

The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

FAM Committee

T. Smith, Chair
L. Dick, Vice Chair
D. Alvarez
J. Armstrong
G. Bryant
D. De Jesus
B. Dennstedt
L. Fong-Sakai
J. McMillan
C. Miller
M. Petersen
B. Pressman
T. Quinn
K. Seckel

Finance and Asset Management Committee - Final - Revised 3

Meeting with Board of Directors *

July 9, 2024

8:30 a.m.

Tuesday, July 9, 2024 Meeting Schedule

**08:30 a.m. FAM
10:30 a.m. EIA
11:30 a.m. Break
12:00 p.m. EOP
01:30 p.m. BOD
02:30 p.m. Sp Exec**

Agendas, live streaming, meeting schedules, and other board materials are available here:

**<https://mwdh2o.legistar.com/Calendar.aspx>. Written public comments received by 5:00 p.m. (business days) before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here:
<https://mwdh2o.legistar.com/Legislation.aspx>.**

If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 862 4397 5848.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click <https://us06web.zoom.us/j/81520664276?pwd=a1RTQWh6V3h3ckFhNmDsUWpKR1c2Zz09>

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

Teleconference Locations:

3008 W. 82nd Place • Inglewood, CA 90305

Cedars-Sinai Imaging Medical Group • 8700 Beverly Blvd., Suite M 313 • Los Angeles, CA 90048

Conference Room • 1545 Victory Blvd. 2nd Floor • Glendale, CA 91201

* The Metropolitan Water District's meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

2. **CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Finance and Asset Management Committee Meeting for June 11, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-3571](#)

Attachments: [07092024 FAM 2A \(06112024\) Minutes](#)

3. **CONSENT CALENDAR ITEMS - ACTION**

- 7-9 Authorize the General Manager to grant a Permanent Easement to San Diego Gas & Electric for natural gas pipeline purposes on Metropolitan fee-owned property in the County of San Diego and identified as Assessor Parcel Number 102-650-065; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3534](#)

Attachments: [07092024 FAM 7-9 B-L](#)
[07092024 FAM 7-9 Presentation](#)

- 7-10 ITEM 7-10 MOVED FROM CONSENT TO ACTION ITEM 8-4 [21-3599](#)

- 7-11 Authorize an additional six-month term to the existing agreement with Public Financial Management Asset Management for investment management services in an amount not to exceed \$250,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [REVISED SUBJECT 7/2/24] [21-3595](#)

Attachments: [07092024 FAM 7-11 B-L](#)

**** END OF CONSENT CALENDAR ITEMS ****

4. **OTHER BOARD ITEMS - ACTION**

- 8-4** Authorize the execution of an amendment to an existing lease with Nish Noroian Farms to increase the size of the leased premises from 759 acres to 1,760 acres of Metropolitan's fee-owned land in the Palo Verde Valley in Riverside County, California, and to make necessary associated changes. The additional proposed leasehold parcels are commonly known as Riverside County Assessor Parcels Numbers 833-060-004; 833-060-008; 833-060-018; 833-100-005; 833-100-007; 833-100-011; 833-100-012; 833-100-016; 833-100-017; 833-060-001; 833-060-024; 833-060-025; 827-190-003; 827-190-004; 827-190-005; 827-190-006; 827-190-007; 827-190-009; 827-190-010; 827-190-012; 833-060-026; 006-090-008; 006-090-009; 006-090-010; 006-090-011; 006-090-012; 006-090-013; 006-090-029; 006-120-082; 006-120-089; 006-150-065; 006-220-057. The General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; agency negotiators: Kevin Webb and Kieran Callanan; negotiating parties: Linda D. Noroian dba Nish Noroian Farms; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8]. [MOVED FROM CONSENT TO ACTION 7/1/24]

[21-3535](#)

Attachments: [07092024 FAM 8-4 B-L](#)
[07092024 FAM 8-4 Presentation - REVISED](#)

5. BOARD INFORMATION ITEMS

NONE

6. COMMITTEE ITEMS

- a. Update on financial conditions and metrics [21-3575](#)

Attachments: [07092024 FAM 6a Presentation](#)

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Finance and Asset Management activities [21-3572](#)

Attachments: [07092024 FAM 7a Finance and Asset Management Report](#)

8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling [21-3573](#)

- b. Discuss and provide direction to Subcommittee on Long-Term Regional Planning Processes and Business Modeling [21-3574](#)

9. FOLLOW-UP ITEMS

NONE

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

NOTE: This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND ASSETT MANAGEMENT COMMITTEE

June 11, 2024

Vice Chair Dick called the meeting to order at 9:01 a.m.

Members present: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, McMillan, Miller, Pressman (teleconference posted location), Quinn (entered after rollcall), and Seckel.

Members absent: Directors Fong-Sakai, Petersen, and Smith.

Other Members present: Ackerman, Camacho, Erdman, Goldberg, Kurtz, Lefevre (AB 2449 “just cause”), Morris, Ortega, and Ramos.

Director Lefevre indicated he is participating under AB 2449 “just cause” for caretaking for a family member that prevents him from attending in person. Director Lefevre appeared by audio and on camera and stated that no one was in the room with him.

Committee Staff present: Benson, Crosson, Chapman, Hagekhalil, Kasaine, Quilizapa, Ros, and Wheeler.

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 May 14, 2024 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

3. CONSENT CALENDAR ITEMS – ACTION

- 7-4 Subject: Approve up to \$2.257 million to purchase insurance coverage for Metropolitan’s Property and Casualty Insurance Program for fiscal year 2024/25; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Approve up to \$2.257 million to purchase insurance coverage for Metropolitan's Property and Casualty Insurance Program to renew or replace all the expiring excess liability and specialty insurance policies for and maintain the \$25 million self-insured retention for FY 2024/25, and include up to \$225,000 to obtain cyber liability coverage.

Presented by: Drew Boronkay, Unit Manager- Risk Management

Ms. Kasaine introduced the item and Mr. Boronkay presented the committee with an overview of the current Property and Casualty Insurance programs. His presentation included the cost estimates for this year's insurance renewal and premium comparison by fiscal year.

The following Directors provided comments or asked questions:

1. Miller

Staff responded to the Directors' comments and questions.

7-5 Subject: Approve Metropolitan's Statement of Investment Policy for fiscal year 2024/25, delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2024/25; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Approve the Statement of Investment Policy for fiscal year 2024/25; and delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2024/25.

7-6 Subject: Authorize the General Manager to grant a permanent easement to the Las Virgenes Municipal Water District for water pipeline purposes on Metropolitan fee owned property in the City of Los Angeles within Assessor Parcel Number 2723 009 905; the General Manager has determined that the proposed action is exempt and not subject to CEQA

Motion: Authorize the General Manager to grant a permanent easement to Las Virgenes Municipal Water District for water pipeline purposes on Metropolitan fee-owned property in the City of Los Angeles within Assessor Parcel Number 2723-009-905.

- 7-7 Subject: Authorize amending agreements with Hazen and Sawyer for a new not to exceed amount of \$2,000,000 and CDM Smith Inc. for a new not to exceed amount of \$500,000, and authorize a new agreement with Arup US, Inc. for a not to exceed amount of \$500,000 for a period of three years to provide support services in the development and implementation of the CAMP4W; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Motion: Authorize amending agreements with Hazen and Sawyer for a new not-to-exceed amount of \$2,000,000 and CDM Smith Inc. for a new not-to-exceed amount of \$500,000, and authorize a new agreement with Arup US, Inc. for a not-to-exceed amount of \$500,000 for a period of three years to provide support services in the development and implementation of the CAMP4W
- Presented By: Liz Crosson, Chief Sustainability, Resiliency & Innovation Officer

Ms. Crosson presented the committee with an overview of the task force charter, CAMP4W deliverables, support services background and scope of work.

The following Directors provided comments or asked questions:

1. Miller
2. De Jesus
3. Pressman
4. Seckel
5. Dick

Staff responded to the Directors' comments and questions.

After completion of the presentations, Director Miller made a motion, seconded by Director De Jesus, to approve the consent calendar consisting of items 2A, 7-4, 7-5, 7-6, and 7-7.

The vote was:

- Ayes: Directors Alvarez, Armstrong, Bryant, De Jesus, Dennstedt, Dick, McMillan, Miller, Pressman, Quinn, and Seckel.
- Noes: None
- Abstentions: None
- Absent: Directors Fong-Sakai, Petersen, and Smith.

The motion for items 2A, 7-4, 7-5, 7-6 and 7-7 passed by a vote of 11 ayes, 0 noes, 0 abstain, and 3 absent.

END OF CONSENT CALENDAR ITEMS

Vice Chair Dick announced the agenda will be reordered. Committee items 6a and 6b will be heard prior to item 8-5.

6. COMMITTEE ITEMS

- a. Subject: Update On Other Post Employment Benefits
- Presented by: Margaret Tempkin, Cheiron
 Kathleen Weaver, Cheiron

Ms. Kasaine introduced the item and introduced the Actuaries from Cheiron. Ms. Tempkin and Ms. Weaver provided background on valuations and Metropolitan's valuation results.

The following Director provided comments or asked questions:

1. Armstrong

Staff responded to the Director's comments and questions.

- b. Subject: Discussion On Section 115 Trust for Pension and Other Post
 Employment Benefits
- Presented by: Adam Benson, Group Manager – Finance

Ms. Kasaine introduced the item and Mr. Benson presented the committee with an overview of benefits structure, pension background, OPEB background, and additional funding options.

The following Director provided comments or asked questions:

1. Miller
2. Armstrong
3. De Jesus

Staff responded to the Director's comments and questions.

5. OTHER CONSENT ITEMS – ACTION

8-5 Subject: Authorize an option agreement with The AES Corporation, LLC, for a long-term lease of up to 6,742 acres of land in the Palo Verde- Valley, California for possible carbon-free energy production and storage purposes, contingent upon further project permits and approvals; the General Manager has determined that the proposed action of issuing an option agreement is exempt or otherwise not subject to CEQA. The property is located southwest of the city of Blyth in Riverside County and commonly known as the Palo Verde Mesa, Riverside County Assessor Parcel Nos. 879-230-001, 879-230-003; 879-230-005; 879-230-008; 879-230-010; 879-230-011; 879-230-012; 879-230-013; 879-230-014; 879-230-015; 879-230-016; 879-230-017; 879-230-018; 879-230-023; 879-230-024; 879-240-001; 879-240-002; 879-240-037; 879-240-038; 879-250-001; 879-250-008; 879-250-011; 879-250-013; 879-250-014; 879-261-019; 879-261-020; 879-261-021; 879-261-022; [Conference with real property negotiators agency negotiators: Kevin Webb and Kieran Callanan; negotiating parties: The AES Corporation, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8. [ADDED ITEM 6/3/2024]

Presented by: Kieran Callanan, Unit Manager- Land Management

In open session, Ms. Crosson introduced the item and Mr. Callanan provided an overview of the lease, service area and CRA map, site map, and future Board actions.

Director Pressman entered the meeting.

In closed session, the Committee met with its real property negotiators and recommended that the Board authorize the General Manager to enter into an option agreement with The AES Corporation, LLC for a long-term lease of up to 6,742 acres in the Palo Verde Mesa for carbon-free energy production and storage uses, subject to the price and terms direction given in closed session.

5. BOARD INFORMATION ITEMS

None

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

a. Subject: Financial and Asset Management 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 May 30, 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 July 9, 2024.

The meeting adjourned at 11:08 a.m.

Larry Dick
Vice Chair



- **Board of Directors**
Finance and Asset Management Committee

7/9/2024 Board Meeting

7-9

Subject

Authorize the General Manager to grant a permanent easement to San Diego Gas & Electric for natural gas pipeline purposes on Metropolitan fee-owned property in the County of San Diego and identified as Assessor Parcel Number 102-650-065; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This action authorizes the General Manager to grant San Diego Gas & Electric (SDGE) a permanent easement for the installation of natural gas lines across Metropolitan property (**Attachment 1**). The purpose is to enhance system operability and maintenance safety. Specifically, the project aims to upgrade and modernize natural gas infrastructure in the unincorporated community of Rainbow in northern San Diego County. Board authorization to grant this permanent easement is required as the real property interest to be conveyed exceeds five years.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Authorize the General Manager to grant a permanent easement to San Diego Gas & Electric for natural gas pipeline purposes on Metropolitan fee-owned property in the County of San Diego and identified as Assessor Parcel Number 102-650-065

Fiscal Impact: Metropolitan will receive a lump sum payment of \$13,100 for the easement area.

Business Analysis: Cooperation with other agencies and public utilities, by granting easements and other rights of entry, furthers the public interest and facilitates Metropolitan obtaining easements and other property rights critical for its own operations. Metropolitan will also receive positive revenue in the form of fees and fair market value for the easement.

Option #2

Do not approve the permanent easement

Fiscal Impact: Metropolitan will forgo the lump sum payment of \$13,100.

Business Analysis: San Diego Gas & Electric will not be permitted to improve their natural gas pipelines within Metropolitan property which may impact their future circulation and safety in the area, and they may use eminent domain action to obtain the necessary easement. This option could hinder opportunities to obtain reciprocal rights or permits from San Diego Gas & Electric right-of-ways for Metropolitan projects in the future.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 8230: Grants of Real Property Interests

Metropolitan Water District Administrative Code Section 8231: Appraisal of Real Property Interests

Metropolitan Water District Administrative Code Section 8232: Terms and Conditions of Management

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

By Minute Item 48766, dated August 16, 2011, the Board adopted the proposed policy principles for managing Metropolitan's real property assets.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt from CEQA because it involves the licensing of existing public structures and facilities, involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. In addition, the proposed action is exempt because it consists of minor alterations in land use limitations in areas with an average slope of less than 20 percent, which do not result in any changes in land use or density. (State CEQA Guidelines Section 15301 and Section 15305.)

CEQA determination for Option #2:

None required

Details and Background

Background

SDGE is requesting a permanent easement on Metropolitan's fee-owned property in San Diego County, identified as Assessor Parcel Number 102-650-065, to facilitate the removal and replacement of gas lines, including the 30-inch pipeline, minor grading, construction of a perimeter wall, a 10-inch blow-off pipeline, a 16-inch pipeline, and a 20-inch pipeline. The new pipelines will incorporate modern safety features, including thicker steel pipes, control valves, and improved visibility under normal operating conditions as part of the upgrade and modernization of the natural gas infrastructure in the unincorporated community of Rainbow in northern San Diego County. The proposed gas lines will not cross or impact any of our existing San Diego Pipelines Nos. 1, 2, and 3, which are in the area.

Staff has determined that the proposed easement would not interfere with Metropolitan's operations. The proposed permanent easement for natural gas line purposes will have the following key provisions:

- Subject to Metropolitan's paramount rights provision.
- For operation, maintenance, repair, and replacement of natural gas pipelines and appurtenances.
- SDGE shall provide Metropolitan reasonable access over and across the permanent easement.
- All plans for construction, maintenance, major repair, or replacement work shall be reviewed and approved by Metropolitan before the commencement of work.
- SDGE will keep the easement area free of trespass, noxious weeds, and trash at its sole cost and expense.
- The easement being granted is 1,685 square feet.

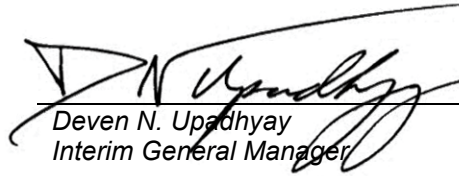
The fair market value for the proposed easement is \$5,100, as determined by a qualified licensed appraiser. There is also a one-time processing fee of \$8,000 for granting the permanent easement.



Elizabeth Crosson
Chief Sustainability, Resilience and
Innovation Officer

6/20/2024

Date



Deven N. Upadhyay
Interim General Manager

6/27/2024

Date

Attachment 1 – Location Map

Ref# sri12698224

Location Map





Finance and Asset Management Committee

San Diego Gas & Electric (SDGE) Permanent Easement

Item 7-9

July 9, 2024

Overview of the Easement Conveyance

Subject

- Authorize the granting of a permanent easement to San Diego Gas & Electric (SDGE) for natural gas pipeline purposes on Metropolitan fee-owned property in the County of San Diego and identified as Assessor Parcel Number 102-650-065

Purpose

- Establish rights to upgrade and modernize natural gas line infrastructure in Rainbow, Northern San Diego County

Distribution System Map



General Location Map



Site Map



Key Provisions

- Metropolitan's paramount rights provision
- Operation, maintenance, and other related natural gas pipeline rights
- SDGE will provide Metropolitan reasonable access
- All plans shall be approved by Metropolitan
- SDGE shall maintain the easement area
- The easement area will be 1,685 sq. ft.
- Metropolitan will receive \$13,100 for easement

Board Options

Option No. 1

Authorize the granting of a permanent easement to San Diego Gas & Electric (SDGE) for natural gas pipeline purposes on Metropolitan fee-owned property in the County of San Diego and identified as Assessor Parcel Number 102-650-065

Option No. 2

Do not approve the permanent easement.

Board Options

Staff Recommendation

- Option No. 1





- **Board of Directors**
Finance and Asset Management Committee

7/9/2024 Board Meeting

7-11

Subject

Authorize an additional six-month term to the existing agreement with Public Financial Management Asset Management for investment management services in an amount not to exceed \$250,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The Administrative Code stipulates the conditions under which competitive bidding is conducted and the circumstances under which sole source purchases are allowed. All contracts estimated to cost \$75,000 or more must be made through competitive bidding, except for those purchases listed in Administrative Code §8140.

The current professional services agreement for investment management services with Public Financial Management Asset Management (PFMAM) is managed by Metropolitan's Treasury Operations team in the Treasury and Debt Management Section. The contract was implemented through a competitive bidding process and is effective from July 1, 2019, through June 30, 2024, for an amount payable of up to \$500,000 per year. In order to enable the seamless management of Metropolitan's investment portfolio, staff is requesting an extension of the current agreement up to six months, effective as of July 1, 2024, through December 31, 2024, for an additional amount not to exceed \$250,000 to cover work through the extended term. This extension will provide sufficient time for the procurement process that governs the replacement of this agreement to be completed and ensure a successful transition to a new vendor, if so awarded through the ongoing procurement process.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Authorize an additional six-month term to the existing agreement with PFMAM for investment management services in an amount not to exceed \$250,000.

Fiscal Impact: Allows Metropolitan's investment advisor, PFMAM, to continue to perform its services under the same contract terms to manage Metropolitan's portfolio for safety, liquidity and yield.

Business Analysis: Provides additional time for staff to ensure the procurement process is managed appropriately for the services required to invest Metropolitan's three portfolios.

Option #2

Do not approve an additional six-month term to the existing agreement with PFMAM.

Fiscal Impact: May prevent Metropolitan's portfolio from earning a reasonable return on investments.

Business Analysis: Not approving the contract extension of Professional Services Agreement 188640 would require the Treasurer and staff to directly manage the entirety of Metropolitan's daily investments which we have not been fully staffed to accommodate.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Act Section 125: Investment of Surplus Money

Metropolitan Water District Administrative Code Section 2701(a): Treasurer's Reports

Metropolitan Water District Administrative Code Section 5101: Investment of Surplus Funds

Metropolitan Water District Administrative Code Section 5114: Reporting Requirements of the Treasurer

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities; personnel-related actions; and/or general policy and procedure making that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5)).

CEQA determination for Option #2:

None required

Details and Background

Background

The Administrative Code stipulates the conditions under which competitive bidding is conducted and the circumstances under which sole source purchases are allowed. All contracts estimated to cost \$75,000 or more must be made through competitive bidding, except for those purchases listed in Administrative Code §8140. Metropolitan currently has an agreement for investment management services that it now seeks to extend for a period of six months, pending completion of the procurement process for a new term.

Details

The current professional services agreement for investment management services is managed by Metropolitan's Treasury Operations team in the Treasury and Debt Management Section. Currently, investment management services are being provided by PFMAM through a contract that was implemented pursuant to a competitive bidding process in 2019, and the contract expired on June 30, 2024. In order to enable the seamless management of Metropolitan's investment portfolio, staff is requesting an extension of the current agreement for six months,


effective as of July 1, 2024, through December 31, 2024. The amendment would extend the agreement based on all existing terms, including compensation for work for an amount not to exceed \$250,000 for that time period. This extension will provide sufficient time for the procurement process that governs the replacement of this agreement to be completed.



Katano Kasaine
Assistant General Manager/
Chief Financial Officer

7/3/2024

Date



for Deven Upadhyay
Interim General Manager

7/3/2024

Date

Ref# cfo12696785



- **Board of Directors**
Finance and Asset Management Committee

7/9/2024 Board Meeting

8-4

Subject

Authorize the execution of an amendment to an existing lease with Nish Noroian Farms to increase the size of the leased premises from 759 acres to 1,760 acres of Metropolitan's fee-owned land in the Palo Verde Valley in Riverside County, California, and to make necessary associated changes. The additional proposed leasehold parcels are commonly known as Riverside County Assessor Parcels Numbers 833-060-004; 833-060-008; 833-060-018; 833-100-005; 833-100-007; 833-100-011; 833-100-012; 833-100-016; 833-100-017; 833-060-001; 833-060-024; 833-060-025; 827-190-003; 827-190-004; 827-190-005; 827-190-006; 827-190-007; 827-190-009; 827-190-010; 827-190-012; 833-060-026; 006-090-008; 006-090-009; 006-090-010; 006-090-011; 006-090-012; 006-090-013; 006-090-029; 006-120-082; 006-120-089; 006-150-065; 006-220-057. The General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; agency negotiators: Kevin Webb and Kieran Callanan; negotiating parties: Linda D. Noroian dba Nish Noroian Farms; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8]

Executive Summary

This action authorizes the General Manager to execute a lease amendment with Nish Noroian Farms, an existing lessee, to expand the size of its long-term leased premises by 1,001 acres. A ten-year lease with Nish Noroian Farms on 759 acres was previously authorized by this Board on September 12, 2023 after the issuance of a competitive solicitation and all existing terms and conditions of the existing lease will remain unchanged, except for the expansion of the size of the leasehold premises and associated necessary changes, such as increases in collected rent.

Authorizing this lease amendment provides an opportunity for Metropolitan to maintain local agricultural production with a proven, qualified tenant, as determined by a competitive solicitation, on its lands in the Palo Verde Valley and the continuation of leased farming operations that incentivize water conservation.

Board authorization to grant this lease amendment is required as the real property interest to be conveyed exceeds five years.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

- Authorize the execution of an amendment to an existing lease with Nish Noroian Farms to increase the size of the leased premises from 759 acres to 1,760 acres of Metropolitan's fee-owned land in the Palo Verde Valley in Riverside County, California, and to make necessary associated changes.

Fiscal Impact: Annual revenue from Noroian Farms to increase by approximately \$19,000 as the Board-authorized September 2023 rent terms are applied to the expansion premises.

Business Analysis: Expansion of the premises on a long-term basis with a proven lessee would continue to generate positive revenue, balance market-based rents with water management flexibility, and provide greater incentives for lessees to improve land and irrigation infrastructure over time.

Option #2

Do not authorize the General Manager to execute the lease amendmen.

Fiscal Impact: Depending on crop selection up to \$19,000 in additional revenue would be forgone.

Business Analysis: Allowing the holdover tenancy to continue would prevent the land from becoming vacant and prevent Metropolitan from incurring land management expenses including PVID water tolls and coalition fees.

Policy

Metropolitan Water District Administrative Code Section 8201: Authorization to General Manager

Metropolitan Water District Administrative Code Section 8230: Grants of Real Property Interests

Metropolitan Water District Administrative Code Section 8231: Appraisal of Real Property Interests

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Informational Item 6A, dated September 14, 2021, staff report outlining considerations for purchasing land assigned senior priority Colorado River water supplies and for leasing Metropolitan-owned lands in the Palo Verde Valley.

Related Board Action(s)/Future Action(s)

Board Action dated September 12, 2023

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt from CEQA because it involved an amendment to an existing leasing of existing public lands or topographical features, involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment (State CEQA Guidelines Section 15301.)

CEQA determination for Option #2:

None Required

Details and Background

Background

Metropolitan owns approximately 29,958 gross acres of fee property in the Palo Verde Valley (PVV) area, of which 98 percent is zoned for agricultural use. Metropolitan began acquiring land in PVV in 2001 with a subsequent acquisition in 2015 and 2022. Land acquired in 2015 was later awarded to bidders Coxco LLC, DeConinck Farms, Desert Milling, Inc., and HayDay Farms with new leases executed in 2017. Desert Milling's lease, located in the northern portion of the Palo Verde Valley, was terminated in 2018 due to non-performance, and a land maintenance contract was put in place until the vacant acreage could be leased. In 2019, through a similar bidding process, four short-term leases were awarded for the vacant acreage to DeConinck Farms (400 acres), Nish Noroian Farms (759 acres), Quail Mesa Ranch (1,001 acres), and Red River Farms (1,656 acres) (henceforth referred to as the "northern leases").

On September 12, 2023, the Board approved long-term leases totaling 2,815 gross acres with existing lessees Joey DeConinck Farms (400 acres), Nish Noroian Farms (759 acres), and Red River Farms (1,656 acres). The leases had a base term of 10 years with an extension option at Metropolitan's discretion for a total possible term of 16 years.

The leases include tiered rental rates based on crop water use, incentives for participating in soil carbon accrual and healthy soil studies, and for fallowing a portion of the subject lands in accordance with the Palo Verde Irrigation

District (PVID) fallowing program. The Board-authorized September 2023 rental rates for the lease with Nish Noroian Farms are reflected in the table below. Rental rates will escalate two percent each year and will be reappraised every five years, resulting in possible rent increases or decreases.

Percentage of Irrigable Acres Allocated to High-Water Use Crops (≥ 4.5 Acre Feet / Year)	Noroian
Irrigable Acres (Farmable Land)	727 Acres
Tier 3: 75% to 100%	\$375
Tier 2: 50% to 74%	\$239
Tier 1: 35% to 49%	\$164
Tier 0: 0% to 34%	\$144

Note: Palo Verde agricultural lease rents are based on irrigable acres rather than gross acres.

Authorizing these lease agreements provides an opportunity for Metropolitan to continue augmenting its Colorado River water supply while generating positive revenue and maintaining local agricultural production with proven lessees on its lands in the Palo Verde Valley.

In 2023, Quail Mesa Ranch gave notice to Metropolitan of its intent to reduce its farming operations in the Palo Verde Valley immediately and requested a contractual release or sublease or assignments of its tenant obligations. Metropolitan contract provisions allowed for the assignment of tenant contractual obligations only to financially qualified and fit tenants that would be able to fulfill lease agreement obligations. After exploring different options, in November 2023, Quail Mesa Ranch agreed to assign and transfer its remaining, short term leasehold interests in 1,001 acres of Metropolitan-owned land to Nish Noroian Farms. The assignment and transfer of the Quail Mesa lease was for the duration of the remaining term of the lease through June 30, 2024. Nish Noroian Farms has integrated the subject 1,001 acres into its farming portfolio of Metropolitan-owned land on a short term basis and desires to continue farming the Metropolitan-owned land for the long term. Nish Noroian Farms is paying market rent with tiered water incentive rates and is an established tenant with a good track record and has already received long term contract extensions until 2033, plus possible extensions, under the previous Board action of September 12, 2023, for its other leased Metropolitan farmland. The additional 1,001 acres at issue today could not be included in the September 2023 Board action because of the attempted release and assignment actions of now former tenant, Quail Mesa Ranch.


Staff recommends allowing Nish Noroian Farms to expand its premises from 759 acres to 1,760 acres, on a long-term basis through the execution of the proposed lease amendment, which would also extinguish the holdover tenancy and apply the Board-authorized September 2023 rent terms to the expansion premises.



Elizabeth Crosson
Chief Sustainability, Resilience and
Innovation Officer

7/3/2024

Date



For Deven Upadhyay
Interim General Manager

7/3/2024

Date

Attachment 1 – Site Map

Ref# sri12699051

ATTACHMENT 1 – SITE MAP





Finance and Asset Management Committee

Authorize a Lease Amendment with Noroian Farms

Item 8-4

July 9, 2024

Overview of Lease Amendment

Subject

- Authorize a lease amendment with Nish Noroian Farms.

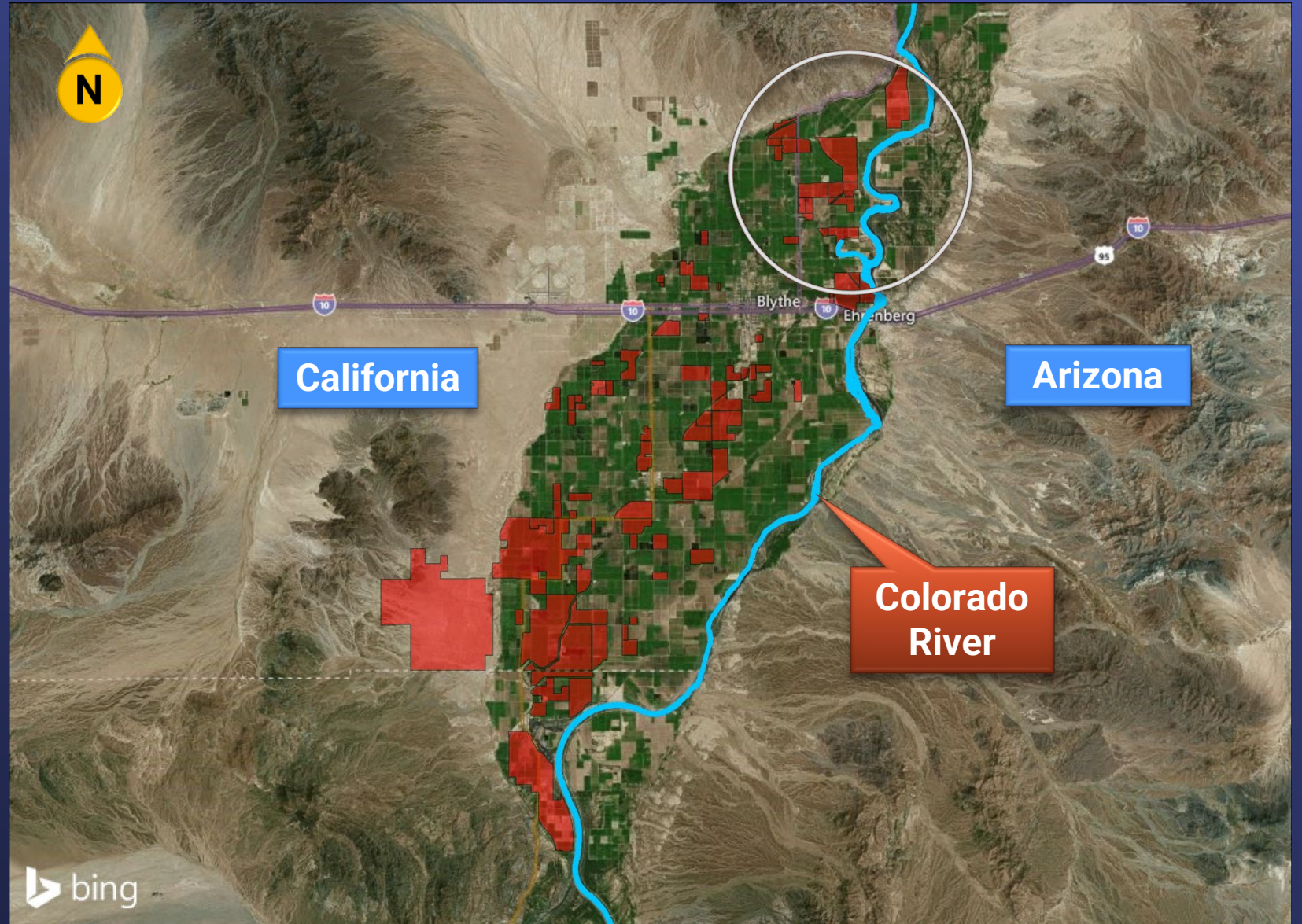
Purpose

- Expansion of existing leased premises from 759 acres to 1,760 acres.

Service Area & CRA

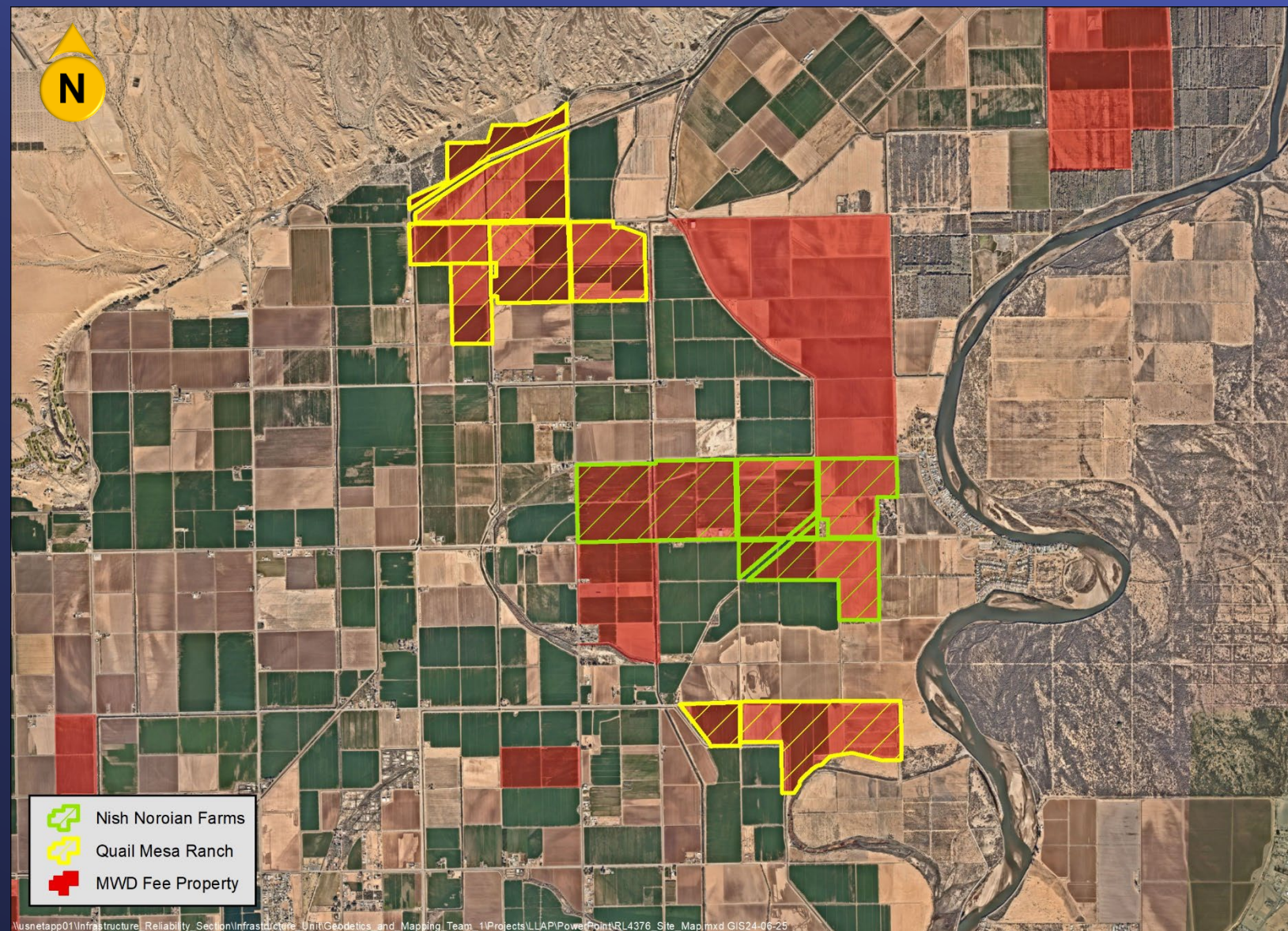


Palo Verde Fee-Owned Lands



Combined Premises

<u>Leases</u>	<u>Gross Acres</u>
Nish Noroian Farms	759
Quail Mesa Ranch	1,001
TOTAL	1,760



Lease History

2019	Short-term leases awarded to Joey DeConinck Farms, Noroian Farms, Red River Farms, and Quail Mesa Ranch
2022	Short-term leases extended until June 30, 2024
2023	Quail Mesa Ranch assigned and transferred its lease (1,001 acres) to Noroian Farms
2024	New Noroian lease executed (759 acres)

Existing Lease

Term: 10 -Year Base Term
One 6-Year Extension Option

Expiration: December 31, 2039

Alignment: PVID Following Program
expires July 30, 2040

Existing Rent

Rent Structure and Rent Per Acre

% High Water-Use Crops	Noroian
Irrigable (Farmable) Acres	1,760
Tier 3: 75% - 100%	\$375
Tier 2: 50% - 74%	\$239
Tier 1: 35% - 49%	\$164
Tier 0: 0% - 34%	\$144

- Tiered rents designed to incentivize farmers to use less water through crop selection
- Optional reappraisals every 5 years

Rent Reduction

Soil Carbon Accrual and Healthy Soil Studies

- Rent reduction of up to 30 % for each acre
- 500-acre maximum limit per study
- Duration not to exceed 5 years
- Subject to MWD's discretion and validation by a third-party

Board Options

Option No. 1

Authorize the execution of an amendment to an existing lease with Nish Noroian Farms to increase the size of the leased premises from 759 acres to 1,760 acres of Metropolitan's fee-owned land in the Palo Verde Valley in Riverside County, California, and to make necessary associated changes.

Board Options

Option No.2

Do not authorize the General Manager to execute the Lease Amendment.

Board Options

Staff Recommendation

- Option No. 1





Finance and Asset Management Committee

Update on Financial Conditions and Metrics

Item 6a
July 9, 2024

Item 6a

Update on Financial Conditions and Metrics

Subject

Update on Financial Conditions and Metrics as of 3rd Quarter

Purpose

Provide an Overview of Metropolitan's Financial Condition, Key Financial Metrics and Debt Program

Agenda

- Investment Portfolio
- Metropolitan's Debt Program
- FY 24/25 & FY 25/26 Adopted Budget

Investment Portfolio

Investment Portfolio Balance and Performance by Fund

- As of May 31, 2024, Metropolitan had a cash portfolio of \$1.03 billion, which includes both restricted and unrestricted cash reserves

	Market Value (\$ in 000s)	Monthly Return			Fiscal YTD Return			Annualized Total Return Inception-to-Date	
		<u>Interest Return</u>	<u>Total Return</u>	<u>Benchmark</u>	<u>Interest Return</u>	<u>Total Return</u>	<u>Benchmark</u>	<u>MWD</u>	<u>Benchmark</u>
Liquidity	\$ 388,071	0.41%	0.46%	0.48%	4.04%	5.09%	4.97%	1.98%	1.53%
Core	600,515	0.25%	0.75%	0.82%	2.56%	4.20%	4.01%	2.97%	2.50%
Endowment	<u>41,780</u>	0.37%	0.77%		4.11%	3.56%		3.78%	
Total	<u>\$ 1,030,366</u>								

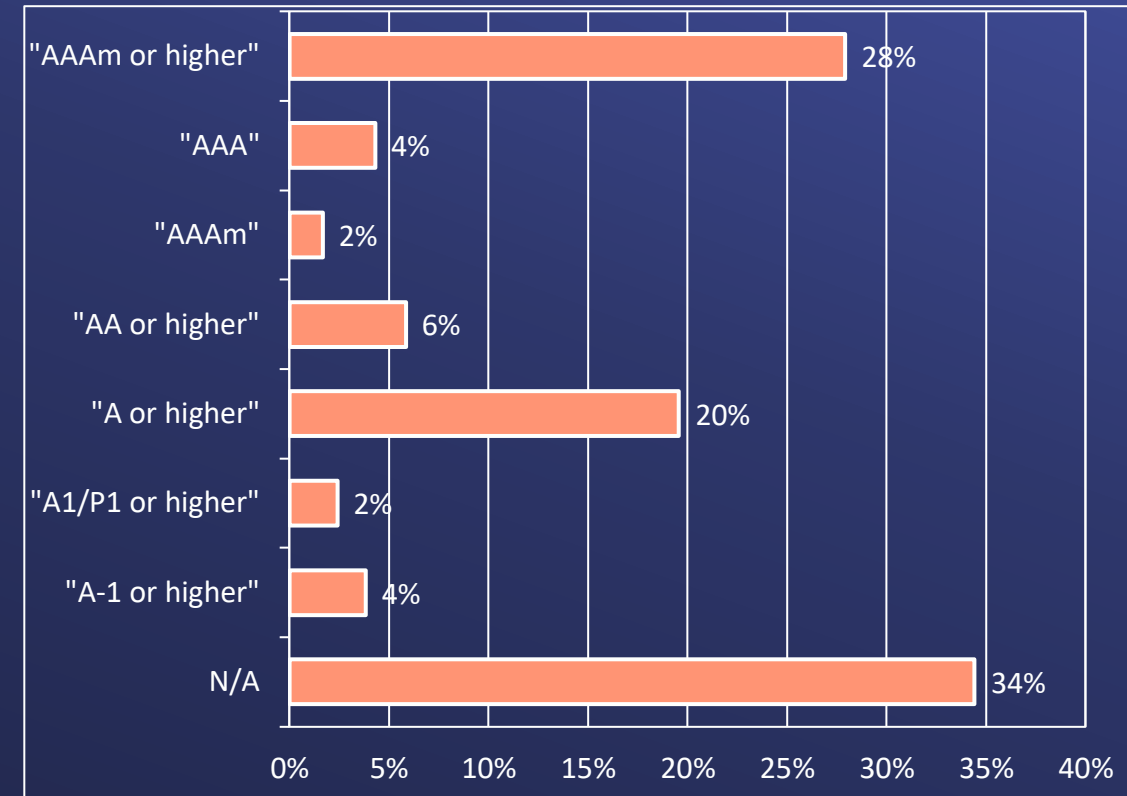
Investment Portfolio Duration by Fund

	<u>MWD</u> <u>Duration</u>	<u>Benchmark</u>
Liquidity	0.11	0.24
Core	1.87	2.16
Endowment	1.86	

Duration of a portfolio is the weighted average maturity of all the cash flows in the portfolio

Investment Portfolio Credit Overview

<u>Securities</u>	<u>Credit Quality</u>	<u>Market Value</u>
Asset-Backed Securities	"AA or higher"	\$ 52,536
California Asset Management Program	"AAAm or higher"	287,660
California Local Agency Investment Fund	N/A	25,000
Commercial Paper	"A1/P1 or higher"	24,950
Federal Agencies	N/A	62,508
Medium Term Notes	"A or higher"	199,448
Money Market Funds	"AAAm"	17,265
Mortgage-Backed Securities	"AAA"	44,368
Municipals	"A or higher"	2,163
Negotiable Certificates of Deposit	"A-1 or higher"	39,521
Supranationals	"AA or higher"	7,752
United States Treasuries	N/A	267,195
Total Portfolio		<u>\$ 1,030,366</u>



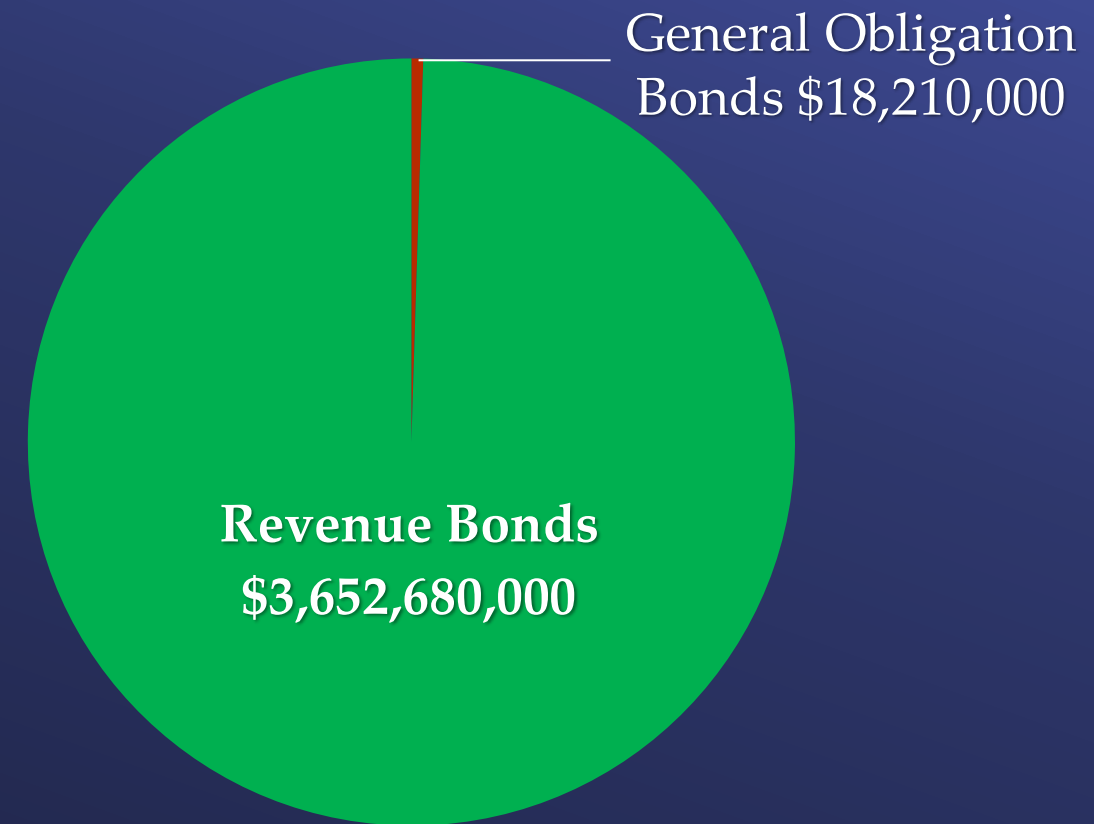
Metropolitan's Debt Program

Outstanding Debt by Type

- Metropolitan issues debt to fund a portion of its capital infrastructure investments
- Metropolitan has a total of \$3.7 billion of total debt outstanding
- Utilizing debt helps spread the cost of capital investment over time so beneficiaries of the investment pay their fair share of the cost (generational equity)
- Metropolitan manages the amount of debt leveraged on its balance sheet through pay-as-you-go or “PAYGO” expenditures, which are funded out of operating revenues (not debt)

Outstanding Debt by Type

(as of July 1, 2024)

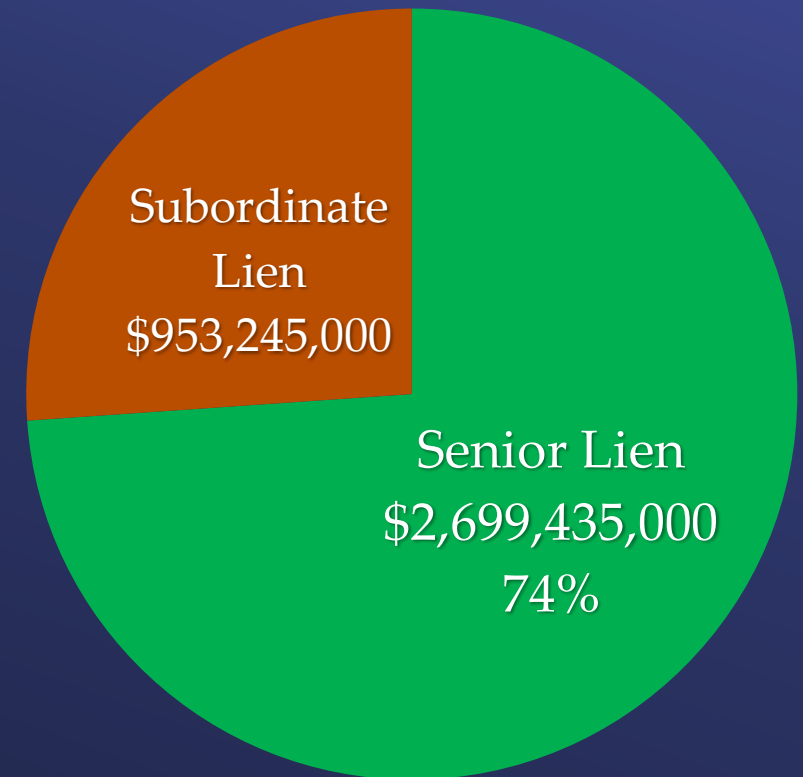


Revenue Bonds by Lien

- Metropolitan maintains a Master Senior Resolution 8329 and a Master Subordinate Resolution 9199 that provides for the issuance of revenue bond debt at distinct security liens for investor repayment
- The subordinate lien allows for more flexible terms for types of debt products that can be issued
- The pricing differential between Metropolitan's senior and subordinate liens is only approximately 3 to 5bps

Revenue Bonds by Lien

(as of July 1, 2024)

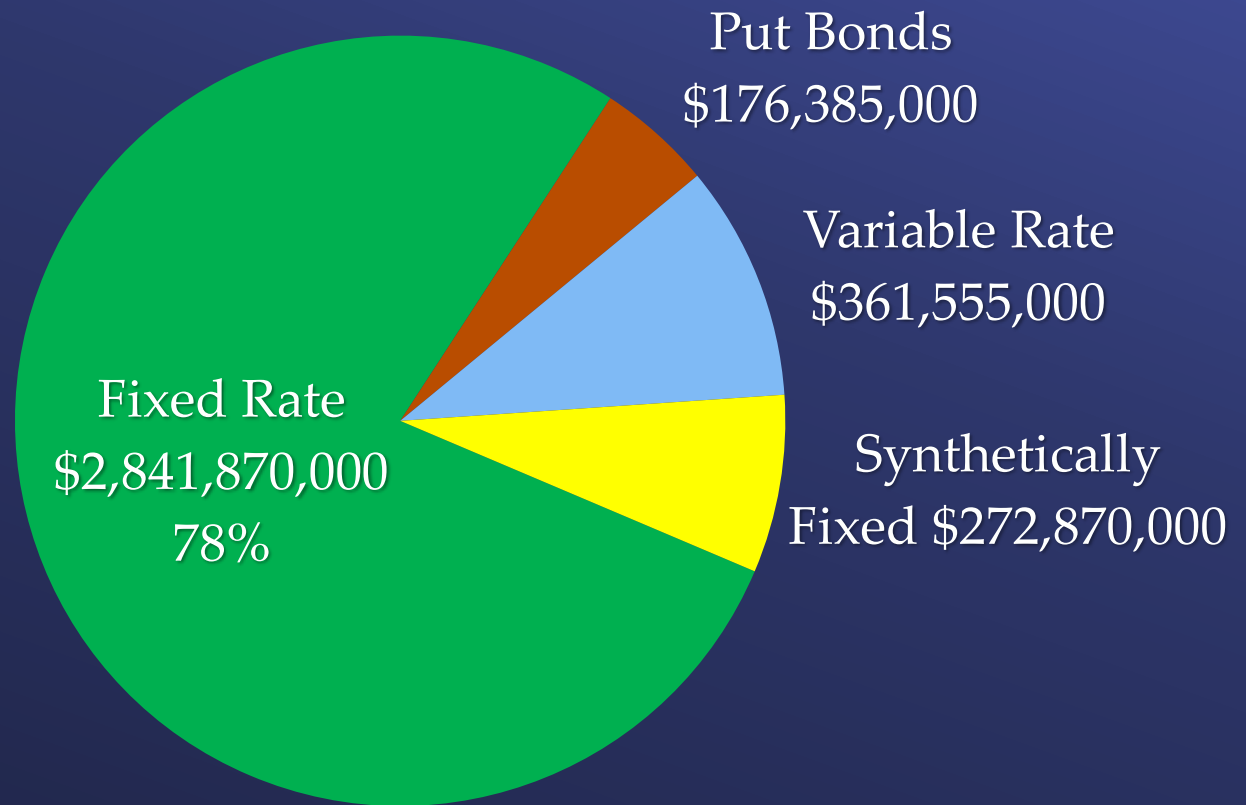


Revenue Bonds by Mode

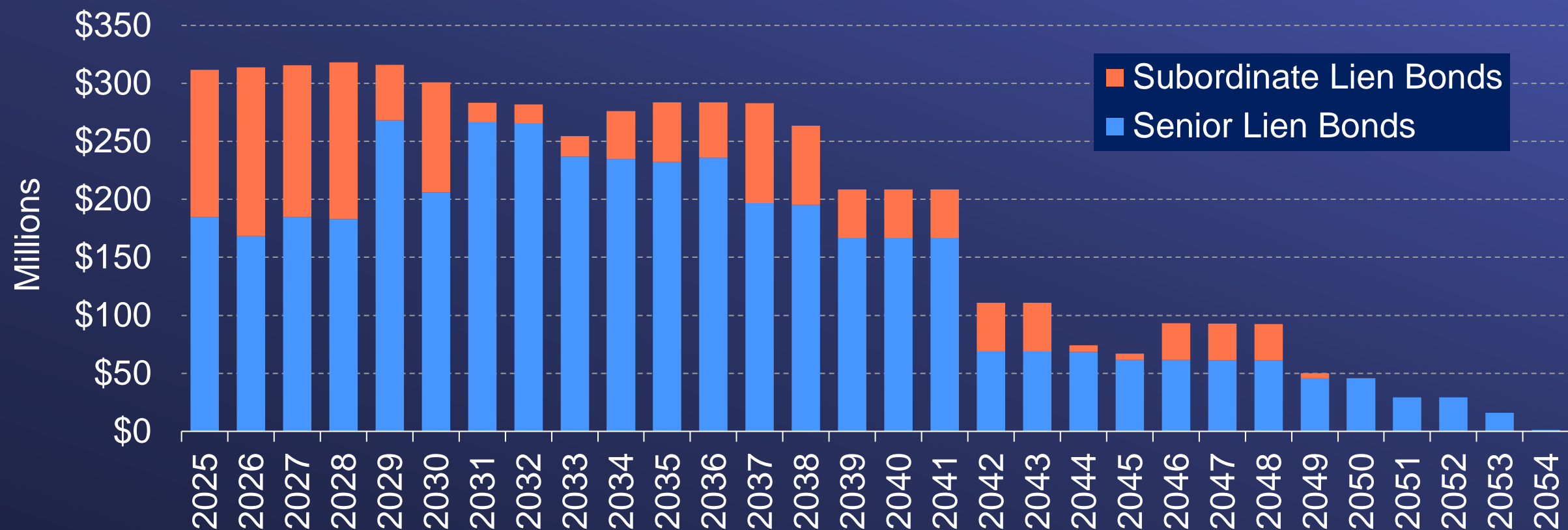
- Metropolitan mostly issues traditional, fixed-rate debt that typically extends out to 30 years at maximum
- While this comprises almost 80% of our debt portfolio, sometimes alternative debt structures like variable rate debt (daily or weekly resets), synthetically-fixed debt (hedged by our swap portfolio), and Put Bonds (multi-modal) bonds can change its structure over the life of the transaction through remarketings for longer term durations (3yr, 5yr, 7r, e.g.)

Revenue Bonds by Mode

(as of July 1, 2024)



Revenue Bonds Debt Service by Lien



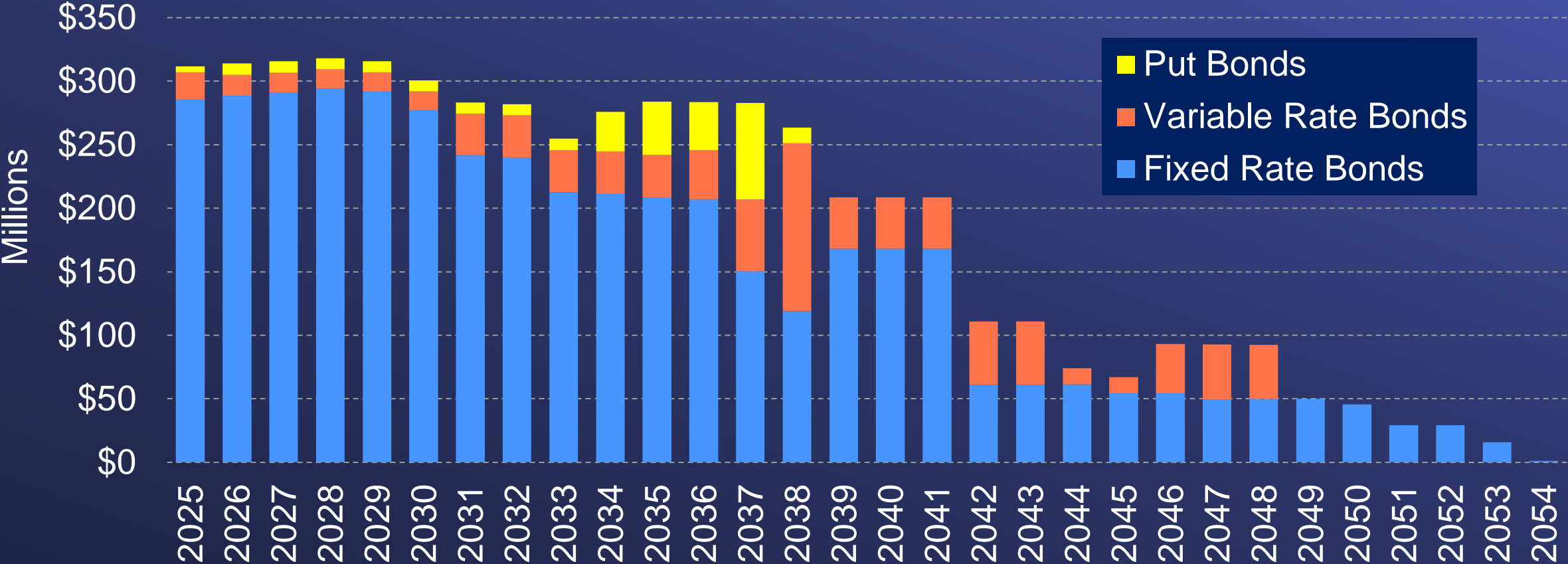
1. Does not include any debt service for the Short-Term Revolving Credit Facility.

2. Assumes that the 2028 maturity of the Subordinate Water Revenue Bonds, 2018 Series B is largely refunded with variable rate bonds prior to its maturity date, with the refunding bonds amortizing in the years 2033-2049 and interest thereon at an assumed rate of 2.25% per annum. Actual amortization of refunding bonds and rates may differ from those set forth in this footnote.

3. Of Metropolitan's \$634.4 million principal amount of outstanding variable rate bonds reflected in this table (\$331.9 million of Senior Bonds and \$302.6 million of Subordinate Bonds), interest on \$338.1 million aggregate amount of such variable rate bonds is hedged by interest rate swap agreements. Debt service is calculated taking into account the assumed fixed payor rates of interest to be paid under the respective interest rate swap agreements. For the remaining variable rate bonds, interest is calculated at an assumed rate of 3.25% per annum in fiscal year 2025, and 2.25% per annum thereafter.

4. Interest on the 2024B-2 Bonds is calculated at an assumed rate of 5.00% per annum following the 2024B-2 Bonds' initial term rate mode mandatory purchase date of July 1, 2029. Interest on the 2024B-3 is calculated at an assumed interest rate of 5.00% per annum following the 2024B-3 Bonds' initial term rate mode mandatory purchase date of July 1, 2031.

Revenue Bonds Debt Service by Mode



1. Does not include any debt service for the Short-Term Revolving Credit Facility.
2. Assumes that the 2028 maturity of the Subordinate Water Revenue Bonds, 2018 Series B is largely refunded with variable rate bonds prior to its maturity date, with the refunding bonds amortizing in the years 2033-2049 and interest thereon at an assumed rate of 2.25% per annum. Actual amortization of refunding bonds and rates may differ from those set forth in this footnote.
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4. Interest on the 2024B-2 Bonds is calculated at an assumed rate of 5.00% per annum following the 2024B-2 Bonds' initial term rate mode mandatory purchase date of July 1, 2029. Interest on the 2024B-3 is calculated at an assumed interest rate of 5.00% per annum following the 2024B-3 Bonds' initial term rate mode mandatory purchase date of July 1, 2031.

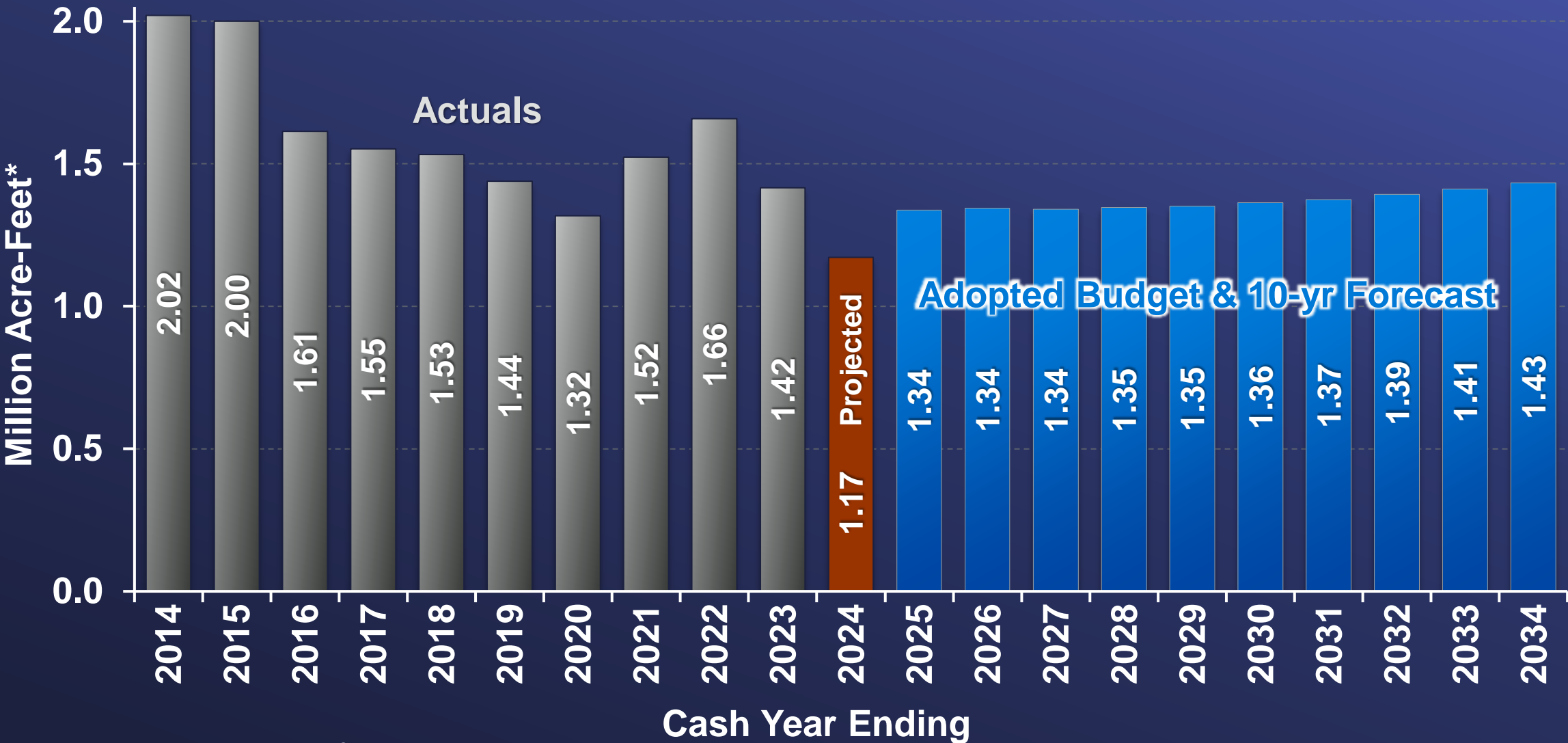
Debt Savings over the past 5-Years

- Metropolitan has issued debt to lower its overall debt obligations
- Over the past 5 Years, Metropolitan has issued \$3.6 billion in bonds, of which \$1.0 billion were for refunding of existing debt for savings
- Staff estimates that approximately \$297 million in gross savings and \$258 million in net present value savings were generated by active management of Metropolitan's debt profile

<i>Senior Lien</i>	Original Par	Refunding Par	Refunding?	For Savings	Gross Savings	Net PV
Water Revenue Refunding Bonds, 2019 Series A	218,090,000	209,366,400	Yes	Yes	12,294,287	28,070,888
Water Revenue Bonds, 2020 Series A	207,355,000		No			
Water Revenue Refunding Bonds, 2020 Series B	271,815,000		Yes	No		
Water Revenue Refunding Bonds, 2020 Series C	267,995,000	225,115,800	Yes	Yes	92,516,774	80,207,028
Water Revenue Bonds, 2021 Series A	188,890,000		No			
Water Revenue Refunding Bonds, 2021 Series B	98,410,000	69,470,000	Yes	Yes	13,053,844	12,514,513
Water Revenue Refunding Bonds, 2022 Series A	279,570,000	247,795,000	Yes	Yes	44,834,283	37,318,373
Water Revenue Refunding Bonds, 2022 Series B	253,365,000		Yes	No		
Water Revenue Refunding Bonds, 2022 Series C-1	147,650,000		Yes	No		
Water Revenue Refunding Bonds, 2022 Series C-2	134,625,000		Yes	No		
Water Revenue and Refunding Bonds, 2023 Series A	258,410,000		Yes	No		
Water Revenue Refunding Bonds, 2024 Series A	367,005,000		Yes	No		
	2,693,180,000	751,747,200			162,699,189	158,110,802
<i>Subordinate Lien</i>	Original Par	Refunding Par	Refunding?	For Savings	Gross Savings	Net PV
Water Revenue Refunding Bonds, Series 2019A	241,530,000	231,868,800	Yes	Yes	123,170,161	90,040,198
Water Revenue Bonds, 2020 Series A	152,455,000		No	No		
Water Revenue Refunding Bonds, 2021 Series A	222,160,000		Yes	No		
Water Revenue Refunding Bonds, 2024 Series B-1	80,390,000		Yes	No		
Water Revenue Refunding Bonds, 2024 Series B-2	89,445,000		Yes	No		
Water Revenue Refunding Bonds, 2024 Series B-3	86,940,000		Yes	No		
	872,920,000	231,868,800			123,170,161	90,040,198
<i>General Obligation</i>	Original Par	Refunding Par	Refunding?	For Savings	Gross Savings	Net PV
General Obligation Refunding Series 2019	16,755,000	16,755,000	Yes	Yes	2,514,610	2,321,337
General Obligation Refunding Series 2020A	13,665,000	13,665,000	Yes	Yes	8,198,413	7,859,707
	30,420,000	30,420,000			10,713,023	10,181,044
	Original Par	Refunding Par			Gross Savings	Net PV
Total	3,596,520,000	1,014,036,000			296,582,373	258,332,044

FY 24/25 & FY 25/26 Adopted Budget

Budgeted Water Transactions

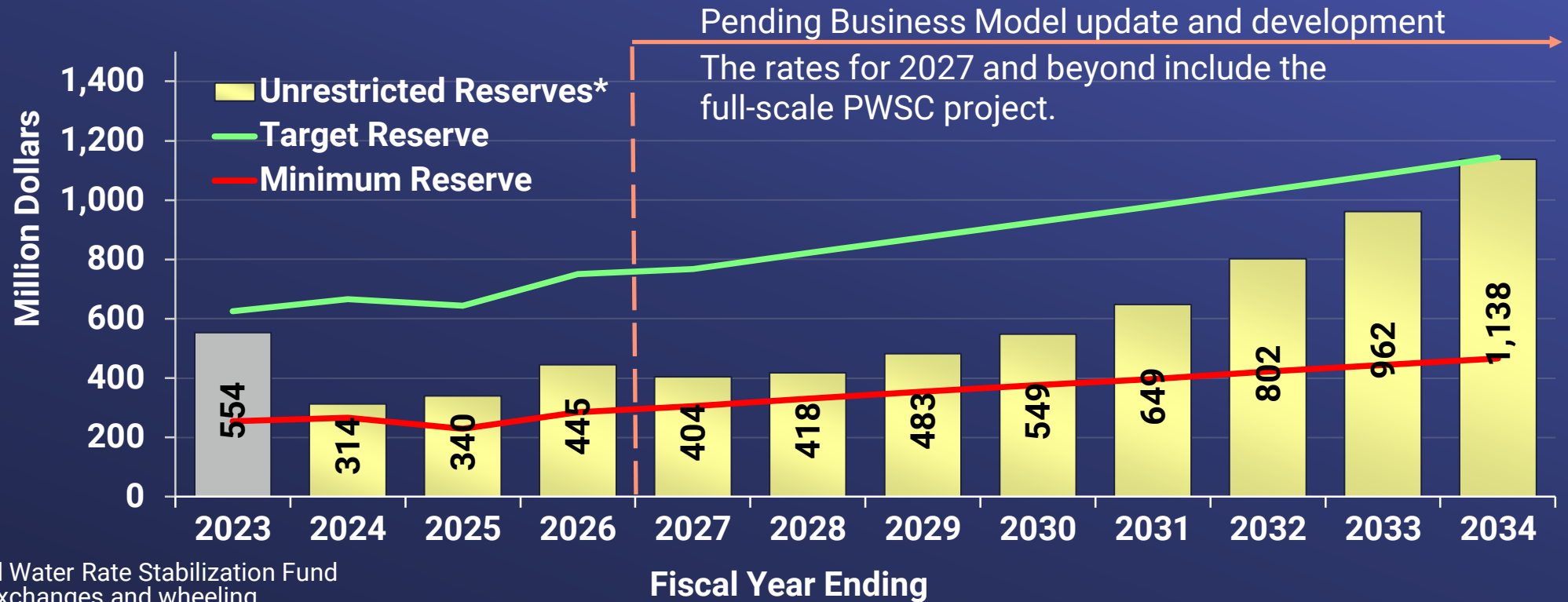


*Water Transactions for member agencies only

Ten-year Financial Projection

Adopted FY 2024/25 and FY 2025/26 Budget

The 10-year Financial Forecasts do not include funding of any other large projects that will be considered in the Climate Adaptation Master Plan for Water process like Sites Reservoir, East-West Conveyance, or the Delta Conveyance Project.



* Revenue Remainder and Water Rate Stabilization Fund

** Includes water sales, exchanges and wheeling

Overall Rate Inc.	5%	5%	8.5%	8.5%	11.5%	11.5%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%
Ptax Rate	.0035%	.0035%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%
Water Transactions (MAF)**	1.42	1.17	1.34	1.34	1.34	1.35	1.35	1.36	1.37	1.39	1.41	1.43
Rev. Bond Cvg	1.5	1.1	1.7	1.9	1.6	1.8	1.9	1.8	1.8	1.7	1.7	1.7
CIP, \$M	247	353	312	324	1,390	1,684	2,171	1,966	1,544	1,091	655	502
PAYGO, \$M	135	35	175	175	175	250	275	275	250	225	230	240

FY 2023/24 Q3 Projection (based on actuals through Mar 2024)

in millions	Budget	Projected	Change
Water Transactions	1,538.3	1,172.6	(365.7)
RTS Charge & Capacity Charge	195.7	195.7	-
Taxes	168.3	185.9	17.6
Interest Income	9.6	42.9	33.3
IRA Bucket 1 Funding	-	-	-
Other	44.7	34.1	(10.6)
Total Revenues	1,956.6	1,631.1	(325.5)

A

State Water Contract	726.7	707.7	(19.0)
Delta Conveyance ⁽¹⁾	34.5	34.5	-
Departmental O&M & Operating Eq	599.3	614.3	15.0
CRA Power	85.6	42.3	(43.3)
Supply Programs	110.1	131.3	21.2
Demand Management	67.1	63.9	(3.2)
Debt Service	301.0	327.3	26.3
PAYGO	135.0	35.0	(100.0)
Total Expenditures	2,059.4	1,956.4	(103.0)

B

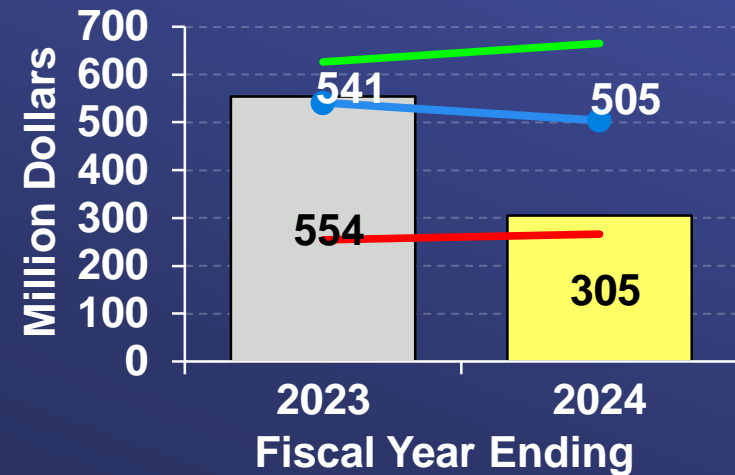
Increase in Required Reserves	(5.1)	3.5	8.6
Water Treatment SSF	3.1	-	(3.1)
AVEK & Conservation Debt Funded	(64.0)	(64.0)	-
O&M Funded by \$80M State Grant	-	(15.0)	(15.0)
Total Fund Deposits (Withdraws)	(66.0)	(75.5)	(9.5)

C

Change in Unrestricted Reserves*	(36.8)	(249.7)	(212.9)	= A-B-C
---	---------------	----------------	----------------	---------

1) Net of \$30M funded from CA WaterFix refund

* Revenue Remainder and Water Rate Stabilization Fund



- Water transactions estimated at 1.17 MAF about 370 TAF below the budget of 1.54 MAF
- Net draw on unrestricted reserves estimate at \$250M
- Projected EOY unrestricted reserves at \$305M, 38M above minimum and \$361M below the target reserve

Budget Update

- FY 24/25 & FY 25/26 - Too early to forecast results
- \$120M (\$60M per year) in revenue yet to be identified
- \$36M (\$18M per year) in expense reductions yet to be identified
- Quarterly updates will be forthcoming that include projections incorporating progress toward meeting these budget assumptions





THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Finance Group and Administrative Services Section

- **Finance and Administrative Services Activities Report**

Summary

This report provides a summary of the Finance group and Administrative Services section activities for May 2024 and June 2024

Purpose

Informational

Attachments

Attachment 1–Finance group and Administrative Services section activities for May 2024 and June 2024

Finance Group Activities Report for May 2024 and June 2024

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 May the Board approved a resolution to continue Metropolitan's Water Standby Charge for fiscal year 2024/25. In addition, Metropolitan had its first Member Agency Manager Treated Water Cost Recovery Workshops.

Metropolitan is continuing its Member Agency Manager Treated Water Cost Recovery Workshops.

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

The Risk Management Unit completed 53 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 47 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 A-06.

- In conjunction with Information Technology, continued planning for employee videos focused on creating awareness about alternate ways of accessing systems.
- Continued working with the district on Business Continuity Plan updates and approvals.
- Met with Water Quality to discuss business continuity planning for the Pure Water Southern California (PWSC) facility.
- In conjunction with the core planning team, continued working on the district-wide Local Hazard Mitigation Plan.
- In preparation for compliance with the Workplace Violence Prevention Plan, conducted a thorough review of the MetAlert employee emergency notification system and set up templates for staff to quickly send alerts.

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.

- Water Transactions for May 2024 (for water delivered in March 2024) totaled 78.8 thousand acre-feet (TAF), which was 21.6 TAF lower than the budget of 100.4 TAF and translates to \$77.1 million in receipts for May 2024, which was \$22.4 million lower than the budget of \$99.5 million.
- Year-to-date water transactions through May 2024 (for water delivered in May 2023 through March 2024) were 1,093.7 TAF, which was 324.4 TAF lower than the budget of 1,418.1 TAF. Year-to-date water receipts through May 2024 were \$1,092.5 million, which was \$322.4 million lower than the budget of \$1,414.9 million.
- In May 2024, Accounts Payable processed approximately 3,600 vendor invoices for payment.

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.

On May 8, 2024, Metropolitan closed its \$367 million Water Revenue Refunding Bonds, 2024 Series A. The bonds were priced on April 22, 2024. The bond sale was very successful, with over \$884 million in orders from 34 separate investment firms. The Series A bonds were priced at interest rates that were well below comparable indicies for tax-exempt bonds, resulting in an all-in TIC of 3.10 percent.

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

As of May 31, 2024, Metropolitan's investment portfolio balance was \$1.03 billion; the total April earnings were \$3.9 million, and the effective rate of return was 4.31 percent.

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

In May 2024, Metropolitan's portfolio manager executed four trades. Treasury staff completed the following transactions:

- 28 Dreyfus Cash Management Fund transactions
- 26 CAMP Investment Pool transactions
- \$313.1 million in Metropolitan's bond and SWAP payments
- 1,141 disbursements by check, 22 by Automated Clearing House (ACH) and 157 by wire transfer
- 62 receipts by check, 42 by ACH and 65 by incoming wires and bank transfers
- Prevented four unauthorized ACH transactions

The Treasury staff also processed for DCA the following transactions:

- Received and deposited 12 checks totaling \$2.85 million
- Issued 5 checks and 17 wires totaling approximately \$2.68 million

In addition, Treasury staff processed 14 professional services invoice payment requests totaling approximately \$0.38 million.

Furthermore, 9,461 P-One Card transactions, totaling \$1.4 million, recorded in the May bank statement were monitored by the P-One Card Administrator.