

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND ASSETT MANAGEMENT COMMITTEE

June 11, 2024

Vice Chair Dick called the meeting to order at 9:01 a.m.

Members present: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, McMillan, Miller, Pressman (teleconference posted location), Quinn (entered after rollcall), and Seckel.

Members absent: Directors Fong-Sakai, Petersen, and Smith.

Other Members present: Ackerman, Camacho, Erdman, Goldberg, Kurtz, Lefevre (AB 2449 “just cause”), Morris, Ortega, and Ramos.

Director Lefevre indicated he is participating under AB 2449 “just cause” for caretaking for a family member that prevents him from attending in person. Director Lefevre appeared by audio and on camera and stated that no one was in the room with him.

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

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

None

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 May 14, 2024 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

3. CONSENT CALENDAR ITEMS – ACTION

- 7-4 Subject: Approve up to \$2.257 million to purchase insurance coverage for Metropolitan’s Property and Casualty Insurance Program for fiscal year 2024/25; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Approve up to \$2.257 million to purchase insurance coverage for Metropolitan's Property and Casualty Insurance Program to renew or replace all the expiring excess liability and specialty insurance policies for and maintain the \$25 million self-insured retention for FY 2024/25, and include up to \$225,000 to obtain cyber liability coverage.

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. His presentation included the cost estimates for this year's insurance renewal and premium comparison by fiscal year.

The following Directors provided comments or asked questions:

1. Miller

Staff responded to the Directors' comments and questions.

7-5 Subject: Approve Metropolitan's Statement of Investment Policy for fiscal year 2024/25, delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2024/25; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Approve the Statement of Investment Policy for fiscal year 2024/25; and delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2024/25.

7-6 Subject: Authorize the General Manager to grant a permanent easement to the Las Virgenes Municipal Water District for water pipeline purposes on Metropolitan fee owned property in the City of Los Angeles within Assessor Parcel Number 2723 009 905; the General Manager has determined that the proposed action is exempt and not subject to CEQA

Motion: Authorize the General Manager to grant a permanent easement to Las Virgenes Municipal Water District for water pipeline purposes on Metropolitan fee-owned property in the City of Los Angeles within Assessor Parcel Number 2723-009-905.

- 7-7 Subject: Authorize amending agreements with Hazen and Sawyer for a new not to exceed amount of \$2,000,000 and CDM Smith Inc. for a new not to exceed amount of \$500,000, and authorize a new agreement with Arup US, Inc. for a not to exceed amount of \$500,000 for a period of three years to provide support services in the development and implementation of the CAMP4W; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Motion: Authorize amending agreements with Hazen and Sawyer for a new not-to-exceed amount of \$2,000,000 and CDM Smith Inc. for a new not-to-exceed amount of \$500,000, and authorize a new agreement with Arup US, Inc. for a not-to-exceed amount of \$500,000 for a period of three years to provide support services in the development and implementation of the CAMP4W
- Presented By: Liz Crosson, Chief Sustainability, Resiliency & Innovation Officer

Ms. Crosson presented the committee with an overview of the task force charter, CAMP4W deliverables, support services background and scope of work.

The following Directors provided comments or asked questions:

1. Miller
2. De Jesus
3. Pressman
4. Seckel
5. Dick

Staff responded to the Directors' comments and questions.

After completion of the presentations, Director Miller made a motion, seconded by Director De Jesus, to approve the consent calendar consisting of items 2A, 7-4, 7-5, 7-6, and 7-7.

The vote was:

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

Noes: None

Abstentions: None

Absent: Directors Fong-Sakai, Petersen, and Smith.

The motion for items 2A, 7-4, 7-5, 7-6 and 7-7 passed by a vote of 11 ayes, 0 noes, 0 abstain, and 3 absent.

END OF CONSENT CALENDAR ITEMS

Vice Chair Dick announced the agenda will be reordered. Committee items 6a and 6b will be heard prior to item 8-5.

6. COMMITTEE ITEMS

- a. Subject: Update On Other Post Employment Benefits
Presented by: Margaret Tempkin, Cheiron
Kathleen Weaver, Cheiron

Ms. Kasaine introduced the item and introduced the Actuaries from Cheiron. Ms. Tempkin and Ms. Weaver provided background on valuations and Metropolitan's valuation results.

The following Director provided comments or asked questions:

1. Armstrong

Staff responded to the Director's comments and questions.

- b. Subject: Discussion On Section 115 Trust for Pension and Other Post
Employment Benefits
Presented by: Adam Benson, Group Manager – Finance

Ms. Kasaine introduced the item and Mr. Benson presented the committee with an overview of benefits structure, pension background, OPEB background, and additional funding options.

The following Director provided comments or asked questions:

1. Miller
2. Armstrong
3. De Jesus

Staff responded to the Director's comments and questions.

5. OTHER CONSENT ITEMS – ACTION

8-5 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 Blyth 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. [ADDED ITEM 6/3/2024]

Presented by: Kieran Callanan, Unit Manager- Land Management

In open session, Ms. Crosson introduced the item and Mr. Callanan provided an overview of the lease, service area and CRA map, site map, and future Board actions.

Director Pressman entered the meeting.

In closed session, the Committee met with its real property negotiators and recommended that the Board authorize the General Manager to enter into an option agreement with The AES Corporation, LLC for a long-term lease of up to 6,742 acres in the Palo Verde Mesa for carbon-free energy production and storage uses, subject to the price and terms direction given in closed session.

5. BOARD INFORMATION ITEMS

None

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

a. Subject: Financial and Asset Management Activities

No report was given.

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 May 30, 2024, Joint Task Force meeting.

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

No direction was given.

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

None

11. ADJOURNMENT

The next meeting will be held on July 9, 2024.

The meeting adjourned at 11:08 a.m.

Larry Dick
Vice Chair