MINUTES OF THE REGULAR MEETING
OF THE
FINANCE/INSURANCE COMMITTEE MEETING

February 24, 2020

Director Vergara called the Finance Committee meeting to order at 8:20 a.m. on February 24, 2020.

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

Also present were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, RICK OLSON, Operations Superintendent, BOBBY YOUNG, Principal Engineer, SHERRI SEITZ, Public Relations/Emergency Preparedness Administrator, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, and CAROL MOORE, Laguna Woods City Council member.

Consent Calendar

Director Vergara asked for a Motion.

Motion: President Monin made a Motion, seconded by Vice President Gaskins and unanimously carried across the Board to approve the January 21, 2020 Finance Committee meeting minutes.

Approval of Items Removed from Today's FIC Consent Calendar

There were no items removed.

Finance Action Items

Finance Report

Ms. Shahbakhti stated that included in the package is the financial information for the month of January.

Director Freshley asked on page 5, Reserve Analysis, the balance sheet reflects cash less restricted reserve on hand of $13 million, but the cash shows $12 million, so where is the other $1 million. Ms. Shahbakhti replied that the $13 million is the total of the $18.7 million minus the $5.5 million in Restricted Reserves, and on the Balance Sheet account it is separated between Restricted and Unrestricted and also we have unrealized Gains and Losses both on-hand and in LAIF, but it is not included in the cash.

Director Vergara asked for a Motion.

Motion: President Monin made a Motion, seconded by Vice President Gaskins, 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 February 24, 2020, and 2) receive and file the Financial Statements for the period ending January 31, 2020.

Finance Information Items

Board of Directors Benefits

Mr. Cafferty stated that providing medical coverage for the Board members was discussed last month. He further stated that staff had a conference call with JPIA regarding securing medical programs for the Board members.

Mr. Cafferty stated that according to JPIA there are rules that any medical insurance we provide has to be consistent with what the employees are offered.

Mr. Cafferty stated that once a Board member leaves the Board, the benefits cease. He further stated that currently the District provides the Board members with Long-term care and not medical.

Director Havens asked how many other Board's get medical insurance. Mr. Cafferty replied that staff reviewed 10 agencies and 6 or 7 include a medical package. He further stated that SMWD provides no benefits to Board members.

Director Havens asked if there is an FSA option. Ms. Cimorell replied that JPIA is reviewing a Flexible Spending Account (FSA) option.

Director Freshley stated that she doesn't feel that this Board needs Long-term Care because it's an individual decision, and an agency shouldn't be providing any benefits to the Board members.

Director Vergara asked if we could get insurance other than JPIA. Ms. Cimorell replied no because we would lose our discount for the employee insurance benefit.

Vice President Gaskins stated that he has Medicare so he would opt out of ETWD's medical insurance plan. Director Freshley replied that she would also opt out. Director Vergara stated that he has Medicare and insurance through PERS, so he would not need additional medical insurance, and does not feel a need for the Long-term care either Director Monin indicated that he was not in favor of offering an additional medical benefit to the Board if it results in increased cost. Mr. Cafferty stated that staff understands the direction is that there will not be an additional medical benefit offered to the Board at this time but staff will continue to monitor options in the event changes allow for a benefit without significant increased cost.

Donation & Sponsorships

Mr. Cafferty stated that often times the District is asked to sponsor or donate funds. He further stated that Ms. Seitz compiled a list of the agencies that we currently or have in the past provided memberships, donations, and sponsorships.

President Monin stated that joining a chamber membership is not a sponsorship. Mr. Cafferty concurred.

Director Freshley asked what is the purpose of having these sponsorships. Mr. Cafferty replied that it is all part of our outreach in the community.

Director Vergara stated that he would like to continue being part of the Historical Society because their news is about El Toro's history. He further stated that these donations and sponsorships and memberships are small amounts and he feels we should continue to be part of this outreach in our community.

Director Havens stated that we should tie these into our Strategic Plan along with our Mission and Vision support.

Director Freshley stated that she questions why a water district would support the Historical Society, which is more like a club.

The Board concurred that decisions about individual sponsorships or donations would be left to the General Manger with a goal that any such costs would be relevant and contributory to the District's mission and values.

2020/21 Fiscal Year Budget/Cost of Service Evaluation/Preparation and Tentative Schedule Status Report

Mr. Cafferty stated that included in the Board package is the budget timeline schedule.

Tiered Water Usage and Revenue Tracking

Ms. Shahbakhti stated that included in the package are the water use charts.

Director Freshley asked if the Residential is Single Family use. Mr. Cafferty replied yes.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting

At approximately 9:07 a.m. the FIC meeting was closed and the Board took a short recess.

Regular Session

At approximately 9:10 a.m. the Board returned to Regular Session and then immediately went into Closed Session. Also at this time, Mr. Olson, Mr. Young, Ms. Shahbakhti, Ms. Cimorell, Ms. Moore, and Ms. Welsch left the meeting.

Attorney Report

Mr. Granito reported that there is a need for a Closed Session. Also at this time Ms. Welsch returned to the meeting.

Closed Session

At approximately 9:10 a.m. the Board went into Closed Session as agendized on today's Closed Session agenda. Also at this time, Ms. Welsch left the meeting.

Open Session Report

At approximately 9:31 a.m. the Board returned to Regular Session, and Ms. Welsch returned to the meeting.

Mr. Granito reported that the Board went into Closed Session for the purpose reflected in Item 1 of today's Agenda. During this phase of the Closed Session, Mr. Granito and Mr. Cafferty led a discussion on the pending litigation noted in Item 1. No reportable action was taken.

Mr. Granito further reported that the Board also went into Closed Session for the purpose reflected in Item 2 of today's Agenda. During this phase of the Closed Session, Mr. Granito and Mr. Cafferty led a discussion on the anticipated litigation noted in Item 2. No reportable action was taken.

Adjournment

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

Motion: Vice President Gaskins made a Motion, seconded by Director Havens and unanimously carried that today's meeting be adjourned at 9:30 a.m. to Monday, March 23, 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

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