MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
February 28, 2019

President Vergara called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order at 7:30 o'clock a.m. on February 28, 2019 at the El Toro Water District Administrative Offices, 24251 Los Alisos Boulevard, Lake Forest, California.

Director Freshley led in the Pledge of Allegiance to the flag.

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

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, SHERRI SEITZ, Public Relations/Emergency Preparedness Coordinator, CESAR CASSANI, Employee, GILBERT J. GRANITO, General Counsel, MIKE DUNBAR, EBSD, CONNIE VISCONTE, Lake Forest Chamber, MARY VICSONE, Lake Forest Chamber, VICKI BIENIAK, Lake Forest Chamber, POLLY WELSCH, Recording Secretary, MIKE MIAZGA, IT Manager (arrived at 9:00 am), and CAROL MOORE, Laguna Woods Mayor.

Oral Communications - Public Comments

President Vergara stated that at this time members of the public may address the Board or they may reserve this opportunity with regards to an item on the agenda, until the Board discusses said item later in today's meeting.

Ms. Mary Visconte introduced herself and colleagues. She further stated that they would like to thank the Board for the District's continued support of the Lake Forest Chamber, and participation in the Lake Forest 5K Elf Run, where ETWD provided drinking water to the participants and their dogs.

Ms. Visconte stated that the Legislative Luncheon is an invitation only event on July 18th at the Beach and Tennis Club, and the Meet the Mayor on April 3rd in Foothill Ranch. She further stated that the funds from the 5K Elf Run is being distributed to five local charities.

Mr. Hill stated that each year ETWD donates the table centerpieces for the Meet the Mayor event.

Director Freshley asked how many participants attended the 5K Elf Run. Ms. Visconte replied that they sold out this year and had to cut it off at 600 participants, with 50 exhibitor booths. She further stated that they will ask the City to close off some streets at the next Elf Run so they can grow as big as the Turkey Trot in Dana Point.

Director Gaskins stated that he attended the 5K Elf Run and there were a lot of participants.

President Vergara asked if there is an event today. Ms. Visconte replied yes, they have partnered with the City of Mission Viejo and the Rancho Santa

Margarita Chamber to launch a series of mixers this year. She further stated that the first mixer is tonight in Mission Viejo at the Arroyo Trabuco Golf Course at 5:30 pm, and the next one will be July 18th in Rancho Santa Margarita, then in October in Lake Forest.

At approximately 7:30 o'clock a.m. Ms. Visconte, Ms. Visconte, and Ms. Bieniak left the meeting.

CASA Presentation

Mr. Hill introduced Mike Dunbar, General Manager of Emerald Bay Service District.

Mr. Dunbar stated that he is here today as the President of CASA, and will provide a presentation on their Education Foundation.

Mr. Dunbar stated that there is a need for students who want to become Engineers or Scientists, and CASA has a sponsorship program that provides $5,000 scholarship opportunities to three students each year working toward a degree in an engineering or scientific field.

Mr. Dunbar stated that the program has collected approximately $119,000 in funds from agencies, committees, and individuals. He further stated that they also have an auction every year to collect funds for the program.

Mr. Dunbar stated that their goal is to keep approximately $100,000 in the fund each year, which is managed by a consultant. He further stated that he is asking for assistance to replenish their scholarship fund.

Mr. Dunbar asked to have local students apply for the scholarship at the end of April, and scholarships are given out in July and August. He further stated

that is at least one scholarship set aside each year for a high school student going into college.

Director Goldman asked how many scholarships are given out each year. Mr. Dunbar replied 3-4 scholarships are given to freshmen and sophomores instead of graduate students who are able to obtain scholarships elsewhere.

Director Goldman asked what is the normal donation to the program. Mr. Dunbar replied between $1,000 - $5,000.

Director Freshley asked what is the balance in the organization. Mr. Dunbar replied $45,000.

President Vergara asked for a Motion.

Motion: Director Goldman made a Motion to go along with staff's recommendation to donate $1,000 to CASA's Education Program, seconded by Director Freshley.

Secondary Motion: President Vergara made a Secondary Motion to authorize the General Manager to donate $2,000 to CASA's Education Program, seconded by Director Goldman, and unanimously carried across the Board to approve the Secondary Motion.

Roll Call Vote:

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

At approximately 7:56 o'clock a.m. Mr. Dunbar left the meeting.

Items Received Too Late To Be Agendized

President Vergara asked if there are any items received too late to be agendized. Mr. Hill replied yes there are two items.

Mr. Hill stated that the first item came about during the HighMark presentation at Tuesday's meeting. He further stated that this item is being added to provide an opportunity for discussion of an independent evaluation.

Mr. Hill stated that the other item came about yesterday and is a request by MWDOC for member agencies to consider two legislative coalition approaches. He further stated that one is for AB 533 and SB 204, with one requiring a response by March 6th.

President Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Gaskins, and unanimously carried across the Board to add these two items to the agenda, which the need arose after the agendas were posted.

Roll Call Vote:

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

Special District/Employee Association/Community Award Acknowledgement and Employee Special Recognition

a. Mr. Hill recognized and congratulated on behalf of the Board, Cesar Cassani, Wastewater Operator 1 for obtaining his Associate Degree for Water Utility Science from Rancho Santiago Community College.

At approximately 7:51 o'clock a.m. Mr. Cassani left the meeting.

Consent Calendar

All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item.

1. Consider approving the January 22, 2019 Board meeting minutes.

President Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Vice President Monin, and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

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

Approval of Items Removed from the Consent Calendar

There were no items removed from today's Consent Calendar.

Director/Committee Reporting

Director Gaskins stated that he attended the ISDOC meeting, the CAG meeting, the MWDOC Public Affairs meeting, the MWDOC Water Forum dinner, the Special Board Workshop, and the South County Economic Coalition Meet your Congressional Representatives.

Vice President Monin stated that he attended MWDOC/MET Directors workshop, the CAG meeting, WACO, ISDOC, TV-6, Laguna Woods City Council meeting, MWDOC Water Forum dinner, the ACWA Business

Development meeting, the MWDOC Admin/Finance meeting, the MWDOC Planning/Operations meeting, the South County Economic Coalition Meet your Congressional Representatives, MET's Meet Gloria Gray event, the Special Board Workshop, and the WACO Planning meeting.

Director Goldman stated that he attended the Special Board Workshop, the SOCWA meetings, CASA Board meeting, CAG meeting, and the MWDOC Water Forum dinner.

Director Freshley stated that she attended the WACO meeting, the MWDOC Planning/Operations meeting, the MWDOC/MET Workshop, the SOCWA Board meeting, the ISDOC luncheon, LAFCO, CAG, the SOCWA Finance meeting, the MWDOC Board meeting, the MWDOC Water Forum dinner, the OCWA luncheon, the South County Economic Coalition Meet your Congressional Representatives, the Laguna Woods City Council meeting, and the Special Board Workshop.

President Vergara stated that he attended the Special Board Workshop, the MWDOC Public Affairs meeting, the WateReuse meeting, the South County Economic Coalition Meet your Congressional Representatives, and MET's Meet Gloria Gray event.

General Manager Action Items

Resolution No. 19-2-1 Increasing the Number of General Meetings that are Pre-Approved for all Directors to Attend for the Calendar Year 2019

President Vergara stated that we serve 5 cities and the Directors would like to attend their City Council meetings, and legislative meetings.

President Vergara asked for a Motion.

Motion: Director Goldman made a Motion, seconded by Director Freshley to approve Resolution No. 19-2-1 to increase the number of General Meetings that are pre-approved for all Directors to attend for the calendar year 2019, as highlighted in Exhibit A.

Roll Call Vote

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

General Manager Information Items

Items Added to the Agenda

401(k) Retirement Savings Plan

Mr. Hill stated that the Board asked staff to review and discuss plan performance and HighMark's investment strategies, services, and consider retaining a qualified financial investment firm independent to prepare and present an independent assessment of same.

Mr. Hill stated that the recommended action would be to provide direction to the General Manager with regards to retaining a qualified financial investment firm to prepare an independent assessment of Plan Performance and HighMark Capital Investment Management Services and Strategies.

Mr. Hill stated that it was suggested to have an ad-hoc committee meeting to further discussion and be more definitive about what the scope would look like.

He further stated that a review of HighMark was done previously on their performance, and the cost was approximately $20,000.

Mr. Hill stated that the poor performance this quarter was probably due to both the bad economy, and HighMark's strategic and tactical fund decisions .

Vice President Monin asked staff if HighMark communicated with anyone on the portfolio's poor performance this quarter. Mr. Hill replied no..

President Vergara asked if there is a firm that could get into the data to find where the problem is and come up with a solution. Vice President Monin replied that he wasn't impressed with Sageview's analysis of HighMark.

Director Goldman stated that he approves of the idea of having an ad-hoc committee to evaluate HighMark's fourth quarter performance further.

President Vergara stated that we will appoint an ad-hoc committee consisting of Director Freshley and Vice President Monin. Mr. Hill stated that the specific questions we want to pose to HighMark should be the first meeting of the ad-hoc committee, which is strictly an advisory committee. The second meeting of the Ad-Hoc Committee would be face-to-face with HighMark.

MWDOC's Request for Member Agencies to Consider Two Pieces of Legislation (AB 533 & SB 204)

Mr. Hill stated that MWDOC is suggesting that member agencies support AB 533 and oppose SB 204. He further stated that AB 533 discusses consumer rebates as cost-effective tools for increasing participation in conservation and storm water management programs.

Mr. Hill stated that the bill excludes from gross income the amounts received as rebates issued by a local water agency for participation in water efficiency or storm water runoff improvement programs. He further stated that this bill did not pass the last time.

Mr. Hill stated that MWDOC is requesting its member agencies support this bill.

Mr. Hill stated that the next legislation is SB 204 which MWDOC is suggesting we oppose unless amended. He further stated that this bill relates to Delta conveyance and the Water Fix.

Mr. Hill stated that this bill would add multiple legislative hoops to the permitting processing adding delays in getting things done.

President Vergara asked for a Motion.

Motion: Director Goldman made a Motion, seconded by Director Gaskins and unanimously carried across the Board to authorize the General Manager to contact MWDOC and MET and inform them that the ETWD would like to be a signatory to their decision to support AB 533, and oppose unless amended SB 204.

Roll Call Vote:

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

General Manager's Monthly Report

Mr. Hill stated that the report is included in the package.

Vice President Monin stated that on the Customer Service report, the numbers look good. He further stated that fogged registered increased from last year. Mr. Cafferty replied that due to the weather, the registers are fogging up and need to be cleaned to read them.

State Drought Regulations – Monthly Report

Mr. Hill stated that he inquired to the State what they are doing with this information. He further stated that this is now a voluntary report and the information is accessed by a broad institute of agencies interested in California water use.

Legislative Reports

Mr. Hill stated that ACWA sent information on the 2019 State Water Tax that has not gone away. He further stated that there were 220 agencies in Southern California that signed onto a coalition letter opposing the Water Tax in 2018.

Mr. Hill stated that we need to have more discussion on the alternate to the State Water Tax which is the Safe Drinking Water Trust, SB 669. He further stated that he will forward the information from ACWA that will be happening over time. Mr. Hill stated that ACWA is pushing hard for this Trust which will be funded with Federal dollars during a State Budget Surplus. He further stated that ETWD will be supporting the Safe Drinking Water Trust along with several other agencies throughout the State.

Public Education and Outreach/Water Conservation Reports

Ms. Seitz stated that there was one water waste complaint for the month of January regarding water runoff. She further stated that the bill message was about turf removal rebates which increased.

Ms. Seitz stated that congratulatory letters were sent out to the newly elected officials, and the District will hold an orientation and tour of R-6 for the elected officials on March 1st.

Ms. Seitz stated that the District along with neighboring agencies are exploring MNWD's development of a south county native plant nursery pilot program. She further stated that this program's objective is to increase availability of CA native plant stock in local nurseries, improve identification and marketability of these plants, create education and training materials and educate residents on the benefits and maintenance of the plants.

Ms. Seitz stated that ETWD will be presenting at the Children's Water Education Festival and assisting the OCWD water festival team. This event will be held at UCI on March 27th and 28th.

Ms. Seitz stated that she has joined CAPIO which is a professional association of city, special districts, private PR firms, police, fire, and television public information officials. This association assists in developing communications.

Ms. Seitz stated that she has also joined the California Emergency Services Association, which promotes mutual support and cooperation across disciplines in preparing for natural and human caused disasters and emergencies.

Ms. Seitz stated that she and Director Freshley will be attending Third Mutual's Water Committee meeting to refine the conservation message. She will also attend their Board meeting with the same information. Director Freshley stated that staff needs to remind them about the 55 gallons capacity per person, not per household.

At approximately 8:50 o'clock a.m. Ms. Seitz left the meeting.

SOCWA Reports

Director Freshley stated that at the Finance meeting they discussed cost allocations between variables and fixed costs.

Mr. Cafferty stated that there is a joint Finance/Engineering meeting next week to discuss the capital cash that has accumulated at SOCWA over the last few years.

MWDOC

Vice President Monin stated that at the MWDOC Planning/Operations meeting they discussed State and County lobbyist representation.

Vice President Monin stated that at the MWDOC/MET workshop they discussed water supply conditions, state water cooperative agreement, and California Water Fix update.

Vice President Monin stated that at the MWDOC Finance meeting they discussed the finance report, a server upgrade, and first draft budget items.

Director Gaskins stated that at the MWDOC Public Affairs meeting they listened to lobbyists from Washington and Sacramento discuss water conditions.

LAFCO

Director Freshley stated that San Juan City Council wanted to proceed with negotiations with SMWD as the entity taking over their utility, and in talking with SCWD they seem to be excited about it.

SOCWMA

Mr. Cafferty stated that the Ad-Hoc Committee has been reviewing the application of grant funding, and everything is on hold at the moment due to anticipated changes to the grand program from the Department of Water Resources.

ISDOC Meetings

Vice President Monin stated that they discussed the mission, goals, and role of OC LAFCO.

Vice President Monin stated that at the quarterly luncheon they changed the food, and had a discussion from the OC Cemetery District.

Director Gaskins stated that the OC Cemetery District has some interesting programs, some are at night.

WACO Meetings

Vice President Monin stated that they discussed rearranging the issues.

President Vergara stated that the plastics presentations was interesting and mentioned particles that are in the plastic and soda can inside liners.

City Coordination Efforts

Mr. Cafferty stated that there was a meeting where they discussed city coordination projects.

Committee and General Information

There were no comments.

Dates to Remember

There were no comments.

Carry-Over Pending Matters

Mr. Miazga gave a presentation on Cyber Security including security threats and vulnerability.

Director Comments/Non-Agenda Items

Attorney Report

Mr. Granito reported that there is no need for a Closed Session today and therefore the Regular Session continued.

Mr. Granito provided an update on the SOCWA/MNWD litigation and commented briefly on the tentative ruling of Phase 1.

Adjournment

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

Motion: Vice President Monin moved, seconded by Director Freshly and unanimously carried that today's meeting be hereby adjourned at 9:51 o'clock a.m. to Thursday, March 28, 2019 at 7:30 o'clock a.m. at the District's Administrative Offices, 24251 Los Alisos Blvd., Lake Forest, California.

Roll Call Vote:

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

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

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

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