

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

July 11, 2011

Chair Grunfeld called the meeting to order at 9:00 a.m. in Committee Room 2-145 at Metropolitan's Headquarters.

Members present: Chair Grunfeld, Vice Chair Blake, Directors Barbre, De Jesus, Evans, Grandsen, Hawkins, Lewinger, Little, and Wunderlich.

Member absent: Director Heidel.

Other Board Members present: Directors Bowersox, Brick, Brown, Dick, Edwards, Griset, Morris, J. Murray, Peterson, Record, Steiner, and Wright.

Staff present: Bennion, Brooks, Dunn, Goldstein, J. Gonzales, Hernaez, Kightlinger, Man, Marumoto, Muir, Norris, Odwak, Riss, Scully, Soper, Sotoodeh, Upadhyay, Waade, and E. Young.

1. OPPORTUNITIES FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

None

2. APPROVAL OF THE MINUTES OF THE MEETING OF THE FINANCE AND INSURANCE COMMITTEE HELD JUNE 13, 2011

Approved

Moved: Little

Seconded: Evans

3. MANAGEMENT REPORTS

- a. Subject: Report of investment activity

 Presented by: Treasurer Roger Marumoto

Mr. Marumoto discussed the investment portfolio for the month of June, summarizing the investment income, portfolio durations, and investment performance of the short-term portfolios and long-term portfolios.

The breakdown of the various categories of securities is provided each month in the Treasurer's Monthly Report.

- b. Subject: Financial Highlights

 Presented by: Manager of Financial Services Keith Norris

Mr. Norris reported that Metropolitan priced the \$168 million Water Revenue Refunding Bonds, 2011 Series B issue to realize cash flow savings and to mitigate bank risks associated with a portion of Metropolitan's variable rate debt program. The transaction closed on June 30. A memo describing the refunding in detail was distributed to the committee. In addition, Metropolitan repriced the 2009 A2 SIFMA notes. The notes were priced at SIFMA flat. Five investors purchased the bonds, and Metropolitan was able to solidify the investor base on these bonds. The bonds have a one-year mandatory tender with a six-month call.

Acting Controller Soper gave an overview of the preliminary financial summary for fiscal year 2010/11 twelve months ended June 30, 2011. He discussed fiscal year 2010/11 receipts, expenditures, cumulative water sales volumes, monetizing water inventory, reserve fund balance, use of reserve funds, financial ratios, and cash and investments.

4. CONSENT CALENDAR ITEMS – ACTION

None

5. OTHER BOARD ITEMS – ACTION

8-1 Subject: Grant conditional approval for Peaceful Valley Ranch Annexation to San Diego County Water Authority and Metropolitan; and adopt resolution of intention to impose water standby charge

Presented by: Sr. Engineering Technician Ethel Young

Motion Option #1

Adopt the CEQA determination and

- a. Grant conditional approval for Peaceful Valley Ranch Annexation to SDCWA and to Metropolitan, conditioned upon finding that Metropolitan's interests will not be adversely affected by the existence of a window in Metropolitan's service area and establishing Metropolitan's terms and conditions for the annexation;
- b. Approve SDCWA's Statement of Compliance with the current Water Use Efficiency Guidelines; and
- c. Adopt the resolution of intention to impose water standby charge within the proposed annexation territory

Motion Carried Moved: Barbre Seconded: Hawkins

Director Lewinger abstained

Ms. Young gave an overview of the annexation request and a description and summary of the parcels.

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

None

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

None

The next meeting will be held on August 15, 2011.

The meeting adjourned at 9:35 a.m.

Aaron Grunfeld
Chair