

**METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**MINUTES**

**ADJOURNED FINANCE AND INSURANCE COMMITTEE**

**August 20, 2012**

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

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

Member absent: Director Grandsen.

Other Board Members present: Directors Brick, Brown, Edwards, Foley, Friedman, Gray, Griset, Morris, J. Murray, Peterson, Record, and Wright.

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

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

No member responded.

**2. APPROVAL OF THE MINUTES OF THE MEETING OF THE FINANCE AND INSURANCE COMMITTEE HELD JULY 9, 2012**

Approved

Motion Carried          Moved: Director Hawkins          Seconded: Director DeJesus

Chair Grunfeld advised that the regular business of the committee will take about 20 minutes which will leave over one hour for the update on the rate refinement discussions. The Finance and Insurance Committee will adjourn to a Special Board meeting to: (1) Receive the report on the list of certified assessed valuations for fiscal year 2012/13 (Item 5A-1); and (2) Adopt resolution establishing the tax rate for fiscal year 2012/13 (Item 5A-2), which pursuant to the Metropolitan Act must be approved by the Board by August 20 of each year.

### 3. MANAGEMENT REPORTS

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

Mr. Marumoto highlighted the *Performance Summary – Total Return* and the *Manager Scorecard* section from the Second Quarter 2012 Investment Review report prepared by Disabato Advisors. The report and the Treasurer's Monthly Report for July 2012 are available on Metropolitan's website.

Mr. Marumoto discussed the investment portfolio for the month of July detailing the portfolio durations, and investment performance of the short-term portfolios and long-term portfolios.

- b. Subject: Financial Highlights  
Presented by: Chief Financial Officer Gary Breaux

Mr. Breaux discussed the cumulative water sales and sales for the month of July.

### 4. CONSENT CALENDAR ITEMS — ACTION

None

### 5. OTHER BOARD ITEMS — ACTION

5. Subject: Tax levy for fiscal year 2012/13  
Presented by: Chief Financial Officer Gary Breaux
- 5A-1 Report on list of certified assessed valuations for fiscal year 2012/13 and tabulation of assessed valuations, percentage participation, and vote entitlement of member public agencies as of August 15, 2012

The letter was received and filed.

- 5A-2 Adopt resolution establishing the tax rate for fiscal year 2012/12  
Presented by: Chief Financial Officer Gary Breaux

Motion                    Adopt the CEQA determination and adopt "A Resolution Levying Taxes For The Fiscal Year Commencing July 1, 2012 And Ending June 30, 2013, For The Purposes of The Metropolitan Water District Of Southern California" to adopt the .0035 percent secured property tax rate for fiscal year 2012/13.

Moved: Director Millard            Seconded: Director Hawkins

Motion carried unanimously.

8-1            Subject:            Authorize the execution and distribution of the Remarketing Statement in connection with the remarketing of the Water Revenue Refunding Bonds (Index Mode), 2009 Series A-1, in the amount of \$104,185,000; and authorize the execution and distribution of an Official Statement for a potential refunding of Water Revenue Bonds

Presented by:            Chief Financial Officer Gary Breaux

Motion                    Adopt the CEQA determination and

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

Director Lewinger requested that the letter dated August 20, 2012, from the SDCWA delegation regarding Item 8-1 addressed to Chair Foley, be included in the record (copy attached).

Chair Grunfeld advised that staff will review the letter and make revisions as appropriate.

Moved: Director Evans            Seconded: Director Hawkins

Motion carried with Director Lewinger voting no.

## 6.    **BOARD INFORMATION ITEMS**

None

**7. COMMITTEE ITEMS**

a. Subject: Update on rate refinement discussions

Presented by: Unit Manager June Skillman

Ms. Skillman discussed the purchase orders, improved revenue stability, linking of rate structure and water management actions, reserve policies in concert with rate refinement, and the schedule/process going forward.

Several questions and comments were raised by directors and staff responded.

Director Lewinger requested staff look at "take-or-pay" contracts as a form of fixed revenue at the September rate refinement discussion.

Chair Grunfeld advised staff to bring back this discussion to the committee in September.

Director Lewinger expressed his concerns about staff budgeting at 1.7 MAF or less, yet continuing policy development as if selling 2 MAF a year. He requested this be reviewed and reevaluated.

Chair Grunfeld advised staff to address Director Lewinger's concerns.

**8. FOLLOW-UP ITEMS**

None

**9. FUTURE AGENDA ITEMS**

None

The next meeting will be held on September 10, 2012.

Chair Grunfeld adjourned the meeting in honor of Director Jim Blake, who resigned from the Board as the City of Fullerton's representative. Director Blake served as Vice Chair of the Finance and Insurance Committee for the past several years and on Metropolitan's board for 24 years.

The meeting was adjourned at 10:05 a.m.

Aaron Grunfeld  
Chair