

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND ASSETT MANAGEMENT COMMITTEE

March 12, 2024

Chair Smith called the meeting to order at 10:20 a.m.

Members present: Directors Alvarez, Armstrong, De Jesus, Dennstedt (AB 2449 “just cause”), Dick, Fong-Sakai, Gualtieri, McMillan, Miller, Pressman (teleconference posted location), Quinn (entered after rollcall), Seckel, and Smith.

Members absent: Director Petersen.

Other Members present: Abdo, Ackerman, Bryant, Camacho, Cordero, Douglas, Erdman, Faessel, Fellow, Garza, Goldberg, Gray, Kurtz, Lefevre, McCoy, Morris, Ortega, and Peterson.

Director Dennstedt indicated she is participating under AB 2449 “just cause” due to illness. Director Dennstedt appeared by audio and on camera.

Director Dennstedt announced during roll call that no one was in the room with her 18 years of age or older.

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

Justin Breck, Los Angeles Water Keeper commented on item 9-2.

Darcy Burke, Elsinore Walley Municipal Water District commented on item 9-2.

Devon Provo, Accelerate Resilience LA commented on item 9-2.

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 February 12, 2024 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

3. CONSENT CALENDAR ITEMS – ACTION

Director Dennstedt announced that no one was in the room with her 18 years of age or older.

Director De Jesus made a motion, seconded by Director Miller, to approve item 2A.

The vote was:

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

Noes: None

Abstentions: Director Gualtieri

Not Voting: None

Absent: Directors Petersen and Quinn

The motion for item 2A passed by a vote of 11 ayes, 0 noes, 1 abstain, and 2 absent.

END OF CONSENT CALENDAR ITEMS

4. OTHER CONSENT ITEMS – ACTION

- 8-4 Subject: Authorize a new agricultural lease agreement with Lemhi Land & Cattle LLC, thereby allowing this existing lessee to continue farming on Metropolitan's fee-owned property in the Sacramento-San Joaquin Delta; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; properties totaling approximately 3,007 gross acres in the area commonly known as Holland Tract, also identified as Contra Costa County Assessor Parcel Nos. 023040027; 023040026; 023050001; 023050002; 023070011; 023070012; 023090004; 023090003; 023080010; 023080011; 023100007; 023100008; 023090001; 023100002; 023100004; 023100001; agency negotiators: Anna Olvera, Kevin Webb, and Kieran Callanan; negotiating parties: Gino Torlai dba Lemhi Land & Cattle, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8].
- Motion: Authorize lease agreement with Lemhi Land and Cattle LLC according to price and terms presented in closed session and as set forth in the confidential letter
- Presented by: Anna Olvera, Principal Real Estate Representative

In open session, Ms. Olvera presented the committee with an overview of the new lease agreement with Lemhi Land & Cattle, LLC. Her presentation included general location, Bay-Delta land use strategy, and site map.

The following Directors provided comments or asked questions:

1. Miller

Staff responded to the Directors' comments and questions.

Director Quinn entered the meeting room.

In closed session, the committee heard from its real property negotiators. The motion to authorize a lease agreement with Lemhi Land and Cattle, LLC according to the price and terms presented in closed session and as set forth in the confidential letter passed.

Chair Smith announced that there would be a reordering of the meeting agenda, item 6b would be heard first with the Workshop item following.

- 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 December 31, 2024. 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. De Jesus
2. Dennstedt
3. Kurtz
4. Miller

Staff responded to the Directors' comments and questions.

Chair Smith announced that the meeting would now return to its originally scheduled order as listed on the agenda.

5. WORKSHOP ITEM

- 9-2 Subject: Proposed Biennial Budget, Which Includes The Capital Investment Plan And Revenue Requirements For Fiscal Years 2024/25 And 2025/26; Proposed Water Rates And Charges For Calendar Years 2025 And 2026 To Meet Revenue Requirements For Fiscal Years 2024/25 And 2025/26; Ten Year Forecast; And Cost Of Service Report
- Presented by: Katano Kasaine, Assistant General Manager/Chief Financial Officer
 Adam Benson, Group Manager-Finance
 Arnout Van den Berg, Section Manager-Revenue & Budget

Ms. Kasaine introduced the item and General Manager, Adel Hagekhalil addressed the committee on the process of the proposed budget.

Chair Ortega provided introductory comments.

Mr. Benson provided an overview of Member Agency Managers feedback. Next, Mr. Van den Berg presented the committee with an overview of the rate alternatives.

The following Directors provided comments or asked questions:

1. Armstrong
2. Fong-Sakai
3. Ortega
4. Abdo
5. Morris
6. Quinn
7. Seckel
8. Smith
9. Miller
10. Dennstedt
11. Peterson
12. Gualtieri
13. McMillan
14. Dick
15. Kurtz
16. Fellow
17. Goldberg
18. Pressman
19. Cordero
20. Camacho

Ms. Quilizapa noted Metropolitan's General Counsel sent a letter to the Board of Directors and Member Agency Managers, dated March 9, 2024, responding to Board Information Request regarding Metropolitan's Authority to Collect Ad Valorem Property Taxes in Excess of MWD Act Section 124.5 Limit. This item will be made part of the record.

Staff responded to the Directors' comments and questions.

6. COMMITTEE ITEMS

- a. Subject: Pure Water Southern California Cost Recovery Alternatives Update
Presented by: No presentation was given.

Item was moved to the Subcommittee on Pure Water Southern California and Regional Conveyance.

- c. Subject: Historical Revenue and Expense Analysis
- Presented by: No presentation was given.

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Subject: Financial, Insurance, and Real Property 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 February 29, 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 April 9, 2024.

The meeting adjourned at 1:57 p.m.

Timothy Smith
Chair