

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

November 7, 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, Heidel, Lewinger, Little, and Wunderlich.

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

Staff present: Bennion, Breaux, Brooks, Coffey, DeBacker, Dunn, D. Edwards, Goldstein, J. Gonzales, J. Green, Ivey, Kightlinger, Man, Marumoto, Muir, Norris, Odwak, Riss, Scully, Skillman, Soper, Sotoodeh, Upadhyay, Waade, E. Young, and Zinke.

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 OCTOBER 10, 2011

Approved

Moved: Hawkins

Seconded: De Jesus

3. MANAGEMENT REPORTS

- a. Subject: Report of investment activity

 Presented by: Treasurer Roger Marumoto

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

The Third Quarter 2011 Investment Review report, prepared by Disabato Advisors, was distributed to the committee.

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

- b. Subject: Financial Highlights

 Presented by: Chief Financial Officer Gary Breaux

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

Mr. Breaux gave an update on the Pension and Other Post-Employment Benefits (OPEB). Mr. Breaux showed pension funding progress as of June 30, 2010 (the date of the most recent report from PERS) and OPEB funding progress as of June 30, 2011. Metropolitan's pension liability is 86% funded. Funding of OPEB unfunded liability will start in the next budget recommendation.

4. CONSENT CALENDAR – ACTION

None

5. OTHER BOARD ITEMS – ACTION

- 8-3 Subject: Consider City of Compton's request to withdraw purchase order agreement

 Presented by: Unit Manager June Skillman

Ms. Skillman gave a background of the purchase orders. She discussed Compton's purchase order and Compton's Well Rehabilitation Project, the result of Compton's purchase shortfall, Compton's request, and staff's recommendation. Director Heidel requested that SDCWA's comments be noted in the minutes. SDCWA commends Compton for reducing its use of water. SDCWA directors are abstaining because SDCWA recommends taking a strong position on take-or-pay contracts.

Approved

Moved: De Jesus

Seconded: Hawkins

Abstained: Heidel and Lewinger

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 December 12, 2011, which will conclude with a workshop on Metropolitan's Long Range Finance Plan.

The meeting adjourned at 9:32 a.m.

Aaron Grunfeld
Chair