

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

January 7, 2019

Chair Dake called the meeting to order at 9:30 a.m. in Committee Room 2-145 at Metropolitan's Headquarters.

Members present: Chair Dake, Vice Chair Faessel, Directors Blois, De Jesus, Kurtz (entered at 9:43 a.m.), McKenney, and Smith.

Members absent: Directors Barbre, Paskett, Ramos, and Sinanyan.

Other Board Members present: Board Chairwoman Gray, Directors Atwater, Butkiewicz, Hawkins, Lefevre, Murray, Peterson, Record, Steiner, and Williams.

Staff present: Beatty, Kightlinger, Kirkland, Skillman and Upadhyay.

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 MEETING OF THE FINANCE AND INSURANCE COMMITTEE HELD DECEMBER 10, 2018

Motion: Carried
Moved: Director McKenney Seconded: Director Blois
Ayes: Chair Dake, Vice Chair Faessel, Directors Blois, De Jesus, McKenney, and Smith
Noes: None
Abstentions: None
Absent: Directors Barbre, Kurtz, Paskett, Ramos, and Sinanyan

The motion unanimously passed by a vote of 6 ayes, 0 noes, 0 abstain, and 5 absent.

3. **CONSENT CALENDAR ITEMS – ACTION**

None

4. **OTHER BOARD ITEMS -- ACTION**

None

5. **BOARD INFORMATION ITEMS**

None

6. **COMMITTEE ITEMS**

- a. Subject: California WaterFix Cost Allocation: State Water Facilities Overview

Presented by: John Schlotterbeck, Senior Deputy General Counsel

Mr. Schlotterbeck presented the committee with a presentation entitled “California WaterFix Cost Allocation: SWP Overview.” He began with a short history of the development of California’s water plans from the late 19th century through the present. He pointed out several features of California’s State Water Project (SWP), including the total number of pumping, hydroelectric power, and pumping generating plants; miles of canals, tunnels, and pipelines; and storage facilities. In addition, Mr. Schlotterbeck reviewed several statutory provisions of California’s Central Valley Project (CVP) Act, the Burns Porter Act, and the Davis Dolwig Act. He discussed contractual terms, providing an overview of the Governor’s Contracting Principles from 1960 and the Long-Term SWP Contract, highlighting important caveats and the Monterey Amendment. He also listed significant legal decisions concerning the State Water Contract and SWP.

Mr. Schlotterbeck finished his presentation by discussing the framework for cost allocation by project purpose and facility function. He summarized how existing statutes, contract provisions, and case law provide basic authority and structure for the construction, operation, and financing of the SWP, and the allocation of project costs among reimbursable and non-reimbursable project purposes. He explained that the state’s focus is on recovery of costs on a project-wide basis and not the allocation of costs at the local level, and the existing contract reflects that.

The following Directors provided comments or asked questions:

1. McKenney
2. Smith
3. Butkiewicz

4. Steiner
5. Dake

7. MANAGEMENT REPORT

- a. Subject: Chief Financial Officer's report
Presented by: June Skillman, Interim Chief Financial Officer/Assistant
General Manager

Ms. Skillman had no presentation and stated to the committee that as the meeting was scheduled very early in the month, staff did not have water sales information for revenue and transactions. She indicated that staff will likely have this information at next month's meeting. In addition, staff did not have information for the Treasurer's report yet, but would post the report sometime this month. She reported that staff closed on the recent revenue refunding bond transaction and would be pricing the upcoming General Obligation (GO) refunding bonds this week. Ms. Skillman also reported that Moody's and Standard & Poor's (S&P) ratings for these bonds have been received and are posted on Metropolitan's website.

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

None

10. ADJOURNMENT

Next meeting will be held on February 11, 2019.

Meeting adjourned at 10:17 a.m.

Glen C. Dake
Chair