

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
AND THE
FINANCE & INSURANCE COMMITTEE MEETING

March 24, 2025

At approximately 7:32 a.m. President Gaskins called the regular meeting to order.

Director McClean led the Pledge of Allegiance to the flag.

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

Also participating were DENNIS P. CAFFERTY, General Manager, GILBERT J. GRANITO, General Counsel, VISHAV SHARMA, CFO, HANNAH FORD, Director of Engineering, SCOTT HOPKINS, Operations Superintendent, MIKE MIAZGA, IT Manager (Zoom), SHERRI SEITZ, Public Affairs Manager (Zoom), VICKI TANIOUS, Senior Accountant (Zoom), VU CHU, Water Use Efficiency Analyst (Zoom), CAROL MOORE, Laguna Woods City Council Member (Zoom), JANET FORDUNSKI, City of Laguna Woods (Zoom), and MARISOL MELENDEZ, Recording Secretary.

Determination of a Quorum

Roll Call:

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

Five Board members are present at the meeting and therefore a quorum has been determined.

Oral Communications/Public Comment

Ms. Moore inquired about the monthly water sales. Mr. Cafferty stated an update would be provided later in the meeting.

Items Too Late to be Agendized

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

Finance and Insurance Committee Meeting

At approximately 7:34 a.m. Director Havens called the Finance and Insurance Committee meeting to order.

Consent Calendar

Director Havens asked for a Motion.

Motion: President Gaskins 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

Financial Information Items

Financial Statements and Report

Mr. Sharma noted that page 34 of the package includes the reverse cyclic program payment as a negative figure. Mr. Cafferty explained when the District receives the 1000-acre feet of water, its equivalent value will be transferred to reserves, turning the figure positive, and will be transferred to capital reserves afterwards.

Director Freshley requested that the totals under current assets be listed similar to current liabilities. Mr. Sharma confirmed the addition would be made in next month's report.

Mr. Sharma also provided an update on last month's data presented by Keith Stribling, noting that the GIC fund returned 0.78% for the quarter, with a 3.14% return for 2024, and 3.09% in 2023. He added that the available infrastructure funds include the Lazar Global Infrastructure Funds, and that Mr. Stribling is considering replacing the REIT fund with Cohen and Steers Institutional. Mr. Sharma lastly reported that staff is exploring the addition of an equal weight fund option for District employees.

Fiscal Year 2025-26 Budget Process Update

Mr. Cafferty reported that there will likely be a significant rate increase due to rising costs, infrastructure investments, and water costs. Additionally, Mr. Cafferty mentioned that he and Legal Counsel are discussing the process for establishing administrative remedy procedures, which will require individuals raising substantive objections to the rates do so during the rate setting process. A Board adopted ordinance will be necessary to outline the details.

Mr. Cafferty reviewed the current draft budget plan, stating that capital rates will follow the three-year Proposition 218 Notice set two years ago. Proposed increases to wastewater O&M charges remain within the limits of the Proposition 218. However, commodity rates for water and recycled water, as well as O&M charges for both, will exceed the amounts outlined in the original notice. A new Proposition 218 Notice will be required to cover these rates increases. Further discussion will occur at the next budget committee meeting, and any feedback will be incorporated for presentation at the Board Budget Workshop.

Vice President Freshley expressed concern that the proposed rate increases may be insufficient to build reserves for capital projects, given the aging infrastructure. Mr. Cafferty explained that the 2025-26 budget includes a 25% capital charge increase. Staff is working to balance the need for revenue to support system operations and investments while minimizing the impact on customer rates. He further noted that the 10-year plan accommodates necessary capital investments. Although it is too late to consider a rate higher than 25% for the 2025-26 budget, staff will reassess the rates for the following year's budget.

Financial Action Items

Financial Package - Authorization to Approve Payment of Bills for the Month Ending March 24, 2025

Director Havens asked for a Motion.

Motion: Director Monin made a motion, seconded by Vice President Freshley to approve, ratify and confirm payment of those bills as set forth in the Payment Summary for the month ending March 24, 2025.

Roll Call Vote:

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

Comments Regarding Non-Agenda FIC Items

Mr. Cafferty reported that water sales and consumption in February were 26% higher compared to the same month last year. He added that, year-to-date, the District is approximately 12% higher in potable water sales and 25% higher in recycled water sales.


Adjournment

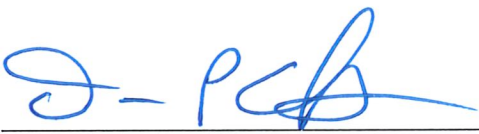
There being no further business the Finance and Insurance Committee meeting was closed at approximately 8:10 a.m.

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