

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

February 11, 2013

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, De Jesus, Evans, Lewinger, Little, Pringle, Wilson, and Wunderlich.

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

Staff present: Bennion, Breaux, Brooks, Burman, Clairday, Coffey, DeBacker, Goldstein, J. Gonzales, J. Green, Kightlinger, Man, Mares, Marumoto, Norris, Odwak, Otake, D. Phan, Philp, Riss, Skillman, Soper, Sotoodeh, Upadhyay, Waade, Wolfe, and Zinke.

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 JANUARY 7, 2013

Motion Carried Moved: Director Babcock Seconded: Director Wilson

Votes: Unanimous

3. MANAGEMENT REPORTS

a. Subject: Report on investment activity

Presented by: Treasurer Roger Marumoto

Mr. Marumoto highlighted sections from the Fourth Quarter 2012 Investment Review report prepared by Disabato Advisors. The report was distributed to the committee and is available on Metropolitan's website.

Mr. Marumoto presented the investment portfolio for the month of January detailing the portfolio durations and investment performance of both short-term and long-term portfolios.

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

Mr. Breaux discussed the cumulative water sales, fiscal year revenues, and fiscal year expenditures.

4. CONSENT CALENDAR ITEMS — ACTION

None

5. OTHER BOARD ITEMS — ACTION

- 8-1 Subject: Authorize the execution and distribution of Official Statements in connection with the issuance of the Water Revenue Refunding Bonds, 2013 Series A, 2013 Series B, and 2013 Series C, and amendment and termination of interest rate swaps
- Presented by: Manager of Financial Services Keith Norris and Assistant General Counsel Sydney Bennion
- Motion: Adopt the CEQA determination and
- a. Approve the draft Official Statements substantially in the form attached to the board letter, with changes approved by the General Manager and General Counsel;
 - b. Authorize the General Manager, or any designee of the Ad Hoc Committee, to execute the Official Statements;
 - c. Authorize distribution of the Official Statement in connection with issuance of the bonds; and Authorize the Ad Hoc Committee or its designee to approve and the Chief Financial Officer to execute amendment and termination of interest rate swaps (in whole or in part) related to the subject refunding.

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

Votes: 8 = Yes; 2 = No

Chair Grunfeld advised that a letter was received from the SDCWA opposing item 8-1. The letter raised questions on swaps (relating to savings to gains and cost of other items). Staff will respond to the questions on swaps at the March or April meeting of the Finance and Insurance Committee. The letter also provided comments to the Official Statements.

Chair Grunfeld advised that a letter was received by MWDOC in support of item 8-1.

Chair Grunfeld advised that these letters will be included in the record.

Staff responded to questions from directors regarding the proposed bond refunding, interest rate swap termination, and disclosure requirements.

6. BOARD INFORMATION ITEM

None

7. COMMITTEE ITEMS

None

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

Staff will review Metropolitan's swap policy and quarterly swap report with the committee at the April 2013 meeting.

The next meeting will be held on March 11, 2013.

Meeting adjourned at 9:40 a.m.

Aaron Grunfeld
Chair