

MINUTES

BOARD OF DIRECTORS WORKSHOP ON FINANCE, AFFORDABILITY, ASSET MANAGEMENT AND EFFICIENCY

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

February 24, 2026

1. CALL TO ORDER

Director Sutley called the meeting to order at 12:01 p.m.

Director Denham indicated he was participating under alternative teleconferencing due to a contagious illness. Director Denham appeared by audio and on camera.

2. ROLL CALL

Board Secretary Fong-Sakai administered the roll call.

Board Members present: Directors Ackerman, Alvarez, Bryant, Camacho, Crane, De Jesus (teleconference posted location), Denham (alternative teleconferencing), Dennstedt (teleconference posted location, entered after rollcall), Erdman, Faessel, Fellow (teleconference posted location, entered after rollcall), Fong-Sakai, Garza, Jay, Kassakhian, Kurtz (teleconference posted location), Lewitt, McCoy, Miller, Paule (teleconference posted location), Pressman, Quinn (entered after rollcall), Ramos, Seckel, Shepherd Romey, and Sutley.

Board Members absent: Directors Cordero, Crawford, Douglas, Gold, Gray, Jung, McMillan, Ortega, Petersen, and Phan.

3. DETERMINATION OF QUORUM

Board Secretary Fong-Sakai determined that a quorum was present.

**4. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE
BOARD LIMITED TO THE ITEMS LISTED ON THE AGENDA.**

No members of the public requested to speak.

5. WORKSHOP ITEMS

- A. Subject: Proposed biennial budget, which includes the Capital Investment Plan and revenue requirements for fiscal years 2026/27 and 2027/28; proposed water rates and charges for calendar years 2027 and 2028 to meet revenue requirements for fiscal years 2026/27 and 2027/28; ten-year financial forecast; and Cost of Service Report (Workshop 2)

Presented by: Adam Benson, Group Manager - Finance & Administration
Arnout Van den Berg, Section Manager- Revenue & Budget
Michael Thomas, Unit Manager - Engineering Services

Ms. Kasaine introduced the item, and Mr. Van den Berg provided an overview of the baseline budget rate increase, reserve policy review, revenues and expenditures, and property tax options. His presentation also included major capital projects and scenario analysis, State Water Project costs, and subsidence costs. Ms. Hattar introduced the Capital Investment Plan (CIP), and Mr. Thomas provided an overview of the CIP budget and development process, proposed CIP, highlights for the next biennium, and planned Board actions.

Lastly, Mr. Deshmukh presented the next steps.

The following Directors made comments or asked questions:

1. Pressman
2. Fong-Sakai
3. Miller
4. Sutley
5. Fellow
6. Crane
7. Seckel
8. Jay
9. Denham
10. Bryant
11. Shepherd Romey
12. Alvarez
13. Dennstedt
14. Paule
15. Erdman
16. Garza
17. Lewitt
18. Faessel
19. Kurtz
20. Ramos
21. De Jesus

Staff responded to the Directors' questions and comments.

6. FOLLOW-UP ITEMS

Director Sutley requested additional information on unrestricted reserves, reserve levels, and prior PAYGO funding.

Director Erdman requested a list of responsible parties for subsidence.

Director Garza requested a deeper dive on subsidence.

Director Pressman requested that the Legal team review our obligations under the State Water Contract.

Director Seckel requested staff evaluate what Metropolitan needs to remain reliable until 2035 under scenario C and unmanaged supplies.

7. FUTURE AGENDA ITEMS

None

8. ADJOURNMENT

The Workshop adjourned at 2:50 p.m.

LOIS FONG-SAKAI

BOARD SECRETARY

NANCY SUTLEY

BOARD VICE CHAIR