

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

September 9, 2019

Chair Dake called the meeting to order at 9:30 a.m. in Committee Room 2-456 at Metropolitan's Headquarters.

Members present: Chair Dake, Vice Chair Record, Directors Barbre, Blois, Dick, Faessel, Goldberg, Ortega, Paskett (entered at 10:12 a.m.), Ramos (entered at 9:32 a.m.), and Smith.

Members absent: None.

Other Board Members present: Directors Ackerman, Atwater, Butkiewicz, Hall, Hogan, Kurtz, Lefevre, McKenney, Murray, Jr., Peterson, and Pressman.

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

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

None

2. APPROVAL OF THE MINUTES OF THE ADJOURNED MEETING OF THE FINANCE AND INSURANCE COMMITTEE HELD AUGUST 19, 2019

Motion:	Carried		
Moved:	Director Faessel	Seconded:	Director Ortega
Ayes:	Directors Barbre, Blois, Dake, Dick, Faessel, Goldberg, Ortega, Record, and Smith		
Noes:	None		
Abstentions:	None		
Absent:	Directors Paskett and Ramos		

The motion passed by a vote of 9 ayes, 0 noes, 0 abstain, and 2 absent.

3. CONSENT CALENDAR ITEMS – ACTION

None

4. OTHER BOARD ITEMS -- ACTION

None

5. BOARD INFORMATION ITEMS

9-2 Subject: Mid-cycle Biennial Budget Review

Presented by: June Skillman, Budget & Treasury Manager

The following Directors provided comments or asked questions:

1. Peterson
2. Smith
3. McKenney
4. Goldberg
5. Ortega
6. Paskett

9-3 Subject: Prefunding PERS and OPEB

Presented by: June Skillman, Budget & Treasury Manager

The following Directors provided comments or asked questions:

1. Smith
2. Dake

6. COMMITTEE ITEMS

a. Subject: KPMG Tutorial on Financial Statements

Presented by: Chris Ray, Partner, *KPMG*
Bianne Wiese, Managing Director, *KPMG*
Liezl Sangalang, Senior Manager, *KPMG*

Mr. Chris Ray gave a brief introduction of his team, Bianne Wiese and Liezl Sangalang. He explained that *KPMG* does external audits for Metropolitan, and as part of that audit they look at our financial statements, and related disclosures, and ultimately issue an opinion on the financial statements to conclude that they are reasonably stated in all material respects.

Ms. Bianne Wiese discussed basic financial statements, focusing on Metropolitan's Statement of Net Position. She pointed out current assets, noncurrent assets, current liabilities, and noncurrent liabilities.

Ms. Liezl Sangalang gave a brief overview of Metropolitan's Statement of Revenues, Expenses and Changes in Net Position, distinguishing between operating and non-operating revenues and expenses.

The following Directors provided comments or asked questions:

1. Ortega
2. Dake

b. Subject: Presentation on Demand Management Cost Allocation

Presented by: June Skillman, Budget & Treasury Manager;
Rick Giardina, Executive Vice President, *Raftelis*

Ms. Skillman introduced Rick Giardina from *Raftelis* and stated he would provide the committee with a follow on presentation to Peter Mayer's work. She reminded the committee that Peter Mayer presented phase one, a proposal for how to functionalize costs. She stated that Mr. Giardina would outline Metropolitan's options to recover those costs.

Mr. Giardina gave the committee a brief summary of his 40-plus years' utility rate and finance experience. His presentation focused on demand management cost recovery options, which included (1) existing cost of service (COS) methodology; (2) modified COS methodology; and (3) functionalized fixed charge and non-functionalized fixed charge.

The following Directors provided comments or asked questions:

1. Ortega
2. Blois

7. MANAGEMENT REPORT

- a. Subject: Chief Financial Officer's report

Presented by: Katano Kasaine, Chief Financial Officer/Assistant General Manager

Ms. Kasaine introduced herself and gave a brief summary of her financial background.

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

None

10. ADJOURNMENT

Next meeting will be held on October 7, 2019.

Meeting adjourned at 11:10 a.m.

Glen C. Dake
Chair