

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE, AUDIT, INSURANCE, AND REAL PROPERTY COMMITTEE

November 14, 2023

Chair Smith called the meeting to order at 10:31 a.m.

Director Peterson indicated he is participating under AB 2449 “emergency circumstances” for a back injury that prevents him from attending in person. Director Peterson appeared by audio and on camera.

Director Seckel made a motion, seconded by Director Dennstedt, to approve AB 2449 Emergency Circumstance participation for Director Peterson.

The vote was:

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

Noes: None

Abstentions: None

Absent: Directors Chacon, Petersen, Pressman, and Quinn.

The motion for Director Peterson to participate under AB 2449 Emergency Circumstance passed by a vote of 10 ayes, 0 noes, 0 abstain, and 4 absent.

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

Members absent: Directors Petersen and Quinn.

Other Members present: Abdo, Ackerman, Bryant, Camacho, Cordero, Erdman, Garza, Goldberg, Kurtz, Luna, McCoy, Morris, Ortega, Peterson (AB 2449 Emergency Circumstance), and Ramos.

Director Peterson indicated that he is participating under AB 2449 “Emergency Circumstances” regarding physical emergency. Director Peterson appeared by audio and on camera.

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

**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 October 10, 2023 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

3. CONSENT CALENDAR ITEMS – ACTION

- 7-13 Subject: Adopt a resolution providing financial assurance for the Colorado River Aqueduct Master Reclamation Plan, establish the Metropolitan Reclamation Plan Trust Fund, and amend Sections 5200 and 5201 of the Metropolitan Water District Administrative Code to establish the Metropolitan Reclamation Plan Trust Fund; the General Manager has determined that this action is exempt or otherwise not subject to CEQA
- Motion a. Adopt a resolution providing financial assurance for the Colorado River Aqueduct Master Reclamation Plan and establish the Metropolitan Reclamation Plan Trust Fund; and
b. Amend Sections 5200 and 5201 of the Metropolitan Water District Administrative Code to establish the Metropolitan Reclamation Plan Trust Fund.
- 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 the Colorado River Aqueduct Master Reclamation Plan and Surface Mining and Reclamation Act Financial Assurance. His presentation also included an overview of the distribution system, financial assurance resolution and trust fund, and the Administrative Code amendment.

The following Directors provided comments or asked questions:

1. Miller
2. Smith

Staff responded to the Directors' comments and questions.

Director Pressman entered the meeting.

After completion of the presentation, Director Dennstedt made a motion, seconded by Director Miller, to approve items 2A and 7-13.

The vote was:

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

Noes: None

Abstentions: None

Not Voting: None

Absent: Directors Chacon, Petersen, and Quinn.

The motion for item 2A and 7-13 passed by a vote of 11 ayes, 0 noes, 0 abstain, and 3 absent.

END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

Direct Chacon entered the meeting.

8-7 Subject: Adopt the 2023 Long-Range Finance Plan Needs Assessment; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Substitute Concur with the 2023 Long-Range Finance Plan Needs Assessment

Motion: for planning purposes

Presented by: Khan Phan, Unit Manager, Rates, Charges, and Financial Planning
Sam Smalls, Manager of Treasury and Debt Management

Ms. Kasaine introduced the item and Ms. Khan presented the committee with a correction to the draft Long-Range Finance Plan Needs Assessment, summary of 2032 scenarios, extending the financial analysis to 2045, and summary of 2045 scenarios. Mr. Smalls continued the presentation with the debt capacity analyses and frequently asked questions.

The following Directors provided comments or asked questions:

1. Seckel
2. Smith
3. Armstrong
4. Miller
5. Fong-Sakai
6. Ortega
7. Dennstedt
8. Alvarez
9. Kurtz
10. Ackerman

Staff responded to the Directors' comments and questions.

After completion of the presentation, Director Armstrong made a substitute motion, seconded by Director Seckel, to approve item 8-7.

The vote was:

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

Noes: Director Chacon, Fong-Sakai, Miller, Smith

Abstentions: None

Not Voting: None

Absent: Directors Petersen and Quinn.

The motion for item 8-7 passed by a vote of 8 ayes, 4 noes, 0 abstain, and 2 absent.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

- a. Subject: Update on member agency purchase order commitments covering January 1, 2015 through December 31, 2024
Presented by: Adam Benson, Group Manager, Finance

Ms. Kasaine introduced the item and Mr. Benson presented the committee with the current purchase order status, assessment of the current purchase order, and future Board options.

The following Directors provided comments or asked questions:

1. Miller
2. Smith

Staff responded to the Directors' comments and questions.

- 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 September 30, 2023. The report included cumulative water transactions in acre-feet, revenues, expenses for fiscal year 2023/24, and unrestricted reserves.

The following Directors provided comments or asked questions:

1. Smith
2. Fong-Sakai
3. Dick
4. Alvarez
5. Miller
6. Armstrong

Staff responded to the Directors' comments and questions.

- c. Subject: Diamond Valley Lake Recreation Update

Item was deferred to January.

- Subject: Pure Water Southern California Cost Recovery Alternatives
- d. Presented by: Arnout Van den Berg, Section Manager-Revenue & Budget

Ms. Kasaine introduced the item and Mr. Van den Berg presented the committee with follow up questions and comments from the previous committee meeting, and discussion of scenario six.

The following Directors provided comments or asked questions:

1. Smith

Staff responded to the Directors' comments and questions.

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Subject: General Auditor's Report on Monthly Activities

Mr. Suzuki updated the committee on the General Auditor's activities, which included the status of the external quality assessment, upcoming items at the Subcommittee on Audits, and professional services obtained.

- b. Subject: Financial, Insurance, and Real Property Activities

No report was given.

8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Subject: Discuss and provide direction to Subcommittee on Audits

No direction was given.

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

Presented by: Director Seckel

Director Seckel updated the committee on the upcoming Joint Task Force of Subcommittee members and Member Agency Managers.

- c. 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 January 9, 2024.

The meeting adjourned at 1:05 p.m.

Timothy Smith
Chair