

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

September 9, 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 Apodaca, Babcock, De Jesus, Evans, Kurtz, Little, Pringle, Touhey, and Wunderlich.

Members absent: Directors Lewinger and Vasquez.

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

Staff present: Bennion, Breaux, Brooks, Campos, Clairday, Coffey, DeBacker, Dunn, Goldstein, J. Gonzales, J. Green, Ivey, G. Johnson, Kightlinger, Man, Marumoto, Norris, Odwak, Pellegrini, D. Phan, Riss, Scully, Skillman, Soper, Stites, O. Tucker, Upadhyay, Wolfe, E. Young, 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 AUGUST 19, 2013

Motion Carried Moved: Director Touhey Seconded: Director Babcock

Votes: Unanimous

3. MANAGEMENT REPORTS

- a. Subject: Report on investment activity
- Presented by: Metropolitan's outside investment firms

Chair Grunfeld advised that the Treasurer's Monthly Report was posted on Metropolitan's website. In lieu of the Treasurer's oral report, Metropolitan's outside investment management firms, Reams Asset Management and Hillswick Asset Management LLC, provided oral presentations regarding their viewpoints on the current market environment and Metropolitan's portfolios.

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

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

Chair Grunfeld gave an update to the committee on the action item approved last month (Item 8-2: Selection of a third party Other Post Employment Benefits trust provider and execution of an agreement). The revised contract with CERBT only requires a 150-day notice to terminate the contract, instead of the previous three-year commitment.

4. CONSENT CALENDAR ITEMS — ACTION

- 7-1 Subject: Adopt final resolutions for annexation and water standby charge levy for Meadowood Annexation to San Diego County Water Authority and to Metropolitan Water District
- Presented by: None
- Motion: Review and consider information provided in the certified EIR and adopt the Lead Agency's findings related to the proposed actions and
- a. Adopt resolution granting SDCWA's request for approval of Meadowood Annexation concurrently to SDCWA and Metropolitan and establish Metropolitan's terms and conditions for the annexation, conditioned upon approval by San Diego Local Agency Formation Commission, and upon receipt of annexation fee of \$1,172,420; and
 - b. Adopt resolution to impose water standby charge at a rate of \$11.51 per acre, or per parcel of less than one acre, within the proposed annexation area.

Motion carried Moved: Director De Jesus Seconded: Director Evans

Votes: Unanimous

5. OTHER BOARD ITEMS — ACTION

None

6. BOARD INFORMATION ITEM

None

7. COMMITTEE ITEMS

- a. Subject: Oral report on Swap Program
- Presented by: Manager of Financial Services Keith Norris

Mr. Norris provided an overview of Metropolitan's swap policy and outstanding swaps describing the benefits and risks, mark-to-market values, and a recent rating agency report finding Metropolitan's swap portfolio to be a low credit risk.

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

- FY 2012/13 year-end results
- FY 2013/14 First Quarter update

The next meeting will be held on October 7, 2013.

Meeting adjourned at 10:15 a.m.

Aaron Grunfeld
Chair