

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

May 19, 2025

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

Director Havens led the Pledge of Allegiance to the flag.

Committee Members MARK MONIN, 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, JUDY CIMORELL, Director of Human Resources, SCOTT HOPKINS, Operations Superintendent, MIKE MIAZGA, IT Manager (Zoom), VU CHU, Water Use Efficiency Analyst (Zoom), VICKI TANIOUS, Senior Accountant (Zoom), CAROL MOORE, Laguna Woods City Council Member (Zoom), ROBERT MONTOYA, PFM Asset Management LLC., KEITH STRIBLING, PFM Asset Management LLC., 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 were present at the meeting and therefore a quorum has been determined.

Oral Communications/Public Comment

There were no comments.

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 7:32 a.m. Director Monin called the Finance and Insurance Committee meeting to order.

Consent Calendar

Director Monin asked for a Motion.

Motion: Vice President Freshley made a motion, seconded by Director Havens 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

California Asset Management Program (CAMP)

Mr. Montoya noted that significant policy shifts and executive orders introduced during the new administration's first month have contributed to increased consumer uncertainty. While U.S. GDP forecasts suggest a slower growth for Q3 and Q4, a recession is not currently anticipated. The Federal Reserve may implement rate cuts by late Summer, depending on further economic data. The District's investment portfolio remains safe, liquid, within sector allocation limits, and is performing relatively well despite current market conditions.

Vice President Freshley inquired whether the District has sold bonds prior to maturity. Mr. Montoya responded that historically, he has coordinated with District staff for guidance as bonds near maturity.

Director Monin asked about the portfolio's duration and yield on the benchmark. Mr. Montoya explained that the portfolio is managed on a non-discretionary basis, based on District needs. He will follow up with specific data on the duration and yield on benchmark.

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

Mr. Stribling reported that the first quarter reversed some trends from the previous quarter, with falling interest rates supporting bond prices, international stocks, and interest rate sensitive sectors. Over the one-year period, portfolio performance has generally aligned with benchmarks and has improved since moving to Empower. Recent fund changes include the removal of the Merger Fund and Black Rock Tactical Opportunities, and the addition of infrastructure-focused funds. Rising trade deficits as the dollar appreciates have been a key factor. The portfolio remains neutrally positioned while balancing modestly high valuations and falling earning estimates. There are policy uncertainties with hopes of rate cuts and more clarity on tax and deregulation.

Director Monin inquired about any funds currently on watch. Mr. Stribling responded that the PIMCO RAE fund is being monitored most closely at this time.

Mr. Montoya and Mr. Stribling left the meeting at approximately 8:01 a.m.

El Toro Water District Deferred Compensation Plan (457 Plan) Quarterly Performance Report

Mr. Sharma reported that as of March 31, 2025, the balance of the District's employee self-directed deferred compensation plan, stands at \$8.487 million. He also mentioned that an equally weighted S&P fund was reviewed. However, the option

provided by Empower was not considered attractive due to high fees and a low rating.

Financial Statements and Report

Mr. Sharma reported that as of April 30, 2025, the District's cash and investments balance was \$24.669 million. The current Ratio is 8.28, and the District has 310 days of cash on hand.

Fiscal Year 2025-26 Budget Process Update

Mr. Cafferty reported that the Proposition 218 notice was mailed out a few weeks ago, with the 45-day comment period expiring just before the June 16 Public Hearing. Four protests have been received so far, with none containing non-compliance assertions. Staff recently presented the proposed budget and rates at the latest Community Advisory Group meeting and will hold two additional community informational meetings on the topic.

Investment Policy

Mr. Cafferty stated that District and PFM staff completed the annual review of the investment policy. Aside from a few minor non-substantive grammatical corrections, no other changes were recommended.

Financial Action Items

Financial Package - Authorization to Approve Payment of Bills for the Month Ending May 19, 2025

Director Monin asked for a Motion.

Motion: President Gaskins made a motion, seconded by Director Havens to approve, ratify and confirm payment of those bills as set forth in the Payment Summary for the month ending May 19, 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

Vice President Freshley mentioned that at the recent ACWA conference, the topic of text messaging communication with customers was discussed.


Adjournment

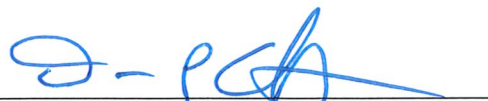
There being no further business the Finance and Insurance Committee meeting was closed at approximately 8:17 a.m.

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