

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

AUDIT AND ETHICS COMMITTEE

January 22, 2019

Chair Ramos called the meeting to order at 12:37 p.m. in Committee Room 2-145 at Metropolitan Headquarters.

Members present: Chair Ramos, Vice Chair Paskett (entered at 12:50 p.m.), Directors Dick, Hogan, Kurtz (entered at 12:39 p.m.), and Smith.

Members absent: Directors Barbre, Emrani and Quiñonez.

Other Board Members present: Chairwoman Gray, Directors Atwater, Cordero, Dake, Hawkins, McKenney, Morris, Murray Jr., Peterson, Pressman, Steiner, Treviño and Williams.

Staff present: Beatty, Kightlinger, Riss, Rodriguez and Scully

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

None

Chair Ramos announced that the approval of the October 23, 2018 minutes will be deferred to later in the meeting pending a quorum.

3. MANAGEMENT REPORTS

a. Subject: Interim Ethics Officer's report

Presented by: Interim Ethics Officer Gerald Riss

Mr. Riss reported that there were a few Directors who had not yet submitted their AB1234 training certificates. Mr. Riss reminded staff that it is the time to file the annual Form 700 forms.

b. Subject: General Auditor's report

Presented by: General Auditor Gerald Riss

Mr. Riss stated that there were two open positions in Audit and that they were at the end of the recruitment phase. He will be making offers within the next few weeks.

4. COMMITTEE ITEMS

a. Review of the policies and procedures of the Ethics Office and Recommended Changes

Presented by: Lance H. Olson, Esq., Olson Hagel & Fishburn LLP

Mr. Olson gave a report on the ongoing review and recommendation process for the Ethics Office. This process is a joint effort involving the General Counsel, Interim Ethics Officer, and Ethics Office staff.

Mr. Olson noted that the first two phases of the review are completed and thanked the Directors for their feedback. He then noted that this presentation begins the discussion on the third phase which establishes the jurisdiction of the Ethics Office and defines the ethics rules that the department would have exclusive authority to investigate. He added that procedures for conducting investigations will be addressed in the next presentation, scheduled for the February A&E meeting.

The following topics were presented to clarify the Ethics Office's jurisdiction:

1. Incorporate eight state conflict of interest law standards into Metropolitan's Administrative Code and authorize the Ethics Office to investigate alleged violations:
 - a. Government (Gov.) Code section 1090 (conflicts of interest in contracts)
 - b. Gov. Code section 84308 (campaign contributions)
 - c. Gov. Code section 87100 (conflicts of interest in official decision-making)
 - d. Gov. Code section 87407 (ban on influencing prospective employment)
 - e. Gov. Code section 89502 (honorarium ban)
 - f. Gov. Code section 89503 (gift limits)
 - g. Gov. Code section 87500 (Form 700 disclosure obligations)
 - h. Gov. Code section 87460 (prohibited loans)

2. Modify, delete, or move certain existing Metropolitan ethics rules in the Administrative Code, including:
 - a. Establish limit on gifts from a reportable source at \$50 annually.
 - b. Prohibit solicitation of campaign contributions from Metropolitan employees by Directors or other Metropolitan officials in positions of authority.
 - c. Modify and clarify rules on ex parte (i.e., private off-the-record) communications from parties with matters pending board action.
 - d. Clarify management/Human Resources responsibility for investigating alleged unauthorized releases of confidential information. Ethics Office would remain responsible for any allegations involving personal gain or any alleged breach by a director.
 - e. Consider removing Ethics Office's current responsibility for investigating equal-opportunity-related discrimination or harassment allegations involving directors.
 - f. Move two existing rules into board governance principles.
 - g. Delete three or four existing rules due to vagueness, unenforceability, or beyond expertise of Ethics Office.

The following Directors asked questions or provided comments:

1. Hogan
2. Kurtz
3. Dick
4. Steiner
5. Peterson
6. Paskett
7. Pressman
8. Smith
9. McKenney
10. Dake

2. APPROVAL OF THE MINUTES OF THE AUDIT AND ETHICS COMMITTEE MEETING HELD ON OCTOBER 23, 2018

Motion: Carried
Moved: Director Dick Seconded: Director Kurtz
Ayes: Chair Ramos, Directors Dick, Hogan, Kurtz and Smith
Noes: None
Abstentions: Paskett

Absent: Directors Barbre, Emrani and Quiñonez

The motion passed by a vote of 5 ayes, with one abstention

5. CONSENT CALENDAR ITEMS – ACTION

None

6. OTHER BOARD ITEMS – ACTION

None

7. BOARD INFORMATION ITEMS

Chair Ramos announced that the Ethics Officer position was posted and that Human Resources Director Diane Pitman would send the information to the Board.

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

None

Meeting adjourned at 2:06 p.m.

Next meeting will be held on February 26, 2019

Marsha Ramos
Chair