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

August 20, 2019

Vice President Monin called the Meeting of the Finance/Insurance Committee to order at 9:03 o'clock a.m. on August 20, 2019.

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

Also present were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, and CAROL MOORE, Laguna Woods City Councilmember.

Consent Calendar

a. Consider approving the July 23, 2019 Finance Committee meeting minutes

Vice President Monin asked for a Motion.

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

Roll Call Vote:

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

Approval of Items Removed from Today's FIC Consent Calendar

There were no items removed.

Finance Action Items

Finance Report

Vice President Monin asked for a Motion.

Motion: Director Havens made a Motion, seconded by Director Freshley, and unanimously carried across the Board to 1) approve, ratify, and confirm payment of those bills as set forth in the schedule of bills for consideration dated August 20, 2019, and 2) receive and file the Financial Statements for the period ending July 31, 2019.

Roll Call Vote:

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

Resolution No. 19-8-2 Amending the Directors Compensation Policy Statement 1993-10 (IV)

Mr. Cafferty stated that the one change is adding the term "Vice President" to Section II Qualified Events, number 12 of the policy.

Vice President Monin asked for a Motion.

Motion: Director Gaskins made a Motion, seconded by Director Havens and unanimously carried across the Board to adopt Resolution No. 19-8-2 which amends the Directors Compensation Policy Statement 1993-10 (IV).

Roll Call Vote:

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

Finance Information Items

Policy Statement 1985-5 (IV) Travel and Expense Reimbursement Policy

The Board members deliberated on whether or not the District should approve of the Directors attending certain conferences and costs associated with these conferences.

Mr. Cafferty stated that staff surveyed how other agencies handle their travel expenses for their Directors, and quantify where the costs of conferences is going. He further stated that we have assigned a dollar amount limit to each Director which is unique to the neighboring agencies.

Mr. Cafferty stated that we also reviewed the cost of ACWA conferences and CASA conferences, which make up approximately 55% of the Directors budgets.

Mr. Cafferty stated that this is an information item today set up for discussion, and the policy could be amended to include language to clarify what happens if a Director exceeds their budget.

Director Gaskins stated that he feels each Director should decide for themselves which conferences they would like to attend, and remain within their budget.

Audit Committee Report

Vice President Monin stated that Director Freshley asked why not let the PUN Group re-bid for the upcoming year to continue as the District's auditors, as long as they change out the individual auditors.

Mr. Cafferty stated that historically the auditors are rotated every five years, when we go out with an RFP for new auditors. He further stated that the Government Code states six years, but actually says we cannot go more than six consecutive years if they have not changed the lead audit partner, so if they changed the audit team we could still engage the same firm.

President Vergara expressed concern about remaining with the same audit firm regardless of whether or not the audit staff is changed.

Mr. Cafferty stated that we need to have our auditors in place by the end of this calendar year.

Vice President Monin asked staff to send the Directors the actual language indicating how often we need to change auditors.

Mr. Cafferty stated that staff will bring the audit issue back to the Board for direction at the September meetings.

Tiered Water Usage and Revenue Tracking

Ms. Shahbakhti stated that included in the package is the first month of the fiscal year water usage.

Director Freshley stated that she was surprised to see the difference between United and Third's water consumption. Mr. Cafferty replied that Third has a lot of recycled water while United has none.

Comments Regarding Non-Agenda FIC Items

President Vergara stated that the "in lieu" water agencies in Poseidon's presentation states that the agencies will only pay for pumping costs, while others will have to pay more.

Close Finance and Insurance Committee Meeting

At approximately 9:40 o'clock a.m. the FIC meeting was closed.

Attorney Report

Mr. Granito reported that a Closed Session will need to be held today.

Closed Session

At approximately 9:40 o'clock a.m. the Board went into Closed Session. Also at this time, Ms. Welsch, Ms. Cimorell, Ms. Shahbakhti and Ms. Moore left the meeting.

Open Session

At approximately 9:59 o'clock a.m. the Regular session resumed. Also at this time, Ms. Welsch returned to the meeting.

Mr. Granito reported that the Board did go into Closed Session with regard to item #2 of today's Closed Session agenda, and during the Closed Session the Board deliberated and considered the Application to File a Late Claim on behalf of the Claimant (Marlene Jean aka Marlene Jean Trusiak), and the Board voted unanimously to deny the application. No further reportable action was taken.

Mr. Granito briefly spoke on SB 307 and it's impact on the Cadiz Project.

Adjournment

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

Motion: Director Gaskins made a Motion, seconded by Director Freshley and unanimously carried that today's meeting be adjourned at 10:00 o'clock a.m. to Tuesday, September 24, 2019, Lake Forest, CA. 92630.

Roll Call:

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

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

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

DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and the
Board of Directors thereof