

3. CONSENT CALENDAR ITEMS – ACTION

None

4. OTHER BOARD ITEMS -- ACTION

8-1 Subject: Approve closing the Water Desalination Trust Fund and transfer balance to unrestricted reserves; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Presented by: None

Motion: Close the Water Desalination Trust Fund and transfer the balance of \$21.6 million at September 30, 2019 plus accrued interest thereon to unrestricted reserves.

Moved: Director Dick Seconded: Director Ortega

Ayes: Directors Blois, Dake, Dick, Faessel, Goldberg, Ortega, Paskett, Ramos, Record, and Smith

Noes: None

Abstentions: None

Absent: Directors Barbre and Quinn

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

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Subject: Presentation on Demand Management Cost Allocation (Part One)
Presented by: Arnout Van den Berg, Unit Manager – Rates, Charges & Financial Planning

Mr. Van den Berg presented the committee with a brief outline of the Demand Management (DM) cost allocation study and explained why Metropolitan invests in DM. He also provided a summary of DM costs from the fiscal year budgets of 2018/19 and 2019/20. He discussed the current DM cost recovery, and reviewed features of the DM cost allocation study, before introducing Rick Giardina to present rate design alternatives.

The following Directors provided comments or asked questions:

1. Smith
2. Ortega
3. Paskett

Subject: Presentation on Demand Management Cost Allocation (Part Two)
Presented by: Rick Giardina, Executive Vice President, *Raftelis Financial Consultant, Inc.*

Mr. Giardina presented the committee with a brief outline of his 40-plus years' utility rate and finance experience. His presentation focused on demand management (DM) cost recovery alternatives, which included (1) existing cost of service (COS) methodology; (2) modified COS methodology; and (3) DM fixed charge, shown as alternative 3A (functionalized fixed charge), and alternative 3B (non-functionalized fixed charge).

The following Directors provided comments or asked questions:

1. Paskett
2. Ortega
3. Dake
4. Blois
5. Smith
6. McKenney
7. Lefevre
8. Ramos
9. Dick
10. Gray

b. Subject: Year End Financial Report
Presented by: Shanice Wong, Unit Manager - Accounting

Ms. Wong presented the committee with fiscal year 2018/19 year-end financial review of Metropolitan's budget versus actuals for revenues and expenses. She also presented the balance in unrestricted reserves as of June 30, 2019. Additionally, Ms. Wong presented an overview of balance sheet trends.

The following Directors provided comments or asked questions:

1. Paskett

c. Subject: Quarterly Financial Report
Presented by: Shanice Wong, Unit Manager - Accounting

Ms. Wong presented the committee with Metropolitan's quarterly financial report for the period ending September 30, 2019. Her report included cumulative water transactions in acre-feet, projected fiscal year 2019/20 revenues and expenses, projected net revenue, and projected unrestricted reserve balance. She also presented an overview of Metropolitan's reimbursable and non-reimbursable costs for Delta Conveyance through September 2019.

The following Directors provided comments or asked questions:

1. Dake
2. Ortega

7. MANAGEMENT REPORT

- a. Subject: Chief Financial Officer's report
Presented by: Katano Kasaine, Chief Financial Officer/Assistant General Manager
Ms. Kasaine had no slides, since they were covered in Items 6b and 6c.

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

None

10. ADJOURNMENT

Next meeting will be held on December 9, 2019.

Meeting adjourned at 10:55 a.m.

Glen C. Dake
Chair