

# **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

## **MINUTES**

### **FINANCE, AUDIT, INSURANCE, AND REAL PROPERTY COMMITTEE**

**July 11, 2023**

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

Members present: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, Fong-Sakai, Miller (entered after roll call), Pressman (entered after roll call, teleconference posted location), Seckel, and Smith.

Members absent: Directors Chacon, Petersen, and Quinn.

Other Members present: Bryant, Camacho, Garza, Goldberg, Gray (teleconference posted location), McMillan, Ortega, and Peterson.

Committee Staff present: Beatty, Chapman, Hagekhalil, Kasaine, Ros, and Suzuki.

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

None

#### **2. SUBCOMMITTEE REPORTS**

- a. Subject: Report from Subcommittee on Audits

Presented by: Director De Jesus

Director De Jesus reported the items discussed at the Subcommittee on Audits June 27, 2023.

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

Presented by: Liz Crosson, Chief Sustainability, Resilience & Innovation Officer

Liz Crosson reported the items discussed at the Subcommittee on Long-term Regional Planning Processes and Business Modeling June 27, 2023.

Chair Smith appointed Director Petersen as Chair and Director Seckel as Vice Chair of the Subcommittee on Long-Term Regional Planning Processes and Business Modeling.

Director Miller entered meeting.

Director Pressman entered meeting.

### **CONSENT CALENDAR ITEMS — ACTION**

#### **3. CONSENT CALENDAR OTHER ITEMS – ACTION**

- a. Subject: Approval of the Minutes of the Finance, Audit, Insurance, and Real Property Committee Meeting for June 13, 2023 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

#### **4. CONSENT CALENDAR ITEMS – ACTION**

- 7-5 Subject: Adopt Ordinance No. 152 determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of \$500 million to finance a portion of capital expenditures and waive the full reading of Ordinance No. 152 (two-thirds vote of the Board); the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Motion: Adopt Ordinance No. 152, determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of \$500 million to finance a portion of Metropolitan's capital expenditures and waive the full reading of Ordinance No. 152 (two-thirds vote of the Board)

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

Ms. Kasaine introduced the item.

- 7-6     Subject:            Review and consider the Lead Agency's adopted Mitigated Negative Declaration and take related CEQA actions, and adopt resolution for 114th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan
- Motion:            Review and consider the Lead Agency's adopted Mitigated Negative Declaration and take related CEQA actions, and adopt resolution for 114th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan
- Presented by:       None; no presentation requested
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- 7-7     Subject:            Award a \$359,725 contract to Mesa Energy Systems, Inc. for the repair of heating, ventilation, and air conditioning (HVAC) chiller #2 located at the Metropolitan Headquarters building; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Motion:            Award a \$359,725 contract to Mesa Energy Systems Inc. for the repair of heating, ventilation, and air conditioning chiller #2 located at the Metropolitan Headquarters Building
- Presented by:       None; no presentation requested
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- 7-8     Subject:            Approve General Auditor's Business Plan for fiscal year 2023/24; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Motion:            Approve General Auditor's Business Plan for fiscal year 2023/24
- Presented by:       Scott Suzuki, General Auditor

Scott Suzuki presented the committee with an overview of the General Auditor's business plan for fiscal year 2023/24.

The following Director provided comments or asked questions:

1. Fong-Sakai

Staff responded to the Director's comments and questions.

After completion of the presentations, Director De Jesus made a motion, seconded by Director Dennstedt, to approve the consent calendar consisting of item 3a, 7-5, 7-6, 7-7, and 7-8.

The vote was:

Ayes: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, Fong-Sakai, Miller, Pressman, Seckel, and Smith

Noes: None

Abstentions: None

Absent: Directors Chacon, Petersen, and Quinn.

The motion for items 3A, 7-5, 7-6, 7-7, and 7-8 passed by a vote of 10 ayes, 0 noes, 0 abstain, and 3 absent.

## **END OF CONSENT CALENDAR ITEMS**

### **5. OTHER BOARD ITEMS – ACTION**

None

### **6. BOARD INFORMATION ITEMS**

None

### **7. COMMITTEE ITEMS**

- a. Subject: Overview of Metropolitan Finances

Presented by: Katano Kasaine, Assistant General Manager/Chief Financial Officer  
Adam Benson, Group Manager- Finance  
Arnout Van den Berg, Section Manager for Rates, Charges

Ms. Kasaine introduced the item and presented the committee with an overview of the finance organizational chart. Mr. Benson provided a summary of Metropolitan's financial structure. Next, Mr. Van den Berg presented an overview of unrestricted reserves, rate structure, cost-of-service process, and debt profile.

The following Directors provided comments or asked questions:

1. Seckel
2. Smith
3. Pressman
4. Dick
5. Armstrong
6. Miller
7. Morris
8. Peterson

Staff responded to Directors' comments and questions.

- b. Subject: Discussion of Department Head Performance and Goal Setting  
[Public employees' performance evaluations – General Auditor; to  
be heard in closed session pursuant to Gov. Code Section 54957]  
Item 7b was deferred to August.

## **8. MANAGEMENT REPORTS**

- a. Subject: Chief Financial Officer's report  
No report given.

- b. Subject: General Auditor's Report  
Mr. Suzuki updated the committee on the external quality assessment that is underway in the General Auditor's office.

- c. Subject: Real Property Group Manager's Report  
Mr. Chapman updated the committee on the Directors' desert tours and informed the committee that the desert housing updates can be found on a quarterly written report on Metropolitan's website.

The following Directors provided comments or asked questions:

1. Seckel
2. Smith
3. Ortega

Chair Ortega mentioned having an Executive Committee meeting at Gene Camp in November to discuss housing and Colorado River issues.

Staff responded to Directors' comments and questions.

## **9. FOLLOW-UP ITEMS**

Director Dick requested the market value of the headquarter building, depreciation, and information on the \$25 million self-insured retention.

## **10. FUTURE AGENDA ITEMS**

Chair Smith requested an analysis of reserves for supply, system access, and power.

## **11. ADJOURNMENT**

The next meeting will be held on August 15, 2023.

Meeting adjourned at 10:30 a.m.

Timothy Smith  
Chair