

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
AND THE
FINANCE & INSURANCE COMMITTEE MEETINGS.

August 24, 2026

At approximately 7:30 a.m. President Freshley called the regular meeting to order.

Vice President Havens led the Pledge of Allegiance to the flag.

Directors MARK MONIN (Zoom, 7:44 a.m.), MIKE GASKINS, KAY HAVENS, KATHRYN FRESHLEY, and WYATT McCLEAN participated.

Also participating were DENNIS P. CAFFERTY, General Manager (Zoom, 7:37 a.m.), GILBERT J. GRANITO, General Counsel, VISHAV SHARMA, CFO, HANNAH FORD, Director of Engineering (Zoom), SCOTT HOPKINS, Operations Superintendent, MIKE MIAZGA, Information Technology Manager (Zoom), CAROL MOORE, City of Laguna Woods (Zoom), JANET FORDUNSKI, Member of the Public (Zoom), and MARISOL MELENDEZ, Recording Secretary.

Determination of a Quorum

Roll Call:

Director McClean	Present
Director Gaskins	Present
Vice President Havens	Present
President Freshley	Present

Director Monin participated in the meeting via teleconferencing as noted in today's Agenda and the remaining Board members were present. Therefore, a quorum has been determined.

Oral Communications/Public Comment

There were no comments.

Items Too Late to be Agendized

President Freshley asked if there were any items received too late to be agendized. Ms. Melendez replied no.

Finance and Insurance Committee Meeting

At approximately 7:33 a.m. President Freshley called the Finance and Insurance Committee meeting to order.

Consent Calendar

President Freshley asked for a Motion.

Motion: Director McClean made a motion, seconded by Director Gaskins to approve the Consent Calendar.

Roll Call Vote:

Director McClean	aye
Director Gaskins	aye
Vice President Havens	aye
President Freshley	aye

Financial Information Items

Deferred Compensation Plan (457 Plan) Quarterly Performance Report

Mr. Cafferty stated that staff has ensured the 457 Plan Performance Report is accessible each quarter to employees. The 457 Plan is an employee self-directed plan with several investment options. The quarterly performance report provides an economic outlook as well as a performance summary for each of the funds within the plan. Mr. Cafferty stated that staff will provide an update at Thursdays Board meeting related to how the plan expects to be managed.

Financial Statements and Report

Mr. Sharma reported that the District's total cash and investments as of July 31 were \$23,969,508, an increase of \$113,005 from the prior month. The current ratio was 6.0, with 241 days of cash on hand. Accounts receivable totaled \$4.6 million, with an accounts receivable turnover ratio of 31 days, while the accounts payable turnover ratio was 40 days. Mr. Sharma noted that revenue categories, including commodity supply charges, service charges, and capital facilities charges were tracking as expected. Total expenses were approximately 6.8% of the annual budget, with several key expense categories significantly below the budget due to the beginning of the new fiscal year.

Financial Action Items

Financial Package – Authorization to Approve Payment of Bills for the Month Ending July 31, 2026

President Freshley asked for a Motion.

Motion: Director Gaskins made a motion, seconded by Vice President Havens to ratify and confirm payment of those bills as set forth in the Payment Summary for the month ending July 31, 2026.

Roll Call Vote:

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

Quarterly Audit

Mr. Sharma explained that the auditor reviewed the District's internal controls and tested various transactions including cash disbursements, cash receipts, and payroll. The auditor found no exceptions.

President Freshley asked for a Motion.

Motion: Vice President Havens made a motion, seconded by Director Gaskins to receive and file the Quarterly Audit for the period of April 1, 2026 through June 30, 2026.

Roll Call Vote:

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

SC Fuels

Mr. Cafferty explained that this item is an annual purchase order that provides an efficient mechanism for purchasing fuel while staying within the District's purchasing policy. He noted that \$140,000 has been budgeted for fuel purchases during FY 2026-27.

President Freshley asked for a Motion.

Motion: Director Gaskins made a motion, seconded by Director McClean to approve the purchase order contract for SC Fuels in the amount not to exceed \$140,000.00 for the purchase of unleaded and diesel fuel.

Roll Call Vote:

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

Cash Reserve Policy

Mr. Cafferty explained that the item adjusts the minimum reserve amounts to align with the District's cash reserve policy, which requires minimum reserves to remain between 7.5% and 15% of annual Operations & Maintenance (O&M) expenses. He noted that following the adoption of the FY 2026-27 O&M budget, the minimum reserve

amount of \$2.4 million for each reserve fell below the 7.5% threshold. Staff is proposing to increase the minimum reserve amounts to remain within the policy range. The finance report indicates that the District has sufficient reserves to meet the revised minimum requirements.

Vice President Havens asked for a Motion.

Motion: Director Monin made a motion, seconded by Director Gaskins to approve the amended Cash Reserve Policy and authorize staff to update the El Toro Water District Administrative Code accordingly.

Roll Call Vote:

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

General Manager Employment Agreement

Mr. Cafferty reported that, while staff was reviewing the agreement to include it in the transparency section of the District's new website and as a part of regular agency practices, staff noticed an issue with the agreement's language. He explained that the original agreement, executed in 2019, had a three-year term, and a subsequent amendment extended the term by five years through June 2027. This proposed action clarifies the effective date to be consistent with the original amendment and makes the expiration date clear. Mr. Granito reviewed the agreement and concurred with the proposed agreement.

President Freshley asked for a Motion.

Motion: Director Gaskins made a motion, seconded by Director McClean to approve the amendments to the General Manager Employment Agreement.

Roll Call Vote:

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

Comments Regarding Non-Agenda FIC Items

There were no comments.

Adjournment

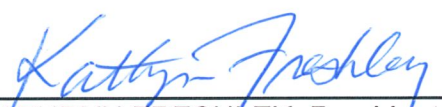
There being no further business the Finance and Insurance Committee meeting was closed at approximately 8:00 a.m.

Respectfully submitted



MARISOL MELENDEZ
Recording Secretary

APPROVED:



KATHRYN FRESHLEY, 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