

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

August 25, 2025

At approximately 8:22 a.m. Director Havens called the Finance & Insurance Committee meeting to order.

Committee Members MARK MONIN (Zoom), MIKE GASKINS, KAY HAVENS, KATHRYN FRESHLEY (Zoom), 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), SHERRI SEITZ, Public Affairs Manager (Zoom), VU CHU, Water Resources Supervisor (Zoom), VICKI TANIOUS, Senior Accountant (Zoom), ABEL ESTRADA, Billing & Customer Service Supervisor (Zoom), ROBERT MONTOYA, PFM Asset Management LLC., KEITH STRIBLING, PFM Asset Management LLC., CAROL MOORE, Laguna Woods City Council Member (Zoom), JANET FORDUNSKI, Member of the Public (Zoom), and MARISOL MELENDEZ, Recording Secretary.

Consent Calendar

Director Havens asked for a Motion.

Motion: President Gaskins made a motion, seconded by Director McClean 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 provided an economic update, noting continued uncertainty regarding tariff impacts. He stated that a 25 basis point rate cut is expected in September, primarily due to rising unemployment. He reported that the District's portfolio remains aligned with its goals, with several maturities reinvested during the past quarter. Since inception, the portfolio has performed well compared to the benchmark and is positioned to meet the District's yield needs.

Director Monin asked about the duration strategy. Mr. Montoya explained that the CAMP term has been able to lock in yields during rate cuts. He added that PFM is working with District staff on strategies to capture yields while maintaining the 4% range.

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

Mr. Stribling reported that investment returns performed well over the last quarter, with both the conservative and aggressive portfolios performing near or slightly below the benchmark. He noted that the market has been policy-driven, with inflation concerns keeping the Federal Reserve on hold but two rate cuts are expected later this year.

Mr. Montoya and Mr. Stribling left the meeting at approximately 8:50 a.m.

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

Mr. Sharma reported that the plan is self-directed by employees with 18 available investment options.

SAS 114 Letter

Mr. Sharma explained that this item fulfills an audit requirement, ensuring auditors communicate their scope and responsibilities to the Board.

Financial Statements and Report

Mr. Sharma reported that as of the end of July, cash and investments totaled \$21.9 million. He noted the District's Current ratio is 11, with 229 days of cash on hand, both metrics representing a solid financial position.

Financial Action Items

Financial Package - Authorization to Approve Payment of Bills for the Month Ending July 31, 2025

Director Havens asked for a Motion.

Motion: President Gaskins made a motion, seconded by Director McClean to approve, ratify and confirm payment of those bills as set forth in the Payment Summary for the month ending July 31, 2025.

Roll Call Vote:

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

Cash Reserves Policy

Mr. Cafferty stated that, as discussed at the Strategic Plan Workshop, staff is proposing revisions to the District's Cash Reserves policy that include referencing SOCWA and the Moulton Niguel Regional Treatment Plant, increasing the Committed Reserves designated minimum amounts to comply with the language of the Policy and adding a reference to Days of Cash. He noted that total reserves and days of cash are expected to decrease due to capital projects with earmarked funding.

President Gaskins reported attending last week's Urban Water Institute Conference, where a session discussed bond issuance and rating agencies. He noted that the presentation highlighted that a one-step downgrade in rating has minimal impact on final costs, with a broader state of the economy being more influential. The presentation also noted that the target for days of cash on hand should be 200 days.

Director Havens asked for a Motion.

Motion: President Gaskins made a motion, seconded by Director McClean to approve the amended Cash Reserves Policy and authorize staff to update the El Toro Water District Administrative Code accordingly.

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

There were no comments.

Adjournment

There being no further business the Finance and Insurance Committee meeting was closed at approximately 9:04 a.m.

Regular Session

Attorney Report

Mr. Granito stated that there were no new claims or litigation since the last Board meeting.

Adjournment


There being no further business to come before the Board, the meeting was adjourned at 9:05 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