MINUTES OF THE REGULAR MEETING
OF THE
FINANCE COMMITTEE MEETING

October 19, 2020

At approximately 9:10 a.m. Director Vergara called the Regular meeting to order via Zoom.

Consent Calendar

Director Vergara asked for a Motion.

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

Roll Call Vote:

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

Finance Action Items

Quarterly Insurance Report

Ms. Cimorell stated that since this is the first quarter of the new fiscal year, there is not much information to report. She further stated that there are no workers compensation claims or injuries.

Ms. Cimorell stated that JPIA said they are doing a 10% reduction in the renewal rate for all Districts, and we don't have the first bill yet so we don't know what savings we will have.

Mr. Cafferty stated that this report shows two vehicle claims. He further stated that neither were the employee's fault. Mr. Cafferty stated that one accident was at El Toro Road and Carlota where there is only one through lane, and the vehicle in the right

turn lane came into the through lane and collided with our vehicle. He further stated that the other accident was when a piece of debris from the freeway hit our vehicle on accident.

Director Vergara asked on the report what is Excess Crime coverage. Ms. Cimorell stated that Finance provides the liability portion of this report. Mr. Cafferty stated that staff will report back to the Board with more information on the Excess Crime coverage.

Director Vergara stated that the Life Insurance coverage states that it is through Lincoln National Life Insurance Company at twice the employee's annual salary up to a maximum of $300,000, and he asked if the Directors have Life Insurance coverage. Ms. Cimorell replied yes, but not at the same rate as the employees.

Director Havens asked if security cameras have been installed in the yard. Mr. Cafferty replied that staff is reviewing options so this is a work in progress. Director Havens asked if the new truck hauler has a camera. Mr. Cafferty replied yes there is a dash mounted camera that records to a DVR that has 30 days of storage.

Director Vergara asked for a Motion.

Motion: President Monin made a Motion, seconded by Director Freshley and unanimously carried across the Board to Receive and File the Quarterly Insurance report for the period of July 1, 2020 through September 30, 2020.

Roll Call Vote:

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

Financial Package - Authorization to Approve Bills for Consideration dated October 19, 2020 and Receive and File Financial Statements as of September 30, 2020

Mr. Hayden stated that on page 2, Balance Sheet has increased over the first quarter of the year, and Liabilities have gone up slightly. He further stated that on page 4, Investments have done well in terms of what the market value is compared to what the original cost was.

Director Freshley stated that on the Balance Sheet she doesn't see our obligations relative to post employment issues. Mr. Hayden replied that it could be included in the long-term debt portion.

Mr. Hayden stated that on the Revenue and Interest report the Interest Revenue is down slightly which is expected due to low interest rates. He further stated that Reserves are where they should be, and there are no major expenses that are outside the typical monthly basis.

Mr. Hayden stated that the 401(k) Plan is down slightly due to the month of September being a challenging month for the market. He further stated that Receivables are not out of line compared to where they have been in past years, but the longer term Receivables are slightly higher than they have been but should be expected during these economic times.

Mr. Hayden stated that Revenue and Expense is where we should be.

Director Vergara asked for a Motion.

Motion: President Monin 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 October 19, 2020, and 2) receive and file the Financial Statements for the period ending September 30,

2020.

Roll Call Vote:

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

ETWD OPEB GASB 75 Actuarial Valuation

Mr. Hayden stated that this valuation is required to be completed each year. He further stated that every two years a full study is required.

Mr. Hayden stated that this report is an update from last year's report. He further stated that our liability increased significantly by almost $1 million.

Mr. Hayden stated that these are non-cash accounting charges that do not impact the cash reserves of the District and are more of an indication of potential long-term costs the District may incur for post-retirement health insurance benefits.

Director Havens asked in the future if we could see a target range set aside to lower our liability. Mr. Cafferty replied that staff has been discussing an OPEB Trust to fund this liability going forward.

Director Freshley asked why the starting figure is over $16 million because the only exposure is medical. Mr. Cafferty replied that the overall medical budget for all 60 employees is just over $1 million, and this calculates the actuarial valuation that looks at the total cost projecting the value of the medical insurance for retirees from the time they retire until their death.

President Monin suggested this topic for further discussion at a Special Board meeting.

Director Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by President Monin and unanimously carried across the Board to Receive and File the ETWD Actuarial Valuation Update as of the Measurement Date of June 30, 2019.

Roll Call Vote:

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

ETWD Staffing & Succession Plan

Mr. Cafferty stated that the District has staff changes occurring, and we are proposing adding a person which will take us to 61 employees. He further stated that by adding this additional person, we are above the 2020/21 budgeted employee count.

Mr. Cafferty stated that staff is reviewing the Succession Plan as we move toward retirements and staff changes. He further stated that when an anticipated retirement happens in the near future, we will return to 60 employees.

Director Havens asked if there is a probability that we could go to 62 employees. Mr. Cafferty replied that he does not anticipate going to 62 employees.

Director Vergara asked for a Motion.

Motion: Director Havens made a Motion, seconded by Vice President Gaskins and unanimously carried across the Board to authorize a temporary exceedance of the head count defined in the 2020/21 budget to facilitate the implementation of current succession planning efforts.

Roll Call Vote:

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

Financial Information Items

Tiered Water Usage and Revenue Tracking

There were no comments.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance Committee Meeting

At approximately 9:45 a.m. the Finance Committee meeting was closed.

Regular Session

Attorney Report

Mr. Granito reported that there is a need for a Closed Session at today's meeting to discuss all 3 items of today's Closed Session agenda.

Closed Session

At approximately 9:45 a.m. the Board went into Closed Session. Also at this time, Ms. Cimorell, Mr. Hayden, Mr. Olson, Mr. Young, Mr. Harnisch, and Ms. Welsch left the meeting.

Regular Session

At approximately 10:00 a.m. the Board returned to Regular Session. Also at this time, Ms. Cimorell and Ms. Welsch returned to the meeting.

Report on Closed Session

Mr. Granito reported that the Board did go into Closed Session with regard to all three (3) pending litigation matters reflected in today's Closed Session agenda. Mr. Granito reported that during the closed session he presented a brief status report on said matters and no reportable action was taken.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at approximately 10:05 a.m.

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 C

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