

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

ADJOUNED FINANCE AND INSURANCE COMMITTEE

November 5, 2012

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 Barbre, Directors Babcock, Evans, Grandsen, Lewinger, Millard, Wilson, and Wunderlich.

Members absent: Directors De Jesus, Hawkins, and Little.

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

Staff present: Ardalan, B. Becker, Bennion, Breaux, Brooks, Burman, L. Carrillo, Coffey, DeBacker, Dunn, Goldstein, J. Gonzales, J. Green, Ivey, Kightlinger, Man, Marumoto, Norris, Odwak, Pitman, Patterson, Pellegrini, Philp, Riss, B. Robertson, Scully, Skillman, Soper, B. Yamasaki, and Upadhyay.

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

No members responded.

2. APPROVAL OF THE MINUTES OF THE MEETING OF THE FINANCE AND INSURANCE COMMITTEE HELD OCTOBER 8, 2012

Motion Carried Moved: Director Evans Seconded: Director Lewinger

Votes: Unanimous

3. MANAGEMENT REPORTS

Chair Grunfeld advised that the Treasurer's monthly report will be posted when available.

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

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

4. CONSENT CALENDAR ITEMS — ACTION

- 7-3 Subject: Grant conditional approval for the 103rd Fringe Area Annexation to Eastern Municipal Water District and to Metropolitan; and adopt resolution of intention to impose water standby charge
- Presented by: None
- Motion: Adopt the CEQA determination and
- a. Grant conditional approval for the 103rd Fringe Area annexation concurrently to Eastern and Metropolitan, conditioned upon receipt in full of annexation fee of approximately \$54,367.33 to Metropolitan if completed by December 31, 2012, or if completed later, at the then current annexation charge rate;
 - b. Approve Eastern's Statement of Compliance with the current Water Use Efficient Guidelines; and
 - c. Adopt the resolution of intention to impose water standby charge within the proposed annexation territory, substantially in the form of Attachment 3 to the board letter.

Motion Carried Moved: Director Millard Seconded: Director Evans

Votes: Unanimous

5. OTHER BOARD ITEMS — ACTION

- 8-1 Subject: Authorize the execution and distribution of the Official Statement in connection with the issuance of the Water Revenue Refunding Bonds, 2012 Series G
- Presented by: Assistant General Counsel Sydney Bennion
- Motion: 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.

Motion Carried Moved: Director Millard Seconded: Director Wunderlich
No: Directors Lewinger and Wilson

Votes: 7 = Yes; 2 = No

Director Lewinger requested that the letter dated November 5, 2012 from the SDCWA delegation regarding Item 8-1 addressed to Chair Foley and members of the board, and his letter dated November 4, 2012 addressed to CFO Gary Breaux regarding tracking revenues from rate components against actual expenditures, be included in the record.

Chair Grunfeld advised that these letters will be included in the record. Copies are on file in the Office of the CFO.

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

- a. Subject: Overview of the use of contracts for recovering costs
- Presented by: Rick Giardina, Red Oak Consulting

Mr. Giardina discussed where, when, and why wholesale water contracts are used, revenue-cost recovery, take or pay contracts, other contract types, examples of use of contracts within the water industry, and Metropolitan's challenges.

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

Director Lewinger requested further discussion between the committee and board members to review the current revenue structure to bring in more fixed revenue.

Chair Grunfeld advised that during the next year, this item will be brought before the committee for further discussion.

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

None

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

Meeting adjourned at 9:59 a.m.

Aaron Grunfeld
Chair