

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

September 12, 2011

Chair Grunfeld called the meeting to order at 9:02 a.m. in Committee Room 2-145 at Metropolitan's Headquarters.

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

Members absent: Directors Evans and Hawkins.

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

Staff present: Bennion, Brooks, Coffey, DeBacker, Donhoff, Dunn, Goldstein, J. Gonzales, J. Green, Harding, Kightlinger, Man, Marumoto, Neal, Nevills, Norris, Odwak, D. Phan, Philp, Reukema, Riss, Scully, Skillman, 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 AUGUST 15, 2011

Approved

Moved: Little

Seconded: Grandsen

3. MANAGEMENT REPORTS

a. Subject: Report of investment activity

Presented by: Treasurer Roger Marumoto

Mr. Marumoto discussed the investment portfolio for the month of August, 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: Interim Chief Financial Officer Tom DeBacker

The August 31 swap report was distributed to the committee. Mr. DeBacker reported that the mark-to-market is about \$186 million negative, which is \$35 million more than last month, due to lower interest rates. Metropolitan increased the collateral posting with Morgan Stanley to \$22 million.

Staff has identified up to \$120 million of water revenue bonds that may be refunded to generate almost \$8 million of cash flow savings over the next 16 years. The refunding was delayed so Metropolitan could address directors' comments to Appendix A. Staff is preparing to price the transaction this week. The rating agencies have reaffirmed Metropolitan's credit ratings.

Mr. DeBacker discussed the water sales, revenues, expenditures, O&M expenditures, capital financing expenditures, and reserve fund balance.

4. CONSENT CALENDAR – ACTION

None

5. OTHER BOARD ITEMS – ACTION

None

