

MINUTES OF THE REGULAR MEETING
OF THE
FINANCE & INSURANCE COMMITTEE

July 19, 2021

At approximately 7:30 a.m. President Gaskins called the regular meeting to order via zoom.

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

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

Also participating were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, GILBERT J. GRANITO, General Counsel, SCOTT HOPKINS, Operations Superintendent, JOSH PEREZ (joined at 8:30 a.m.), RICHARD BABBE, CAMP Representative, and POLLY WELSCH, Recording Secretary.

Oral Communications/Public Comments

There were no comments.

Items Received Too Late to be Agendized

President Gaskins asked if there were any items received too late to be agendized. Mr. Cafferty replied no.

Finance & Insurance Committee Meeting

At approximately 7:35 a.m. Director Havens called the Finance meeting to order.

Consent Calendar

Director Havens asked for a Motion.

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

Roll Call Vote:

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

CAMP

Mr. Babbe stated that US Bank has acquired PFM National Management and will continue to operate PFM Management as an independent registered investment advisor under the US Bank umbrella. He further stated that it was viewed by the Partners as a way to generate additional Capital necessary to continue to grow and thrive in this environment.

Mr. Babbe stated that there are no anticipated changes in the services or staffing at this time.

Director Monin asked if the merger would provide the opportunity to engage in broker/dealer buying or selling that they didn't have access to prior to the merger. Mr. Babbe replied that there are no restrictions on the brokers or dealers they can use, but there are still some things they are unable to buy.

Director Monin asked when this will be effective. Mr. Babbe replied that it will be effective in the fourth quarter of this year.

Mr. Babbe stated that we are seeing the economy reopening, and growth is projected to increase significantly, but there are rising Delta cases of COVID-19. He further stated that inflation is heating up, but rates remain low and are expected to remain low for an extended time.

Director Monin asked if the Asset Backed Securities are mortgages. Mr. Babbe replied that the Asset-Backed Securities they are invested in are primarily credit cards and vehicle finance securities.

Vice President Freshley asked what the difference is between the Market Value Earnings and the Book Value Earnings. Mr. Babbe replied that the difference is change in value, Book Value is the original purchase cost of all securities plus realized gains and losses, whereas the Market Value includes the value of unrealized gains or losses.

At approximately 7:55 a.m. Mr. Babbe left the meeting.

Financial Information Items

Certificate of Achievement for Excellence in Financial Reporting (CAFR)

Mr. Hayden stated that the District has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

Vice President Freshley asked what percentage of utility companies fulfill this requirement. Mr. Hayden replied usually under 5%.

Director Monin suggested adding this accomplishment to our website, along with any other awards or certifications that the District receives. Director Vergara also suggested sending information to ACWA for publication in their newsletter.

President Gaskins suggested advertising our accomplishments to the LWV Globe or other publications.

Tiered Water Usage and Revenue Tracking

Mr. Cafferty stated that our water usage has been tracking up. He further stated that the Governor has asked for a voluntary 15% reduction, and for Districts to track the reduction compared to 2020.

Director Monin suggested reaching out to the HOA's to remind residents to cut back on irrigation.

Financial Action Items

Quarterly Insurance Report

Ms. Cimorell stated that there were no Workers Compensation claims this quarter. She further stated that on the Medical we had over budgeted due to the premiums not going up as high as we anticipated.

Ms. Cimorell stated that on page 4, the Property Coverage, there was a glitch in the Difference number for the total which is actually \$3,254 which affects the Total Insurance Difference.

Director Havens asked for a Motion.

Motion: Director Monin made a Motion, seconded by Vice President Freshley and unanimously carried across the Board to Receive and File the Quarterly Insurance Report for the period April 1, 2021 through June 30, 2021.

Roll Call Vote:

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

Financial Package – Authorization to Approve Bills for Consideration dated July 19, 2021 and Receive and File Financial Statements as of June 30, 2021

Vice President Freshley asked what construction work is in progress for \$3 million. Mr. Hayden replied that this project is the Oso Lift Station and the expenses will continue to be booked in Construction In Progress until the project is complete.

Mr. Hayden stated that the total amount of Construction in Progress has decreased compared to last year due to the complete of several construction projects. He further stated that Liabilities have decreased, but Equity has increased.

Mr. Hayden stated that on page 11, Income Statement, is looking well for this year.

Vice President Freshley asked on page 77, Capital Cash Flow/Compliance, what does this include. Mr. Hayden replied that this includes a portion of Reserves which are for Capital projects that were previously budgeted but have not yet been completed.

Vice President Freshley asked on page 79, why are we paying MNWD \$362,000. Mr. Cafferty replied that due to our Baker capacity limit, the interconnection doesn't have flow control so we make sure the valve is positioned to get more than 5 cfs, and MWDOC charges us for the water at our regular rate. Mr. Cafferty also noted that the District purchased more water from the Baker Plant in April and May because the AMP line was down for construction and therefore water purchases from MET were reduced during this period.

Vice President Freshley stated that on page 81, the Bad Debts are accumulating, and asked what can be done. Mr. Cafferty replied that the District cannot pursue legal action or shutoffs during the Governor's Order until the end of September, and Customer Service is contacting customers to see if we can work out payment plans.

Director Havens asked for a Motion.

Motion: Director Monin made a Motion, seconded by Vice President Freshley and unanimously carried across the Board to approve, ratify, and confirm payment of those bills as set forth in the schedule of bills for consideration dated July 19, 2021, and receive and file the financial statements for the period ending June 30, 2021.

Roll Call Vote:

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


Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting


There being no further business the Finance Committee meeting was closed at approximately 8:40 a.m.

Respectfully submitted,




POLLY WELSCH
Recording Secretary

APPROVED:



MIKE GASKINS, 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