

I hereby certify that the following agenda was posted at least 72 hours prior to the time of the meeting so noticed below at 24251 Los Alisos Boulevard Lake Forest, California.



DENNIS P. CAFFERTY,
Secretary of the El Toro
Water District and the
Board of Directors thereof



AGENDA

EL TORO WATER DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

FINANCE AND INSURANCE COMMITTEE MEETING AND ENGINEERING COMMITTEE MEETING

January 19, 2026

7:30 a.m.

**BOARDROOM, DISTRICT OFFICE
24251 LOS ALISOS BLVD., LAKE FOREST, CA 92630**

This meeting will be held in person. As a convenience for the public, the meeting may also be accessed by Zoom and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the virtual component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.

Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, may attend the meeting in person at the District's office or may observe and address the Meeting by joining at this link:
<https://us02web.zoom.us/j/81155871383> (Meeting ID: 811 5587 1383).

Members of the public who wish only to listen to the telephonic meeting may dial in at the following numbers (669) 900-6833 or (346) 248-7799 with the same Meeting ID noted above. Please be advised the Meeting is being recorded.

CALL TO ORDER – President Freshley

PLEDGE OF ALLEGIANCE – Director Monin

ROLL CALL (Determination of a Quorum)

ORAL COMMUNICATIONS/PUBLIC COMMENTS

Members of the public may address the Board at this time or they may reserve this opportunity with regard to an item on the agenda until said item is discussed by the Board. Comments on other items will be heard at the times set aside for “COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS” or for “COMMENTS REGARDING NON-AGENDA FIC ITEMS.” The public may identify themselves when called on and limit their comments to three minutes.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize item(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

1. **Consider Board Member’s Request for Remote Participation (AB 2449)**
2. **Resolution No. 26-1-1 MWDOC 75th Anniversary Commemoration**
(Reference Material Included)

Staff will review and comment on the Municipal Water District of Orange County’s 75th anniversary.

Recommended Action: The Board of Directors will consider adopting Resolution 26-1-1 which commends the Municipal Water District of Orange County for 75 years of service.

RESOLUTION NO. 26-1-1
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EL TORO WATER DISTRICT
COMMEMORATING THE MUNICIPAL WATER DISTRICT OF ORANGE
COUNTY FOR 75 YEARS OF SERVICE

FINANCE AND INSURANCE COMMITTEE MEETING

CALL MEETING TO ORDER – Director Monin

3. **Consent Calendar** (Reference Material Included)

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

- a. Consider approving the minutes of the December 15, 2025 Finance and Insurance Committee meeting (Minutes included).

Recommended Action: Staff recommend that the Board of Directors approve the above Consent Calendar.

FINANCIAL INFORMATION ITEMS

4. **Financial Statements and Report** (Reference Material Included)

Staff will review and comment on the Financial Statements and Report for the month ending December 31, 2025.

FINANCIAL ACTION ITEMS

5. **Resolution No. 26-1-2 El Toro Water District Administrative Code** (Reference Material Included)

Staff will review and comment on the proposed revisions to the Investment Policy, Section 6080 of the District Administrative Code which requires annual review.

Recommended Action: The Board of Directors will consider adopting Resolution 26-1-2 which adopts the amended El Toro Water District Administrative Code.

RESOLUTION NO. 26-1-2
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EL TORO WATER DISTRICT
ADOPTING THE AMENDED EL TORO WATER DISTRICT
ADMINISTRATIVE CODE

6. **Quarterly Insurance Report** (Reference Material Included)

Staff will review and comment on the Quarterly Insurance Report for the period October 1, 2025 through December 31, 2025.

Recommended Action: Staff recommend that the Board Receive and File the Quarterly Insurance Report for the period October 1, 2025 through December 31, 2025.

7. **Financial Package - Authorization to Approve Payment of Bills for the Month Ending December 31, 2025** (Reference Material Included)

The Board will consider approving Bills for Consideration dated December 31, 2025.

Recommended Action: Staff recommend that the Board approve, ratify and confirm payment of those bills as set forth in the Payment Summary for the month ending December 31, 2025.

COMMENTS REGARDING NON-AGENDA FIC ITEMS

CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

ENGINEERING COMMITTEE MEETING

CALL MEETING TO ORDER – Director Freshley

8. Consent Calendar

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

- a. Consider approving the minutes of the December 15, 2025 Engineering Committee meeting. (Minutes Included).

Recommended Action: Staff recommend that the Board of Directors approve the above consent calendar.

ENGINEERING ACTION ITEMS

9. Moulton Parkway / El Toro Road Cathodic Protection Repair (Reference Material Included)

Staff will review and comment on the construction bids received for the Moulton Parkway / El Toro Road Cathodic Protection Repair project.

Recommended Action: Staff recommend that the Board of Directors authorize the District's General Manager to (1) reject the bids submitted for the Moulton Parkway / El Toro Road Cathodic Protection Repair project and (2) rebid the project to a shortlist of qualified contractors.

ENGINEERING INFORMATION ITEMS

10. El Toro Water District Capital Project Status Report (Reference Material Included)

Staff will review and comment on the El Toro Water District Capital Project Status Report

11. Engineering Items Discussed at Various Conferences and Meetings

The Committee will discuss any pertinent Engineering items discussed at Conferences.

COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS

CLOSE ENGINEERING COMMITTEE MEETING

ATTORNEY REPORT

CLOSED SESSION

At this time the Board will go into Closed Session as follows:

1. Pursuant to Government Code Section 54956.9 (d) (2) to consult with legal counsel and staff – Anticipated Litigation.
2. Pursuant to Government Code Section 54956.9 (d) (4) to consult with legal counsel and staff- Potential Initiation of Litigation. (one matter)

REGULAR SESSION

REPORT ON CLOSED SESSION (Legal Counsel)

Mr. Granito will provide an oral report on the Closed Session.

ADJOURNMENT

The agenda material for this meeting is available to the public at the District's Administrative Office, which is located at 24251 Los Alisos Blvd., Lake Forest, Ca. 92630. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate public inspection at the same location.

Request for Disability-Related Modifications or Accommodations

If you require any disability-related accommodation, including auxiliary aids or services, in order to participate in this public meeting, please telephone the District's Recording Secretary, Marisol Melendez at (949) 837-7050, extension 225 at least forty-eight (48) hours prior to said meeting. If you prefer, your request may be submitted in writing to El Toro Water District, P.O. Box 4000, Laguna Hills, California 92654, Attention: Marisol Melendez.



STAFF REPORT

To: Board of Directors **Meeting Date: January 19, 2026**
From: Dennis Cafferty, General Manager
Subject: MWDOC 75th Anniversary

RECOMMENDATION

The Board of Directors will consider adopting Resolution 26-1-1 which commends the Municipal Water District of Orange County for 75 years of service.

RESOLUTION NO. 26-1-1
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EL TORO WATER DISTRICT
COMMEMORATING THE MUNICIPAL WATER DISTRICT OF ORANGE
COUNTY FOR 75 YEARS OF SERVICE

RESOLUTION NO. 26-1-1

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EL TORO WATER DISTRICT
COMMENDING THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
75TH ANNIVERSARY**

WHEREAS, The Municipal Water District of Orange County (MWDOC) was established in 1951 to bring imported water supplies from the Metropolitan Water District of Southern California to Orange County; and

WHEREAS, MWDOC serves as a wholesale water supplier and resource-planning agency, delivering regional water reliability, emergency preparedness, water-use efficiency, and public education programs to Orange County's 3.2 million residents; and

WHEREAS, Through partnerships with The Metropolitan Water District of Southern California, 13 water districts, 13 cities, and one groundwater basin manager, MWDOC has enhanced Orange County water reliability and advanced innovation in infrastructure, conservation, and education; and

WHEREAS, MWDOC represents 27 retail water agencies and is the third-largest member of The Metropolitan Water District of Southern California, ensuring that regional priorities, local reliability needs, and member-agency interests are effectively advocated in policy, planning, and budget decisions; and

WHEREAS, MWDOC's mission is to provide reliable, high-quality water supplies at an equitable and economical cost and to promote water-use efficiency across all of Orange County; and

WHEREAS, MWDOC's programs, including Water Use Efficiency and Water Education Initiatives, equip residents, businesses, and schools to use water wisely; and

WHEREAS, the El Toro Water District has been a proud partner with the Water Emergency Response Organization of Orange County (WEROC); and

WHEREAS, MWDOC monitors water-supply conditions including precipitation, reservoir storage, and demand and provides transparent data to promote responsive resource management; and

WHEREAS, MWDOC supports its member agencies by coordinating shared-cost services, including preparing Consumer Confidence Reports to ensure clear, consistent, and compliant communication with Orange County customers; and

WHEREAS, MWDOC prepares Orange County Water Reliability Studies, most recently completed in 2023, to provide a comprehensive assessment of long-term regional water supplies and support informed planning and investment decisions for future reliability; and

WHEREAS, MWDOC continues to promote community engagement, workforce development, and environmental stewardship, reflecting its enduring commitment to service, integrity, and innovation; and

WHEREAS, In commemorating its 75th Anniversary, MWDOC reaffirms its dedication to ensuring that Orange County continues to receive safe, reliable, and high-quality water for generations to come.

NOW THEREFORE, BE IT RESOLVED that the El Toro Water District proudly recognizes and congratulates the Municipal Water District of Orange County on its 75th Anniversary, honoring its decades of exemplary regional leadership, collaborative partnership, and meaningful contributions to ETWD and its member agencies. The ETWD Board of Directors, management and staff extends its sincere appreciation for MWDOC's continued service to the Orange County water and wastewater industry. Congratulations on 75 years of service and commitment.

ADOPTED, SIGNED AND APPROVED this 23rd day of January 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Kathryn Freshley, President
El Toro Water District and of the
Board of Directors thereof

ATTEST:

DENNIS P. CAFFERTY, Secretary
El Toro Water District and of the
Board of Directors thereof

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:

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:

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:

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:

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:

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:

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



STAFF REPORT

To: Board of Directors

Meeting Date: January 19, 2026

From: Vishav Sharma, Chief Financial Officer

Subject: December 2025 Financial Report and Analysis

The attached report provides an overview of the District's financial performance for the month of December 2025. It includes a comparison of Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and actual revenues and expenses analysis to the budgeted figures, as well as highlights key financial trends and variances to assist the Board in monitoring the District's financial health and performance.

Assets

- **Current Assets:**

- The District's total Cash and Investments as of December, 2025, are \$23,365,219, including \$54,810 restricted for capital and Debt service expenditures. This represents an Increase of \$1,021,227 in total Cash & Cash equivalents from the prior month, reflecting higher liquidity.
- The Current ratio is 9.9, indicating strong ability of the District to meet its short-term obligations. This ratio measures the District's ability to pay short-term obligations that are due within one year.
- Days Cash on Hand stands at 243 days, showing the District's ability to operate for that period using available cash based on budgeted annual O&M and Debt service expenses excluding depreciation expense.
- Accounts Receivable decreased by \$1,073,833, from \$5,598,096 in November to \$4,524,264 in December. This decrease is primarily due to better collection of utility bills and lower utility bills in December as compared to prior month due to change in demand.
- Accounts receivable turnover ratio is 38 days for the month and 28 days for the year to date as of December 30. This ratio is calculated by dividing year to date net sales with average utility customers accounts receivable balance net of accruals. This ratio measures how effectively the District collects cash from its credit sales.
- Prepaid Expenses decreased by \$103,670 to a total of \$792,483, reflecting amortization of prepayments made for insurance, supplies or services (including subscriptions for softwares).

Overall, Current Assets total balance of \$30,756,713, reflects a decrease of \$156,276 from the previous month.

Non-Current Assets:

- Construction in Progress increased by \$219,562 reflecting continued investment in capital projects.
- Accumulated Depreciation increased by \$416,704, as expected.

The Non-Current Assets category balance at the end of the month is \$113,074,146, reflecting a net decrease of \$197,142 primarily from accumulated depreciation and construction in progress activities.

Liabilities

- **Current Liabilities:**

- Accounts Payable and Accrued Expenses decreased by \$1,050,375 to \$684,794, reflecting lower short-term obligations.
- Accounts payable turnover ratio is 36 days for the month and 33 days for the year to date. This ratio is calculated by dividing monthly/year to date expenses net of Payroll, Benefits, Depreciation and Debt interest expense with average accounts payable balance. This ratio measures how effectively the District pays its bills.
- Accrued Interest Payable increased by \$69,072, reflecting debt service payment.

Overall, Current Liabilities decreased by \$978,097, Reflecting a decrease in vendor obligations.

- **Non-Current Liabilities:**

- Loans Payable decreased slightly by \$42,671 with a remaining balance of \$48,037,777. Amortization of 2022 Bond premium contributed for this decrease.

The Total Liabilities amounted to \$64,349,950, reflecting a decrease of \$1,020,769 compared to prior month.

Summary of Revenues

For the month of December 2025 and year to date, the District's total revenues were \$2,681,913 and \$19,967,704, respectively. This represents 52.1% of the total budgeted revenue for the fiscal year.

Key Revenues Categories:

- **Commodity Supply Charges:**
This month's revenue was \$633,920, with a YTD total of \$7,357,603 (55.2% of the budget). Commodity supply charge includes recycled water revenues. This month recycled revenue is 44,225 and year to date revenue is \$1,377,955 or 77.3% of the budget. This category is performing above expectations due to recycled water sales.
- **Service Charges:**
This month's revenue was \$1,297,849, and the YTD total stands at \$7,974,463, which is 49.9%. This is in line with expectations.
- **Capital Facility Charges:**
This month's revenue is \$517,482, and the YTD total stands at \$3,120,581, which is 49.8% of the annual budget. The District is on track with respect to capital charge collections.

- **Investment Income:**
The District received \$102,468 in investment income this month and YTD \$403,311 respectively, resulting in a 57.6% of the budgeted amount.
- **Grants, Rebates, and Reimbursements:**
The District received YTD total of \$216,337, or 78.4% of budgeted rebates and reimbursements from LRP subsidies.
- **Miscellaneous Revenue:**
Miscellaneous revenue this month is \$27,806, and YTD \$201,547 represent 57.7% of the budget. Miscellaneous revenue fluctuates from month to month due to some revenues collected only once a year. This category remains in line with projections.

Summary of Expenses

Total expenses for December 2025 are \$2,014,563 and YTD \$16,358,497, which is 42.9% of the annual budget.

Key Expense Categories:

- **Salary Expenses:**
Monthly salary-related expenses were \$579,283, resulting in a YTD total expense of 3,610,195 or 45.5% of the budget. Salary expenses are in line with expectations, Staff is paying a close attention to the overtime cost and analyzing it every pay period.
- **Benefit Expenses:**
Benefit expenses for the month totaled \$108,338, bringing the YTD total to \$1,340,581 or 44.8% of the budget. Retirement contribution and medical insurance expenses are the main drivers of this category.
- **Water Purchased for Resale:**
Water purchase expenses totaled \$16,063, with a YTD total of \$4,212,833 or 39.2% of the budget.
- **Contracted/Purchased Services:**
Total expenses for the month are \$463,663, with YTD expenses of \$2,742,711 or 40.1% of the budget. The District continues to manage contracts efficiently.
- **Miscellaneous Expenses:**
This category includes \$161,746 in costs related to uncollectible accounts, recorded as bad debt expense. This includes \$30,032.84 of commercial customers and the rest, \$131,712.93, are residential customers. The District ceased forwarding uncollectible accounts to the collection agency more than three years ago due to state-mandated restrictions on collection activities during the COVID-19 pandemic. Additional contributing factors included the implementation of the Springbrook utility software module and a complete turnover of staff in the Customer Service Department. We have resumed our normal practice of forwarding uncollectable accounts to the collection agency.
- **Other Expenses:**
This category includes costs related to retiree health insurance, depreciation, and debt interest. YTD expenses total \$3,428,894 (45.4% of annual budget). Notably, debt service and depreciation are on track as expected.

Net Position

The District's net position as of December 2025 is \$71,269,968. The net position increased this month by \$667,350.

Conclusion

Through December 2025, the District continues to demonstrate stable financial performance. Revenues are exceeding budget targets, driven by water sales, while expenses remain within budget across most categories. The District maintains a solid net position, supporting ongoing operations and capital investments.

Attachment 1

Statement of Net Position for the period ended December 2025

EI Toro Water District
Interim Statement of Net Position for the Month of December, 2025

	6/30/2025 Audited	11/30/2025 Revised Interim	12/31/2025 Interim	Change
Assets				
Current Assets				
Cash & Cash Equivalents	15,977,712	16,434,723	17,452,662	1,017,939
Investments	6,054,410	5,909,267	5,912,205	2,938
Accounts Receivable	4,930,670	5,598,096	4,524,264	(1,073,833)
Materials & Supply Inventory	2,059,289	2,074,748	2,074,748	-
Prepaid Expenses	375,340	896,153	792,483	(103,670)
Restricted - Cash & Investments	1,444	3	352	349
Current Assets - Sub-total	29,398,865	30,912,989	30,756,713	(156,276)
Non-Current Assets				
Lease Receivable	4,012,747	4,012,747	4,012,747	-
Land & Easements	7,451,585	7,451,585	7,451,585	-
Capacity Rights	228,255	228,255	228,255	-
Capital Assets				
Water System	62,032,584	62,032,584	62,032,584	-
Wastewater System	63,294,850	63,294,850	63,294,850	-
Recycled System	55,554,540	55,554,540	55,554,540	-
Combined Assets	16,201,236	16,201,236	16,201,236	-
Construction in Progress	7,032,386	8,292,915	8,512,476	219,562
Accumulated Depreciation	(101,713,907)	(103,797,422)	(104,214,126)	(416,704)
Non-Current Assets - Sub-total	114,094,275	113,271,289	113,074,146	(197,142)
Total Assets	143,493,140	144,184,277	143,830,859	(353,418)
Deferred Outflows of Resources				
OPEB Deferred Outflow of Resources	1,917,324	1,917,324	1,917,324	-
Liabilities				
Current Liabilities				
Accounts Payable & Accrued Expenses	3,450,141	1,735,169	684,794	(1,050,375)
Accrued Salaries & Related Payables	191,358	(9,982)	(4,726)	5,256
Customer Deposits	65,653	16,850	14,800	(2,050)
Accrued Interest Payable	150,929	78,680	147,752	69,072
Long Term Liabilities - Due in One Year				
Compensated Absences	241,796	241,796	241,796	-
OPEB Liability	464,374	-	-	-
Loans Payable	2,014,077	2,014,077	2,014,077	-
Current Liabilities - Sub-total	6,578,328	4,076,590	3,098,493	(978,097)
Non-Current Liabilities				
Compensated Absences	1,562,867	1,562,867	1,562,867	-
Other Post-Employment Benefits Liability	11,186,439	11,650,813	11,650,813	-
Loans Payable	48,293,804	48,080,448	48,037,777	(42,671)
Non-Current Liabilities - Sub-total	61,043,110	61,294,128	61,251,456	(42,671)
Total Liabilities	67,621,438	65,370,718	64,349,950	(1,020,769)
Deferred Inflows of Resources				
Deferred Amounts from Leases	3,648,223	3,648,223	3,648,223	-
Deferred Amounts from OPEB	6,480,043	6,480,043	6,480,043	-
Total Deferred Inflows of Resources	10,128,266	10,128,266	10,128,266	-
Net Position				
Net Investment in Capital Assets	59,349,999	63,176,764	63,022,293	(154,471)
Restricted - Capital Projects	-	-	-	-
Restricted - Debt Service	-	-	-	-
Unrestricted	8,310,761	7,425,853	8,247,675	821,821
Total Net Position	67,660,760	70,602,617	71,269,968	667,350

Attachment 2
Statement of Revenues, Expenses, and Changes in Net Position
for December 2025

Attachment 3

Summary of Revenues and Expenses for the period ended December 2025

Summary of Revenues and Expenses for the Month of December, 2025

Account - Description	Month Actual	YTD Actual	2025-2026 Budgeted	Budget Remaining	% of Budget Earned/Spent
Summary of Total District Revenues					
District Totals					
Commodity Supply Charges	633,920	7,357,603	13,340,717	5,983,114	55.2%
Service Charges	1,297,849	7,974,463	15,993,872	8,019,409	49.9%
Capital Facility Charges	517,482	3,120,581	6,259,985	3,139,404	49.8%
Charges for Services	-	-	125,000	125,000	0.0%
Miscellaneous Revenue	27,806	201,547	349,600	148,053	57.7%
Grants, Rebates, Reimbursements	(18,652)	216,337	275,825	59,488	78.4%
Property Taxes	108,333	650,000	1,300,000	650,000	50.0%
Investment Income	102,468	403,311	700,000	296,689	57.6%
Donations & Capital Contributions	12,706	43,862	-	(43,862)	N/A
Total Revenue	2,681,913	19,967,704	38,344,999	18,377,295	52.1%
Summary of Total District Expenses					
Salary Expenses					
Directors Fees	12,045	67,693	144,616	76,923	46.8%
Exempt Salaries	121,102	759,374	1,583,800	824,426	47.9%
Non-exempt Salaries	405,623	2,551,835	5,366,100	2,814,265	47.6%
Other Salary Payments	-	-	250,400	250,400	0.0%
Overtime	29,501	159,118	405,437	246,319	39.2%
Stipend - On-call	6,720	41,664	81,900	40,236	50.9%
Stipends/Allowances	4,292	26,612	106,980	80,368	24.9%
Employee Service Awards	-	3,900	800	(3,100)	487.5%
Salary Expenses Sub-total	579,283	3,610,195	7,940,033	4,329,838	45.5%
Benefit Expenses					
Medical Insurance	-	573,266	1,215,016	641,750	47.2%
HSA Contributions	-	-	28,100	28,100	0.0%
Dental Insurance	-	47,766	98,200	50,434	48.6%
Vision Insurance	-	6,505	12,300	5,795	52.9%
Life Insurance	-	17,658	41,300	23,642	42.8%
Disability Insurance	-	22,531	41,400	18,869	54.4%
Long-term Care Insurance	929	5,401	21,600	16,199	25.0%
Workers Compensation Insurance	10,355	67,280	167,800	100,520	40.1%
State Unemployment Insurance	-	-	3,000	3,000	0.0%
401k Retirement Contributions	53,013	329,231	681,500	352,269	48.3%
401k Matching Contributions	35,708	222,085	287,700	65,615	77.2%
457b Matching Contributions	5,838	36,916	275,800	238,884	13.4%
Medicare Insurance	8,572	52,476	115,159	62,683	45.6%
FICA	303	2,325	4,300	1,975	54.1%
Capitalized Benefits	(6,379)	(42,861)	-	42,861	N/A
Benefit Expenses Sub-total	108,338	1,340,581	2,993,175	1,652,594	44.8%
Commodity Purchased for Resale					
Water Purchases - MWDOC	(99,882)	1,813,387	4,992,965	3,179,578	36.3%
Water Purchases - MWDOC Fixed	-	419,437	1,026,274	606,837	40.9%
Water Purchases - AMP/SAC	389	12,981	41,832	28,850	31.0%
Regional Water Supply Expenses	3,151	5,060	-	(5,060)	N/A
Water Purchases - Baker WTP	38,021	1,261,989	3,365,400	2,103,411	37.5%
Water Purchases - Baker O&M	-	249,309	1,171,500	922,191	21.3%
Water Purch - Other Agencies	62,273	378,422	-	(378,422)	N/A
MWDOC Service Connect Charge	12,111	72,250	145,000	72,750	49.8%
Commodity Purchased for Resale Sub-total	16,063	4,212,833	10,742,971	6,530,137	39.2%

Summary of Revenues and Expenses for the Month of December, 2025

Account - Description	Month Actual	YTD Actual	2025-2026 Budgeted	Budget Remaining	% of Budget Earned/Spent
Contracted/Purchased Services					
Consultants	5,908	42,812	152,790	109,978	28.0%
Engineering Services	26,117	28,570	40,390	11,820	70.7%
Audit & Accounting Services	6,590	49,290	54,150	4,860	91.0%
Technology Consultants	-	10,481	36,000	25,519	29.1%
SOCWA Contract	27,607	411,048	1,200,000	788,952	34.3%
Contractors	12,702	182,627	282,572	99,945	64.6%
Contracted Employees	-	5,954	10,000	4,046	59.5%
Legal Svcs - General Counsel	10,098	45,628	100,000	54,372	45.6%
Legal Svcs - Specialty Counsel	57	527	21,600	21,074	2.4%
Other Legal Services	154	5,005	1,000	(4,005)	500.5%
Employee Recruitmnt/Compliance	6,058	13,252	5,500	(7,752)	241.0%
Employee Health & Wellness	1,950	6,140	3,800	(2,340)	161.6%
Employee Relations Expenses	688	2,462	10,000	7,538	24.6%
Professional Services	-	-	-	-	N/A
Landscaping Services	17,136	60,239	171,341	111,102	35.2%
Janitorial Contracts	-	25,321	60,048	34,727	42.2%
Equipment Rental	497	5,588	37,000	31,412	15.1%
Uniform Rental	1,752	13,815	16,800	2,985	82.2%
Laboratory Services	-	7,981	25,500	17,519	31.3%
Disposal Services	5,779	45,203	91,500	46,297	49.4%
Security Services	1,165	9,731	50,340	40,609	19.3%
Insurance	42,328	236,501	452,500	215,999	52.3%
Financial Service Fees	5,311	36,464	53,500	17,036	68.2%
Printing & Reproduction	-	6,197	45,700	39,503	13.6%
Advertising & Publicity Svcs	-	1,919	9,020	7,101	21.3%
Postage	-	119	19,700	19,581	0.6%
Public Relations/Education	5,097	10,722	54,400	43,678	19.7%
Water Efficiency Services	8,451	32,836	45,000	12,164	73.0%
Licenses & Permits	66,270	147,841	264,290	116,449	55.9%
Software Maintenance/Licenses	13,989	128,898	327,470	198,572	39.4%
Electrical Power	125,057	903,111	2,262,300	1,359,189	39.9%
Natural Gas	694	1,529	2,000	471	76.4%
Cable Service	164	1,514	10,000	8,486	15.1%
Telecommunications	2,904	9,893	25,000	15,107	39.6%
Mobile Telecommunications	1,958	8,251	48,000	39,749	17.2%
Data Access	5,494	31,401	65,000	33,599	48.3%
Equipment Maintenance & Repair	29,538	71,635	196,100	124,465	36.5%
Pump Maintenance & Repair	6,719	16,268	54,500	38,232	29.8%
Motor Maintenance & Repair	9,542	24,624	132,500	107,876	18.6%
Electrical Maintenance/Repair	5,151	12,617	143,000	130,383	8.8%
Meter Maintenance & Repair	4,814	4,814	51,000	46,186	9.4%
Structure Maintenance & Repair	2,686	15,331	41,600	26,269	36.9%
Asphalt Maintenance & Repair	3,239	68,554	172,000	103,446	39.9%
Contracted/Purchased Services Sub-total	463,663	2,742,711	6,844,911	4,102,200	40.1%
Commodities					
Repair Parts & Materials	17,797	156,794	472,700	315,906	33.2%
Tools & Small Equipment	1,176	20,399	81,100	60,701	25.2%
Safety Equipment	452	10,411	27,200	16,789	38.3%
Employee Tools/Safety Equip	1,175	7,428	19,900	12,472	37.3%
Laboratory Tools & Small Equip	965	2,654	20,000	17,346	13.3%
Technology Tools/Small Equip	1,520	15,891	40,000	24,109	39.7%
Chemicals	25,253	195,577	375,200	179,623	52.1%
Laboratory Chemicals	3,548	25,074	41,000	15,926	61.2%
Gasoline & Oil	24,148	52,521	140,000	87,479	37.5%
Operating Supplies/Accessories	9,432	34,861	35,200	339	99.0%
Office Supplies & Accessories	131	5,109	24,700	19,591	20.7%
Technology Supplies/Components	291	3,426	30,000	26,574	11.4%
Lab Supplies & Accessories	2,565	15,203	20,500	5,297	74.2%
Meeting/Event Supplies & Food	6,422	14,124	48,300	34,176	29.2%
Water Use Efficiency Supplies	-	4,213	15,000	10,787	28.1%
Commodities Sub-total	94,874	563,686	1,390,800	827,114	40.5%

Summary of Revenues and Expenses for the Month of December, 2025

Account - Description	Month Actual	YTD Actual	2025-2026 Budgeted	Budget Remaining	% of Budget Earned/Spent
Professional Development					
Education & Training	3,263	12,168	95,480	83,312	12.7%
Education/Training - Directors	-	-	-	-	N/A
Licenses & Certifications	-	438	4,142	3,704	10.6%
Dues & Memberships	6,898	57,358	125,900	68,542	45.6%
Dues & Memberships - Directors	-	-	-	-	N/A
Meetings & Conferences	-	4,768	38,100	33,332	12.5%
Meetings/Conferences-Directors	2,173	10,549	13,500	2,951	78.1%
Travel Reimbursement	988	11,032	36,900	25,868	29.9%
Travel Reimbursement-Directors	1,092	8,667	35,000	26,333	24.8%
Publications & Subscriptions	-	885	3,200	2,315	27.7%
Professional Development Sub-total	14,414	105,866	352,222	246,356	30.1%
Miscellaneous Expenses					
Employee Appreciation Expenses	-	-	500	500	0.0%
Internal/External Event Expenses	6,001	6,001	1,500	(4,501)	400.1%
Election Expense	-	-	20,000	20,000	0.0%
Reimbursable Repair Expense	-	-	-	-	N/A
Property Taxes	-	2,507	3,000	493	83.6%
Uncollectible Accounts	161,746	161,746	19,500	(142,246)	829.5%
NSFs & Miscellaneous Fees	-	-	100	100	0.0%
Refund Overcharges	-	-	2,624	2,624	0.0%
Damage/Repair Reimbursements	-	-	576	576	0.0%
Misc Exp	-	-	-	-	N/A
Miscellaneous Sub-total	167,747	170,254	47,800	(122,454)	356.2%
Sub Total - General and O&M Expenses	1,444,382	12,746,127	30,311,911	17,565,785	42.0%
Capital Improvement Expenses					
Water System Projects					
Supply/Storage Projects	-	297	-	(297)	N/A
Pumping Projects	-	-	67,000	67,000	0.0%
Main/Service Line Projects	-	500	-	(500)	N/A
Wastewater System Projects					
Pumping Projects	-	-	35,000	35,000	0.0%
Wastewater Treatment Projects	-	23,404	-	(23,404)	N/A
Main/Service Line Projects	6,668	8,017	-	(8,017)	N/A
Recycled System Projects					
Pumping Projects	-	-	-	-	N/A
Tertiary Treatment Projects	-	23,404	-	(23,404)	N/A
Main/Service Line Projects	-	-	-	-	N/A
General Projects					
Operating Equipment Purchases	-	-	-	-	N/A
Vehicle & Related Equipment Purchases	-	19,859	-	(19,859)	N/A
Technology Projects & Purchases	-	18,500	44,000	25,500	42.0%
Building & Structure Improvements	-	-	-	-	N/A
General Capital Projects	22,815	89,495	116,000	26,505	77.2%
Construction in Progress	-	-	-	-	N/A
Capital Improvement Expenses Sub-total	29,483	183,476	262,000	78,524	70.0%
Other Expenses					
Retiree Health Insurance	-	184,706	407,000	222,294	45.4%
Depreciation	416,704	2,500,224	5,140,000	2,639,776	48.6%
Debt Interest Expense	123,994	743,963	2,006,335	1,262,372	37.1%
Other Expenses Sub-total	540,698	3,428,894	7,553,335	4,124,441	45.4%
Total Expenses	2,014,563	16,358,497	38,127,246	21,768,750	42.9%
Change in Net Position	667,349	3,609,208	217,753		

Attachment 4
Check Register December 2025

El Toro Water District

Check Register for the Month of December 2025

<u>Check Number</u>	<u>Vendor</u>	<u>Date</u>	<u>Amount</u>
14699	American Public Health Association	12/05/2025	485.00
14700	Apex Tent & Party	12/05/2025	3,702.25
14701	AT&T Corp	12/05/2025	251.45
14702	B&K Valves & Equipment, Inc	12/05/2025	1,035.25
14703	Butier Engineering, Inc	12/05/2025	12,472.00
14704	Capistrano Catering, Inc.	12/05/2025	6,001.26
14705	Carollo Engineers, Inc	12/05/2025	48,725.00
14706	Cody Trementozzi	12/05/2025	284.25
14707	Corodata Records Management, Inc	12/05/2025	133.53
14708	CR&R Incorporated	12/05/2025	706.33
14709	Dayton Certified Welding, Inc.	12/05/2025	813.00
14710	Don Peterson Contracting, Inc.	12/05/2025	5,633.86
14711	Dudek	12/05/2025	43,417.88
14712	EJ USA Inc.	12/05/2025	8,157.94
14713	FleetCrew	12/05/2025	814.00
14714	GHD Inc	12/05/2025	15,330.00
14715	Gladwell Governmental Services, Inc	12/05/2025	5,000.00
14716	Hach Company	12/05/2025	21,390.33
14717	Hazen and Sawyer, DPC	12/05/2025	10,015.00
14718	HEBT West Los Angeles 1, LLC	12/05/2025	1,590.00
14719	Hill Brothers Chemical Co	12/05/2025	5,806.07
14720	Ignatius Holdings, Inc	12/05/2025	782.49
14721	Irvine Ranch Water District	12/05/2025	254,117.33
14722	JCI Jones Chemicals, Inc	12/05/2025	8,520.88
14723	Johnson Controls US Holdings LLC	12/05/2025	1,023.98
14724	Judy Wilson	12/05/2025	517.26
14725	Life Insurance Company of North America	12/05/2025	166.65
14726	LSL, LLP	12/05/2025	6,590.00
14727	MCR Technologies, Inc	12/05/2025	11,536.08
14728	Moulton Niguel Water District	12/05/2025	257,711.53
14729	Onesource Distributors, LLC.	12/05/2025	9,286.88
14730	Rincon Truck Center, Inc	12/05/2025	531.57
14731	RockSpark Inc	12/05/2025	4,861.25
14732	Safety Dynamics Group, Inc	12/05/2025	3,230.00
14733	Santa Margarita Ford	12/05/2025	7,225.71
14734	Sims-Orange Welding Supply, Inc	12/05/2025	295.63
14735	South Coast Water District	12/05/2025	3,151.08
14736	Southern Counties Lubricants, LLC.	12/05/2025	298.46
14737	Springbrook Holdings Company, LLC	12/05/2025	358.00
14738	State Water Resources Control Board	12/05/2025	4,511.00
14739	The Sherwin Williams Co.	12/05/2025	242.44
14740	Thompson Tank, Inc	12/05/2025	845.77
14741	Uline, Inc	12/05/2025	452.48
14742	Vestis Group, Inc.	12/05/2025	292.82
14743	Vishav Sharma	12/05/2025	316.70
14744	We Save Bees	12/05/2025	125.00
14745	West Coast Sand and Gravel, Inc	12/05/2025	2,429.98
14746	Western Switches & Controls, Inc.	12/05/2025	2,673.45
14747	Municipal Water District of Orange County	12/05/2025	554,017.95
14748	American Family Life Assurance Company of Columbus	12/11/2025	1,392.40
14749	AMS.NET, Inc.	12/11/2025	969.22
14750	Animal Pest Management Services, Inc	12/11/2025	1,297.00
14751	Applied Industrial Technologies - CA, LLC	12/11/2025	115.00
14752	Arakelian Enterprises, Inc.	12/11/2025	3,871.40
14753	Aramark Services, Inc	12/11/2025	1,604.69
14754	ATS Communications	12/11/2025	3,025.00
14755	Best Best & Krieger, LLP	12/11/2025	56.85
14756	County of Orange - OC Waste & Recycling	12/11/2025	294.94
14757	Dell Marketing LP	12/11/2025	6,178.72
14758	DXP Enterprises, Inc	12/11/2025	7,075.86
14759	Edward G. Means III	12/11/2025	907.90
14760	Energy Management Electric Corporation	12/11/2025	12,740.05

<u>Check Number</u>	<u>Vendor</u>	<u>Date</u>	<u>Amount</u>
14761	Fisher Scientific Company, LLC	12/11/2025	5,205.43
14762	Harrington Industrial Plastics, LLC	12/11/2025	487.52
14763	Infosend, Inc	12/11/2025	4,822.86
14764	International Process Solutions	12/11/2025	1,500.00
14765	Irvine Pipe & Supply, Inc	12/11/2025	1,457.30
14766	Life Insurance Company of North America	12/11/2025	166.65
14767	Miles Chemicals Company, Inc.	12/11/2025	10,926.24
14768	Mingoia's Faxworld, Inc	12/11/2025	496.67
14769	Nieves Landscape, Inc	12/11/2025	17,135.96
14770	Pacific Plumbing Company of Santa Ana	12/11/2025	620.00
14771	Redwine and Sherrill, LLP	12/11/2025	10,098.00
14772	Rincon Truck Center, Inc	12/11/2025	1,767.96
14773	State Water Resources Control Board	12/11/2025	53,655.00
14774	Underground Service Alert of SO CA	12/11/2025	160.00
14775	UNUM Life Insurance - LTC	12/11/2025	1,050.95
14776	Vigilant LLC	12/11/2025	1,897.00
14777	Waste Management, Inc of California	12/11/2025	1,049.11
14778	Western Switches & Controls, Inc.	12/11/2025	25,438.00
14779	American TankTesting, Inc.	12/18/2025	1,860.00
14780	AT&T	12/18/2025	2,658.79
14781	AT&T Corp	12/18/2025	251.45
14782	Carollo Engineers, Inc	12/18/2025	37,870.50
14783	Citibank N.A.	12/18/2025	388.83
14784	Coast Surveying, Inc.	12/18/2025	6,668.00
14785	Colantuono, Highsmith & Whatley, PC	12/18/2025	154.00
14786	Cox Communications Inc	12/18/2025	1,708.19
14787	Employee Relations, Inc	12/18/2025	260.10
14788	Ferguson US Holdings, Inc	12/18/2025	5,283.30
14789	GHD Inc	12/18/2025	10,787.20
14790	Government Finance Officers Association	12/18/2025	350.00
14791	Hach Company	12/18/2025	6,009.54
14792	Hannah Ford	12/18/2025	34.20
14793	Harrington Industrial Plastics, LLC	12/18/2025	2,800.00
14794	Hazen and Sawyer, DPC	12/18/2025	12,799.92
14795	Irvine Pipe & Supply, Inc	12/18/2025	1,204.57
14796	Katherine Havens	12/18/2025	145.60
14797	Kathryn Freshley	12/18/2025	78.98
14798	Linde Gas & Equipment Inc	12/18/2025	209.49
14799	McClellan Wyatt	12/18/2025	751.47
14800	McMaster-Carr Supply Company	12/18/2025	132.35
14801	Michael Gaskins	12/18/2025	115.60
14802	Moulton Niguel Water District	12/18/2025	653.33
14803	MVAC, Inc	12/18/2025	15,531.59
14804	Onesource Distributors, LLC.	12/18/2025	1,090.31
14805	RapidScale, Inc	12/18/2025	2,017.62
14806	RockSpark Inc	12/18/2025	1,147.50
14807	SC Commercial LLC	12/18/2025	24,147.85
14808	Shamrock Supply Co Inc	12/18/2025	9,283.71
14809	South Coast Air Quality Management District	12/18/2025	736.57
14810	South Coast Family Medical Center, Inc	12/18/2025	5,290.00
14811	Southern California Edison Company	12/18/2025	128,811.81
14812	Southern California Gas Company	12/18/2025	693.96
14813	Springbrook Holdings Company, LLC	12/18/2025	581.75
14814	Verizon Communications Inc.	12/18/2025	5,258.95
14815	Vestis Group, Inc.	12/18/2025	1,693.30
14816	We Save Bees	12/18/2025	625.00
14817	West Yost & Associates, Inc	12/18/2025	9,118.00
14818	DMV Renewal	12/22/2025	128.00
14819	U.S. Bank National Association	12/22/2025	11,601.26

Total Checks issued from General and Payroll Accounts:

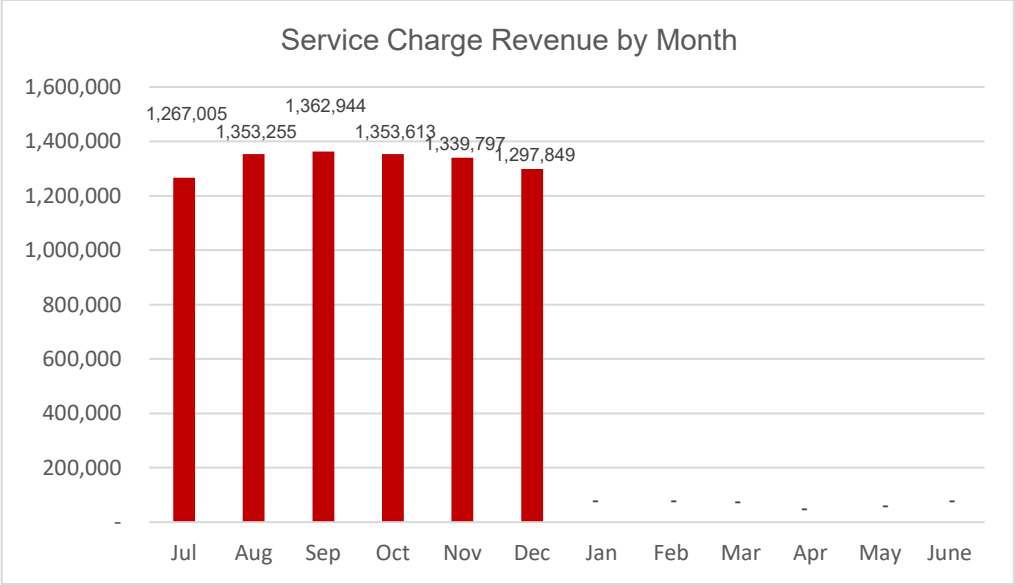
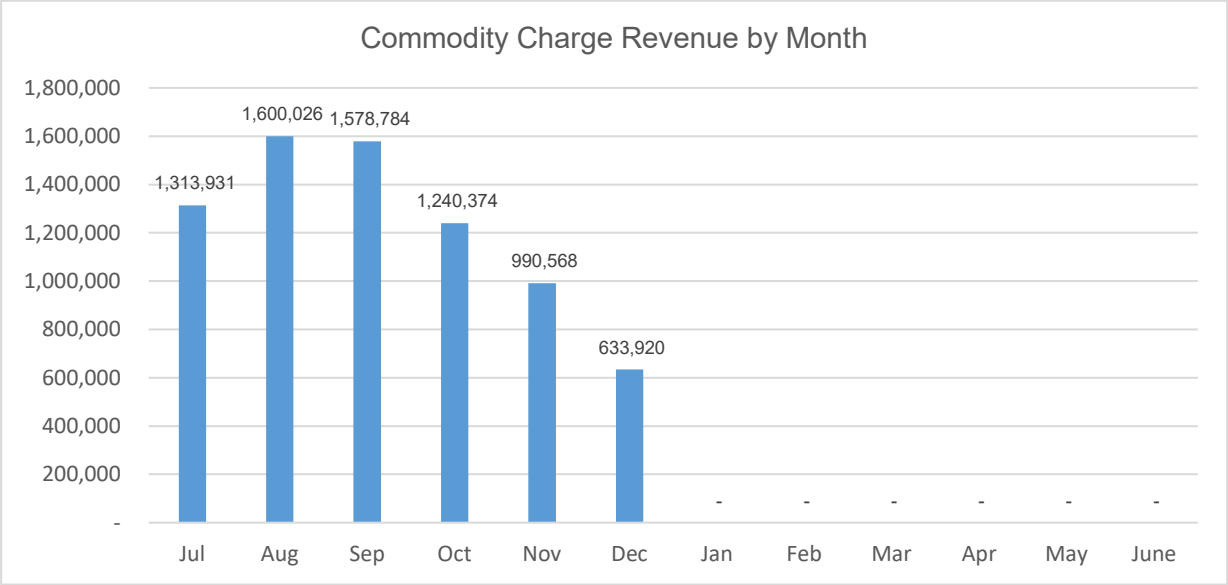
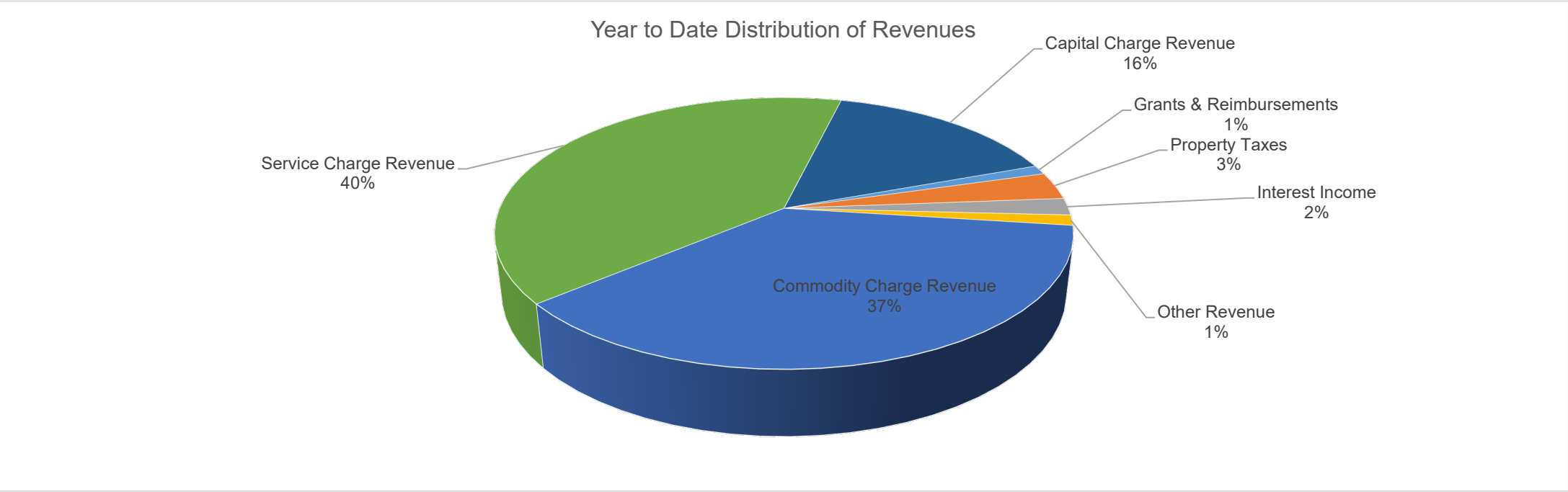
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EI Toro Water District
Check Register for the Month of December 2025

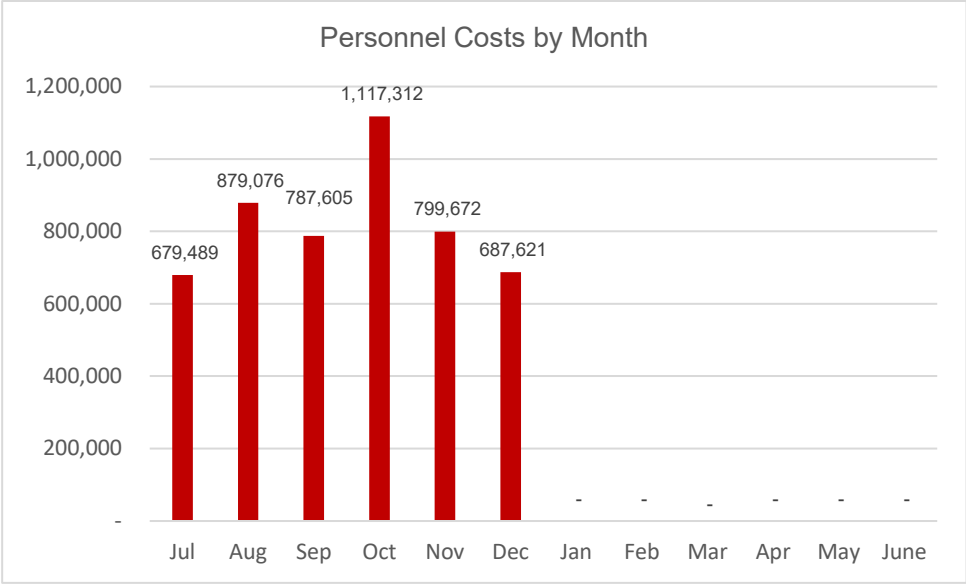
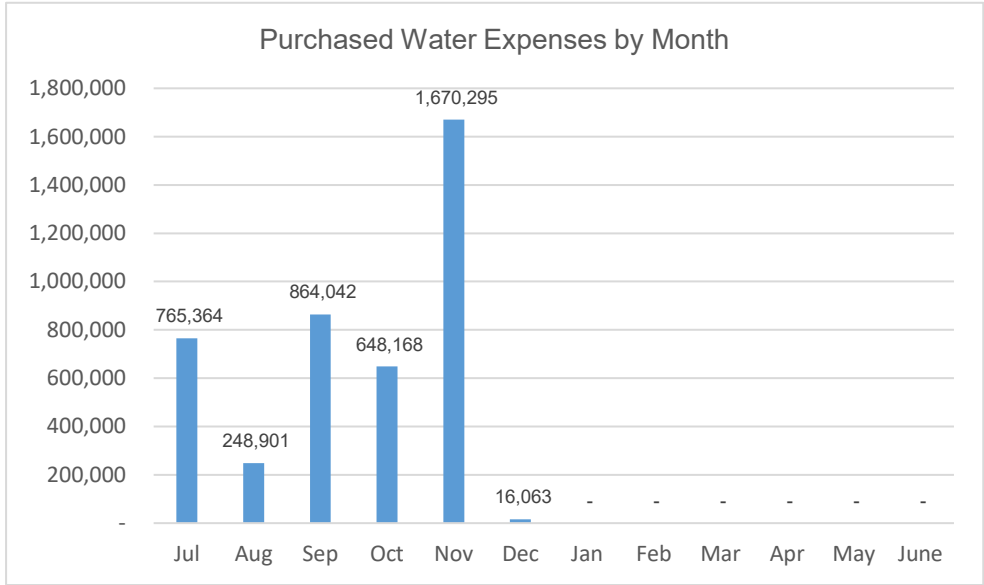
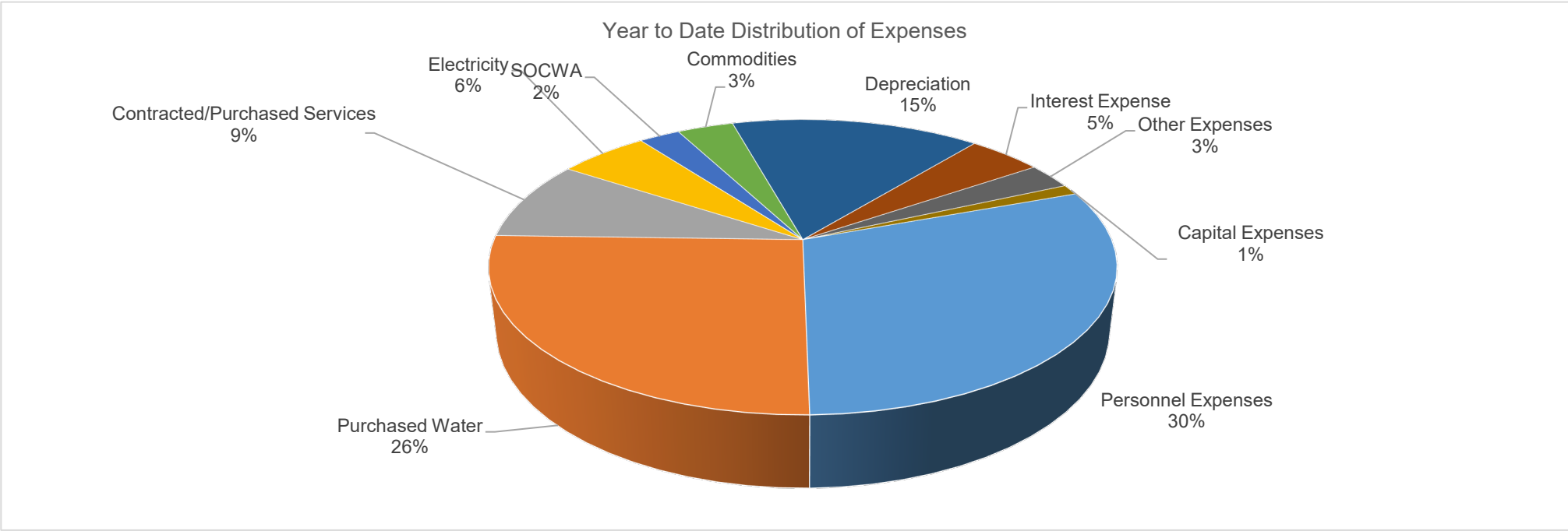
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200000003	Sunflower Bank	12/29/2025	97,592.66
300000057	ADP, Inc.	12/05/2025	423.95
300000058	ADP, Inc.	12/19/2025	466.39
300000061	ADP, Inc.	12/26/2025	455.30
300000059	US Bank Trust Company, National Association	12/12/2025	2,399.62
300000056	Xpress Solutions	12/05/2025	932.90
300000053	Health Equity	12/02/2025	45.91
300000054	Health Equity	12/08/2025	71.85
300000055	Health Equity	12/09/2025	426.18
300000060	Health Equity	12/16/2025	4.44
300000062	Health Equity	12/26/2025	3,465.00
Total ACH payments from General and Payroll Accounts:			106,284.20

Attachment 5
Revenue and Expense Charts for December 2025

Revenue Charts -December Financial Report



Expense Chart -December Financial Report



Attachment 6

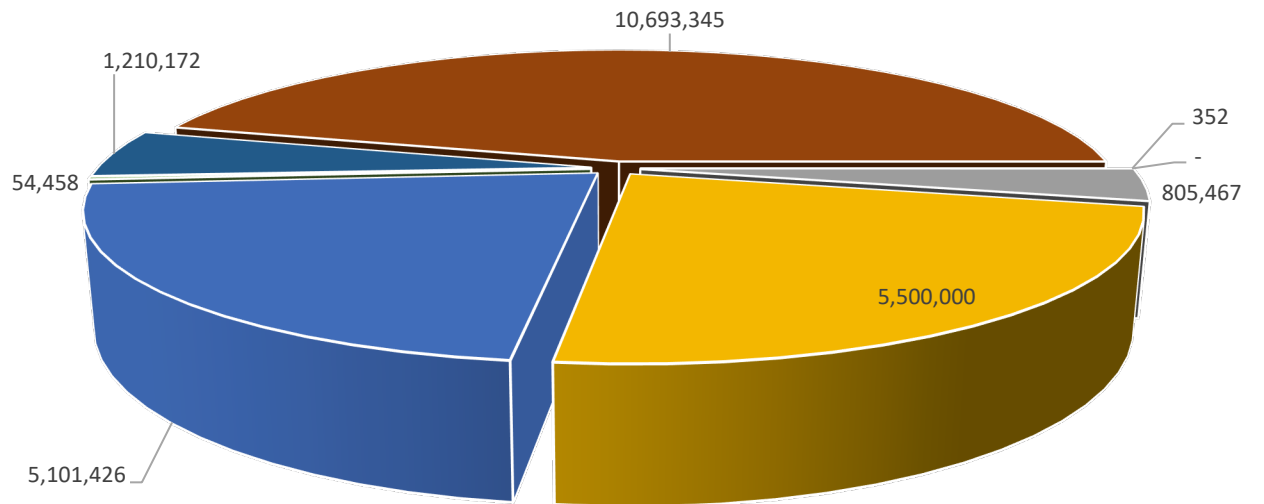
Summary of Cash & Investments at the end of December 2025

Summary of Cash & Investments
as of December 31, 2025

Summary of Cash & Investments

Cash & Equivalents	
Unrestricted - Cash & Equivalents	10,693,345
Unrestricted - Cash & Equivalents USB	1,210,172
Restricted - Cash & Equivalents	54,458
Investments	
Government Securities	5,101,426
CAMP -Term	5,500,000
Corporates Bonds/Notes	805,467
Asset Backed Securities	-
2022 Bond Money Market	352
Total Cash & Investments	23,365,219
Operating Cash & Investments	23,310,409
2022 Bond Proceeds Cash & Investments	352
Restricted - Cash & Equivalents	54,458

Summary of Cash & Investments



Cash & Equivalents

	Account Balance	Current Yield
Cash & Equivalents		
Demand Deposit Accounts		
US Bank - Checking Account	1,210,172	
US - Bank Capital Facilities Fee	54,458	
US Bank - 2022 Bond Proceeds/Interest/Principal	352	
Petty Cash	700	
Money Market Accounts		
US Bank - Money Market Account		
CAMP Money Market	4,426,252	
LAIF Money Market	6,266,393	
Total Cash & Equivalents	11,958,327	

Investments

	Purchase Cost	Par Amount	Premium/(Discount)	Market Value	Unrealized Gain/(Loss)	Coupon Rate	Yield to Maturity	Purchase Date	Maturity
Governmental Securities									
United States Treasury Bond									
US Treasury N/B - AA+	1,045,201	1,050,000	(4,799)	1,051,968	6,767	4.625%	4.90%	6/12/2024	3/15/2026
US Treasury N/B - AA+	1,026,744	1,050,000	(23,256)	1,050,285	23,540	3.625%	4.84%	6/12/2024	5/15/2026
US Treasury N/B - AA+	466,543	500,000	(33,457)	497,006	30,463	2.125%	4.20%	11/30/2022	5/31/2026
US Treasury N/B - AA+	464,531	500,000	(35,469)	493,086	28,555	2.250%	4.10%	11/30/2022	2/15/2027
US Treasury N/B - AA+	480,273	500,000	(19,727)	498,282	18,008	3.250%	4.25%	2/22/2023	6/30/2027
US Treasury N/B - AA+	502,500	500,000	2,500	505,352	2,852	4.125%	4.01%	11/30/2022	9/30/2027
US Treasury N/B - AA+	497,930	500,000	(2,070)	505,352	7,422	4.125%	4.22%	2/22/2023	9/30/2027
US Treasury N/B - AA+	485,332	500,000	(14,668)	500,098	14,765	3.500%	4.16%	2/22/2023	1/31/2028
United States Treasury Bond - Totals	4,969,055	5,100,000	(130,945)	5,101,426	132,371				

Investments (Continue)									
	Purchase Cost	Par Amount	Premium/ (Discount)	Market Value	Unrealized Gain/(Loss)	Coupon Rate	Yield to Maturity	Purchase Date	Maturity Date
Supra-National Agency Bond / Note									
Supra-National Agency Bond / Note Totals	-	-	-	-	-				
Municipal Bond / Note									
Municipal Bond / Note Totals	-	-	-	-	-				
Federal Agency Commercial Mortgage-Backed Security									
Federal Mortgage-Backed Security Totals	-	-	-	-	-				
Governmental Securities - Total Balances	4,969,055	5,100,000	(130,945)	5,101,426	132,371				
Corporate Notes									
Morgan Stanley Corp Notes	126,939	130,000	(3,062)	129,982	3,044	3.875%	5.41%	6/12/2024	1/27/2026
Caterpillar Finl Service Corp Notes	99,911	100,000	(89)	100,146	235	5.050%	5.11%	6/11/2024	2/27/2026
United Healthcare Group Inc Corp Notes	125,597	130,000	(4,403)	129,788	4,191	3.100%	5.14%	6/12/2024	3/15/2026
JPMorgan Chase & Co (Callable)	145,148	150,000	(4,853)	149,825	4,678	3.300%	5.20%	6/12/2024	4/1/2026
Bank of America Corp Notes	125,806	130,000	(4,194)	129,832	4,026	3.500%	5.35%	6/12/2024	4/19/2026
Toyota Motor Credit Corp Notes	130,074	130,000	74	130,638	564	5.200%	5.17%	6/12/2024	5/15/2026
American Express Co (Callable)	34,952	35,000	(48)	35,255	304	4.351%	4.39%	7/25/2025	7/20/2029
Corporate Bonds - Total Balances	788,426	805,000	(16,574)	805,467	17,041				

Investments (continued)									
	Purchase Cost	Par Amount	Premium/ (Discount)	Market Value	Unrealized Gain/(Loss)	Coupon Rate	Yield to Maturity	Purchase Date	Maturity Date
Asset Backed Securities									
Corporate Bonds - Total Balances	-	-	-	-	-				

Attachment 7

Cash Reserve Balances for December 2025

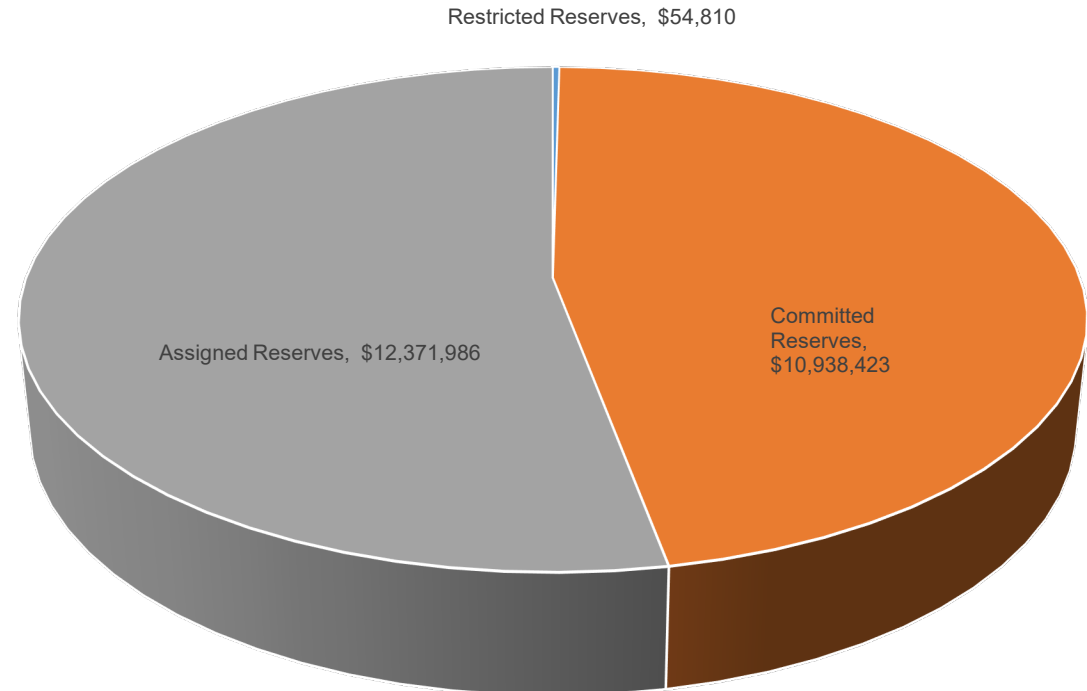
**El Toro Water District
Preliminary Cash Reserve Status Report
as of December 31, 2025**

	Cash Reserve Balances	Reserve Targets
Reconciled Cash Balance	\$ 23,365,219	
Restricted Reserves		
2022 Revenue Bonds Fund	352	-
Capital Facilities Charge Reserve	54,458	-
Sub Total Restricted Reserve	54,810	-
Committed Reserves		
Capital Construction Reserve	3,000,000	3,000,000
Rate Stabilization Reserve	2,400,000	2,400,000
Operational Continuity Reserve	2,400,000	2,400,000
Working Capital Reserve (1)	3,138,423	2,400,000
Sub Total Committed Reserves	10,938,423	10,200,000
Assigned Reserves		
CIP Reserves		
Capital Carryover	3,518,193	-
Accumulated Capital Reserve	207,633	-
CIP - Revenue Bond Unrestricted Reserve	6,118,301	-
SOCWA Capital Projects	3,627,694	-
Recycled Water Capital / Debt Service	93,671	-
Capital Plan Working Capital Reserve	2,389,794	-
Sub Total CIP Reserves	15,955,286	-
Water Supply Program Reserves		
Tiered Conservation Fund	(2,327,300)	-
Reverse Cyclic Water Purchase Program	(1,256,000)	
Sub Total Assigned Reserves	12,371,986	
Total Cash Reserves	23,365,219	
Adjusted Cash Reserves⁽²⁾	23,310,409	10,200,000

(1) Working Capital reserve amount is net of outstanding checks

(2) The Adjusted Cash Reserves excludes Capital Facilities Charge Reserve and 2022 Revenue Bond fund.

Distribution of Reserve Balances



- * The District Investment portfolio is in compliance with the District's Investment policy.
- * The District has the ability to meet its expenditure requirements for the next six months.

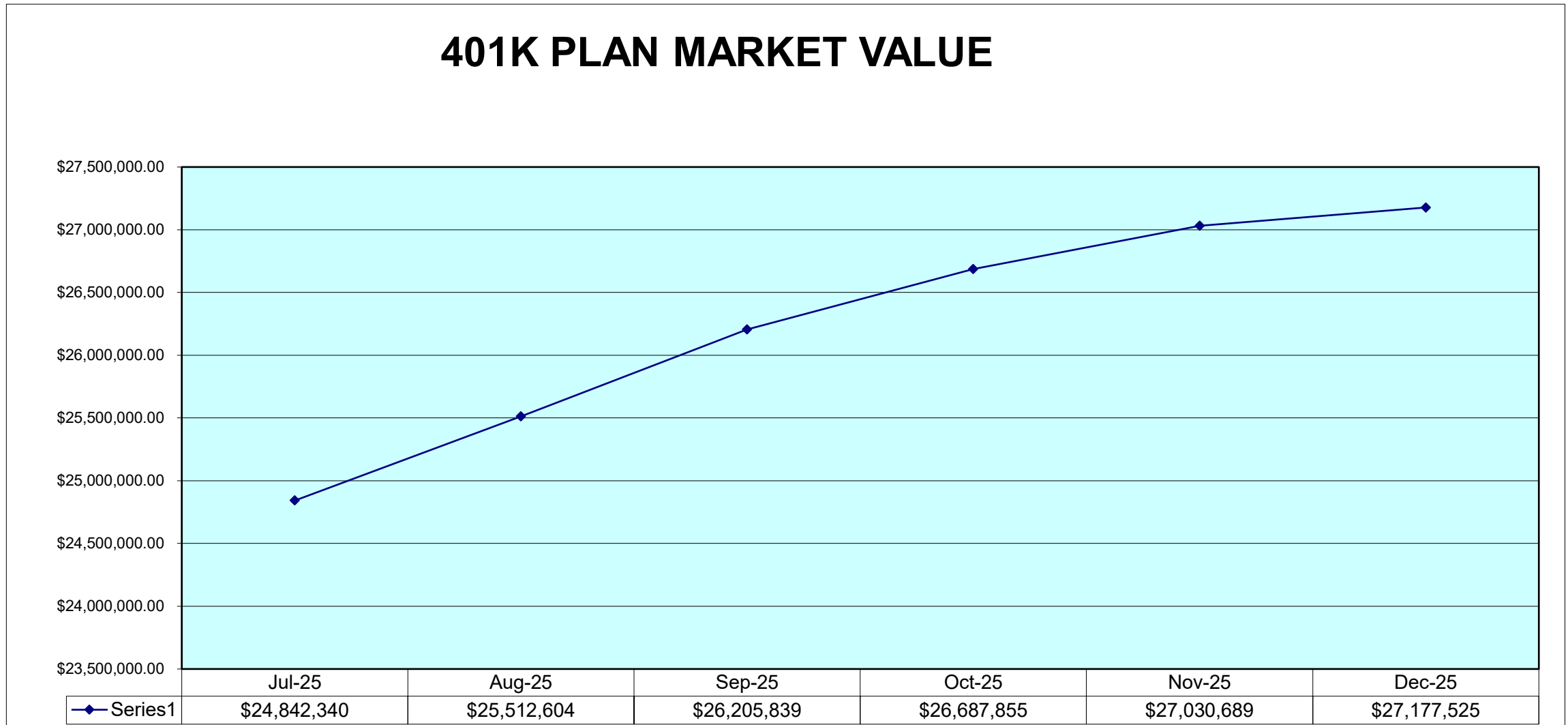
Attachment 8
Capital Project Expense Report through December 2025

2025-2026 Capital Program Budget Information

PM Task Code	Account	Total Budget	Prior Year Ending Balance	2025 - 2026 Expenses												YTD Total	Budget Remaining	
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
CAP-0014 Scum Station/Clarifiers 3 & 4	40-000-15020	80,000.00	-				12,740.00										12,740.00	67,260.00
CAP-0050 Alscot PLC Upgrade/Water	40-000-15010	31,000.00	47,449.24		1,324.54	(10,131.18)											(8,806.64)	39,806.64
CAP-0051 Sewer PLC Upgrade	40-750-66230	31,000.00	-														-	31,000.00
CAP-0052 Water Station HMI Rplmnt	40-720-66120	10,000.00	9,431.52														-	10,000.00
CAP-0053 Sewer Station HMI Rplmnt	40-750-66230	10,000.00	24,817.29														-	10,000.00
CAP-0067 Influent Pump Station Isolation Gate Actuator Replacement	40-750-66230	-	12,068.00														-	-
CAP-0069 Remittance Processing Equipment Update	40-810-66120	-	4,600.00														-	-
CAP-0070 Documentum Replacement / Corporate Intranet Development	40-820-55100	-	-			6,225.00											6,225.00	(6,225.00)
CAP-0074 Puller Cable	40-800-66120	-	-				5,818.50										5,818.50	(5,818.50)
CAP-0075 OOPS HVAC Replacement	40-000-15020	-	-			14,592.00											14,592.00	(14,592.00)
CAP-0076 R-5 Reservoir PLC Upgrade	40-000-15010	-	-			10,131.18				361.90							10,493.08	(10,493.08)
Contingency	TBD	-	-														-	-
GEN-0112 New Warehouse	40-000-15040	-	4,078,864.32														-	-
GEN-0119 Main Office Warehouse Improvements	40-000-15040	-	147,776.53			85,295.50	231,828.69	233,727.19									550,851.38	(550,851.38)
GEN-0120 Main PR Hydro Turbine		-	-														-	-
GEN-0121 Main Office Bathroom Rehab		-	-														-	-
RCE-0013 JRWSS Capital Budget	40-710-66120	24,435.00	-			110.96		185.57									296.53	24,138.47
RCE-0014 Baker WTP Capital Fund	40-810-66120	-	-					14,040.26									14,040.26	-
RCE-0015 SOCWA Capital Expenses	40-000-15020	170,571.00	-		36,646.32			(36,646.32)									-	170,571.00
RCE-0016 MNWD Regional Treatment Plant	40-000-15020	-	-					26,794.51	26,794.51								53,589.02	-
RES-0016 Moulton/EI Toro Cathodic Protection Repair	40-000-15010	218,000.00	38,060.00					2,540.00									2,540.00	215,460.00
RES-0019 R-4 Reservoir RMS Mixer Replacement	40-000-15010	-	24,308.72					45,125.00									45,125.00	(45,125.00)
RES-0020 R-6 Reservoir SCE Meter Box Replacement at Seepage and Inle	40-000-15010	-	-														-	-
RES-0021 R-6 Reservoir Southern Slope Stabilization	40-000-15010	500,000.00	7,905.73			11,120.03	(6,116.02)			20,565.55							25,569.56	474,430.44
RES-0022 R-5 Reservoir Rehabilitation	40-000-15010	194,000.00	-														-	194,000.00
RES-0023 PRV-19 Rehabilitation	40-000-15010	20,000.00	-														-	20,000.00
SLS-0115 Aliso Creek Pump Rehab 932-115	40-000-15020	-	642,632.80		924.00	5,598.25	6,605.75	33,340.00	9,118.00								55,586.00	(55,586.00)
SLS-0120 Freeway Electrical Equip Repl	40-000-15020	-	71,766.64		96,371.85												96,371.85	(96,371.85)
SLS-0121 Westline Main Switchboard Replacement	40-000-15020	113,000.00	-			5,282.40		779.22	3,228.13	27,615.09							36,904.84	76,095.16
SLS-0122 Westline Generator Unit 213 Replacement	40-000-15020	-	-														-	-
SLS-0123 4920 Lift Station Pump Replace	40-000-15020	25,000.00	-														-	25,000.00
SLS-0124 Freeway Lift Station Survey	40-000-15020	-	-					3,710.00									3,710.00	(3,710.00)
SLS-0125 Northline Lift Station Flow Meter	40-000-15020	-	-							11,536.08							11,536.08	(11,536.08)
SLS-0126 Aliso Creek VFD Replacement	40-000-15020	-	-							19,057.51							19,057.51	(19,057.51)
SPS-0050 Asset Management Study 31-050	40-840-55110	86,000.00	159,029.94			21,270.00	77,801.17			12,799.92							111,871.09	(25,871.09)
SPS-0051 Technology Master Plan	40-820-55110	-	-			500.00											500.00	(500.00)
SPS-0053 System Arc Flash Coord Study	40-840-55110	-	181,359.28							10,015.00							10,015.00	(10,015.00)
SPS-0055 Orange County Cross Connection Policy Handbook	40-710-55100	-	-														-	-
SPS-0056 Website Redesign, Hosting, and Maintenance Services	40-820-55100	-	14,400.00					18,000.00									18,000.00	(18,000.00)
SPS-0059 Potable Reuse Implementation	40-710-55100	-	-														-	-
SPS-0060 Energy Consulting Services	40-840-55110	-	22,441.52														-	-
SPS-0062 Radio Communications Conversion from Cellular	40-000-15040	70,000.00	-														-	70,000.00
TBD General Studies Fund	TBD	30,000.00	-														-	30,000.00
TCP-0009 WEROC Radios	40-000-15040	24,000.00	-														-	24,000.00
TCP-0010 Satellite Phones	40-820-66120	5,000.00	-														-	5,000.00
TCP-0011 Cyber Security Improvements	40-820-55100	15,000.00	-														-	15,000.00
VEH-0014 Solids Hauling Trailer	40-000-15020	307,000.00	-					197,845.83									197,845.83	109,154.17
VEH-TBD Vehicle Purchases	TBD	64,000.00	-														-	64,000.00
WPS-0095 P-3 Pump Station Rehab	40-000-15010	-	-														-	-
WPS-0099 P-1 Battery Project	40-000-15010	900,000.00	54,702.84		2,166.41												2,166.41	897,833.59
WPS-0100 Shandandah BS Pump & Motor	40-000-15010	198,000.00	-														-	198,000.00
WPS-0101 P-3 Motor Replacement	40-000-15010	15,000.00	-							6,020.83							6,020.83	8,979.17
WPS-0102 P-1 Chlorine Tank Replacement	40-000-15010	22,000.00	24,513.20														-	22,000.00
WRP-0134 Hach WIMS Implementation Proje	40-000-15020	-	40,410.00														-	-
WRP-0137 Tertiary Disinfection Optimization Project	40-000-15030	148,000.00	97,910.66			18,247.71		7,272.06	18,409.49								43,929.26	104,070.74
WRP-0142 Headworks and Secondary Clarifier No. 1 Rehabilitation	40-000-15020	4,785,000.00	824,836.10		8,648.50	21,509.00		165,982.55	99,067.50								295,207.55	4,489,792.45
WRP-0143 New Turbo Blower	40-000-15020	-	520,705.00		25,508.91	4,342.33	2,192.71	2,610.00									34,653.95	(34,653.95)
WRP-0144 OOPS MCC and Valve Rehabilitation Project	40-000-15020	-	41,821.18														-	-
WRP-0147 DAF No 1 MCC Replacement	40-000-15020	-	73,406.47		27,759.00	(7,199.00)											20,560.00	(20,560.00)
WRP-0149 ETM Trail Bridge Mitigation Project	40-000-15020	-	3,997.86														-	-
WRP-0150 IPS Check Valve Replacement	40-000-15020	-	19,901.43														-	-
WRP-0151 Secondary Clarifier No. 3 and 4 Drive Replacement	40-000-15020	-	135,185.17		25,047.50	1,037.06	60,883.00			242.44							87,210.00	(87,210.00)
WRP-0152 OOPS Motor Rehabilitation	40-000-15020	-	25,377.93		25,930.04												25,930.04	(25,930.04)
WRP-0154 OOPS Battery Project	40-000-15020	-	38,469.83		2,166.40												2,166.40	(2,166.40)
WRP-0155 Regional ETM Reliability and Resilience Project	40-000-15020	-	-														-	-
WRP-0156 DAF No. 2 Transformer Replacement Project	40-000-15020	-	-			7,199.00											7,199.00	(7,199.00)
Gross project cost excludes labor		8,096,006	7,388,149.20	0.00	252,493.47	240,255.24	604,777.04	506,237.78	215,751.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,819,515.33	6,344,119.95
Carryover Project Fund		852,215.00	-		98,620.39	62,841.61	220,510.80	36,753.70	47,109.99									465,836.49
2025-26 CIP Budget		3,823,982.00	-		7,099.15	32,390.03	66,752.41	165,982.55	138,453.80									410,677.94
Bond CIP Unrestricted Funds		2,213,259.00	-		45,294.82	21,509.00	(36,646.32)	-	-									30,157.50
Recycle Capital Projects		148,000.00	-		-	18,247.71	-	7,272.06	18,409.49									43,929.26
MNWD Payout		1,000,000.00	-		-	-	-	-	-									-
Accumulated Capital/Grants		869,750.00	-		-	-	-	-	-									-
Accumulated Capital Funds		-	-		106,411.85	105,266.89	322,432.90	296,229.47	11,778.52									842,119.63
		8,907,206.00	-		257,426.21	240,255.24	573,049.79	506,237.78	215,751.80	-	-	-	-	-	-	-		1,79

Attachment 9
Interim Report on 401k Plan Holdings
As of December 2025

Page 8
EL TORO WATER DISTRICT
 401K PLAN SUMMARY



MARKET VALUE SUMMARY							
	Under 41 yrs. Old	41 to 48 yrs. Old	49 to 55 yrs. Old	56 to 58 yrs. Old	59 to 62 yrs. Old	63 to 65 yrs. Old	Over 65 yrs. Old
Balance at June 30, 2025	\$2,779,712.25	\$3,692,847.59	\$2,903,472.36	\$3,904,515.38	\$5,874,750.66	\$1,558,231.69	\$3,819,217.18
	Under 41 yrs. Old	41 to 48 yrs. Old	49 to 55 yrs. Old	56 to 58 yrs. Old	59 to 62 yrs. Old	63 to 65 yrs. Old	Over 65 yrs. Old
Balance at December 31, 2025	\$3,309,261.83	\$4,168,819.95	\$3,200,633.40	\$3,428,310.02	\$7,237,238.85	\$509,323.50	\$5,323,937.14

District Staff is working with Highmark and Empower to design a new 401k report. Once the data for the portfolios is being generated by Empower, the District portfolio information by age group will be updated.

Investments	Beginning Balance	Contributions	Withdrawals	Interest, Dividends and Appreciation Net of Fees & Charges	Ending Balance
American Beacon AHL Mgd Futs Strat A	521,189.88	336.02	0.00	-212307.63	309,218.27
Cohen & Steers Instl Realty Shares	984,512.93	4,510.72	0.00	10823.62	999,847.27
Columbia Contrarian Core Instl 3	2,133,503.75	11,796.52	0.00	11264.94	2,156,565.21
DFA Large Cap International I	1,515,069.31	8,766.67	0.00	132,163.63	1,655,999.61
Dodge & Cox Income - I	3,737,275.70	15,018.62	0.00	12,478.21	3,764,772.53
Dodge & Cox International Stock - I	328,982.69	2,263.79	0.00	8,771.48	340,017.96
Dodge & Cox Stock - I	1,100,661.54	5,839.73	0.00	-13,364.56	1,093,136.71
DoubleLine Core Fixed Income R6	3,736,774.17	15,022.38	0.00	16,295.97	3,768,092.52
Emerald Growth Institutional	519,340.91	3,102.45	0.00	-16,784.39	505,658.97
Guaranteed Income Fund	818,538.00	3,379.82	0.00	5,552.84	827,470.66
Harbor Capital Appreciation Retirement	1,052,641.85	6,751.16	0.00	-7,859.13	1,051,533.88
Lazard Global Listed Infrs Port Inst	636,224.66	3,988.48	0.00	58,808.22	699,021.36
MFS International Growth R6	316,915.59	1,831.13	0.00	3,745.61	322,492.33
Nomura Small Cap Core R6	754,917.74	3,635.89	0.00	-2,963.27	755,590.36
PGIM Total Return Bond R6	1,913,624.37	7,655.36	0.00	5,153.34	1,926,433.07
PIMCO Income Instl	378,882.21	1,667.99	0.00	1,279.74	381,829.94
PIMCO RAE US Instl	1,148,233.07	5,839.73	0.00	-48,765.52	1,105,307.28
Undiscovered Mgrs Behavioral Value R6	458,741.92	2,935.20	0.00	15,355.29	477,032.41
Vanguard Emerging Mkts Stock Idx Adm	615,192.15	4,075.57	0.00	8,731.93	627,999.65
Vanguard Growth & Income Adm	2,163,893.19	12,396.10	0.00	-1,813.16	2,174,476.13
Vanguard Growth Index Adm	922,739.22	6,471.48	0.00	-4,539.64	924,671.06
Vanguard Long-Term Investment-Grade Adm	996,446.63	4,793.90	0.00	30,611.06	1,031,851.59
Vanguard Mid Cap Index Fund - Admiral	276,387.20	1,853.54	0.00	265.18	278,505.92
Grand Total	27,030,688.68	133,932.25	0.00	12,903.76	27,177,524.69



STAFF REPORT

To: Board of Directors

Meeting Date: January 19, 2026

From: Dennis Cafferty, General Manager

Subject: El Toro Water District Investment Policy

Attached for the Board's review and consideration for approval are a redlined version and clean version (attached to Resolution 26-1-2 as Exhibit A) of the El Toro Water District Investment Policy (Section 6080 of the District Administrative Code).

The Investment Policy has been reviewed by staff as well as PFM, the District's investment advisor. The PFM memo summarizing their review is attached for reference. The proposed revisions to the policy are summarized as follows:

- Minor grammatical or format changes to Section 2, 8-L, 10 and 11
- Addition of language in Section 6 reflecting the recent SB 827 requirements for fiscal and financial training
- Revision of the allowable maturity for commercial paper from 270 days to 397 days to be better aligned with California Government Code.
- Addition of required review by the General Manager in addition to the CFO and Board on an annual basis.

Recommended Action: The Board of Directors will consider adopting Resolution 26-1-2 which adopts amendments to Section 6080 of the El Toro Water District Administrative Code.

RESOLUTION NO. 26-1-2

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EL TORO WATER DISTRICT
ADOPTING AMENDMENTS TO SECTION 6080 OF THE
EL TORO WATER DISTRICT ADMINISTRATIVE CODE

Attachments

- PFM Memo
- Resolution 26-1-2
- Revised El Toro Water District Administrative Code Section 6080 – Investment Policy (Clean Copy).
- Redlined El Toro Water District Administrative Code Section 6080 – Investment Policy

Memorandum

To: Vishav Sharma, CFO
Dennis Cafferty, General Manager / District Engineer
El Toro Water District

From: Monique Spyke, Managing Director
Robert Montoya, Institutional Relationship Manager
PFM Asset Management

Re: 2026 Investment Policy Review

At your request, we reviewed the El Toro Water District's (the "District") Investment Policy (the "Policy") as part of the District's annual review process. The current Policy is comprehensive and is in compliance with the current California Government Code ("Code") statutes regulating the investment of public funds.

A few recommendations we've made for the policy to be better aligned with California Government Code are the following: SB 858 will extend the allowable maturity for commercial paper from 270 days to 397 days starting January 1st, 2026. The change comes for there to be consistency with SEC Rule 2a-7, enhanced investment flexibility and modernization of statutes.

In addition, SB 827 made amendments to Code Section 53238.2, pertaining to fiscal and financial training requirements for local agency officials, which mandates that:

- All local agency officials serving prior to January 1, 2026, complete the required training by January 1, 2028, unless their term ends before January 9, 2028.
- All local agency officials commencing service on or after January 1, 2026, complete the required training within six months of assuming office.
- All local agency officials complete refresher training at least once every two years thereafter.

In Policy Section Six: *ETHICS AND CONFLICTS OF INTEREST*, we recommend incorporating language that explicitly addresses this requirement to ensure statutory compliance of District officials and employees.

Please let us know if you have any questions or if you would like to discuss further.

PFM Asset Management serves clients in the public sector and is a division of U.S. Bancorp Asset Management, Inc., which is the legal entity providing investment advisory services. U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

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RESOLUTION NO. 26-1-2

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EL TORO WATER DISTRICT
ADOPTING AMENDMENTS TO SECTION 6080 OF THE
EL TORO WATER DISTRICT ADMINISTRATIVE CODE**

WHEREAS, the Board of Directors of the El Toro Water District deems it to be in the best interest of the District to amend Administrative Code Section 6080 regarding the El Toro Water District's Investment Policy; and

WHEREAS, the Board of Directors of the El Toro Water District has reviewed the amended policy as set forth in Exhibit "A" which is attached hereto and incorporated by this reference.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the El Toro Water District does hereby adopt El Toro Water District Administrative Code Section 6080 - Investment Policy, as amended and set forth in Exhibit "A", which is attached hereto, effective January 19, 2026.

ADOPTED, SIGNED AND APPROVED this 19th day of January 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Kathryn Freshley, President
El Toro Water District and of the
Board of Directors thereof

ATTEST:

DENNIS P. CAFFERTY, Secretary
El Toro Water District and of the
Board of Directors thereof

Exhibit "A"

§6080 **INVESTMENT POLICY**

1. **Policy**

It is the duty of the El Toro Water District (“ETWD” or the “District”) to invest ETWD funds in a manner that is consistent with safe and prudent management to maximize yield while preserving safety and liquidity. Cash in excess of immediate operating requirements shall be invested in institutions meeting all legal requirements for the deposit of public funds.

The primary objectives of this Investment Policy are to maintain a mix of investments that:

- A. Preserves the safety of the District’s funds;
- B. Provides liquidity to meet the daily cash flow needs of the District;
- C. Obtains the highest return on investments available after ensuring the safety and liquidity of the District’s funds.

2. **Scope**

This Investment Policy applies to all financial assets of ETWD. These funds are accounted for in ETWD’s Books & Records and Annual Financial Report and include:

- A. General Funds
- B. Capital Project Funds
- C. Other Funds as Approved by the Board

Bond proceeds shall be invested in the securities permitted by the applicable bond documents. If the bond documents are silent as to the permitted investments, bond proceeds will be invested in the securities permitted by this policy. Notwithstanding the other provisions of this policy, the percentage or dollar portfolio limitations listed elsewhere in this policy do not apply to bond proceeds. In addition to the securities listed in Section 8, bond proceeds may be invested in a structured investment product if approved by the Chief Financial Officer.

3. **Standard of Care**

The Standard of Care to be used by all participants in the investment process shall be the "Prudent Investor Standard" as set forth in Government Code Section 53600.3 and shall be applied in the context of managing an overall portfolio. Investments shall be made with care, skill, prudence and diligence under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of ETWD. Investments shall be made in a manner that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and like aims.

Investment Officers acting in accordance with this written procedure and Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and that appropriate action is taken to control adverse developments. Collectively, the General Manager and the Chief Financial Officer are hereby defined as Investment Officers.

4. **Objective**

In accordance with Government Code Section 53600.5, the primary objectives, in priority order, for ETWD's Investment activities shall be as follows:

- a. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of ETWD funds shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required so that potential losses on individual securities are minimal in comparison to the overall portfolio and do not exceed the income generated from the remainder of the portfolio.
- b. **Liquidity:** ETWD's investment portfolio will remain sufficiently liquid to enable ETWD to meet all reasonably anticipated operating requirements.
- c. **Return on Investment:** ETWD's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account ETWD's investment risk constraints and the cash flow characteristics of the portfolio.

5. **Delegation of Authority**

Authority to manage ETWD's Investment Program is derived from the approval of Resolution 85-3-1 which adopted the Investment Policy as well as a series of superseding resolutions adopting periodic updates to the Investment Policy. Management responsibility for the program is hereby delegated to the Chief Financial Officer of ETWD until such time as the Board may decide to change the delegation of management responsibility. The Chief Financial Officer, through the approval of this Investment Policy, has established procedures for the operation of the Investment Program. No person may engage in an investment transaction except as provided under the terms of this policy and other procedures that may be established by the Chief Financial Officer.

As authorized by the Board of Directors, ETWD may engage an Investment Advisor to assist with its investment program. The Investment Advisor shall be responsible for all transactions undertaken. Investments made by the Investment Advisor will conform to this Policy and the limitations of the Government Code. The Chief Financial Officer shall provide monitoring and oversight of the investments made by the Investment Manager.

6. **Ethics and Conflicts of Interests**

Investment Officers, Board Members and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Board Members and employees involved in the investment process shall disclose to the General Manager any material financial interests in financial institutions that conduct business with the District, and they shall further disclose any personal financial/investment positions that could be related to the performance of ETWD's portfolio. Affected Employees and Investment Officers shall sub-ordinate their personal investment transactions to those of ETWD, particularly with regard to the time of purchases and sales. The General Manager, Chief Financial Officer, affected employees, and the Investment Advisor, if one is used, will be required to prepare an Annual Conflict of Interest Statement (FPPC Form 700). Further, in compliance with California Government Code Section 53238.2, all agency officials and employees with investment responsibilities shall complete fiscal and financial training as required by law.

7. **Authorized Financial Institutions**

No public deposit shall be made except in a qualified public depository as established by state laws.

If Broker/Dealers are required to complete a transaction, they should be associated with Primary Dealers. For transactions initiated through the Investment Advisor, the firm may use their own list of approved Broker/Dealers and financial institutions, which it will maintain and review periodically.

8. **Authorized and Suitable Investments**

Sections 53600 et. seq. of the California Government Code provides basic investment limits and guidelines for government entities. In the event an apparent discrepancy is found between this policy and the Government Code, the more restrictive parameters will take precedence.

- A. U.S. Treasury Instruments.** United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States is pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio invested in this category.

- B. Federal Agency and Instrumentality Securities.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio invested in this category.

C. Supra-nationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by a Nationally Recognized Statistical Rating Organization (“NRSRO”) and shall not exceed 30% of the portfolio.

D. Municipal Debt. Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state.

Bonds, notes, warrants, or other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Purchases are limited to securities rated in a rating category of “A” or its equivalent or better by an NRSRO. A maximum of 10% of ETWD’s portfolio may be invested in this category.

E. Medium-Term Notes. Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities rated in a rating category of “A” or its equivalent or better by an NRSRO. A maximum of 30% of ETWD’s portfolio may be invested in this category.

F. Asset-Backed Securities. Asset-backed securities include mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, and consumer receivable-backed bonds. For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (A) or (B) above, the following limitations apply:

1. The security must be rated in a rating category of “AA” or its equivalent or better by an NRSRO and have a maximum remaining maturity of 5 years or less.
2. A maximum of 20% of the portfolio may be invested in this category.

- G. Commercial Paper.** Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions:
1. Is organized and operating in the United States as a general corporation
 2. Has total assets in excess of five hundred million dollars (\$500,000,000)
 3. Has debt other than commercial paper that is rated in a rating category of “AA” or its equivalent or better by an NRSRO. Eligible commercial paper shall have a maximum maturity of 397 days or less and not represent more than 10% of the outstanding paper of an issuing corporation.
 4. A maximum of 25% of ETWD’s portfolio may be invested in this category.
- H. Negotiable Certificates of Deposit.** Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to institutions which have long-term debt rated in a rating category of “A” or its equivalent or better by an NRSRO; and/or have short-term debt rated “A-1” or its equivalent or better by an NRSRO. A maximum of 30% of ETWD’s portfolio may be invested in this category.
- I. Placement Service Deposit.** Deposit placed through a deposit placement service shall meet the requirements under Government Code Section 53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by Federal Deposit Insurance. A maximum of 30% of ETWD’s portfolio may be invested in this category.
- J. State of California’s Local Agency Investment Fund (LAIF).** If ETWD has funds invested in LAIF, ETWD shall maintain on file LAIF’s current investment policy and its requirements for participation, including limitations on deposits or withdrawals. In addition, ETWD’s investments in LAIF should be reviewed periodically. A maximum of \$30 million dollars may be invested in the State pool.
- K. Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following). The company shall have met either of the following criteria:
1. Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

2. Retained an investment adviser registered or exempt from registration with the SEC with not less than 5 years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).
3. A maximum of 10% of ETWD's portfolio may be invested in this category.

L. California Asset Management Program (CAMP). If ETWD has funds invested in CAMP, ETWD shall maintain on file CAMP's current investment policy and its requirements for participation, including limitations on deposits and withdrawals. In addition, ETWD's investments in CAMP should be reviewed periodically. A maximum of 60% of ETWD's portfolio may be invested in this category.

M. Bank Deposits. FDIC insured or fully collateralized demand deposit accounts, savings accounts, market rate accounts, time certificates of deposits ("TCDs") or other bank deposits in financial institutions located in California. The amount on deposit in any financial institution shall not exceed the shareholder's equity. To be eligible to receive ETWD deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Redevelopment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Government Code Section 53630 et. seq.

The Chief Financial Officer, at his/her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. ETWD shall have a signed agreement with any depository accepting ETWD funds per Government Code Section 53649. The maximum maturity of TCDs is one (1) year and the District should limit its investment in a TCD to \$250,000 per institution to protect the investment through FDIC insurance unless a collateral agreement covering the TCD is in place with the Institution. A maximum of 20% of ETWD's portfolio may be invested in TCDs.

9. Safekeeping and Custody

All cash and securities in ETWD's portfolio, including those that are being managed by the Investment Advisor, shall be held in ETWD's name. All deliverable securities shall be held by a third-party bank trust department, acting as agent for the ETWD under the terms of a custody agreement executed by the bank and ETWD. If an Investment Advisor is used by ETWD, they may never take possession of ETWD's cash or assets.

All deliverable securities will be received and delivered using standard delivery-versus-payment (DVP) procedures. ETWD's third-party bank trust department will only release payment for a security after the security has been properly delivered. The only exception to the foregoing shall be depository accounts and

securities purchases made with (i) local government investment pools; (ii) bank deposits; and, (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of each these investments will be held by ETWD.

10. Diversification

The purpose of Diversification is to reduce overall portfolio risks while obtaining Market Average Rates of return and avoiding losses. The investment portfolio shall be diversified among security types, issuers and maturities to prevent incurring unreasonable and avoidable risks regarding specific security types, individual financial institutions or maturity segments. In addition to the percentage limitations specified in Section 8 Permitted Investments, the maximum amount of the portfolio ETWD may invest with any one issuer in the following categories (Medium-Term Notes, Asset-Backed Securities, Commercial Paper, Bankers' Acceptances, and Negotiable Certificates of Deposit) is 3%. In addition, the maximum amount of the portfolio ETWD may invest in these categories in aggregate is limited to 40%.

Percentage holding and diversification limits listed in this Policy apply at the time the security is purchased. If a holding or diversification limit listed in this Policy is exceeded due to a subsequent change in this Policy or in the portfolio's size, those securities may be held to maturity while still remaining in compliance with this Policy.

11. Maximum Maturities

To the extent possible, ETWD will attempt to match its investments with anticipated cash flow requirements. The maximum maturity of individual investments shall not exceed the limits set forth in Section 8. Where no maturity limit is stated, no investment shall exceed a maturity of five years from the date of purchase unless the Board of Directors has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board of Directors no less than three months prior to the investment.

Reserve funds may be invested in securities exceeding (2) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

12. Internal Control

The Chief Financial Officer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

13. Performance Standards

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account ETWD's investment risk constraints and cash flow needs.

Market Yield (Benchmark): ETWD's investment strategy is active. Given this strategy, the Chief Financial Officer or the Investment Advisor, shall select an appropriate, readily available index to use as a performance benchmark.

14. Reporting

The Chief Financial Officer is charged with the responsibility of providing monthly reports to the Board. The monthly reports shall encompass all investments and monies held by ETWD, and/or under management of any outside party and shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, current market value on all securities (including the source of this valuation), a statement that the portfolio is in compliance with this policy or the manner in which it is not in compliance and a statement that ETWD has the ability to meet its expenditure requirements for the next six months or an explanation as to why sufficient money may not be available. The Chief Financial Officer shall report whatever additional information or data the Board may deem necessary.

Credit Ratings Changes

In the event a security held by ETWD is subject to a rating change that brings it below the minimum credit ratings specified in this policy, the Chief Financial Officer should notify the Board of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further rate drops, and the market price of the security.

15. Investment Policy Adoption

ETWD's investment policy shall be adopted by resolution of the ETWD's Board of Directors. The policy shall be reviewed on an annual basis by the General Manager, the Chief Financial Officer and the Board of Directors. Any modifications made thereto must be approved in the form of a resolution by the Board of Directors.

R 91-02-02 02/02/91; R 94-02-02 02/16/94; R 95-02-16 02/16/95; R 95-12-04 12/21/95;
R 98-02-01 02/19/98; R 00-02-01 02/17/00; R 01-15-01 11/15/01; R 02-09-01 09/19/02;
R 03-04-02 04/24/03; R 04-04-01 04/22/04; R 05-02-01 02/04/05; R 08-9-1 09/23/08;
R 11-9-3 09/22/11; R 15-9-1 09/24/15; R 16-9-1 09/22/16; R 17-9-1 09/26/17; R 20-1-3 01/21/20;
R 21-1-1 01/25/21; R 22-1-3 01/24/22; R 24-2-1 02/20/24; R 26-1-2 01/19/26

REDLINE REVISIONS TO

§6080

INVESTMENT POLICY

§6080 **INVESTMENT POLICY**

1. Policy

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2. Scope

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- a. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of ETWD funds shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required so that potential losses on individual securities are minimal in comparison to the overall portfolio and do not exceed the income generated from the remainder of the portfolio.
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As authorized by the Board of Directors, ETWD may engage an Investment Advisor to assist with its investment program. The Investment Advisor shall be responsible for all transactions undertaken. Investments made by the Investment Advisor will conform to this Policy and the limitations of the Government Code. The Chief Financial Officer shall provide monitoring and oversight of the investments made by the Investment Manager.

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- B. Federal Agency and Instrumentality Securities.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio invested in this category.

C. Supra-nationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by a Nationally Recognized Statistical Rating Organization (“NRSRO”) and shall not exceed 30% of the portfolio.

D. Municipal Debt. Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state.

Bonds, notes, warrants, or other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Purchases are limited to securities rated in a rating category of “A” or its equivalent or better by an NRSRO. A maximum of 10% of ETWD’s portfolio may be invested in this category.

E. Medium-Term Notes. Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities rated in a rating category of “A” or its equivalent or better by an NRSRO. A maximum of 30% of ETWD’s portfolio may be invested in this category.

F. Asset-Backed Securities. Asset-backed securities include mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, and consumer receivable-backed bonds. For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (A) or (B) above, the following limitations apply:

1. The security must be rated in a rating category of “AA” or its equivalent or better by an NRSRO and have a maximum remaining maturity of 5 years or less.
2. A maximum of 20% of the portfolio may be invested in this category.

- G. Commercial Paper.** Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions:
1. Is organized and operating in the United States as a general corporation
 2. Has total assets in excess of five hundred million dollars (\$500,000,000)
 3. Has debt other than commercial paper that is rated in a rating category of “AA” or its equivalent or better by an NRSRO. Eligible commercial paper shall have a maximum maturity of ~~270~~397 days or less and not represent more than 10% of the outstanding paper of an issuing corporation.
 4. A maximum of 25% of ETWD’s portfolio may be invested in this category.
- H. Negotiable Certificates of Deposit.** Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to institutions which have long-term debt rated in a rating category of “A” or its equivalent or better by an NRSRO; and/or have short-term debt rated “A-1” or its equivalent or better by an NRSRO. A maximum of 30% of ETWD’s portfolio may be invested in this category.
- I. Placement Service Deposit.** Deposit placed through a deposit placement service shall meet the requirements under Government Code Section 53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by Federal Deposit Insurance. A maximum of 30% of ETWD’s portfolio may be invested in this category.
- J. State of California’s Local Agency Investment Fund (LAIF).** If ETWD has funds invested in LAIF, ETWD shall maintain on file LAIF’s current investment policy and its requirements for participation, including limitations on deposits or withdrawals. In addition, ETWD’s investments in LAIF should be reviewed periodically. A maximum of \$30 million dollars may be invested in the State pool.
- K. Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following). The company shall have met either of the following criteria:
1. Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

2. Retained an investment adviser registered or exempt from registration with the SEC with not less than 5 years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).
3. A maximum of 10% of ETWD's portfolio may be invested in this category.

L. California Asset Management Program (CAMP). If ETWD has funds invested in CAMP, ETWD shall maintain on file CAMP's current investment policy and ~~it's~~ requirements for participation, including limitations on deposits and withdrawals. In addition, ETWD's investments in CAMP should be reviewed periodically. A maximum of 60% of ETWD's portfolio may be invested in this category.

M. Bank Deposits. FDIC insured or fully collateralized demand deposit accounts, savings accounts, market rate accounts, time certificates of deposits ("TCDs") or other bank deposits in financial institutions located in California. The amount on deposit in any financial institution shall not exceed the shareholder's equity. To be eligible to receive ETWD deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Redevelopment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Government Code Section 53630 et. seq.

The Chief Financial Officer, at his/her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. ETWD shall have a signed agreement with any depository accepting ETWD funds per Government Code Section 53649. The maximum maturity of TCDs is one (1) year and the District should limit its investment in a TCD to \$250,000 per institution to protect the investment through FDIC insurance unless a collateral agreement covering the TCD is in place with the Institution. A maximum of 20% of ETWD's portfolio may be invested in TCDs.

9. Safekeeping and Custody

All cash and securities in ETWD's portfolio, including those that are being managed by the Investment Advisor, shall be held in ETWD's name. All deliverable securities shall be held by a third-party bank trust department, acting as agent for the ETWD under the terms of a custody agreement executed by the bank and ETWD. If an Investment Advisor is used by ETWD, they may never take possession of ETWD's cash or assets.

All deliverable securities will be received and delivered using standard delivery-versus-payment (DVP) procedures. ETWD's third-party bank trust department will only release payment for a security after the security has been properly delivered. The only exception to the foregoing shall be depository accounts and

securities purchases made with (i) local government investment pools; (ii) bank deposits; and, (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of each these investments will be held by ETWD.

10. Diversification

The purpose of Diversification is to reduce overall portfolio risks while obtaining Market Average Rates of return and avoiding losses. The investment portfolio shall be diversified among security types, issuers and maturities to prevent incurring unreasonable and avoidable risks regarding specific security types, individual financial institutions or maturity segments. In addition to the percentage limitations specified in Section 8-0 Permitted Investments, the maximum amount of the portfolio ETWD may invest with any one issuer in the following categories (Medium-Term Notes, Asset-Backed Securities, Commercial Paper, Bankers' Acceptances, and Negotiable Certificates of Deposit) is 3%. In addition, the maximum amount of the portfolio ETWD may invest in these categories in aggregate is limited to 40%.

Percentage holding and diversification limits listed in this Policy apply at the time the security is purchased. If a holding or diversification limit listed in this Policy is exceeded ~~due~~ due to a subsequent change in this Policy or in the portfolio's size, those securities may be held to maturity while still remaining in compliance with this Policy.

11. Maximum Maturities

To the extent possible, ETWD will attempt to match its investments with anticipated cash flow requirements. The maximum maturity of individual investments shall not exceed the limits set forth in Section 8-0. Where no maturity limit is stated, no investment shall exceed a maturity of five years from the date of purchase unless the Board of Directors has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board of Directors no less than three months prior to the investment.

Reserve funds may be invested in securities exceeding (2) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

12. Internal Control

The Chief Financial Officer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

13. Performance Standards

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account ETWD's investment risk constraints and cash flow needs.

Market Yield (Benchmark): ETWD's investment strategy is active. Given this strategy, the Chief Financial Officer or the Investment Advisor, shall select an appropriate, readily available index to use as a performance benchmark.

14. Reporting

The Chief Financial Officer is charged with the responsibility of providing monthly reports to the Board. The monthly reports shall encompass all investments and monies held by ETWD, and/or under management of any outside party and shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, current market value on all securities (including the source of this valuation), a statement that the portfolio is in compliance with this policy or the manner in which it is not in compliance and a statement that ETWD has the ability to meet its expenditure requirements for the next six months or an explanation as to why sufficient money may not be available. The Chief Financial Officer shall report whatever additional information or data the Board may deem necessary.

Credit Ratings Changes

In the event a security held by ETWD is subject to a rating change that brings it below the minimum credit ratings specified in this policy, the Chief Financial Officer should notify the Board of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further rate drops, and the market price of the security.

15. Investment Policy Adoption

ETWD's investment policy shall be adopted by resolution of the ETWD's Board of Directors. The policy shall be reviewed on an annual basis by the General Manager, the Chief Financial Officer and the Board of Directors. Any modifications made thereto must be approved in the form of a resolution by the Board of Directors.

R 91-02-02 02/02/91; R 94-02-02 02/16/94; R 95-02-16 02/16/95; R 95-12-04 12/21/95;
R 98-02-01 02/19/98; R 00-02-01 02/17/00; R 01-15-01 11/15/01; R 02-09-01 09/19/02;
R 03-04-02 04/24/03; R 04-04-01 04/22/04; R 05-02-01 02/04/05; R 08-9-1 09/23/08;
R 11-9-3 09/22/11; R 15-9-1 09/24/15; R 16-9-1 09/22/16; R 17-9-1 09/26/17; R 20-1-3 01/21/20;
R 21-1-1 01/25/21; R 22-1-3 01/24/22; R 24-2-1 02/20/24; R 26-1-2 01/19/26



STAFF REPORT

To: Board of Directors **Meeting Date:** January 19, 2026
From: Judy Cimorell, Director of Human Resources
Oscar Hernandez, Accounting Technician
Subject: Quarterly Insurance Report

The Quarterly Insurance Report for the period October 1, 2025 through December 31, 2025 is attached.

Recommended Action

Staff recommends that the Board Receive and File the Quarterly Insurance Report for the period October 1, 2025 through December 31, 2025.



EL TORO WATER DISTRICT INSURANCE UPDATE JANUARY 1, 2026

Liability Program

The Liability Program Insurance has been renewed with JPIA effective October 1, 2025. The new premium is \$274,157.37 from \$229,104.09 last year.

Property Insurance

There is nothing new to report this quarter.

Excess Public Employee Fidelity Program

There is nothing new to report this quarter.

Cyber Security Insurance

There is nothing new to report this quarter.

Underground Storage Tank Pollution Liability

There is nothing new to report this quarter.

Dam Failure Liability

The Dam Failure Liability Policy has been renewed with JPIA effective October 1, 2025. The new premium is \$52,701.00 from \$48,878.70 last year.

Fiduciary Liability Policy

There is nothing new to report this quarter.

Liability & Property Claims

1. A vehicle accident occurred at approximately 1:00 a.m. on 10/24/2025 while our operations crew was working overnight turning arterial valves. One of our work trucks, parked with arrow board lights activated, was rear-ended by another vehicle. Our employee was not inside the truck at the time of the collision. The impact caused the arrow board to detach and strike the rear of the truck. We filed a claim with our insurance, JPIA. JPIA will reimburse us for the cost of the damages to the work truck, totaling \$15,531.59, and the trailer, totaling \$134.38. JPIA will pursue recovery from the other vehicle owner's insurance.

Workers' Compensation Policy

The Workers' Compensation Policy renewed on July 1, 2025, and runs through June 30, 2026.

Workers' Compensation Claims

There were no Workers' Compensation injuries reported this quarter.

Medical Insurance

The District offers five medical plans as follows:

Kaiser Health - \$10 office co-pay with no annual deductibles.

Anthem Blue Cross – HMO; Offers a \$10 copay with no annual deductibles.

Anthem Blue Cross – PPO; this plan offers benefits within the physician network and outside of the network. In network, there is a co-pay of \$15.00 with an annual deductible of \$200 per person and \$600 per family. Out of the network, benefits are offered at 20% cost to the employee for all covered services with the same annual deductibles.

Kaiser Consumer Driven Health Plan along with an HSA – A high deductible tax advantaged health plan that provides for current medical and pharmacy expenses and allows saving for future health care expenses. \$1,500 individual / \$3,000 family deductible

Anthem Consumer Driven Health Plan along with a Health Savings Account - A high deductible tax advantaged plan that provides for current medical and pharmacy expenses and allows saving for future health care expenses. \$1,500 individual / \$3,000 family deductible.

The average cost per month per employee for the second quarter is \$1627.17

Vision Insurance

VSP provides vision coverage to our employees, Directors and dependents. It provides an annual eye exam and discounted rates for frames, lenses and contacts.

The cost per month per employee for the second quarter is \$17.21.

Dental Insurance

The District provides dental coverage with Delta Dental. Our dental insurance pays up to \$1,500 for the upcoming year for covered services. All preventative services are offered every six months with the copay waived.

The average cost per month per employee for the second quarter is \$130.79.

Long and Short Term Disability Insurance

The District offers Long and Short Term Disability Program through Lincoln National Life Insurance Company. The Long Term Disability program provides a maximum monthly benefit of \$10,000. The Short Term Disability program provides a maximum weekly benefit of \$ 1,500.

Both Short and Long Term Disability Programs are paid by the District and provides disability payments up to two thirds of an employee's weekly or monthly salary if the claim is approved.

Average cost per month per employee for the second quarter is \$77.69.

Long Term Care Insurance

Long Term care is a program that provides a monthly benefit of \$2,500 to be applied to home health care or an assisted living facility.

Average cost per month per employee for the second quarter is \$16.01

Life Insurance Coverage

The District offers Life Insurance coverage through Lincoln National Life Insurance Company at twice the employee's annual salary up to a maximum of \$300,000.

Lincoln National Life Insurance Company also provides life insurance coverage for the Directors.

Premium rates are based on the age and salary of insured employees. The premium is adjusted on the employee's birthday every fifth year.

The average cost per month per employee for the second quarter is \$60.68.

Employee Assistance Program (EAP) Coverage

UNUM is the District's carrier for the Employee Assistance Program. This program offers assistance in many areas such as childcare, eldercare, legal consultations, and health information, personal relationship issues, financial planning assistance, stress management, and career development. This benefit also comes with a \$5,000 portable term life insurance benefit.

The cost per month per employee for the second quarter is \$1.89.

An insurance report of Budget vs. Actual Costs for the fiscal year 2025/2026 is attached for the Board's review as well as a summary of currently held District insurance policies.

Submitted by:
Judy Cimorell
Oscar Hernandez

SUMMARY OF COVERAGE

Type of Coverage	<u>GENERAL LIABILITY</u>	Coverage Term: 10/25-10/26
Coverage Includes	<ol style="list-style-type: none"> 1. Commercial General Liability 2. Contractual Liability 3. Products/Completed Operations 4. Personal Injury 	Premium - \$274,157.37
Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

Type of Coverage	<u>AUTO LIABILITY</u>	Coverage Term: 10/25-10/26
Coverage Includes	<ol style="list-style-type: none"> 1. Owned Automobiles/Trucks 2. Non-owned Automobiles/Trucks 3. Hired Automobiles/Trucks 	Premium - Included
Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

Type of Coverage	<u>PUBLIC OFFICIALS LIABILITY</u>	Coverage Term: 10/25-10/26
Coverage Includes	<ol style="list-style-type: none"> 1. Errors & Omissions 	Premium - Included
Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

Type of Coverage	<u>PROPERTY</u>	Coverage Term: 7/25 - 7/26
Coverage Includes	<ol style="list-style-type: none"> 1. Basic Property Values- Building, Fixed Equipment, Personal Property 2. Mobile Equipment Value 3. Licensed Vehicle - Comprehensive & Collision - Private Passenger, Light Truck, Sport Utility, Other Vehicles 	Premium - \$130,140.55
Automobile Physical Damage		
Comprehensive - 83 Vehicles		
Collision - 83 Vehicles		
Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

Type of Coverage	<u>EXCESS CRIME PROGRAM</u>	Coverage Term: 7/25 - 6/26
Coverage Includes	<ol style="list-style-type: none"> 1. Public Employee Dishonesty 2. Forgery or Alteration 3. Computer Fraud 4. Faithful Performance of Duty 5. Treasurer/Tax Collector/Board Members (included) 	Premium - \$1,434.00
Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

Type of Coverage	<u>UNDERGROUND STORAGE TANK POLLUTION LIABILITY</u>	Coverage Term: 7/25 - 06/26
Coverage Includes	<ol style="list-style-type: none"> 1. Claims-Made 2. Environmental Incident 	Premium - \$2,061.91
Covers 1 Tank Located at: 23542 Moulton Parkway Laguna Woods, CA 92637		
Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

Type of Coverage	<u>DAM FAILURE LIABILITY</u>	Coverage Term: 10/25-10/26
Coverage (Includes Excess Ins. for El Toro Reservoir)	\$10,000,000.00	Premium - \$52,701.00
Covers: El Toro Reservoir Rossmoor Dam	\$5,000,000.00	Premium - \$2,240.00
Coverage Limits	Insurance Carrier	Policy Number
		MOLC - 100110

Type of Coverage	<u>FIDUCIARY LIABILITY</u>	Coverage Term: 9/25-9/26
Coverage Includes	1. Executive Protection Policy	Premium - \$11,787.00
Parent Organization: ETWD Retirement Savings Plan & Trust Agreement		
Coverage Limits	Insurance Carrier	Policy Number
	Hudson Insurance Company	SFD31211603

Type of Coverage	<u>CYBER SECURITY</u>	Coverage Term: 7/25-7/26
First Year		Premium - \$10,052.00

Type of Coverage	<u>WORKERS' COMPENSATION</u>	Coverage Term: 7/25 - 6/26
Coverage Includes	1. Coverage A - Workers' Compensation 2. Coverage B - Employer's Liability	2nd Quarter Premium \$36,765
Coverage Limits	Insurance Carrier	Policy Number
Coverage A		
\$0 - \$2 Million	Pooled Self-insured	MOLC - 100110
\$2 Million to Statutory		
Coverage Limits	Insurance Carrier	Policy Number
Coverage B		
\$0 - \$2 Million	Pooled Self-insured	MOLC - 100110
\$2 Million excess of \$2 Million SIR		

Type of Coverage	<u>LIFE & ACCIDENT</u>	2nd Quarter Premium \$10,589
Coverage Includes	Coverage - 2 X Annual Income (Max. of \$300,000)	
Insurance Carrier	Lincoln National Life Insurance Co.	Policy # 10218807
Eligibility Period	2 Months After Hire	
Plan Wait or Deductible	60 Days	

Type of Coverage	<u>LONG / SHORT TERM DISABILITY</u>	2nd Quarter Premium \$13,519
Coverage Includes	Two Thirds of Insured Earnings Max. of \$10,000	
Insurance Carrier	Lincoln National Life Insurance Co.	Policy # 10218808
Eligibility Period	1 Year After Hire	
Plan Wait or Deductible	30 Days STD 90 Days or 9 Weeks LTD	

Type of Coverage	<u>LONG TERM CARE</u>	2nd Quarter Premium \$2,786
Coverage Includes	\$2,500/Month \$150,000 Total Benefit	
Insurance Carrier	UNUM	Policy # 220384
Eligibility Period	1 Year After Hire	
Plan Wait or Deductible	365 Days	

Type of Coverage	<u>MEDICAL</u>	2nd Quarter Premium \$381,828
Coverage Includes	HMO, PPO, HDP by Employee Choice	
Insurance Carrier	Anthem Blue Cross / Kaiser Insurance thru ACWA/JPIA	Policy #229CA
Eligibility Period	1 Month After Hire	
Plan Wait or Deductible	30 Days * Premium includes Employees, Retirees & Directors	

Type of Coverage	<u>DENTAL</u>	2nd Quarter Premium \$26,160
Coverage Includes	\$25.00 or \$50.00/Family	
Insurance Carrier	Delta Dental Plan of California	Policy #399-1012
Eligibility Period	2 Months After Hire	
Plan Wait or Deductible	60 Days	

Type of Coverage	<u>VISION</u>	2nd Quarter Premium \$3,253
Coverage Includes	Annual Exam/Frame Every 2 Years	
Insurance Carrier	Vision Service Plan thru ACWA	Policy #399-1012
Eligibility Period	2 Months After Hire	
Plan Wait or Deductible	60 Days	

Type of Coverage	<u>PERSONAL ACCIDENT INSURANCE</u>	2nd Quarter Premium Employee Paid
Coverage Includes	\$50,000 or \$100,000	
Insurance Carrier	CIGNA	Policy # OKH-1253-56
Eligibility Period	Optional	
Plan Wait or Deductible	None	

Type of Coverage	<u>Supplemental Financial Insurance Program</u>	2nd Quarter Premium Employee Paid
Coverage Includes	Voluntary - Life, Accident / Injury, Hospital, Critical Care, Short-term Disability, Dental	
Insurance Carrier	AFLAC	Policy # E3B26
Eligibility Period	Optional	
Plan Wait or Deductible	None	



STAFF REPORT

To: Board of Directors **Meeting Date: January 19, 2026**
From: Vishav Sharma, Chief Financial Officer
Subject: December 2025 bills for Approval

Attached for Board approval is the payment summary report for the month of December, 2025 which presents checks, ACH and Wire Transfers that were paid during the month that exceeded \$75,000 in value.

Presented below for your consideration are the payments of bills for the months of December 2025:

1. The total disbursement including payroll expense and ACH/Direct debts for the month of December 2025 is \$2,605,557.32
2. These disbursements include four checks greater than \$75,000, with the total equal to \$1,194,658.62. Staff recommends the Board approve these checks.
3. District employees were reimbursed \$1,152.41 for travel, education, meals, supplies and certification related expenses; and Directors were reimbursed \$78.98 for travel expenses.
4. Payroll expenses of \$683,000.08 occurred during the month. This cost includes the cost of employee and Director's payroll, pension and benefits.
5. Total disbursement via ACH, Wire or direct debit for the month is \$106,284.20. This include one wire to Sunflower Bank for debt service greater than \$75,000, with the total amount of 97,592.66. Staff recommends the Board approve this payment.

Recommended Action:

Staff recommend that the Board approve, ratify and confirm payment of those bills as set forth in the Payment Summary for the month ending December 31, 2025.

EL TORO WATER DISTRICT
Payment Summary
For the month ending December 31, 2025

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
14747	12/05/2025	Municipal Water District of Orange County	554,017.95
14728	12/05/2025	Moulton Niguel Water District	257,711.53
14721	12/05/2025	Irvine Ranch Water District	254,117.33
14811	12/18/2025	Southern California Edison Company	128,811.81
CHECKS OVER \$75,000			\$ 1,194,658.62
CHECKS UNDER \$75,000			\$ 621,614.42
TOTAL CHECKS PAID			\$ 1,816,273.04

REIMBURSEMENTS TO ETWD EMPLOYEES

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
14724	12/05/2025	Judy Wilson (Travel Springbrook Conference)	517.26
14743	12/05/2025	Vishav Sharma (Travel Springbrook Conference)	316.70
14706	12/05/2025	Cody Trementozzi (Educational Reimbursement)	284.25
14792	12/18/2025	Hannah Ford (Travel ACWA Conference)	34.20
TOTAL CHECKS TO EMPLOYEES			\$ 1,152.41

REINBURSEMENTS TO ETWD DIRECTORS

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
14796	12/18/2025	Katherine Havens (Travel Expenses)	145.60
14801	12/18/2025	Michael Gaskins (Travel Expenses)	115.60
14797	12/18/2025	Kathryn Freshley (Travel Expenses)	78.98
TOTAL CHECKS TO DIRECTORS			\$ 78.98

DEBIT TRANSFERS

12/12/2025	PAYROLL DIRECT DEPOSIT	187,409.53
12/12/2025	FEDERAL DEPOSIT LIABILITY	42,070.87
12/12/2025	SDI & STATE TAX	18,058.38
12/12/2025	EMPOWER (401K)	67,365.56
12/12/2025	EMPOWER (457)	22,613.34
12/12/2025	HEALTH SAVINGS ACCOUNT	207.70
12/12/2025	MEDICAL FLEXIBLE SPENDING ACCOUNT	830.82
12/12/2025	DEPENDANT CARE FLEXIBLE SPENDING ACCOUNT	384.31
12/15/2025	PAYROLL BOARD OF DIRECTOR	8,185.04
12/15/2025	SS, MEDICARE, SDI & STATE TAX	1,501.24
12/15/2025	EMPOWER (457)	2,705.28
12/15/2025	MEDICAL FLEXIBLE SPENDING ACCOUNT	125.00
12/26/2025	PAYROLL DIRECT DEPOSIT	181,965.20
12/26/2025	FEDERAL DEPOSIT LIABILITY	41,936.70
12/26/2025	SDI & STATE TAX	17,937.83
12/26/2025	EMPOWER (401K)	66,566.69
12/26/2025	EMPOWER (457)	21,713.76
12/26/2025	HEALTH SAVINGS ACCOUNT	207.70
12/26/2025	MEDICAL FLEXIBLE SPENDING ACCOUNT	830.82
12/26/2025	DEPENDANT CARE FLEXIBLE SPENDING ACCOUNT	384.31
Total Payroll Expense		683,000.08

ACH or Direct Debits

11/30/2025	BANK and ADP FEES	4,678.16
11/30/2025	ACH payments (Debt service Wire to Sunflower Bank)	97,592.66
11/30/2025	ACH payments (Health Equity)	4,013.38
Total Other Expense		106,284.20

TOTAL INTERBANK WIRES / DEBIT TRANSFERS \$ 789,284.28

TOTAL DISBURSEMENTS \$ 2,605,557.32

MINUTES OF THE REGULAR MEETING
& OF THE
ENGINEERING COMMITTEE MEETING

December 15, 2025

At approximately 8:14 a.m. Vice President Freshley called the Engineering Committee meeting to order.

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), CAROL MOORE, Laguna Woods City Council Member (Zoom), JANET FORDUNSKI, Member of the Public (Zoom), and MARISOL MELENDEZ, Recording Secretary.

Consent Calendar

Vice President Freshley asked for a Motion.

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

Roll Call:

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

Engineering Information Items

El Toro Water District Operations Report

Mr. Hopkins reported that staff is on track to complete the goals for the calendar year. Director Monin asked if other departments could use similar reports. Mr. Cafferty stated that staff may integrate the water sampling program and may explore additional opportunities. Vice President Freshley requested clarification on the WRP battery storage system report. Mr. Cafferty stated that staff will have a conversation with STEM and report back.

El Toro Water District Capital Project Status Report

Moulton/El Toro Cathodic Protection Repair

Ms. Ford reported that staff rebid the project following a value engineering exercise. Four contractors attended the mandatory pre-bid meeting, and bids will be opened in January, with a potential award also anticipated in January.

Solar and Battery Projects

Ms. Ford reported that staff has been working closely with TerraVerde and the preferred vendor for the battery projects. Originally, the goal was to award the contract by year-end to secure IRA funding. Contract negotiations and other uncertainties, such as SGIP battery approval (covering over 50% of the project) and FEOC compliance have delayed the timeline. Staff may recommend the battery project for award in March 2026, allowing enough time to confirm costs and funding. Staff anticipates approximately \$46,000 in first year utility charge reductions and an additional \$13,000 in demand response program savings. A 90-day extension was requested for the SGIP proof of project milestone deadlines, moving the deadlines to April. There are risks with the delay and these risks may lead staff to consider cancelling the projects to avoid losing the SGIP reservation fees. Staff will continue contract negotiations with the

preferred battery vendor and will resume solar negotiations, providing updates as the projects progress.

Westline Lift Station Main Switchboard Replacement

Ms. Ford reported that the project is nearing completion, and staff is awaiting confirmation from SCE on when the permanent power source can be started.

Headworks and Secondary Clarifier No. 1 Rehabilitation Project

Ms. Ford reported that staff has performed potholing and will complete additional work near the Northline Lift Station in coordination with the Laguna Woods Golf Club. Mobilization is anticipated in January or February if materials arrive later.

Ocean Outfall Pump Station (OOPS) MCC and Valve Rehabilitation Project

Ms. Ford reported that staff has issued the Notice to Proceed, and Hydro Tech Electric is scheduled to mobilize next month.

R-6 Reservoir Southern Slope Repair Project

Ms. Ford reported that construction is underway, with major construction activities expected to begin in January.

Aliso Creek Lift Station Improvement Project

Ms. Ford reported that staff completed four presentations to the Golden Rain Foundation and United Mutual Committees and Boards. The presentations went well and United has requested to present the information at their Town Hall meeting.

Tertiary Disinfection Optimization Project

Ms. Ford reported that staff hired Baker to install the electrical power and pull signal wires. A site visit is scheduled for mid-January for DDW to inspect the installation. DDW is reviewing the operations plan, with comments expected in early January.

Asset Management

Ms. Ford reported that staff has started the force main work and will receive the dashboards for the linear distribution system asset management soon.

Freeway Electrical Equipment Replacement

Ms. Ford stated that this project will begin after the completion of the Westline Lift Station Main Switchboard Replacement project.

Comments Regarding Non-Agenda Engineering Committee Items

Ms. Ford provided a follow up regarding double containment on generators. She stated that retrofitting is required only for tanks over a certain volume, and none of the District's generator tanks exceed that threshold. Currently, over 50% of the generators are double contained, and future replacements will also meet double containment requirements.

Adjournment

There being no further business, the Engineering Committee meeting was adjourned at approximately 8:58 a.m.

Attorney Report

Mr. Granito reported that there is no need for a Closed Session today.

Regular Session

Adjournment

There being no further business to come before the Board, the meeting was adjourned at 9:00 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



STAFF REPORT

To: Board of Directors

Meeting Date: January 19, 2026




From: Hannah Ford, Director of Engineering

Subject: Moulton Parkway / El Toro Road Cathodic Protection Repair Project

BACKGROUND

The District owns and maintains a 16-inch and 21-inch reinforced concrete cylinder pipe (RCCP) water transmission main in El Toro Road and Moulton Parkway that was originally installed in 1963. In 2001, the District installed an impressed current cathodic protection system along the RCCP transmission main with a rectifier located near the P-1 Pump Station and nine test stations, as shown in Figure 1. This transmission main has been identified as a high-risk asset in the District's distribution system asset management program.

Legend

-  Rectifier
-  Test Station
-  Trans (RCCP)

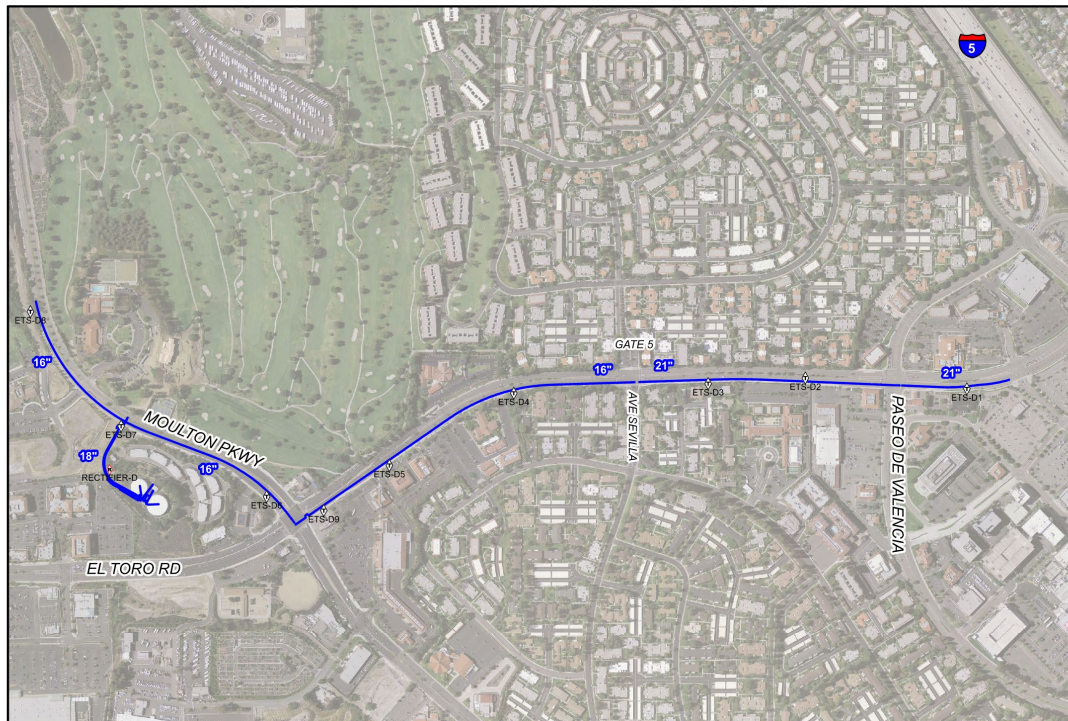


Figure 1 – Impressed Current Cathodic Protection System on District Transmission Main along Moulton Parkway and El Toro Road

In 2015, the District installed a new rectifier and discovered an electrical discontinuity in the impressed current cathodic system between ETS-D7 and ETS-D6. Following identification of this discontinuity, the District completed multiple cathodic protection studies and testing efforts to evaluate pipeline continuity, stray current interference, and system effectiveness along El Toro Road and Moulton Parkway. These studies confirmed that portions of the transmission main are subject to stray current interference and that electrical discontinuities limit the effectiveness of the existing impressed current system. Based on these findings, Corrpro Companies (Corrpro) developed a design to supplement the existing system with localized sacrificial (galvanic) anode ground beds and upgraded test stations to provide targeted corrosion protection.

In August 2025, the District advertised the invitation to bid on the project to a shortlist of contractors recommended by neighboring water districts. The District received one bid in the amount of \$464,200 from American Construction and Supply, Inc., which was significantly higher than the engineer’s estimate of \$196,000. Corrpro, as the design engineer, did not bid the project but subsequently advised that prevailing wage increases, higher subcontractor pricing for drilling, paving, and traffic control, and general construction cost escalation had materially increased expected construction costs. Corrpro provided a revised opinion of probable construction cost of approximately \$283,000.

The Fiscal Year 2025/2026 capital budget included \$218,000 for the project. To reduce cost, the District conducted additional field surveys to reduce the number of sites where new anode groundbeds would be installed. Following these value engineering revisions, District staff publicly advertised a revised invitation to bid the project in November 2025. Four contractors attended the mandatory prebid meeting.

BID EVALUATION

Staff opened three bids on Wednesday, January 7. Table 1 summarizes the bid results. Two of the three bids were determined to be nonresponsive due to missing required documentation. The remaining responsive bid exceeded both the updated engineer’s estimate and the available project budget.

Table 1 – Bids for Moulton Parkway / El Toro Road Cathodic Protection Repair Project

Contractor	Amount
T.E. Roberts, Inc.	\$390,940.00
Farwest Corrosion Control Company	\$439,319.88
Corrpro Companies	\$2,326,000.00 ¹

¹Bid amount reflects an error in electronic portal entry; the proposal indicated an intended bid amount of \$275,000.

Because only one bid was determined to be responsive and the bid amount exceeded the updated engineer’s estimate and available budget, staff recommend rejecting all bids and rebidding the project to the contractors that previously expressed interest. Rebidding is intended to promote competition and achieve more favorable pricing. Bids are anticipated in February, with a recommendation for award to be brought to the Board in the same month.

RECOMMENDATION

Recommended Action:

Staff recommend that the Board of Directors authorize the District's General Manager to (1) reject the bids submitted for the Moulton Parkway / El Toro Road Cathodic Protection Repair project and (2) rebid the project to a shortlist of qualified contractors.



STAFF REPORT

To: Board of Directors

Meeting Date: January 19, 2026

**From: Hannah Ford, Director of Engineering
Rory Harnisch, Senior Engineer**

Subject: Capital Project Status Report

I. Tertiary Disinfection Optimization Project

District staff built the new local control panel, shown in Figure 1, and programmed the new control strategy and human-machine interface screens for free chlorine disinfection operation. The contractor, Baker Electric & Renewables (Baker), completed the electrical power and wiring installation for the new free chlorine analyzers and sample pump last month. District staff finalized the analyzer and piping installation, as shown in Figure 2.



Figure 1 – New Local Control Panel for Free Chlorine Disinfection



Figure 2 – New Free Chlorine Disinfection Analyzer Panel

District staff developed an Operations Plan in-house and submitted it to the Division of Drinking Water (DDW) for review the first week of October. DDW submitted comments on the Operations Plan in early January, and District staff responded to those comments. DDW conducted a site walk mid-January and anticipates approving free chlorine operation this month.

Once operational, District staff anticipate reducing chlorine consumption by approximately 30%, resulting in an anticipated savings over \$60,000 per year. Table 1 summarizes project expenses and anticipated payback within three years.

Table 1 – Free Chlorine Disinfection Project Expenditures

Component	Cost
Consulting Support	
Alternatives Evaluation	\$31,764
Regulatory Support	\$26,940
Tracer Study	\$48,565
Operations Plan	\$5,000
Subtotal – Consulting Support	\$112,269
Construction	\$58,950
Free Chlorine Analyzers	\$11,809
Mechanical Parts	\$556
Electrical Parts	\$15,406
Installation Cost	\$24,212
Benchtop Analyzer	\$6,967
Subtotal - Construction	\$58,950
Total Project Cost	\$171,219
Annual Savings from Reduced Chlorine Consumption	\$61,600
Payback, years	2.8

II. Westline Lift Station Main Switchboard Replacement

Construction activities are now complete, as shown in Figure 3 below. District staff coordinated with Southern California Edison (SCE) to energize the SCE meter. The contractor, Baker, finalized the project by returning the Westline Lift Station to operate on permanent power. Baker demobilized from the project site in late December.

Table 2 below summarizes project expenditures for the Westline Lift Station Main Switchboard Replacement. Costs exceeded initial budget due to the addition of a temporary fence during construction to safely separate resident hikers from the project, bonding, increased labor rates from the initial quote from the previous year, and a change order to add conduit and cabling for an additional limit switch. To reduce costs, District staff designed the project in-house and performed construction management.

Table 2 – Westline Lift Station Main Switchboard Replacement

Item	Cost
Temporary MSB	\$4,318.48
Permanent MSB	\$28,495.42
SCE	\$6,020.40
Construction ¹	\$126,284.00
Total	\$165,118.30
Budget FY 24/25 and 25/26	\$113,000.00
Remainder	\$(52,118.30)

¹ Cost includes Change Order No. 1 adding conduit and cabling for a limit switch added during construction.



Figure 3 – New Main Switchboard

III. Headworks and Secondary Clarifier No. 1 Rehabilitation Project

District staff and the contractor, Filanc Construction (Filanc), are still working through the submittal phase of this project while also holding progress meetings in December and January. District staff are coordinating with the Laguna Woods Golf Club to perform potholing activities near the Northline Lift Station. Mobilization is scheduled to commence in February.

IV. Ocean Outfall Pump Station (OOPS) MCC and Valve Rehabilitation Project

District staff issued the Notice to Proceed to Hydro Tech Electric (HTE) in late December after finalizing the Construction Agreement. HTE mobilized to the site, and District staff assisted HTE with placing the OOPS on temporary power. Once completed, HTE removed and replaced the existing electrical equipment in kind as shown in Figure 4. District staff also coordinated with the automatic transfer switch vendor to be on site to program the equipment. HTE will return to the site in late January to complete the new cabling terminations and return

the OOPS to operation on permanent power before demobilizing. HTE is scheduled to be complete with the project by early February.



Figure 4 – New Automatic Transfer Switch and Switchgear Panels

V. R-6 Reservoir Southern Slope Repair Project

The project contractor, MDB General Engineering, Inc (MDB), continues construction efforts. MDB excavated soil for the new slope and began rebuilding as shown in Figures 5 and 6. Due to inclement weather and fill soil availability between the end of December and mid-January, MDB was only onsite to maintain stormwater BMPs and was not able to continue slope restoration. MDB identified import soil locations and continues to work with District staff to provide quality fill material and complete the slope restoration. MDB expects to install the concrete brow ditch in late January to complete the main construction activities and enter into the 120-calendar day landscape maintenance phase.

Table 3 summarizes the project cost as percent complete. MDB’s billings reflect work through December 2025. Construction costs are higher relative to the schedule as a majority of the construction activities occur in the initial slope repair phase before entering into the landscape maintenance phase.

Table 3 – R-6 Reservoir Southern Slope Repair Project Schedule and Budget Status

Construction Contract	Total	Earned to Date	Percent Complete
Budget	\$390,800	\$251,350	64%
Schedule	November 5, 2025 – July 2, 2026		35%



Figure 5 – Slope Repair



Figure 6 – Slope Repair

VI. Aliso Creek Lift Station Improvement Project

District staff conducted one final presentation to United Mutual (United) Townhall following the initial series of presentations to Golden Rain Foundation (GRF) and United Mutual (United) Committees and Boards. District staff are drafting temporary construction agreements to enter with GRF for the trail and lane closures necessary to enable the construction of this project. Once complete, District staff will finish their review of the 90 percent design submittal for the Aliso Creek Lift Station (ACLS) Improvements Project prepared by Tetra Tech.

District staff completed a third and final review from California Office of Emergency Services (Cal OES) on the District's Hazard Mitigation Grant Program (HMGP) subapplication. Cal OES indicated that the District's application is one of the first to complete the review process, and District staff's responsiveness have enabled this third and final review step, which would ultimately streamline the federal review process. Cal OES indicated that funding for the State of California will be in the ballpark of one billion dollars, but this is the most competitive funding round of HMGP. Cal OES will have more information on which projects will move forward to federal review in the next three months.

VII. Asset Management

District staff continue to work with Hazen and Sawyer (Hazen) to further develop the linear and force main asset management efforts. District staff received the finalized inventory for the water distribution system and are reviewing recommendations for capital improvements projects with Hazen. District staff plan to present results from the distribution system asset management program to the Board next month.

Hazen kicked off the sewer force main asset management plan, and District staff have responded to an extensive data request. Hazen is conducting a risk assessment workshop with the District this month.

VIII. Freeway Electrical Equipment Replacement

District staff awarded a contract to Baker to complete the electrical installation required as part of this Project. Due to District resource constraints (staff time and availability of the temporary meter), Notice to Proceed has been delayed until this month.

IX. Solar and Battery Projects

District staff reviewed the latest version of draft agreements for the P-1 and OOPS Battery Projects and submitted them to vendor for further discussion. District staff continue to coordinate with TerraVerde on the potential solar project and plan to discuss further with the preferred vendor this month.

**F.Y. 2025/26 CAPITAL IMPROVEMENT PROGRAM BUDGET ITEMS > \$75,000
BOARD APPROVAL SCHEDULE**

Category	Project Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	CIP Budget	Board Approved Cost	
<i>2025/26 Capital Projects</i>																
	R-5 Reservoir Rehabilitation							E	E	E	B	A	C	\$194,000		
	R-6 Reservoir Southern Slope Stabilization	E	E	A / B	A	C	C	C	C	C				\$500,000	\$218,822	
	Asset Management	E	E	E	A	E	E	E	BP					\$86,000	\$194,420	
<i>2025/26 Capital Equipment</i>																
	Shenandoah Booster Station Pump & Motor Replacement	A	A				R							\$198,000	\$132,042	
	P-1 Battery Project	E	B	B	B	B	N	N	N	N	A	C	C	\$900,000		
	OOPS Battery Project	E	B	B	B	B	N	N	N	N	A	C	C	\$0		
	Main PR Hydro Turbine	Deferred unless alternative funding becomes available												\$603,000		
	Headworks and Secondary Clarifier No. 1 Rehabilitation	C	C	C	C	C	C	C	C	C	C	C	C	\$11,962,000	\$13,060,285	
	Solids Hauling Trailer			R										\$307,000	\$199,635	
<i>Previous Fiscal Year Carryover</i>																
	Moulton/EI Toro Cathodic Protection Study	E	B	B	B	B	B	B	A	C	C	C		\$218,000		
	Aliso Creek Pump Station Improvements Project	E	A / E	BP / E	E	E	E	E	E					\$600,000	\$484,000	
	OOPS MCC and Valve Replacement Project	R	E	E	B	A	C	C						\$191,000	\$112,872	
	Secondary Clarifier No. 3 and 4 Drive Replacement Project		R	C	C	C								\$0	\$206,083	
	Westline Main Switchboard Replacement	A	C	C	C	C	C							\$113,000	\$164,778	
	Freeway Electrical Equipment Replacement	E	A					C	C	C				\$263,362	\$277,385	
	Tertiary Disinfection Optimization Project	B	O	R	C	C	C	P						\$132,000		
	Westline Generator Unit 213 Replacement	E	E	E	B	A	O				E	E	E	\$267,000	\$266,804	
														Total	\$14,788,000	\$13,875,962

Key:

	Water
	Wastewater
	Recycled Water
	Split between All Departments
	Board Involvement

Abbreviations:
A = Approve by Board
B = Bid
BP = Board Presentation
C = Construction

E = Engineering/Study
ET = Evaluate
L = Legal
N = Negotiate

O = Order
P = Permit
RFP = Request for Proposal
R = Receive

EL TORO WATER DISTRICT
Glossary of Water Terms

Accumulated overdraft: The amount of water necessary to be replaced in the intake area of the groundwater basin to prevent the landward movement of ocean water into the fresh groundwater body.

Acre-foot, AF: A common water industry unit of measurement. An acre-foot is 325,851 gallons, or the amount of water needed to cover one acre with water one foot deep. An acre-foot serves annual needs of two typical California families.

ACWA: Association of California Water Agencies. A statewide group based in Sacramento that actively lobbies State and Federal Government on water issues.

Advanced treatment: Additional treatment processes used to clean wastewater even further following primary and secondary treatment. Also known as tertiary treatment.

AFY: Acre-foot per year.

Alluvium: A stratified bed of sand, gravel, silt, and clay deposited by flowing water.

AMP: Allen McCulloch pipeline. Major pipeline transporting treated water to water districts between Yorba Linda, where it starts to El Toro Water District reservoir, where it terminates.

Annexation: The inclusion of land within a government agency's jurisdiction.

Annual overdraft: The quantity by which the production of water from the groundwater supplies during the water year exceeds the natural replenishment of such groundwater supplies during the same water year.

Aqueduct: A man-made canal or pipeline used to transport water.

Aquifer: An underground geologic formation of rock, soil or sediment that is naturally saturated with water; an aquifer stores groundwater.

Arid: Dry; deserts are arid places. Semi-arid places are almost as dry as a desert.

Artesian: An aquifer in which the water is under sufficient pressure to cause it to rise above the bottom of the overlying confining bed, if the opportunity is provided.

Artificial recharge: The addition of surface water to a groundwater reservoir by human activity, such as putting surface water into recharge basins. (See also: groundwater recharge and recharge basin.)

AWWA: American Water Works Association. Nationwide group of public and private water purveyors and related industrial suppliers.

Base flow: The portion of river surface flow which remains after deduction of storm flow and/or purchased imported water.

Bay-Delta: The Sacramento-San Joaquin Bay-Delta is a unique natural resource of local, state and national significance. The Delta is home to more than 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more than 25 million Californians and 3 million acres of agriculture; is traversed by energy, communications and transportation facilities vital to the economic health of California; and supports a \$400 billion economy.

BIA: Building Industry Association

Biofouling: The formation of bacteria film (biofilm) on fragile reverse osmosis membrane surfaces.

Biosolids: Solid organic matter recovered from a sewage treatment process and used especially as fertilizer.

BMP: Best Management Practice. An engineered structure or management activity, or combination of these, that eliminates or reduces adverse environmental effects.

Brackish water: A mixture of freshwater and saltwater

Brown Act: Ralph M. Brown Act enacted by the State legislature governing all meetings of legislative bodies. Also known as Open Meeting Requirements.

Canal: A ditch used to move water from one location to another.

CASA: California Association of Sanitation Agencies. The sanitation equivalent of ACWA concerned solely with issues affecting the treatment and disposal of solid waste and wastewater.

CEQA: California Environmental Quality Act.

CERCLA: Comprehensive Environmental Response, Compensation and Liability Act. This federal law establishes the Superfund program for hazardous waste sites. It provides the legal basis for the United States EPA to regulate and clean up hazardous waste sites, and if appropriate, to seek financial compensation from entities responsible for the site.

CFS: Cubic feet per second.

Chloramines: A mixture of ammonia and chlorine used to purify water.

Clarify: To make clear or pure by separation and elimination of suspended solid material.

Coagulation: The clumping together of solids so they can more easily be settled out or filtered out of water. A chemical called aluminum sulfate (alum) is generally used to aid coagulation in water treatment and reclamation.

Coastkeepers: A non-profit organization dedicated to the protection and preservation of the marine habitats and watersheds of Orange County through programs of education, restoration, enforcement and advocacy.

Colored Water: Groundwater extracted from the basin that is unsuitable for domestic use without treatment due to high color and odor exceeding drinking water standards.

Condensation: The process of water vapor (gas) changing into liquid water. An example of condensation can be seen in the tiny water droplets that form on the outside of a glass of iced tea as warmer air touches the cooler glass.

Confined aquifer: An aquifer that is bound above and below by dense layers of rock and contains water under pressure.

Conjunctive use: Storing imported water in a local aquifer, in conjunction with groundwater, for later retrieval and use.

Contaminate: To make unclean or impure by the addition of harmful substances.

CPCFA: California Pollution Control Financing Authority. State agency providing funds for wastewater reclamation projects.

Crisis:

1. A: The turning point for better or worse B. a paroxysmal attack of pain, distress, or disordered function C. an emotionally significant event or radical change of status in a person's life < a midlife crisis>
2. The decisive moment (as in a literary plot)
3. A: An unstable or crucial time or state of affairs in which a decisive change is impending; especially one with the distinct possibility of a highly undesirable outcome < a financial crisis> B. a situation that has reached a critical phase

CTP: Coastal Treatment Plant

CWPCA: California Water Pollution Control Association. A 7000-member non-profit educational organization dedicated to water pollution control.

Dam: A barrier built across a river or stream to hold water.

Decompose: To separate into simpler compounds, substances or elements.

Deep percolation: The percolation of surface water through the ground beyond the lower limit of the root zone of plants into a groundwater aquifer.

Degraded water: Water within the groundwater basin that, in one characteristic or another, does not meet primary drinking water standards.

Delta: Where the rivers empty; an outlet from land to ocean, also where the rivers deposit sediment they carry forming landforms.

Delta Vision: Delta Vision is intended to identify a strategy for managing the Sacramento- San Joaquin Delta as a sustainable ecosystem that would continue to support environmental and economic functions that are critical to the people of California.

Demineralize: To reduce the concentrations of minerals from water by ion exchange, distillation, electro-dialysis, or reverse osmosis.

De-nitrification: The physical process of removing nitrate from water through reverse osmosis, microfiltration, or other means.

Desalting (or desalination): Removing salts from salt water by evaporation or distillation. Specific treatment process, such as reverse osmosis or multi-stage flash distillation, to demineralize seawater or brackish (saline) waters for reuse. Also, sometimes used in wastewater treatment to remove salts other pollutants.

Desilting: The physical process of removing suspended particles from water.

Dilute: To lessen the amount of a substance in water by adding more water

Disinfection: Water treatment which destroys potentially harmful bacteria.

Drainage basin: The area of land from which water drains into a river, for example, the Sacramento River Basin, in which all land area drains into the Sacramento River. Also called catchment area, watershed, or river basin.

Drought: A prolonged period of below- average precipitation.

DPHS: California Department of Public Health Services. Regulates public water systems; oversees water recycling projects; permits water treatment devices; certifies drinking water treatment and distribution operators; supports and promotes water system security; provides support for small water systems and for improving technical, managerial, and financial (TMF) capacity; provides funding opportunities for water system improvements.

DVL: Diamond Valley Lake. Metropolitan's major reservoir near Hemet, in southwestern Riverside County.

DWR: California Department of Water Resources. Guides development/management of California's water resources; owns/operates State Water Project and other water facilities.

Endangered Species: A species of animal or plant threatened with extinction.

Endangered Species Act of 1973 (ESA): The most wide-ranging of the dozens of United States environmental laws passed in the 1970's. As stated in section 2 of the act, it was designed to protect critically imperiled species from extinction as a "consequence of economic growth and development untended by adequate concern and conservation.

Ecosystem: Where living and non-living things interact (coexist) in order to survive.

Effluent: Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

Evaporation: The process that changes water (liquid) into water vapor (gas).

Estuary: Where fresh water meets salt water.

Evapotranspiration: The quantity of water transpired (given off), retained in plant tissues, and evaporated from plant tissues and surrounding soil surface. Quantitatively, it is expressed in terms of depth of water per unit area during a specified period of time.

FCH: Federal Clearing House – Environmental Review/Processing

FEMA: Federal Emergency Management Agency

Filtration: The process of allowing water to pass through layers of a porous material such as sand, gravel or charcoal to trap solid particles. Filtration occurs in nature when rain water soaks into the ground and it passes through hundreds of feet of sand and gravel. This same natural process of filtration is duplicated in water and wastewater treatment plants, generally using sand and coal as the filter media.

Flocculation: A chemical process involving addition of a coagulant to assist in the removal of turbidity in water.

Forebay: A reservoir or pond situated at the intake of a pumping plant or power plant to stabilize water level; also, a portion of a groundwater basin where large quantities of surface water can recharge the basin through infiltration.

Gray water reuse: Reuse, generally without treatment, of domestic type wastewater for toilet flushing, garden irrigation and other non-potable uses. Excludes water from toilets, kitchen sinks, dishwashers, or water used for washing diapers.

Green Acres Project (GAP): A 7.5 million gallons per day (MGD) water reclamation project that serves tertiary treated recycled water to irrigation and industrial users in Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Santa Ana.

God Squad: A seven-member committee that is officially called the “Endangered Species Committee”. Members consist of Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, the Chairman of the Council of Economic Advisers, the Administrator of the National Oceanic and Atmospheric Administration and one individual from the affected state. The squad was established in 1978 by an amendment to the 1973 Endangered Species Act (ESA). It has only been called into action three times to deal with proposed federal agency actions that have been determined to cause “jeopardy” to any listed species.

Groundwater: Water that has percolated into natural, underground aquifers; water in the ground, not water puddled on the ground.

Groundwater basin: A groundwater reservoir defined by the overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of success-ively deeper aquifers may differ and make it difficult to define the limits of the basin.

Groundwater mining: The withdrawal of water from an aquifer in excess of recharge over a period of time. If continued, the underground supply would eventually be exhausted or the water table could drop below economically feasible pumping lifts.

Groundwater overdraft: The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years during which water supply conditions approximate average.

Groundwater recharge: The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

Ground water replenishment system (GWRS): A joint project of the Orange County Water District and the Orange County Sanitation District that will provide up to 1000,000 acre-feet of reclaimed water annually. The high-quality water will be used to expand an existing underground seawater intrusion barrier and to replenish the groundwater basin underlying north and central Orange County.

Groundwater table: The upper surface of the zone of saturation (all pores of subsoil filled with water), except where the surface is formed by an impermeable body.

GPM: Gallons per minute.

Ground Water Replenishment System (GWRS): Orange County Water District's state of the art, highly advanced, waste-water treatment facility.

Hydrologic balance: An accounting of all water inflow to, water outflow from, and changes in water storage within a hydrologic unit over a specified period.

Hydrologic cycle: The process of water constantly circulating from the ocean, to the atmosphere, to the earth in a form of precipitation, and finally returning to the ocean.

Imported water: Water that has originated from one hydrologic region and is transferred to another hydrologic region.

Inflatable rubber dams: Designed to replace temporary sand levees that wash out during heavy storm flow, the dams hold back high-volume river flows and divert the water into the off-river system for percolation.

Influent: Water or wastewater entering a treatment plant, or a particular stage of the treatment process.

Irrigation: Applying water to crops, lawns or other plants using pumps, pipes, hoses, sprinklers, etc.

JPIA: Joint Powers Insurance Authority. A group of water agencies providing self-insurance to members of the ACWA.

LAIIF: Local Agency Investment Fund. Statewide pool of surplus public agency money managed by state treasurer.

Leach: to remove components from the soil by the action of water trickling through.

MAF: Million-acre feet.

MCL: Maximum contaminant level set by EPA for a regulated substance in drinking water. According to health agencies, the maximum amount of a substance that can be present in water that's safe to drink and which looks, tastes and smells good.

MET: Metropolitan Water District of Southern California.

MGD: Million gallons per day.

Microfiltration: A physical separation process where tiny, hollow filaments members separate particles from water.

Microorganism: An animal or plant of microscopic size.

MWD: Metropolitan Water District of Southern California.

MWDOC: Municipal Water District of Orange County. Intermediate wholesaler between MWD and 27-member agencies including ETWD.

Non-point source pollution: Pollution that is so general or covers such a wide area that no single, localized source of the pollution can be identified.

NPDES: National Pollution Discharge Elimination System

OCBD: Orange County Business Council

OCEMA: Orange County Environmental Management Agency

OCWD: Orange County Water District

Opportunity:

1. A favorable juncture of circumstances
2. A good chance for advancement or progress

Organism: Any individual form of life, such as a plant, animal or bacterium

PCM: Professional Community Management, Inc. Property Management company providing services to Laguna Woods Village and other homeowners associations.

Perched groundwater: Groundwater supported by a zone of material of low permeability located above an underlying main body of groundwater with which it is not hydrostatically connected.

Percolation: The downward movement of water through the soil of alluvium to the groundwater table

Permeability: The capability of soil or other geologic formations to transmit water

Point source: A specific site from which waste or polluted water is discharged into a water body, the source of which is identified. See also: non-point source.

Potable water: Suitable and safe for drinking

PPB: Parts per billion

Precipitation: Water from the atmosphere that falls to the ground as a liquid (rain) or a solid (snow, sleet, hail).

Primary treated water: First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

Primary treatment: Removing solids and floating matter from wastewater using screening, skimming and sedimentation (settling by gravity).

Prior appropriation doctrine: Allocates water rights to the first party who diverts water from its natural source and applies the water to beneficial use. If at some point the first appropriator fails to use the water beneficially, another person may appropriate the water and gain rights to the water. The central principle is beneficial use, not land ownership.

Pumping Plant: A facility that lifts water up and over hills.

Recharge: The physical process where water naturally percolates or sinks into a groundwater basin.

Recharge basin: A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

Reclaimed wastewater: Wastewater that becomes suitable for a specific beneficial use as a result of treatment. See also: wastewater reclamation.

Reclamation project: A project where water is obtained from a sanitary district or system and which undergoes additional treatment for a variety of uses, including landscape irrigation, industrial uses, and groundwater recharge.

Recycling: A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term "recycled water" to reclaimed water.

Reservoir: A place where water is stored until it is needed. A reservoir can be an open lake or an enclosed storage tank.

Reverse osmosis: (RO) A method of removing salts or other ions from water by forcing water through a semi-permeable membrane.

RFP: Request for Proposal

Riparian: Of or on the banks of a stream, river, or other body of water.

RO: Reverse osmosis. See the listing under "reverse osmosis."

R-O-W: Right-of-way

Runoff: Liquid water that travels over the surface of the Earth, moving downward due to gravity. Runoff is one way in which water that falls as precipitation returns to the ocean.

RWQCB: Regional Water Quality Control Board. State agency regulating discharge and use of recycled water.

Safe Drinking Water Act (SDWA): The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes reservoirs, springs, and ground water wells. (SDWA does not regulate private wells which serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. US EPA, states, and water systems work together to make sure that these standards are met.

Safe yield: The maximum quantity of water that can be withdrawn from a groundwater basin over a long period of time without developing a condition of overdraft, sometimes referred to as sustained yield.

SAFRA: Santa Ana River Flood Protection Agency

Salinity: Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids – TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SAWPA: Santa Ana Watershed Project Authority.

SCADA: Supervisory Control and Data Acquisition

SCAP: Southern California Alliance of Publicity. Newly formed group of public agencies seeking reasonable regulation of sewer industry.

SCH: State Clearing House – Environmental Review/Processing

Seasonal Storage: A three-part program offered by Metropolitan Water District of Southern California:

STSS (Short Term Seasonal Storage): financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;

LTSS (Long Term Seasonal Storage): Financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

Seawater intrusion: The movement of salt water into a body of fresh water. It can occur in either surface water or groundwater basins.

Seawater barrier: A physical facility or method of operation designed to prevent the intrusion of salt water into a body of freshwater.

Secondary treatment: The biological portion of wastewater treatment which uses the activated sludge process to further clean wastewater after primary treatment. Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids. Usually carried out through the use of trickling filters or by the activated sludge process.

Sedimentation: The settling of solids in a body of water using gravity.

Settle: To clarify water by causing impurities/solid material to sink to a container's bottom.

Sewer: The system of pipes that carries wastewater from homes and businesses to a treatment plant or reclamation plant. Sewers are separate from storm drains, which is a system of drains and pipes that carry rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged.

SigAlert: Any unplanned event that causes the closing of one lane of traffic for 30 minutes or more, as opposed to a planned event, like the road construction, which is planned.

SJBA: San Juan Basin Authority

Sludge: The solids that remain after wastewater treatment. This material is separated from the cleaned water, treated and composted into fertilizer. Also called biosolids.

SOCWA: South Orange County Wastewater Authority. Regional Joint Powers Authority form for collection and treatment of sewerage (previously known as AWMA/SERRA/SOCRA). SOCWA member agencies:

- CSC – City of San Clemente
- CSJC – City of San Juan Capistrano
- CLB – City of Laguna Beach
- ETWD – El Toro Water District
- EBSD – Emerald Bay Service District
- IRWD – Irvine Ranch Water District
- MNWD – Moulton Niguel Water District
- SCWD – South Coast Water District
- SMWD – Santa Margarita Water District
- TCWD – Trabuco Canyon Water District

SRE: State Revolving Fund

Storm Drain: The system of pipes that carries rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged. Storm drains are separate from sewers, which is a separate system of pipes to carry wastewater from homes and businesses to a treatment plant or reclamation plant for cleaning.

Storm flow: Surface flow originating from precipitation and run-off which has not percolated to an underground basin.

SWP: State Water Project. An aqueduct system that delivers water from Northern California to central and Southern California.

SWRCB: State Water Resources Control Board

TDS: Total dissolved solids. A quantitative measure of the residual minerals dissolved in water that remain after evaporation of a solution. Usually expressed in milligrams per liter.

Tertiary treatment: The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

THM: Trihalomethanes. Any of several synthetic organic compounds formed when chlorine or bromine combine with organic materials in water.

TMA: Too many acronyms.

TMDL: Total maximum daily load; a quantitative assessment of water quality problems, contributing sources, and load reductions or control actions needed to restore and protect bodies of water.

Transpiration: The process in which plant tissues give off water vapor to the atmosphere as an essential physiological process.

Turbidity: Thick of opaque with matter in suspension; muddy water

Ultraviolet light disinfection: A disinfection method for water that has received either secondary or tertiary treatment used as an alternative to chlorination.

VE: Value Engineering

VOC: Volatile organic compound; a chemical compound that evaporates readily at room temperature and contains carbon.

Wastewater: Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result.

Water Cycle: The continuous process of surface water (puddles, lakes, oceans) evaporating from the sun's heat to become water vapor (gas) in the atmosphere. Water condenses into clouds and then falls back to earth as rain or snow (precipitation). Some precipitation soaks into the ground (percolation) to replenish groundwater supplies in underground aquifers.

Water rights: A legally protected right to take possession of water occurring in a natural waterway and to divert that water for beneficial use.

Water-use Efficiency: The water requirements of a particular device, fixture, appliance, process, piece of equipment, or activity.

Water year (USGS): The period between October 1st of one calendar year to September 30th of the following calendar year.

Watermaster: A court appointed person(s) that has specific responsibilities to carry out court decisions pertaining to a river system or watershed.

Water Reclamation: The treatment of wastewater to make it suitable for a beneficial reuse, such as landscape irrigation. Also called water recycling.

Watershed: The total land area that from which water drains or flows to a river, stream, lake or other body of water.

Water table: The top level of water stored underground.

WEF: Water Environment Federation. Formerly – Water Pollution Control Federation (WPCF). International trade group advising members of sewage treatment techniques and their effect on the environment.

Weir box: A device to measure/control surface water flows in streams or between ponds.

Wellhead treatment: Water quality treatment of water being produced at the well site.

Wetland: Any area in which the water table stands near, at, or above the land surface for a portion of the year. Wetlands are characterized by plants adapted to wet soil conditions.

Xeriscape: Landscaping that requires minimal water.