

**METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**MINUTES**

**FINANCE AND INSURANCE COMMITTEE**

**February 13, 2012**

Chair Grunfeld called the meeting to order at 8:35 a.m. in the Board Room at Metropolitan's Headquarters.

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

Other Board Members present: Directors Ackerman, Brick, Brown, Camacho, Edwards, Foley, Friedman, Heidel, Morris, J. Murray, Peterson, Record, Steiner, and Wright.

Staff present: Ardalan, Bennion, Breaux, DeBacker, Dunn, Goldstein, J. Gonzales, J. Green, Ha, Ivey, Kightlinger, W. Lieu, Man, Marumoto, Norris, Odwak, Patterson, Philp, Riss, Jose Sanchez, 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 JANUARY 9, 2012**

Approved

Moved: Little

Seconded: Hawkins

**3. MANAGEMENT REPORTS**

- a.           Subject:           Report of investment activity  
  
              Presented by:     Treasurer Roger Marumoto

Mr. Marumoto advised that the Fourth Quarter 2011 Investment Review report, prepared by Disabato Advisors, was posted on Metropolitan's website. He highlighted areas of interest on the report.

Mr. Marumoto discussed the investment portfolio for the month of January detailing the 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:     Chief Financial Officer Gary Breaux

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

**4. CONSENT CALENDAR ITEMS – ACTION**

None

**5. OTHER BOARD ITEMS – ACTION**

- 8-2       Subject:           Authorize the execution and distribution of Remarking Statement in connection with the remarking of the Water Revenue Refunding Bonds (Index Mode), 2011 Series A-1 and A-3

              Presented by:     Assistant General Counsel Syd Bennion

Chair Grunfeld advised that at each Directors seat is a copy of a letter received this morning from the San Diego County Water Authority regarding board letter 8-2. A copy of the letter and attachments has been filed.

Mr. Breaux gave an update on Metropolitan's upcoming refunding. The refunding will be led by De La Rosa & Co., and is scheduled to price next week. The issuance will be between \$100 million - 200 million, with debt service savings from 8 to 10 percent of the refunded amount.

Ms. Bennion gave an overview of the bond remarketing statement and discussed the purpose, contents, preparation process, and roles and responsibilities of various parties involved in the financing.

Motion  
Option 1

Adopt the CEQA determination and

- a. Approve the draft Remarketing Statement substantially in the form attached to the board letter, with changes approved by the General Manager and General Counsel;
- b. Authorize the General Manager to execute the Remarketing Statement; and
- c. Authorize distribution of the Remarketing Statement in connection with remarketing of the bonds.

Approved

Moved: Blake

Seconded: Evans

\_\_\_\_\_ Directors Lewinger and Wilson voted no

## 6. BOARD INFORMATION ITEMS

None

## 7. COMMITTEE ITEMS

- a. Subject: Review of reserve policies

Presented by: Chief Financial Officer Gary Breaux

Mr. Breaux gave an overview of Metropolitan's reserve policies. The review of policies is currently underway. The current methodology was adopted with the 1999 Long Range Finance Plan.

b. Subject: Review of outstanding debt

Presented by: Chief Financial Officer Gary Breaux

Mr. Breaux gave an overview of Metropolitan's existing outstanding debt. He discussed the fixed rate debt, general obligation debt, variable rate debt, and synthetic fixed debt.

c. Subject: Biennial 2012/13 and 2013/14 Chief Financial Officer budget

Presented by: Chief Financial Officer Gary Breaux

Mr. Breaux gave an overview of the Chief Financial Officer's group budget. He discussed the O&M expenditures, budget trend, staffing trend, priorities, and challenges.

## **8. FOLLOW UP ITEMS**

None

## **9. FUTURE AGENDA ITEMS**

None

The next meeting will be held on March 13, 2012.

The meeting adjourned at 9:30 a.m. to the Budget and Rate Board Workshop #2.

Aaron Grunfeld  
Chair