

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

AJOURNED FINANCE AND INSURANCE COMMITTEE

August 17, 2020

Chair Quiñonez called the teleconference meeting to order at 9:00 a.m.

Members present: Chair Quiñonez, Vice Chair Record, Directors Blois, Dick, Faessel (entered at 9:05 a.m.), Hawkins, Ortega, Quinn, and Smith.

Members absent: Directors Goldberg and Ramos.

Other Board Members present: Chairwoman Gray, Directors Abdo, Ackerman, Atwater, Butkiewicz, Cordero, De Jesus, Hogan, Kurtz, Lefevre, McCoy, McKenney, Morris, Murray, Peterson, Tamaribuchi, Treviño. Chairwoman Gray was present on the teleconference but not heard for the roll call due to technical difficulties.

Staff present: Beatty, Kasaine, Kightlinger, Quilizapa, Redin, B. Robertson, Scully, St. Regis, Van den Berg.

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

Alice Neuhauser, Los Angeles, comment in opposition to the continuation of the ad valorem tax rate adopted last year and opposed to ad valorem tax being spent on the Delta Conveyance.

Caty Wagner, Sierra Club, comment in opposition to continuing the existing ad valorem tax rate and that none of the tax revenue should be used for the Delta Conveyance Project.

Conner Everts, Environmental Justice Coalition for Water, comment in opposition to greater rates on people's property tax.

Jamie Feasner, Los Angeles County, comment in opposition to the continuation of the ad valorem tax rate and that tax revenue should not be spent on the Delta Conveyance Project.

Kathy Jones, Riverside County, comment in opposition to additional taxes with no spending plan concerning the Delta Conveyance Project.

Jonathan, comment in opposition to the ad valorem tax.

Catrini, Riverside County, comment in opposition to the ad valorem tax rate.

Spelling of names above is phonetic.

The following emails commenting on Item 7-1 were received and will be made part of the record: Ann Dorsey from Northridge, CA, dated August 16, 2020 at 8:41 p.m.; and Alice Neuhauser, dated August 17, 2020 at 9:22 a.m.

2. OTHER MATTERS

5G Subject: Report on list of certified assessed valuations for fiscal year 2020/21 and tabulation of assessed valuations, percentage participation, and vote entitlement of member agencies as of August 18, 2020

Mr. Van den Berg was on hand to answer questions, if needed.

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

A. Subject: Approval of the Minutes of the meeting of the Finance and Insurance Committee held June 8, 2020
Motion: Carried

No presentation was given, Director Ortega made a motion, seconded by Director Faessel to approve item 2A.

The vote was:

Ayes: Directors Blois, Faessel, Hawkins, Ortega, Quinn, Quiñonez, Record, and Smith

Noes: None

Abstentions: None

Absent: Directors Dick's vote was not recorded, Goldberg, and Ramos

The motion unanimously passed by a vote of 8 ayes, 0 noes, 0 abstain, and 3 absent.

4. CONSENT CALENDAR ITEMS – ACTION

Director Smith requested Items 7-1 and 7-9 be removed from Consent Calendar Items.

Chair Quiñonez announced Items 7-1 and 7-9 would be removed from Consent Calendar Items.

- 7-1 Subject: Adopt resolution establishing the tax rate for fiscal year 2020/21; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA.
- Presenter: Arnout Van den Berg, Section Manager-Revenue & Budget
Mr. Van den Berg began his presentation. Shortly after beginning, Director Smith stated he only had comments and did not need to see the presentation. Committee Directors determined that they did not need to see the entire presentation.
- Motion:
- a. Adopt the Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2020 and ending June 30, 2021 for the Purposes of The Metropolitan Water District of Southern California (**Attachment 1**) maintaining the tax rate at .0035 percent of assessed valuation, the same rate levied in FY 2019/20; and
 - b. Direct staff to transmit that resolution to the county auditors for the levy and collection of the ad valorem property tax.

No presentation was given, Director Blois made a motion, seconded by Director Dick to approve item 7-1:

The vote was:

- Ayes: Directors Blois, Dick, Faessel, Hawkins, Ortega, Quinn, Quiñonez, Record, and Smith
- Noes: None
- Abstentions: None
- Absent: Directors Goldberg and Ramos

The motion passed unanimously by a vote of 9 ayes, 0 noes, 0 abstain, and 2 absent.

Chair Quiñonez noted that on August 15, 2020, San Diego County Water Authority submitted a letter commenting on Item 7-1, and the letter will be made part of the record.

The following Director provided comments or asked questions:

1. Smith

- 7-9 Subject: Repeal Administrative Code Sections 4119 and 4405 (Wheeling Service) and rescind Resolution 8520 (Fixing and Adopting Wheeling Rates); the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Presenter: Katano Kasaine, Assistant General Manager and Chief Financial Officer

Motion: Repeal Administrative Code Sections 4119 and 4405 (Wheeling Service) and rescind Resolution 8520 (Fixing and Adopting Wheeling Rates)

Chair Quiñonez noted that on August 15, 2020, San Diego County Water Authority's General Counsel submitted a letter commenting on Item 7-9 and on August 17, 2020, Metropolitan's General Counsel responded by letter to SDCWA's letter. These two letters will be made part of the record.

Director Smith made a substitute motion to remove the Water Stewardship Rate language from the wheeling rate. There was no second given.

After completion of the presentation, Director Record made a motion, seconded by Director Dick to approve 7-9:

The vote was:

Ayes: Directors Blois, Dick, Faessel, Hawkins, Ortega, Quinn, and Record

Noes: Director Smith

Abstentions: Director Quiñonez

Absent: Directors Goldberg and Ramos

The motion passed by a vote of 7 ayes, 1 no, 1 abstain, and 2 absent.

The following Directors provided comments or asked questions:

1. Quiñonez
2. Smith
3. Ortega

5. OTHER BOARD ITEMS – ACTION

None

6. BOARD INFORMATION ITEMS

- 9-3 Subject: Introduction of Ordinance No. 151 – Determining that the Interests of Metropolitan Require the Use of Revenue Bonds in the Aggregate Principal Amount of \$500 Million to Finance a Portion of Capital Expenditures

Mr. Redin was on hand to answer questions, if needed.

7. COMMITTEE ITEMS

- a. Subject: Quarterly Financial Report
Presented by: Bernadette Robertson, Controller

Ms. Robertson presented the committee with Metropolitan's quarterly financial report for the period ending June 30, 2020, preliminary. Her report included cumulative

water transactions in acre-feet, revenues, expenses, and unrestricted reserve balance for fiscal year 2019/20. She also reported on reimbursable costs and Operations & Maintenance costs for the Delta Conveyance Project through June 2020.

The following Directors provided comments or asked questions:

1. Ortega
2. Smith

b. Subject: Quarterly Investment Activities Report (Part One)

Presented by: Sarah Meacham, Managing Director, *PMF Asset Management*

Ms. Meacham presented the committee with an overview of Metropolitan's liquidity portfolio through June 30, 2020 and discussed investment strategy, returns and outlooks.

The following Directors provided comments or asked questions:

1. Peterson

Subject: Quarterly Investment Activities Report (Part Two)

Presented by: Jason J. Hoyer, Portfolio Manager, *Reams Asset Management*

Mr. Hoyer presented the committee with an overview of Metropolitan's fixed income market portfolio through June 30, 2020, emphasizing the volatile period and how this impacted the markets. He also summarized how this volatility impacted Performance, Securities and Treasuries.

8. MANAGEMENT REPORT

a. Subject: Chief Financial Officer's report

Presented by: Katano Kasaine, Chief Financial Officer/Assistant General Manager

Ms. Kasaine stated to the committee that the Local Resources Program (LRP) item for September has been moved to the October meeting. She also stated that the refunding of the GO Bonds resulted in a savings of \$7.5 million dollars and the cumulative debt service savings for this year is about \$109 million.

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

Director Smith requested to see alternatives for looking at cutting rates in the September presentation on cost savings and Covid-19.

11. ADJOURNMENT

Next meeting will be held on September 14, 2020.

Meeting adjourned at 10:27 a.m.

Jesus Quiñonez

Chair