

MINUTES OF THE REGULAR MEETING
OF THE
FINANCE/INSURANCE COMMITTEE MEETING

January 21, 2019

Vice President Monin called the Meeting of the Finance/Insurance Committee to order at 8:00 o'clock a.m. on January 21, 2019.

Present at today's meeting were Committee Members JOSE F. VERGARA, MARK MONIN, M. SCOTT GOLDMAN, KATHRYN FRESHLEY, and MIKE GASKINS.

Also present were ROBERT R. HILL, General Manager/Secretary, DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, RICK OLSON, Operations Superintendent, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, and CAROL MOORE, Laguna Woods Mayor.

Consent Calendar

- a. Consider approving the December 20, 2018 Finance Committee meeting minutes.

Vice President Monin asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Gaskins and unanimously carried across the Board to approve the Consent calendar.

Roll Call Vote:

Director Goldman	aye
President Vergara	aye
Director Gaskins	aye
Vice President Monin	aye
Director Freshley	aye

Approval of Items Removed from Today's FIC Consent Calendar

Finance Action Items

Quarterly Insurance Report

Ms. Cimorell stated that we are in the second quarter of the fiscal year and are on budget. She further stated that there were two Workers Compensation claims this month, one was loss time and the other was modified duty, and now both employees are back to full duty.

Ms. Cimorell stated that JPIA recognized ETWD at the Fall Conference with the "President's Special Recognition Award" for having a loss ratio of 20% or less in the Property Program for the period of April 2014 through March 2017.

Vice President Monin inquired as to why the insurance for the Dam was increased. Mr. Cafferty replied that it could be due to the Oroville Dam Spillway event as they are also part of the Dam insurance pool and therefore the premiums have increased due to the liability. Mr. Hill stated that ETWD's insurance premium is shared with MNWD and SMWD, with ETWD paying 45% of it, SMWD picks up 50%, and MNWD picks up 5%.

Mr. Cafferty stated that staff will pose the question of the increased premium to JPIA and return with an answer at tomorrow's Board meeting.

Vice President Monin asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Gaskins to Receive and File the Quarterly Insurance Report for the period of October 1, 2018 through December 30, 2018.

Roll Call Vote

Director Freshley	aye
Director Goldman	aye

President Vergara	aye
Vice President Monin	aye
Director Gaskins	aye

Finance Report

Ms. Shahbakhti stated that included in the package are the December water usage charts. She further stated that on page 161 Investments, we are meeting our 6-month Reserve requirements.

Director Freshley asked on page 160, current term of long term debt reduced substantially. Ms. Shahbakhti replied that we had 3 different loans, the SRF loan for Recycled Water, another SRF loan, and the Baker loan. She further stated that was the cause of the decrease. She also stated that there is one more payment to be made on the Baker loan, and then on July 1st we will have 4 payments due.

Director Freshley asked on page 64 Cash Sheet, why is the State Water Resources Control Board on the sheet. Ms. Shahbakhti replied that it is the SRF for our Recycled Water.

Ms. Shahbakhti stated that the other SRF loan is for Northline, and the Texas Capital Bank Leasing Division is the Baker loan. Mr. Cafferty replied that we pay Texas Capital twice a year, and the other SRF loans are paid once yearly.

Director Freshley asked on page 171, Non-Rate Revenue Analysis, what are the Site Leases. Mr. Cafferty replied that they are the cell sites which some pay quarterly and some pay monthly.

Vice President Monin asked if we can demand payment quarterly. Mr. Cafferty replied that on a go-forward basis, we could ask them to go quarterly.

Vice President Monin asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Gaskins and unanimously approved across the Board to approve the Finance report.

Roll Call Vote:

President Vergara	aye
Director Goldman	aye
Director Gaskins	aye
Vice President Monin	aye
Director Freshley	aye

Finance Information Items

2019/20 Fiscal Year Budget/Cost of Service Evaluation/Preparation and Tentative

Schedule Status Report

Mr. Cafferty stated that the Budget timeline schedule is included in the Board package.

Mr. Hill stated that the Board President will announce the Standing Committees at the next Board meeting. He further stated that Director Freshley and Vice President Monin are on the Budget Committee, and asked them to make sure the dates work for them, including the Full Board Workshop date.

Director Freshley stated that the April 5th date is also the WACO meeting. She suggested moving the Budget Committee meeting to April 4th. Vice President Monin asked to have the meeting at 7:00 am due to the SOCWA Board meeting the same day.

Mr. Cafferty replied that staff will move the meeting to April 4th at 7:00 am.

Tiered Water Usage and Revenue Tracking

Ms. Shahbakhti stated that the December water usage is included in the package. She further stated that year to date usage is also included, and we are 94% efficient.

Director Goldman stated that January should be an interesting report due to the rain we had.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting

At approximately 8:23 o'clock a.m. the Finance and Insurance Committee meeting was closed.

Attorney Report

Mr. Granito reported that there is a need for a Closed Session at today's meeting with regard to item #2 of today's agenda.

Closed Session

At approximately 8:25 o'clock a.m. President Vergara called for a Closed Session. Also at this time, Mr. Hill, Mr. Cafferty, Mr. Olson, Ms. Shahbakhti, Ms. Cimorell, Ms. Moore, and Ms. Welsch left the meeting.

At approximately 9:03 o'clock a.m. Mr. Hill was asked to join the Closed Session.

Open Session

At approximately 9:17 o'clock a.m. the Board returned to Regular Session. Also at this time, Mr. Cafferty and Ms. Welsch returned to the meeting.

Report on Closed Session

Mr. Granito reported that the Board did go into Closed Session at approximately 8:25 o'clock a.m. with regard to item #2 of today's Closed Session agenda. Mr. Granito reported that during that Phase of the Closed Session only Board members and Legal Counsel participated without staff, and that Phase came to a close at approximately

9:03 o'clock when Mr. Hill was invited into the Closed Session.

Mr. Granito reported that during the second Phase of the Closed Session all Board members, Mr. Hill, and Legal Counsel participated and no further reportable action was taken.

General Manager Compensation

President Vergara stated that this item was postponed and will resume at a later date.

Adjournment


There being no further business to come before the Board, the following motion was duly made and passed.

Motion: Vice President Monin made a Motion, seconded by Director Gaskins and unanimously carried that today's meeting be adjourned at 9:23 o'clock a.m. to Tuesday, February 26, 2019, Lake Forest, CA. 92630.

Roll Call:

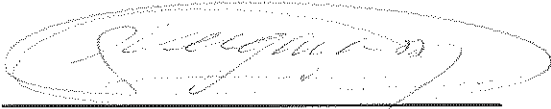
Director Freshley	aye
Director Gaskins	aye
President Vergara	aye
Director Goldman	aye
Vice President Monin	aye

Respectfully submitted,

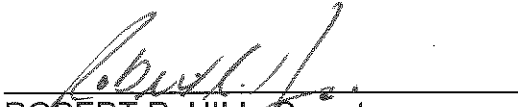


POLLY WELSCH
Recording Secretary

APPROVED:

A handwritten signature in cursive script, enclosed within an oval-shaped stamp or seal.

JOSE F. VERGARA, President
of the El Toro Water District and the
Board of Directors thereof

A handwritten signature in cursive script, positioned above a horizontal line.

ROBERT R. HILL, Secretary
of the El Toro Water District and the
Board of Directors thereof

