

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

November 24, 2025

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

Director Monin 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, RORY HARNISCH, Senior Engineer (8:10 a.m.), VU CHU, Water Resources Supervisor (Zoom), ABEL ESTRADA, Billing & Customer Service Supervisor (Zoom), CAROL MOORE, Laguna Woods City Council Member (Zoom), JANET FORDUNSKI, Member of the Public (Zoom, 7:39 a.m.), 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: President Gaskins 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

Fiscal Year 2024-25 Financial Reconciliation

Mr. Cafferty reported that all three enterprises- water, sewer, and recycled water- outperformed the FY 2024-25 budget, resulting in added working capital reserves. He noted that while the tiered conservation fund currently shows a negative balance due to recycled water debt service, the recycled water system improved its position by nearly \$1 million. Overall, about \$300,000 was added to reserves, largely due to investment income outperforming budget expectations.

Director Monin asked how much of the District’s strong investment performance was equity related and strategies to protect these funds. Mr. Cafferty stated that investment income exceeded the budget by approximately \$550,000. Mr. Sharma

added that \$6-8 million is actively managed, with about one-third invested in securities. He further stated that staff continues to operate within policy guidelines, opting for CDs while planning for major projects.

Mr. Sharma also followed up on Director Monin's inquiry, confirming that CAMP pool durations are generally one year or less and consist of treasuries, supranational and corporate pools.

Mr. Cafferty stated that staff has already started working on the upcoming budget and are addressing uncertainties in water supply costs. Staff is also working to improve the accuracy of expense accounting to better identify costs and improve accuracy on rate setting.

Financial Statements and Report

Mr. Sharma stated that the total District cash and investments amount to \$22,716,234, an increase of \$135,920 from the prior month due to higher receivables. The current ratio is 7.8 and the days of cash on hand is 237 days. Mr. Cafferty noted that the District's cash reserves policy sets a target of 180 days of cash on hand, which may become more difficult to maintain as a significant portion of reserves is dedicated to capital projects and will be spent down. Although a temporary decline is expected, there is a long-term plan to increase reserves to create a more stable base of cash on hand that is not reliant on capital reserves.

Mr. Sharma added that two new ratios were added to the report: the accounts receivable turnover ratio, which reflects the efficiency of receivables collection, and the accounts payable turnover ratio. For the current month, the accounts payable turnover is 33 days, with a year to date average of 28 days calculated from July-October.

Financial Action Items

Updated Comprehensive Financial Statement – Audit – Fiscal Year Ended June 30, 2025

Mr. Sharma reported that this item corrects the amounts for the unrestricted commodity supply charge and the restricted recycled water charge. During reconciliation, staff discovered that the figures had remained static from the prior year. Although the line-item amounts were corrected, the overall total was calculated correctly and remains unchanged.

Director Havens asked about the medium and high strength charges for markets and mortuaries. Mr. Cafferty stated he would follow up on the inquiry.

Director Monin asked for a Motion.

Motion: President Gaskins made a motion, seconded by Director Havens to receive and file the updated District's Comprehensive financial statements for the Fiscal Year ended June 30, 2025.

Roll Call Vote:

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

Financial Package - Authorization to Approve Payment of Bills for the Month Ending

October 31, 2025

Director Monin asked for a Motion.

Motion: Vice President Freshley made a motion, seconded by President Gaskins to approve, ratify and confirm payment of those bills as set forth in the Payment Summary for the month ending October 31, 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

There were no comments.

Adjournment

There being no further business the Finance and Insurance Committee meeting was closed at approximately 8:12 a.m.

Respectfully submitted

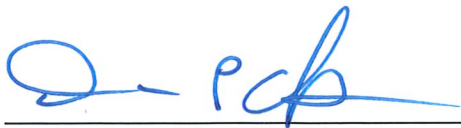


MARISOL MELENDEZ
Recording Secretary

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