MINUTES OF THE SPECIAL MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
July 17, 2018

President Goldman called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order at 7:30 o'clock a.m. on July 17, 2018 at the El Toro Water District Administrative Offices, 24251 Los Alisos Boulevard, Lake Forest, California.

Vice President Vergara led in the Pledge of Allegiance to the flag.

Directors M. SCOTT GOLDMAN, JOSE F. VERGARA, MARK MONIN, and FRED ADJARIAN were present.

DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, and NEELY SHAHBAKHTI, Finance Manager/Controller, were absent.

Also present were ROBERT R. HILL, General Manager/Secretary, JUDY CIMORELL, Human Resources Manager, GILBERT J. GRANITO, General Counsel, MICHAEL GASKINS, Customer, CAROL MOORE, Laguna Woods Mayor, and KATHRYN FRESHLEY, Customer.

Oral Communications - Public Comments

President Goldman 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.

There were no public comments.

Discussion/Action Items

Board Vacancy/Interviews

President Goldman stated that there are two candidates for the open Board seat. He further stated that the Board will interview the candidates separately, and will begin with Ms. Freshley making some comments.

Ms. Freshley thanked the Board for the interview. She stated that she regularly attends the ETWD Board meetings for the past 6 years, and she has attended WACO meetings, ISDOC meetings, MWDOC Forum dinner meetings, along with the OC Water Summit seminars, a tour of the SOCWA facilities, the Water Education Foundation, South Coast Watershed meetings, tours of the lower Colorado river and the Bay Delta, and various education lectures.

Ms. Freshley stated that her purpose in attending these meetings and tours is to educate herself in the water industry and issues throughout the state. She further stated that her education and background drive her to understand issues involved in business before offering any opinions.

Ms. Freshley stated that she feels up-to-date on the issues with the twin tunnels, the LAFCO MSR and SOI reviews. She further stated that she feels that she can make a positive contribution to the ETWD Board.

President Goldman stated that the Board will now ask some interview questions of the candidate.

Director Adjarian asked why are you seeking this position. Ms. Freshley replied that since she has retired she would like to stay involved in the community.

Director Monin asked what is her understanding of the mission of ETWD. Ms. Freshley replied that the mission of any water district should be to provide clean water for residents and recognizing issues in obtaining the imported water and make it available for customers and stay cost effective.

President Goldman asked is she is aware of the projects that the District has invested in. Ms. Freshley replied that she regularly attends the Board meetings and is aware of the District's past and current water projects.

Vice President Vergara asked how reliable should the District's services be. Ms. Freshley replied that the District should be very reliable as it provides services to the customers.

Director Adjarian asked if she supports investment in local water supply development. Ms. Freshley replied that it depends on what local water supply we have, and she has not yet decided on the desal idea due to cost.

Director Monin asked if she is familiar with the District's water allocation based tiered conservation rate structure and if she is in favor of it. Ms. Freshley replied that she is familiar with the tiered rate structure, and is in favor of it.

President Goldman stated that the District operates in a capital intensive environment, and he asked what is her philosophy regarding cash reserves. Ms. Freshley replied that cash reserves are critical to any business to operate effectively and for emergency situations.

Vice President Vergara asked what are the top expectations of the District's customers. Ms. Freshley replied that customers expect clean water when they turn on the faucet and flush the toilets, and affordability is key.

Director Adjarian asked what is her understanding of the challenges facing the water industry. Ms. Freshley replied that it depends on Southern California's issues for water and sewer including capital structure and infrastructure reliability.

Director Monin asked what is her understanding of the biggest challenges for the District. Ms. Freshley replied that she feels we need to ensure that we have adequate supply of imported water.

President Goldman asked how much time would she be able to commit to the District business each month. Ms. Freshley replied that she is not currently on any Board or LAFCO, so she has plenty of free time to commit to District business.

Vice President Vergara stated that we provide water and sewer services, and asked if she is familiar with the District's wastewater plant and disposal processing. Ms. Freshley replied that she has not been to the Plant, but she understands the process since she toured SOCWA's plant and some water tours.

Director Monin asked where she went to high school. Ms. Freshley replied that she went to high school in South Bend, Indiana.

Director Monin stated that her resume states that she did University Grad work and asked if she received a Master's degree. Ms. Freshley replied no, she took Engineering courses and Project Management, and took courses through General Electric.

Director Monin asked for a brief explanation of her past experiences. Ms. Freshley explained that she was an Engineer, Project Engineer, and worked on proposals for various projects. She further stated that she was relocated to

Europe and worked in Strategic Planning and ran one of the plants that manufactured electrical equipment, and then she returned to Illinois as an Executive for a switch relay plant.

Director Monin asked what highs and lows of her career would she like to comment on. Ms. Freshley stated that she enjoyed each job she has had, and found that at GE she moved each 4-5 years at the Executive level. She further stated that she enjoyed the Ben & Jerry's franchise and consulting and working with people.

At approximately 8:02 o'clock a.m. Ms. Freshley left the meeting. Also at this time, Mr. Gaskins returned to the meeting.

President Goldman thanked Mr. Gaskins for taking the time to come to the meeting and filling out the application.

Mr. Gaskins stated that he included in his resume his water district experience, and has great appreciation for water districts. He further stated that he would like to contribute to the District.

Director Adjarian asked why he is seeking this position. Mr. Gaskins replied that he is retired and interested in contributing to the District.

Director Monin asked what is his understanding of the mission of ETWD. Mr. Gaskins replied to provide safe drinking water to the public and waste disposal in an environmentally safe way.

President Goldman asked if he is aware of the projects that the District has invested in to improve water supply reliability. Mr. Gaskins replied that he has seen the notices of recycled water pipelines, and was wondering where the

District stands on the Poseidon desal project. He further stated that he knows where the Plant is located.

Vice President Vergara asked how reliable should the District's services be. Mr. Gaskins replied that the District should be very reliable to customers needing assistance.

Director Adjarian asked if he supports investment in local supply development. Mr. Gaskins replied yes, where it is available.

Director Monin asked if he is familiar with the District's water allocation based tiered conservation rate structure and are you in favor of it. Mr. Gaskins replied that he is not familiar with the rate structure, but he is in favor of tiered rates for higher users.

President Goldman stated that the District operates in a capital intensive environment and asked what is his philosophy regarding cash reserves. Mr. Gaskins replied that he would prefer a 25% cash reserve in case of emergency.

Vice President Vergara asked what do you see as the top expectations of the District's customers. Mr. Gaskins replied that the customers expect water districts to do their job well to provide water when the faucet turns on and the toilet flushes.

Director Adjarian asked what his understandings of the challenges facing the water industry. Mr. Gaskins replied that aging infrastructure and plans to keep the district running, and maintaining a reliable supply of clean water.

Director Monin what is your understanding of the challenges facing ETWD. Mr. Gaskins replied that he feels public relations, water supply, and infrastructure are the challenges.

President Goldman how much time he would have available to commit to the District business each month. Mr. Gaskins replied as much time as is needed.

Vice President Vergara asked if he is familiar with the District's wastewater disposal process. Mr. Gaskins replied that he knows where the treatment plant is, and he knows what treatment plants do to process waste.

Director Monin asked for a brief update on his past careers. Mr. Gaskins replied that he parted ways from the city of Montebello as the HR Director due to a conflict.

Director Monin stated that for 16+ years he was a labor representative and asked what this entailed. Mr. Gaskins replied that employees formed an association to protect their benefits, negotiated contracts, and MOU's.

Director Monin asked what are the highs and lows of your careers. Mr. Gaskins replied that good judgement comes from experience, and sometimes mistakes are made.

At approximately 8:27 o'clock a.m. the Board took a short recess.

At approximately 8:31 o'clock a.m. the meeting resumed.

President Goldman asked for Board discussion and a possible Motion. He further stated that the candidates should also attend our quarterly CAG meetings to learn more about the District and community projects.

Vice President Vergara thanked the candidates for coming to the meeting and applying for the position.

President Goldman stated that he feels that Ms. Freshley is the stronger candidate for the Board seat, as she has attended several Board meetings, is current on the Districts projects and issues, and has been attending the LAFCO meetings.

Vice President Vergara stated that Ms. Freshley is familiar with the LAFCO MSR/SOI process and this will assist the District. Director Adjarian concurred, and stated that she also attended water tours and presentations at other agencies.

President Goldman stated that LAFCO MSR/SOI consolidation is very important to the District, and having been on the LAFCO Commission will assist the District. He further stated that they are both good candidates.

Director Monin agreed, and he feels that Ms. Freshley's knowledge about specifics on her past career and water district meetings she has attended was important.

Vice President Vergara explained that the candidates should not give up wanting to provide community services, and he suggested that they continue to attend meetings to learn of the issues and projects in the District.

Board of Directors Appointment

President Goldman asked for a Motion.

Motion: Vice President Vergara made a Motion, seconded by Director Adjarian, and unanimously carried across the Board, to appoint Ms. Kathryn

Freshly to the vacant seat on the ETWD Board for the remainder of the term which expires December 7, 2018.

Roll Call Vote:

Vice President Vergara	aye
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

Swearing In Oath of Office

The District's Secretary gave the Oath of Office to Ms. Kathryn Freshley. The Board then congratulated Director Freshley.

Formal Notification to the Registrar of Voters

Mr. Hill stated that the District has 15 days to notify the Registrar of Voters of the County of Orange of the appointment. He further stated that in addition we will notify the Clerk of the Orange County Board of Supervisors of this appointment.

Director Comments/Non-agenda Items

There were no comments.

Adjournment

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

Motion: Director Monin made a Motion, seconded by Director Adjarian and unanimously carried across the Board that today's meeting be hereby adjourned at 8:55 o'clock a.m.

President Goldman called for a Roll Call vote.

Roll Call Vote

Director Monin	aye
Director Adjarian	aye
President Goldman	aye
Vice President Vergara	aye

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

M. SCOTT GOLDMAN, 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