



F&I Committee

Vacant, Chair
R. Record, Vice Chair
S. Blois
B. Dennstedt
L. Dick
S. Faessel
S. Goldberg
P. Hawkins
F. Jung
A. Ortega
T. Quinn
M. Ramos
T. Smith
S. Tamaribuchi

Finance and Insurance Committee

Meeting with Board of Directors *

October 11, 2021

9:00 a.m.

Live streaming is available for all board and committee meetings on our mwdh2o.com website ([Click to Access Board Meetings Page](#))

Public Comment Via Teleconference Only: Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference only. To participate call (404) 400-0335 and use Code: 9601962.

Monday, October 11, 2021 Meeting Schedule

09:00 am - F&I
10:00 am - E&O
12:00 pm - Break
12:30 pm - WP&S
02:00 pm - C&L
03:00 pm - OP&T

* 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 OTHER ITEMS -- ACTION ****

2. CONSENT CALENDAR OTHER ITEMS - ACTION

- A. Approval of the Minutes of the Meeting of the Finance and Insurance Committee held September 13, 2021 [21-544](#)

Attachments: [10112021 FI 2A Minutes](#)

3. CONSENT CALENDAR ITEMS - ACTION

None

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

4. OTHER BOARD ITEMS - ACTION

None

5. BOARD INFORMATION ITEMS

- 9-2 Compliance with Fund Requirements and Bond Indenture Provisions [21-479](#)

Attachments: [10122021 FI 9-2 B-L.pdf](#)

6. COMMITTEE ITEMS

- a. Quarterly Financial Report [21-549](#)

Attachments: [10112021 FI 6a Presentation.pdf](#)

- b. Year-End Financial Report [21-550](#)

Attachments: [10112021 FI 6b Presentation .pdf](#)

7. MANAGEMENT REPORTS

- a. Chief Financial Officer's Report [21-497](#)

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. 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. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. 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 <http://www.mwdh2o.com>.

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 INSURANCE COMMITTEE

September 13, 2021

Vice Chair Record called the teleconference meeting to order at 9:36 a.m.

Members present: Vice Chair Record, Directors Blois, Dick, Faessel, Goldberg, Hawkins, Jung (entered after roll call), Ortega, Ramos, Smith, and Tamaribuchi.

Members absent: Quinn

Other Board Members present: Directors Abdo, Ackerman, Atwater, Butkiewicz, Camacho, Cordero, De Jesus, Dennstedt, Erdman, Fellow, Gray, Hogan, Kurtz, Lefevre, McCoy, Morris, Peterson, Phan, Pressman, and Repenning.

Committee Staff present: Atkins, Beatty, Hagekhalil, Kasaine, Scully, Upadhyay

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

None

CONSENT CALENDAR ITEMS — ACTION
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2. CONSENT CALENDAR OTHER ITEMS – ACTION

- A. Subject: Approval of the Minutes of the Adjourned Meeting of the Finance and Insurance Committee held August 16, 2021

3. CONSENT CALENDAR ITEMS – ACTION

None

Director Dick made a motion, seconded by Director Faessel, to approve the consent calendar consisting of item 2A.

The vote was:

Ayes: Directors Blois, Dick, Faessel, Goldberg, Hawkins, Ortega, Ramos, Record, Smith and Tamaribuchi

Noes: None

Abstentions: None

Absent: Directors Jung and Quinn

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

Director Jung entered the meeting.

END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

9-4 Report on Rate Refinement Workgroup's Review of Demand Management Cost Recovery Alternatives
Presented by: Arnout H. Van den Berg, Section Manager-Revenue & Budget

Ms. Kasaine introduced the item and Mr. Van den Berg provided the presentation. Mr. Van den Berg explained what demand management is and its purpose. He explained that demand management is currently funded through the Water Stewardship Fund, but this fund is projected to be exhausted by fiscal year 2022/23. The Board will therefore need to approve the method we will use to fund demand management going forward. The Member Agency Rate Refinement Workgroup considered several alternatives, and agreed on the Variable Costs alternative and Alternative 1 as the preferred methods for recovering demand management costs. The Variable Costs alternative would be based on avoided variable costs excluding fixed O&M and capital costs, with demand management costs recovered by the Tier 1 Supply Rate and the System Power Rate. Alternative 1 is consistent with the existing cost of service methodology, with demand management costs recovered by the Tier 1 Supply Rate and the System Access Rate.

The following Directors provided comments or asked questions:

1. Ortega
2. Atwater
3. Goldberg
4. Smith
5. Kurtz
6. Ramos

Ms. Kasaine and Mr. Hagekhalil responded to Director questions and comments.

9-5 Mid-cycle Biennial Budget Review

Presented by: Arnout H. Van den Berg, Section Manager-Revenue & Budget

Ms. Kasaine introduced the item and Mr. Van den Berg laid out the key biennial budget goals and underlying assumptions for fiscal year 2020/21. He reported that transactions for this year came in close to the budgeted amount. High fixed expenditures and variable income is balanced by the reserve rate. There was an increase in unrestricted reserves because expenditures were much lower than budgeted. Staff is preparing the next biennial budget and he laid out the next steps in the process. As explained in the prior presentations, the Board will need to approve a new method for calendar year 2023 to recover demand management costs.

The following Directors provided comments or asked questions:

1. Smith
2. Ortega
3. Goldberg
4. Hogan
5. Abdo
6. Blois
7. Repenning

Ms. Kasaine and Mr. Hagekhalil responded to Director questions and comments.

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORTS

- a. Subject: Chief Financial Officer's report

Ms. Kasaine stated that she had nothing to report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEM

None

10. ADJOURNMENT

Next meeting will be held on October 11, 2021.

Meeting adjourned at 10:56 a.m.

Randy Record
Vice Chair



• **Board of Directors**
Finance and Insurance Committee

10/12/2021 Board Meeting

9-2


Subject

Compliance with Fund Requirements and Bond Indenture Provisions

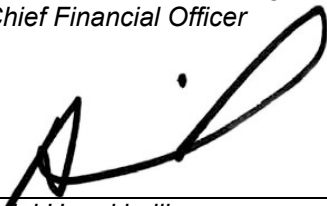
Executive Summary

Pursuant to the annual reporting requirement contained in Section 5204 of the Metropolitan Water District Administrative Code, entitled "Compliance with Fund Requirements and Bond Indenture Provisions," the General Manager has determined that during fiscal year 2020/21, Metropolitan was in compliance with the minimum fund requirements outlined in Division V, Chapter 2, Sections 5201 and 5202 of the Administrative Code, and the provisions of the articles and covenants contained in resolutions for all outstanding Metropolitan bonds.

Based upon information furnished by the General Manager and the Auditor's Department, the General Counsel concurs with this determination. A checklist certifying compliance with all applicable provisions is included as **Attachment 1**.



Katano Kasaine
Assistant General Manager/
Chief Financial Officer
9/29/2021
Date



Adel Hagekhalil
General Manager
9/29/2021
Date

Attachment 1 – Checklist for Compliance with Bonded Debt and Commercial Paper Requirements, Fiscal Year 2020/2021

Ref# cfo12676096

**CHECKLIST FOR COMPLIANCE WITH
BONDED DEBT AND COMMERCIAL PAPER REQUIREMENTS**

Fiscal Year 2020/2021

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MWD ACT

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MWD Act				
PART 4 – POWERS AND PURPOSES				
Chapter 1 – Powers Generally				
Aggregate indebtedness (Pt. 4, Chap. 1, Sec. 123)	Aggregate indebtedness shall not exceed 15% of assessed valuation of all taxable property within Metropolitan.	Controller	<u>06/30/2021</u>	<u><i>Pat</i></u>
PART 5 – BONDS AND OTHER EVIDENCES OF INDEBTEDNESS				
Chapter 1 – Bonds Requiring Approval of Voters				
Use of Bond Proceeds and Interest as Construction Cost (Pt. 5, Chap. 1, Art. 3, Sec. 228)	The proceeds of the bonds, except for premium and accrued interest, shall be placed in the Treasury of Metropolitan.	Treasurer	<u>06/30/2021</u>	<u><i>kk</i></u>
	These proceeds shall be exclusively applied to the purposes and objects mentioned in the bond ordinance, except as otherwise provided in this section. Interest accrued on the bonds during construction and for one year thereafter may be deemed a construction cost and may be paid from bond proceeds. Premium and accrued interest shall be applied to bond interest payments and bond retirement.	Controller	<u>06/30/2021</u>	<u><i>Pat</i></u>


MWD ACT

Item	Action	Responsible	Completion Date	Initials
Chapter 1.6 – Revenue Bonds				
Revenues to Pay Certain Costs (Pt. 5, Chap. 1.6, Sec. 238)	<p>The board shall fix the rate or rates at which water shall be sold pursuant to Chapter 2 (commencing with Section 130) of Part 4 which, with reasonable allowances for contingencies and error in the estimates, shall be at least sufficient, together with any other revenues not derived from the levy of taxes, to provide revenues to pay the following amounts in the order set forth:</p> <ol style="list-style-type: none"> 1. The necessary expenditures for operating and maintaining the properties, works, and facilities of Metropolitan, and also for such charges as may be payable by Metropolitan under a contract with this state for water which are classified as operation, maintenance, power, and replacement charges. 2. The principal and interest of the revenue bonds as the same become due and payable, including any sinking fund payments for term bonds, if any. 3. The deposits into any reserve funds that may be established to secure the revenue bonds. 4. Any other obligations which are liens or encumbrances upon the water revenues. 	Revenue and Budget Manager	<u>06/30/2021</u>	<u>AVB</u>

MWD ACT

Item	Action	Responsible	Completion Date	Initials
PART 6 – TAXES				
Chapter 1 – General Procedure				
Tax Levies - Determination of Rates (Pt. 6, Chap. 1, Art. 2, Sec. 307)	On or before the 20th day of August*, the board shall, by resolution, determine the amount of money necessary to be raised by taxation during the fiscal year beginning the first day of July next preceding for all Metropolitan purposes and shall fix rates of taxation designating the number of cents, upon each one hundred dollars (\$100) assessed valuation of property taxable by Metropolitan in each county and shall levy a tax accordingly.	Controller	<u>06/30/2021</u>	<u></u>
Tax Levies – Bond Service (Pt. 6, Chap. 1, Art. 2, Sec. 308)	If Metropolitan income will be inadequate to pay interest and principal (including any sinking fund) of any G.O. bonds, the Board shall at the time of fixing the tax levy, levy a tax sufficient to pay annual interest and such principal that becomes due before money from the next general tax levy becomes available. These taxes shall be used to pay only this principal and interest, except that it may be used to pay principal and interest on any voter-authorized bonds then outstanding or yet to be issued if the tax was originally levied to pay for authorized but unsold bonds which then remain unsold. Taxes shall also be levied to meet the requirement of any resolution adopted according to Section 287, Tax Levy for Notes. (See above.)	Controller	<u>06/30/2021</u>	<u></u>

MWD ACT

Item	Action	Responsible	Completion Date	Initials
Statement of Tax Rates (Pt. 6, Chap. 1, Art. 2, Sec. 310)	Before the first day of September* the Controller of Metropolitan shall prepare and transmit to the auditor of each county in which property taxable by Metropolitan lies, a statement showing the tax rates to be applied to property taxable by Metropolitan. Such rates shall be the rates fixed by resolution of the board modified to the extent necessary to produce from each declaring public agency only the amount apportioned to it in such resolution, less any amount paid or undertaken to be paid by such agency, or credited thereto as provided in Chapter 2 (commencing with Section 331) of this part.	Controller	<u>06/30/2021</u>	<u></u>

*FN- Dates are directory only, and any failure to perform specified acts by the time specified shall not impair the authority conferred in the Act.
(Pt. 6, Chap. 1, Art. 1, Sec. 320).

ADMINISTRATIVE CODE

Item	Action	Responsible	Completion Date	Initials
Administrative Code				
Division IV – Water Service Policies				
Chapter 3 – Water Sales Revenues				
Cost of Service and Revenue Requirement (§ 4301)(a)	The District shall fix rates for water such that anticipated water sales, revenues, together with anticipated revenues from any water standby or availability of service charge (such as the readiness-to-serve charge or capacity charge) or assessment, ad valorem tax revenues and other revenues pay the expenses of the District, provide for repairs and maintenance, provide for payment of the purchase price or other charges for property or services or other rights acquired by the District, and provide for the payment of the interest and principal of the District's outstanding bonded debt. Subject to the foregoing, such rates and charges shall reflect the costs of the district's major service functions, including water supply, conveyance, power, storage, distribution and treatment, to the greatest degree practicable.	Revenue and Budget Manager	<u>06/30/2021</u>	<u>AVB</u>
Formula for Allocation of Water Revenues (§ 4301)(b)	Notwithstanding the provisions in subsection (a) above, amounts raised by ad valorem property taxation complied with the limitations established by section 124.5 of the Act.	Revenue and Budget Manager	<u>06/30/2021</u>	<u>AVB</u>

ADMINISTRATIVE CODE

Item	Action	Responsible	Completion Date	Initials
Division V – Financial Matters				
Chapter 1 – Administrative Matters				
Investment of Surplus Funds (§ 5101)	The Board shall delegate to the Treasurer annually the authority to invest or to reinvest Funds of Metropolitan.	Treasurer	<u>06/30/2021</u>	<u>kk</u>
		Legal	<u>06/30/2021</u>	<u>JR</u>
Reporting Requirements of the Treasurer (§ 5114)	The Treasurer shall not later than the June Board meeting submit Statement of Investment Policy to the Board for the following year.	Treasurer	<u>06/30/2021</u>	<u>kk</u>
		Legal	<u>06/30/2021</u>	<u>JR</u>
Chapter 2 – Financial Policies				
<u>Funds Established (§ 5201)</u>				
General Obligation Bond Interest and Principal Funds and the Waterworks General Obligation Refunding Bonds Interest and Principal Funds (§ 5201(a))	Cash and securities in each fund as of June 30 shall equal debt service for the next 18 months, less anticipated revenue from tax levy specifically for this debt service.	Controller	<u>06/30/2021</u>	<u>Bak</u>
Water Revenue Bonds Interest and Principal Funds, the Water Revenue Bonds Reserve Funds, the Water Revenue Refunding Bonds Interest and Principal Funds and the Water Revenue Refunding Reserve Bonds (§ 5201(b))	Cash and securities shall at least equal the minimums required by the respective resolutions of issuance for these bonds.	Controller	<u>06/30/2021</u>	<u>Bak</u>
For the Subordinate Bonds Interest and Principal Funds, the Subordinate Water Revenue Bonds Reserve Funds, the Subordinate Water Revenue Refunding	Cash and securities shall at least equal the minimums required by the respective resolutions of issuance for these bonds.	Controller	<u>06/30/2021</u>	<u>Bak</u>

ADMINISTRATIVE CODE

Item	Action	Responsible	Completion Date	Initials
Bonds Interest and Principal Funds and the Subordinate Water Revenue Refunding Reserve Funds (§ 5201(c))				
Bond Construction Funds (§ 5201(d))	No minimum requirement; provided that any cash and securities in such funds shall be restricted to use for the purposes such finances were required.	Controller	<u>06/30/2021</u>	<u><i>Bah</i></u>
State Contract Fund (§ 5201(e))	Cash and securities on hand June 30 and December 31 shall equal the capital payments to the DWR that are due on July 1, of the same year and January 1 of the following year.	Controller	<u>06/30/2021</u>	<u><i>Bah</i></u>
Special Tax Fund (§ 5201(f))	No minimum requirement.	Controller	<u>06/30/2021</u>	<u><i>Bah</i></u>
Operation and Maintenance Fund (§ 5201(g))	Cash and securities shall at least equal the minimum required by the respective resolutions of issuance for revenue bonds (i.e., amount sufficient to pay estimated O&M Expenditures during current and next succeeding calendar month).	Controller	<u>06/30/2021</u>	<u><i>Bah</i></u>
Revolving Construction Fund (§ 5201(h))	No minimum requirement. However, cash and securities in this fund shall be available for transfer to the Water Rate Stabilization Fund and the Water Treatment Surcharge Stabilization Fund at the discretion of the Board.	Controller	<u>06/30/2021</u>	<u><i>Bah</i></u>
Commercial Paper Series A and B, Note Payment Funds (§ 5201(i))	Deposits to these funds shall be in an amount sufficient to pay principal of and interest on the Commercial Paper Notes in an amount at least	Controller	<u>06/30/2021</u>	<u><i>Bah</i></u>

ADMINISTRATIVE CODE

Item	Action	Responsible	Completion Date	Initials
	equal to one-half of the projected interest payments due on such notes in the subsequent fiscal year.			
Water Standby Charge Fund (§ 5201(j))	There shall be no minimum requirement; provided that any cash and securities in such fund shall be restricted to use for the purposes such monies were authorized.	Controller	<u>06/30/2021</u>	<u>BHx</u>
Excess Earnings Funds (§ 5201(k))	The minimum requirement for all Excess Earnings Funds shall be the amounts deposited into the funds in accordance with the provisions of the Tax and Nonarbitrage Certificates and Resolutions for the Bonds.	Controller	<u>06/30/2021</u>	<u>BHx</u>
Iron Mountain Landfill Closure/Postclosure Maintenance Fund (§ 5201(m))	Cash and securities as of June 30, shall be at least equal to the CEO's latest estimates of closure and postclosure maintenance costs.	Controller	<u>06/30/2021</u>	<u>BHx</u>
Optional Redemption Funds (§ 5201(n))	The minimum requirement shall be the amount necessary to redeem such untendered, refunded bonds which have been called for redemption.	Controller	<u>06/30/2021</u>	<u>BHx</u>
Water Transfer Fund (§ 5201(o))	All amounts budgeted or pledged for purchase of water through transfers or similar arrangements and for the costs of filling the Diamond Valley Lake Project, shall be set aside in such fund and used solely for such purpose.	Controller	<u>06/30/2021</u>	<u>BHx</u>

ADMINISTRATIVE CODE

Item	Action	Responsible	Completion Date	Initials
<u>Fund Parameters (§ 5202)</u>				
Revenue Remainder Fund (§ 5202(a))	The minimum cash and securities held in the Water Revenue Remainder Fund as of June 30 shall be equal to a portion of fixed costs estimated to be recovered by water sales revenues for the eighteen months beginning with the immediately succeeding July.	Revenue and Budget Manager	<u>06/30/2021</u>	<u>AVB</u>
Replacement and Refurbishment Fund (§ 5202(b))	The end-of-year fund balance may not exceed \$160 million. Available monies in excess of \$160 million at June 30 shall be transferred to the Water Rate Stabilization Fund, unless otherwise determined by the Board. (Amounts increased from \$95 million pursuant to Board adoption of Board Letter 8-1, on April 8, 2014)	Controller	<u>06/30/2021</u>	<u>BAK</u>
Water Rate Stabilization Fund (§ 5202(c and e))	Remaining amounts in the Revenue Remainder Fund and the Replacement and Refurbishment Fund, collectively, on June 30, after meeting requirements in Sections 5202(a) and (b), shall be transferred to the Water Rate Stabilization Fund, and to the extent required under Section 5202(d), to the Water Treatment Surcharge Stabilization Fund.	Controller	<u>06/30/2021</u>	<u>BAK</u>








ADMINISTRATIVE CODE

Item	Action	Responsible	Completion Date	Initials
	The amount held shall be targeted to be equal to the portion of fixed costs estimated to be recovered by water sales during the two years immediately following the eighteen month period in Section 5202(a). Funds in excess of targeted amount shall be utilized for capital expenditures in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper, as determined by the Board. Provided that the fixed charge coverage ratio is at or above 1.2, amounts ratio in the Water Rate Stabilization Fund may be used for any lawful purpose as determined by the Board.	Revenue and Budget Manager	<u>06/30/2021</u>	<u>AVB</u>
Water Treatment Surcharge Stabilization Fund (§ 5202(d))	After transferring funds as specified in Section 5202(c), that portion of those funds, if any, attributable to collection of treatment surcharge revenue in excess of treatment costs shall be transferred to the Water Treatment Surcharge Stabilization Fund. If a deficiency in treatment surcharge revenue exists, a transfer of funds will be made from this fund to reimburse funds used for the deficiency.	Controller	<u>06/30/2021</u>	<u>BAK</u>
Indirect Credit of Metropolitan (§ 5203)	The GM may negotiate with DWR on the basis of using the indirect credit of Metropolitan to finance State Revenue Bonds so long as Metropolitan's obligation does not exceed its required obligation under the State contract.	GM (by Office of the CFO)	<u>06/30/2021</u>	<u>kk</u>

ADMINISTRATIVE CODE

Item	Action	Responsible	Completion Date	Initials
Compliance with Fund Requirements and Bond Indenture Provisions (§ 5204)	As of June 30 of each year, the GM shall make a review to determine whether the minimum fund requirements outlined in Chapter 2 have been met and whether Metropolitan has complied with the provisions of the articles and covenants contained in the resolutions of issuance for all outstanding Metropolitan bond issues during the preceding fiscal year. The GM, after consulting with the General Counsel, shall report the results of his review, in writing, to the Board of Directors annually.	GM (by Office of the CFO)	<u>06/30/2021</u>	<u>kk</u>

FUND REQUIREMENTS

Item	Action	Responsible	Completion Date	Initials
FUND REQUIREMENTS				
Construction Funds	Metropolitan shall maintain certain funds and such funds shall be restricted to use for the purposes such finances were required..	Controller	<u>06/30/2021</u>	<u></u>
Water Revenue Fund	Monies in these funds shall be used solely for the purposes authorized in Chapter 1.6 of Part 5 of the Metropolitan Water District Act.	Controller	<u>06/30/2021</u>	<u></u>
	All operating revenues shall be allocated to this fund and all transfers from it shall be as specified in Article V of Board Resolution 8329.	Controller	<u>06/30/2021</u>	<u></u>
Operation and Maintenance Fund	Transfer amounts sufficient for O&M Expenditures in current calendar month and succeeding calendar month from the Revenue Fund to the O&M Fund on or before first business day of each calendar month.	Controller	<u>06/30/2021</u>	<u></u>
Interest & Principal Funds	Transfer appropriate amounts from the Revenue Fund to the Interest & Principal Funds on or before first business day of each calendar month.	Controller	<u>06/30/2021</u>	<u></u>
	If the above transfer(s) are not sufficient, then the deficiency shall be transferred from the Reserve Fund.	Controller	<u>06/30/2021</u>	<u></u>
Water Rate Stabilization Fund	Excess monies on or before the first business day of any calendar month shall be transferred to the Revenue Remainder Fund.	Controller	<u>06/30/2021</u>	<u></u>

FUND REQUIREMENTS

Item	Action	Responsible	Completion Date	Initials
	The amount held shall be targeted to be equal to the portion of fixed costs estimated to be recovered by water sales during the two years immediately following the eighteen month period in Section 5202(a). Funds in excess of targeted amount shall be utilized for capital expenditures in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper, as determined by the Board. Provided that the fixed charge coverage ratio is at or above 1.2, amounts ratio Water Rate Stabilization Fund may be used for any lawful purpose as determined by the Board.			
Revolving Construction Fund	There is no minimum amount required for this fund. Construction expenditures made from this fund may be reimbursed with proceeds from security sales.	Controller	<u>06/30/2021</u>	<u><i>BH</i></u>
Commercial Paper Note Payment Fund	For the Commercial Paper Note Payment Fund, Metropolitan shall deposit amounts sufficient to pay principal of, and interest on, the Commercial Paper Notes and repayment of any Advances as the same become due.	Controller	<u>06/30/2021</u>	<u><i>BH</i></u>
Bond Service Fund ,	Cash and securities are restricted to use solely for the purposes authorized in Chapter 1.6 of Part 5 of the MWD Act. And must be at least equal to the	Treasurer	<u>06/30/2021</u>	<u><i>kk</i></u>
		Controller	<u>06/30/2021</u>	<u><i>BH</i></u>

FUND REQUIREMENTS

Item	Action	Responsible	Completion Date	Initials
	minimum required by Resolution #8329, Section 5.06 for payment of interest and principal.			
Water Revenue Bond Reserve Funds	Transfer from the Bond Proceeds or operating revenues the "minimum reserve requirement" as defined in the Supplemental Resolution established for each series of Revenue Bonds.	Treasurer	<u>06/30/2021</u>	<u>kk</u>
		Controller	<u>06/30/2021</u>	<u>kk</u>
Investment of Proceeds,	Monies in any fund other than the Escrow Fund may be invested in any legally available obligation which matures or can be liquidated on or before the date on which monies are needed.	Treasurer	<u>06/30/2021</u>	<u>kk</u>
	Investments purchased with money from any fund shall be part of that fund as well as gains and losses related to those investments. For transferred funds, gains and losses shall be prorated for time spent in each respective fund.	Treasurer	<u>06/30/2021</u>	<u>kk</u>
	Cash and investments shall be available to meet payment or transfer from this fund as required by the Resolution of Issuance.	Controller	<u>06/30/2021</u>	<u>kk</u>
Warranty	An investment shall be valued at its cost for the purpose of determining the balance in any fund. Investments shall also be valued at market value. The Treasurer and each Fiscal Agent shall keep proper books of record and accounts for each transaction.	Controller	<u>06/30/2021</u>	<u>kk</u>

FUND REQUIREMENTS

Item	Action	Responsible	Completion Date	Initials
	Metropolitan shall preserve the security of the bonds and defend the rights of bondholders against all claims.	Legal	<u>06/30/2021</u>	<u>JR</u>

USE OF PROCEEDS AND TAX LEVY

Item	Action	Responsible	Completion Date	Initials
USE OF PROCEEDS AND TAX LEVY				
Tax Levy / Interest and Principal Fund G.O. Bonds	If revenues of Metropolitan are inadequate to pay principal/interest on the bonds, the Board shall, at the time of fixing the tax levy, levy a tax sufficient to pay all principal and interest due until sufficient funds shall be available from the next general tax levy. These monies shall be put in the Interest and Principal Fund and used solely to pay principal and interest on these bonds.	Controller	<u>06/30/2021</u>	<u><i>BH</i></u>
Payment of Serial and Term Bonds	If the defeasance method is used, (see Item "Escrow Fund"), principal shall be paid by transferring monies from the Interest & Principal Fund to the Retirement Fund. If the crossover method is used (see Item "Escrow Fund"), principal, if any, and interest shall be paid from the Escrow Fund until the refunding date. Afterward, the bonds shall be paid as in the first sentence of this item.	Treasurer	<u>06/30/2021</u>	<u><i>kk</i></u>
Tax Covenant	Metropolitan will comply with applicable requirements of the Internal Revenue Code of 1986, Sections 103, and 141 through 150.	Legal	<u>06/30/2021</u>	<u><i>JR</i></u>
		Controller	<u>06/30/2021</u>	<u><i>BH</i></u>
Additional Tax Covenant	Bond proceeds shall not be invested so as to become an "arbitrage bond" under Section 103 and 148 of the Internal Revenue Code of 1986 and the regulations of the Treasury Department and or which would cause the Bonds to lose exemption from federal income taxation of interest	Legal	<u>06/30/2021</u>	<u><i>JR</i></u>
		Controller	<u>06/30/2021</u>	<u><i>BH</i></u>
		Treasurer	<u>06/30/2021</u>	<u><i>kk</i></u>

**GENERAL OBLIGATION BONDS
DISTRICT SECURITIES INVESTIGATION LAW OF 1965**

Item	Action	Responsible	Completion Date	Initials
General Obligation Bond Optional Redemption Fund	Sufficient amounts shall be maintained in the Optional Redemption Fund to retire untendered Bonds which were refunded.	Controller	<u>06/30/2021</u>	<u>BH</u>
		Treasurer	<u>06/30/2021</u>	<u>kk</u>

U.S. TREASURY REGULATIONS

Item	Action	Responsible	Completion Date	Initials
U.S. TREASURY REGULATIONS				
Arbitrage Restrictions (Treasury Regulations, Section 1.148)	Arbitrage rebate calculations have been made for all outstanding Bond issues which are subject to rebate.	Controller	<u>06/30/2021</u>	<u><i>JBK</i></u>
		Legal	<u>06/30/2021</u>	<u>JR</u>

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
WATER REVENUE BONDS				
Punctual Payment	Metropolitan must punctually pay the principal or redemption price and interest due in respect of all Bonds in strict conformity with the terms of such Bonds and their respective Resolutions.	Treasurer	<u>06/30/2021</u>	<u>kek</u>
		Controller	<u>06/30/2021</u>	<u>Btk</u>
Discharge Claims	Metropolitan covenants to fully preserve and protect the priority and security of the Bonds of Metropolitan by paying all lawful claims for labor, materials and supplies in connection with the Water System which, if unpaid, may become a lien or charge upon the Operating Revenues prior or superior to the lien of the Bonds and impair the security of the Bonds. Metropolitan shall also pay all taxes and assessments or other governmental charges lawfully levied or assessed on the Water System or any part of the Operating Revenues.	Controller	<u>06/30/2021</u>	<u>Btk</u>
Against Sale, Eminent Domain	Metropolitan covenants that the Water System shall not be mortgaged or otherwise encumbered, sold, leased, pledged, any charge placed thereon, or disposed of as a whole or substantially as a whole unless such sale or other disposition be so arranged as to provide for a continuance of payments into the Water Revenue Fund sufficient in amount to permit payment therefrom of the principal and Accreted Value of and interest on and the premiums, if any, due upon the call and redemption thereof, of the Bonds and any Parity Obligations, and also to provide for such	Controller	<u>06/30/2021</u>	<u>Btk</u>



WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Against Sale, Eminent Domain (continued)	<p>payments into any reserve fund or account as are required under the terms of the Resolution or any Supplemental Resolutions or any Parity Obligations documents.</p> <p>The Operating Revenues shall not be mortgaged, encumbered, sold, leased, pledged, any charge placed thereon, or disposed of or used, nor shall any charge be placed thereon, except as authorized by the terms of the Resolution or any Supplemental Resolutions. Metropolitan further covenants that it will not enter into any agreement which impairs the operation of the Water System or any part of it necessary to secure adequate Net Operating Revenues to pay the principal and Accreted Value of and interest on the Bonds or any Parity Obligations or which otherwise would impair the rights of the Owners with respect to the Operating Revenues or the operation of the Water System. If any part of the Water System is sold and such sale shall adversely affect the adequacy of Net Operating Revenues to pay principal and Accreted Value of and interest on the Bonds or any Parity Obligations, the payment therefor shall, at the option of the Board, either be used for the acquisition, construction and financing of additions to and extension and improvements of the Water System or shall be used to pay or call and redeem Outstanding Bonds in the manner provided in the Resolution or any Supplemental Resolutions.</p>			


WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Against Sale, Eminent Domain (continued)	Metropolitan covenants that any amounts received as awards as a result of the taking of all or any part of the Water System by the lawful exercise of eminent domain or sale under threat thereof which shall adversely affect the adequacy of Net Operating Revenues to pay principal and Accreted Value of and interest on the Bonds or any Parity Obligations shall either be used for the acquisition and/or construction of improvements and extensions of the Water System or shall be placed in the Bond Service Fund or the Redemption Fund and shall be used to pay or call and redeem Outstanding Bonds in the manner provided in the Resolution.			
Insurance	Metropolitan covenants that it shall at all times maintain with responsible insurers, or through a program of self-insurance (or a combination thereof) all such insurance on the Water System as is customarily maintained with respect to works and properties against accident to, loss of or damage to such works or properties. If any useful part of the Water System shall be damaged or destroyed, such part shall be restored to use. The money collected from insurance against damage to or destruction of the Water System shall be used for repairing or rebuilding the damaged or destroyed Water System, and to the extent not so applied, shall be applied to the retirement of any Outstanding Bonds.	Risk Manager	<u>06/30/2021</u>	<u>DSB</u>

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
	Metropolitan shall also (by self-insuring or by maintenance with responsible insurers, or by a combination thereof) provide for workers' compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect Metropolitan and the Owners.			
Records and Accounts	Metropolitan shall keep proper books of records and accounts of the Water System separate from all other records and accounts in which complete and correct entries shall be made of all transactions relating to the Water System. Such books shall at all times be subject to the inspection of the Owners of not less than 10 percent of the Outstanding Bonds and any Parity Obligations, or their representatives authorized in writing.	Controller	<u>06/30/2021</u>	<u></u>
	Metropolitan shall cause the books and accounts of the Water System to be audited annually by an independent certified public accountant or firm of certified public accountants, and will make available for inspection by the Owners at the principal office of Metropolitan, and at the office of each Fiscal Agent, a copy of the report of such accountant or accountants.	Auditor	<u>06/30/2021</u>	<u>GCR</u>
Operating in an Efficient and Economical Manner	Metropolitan covenants and agrees to conduct the operations of the Water System in an efficient and economical manner and to maintain and preserve	Operations	<u>06/30/2021</u>	<u></u>

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Rate Covenants	<p>the Water System in good repair and working order.</p> <p>Metropolitan covenants in the Master Resolution that it will prescribe, revise, and collect rates and charges for the services, facilities, availability and water of the Water System which, after making allowances for contingencies and error in the estimates, will provide Operating Revenues, together with any Additional Revenues (defined in the Master Resolution to include interest, profits and other income received from the investment of any monies of Metropolitan and other revenues of Metropolitan (other than Operating Revenues) to the extent available to pay debt service on the Bonds), at least sufficient to pay the following amounts in the order set forth:</p> <ol style="list-style-type: none"> 1. Operation and Maintenance Expenditures; 2. Principal of, premium, if any, and interest on the Prior Lien Bonds and any required deposits into any reserve funds or accounts for the Prior Lien Bonds; 3. Interest on and Bond Obligation (that is, the principal amount of any Current Interest Bond and the Accreted Value of any Capital Appreciation Bond, including Mandatory Sinking Account Payment) of the Outstanding Bonds and any Parity 	Controller	<u>06/30/2021</u>	

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Rate Covenants (continued)	Obligations as the same become due and payable;			
	4. All other payments required for compliance with the Master Resolution or any Supplemental Resolutions (including any required deposit to any reserve fund or account for any Series of Bonds); and			
	5. All other payments required to meet any other obligations of Metropolitan which are charges, liens or encumbrances upon or payable from Net Operating Revenues.			
Additional Indebtedness	Metropolitan covenants in the Master Resolution that no additional indebtedness evidenced by revenue bonds, revenue notes or any other evidences of indebtedness payable out of its Operating Revenues shall be issued pursuant to the Act or any other law of the State of California having any priority in payment of principal, premium (if any) or interest over the Bonds.	Legal	<u>06/30/2021</u>	<u>JR</u>
	Metropolitan covenants in the Master Resolution that, except for refunding bonds or Parity Obligations to pay or discharge outstanding Prior Lien Bonds, Bonds or Parity Obligations, and which do not result in any increase in the average annual debt service on all Prior Lien Bonds, Bonds or Parity Obligations to be Outstanding, no additional Bonds or Parity Obligations shall be created or incurred unless:	Controller	<u>06/30/2021</u>	<u>BK</u>

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Additional Indebtedness (continued)	<p>FIRST: Metropolitan is not in default under the terms of the Master Resolution.</p> <p>SECOND: Either (1) the Net Operating Revenues of Metropolitan for the latest fiscal year or for any 12 consecutive months within the last completed 24 month period ended not more than one month before the issuance of additional Bonds or Parity Obligations, or (2) the estimated Net Operating Revenues for the first completed fiscal year when improvements to the Water System financed by the proceeds of the additional Bonds or Parity Obligations would be in operation, shall have amounted to not less than the sum of (i) 120 percent of the Maximum Annual Debt Service in any Fiscal Year thereafter on all Bonds and Parity Obligations to be Outstanding immediately subsequent to the issuing or incurring of such additional Bonds or Parity Obligations plus (ii) 100 percent of the maximum annual debt service in any Fiscal Year thereafter on all Prior Lien Bonds to be Outstanding immediately subsequent to the issuing or incurring of such additional Bonds or Parity Obligations, as certified by the Board or a Metropolitan officer authorized by the Board to so certify. In making this calculation, Metropolitan may take into consideration any changes in water rates or charges which shall have been approved by the Board prior to the</p>			

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Additional Indebtedness (continued)	creation of such additional Bonds or Parity Obligations, any increase in Net Operating Revenues which may arise from additions or improvements to the Water System to be made or acquired with the proceeds of such additional Bonds or Parity Obligations or using the proceeds of bonds previously issued, Additional Revenues and certain other funds specified in the Master Resolution.			
	THIRD: The amount in any reserve fund or account established for any Bonds or Parity Obligations will not be less than an amount required on the date of delivery of and payment of such additional Bonds or Parity Obligations by supplemental resolution or other documents creating such fund.			
Reserve Funds	Pursuant to a Supplemental Resolution, Metropolitan may establish a reserve fund or account for a series of Bonds to be maintained in such amount as may be set forth in such Supplemental Resolution.	Legal	<u>06/30/2021</u>	<u>JR</u>
Flow of Funds	Metropolitan shall allocate all Operating Revenues to the Water Revenue Fund and shall effect transfers from the Water Revenue Fund to the following special funds or accounts as soon as practicable in each month in the following order	Controller	<u>06/30/2021</u>	<u>BH</u>

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Flow of Funds (continued)	<p>of priority and amounts shall be withdrawn from said special accounts only for the following purposes:</p> <p><i>First</i>, to the Operation and Maintenance Fund, amounts sufficient for the payment of the estimated Operation and Maintenance Expenditures during the current calendar month and the succeeding calendar month.</p> <p><i>Second</i>, Metropolitan shall make any required transfers for payment of the Prior Lien Bonds and the maintenance of any required reserve funds or accounts therefor.</p> <p><i>Third</i>, for deposit in the Bond Service Fund, at least (A) (i) an amount sufficient on a monthly pro rata basis to pay the aggregate amount of the interest which will become due and payable on the Bonds with a fixed rate of interest on the next interest payment date and (ii) 110 percent of the interest which the Treasurer estimates in his or her reasonable judgment will accrue during that month on the Bonds with a variable rate of interest,</p> <p><i>Fourth</i>, in the event that monies are withdrawn from the Reserve Fund (or any reserve account for other Bonds or Parity Obligations), to the Reserve Fund (or any reserve account for other Bonds or Parity Obligations), (i) one-sixth of any unreplenished prior withdrawal and (ii) the full amount of any deficiency due to a valuation of</p>			



WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Flow of Funds (continued)	<p>the Reserve Fund (or any reserve account for other Bonds or Parity Obligations) investments until the balance is at least equal to the amount required to restore the Reserve Fund unless the Interest Account contains at least the amount equal to the interest to become due and payable within the next six months and (B)(i) one-sixth of the semi-annual Bond Obligation becoming due and payable on the Outstanding Bonds within the next ensuing six months and (ii) one-twelfth of the yearly Bond Obligation becoming due and payable on the Outstanding serial Bonds or of the amount becoming due on term Bonds within the next twelve months, provided that if Metropolitan irrevocably determines by resolution that any principal payments on the Bonds of any series shall be refunded on or prior to their due dates or paid from amounts on deposit in a reserve fund maintained for Bonds of that series, no amounts need to be set aside toward such principal.</p> <p><i>Fifth</i>, to the Excess Earnings Fund (or any such fund or account for other Bonds or Parity Obligations), the amount, if any, required in accordance with Metropolitan's tax and nonarbitrage certificate delivered in connection with the issuance of the Bonds (or any other Bonds or Parity Obligations).</p> <p><i>Sixth</i>, for transfer for any required transfer or deposit for the payment of any obligation of</p>			



WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
	Metropolitan with a lien on, or payable from, Net Operating Revenues junior to the Bonds.			
Investments of Monies in Funds and Accounts	All monies in any of the funds and accounts established pursuant to the Resolutions shall be invested solely in investments in which Metropolitan may legally invest sums subject to its control. Subject to the provisions of the First Supplemental Resolution, obligations purchased by the investment of monies in the various funds and accounts established pursuant to the Resolutions shall be deemed at all times to be a part of such funds and accounts and any income realized from investment of amounts on deposit in any fund or account therein shall be credited to such fund or account. The Treasurer shall sell or present for redemption any investments whenever it may be necessary to do so in order to provide monies to meet required payments or transfers from such funds and accounts. For the purpose of determining at any given time the balance in any such funds, any such investments constituting a part of such funds and accounts shall be valued at the then estimated or appraised market value of such investments. Amounts in the Construction Fund may be temporarily invested and the proceeds thereof and interest thereon shall be applied exclusively to the purposes set forth in the Resolutions. Investments credited to the 1991 Reserve Fund shall be valued as of	Treasurer	<u>06/30/2021</u>	<u>kle</u>

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Investments of Monies in Funds and Accounts (Continued)	June 30 of each year (or the next preceding or succeeding business day, as determined by Metropolitan, if June 30 is not a business day) at their fair market value.			
Information	Metropolitan will deliver, or make available, to the Bank under each Standby Bond Purchase Agreement copies of its annual report, audited annual financial statements, quarterly unaudited financial report, quarterly no-default certificate (if applicable) and other documents as described in section 6.1 of the Standby Bond Purchase Agreement.	Controller	<u>06/30/2021</u>	<u></u>
Amendments Funds and Accounts (Continued)	The District will not amend, supplement, modify or waive any provisions of bond resolutions, the Paying Agent Agreement or any of the Related Documents, or consent to any of the foregoing, without the prior written consent of the Bank under the Standby Bond Purchase Agreement (if any); <i>provided, however</i> , the consent of the Bank will not be required for any amendment, supplement, modification or waiver of any of the foregoing documents which does not require the consent of the Owners unless such amendment, supplement, modification or waiver (a) affects the Bank's rights under such document or (b) affects any covenant of the District contained in Article VI of the Master Resolution. The District	Legal	<u>06/30/2021</u>	<u></u>

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Amendments (continued)	will give the Bank notice as promptly as practicable (but in no event less than ten (10) Business Days) of any proposed amendment, supplement, modification or waiver of any provision of the applicable bond resolution and of any meeting of the Board at which any of the foregoing will be discussed or considered.			
Taxes and Liabilities	The District will pay all the indebtedness and obligations of the Water System promptly and in accordance with its terms and pay and discharge, or cause to be paid and discharged, promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income, or upon any of its property, real, personal, or mixed, or upon any part thereof, before the same shall become in default, except for those matters which are being contested in good faith by appropriate action or proceedings or for which the District has established adequate reserves in accordance with accounting principles of the Government Accounting Standards Board applied on a consistent basis.	Controller	<u>06/30/2021</u>	<u></u>
		Treasurer	<u>06/30/2021</u>	<u></u>

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
Paying Agent; Remarketing Agent	The District shall not substitute or replace the Paying Agent or the Remarketing Agent unless the District shall have received the prior written approval of the applicable Bank with respect to a successor or replacement for such Person, which approval shall not be unreasonably withheld.	Treasurer	<u>06/30/2021</u>	<u>kek</u>
Sale or Encumbrance of System	The District will not sell, dispose of or, except as permitted under the applicable Standby Bond Purchase Agreement, under the applicable Paying Agent Agreement or under the Resolutions, create any lien, security interest or other encumbrance on the Water System or on any of its Operating Revenues; <i>provided, however,</i> that this provision shall not prevent the District from disposing of any portion of the Water System which is being replaced or is deemed by the District to be obsolete, worn out, surplus or no longer needed for the proper operation of the System. Net proceeds from any such disposition shall be used only for such purposes provided in the Resolutions. Any agreement pursuant to which the District contracts with a person, corporation, municipal corporation or political subdivision to operate the Water System or to lease and/or operate all or part of the Water System shall not be	Controller	<u>06/30/2021</u>	<u>BAK</u>
		Legal	<u>06/30/2021</u>	<u>JR</u>

WATER REVENUE BONDS

Item	Action	Responsible	Completion Date	Initials
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considered as an encumbrance of the Water
System.

COMMERCIAL PAPER

Item	Action	Responsible	Completion Date	Initials
COMMERCIAL PAPER				
Punctual Payment	Metropolitan will duly and punctually pay principal and interest on every Note, and payments into and transfers to the Commercial Paper Note Payment Fund will be made in strict conformity with the terms of the Notes and the commercial paper resolution.	Treasurer	<u>NA</u>	<u>kek</u>
		Controller	<u>NA</u>	<u>Btk</u>
Records and Accounts	Metropolitan shall keep proper books of record and account, and cause its books and accounts to be audited annually by an independent CPA.	Controller	<u>NA</u>	<u>Btk</u>
		Auditor	<u>NA</u>	<u>GCR</u>
Rates	Metropolitan will prescribe, revise and collect such rates and charges for the services, facilities, availability and water of the Water System which shall provide Operating Revenues at least sufficient to pay:	Revenue and Budget Manager	<u>NA</u>	<u>AVB</u>
	1. Operation and Maintenance Expenses;			
	2. Principal, accreted value, interest and required deposits into reserve funds or accounts for the Prior Lien Obligations (including Prior Lien Bonds and Water Revenue Bonds);			
	3. Principal of and interest on the Notes and amounts due to a Bank under the Liquidity Facility, when due;			
	4. Any other obligations payable from Net Operating Revenues, expressly including amounts under the State Water Contract which			

COMMERCIAL PAPER

Item	Action	Responsible	Completion Date	Initials
	do not constitute Operation and Maintenance Expenses.			
No Maturity to Exceed Term of Liquidity Facility	Metropolitan shall not issue any Commercial Paper Note with a maturity date after the scheduled expiration date of a Liquidity Facility, without prior confirmation from the Rating Agencies that such action shall not adversely affect the rating on the Notes.	Treasurer Debt Management	<u>NA</u>	<u>kk</u>
Tax Exemption	Metropolitan will comply with applicable requirements of Section 103 and Sections 141 through 150 of the IRC and covenants in the Tax and Nonarbitrage Certificate.	Legal	<u>NA</u>	<u>JR</u>
Information	Metropolitan will deliver to the Bank copies of its annual report, audited annual financial statements, quarterly unaudited financial reports, quarterly Certificate of an Authorized Representative and other documents described in §5.01 of the Revolving Credit Agreement.	Debt Management	<u>NA</u>	<u>kk</u>
No Amendments	Metropolitan will not amend the Commercial Paper Resolution or Related Documents without the prior written consent of the Bank.	Legal	<u>NA</u>	<u>JR</u>
Proceeds of Loans	Metropolitan will use the proceeds of Revolving Loans only to pay Series B Notes and the proceeds of Term Loans only to refinance Revolving Loans. Metropolitan will not use the proceeds of any Loan to pay any Series A Note or for any other unauthorized purpose.	Treasurer Controller	<u>NA</u> <u>NA</u>	<u>kk</u> <u>kk</u>

COMMERCIAL PAPER

Item	Action	Responsible	Completion Date	Initials
Investments	Metropolitan shall not borrow money solely for the purpose of investment in an amount at any time greater than 20% of its unleveraged investment portfolio; maintain any of its portfolio in a pool of investments managed by another person whose investment practices would result in indirect violation of the above covenant; or invest in any derivative or investment with a derivative embedded in it, except to the extent all such investments do not exceed 20% of its unleveraged investment portfolio.	Treasurer	<u>NA</u>	<u>kk</u>
Issuing and Paying Agent and Dealers	Metropolitan shall not substitute or replace the Issuing and Paying Agent or any Dealer without the prior written approval of the Bank as to the successor or replacement.	Legal	<u>NA</u>	<u>JR</u>

SHORT-TERM CERTIFICATES

Item	Action	Responsible	Completion Date	Initials
SHORT-TERM CERTIFICATES				
Establishment and Application of Funds and Accounts	The District shall establish, and the Treasurer of the District shall maintain, such funds and/or accounts with respect to the Certificates, Credit Facilities and Trust Agreements as may be required pursuant to the terms of such Certificates, Credit Facilities and Trust Agreements	Treasurer	<u>06/30/2021</u>	<u>kk</u>
		Controller	<u>06/30/2021</u>	<u>BHx</u>



Quarterly Financial Review

September 30, 2021

(Preliminary)

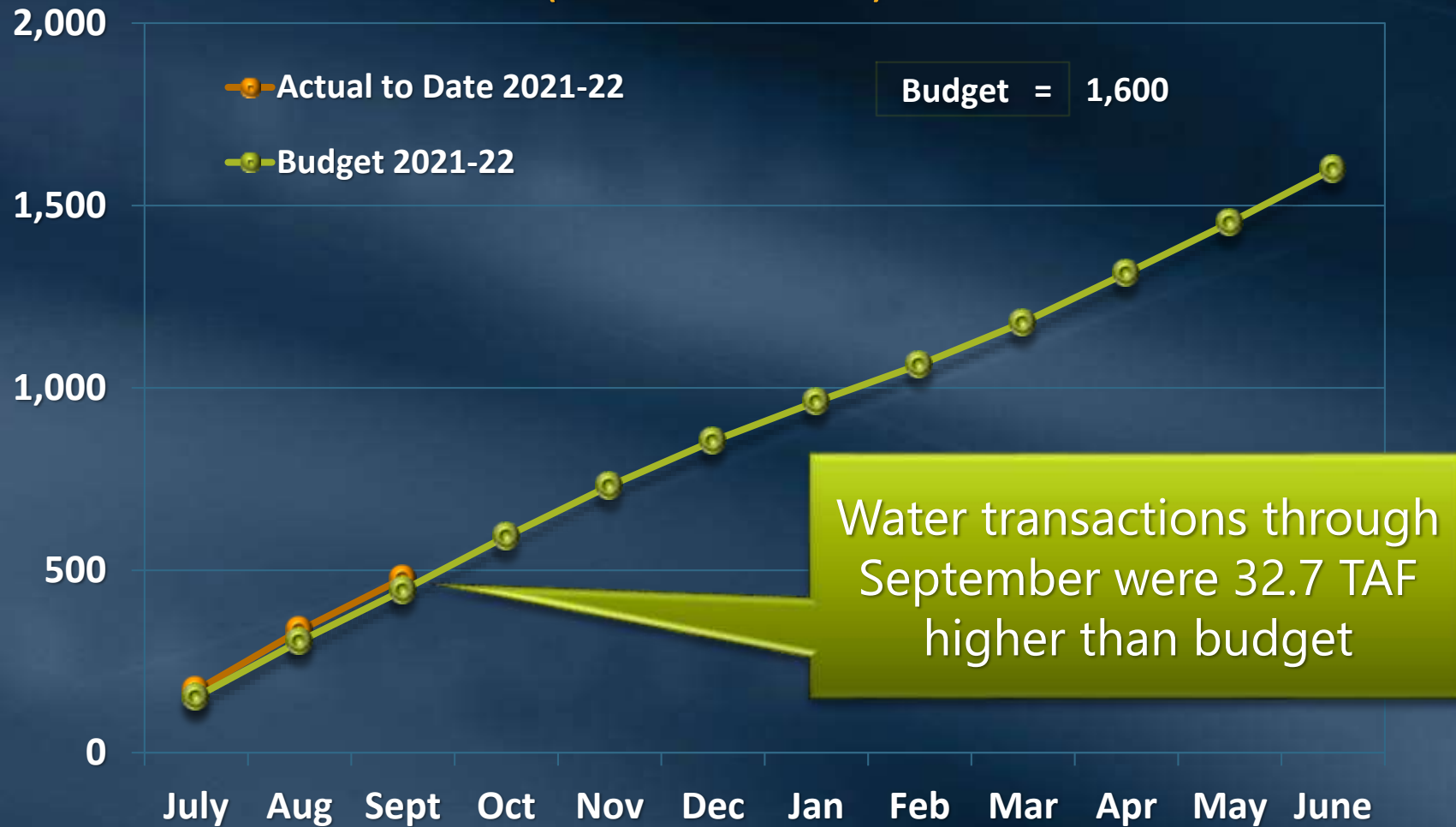
Finance and Insurance Committee

Item 6a

October 11, 2021

Cumulative Water Transactions⁽¹⁾

(AF in thousands)



⁽¹⁾ Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

Water Transactions Through September 2021⁽¹⁾

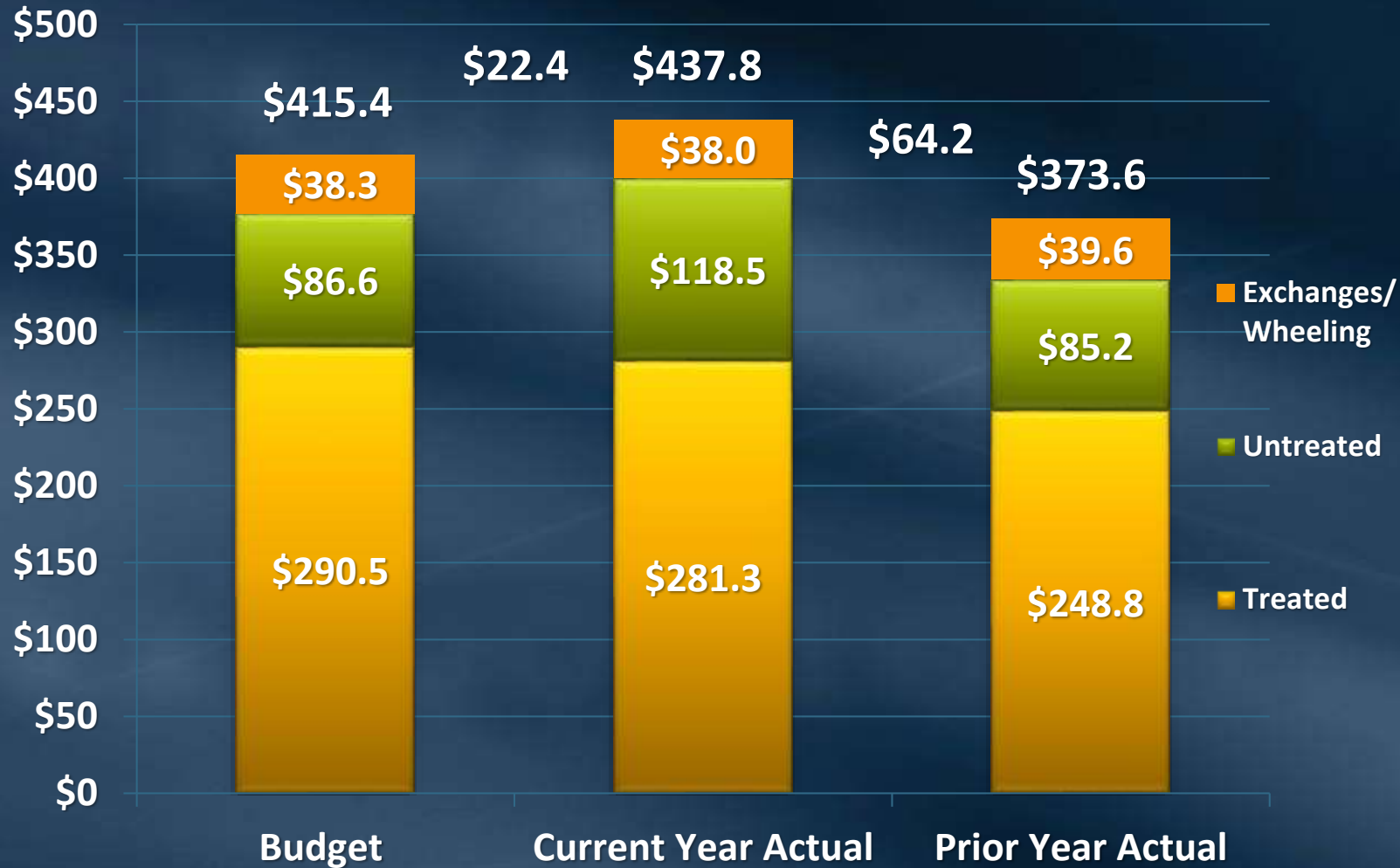
(AF in thousands)



⁽¹⁾ Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

Water Revenues Through September 2021⁽¹⁾

(\$ in millions)



⁽¹⁾ Includes Water Sales, Exchanges, and Wheeling from member and non-member agencies.

FY 21/22 Revenues

September 30, 2021
(\$ in millions)

	YTD Actual	FY Projected	FY Budget	Variance
Water	\$ 437.8	\$ 1,491.6	\$ 1,491.6	\$ -
RTS	32.5	135.0	135.0	-
Capacity Charge	8.5	40.5	40.5	-
Power	.9	21.9	21.9	-
Taxes, net	41.2	140.1	140.1	-
Interest	2.0	18.1	18.1	-
Other	10.5	4.7	4.7	-
Total Revenues	\$ 533.4	\$ 1,851.9	\$ 1,851.9	\$ -

FY 21/22 Expenses

September 30, 2021

(\$ in millions)

	YTD Actual	FY Projected	FY Budget	Variance
State Water Contract	\$ 192.8	\$ 629.4	\$ 629.4	\$ -
Supply Programs	25.6	61.2	61.2	-
CRA Power Costs	17.6	57.6	57.6	-
Debt Service	180.1	307.0	307.0	-
Demand Management	7.2	52.5	52.5	-
Departmental O&M	140.1	564.8	564.8	-
R&R/General Fund	5.1	135.0	135.0	-
Delta Conveyance	4.8	25.0	25.0	-
Regional Recycled Water	.5	15.0	15.0	-
Total Expenses	\$ 573.8	\$ 1,847.5	\$ 1,847.5	\$ -

Net Revenues

FY 2021/22
(\$ in millions)

Total Revenues	\$ 1,851.9
Total Expenses	<u>1,847.5</u>
Net Revenues	<u>\$ 4.4</u>

Modified Accrual Unrestricted Reserve Balance

FY 2021/22
(\$ in millions)

	Projected	Budget	Variance
Beginning Unrestricted Reserve Balance	\$589.6	\$437.1	\$152.5
Net Revenues	4.4	4.4	-
Decrease in Required Reserves	14.7	25.7	(11.0)
Ending Unrestricted Reserve Balance	<u>\$608.7</u>	<u>\$467.2</u>	<u>\$141.5</u>

Delta Conveyance Project

Metropolitan Reimbursable Costs YTD Through September 2021



Metropolitan O&M Costs for Delta Conveyance Through September 2021





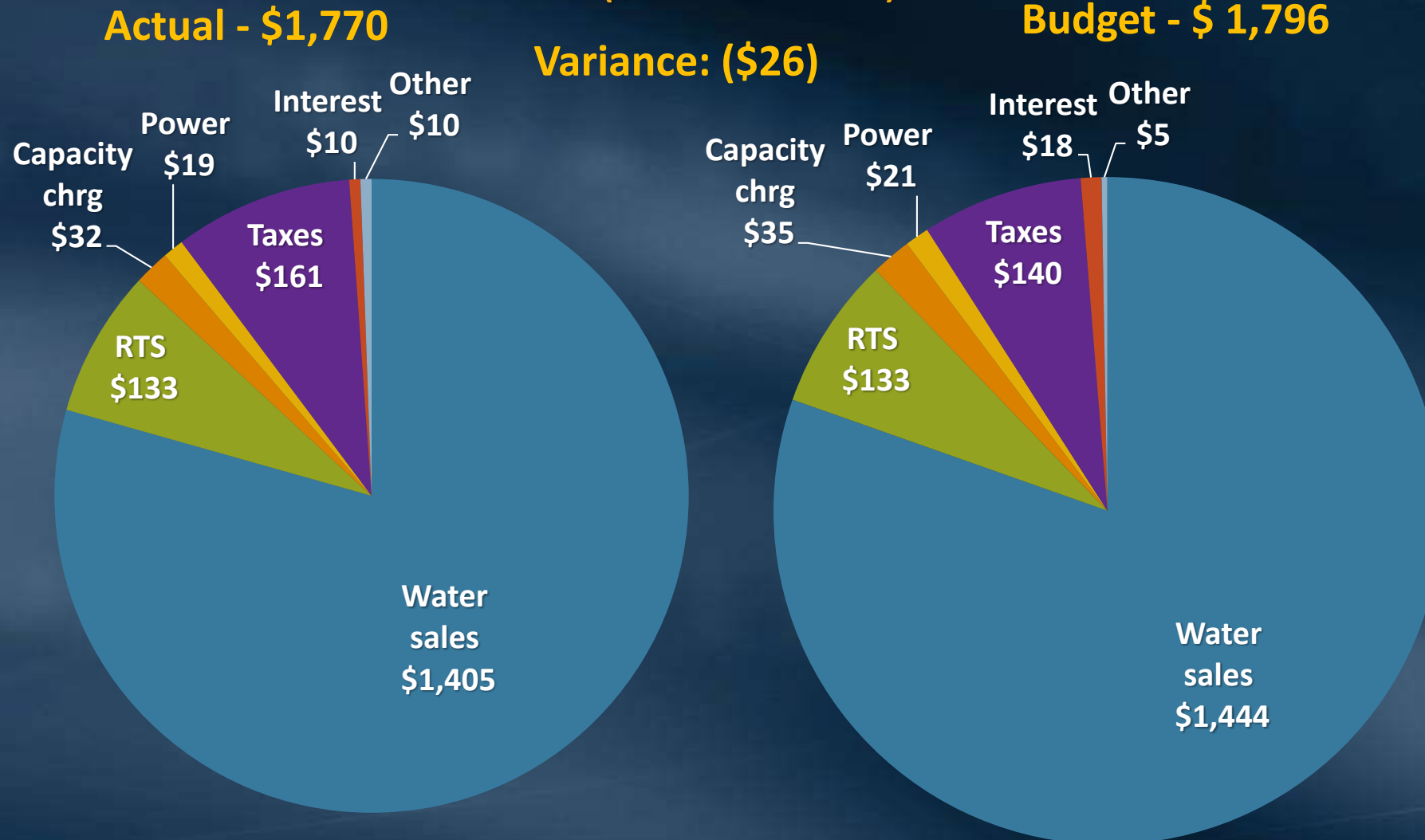


FY 2020/21 Year-end Financial Review

Finance and Insurance Committee
Item 6b
October 11, 2021

FY 2020/21 Revenues

(\$ in millions)

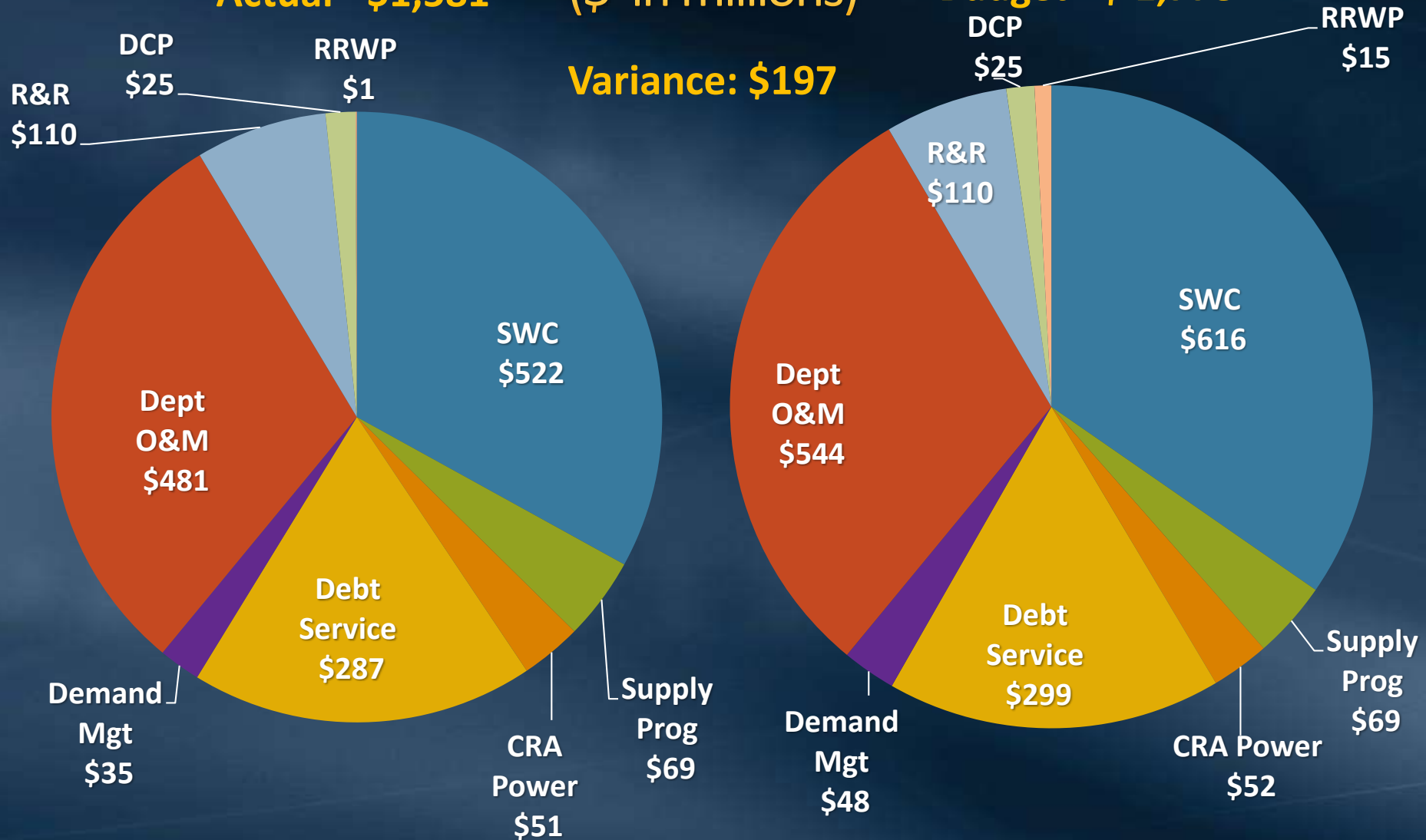


FY 2020/21 Expenses

Actual - \$1,581 (\$ in millions)

Budget - \$ 1,778

Variance: \$197



FY 2020/21 Net Revenues

(\$ in millions)

Total Revenues	\$ 1,770
Total Expenses	<u>1,581</u>
Net Revenues	<u>\$ 189</u>

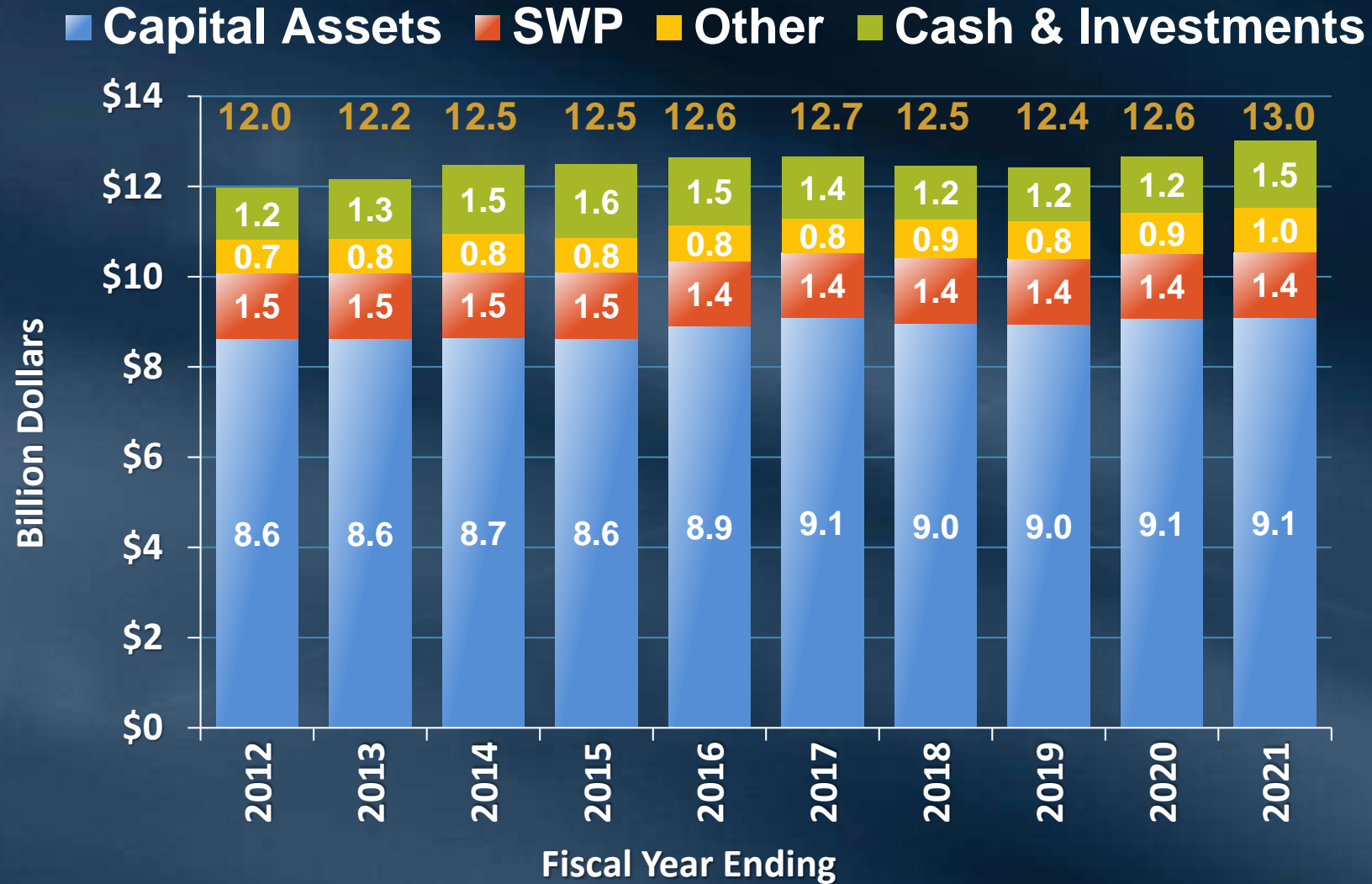
Modified Accrual Unrestricted Reserve Balance

FY 2020/21
(\$ in millions)

	Actual	Budget	Variance
Beginning Unrestricted Reserve Balance	\$448	\$456	\$(8)
Net Revenues	189	18	171
Increase in Required Reserves	(47)	(37)	(10)
Ending Unrestricted Reserve Balance	<u>\$590</u>	<u>\$437</u>	<u>\$153</u>

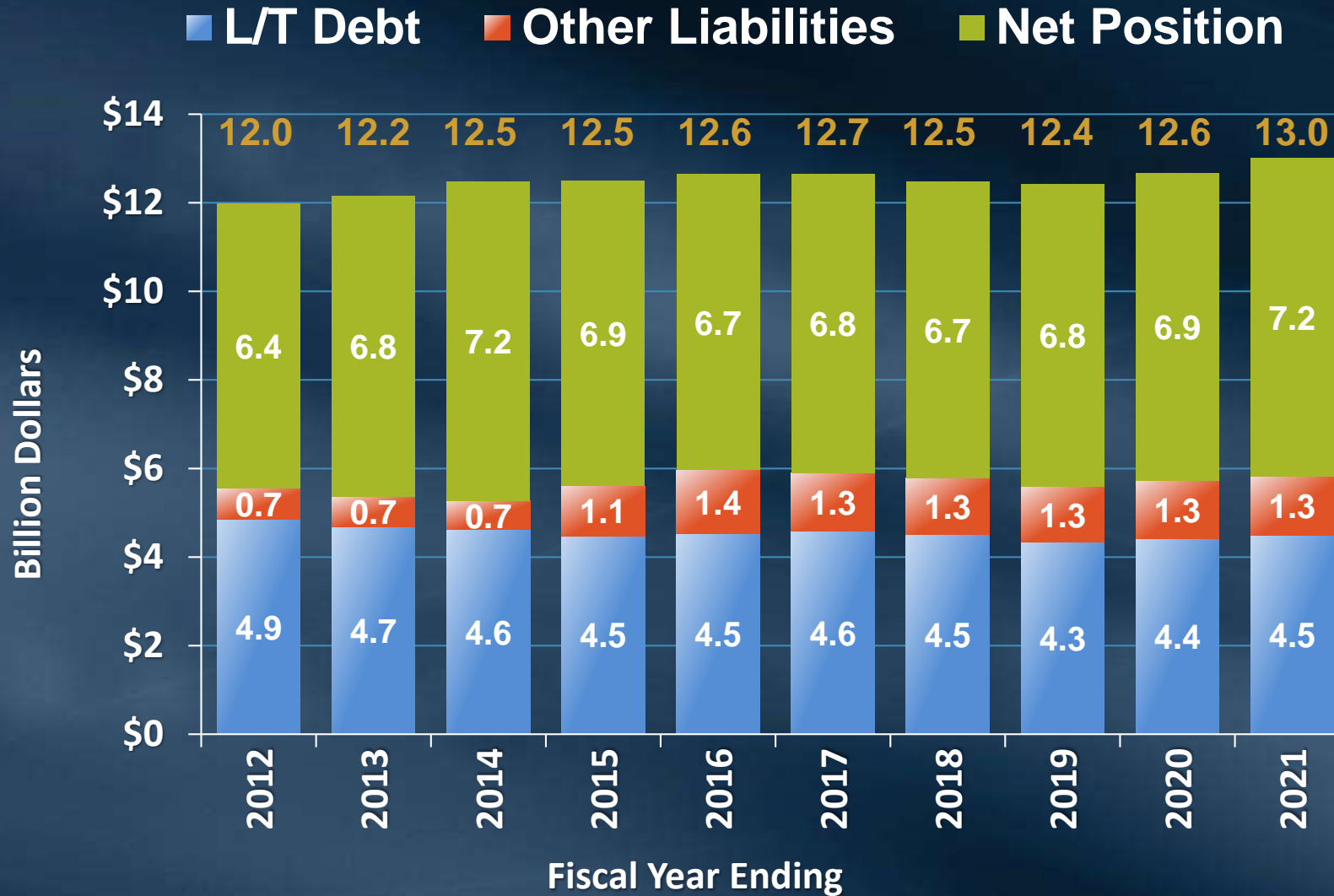
Balance Sheet Trends

Total Assets



*2020 was adjusted for the implementation of GASB 84 in 2021 which removes fiduciary assets and liabilities from Metropolitan's balances.

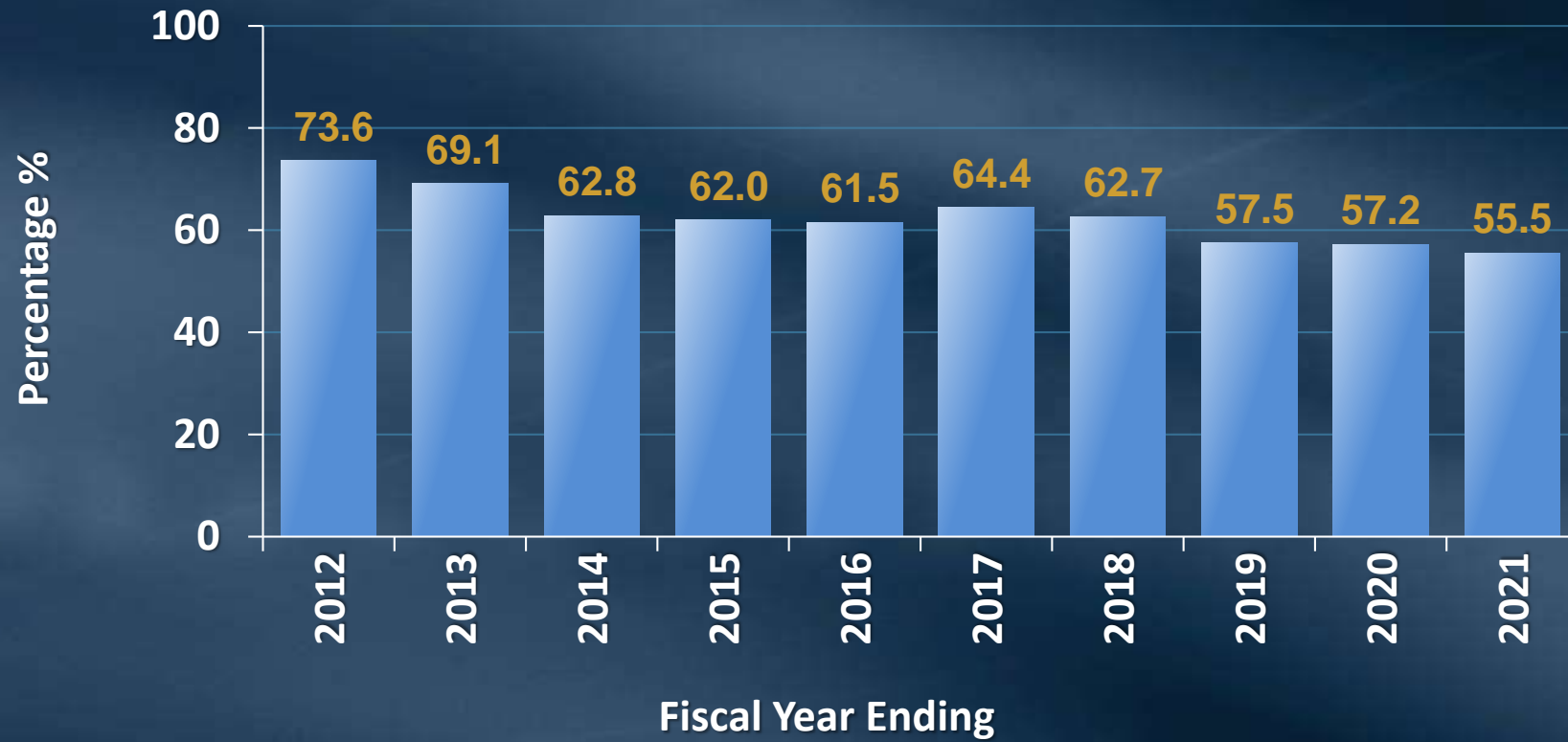
Total Liabilities and Net Position



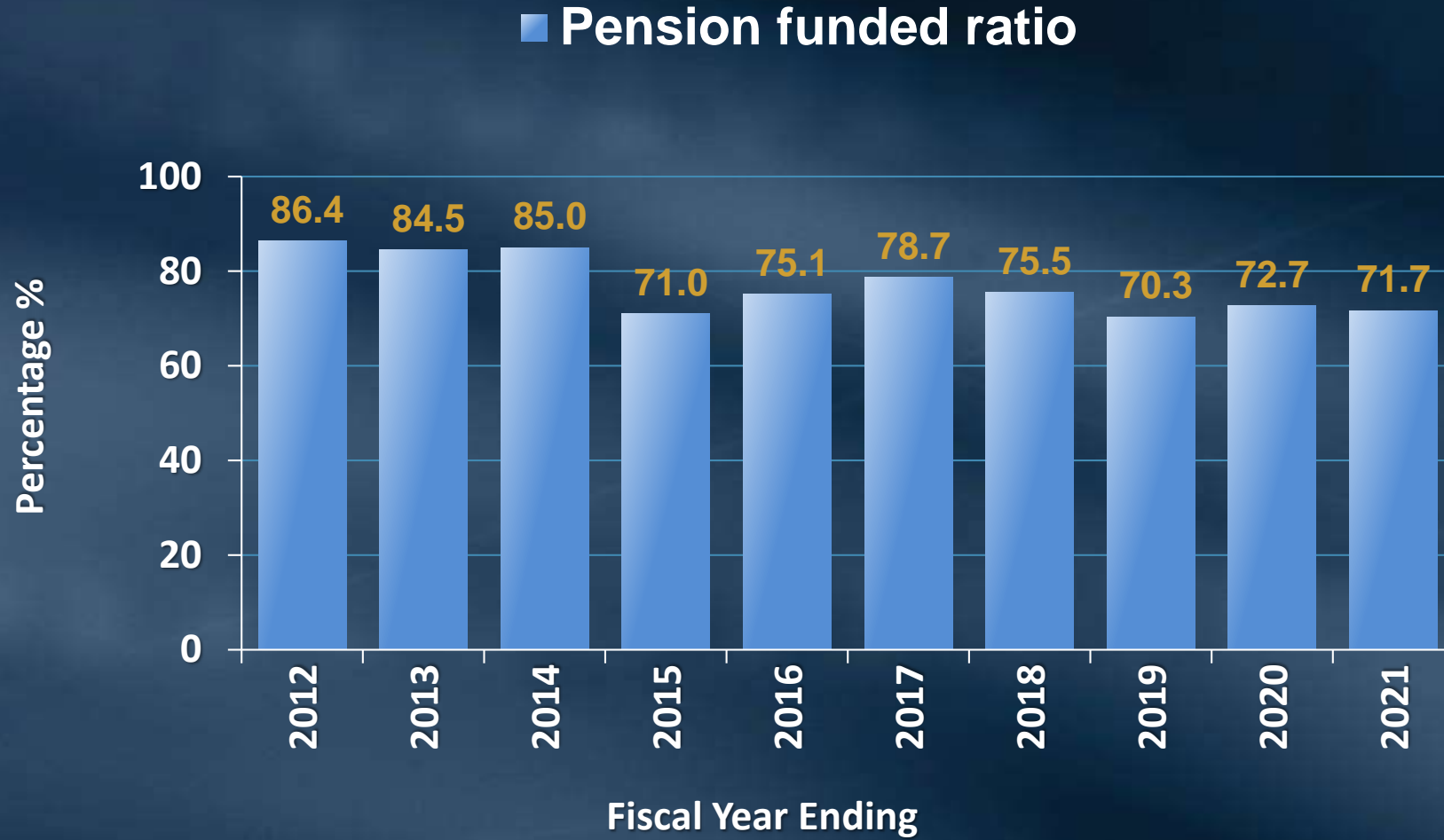
*2020 was adjusted for the implementation of GASB 84 in 2021 which removes fiduciary assets and liabilities from Metropolitan's balances.

Revenue Bond Debt to Equity Ratio

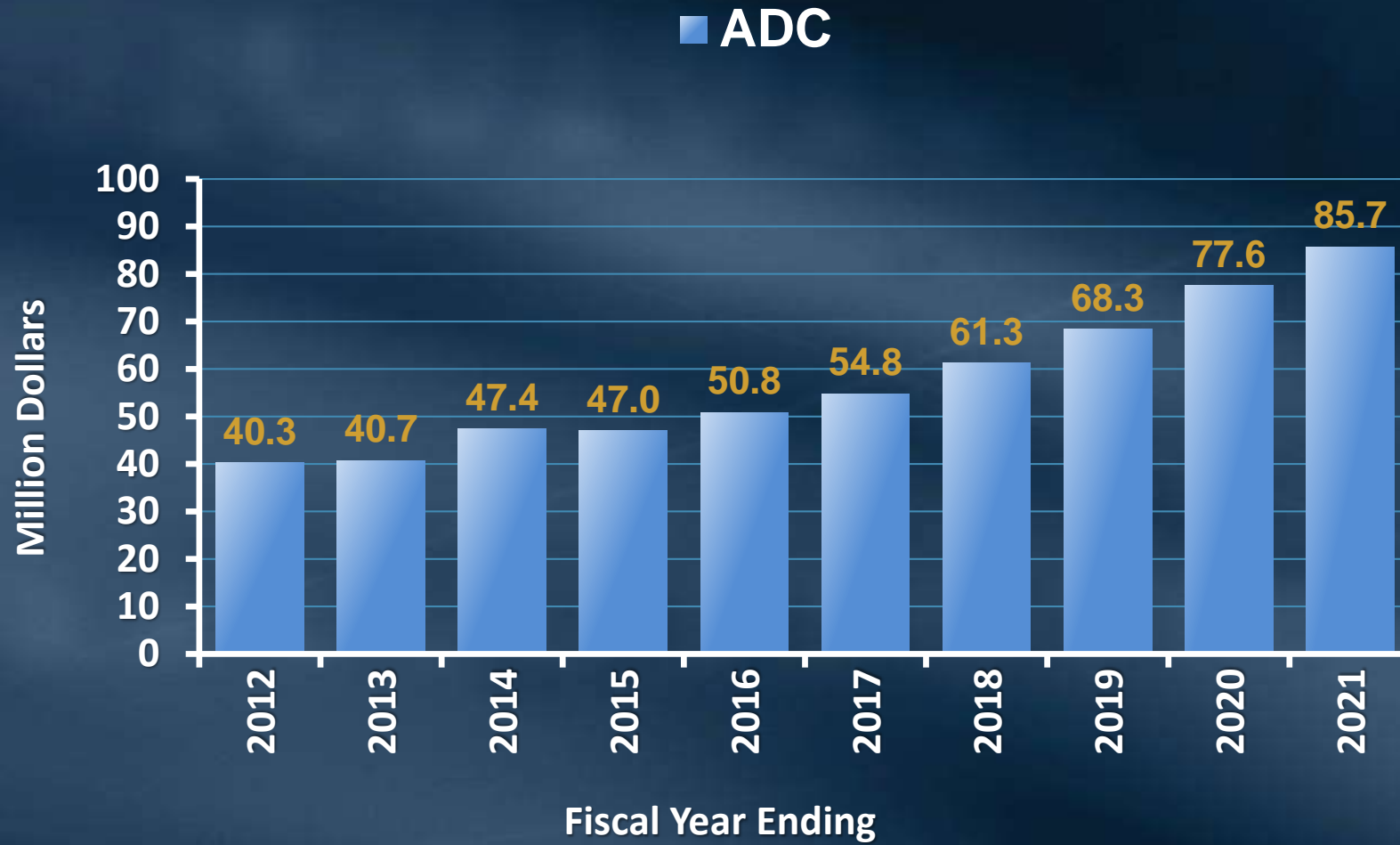
■ Revenue Bond Debt to equity ratio



Pension Funded Ratio



Pension Actuarially Determined Contribution⁽¹⁾



⁽¹⁾ Annual Required Contribution (ARC) in fiscal years 2012 through 2017

OPEB Funded Ratio



OPEB Actuarially Determined Contribution⁽¹⁾



⁽¹⁾ Annual Required Contribution (ARC) in fiscal years 2012 through 2017

