

MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
February 27, 2025

President Gaskins called the meeting of the Board of Directors of the EL TORO WATER DISTRICT to order at 7:30 a.m.

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

Committee Members MARK MONIN, MIKE GASKINS, KAY HAVENS, KATHRYN FRESHLEY, and WYATT McCLEAN participated.

Also present were DENNIS P. CAFFERTY, General Manager, GILBERT J. GRANITO, General Counsel, VISHAV SHARMA, CFO, JUDY CIMORELL, Director of Human Resources, HANNAH FORD, Director of Engineering, SCOTT HOPKINS, Operations Superintendent, MIKE MIAZGA, IT Manager (Zoom), VICKI TANIOUS, Senior Accountant (Zoom), SHERRI SEITZ, Public Affairs Manager, VU CHU, Water Use Efficiency Analyst, MARCOS AVALOS, Maintenance Worker I, JULIE SCHROCK, Member of the Public, and MARISOL MELENDEZ, Recording Secretary.

Determination of a Quorum

Five Board members were present for the meeting, therefore a quorum was determined.

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.

Presentation of Awards, Recognitions, Certifications and Introductions

Mr. Cafferty recognized and congratulated Marcos Avalos, Collections Department Maintenance Worker I for 5 years of service with the District.

Mr. Avalos left the meeting at approximately 7:36 a.m.

Consent Calendar

President Gaskins asked for a Motion.

Motion: Director Monin made a Motion, seconded by Vice President Freshley to approve the Consent Calendar.

Roll Call Vote:

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

Ordinance No. 2025-1 – Directors' Compensation

Mr. Cafferty stated that Ordinance No. 2025-1 pertains to the proposed increase in Board compensation which has been previously discussed.

Public Hearing Regarding Adoption of Proposed Ordinance No. 2025-1

Mr. Cafferty mentioned that there has been no increase in Board compensation since 2018. An Orange County Board of Directors per diem survey was provided in the package.

OPEN PUBLIC HEARING

PUBLIC COMMENT

President Gaskins stated that the Notice of Public Hearing was published in the Orange County Register on February 13, 2025 and February 20, 2025.

There were no public comments.

CLOSE PUBLIC HEARING

President Gaskins closed the Public Hearing.

Regular Session

Resolution No. 25-2-1 Adopting Ordinance No. 2025-1

Mr. Cafferty stated Resolution No. 25-2-1 adopts Ordinance No. 2025-1 which provides for the increase in Directors' stipend from \$219.00 to \$240.90 per day.

President Gaskins asked for a Motion.

Motion: Director Monin made a Motion, seconded by Director Havens to adopt Resolution No. 25-2-1 which adopts Ordinance No. 2025-1 to increase the compensation of the members of the Board of Directors of the El Toro Water District.

Roll Call Vote:

Director McClean	aye
Director Havens	aye
Director Monin	aye
Vice President Freshley	no
President Gaskins	aye

Directors Reports for Meetings Attended

Director Havens stated that she attended the MWDOC P&O meeting, the MWDOC Met Directors Workshop, CAG, the WACO Meeting, the Water Education and Energy Alliance Roundtable, the MWDOC A&F meeting, the MWDOC Board meeting, the SOCWMA Agenda Review, the Engineering and Finance meeting, and today's Board meeting.

Vice President Freshley stated that she attended ETWD's regular Board meeting, ETWD's Engineering and Finance meeting, the SOCWA Board meeting, the RRC meeting, the WACO meeting, the Laguna Woods City Council meeting, the OCWA luncheon, the MWDOC P&O meeting, the MWDOC/MET Directors Workshop meeting, the LAFCO meeting, and the Agenda Review meeting.

Director McClean stated that he attended the MWDOC P&O meeting, the ISDOC Quarterly meeting, the MWDOC Met Directors Workshop, CAG, the WACO meeting, the MWDOC Admin/Finance meeting, the Lake Forest City Council meeting, the Engineering and Finance meeting, the regular Board meeting, and the MWDOC Executive Committee meeting as a member of the public.

Director Monin stated that he attended the MWDOC P&O meeting, the ISDOC Executive Committee meeting, the MWDOC Met Directors Workshop, CAG, the WACO meeting, the MWDOC A&F meeting, the MWDOC Board meeting, the MWDOC Executive Committee meeting, and the two District regular Board meetings.

President Gaskins stated that he attended the MWDOC P&O meeting, the RRC meeting, the MWDOC Met Directors Workshop, the SOCWA Board meeting, CAG, the MWDOC Admin/Finance meeting, the MWDOC Board meeting, the OCWA luncheon, ETWD's Engineering and Finance meeting, today's Board meeting, the President/VP/GM meeting, and the Boy Scouts event at the Reclamation Plant.

General Manager Action Items

Resolution No. 25-2-2 El Toro Water District Administrative Code

Mr. Cafferty stated this amendment covers several items, including the Directors' terms of office, the Directors' compensation policy (incorporating Ordinance 2025-1), the Directors' Travel and Expense Reimbursement policy, the Water Capital Facilities Fees, and the Communication Facilities License Program.

Director Monin inquired whether staff is actively pursuing additional site agreements and whether the revenue from these agreements is allocated to a specific fund or goes into the general account. Mr. Cafferty stated that the District's consultant, ATS Communications, is actively working on new developments for the District. He explained that a portion of the revenue is earmarked through the tiered rate system, with the Tier 1 rate intentionally reduced to create a gap between Tier 1 and Tier 2. This reduction is offset by revenue from the cell sites. The remaining revenue goes into the general fund.

Vice President Freshley asked how lease revenue is classified on the balance sheet. Mr. Sharma responded that this matter will be discussed with the auditors for clarification.

President Gaskins asked for a Motion.

Motion: Director Havens made a Motion, seconded by President Gaskins to adopt Resolution No. 25-2-2 which adopts the amended El Toro Water District Administrative Code.

Roll Call Vote:

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

General Manager Information Items

General Manager's Monthly Report

Mr. Cafferty reported that Terra Verde evaluated two battery projects: The Ocean Outfall Pump Station and the P1 Pump Station, along with a solar project at the plant. There is significant potential for funding for the Ocean Outfall Pump Station project, while the P1 Pump Station is currently on the waitlist. The application for the

Ocean Outfall Pump Station project was accepted, and the refundable application fee is \$25,000. Terra Verde also reevaluated the financials, separating the two sites to assess the payback and upfront capital requirement for each project.

Mr. Cafferty provided an update on the potential financial participation in a mural on the retaining wall near the channel the District adopted along Avendia De La Carlota. He mentioned meeting with Jared Mathis, CEO of the Moulton Museum and Council member for the City of Laguna Hills. If the District decides to participate, input would be accepted for the mural's design. The estimated cost for the mural is \$35,000, with a request the District fund 50% of the total. The Board offered their input and requested additional project details before making a decision.

Mr. Cafferty provided an update on a recent meeting with SPC global, the agency responsible for the District's bond ratings. He noted that when the bonds were issued in 2022, the District secured an AA rating. However, after a recent reevaluation the District's rating was reduced to AA-. The primary factor for the reduction was the debt coverage ratio for the 2022-23 fiscal year, as it was the first year with new debt service and there wasn't enough time to increase rates to generate the necessary coverage. Another contributing factor was the calculation of days of cash on hand. Mr. Cafferty explained that the requirement for the coverage ratio is 110%, and the District only met this requirement by using reserves to cover the difference. However, the debt coverage ratio improved significantly in the 2023-24 fiscal year, and the 2024-25 budget is projected to come in at approximately 1.5%. He added that in one to two years, if the coverage ratio is restored, SPC Global may consider raising the rating back to AA.

Legislative Reports

There were no comments.

Public Education and Outreach Report

Ms. Seitz reported that a press release was issued announcing the appointment of Director McClean.

Director Monin encouraged staff to continue public education efforts on fire preparedness. Mr. Cafferty confirmed that staff continues to provide a balanced message on fire preparedness through the District's website, public speaking events, and the District newsletter.

Water Use Efficiency Report

Mr. Chu reported that the Department of Water Resources (DWR) has increased the State Water Project allocation to 35%, citing improved water conditions in Northern California due to higher rain and snow pack levels.

SOCWA Reports

Vice President Freshley reported that most discussions at the Board meetings have centered around the approval of capital projects. She also stated that Ms. Boone has been appointed as SOCWA's new General Manager.

MWDOC

Mr. Cafferty reported that MWDOC is engaging with member agency managers to discuss MET's financial status.

SOCAG

There were no comments.

LAFCO

Vice President Freshley reported that the CALAFCO was discussed and whether the funding and participation of it should continue.

ISDOC

Director Monin reported that he stepped down from the Secretary position.

WACO

Director Monin stated that there will be an upcoming ACWA meeting regarding fire preparedness.

COMMITTEE AND GENERAL INFORMATION

Dates to Remember for February/March

There were no comments.

Comments Regarding Non-Agenda Items

Mr. Cafferty stated that WEROC has inquired about parking their Mobile EOC at the new warehouse site. He further explained that having multiple EOCs allows WEROC to support different functions effectively.

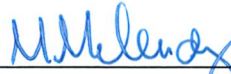
Attorney Report

Mr. Granito reported that there is no need for a Closed Session today.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at approximately 9:09 a.m.

Respectfully submitted,



MARISOL MELENDEZ
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