

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

December 15, 2025

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

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

Directors 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, JUDY CIMORELL, Director of Human Resources, VISHAV SHARMA, CFO, HANNAH FORD, Director of Engineering, SCOTT HOPKINS, Operations Superintendent, VU CHU, Water Resources Supervisor (Zoom), VICKI TANIOUS, Senior Accountant (Zoom), ABEL ESTRADA, Billing & Customer Service Supervisor (Zoom, 7:52 a.m.), KEITH STRIBLING, PFM Asset Management LLC., CAROL MOORE, Laguna Woods City Council Member (Zoom), JANET FORDUNSKI, Member of the Public (Zoom, 7:57 a.m.), and MARISOL MELENDEZ, Recording Secretary.

Determination of a Quorum

Roll Call:

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|-------------------------|---------|
| 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

Vice President Freshley announced that each SOCWA director received a plaque recognizing their efforts during the reorganization.

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 Monin called the Finance and Insurance Committee meeting to order.

Consent Calendar

Director Monin asked for a Motion.

Motion: Director McClean made a motion, seconded by Director Havens to approve the Consent Calendar.

Roll Call Vote:

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

Financial Information Items

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

Mr. Stribling reported that absolute return portfolios increased 3.3% - 6.6%, and one-year investment returns for growth funds were 8-14.5%. Since transitioning to Empower nearly three years ago, compounding has averaged 8.8%. The District's portfolio remains neutrally positioned to balance policy uncertainty and elevated valuations. Mr. Stribling also noted changes to the PIMCO allocation, the Undiscovered Managers Behavioral Fund, and the Managed Features account.

Director Monin inquired about embedded fund fees and asset allocations. Mr. Stribling indicated he will follow up with this information.

Director Havens asked about Emerald Growth's performance and strategy. Mr. Stribling responded that the small cap growth category has performed well overall, and Emerald Growth has been strong within that category.

Mr. Stribling left the meeting at approximately 7:51 a.m.

Deferred Compensation Plan (457 Plan) Quarterly Performance Report

Mr. Sharma reported that the first 26 pages of the report provide an overview of current capital markets, while the second half focuses on specific 457 plan details. Mr. Cafferty added that staff met with Empower to review the 16 investment options, funds under watch, and potential additions. He noted that both Empower reports will be made available to employees, and the District may offer a program in which Empower provides direct investment advice for a fee.

Financial Statements and Report

Mr. Sharma reported that total District cash and investments were \$22.3 million as of the end of November. The current ratio was 7.6, with 233 days of cash on hand. Accounts receivable turnover ratio was 34 days for the month and 28 days year-to-date. Accounts payable turnover was 18 days for the month and 28 days year-to-date. He noted that debt service was paid and posted within one day, rather than the typical 30 days, which slightly skewed the turnover ratios. Key revenues include commodity supply charges at 50.4%, primarily from recycled water sales.

Financial Action Items

General Manager Employment Agreement

Mr. Cafferty reported that the item includes the updated agreement reflecting Board actions from the November meeting and incorporates all previously approved amendments into an “Amended and Restated Employment Agreement”. Mr. Granito and Ms. Cimorell have reviewed the documents.

Director Monin asked for a Motion.

Motion: President Gaskins made a motion, seconded by Vice President Freshley to approve the amended and restated General Manager Employment Agreement inclusive of the existing Employment Agreement entered into effective July 1, 2019 (“Agreement”) and incorporating changes in terms and compensation as identified in Amendment Nos. 1, 2, 3 and 4 and further incorporating the annual base salary approved at the November 25, 2025 Board Meeting.

Roll Call Vote:

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

Administrative Code Update – Section 4000 – Director’s Compensation Policy

Mr. Cafferty stated that the Director compensation policy requires annual review, and the proposed changes primarily synchronize the list of compensable events with the annually approved committee assignments. Vice President Freshley stated that no changes were needed following last year’s action, and President Gaskins agreed. Staff received no direction from the Board to begin the process of revising the Director compensation amount.

Director Monin asked for a Motion.

Motion: Vice President Freshley made a motion, seconded by President Gaskins to approve the amendments to Section 4000 of the El Toro Water District Administrative Code.

Roll Call Vote:

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

Quarterly Audit

Mr. Sharma reported that the quarterly audit performed by LSL CPAs found no exceptions.

Director Monin asked for a Motion.

Motion: President Gaskins made a motion, seconded by Director Havens to receive and file the quarterly audit report for the period from July 1, 2025 to September 30, 2025 as presented by LSL, CPAs.

Roll Call Vote:

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| 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 November 30, 2025

Director Monin asked for a Motion.

Motion: Director Havens 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 November 30, 2025.

Roll Call Vote:

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

Comments Regarding Non-Agenda FIC Items

Mr. Sharma responded to Director Monin's question regarding the rate for the Guaranteed Income Fund and how often it changes. He confirmed that the current rate is 3.05% for the 401A plan and is adjusted semi-annually.

Mr. Sharma responded to Vice President Freshley's inquiry about the check issued to Lance Francis Picotte and confirmed that it was for OSHA-related staff training.

Adjournment

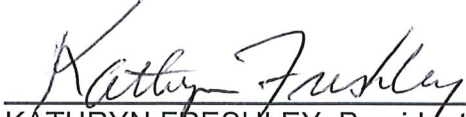
There being no further business the Finance and Insurance Committee meeting was closed at approximately 8:14 a.m.

Respectfully submitted



MARISOL MELENDEZ
Recording Secretary

APPROVED:



KATHRYN FRESHLEY, 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