

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

**FINANCE, AFFORDABILITY, ASSET MANAGEMENT, AND EFFICIENCY
COMMITTEE**

May 13, 2025

Chair Miller called the meeting to order at 8:33 a.m.

Members present: Directors Alvarez, Armstrong (AB2449 just cause), Bryant, Dennstedt (teleconference posted location), McMillan (teleconference posted location), Miller, Petersen, Pressman (entered after roll call), Quinn, and Seckel.

Members absent: Director Fong-Sakai.

Other Board Members present: Ackerman (teleconference posted location), Camacho, DeJesus (teleconference posted location), Erdman (teleconference posted location), Faessel, Garza (teleconference posted location), Goldberg, Gray (teleconference posted location), Katz, Kurtz, Lewitt, Luna (AB2449 just cause), McCoy, Ortega, and Shepherd Romey.

Director Armstrong indicated he was participating under AB2449 just cause due to a contagious illness. Director Armstrong appeared by audio and on camera.

Director Luna indicated he was participating under AB2449 just cause due to a contagious illness. Director Luna appeared on camera.

Committee Staff present: Benson, Crosson, Kasaine, Quilizapa, Rubin, Upadhyay, and Williams.

**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, Affordability, Asset Management, and Efficiency Committee Meeting for April 8, 2025

3. CONSENT CALENDAR -ACTION

7-5 Subject: Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan's Bonds; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

 Motion: Approve the draft of Appendix A (**Attachment 1**) attached to this board letter.

 Presented By: Sam Smalls, Manager of Treasury and Debt Management

Ms. Kasaine introduced the item, followed by a presentation from Mr. Smalls summarizing the distribution of Appendix A for use in the issuance and remarketing of Metropolitan bonds. His presentation provided background information on the Appendix A update process, the Board's review and approval procedures, and key highlights of the recent updates. He concluded by outlining anticipated future updates to Appendix A.

After completion of the presentation, Director Seckel made a motion, seconded by Director Bryant, to approve the consent calendar consisting of items 2A, and 7-5 option 1.

The vote was:

Ayes: Directors Alvarez, Armstrong, Bryant, Dennstedt, McMillan, Miller, Petersen, Quinn, and Seckel.

Noes: None

Abstentions: Director Quinn (item 2A)

Absent: Directors Fong-Sakai, and Pressman.

The motion for item 2A passed by a vote of 8 ayes, 0 noes, 1 abstain, and 2 absent.

The motion for item 7-5 passed by a vote of 9 ayes, 0 noes, 0 abstentions, and 2 absent.

Director Armstrong stated he was alone in the room for his vote.

END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

8-2 Subject: Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt resolution that (1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents.

Motion: Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt a resolution that: (1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents.

Presented By: Sam Smalls, Manager of Treasury and Debt Management

Ms. Kasaine introduced the item, followed by a presentation from Mr. Smalls, who provided background on the item and an overview of the proposed resolution. He also outlined the project's financing strategy, including the HDWB interim financing plan, and concluded with a summary of the next steps.

The following Directors provided comments or asked questions:

1. Quinn
2. Dennstedt
3. Miller
4. Lewitt
5. Ortega
6. Petersen

Staff responded to the Directors' comments and questions.

After completion of the presentation, Director Bryant made a motion, seconded by Director Seckel, to approve item 8-2 option 1.

The vote was:

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

Noes: None

Abstentions: None

Absent: Directors Fong-Sakai, and Petersen.

The motion for item 8-2 passed by a vote of 9 ayes, 0 noes, 0 abstentions, and 2 absent.

Director Armstrong stated he was alone in the room for his vote.

Director Katz recused himself from Item 8-3 due to a financial interest, as he holds stock in Bank of America. He indicated that he would leave the room during the discussion of this item.

Director Erdman recused himself from Item 8-3 due to a financial interest, as he holds stock in Bank of America. He indicated that he would leave the room during the discussion of this item.

Director Faessel recused himself from Item 8-3 due to a financial interest, as he holds stock in Bank of America. He indicated that he would leave the room during the discussion of this item.

8-3 Subject: Adopt a resolution authorizing a master equipment lease-purchase program of up to \$35 million outstanding balance from time to time and providing for related documents and actions; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

 Motion: Adopt a resolution authorizing a master equipment lease-purchase program of up to \$35 million outstanding balance from time to time and providing for related documents and actions and set up an ad hoc committee to direct communications with the California Air Resources Board regarding Electric Vehicle regulations and Metropolitan's role as an emergency responder. (revised 6/2/2025)

 Presented By: Sam Smalls, Manager of Treasury and Debt Management

Ms. Kasaine introduced the item, followed by a presentation from Mr. Smalls. He provided background information and an overview of the proposed resolution, then discussed the Master Lease Purchase Program, including its structure and indicative interest rates. He concluded with a summary of the next steps.

The following Directors provided comments or asked questions:

1. Miller
2. Camacho
3. Dennstedt
4. Seckel

Staff responded to the Directors' comments and questions.

After completion of the presentation, Director Bryant made a motion, seconded by Director Seckel, to approve the item 8-3, amended option 1.

The vote was:

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

Noes: None

Abstentions: None

Not Voting None

Absent: Directors Fong-Sakai, and Petersen.

The motion for item 8-3 (amended) passed by a vote of 9 ayes, 0 noes, 0 abstentions, and 2 absent.

Director Armstrong stated he was alone in the room for his vote.

8-4 Subject: Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26.

Presented By: Nancy Warfel, Senior Resource Specialist

No presentation was requested.

Director Seckel made a motion, seconded by Director Bryant, to approve 8-4 option 1.

The vote was:

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

Noes: None

Abstentions: None

Absent: Directors Fong-Sakai, and Petersen.

The motion for item 8-4 passed by a vote of 9 ayes, 0 notes, 0 abstentions, and 2 absent.

Director Armstrong stated he was alone in the room for his vote.

5. BOARD INFORMATION ITEMS

9-4 Subject: Renewal Status of Metropolitan's Property and Casualty Insurance Program

No presentation given.

6. COMMITTEE ITEMS

a. Subject: Quarterly Investment Activities Report

Presented By: Sam Smalls, Manager of Treasury and Debt Management

Mr. Smalls reported on the following:

- Portfolio Overview Credit Quality
- Portfolio Overview Sector Allocation
- Portfolio Overview Statistics
- Portfolio Statistics: Liquidity and Core Segments

The following Directors provided comments or asked questions:

1. Seckel
2. Miller

Staff responded to the Directors' comments and questions.

b. Subject: Bond Financing Overview (SB 450)

Presented By: Sam Smalls, Manager of Treasury and Debt Management

Mr. Smalls reported on the following:

- SB 450 Requirements
- 2025 Series A Proposed Bond Issuance
- Estimated SB 450 Requirements for the 2025 Series A Proposed Bond Issuance
- Proposed Bond Issuance

The following Directors provided comments or asked questions:

1. Miller

Staff responded to the Directors' comments and questions.

c. Subject: Quarterly Financial Report

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

Ms. Phan reported on the following:

- 3rd Quarter Financial Results and Forecast
- Water transactions
- Update on FY 2024/25 Revenue Generation
- Unaudited Basic Financial Statements

The following Directors provided comments or asked questions:

1. Armstrong
2. Miller
3. Alvarez

Staff responded to the Directors' comments and questions.

- d. Subject: Overview of potential drivers of the next biennium budget

Presented By: Adam Benson, Group Manager for Finance and Administration

Mr. Benson reported on the following:

- Financial Challenges and Potential Cost Drivers
- Current Budget and 10-yr Financial Forecast
- Pure Water Southern California (PWSC)
- Funding Zero Emission Vehicle (ZEV)

The following Directors provided comments or asked questions:

1. Quinn
2. Alvarez
3. Miller
4. Ortega
5. Katz
6. Bryant

Staff responded to the Directors' comments and questions.

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Subject: Financial, Affordability, Asset Management, and Efficiency 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 items discussed at the April 22, 2025, Subcommittee 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

Directors Seckel and Bryant requested a Board workshop or series of workshops be schedule. Board Chair Ortega responded that this was already being planned.

11. ADJOURNMENT

The meeting adjourned at 11:09 a.m.

C. Martin (Marty) Miller
Chair