

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND ASSETT MANAGEMENT COMMITTEE

May 14, 2024

Vice Chair Dick called the meeting to order at 8:30 a.m.

Members present: Directors Alvarez, Armstrong, De Jesus (AB 2449 “just cause”), Dennstedt, Dick, McMillan, Miller, Petersen (entered after rollcall) Pressman (teleconference posted location), Quinn (entered after rollcall), Seckel, and Smith (AB 2449 “just cause”).

Members absent: Director Fong-Sakai.

Other Members present: Ackerman, Bryant, Erdman, Faessel, Goldberg, Gray (teleconference posted location), Kurtz, Lefevre, McCoy, Morris, Ortega, Peterson, and Ramos.

Director De Jesus indicated he is participating under AB 2449 “just cause” for an illness that prevents him from attending in person. Director De Jesus appeared by audio and on camera.

Director De Jesus announced during roll call that no one was in the room with them 18 years of age or older.

Director Smith indicated he is participating under AB 2449 “just cause” for an illness that prevents him from attending in person. Director Smith appeared by audio and on camera.

Director Smith announced during roll call that no one was in the room with them 18 years of age or older.

Committee Staff present: Beatty, Benson, Crosson, Chapman, Hagekhalil, Kasaine, Mortada, Ros, and Wheeler.

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

Darcy Burke, Elsinore Valley Municipal Water District commented on item 8-3.

Caty Wagner, Sierra Club California commented on item 8-3.

Justin Breck, LA Waterkeeper commented on item 8-3.

CONSENT CALENDAR ITEMS — ACTION

2. CONSENT CALENDAR OTHER ITEMS-ACTION

- A. Subject: Approval of the Minutes of the Finance, Audit, Insurance, and Real Property Committee Meeting for April 9, 2024 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

3. CONSENT CALENDAR ITEMS – ACTION

- 7-5 Subject: Authorize the General Manager to execute a new ground license for telecommunications facilities with the City of Pasadena to enhance the reliability of Metropolitan’s wireless wide area networks and local area networks; the subject telecom site is located in the city of Pasadena, identified as Los Angeles County Assessor Parcel No. 5705-001-900; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA.

Motion: Authorize the General Manager to execute a new ground license for telecommunications facilities with the City of Pasadena to enhance the reliability of Metropolitan’s wireless wide area networks and local area networks.

- 7-8 Subject: Authorize the waiver of a \$1,052.52 late fee incurred by the U.S. Bureau of Reclamation regarding its payments to Metropolitan for exchanging water under the Agreement Relating to Supplemental Water Among the Metropolitan Water District of Southern California, the San Luis Rey Settlement Parties, and the United States; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA.

Motion: Authorize the waiver of a \$1,052.52 late fee incurred by the U.S. Bureau of Reclamation regarding its payments to Metropolitan for exchanging water under the Agreement Relating to Supplemental Water Among the Metropolitan Water District of Southern California, the San Luis Rey Settlement Parties, and the United States.

No presentations were given, Director Miller made a motion, seconded by Director Armstrong, to approve items 2A, 7-5 and 7-8.

The vote was:

Ayes: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, McMillan, Miller, Pressman, Seckel, and Smith.
Noes: None
Abstentions: None
Absent: Directors Fong-Sakai, Petersen, and Quinn.

Director De Jesus announced that no one was in the room with him 18 years of age or older.

Director Smith announced that no one was in the room with him 18 years of age or older.

The motion for items 2A, 7-5, and 7-8 passed by a vote of 10 ayes, 0 noes, 0 abstain, and 3 absent.

Item 7-7 was discussed and voted on separately. Vice-Chair Dick announced item 8-4 would be heard following item 7-7.

Director Quinn entered the meeting.

7-7 Subject: Adopt a resolution declaring approximately 6,742 acres of Metropolitan-owned real property in the County of Riverside, located southwest of the City of Blythe, California, and commonly known as the Palo Verde Mesa, as exempt surplus land under the Surplus Land Act; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
Motion: Adopt a resolution declaring approximately 6,742 acres of Metropolitan-owned real property in the County of Riverside, located southwest of the City of Blythe, California, and commonly known as the Palo Verde Mesa, as exempt surplus land under the Surplus Land Act.
Presented By: Bryan Otake, Senior Deputy General Counsel

Ms. Crosson introduced the item and Mr. Otake provided an oral overview of the item.

The following Directors provided comments or asked questions:

1. Miller
2. Seckel

Staff responded to the Directors' comments and questions.

After completion of the presentation, Director Petersen made a motion, seconded by Director Quinn, to approve item 7-7.

The vote was:

Ayes: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, McMillan, Miller, Petersen, Pressman, Quinn, Seckel, and Smith.

Noes: None

Abstentions: None

Absent: Directors Fong-Sakai.

Director De Jesus announced that no one was in the room with him 18 years of age or older.

Director Smith announced that no one was in the room with him 18 years of age or older.

The motion for item 7-7 passed by a vote of 12 ayes, 0 noes, 0 abstain, and 1 absent.

END OF CONSENT CALENDAR ITEMS

4. OTHER CONSENT ITEMS – ACTION

8-4 Subject: Authorize an option agreement with The AES Corporation, LLC, for a long-term lease of up to 6,742 acres of land in the Palo Verde Valley, California for possible carbon-free energy production and storage purposes, contingent upon further project permits and approvals; the General Manager has determined that the proposed action of issuing an option agreement is exempt or otherwise not subject to CEQA. The property is located southwest of the city of Blythe in Riverside County and commonly known as the Palo Verde Mesa, Riverside County Assessor Parcel Nos. 879-230-001, 879-230-003; 879-230-005; 879-230-008; 879-230-010; 879-230-011; 879-230-012; 879-230-013; 879-230-014; 879-230-015; 879-230-016; 879-230-017; 879-230-018; 879-230-023; 879-230-024; 879-240-001; 879-240-002; 879-240-037; 879-240-038; 879-250-001; 879-250-008; 879-250-011; 879-250-013; 879-250-014; 879-261-019; 879-261-020; 879-261-021; 879-261-022; [Conference with real property negotiators agency negotiators: Kevin Webb and Kieran Callanan; negotiating parties: The AES Corporation, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8

Presented by: Kieran Callanan, Unit Manager- Land Management
Chance Staley, AES Development Manager
Drew Demos, AES Director of Land Acquisition
Ken Koch, AES Permitting Project Manager

In open session, Ms. Crosson introduced the item and Mr. Callanan provided an overview of the lease, service area and Colorado River Aqueduct map, site map, and background on Palo Verde Mesa. Next, Mr. Staley introduced his team and Mr. Demos provided an overview of AES's accomplishments. Next, Mr. Koch provided an overview of the development process and permitting timeline. Lastly, Mr. Callanan provided the Board options.

The following Directors provided comments or asked questions:

1. Faessel
2. Miller
3. Petersen
4. Pressman
5. Dick

Staff responded to the Directors' comments and questions.

In closed session, the Committee met on Item 8-4 to give price and terms direction to Metropolitan's real property negotiators. Metropolitan's negotiators will report back on the item in a future committee meeting and there was no vote or recommended action for the Board.

Director Quinn left the meeting.

8-2 Subject: Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2024/25; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

 Motion: Adopt the resolution to continue the Standby Charge for fiscal year 2024/25.

 Presented by: Khanh Phan, Unit Manager-Rates, Charges & Financial Planning

Ms. Kasaine introduced the item and Ms. Phan provided background on the Standby Charge, Standby charge rates, and Board options.

The following Director provided comments or asked questions:

1. Seckel

Staff responded to the Director's comments and questions.

After completion of the presentation, Director Seckel made a motion, seconded by Director Miller to approve item 8-2.

The vote was:

Ayes: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, McMillan, Miller, Petersen, Pressman, Seckel, and Smith.

Noes: None

Abstentions: None

Absent: Directors Fong-Sakai and Quinn.

Director De Jesus announced that no one was in the room with him 18 years of age or older.

Director Smith announced that no one was in the room with him 18 years of age or older.

The motion for item 8-2 passed by a vote of 11 ayes, 0 noes, 0 abstain, and 2 absent.

- 8-3 Subject: Concur with Climate Adaptation Master Plan for Water: Draft Year One Progress Report and Next Steps; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Substitute Motion: Amended Option 1 to Concur with the Climate Adaptation Master Plan for Water: Draft Year One Progress Report and Next Steps, with the understanding that staff will provide the Board with updated data and other updated information before the Board considers the approval of any projects under CAMP 4 Water.
- Presented by: Elizabeth Crosson, Chief Sustainability, Resiliency & Innovation Officer

Ms. Crosson presented the committee with an overview of the Year one progress report, Member Agency comments, and next steps.

The following Directors provided comments or asked questions:

1. Goldberg
2. Smith
3. Petersen
4. Bryant
5. Ortega
6. Armstrong
7. Dennstedt
8. Alvarez

Staff responded to the Directors' comments and questions.

After completion of the presentation, Director Petersen made a substitute motion for amended Option 1, seconded by Director Dennstedt to approve item 8-3.

The vote was:

Ayes: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, McMillan, Miller, Petersen, Pressman, Seckel, and Smith.

Noes: None

Abstentions: None

Absent: Directors Fong-Sakai and Quinn.

Director De Jesus announced that no one was in the room with him 18 years of age or older.

Director Smith announced that no one was in the room with him 18 years of age or older.

The motion for item 8-3 passed by a vote of 11 ayes, 0 noes, 0 abstain, and 2 absent.

5. BOARD INFORMATION ITEMS

- 9-2. Subject: Renewal Status of Metropolitan's Property and Casualty Insurance Program
Presented by: Drew Boronkay, Unit Manager-Risk Management

Ms. Kasaine introduced the item and Mr. Boronkay presented the committee with an overview of the current Property and Casualty Insurance programs and the cost estimates for this year's insurance renewal.

6. COMMITTEE ITEMS

Agenda was reordered to hear item 6b prior to item 6a.

- b. Subject: Quarterly Financial Report
Presented by: Adam Benson, Group Manager – Finance

Ms. Kasaine introduced the item and Mr. Benson presented the committee with Metropolitan's quarterly financial report for the period ending March 31, 2024. The report included cumulative water transactions in acre-feet, revenues, expenses, and unrestricted reserves for fiscal year 2023/24.

The following Director provided comments or asked questions:

1. Alvarez

Staff responded to the Director's comments and questions.

- a. Subject: Financing Overview for Bond Issuance (SB 450)
Presented by: Sam Smalls, Manager of Treasury and Debt Management

Ms. Kasaine introduced the item and Mr. Smalls presented the committee with an overview of SB 450 reporting mandate, SB 450 requirements, and the Water Revenue Refunding bonds, 2024 series B.

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Subject: Financial and Asset Management Activities

Ms. Kasaine provided highlights on the credit ratings with S&P and Moody's.

Director Petersen left the meeting.

8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Subject: Report from Subcommittee on Long-Term Regional Planning
Processes and Business Modeling

Director Seckel updated the committee on the items discussed at the April 24, 2024, Joint Task Force meeting.

- b. Subject: Discuss and provide direction to Subcommittee on Long Term
Regional Planning Processes and Business Modeling

The following Directors provided comments or asked questions:

1. Alvarez
2. Dick

Director Alvarez requested the business model discussion be brought back at the next committee meeting.

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

None

11. ADJOURNMENT

The next meeting will be held on June 11, 2024.

The meeting adjourned at 11:11 a.m.

Timothy Smith
Chair