MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
November 24, 2020

President Monin called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order via Zoom at 7:30 a.m. on November 24, 2020.

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

Committee Members JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, MIKE GASKINS, and KAY HAVENS participated.

Also present were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, GILBERT J. GRANITO, General Counsel, SHERRI SEITZ, Public Relations/Emergency Preparedness Administrator, POLLY WELSCH, Recording Secretary, STEVE HANCOCK, Employee, RAULLY RUSSELL, Employee, and KEITH STRIBLING, HIGHMARK Representative.

Oral Communications - Public Comments

President Monin 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.

Items Received Too Late To Be Agendized

President Monin asked if there are any items that came to the attention of the District after the agenda was posted that require consideration and action at today's meeting. Mr. Cafferty replied no.

Presentation of Awards, Recognitions, and Introductions

Service Awards

Mr. Cafferty recognized and congratulated Raully Russell, Maintenance Worker 1 for 10 years of service with the District.

Mr. Cafferty recognized and congratulated Jake Knoke, Maintenance Worker III for 5 years of service with the District.

Continuing Education & Training, Degree and Certification Program Acknowledgement

Mr. Cafferty recognized and congratulated Jake Knoke, Maintenance Worker III for obtaining his Water Utility Science – Water Distribution Certificate.

Mr. Cafferty recognized and congratulated Steve Hancock, Maintenance Worker III for obtaining his Water Utility Science – Water Distribution Certificate.

The Board members congratulated and thanked staff for taking the time to attend classes beyond their job descriptions.

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 October 22, 2020 Board meeting minutes.
2. Consider approving the November 9, 2020 Special Board meeting minutes.

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

Quarterly Review of the District's 401(k) Retirement Savings Plan

Mr. Stribling stated that it was a good quarter with the portfolios being up between 2.5% for the conservative to 6.5% for the most aggressive one. He further stated that in terms of relative performance the benchmarks are mostly in line, plus or minus 20 basis points.

Mr. Stribling stated that year to date in one year are still trailing the benchmark due to first quarter Fixed Income getting hammered. He further stated that the Alternative Strategies have also trailed and some active management did well while others did not.

Mr. Stribling stated that October was a negative quarter so all portfolios were down between 60 basis points to 160 basis points. He further stated that some of the fluctuation has to do with the elections and changes in Chairmen.

Mr. Stribling stated that we are also experiencing changes in the economy with vaccines in sight for Covid-19, a flood of liquidity, and the possibility of a stimulus package. He further stated that Growth Style has vastly outperformed Value Style through September, which is rare.

Mr. Stribling stated that Growth funds have done well, but the Small Cap Value fund has underperformed because it is dominated by higher leverage and interest-sensitive stocks. He further stated that since September it has recovered.

Mr. Stribling stated that Alternatives have also struggled. Director Havens stated that the Alternative funds seem to be low quality. Mr. Stribling replied that the firms are very good and the strategies are sound, but liquid Alternatives are hedge-fund strategies that have to have daily liquidity.

President Monin said traditionally Alternatives are a cushion on the down side, and there hasn't been much down side since March, and when Morningstar rates things if you are not doing well on your numbers even though you are a good Manager, you will get a 1 or 2 rating. He further stated that traditionally AQR has been a good Alternative, and Black Rock is one of the biggest money managers in the world, so it's a tough sector.

Director Vergara stated that Mr. Stribling mentioned that the vaccines made by Pfizer and Moderna are not following the same process that other vaccine producers have, and he understood that they will be injecting the RNA of the virus into the body. Mr. Stribling replied that their healthcare analyst has discussed this and noted that they plan to inject messenger RNA

which instructs your body how to combat and create its own defenses again against the virus.

At approximately 8:10 a.m. Mr. Stribling left the meeting.

Director Reports for Meetings Attended

Director Havens stated that she attended the MWDOC/MET Directors workshop, the South Orange County Watershed Management meeting, WACO, the Special Board meeting, a tour of R-6, the WateReuse meeting, a Clarke prize meeting, City of Mission Viejo City Council meeting, the CAG meeting, the South Orange County Flow Ecology Study Workshop, the MWDOC Public Affairs meeting, the MWDOC Board meeting, the OCWA meeting, the regular Engineering/FIC meeting, and the regular Board meeting.

Director Freshley stated that she attended the WACO meeting, the MWDOC Planning/Operations meeting, the MWDOC/MET Directors workshop, the MWDOC Board meeting, the regular Engineering/Finance meeting, the Special Board meeting, the CAG meeting, the RRC meeting, the SOCWA Finance meeting, the SOCWA Board meeting, the ACWA Engineering Committee meeting, the Laguna Woods City Council meeting, the OCWA meeting, a CALAFCO seminar, the regular Board meeting, and plans to attend the JPIA Board meeting.

Director Vergara stated that he attended the MWDOC Planning/Operations meeting, the MWDOC/MET Directors workshop, the WACO meeting, the Special Board meeting, the MWDOC Admin/Finance

meeting, the CAG meeting, the WACO Planning Committee meeting, the MWDOC Board meeting, the OCWA meeting, the South Orange County Economic Coalition, the regular Engineering/FIC meeting, the regular Board meeting, and he has an upcoming interview with TV-6.

Vice President Gaskins stated that he attended the ISDOC Executive Committee meeting, the RRC meeting, the SOCWA Board meeting, WACO, the Special Board meeting, CAG, a President/VP/GM meeting, the Agenda Review meeting, the MWDOC Public Affairs meeting, the regular Engineering/FIC meeting, the regular Board meeting, the JPIA Board meeting, the OCWA meeting, a tour of R-6, and the demolition of the filtration plant.

President Monin stated that he attended the CAG meeting, the South Orange County Coalition meeting, the ISDOC Executive Committee meeting, the MWDOC/MET Directors workshop, the WACO meeting, the Special Board meeting, the MWDOC Admin/Finance meeting, the CAG meeting, the President/VP/GM meetings, the Agenda Review, WACO Planning, the OCWA meeting, the MWDOC Board meeting, the regular Engineering/FIC meeting, the regular Board meeting, and the upcoming TV-6 interview and ACWA Fall Conference.

General Manager Action Items

COVID-19 Update

Mr. Cafferty stated that staff is asking to extend the ability for use of the Emergency Administrative Leave until the February Board meeting.

Director Havens stated that our non-payments are holding relatively steady. Mr. Cafferty replied that recently the Division of Drinking Water put out a statewide survey to determine which water agencies are struggling financially, and the District estimate of delinquent billing was not a huge number.

President Monin asked for a Motion.

Motion: Director Vergara made a Motion, seconded by Director Freshley and unanimously carried across the Board to grant the General Manager discretion to extend the use of Emergency Administrative Leave, as necessary up to 160 hours per employee, until the February 25, 2021 meeting of the Board of Directors.

Roll Call Vote:

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

Resolution No. 20-11-2 – Operational Area Agreement

Mr. Cafferty stated that this agreement makes changes to the original 1995 document to reflect current operational practices of the Orange County Emergency Management Organization.

Director Vergara asked if there is a cost to sign this agreement. Mr. Cafferty replied no.

President Monin asked for a Motion.

Motion: President Monin made a Motion, seconded by Vice President Gaskins and unanimously carried across the Board to 1) adopt Resolution 20-11-2 which approves the 2020 Orange County Operational Area Agreement with the County of Orange and Political Subdivisions, and 2) to authorize the General Manager to execute the 2020 Orange County Operational Area Agreement with the County of Orange and Political Subdivisions by completing and submitting the signature page.

Roll Call Vote:

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

Resolution No. 20-11-3 – Directors Compensation Policy

Mr. Cafferty stated that this policy proposes changes to the Directors Compensation Policy to reflect the benefits currently provided to the District's Board of Directors. He further stated that the Long-term care portion of the policy was previously amended by resolution to reflect that when a Board member leaves the Board the District no longer pays for the Long-term care.

Mr. Cafferty stated that JPIA made a change that Board members can now be covered individually instead of as a whole Board with an option to opt out.

Mr. Cafferty stated that some of the other agencies offer Medical coverage to their Board members. He further stated that an individual Director could cost the District $8400-$9600 per year, with coverage of a

family being more costly.

Director Vergara suggested that we defer this item to allow giving the Directors more time to review the numbers and the difference in medical insurance costs.

Mr. Cafferty stated that the Directors Compensation Policy could be approved as written as it documents the existing benefits, and further discussion would be had to determine whether or not to change the policy to provide medical insurance.

Director Freshley stated that Long-term care doesn't pay for 90 days, and she doesn't see the benefit of offering it to the Directors.

Director Havens stated that she is happy with her health savings account which has a high deductible, and she suggests we check with JPIA to see if they have something similar to help offset some costs. Mr. Cafferty stated that JPIA has a similar plan and staff is reviewing the program and the possibility of adding the health savings account option in the future.

Vice President Gaskins stated that he has health insurance through VA and does not need additional coverage.

President Monin stated that he does not find Long-term care beneficial, but he does think it is a good idea to add the health savings account option.

Vice President Gaskins mentioned HIPPA and how much medical information that can be shared.

Director Freshley stated that she is supportive of the health savings plan option becoming part of the cafeteria plan.

Director Vergara stated that the Long-term care policy provides 3-years of coverage at $100/day, and he doesn't feel much benefit in keeping it.

Mr. Cafferty stated that he suggests approving the policy as written, defining existing benefits.

President Monin asked for a Motion.

Motion: Director Vergara made a Motion, seconded by Director Freshley and unanimously carried across the Board to adopt Resolution No. 20-11-3 which proposes adopting the policy as it is now to reflect the benefits provided to the District's Board of Directors.

Roll Call Vote:

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

Resolution No. 20-11-4 – Establishing Date, Time, and Place of Regular Board Meetings for Calendar Year 2020

Mr. Cafferty stated that this Resolution approves moving the December Board meeting from Thursday, December 17th to Wednesday, December 16th at 7:30 a.m.

President Monin asked for a Motion.

Motion: Director Havens made a Motion, seconded by Vice President Gaskins and unanimously carried across the Board to adopt Resolution No. 20-11-4 which establishes date, time and place of Regular Board Meetings for calendar year 2020.

Roll Call Vote:

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

Resolution No. 20-11-5 Commemorating the Retirement of MWDOC Assistant General Manager Karl Seckel

President Monin asked for a Motion.

Motion: Director Vergara made a Motion, seconded by Director Havens and unanimously carried across the Board to adopt Resolution No. 20-11-5 commemorating the accomplishments and service of Karl Seckel, MWDOC's Assistant General Manager.

Roll Call Vote:

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

General Manager Information Items

General Manager's Monthly Report

President Monin stated that he appreciates the Customer Service department and their handling of non-payments with customers.

District of Distinction

Mr. Cafferty stated that we are in the process of renewing our District of Distinction certification, and within the past few years SDLF created levels of the certification. There are Basic, Silver, Gold, and Platinum levels.

Mr. Cafferty stated that the Board and General Manager would need to take additional trainings to be eligible to move to the next levels.

President Monin stated that he approves of the additional trainings and winning additional awards.

Vice President Gaskins stated that he has taken all modules of the trainings and is supportive of the District moving forward to the next level.

Director Freshley stated that she is concerned about costs to attend all of the trainings. Mr. Cafferty stated that the first module will be virtual next week, and then the additional modules will be offered at conferences that are planned to be held in person in April in San Diego, and September in Lake Tahoe.

Director Vergara stated that he feels we already received the District of Distinction and feels that now we aren't getting as much out of this as originally thought. He further stated that he would like to know the reason SDLF has created these new levels.

Director Havens stated that she feels SDLF created a revenue stream by breaking into different levels of membership, and what will the benefit be for the District by moving to higher levels of membership.

Legislative Reports

There were no comments.

Public Education and Outreach & Water Conservation Reports

Ms. Seitz stated that President Monin is scheduled for TV-6 on December 8th with tentative topics of discussing CAG and how to get more participants, and Fats, Oils, & Grease (FOG).

Ms. Seitz stated that staff is working with MWDOC and MET to sponsor a local high school for the MET Solar Cup 2021. She further stated that the sponsorship is non-monetary and includes coordinating with a high school group to participate in the program. Ms. Seitz stated that due to the pandemic, MET has moved away from the traditional boat race and is now an online STEAM-focused where students learn skills by working as a team and selecting from a wide range of fields including robotics, solar power vehicles, utilizing CAD software, building online gaming, social media messaging, visual arts, and dream job skills.

SOCWA Reports

Mr. Cafferty stated that at the SOCWA Finance meetings they approved their Use Audit and Reconciliation of their budget and expenses. He further stated that they are continuing to work on resolving their capital cash issue.

Director Freshley stated that at the SOCWA Board meeting they sent out a separate letter from the General Managers about the future of SOCWA, as IRWD wants to no longer participate in SOCWA. Mr. Cafferty stated that this issue will be discussed further at the Managers meeting.

Vice President Gaskins stated that SOCWA takes on all environmental reporting requirements.

Director Vergara suggested that the General Managers discuss what works for all concerned participating agencies.

MWDOC

Director Vergara stated that at the MWDOC Planning/Operations meeting they approved the Allen-McColloch pipeline capacity flow waiver for East Orange County Water District, South Coast Water District, and the City of San Clemente. He further stated that they also approved some Homeland Security Grants, provided an update on COVID-19, and they also discussed the SARCCUP Agreement, and the Orange County Groundwater Basin storage.

Director Vergara stated that at the MWDOC/MET Directors workshop the Chair of MET's Board provided an update, they also had a presentation on MET's Regional Recycled Water Program, and the Southern California Integrated Resources Plan (IRP).

Director Vergara stated that at the MWDOC Admin/Finance meeting they hired a Consultant for rate study services, they awarded a contract for audio visual equipment and installation, renewed membership in the Association of Metropolitan Water Agencies (AMWA), and had a farewell for Joan Finnegan.

Director Freshley stated that the presentation on the Carson plant was interesting as an alternate for us compared to participating in the Poseidon plant.

LAFCO

There was no meeting.

SOCWMA

There was no meeting.

ISDOC

President Monin stated that writing a letter to the new MET General Manager was discussed.

WACO

Director Vergara stated that there was a presentation on the affordability of water, and a speaker from the State Water Resources Control Board. He further stated that future topics will include asset replacement and pipeline integrity.

Director Vergara stated that there will not be a June 2021 meeting.

City Coordination Efforts

There was no meeting.

Committee and General Information

Dates to Remember for November/December 2020

There were no comments.

Carry Over Pending Matters

There were no comments.

Comments Regarding Non-Agenda Items

Director Vergara stated that at the South Orange County Economic Coalition they had Neal Kelly, Registrar of Voters office as a speaker. He further stated that they also had a head of the Democratic party and head of the Republican party to discuss how election results ended up.

Director Havens stated that the National Water Research Institute gave a Clarke Prize to Professor Karl Linden of University of Colorado for his research in UV light and disinfecting water, and looking at chlorine in the water today.

President Monin stated that there was a space launch at Vandenberg and will launch again in 5 years.

Mr. Cafferty stated that he received a request that we send a letter to MET encouraging them to approve the funding of the Environmental Review and Planning process for the Delta Conveyance project. He further stated that it will be on their Board agenda December 8th, so the template letter is going out to all MWDOC agencies.

Mr. Cafferty stated that at the MWDOC Managers meeting they discussed issues between MWDOC and OCWD that involves several agencies. He further stated that there was an agreement that they needed MET to approve.

Break

At approximately 10:00 a.m. the Board took a short recess. Also at this time, Mr. Cafferty, Mr. Hayden, Ms. Seitz, Ms. Cimorell, and Ms. Welsch left the meeting.

Regular Session

At approximately 10:10 a.m. the Board returned to regular session.

Attorney Report

Mr. Granito reported that there is a need for a Closed Session today to discuss item #4 of today's Closed Session agenda.

Closed Session

At approximately 10:10 a.m. the Board went into Closed Session.

At approximately 11:00 a.m. Mr. Cafferty was invited to the Closed Session.

Open Session Report

At approximately 11:20 a.m. the Board returned to Open Session.

Mr. Granito reported that the Board went into Closed Session only with regard to Item 4 of today's Closed Session Agenda to conduct the General Manager's annual performance evaluation pursuant to Government Code Section 54957 (b) (1). During the 1st Phase of the Closed Session, the General Manager was excused and the Board initiated the performance evaluation. Following Phase 1, the General Manager was invited into the Closed Session (2nd Phase) to discuss the Board's summary evaluation and discussions followed. No further reportable action was taken.

General Manager Compensation

President Monin stated that the Board feels that Mr. Cafferty should receive a fair compensation increase.

Vice President Gaskins asked what percentage increase the highest ranking employee received. Mr. Cafferty replied that the performance evaluations have not yet been completed. He further stated that we budgeted a 5.2% raise for every employee, and some employees will do better and some will do worse.

President Monin asked what is the top end. Mr. Cafferty replied that based on historic experience where the top ends up being relative to what we budget could be 7-7.5%.

Vice President Gaskins stated that in light of this information, he suggested deferring any action until the employee performance reviews are complete.

The Board took action to defer a compensation increase for the District's General Manager until the employee's performance reviews are complete.

Roll Call Vote:

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

Adjournment

There being no further business to come before the Board the meeting was adjourned at 11:55 a.m. to Wednesday, December 16, 2020 at 7:30 a.m. at the District's Administrative Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

Respectfully submitted,

Polly Welsch

POLLY WELSCH
Recording Secretary

APPROVED:

Mark L Monin

MARK L. MONIN, President of
the El Toro Water District and the
Board of Directors thereof

D-P

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