

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

March 9, 2015

Chair Barbre called the meeting to order at 9:00 a.m. in Committee Room 2-145 at Metropolitan's Headquarters.

Members present: Chair Barbre, Vice Chair Wunderlich, Directors Apodaca, Blois, Dake, Dear, De Jesus, Evans, Kurtz (entered at 9:03 a.m.), Lewinger (entered at 9:01 a.m.), McKenney (entered at 9:01 a.m.), and Touhey.

Members absent: Directors Lowenthal and Ramos.

Other Board members present: Board Chairman Record, Directors Ackerman, Atwater, Beard, Calkins, Dick, Hogan, Lefevre, Morris, Peterson, Steiner, and Tu.

Staff present: Breaux, Brooks, Burman, Clairday, Dunn, Goldstein, J. Gonzales, J. Green, Hiltcher, Kightlinger, Man, S. Martin, Marumoto, Norris, Odwak, Patterson, D. Phan, Philp, Riss, Rohen, Scully, Sims, Skillman, Soper, O. Tucker, Upadhyay, Vanderhorst, Westford, 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.

Directors Lewinger and McKenney entered the meeting at 9:01 a.m.

2. APPROVAL OF THE MINUTES OF THE FINANCE AND INSURANCE COMMITTEE MEETING HELD FEBRUARY 9, 2015.

Motion:	Carried		
Moved:	Director Touhey	Seconded:	Director Evans
Ayes:	Directors Apodaca, Barbre, Blois, Dake, Dear, De Jesus, Evans, Lewinger, McKenney, Touhey, and Wunderlich		
Noes:	None		
Abstentions:	None		

Absent: Directors Kurtz, Lowenthal, and Ramos

The motion passed by a vote of 11 ayes, 0 no, 0 abstain, and 3 absent.

Director Kurtz entered the meeting at 9:03 a.m.

3. CONSENT CALENDAR ITEMS – ACTION

None

Committee Chair Barbre announced that there would be a reordering of the meeting agenda. Item 6c would be heard first with Other Board Items following.

6. COMMITTEE ITEMS

c. Subject: Presentation on outstanding debt

Presented by: Principal Administrative Analyst Eric Goldstein

Mr. Goldstein reviewed Metropolitan's revenue bond program. He discussed revenue bond outstanding debt, the variable rate bond portfolio, proposed financings of existing debt, the rating agencies investment grade ratings, and benefits of strong credit ratings.

4. OTHER BOARD ITEMS – ACTION

8-1 Subject: Approve and authorize execution and distribution of Remarketing Statements in connection with the remarketing of the Water Revenue Refunding Bonds (Index Mode), 2011 Series A2 and A4 and 2012 Series B-1 and B-2

Presented by: Deputy General Counsel Patrick Rohen

- Motion: Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and
- a. Approve the draft Remarketing Statements substantially in the form attached to the board letter;
 - b. Authorize the General Manager to finalize, with changes approved by the General Manager and General Counsel, and execute the Remarketing Statements; and
 - c. Authorize distribution of the Remarketing Statements in connection with remarketing of the related Bonds.

- Moved: Director McKenney Seconded: Director Touhey
- Ayes: Directors Apodaca, Barbre, Blois, Dake, Dear, De Jesus, Evans, Kurtz, McKenney, Touhey, and Wunderlich
- Noes: Director Lewinger
- Abstentions: None
- Absent: Directors Lowenthal and Ramos

The motion passed by a vote of 11 ayes, 1 no, 0 abstain, and 2 absent.

Chair Barbre advised that a letter from MWDOC dated March 5, 2015 was received in support of Item 8-1, and a letter from SDCWA dated March 9, 2014 was received in opposition of Item 8-1. Both letters were distributed to the committee and copies are on file in the Office of the CFO. (Note: Although the comment letter from SDCWA is dated March 9, 2014, it was received March 9, 2015.)

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

- a. Subject: Oral report on investment activities

Presented by: Treasurer Roger Marumoto

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

Mr. Marumoto reported that two AT&T securities held in the Long-Term portfolio were downgraded by Moody's and Standard and Poor's during February 2015. The Moody's rating went from A3 to BAA1 and Standard and Poor's rating went from

A- to BBB. After discussions held with the long-term portfolio manager, the decision was made to sell the securities in a judicious and timely manner.

b. Subject: Presentation on internal controls

Presented by: Controller Hal Soper

Mr. Soper discussed internal controls over financial reporting. He explained the history of internal controls over financial reporting, relationship to internal and external audit, framework, and methodology.

7. MANAGEMENT REPORT

a. Subject: Chief Financial Officer's Report

Presented by: Chief Financial Officer Gary Breaux

Mr. Breaux discussed the cumulative water sales for the fiscal year through the month of February.

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

None

Next meeting will be held on April 13, 2015.

Meeting adjourned at 9:58 a.m.

Brett R. Barbre
Chair