THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Report

Finance and Administration Group

- Finance and Administration Group Activities Report

Summary

This report provides a summary of the Finance and Administration Group activities for August 2026 and September 2026.

Purpose

Informational

Attachments

Attachment 1– Finance and Administration group activities for August 2026 and September 2026

Date of Report: October 13, 2026

Finance and Administration Group Activities Report for August 2026 and September 2026

Maintain Strong Financial Position

Provide timely and discerning financial analyses, planning, and management to ensure that forecasted revenues are sufficient to meet planned expenses and provide a prudent level of reserves consistent with board policy.

In September, an informational report titled Overview of Metropolitan's Grants Processes and Procedures was presented to the Finance, Affordability, Asset Management, and Efficiency Committee.

Manage risk to protect Metropolitan's assets against exposure to loss.

The Risk Management Unit completed 62 incident reports, communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 48 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events, and film permits.

Business Continuity

Facilitate District-wide planning and training to prepare employees and managers to effectively carry out critical roles and recover mission essential functions thus ensuring continuity of operations and resiliency in the event of a disaster.

Manage the Business Continuity Management Program in accordance with Operating Policy A06.

- Continued working with various areas across Metropolitan on Business Continuity Plan development and updates.
- Continued collaboration with the Office of Enterprise Cybersecurity and the Security Management Unit on planning efforts for a comprehensive tabletop exercise focused on a cyberattack scenario.
- Continued working on updates to Operating Policy A-06, Business Continuity and Emergency Management.
- Led planning efforts for the District-wide Great ShakeOut Earthquake Drill on 10/15.
- Participated in EOC refresher training.
- In partnership with Information Technology, conducted a successful business continuity application test of critical backup systems. Staff from across Metropolitan validated the functionality of these backup systems to ensure proper functionality, in case the primary production systems were temporarily unavailable.
- Participated in emergency response and recovery operations for the La Verne Battery Energy Storage System incident.

Financial Management

Manage Metropolitan's finances in an ethical and transparent manner and provide consistent, clear, and timely financial reporting. Update Metropolitan's capital financing plans and work with rating agencies and investors to communicate Metropolitan's financial needs, strategies, and capabilities, thus ensuring that Metropolitan has cost-effective access to capital markets and the ability to finance ongoing future needs. In addition, actively manage Metropolitan's short-term investment portfolio to meet ongoing liquidity needs and changing economic environments.

Record and report the financial activities of Metropolitan in a timely, accurate, and transparent manner to the Board, executive management, member agencies, and the financial community.

FY26-27 Cash Water Transactions and Revenues Budget vs Actual (Preliminary, subject to change)

Month		Acre-Feet (AF)[1]		Variance		Revenue ($)[2]		Variance	
Delivered/Billed In	To be Collected in	Budget	Actual	AF	%	Budget	Actual	$	%
May	July	88,007	84,117	(3,890)	-4%	157,965,807	185,273,043	27,307,236	17%
June	August	100,273	91,725	(8,548)	-9%	122,982,093	113,433,943	(9,548,150)	-8%
July	September [3]	130,405	104,360	(26,045)	-20%	157,742,188	127,282,698	(30,459,490)	-19%
August	October [3]	122,166	120,532	(1,634)	-1%	149,863,472	145,638,183	(4,225,289)	-3%
YTD Total		**440,851**	**400,734**	**(40,117)**	**-9%**	**588,553,561**	**571,627,867**	**(16,925,693)**	**-3%**
September	November	113,796	-	-	0%	137,073,826	-	-	0%
October	December	109,682	-	-	0%	130,180,190	-	-	0%
November	January	125,222	-	-	0%	144,965,566	-	-	0%
December	February	95,061	-	-	0%	110,082,797	-	-	0%
January	March	76,566	-	-	0%	87,818,744	-	-	0%
February	April	71,831	-	-	0%	81,557,218	-	-	0%
March	May	77,425	-	-	0%	88,368,140	-	-	0%
April	June	99,692	-	-	0%	114,539,881	-	-	0%
FY Total		**1,210,126**	**400,734**	**N/A**	**N/A**	**1,483,139,921**	**571,627,867**	**N/A**	**N/A**

[1] AF reflected does not include non-member agency transactions.
[2] Includes Water Sales, Exchanges, and Wheeling for member agencies and non-member agencies.
[3] Information is presented on an accrual basis; corresponding cash data is not yet available.

Update capital financing plans and work with rating agencies and investors to communicate financial needs and capabilities, ensure cost-effective access to capital markets, and maintain long-term bond ratings of AA or better.

Metropolitan staff is finalizing documentation for two bond financings to price and close in November 2026. The first transaction is the approximate $340.8 million, Water Revenue Bonds, 2026 A, which will provide funding for a portion of Metropolitan's Capital Investment Plan, and, depending on market conditions, a tender refunding of several issues of Metropolitan's outstanding revenue bonds. The 2026 Series A bonds will be structured as senior lien, fixed-rate revenue bonds. The second financing will be the approximate $200 million, Water Revenue Bonds, 2026 Series B, which will provide funding for the remaining bond-funded portion of Metropolitan's Capital Investment Plan detailed in the Adopted Budget. The 2026 Series B bonds will be structured as Subordinate lien, variable rate demand bonds, supported by a Standby Bond Purchase Agreement from JP Morgan.

In preparation for the bond sales, staff will meet with the Rating Agencies on October 6-8 to discuss Metropolitan's operations, water supply resources, finances, and the proposed bond sales, among other topics. Representing Metropolitan will be General Manager Shivaji Deshmukh; Assistant General Manager/Chief Financial Officer/Treasurer Katano Kasaine; Group Manager-Finance/Administration Adam Benson; Manager of Treasury&Debt Management Samuel Smalls; Assistant General Manager-Water Resources and Technical Services John Bednarski; Group Manager-Water

Resource Management Brandon Goshi; and Manager of Colorado Resources William Hasencamp. Representatives from Metropolitan's Municipal Advisors, PFM Financial Advisors LLC, and Backstrom McCarley Berry & Co, LLC, will also be in attendance.

At the October 2026 Board Meeting, staff will introduce several board items for approval related to the upcoming bond sales: Appendix A, which will be distributed to investors, Bond Ordinance 153, and legal documents required for the issuance of the upcoming series of bonds.

Prudently manage the investment of Metropolitan's funds in accordance with policy guidelines and liquidity considerations.

As of August 31, 2026, Metropolitan's investment portfolio balance was $1.5 billion; in the same month, total earnings were $5.0 million, and the effective rate of return was 4.07 percent.

In August 2026, Metropolitan's portfolio manager executed 17 buy and four sell trades.

Treasury staff managed daily cash flow to cover Metropolitan's operational expenditures and invest excess funds.

Treasury staff completed the following transactions:

- 35 Dreyfus Cash Management Fund transactions
- 22 CAMP Investment Pool transactions
- $1.49 million in Metropolitan's bond and Swap payments
- 915 disbursements by check, 25 by Automated Clearing House (ACH), and 162 by wire transfer
- 46 receipts by check, 29 by ACH, and 49 by incoming wires and bank transfers
- Zero exception confirmations and zero unauthorized ACH
- Stop payments: two for the Demand Account; zero for the Payroll Account
- One wire confirmation alert from Bank of America, the Global Payment Operations fraud prevention on suspicious high-risk transactions

The Treasury staff also processed for the Delta Conveyance Design & Construction Authority the following transactions:

- Received and deposited 22 checks totaling $2.92 million
- Issued six checks and 36 wires totaling approximately $5.01 million

In addition, Treasury staff processed seven professional services invoice payment requests totaling approximately $0.12 million.

Furthermore, 9,781 P-One Card transactions totaling $1.43 million, recorded on the August bank statement, were monitored by the P-One Card Administrator.

Administrative Services

During the first quarter of FY 2026–27, the **Inventory Management Team within the Contracting Services Unit of the Administrative Services Section** generated $1,363,174.12 in total **Investment Recovery (Salvage)** revenue through the responsible disposition and recycling of surplus assets and materials. Revenue included $1,357,243.00 from online auctions, $5,876.12 from scrap metal recycling, and $55.00 from electronic waste collection.

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The auctions included ten pieces of heavy construction equipment, six trailers and trailer-mounted units, and 56 vehicles. The vehicles consisted of 31 pickup, service, and stake-bed trucks; 16 medium- and heavy-duty vocational trucks; eight passenger vehicles and minivans; and one electric utility cart.

These results reflect the **Inventory Management Team's** continued commitment to maximizing the value of District assets, supporting operational efficiency, reducing disposal costs, and returning value to the District through the sale, reuse, and recycling of surplus property. First-quarter revenue exceeded the $976,917.77 generated during all of FY 2025/26 by $386,256.35, or approximately 40 percent

FY26-27						
	Q1 (7/1-9/30)	Q2 (10/1-12/31)	Q3 (1/1-3/31)	Q4 (4/1-6/30)	TOTAL FY 26-27	Total for FY 25-26
SCRAP METAL	$ 5,876.12				$ 5,876.12	$ 12,358.78
E-WASTE COLLECTION	$ 55.00				$ 55.00	$ 4,550.72
HVAC COLLECTION	$ -				$ -	$ 747.43
ONLINE AUCTIONS	$ 1,357,243.00				$ 1,357,243.00	$ 959,260.84
Total	$ 1,363,174.12				$ 1,363,174.12	$ 976,917.77

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