

MINUTES OF THE REGULAR MEETING
OF THE
FINANCE & INSURANCE COMMITTEE

February 22, 2022

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

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

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

Also participating were DENNIS P. CAFFERTY, General Manager, JASON HAYDEN, CFO, JUDY CIMORELL, Human Resources Manager, GILBERT J. GRANITO, General Counsel, SCOTT HOPKINS, Operations Superintendent, HANNAH FORD, Engineering Manager, KEITH STRIBLING, HIGHMARK Representative, and POLLY WELSCH, Recording Secretary.

Oral Communications/Public Comments

Director Monin asked for clarification on AB 361 and its effect on the Board members presence at meetings. Mr. Cafferty stated that AB 361 allows remote participation in public meetings without noticing it on the agenda, but only if holding live meetings presents imminent risks to the attendees and an emergency has been declared.

Items Received Too Late to be Agendized

President Freshley 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 Monin called the Finance meeting to order.

Consent Calendar

Director Monin asked for a Motion.

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

Roll Call Vote:

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

Quarterly Review of the District's 401(k) Retirement Savings Plan

Mr. Stribling stated that the Fixed Income charts showed a small amount of growth to offset inflation. He further stated that the three middle portfolios are a standard mix of 50-70% stocks, which were modestly under the benchmark.

Mr. Stribling stated that longer-term portfolios are all doing well, and on an absolute basis Q421 was another great quarter with the portfolios increasing 1.6% to 5.65%.

Mr. Stribling stated that Small Cap stocks and short duration bonds have been increased in the District's portfolios because Highmark believes the economic recovery is sustainable with low interest rates. He further stated that stocks could outperform bonds, and smaller stocks and value stocks should do better.

Mr. Stribling stated that the Federal Reserve will begin raising interest rates this year which slows the economy and produces a flat Yield Curve.

Mr. Stribling stated that last month was a negative month, but it was a good

relative month as the District's portfolios outperformed the benchmark. He further stated that Large Growth funds have struggled, but Large Value and Small Value did better.

Mr. Stribling stated that in looking at the Morningstar pages of the equity funds, the Dodge & Cox Large Value did well, but the Victory Small Cap Growth Fund performed poorly.

Mr. Stribling stated that producing this report requires a lot of human data entry which produces occasional errors, so he is trying to get the report more automated and eliminate the Lipper data but retain Morningstar.

Mr. Stribling stated that Highmark's investment manager Union Bank is being sold to US Bank, so Highmark may be changing their name.

At approximately 8:15 a.m. Mr. Stribling left the meeting.

Financial Information Items

Tiered Water Usage and Revenue Tracking

President Freshley stated that on page 75 the January sales versus year-to-date, the recycled water was very low and since it didn't rain, what happened to water sales. Vice President Havens stated that the ET goes way down so there is no need to irrigate during some of those months since the ground is still wet and the sensors don't come on. Mr. Cafferty stated that even though we weren't getting rain, we were experiencing less demand.

Update on the Implementation of the Springbrook Software System

Mr. Hayden stated that staff had meetings with Springbrook to discuss and begin implementation tasks for the Finance Module, and develop the Business Process Plan for the Finance Systems. He further stated that they reviewed set up parameters and

data import files, and are working to complete the chart of accounts for the first module.

Mr. Hayden stated that included in the Board package is an implementation schedule for Utility Billing which staff is working to complete modifications to accommodate our water budget-based billing process.

Update on Financing Plan for Near-Term Future Capital Projects

Mr. Hayden stated that we had a Market Update meeting and will have a window for the General Manager and Board President to sign documents when they are ready.

2022/23 Fiscal Year Budget Preparation and Tentative Schedule Status Report

Mr. Cafferty stated that the enclosed schedule delays implementation of a rate increase to August 1st. He further stated that the May 12 CAG meeting will likely be moved to early June so it will be after our Board Budget Workshop.

Financial Action Items

Financial Package – Authorization to Approve Bills for Consideration dated February 22, 2022 and Receive and File Financial Statements as of January 31, 2022

Director Monin asked for a Motion.

Motion: Director Gaskins made a Motion, seconded by Vice President Havens 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 February 22, 2022, and receive and file the financial statements for the period ending January 31, 2022.

Roll Call Vote:

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

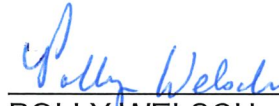
Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting


There being no further business the Finance Committee meeting was closed at approximately 8:30 a.m.

Respectfully submitted,




POLLY WELSCH
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

