



### 3. MANAGEMENT REPORTS

a. Subject: Report on investment activity

Presented by: Treasurer Roger Marumoto

Mr. Marumoto reported on the investment portfolio for the month of March detailing investment performance of both short-term and long-term portfolios.

b. Subject: Financial highlights

Presented by: Presented under Item 7a

### 4. CONSENT CALENDAR ITEMS – ACTION

None

### 5. OTHER BOARD ITEMS – ACTION

8-1 Subject: Approve proposed biennial budget for fiscal years 2014/15 and 2015/16, proposed ten-year forecast, proposed revenue requirements for fiscal years 2014/15 and 2015/16, and recommended water rates and charges to be effective on January 1, 2015 and January 1, 2016; adopt resolutions fixing and adopting water rates and charges for 2015 and 2016; and transmit the General Manager's Business Plan Strategic Priorities for fiscal years 2014/15 and fiscal years 2015/16

Presented by: Chief Financial Officer Gary Breaux

Motion: Adopt the CEQA determination that the proposed action is not subject to CEQA and is categorically exempt, and

a. Approve the FY 2014/15 and FY 2015/16 biennial budget and:

- i. Appropriate \$2,163.5 million for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, SWP operations, maintenance, power and replacement costs and SWP capital charges; demand management programs including the local resources and conservation credits program; and costs associated with supply programs;
- ii. Appropriate as continuing appropriation, \$650.6 million for FY 2014/15 and 2015/16 debt service on Metropolitan general obligation and revenue bonds;

- iii. Authorize the use of \$466.4 million in operating revenues to fund the Capital Investment Plan, and raise the end-of-fiscal-year fund balance of the R&R Fund to \$160 million on June 30, 2014 and thereafter; and
- iv. Authorize use of reserves over target on June 30, 2014 in the manner set forth in the letter.
- b. Determine that the revenue requirement to be paid from rates and charges is \$1,511.7 million in FY 2014/15 and \$1,511.2 million in FY 2015/16;
- c. Approve water rates effective January 1, 2015, and January 1, 2016, as shown under Option #1 in Table 2 in the letter;
- d. Adopt the Resolution Fixing and Adopting Water Rates to be effective January 1, 2015 and 2016, in the form of Attachment 11, using the rates shown under Option #1 in Section 1 of the Resolution;
- e. Adopt the Resolution Fixing and Adopting A Readiness-To-Serve Charge For Calendar Year 2015, in the form of Attachment 12, using the charge shown under Option #1 in Section 5 of the Resolution;
- f. Adopt the Resolution Fixing and Adopting A Capacity Charge For Calendar Year 2015, in the form of Attachment 13, using the charge shown under Option #1 in Section 6 of the Resolution;
- g. Approve the Ten-Year Financial Forecast; and
- h. Determine that if the ad valorem tax rate restriction is not suspended, fixed revenues available to meet the fixed payment obligations of the SWC will continue to decline and, without other actions, the imbalance in fixed to variable revenues will increase. The revenue shortfall in the biennial budget will be made up from the R&R Fund.

Director Vasquez entered the meeting at 9:33 a.m.

Chair Grunfeld advised that letters were received from the following agencies in support of Item 8-1 and were distributed to each committee member: El Monte/South El Monte Chamber of Commerce; Central City Association; La Verne Chamber of Commerce; Southwest California Legislative Council; Three Valleys Municipal Water District; West Basin Municipal Water District; and Western Municipal Water District. Copies of the letters are available in the Office of the CFO.

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

Substitute Motion: Option #2: 0.0%/1.5%. Director Lewinger stated for the record that this motion should not be viewed as support for the rates themselves.

Moved: Director Lewinger                                Seconded: Director Wunderlich

Ayes: Directors Lewinger, Vasquez, and Wunderlich

Noes: Directors Apodaca, Barbre, Blois, De Jesus, Dear, Evans, Grunfeld, Kurtz, and Touhey

Abstentions: None

Absent: None

The substitute motion failed by a vote of 3 ayes, 9 noes, 0 abstain, and 0 absent.

Motion: Option #1: 1.5%/1.5%

Moved: Director Dear    Seconded: Director Touhey

Ayes: Directors Apodaca, Barbre, Blois, De Jesus, Dear, Evans, Grunfeld, Kurtz, Touhey, and Wunderlich

Noes: Directors Lewinger and Vasquez

Abstentions: None

Absent: None

The motion passed by a vote of 10 ayes, 2 noes, 0 abstain, and 0 absent.

**6. BOARD INFORMATION ITEMS**

None

**7. COMMITTEE ITEMS**

a.                    Subject:                        Quarterly financial review

                        Presented by:                Assistant Controller Hal Soper

                        Mr. Soper discussed the fiscal year water sales/exchange volumes, fiscal year revenues, fiscal year expenses, impact on reserves, and the projected reserve fund balance.

**8. FOLLOW-UP ITEMS**

None

**9. FUTURE AGENDA ITEMS**

Added            Director Lewinger requested to agendize future discussion for a balancing accounts policy to track reserves.

Next meeting will be held on May 12, 2014.

Meeting adjourned at 10:05 a.m.

Aaron Grunfeld  
Chair