

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

February 8, 2016

Chair Barbre called the meeting to order at 9:00 a.m. in Committee Room 2-456 at Metropolitan's Headquarters.

Members present: Chair Barbre, ViceChair Wunderlich, Directors Apodaca (entered at 9:19 a.m.), Blois, Dake, Dear, De Jesus, Faessel, Kurtz (entered at 9:05 a.m.), Lewinger (entered at 9:02 a.m.), McKenney, Paskett (entered at 9:45 a.m.), Ramos (entered at 9:02 a.m.), and Touhey (entered at 9:45 a.m.).

Member absent: Director Martinez.

Other Board Members present: Board Chairman Record, Directors Abdo, Ackerman, Atwater, Ballin, Beard, Camacho, Dick, Lefevre, Morris, Murray, Peterson, Steiner, and Tu.

Staff present: Beatty, Bowman, Breaux, J. Carrillo, Coffey, Cole, Donovan, Mares, Green, Hasencamp, G. Johnson, Kightlinger, Man, Marumoto, Patterson, Pitman, Philp, Riss, Scully, Skillman, Soper, St Regis, Upadhyay, Van den Berg, Soper, Westford, 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 Ramos entered the meeting at 9:02 a.m.

Director Kuntz entered the meeting at 9:05 a.m.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON JANUARY 11, 2016

Motion: Carried
Moved: Director Faessel Seconded: Director Blois
Ayes: Chair Barbre, Vice Chair Wunderlich, Directors Blois, Dake, De Jesus, Dear, Faessel, Kurtz, Lewinger, McKenney, and Ramos.
Noes: None
Abstentions: None
Absent: Directors Apodaca, Paskett, and Touhey.

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

3. CONSENT CALENDAR ITEMS - ACTION

None

4. OTHER BOARD ITEMS -- ACTION

8-1 Subject: Set combined public hearing for estimated water rates and charges and ad valorem property tax for calendar years 2017 and 2018 to meet the revenue requirements for fiscal years 2016/17 and 2017/18

Motion: Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and schedule a combined public hearing on March 8, 2016 to receive input on Metropolitan’s rates and charges in advance of the adoption of the biennial budget and water rates by the Board and any board action on the limit on ad valorem property taxes pursuant to Section 124.5 of the MWD Act; and direct the General Manager to cause publication of a notice of the public hearing in newspapers of general circulation within Metropolitan’s service area, and give written notice to the offices of the Speaker of the Assembly and the President pro tempore of the Senate, at least ten days prior to the hearing

Motion: Carried
Moved: Director De Jesus Seconded: Director Dear

Ayes: Directors Barbre, Vice Chair Wunderlich, Directors Blois, Dake, De Jesus, Dear, Faessel, Kurtz, McKenney, and Ramos.
Noes: Director Lewinger
Abstentions: None
Absent: Directors Apodaca, Paskett, and Touhey.

The motion passed by a vote of 11 ayes, 1 no, 0 abstain, and 3 absent.

5. BOARD INFORMATION ITEMS

9-2 Subject: Proposed biennial budget and revenue requirements for fiscal years 2016/17 and 2017/18; estimated water rates and charges for calendar years 2017 and 2018 to meet revenue requirements; and ten-year forecast

Presented by: Gary Breaux, Assistant General Manager/Chief Financial Officer

Chair Barbre informed the committee that San Diego Water Authority submitted a letter regarding item 9-2, which will be included in the record of the meeting.

6. COMMITTEE ITEMS

a. Subject: Oral report on investment activities

Presented by: Roger Marumoto, Assistant Section Manager I

Mr. Marumoto gave a presentation on the short-term and long-term portfolio balances.

8. BUDGET AND RATES WORKSHOP

a. Subject: Proposed biennial budget and revenue requirements for fiscal years 2016/17 and 2017/18, and ten-year financial forecast

b. Subject: Estimated rates and charges for calendar years 2017 and 2018 to meet revenue requirements

Presented by: Gary Breaux, Assistant General Manager/Chief Financial Officer;
June Skillman, Manager of Budget and Rates;
Lisa St Regis, Principal Administrative Analyst; and

Arnout Van den Berg, Senior Resource Specialist

Ms. Skillman gave a presentation on the overview of the proposed biennial budget, revenues, major expenditures, estimated rates and charges, and reserves.

Ms. St Regis gave a presentation on the proposed O&M expenditure budget and current budgeted MWD employee positions.

Mr. Soper gave a presentation on MWD employee pension and other post-employment benefits.

Mr. Van den Berg presented an overview of the MWD unrestricted reserve policy and the ten-year financial forecast.

Mr. Breaux finished with a discussion on the SDCWA exchange agreement set-aside, end-of-the-year fund balances, and next steps.

Members of the Committee and Board members had several questions and discussion. Staff will follow up on some of the questions at the next Workshop on February 23, 2016.

7. MANAGEMENT REPORT

- a. Subject: Chief Financial Officer Oral Report
Presented by: Gary Breaux, Assistant General Manager/Chief Financial Officer
Mr. Breaux gave a report on year-to-date water sales.

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

None

Next meeting will be held on February 23, 2016

Meeting adjourned at 10:49 a.m.

Brett R. Barbre
Chair