

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE, AUDIT, INSURANCE, AND REAL PROPERTY COMMITTEE

March 13, 2023

Chair Smith called the hybrid teleconference and in-person meeting to order at 1:16 p.m.

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

Members absent: Directors Petersen, Pressman, and Quinn.

Other Board Members present: Directors Goldberg, Jung, Lefevre, McCoy, McMillan, and Ortega.

Committee Staff present: Chapman, Hagekhalil, Kasaine, Quilizapa, Ros, Scully, Suzuki, Upadhyay.

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

None

Director Armstrong entered the meeting.

2. OPPORTUNITY FOR DIRECTORS WHO ARE NOT MEMBERS OF THE COMMITTEE TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

None

Director Fong-Sakai entered the meeting.

Chair Smith announced to the committee that Committee item 7a will be heard before the Consent Calendar items.

7a Subject: Financing Overview for Bond Issuance (SB 450)

Presented by: Samuel Smalls, Manager of Treasury and Debt Management

Ms. Kasaine introduced the item and Mr. Smalls presented the committee with an overview of SB 450 requirements and the two bond transactions expected to close in May.

The following Directors provided comments or asked questions:

1. Smith
2. Fong-Sakai
3. Alvarez
4. Armstrong

Staff responded to Directors' comments and questions.

CONSENT CALENDAR ITEMS — ACTION

3. CONSENT CALENDAR OTHER ITEMS – ACTION

- A. Subject: Approval of the Minutes of the Finance, Audit, Insurance, and Real Property Committee Meeting for January 24, 2023 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

4. CONSENT CALENDAR ITEMS – ACTION

- 7-1 Subject: Adopt the Twenty-Fifth Supplemental Resolution to the Master Bond Resolution authorizing the issuance of up to \$330 million of Water Revenue Bonds, 2023 Series; and approve expenditures to fund the costs of issuance of the Bonds; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

- Motion: a. Adopt the Twenty-Fifth Supplemental Resolution to the Master Bond Resolution authorizing the issuance of up to \$330 million of Water Revenue Bonds, 2023 Series, and providing the terms and conditions for the sale and issuance of said Water Revenue Bonds; and
b. Approve approximately \$1.1 million for the payment of the costs of issuance of the Water Revenue Bonds to be paid from bond proceeds or Metropolitan funds.

- Presented by: Samuel Smalls, Manager of Treasury and Debt Management

Ms. Kasaine introduced the item and Mr. Smalls gave a brief overview of the item.

The following Directors provided comments or asked questions:

1. Fong-Sakai
2. Smith

Staff responded to Directors' comments and questions.

- 7-2 Subject: Authorize the General Manager to issue a new fifty-year license agreement, with options to extend for up to fifty additional years, to DesertXpress Enterprises, LLC for the purpose of a high-speed rail line traversing Metropolitan property in the city of Fontana,

California; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Authorize issuing a license agreement to Brightline West for an initial fifty-year term with options to extend, totaling an additional fifty years.

Presented by: None

Directors Miller, De Jesus and Seckel entered the meeting.

After completion of the presentations, Director De Jesus made a motion, seconded by Director Armstrong, to approve the consent calendar consisting of items 3A, 7-1 and 7-2.

The vote was:

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

Noes: None

Abstentions: None

Absent: Directors Chacon, Petersen, Pressman, and Quinn

The motion for items 3A, 7-1, 7-2 passed by a vote of 10 ayes, 0 noes, 0 abstain, and 4 absent.

END OF CONSENT CALENDAR ITEMS

5. OTHER BOARD ITEMS – ACTION

None

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

b. Subject: Quarterly Investment Activities Report

Presented by: Kyle Jones, Managing Director, PFM Asset Management LLC

Mr. Smalls introduced the item and Mr. Jones presented the committee with an overview of Metropolitan's investment activities portfolio through January 31, 2023. The report included market environment, investment strategy and returns, and earnings projection.

c. Subject: Quarterly Financial Report

Presented by: Shanice Wong, Assistant Controller/Unit Manager-Accounting

Ms. Kasaine introduced the item and Ms. Wong presented the committee with Metropolitan's quarterly financial report for the period ending December 31, 2022. The report included cumulative water transactions in acre-feet, receipts, and expenditures for fiscal year 2022/23.

Ms. Wong also reported on reimbursable costs and Operations & Maintenance costs for the Delta Conveyance Project through December 2022.

The following Directors provided comments or asked questions:

1. Smith

Staff responded to Directors' comments and questions.

- d. Subject: Revenue Report

No Presentation given.

8. MANAGEMENT REPORTS

- a. Subject: Chief Financial Officer's report

Ms. Kasaine presented the committee with staff's responses to Director Smith's questions.

- b. Subject: General Auditor's Report

Mr. Suzuki highlighted the status on this year's audit plan and overviewed general auditor activities.

- c. Subject: Real Property Group Manager's Report

Mr. Chapman presented the committee with an overview of desert housing maintenance and improvements.

The following Directors provided comments or asked questions:

1. Miller

Staff responded to Directors' comments and questions.

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

None

11. ADJOURNMENT

The next meeting will be held on April 10, 2023.

Meeting adjourned at 2:19 p.m.

Timothy Smith
Chair