:00 PM

#### **TELEPHONIC MEETING LOCATIONS:**

Modesto Irrigation District  
1231 Eleventh Street  
Modesto, CA 95354

City of Santa Clara – Electric Department  
1500 Warburton Avenue  
Santa Clara, CA 95050

City of Redding – Electric Utility  
777 Cypress Street  
Redding, CA 96001

Dial-in: 877-402-9757

Access Code: 3325500

### **AGENDA**

Any member of the public who desires to address the Committee on any item considered by the Committee at this meeting before or during the Committee's consideration of that item shall so advise the Chair and shall thereupon be given an opportunity to do so.

1. Call to Order
2. Roll Call
3. *Approval of Minutes of April 22, 2015* (attached)
4. *Discussion and Possible Action Regarding Amendment to Agreement for Financial Advisory Services With Montague DeRose and Associates* (attached, Martin Hopper)
5. *Discussion and Possible Action Regarding Review of Schedule for Developing Recommendations for Use of SWTP Sales Proceeds* (attached, Martin Hopper)
6. Public Comment
7. *Confirm date and time of next meeting*
8. Adjourn

ALTERNATE FORMATS OF THIS AGENDA WILL BE MADE AVAILABLE UPON REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES.



**M-S-R PUBLIC POWER AGENCY**

**DRAFT MINUTES**

**SPECIAL MEETING OF THE  
FINANCIAL MANAGEMENT COMMITTEE  
APRIL 22, 2015**

The Financial Management Committee of the M-S-R Public Power Agency (M-S-R PPA) met for a Special Meeting on April 22, 2015, at the offices of Navigant Consulting, Inc. (NCI), 35 Iron Point Circle, Suite 225, Folsom, CA, 95630. Present from Modesto Irrigation District (MID) was Scott Van Vuren; present from Santa Clara was Jan Pepper; and present from Redding was Mark Haddad. Also present were Consultant Alan Hockenson; General Counsel Steve Gross (part of meeting); and General Manager Martin R. Hopper.

Mr. Hopper acted as chairperson and called the meeting to order at 9:35 AM. A quorum was attained with the Member representatives being Mr. van Vuren, Ms. Pepper, and Mr. Haddad.

The Committee then considered approval of the draft minutes of its meeting of November 19, 2014. It was moved by representative Haddad and seconded by representative Pepper to approve the minutes. The motion carried unanimously.

The Committee then retired into Closed Session pursuant to Government Code Section 54956.8 – Conference with Real Property Negotiator, Property: Transmission facilities and entitlement connecting the Westwing Substation, 11400 W Hatfield Road, Peoria, Arizona, to the midpoint of the Victorville-Lugo transmission line, Agency Negotiator: Martin R. Hopper and/or Steven C. Gross, Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of

payment); at 9:37 A.M. Upon the conclusion of the Closed Session at 11:38 A.M., the Chair then reported for the record, pursuant to the Government Code, that the Commission had taken no actions which require public disclosure at this time.

The Chair then called for Public Comment. There being none, the Chair announced that the next regular meeting of this committee will be Wednesday, May 4, 2016, at 1:00 PM and that special meetings will be called on an emergent basis as may be required. The meeting was then adjourned by Mr. Hopper at 11:40 A.M.

Respectfully Submitted,

Martin R. Hopper  
General Manager



**M-S-R Public Power Agency  
Staff Report**

**Date:** January 16, 2016  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** Approval of Amendment Number 1 To Agreement With Montague DeRose and Associates LLC For Professional Financial Advisor Services

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On December 2, 2009, upon the recommendation of the Finance Committee and on the basis of a thorough competitive solicitation for Financial Advisory Services, the Commission approved an agreement with Montague DeRose and Associates LLC for a three-year term with three optional one-year extensions. The services provided by Montague DeRose and Associates LLC have met the Agency's requirements and the Financial Management Committee recommends renewing the contract on the same basis of its original terms. The proposed Amendment Number 1 To Agreement For Professional Financial Advisor Services By And Between M-S-R Public Power Agency And Montague DeRose And Associates, LLC resets the three-year term with three optional one-year extensions to start anew on January 1, 2016.

Issues to be addressed in the current year may include support of the financial aspects of the proposed dispositions related to the San Juan and Southwest Transmission Projects and recommendations regarding the highest and best use of payments received related to the same, response to inquiries by Rating Agencies, and general support for the activities of the Financial Management Committee and Agency management. The proposed amendment was reviewed by the Financial Management Committee on January 20, 2016.

I recommend the Commission approve the proposed Amendment Number 1 To Agreement For Professional Financial Advisor Services By And Between M-S-R Public Power Agency And Montague DeRose And Associates, LLC.

DRAFT

**AMENDMENT NUMBER 1**  
**TO**  
**AGREEMENT FOR**  
**PROFESSIONAL FINANCIAL ADVISOR SERVICES**  
**BY AND BETWEEN**  
**M-S-R PUBLIC POWER AGENCY**  
**AND**  
**MONTAGUE DEROSE AND ASSOCIATES, LLC**

This Amendment Number 1 to the Agreement for Professional Services ("Agreement"), by and between the M-S-R Public Power Agency ("M-S-R PPA") and MONTAGUE DEROSE AND ASSOCIATES, LLC ("Financial Advisor"), is made January 1, 2016 ("Effective Date") as follows:

**RECITALS**

A. WHEREAS, the term of the Agreement between Financial Advisor and M-S-R PPA, as previously renewed, expires December 31, 2015; and

B. WHEREAS, the parties desire to extend the term of the Agreement for a three-year period beginning on January 1, 2016 and continuing through December 31, 2018, and to provide for three optional one-year extensions in accordance with Section 3 of the Agreement, and keep all other provisions of the Agreement the same; and

C. WHEREAS Financial Advisor and M-S-R PPA desire to amend the Agreement to extend its term as desired by the parties.

**AGREEMENT**

NOW, THEREFORE, Financial Advisor and M-S-R PPA agree as follows:

1. Section 3.1 of the Agreement is hereby amended to read in its entirety as follows:

“Unless otherwise set forth in this Agreement or unless this paragraph is subsequently modified by a written amendment to the Agreement, the amended term of this Agreement shall commence as of January 1, 2016 and end

December 31, 2018 unless renewed as provided in Section 3.2 herein or terminated as provided in Sections 3.3 or 3.5 herein.”

2. Except as specifically amended by this Amendment Number 1, all terms and conditions of the Agreement shall remain unchanged and in full force and effect.

**MONTAGUE DEROSE & ASSOCIATES,  
LLC**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**M-S-R PUBLIC POWER AGENCY**

**By:** \_\_\_\_\_

**Name: Martin R. Hopper**

**Title: General Manager**



**M-S-R Public Power Agency  
Staff Report**

**Date:** January 16, 2016  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** Process for Developing Recommendations for Use of SWTP Sales Proceeds

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The Agency's proposed sale of Southwest Transmission Project assets to the Southern California Power Authority is now expected to close late in the second quarter of 2016. The General Manager has been working with the Agency's Financial Advisor and Bond Counsel to develop parameters for the use of such sales proceeds in conformance with the Agency's Bond Indentures and Tax Law. Drafts of such documents are expected to be available shortly. This Committee will be charged with developing recommendations to the M-S-R PPA Commission for the highest and best use of such proceeds as may best serve the individual needs of each Member.

I recommend the Committee develop a schedule for such meetings and workshops as may be necessary to develop recommendations for the highest and best uses of sales proceeds resulting from the divestiture of Southwest Transmission Project assets.