

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**

**February 23, 2026**

**7:30 a.m.**

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

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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/86580013593> (Meeting ID: 865 8001 3593).

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 McClean

**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)**

## **FINANCE AND INSURANCE COMMITTEE MEETING**

**CALL MEETING TO ORDER – Director Monin**

2. **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 January 19, 2026 Finance and Insurance Committee meeting (Minutes included).

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

## **FINANCIAL INFORMATION ITEMS**

3. **California Asset Management Program (CAMP)** (Reference Material Included)

A representative from PFM Asset Management will update the Board on the District’s investment holdings and philosophy based on an economic outlook.

4. **Quarterly Review of the District’s 401(k) Retirement Savings Plan**  
(Reference Material Included)

Keith Stribling will review and comment on the investment performance of the District’s 401(k) Retirement Savings Plan.

5. **Deferred Compensation Plan (457 Plan) Quarterly Performance Report**  
(Reference Material Included)

Staff will provide an update on the performance of the investment options in the District's Deferred Compensation Plan (457 Plan).

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

Staff will review and comment on the Financial Statements and Report for the month ending January 31, 2026.

7. **Fiscal Year 2026-27 Budget Process Update** (Reference Material Included)

Staff will provide an update on the 2026-27 fiscal year budget schedule and process.

8. **Director's Travel & Expense Reimbursement Policy**  
(Reference Material Included)

Staff will review and comment on Section 4020 – Travel and Expense Reimbursement Policy of the District Administrative Code.

## FINANCIAL ACTION ITEMS

9. **Financial Package - Authorization to Approve Payment of Bills for the Month Ending January 31, 2026** (Reference Material Included)

The Board will consider approving Bills for Consideration dated January 31, 2026.

**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 January 31, 2026.

## COMMENTS REGARDING NON-AGENDA FIC ITEMS

## CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

## ENGINEERING COMMITTEE MEETING

### CALL MEETING TO ORDER – Director McClean

#### 10. 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 January 19, 2026 Engineering Committee meeting. (Minutes Included).

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

### ENGINEERING ACTION ITEMS

#### 11. 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 enter into a contract with Farwest Corrosion Control Company in the amount of \$367,000.00 for construction of the Moulton Parkway / El Toro Road Cathodic Protection Repair Project. Staff further recommend that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.

#### 12. Solar/Battery Projects Consulting Support for Contract Negotiation (Reference Material Included)

Staff will review and comment on the proposal received for additional consulting services related to the Solar/Battery Projects contract negotiation.

**Recommended Action:** Staff recommend that the Board of Directors authorize the District's General Manager to amend its contract with TerraVerde Energy LLC in the amount of \$69,500.00 for contract negotiation services for the Solar/Battery Projects. Staff further recommend that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.

**13. Resolution No. 26-2-1 Authorizing Designated Representatives to Apply for and Receive Federal and State Financial Assistance**

(Reference Material Included)

Staff will review and comment on Resolution No. 26-2-1 which authorizes designated representatives to apply for and receive federal and state financial assistance, including but not limited to funding through the Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program (HMGP) and related disaster and mitigation programs.

**Recommended Action:** Staff recommend that the Board of Directors adopt Resolution No. 26-2-1 authorizing designated representatives to apply for and receive federal and state financial assistance, including but not limited to funding through the FEMA HMGP and related disaster and mitigation programs.

RESOLUTION NO. 26-2-1

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
AUTHORIZING DESIGNATED REPRESENTATIVES TO APPLY FOR AND RECEIVE  
FEDERAL FINANCIAL ASSISTANCE

**ENGINEERING INFORMATION ITEMS**

**14. El Toro Water District Operations Report** (Reference Material Included)

Staff will review and comment on the El Toro Water District Operations Report.

**15. Distribution System Asset Management Plan Overview**  
(Reference Material Included)

Staff will present the results of the distribution system asset management plan.

**16. 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

**17. 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.*

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

January 19, 2026

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

Director Monin 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, SHERRI SEITZ, Public Affairs Manager (Zoom), VU CHU, Water Resources Supervisor (Zoom), VICKI TANIOUS, Senior Accountant (Zoom), ABEL ESTRADA, Billing & Customer Service Supervisor (Zoom), and MARISOL MELENDEZ, Recording Secretary.

Determination of a Quorum

Roll Call:

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

Five Board members were present at the meeting and therefore a quorum has been determined.

Oral Communications/Public Comment

There were no comments.

Items Too Late to be Agendized

President Freshley asked if there were any items received too late to be agendized. Mr. Cafferty replied no.

Resolution No. 26-1-1 MWDOC 75<sup>th</sup> Anniversary Commemoration

Mr. Cafferty reported that MWDOC is celebrating its 75<sup>th</sup> anniversary and that a commemorative resolution will be presented at MWDOC's Board meeting on Wednesday. He also noted that staff created a congratulatory video.

Director Monin asked for a Motion.

Motion: Director Gaskins made a motion, seconded by Director Monin to adopt Resolution No. 26-1-1 which commends the Municipal Water District of Orange County for 75 years of service.

Roll Call Vote:

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

Finance and Insurance Committee Meeting

At approximately 7:38 a.m. Director Monin called the Finance and Insurance Committee meeting to order.

Consent Calendar

Director Monin asked for a Motion.

Motion: President Freshley made a motion, seconded by Director Gaskins to approve the Consent Calendar.

Roll Call Vote:

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

Financial Information Items

Financial Statements and Report

Mr. Sharma reported that total District cash and investments at the end of December 2025 totaled \$23,365,219. The Current ratio was 9.9, with 243 days of cash on hand. Accounts receivable turnover was 38 days for the month and 28 days year-to-date, while the accounts payable turnover was 36 days for the month and 33 days year-to-date. Mr. Sharma stated that most key revenue categories are performing as budgeted. The commodity supply charge is exceeding expectations due to increased recycled water sales and is projected to be above budget by year-end.

Mr. Sharma also reported a new miscellaneous expense related to uncollectible accounts totaling \$161,746, which was transferred to a collection agency. He explained that the amount accumulated over a three-year period due to state-mandated restrictions on collections activities and a complete turnover in the Customer Service Department, which delayed the collections process. President Freshley inquired about the number of multi-tenant services with individual water meters. Mr. Cafferty responded that most of these services are single-family residential.

President Freshley commented on the water purchase expenses of \$16,063. Mr. Sharma explained that the water bill was paid on January 1<sup>st</sup> and therefore did not appear in the December expenses.

## Financial Action Items

### Resolution No. 26-1-2 El Toro Water District Administrative Code

Mr. Cafferty stated that the Investment Policy requires an annual review. He reported that PFM recommended adding language to Section 6 to reflect the SB 827 requirements for fiscal and financial training. He also noted that CSDA will offer both live and virtual fiscal and financial training opportunities. Additionally, a proposed revision would extend the allowable maturity for commercial paper from 270 to 397 days to align with California Government Code.

Director Monin asked for a Motion.

Motion: Director Gaskins made a motion, seconded by Vice President Havens to adopt Resolution 26-1-2 which adopts the amended El Toro Water District Administrative Code.

#### Roll Call Vote:

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

### Quarterly Insurance Report

Ms. Cimorell reported that the District received notice that its Long-Term Care policy will be eliminated and terminated effective February 1, 2026. She stated that staff is reviewing replacement options but available alternatives are limited and not cost effective. Staff will be offered the option to self-insure through the long-term care provider.

Director Monin asked for a Motion.

Motion: Vice President Havens made a motion, seconded by Director McClean to receive and file the quarterly insurance report for the period October 1, 2025 through December 31, 2025.

Roll Call Vote:

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

Financial Package – Authorization to Approve Payment of Bills for the Month Ending December 31, 2025

Director Monin asked for a Motion.

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

Roll Call Vote:

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

Comments Regarding Non-Agenda FIC Items

Director Monin inquired about Martin Luther King Jr. being a federal holiday that is not observed by the District. Mr. Cafferty stated that the holiday did not exist when the District originally established its holiday schedule.

Adjournment

There being no further business the Finance and Insurance Committee meeting was closed at approximately 8:10 a.m.

Respectfully submitted

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MARISOL MELENDEZ  
Recording Secretary

APPROVED:

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KATHRYN FRESHLEY, President  
of the El Toro Water District and the  
Board of Directors thereof

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



# EL TORO WATER DISTRICT

## Investment Performance Review For the Quarter Ended December 31, 2025

### Client Management Team

Monique Spyke, Managing Director  
Robert Montoya, Relationship Manager  
Jeremy King, Key Account Manager

### PFM Asset Management A division of U.S. Bancorp Asset Management, Inc

1 California Street Ste. 1000  
San Francisco, CA 94111-5411  
415-393-7270

213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723

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# Market Update

## Current Market Themes



- ▶ U.S. economy remains resilient but government shutdown obscures data
  - ▶ Inflation print likely biased lower due to data collection gaps and technical adjustments
  - ▶ Unemployment rate trends higher with net new job creation near zero
  - ▶ Strong consumer and business spending, along with steadier trade dynamics, support growth



- ▶ The Fed lowered the target rate by 50 basis points in the fourth quarter to 3.50-3.75%
  - ▶ Fed Chair Powell acknowledged ongoing challenges in achieving the Fed's dual mandate of maximum employment and price stability
  - ▶ The Fed's December "dot plot" indicates 25 bps of cuts in both 2026 and 2027, but the wide dispersion in underlying projections highlights differing views on path forward
  - ▶ Markets view policy is skewed towards additional easing assuming a more dovish Chair takes office in mid-2026

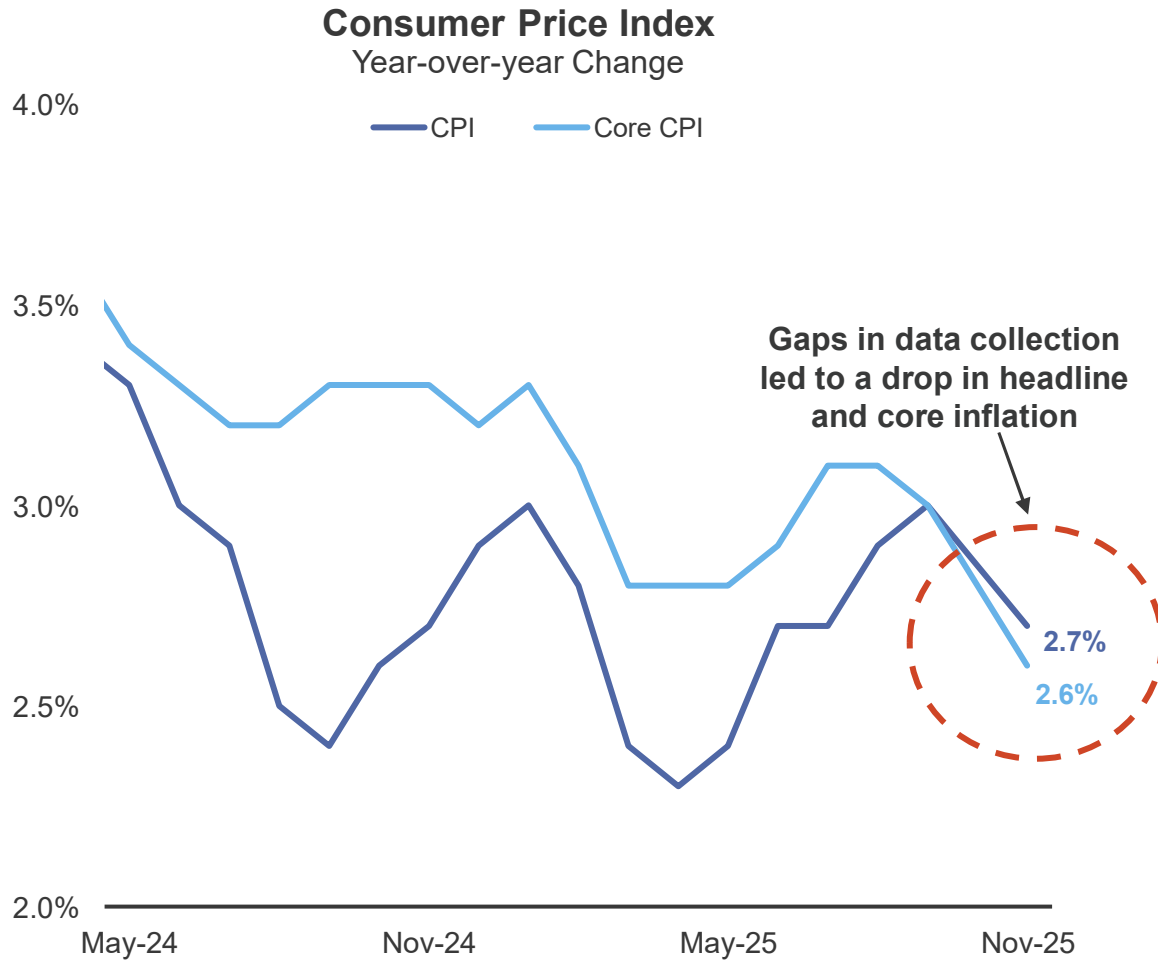


- ▶ Treasury yield curve continues to steepen but remains inverted inside 2 years
  - ▶ Front end Treasury yields moved lower during the fourth quarter on Fed rate cut expectations
  - ▶ Yields were range bound as volatility waned into year end
  - ▶ Credit spreads widened marginally but remain near historically narrow levels

Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg Finance L.P., as of December 31, 2025.

## Data Distortions Bias Inflation Lower

*Fed Chair Powell: "The data may be distorted ... because [it] was not collected in October and half of November."*



### Price Increases For Key Goods

Legend: ■ 3-Month Annualized Inflation Rates (Sep-25), ■ 2024

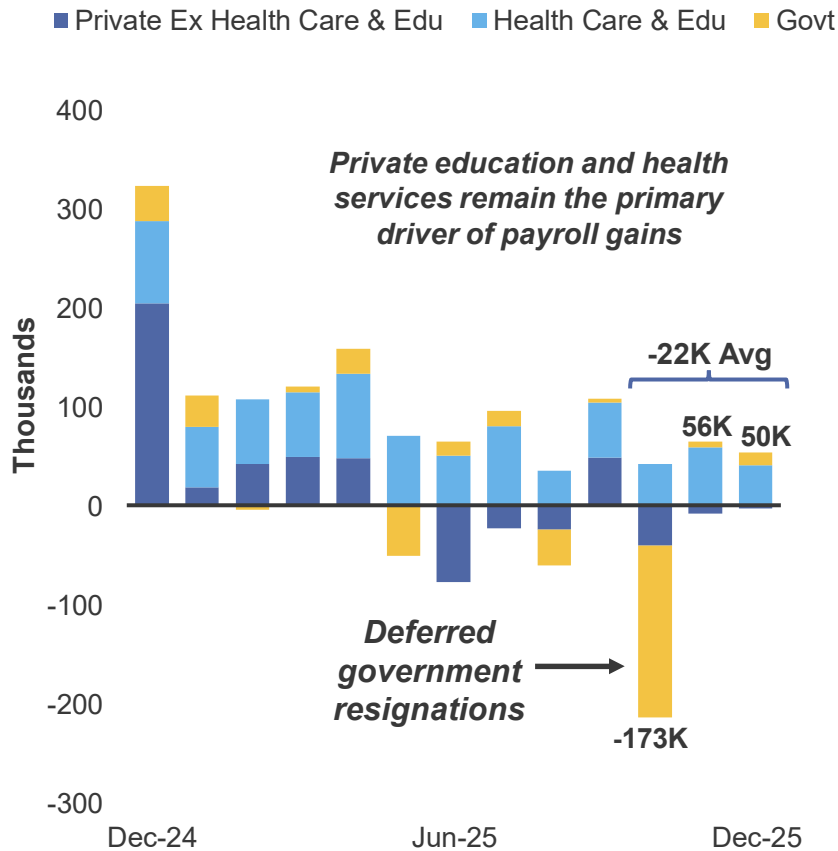
Category	3-Month Average	2024
Home Furnishings	+4.1%	-0.9%
Apparel	+5.3%	+1.2%
Transportation	+3.1%	-1.2%
Food at Home	+3.2%	+1.8%
Energy	+4.6%	-0.5%

Source: FOMC Chair Jerome Powell Press Conference, December 10, 2025. Bureau of Labor Statistics and Bloomberg Finance L.P. as of November 2025.

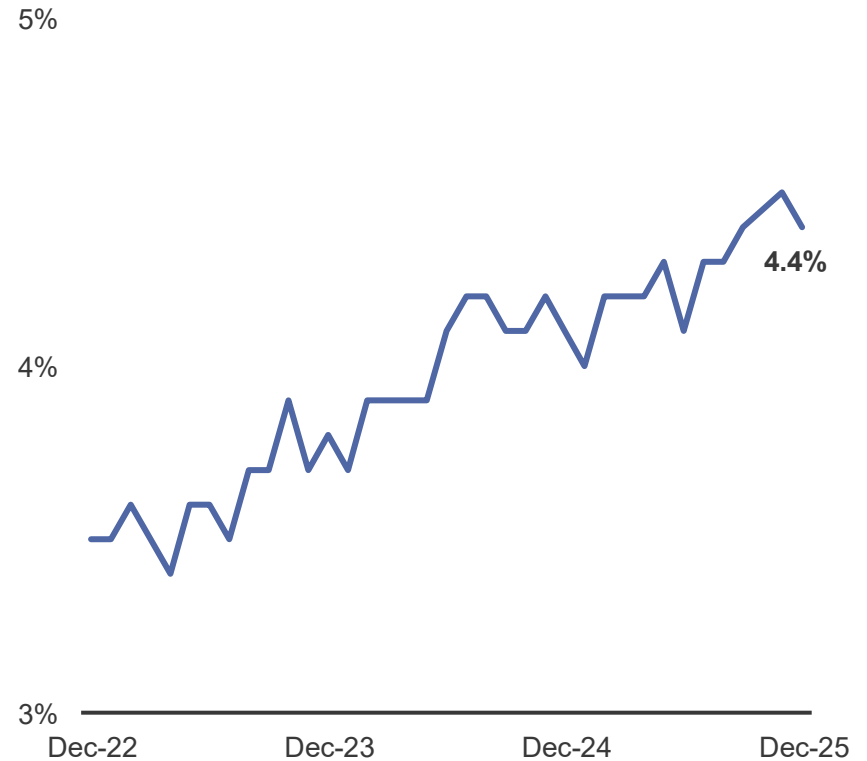
## Labor Market Continues to Cool

*Fed Chair Powell: “[S]upply of workers has also gone way down, so the unemployment rate hasn’t moved that much. It is a labor market that seems to have significant downside risks...”*

### Monthly Change In Nonfarm Payrolls



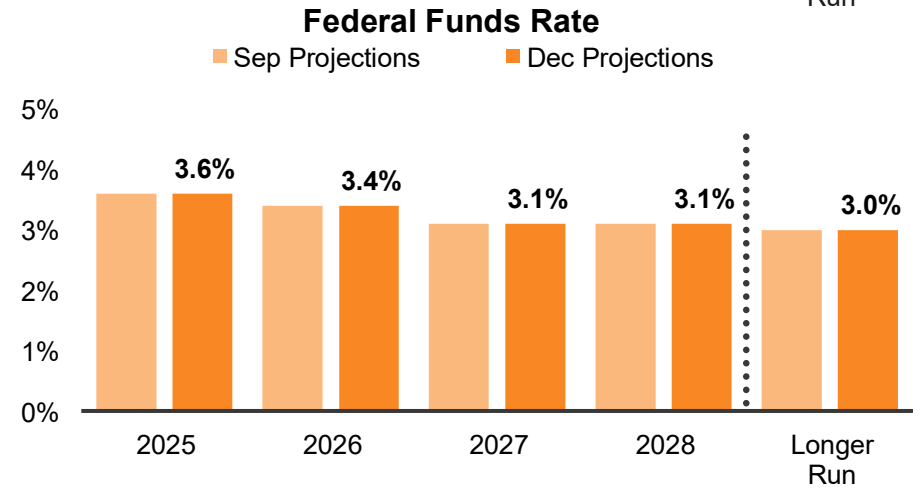
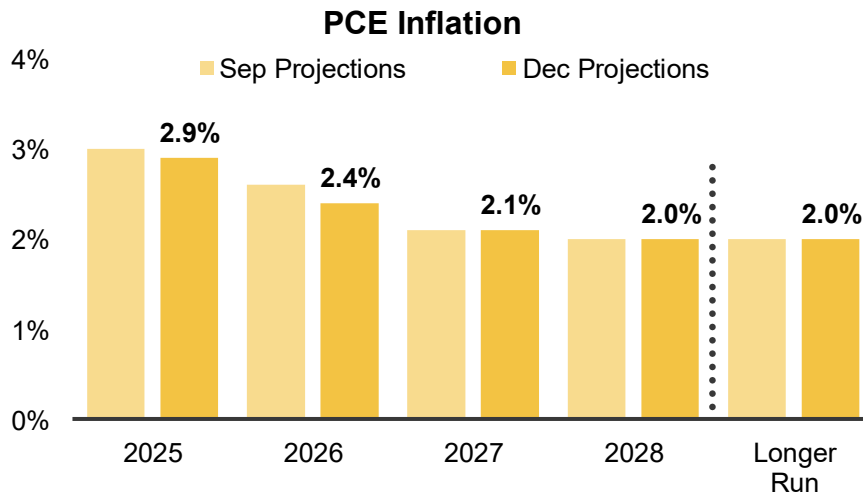
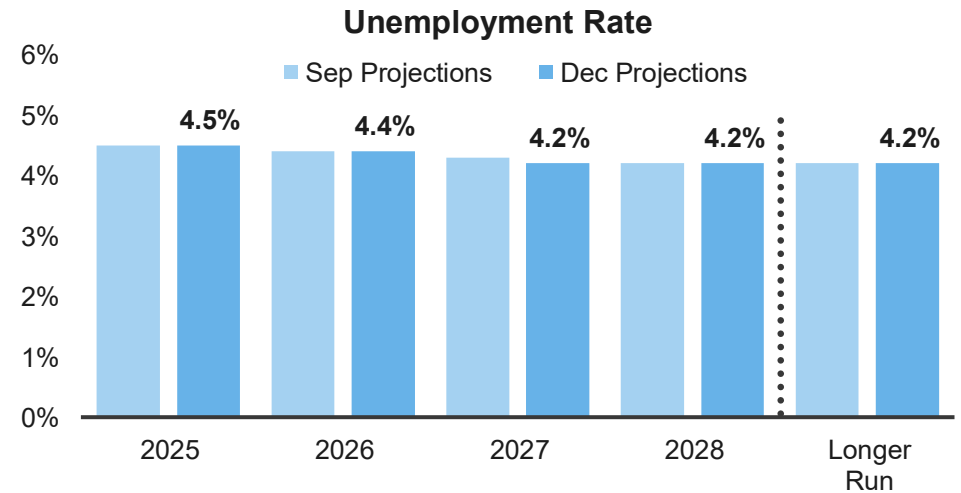
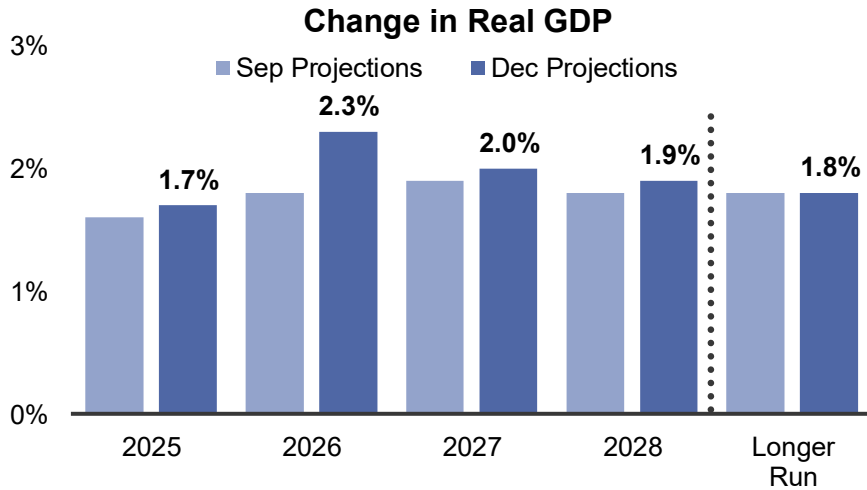
### Unemployment Rate



Source: FOMC Chair Jerome Powell Press Conference, December 10, 2025. Bureau of Labor Statistics and Bloomberg Finance L.P. as of December 2025.

## Fed's Updated Summary of Economic Projections

*Fed Chair Powell: "[T]he baseline [expectation] would be solid growth next year" ... "[We] feel like we have made progress this year in nontariff-related inflation."*

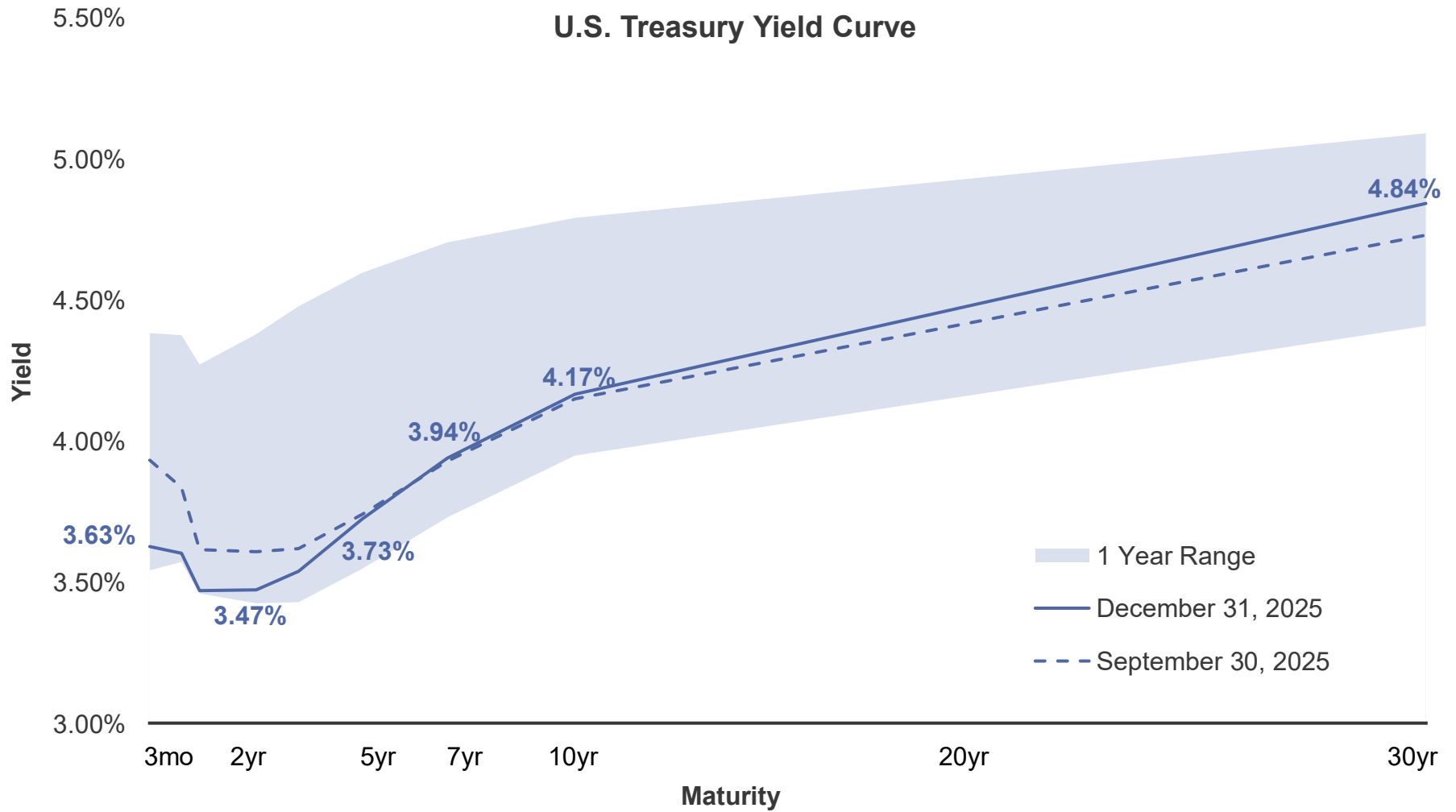


Source: FOMC Chair Jerome Powell Press Conference, December 10, 2025. Federal Reserve, latest median economic projections, as of December 2025.



### Treasury Yield Curve Nears Dis-inversion

#### U.S. Treasury Yield Curve



Source: Bloomberg Finance L.P., as of December 31, 2025.

## Treasury Yields Remain Above Historical Averages

### 2-Year Treasury Yield



Source: Bloomberg Finance L.P., as of December 31, 2025.

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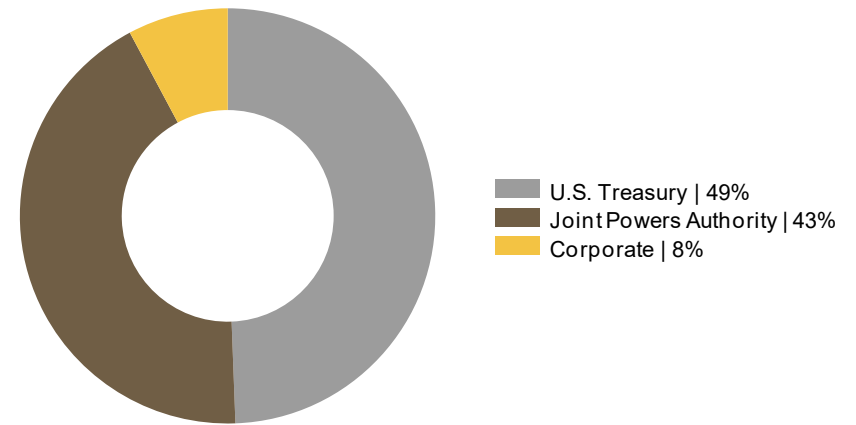
## Portfolio Review:

## Portfolio Snapshot - CAMP-EL TORO WATER DISTRICT OPERATING F<sup>1</sup>

### Portfolio Statistics

<b>Total Market Value</b>	\$10,384,417.72
Managed Account Sub-Total	\$5,906,892.59
Accrued Interest	\$51,273.03
Pool	\$4,426,252.10
<b>Portfolio Effective Duration</b>	0.84 years
<b>Benchmark Effective Duration</b>	1.34 years
<b>Yield At Cost</b>	4.55%
<b>Yield At Market</b>	3.83%
<b>Portfolio Credit Quality</b>	AA

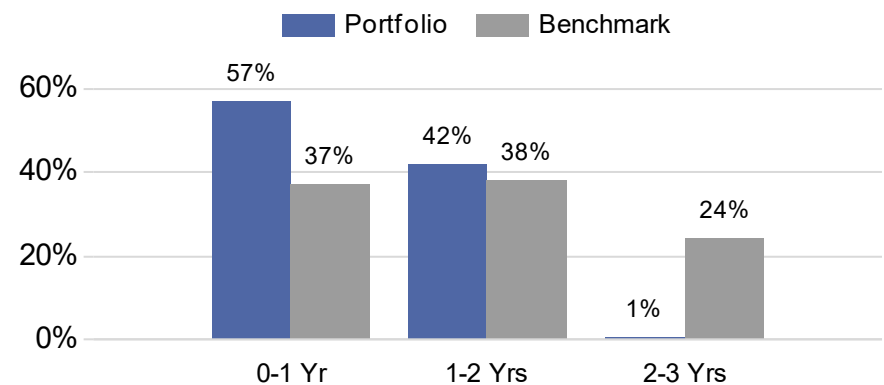
### Sector Allocation



### Credit Quality - S&P

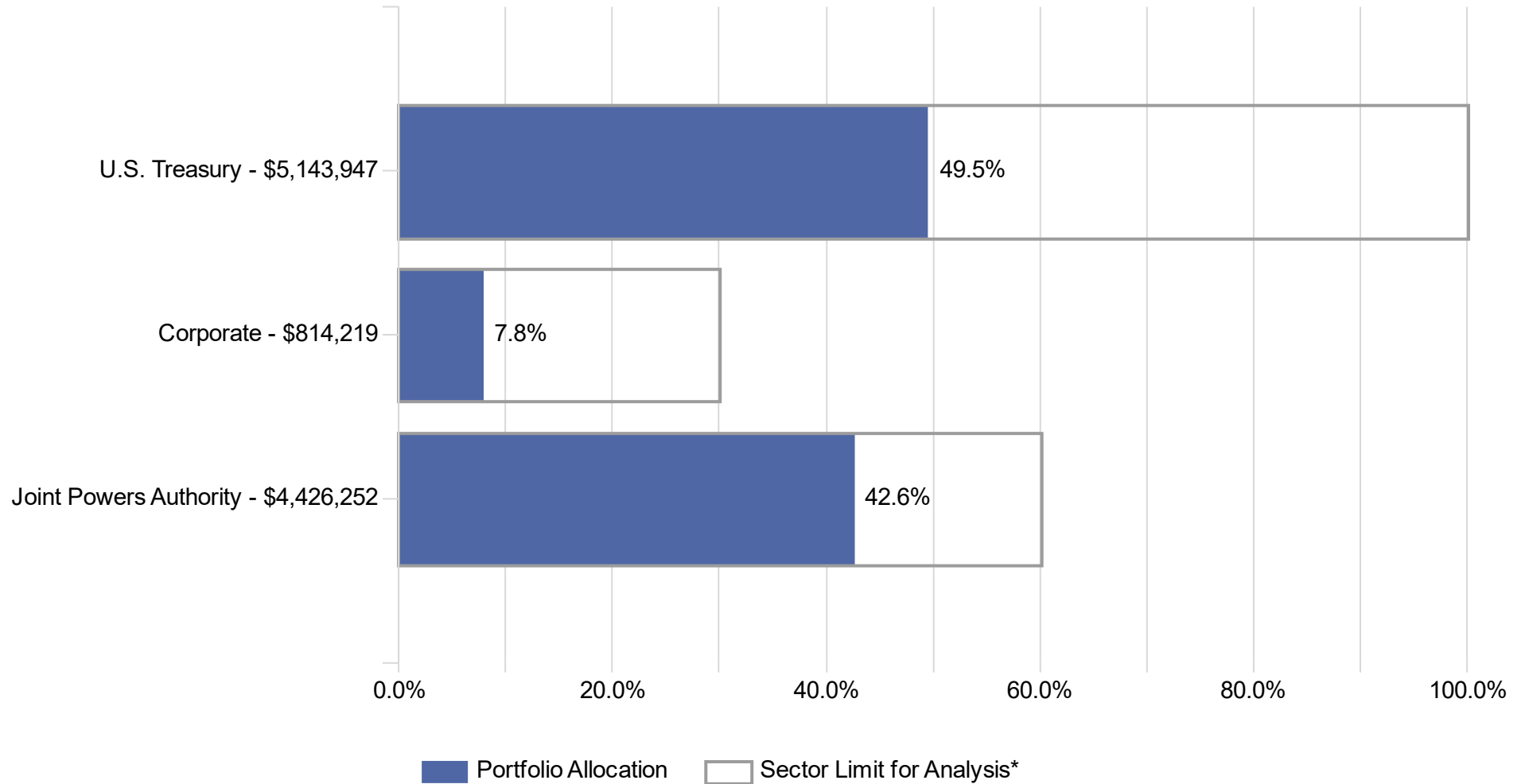


### Duration Distribution



1. Total market value includes accrued interest and balances invested in CAMP, as of December 31, 2025. Yield and duration calculations exclude balances invested in CAMP. The portfolio's benchmark is the ICE BofA 0-3 Year U.S. Treasury Index. Source: Bloomberg Financial LP. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

### Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

\*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

## Certificate of Compliance

During the reporting period for the quarter ended December 31, 2025, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

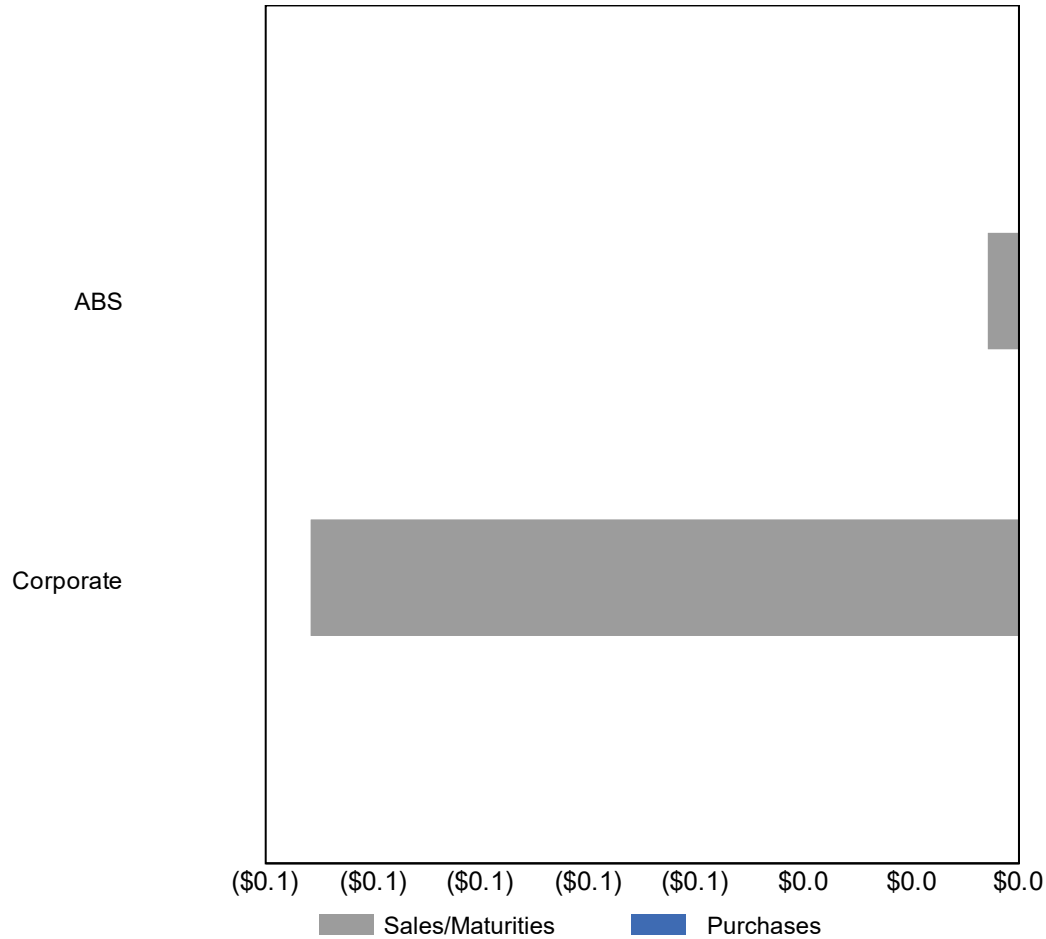
Acknowledged : *PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.*

*Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Financial LP Asset and Investment Management ("AIM").*

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## Portfolio Activity - CAMP-EL TORO WATER DISTRICT OPERATING F

**Net Activity by Sector**  
(\$ millions)

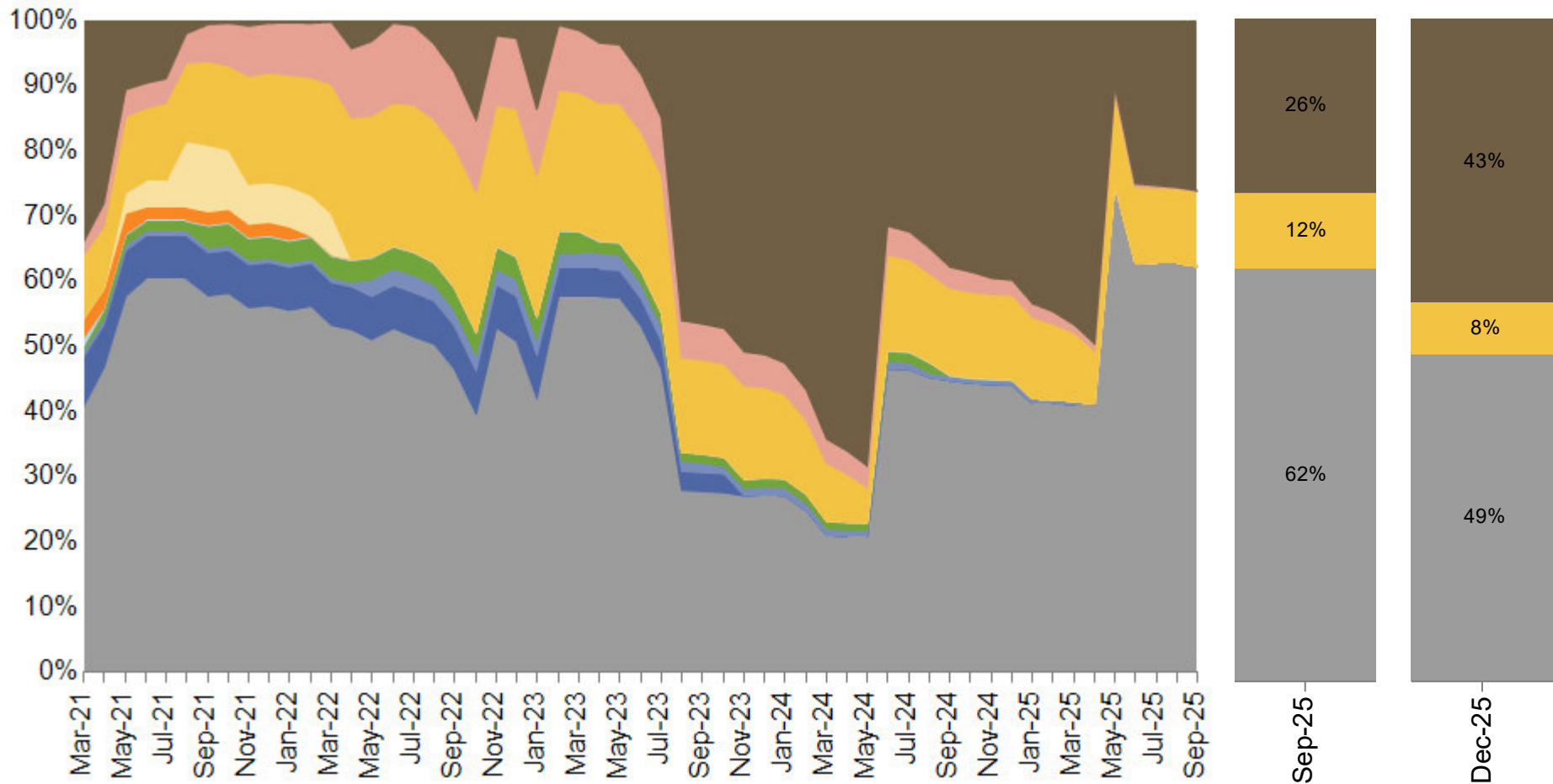


Sector	Net Activity
ABS	(\$5,563)
Corporate	(\$131,219)
<b>Total Net Activity</b>	<b>(\$136,781)</b>

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

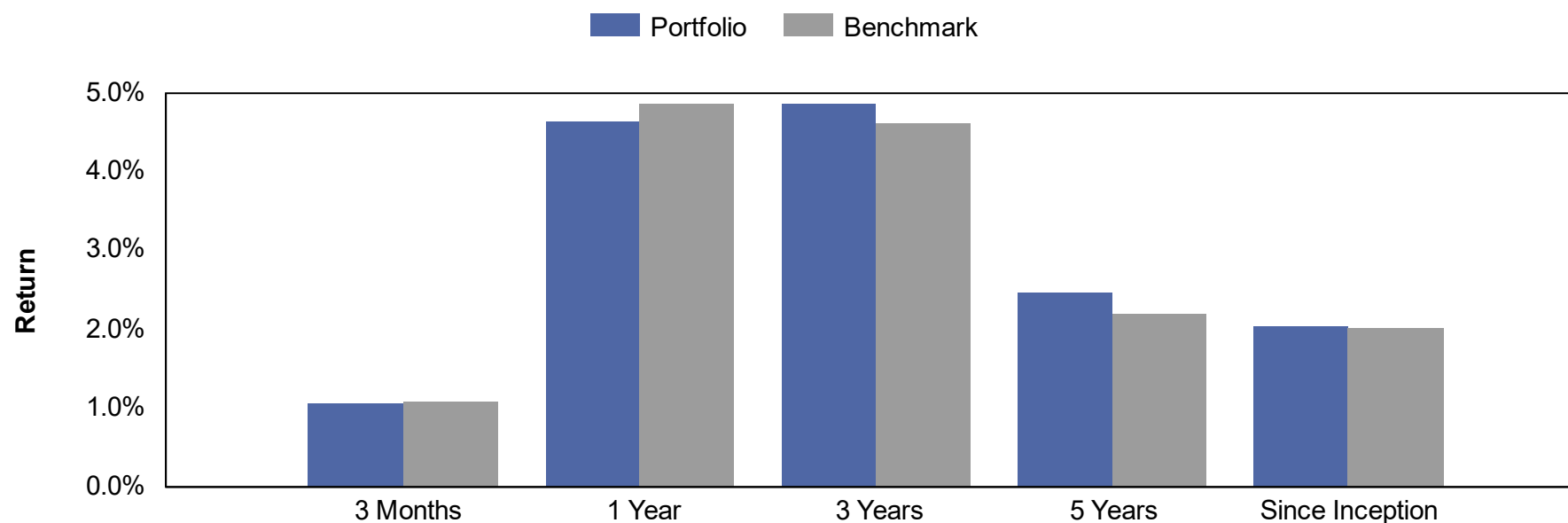
### Historical Sector Allocation - CAMP-EL TORO WATER DISTRICT OPERATING F

- U.S. Treasury
- Agency CMBS
- Municipal
- Commercial Paper
- Corporate
- ABS
- Joint Powers Authority
- Federal Agency
- Supranational
- Negotiable CD



Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM.

## Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$80,669	\$376,104	\$1,289,898	\$1,433,333	\$2,062,696
Change in Market Value	\$10,388	\$81,171	\$418,462	\$77,926	\$43,030
<b>Total Dollar Return</b>	<b>\$91,057</b>	<b>\$457,275</b>	<b>\$1,708,360</b>	<b>\$1,511,259</b>	<b>\$2,105,726</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	1.07%	4.64%	4.87%	2.47%	2.03%
Benchmark <sup>4</sup>	1.10%	4.86%	4.62%	2.20%	2.02%
<b>Difference</b>	<b>-0.03%</b>	<b>-0.22%</b>	<b>0.25%</b>	<b>0.27%</b>	<b>0.01%</b>

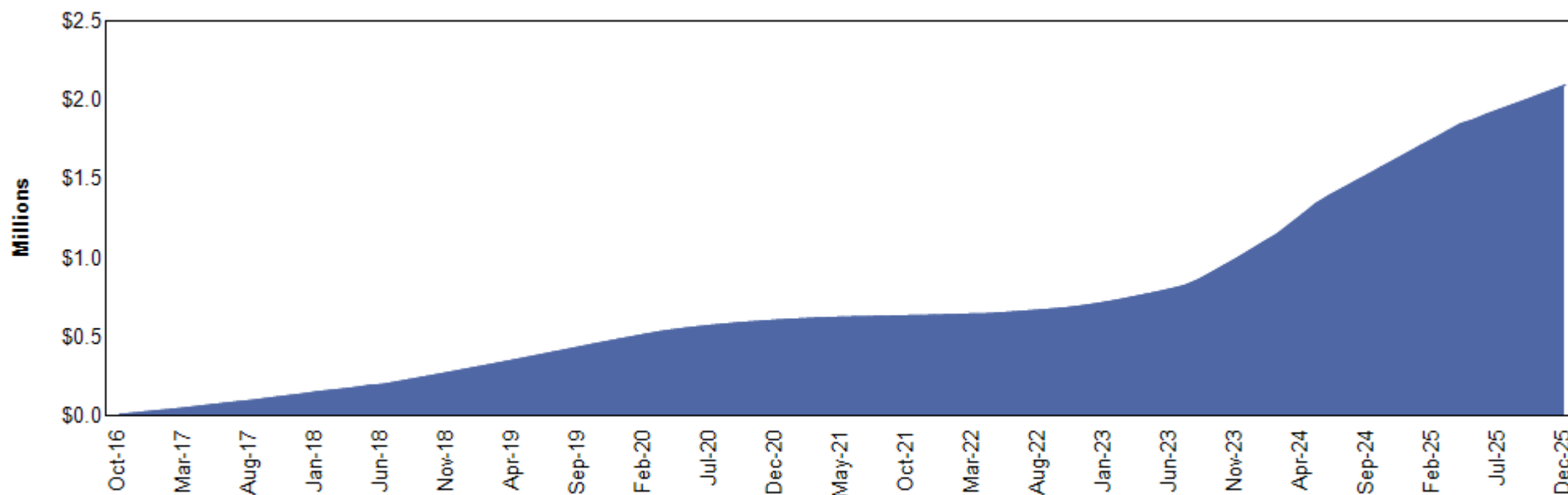
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2016.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofA 0-3 Year U.S. Treasury Index. Source: Bloomberg Financial LP.

## Accrual Basis Earnings - CAMP-EL TORO WATER DISTRICT OPERATING F



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$80,669	\$376,104	\$1,289,898	\$1,433,333	\$2,062,696
Realized Gains / (Losses) <sup>3</sup>	\$0	(\$18)	(\$13)	(\$2,702)	(\$35,750)
Change in Amortized Cost	\$13,484	\$51,571	\$98,142	\$57,681	\$69,071
<b>Total Earnings</b>	<b>\$94,153</b>	<b>\$427,657</b>	<b>\$1,388,026</b>	<b>\$1,488,312</b>	<b>\$2,096,016</b>

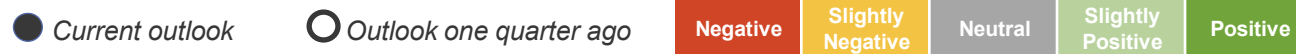
1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2016.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Realized gains / (losses) are shown on an amortized cost basis.

### Fixed-Income Sector Commentary – 1Q 2026

Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
Financials	
Industrials	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	



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# Issuer Distribution

## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>U.S. Treasury</b>	<b>86.3%</b>	
United States Treasury	86.3%	AA / Aa / AA
<b>Corporate</b>	<b>13.7%</b>	
American Express Co	0.6%	A / A / A
Bank of America Corp	2.2%	A / A / AA
Caterpillar Inc	1.7%	A / A / A
JPMorgan Chase & Co	2.5%	A / A / AA
Morgan Stanley	2.2%	A / A / A
Toyota Motor Corp	2.2%	A / A / A
UnitedHealth Group Inc	2.2%	A / A / A
<b>Total</b>	<b>100.0%</b>	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

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# Portfolio Transactions

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>CALL</b>									
11/25/2025	11/25/2025	130,000.00	38143U8H7	GOLDMAN SACHS GROUP INC (CALLABLE)	3.75%	2/25/2026	131,218.75	3.75%	
<b>Total CALL</b>		<b>130,000.00</b>					<b>131,218.75</b>		<b>0.00</b>
<b>INTEREST</b>									
10/1/2025	10/1/2025		46625HQW3	JPMORGAN CHASE & CO (CALLABLE)	3.30%	4/1/2026	2,475.00		
10/15/2025	10/15/2025		89238FAD5	TAOT 2022-B A3	2.93%	9/15/2026	2.60		
10/15/2025	10/15/2025		02008JAC0	ALLYA 2022-1 A3	3.31%	11/15/2026	0.07		
10/15/2025	10/15/2025		14317HAC5	CARMX 2022-2 A3	3.49%	2/16/2027	6.65		
10/16/2025	10/16/2025		362585AC5	GMCAR 2022-2 A3	3.10%	2/16/2027	5.64		
10/19/2025	10/19/2025		06051GFX2	BANK OF AMERICA CORP	3.50%	4/19/2026	2,275.00		
11/15/2025	11/15/2025		89236TMD4	TOYOTA MOTOR CREDIT CORP	5.20%	5/15/2026	3,380.00		
11/15/2025	11/15/2025		89238FAD5	TAOT 2022-B A3	2.93%	9/15/2026	0.07		
11/15/2025	11/15/2025		91282CHB0	US TREASURY N/B	3.62%	5/15/2026	19,031.25		
11/15/2025	11/15/2025		14317HAC5	CARMX 2022-2 A3	3.49%	2/16/2027	3.15		
11/16/2025	11/16/2025		362585AC5	GMCAR 2022-2 A3	3.10%	2/16/2027	3.44		
11/30/2025	11/30/2025		9128286X3	US TREASURY N/B	2.12%	5/31/2026	5,312.50		
12/16/2025	12/16/2025		362585AC5	GMCAR 2022-2 A3	3.10%	2/16/2027	1.16		

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
12/31/2025	12/31/2025		91282CEW7	US TREASURY N/B	3.25%	6/30/2027	8,125.00		
<b>Total INTEREST</b>		<b>0.00</b>					<b>40,621.53</b>		<b>0.00</b>
<b>PAYDOWNS</b>									
10/15/2025	10/15/2025	26.13	02008JAC0	ALLYA 2022-1 A3	3.31%	11/15/2026	26.12		-0.01
10/15/2025	10/15/2025	1,038.32	89238FAD5	TAOT 2022-B A3	2.93%	9/15/2026	1,038.32		
10/15/2025	10/15/2025	1,202.52	14317HAC5	CARMX 2022-2 A3	3.49%	2/16/2027	1,202.52		0.05
10/16/2025	10/16/2025	851.27	362585AC5	GMCAR 2022-2 A3	3.10%	2/16/2027	851.27		0.05
11/15/2025	11/15/2025	26.95	89238FAD5	TAOT 2022-B A3	2.93%	9/15/2026	26.95		
11/15/2025	11/15/2025	1,084.81	14317HAC5	CARMX 2022-2 A3	3.49%	2/16/2027	1,084.81		0.05
11/16/2025	11/16/2025	885.54	362585AC5	GMCAR 2022-2 A3	3.10%	2/16/2027	885.54		0.05
12/16/2025	12/16/2025	447.16	362585AC5	GMCAR 2022-2 A3	3.10%	2/16/2027	447.16		0.02
<b>Total PAYDOWNS</b>		<b>5,562.70</b>					<b>5,562.69</b>		<b>0.21</b>
<b>TRANSFER OUT</b>									
10/31/2025	10/31/2025	0.02	41284YAD8	HDMOT 2022-A A3	3.06%	2/15/2027	0.01	3.08%	
<b>Total TRANSFER OUT</b>		<b>0.02</b>					<b>0.01</b>		<b>0.00</b>

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# Portfolio Holdings

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury</b>											
US TREASURY N/B DTD 03/15/2023 4.625% 03/15/2026	91282CGR6	1,050,000.00	AA+	Aa1	6/11/2024	6/12/2024	1,045,201.17	4.90	14,488.26	1,049,432.26	1,051,967.70
US TREASURY N/B DTD 05/15/2023 3.625% 05/15/2026	91282CHB0	1,050,000.00	AA+	Aa1	6/11/2024	6/12/2024	1,026,744.14	4.84	4,941.82	1,045,370.33	1,050,284.55
US TREASURY N/B DTD 05/31/2019 2.125% 05/31/2026	9128286X3	500,000.00	AA+	Aa1	11/30/2022	11/30/2022	466,542.97	4.20	934.07	496,073.12	497,005.50
US TREASURY N/B DTD 02/15/2017 2.250% 02/15/2027	912828V98	500,000.00	AA+	Aa1	11/30/2022	11/30/2022	464,531.25	4.10	4,249.32	490,544.74	493,086.00
US TREASURY N/B DTD 06/30/2022 3.250% 06/30/2027	91282CEW7	500,000.00	AA+	Aa1	2/22/2023	2/23/2023	480,273.44	4.25	44.89	493,229.86	498,281.50
US TREASURY N/B DTD 09/30/2022 4.125% 09/30/2027	91282CFM8	500,000.00	AA+	Aa1	2/22/2023	2/23/2023	497,929.69	4.22	5,269.57	499,215.01	505,351.50
US TREASURY N/B DTD 09/30/2022 4.125% 09/30/2027	91282CFM8	500,000.00	AA+	Aa1	11/30/2022	11/30/2022	502,500.00	4.01	5,269.57	500,902.27	505,351.50
US TREASURY N/B DTD 01/31/2023 3.500% 01/31/2028	91282CGH8	500,000.00	AA+	Aa1	2/22/2023	2/23/2023	485,332.03	4.16	7,323.37	493,817.16	500,097.50
<b>Security Type Sub-Total</b>		<b>5,100,000.00</b>					<b>4,969,054.69</b>	<b>4.45</b>	<b>42,520.87</b>	<b>5,068,584.75</b>	<b>5,101,425.75</b>
<b>Joint Powers Authority</b>											
CAMP Pool		4,426,252.10	AAAm	NR			4,426,252.10		0.00	4,426,252.10	4,426,252.10
<b>Security Type Sub-Total</b>		<b>4,426,252.10</b>					<b>4,426,252.10</b>		<b>0.00</b>	<b>4,426,252.10</b>	<b>4,426,252.10</b>

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate</b>											
MORGAN STANLEY DTD 01/27/2016 3.875% 01/27/2026	61746BDZ6	130,000.00	A-	A1	6/11/2024	6/12/2024	126,938.50	5.41	2,154.93	129,859.73	129,982.19
CATERPILLAR FINL SERVICE DTD 02/27/2024 5.050% 02/27/2026	14913UAF7	100,000.00	A	A2	6/11/2024	6/12/2024	99,911.00	5.10	1,739.44	99,991.64	100,146.10
UNITEDHEALTH GROUP INC DTD 02/25/2016 3.100% 03/15/2026	91324PCV2	130,000.00	A+	A2	6/11/2024	6/12/2024	125,596.90	5.14	1,186.61	129,468.27	129,787.71
JPMORGAN CHASE & CO (CALLABLE) DTD 03/23/2016 3.300% 04/01/2026	46625HQW3	150,000.00	A	A1	6/11/2024	6/12/2024	145,147.50	5.20	1,237.50	149,303.85	149,825.40
BANK OF AMERICA CORP DTD 04/19/2016 3.500% 04/19/2026	06051GFX2	130,000.00	A-	A1	6/11/2024	6/12/2024	125,806.20	5.35	910.00	129,296.02	129,832.30
TOYOTA MOTOR CREDIT CORP DTD 05/16/2024 5.200% 05/15/2026	89236TMD4	130,000.00	A+	A1	6/11/2024	6/12/2024	130,074.10	5.17	863.78	130,014.91	130,637.78
AMERICAN EXPRESS CO (CALLABLE) DTD 07/25/2025 4.351% 07/20/2029	025816EJ4	35,000.00	A-	A2	7/30/2025	7/31/2025	34,951.70	4.39	659.90	34,956.46	35,255.36
<b>Security Type Sub-Total</b>		<b>805,000.00</b>					<b>788,425.90</b>	<b>5.19</b>	<b>8,752.16</b>	<b>802,890.88</b>	<b>805,466.84</b>
<b>Managed Account Sub Total</b>		<b>5,905,000.00</b>					<b>5,757,480.59</b>	<b>4.55</b>	<b>51,273.03</b>	<b>5,871,475.63</b>	<b>5,906,892.59</b>
<b>Securities Sub Total</b>		<b>\$10,331,252.10</b>					<b>\$10,183,732.69</b>	<b>4.55%</b>	<b>\$51,273.03</b>	<b>\$10,297,727.73</b>	<b>\$10,333,144.69</b>
<b>Accrued Interest</b>											<b>\$51,273.03</b>
<b>Total Investments</b>											<b>\$10,384,417.72</b>

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## Important Disclosures

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. **Past performance is not indicative of future returns.**
- ICE Bank of America Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

## Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

## Glossary

- **Repurchase Agreements:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **Settle Date:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **Supranational:** A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- **Trade Date:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **Unsettled Trade:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. Treasury:** The department of the U.S. government that issues Treasury securities.
- **Yield:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM at Cost:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM at Market:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.



## El Toro Water District

### Investment Performance Review For the Quarter Ended December 31, 2025

Client Management Team

Keith Stribling, CFA

PFM Asset Management LLC

1735 Market Street  
43rd Floor  
Philadelphia, PA 19103

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

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**Financial Markets & Investment Strategy Review**

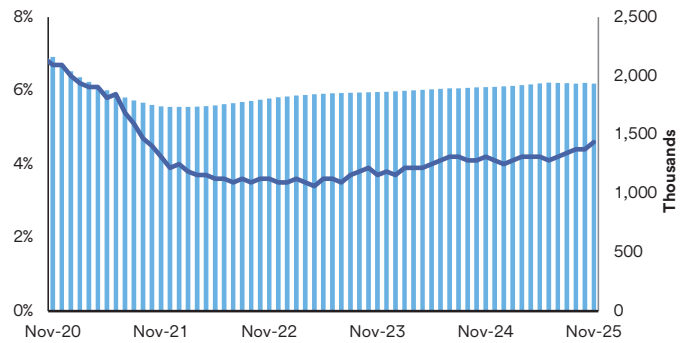
Index or Average Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
<b>DOMESTIC EQUITY</b>							
S&P 500 (TR)	2.66%	17.88%	17.88%	22.98%	14.42%	17.28%	14.81%
Russell 3000	2.40%	17.15%	17.15%	22.22%	13.14%	16.63%	14.27%
Russell 1000 Growth	1.12%	18.56%	18.56%	31.12%	15.31%	21.23%	18.11%
Russell 1000	2.41%	17.37%	17.37%	22.72%	13.58%	17.01%	14.58%
Russell 1000 Value	3.81%	15.91%	15.91%	13.88%	11.32%	12.09%	10.52%
Russell Midcap	0.16%	10.60%	10.60%	14.34%	8.67%	12.74%	11.00%
Russell Midcap Growth	-3.70%	8.66%	8.66%	18.62%	6.64%	14.19%	12.48%
Russell Midcap Value	1.42%	11.05%	11.05%	12.26%	9.82%	11.40%	9.77%
Russell 2000 Growth	1.22%	13.01%	13.01%	15.57%	3.18%	10.58%	9.57%
Russell 2000	2.19%	12.81%	12.81%	13.72%	6.09%	10.59%	9.61%
Russell 2000 Value	3.26%	12.59%	12.59%	11.72%	8.87%	10.08%	9.26%
<b>INTERNATIONAL EQUITY</b>							
MSCI EAFE	4.86%	31.22%	31.22%	17.21%	8.92%	10.53%	8.18%
MSCI AC World	3.29%	22.34%	22.34%	20.63%	11.19%	13.98%	11.71%
MSCI AC World ex USA	5.05%	32.39%	32.39%	17.32%	7.90%	10.14%	8.41%
MSCI AC World ex USA Small Cap	2.96%	29.26%	29.26%	15.59%	6.90%	10.03%	8.12%
MSCI EM (Emerging Markets)	4.73%	33.57%	33.57%	16.38%	4.19%	8.05%	8.41%
<b>ALTERNATIVES</b>							
FTSE Nareit/Equity REITs - INV	-1.56%	2.88%	2.88%	8.35%	6.62%	6.92%	5.69%
MSCI U.S. REIT INDEX	-1.69%	2.95%	2.95%	8.38%	6.58%	6.93%	5.70%
MSCI World Core Infrastructure	0.32%	15.85%	15.85%	8.40%	6.56%	8.10%	8.31%
<b>FIXED INCOME</b>							
Bloomberg U.S. Aggregate	1.10%	7.30%	7.30%	4.66%	-0.36%	1.99%	2.01%
Bloomberg U.S. Government/Credit	0.90%	6.88%	6.88%	4.56%	-0.59%	2.14%	2.16%
Bloomberg U.S. Intermediate Government/Credit	1.20%	6.97%	6.97%	5.05%	0.96%	2.54%	2.29%
Bloomberg U.S. Treasury (1-3 Y)	1.14%	5.17%	5.17%	4.49%	1.75%	2.21%	1.83%
ICE BofA U.S. High Yield	1.35%	8.50%	8.50%	10.02%	4.49%	6.09%	6.44%
Bloomberg Global Aggregate	0.24%	8.17%	8.17%	3.98%	-2.14%	0.65%	1.26%
<b>CASH EQUIVALENT</b>							
Bloomberg 3 Month T-Bill	0.99%	4.23%	4.23%	4.89%	3.22%	2.72%	2.21%

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

**THE ECONOMY**

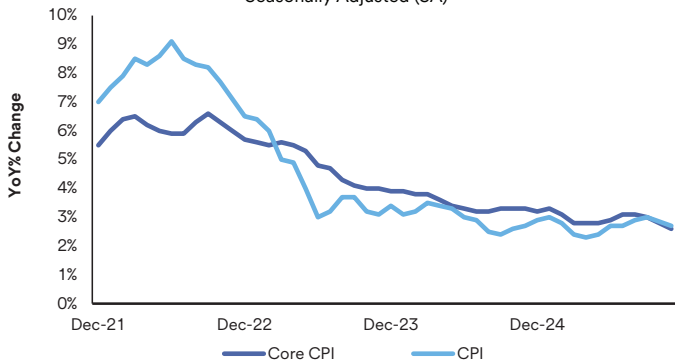
- In the third quarter, U.S. real gross domestic product (GDP) accelerated sharply at a seasonally adjusted annualized rate of 4.3%, marking the strongest growth in more than two years. This rebound in growth was driven by strong consumer spending and an increase in net exports. The continued growth points to the persistent resilience of the economy.
- The U.S. unemployment rate ticked up over the quarter, rising to 4.6% in November. The latest initial jobless claims ended the quarter at 199,000 (for the week ending December 27), the lowest level since January, with the continuing jobless claims also falling to approximately 1.9 million as we continue to see no meaningful increase in layoffs through 2025. The other side of the “low-hire, low-fire” environment can be seen as the pace of hiring, which slowed to 64,000 new jobs created in November after a decline of 105,000 in October, led by a drop in payrolls due to resignation offers across the federal government.
- Inflation appears to be cooling in the fourth quarter. Headline inflation (CPI) grew at a year-over-year rate of 2.7% in November, the lowest rate since July. This reading comes with a caveat however, as the government shutdown at the start of the quarter has led to a missed October reading as well as no monthly data released for November.

**U.S. Unemployment and Monthly Average Continued Claims**



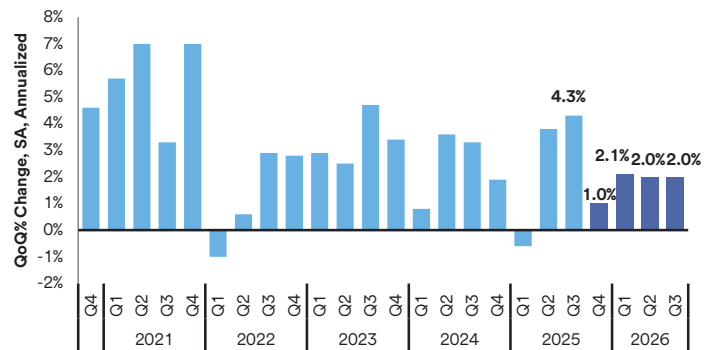
Source: Bloomberg.

**U.S. Inflation Rate**  
Seasonally Adjusted (SA)



Source: Bureau of Labor Statistics.

**U.S. GDP Growth**

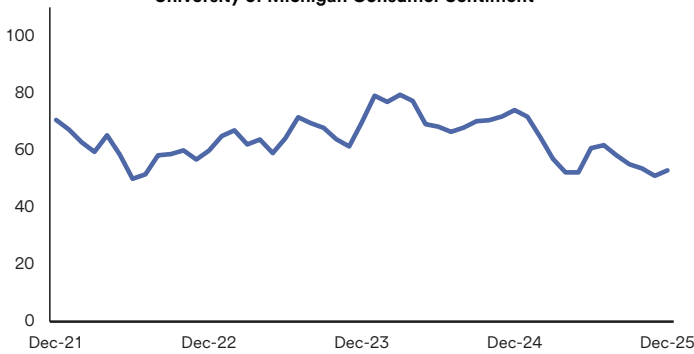


Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.

**WHAT WE'RE WATCHING**

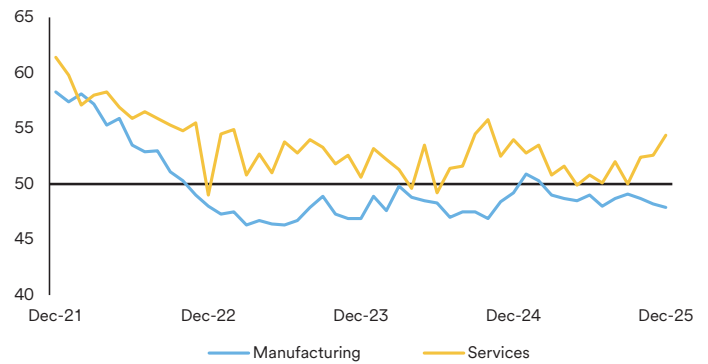
- The Federal Reserve (Fed) cut rates twice in the fourth quarter, bringing the new range to 3.50%-3.75% as labor data continued to soften. Looking forward, the summary of economic growth projections point to growing optimism, with an increase in projected economic growth along with a decrease in projected inflation for 2026. The dot plot for 2026 reflects an expectation of one cut in 2026, though the timing of such a move is uncertain. Outside of the U.S., the European Central Bank (ECB), which preceded the U.S. with cuts earlier in the year, held rates flat in the fourth quarter.
- U.S. consumer sentiment, as measured by the University of Michigan survey of consumers, continued to fall during the fourth quarter, and the reading was down nearly 30% year over year as affordability concerns remain. This consumer fatigue translated into a slower than expected gain in retail sales as consumers were more selective about purchases.
- U.S. military action in Venezuela adds to the ongoing geopolitical risks, prompting increased uncertainty as the possible implications for the market are weighed. Venezuela's oil reserves, and their relationship to China, its primary oil buyer, are of particular interest. In the short term the impact on energy prices is expected to be relatively minimal, while the longer-term impacts depend on the future of Venezuela's energy infrastructure and who controls it.

**University of Michigan Consumer Sentiment**



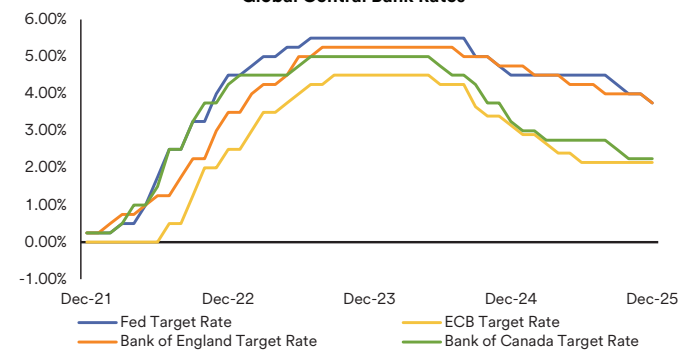
Source: Bloomberg.

**U.S. ISM Manufacturing & Services PMI**



Source: Bloomberg.

**Global Central Bank Rates**

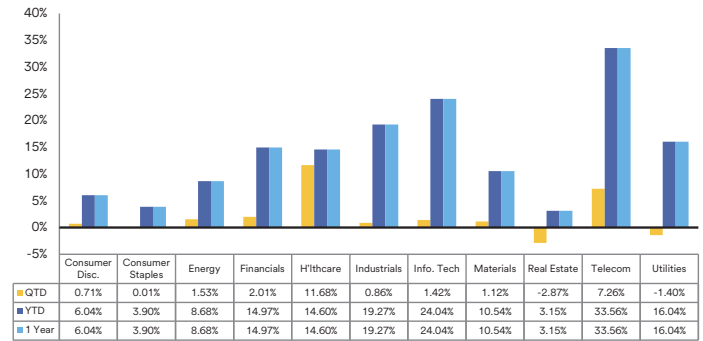


Source: Bloomberg.

**DOMESTIC EQUITY**

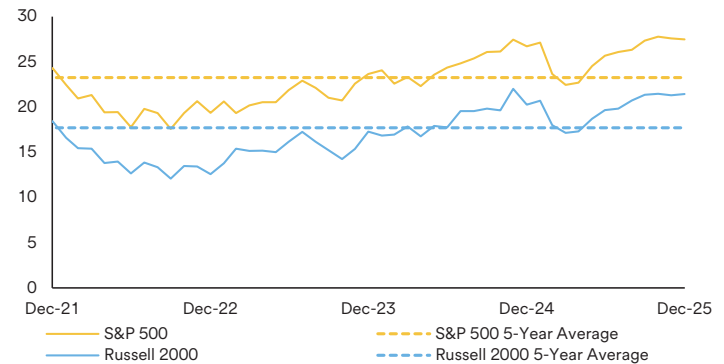
- The S&P 500 Index (S&P) posted a 2.7% return in the fourth quarter (of 2025). That equates to a return of 17.9% for the year.
- Within the S&P 500, the performance varied greatly across sectors, with nine of the 11 seeing positive returns. The best performing sectors were Healthcare (11.7%), Communication Services (7.3%), and Financials (2.0%). Utilities saw a loss of (-1.4%) while Real Estate performed the worst, with a negative return (-2.9%).
- Positive returns were seen across all capitalizations with large caps, as represented by the Russell 1000 Index, returning 2.4% during the quarter while mid and small caps, as represented by the Russell Midcap and Russell 2000 indices returned 0.2% and 2.2% respectively. Value stocks outperformed growth stocks across all capitalizations.
- According to FactSet Earnings Insight as of December 22, 2025, analysts are projecting earnings growth of 8.3% in Q4 2025, up from an initial estimate of 7.2% in September. This is below the five- and 10-year average earnings growth rates, but remains relatively strong, and would mark the tenth consecutive quarter of year-over-year earnings growth for the index. The index has once again been supported by the technology space. For calendar year 2025, analysts are projecting year-over-year earnings growth of 12.3%.
- At quarter end, the 12-month adjusted positive forward price-to-earnings (P/E) ratio (includes only positive earnings results for consistency) for the S&P 500 is 27.5, which is above the five year average of 23.3. The Russell 2000 Index, which represents small cap stocks, had an adjusted positive forward P/E ratio of 21.4, also above its five year average of 17.7.

**S&P 500 Index Performance by Sector**  
Periods Ended December 31, 2025



Source: Bloomberg.

**P/E Ratios of Major Stock Indices\***



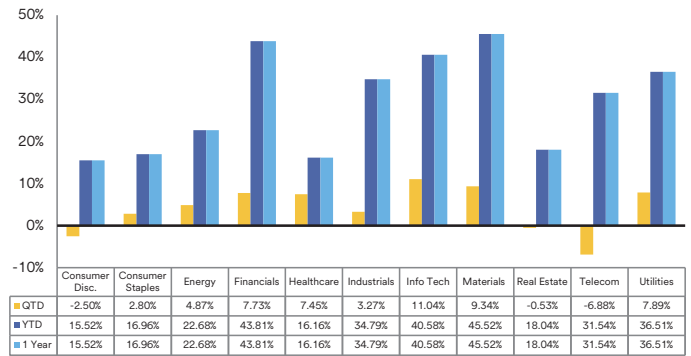
Source: Bloomberg.

\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

**INTERNATIONAL EQUITY**

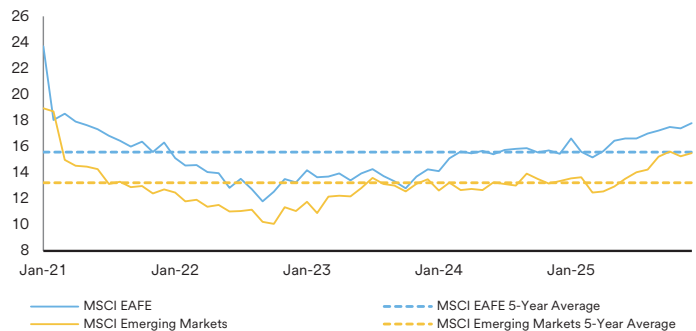
- Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, outperformed domestic equities in the fourth quarter returning 5.1% for the quarter, with a year-to-date return of 32.4%, its highest return since 2009.
- Seven of the 11 sectors posted positive returns for the quarter. The top performing sectors were Information Technology (11.0%), Materials (9.3%), and Utilities (7.9%). The worst performers for the quarter were Real Estate (-0.5%), Consumer Discretionary (-2.5%), and Communication Services (-6.9%).
- Developed ex-U.S. markets, as represented by the MSCI EAFE Index, outperformed emerging markets (EM), as represented by the MSCI Emerging Market Index, returning 4.9% versus 4.7% for the quarter. While the U.S. Dollar (USD) strengthened somewhat during the quarter, the continued softness positively impacted returns from all international indices, as they are stated in USD.
- Of the five largest-weighted countries in the MSCI EAFE Index, the MSCI Switzerland (9.8%) and MSCI United Kingdom (7.0%) indices outperformed the overall EAFE index. The MSCI France (3.4%), MSCI Japan (3.2%), and MSCI Germany (2.6%) indices underperformed.
- Of the five largest-weighted countries in EM, MSCI Korea (27.3%), MSCI Taiwan (10.4%), and MSCI Brazil (8.3%) outperformed the MSCI Emerging Markets index, while MSCI India (4.8%) performed in line and MSCI China (-7.4%) underperformed with notable negative returns. Both Korea and Taiwan continued their streak of double-digit returns supported by semiconductor names positively impacted by the artificial intelligence (AI) theme.
- Value stocks outperformed growth stocks for the quarter as represented by the broad benchmarks. The MSCI AC World ex-USA Growth Index returned 2.6%, while the MSCI AC World ex-USA Value Index returned 7.6%. Within EM, value stocks (MSCI EM Value) returned 5.8% versus 3.1% for growth. Small caps, as represented by the MSCI ACWI ex-U.S. Small Cap Index posted a return of 3.0%.
- Non-U.S. equity valuations increased in both emerging and developed markets. Both sit slightly above long-term averages. As of quarter-end, the MSCI EAFE's Adjusted Positive Forward P/E stood at 17.8 versus a five year average of 15.6. MSCI EM ended the quarter with an Adjusted Positive Forward P/E ratio of 15.5, above its five year average of 13.2.

**MSCI ACWI ex-U.S. Sectors**  
Periods Ended December 31, 2025



Source: Bloomberg.

**P/E Ratios of MSCI Equity Indices\***



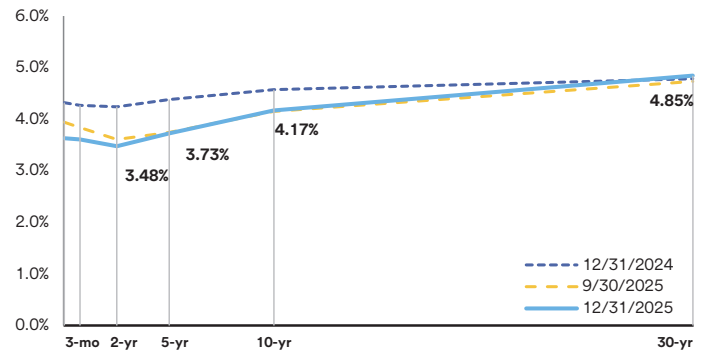
Source: Bloomberg.

\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

**FIXED INCOME**

- The U.S. bond market, represented by the Bloomberg U.S. Aggregate Index, returned 1.1% during the fourth quarter.
- The Bloomberg U.S. Treasury Index closed the quarter returning 0.9%. As the Fed cut rates first in October and then again in December, the yield curve steepened slightly with rates falling in the short to intermediate spectrum while long term yields rose. 30-year Treasury yields rose to 4.8%, while the 2-year ended at 3.5%. Cash markets continued to provide higher yields than the 2-year Treasuries.
- Corporate credit saw positive returns across the quality spectrum for the quarter. The Investment-Grade Bloomberg U.S. Corporate (IG Corp) Index returned 0.9% while High Yield bonds, as represented by the ICE BofA High Yield (HY) Index, returned 1.4%. Spreads remained relatively flat for High Yield corporates while they widened slightly for investment-grade corporates over the quarter. Both remain below their respective 10-year averages. Tailwinds of high profit margins, continued debt issuance, and ongoing mergers and acquisitions (M&A) activity points to positive corporate sentiment.

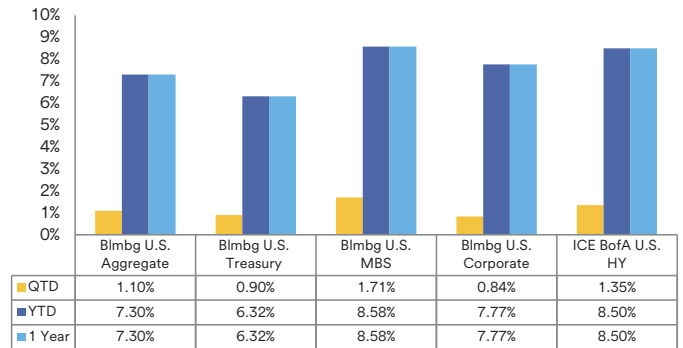
**U.S. Treasury Yield Curve**



Source: Bloomberg.

**Returns for Fixed-Income Segments**

Periods Ended December 31, 2025

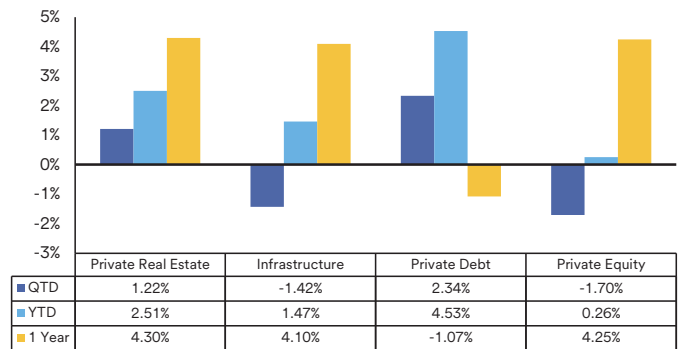


Source: Bloomberg.

**ALTERNATIVES**

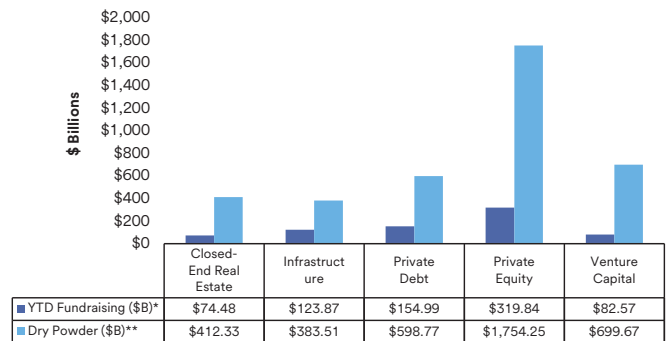
- Real estate investment trusts (REITs), as measured by the MSCI U.S. REITs Index, returned -1.7% in the fourth quarter leading to a year-to-date return of 3.0%. Private real estate, as measured by the NCREIF Property Index, gained 1.2% in the second quarter of 2025, marking the third consecutive quarter of positive total returns as property value declines leveled off across most sectors. The “Other” category, which includes a wide variety of non-categorized property types including data centers was the top performer, returning 2.3%, while Hotels returned a marginally positive 0.1%.
- Listed infrastructure, as measured by the MSCI World Core Infrastructure Index, returned 0.3% in the fourth quarter, down from a 4.9% return in the prior quarter. According to PitchBook, Private infrastructure funds posted a return of -1.4% in Q2 2025. Over the longer term, they generated an annualized return of 9.9% for the five years ended Q2 2025. By the end of Q3 2025, 57 private infrastructure funds raised \$123.9 billion, beating the funds raised during all of 2024 with one quarter remaining. Most of the capital went to funds larger than \$5 billion which seek to capitalize on rising AI demand. Infrastructure dry powder has fallen from the previous year and stands at \$383.5 billion as of March 31, 2025.
- By the end of Q3 2025, 125 private debt funds raised \$155.0 billion, with fundraising now on pace for another strong year by historical standards. Private debt dry powder remains above the long-term average at \$598.8 billion as of March 31, 2025. According to Cliffwater, the performance of private debt funds continues to be strong but is softening, posting a return of 2.3% in Q2 2025. The asset class has generated an annualized return of 11.1% for the five years ended Q2 2025.
- As of Q3 2025, 411 private equity funds raised \$319.8 billion –as the slower pace of fundraising continues due to constrained distributions hindering fundraising efforts. The bulk of the capital raised continues to flow to experienced managers raising capital for funds larger than \$1 billion. Global private equity dry powder, which accounts for the bulk of private capital dry powder, remains high at \$1.8 trillion as of March 31, 2025. Exit tailwinds of lower borrowing costs and greater market clarity should aid fundraising efforts into 2026. PitchBook, private equity funds posted a return of -1.7% in Q2 2025. The asset class has generated an annualized return of 17.6% for the five years ended Q2 2025.

**Returns for Private Capital Assets**



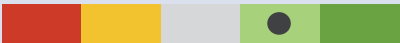

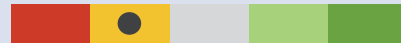
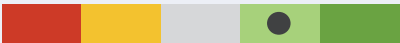

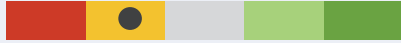
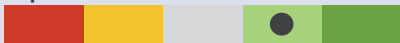

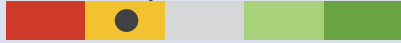
Source: NCREIF, PitchBook, Cliffwater, Cambridge Associate.  
As of June 30, 2025, the most recent period for which all index data is available.

**Private Capital Fundraising & Dry Powder**



Sources: Pitchbook.  
\* Total capital raised in 2025 as of September 30, 2025 - most recent period for which ALL fundraising data is available.  
\*\* Cumulative dry powder and total AUM as of March 31, 2025.  
\*\*\* Excluding open-end, evergreen fund vehicles.

**Factors to Consider Over the Next 6-12 Months**

<p><b>Monetary Policy (Global):</b></p>  <ul style="list-style-type: none"> <li>• The Fed cut rates by 50 bps in Q4 but noted continuing challenges in achieving its dual mandate.</li> <li>• Markets view policy risks as skewed towards additional easing, assuming a more dovish Chair takes office in mid-2026 as expected.</li> <li>• Major central banks have an accommodative policy in place with the BOJ being the notable exception.</li> </ul>	<p><b>Economic Growth (Global):</b></p>  <ul style="list-style-type: none"> <li>• Benefits from the tax and reconciliation bill and increases in anticipated AI capex are expected to support U.S. growth in 2026.</li> <li>• The effects of U.S. government shutdown expected to be temporary and fully recouped in Q1 2026.</li> <li>• Strong consumer spending and steadier trade dynamics continue to support global growth.</li> </ul>	<p><b>Inflation (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• While headline inflation moved lower in Q4, significant gaps in data collection due to the U.S. government shutdown likely biased the data lower and warrants attention.</li> <li>• Lower shelter inflation continues to support disinflation going forward although goods prices continue to experience tariff passthroughs.</li> </ul>
<p><b>Financial Conditions (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Financial conditions eased as corporate earnings exceeded expectations and tariff concerns abated resulting in equities reaching new all-time highs and credit spreads tightening to historical lows.</li> <li>• Financial conditions expected to remain tailwind as monetary policy eases, but any fiscal uncertainty and geopolitical risks could reintroduce tighter financial conditions over the next 6-12 months.</li> </ul>	<p><b>Consumer Spending (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Consumer activity remained resilient through the holiday shopping season, highlighting the disconnect between slowing sentiment and activity.</li> <li>• Consumer spending is dominated by higher-income cohorts pointing to K-shaped economy.</li> <li>• A significant correction in the equity market or a material slowdown in the labor market are the largest threats to consumer spending.</li> </ul>	<p><b>Labor Markets (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Labor market conditions continued to cool with net new job creation close to zero. Initial jobless claims and layoff rates remain low, easing some concerns over labor weakness.</li> <li>• The unemployment rate continued to tick higher, while job openings declined and the quits rate remains subdued, signaling reduced worker leverage even as real wage growth remains positive.</li> </ul>
<p><b>Corporate Fundamentals:</b></p>  <ul style="list-style-type: none"> <li>• Earnings growth expectations are positive across global equities with double digit growth expected across U.S. and international equity benchmarks.</li> <li>• In the U.S., M&amp;A and capital spending pickup, tax changes and rate cuts are positives while any tariff related cost pressures need to be monitored.</li> </ul>	<p><b>Valuations:</b></p>  <ul style="list-style-type: none"> <li>• U.S. equities and credit markets trade at valuations that are expensive relative to their history.</li> <li>• Resilient growth, strong earnings growth and higher profit margins are supportive of the current valuations while inflation and AI related exuberance are not fully reflected in the current valuations.</li> </ul>	<p><b>Political/Policy Risks:</b></p>  <ul style="list-style-type: none"> <li>• Some of the policy and trade related uncertainty was resolved in 2025.</li> <li>• The possibility of another U.S. government shutdown, legal challenges to tariffs and ongoing geopolitical uncertainty are negatives.</li> </ul>

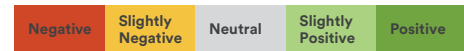


Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (December 31, 2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

**Investment Strategy Overview**

Asset Class	Our Q1 2026 Investment Outlook	Comments
<b>U.S. Equities</b>		<ul style="list-style-type: none"> <li>US large caps returned double-digit returns in 2025 supported by supportive fiscal and monetary policy, strong earnings growth and continued support for AI related stocks.</li> <li>Looking ahead, resilient economic growth is expected to broaden market performance away from the top technology names (Mag-7) and towards smaller and mid cap names. Value stocks have been outperforming growth stocks recently led by economic growth tailwinds and capex expensing rules that provides favorable outlook for cyclical industries.</li> <li>Small caps have recovered in the latter half of 2025 as Fed rate cuts, higher liquidity and improving earnings became tailwinds. While we hold a positive view on small caps, we expect to remain neutral until we see some recovery across employment and manufacturing indicators.</li> </ul>
Large-Caps		
Small-Caps		
<b>Non-U.S. Equities</b>		<ul style="list-style-type: none"> <li>International equities posted strong returns in 2025. Valuations are attractive relative to US equities but multiples look expensive relative to recent history. Earnings growth of ~13% expected in 2026.</li> <li>Across Europe and China, we believe that there are structural/geopolitical issues that need to be addressed for long-term sustained outperformance.</li> <li>Accommodative monetary policy, fiscal stimulus in certain regions and weaker USD are tailwinds but tariff driven uncertainty remains.</li> </ul>
Developed Markets		
Emerging Markets		
<b>Fixed Income</b>		<ul style="list-style-type: none"> <li>Fed cut rates by 75bps in 2025 and has provided guidance for one more rate cut in 2026.</li> <li>Yield curve has steepened over 2025 while 10 year yields have stayed above 4.0%. We expect long term rates to be range-bound due to inflation expectations but are watching for any meaningful increase in yields that could lead to a risk-off sentiment.</li> <li>We remain duration neutral at this time. Absolute yield levels look attractive even as credit spreads are closer to historical lows. We are neutral to credit sectors at this time given the tighter spreads even as corporate fundamentals remain strong.</li> </ul>
Core Bonds		
Investment Grade Credit		
High Yield Credit		
<b>Diversifying Assets</b>		<ul style="list-style-type: none"> <li>REIT performance has been sensitive to the long-term yields and have underperformed broader equities in 2025. Looking ahead, continued economic growth and the recent rate cuts are expected to be tailwinds.</li> <li>Along with diversified source of return, improving AI sentiment bodes well for data center buildout and utilities are long-term drivers for listed infrastructure.</li> </ul>
Listed Real Estate		
Listed Global Infrastructure		

● Current outlook    ○ Outlook one quarter ago



The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (December 31, 2025) and are subject to change.

## SOURCES

Factset

<https://www.bea.gov/sites/default/files/2024-12/gdp3q24-3rd-fax.pdf>

<https://www.bls.gov/news.release/pdf/empst.pdf>

<https://www.bls.gov/news.release/pdf/cpi.pdf>

<http://www.sca.isr.umich.edu/>

NCREIF

PitchBook

Cliffwater

## DISCLOSURES

*Indices shown are not available for investment. The index data reference herein is the property of the index provider and/or its licensors. The index provider assumes no liability in connections with its use and does not sponsor, endorse or recommend the products or services contained herein. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.*

*The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.*

*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.*

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

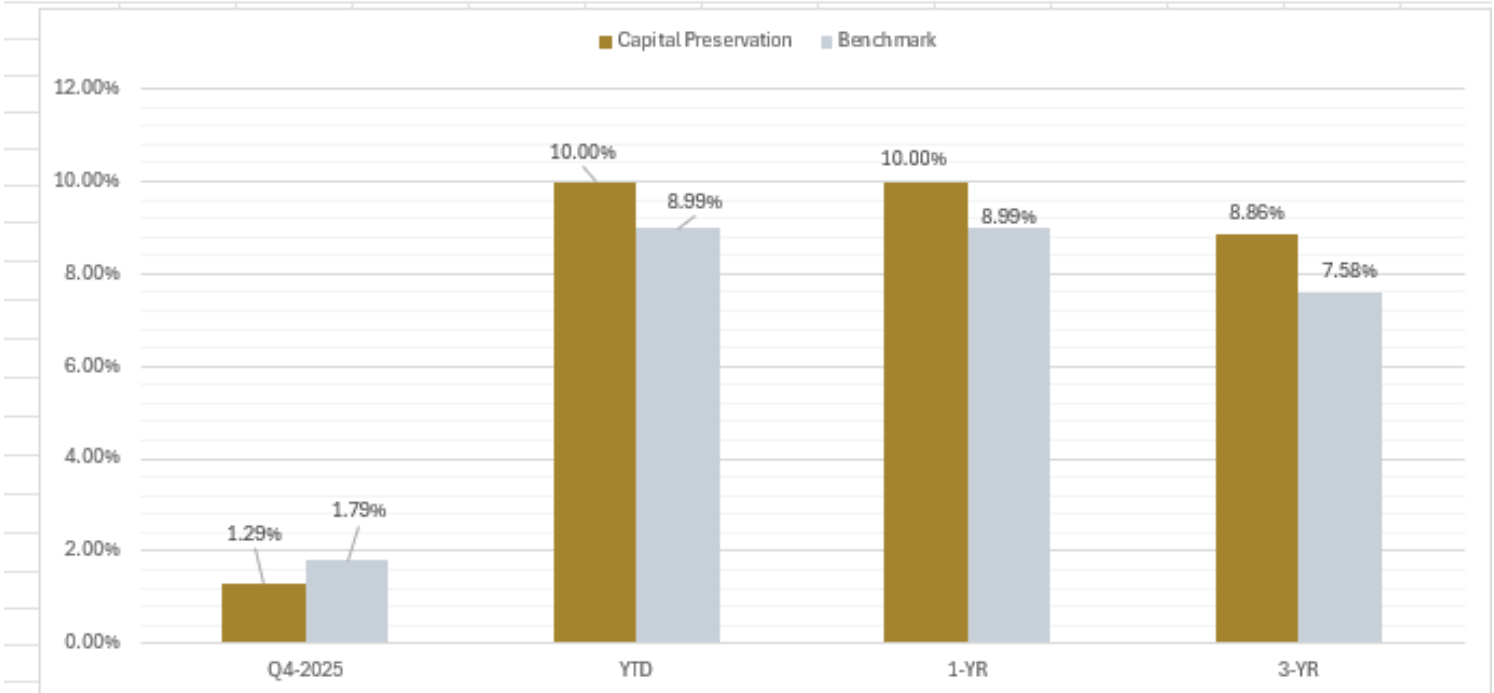
*Further distribution is not permitted without prior written consent.*

## **Plan Performance Summary**

### INVESTMENT RETURNS - CAPITAL PRESERVATION

El Toro Water District - 401(k) Plan

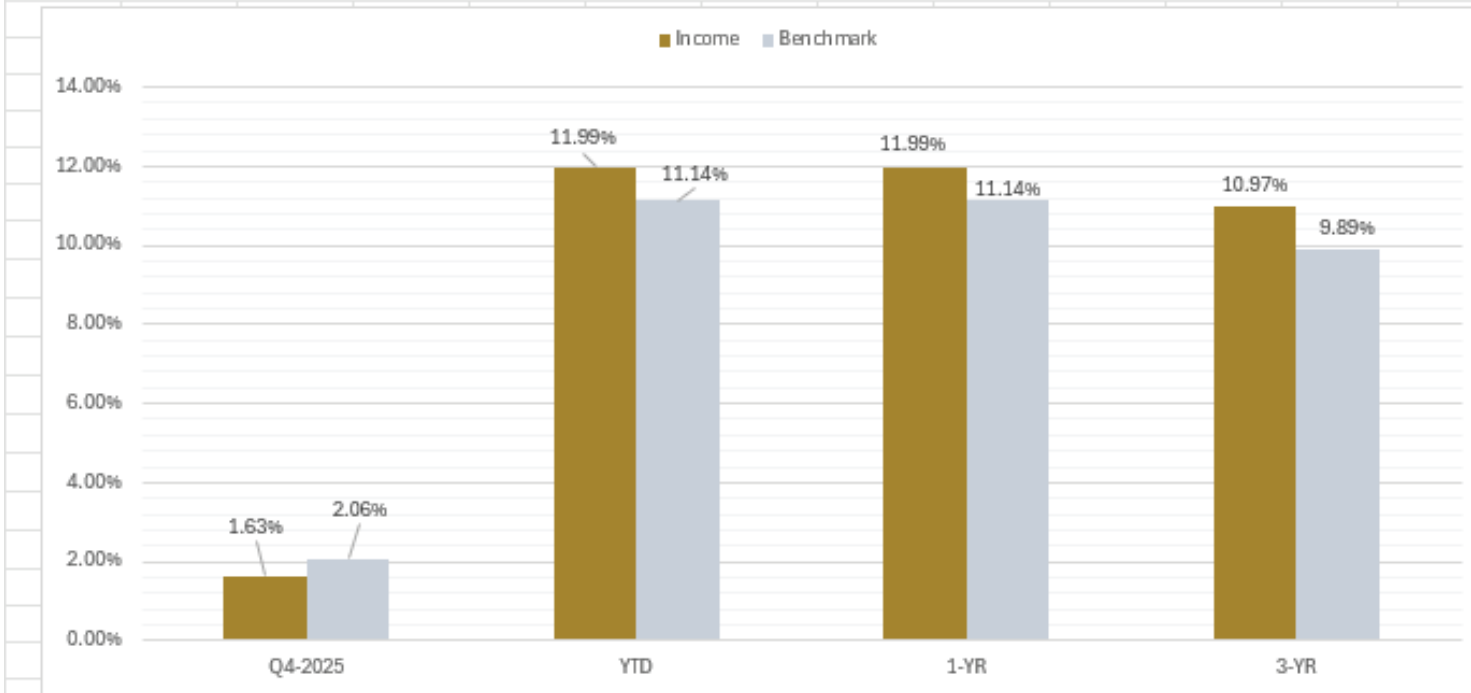
Annualized Total Rate of Return  
as of December 31, 2025



### INVESTMENT RETURNS - INCOME

El Toro Water District - 401(k) Plan

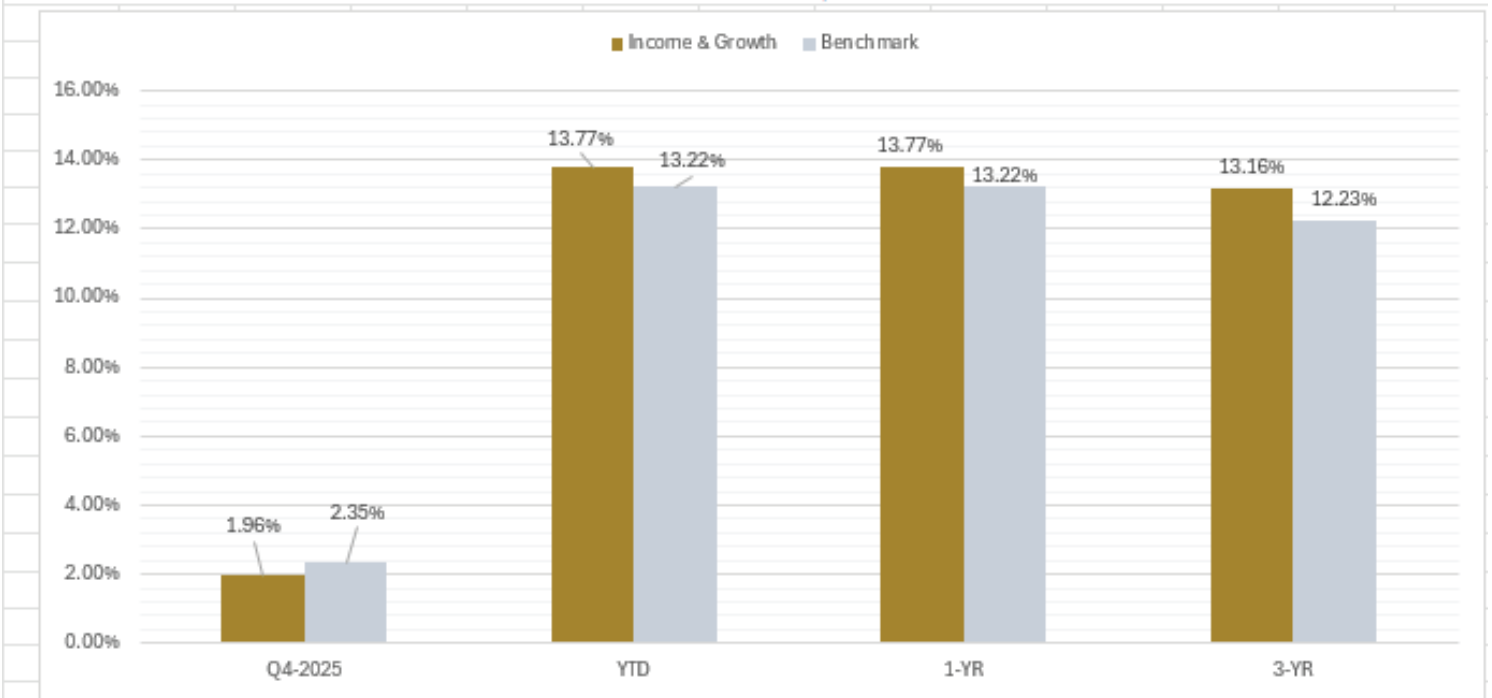
Annualized Total Rate of Return  
as of December 31, 2025



### INVESTMENT RETURNS - INCOME & GROWTH

El Toro Water District - 401(k) Plan

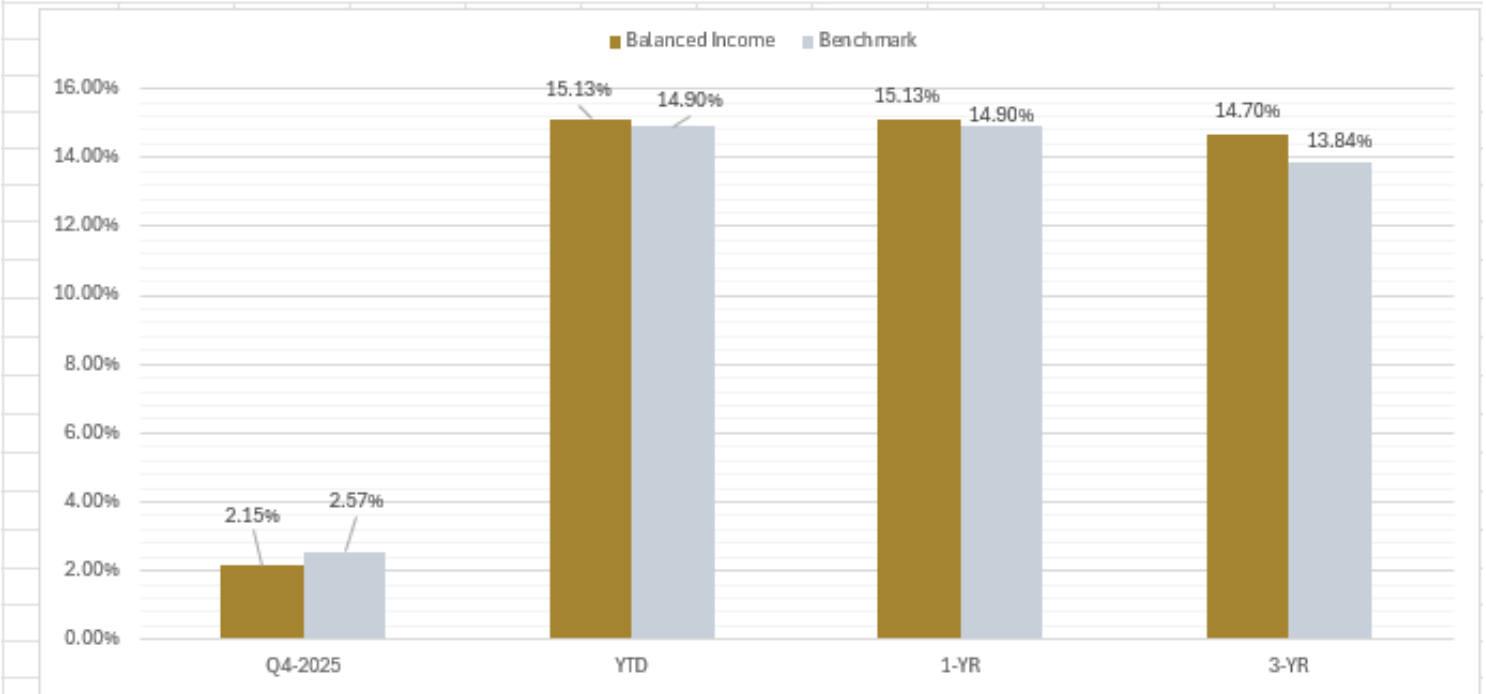
Annualized Total Rate of Return  
as of December 31, 2025



### INVESTMENT RETURNS - BALANCED INCOME

El Toro Water District - 401(k) Plan

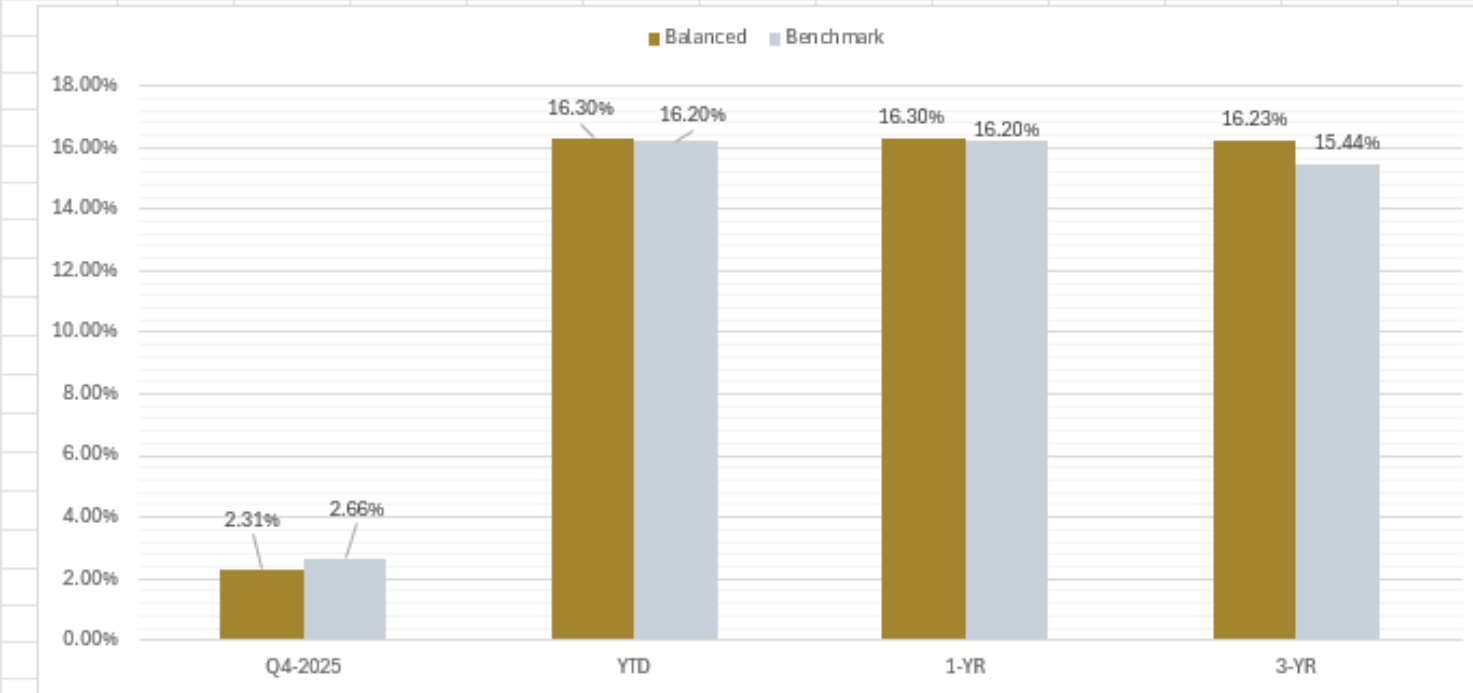
Annualized Total Rate of Return  
as of December 31, 2025



### INVESTMENT RETURNS - BALANCED

El Toro Water District - 401(k) Plan

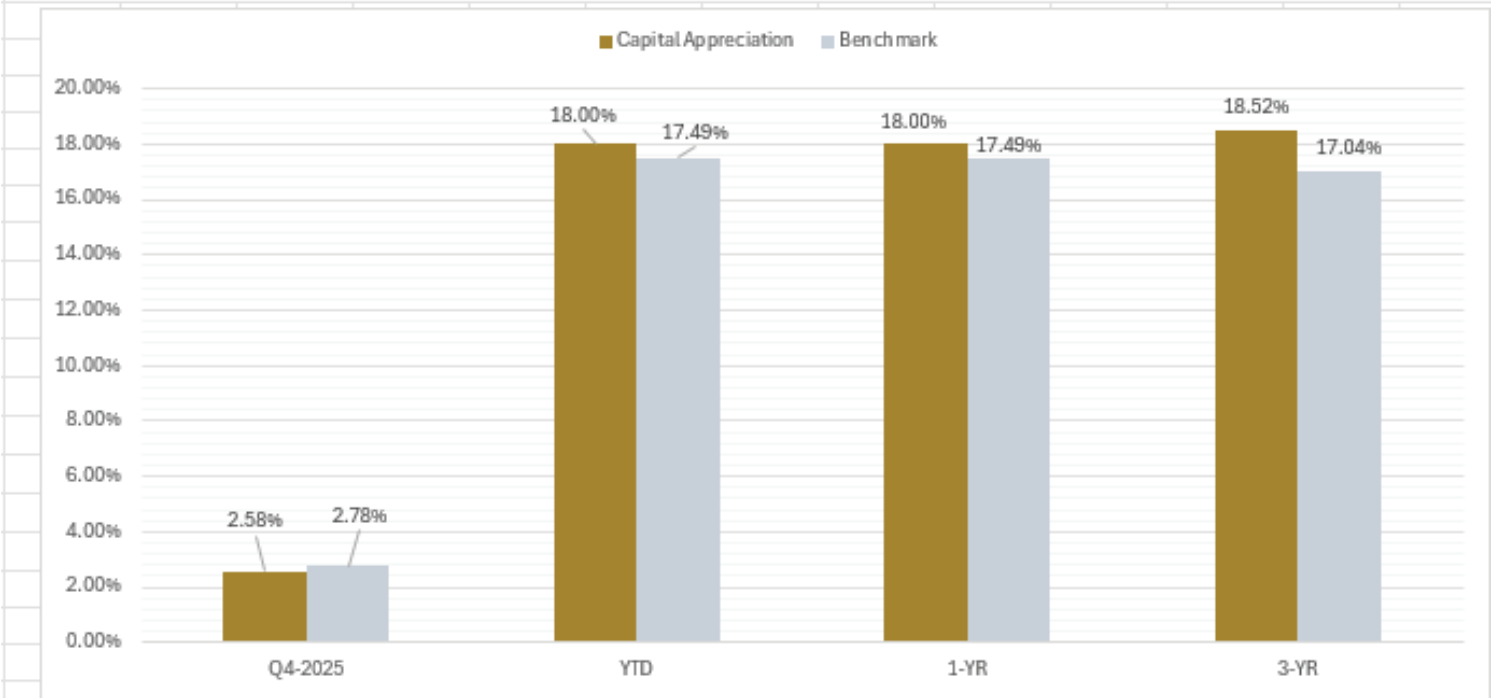
Annualized Total Rate of Return  
as of December 31, 2025



### INVESTMENT RETURNS - CAPITAL APPRECIATION

El Toro Water District - 401(k) Plan

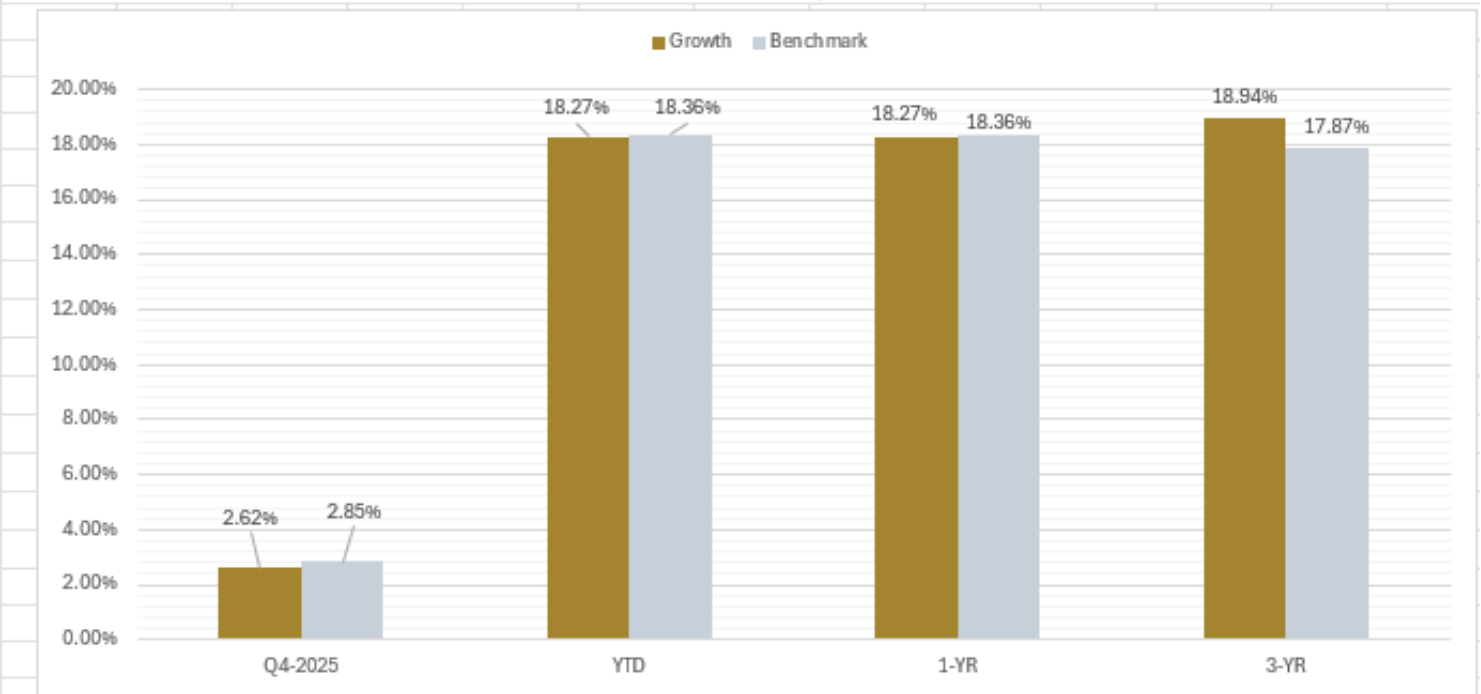
Annualized Total Rate of Return  
as of December 31, 2025



### INVESTMENT RETURNS - GROWTH

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return  
as of December 31, 2025



Asset Allocation & Performance

	Performance(%)						
	1 Quarter	2025	1 Year	3 Years	5 Years	7 Years	10 Years
<b>Domestic Equity</b>							
<i>Russell 3000 Index</i>	2.40	17.15	17.15	22.25	13.15	16.64	14.29
Dodge & Cox Stock	2.50 (66)	13.65 (70)	13.65 (70)	15.20 (28)	13.32 (20)	13.98 (18)	12.79 (7)
PIMCO RAE US Instl	3.83 (38)	19.60 (11)	19.60 (11)	15.90 (22)	13.96 (12)	13.95 (18)	12.05 (16)
Columbia Contrarian Core Inst3	2.61 (37)	17.51 (33)	17.51 (33)	24.27 (12)	14.26 (23)	17.94 (7)	14.39 (24)
Vanguard Growth & Income Adm	3.65 (16)	19.40 (14)	19.40 (14)	23.44 (19)	15.02 (11)	17.46 (12)	14.83 (10)
Harbor Capital Appreciation Ret	0.83 (53)	14.04 (67)	14.04 (67)	31.83 (21)	10.57 (64)	19.14 (29)	16.40 (25)
Vanguard Growth Index Admiral	1.76 (29)	19.43 (20)	19.43 (20)	32.48 (17)	14.62 (14)	21.04 (11)	17.44 (13)
<i>S&amp;P 500</i>	2.66	17.88	17.88	23.01	14.42	17.29	14.82
Vanguard Mid Cap Index Admiral	-0.82 (31)	11.67 (23)	11.67 (23)	14.27 (52)	8.60 (6)	12.91 (36)	10.91 (47)
<i>Russell Midcap Index</i>	0.16	10.60	10.60	14.36	8.67	12.75	11.01
Undisc Managers Behavioral Val R6	-0.74 (92)	1.84 (80)	1.84 (80)	8.79 (71)	11.36 (19)	11.84 (19)	9.81 (24)
Delaware Small Cap Core R6	2.04 (45)	4.73 (75)	4.73 (75)	9.68 (75)	6.50 (63)	10.39 (57)	9.41 (48)
Emerald Growth Institutional	6.11 (6)	31.95 (2)	31.95 (2)	23.33 (7)	8.06 (7)	14.83 (10)	12.71 (13)
<i>Russell 2000 Index</i>	2.19	12.81	12.81	13.73	6.09	10.60	9.62
<b>International Equity</b>							
<i>MSCI AC World ex USA (Net)</i>	5.05	32.39	32.39	17.33	7.91	10.15	8.41
Dodge & Cox International Stock	5.22 (74)	38.75 (53)	38.75 (53)	18.89 (62)	11.71 (45)	11.78 (36)	9.15 (31)
MFS International Growth R6	1.45 (49)	21.23 (39)	21.23 (39)	15.04 (34)	7.24 (8)	11.12 (18)	10.03 (6)
DFA Large Cap International I	5.37 (22)	33.91 (25)	33.91 (25)	18.17 (25)	10.12 (15)	11.45 (22)	9.02 (18)
<i>MSCI AC World ex USA (Net)</i>	5.05	32.39	32.39	17.33	7.91	10.15	8.41
Vanguard Emerging Mkts Stock Idx Adm	1.37 (91)	24.75 (83)	24.75 (83)	14.77 (70)	4.62 (39)	8.21 (51)	8.10 (47)
<i>MSCI EM (net)</i>	4.73	33.57	33.57	16.40	4.20	8.06	8.42
<b>Other Growth</b>							
American Beacon AHL Managed Futures R5	6.26 (19)	2.07 (57)	2.07 (57)	-0.19 (47)	3.98 (46)	4.29 (58)	3.61 (32)
Cohen & Steers Inst Realty Shares	-2.57 (82)	3.09 (22)	3.09 (22)	7.27 (30)	5.77 (21)	8.02 (7)	6.48 (7)
<i>MSCI US REIT Index</i>	-1.69	2.95	2.95	8.39	6.58	6.94	5.71
Lazard Global Listed Infrastructure Inst	4.97 (3)	23.86 (24)	23.86 (24)	13.59 (17)	11.64 (6)	10.61 (6)	9.92 (2)
<i>MSCI World Core Infrastructure Index (Net)</i>	0.32	15.85	15.85	8.41	6.56	8.11	8.32

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Asset Allocation & Performance

	Performance(%)						
	1 Quarter	2025	1 Year	3 Years	5 Years	7 Years	10 Years
<b>Fixed Income</b>							
<i>Blmbg. U.S. Aggregate</i>	1.10	7.30	7.30	4.66	-0.36	1.99	2.01
Dodge & Cox Income	1.28 (5)	8.32 (3)	8.32 (3)	6.06 (3)	1.05 (3)	3.42 (1)	3.35 (1)
DoubleLine Core Fixed Income I	1.12 (27)	7.49 (44)	7.49 (44)	5.70 (29)	0.54 (21)	2.29 (65)	2.47 (50)
PGIM Total Return Bond R6	1.14 (24)	7.79 (28)	7.79 (28)	6.17 (12)	0.15 (40)	2.76 (31)	3.01 (18)
PIMCO Income Instl	2.54 (2)	11.04 (3)	11.04 (3)	8.57 (19)	3.89 (12)	4.75 (24)	5.09 (10)
Vanguard Long-Term Investment-Grade Adm	-0.17 (99)	7.30 (66)	7.30 (66)	4.52 (98)	-3.64 (100)	2.09 (100)	2.78 (86)
<i>Blmbg. U.S. Aggregate</i>	1.10	7.30	7.30	4.66	-0.36	1.99	2.01
<b>Cash Equivalent</b>							
<i>ICE BofA 3 Month U.S. T-Bill</i>	0.97	4.18	4.18	4.81	3.17	2.68	2.18
Guaranteed Income Fund	0.76 (95)	3.79 (78)	3.79 (78)	N/A	N/A	N/A	N/A
<i>ICE BofA 3 Month U.S. T-Bill</i>	0.97	4.18	4.18	4.81	3.17	2.68	2.18

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

**Benchmark Performance**

	Performance(%)			
	1 Quarter	2025	1 Year	Jan-2023 To Dec-2025
Capital Preservation Benchmark	1.79	8.99	8.99	7.58
Income Benchmark	2.06	11.14	11.14	9.89
Income & Growth Benchmark	2.35	13.22	13.22	12.23
Balanced Income Benchmark	2.57	14.90	14.90	13.84
Balanced Benchmark	2.66	16.20	16.20	15.44
Capital Appreciation Benchmark	2.78	17.49	17.49	17.04
Growth Benchmark	2.85	18.36	18.36	17.87

**Capital Preservation Benchmark** - 12% S&P 500, 2% Russell MidCap, 2% Russell 2000, 3% MSCI EAFE, 1% MSCI Emerging Markets, 44% Bloomberg US Aggregate Bond, 17% Bloomberg 1-3 Year Government/Credit Bond, 14% HFRI FOF: Market Defensive Index\*, 5% ICE BofAML 3 Mo US T-Bill

**Income Benchmark** - 21% S&P 500, 3% Russell MidCap, 3% Russell 2000, 6% MSCI EAFE, 2% MSCI Emerging Market, 36% Bloomberg US Aggregate Bond, 14% Bloomberg 1-3 Year Government/Credit Bond, 13% HFRI FOF: Market Defensive Index\*, 2% ICE BofAML 3 Mo US T-Bill

**Income & Growth Benchmark** - 30% S&P 500, 4% Russell MidCap, 4% Russell 2000, 9% MSCI EAFE, 3% MSCI Emerging Market, 25% Bloomberg US Aggregate Bond, 10% Bloomberg 1-3 Year Government/Credit Bond, 13% HFRI FOF: Market Defensive Index\*, 2% ICE BofAML 3 Mo US T-Bill

**Balanced Income Benchmark** - 36% S&P 500, 4% Russell MidCap, 4% Russell 2000, 12% MSCI EAFE, 4% MSCI Emerging Market, 19% Bloomberg US Aggregate Bond, 8% Bloomberg 1-3 Year Government/Credit Bond, 12% HFRI FOF: Market Defensive Index\*, 1% ICE BofAML 3 Mo US T-Bill

**Balanced Benchmark** - 42% S&P 500, 5% Russell MidCap, 5% Russell 2000, 14% MSCI EAFE, 4% MSCI Emerging Market, 14% Bloomberg Aggregate Bond, 6% Bloomberg 1-3 Year Government/Credit Bond, 9% HFRI FOF: Market Defensive Index\*, 1% ICE BofAML 3 Mo US T-Bill

**Capital Appreciation Benchmark** - 48% S&P 500, 6% Russell MidCap, 6% Russell 2000, 16% MSCI EAFE, 4% MSCI Emerging Markets, 8% Bloomberg US Aggregate Bond, 4% Bloomberg 1-3 Year Government/Credit Bond, 7% HFRI FOF: Market Defensive Index\*, 1% ICE BofAML 3 Mo US T-Bill

**Growth Benchmark** - 51% S&P 500, 6% Russell MidCap, 6% Russell 2000, 17% MSCI EAFE, 5% MSCI Emerging Markets, 6% Bloomberg US Aggregate Bond, 3% Bloomberg 1-3 Year Government/Credit Bond, 5% HFRI FOF: Market Defensive Index\*, 1% ICE BofAML 3 Mo US T-Bill

\*The official benchmark for the Plan is the Wilshire Liquid Alternatives Index. In 1Q 2025, PFMAM lost access to the historical performance of this index. For purposes of updating our blended benchmark, we are using a representative index for liquid alternative investing: the HFRI FOF: Market Defensive Index.



# GoalMaker Performance Report

El Toro Water District

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## GoalMaker Performance Report

Performance as of December 31, 2025

Risk Level	Target Date	Weighted Net Expense	Weighted Average Annual Return					Since Inception
			QTD	1 Year	3 Year	5 Year	10 Year	
Moderate	2070	0.44%	2.62	18.27	18.94	--	--	18.94
	2065	0.44%	2.62	18.27	18.94	--	--	18.94
	2060	0.44%	2.62	18.27	18.94	--	--	18.94
	2055	0.44%	2.62	18.27	18.94	--	--	18.94
	2050	0.44%	2.58	18.00	18.52	--	--	18.52
	2045	0.43%	2.31	16.30	16.23	--	--	16.23
	2040	0.43%	2.15	15.13	14.70	--	--	14.70
	2035	0.42%	1.96	13.77	13.16	--	--	13.16
	2030	0.42%	1.63	11.99	10.97	--	--	10.97
	2025	0.41%	1.29	10.00	8.86	--	--	8.86
	2020	0.41%	1.29	10.00	8.86	--	--	8.86
	2015	0.41%	1.29	10.00	8.86	--	--	8.86
	2010	0.41%	1.29	10.00	8.86	--	--	8.86
	2005	0.41%	1.29	10.00	8.86	--	--	8.86

The performance quoted represents past performance. The investment value and return will fluctuate so that an investment, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For performance data current to the most recent month end, please call 1-800-345-2345. Past performance is no guarantee of future performance.

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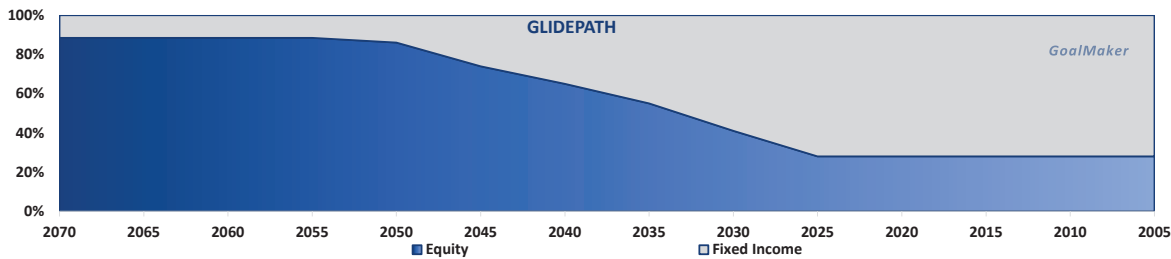
# GoalMaker Performance Report

El Toro Water District

Allocation Summary as of December 31, 2025

**Moderate Model**

Asset Class	Investment Options	2070	2065	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	2005
Stable Value	Guaranteed Income Fund	1%	1%	1%	1%	1%	2%	3%	4%	4%	4%	4%	4%	4%	4%
Fixed Income	Dodge & Cox Income - I	4%	4%	4%	4%	4%	8%	11%	14%	19%	24%	24%	24%	24%	24%
Fixed Income	PGIM Total Return Bond R6	2%	2%	2%	2%	2%	4%	6%	7%	10%	12%	12%	12%	12%	12%
Fixed Income	DoubleLine Core Fixed Income R6	4%	4%	4%	4%	4%	8%	11%	14%	19%	24%	24%	24%	24%	24%
Fixed Income	PIMCO Income Instl	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%	2%	2%	2%	2%
Fixed Income	Vanguard Long-Term Investment-Grade Adm	1%	1%	1%	1%	2%	3%	4%	5%	5%	7%	7%	7%	7%	7%
Large Cap Stock - Value	Dodge & Cox Stock - I	7%	7%	7%	7%	7%	6%	5%	4%	3%	2%	2%	2%	2%	2%
Large Cap Stock - Value	PIMCO RAE US Instl	7%	7%	7%	7%	7%	6%	5%	4%	3%	2%	2%	2%	2%	2%
Large Cap Stock - Blend	Columbia Contrarian Core Instl 3	13%	13%	13%	13%	13%	11%	10%	9%	5%	3%	3%	3%	3%	3%
Large Cap Stock - Blend	Vanguard Growth & Income Adm	13%	13%	13%	13%	13%	11%	10%	9%	5%	3%	3%	3%	3%	3%
Large Cap Stock - Growth	Harbor Capital Appreciation Retirement	8%	8%	8%	8%	7%	5%	4%	3%	3%	2%	2%	2%	2%	2%
Large Cap Stock - Growth	Vanguard Growth Index Adm	6%	6%	6%	6%	6%	5%	4%	3%	2%	1%	1%	1%	1%	1%
Mid Cap Stock	Vanguard Mid Cap Index Fund - Admiral	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Small / Mid Cap Stock - Value	Undiscovered Mgrs Behavioral Value R6	4%	4%	4%	4%	4%	2%	2%	2%	1%	0%	0%	0%	0%	0%
Small Cap Stock	Nomura Small Cap Core R6	3%	3%	3%	3%	3%	4%	4%	3%	2%	2%	2%	2%	2%	2%
Small / Mid Cap Stock - Growth	Emerald Growth Institutional	4%	4%	4%	4%	4%	2%	2%	2%	1%	0%	0%	0%	0%	0%
International Stock	Dodge & Cox International Stock - I	2%	2%	2%	2%	2%	2%	2%	1%	1%	0%	0%	0%	0%	0%
International Stock	DFA Large Cap International I	10%	10%	10%	10%	10%	8%	7%	7%	5%	3%	3%	3%	3%	3%
International Stock	MFS International Growth R6	2%	2%	2%	2%	2%	2%	2%	1%	1%	0%	0%	0%	0%	0%
Diversified Emerging Markets	Vanguard Emerging Mkts Stock Idx Adm	5%	5%	5%	5%	4%	4%	3%	2%	1%	1%	1%	1%	1%	1%
Other	Cohen & Steers Instl Realty Shares	2%	2%	2%	2%	2%	3%	3%	4%	5%	6%	6%	6%	6%	6%
Other	American Beacon AHL Mgd Futs Strat A	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other	Lazard Global Listed Infrs Port Inst	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%



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## GoalMaker Disclosures

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The calculated returns shown are the weighted average returns of the underlying funds for the GoalMaker models based on allocations prior to 12/31/2025

Returns are net of product expenses and fees and before any contract charges, with the exception of any fees the sponsor may have directed to be deducted from participant accounts. The performance shown for the GoalMaker models is for illustrative purposes only and does not reflect the actual experience of any individual participant in the program. This performance was calculated with the retroactive application of a model with the benefit of hindsight. The performance shown 1) was rebalanced on a periodic basis as per your plan 2) assumes no changes to the asset allocation percentages or to the investment options for the relevant periods 3) assumes that an individual was enrolled in GoalMaker for the entire relevant time period and 4) assumes an initial investment but does not include the effect of periodic contributions or withdrawals.

The performance quoted represents past performance. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.

As part of providing products and services to retirement plans, Empower personnel may provide information to plan representatives about available investment or pricing options. In providing this information, Empower is not undertaking to provide impartial investment advice or give advice in a fiduciary capacity regarding any transactions. Plan fiduciaries are responsible for the selection and monitoring of the plan's investment options and for determining the reasonableness of all plan fees and expenses.

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*Carefully consider the investment option's objectives, risks, fees, and expenses. Contact Empower for a prospectus, summary prospectus for SEC-registered products, or disclosure document for unregistered products, if available, containing this information. Read each carefully before investing.*

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## GoalMaker Disclosures

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Asset Allocation Models are pre-established asset allocation strategies comprised of the plan's core investment options. The models are not securities. Allocations to a model will be invested in various underlying investment options comprising each model, as made available by the plan and according to the model's allocation methodology.

An Asset Allocation Model provides targeted asset allocation and allocates your account across the model's underlying investments. The plan may include Asset Allocation Models designed according to certain risk levels (e.g. Aggressive, Moderate or Conservative), Asset Allocation Models that follow a glide path based on a target date (2025, 2030, 2035 etc.), or both model types depending upon the models selected by the plan. Neither of which is without risk or guarantee of positive returns. The date in the name of a target date model is an assumed date in which an investor will retire. The asset allocation becomes more conservative as the target retirement date nears, and depending on the model's design, can remain static at the target date or adjust further through retirement. There is no guarantee the investment will provide adequate retirement income.

Asset Allocation Models are subject to change at the plan's (or an authorized representative thereof) discretion.

Investors should review the prospectus, summary prospectus for SEC-registered products, or disclosure document for unregistered products, if available, for underlying fund objectives, risks, fees and expenses. Investors should also periodically reassess their investments to make sure their model continues to correspond to their changing risk tolerance and retirement time horizon.

Empower is not undertaking to provide investment advice with respect to the presentation of any particular investment option or asset allocation model described herein.

Data presented is as of the period specified for this report, unless otherwise specified within a table heading. Data and expense ratios presented are the most current made available at the time of production. For mutual funds, the fund company may have more recent data available on its website. Price corrections that impact performance data may occur after production of this material. Empower refers to the products and services offered by Empower Annuity Insurance Company of America (EAICA) and its subsidiaries. Empower Investments is a marketing name of EAICA and certain subsidiaries. This material is for informational purposes only and is not intended to provide investment, legal, or tax recommendations or advice. "EMPOWER" and "EMPOWER INVESTMENTS" and all associated logos and product names are trademarks of EAICA. ©2025 Empower Retirement, LLC. All rights reserved RO4070094-0625

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**STAFF REPORT**

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**To: Board of Directors Meeting Date: February 23, 2026**

**From: Vishav Sharma, Chief Financial Officer**

**Subject: El Toro Water District Deferred Compensation Plan (457 Plan) report.**

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**Background:**

This report provides a comprehensive review of the District’s 457 Plan as of December 31, 2025. The 457 Plan is an employee self-directed plan offering a total of eighteen investment options, including Schwab SDB securities. A summary of the available investment options, plan allocation, and plan balance is included in the attached report.

The first 26 pages of the report provide an overview of the current capital markets, covering both U.S. and global economic conditions, as well as key highlights on the employment situation and broader economic trends.

Second half of the report focuses on the specific details of the 457 Plan, including investment options, plan allocations, performance, and fund analysis.

Plan performance insights

# EL TORO WATER DISTRICT DEFERRED COMPENSATION PLAN

**As of 12/31/2025**

524723-02

# Introduction

This Plan Performance Insights report provides directional insights into your plan by presenting key measures of plan health along with overviews of participant activity. The below are important background details to understand as you review this report.

## How we capture data

Every month a comprehensive month-end “snapshot” of your plan’s data is taken. The snapshot is a point-in-time capture of what is on the recordkeeping systems at the time that it is taken. Each month-end snapshot is then saved and stored so that it can be used to report on your plan’s activity and performance over time.

These snapshots do not change after they are taken. Therefore, they may not reconcile with other reporting that accounts for adjustments or corrections applied after the snapshot was taken.

## Data quality is key

Good data drives good analytics. Several topics and metrics in this report rely on participant data that is provided by the plan sponsor or those who work on behalf of the plan. Providing and maintaining high quality data for your entire participant population ensures the accuracy of the insights presented.

When the required data for a topic is completely unavailable, the topic will be excluded from this report.

## Benchmarking

**Your peer group is comprised of 202 457 plans with assets in the \$5M - \$10M range.**

You’ll find benchmarking insights throughout this report. Benchmarks show how your plan compares to a peer group of other similar retirement plans that are on the same recordkeeping platform. The peer group used is based on your retirement plan’s type and assets. The “Benchmark” represents the median (50<sup>th</sup> percentile) of the results that each plan in the peer group had for the metric that is being benchmarked. The “Top 10%” represents the 90<sup>th</sup> percentile for the same peer group.

# Data quality review

As of 12/31/2025

The data elements below are used when calculating some of your plan's analytics. Reviewing these for accuracy and completeness will help you gauge the quality of the insights being provided for the topics mentioned. When we have not been provided with the data needed for an insight's calculation, it may be excluded from this report.

## Number of eligible participants

Your plan has

**72**

participants listed as eligible to participate

Have a valid age provided

**100%**  
of eligibles

**A valid date of birth is required for Lifetime Income Score**

A valid date birth is also needed for plan compliance

Have a deferral election on file

**61%**  
of eligibles

**Deferral elections are required for:**

- Participation rate
- Contribution rates

These insights are removed when there is no payroll activity

Deferral elections also help improve Lifetime Income Score calculations

Have a plan provided salary

**85%**  
of eligibles

**Salary is required for Lifetime Income Score**

Participants may supply their own salary on the participant website

A plan-provided salary is required for contribution rates when participants elect flat-dollar deferrals

➤ Want to see the participant data?

Download the participant data report from the Data Library section of the Plan Service Center. First click the "Details" link for any of the plan statistics and then click the "Download" link.

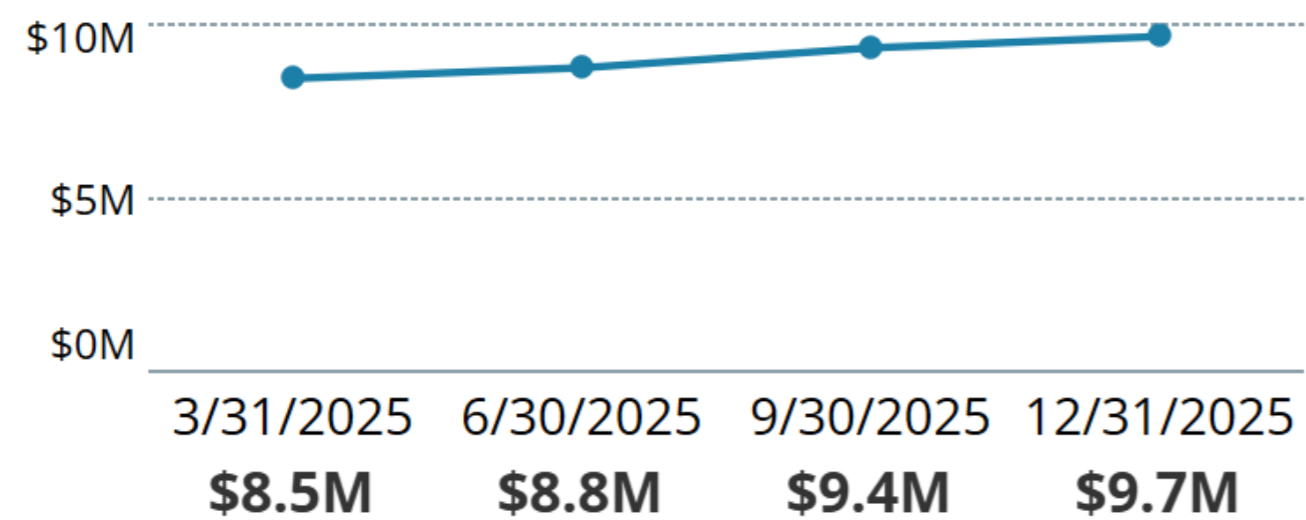
# Assets and participants

As of 12/31/2025

## Participant assets

**\$9,692,306**

### Trending



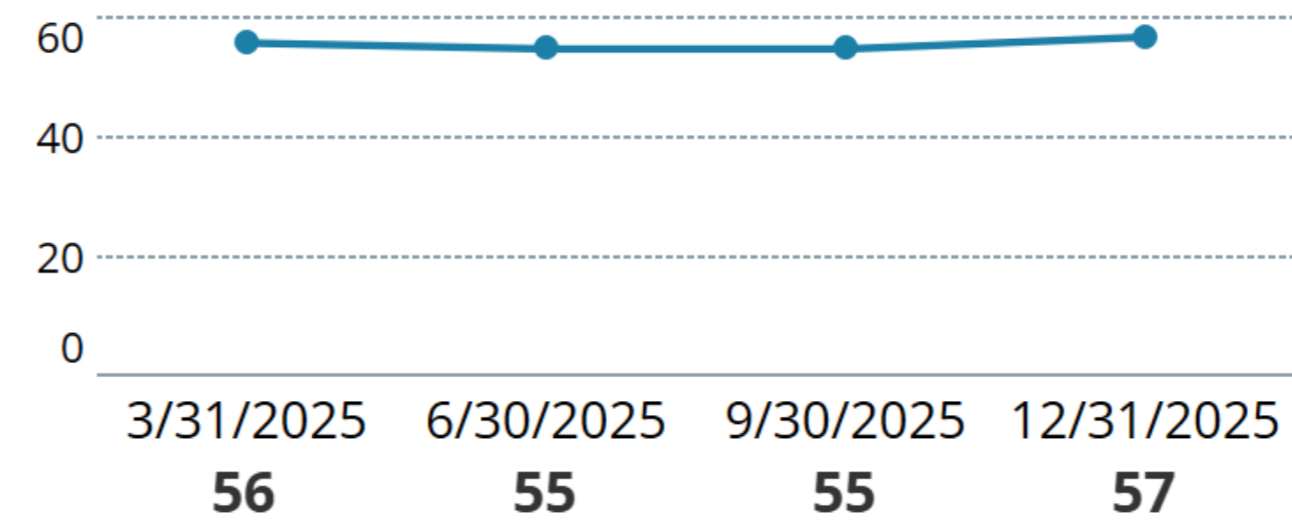
Plan-level assets **\$1**

Total assets **\$9,692,307**

## Participants with a balance

**57**

### Trending



Active participants with a balance **48**

Separated from service participants with a balance **9**

### Overview

The assets and participant counts presented are effective as of period end. The assets do not reflect any adjustments, dividends, corrections, or similar that are processed after period end.



# Executive summary

As of 12/31/2025



## Average balance

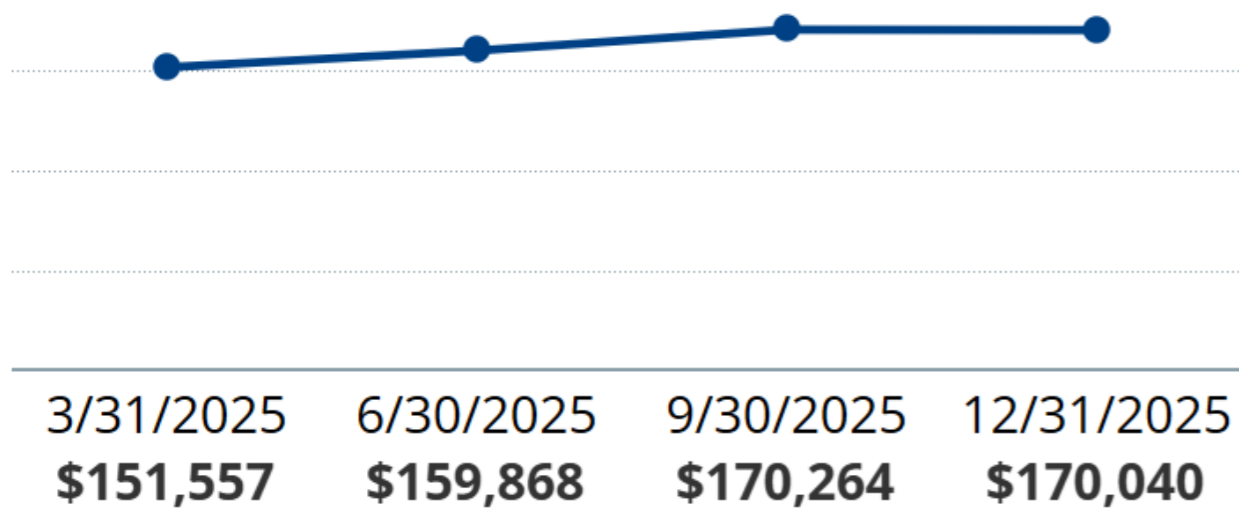
**\$170,040**

Benchmark  
\$75,909

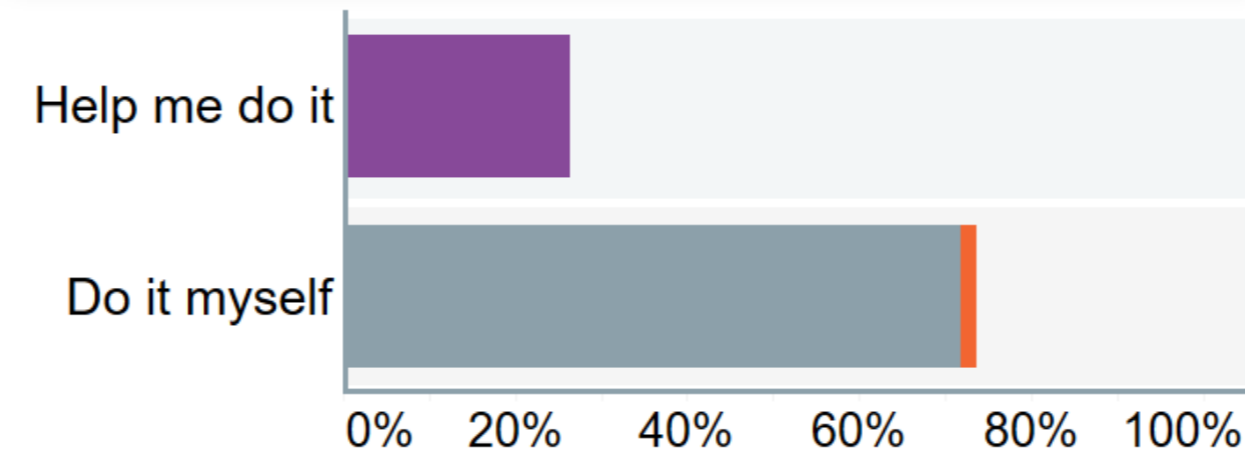
Top 10%  
\$167,467

**\$170,040** is the average account balance for all participants that have a balance as of month end. This is above the benchmark by **\$94,131** and is above the top 10% of peers by **\$2,573**.

### Trending



## Investment strategy utilization



**Do-it-yourself strategy** is the investment strategy utilized by the most participants with **71.9%** of participants classified as using this strategy.

Investment strategy	% of Participants
Asset allocation model strategy	26.3%
Brokerage strategy	1.8%
Do-it-yourself strategy	71.9%



## Allocations by asset class

Asset Allocation	1.5%
Bond Funds	9.0%
Brokerage	0.2%
International Funds	13.3%
Large Cap Funds	39.6%
Mid Cap Funds	5.6%
Small Cap Funds	9.8%
Specialty	1.3%
Stable Value Fund	19.8%

**Large Cap Funds** holds the largest share of participant assets. **\$3,836,558** is invested in **Large Cap Funds** which represents **39.6%** of participant assets.

# Executive summary

As of 12/31/2025



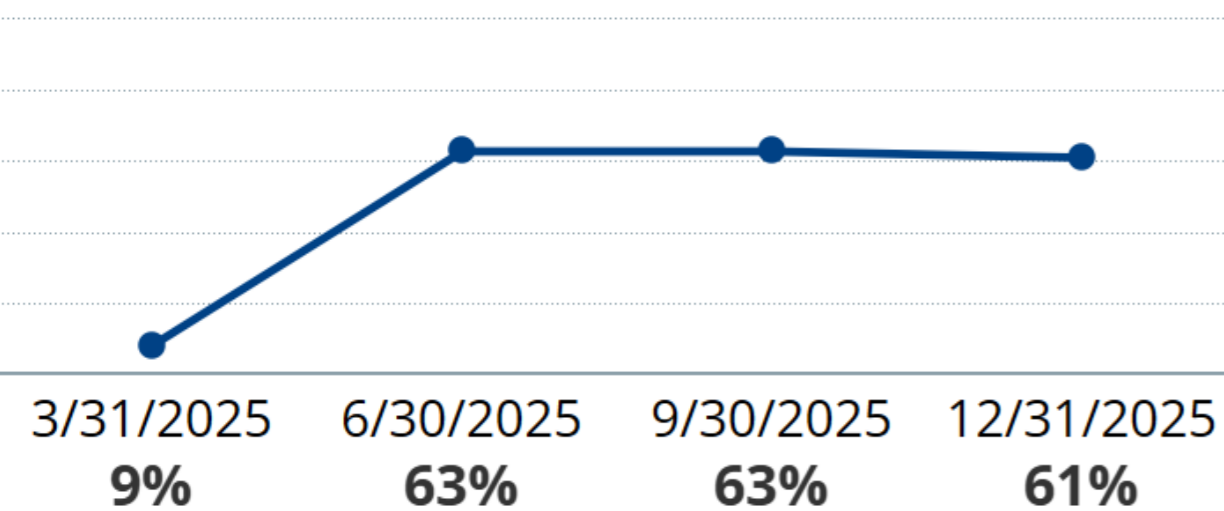
## Participation rate

**61%**

Benchmark	Top 10%
62%	95%

**61%** of eligible participants have a contribution election on file that is greater than 0% or \$0. This is below the benchmark by **1%** and is below the top 10% of peers by **34%**.

### Trending



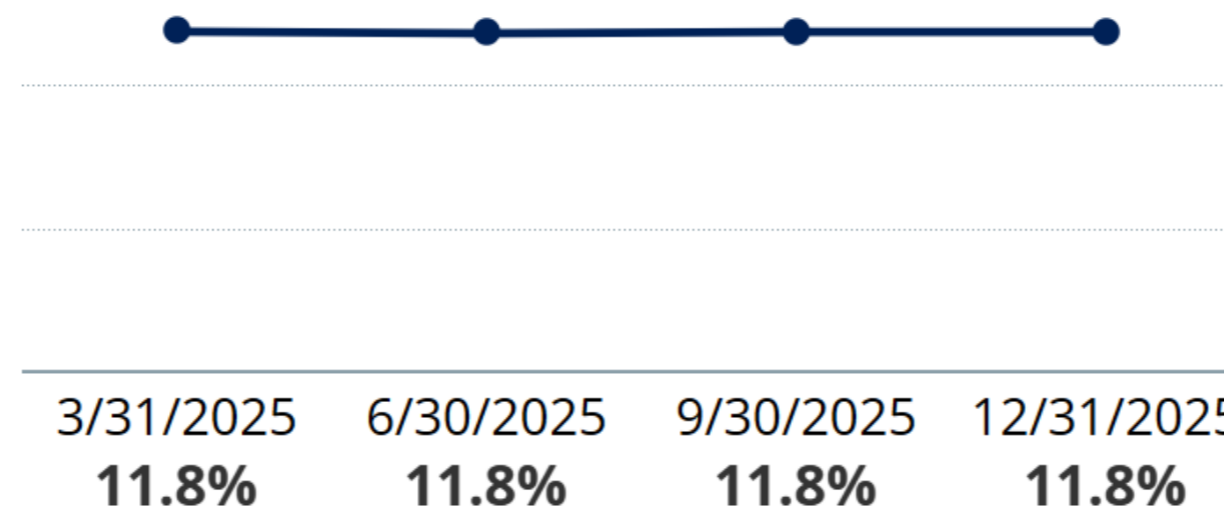
## Contribution rate

**11.8%**

Benchmark	Top 10%
6.9%	10.5%

**11.8%** is the average contribution rate for participants that have a contribution rate set up as of month end. This is above the benchmark by **4.9%** and is above the top 10% of peers by **1.4%**.

### Trending



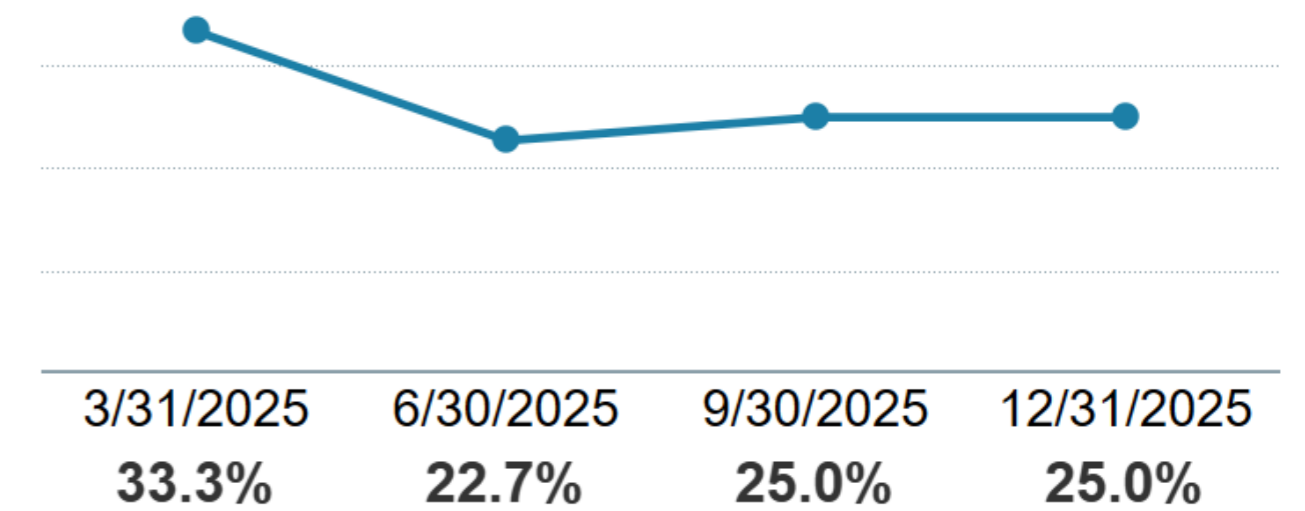
## Contributing over 10%

**25.0%**

Benchmark	Top 10%
12.6%	19.2%

**25.0%** of participants are contributing over 10%. This is above the benchmark by **12.4%** and is above the top 10% of peers by **5.8%**. This is based on the population of participants that have a contribution rate set up as of month end.

### Trending

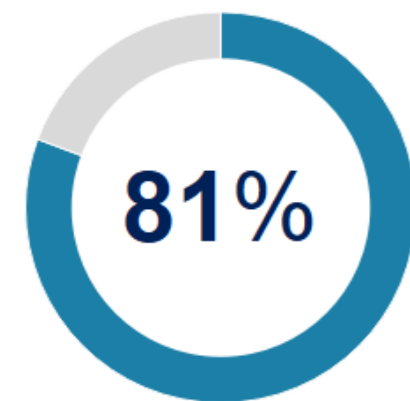


# Account registration and protection

As of 12/31/2025

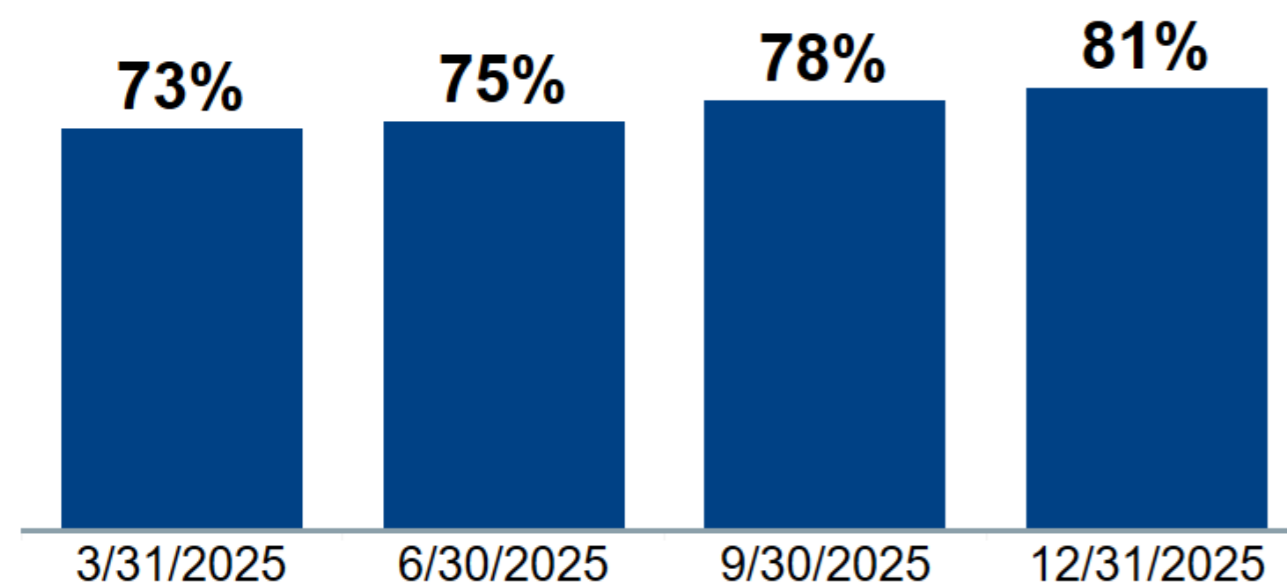
The insights below are based on all participants with a balance, regardless of their eligibility and employment status. The account registration and login activity is inclusive of both the website and the mobile app.

## Percent of registered accounts



**46** out of **57** participants with a balance have registered their online account

### Trending



## Participants missing contact information

### Participants with missing contact information by registration status

	Registered participants	Not registered participants
<b>! No phone and no email<sup>1</sup></b>	<b>0</b> (0.0%)	<b>3</b> (27.3%)
<b>No personal email</b>	<b>1</b> (2.2%)	<b>7</b> (63.6%)
<b>No work email</b>	<b>13</b> (28.3%)	<b>8</b> (72.7%)
<b>No mobile phone</b>	<b>0</b> (0.0%)	<b>11</b> (100.0%)
<b>No home phone</b>	<b>24</b> (52.2%)	<b>3</b> (27.3%)

## Login activity

### Most recent login

	Participants with a balance
<b>! Never logged in</b>	<b>11</b> (19.3%)
<b>Within past month</b>	<b>30</b> (52.6%)
<b>1-6 months ago</b>	<b>10</b> (17.5%)
<b>7-12 months ago</b>	<b>6</b> (10.5%)
<b>More than 12 months ago</b>	<b>0</b> (0.0%)

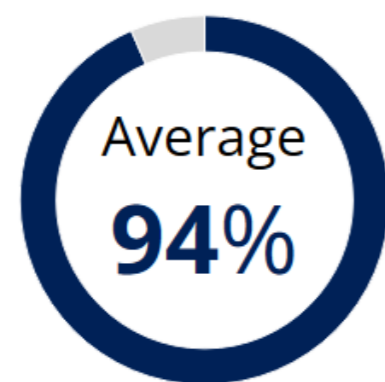
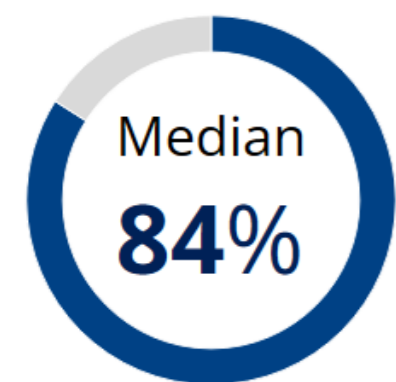
<sup>1</sup>Phone and email considers mobile and home phone, international phone numbers, and work and personal email

# Lifetime Income Score

As of 12/31/2025

The below is based on a standard income replacement goal of 75%

## Comparison of Lifetime Income Score summary statistics



Benchmark  
**64%**

Top 10%  
**82%**

The average and median scores for your plan are based on **61** eligible participants that have a calculated Lifetime Income Score

## Retirement income sources

A participant's estimated retirement income is based on 5 sources of potential income. This breakdown shows the percentage of total income by source for the plan.

Source	Percentage
Current balance	<b>27%</b>
Future savings	<b>7%</b>
Employer contributions	<b>28%</b>
Social security	<b>35%</b>
Other assets	<b>2%</b>

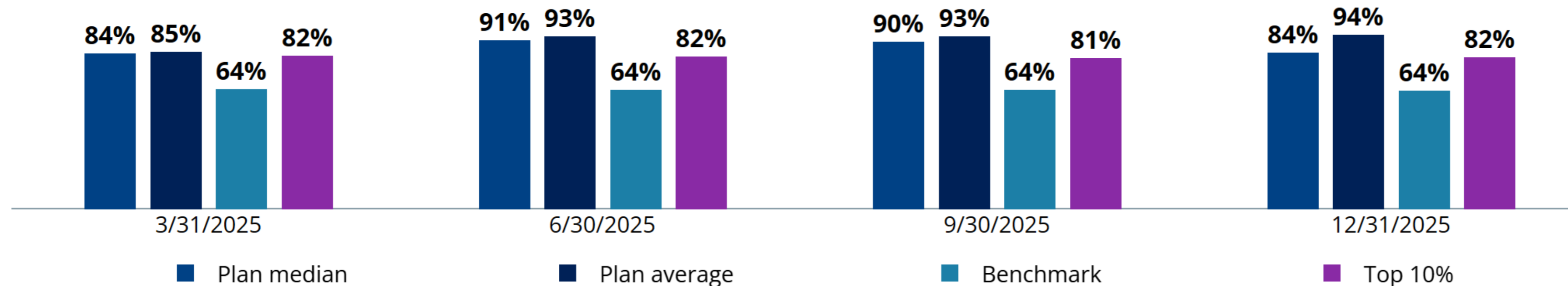
## Overview

This Lifetime Income Score summary is based on all actively employed and eligible individuals for which both a date of birth and a salary have been provided. A standard salary replacement goal is used for all the included individuals.

## Did you know?

The Empower Personal Dashboard gives employees an opportunity to model changes that can increase their Lifetime Income Score and includes a suite of planning tools that can provide them with a more complete financial picture.

## Lifetime Income Score comparison over time

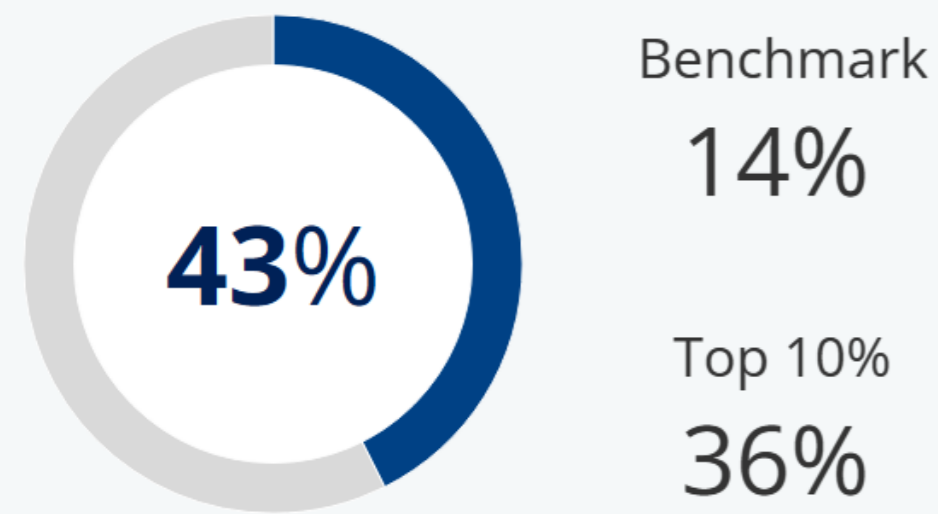


# Percent reaching goal

As of 12/31/2025

The below is based on a standard income replacement goal of 75%

## Participants reaching goal

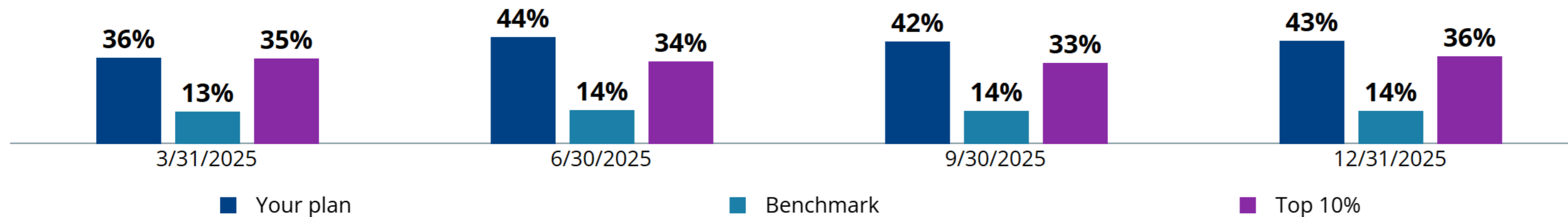


26 out of the 61 eligible participants that have a calculated Lifetime Income Score are projected to receive an estimated retirement income that is greater than or equal to 75% of their current salary

## Overview

This percent reaching goal summary is based on all actively employed and eligible individuals for which both a date of birth and salary have been provided. A standard salary replacement goal is used for all the included individuals.

## Percent reaching goal over time



# Cash flow

As of 12/31/2025

## Year-to-date participant activity summary<sup>1</sup>



Total contributions

**\$613,227**



Disbursements

**-\$564,359**



Net Activity

**\$48,868**

## Overview

Cash flow illustrates the inflows and outflows of dollars from participant accounts along with the impact that those flows have on participant balances. All actively employed and separated from service participants are included.

## Impact on balances

	1/1/2025 - 3/31/2025	4/1/2025 - 6/30/2025	7/1/2025 - 9/30/2025	10/1/2025 - 12/31/2025
Beginning balance	\$8,660,544	\$8,487,170	\$8,792,726	\$9,364,493
Contributions	\$164,864	\$157,829	\$138,287	\$152,247
Disbursements	-\$206,129	-\$358,230	\$0	\$0
Fees <sup>2</sup>	-\$4,149	-\$4,181	-\$3,944	-\$4,313
Loans issued	\$0	\$0	\$0	\$0
Loan payments	\$0	\$0	\$0	\$0
Other <sup>3</sup>	\$0	\$0	\$0	\$0
Change in value	-\$127,960	\$510,139	\$437,424	\$179,879
<b>Ending Balance</b>	<b>\$8,487,170</b>	<b>\$8,792,726</b>	<b>\$9,364,493</b>	<b>\$9,692,306</b>

<sup>1</sup>The year-to-date period begins when the plan is loaded onto the recordkeeping system. Therefore, the year-to-date period may not include all months for plans that were recently added.

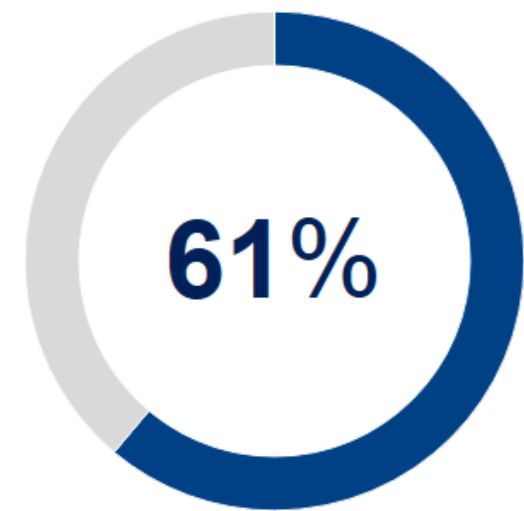
<sup>2</sup>Fees may include but are not limited to: transactional and plan administrative fees.

<sup>3</sup>Other includes 'Transfer In', 'Transfer Out', 'Adjustments'

# Participation rate

As of 12/31/2025

## Participation rate comparison



Benchmark  
62%

Top 10%  
95%

- 44 eligible participants have a contribution election on file that is greater than 0% or \$0
- 28 eligible participants are not participating

## Overview of those who are not participating

- 23 have never participated and are without a balance
- 5 have never participated but have a balance
- 0 have participated previously but are not currently participating in this plan

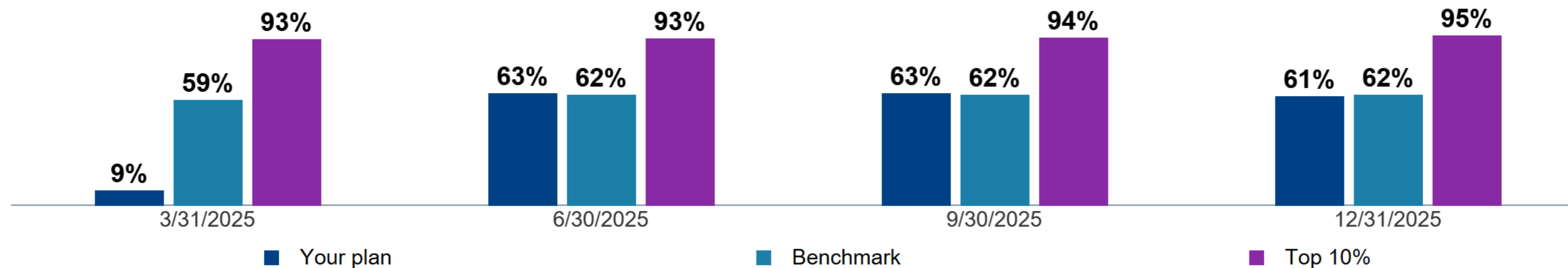
## Overview

The participation rate represents the ratio of participants that are actively participating in the plan compared to the total population of actively employed participants that are eligible to contribute. Actively participating is defined as having a regular deferral election on the recordkeeping system that is greater than 0%/\$0.

## Did you know?

You can use the plan analytics section of the Data Library on the Plan Service Center to identify groups of participants, including those not participating, for targeted education efforts.

## Participation rate comparison over time



# Contribution rate

As of 12/31/2025

## Contribution rate comparison

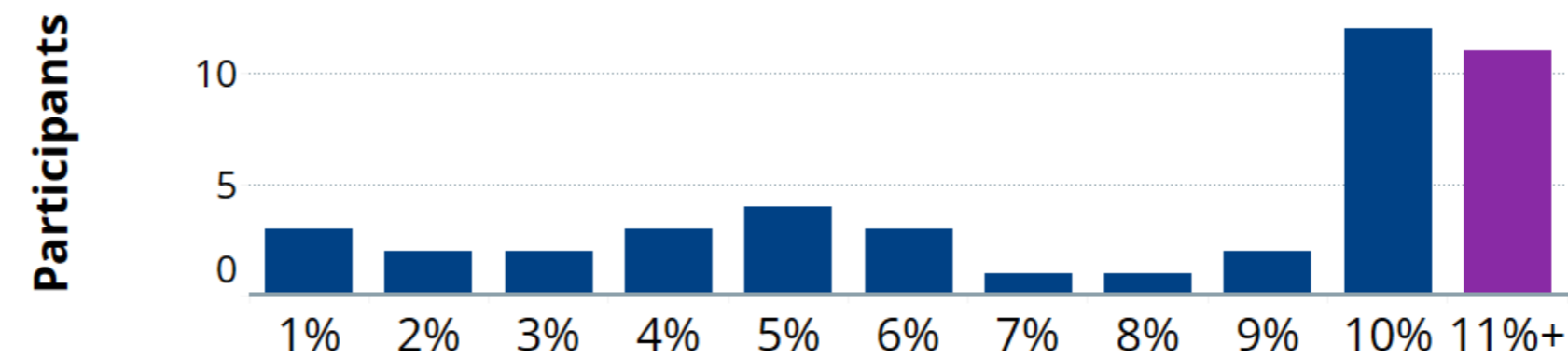
Average **11.8%**    Median **10.0%**

The average and median contribution rates for your plan are based on **44** participants.

Benchmark **6.9%**

Top 10% **10.5%**

## Distribution of contribution rates



**25.0% (11)** of participants are contributing over 10%. This compares to the benchmark which is **12.6%** and the top 10% which is **19.2%**.

## Number of participants by contribution rate over time

	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%+
<b>12/31/2025</b>	3	2	2	3	4	3	1	1	2	12	11
<b>9/30/2025</b>	3	2	2	3	4	3	1	1	2	12	11
<b>6/30/2025</b>	3	2	2	3	4	3	1	1	2	13	10
<b>3/31/2025</b>	0	0	0	0	1	1	0	0	0	2	2

## Overview

The contribution rates presented are based on all actively employed and eligible participants that have a regular deferral election on the recordkeeping system that is greater than 0%/\$0.

Percentage deferral elections are always included. Flat dollar deferral elections are included when a salary has been provided as a participant's salary is used to convert their flat dollar deferral election to a percentage election.

## Did you know?

The Empower Personal Dashboard models the impact of contribution changes to future savings and today's paycheck.

# Contribution activity

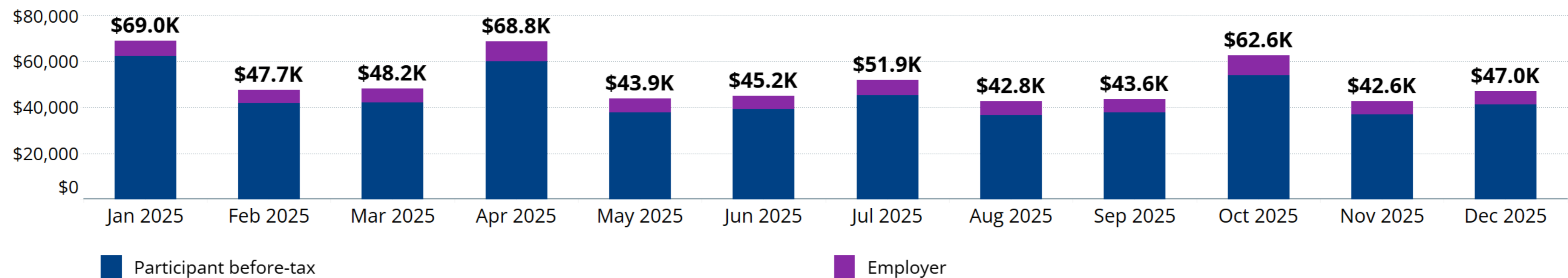
As of 12/31/2025

The contribution activity details show the total of all contributions into participant accounts, excluding loan payments. Participant payroll contributions are categorized by their money type. Any employer contributions and any non-payroll contributions are separated into their own categories. Non-payroll contributions are reflected in the *Other* category and include rollovers, transfers, and other miscellaneous contributions.

## Total contributions at-a-glance<sup>1</sup>

	Participant before-tax	Employer	Total
▶ Year to date	\$535,050	\$78,177	\$613,227
▶ Rolling 12 months	\$535,050	\$78,177	\$613,227

## Total contribution amounts by month



<sup>1</sup>The year-to-date and rolling 12 month periods begin when the plan is loaded onto the recordkeeping system. Therefore, the periods may be less than indicated for plans that were recently added.

# Contribution activity

As of 12/31/2025

The contribution activity details show the total of all contributions into participant accounts, excluding loan payments. Participant payroll contributions are categorized by their money type. Any employer contributions and any non-payroll contributions are separated into their own categories. Non-payroll contributions are reflected in the *Other* category and include rollovers, transfers, and other miscellaneous contributions.

		Participant before-tax	Employer	Total <sup>1</sup>
<b>January 2025</b>	Amount	\$62,270	\$6,712	\$68,982
	# of participants	43	7	43
<b>February 2025</b>	Amount	\$41,854	\$5,846	\$47,700
	# of participants	43	8	43
<b>March 2025</b>	Amount	\$42,086	\$6,097	\$48,182
	# of participants	42	8	42
<b>April 2025</b>	Amount	\$59,904	\$8,904	\$68,808
	# of participants	42	8	42
<b>May 2025</b>	Amount	\$37,941	\$5,924	\$43,865
	# of participants	42	8	42
<b>June 2025</b>	Amount	\$39,112	\$6,044	\$45,156
	# of participants	42	8	42
<b>July 2025</b>	Amount	\$45,376	\$6,527	\$51,903
	# of participants	41	8	41
<b>August 2025</b>	Amount	\$36,787	\$6,035	\$42,822
	# of participants	40	8	40
<b>September 2025</b>	Amount	\$37,782	\$5,781	\$43,563
	# of participants	42	8	42
<b>October 2025</b>	Amount	\$53,881	\$8,731	\$62,612
	# of participants	42	8	42
<b>November 2025</b>	Amount	\$36,864	\$5,739	\$42,602
	# of participants	42	8	42
<b>December 2025</b>	Amount	\$41,194	\$5,838	\$47,032
	# of participants	42	8	42

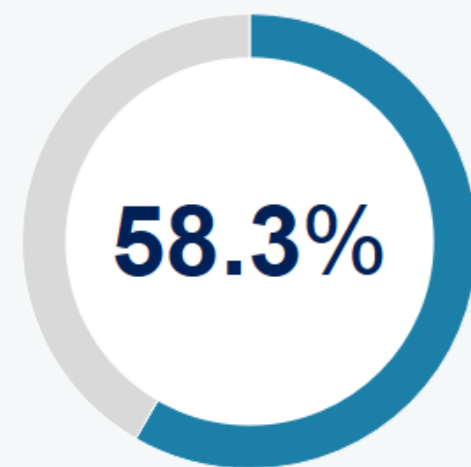
<sup>1</sup>Total participants are the total number of unique participants across sources

# Contribution insights

As of 12/31/2025

## Participants that were eligible on 12/31/2025 and that had a regular or catch-up contribution in December 2025

### Percent of population



42 out of the 72 participants that were eligible on 12/31/2025 had a regular or catch-up contribution during the month

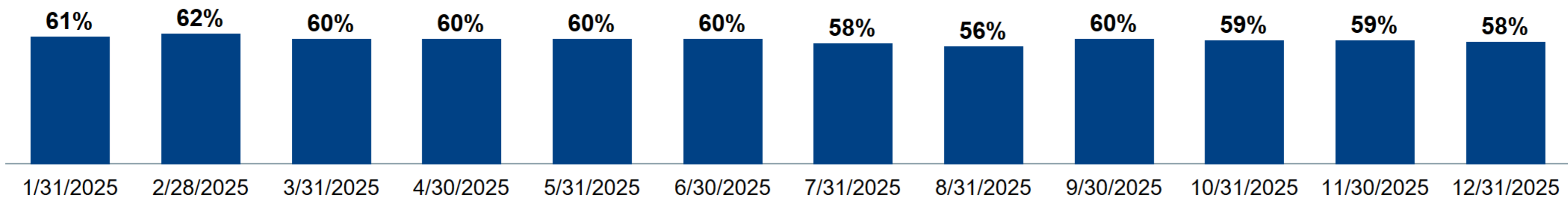
### Contribution amounts

<b>All ages</b>	Average contribution	<b>\$981</b>
	Median contribution	<b>\$866</b>
<b>Age 50 and older</b>	Average contribution	<b>\$1,203</b>
	Median contribution	<b>\$1,038</b>

### Overview

Contribution insights show the percentage of participants that were eligible as of the stated month-end and that made a regular or catch-up payroll contribution during the associated month. Employer contributions, loan repayments, and any non-payroll contributions such as rollovers, transfers, and other miscellaneous contributions are not considered.

## Percent of participants that were eligible at month-end with a regular or catch-up contribution by month



# Distribution activity

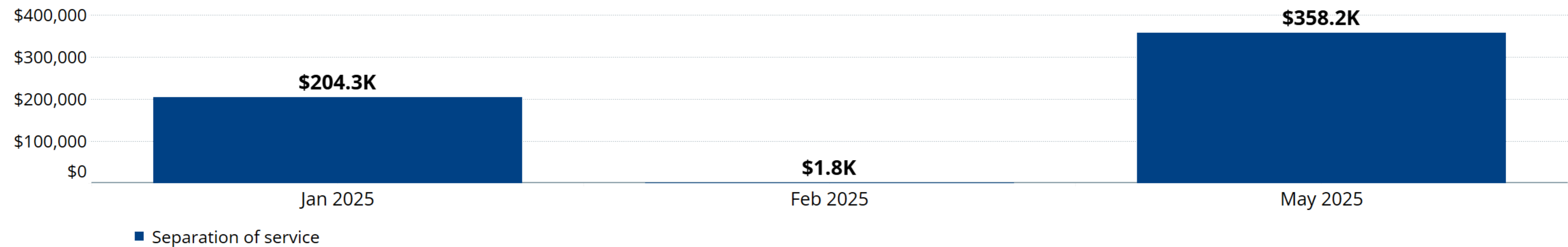
As of 12/31/2025

The distribution activity details below show the activity for all actively employed and separated from service participants

## Distribution activity at-a-glance<sup>1</sup>

		Separation of service	Total
▶ <b>Year to date</b>	Amount	<b>\$564.4K</b>	<b>\$564.4K</b>
	Transactions	5	5
▶ <b>Rolling 12 months</b>	Amount	<b>\$564.4K</b>	<b>\$564.4K</b>
	Transactions	5	5

## Total distribution amounts by month



<sup>1</sup>The year-to-date and rolling 12 month periods begin when the plan is loaded onto the recordkeeping system. Therefore, the periods may be less than indicated for plans that were recently added.

# Distribution activity

As of 12/31/2025

The monthly distribution activity shows the total amount and number of transactions for each distribution reason. All actively employed and separated from service participants are included.

		Separation of service
<b>January 2025</b>	Amount	\$204,329
	# Transactions	3
<b>February 2025</b>	Amount	\$1,800
	# Transactions	1
<b>May 2025</b>	Amount	\$358,230
	# Transactions	1
<b>Total</b>	Amount	\$564,359
	# Transactions	5

# Participant balances

As of 12/31/2025

## Account balances comparison



The average and median account balance for your plan is based on **57** participants

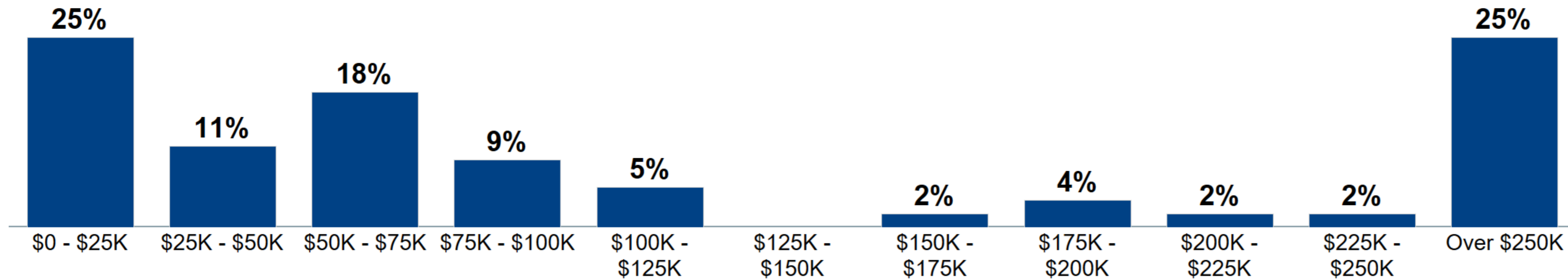
## Account balances by employment status

➤ Active	Average balance	<b>\$185,435</b>
	Median balance	<b>\$80,319</b>
	# of participants	<b>48</b>
➤ Separated from service	Average balance	<b>\$87,936</b>
	Median balance	<b>\$33,666</b>
	# of participants	<b>9</b>

## Overview

The account balance insights presented are based on all participants that have a balance greater than \$0. When applicable, any outstanding loan amounts are not included as part of a participant's account balance.

## Distribution of account balances

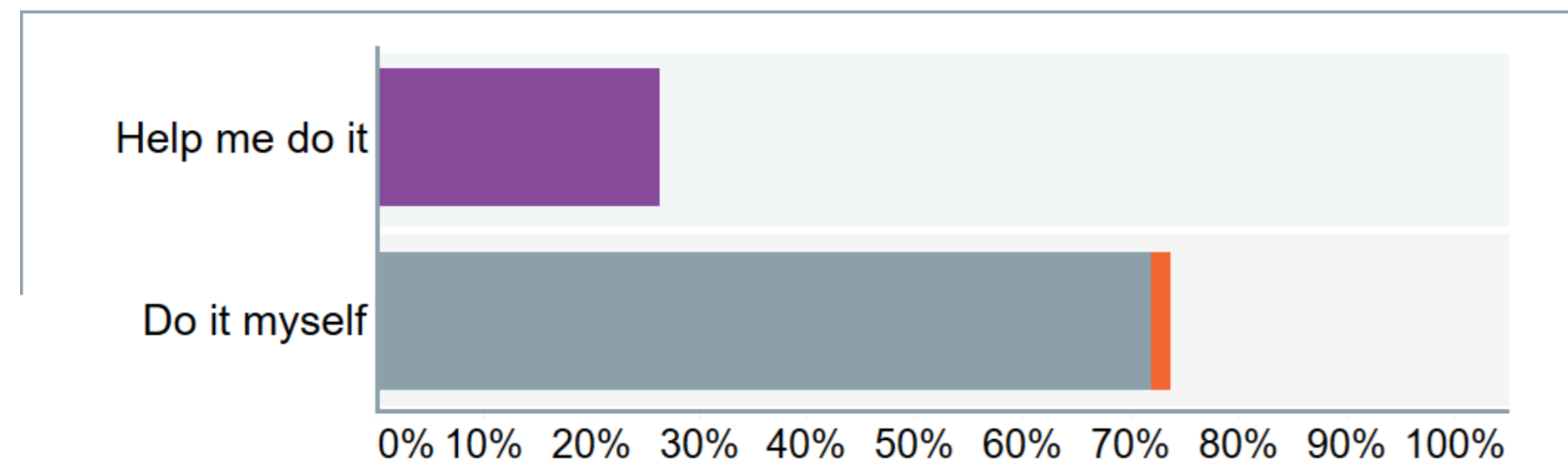


# Investment strategy utilization

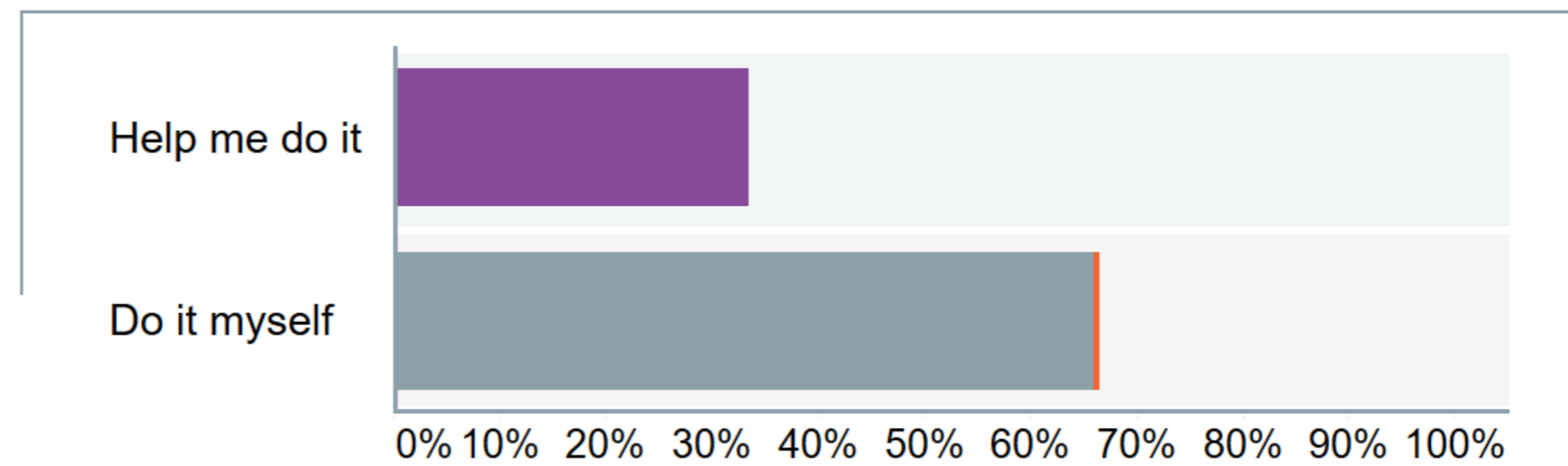
As of 12/31/2025



## Participants by strategy



## Participant assets by strategy



Investment strategy	% of participants	# of participants
Asset allocation model strategy	26.3%	15
Brokerage strategy	1.8%	1
Do-it-yourself strategy	71.9%	41

Investment strategy	% of assets	Assets	Average balance
Asset allocation model strategy	33.5%	\$3,246,442	\$216,429
Brokerage strategy	0.6%	\$53,495	\$53,495
Do-it-yourself strategy	66.0%	\$6,392,370	\$155,911

**Do-it-yourself strategy** is the investment strategy utilized by the most participants with **71.9%** of participants using this strategy. However, this strategy holds a smaller share of assets with only **66.0%** of assets.

## Overview

The investment strategy utilization is based on all participants that have a balance greater than \$0. Each participant is assigned a single investment strategy to provide insights on how investment options, features, and services are being utilized.

When a participant is assigned a strategy, 100% of their balance is grouped within that strategy even if they have a diverse investment mix. Additionally, each participants' strategy is reevaluated and assigned every month so a participant may move in and out of the different strategies from month to month.

For the full list of investment strategies and their definitions, please refer to the glossary.

# Investment strategy utilization

As of 12/31/2025

## Investment strategy utilization by employment status

### Active participants

Investment strategy	# of participants	% of participants	Assets	% of assets	Average balance
Asset allocation model strategy	13	22.8%	\$2,864,130	29.6%	\$220,318
Brokerage strategy	1	1.8%	\$53,495	0.6%	\$53,495
Do-it-yourself strategy	34	59.6%	\$5,983,259	61.7%	\$175,978

### Separated from service participants

Investment strategy	# of participants	% of participants	Assets	% of assets	Average balance
Asset allocation model strategy	2	3.5%	\$382,312	3.9%	\$191,156
Do-it-yourself strategy	7	12.3%	\$409,111	4.2%	\$58,444

### Overview

The investment strategy utilization is based on all participants that have a balance greater than \$0. Each participant is assigned a single investment strategy to provide insights on how investment options, features, and services are being utilized.

When a participant is assigned a strategy, 100% of their balance is grouped within that strategy even if they have a diverse investment mix. Additionally, each participants' strategy is reevaluated and assigned every month so a participant may move in and out of the different strategies from month to month.

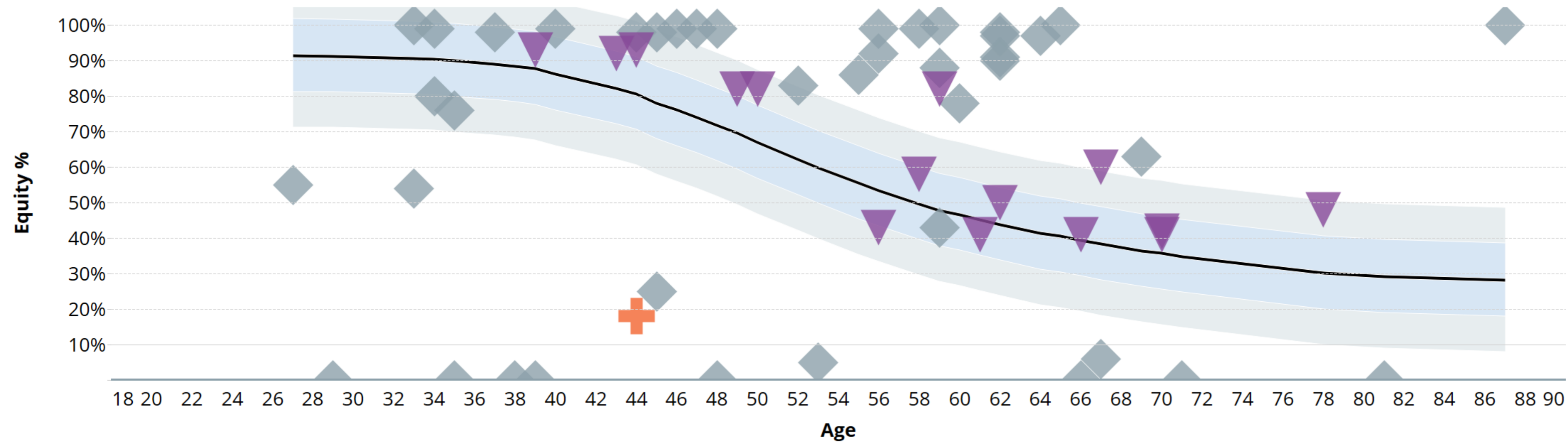
For the full list of investment strategies and their definitions, please refer to the glossary.

# Equity exposure

As of 12/31/2025

## Participant total equity exposure compared to the equity allocation of a representative target date glide path

↳ All participants with a balance across all investment strategies



### Overview

Each shape on the graph represents participants of a certain age that are at a certain level of total equity exposure from all of their funds. The size of the shape indicates the number of participants.

The black line displays the equity exposure, by age, for a representative target date glide path. The glide path was derived in conjunction with Morningstar Investment Management LLC and is for illustrative purposes only.

### Equity exposure insights

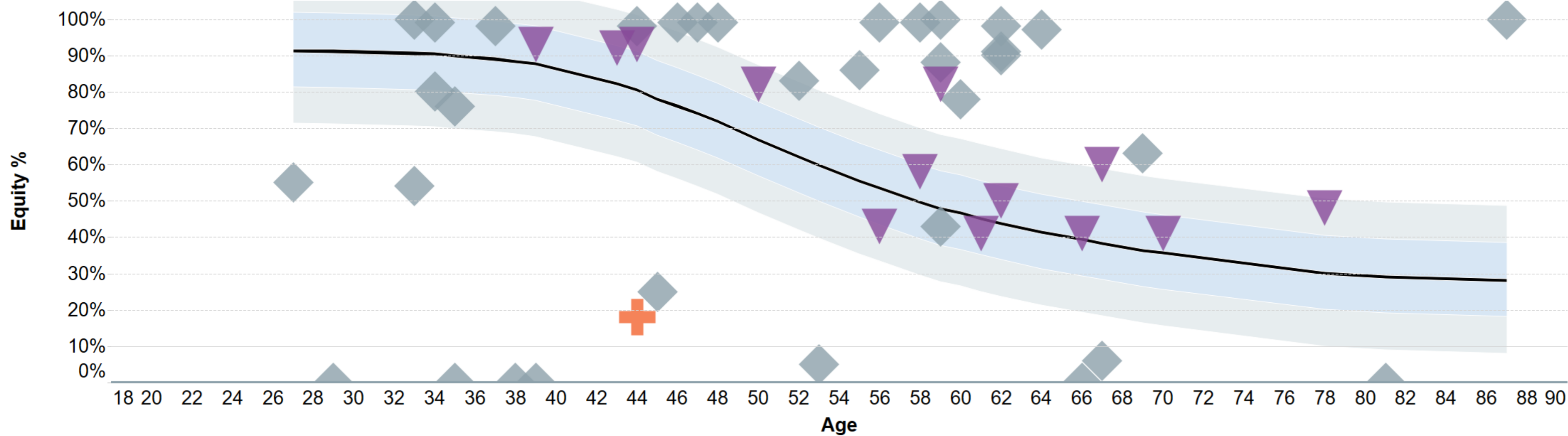
	Asset allocation model strategy ▼	Brokerage strategy +	Do-it-yourself strategy ◆
Within 10% of glide path	53.3%	0.0%	9.8%
Within 20% of glide path	86.7%	0.0%	22.0%

# Equity exposure

As of 12/31/2025

## Participant total equity exposure compared to the equity allocation of a representative target date glide path

▶ Active participants with a balance across all investment strategies



### Overview

Each shape on the graph represents participants of a certain age that are at a certain level of total equity exposure from all of their funds. The size of the shape indicates the number of participants.

The black line displays the equity exposure, by age, for a representative target date glide path. The glide path was derived in conjunction with Morningstar Investment Management LLC and is for illustrative purposes only.

### Equity exposure insights

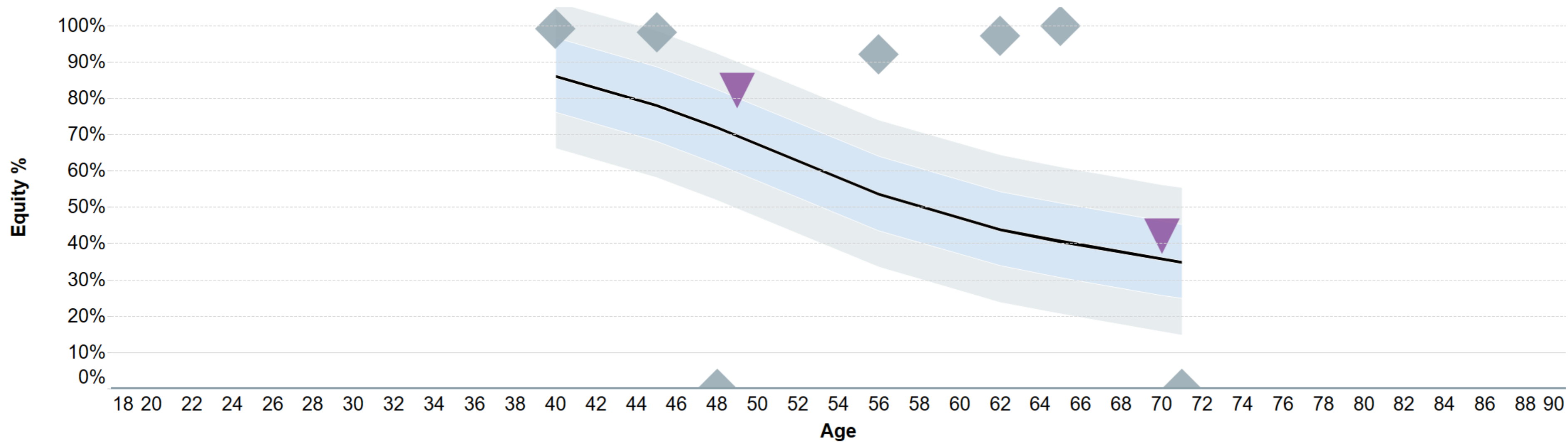
	Asset allocation model strategy ▼	Brokerage strategy +	Do-it-yourself strategy ◆
Within 10% of glide path	53.8%	0.0%	11.8%
Within 20% of glide path	84.6%	0.0%	20.6%

# Equity exposure

As of 12/31/2025

## Participant total equity exposure compared to the equity allocation of a representative target date glide path

↳ Separated from service participants with a balance across all investment strategies



### Equity exposure insights

	Asset allocation model strategy	Do-it-yourself strategy
Within 10% of glide path	50.0%	0.0%
Within 20% of glide path	100.0%	28.6%

### Overview

Each shape on the graph represents participants of a certain age that are at a certain level of total equity exposure from all of their funds. The size of the shape indicates the number of participants.

The black line displays the equity exposure, by age, for a representative target date glide path. The glide path was derived in conjunction with Morningstar Investment Management LLC and is for illustrative purposes only.

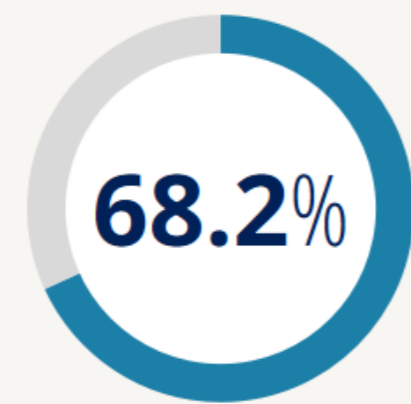
# Do-it-yourself (DIY) participants with high equity exposure

As of 12/31/2025

## Pre-retirees and retirees that are age 50 or over

### Overall insights

Your plan has  
**22**  
Do-it-yourself participants that are age 50+

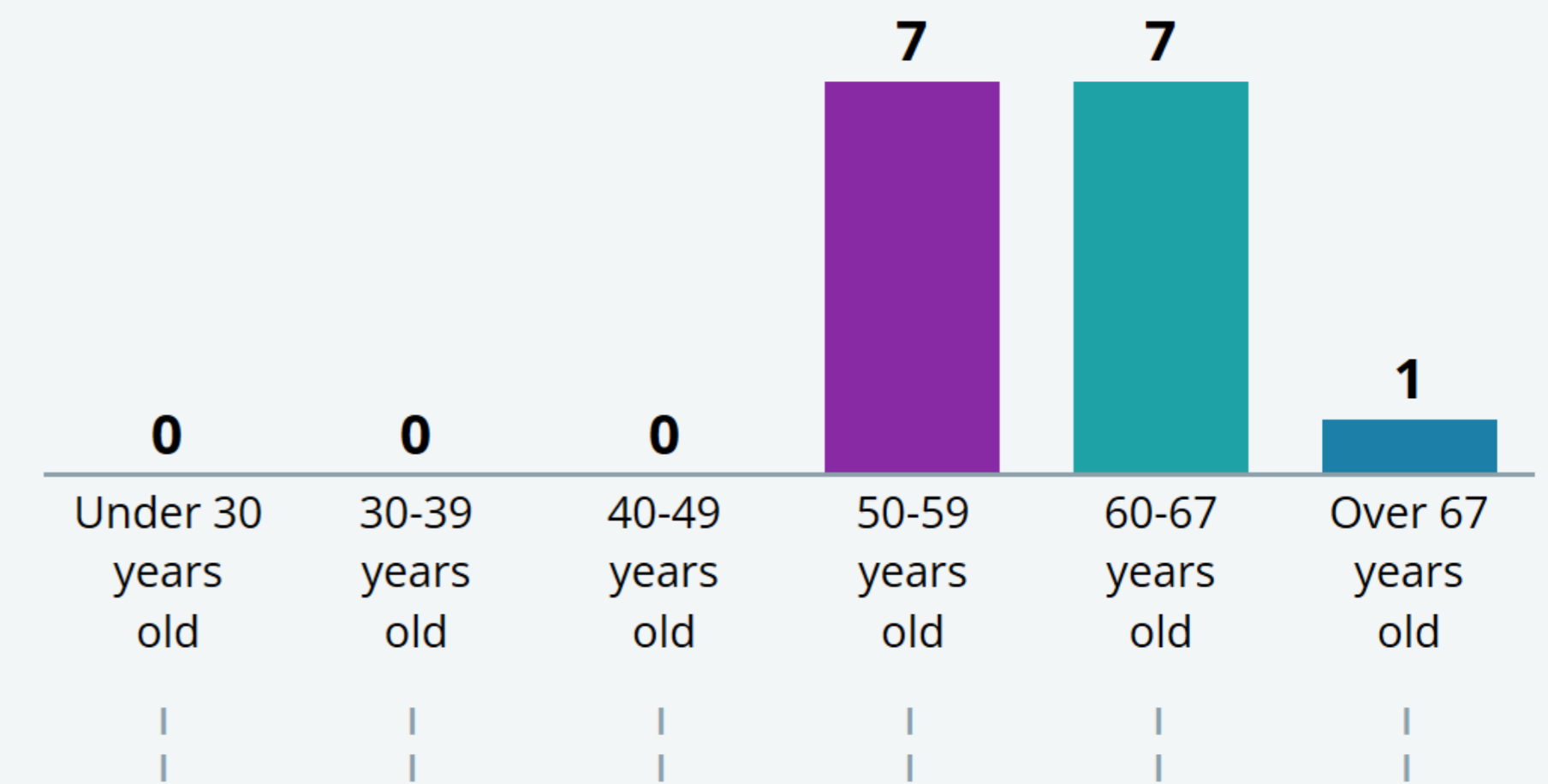


of those participants have  
**75% OR MORE**  
of their balance exposed to equities  
(15 participants)

This is  
**-11.8%**  
lower than the percent of participants on 12/31/2024

Do-it-yourself participants may be over-exposing themselves to equities which can make them vulnerable during market downturns or times of general volatility. This risk is particularly harmful to those nearest retirement.

### Number of Do-it-yourself participants, age 50+, with high equity exposure



### Average equity exposure

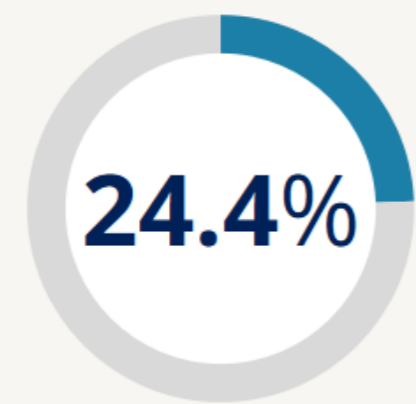
Age Group	Average equity exposure
Under 30 years old	NA
30-39 years old	NA
40-49 years old	NA
50-59 years old	92.3%
60-67 years old	93.0%
Over 67 years old	99.6%

# Do-it-yourself (DIY) participants with low equity exposure

As of 12/31/2025

## Overall insights

Your plan has  
**41**  
Do-it-yourself  
participants

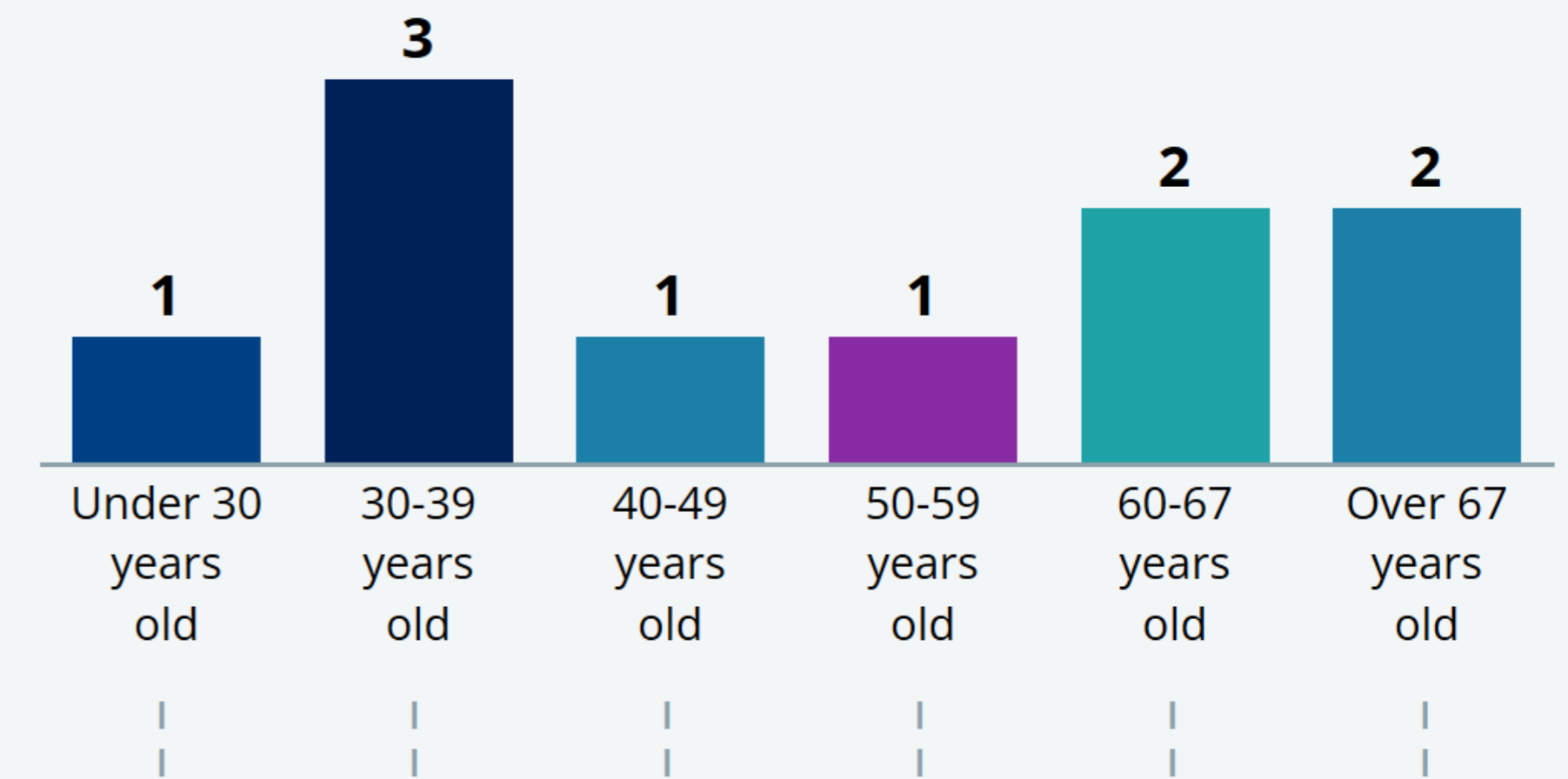


of those participants have  
**10% OR LESS**  
of their balance  
exposed to equities  
(10 participants)

This is  
**+0.1%**  
higher than the  
percent of  
participants on  
12/31/2024

Do-it-yourself participants may be too removed from the market. While having too much exposure to equities can be detrimental to participant outcomes, the inverse can also be true. Participants under-exposed to equities can miss out on potential investment returns that can bolster their account balance growth.

## Number of Do-it-yourself participants with low equity exposure



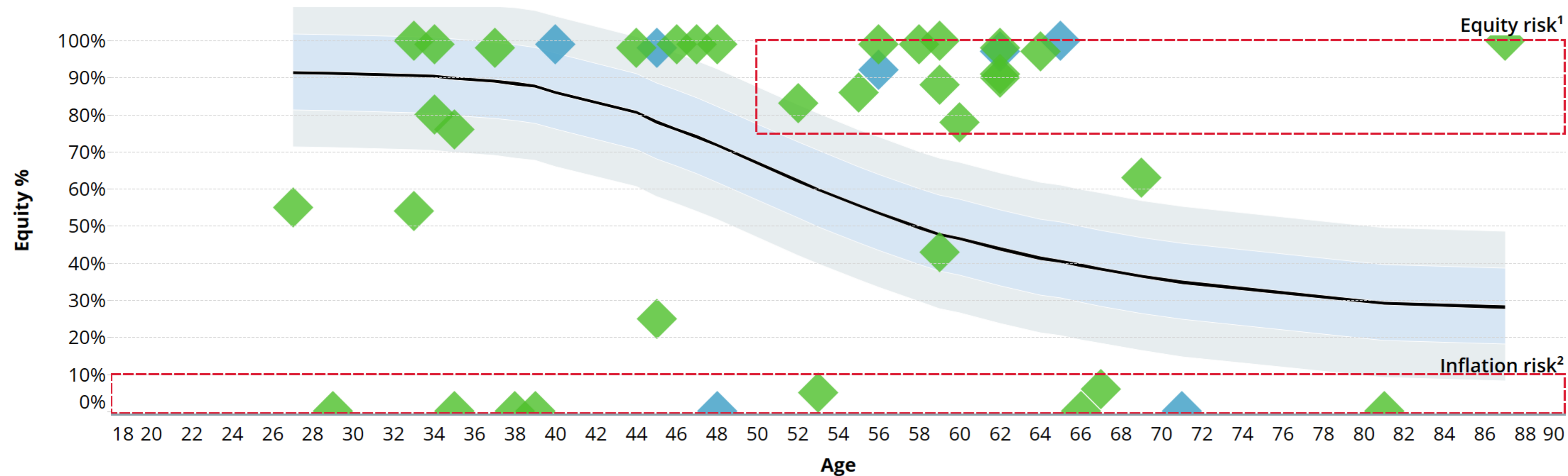
Age Group	Average equity exposure
Under 30 years old	0.0%
30-39 years old	0.0%
40-49 years old	0.0%
50-59 years old	4.6%
60-67 years old	2.9%
Over 67 years old	0.0%

# Do-it-yourself strategy equity exposure

As of 12/31/2025

## Participant total equity exposure compared to the equity allocation of a representative target date glide path

▶ Do-it-yourself strategy participants with a balance, by employment status



### Overview

Each shape on the graph represents participants of a certain age that are at a certain level of total equity exposure from all of their funds. The size of the shape indicates the number of participants.

The black line displays the equity exposure, by age, for a representative target date glide path. The glide path was derived in conjunction with Morningstar Investment Management LLC and is for illustrative purposes only.

The red outlined boxes are areas of market exposure extremes.

<sup>1</sup>Participants with equity risk are age 50 or older with 75% or more of their balance allocated to equities

<sup>2</sup>Participants with inflation risk have 10% or less of their balance allocated to equities, regardless of their age

### Equity exposure insights

	Active participants	Separated from service participants	All participants
■ Within 10% of glide path	11.8%	0.0%	9.8%
■ Within 20% of glide path	20.6%	28.6%	22.0%
Participants with equity risk	12	3	15
Participants with inflation risk	8	2	10

# Assets by fund by investment strategy

As of 12/31/2025

The below shows the amount of assets that participants within each investment strategy have allocated to each investment option

Asset category	Investment option	Asset allocation model strategy	Do-it-yourself strategy	Brokerage strategy
Bond	Core Plus Bond / PGIM Fund	\$490,052	\$253,151	
	Guaranteed Income Fund	\$721,177	\$1,160,720	\$33,855
	Vanguard Interm-Term Bond Index Adm		\$125,168	
Brokerage	Schwab SDB Securities			\$17,964
	Schwab SDB Sweep Program			\$1,676
Equity	Empower S&P 500 Index Separate Acct (IS)		\$426,769	
	Intl Blend (sub-adv by Wellington Mgmt)	\$671,493	\$499,038	
	Large Cap Growth / American Century Fund	\$366,420	\$749,789	
	Large Cap Value (sub-adv by Wellington)	\$379,768	\$528,513	
	Mid Cap Growth I Fund (managed by Ivy)	\$151,786	\$99,517	
	Mid Cap Value / Integrity Fund	\$159,426	\$130,951	
	Real Estate / Cohen & Steers Fund		\$130,058	
	Small Cap Growth / TimesSquare Fund	\$98,882	\$145,318	
	Small Cap Value / Kennedy Capital Fund	\$101,161	\$324,320	
	Vanguard 500 Index Admiral		\$1,385,300	
	Vanguard Small Cap Index Adm		\$275,497	
	Vanguard Total Intl Stock Index Admiral		\$119,906	
Risk-Based	Day One IncomeFlex Target Balanced	\$106,276	\$38,357	

# Asset allocation by fund

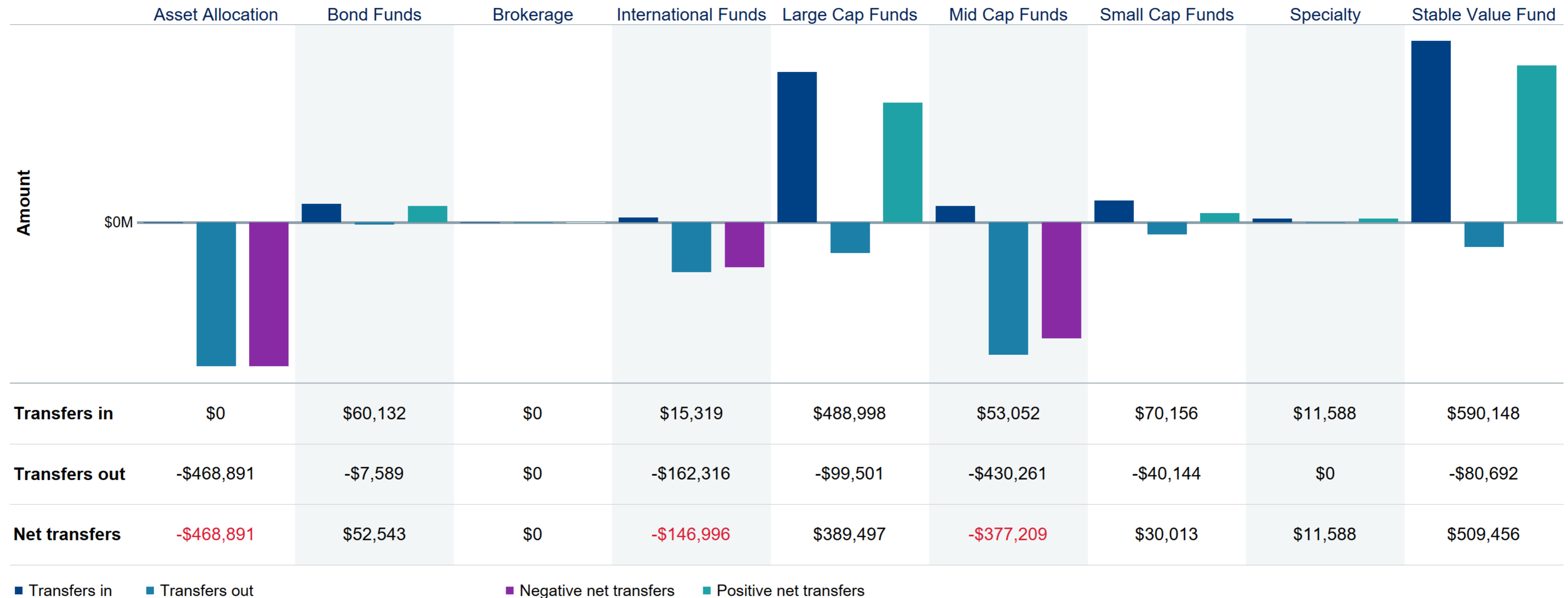
The balances reflected are based on all actively employed and separated from service plan participants. The participant balances do not include any outstanding loan amounts.

Asset class	Investment option	As of 12/31/2024			As of 12/31/2025		
		Total balance	% of total	Participants	Total balance	% of total	Participants
Asset Allocation	Day One IncomeFlex Target Balanced	\$594,147	6.86%	7	\$144,633	1.49%	7
Bond Funds	Core Plus Bond / PGIM Fund	\$696,804	8.05%	28	\$743,203	7.67%	26
	Vanguard Interm-Term Bond Index Adm	\$97,333	1.12%	1	\$125,168	1.29%	2
Brokerage	Schwab SDB Securities	\$19,721	0.23%	1	\$17,964	0.19%	1
	Schwab SDB Sweep Program	\$2,601	0.03%	1	\$1,676	0.02%	1
International Funds	Intl Blend (sub-adv by Wellington Mgmt)	\$1,028,732	11.88%	32	\$1,170,531	12.08%	29
	Vanguard Total Intl Stock Index Admiral	\$70,080	0.81%	5	\$119,906	1.24%	6
Large Cap Funds	Empower S&P 500 Index Separate Acct (IS)	\$0	0.00%	0	\$426,769	4.40%	13
	Large Cap Growth / American Century Fund	\$945,154	10.91%	36	\$1,116,209	11.52%	35
	Large Cap Value (sub-adv by Wellington)	\$791,232	9.14%	29	\$908,280	9.37%	28
	Vanguard 500 Index Admiral	\$1,185,578	13.69%	18	\$1,385,300	14.29%	19
Mid Cap Funds	Mid Cap Growth I Fund (managed by Ivy)	\$213,374	2.46%	30	\$251,302	2.59%	29
	Mid Cap Value / Integrity Fund	\$261,755	3.02%	28	\$290,377	3.00%	27
	PGIM Quant Sol MidCap Indx (IS Pltfrm)	\$378,385	4.37%	13	\$0	0.00%	0
Small Cap Funds	Small Cap Growth / TimesSquare Fund	\$219,011	2.53%	32	\$244,200	2.52%	30
	Small Cap Value / Kennedy Capital Fund	\$426,133	4.92%	31	\$425,481	4.39%	29
	Vanguard Small Cap Index Adm	\$230,584	2.66%	9	\$275,497	2.84%	9
Specialty	Real Estate / Cohen & Steers Fund	\$110,451	1.28%	3	\$130,058	1.34%	3
Stable Value Fund	Guaranteed Income Fund	\$1,389,469	16.04%	39	\$1,915,752	19.77%	40

# Net transfer activity by asset class

As of 12/31/2025

The below shows the transfer activity in and out of each asset class for a rolling 12-month period.



# Plan services

As of 12/31/2025

The table to the right is a list of available services for your plan and indicates which services have been activated.

Additional services may be available for your plan which are not listed. For a complete list of available services, please contact a service team representative.

- ✓ Deferral recordkeeping
- ✓ Online enrollment
- ✓ Participant Fiduciary Services
- ✓ Self-directed brokerage
- ✗ Advisory services
- ✗ Loans allowed
- ✗ Non-QACA safe harbor

# Plan insights

<b>Plan details</b>	<b>3/31/2025</b>	<b>6/30/2025</b>	<b>9/30/2025</b>	<b>12/31/2025</b>
Median Lifetime Income Score	83.5%	90.8%	90.0%	84.0%
Participation rate	8.6%	62.9%	62.9%	61.1%
Average contribution rate	11.8%	11.8%	11.8%	11.8%
Participant assets	\$8,487,170	\$8,792,726	\$9,364,493	\$9,692,306
Plan level assets	\$1	\$1	\$1	\$1

<b>Participant details</b>	<b>3/31/2025</b>	<b>6/30/2025</b>	<b>9/30/2025</b>	<b>12/31/2025</b>
Eligible participants	70	70	70	72
Eligible participants not participating	64	26	26	28
Participants contributing 10% or less	4	34	33	33
Participants with a balance	56	55	55	57
Average account balance	\$151,557	\$159,868	\$170,264	\$170,040
Participant email addresses captured	85.7%	85.5%	87.3%	87.7%
Participants without email address	8	8	7	7
Separated from service participants	10	9	9	9
Separated from service participants <\$7,000	4	4	4	4
Separated from service participants <\$1,000	1	1	1	1

<b>Investment details</b>	<b>3/31/2025</b>	<b>6/30/2025</b>	<b>9/30/2025</b>	<b>12/31/2025</b>
Investment options	18	18	20	20
Average funds utilized	6	6	6	6
Participants using asset allocation model strategy	32.1%	29.1%	29.1%	26.3%
Participants using Do-it-yourself strategy	66.1%	69.1%	69.1%	71.9%

# Plan insights by age

As of 12/31/2025

Age group overview	Under 30 yrs	30-39 yrs	40-49 yrs	50-59 yrs	60-67 yrs	Over 67 yrs
Participants with a balance	2	10	12	13	13	7
Eligible participants	5	20	11	13	14	9
Number participating	2	8	8	12	9	5
Participant assets	\$10,058	\$359,698	\$1,687,409	\$2,792,846	\$3,476,222	\$1,366,074

Participant outcomes	Under 30 yrs	30-39 yrs	40-49 yrs	50-59 yrs	60-67 yrs	Over 67 yrs
Average account balance	\$5,029	\$35,970	\$140,617	\$214,834	\$267,402	\$195,153
Average equity percent	27.3%	60.1%	75.4%	73.8%	65.4%	41.9%
Participation rate	40.0%	40.0%	72.7%	92.3%	64.3%	55.6%
Average contribution rate	1.5%	6.0%	11.0%	10.2%	21.7%	12.8%
Median Lifetime Income Score	73.9%	66.9%	116.6%	129.3%	88.0%	141.5%
Average Lifetime Income Score	83.2%	77.0%	105.0%	109.9%	86.9%	129.3%
Percent reaching goal	25.0%	21.1%	60.0%	61.5%	41.7%	66.7%

# Plan insights by tenure

As of 12/31/2025

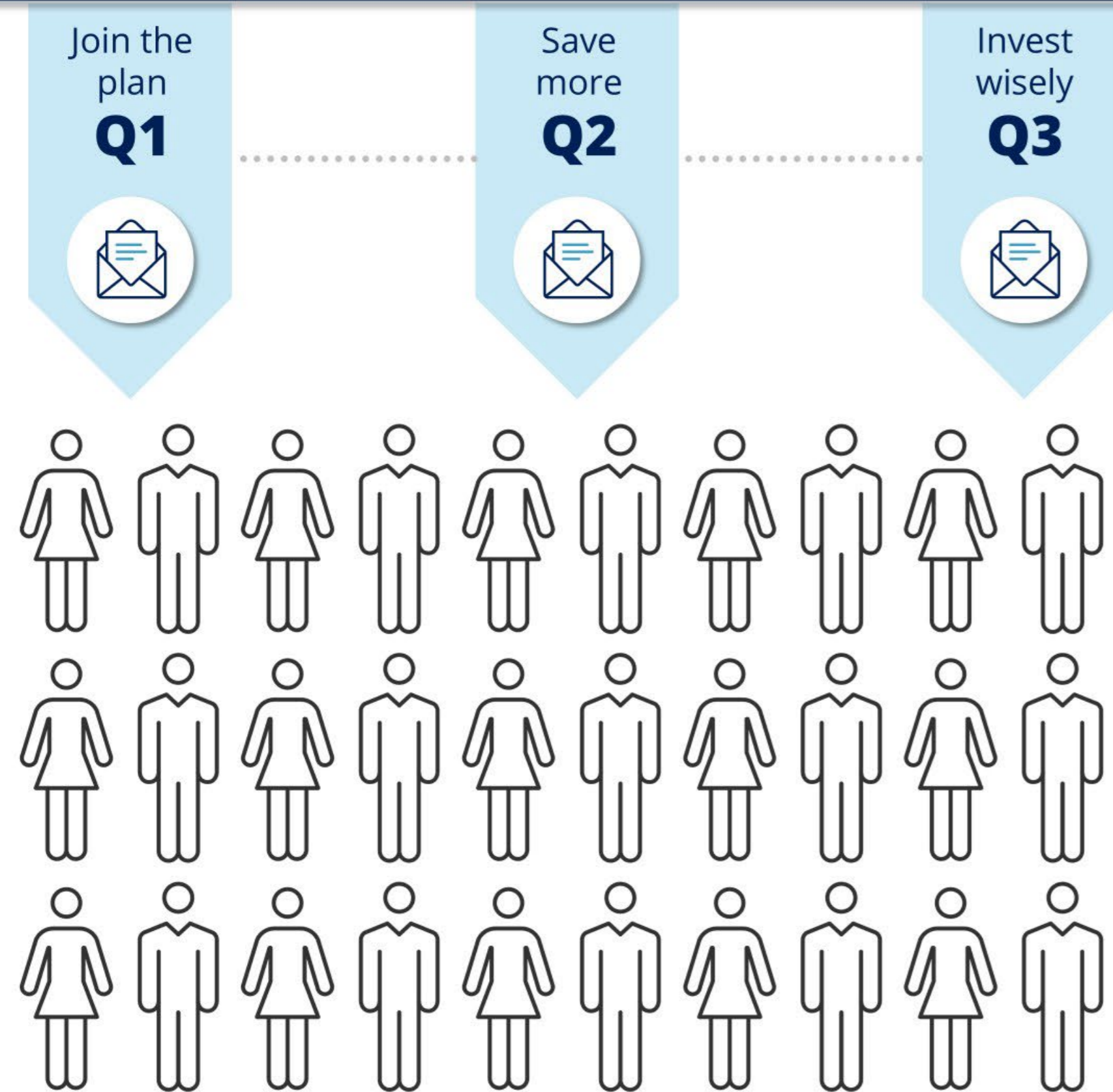
Tenure group overview	Less than 1 year	1-2 years	3-6 years	7-9 years	10-14 years	15-19 years	20-29 years	30 years and over
Participants with a balance	0	6	7	9	11	4	10	10
Eligible participants	3	9	12	12	11	3	10	12
Number participating	0	4	6	5	11	2	8	8
Participant assets	\$0	\$198,859	\$532,672	\$337,895	\$1,445,146	\$1,019,144	\$2,471,915	\$3,686,675

Participant outcomes	Less than 1 year	1-2 years	3-6 years	7-9 years	10-14 years	15-19 years	20-29 years	30 years and over
Average account balance		\$33,143	\$76,096	\$37,544	\$131,377	\$254,786	\$247,192	\$368,667
Average equity percent		63.1%	41.6%	74.6%	61.7%	81.2%	70.6%	61.2%
Participation rate	0.0%	44.4%	50.0%	41.7%	100.0%	66.7%	80.0%	66.7%
Average contribution rate		6.5%	6.3%	6.6%	19.6%	16.5%	7.6%	14.1%
Median Lifetime Income Score	69.9%	57.2%	69.7%	67.6%	113.4%	92.0%	129.3%	141.5%
Average Lifetime Income Score	64.6%	57.2%	75.3%	76.2%	113.1%	89.7%	111.3%	134.6%
Percent reaching goal	0.0%	0.0%	10.0%	33.3%	70.0%	33.3%	66.7%	88.9%

# Sophisticated engagement to drive better action

The Empower Communication Engine (ECE)

## Traditional communications approach



## ECE: Integrated communications



# Individuals reached & campaign statuses

As of 12/31/2025

<b>Unique individuals reached via ECE<sup>1</sup></b> Year to date	 <b>38</b> via Any channel	 <b>38</b> via Email	 <b>6</b> via Other channels
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Getting started	Saving & investing	Planning & optimizing
<p><b>Campaign status</b></p> <ul style="list-style-type: none"> <li>✓ Participate in your retirement plan</li> <li>✓ Welcome to your retirement plan - profile</li> <li>✓ Welcome to your retirement plan - web tools</li> <li>✓ Register Your Account</li> <li>✓ Text Permission</li> <li>✓ Account Security</li> </ul>	<p><b>Campaign status</b></p> <ul style="list-style-type: none"> <li>✓ Save More</li> </ul>	<p><b>Campaign status</b></p> <ul style="list-style-type: none"> <li>✓ Benefits of using the personalized website</li> <li>✓ Boost Your Financial Wellness</li> <li>✓ Your retirement savings options</li> <li>✓ Your Retirement Savings Options Check In</li> </ul>

✓ Active      ✗ Opted out

<sup>1</sup>Individuals reached includes all participants with a balance greater than \$0 in addition to those who are actively employed and eligible but do not have a balance

# About your population

As of 12/31/2025

## Getting started

**67%** Eligible participants with a balance

**95%** Participants with a phone number or email address

**81%** With a registered online account

## Saving & investing

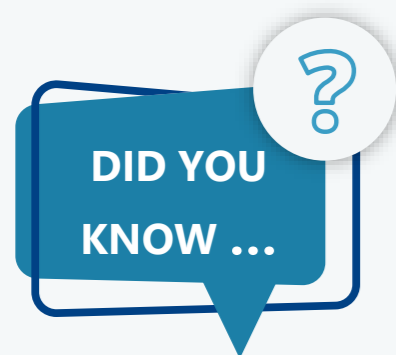
**5%** Increased their deferral election in the past year

**26%** Using guided investment strategies

## Planning & optimizing

**71%** Engaged with the website, app, or representative in the past year

**4%** Have set up their personal dashboard



The Empower Communications program encourages participants to take actions that improve the above outcomes

# How your plan compares

As of 12/31/2025

The insights below compare your plan to an ECE peer group of similar plans with broad ECE utilization and a meaningful number of participants for each metric. "Peers" reflect the median (50th percentile), while "Top peers" represent the 90th percentile.

## Getting started

	Your plan	Peers	Top peers
% Eligible participants with a balance	67%	88%	100%
% With a phone number or email address	95%	94%	100%
% With a registered online account	81%	71%	92%

## Saving & investing

	Your plan	Peers	Top peers
% Increased their deferral election in the past year	5%	14%	30%
% Using guided investment strategies	26%	68%	93%

## Planning & optimizing

	Your plan	Peers	Top peers
% Engaged with the website, app, or representative in the past year	71%	63%	85%
% Have set up their personal dashboard	4%	7%	14%

# Participant activity

As of 12/31/2025

Number of participants that took action

## Getting started

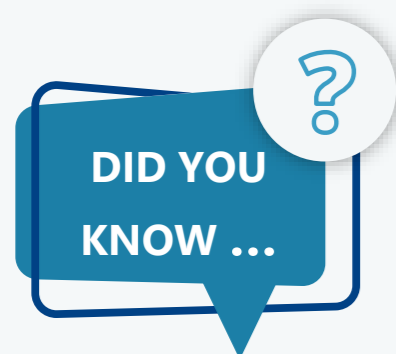
	YTD	2024
New participants with a balance	3	60
Added or updated phone number or email address	6	0
Registered their online account	11	49

## Saving & investing

	YTD	2024
Increased their deferral election	1	0
Moved to using guided investment strategy	0	1

## Planning & optimizing

	YTD	2024
Engaged with the website, app, or representative	41	NA
Set up their personal dashboard	1	2



The Empower Communications program encourages participants to take actions that improve the above outcomes

# Glossary of terms

<b>Subject</b>	<b>Description</b>
<b>Balances</b>	Participant assets is the summation of all participant balances. (Excludes any loan balances). Plan assets is the summation of all plan balances such as forfeitures. Total assets is the summation of all participant and plan balances.
<b>Benchmarks</b>	The benchmarks are based on the recordkeeping system book of business and are updated monthly. The benchmarks reflect the median of individual plan results for a population of similar plans based on the combination of plan type and plan assets. The plan type categories are: 401(k), 403(b), 401(a), 457, and all other plan types combined. The plan assets ranges are: <\$5M, \$5M - \$10M, \$10M - \$25M, \$25 - \$50M, \$50M - \$500M, and >\$500M.
<b>Cash flow</b>	Cash flow illustrates the inflows and outflows of dollars from the plan by all actively employed and separated from service participants. The difference in the beginning balance and the ending balance is the result of adding and subtracting the following cash flow activity events: Contributions, disbursements, participant fees, loans issued, loan payments, transfers, adjustments, dividends, and gain/loss to reflect the ending balance.
<b>Contribution activity</b>	Contribution activity reflects all new participant account money such as: contributions via payroll, one-time contributions, employer contributions, and rollovers. Contributions are illustrated as participant and employer funded. Participant contributions are further broken down by before-tax, Roth, and after-tax contributions when applicable. The contribution activity will match the contribution totals illustrated on the Cash Flow slide.
<b>Distribution activity</b>	Distributions are based on actively employed and separated from service plan participants. The distribution categories are derived from the methods in which assets are removed from the plan. The possible categories are: Deminimis, Hardship, Death, Housing allowance, In-service, QDRO, Required minimum distributions (RMD), Separation of service, Service credits, CARES Act, SECURE Act and Other*.  **"Other" is a combined category for infrequently used distributions such as but not limited to: contract exchanges, disability, 1035 exchanges, defined benefit payout, dividend payment, early distribution penalty, transfer to an IRA, Roth conversions, etc. The category also includes transaction reversals.
<b>Loans</b>	Overall loan insights reflect both general purpose loans and principal residence loans. Loans belonging to both actively employed and separated from service plan participants are included. Active loans in default are included.  The total amount of outstanding loans includes any loans that were issued during the month of the reported month-end. The average loan balance is calculated by dividing the total of all active and outstanding loan balances by the total number of active and outstanding loans. The percent of participants with a loan is calculated by dividing the number of participants with at least one active and outstanding loan by all participants with a balance greater than \$0.

# Glossary of terms

Subject	Description
<b>Lifetime Income Score</b>	<p>The Lifetime Income Score is based on all actively employed and eligible participants that meet the following criteria: Date of birth on file, valid annual salary of at least \$10,000, and assets from outside sources that are less than \$5 million. The Lifetime Income Score assumes a retirement income replacement rate of 75% of current income for all participants or a different plan-chosen replacement rate when applicable.</p> <p>Assumptions used by the Lifetime Income Score change over time so the historical results provided may be based on assumptions that are different from the current period. For more information please see the Lifetime Income Score Important Information and Disclosure located on the Data Library dashboard in the Plan Service Center.</p>
<b>Participation rate</b>	<p>The participation rate represents the ratio of participants that are actively participating in the plan compared to the total population of actively employed participants that are eligible to contribute to the plan. Actively participating is defined as having a regular deferral election on the recordkeeping system that is greater than 0%/\$0. Before-tax, Roth, after-tax, and catch-up deferral elections are included.</p>
<b>Contribution rates</b>	<p>Contribution rates are based on all actively employed and eligible participants that have a regular deferral election on the recordkeeping system that is greater than 0%/\$0. Before-tax, Roth, after-tax, and catch-up deferral elections are included.</p> <p>The rates reflected always include percentage deferral elections. Flat dollar deferral elections are also included when a salary has been provided as a participant's salary is used to convert their flat dollar deferral election to a percentage election.</p>
<b>Money type utilization</b>	<p>Money types are the different kinds of regular contributions that can be made which differ from each other in how they are taxed. Money type utilization illustrates the different approaches that participants are using for managing the tax treatment of their future contributions. Each included participant is assigned to a single money type category and becomes part of the population of participants that their respective category's insights are based on. Refer to the contribution rates section above for details about how reporting on deferral elections is handled.</p> <p>The money type categories are:</p> <ul style="list-style-type: none"><li>• <b>Before-tax only:</b> Population of participants where 100% of their deferral election is setup to make before-tax contributions.</li><li>• <b>Roth only:</b> Population of participants where 100% of their deferral election is setup to make Roth contributions.</li><li>• <b>After-tax only:</b> Population of participants where 100% of their deferral election is setup to make after-tax contributions.</li><li>• <b>Multiple types:</b> Population of participants that have a deferral election setup to make contributions to two or more sources.</li></ul>

# Glossary of terms

Subject	Description
<b>Contribution insights</b>	Contribution insights consider regular and catch-up payroll contributions that participants made to before-tax, Roth, and after-tax sources during the month associated with the stated month-end date. The population of participants that are evaluated are those that were eligible as of the stated month-end. This population of participants differs from those included in the contribution activity reporting as that reporting includes contributions for all participants regardless of their eligibility status at month-end.
<b>Match behaviors</b>	<p>Match behaviors illustrates participants that are eligible for employer match and the different levels at which they are utilizing their available match benefits. It only includes match benefits where the employer chooses to make an established contribution that is based on the elective contributions that a participant makes. This excludes non-elective employer contributions that do not require the participant to make a contribution.</p> <p>Each participant is evaluated against the match rule that individually applies to them as a single plan can have multiple match rules that cover different populations of eligible participants. The evaluation is based on a participant's deferral elections on file. Percentage deferral elections are always included and flat dollar deferral elections are also included when a salary has been provided as a participant's salary is used to convert their flat dollar deferral election to a percentage election. Participants with flat dollar deferral elections but without a salary are excluded from the analysis.</p> <p>Included participants are assigned to one of the following match behaviors:</p> <ul style="list-style-type: none"><li>• <b>Not contributing:</b> Is eligible to contribute and to receive employer matching contributions but does not have a deferral election greater than 0%/\$0 on file.</li><li>• <b>Missing out:</b> Has a deferral election on file but it is below the amount required to receive the full amount of their available match benefit.</li><li>• <b>Meeting the match:</b> Has a deferral election on file that is the same amount that is required to receive the full amount of their available match benefit.</li><li>• <b>Exceeding the match:</b> Has a deferral election on file that is higher than the amount required to receive the full amount of their available match benefit.</li></ul>
<b>Rate of return</b>	Rate of return is calculated in 1 month intervals based on the opening balance, transaction activity, and closing balance for the month. The calculation is consistent with the procedures called by the participant website for displaying a participant's rate of return for a 1 month period. Determining the 1, 3, and 5 year returns is achieved by using an aggregation of the individual monthly rates of return for that period. Only participants with a result across all of the months in the period are included.
<b>Unique individuals reached via ECE</b>	<ul style="list-style-type: none"><li>• Via any channel- Count of unique participants that received at least 1 ECE message, regardless of channel</li><li>• Via email- Count of unique participants that received at least 1 ECE message via email</li><li>• Via other channels- Count of unique participants that received at least 1 ECE message via a channel other than email, such as post login action (PLA)</li></ul>

# Glossary of terms

Subject	Description
<b>Investment strategy</b>	<p>Investment strategy includes all actively employed and separated from service plan participants with a balance. Each participant is assigned to a single investment strategy by evaluating the criteria for each investment strategy against the participant's fund balances and their use of investment services and features. This evaluation is done in a particular order and the investment strategy that ends up being assigned is the first one that has its criteria met.</p> <p>The evaluation order and criteria for each possible investment strategy is as follows:</p> <ul style="list-style-type: none"><li>• <b>Managed accounts:</b> Assigned to any participant enrolled in an available managed account service.</li><li>• <b>Online advice:</b> Assigned to any participant utilizing an available online advice service.</li><li>• <b>Asset allocation model strategy:</b> Assigned to any participant enrolled in a model portfolio.</li><li>• <b>Brokerage:</b> Assigned to any participant utilizing an available self-directed brokerage account for any portion of their balance.</li><li>• <b>Target-date strategy:</b> Assigned to any participant with greater than 95% of their balance invested in one or two target-date funds. 5% of their remaining balance may be invested in funds in other asset classes.</li><li>• <b>Risk-based strategy:</b> Assigned to any participant with greater than 95% of their balance invested in one or two risk-based funds. 5% of their remaining balance may be invested in funds from other asset classes.</li><li>• <b>Do-it-yourself strategy:</b> Assigned to any participant that is not classified under any of the above investment strategies.</li></ul> <p>When applicable, the number of participants and their associated total balances that are assigned to the Target-date strategy or the Risk-based strategy will not match the assets and participant counts reported elsewhere for the funds within the Target-date or Risk-based asset classes. This is because all fund reporting is based on the holdings of all participants, regardless of a participant's assigned investment strategy.</p>
<b>Equity exposure</b>	<p>A participant's total equity exposure is the ratio of the total amount of their balance (across all investment options) that is exposed to equities, compared to their overall account balance. The amount that is exposed to equities for each individual investment option is calculated by multiplying the participant's balance within the fund by the percentage of the fund's underlying holdings that are in equity asset classes. The underlying asset allocation of each investment option is sourced from Morningstar LLC. In the event that an investment option's asset allocation is unavailable, it is defaulted to having 50% allocated to equities.</p>

# Glossary of terms

Subject	Description
<b>Concentrated investment extremes</b>	<p>The concentrated investment extremes insights presented are based on all actively employed and separated from service plan participants that have a balance greater than \$0 and that have been classified as using the Do-it-yourself investment strategy. Concentrated investment extremes are defined as:</p> <p><b>Equity risk:</b> Participants that are age 50 or older and that have 75% or more of their total balance exposed to equities.</p> <ul style="list-style-type: none"><li>• These participants may be inadvertently over-exposing themselves to too much equity (or market) risk, causing them to be vulnerable in market downturns or times of general volatility, a risk particularly harmful to those nearest retirement.</li></ul> <p><b>Inflation risk:</b> Participants of any age, that have 10% or less of their total balance exposed to equities.</p> <ul style="list-style-type: none"><li>• These participants may be too removed from the market. While taking on too much risk, as illustrated with the equity extreme definition, can be detrimental to participant outcomes, the inverse can also be true. Participants underexposed to equities (or the market more broadly) can suffer from lack of investment returns which would otherwise bolster their performance and account balance growth.</li></ul>
<b>Advisory services</b>	<p>Advisory services includes all active and terminated participants with a balance. It compares the participants enrolled in the managed account service or online advice service against the participants that are not enrolled as of the last day of the reporting period. Each participant is only included in one group.</p>
<b>Fund exposure by investment strategy</b>	<p>The calculation for an individual participant's exposure to an investment option is: Participant's balance in the investment option divided by the participant's overall account balance. Participants without a balance in a fund are excluded when calculating the average for each fund. Average fund exposures are provided for the population of participants within each investment strategy to provide insights into how participants of each investment strategy are utilizing the investment lineup.</p>
<b>Asset allocations</b>	<p>Illustrates the total of participant balances within the different investment options and their associated asset class. Plan level assets and outstanding loan balances are not included. The % of total assets represents the total of participant assets within the fund divided by the total of all participant balances. The participant counts include all actively employed and separated from service plan participants with a balance greater than \$0 in the fund.</p>
<b>Net transfer activity by asset class</b>	<p>Net transfer activity is the net of the transfer in and transfer out financial activity for funds within each asset class. Plan level assets and outstanding loan balances are not included.</p>

# Glossary of terms

Subject	Description of terms
<b>Plan insights:</b> Plan detail	<ul style="list-style-type: none"><li>• Median Lifetime Income Score: Refer to the Lifetime Income Score subject.</li><li>• Contribution rates: Refer to the contribution rates subject.</li><li>• Participation rate: Refer to the participation rate subject.</li><li>• Participant assets: Total of all participant balances. It does not include plan level assets or outstanding loan balances.</li><li>• Loan balance: Total amount of all active loans with an outstanding loan balance at month-end.</li><li>• Plan level assets: Total amount of plan assets which may include forfeitures, unallocated plan assets, and a plan expense account.</li></ul>
<b>Plan insights:</b> Participant detail	<ul style="list-style-type: none"><li>• Eligible participants: Number of actively employed participants that are eligible to contribute to the plan.</li><li>• Eligible individuals not participating: Number of actively employed and eligible participants that do not have a deferral election on file that is greater than 0%/\$0.</li><li>• Participants contributing 10% or less: Number of actively employed and eligible participants that have a deferral election on file that is greater than 0% and less than 11%. Refer to the contribution rates subject for details about how flat dollar deferral elections are handled.</li><li>• Participants with a balance: Number of all the participants that have a balance &gt;\$0.</li><li>• Average account balance: Average total balance of all the participants with a balance &gt;\$0.</li><li>• Participants with loans: Percent of all the participants with a balance &gt;\$0 that have at least 1 active loan with an outstanding balance &gt;\$0.</li><li>• Participant email addresses captured: Percent of all the participants with a balance &gt;\$0 and an email address on file.</li><li>• Participants without an email address: Number of all the participants with a balance &gt;\$0 and no email address on file.</li><li>• Terminated participants with a balance &lt;\$5,000: Number of separated from service participants that have an account balance that is less than \$5,000.</li><li>• Terminated participants with a balance &lt;\$1,000: Number of separated from service participants that have an account balance that is less than \$1,000.</li></ul>
<b>Plan insights:</b> Investment detail	<ul style="list-style-type: none"><li>• Investment options: Total number of investment options offered in the plan.</li><li>• Average funds utilized: Average of the total number of funds that each participant has a balance in. It is based on all the participants with a balance \$&gt;0.</li><li>• Participants using advisory services: Percent of all the participants with a balance &gt;\$0 that are using an available managed account service or online advice service.</li><li>• Participants using Target-date strategy: Percent of all the participants with a balance &gt;\$0 that have been classified as using the Target-date investment strategy.</li><li>• Participants using Risk-based strategy: Percent of all the participants with a balance &gt;\$0 that have been classified as using the Risk-based investment strategy.</li><li>• Participants using asset allocation model strategy: Percent of all the participants with a balance &gt;\$0 that have been classified as using the asset allocation model investment strategy.</li><li>• Participants using Do-it-yourself strategy: Percent of all the participants with a balance &gt;\$0 that have been classified as using the Do-it-yourself investment strategy.</li></ul>

# Glossary of terms

Subject	Description of terms
<b>About your population</b> Getting started	<ul style="list-style-type: none"> <li>• Eligible participants with a balance- Based on all actively employed participants that are eligible to contribute to the plan; the percent that have a balance &gt;\$0.</li> <li>• Participants with a phone number or email address- Based on all participants that have a balance &gt;\$0; the percent that have a work email, personal email, mobile phone, home phone, or international phone number on file.</li> <li>• With a registered online account- Based on all participants that have a balance &gt;\$0; the percent that have registered online</li> <li>• With a beneficiary on file<sup>1</sup>- Based on all participants that have a balance &gt;\$0; the percent that have a beneficiary on file. This is only provided for plans where we are the beneficiary recordkeeper.</li> </ul>
<b>About your population</b> Saving & investing	<ul style="list-style-type: none"> <li>• Increased their deferral election in the past year<sup>1</sup>- Based on all the actively employed and eligible participants with a regular deferral election on the recordkeeping system that is greater than 0%/\$0; the percent whose current deferral election is higher than their initial deferral election from the past 12 months that was greater than 0%/\$0. This includes participant initiated and auto escalation increases. Participants that switched from percentage elections to flat dollar elections or vice versa are excluded from the evaluation.</li> <li>• Using guided investment strategies- Based on all participants that have a balance &gt;\$0; the percent using any of the following investment strategies:               <ul style="list-style-type: none"> <li>• Managed accounts</li> <li>• Online advice</li> <li>• Target-date strategy</li> <li>• Risk-based strategy</li> <li>• Asset allocation model</li> </ul> </li> <li>• Enrolled in managed accounts<sup>1</sup>- Based on all participants that have a balance &gt;\$0; the percent that enrolled in the managed account service. This is only provided for plans that offer managed accounts.</li> <li>• Actively personalized their managed account profile<sup>1</sup>- Based on all participants that have a balance &gt;\$0 and that are enrolled in the managed account service; the percent that have actively engaged in personalizing their managed account profile. This is only provided for plans that offer managed accounts.</li> </ul>
<b>About your population</b> Planning & optimizing	<ul style="list-style-type: none"> <li>• Engaged with the website, app, or rep within the past year<sup>1</sup>- Based on all actively employed participants that have a balance &gt;\$0; the percent that have engaged digitally or by phone in the past 12 months. This is only provided for plans that have had a balance for the past 12 consecutive months.</li> <li>• Have set up their personal dashboard<sup>1</sup>- Based on all participants that have a balance &gt;\$0 and that are registered online; the percent that have added either assets or liabilities to their dashboard. This is only provided for plans that allow account aggregation.</li> <li>• Consolidated assets within your plan<sup>1</sup>- Based on all participants that have a balance &gt;\$0; the percent that have a balance held in a separate money source that is designated for holding assets from incoming rollovers. This is only provided for plans that allow outside retirement accounts to be rolled into the plan.</li> </ul>

<sup>1</sup>Not applicable for all plans

# Glossary of terms

Subject	Description of terms
<b>Participant activity</b>	<ul style="list-style-type: none"> <li>• New participants with a balance- The number of participants that started the period with a \$0 balance and then later had a balance greater than \$0 at any month-end during the period</li> </ul>
Getting started	<ul style="list-style-type: none"> <li>• Added or updated phone number or email address- Based on all participants that had a balance &gt;\$0 at any month-end during the period; the number that had a different phone number or email address at the end of the period compared to what they had at the beginning of the period.</li> <li>• Registered their online account- The number of participants that registered online during the period</li> <li>• Added or updated their beneficiary<sup>1</sup>- The number of participants that either added or last updated their beneficiary during the period. This is only provided for plans where we are the beneficiary recordkeeper.</li> </ul>
<b>Participant activity</b>	<ul style="list-style-type: none"> <li>• Increased their deferral election<sup>1</sup>- Based on all participants that had a regular deferral election on the recordkeeping system that was greater than 0%/\$0 at any month-end during the period; the number whose ending deferral election was greater than their initial deferral election during the period that was greater than 0%/\$0. This includes participant initiated and auto escalation increases. Participants that switched from percentage elections to flat dollar elections or vice versa are not counted. This is only provided for plans where we have deferral elections on file.</li> </ul>
Saving & investing	<ul style="list-style-type: none"> <li>• Moved to using guided investment strategies- Based on all participants that had a balance &gt;\$0 at any month-end during the period; the number that started the period using the Do-it-yourself or Brokerage investment strategies and then ended the period using any of the other guided investment strategies.</li> <li>• Enrolled in managed accounts<sup>1</sup>- The number of participants that proactively enrolled in the managed account service during the period. This is only provided for plans that offer managed accounts.</li> <li>• Personalized a new category on their managed account profile<sup>1</sup>- The number of managed account participants that actively engaged in personalizing a new category within their managed account profile for the first time during the period. This is only provided for plans that offer managed accounts.</li> </ul>
<b>Participant activity</b>	<ul style="list-style-type: none"> <li>• Engaged with the website, app, or rep<sup>1</sup>- Based on all participants that were actively employed with a balance &gt;\$0 at any month-end during the period; the number that engaged digitally or by phone during the period. This is only provided for plans that have had a balance for the past 12 consecutive months.</li> </ul>
Planning & optimizing	<ul style="list-style-type: none"> <li>• Set up their personal dashboard<sup>1</sup>- The number of participants that had either assets or liabilities added to their dashboard for the first time during the period. This is only provided for plans that allow account aggregation.</li> <li>• Consolidated assets within your plan<sup>1</sup>- The number of participants that had a deposit go into a separate money source that is designated for holding assets from incoming rollovers. This is only provided for plans that allow outside retirement accounts to be rolled into the plan.</li> </ul>

<sup>1</sup>Not applicable for all plans

## Disclosures

As part of providing products and services to retirement plans Empower personnel may provide information to plan representatives about available investment or pricing options. In providing this information, Empower is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity regarding any transactions. Plan fiduciaries are responsible for the selection and monitoring of the Plan's investment options and for determining the reasonableness of all Plan fees and expenses.

Information concerning investment or pricing options we may provide is intended to provide you with resources for your consideration as a convenience and is not intended to be exhaustive or prescriptive for your Plan and its specific circumstances. Plan fiduciaries are not required to utilize any of the options referenced in any of our communications to you.

Empower may benefit from advisory and other fees paid to it or its affiliates for managing, selling, or settling of the Empower products or third-party investment products or securities offered by Empower or its affiliates. Investment vehicles you select which are sponsored or managed by an Empower affiliate may generate more revenue for Empower enterprise and/or Empower representatives than non-proprietary investment vehicles.

Thank you



## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: February 23, 2026**

**From: Vishav Sharma, Chief Financial Officer**

**Subject: January 2026 Financial Report and Analysis**

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The attached report provides an overview of the District's financial performance for the month of January 2026. 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 January 2026, are \$23,393,979, including \$54,810 restricted for capital and Debt service expenditures. This represents an Increase of \$28,760 in total Cash & Cash equivalents from the prior month, reflecting higher liquidity.
- The Current ratio is 9.85, 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 244 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 Increased by \$763,645, from \$4,524,264 in December to \$5,287,909 in January. This increase is primarily due to increased utility and non-utility billing and slower collection of utility bills in January as compared to prior month.
- Accounts receivable turnover ratio is 37 days for the month and 30 days for the year to date as of January 2026. 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 \$32,034 to a total of \$760,449, reflecting amortization of prepayments made for insurance, supplies or services (including subscriptions for softwares).

Overall, Current Assets total balance of \$31,455,930, reflects an increase of \$699,217 from the previous month.

### **Non-Current Assets:**

- Capacity rights with cost basis of \$114,127 were retired. The District received second of the three annual payment from MNWD for SOCWA regional plant sale in the month of January 2026.
- Construction in Progress increased by \$289,437 reflecting continued investment in capital projects.
- Accumulated Depreciation increased by \$302,577, as expected.

The Non-Current Assets category balance at the end of the month is \$112,946,880, reflecting a net decrease of \$127,267 primarily from accumulated depreciation and construction in progress activities.

### **Liabilities**

#### **• Current Liabilities:**

- Accounts Payable and Accrued Expenses increased by \$76,613 to \$761,407, reflecting higher short-term obligations.
- Accounts payable turnover ratio is 21 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 \$166,665, reflecting debt service interest payment.

Overall, Current Liabilities increased by \$201,758, Reflecting an increase in vendor obligations.

#### **• Non-Current Liabilities:**

- Loans Payable decreased slightly by \$42,671 with a remaining balance of \$47,995,105. Amortization of 2022 Bond premium contributed for this decrease.

The Total Liabilities amounted to \$64,509,036, reflecting an increase of \$159,086 compared to prior month.

### **Summary of Revenues**

For the month of January 2026 and year to date, the District's total revenues were \$3,826,085 and \$23,793,789, respectively. This represents 62.1% of the total budgeted revenue for the fiscal year.

### **Key Revenues Categories:**

- **Commodity Supply Charges:**  
This month's revenue was \$743,758, with a YTD total of \$8,101,361 (60.7% of the budget). Commodity supply charge includes recycled water revenues. This month recycled revenue is 44,879 and year to date revenue is \$1,422,834 or 79.8% of the budget. This category is performing as expected.
- **Service Charges:**  
This month's revenue was \$1,331,437, and the YTD total stands at \$9,305,900, which is 58.2%. This is in line with expectations.

- **Capital Facility Charges:**  
This month's revenue is \$530,304, and the YTD total stands at \$3,650,884, which is 58.3% of the annual budget. The District is on track with respect to capital charge collections.
- **Investment Income:**  
The District received \$38,003 in investment income this month and YTD \$441,314 respectively, resulting in a 63% of the budgeted amount.
- **Grants, Rebates, and Reimbursements:**  
The District received YTD total of \$1,037,353, or over 100% of budgeted rebates and reimbursements from LRP subsidies. This amount also includes the MNWD's 2<sup>nd</sup> of the three annual payments related to the SOCWA regional plant transfer to MNWD.
- **Miscellaneous Revenue:**  
Miscellaneous revenue this month is \$34,984, and YTD \$236,531 represent 67.7% of the budget. Miscellaneous revenue fluctuates from month to month due to some revenues collected only once a year. This category includes cell tower lease revenue and it remains in line with projections.

## Summary of Expenses

Total expenses for January 2026 are \$3,346,891 and YTD \$19,771,717, which is 51.9% of the annual budget.

### Key Expense Categories:

- **Salary Expenses:**  
Monthly salary-related expenses were \$826,381, resulting in a YTD total expense of 4,436,575 or 55.9% 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 \$324,299, bringing the YTD total to \$1,734,880 or 58% of the budget. Retirement contribution and medical insurance expenses are the main drivers of this category.
- **Water Purchased for Resale:**  
Water purchase expenses totaled \$1,274,075, with a YTD total of \$5,486,909 or 51.1% of the budget.
- **Contracted/Purchased Services:**  
Total expenses for the month are \$238,274, with YTD expenses of \$2,980,701 or 43.5% 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 \$4,035,921 (53.4% of annual budget). Notably, debt service and depreciation are on track as expected.

**Net Position**

The District's net position as of January 2026 is \$71,682,832. The net position increased this month by \$412,864.

**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 January 2026

**EI Toro Water District**  
**Interim Statement of Net Position for the Month of January, 2026**

	6/30/2025 Audited	12/31/2025 Revised Interim	1/31/2026 Interim	Change
<b>Assets</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	15,977,712	17,452,662	17,614,196	161,534
Investments	6,054,410	5,912,205	5,779,431	(132,774)
Accounts Receivable	4,930,670	4,524,264	5,287,909	763,645
Materials & Supply Inventory	2,059,289	2,074,748	2,013,593	(61,155)
Prepaid Expenses	375,340	792,483	760,449	(32,034)
Restricted - Cash & Investments	1,444	352	352	1
<b>Current Assets - Sub-total</b>	<b>29,398,865</b>	<b>30,756,713</b>	<b>31,455,930</b>	<b>699,217</b>
<b>Non-Current Assets</b>				
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	114,127	(114,127)
<b>Capital Assets</b>				
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	8,512,476	8,801,914	289,437
Accumulated Depreciation	(101,713,907)	(104,214,126)	(104,516,703)	(302,577)
<b>Non-Current Assets - Sub-total</b>	<b>114,094,275</b>	<b>113,074,146</b>	<b>112,946,880</b>	<b>(127,267)</b>
<b>Total Assets</b>	<b>143,493,140</b>	<b>143,830,859</b>	<b>144,402,810</b>	<b>571,950</b>
<b>Deferred Outflows of Resources</b>				
OPEB Deferred Outflow of Resources	1,917,324	1,917,324	1,917,324	-
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable & Accrued Expenses	3,450,141	684,794	761,407	76,613
Accrued Salaries & Related Payables	191,358	(4,726)	(44,247)	(39,521)
Customer Deposits	65,653	14,800	12,800	(2,000)
Accrued Interest Payable	150,929	147,752	314,417	166,665
<b>Long Term Liabilities - Due in One Year</b>				
Compensated Absences	241,796	241,796	241,796	-
OPEB Liability	464,374	-	-	-
Loans Payable	2,014,077	2,014,077	2,014,077	-
<b>Current Liabilities - Sub-total</b>	<b>6,578,328</b>	<b>3,098,493</b>	<b>3,300,251</b>	<b>201,758</b>
<b>Non-Current Liabilities</b>				
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	48,037,777	47,995,105	(42,671)
<b>Non-Current Liabilities - Sub-total</b>	<b>61,043,110</b>	<b>61,251,456</b>	<b>61,208,785</b>	<b>(42,671)</b>
<b>Total Liabilities</b>	<b>67,621,438</b>	<b>64,349,950</b>	<b>64,509,036</b>	<b>159,086</b>
<b>Deferred Inflows of Resources</b>				
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	-
<b>Total Deferred Inflows of Resources</b>	<b>10,128,266</b>	<b>10,128,266</b>	<b>10,128,266</b>	<b>-</b>
<b>Net Position</b>				
Net Investment in Capital Assets	59,349,999	63,022,293	62,937,697	(84,595)
Restricted - Capital Projects	-	-	-	-
Restricted - Debt Service	-	-	-	-
Unrestricted	8,310,761	8,247,675	8,745,134	497,459
<b>Total Net Position</b>	<b>67,660,760</b>	<b>71,269,968</b>	<b>71,682,832</b>	<b>412,864</b>

Attachment 2  
Statement of Revenues, Expenses, and Changes in Net Position  
for January 2026



Attachment 3

Summary of Revenues and Expenses for the period ended January 2026

**Summary of Revenues and Expenses for the Month of January, 2026**

<b>Account - Description</b>	<b>Month Actual</b>	<b>YTD Actual</b>	<b>2025-2026 Budgeted</b>	<b>Budget Remaining</b>	<b>% of Budget Earned/Spent</b>
<b>Summary of Total District Revenues</b>					
District Totals					
Commodity Supply Charges	743,758	8,101,361	13,340,717	5,239,356	60.7%
Service Charges	1,331,437	9,305,900	15,993,872	6,687,971	58.2%
Capital Facility Charges	530,304	3,650,884	6,259,985	2,609,101	58.3%
Charges for Services	-	-	125,000	125,000	0.0%
Miscellaneous Revenue	34,984	236,531	349,600	113,069	67.7%
Grants, Rebates, Reimbursements	1,037,353	1,253,690	1,295,825	42,135	96.7%
Property Taxes	108,333	758,333	1,300,000	541,667	58.3%
Investment Income	38,003	441,314	700,000	258,686	63.0%
Donations & Capital Contributions	1,912	45,775	-	(45,775)	N/A
<b>Total Revenue</b>	<b>3,826,085</b>	<b>23,793,789</b>	<b>39,364,999</b>	<b>15,571,210</b>	<b>60.4%</b>
<b>Summary of Total District Expenses</b>					
Salary Expenses					
Directors Fees	10,600	78,292	144,616	66,324	54.1%
Exempt Salaries	211,878	971,252	1,583,800	612,548	61.3%
Non-exempt Salaries	563,440	3,115,275	5,366,100	2,250,825	58.1%
Other Salary Payments	-	-	250,400	250,400	0.0%
Overtime	27,827	186,946	405,437	218,491	46.1%
Stipend - On-call	6,720	48,384	81,900	33,516	59.1%
Stipends/Allowances	5,165	31,776	106,980	75,204	29.7%
Employee Service Awards	750	4,650	800	(3,850)	581.3%
<b>Salary Expenses Sub-total</b>	<b>826,381</b>	<b>4,436,575</b>	<b>7,940,033</b>	<b>3,503,458</b>	<b>55.9%</b>
Benefit Expenses					
Medical Insurance	203,183	776,450	1,215,016	438,566	63.9%
HSA Contributions	-	-	28,100	28,100	0.0%
Dental Insurance	16,434	64,200	98,200	34,000	65.4%
Vision Insurance	2,186	8,691	12,300	3,609	70.7%
Life Insurance	10,641	28,300	41,300	13,000	68.5%
Disability Insurance	13,519	36,050	41,400	5,350	87.1%
Long-term Care Insurance	929	6,330	21,600	15,270	29.3%
Workers Compensation Insurance	11,642	78,922	167,800	88,878	47.0%
State Unemployment Insurance	-	-	3,000	3,000	0.0%
401k Retirement Contributions	74,663	403,894	681,500	277,606	59.3%
401k Matching Contributions	48,324	270,409	287,700	17,291	94.0%
457b Matching Contributions	6,932	43,848	275,800	231,952	15.9%
Medicare Insurance	11,824	64,300	115,159	50,859	55.8%
FICA	416	2,741	4,300	1,559	63.7%
Capitalized Benefits	(6,394)	(49,255)	-	49,255	N/A
<b>Benefit Expenses Sub-total</b>	<b>394,299</b>	<b>1,734,880</b>	<b>2,993,175</b>	<b>1,258,295</b>	<b>58.0%</b>
Commodity Purchased for Resale					
Water Purchases - MWDOC	576,663	2,390,050	4,992,965	2,602,915	47.9%
Water Purchases - MWDOC Fixed	168,037	587,474	1,026,274	438,800	57.2%
Water Purchases - AMP/SAC	3,524	16,505	41,832	25,326	39.5%
Regional Water Supply Expenses	-	5,060	-	(5,060)	N/A
Water Purchases - Baker WTP	357,291	1,619,280	3,365,400	1,746,120	48.1%
Water Purchases - Baker O&M	-	249,309	1,171,500	922,191	21.3%
Water Purch - Other Agencies	156,449	534,871	-	(534,871)	N/A
MWDOC Service Connect Charge	12,111	84,361	145,000	60,639	58.2%
<b>Commodity Purchased for Resale Sub-total</b>	<b>1,274,075</b>	<b>5,486,909</b>	<b>10,742,971</b>	<b>5,256,062</b>	<b>51.1%</b>

**Summary of Revenues and Expenses for the Month of January, 2026**

<b>Account - Description</b>	<b>Month Actual</b>	<b>YTD Actual</b>	<b>2025-2026 Budgeted</b>	<b>Budget Remaining</b>	<b>% of Budget Earned/Spent</b>
<b>Contracted/Purchased Services</b>					
Consultants	16,316	59,127	152,790	93,663	38.7%
Engineering Services	3,348	31,917	40,390	8,473	79.0%
Audit & Accounting Services	4,800	54,090	54,150	60	99.9%
Technology Consultants	1,616	12,098	36,000	23,902	33.6%
SOCWA Contract	(166,574)	244,474	1,200,000	955,526	20.4%
Contractors	18,176	200,803	282,572	81,769	71.1%
Contracted Employees	-	5,954	10,000	4,046	59.5%
Legal Svcs - General Counsel	8,690	54,318	100,000	45,682	54.3%
Legal Svcs - Specialty Counsel	67	594	21,600	21,006	2.7%
Other Legal Services	107	5,112	1,000	(4,112)	511.2%
Employee Recruitmnt/Compliance	853	14,105	5,500	(8,605)	256.5%
Employee Health & Wellness	2,403	8,543	3,800	(4,743)	224.8%
Employee Relations Expenses	613	3,075	10,000	6,925	30.8%
Professional Services	-	-	-	-	N/A
Landscaping Services	3,847	64,086	171,341	107,255	37.4%
Janitorial Contracts	10,055	35,375	60,048	24,673	58.9%
Equipment Rental	1,317	6,904	37,000	30,096	18.7%
Uniform Rental	2,643	16,459	16,800	341	98.0%
Laboratory Services	8,659	16,640	25,500	8,860	65.3%
Disposal Services	5,265	50,468	91,500	41,032	55.2%
Security Services	5,440	15,170	50,340	35,170	30.1%
Insurance	42,328	278,828	452,500	173,672	61.6%
Financial Service Fees	6,271	42,735	53,500	10,765	79.9%
Printing & Reproduction	-	6,197	45,700	39,503	13.6%
Advertising & Publicity Svcs	363	2,282	9,020	6,738	25.3%
Postage	-	119	19,700	19,581	0.6%
Public Relations/Education	1,147	11,870	54,400	42,530	21.8%
Water Efficiency Services	9,951	42,787	45,000	2,213	95.1%
Licenses & Permits	13,726	161,567	264,290	102,723	61.1%
Software Maintenance/Licenses	18,369	147,267	327,470	180,203	45.0%
Electrical Power	133,438	1,036,549	2,262,300	1,225,752	45.8%
Natural Gas	712	2,241	2,000	(241)	112.0%
Cable Service	690	2,204	10,000	7,796	22.0%
Telecommunications	2,898	12,790	25,000	12,210	51.2%
Mobile Telecommunications	(225)	8,026	48,000	39,974	16.7%
Data Access	8,589	39,989	65,000	25,011	61.5%
Equipment Maintenance & Repair	(1,513)	70,122	196,100	125,978	35.8%
Pump Maintenance & Repair	7,755	24,023	54,500	30,477	44.1%
Motor Maintenance & Repair	3,273	27,898	132,500	104,602	21.1%
Electrical Maintenance/Repair	659	13,276	143,000	129,724	9.3%
Meter Maintenance & Repair	-	4,814	51,000	46,186	9.4%
Structure Maintenance & Repair	5,675	20,722	41,600	20,878	49.8%
Asphalt Maintenance & Repair	56,530	125,084	172,000	46,916	72.7%
<b>Contracted/Purchased Services Sub-total</b>	<b>238,274</b>	<b>2,980,701</b>	<b>6,844,911</b>	<b>3,864,210</b>	<b>43.5%</b>
<b>Commodities</b>					
Repair Parts & Materials	11,237	168,031	472,700	304,669	35.5%
Tools & Small Equipment	8,067	28,466	81,100	52,634	35.1%
Safety Equipment	60	10,471	27,200	16,729	38.5%
Employee Tools/Safety Equip	458	7,886	19,900	12,014	39.6%
Laboratory Tools & Small Equip	-	2,654	20,000	17,346	13.3%
Technology Tools/Small Equip	2,025	17,916	40,000	22,084	44.8%
Chemicals	15,052	210,629	375,200	164,571	56.1%
Laboratory Chemicals	1,816	26,890	41,000	14,110	65.6%
Gasoline & Oil	12,175	64,697	140,000	75,303	46.2%
Operating Supplies/Accessories	5,282	40,143	35,200	(4,943)	114.0%
Office Supplies & Accessories	140	5,249	24,700	19,451	21.2%
Technology Supplies/Components	2,225	5,651	30,000	24,349	18.8%
Lab Supplies & Accessories	1,530	16,733	20,500	3,767	81.6%
Meeting/Event Supplies & Food	6,311	20,436	48,300	27,864	42.3%
Water Use Efficiency Supplies	-	4,213	15,000	10,787	28.1%
<b>Commodities Sub-total</b>	<b>66,378</b>	<b>630,064</b>	<b>1,390,800</b>	<b>760,736</b>	<b>45.3%</b>

**Summary of Revenues and Expenses for the Month of January, 2026**

<b>Account - Description</b>	<b>Month Actual</b>	<b>YTD Actual</b>	<b>2025-2026 Budgeted</b>	<b>Budget Remaining</b>	<b>% of Budget Earned/Spent</b>
Professional Development					
Education & Training	6,354	18,806	95,480	76,674	19.7%
Education/Training - Directors	-	-	-	-	N/A
Licenses & Certifications	129	567	4,142	3,575	13.7%
Dues & Memberships	11,952	69,310	125,900	56,590	55.1%
Dues & Memberships - Directors	-	-	-	-	N/A
Meetings & Conferences	-	4,768	38,100	33,332	12.5%
Meetings/Conferences-Directors	1,320	11,869	13,500	1,631	87.9%
Travel Reimbursement	1,062	12,094	36,900	24,806	32.8%
Travel Reimbursement-Directors	4,514	13,182	35,000	21,818	37.7%
Publications & Subscriptions	1,308	2,193	3,200	1,007	68.5%
Professional Development Sub-total	26,639	132,789	352,222	219,433	37.7%
Miscellaneous Expenses					
Employee Appreciation Expenses	-	-	500	500	0.0%
Internal/External Event Expenses	1,672	7,673	1,500	(6,173)	511.5%
Election Expense	-	-	20,000	20,000	0.0%
Reimbursable Repair Expense	-	-	-	-	N/A
Property Taxes	-	2,507	3,000	493	83.6%
Uncollectible Accounts	(144)	161,602	19,500	(142,102)	828.7%
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	1,528	171,782	47,800	(123,982)	359.4%
Sub Total - General and O&M Expenses	2,827,573	15,573,699	30,311,911	14,738,212	51.4%
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	(46,809)	(23,404)	-	23,404	N/A
Main/Service Line Projects	-	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	4,575	23,075	44,000	20,925	52.4%
Building & Structure Improvements	-	-	-	-	N/A
General Capital Projects	20,855	110,350	116,000	5,650	95.1%
Construction in Progress	-	-	-	-	N/A
Capital Improvement Expenses Sub-total	(21,379)	162,097	262,000	99,903	61.9%
Other Expenses					
Retiree Health Insurance	-	251,036	407,000	155,964	61.7%
Depreciation	416,704	2,916,928	5,140,000	2,223,072	56.7%
Debt Interest Expense	123,994	867,957	2,006,335	1,138,378	43.3%
Other Expenses Sub-total	540,698	4,035,921	7,553,335	3,517,414	53.4%
Total Expenses	3,346,891	19,771,717	38,127,246	18,355,529	51.9%
Change in Net Position	479,193	4,022,072	1,237,753		

Attachment 4  
Check Register January 2026

**El Toro Water District**

**Check Register for the Month of January 2026**

<u>Check Number</u>	<u>Vendor</u>	<u>Date</u>	<u>Amount</u>
14820	ACWA JPIA	01/02/2026	156,042.63
14821	Automated Gate Services, Inc	01/02/2026	370.00
14822	Brax Company, Inc	01/02/2026	131,606.80
14823	Butier Engineering, Inc	01/02/2026	22,834.00
14824	CC Property Investments, LLC	01/02/2026	798.41
14825	CDCE, Inc.	01/02/2026	773.18
14826	Corodata Records Management, Inc	01/02/2026	133.53
14827	Cox Communications Inc	01/02/2026	1,022.79
14828	Delta Motor Co. Inc	01/02/2026	3,188.75
14829	DG Investment Intermediate Holdings 2 Inc	01/02/2026	380.00
14830	Eversoft Inc	01/02/2026	422.78
14831	Fisher Scientific Company, LLC	01/02/2026	453.75
14832	GCI Construction Inc.	01/02/2026	11,591.43
14833	Hach Company	01/02/2026	26.18
14834	HEBT West Los Angeles 1, LLC	01/02/2026	1,590.00
14835	Infosend, Inc	01/02/2026	3,278.48
14836	Moulton Niguel Water District	01/02/2026	85.33
14837	Municipal Water District of Orange County	01/02/2026	447,910.33
14838	NHA Advisors, LLC	01/02/2026	4,800.00
14839	Onesource Distributors, LLC.	01/02/2026	1,282.24
14840	Rincon Truck Center, Inc	01/02/2026	6,038.68
14841	Santa Margarita Ford	01/02/2026	1,477.86
14842	Sierra Analytical Labs, Inc	01/02/2026	2,790.00
14843	Sims-Orange Welding Supply, Inc	01/02/2026	76.59
14844	Snap-on Incorporated	01/02/2026	568.84
14845	South Coast Air Quality Management District	01/02/2026	3,682.85
14846	Southern California News Group	01/02/2026	904.27
14847	Springbrook Holdings Company, LLC	01/02/2026	402.75
14848	State Water Resources Control Board	01/02/2026	39,375.38
14849	Superior Electric Motor Service, Inc	01/02/2026	6,644.28
14850	Synegi	01/02/2026	16,298.10
14851	The Lincoln National Life Insurance Company	01/02/2026	8,035.74
14852	UNUM Life Insurance - EAP	01/02/2026	109.71
14853	Vestis Group, Inc.	01/02/2026	201.92
14854	W.W. Grainger, Inc	01/02/2026	90.76
14855	Wienhoff & Associates, Inc	01/02/2026	2,184.00
14856	American Family Life Assurance Company of Columbus	01/08/2026	1,392.40
14857	AMS.NET, Inc.	01/08/2026	977.19
14858	Angel Z Lopez	01/08/2026	5,003.56
14859	Animal Pest Management Services, Inc	01/08/2026	913.00
14860	AT&T	01/08/2026	2,377.53
14861	California Water Environment Association	01/08/2026	502.00
14862	Cintas Corporation	01/08/2026	779.11
14863	Citibank N.A.	01/08/2026	4,790.31
14864	Corrpro Companies	01/08/2026	5,000.00
14865	Cox Communications Inc	01/08/2026	1,722.88
14866	CR&R Incorporated	01/08/2026	858.07
14867	Environmental Resource Associates, Inc	01/08/2026	1,080.90
14868	Hach Company	01/08/2026	540.72
14869	HASA Inc	01/08/2026	1,926.75
14870	Hazen and Sawyer, DPC	01/08/2026	7,266.25
14871	IDEXX Distribution, Inc	01/08/2026	899.35
14872	Irvine Pipe & Supply, Inc	01/08/2026	2,076.20
14873	Johnson Controls US Holdings LLC	01/08/2026	1,406.82
14874	Larry LaVorgna	01/08/2026	581.81
14875	Marisol Melendez	01/08/2026	2,587.35
14876	McMaster-Carr Supply Company	01/08/2026	224.38
14877	Nieves Landscape, Inc	01/08/2026	750.00
14878	Orange County Hose Company, LLC	01/08/2026	2,111.60
14879	Parkhouse Tire Service Inc	01/08/2026	1,041.09
14880	Penske Truck Leasing Co., LP	01/08/2026	1,269.11
14881	Pres-Tech Manufacturers Representatives, Inc	01/08/2026	232.19

<u>Check Number</u>	<u>Vendor</u>	<u>Date</u>	<u>Amount</u>
14882	Santa Margarita Ford	01/08/2026	321.75
14883	Sims-Orange Welding Supply, Inc	01/08/2026	305.48
14884	The Lincoln National Life Insurance Company	01/08/2026	8,035.74
14885	UNUM Life Insurance - LTC	01/08/2026	1,050.95
14886	Vestis Group, Inc.	01/08/2026	403.84
14887	Vigilant LLC	01/08/2026	1,707.30
14888	W.W. Grainger, Inc	01/08/2026	400.03
14889	ACWA JPIA	01/16/2026	36,765.37
14890	Advance Refrigeration & Systems, Inc	01/16/2026	1,266.34
14891	Arakelian Enterprises, Inc.	01/16/2026	1,935.70
14892	LELAINA ARNOLD	01/16/2026	6.44
14893	ATS Communications	01/16/2026	4,623.75
14894	Baker Rescue Services, Inc.	01/16/2026	2,500.00
14895	Best Best & Krieger, LLP	01/16/2026	67.05
14896	County of Orange	01/16/2026	273.68
14897	DG Investment Intermediate Holdings 2 Inc	01/16/2026	1,148.78
14898	DRT GRADING	01/16/2026	1,859.98
14899	Eric Simonson	01/16/2026	5,538.15
14900	Hanson Bridgett LLP	01/16/2026	9,892.50
14901	Infosend, Inc	01/16/2026	1,497.21
14902	JCI Jones Chemicals, Inc	01/16/2026	11,493.34
14903	Johnson Controls US Holdings LLC	01/16/2026	1,023.21
14904	PATRICK KANCZUZEWSKI	01/16/2026	2,181.80
14905	Katherine Havens	01/16/2026	117.60
14906	Kathryn Freshley	01/16/2026	78.98
14907	McClellan Wyatt	01/16/2026	127.75
14908	McMaster-Carr Supply Company	01/16/2026	170.92
14909	Michael Gaskins	01/16/2026	163.40
14910	Mingoia's Faxworld, Inc	01/16/2026	1,016.62
14911	Moulton Niguel Water District	01/16/2026	156,449.25
14912	Municipal Water District of Orange County	01/16/2026	1,957.00
14913	Pearson Food Company, Inc	01/16/2026	1,632.32
14914	Raftelis Financial Consultants, Inc	01/16/2026	5,385.00
14915	RapidScale, Inc	01/16/2026	2,017.62
14916	Rose Paving LLC	01/16/2026	33,160.23
14917	SC Commercial LLC	01/16/2026	12,175.13
14918	South Coast Family Medical Center, Inc	01/16/2026	345.00
14919	Southern California Edison Company	01/16/2026	125,249.01
14920	Southern California News Group	01/16/2026	363.20
14921	UNUM Life Insurance - EAP	01/16/2026	109.71
14922	W.W. Grainger, Inc	01/16/2026	683.04
14923	Waste Management, Inc of California	01/16/2026	1,479.00
14924	West Yost & Associates, Inc	01/16/2026	3,150.00
14925	Citibank N.A.	01/21/2026	25.00
14926	Alexander's Meter Reading Solutions, Inc.	01/22/2026	2,653.00
14927	Carollo Engineers, Inc	01/22/2026	24,134.50
14928	GINGER COVER	01/22/2026	148.68
14929	Cox Communications Inc	01/22/2026	1,022.62
14930	Eversoft Inc	01/22/2026	422.78
14931	EWT Holdings Corp.	01/22/2026	1,314.00
14932	Ferguson US Holdings, Inc	01/22/2026	196.69
14933	Fisher Scientific Company, LLC	01/22/2026	886.05
14934	FleetCrew	01/22/2026	2,198.87
14935	Johnson Controls US Holdings LLC	01/22/2026	1,406.82
14936	ADAM PAUL	01/22/2026	148.48
14937	Raftelis Financial Consultants, Inc	01/22/2026	5,392.50
14938	Redwine and Sherrill, LLP	01/22/2026	8,690.00
14939	ELENA TELLEZ	01/22/2026	296.00
14940	The Lincoln National Life Insurance Company	01/22/2026	8,088.56
14941	Universal Metro, Inc	01/22/2026	752.00
14942	USA Blue Book	01/22/2026	2,152.08
14943	W.W. Grainger, Inc	01/22/2026	246.23
14944	Watts Regulator Company	01/22/2026	3,300.00
14945	AT&T Corp	01/27/2026	271.45
14946	Bigwig Monster, LLC	01/27/2026	4,575.00

<u>Check Number</u>	<u>Vendor</u>	<u>Date</u>	<u>Amount</u>
14947	Ignatius Holdings, Inc	01/27/2026	254.28
14948	Nieves Landscape, Inc	01/27/2026	3,096.88
14949	Onesource Distributors, LLC.	01/27/2026	954.17
14950	Pacific Plumbing Company of Santa Ana	01/27/2026	2,592.55
14951	State Water Resources Control Board	01/27/2026	1,723.00
14952	Verizon Communications Inc.	01/27/2026	6,350.43
14953	Vestis Group, Inc.	01/27/2026	902.32
14954	STEPHANIE ZINN	01/27/2026	1,948.98
14955	Amberwick Corporation	01/29/2026	300.00
14956	AMS.NET, Inc.	01/29/2026	977.19
14957	Angel Z Lopez	01/29/2026	5,003.56
14958	AT&T	01/29/2026	260.72
14959	Babcock Laboratories, Inc.	01/29/2026	2,647.62
14960	Baker Electric & Renewables LLC	01/29/2026	144,181.80
14961	Butier Engineering, Inc	01/29/2026	29,306.00
14962	CC Property Investments, LLC	01/29/2026	817.95
14963	Citibank N.A.	01/29/2026	2,386.39
14964	County of Orange - OC Waste & Recycling	01/29/2026	706.29
14965	CR&R Incorporated	01/29/2026	864.97
14966	CUES, Inc	01/29/2026	903.13
14967	DMV Renewal	01/29/2026	10.00
14968	Eurofins Environment Testing Southwest, LLC	01/29/2026	1,680.00
14969	Haaker Equipment Company	01/29/2026	2,358.91
14970	Hach Company	01/29/2026	1,922.38
14971	Hazen and Sawyer, DPC	01/29/2026	13,530.00
14972	Liebert Cassidy Whitmore	01/29/2026	4,925.00
14973	Marisol Melendez	01/29/2026	1,161.18
14974	Moulton Niguel Water District	01/29/2026	108.05
14975	Municipal Water District of Orange County	01/29/2026	454,054.69
14976	PD Transport	01/29/2026	750.00
14977	Roman Kociban	01/29/2026	105.00
14978	Rose Paving LLC	01/29/2026	18,716.07
14979	Sierra Analytical Labs, Inc	01/29/2026	227.50
14980	South Coast Fire Protection, Inc	01/29/2026	72.00
14981	Southern California Gas Company	01/29/2026	711.67
14982	Southern California News Group	01/29/2026	904.27
14983	Steve Hancock	01/29/2026	145.46
14984	Steve Sanchez	01/29/2026	129.00
14985	Sully-Miller Contracting Co.	01/29/2026	1,502.77
14986	Tosibox, Inc	01/29/2026	1,228.50
14987	Tripepi, Smith and Associates, Inc	01/29/2026	700.00
14988	U.S. Bank National Association	01/29/2026	22,824.08
14989	Underground Service Alert of SO CA	01/29/2026	162.00
14990	United Industries, LLC	01/29/2026	4,054.90
14991	West Coast Sand and Gravel, Inc	01/29/2026	2,438.06

Total Checks issued from General and Payroll Accounts:

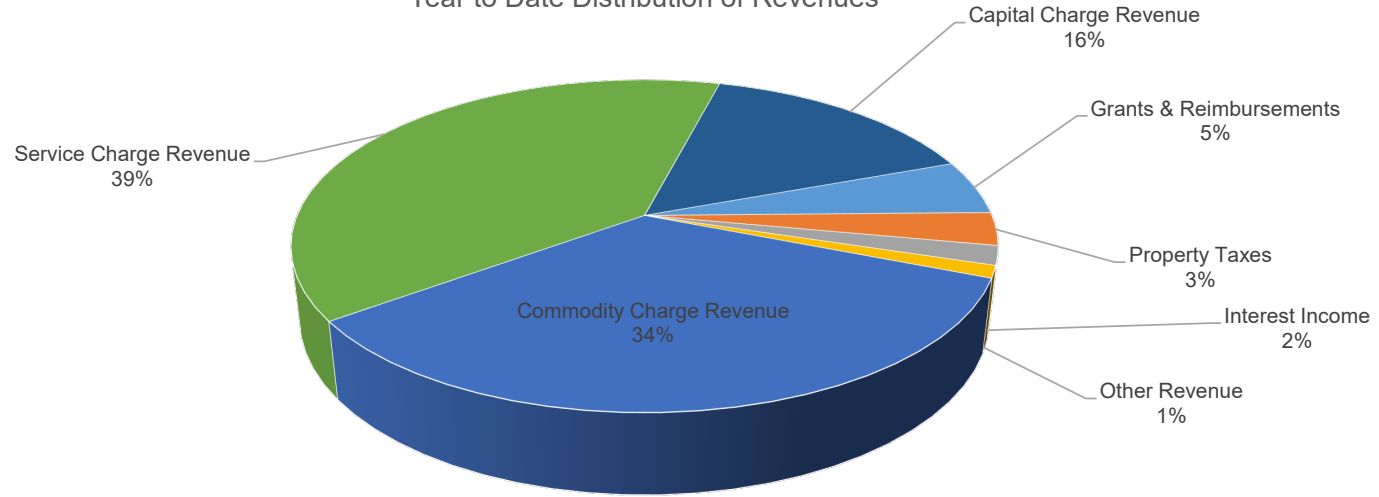
2,174,833.11

<u>Check Number</u>	<u>Vendor</u>	<u>Date</u>	<u>Amount</u>
300000063	ADP, Inc.	01/02/2026	429.64
300000064	ADP, Inc.	01/09/2026	583.27
300000071	ADP, Inc.	01/23/2026	497.05
300000072	ADP, Inc.	01/30/2026	429.64
300000077	Online Collections	01/07/2026	50.45
300000073	US Bank Trust Company, National Association	01/15/2026	2,487.70
300000065	Xpress Solutions	01/05/2026	1,093.40
300000078	California Department of Tax and Fee Administratio	01/19/2026	121.00
300000066	Health Equity	01/06/2026	73.27
300000067	Health Equity	01/07/2026	31.00
300000068	Health Equity	01/08/2026	78.65
300000069	Health Equity	01/13/2026	5.00
300000070	Health Equity	01/14/2026	72.13
300000074	Health Equity	01/21/2026	3,572.25
300000075	Health Equity	01/28/2026	876.76
300000076	Health Equity	01/20/2026	28,900.00
Total ACH payments from General and Payroll Accounts:			<u><u>39,301.21</u></u>

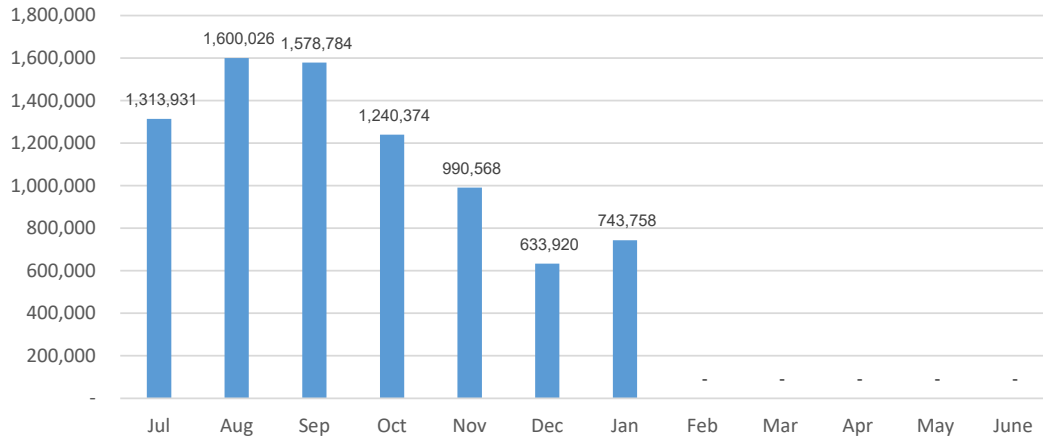
Attachment 5  
Revenue and Expense Charts for January 2026

## Revenue Charts -January 2026 Financial Report

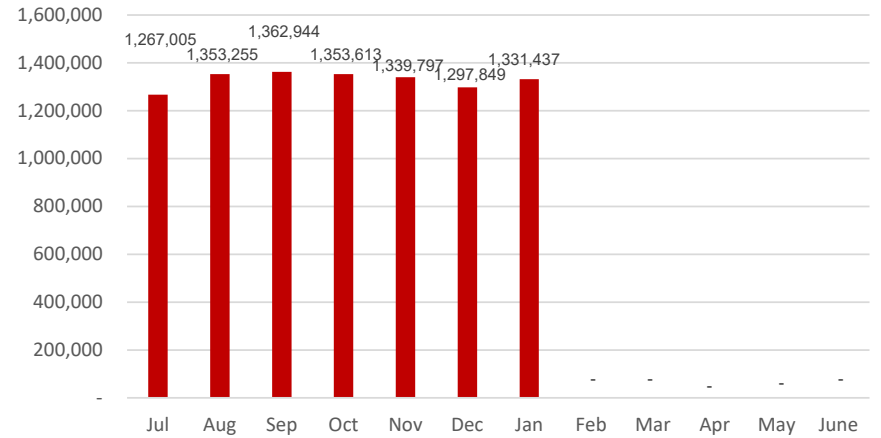
### Year to Date Distribution of Revenues



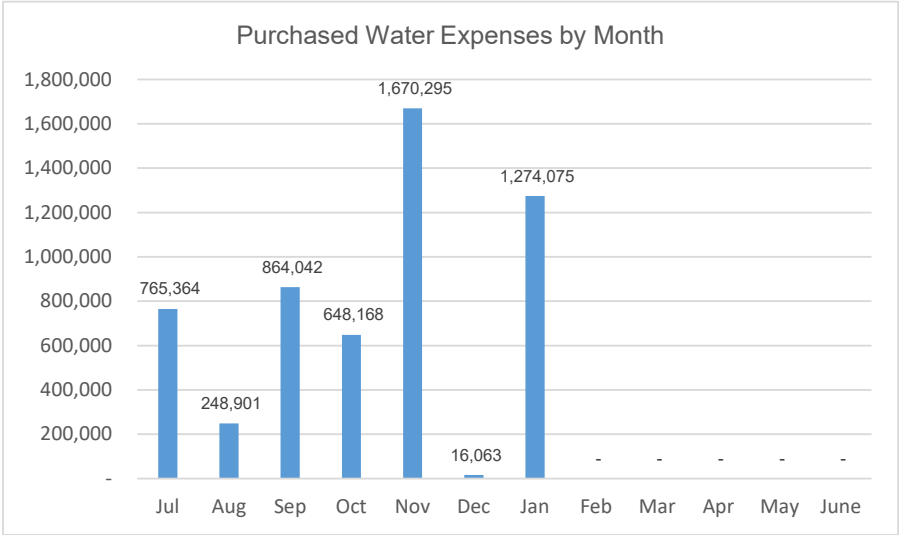
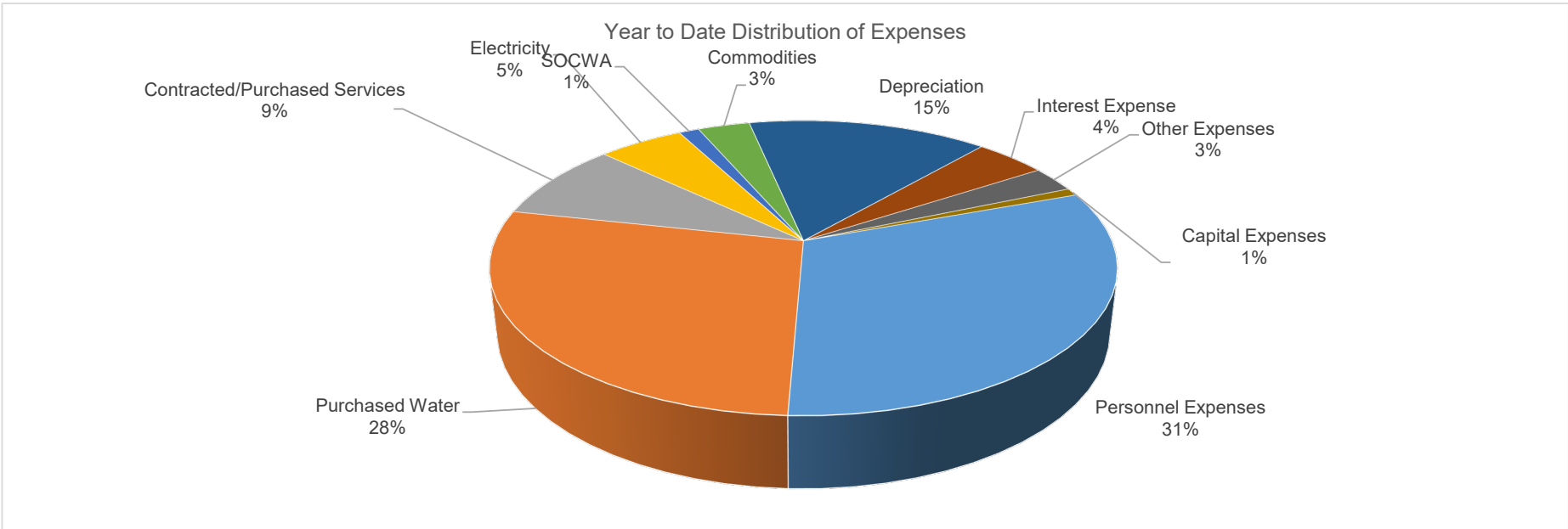
### Commodity Charge Revenue by Month



### Service Charge Revenue by Month



### Expense Chart -January 2026 Financial Report



Attachment 6

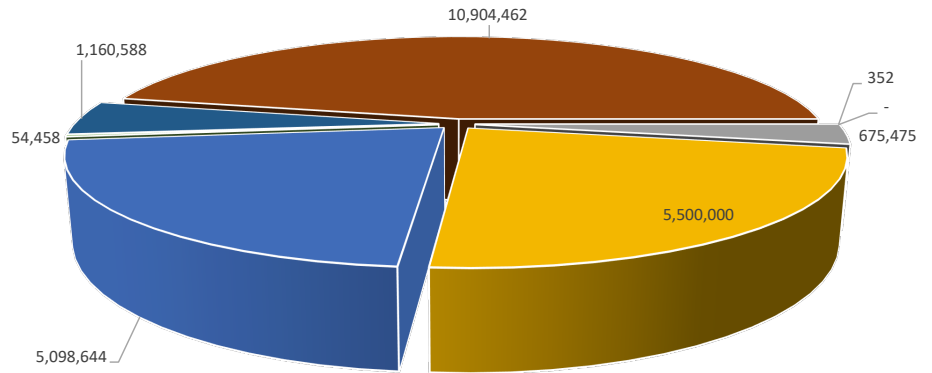
Summary of Cash & Investments at the end of January 2026

Summary of Cash & Investments  
as of January 31, 2026

Summary of Cash & Investments

Cash & Equivalents	
Unrestricted - Cash & Equivalents	10,904,462
Unrestricted - Cash & Equivalents USB	1,160,588
Restricted - Cash & Equivalents	54,458
Investments	
Government Securities	5,098,644
CAMP -Term	5,500,000
Corporates Bonds/Notes	675,475
Asset Backed Securities	-
2022 Bond Money Market	352
<b>Total Cash &amp; Investments</b>	<b>23,393,979</b>
<b>Operating Cash &amp; Investments</b>	<b>23,339,169</b>
<b>2022 Bond Proceeds Cash &amp; Investments</b>	<b>352</b>
<b>Restricted - Cash &amp; Equivalents</b>	<b>54,458</b>

Summary of Cash & Investments



Cash & Equivalents

	Account Balance	Current Yield
Cash & Equivalents		
Demand Deposit Accounts		
US Bank - Checking Account	1,160,588	
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	4,573,505	
LAIF Money Market	6,330,257	
<b>Total Cash &amp; Equivalents</b>	<b>12,119,861</b>	

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)	1,050,878	5,677	4.625%	4.90%	6/12/2024	3/15/2026
US Treasury N/B - AA+	1,026,744	1,050,000	(23,256)	1,049,789	23,045	3.625%	4.84%	6/12/2024	5/15/2026
US Treasury N/B - AA+	466,543	500,000	(33,457)	497,431	30,888	2.125%	4.20%	11/30/2022	5/31/2026
US Treasury N/B - AA+	464,531	500,000	(35,469)	493,379	28,847	2.250%	4.10%	11/30/2022	2/15/2027
US Treasury N/B - AA+	480,273	500,000	(19,727)	498,086	17,813	3.250%	4.25%	2/22/2023	6/30/2027
US Treasury N/B - AA+	502,500	500,000	2,500	504,707	2,207	4.125%	4.01%	11/30/2022	9/30/2027
US Treasury N/B - AA+	497,930	500,000	(2,070)	504,707	6,777	4.125%	4.22%	2/22/2023	9/30/2027
US Treasury N/B - AA+	485,332	500,000	(14,668)	499,668	14,336	3.500%	4.16%	2/22/2023	1/31/2028
<b>United States Treasury Bond - Totals</b>	<b>4,969,055</b>	<b>5,100,000</b>	<b>(130,945)</b>	<b>5,098,644</b>	<b>129,589</b>				

	Investments (Continue)									
	Purchase	Par	Premium/	Market	Unrealized	Coupon	Yield to	Purchase	Maturity	
	Cost	Amount	(Discount)	Value	Gain/(Loss)	Rate	Maturity	Date	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)	5,098,644	129,589					
Corporate Notes										
Caterpillar Finl Service Corp Notes	99,911	100,000	(89)	100,075	164	5.050%	5.11%	6/11/2024	2/27/2026	
United Healthcare Group Inc Corp Notes	125,597	130,000	(4,403)	129,880	4,284	3.100%	5.14%	6/12/2024	3/15/2026	
JPMorgan Chase & Co (Callable)	145,148	150,000	(4,853)	149,873	4,726	3.300%	5.20%	6/12/2024	4/1/2026	
Bank of America Corp Notes	125,806	130,000	(4,194)	129,896	4,090	3.500%	5.35%	6/12/2024	4/19/2026	
Toyota Motor Credit Corp Notes	130,074	130,000	74	130,533	459	5.200%	5.17%	6/12/2024	5/15/2026	
American Express Co (Callable)	34,952	35,000	(48)	35,217	266	4.351%	4.39%	7/25/2025	7/20/2029	
Corporate Bonds - Total Balances	661,487	675,000	(13,513)	675,475	13,988					

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

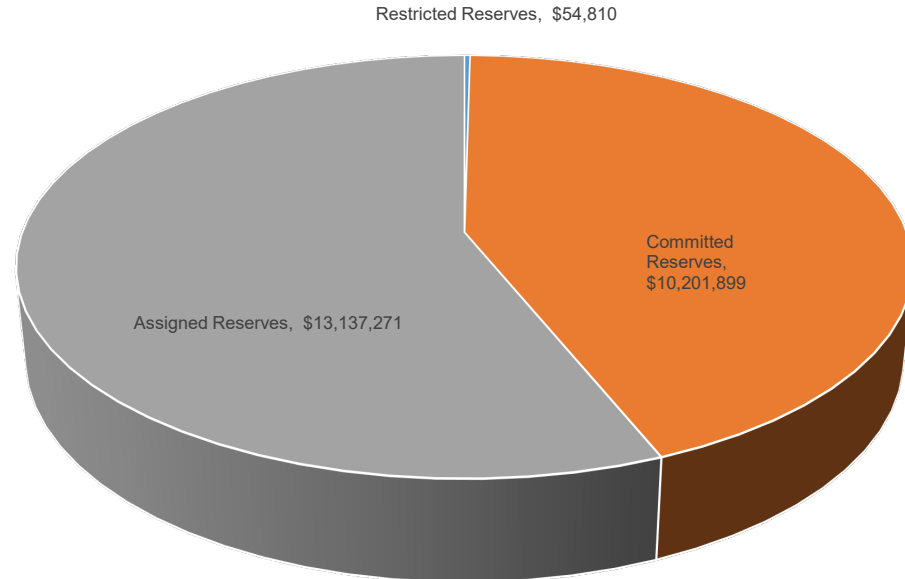
Attachment 7

Cash Reserve Balances for January 2026

**El Toro Water District  
Preliminary Cash Reserve Status Report  
as of January 31, 2026**

	Cash Reserve Balances	Reserve Targets
<b>Reconciled Cash Balance</b>	<b>\$ 23,393,979</b>	
<b>Restricted Reserves</b>		
2022 Revenue Bonds Fund	352	-
Capital Facilities Charge Reserve	54,458	-
<b>Sub Total Restricted Reserve</b>	<b>54,810</b>	-
<b>Committed Reserves</b>		
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)	2,395,914	2,400,000
<b>Sub Total Committed Reserves</b>	<b>10,195,914</b>	<b>10,200,000</b>
<b>Assigned Reserves</b>		
<b>CIP Reserves</b>		
Capital Carryover	3,382,412	-
Accumulated Capital Reserve	571,200	-
CIP - Revenue Bond Unrestricted Reserve	6,068,103	-
SOCWA Capital Projects	3,627,694	-
Recycled Water Capital / Debt Service	91,824	-
Capital Plan Working Capital Reserve	2,894,713	-
<b>Sub Total CIP Reserves</b>	<b>16,635,946</b>	-
<b>Water Supply Program Reserves</b>		
Tiered Conservation Fund	(2,270,307)	-
<b>Reverse Cyclic Water Purchase Program</b>	(1,222,384)	
<b>Sub Total Assigned Reserves</b>	<b>13,143,255</b>	
<b>Total Cash Reserves</b>	<b>23,393,979</b>	
<b>Adjusted Cash Reserves<sup>(2)</sup></b>	<b>23,339,170</b>	<b>10,200,000</b>

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.

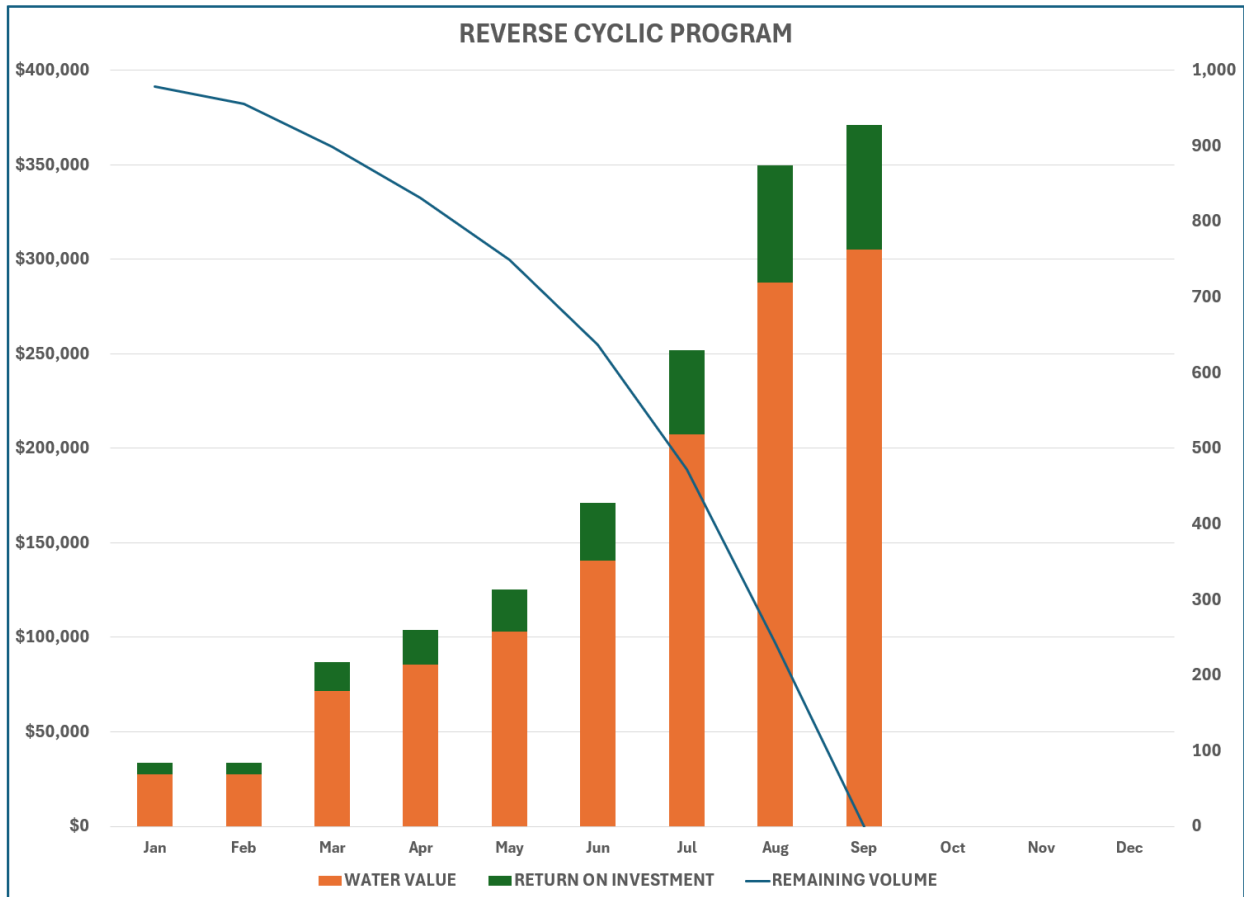
(1) Working Capital reserve amount is net of outstanding checks

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

(3) The cyclic water purchase program started delivering water in January 2026.

## REVERSE CYCLIC PROGRAM REPAYMENT SCHEDULE

		<b>Outstanding Volume</b>	<b>Original Water Value</b>	<b>Repaid Water Value</b>	<b>ROI</b>
Jan	22	978	\$27,632	\$33,616	\$5,984
Feb	22	956	\$27,632	\$33,616	\$5,984
Mar	57	899	\$71,592	\$87,096	\$15,504
Apr	68	831	\$85,408	\$103,904	\$18,496
May	82	749	\$102,992	\$125,296	\$22,304
Jun	112	637	\$140,672	\$171,136	\$30,464
Jul	165	472	\$207,240	\$252,120	\$44,880
Aug	229	243	\$287,624	\$349,912	\$62,288
Sep	243	0	\$305,208	\$371,304	\$66,096
Oct					
Nov					
Dec					
<b>Total</b>	<b>1,000</b>		<b>\$1,256,000</b>	<b>\$1,528,000</b>	<b>\$272,000</b>



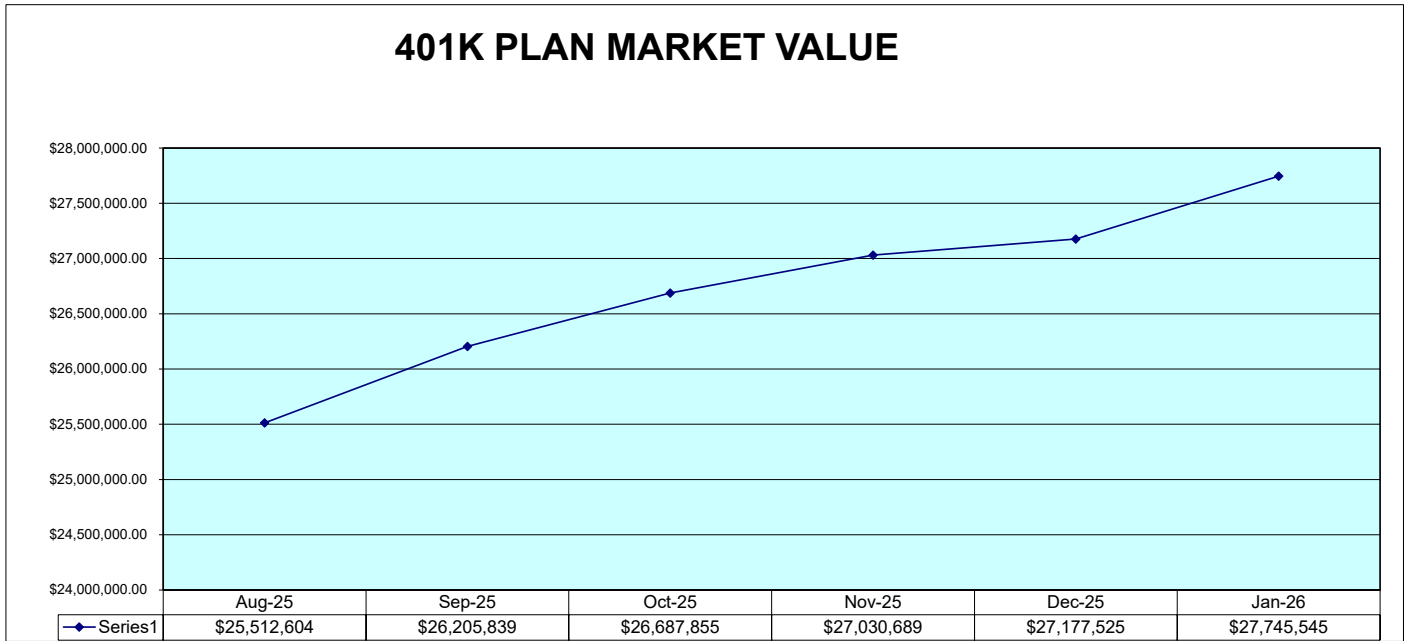
Attachment 8  
Capital Project Expense Report through January 2026

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				4,575.00							10,800.00	(10,800.00)
CAP-0074 Puller Cable	40-800-66120	-	-				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	121,000.00	28,727.19									235,022.69	(235,022.69)
GEN-0120 Main PR Hydro Turbine	40-000-15010	-	-														-	-
GEN-0121 Main Office Bathroom Rehab	40-000-15040	-	-														-	-
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	-	-		4,932.74				14,040.26								18,973.00	(18,973.00)
RCE-0015 SOCWA Capital Expenses	40-000-15020	170,571.00	-							26,794.51	23,404.43						50,198.94	120,372.06
RCE-0016 MNWD Regional Treatment Plant	40-000-15020	-	-				26,794.51				(26,794.51)						-	-
RES-0016 Moulton/EI Toro Cathodic Protection Repair	40-000-15010	218,000.00	38,060.00				2,540.00				5,000.00						7,540.00	210,460.00
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 Inlet	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	(131,330.38)						(105,760.82)	605,760.82
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	3,150.00							58,736.00	(58,736.00)
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	2,896.88	26,798.84	124,203.37							159,960.71	(46,960.71)
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	36,465.00		12,799.92	20,796.25							91,331.17	(5,331.17)
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					5,850.52							8,016.93	891,983.07
WPS-0100 Shenandoah BS Pump & Motor	40-000-15010	198,000.00	-							131,606.80							131,606.80	66,393.20
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	25,532.18							69,461.44	78,538.56
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		109,167.55	99,067.50	72,927.00							311,319.55	4,473,680.45
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)											-	-
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					5,850.52							8,016.92	(8,016.92)
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	220,779.89	240,255.24	489,258.50	217,297.02	241,730.06	264,771.18	0.00	0.00	0.00	0.00	0.00	0.00	1,674,091.89	6,421,914.11

Attachment 9  
Interim Report on 401k Plan Holdings  
As of January 2026

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 January 31, 2026	\$3,420,152.40	\$4,275,241.15	\$3,266,628.92	\$3,495,615.54	\$6,976,961.75	\$923,030.19	\$5,387,915.27

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	Dividends and Appreciation	
				Net of Fees & Charges	Ending Balance
American Beacon AHL Mgd Futs Strat A	309,218	868	0.00	(154,630)	155,457
Cohen & Steers Instl Realty Shares	999,847	6,683	0.00	33,936	1,040,467
Columbia Contrarian Core Instl 3	2,156,565	14,616	0.00	17,053	2,188,234
DFA Large Cap International I	1,656,000	11,042	0.00	122,677	1,789,718
Dodge & Cox Income - I	3,764,773	23,760	0.00	30,040	3,818,572
Dodge & Cox International Stock - I	340,018	2,911	0.00	15,512	358,441
Dodge & Cox Stock - I	1,093,137	7,263	0.00	(8,330)	1,092,070
DoubleLine Core Fixed Income R6	3,768,093	23,766	0.00	29,339	3,821,198
Emerald Growth Institutional	505,659	3,630	0.00	25,820	535,109
Guaranteed Income Fund	827,471	5,143	0.00	3,599	836,212
Harbor Capital Appreciation Retirement	1,051,534	8,399	0.00	(5,193)	1,054,740
Lazard Global Listed Infrs Port Inst	699,021	5,541	0.00	72,235	776,797
MFS International Growth R6	322,492	2,220	0.00	11,284	335,996
Nomura Small Cap Core R6	755,590	4,816	0.00	19,473	779,880
PGIM Total Return Bond R6	1,926,433	12,079	0.00	14,943	1,953,456
PIMCO Income Instl	381,830	2,486	0.00	1,988	386,304
PIMCO RAE US Instl	1,105,307	7,263	0.00	21,898	1,134,469
Undiscovered Mgrs Behavioral Value R6	477,032	3,464	0.00	25,448	505,944
Vanguard Emerging Mkts Stock Idx Adm	628,000	5,168	0.00	35,200	668,368
Vanguard Growth & Income Adm	2,174,476	15,474	0.00	24,360	2,214,310
Vanguard Growth Index Adm	924,671	8,248	0.00	377	933,295
Vanguard Long-Term Investment-Grade Adm	1,031,852	7,612	0.00	40,333	1,079,796
Vanguard Mid Cap Index Fund - Admiral	278,506	2,601	0.00	5,606	286,713
<b>Grand Total</b>	<b>27,177,525</b>	<b>185,053</b>	<b>0.00</b>	<b>382,968</b>	<b>27,745,545</b>



## STAFF REPORT

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**To:** Board of Directors **Meeting Date:** February 23, 2026

**From:** Dennis Cafferty, General Manager  
Vishav Sharma, CFO

**Subject:** El Toro Water District 2026-2027 Budget

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The 2026-27 fiscal year budget process is underway. The contract for the Cost of Service Rate Study was issued to Raftelis in September of last year.

The draft budget schedule is attached including the Board Budget Committee meeting dates as well as the date for the Board Budget Workshop.

Staff have developed draft budgets for each department as well as budgets for labor, purchased water and electrical power. The data has been submitted to Raftelis to facilitate the development of preliminary rates.

The previous multi-year Proposition 218 Notice issued in 2023 for a three-year period has expired. The current budget and rate setting process will develop a new multi-year notice.

Staff met with the Budget Committee on February 13 to discuss the budget process, schedule and conceptual approach for the new multi-year Proposition 218 notice. Staff will provide a detailed update at the Finance Committee meeting.

**El Toro Water District Board of Directors  
Budget Schedule**

**FY 2026/2027**

<b>Description</b>	<b>Date</b>	<b>Day</b>
<b>Board Budget Committee #1</b>	<b>2/13/2026</b>	<b>Friday</b>
<b>Board Budget Committee #2</b>	<b>3/5/2026</b>	<b>Thursday</b>
<b>Board Budget Committee #3</b>	<b>3/24/2026</b>	<b>Tuesday</b>
<b>Board Budget Workshop</b>	<b>TBD</b>	
<b>Distribute Prop 218 Notice</b>	<b>4/24/2026</b>	<b>Friday</b>
<b>CAG</b>	<b>5/14/2026</b>	<b>Thursday</b>
<b>FIC Meeting Budget Update</b>	<b>5/25/2026</b>	<b>Monday</b>
<b>Conduct Public Hearing - Special Board Meeting</b>	<b>6/11/2026</b>	<b>Thursday</b>
<b>Implement Board Action</b>	<b>7/1/2026</b>	<b>Wednesday</b>



## STAFF REPORT

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**To: Board of Directors** **Meeting Date: February 23, 2026**

**From: Dennis Cafferty, General Manager**

**Subject: Directors' Travel & Expense Reimbursement Policy**

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The Directors' Travel & Expense Reimbursement Policy is included in the District Administrative Code as Section 4020. The Policy requires annual review by the Board.

The Travel & Expense Reimbursement Policy is attached for the Board's review.

Staff are not recommending any revisions to the current Policy.

Any direction to provide revisions or updates to the Policy from the Directors will be agendaized for approval at a March Board meeting.

**DIRECTORS' TRAVEL & EXPENSE REIMBURSEMENT****1. PURPOSE**

To advance training and professionalism, El Toro Water District (District) encourages and, with prior approval by the Board or Board President, authorizes attendance at conferences (i.e. ACWA, CSDA, WaterReuse, CASA) by its Board members (Directors). Directors may be required to travel both in and outside the state to conduct official District business. The Directors' Travel & Reimbursement Policy furnishes guidelines for reimbursement for travel expenses and establishes certain procedures concerning travel authorization and documentation.

Members of the Board of Directors are encouraged to attend, with prior approval by the Board or the Board President, educational conferences and professional meetings when the purposes of such activities are to benefit the El Toro Water District. In addition, subject to prior approval of the Board or the Board President, the District encourages Directors' development and excellence of performance by reimbursing expenses incurred for tuition, travel, lodging and meals as a result of training, educational courses and participation with professional organizations, associated with the interests of the District.

The Director's Travel & Reimbursement Policy will be reviewed annually by the entire Board of Directors at a regular monthly meeting of the Board.

**2. GOVERNANCE**

The District shall adhere to Government Code Sections 53232 through 53232.4 when dealing with issues of Director remuneration and reimbursement.

**3. AUTHORIZED EXPENSES**

- A. Reimbursement rates shall coincide with rates set by Internal Revenue Service Publication 463 or its successor publication(s).
- B. If lodging is in connection with the above or other prior approved event, such lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor. If there is no published group rate available, Directors shall be reimbursed for comparable lodging not to exceed \$600 per day.
- C. Reimbursement for lodging shall be limited to the minimum number of nights required for the Director's attendance at the event. Lodging will be reimbursed for the day before a conference, only if it is necessary to be present early the next morning or if early travel is necessary due to limited travel alternatives. Lodging on the day after a conference will only be reimbursed if attendance beyond noon of

the last day of the conference is required or if travel the next day is necessary due to limited travel alternatives.

- D. Charges for local and long distance telephone calls and computer access will be reimbursed when such calls are made in conducting official District business or essential personal calls such as a "safe arrival call". There will be no reimbursement for personal telephone calls or other hotel charges not related to District business needs.
- E. A Director's spouse or other family member(s) may accompany the Director on trips authorized under this policy provided that their presence does not detract from the Director's performance of duty. However, no expenses attributable to any companion will be reimbursed by the District.
- F. If travel and lodging is in connection with the above or other prior approved event, Directors shall use government or group rates offered by the provider of transportation when available.
- G. If transportation is by commercial airline, reimbursement shall generally not exceed the standard round-trip airline economy airfare in effect at the time.
- H. Travel shall be by the most direct route. If an indirect route is used, the additional costs shall be at the Director's personal expense. Whenever air travel is used, an advance travel request shall be submitted to the Board Executive Assistant in order to obtain the lowest possible fare.
- I. If the use of the Director's personal automobile is required, the owner will be compensated for the mileage driven at the rate established by the Internal Revenue Service (IRS). Parking charges at the destination will be reimbursed with a receipt.
- J. Maximum reimbursement for car rental will be for a full-size car.
- K. Reimbursement for meals (including tips) during travel to, from and during the event, not included in the registration fee shall be limited to the minimum number of days required for attending the event. Meals will be reimbursed for the day before a conference, only if it is necessary to be present early the next morning or if early travel is necessary due to limited travel alternatives. Meals on the day after a conference will only be reimbursed if attendance beyond noon of the last day of the conference is required or if travel the next day is necessary due to limited travel alternatives.
- L. Any and all expenses that do not fall within the adopted travel reimbursement policy or the IRS reimbursable rates are required to be approved by the District's Board of Directors in a public meeting prior to the expenses being incurred.

- M. Expenses that do not adhere to the adopted travel reimbursement policy or the IRS reimbursable rates, and that do not receive prior approval from the District's Board of Directors in a public meeting prior to the expense being incurred, shall not be eligible for reimbursement.
- N. *Expenses in General and Registration* - Authorized expenses may include registration, lodging, communication (telephone, computers, fax), business meals, common carrier fares, automobile rentals, parking fees, and use of personal automobiles at the standard mileage rate permitted at the time by the Internal Revenue Service.

#### **4. REIMBURSEMENT**

- A. The District shall provide expense reimbursement report forms to Directors who attend the above functions on behalf of the District, which shall document that expenses adhere to this policy.
- B. Except when customarily no receipts are provided or available (i.e. baggage handling), receipts are required to be submitted in conjunction with the expense report form. Failure to submit necessary receipts will result in denial of the reimbursement claim.
- C. Directors attending functions consistent with the above or other prior approved events shall submit written or oral reports to the District on the meeting(s) that were attended.
- D. It is against the law to falsify expense reports. Penalties for misuse of public resources or violating this policy may include, but are not limited to, the following:
  - 1 The loss of reimbursement privileges;
  - 2 Restitution to the District;
  - 3 Civil penalties for misuse of public resources pursuant to Government Code Section 8314; and
  - 4 Prosecution for misuse of public resources, pursuant to Section 424 of the Penal Code, penalties for which include 2, 3 or 4 years in prison

#### **5. TRAVEL ARRANGEMENTS**

- A. To ensure the accuracy of travel arrangements, Directors are to complete and sign the appropriate travel forms and submit them to the Board Executive Assistant or designee for processing.
- B. Travel arrangements and registrations are to be made through the Board Executive Assistant. All payment and registration requests must be submitted in a timely manner to allow sufficient time for normal processing.

## **6. GENERAL PROVISIONS**

- A. All costs, including those pre-paid by the District prior to the Director's attendance at an approved meeting, will be listed on the Director's expense report at the end of the month in which the expenses were incurred, and wherever possible, must be substantiated with a receipt attached to the expense report.
- B. Travel related expenses for each Director are limited to \$7,000 per fiscal year. Unused portions of the Director's annual budget for this purpose cannot be carried over to a subsequent budget period. No further reimbursements will be made to any Director if their travel related expenses reach the \$7,000 limit in any fiscal year.
- C. In any situation where extraordinary travel expenses are expected to be incurred, or where this Policy does not adequately cover the situation, or would work an undue hardship, exceptions may be made with prior approval of the Board President and General Manager.
- D. Directors will submit their Travel Expense Claim Form for reimbursement to the District office within the first week, if possible, of each month for the prior month's expenses. The Board President, General Manager or designated representative will approve and sign the Claim Form before request for payment can be processed. The Board President's Claim Form shall be approved by the General Manager or Assistant General Manager.
- E. When a Director is obtaining authorization for travel and is aware that the circumstances are such that the charges should not be made against their annual budget, they may request authorization from the Board of Directors or President of the Board that the charges for this activity not be charged against their annual budget.

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R 97-07-2 07/31/97; R 99-07-1 07/15/99; R 03-04-2 04/24/03; R 06-02-1 2/23/06; R 11-3-1 03/24/11;  
R 15-4-2 04/23/15; R 16-3-1 03/24/16; R 17-3-1 03/28/17; R 18-9-1 09/27/18; R 19-9-1 09/26/19  
R 23-4-3 04/27/23; R 24-2-1 02/20/24; R 25-2-2 02/27/25;



**STAFF REPORT**

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**To: Board of Directors Meeting Date: February 23, 2026**  
**From: Vishav Sharma, Chief Financial Officer**  
**Subject: January 2026 bills for Approval**

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Attached for Board approval is the payment summary report for the month of January, 2026 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 January 2026 is \$3,179,291.88
2. These disbursements include seven checks greater than \$75,000, with the total equal to \$1,615,494.51. Staff recommends the Board approve these checks.
3. District employees were reimbursed \$4,127.99 for travel, education, meals, supplies and certification related expenses; and Directors were reimbursed \$487.73 for travel expenses.
4. Payroll expenses of \$965,157.56 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 \$39,301.21.

**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 January 31, 2026.

**EL TORO WATER DISTRICT**  
**Payment Summary**  
**For the month ending January 31, 2026**

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
14975	01/29/2026	Municipal Water District of Orange County	454,054.69
14837	01/02/2026	Municipal Water District of Orange County	447,910.33
14911	01/16/2026	Moulton Niguel Water District	156,449.25
14820	01/02/2026	ACWA JPIA	156,042.63
14960	01/29/2026	Baker Electric & Renewables LLC	144,181.80
14822	01/02/2026	Brax Company, Inc	131,606.80
14919	01/16/2026	Southern California Edison Company	125,249.01
<b>CHECKS OVER \$75,000</b>			<b>\$ 1,615,494.51</b>
<b>CHECKS UNDER \$75,000</b>			<b>\$ 559,338.60</b>
<b>TOTAL CHECKS PAID</b>			<b>\$ 2,174,833.11</b>

**REIMBURSEMENTS TO ETWD EMPLOYEES**

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
14875	01/08/2026	Marisol Melendez (Educational Reimbursement)	2,587.35
14973	01/29/2026	Marisol Melendez (Educational Reimbursement)	1,161.18
14983	01/29/2026	Steve Hancock (Work Boots)	145.46
14984	01/29/2026	Steve Sanchez (Certification)	129.00
14977	01/29/2026	Roman Kociban (Certification)	105.00
<b>TOTAL CHECKS TO EMPLOYEES</b>			<b>\$ 4,127.99</b>

**REINBURSEMENTS TO ETWD DIRECTORS**

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
14909	01/16/2026	Michael Gaskins (Travel Expense)	163.40
14907	01/16/2026	McClellan Wyatt (Travel Expense)	127.75
14905	01/16/2026	Katherine Havens (Travel Expense)	117.60
14906	01/16/2026	Kathryn Freshley (Travel Expense)	78.98
<b>TOTAL CHECKS TO DIRECTORS</b>			<b>\$ 487.73</b>

**DEBIT TRANSFERS**

	01/09/2026	PAYROLL DIRECT DEPOSIT	319,855.94
	01/09/2026	FEDERAL DEPOSIT LIABILITY	60,489.33
	01/09/2026	SDI & STATE TAX	26,015.43
	01/09/2026	EMPOWER (401K)	110,056.18
	01/09/2026	EMPOWER (457)	42,065.14
	01/09/2026	HEALTH SAVINGS ACCOUNT	440.76
	01/09/2026	MEDICAL FLEXIBLE SPENDING ACCOUNT	403.85
	01/09/2026	DEPENDANT CARE FLEXIBLE SPENDING ACCOUNT	384.31
	01/15/2026	PAYROLL BOARD OF DIRECTOR	7,085.98
	12/15/2025	SS, MEDICARE, SDI & STATE TAX	1,175.71
	12/15/2025	EMPOWER (457)	2,387.66
	12/15/2025	MEDICAL FLEXIBLE SPENDING ACCOUNT	208.34
	01/23/2026	PAYROLL DIRECT DEPOSIT	220,448.21
	01/23/2026	FEDERAL DEPOSIT LIABILITY	50,945.37
	01/23/2026	SDI & STATE TAX	23,156.26
	01/23/2026	EMPOWER (401K)	74,996.70
	01/23/2026	EMPOWER (457)	23,428.52
	01/23/2026	HEALTH SAVINGS ACCOUNT	440.76
	01/23/2026	MEDICAL FLEXIBLE SPENDING ACCOUNT	769.26
	01/23/2026	DEPENDANT CARE FLEXIBLE SPENDING ACCOUNT	403.85
<b>Total Payroll Expense</b>			<b>965,157.56</b>

**ACH or Direct Debits**

	01/31/2026	BANK and ADP FEES	5,571.15
	01/31/2026	ACH payments	121.00
	01/31/2026	ACH payments (Health Equity )	33,609.06
<b>Total Other Expense</b>			<b>39,301.21</b>

**TOTAL INTERBANK WIRES / DEBIT TRANSFERS**      **\$ 1,004,458.77**

**TOTAL DISBURSEMENTS**      **\$ 3,179,291.88**

MINUTES OF THE REGULAR MEETING  
& OF THE  
ENGINEERING COMMITTEE MEETING

January 19, 2026

At approximately 8:10 a.m. 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, SHERRI SEITZ, Public Affairs Manager (Zoom), RORY HARNISCH, Senior Engineer (8:12 a.m.), VU CHU, Water Resources Supervisor (Zoom), VICKI TANIOUS, Senior Accountant (Zoom), ABEL ESTRADA, Billing & Customer Service Supervisor (Zoom), and MARISOL MELENDEZ, Recording Secretary.

Consent Calendar

President Freshley asked for a Motion.

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

Roll Call Vote:

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

## Engineering Action Items

### Moulton Parkway / El Toro Road Cathodic Protection Repair

Ms. Ford reported that staff has been working on a solution for the cathodic protection system, which is known to have a discontinuity, and noted that the full extent of pipeline requiring protection is uncertain. She explained that the project was bid last year and received a single bid that was significantly higher than the engineer's estimate, despite strong interest at the pre-bid meeting. Staff subsequently performed value engineering and rebid the project through the PlanetBids portal, and three bids were submitted. Although the lowest bid was above the engineer's estimate, it was lower than the original bid. She noted that the highest bid, totaling \$2.3 million, was later determined to be a clerical error, and that two vendors submitted bids with errors, leaving only one valid bid. Ms. Ford stated that staff is recommending to reject the bids and rebid the project with a shortened bid window, limited to the three contractors who previously submitted bids.

President Freshley asked for a Motion.

Motion: Vice President Havens made a Motion, seconded by Director Monin to 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.

#### Roll Call Vote:

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

## Engineering Information Items

### El Toro Water District Capital Project Status Report

#### Tertiary Disinfection Optimization Project

Ms. Ford reported that staff held a site walk with DDW last week to review the free chlorine disinfection proposal for the Tertiary Treatment Plant and to address comments on the Operations Plan submitted in October. She stated that staff anticipates DDW's approval of the free chlorine operation this month, which is expected to result in approximately \$60,000 in annual savings.

#### Westline Lift Station Main Switchboard Replacement

Mr. Harnisch reported that the contractor has completed the work and that the station is scheduled to return to permanent power. He also provided a breakdown of project costs.

#### Headworks and Secondary Clarifier No. 1 Rehabilitation Project

Mr. Harnisch reported that staff is still in the submittal phase, but the contractor will begin mobilization soon.

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

Mr. Harnisch reported that the automatic transfer switch is being replaced. He noted that a vendor performed reprogramming last week to ensure the plant remains operational. The system has been tested and is now back on permanent power.

#### R-6 Reservoir Southern Slope Repair Project

Mr. Harnisch reported that the December rainfall delayed the contractor, who spent time identifying suitable sources for fill dirt. The contractor located appropriate fill dirt and plans to resume the project, with landscaping scheduled to begin in February.

### Aliso Creek Lift Station Improvement Project

Ms. Ford reported that staff conducted the final presentation to United Mutual Townhall, which was well received. She stated that staff is drafting temporary construction agreements with the Golden Rain Foundation to formalize concessions. Staff also completed a final review of the sub-application with Cal OES, including environmental documents, and received positive feedback. Cal OES will determine within the next three months which projects will advance to the Federal phase. She added that the sub application for the P-3 generator project has been prioritized to potentially move forward to Federal review.

### Asset Management

Ms. Ford reported that staff has been working on the linear and force main asset management plans and expects to present the results for the linear assets soon. She noted that a productive workshop on sewer force mains was held last week to narrow down which to develop and include in the ten-year budget.

### Freeway Electrical Equipment Replacement

Ms. Ford stated that the Notice to Proceed will be issued this month, with the project expected to be completed within the next three months.

### Solar and Battery Projects

Ms. Ford reported that staff is completing the final redline and are continuing discussions with vendors. Mr. Cafferty added that staff is waiting for confirmation that the proposed battery is acceptable under SCE's SGIP program and that it complies with foreign entities of concern requirements.

## Comments Regarding Non-Agenda Engineering Committee Items

President Freshley reported that she attended the CASA conference, where there were discussions on improving the public perception of the value of water.

Director Monin inquired about future plans for the District's demonstration garden and Ms. Seitz stated that staff will explore potential options.

## Adjournment

There being no further business, the Engineering Committee meeting was adjourned at approximately 9:14 a.m.

## Attorney Report

Mr. Granito reported that there is a need for a Closed Session today to discuss Item No. 2 on today's Closed Session agenda.

## Closed Session

At approximately 9:14 a.m. the Board went into Closed Session. Also, at this time, everyone left the meeting except the Board members, Mr. Cafferty, and General Counsel.

## Regular Session

At approximately 9:46 a.m., the meeting returned to Regular Session. Also, at this time, Ms. Melendez returned to the meeting.

## Open Session Report

Mr. Granito reported that the Board went into Closed Session to discuss Item No. 2 of today's Closed Session agenda. No reportable action was taken.

## Adjournment

There being no further business to come before the Board, the meeting was adjourned at 9:47 a.m.

Respectfully submitted,

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MARISOL MELENDEZ  
Recording Secretary

APPROVED:

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KATHRYN FRESHLEY, President  
of the El Toro Water District and the  
Board of Directors thereof

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



## STAFF REPORT

To: Board of Directors

Meeting Date: February 23, 2026

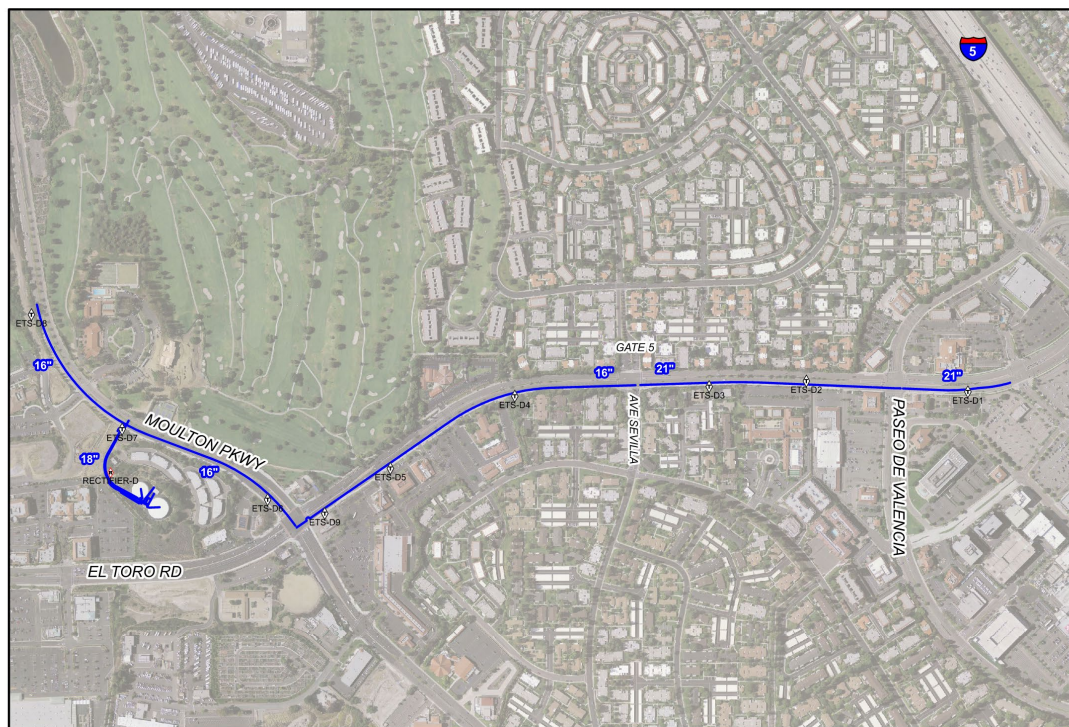
From: Hannah Ford, Director of Engineering

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 located within El Toro Road and Moulton Parkway. The pipeline was originally installed in 1963. In 2001, the District installed an impressed current cathodic protection (ICCP) system along the transmission main, including 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 one of the District's highest risk assets within the 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, during installation of a replacement rectifier, the District identified an electrical discontinuity in the ICCP 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 overall 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 ICCP system.

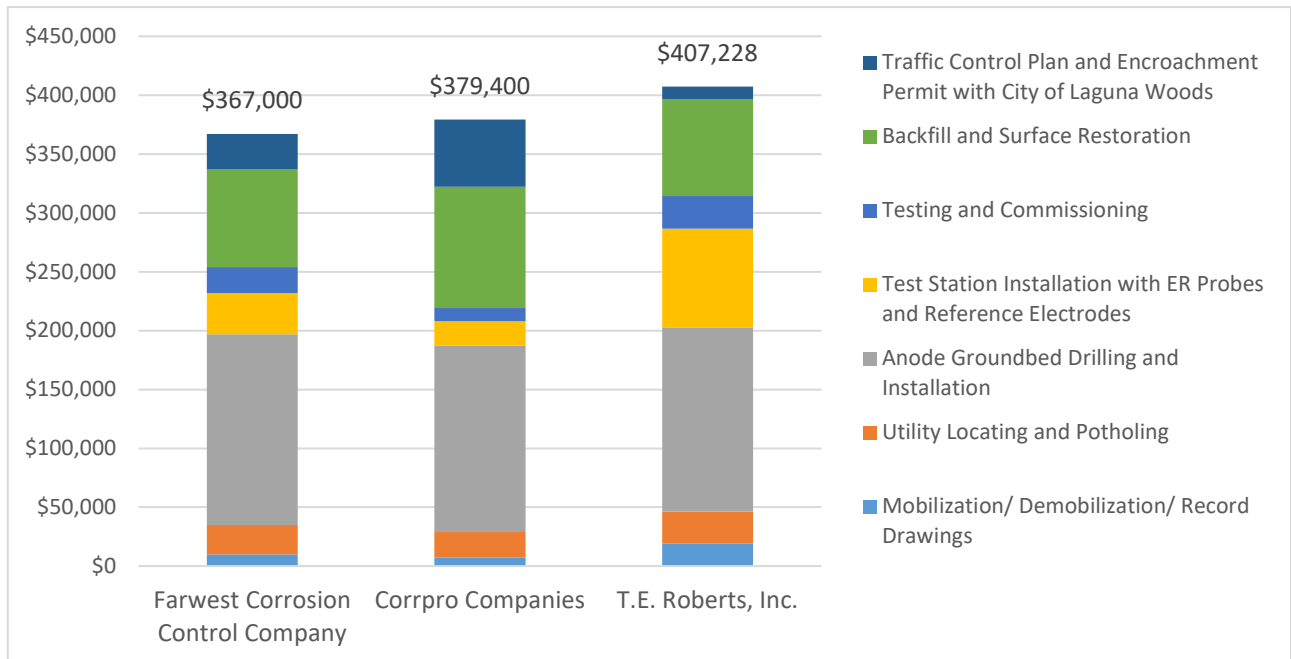
Based on these findings, Corrpro Companies (Corrpro) developed a design to supplement the existing ICCP system with localized sacrificial (galvanic) anode ground beds and upgraded test stations to provide targeted corrosion protection.

In August 2025, the District advertised the project to a shortlist of contractors recommended by neighboring water districts. One bid was received in the amount of \$464,200, which was significantly above the Engineer’s Estimate of \$196,000. Corrpro 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 estimate of approximately \$283,000. The District cancelled that solicitation through the PlanetBids portal.

Following a value engineering effort, a subsequent solicitation resulted in three submitted bids, but only one was valid at the amount of \$390,940. The District rejected these bids and rebid to the three contractors who bid the project. No material scope changes were made between solicitations other than clarification of City asphalt restoration requirements. The project was re-advertised on January 20, 2026. The District opened three bids February 11, 2026.

**BID EVALUATION**

As shown in Figure 2, Farwest Corrosion Control Company (Farwest) submitted the lowest responsive and responsible bid in the amount of \$367,000.



Farwest has previously performed work for the District, including repair of the rectifier associated with this system in 2015, and has conducted prior surveys to assist in identifying system issues. The District has had a positive experience working with Farwest, and neighboring water districts have also reported satisfactory performance.

**BUDGET ANALYSIS**

Although the recommended award amount exceeds both the original Engineer’s Estimate (\$196,000) and Corrpro’s revised opinion of probable construction cost (\$283,000), market conditions and subcontractor pricing have continued to escalate. Further, the clarification from the City regarding asphalt restoration increased costs.

Table 1 summarizes total project costs. To reduce costs, District staff will conduct the construction management in house. District staff plan to hire a consultant to provide engineering services during construction for this project as part of a separate contract to provide cathodic protection monitoring services District-wide.

**Table 1 – Summary of Project Budget**

<b>Description</b>	<b>Amount</b>
Initial Field Studies (Farwest)	\$18,660.00
Final Design (Corrpro)	\$29,101.00
Bid Support (Corrpro)	\$4,701.00
Value Engineering Field Surveys (Corrpro)	\$5,000.00
Construction (Farwest)	\$367,000.00
Engineering Services During Construction	TBD
Construction Management (District)	\$0
Contingency	\$36,700.00
<b>Total</b>	<b>\$461,162.00</b>
<b>Budget</b>	<b>\$256,060.00</b>
<b>Difference</b>	<b>\$205,102.00</b>

This transmission main is one of the District’s most critical pipelines, as identified through the Asset Management Program. The identified electrical discontinuity in the impressed current cathodic protection system limits corrosion protection effectiveness and increases long-term risk to the asset. Timely implementation of the proposed repairs is necessary to restore corrosion protection continuity and mitigate risk to this critical transmission facility. Based on the bid results and the criticality of the asset, staff recommends award of the contract to Farwest Corrosion Control Company.

**CEQA**

District staff prepared and filed a Class 1 and Class 2 Categorical Notice of Exemption with the County because the work rehabilitates existing equipment without an increase in capacity. State CEQA Guideline Section 15301 provides exemption for repair of existing facilities with no expansion. State CEQA Guideline Section 15302 provides exemption for replacement on the same site with the same purpose/capacity. The 30-day public comment period expired by October 2025.

## **RECOMMENDATION**

### **Recommended Action:**

Staff recommend that the Board of Directors authorize the District's General Manager to enter into a contract with Farwest Corrosion Control Company in the amount of \$367,000.00 for construction of the Moulton Parkway / El Toro Road Cathodic Protection Repair Project. Staff further recommend that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.



## STAFF REPORT

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**To:** Board of Directors **Meeting Date:** February 23, 2026  
**From:** Hannah Ford, Director of Engineering  
**Subject:** Solar/Battery Projects Consulting Support for Contract Negotiation

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### BACKGROUND

On November 4, 2024, the District entered into a consulting contract with TerraVerde Energy, LLC (TerraVerde) for Energy Consulting Services. As part of Task Order No. 1, TerraVerde evaluated the District's entire system for potential energy projects and recommended further evaluating batteries at the Ocean Outfall Pump Station (OOPS) and P-1 Pump Station, as well as solar at the Water Recycling Plant (WRP). Under Task Order No. 2, TerraVerde developed a Request for Proposals (RFP) and assisted the District with proposal evaluation to identify a preferred installer. Following completion of the RFP process, the District narrowed selection to one preferred battery and solar installer and initiated contract negotiations.

The OOPS and P-1 Battery Projects remain in the contract negotiation phase. District staff have engaged specialized legal counsel to review the draft Energy Services Agreement and have conducted meetings with TerraVerde and the selected vendor to address proposed revisions. Progress remains contingent upon confirmation of Self-Generation Incentive Program (SGIP) approval and verification of non-Foreign Entity of Concern (FEOC) compliance. Staff will also consult with a Certified Public Accountant to validate project cost eligibility under Inflation Reduction Act (IRA) funding requirements.

In parallel, staff continue to evaluate solar proposals for the WRP through a Power Purchase Agreement (PPA) structure. Upon completion of financial analysis and coordination with TerraVerde, staff will determine whether to recommend proceeding with a solar project at the WRP site.

Task Order No. 3 will provide owner's representative services necessary to complete contract negotiations, finalize Government Code §4217 documentation, validate financial analyses, and support Board consideration of the battery projects. The solar component will only advance if final PPA pricing demonstrates that the project provides economic benefit to the District.

## SCOPE OF SERVICES

Task Order No. 3 includes two primary components:

1. **Additional RFP Development Scope:** During execution of Task Order No. 2, additional financial modeling, PPA scenario analyses, demand response modeling, SGIP coordination, IRA compliance review, and related technical coordination were required beyond the original scope. Task 1 of Task Order No. 3 authorizes TerraVerde to bill for those additional services.
2. **Contract Negotiation Services:** TerraVerde will provide owner's representative services during contract negotiations for:
  - OOPS Battery Project (cash purchase)
  - P-1 Battery Project (cash purchase)
  - WRP Solar Project (PPA)

Services include contract diligence and negotiation support, Government Code §4217 Exhibit A preparation, financial validation, CEQA coordination support, SGIP compliance assistance, IRA/FEOC guidance, and Board presentation support.

The solar portion of the work (WRP Solar Project) will only proceed if final PPA pricing demonstrates that the project makes economic sense for the District. Authorization of Task Order No. 3 provides a not-to-exceed budget; however, implementation of the solar project remains contingent upon confirmation that the negotiated PPA pricing meets the District's financial objectives.

## BUDGET ANALYSIS

Task Order No. 3 is in the amount not to exceed \$69,500. Previously authorized amounts are as follows:

- Task Order No. 1: \$17,640
- Task Order No. 2: \$35,000

Total cumulative contract amount after Task Order No. 3 is \$122,140. Because the cumulative contract amount exceeds the General Manager's \$75,000 approval authority, Board authorization is required.

The District has budgeted \$482,500 in the Fiscal Year 2025/2026 Capital Budget for the P-1 Battery Project. Funding for Task Order No. 3 will be provided from this existing capital budget allocation.

Projected savings from the P-1 and OOPS battery projects are over \$46,000 per year. Total project costs would be offset by IRA and SGIP funding opportunities, as shown in Table 1.

**Table 1 – Battery Project Financial Analysis**

	<b>P-1 Battery</b>	<b>OOPS Battery</b>
Total Project Cost	\$1,383,867	\$857,216
SGIP Funding	\$846,000	\$532,100
IRA Funding	\$377,328 - \$474,896	\$237,706 - \$295,382
<b>Remaining Project Cost</b>	<b>\$62,971 - \$160,539</b>	<b>\$29,734 - \$87,410</b>
<b>Year 1 Bill Savings<sup>1</sup></b>	<b>\$29,996</b>	<b>\$16,441</b>
<b>Simple Payback</b>	<b>3.2 - 8.0</b>	<b>4.6 - 13.6</b>

<sup>1</sup>Participation in demand response programs could increase bill savings by an additional \$13,125 annually in total for both battery projects.

## **RECOMMENDATION**

### **Recommended Action:**

Staff recommend that the Board of Directors authorize the District's General Manager to amend its contract with TerraVerde Energy LLC in the amount of \$69,500.00 for contract negotiation services for the Solar/Battery Projects. Staff further recommend that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.



## STAFF REPORT

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**To:** Board of Directors **Meeting Date:** February 23, 2026  
**From:** Hannah Ford, Director of Engineering  
**Subject:** Resolution No. 26-2-1 Authorizing Designated Representatives to Apply for and Receive Federal Funding

---

### BACKGROUND

The District is eligible to receive federal financial assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act and other federal statutes administered through the Federal Emergency Management Agency (FEMA). These programs include, but are not limited to, the Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC), Flood Mitigation Assistance (FMA), and related disaster recovery and mitigation funding opportunities.

As a condition of applying for and receiving federal disaster and mitigation funds, the California Governor's Office of Emergency Services (Cal OES) requires that the governing body of the applicant agency adopt a formal resolution designating authorized representatives to execute grant applications, certifications, assurances, and related program documents.

The District previously adopted a similar authorized agents resolution in June 2024 to support applications related to declared disaster events. Resolution No. 2026-2-1 updates the previous resolution to align with new FEMA requirements, reaffirms the District's authorization consistent with FEMA and Cal OES requirements, and will enable the District to pursue funding opportunities under existing and future disaster declarations and mitigation programs, including the active HMGP applications for the Aliso Creek Lift Station Improvements Project and the P-3 Pump Station Emergency Generator Project.

Adoption of this Resolution ensures the District remains eligible to apply for and receive federal and state financial assistance for infrastructure hardening, hazard mitigation, emergency response cost recovery, and related resilience projects. Following adoption of this Resolution, staff will submit Attachment A to Cal OES.

**RECOMMENDATION**

Staff recommends that the Board of Directors adopt Resolution No. 2026-2-1 authorizing designated representatives to apply for and receive federal and state financial assistance, including but not limited to funding through the FEMA HMGP and related disaster and mitigation programs.

RESOLUTION NO. 26-2-1

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
AUTHORIZING DESIGNATED REPRESENTATIVES TO APPLY FOR AND RECEIVE  
FEDERAL FINANCIAL ASSISTANCE

**RESOLUTION NO. 26-2-1**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
AUTHORIZING DESIGNATED REPRESENTATIVES TO APPLY FOR AND RECEIVE  
FEDERAL FINANCIAL ASSISTANCE**

**WHEREAS**, the El Toro Water District (“District”) is a public entity established under the laws of the State of California and provides essential water, wastewater, and recycled water services to its customers; and

**WHEREAS**, the District is eligible to receive federal financial assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288, as amended), and other federal statutes, including but not limited to the Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC), Flood Mitigation Assistance (FMA), and related disaster recovery and mitigation programs; and

**WHEREAS**, the California Governor’s Office of Emergency Services (Cal OES) requires that the governing body of an applicant agency designate authorized representatives for the purpose of applying for and administering federal and state financial assistance; and

**WHEREAS**, the District desires to authorize specific officials to execute applications and related documents necessary to obtain and administer such financial assistance for current and future disasters and grant opportunities;

**NOW, THEREFORE, BE IT RESOLVED:**

**SECTION 1. Authorization and Designation of Authorized Representatives.** The District General Manager and the District Chief Financial Officer are hereby authorized to execute for and on behalf of the El Toro Water District any actions necessary for the purpose of obtaining federal and/or state financial assistance, including but not limited to applications, assurances, agreements, amendments, and payment requests, through FEMA and Cal OES for any existing or future disaster or mitigation grant program.

**SECTION 2. Certification of Compliance with Statutory and Regulatory Requirements.** The above-named authorized representatives are further authorized to certify that the District will comply with all applicable statutory and regulatory requirements associated with the receipt of such funding.

**SECTION 3. Effective Period of Authorization.** This authorization shall apply to all open and future disasters and mitigation programs declared within three (3) years of the date of adoption of this Resolution, unless rescinded by subsequent action of the Board of Directors.

**SECTION 4. Execution of Resolution.** The President of the Board of ETWD shall sign this Resolution and the Secretary of ETWD shall attest and certify to the passage and adoption thereof.

**ADOPTED, SIGNED AND APPROVED**, this 23rd day of February, 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



Cal OES ID No: \_\_\_\_\_

**DESIGNATION OF APPLICANT'S AGENT RESOLUTION FOR NON-STATE AGENCIES**

BE IT RESOLVED BY THE \_\_\_\_\_ OF THE \_\_\_\_\_  
 (Governing Body) (Name of Applicant)

THAT \_\_\_\_\_, OR  
 (Title of Authorized Agent)

\_\_\_\_\_, OR  
 (Title of Authorized Agent)

\_\_\_\_\_  
 (Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the \_\_\_\_\_,  
 (Name of Applicant)

a public entity established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining federal financial assistance for any existing or future grant program, including, but not limited to any of the following:

- **Federally declared Disaster (DR), Fire Mitigation Assistance Grant (FMAG), California State Only Disaster (CDAA), Immediate Services Program (ISP), Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC), Legislative Pre-Disaster Mitigation Program (LPDM)**, under
- Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.
- **Flood Mitigation Assistance Program (FMA)**, under Section 1366 of the National Flood Insurance Act of 1968.
- **National Earthquake Hazards Reduction Program (NEHRP)** 42 U.S. Code 7704 (b) ((2) (A) (ix) and 42 U.S. Code 7704 (b) (2) (B) National Earthquake Hazards Reduction Program, and also The Consolidated Appropriations Act, 2018, Div. F, Department of Homeland Security Appropriations Act, 2018, Pub. L. No. 115-141
- **California Early Earthquake Warning (CEEW)** under CA Gov Code – Gov, Title 2, Div. 1, Chapter 7, Article 5, Sections 8587.8, 8587.11, 8587.12

That the \_\_\_\_\_, a public entity established under the  
 (Name of Applicant)

laws of the State of California, hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.



**Please check the appropriate box below**

- This is a universal resolution and is effective for all open and future disasters/grants declared up to three (3) years following the date of approval.
- This is a disaster/grant specific resolution and is effective for only disaster/grant number(s): \_\_\_\_\_

Passed and approved this \_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
 (Name and Title of Governing Body Representative)

\_\_\_\_\_  
 (Name and Title of Governing Body Representative)

\_\_\_\_\_  
 (Name and Title of Governing Body Representative)

**CERTIFICATION**

I, \_\_\_\_\_, duly appointed and \_\_\_\_\_ of  
 (Name) (Title)

\_\_\_\_\_, do hereby certify that the above is a true and  
 (Name of Applicant)

correct copy of a resolution passed and approved by the \_\_\_\_\_  
 (Governing Body)

of the \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.  
 (Name of Applicant)

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Title)



### Cal OES Form 130 Instructions

**A Designation of Applicant's Agent Resolution for Non-State Agencies is required of all Applicants to be eligible to receive funding. A new resolution must be submitted if a previously submitted resolution is older than three (3) years from the last date of approval, is invalid, or has not been submitted.**

When completing the Cal OES Form 130, Applicants should fill in the blanks on pages 1 and 2. The blanks are to be filled in as follows:

#### **Resolution Section:**

**Governing Body:** This is the group responsible for appointing and approving the Authorized Agents.

Examples include: Board of Directors, City Council, Board of Supervisors, Board of Education, etc.

**Name of Applicant:** The public entity established under the laws of the State of California.

Examples include: School District, Office of Education, City, County or Non-profit agency that has applied for the grant, such as: City of San Diego, Sacramento County, Burbank Unified School District, Napa County Office of Education, University Southern California.

**Authorized Agent:** These are the individuals that are authorized by the Governing Body to engage with the Federal Emergency Management Agency and the California Governor's Office of Emergency Services regarding grants for which they have applied. There are two ways of completing this section:

1. **Titles Only:** The titles of the Authorized Agents should be entered here, not their names. This allows the document to remain valid if an Authorized Agent leaves the position and is replaced by another individual. If "Titles Only" is the chosen method, this document must be accompanied by either a cover letter naming the Authorized Agents by name and title, or the Cal OES AA Names document. The supporting document can be completed by any authorized person within the Agency (e.g., administrative assistant, the Authorized Agent, secretary to the Director). It does not require the Governing Body's signature.
2. **Names and Titles:** If the Governing Body so chooses, the names **and** titles of the Authorized Agents would be listed. A new Cal OES Form 130 will be required if any of the Authorized Agents are replaced, leave the position listed on the document, or their title changes.



**Checking Universal or Disaster-Specific Box:** A Universal resolution is effective for all past disasters and for those declared up to three (3) years following the date of approval. Upon expiration it is no longer effective for new disasters, but it remains in effect for disasters declared prior to expiration. It remains effective until the disaster goes through closeout unless it is superseded by a newer resolution.

**Governing Body Representative:** These are the names and titles of the approving Board Members.

Examples include: Chairman of the Board, Director, Superintendent, etc. The names and titles **cannot** be one of the designated Authorized Agents. A minimum of three (3) approving board members must be listed. If less than three are present, meeting minutes must be attached in order to verify a quorum was met.

**Certification Section:**

**Name and Title:** This is the individual in attendance who recorded the creation and approval of this resolution.

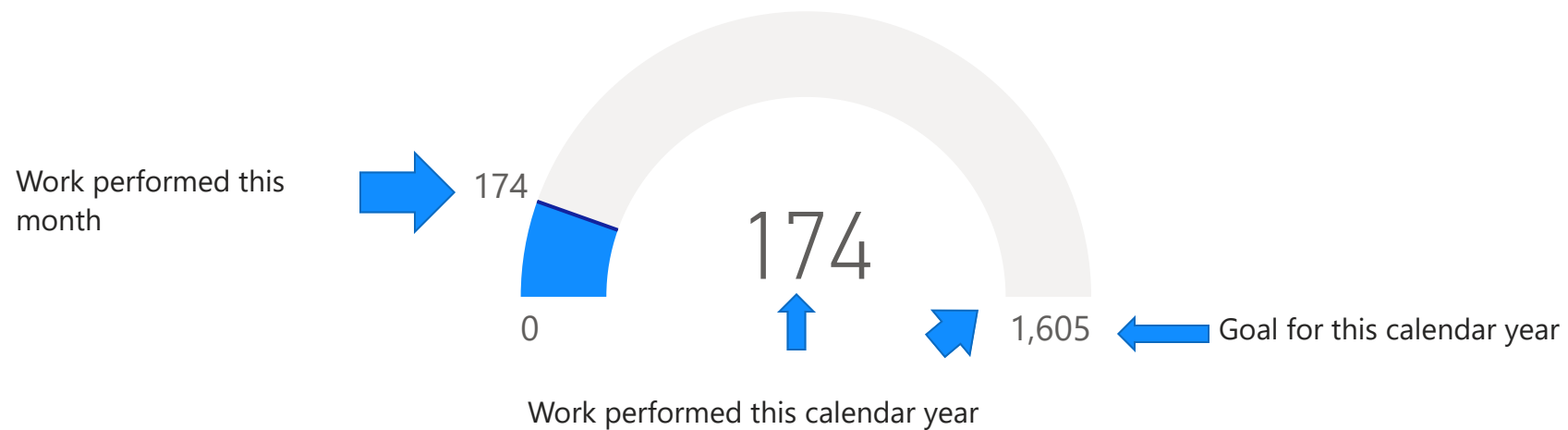
Examples include: City Clerk, Secretary to the Board of Directors, County Clerk, etc. This person **cannot** be one of the designated Authorized Agents or Approving Board Member. If a person holds two positions (such as City Manager and Secretary to the Board) and the City Manager is to be listed as an Authorized Agent, then that person could sign the document as Secretary to the Board (not City Manager) to eliminate "Self-Certification."



# Operations Report

January 2026

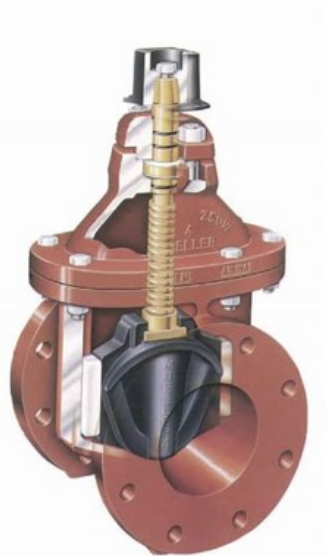
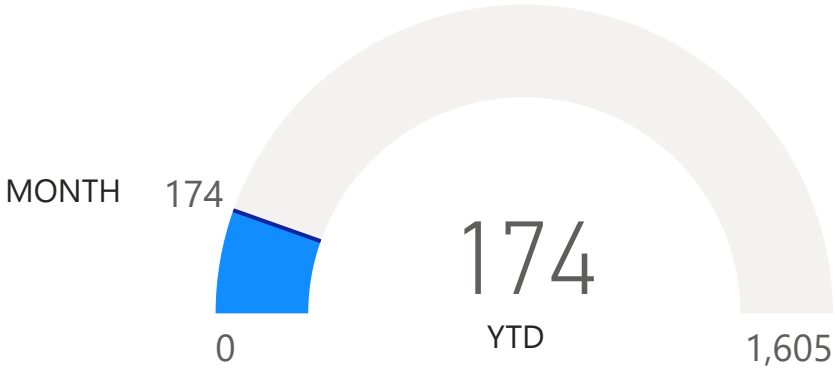
How to read the graphics in this report:



# Valves

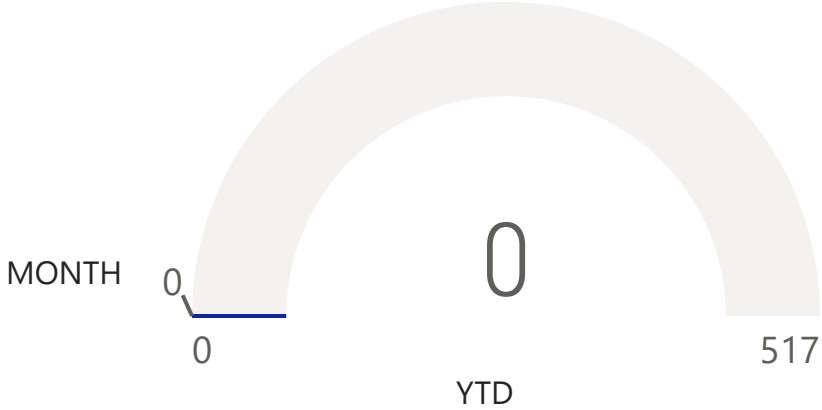
## Distribution Valves Operated

Mainline



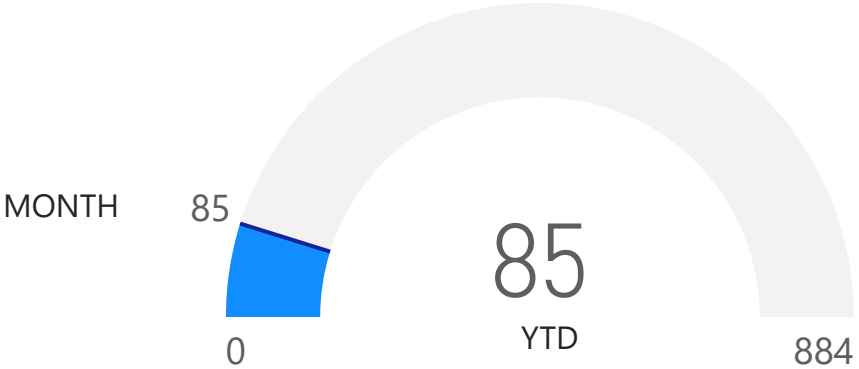
## Arterial Valves Operated

Mainline



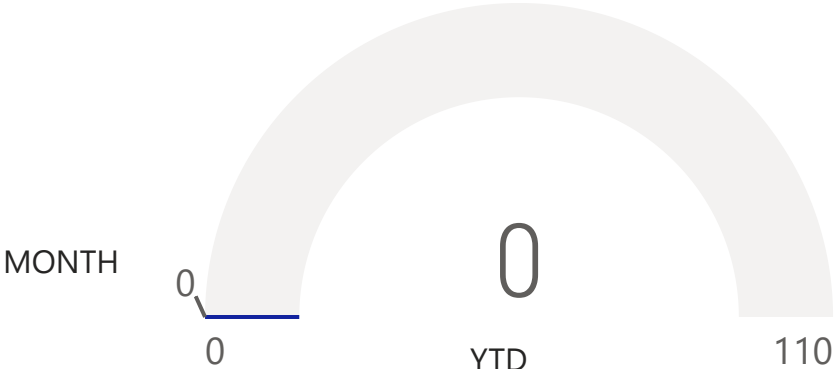
## Distribution Valves Operated

Fire Hydrant



## Arterial Valves Operated

Fire Hydrant



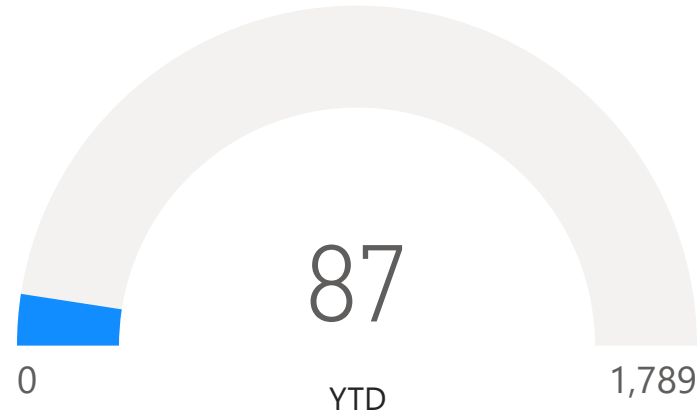
Asset	Month	YTD
Potable Valves Repaired	0	0
Potable Valves Replaced	1	1
Valve Cans Adjusted/Replaced	8	8
Valve Cans Cleaned	267	267
<b>Total</b>	<b>276</b>	<b>276</b>

Note:

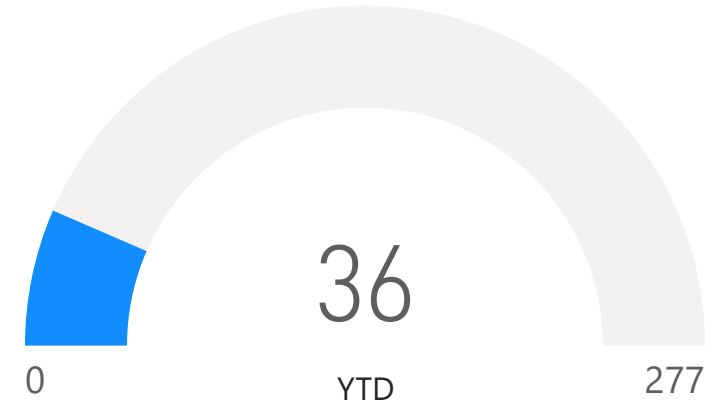
1. The distribution valve operation program strives to operate all distribution valves (mainline and fire) every two years. Goals shown on this page represent that for the calendar year (i.e., total number of distribution valves divided by two).
2. The arterial valve operation program strives to operate all arterial valves (mainline and fire) every year. Normally scheduled at the end of the year.

# Cross Connection Program

Backflow Assemblies Tested

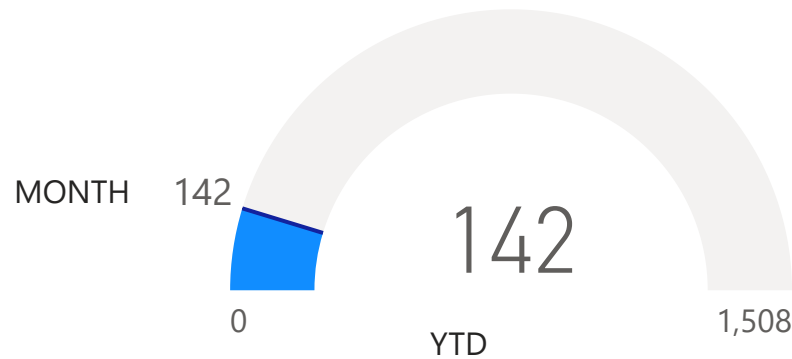


Recycled Water Inspections



# Other Facility Maintenance

Generator Inspections



Underground Service Alerts Marked

**199**  
Month

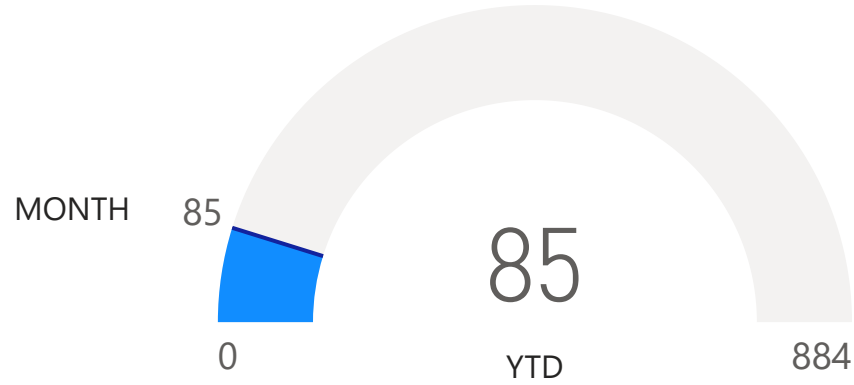
Underground Service Alerts Marked

**199**  
YTD

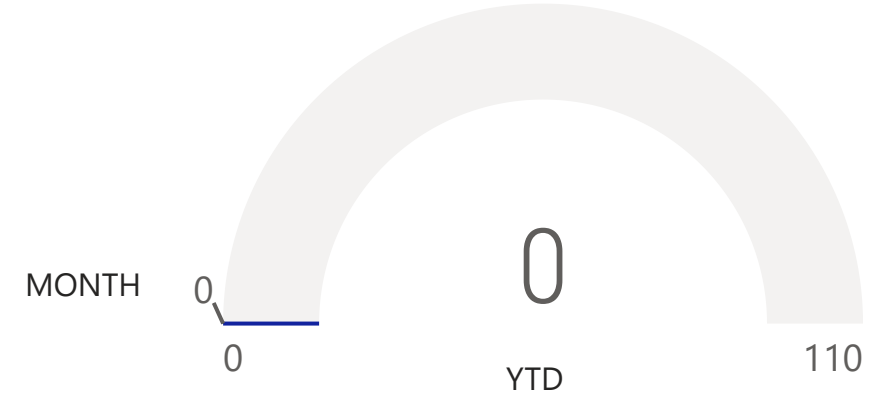
# Fire Hydrants



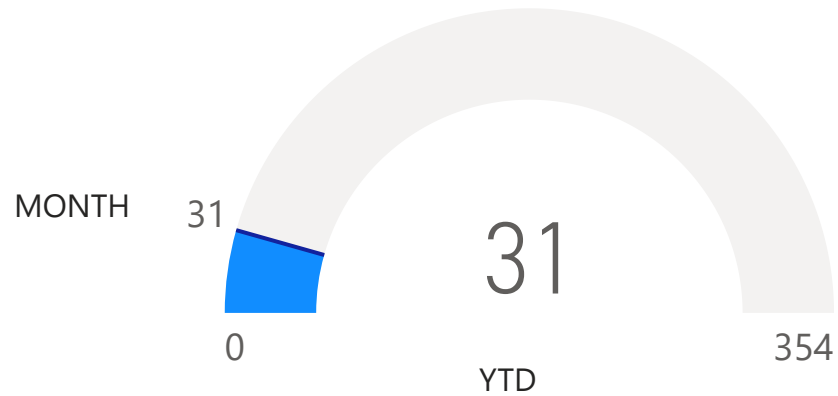
Distribution Hydrants Maintained



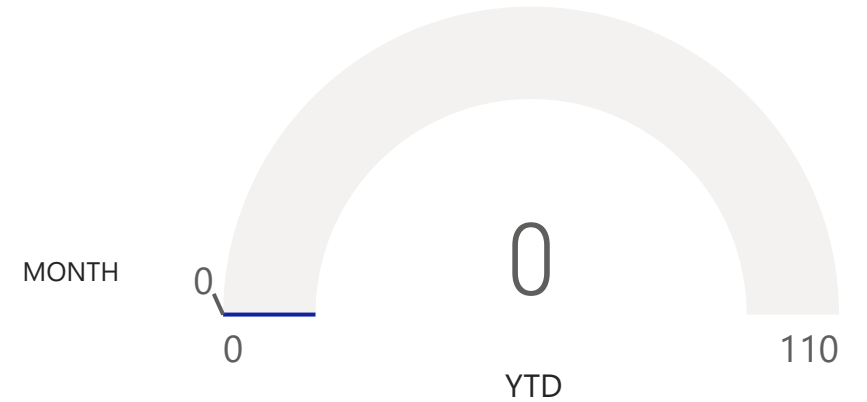
Arterial Hydrants Maintained



Distribution Hydrants Painted



Arterial Hydrants Painted



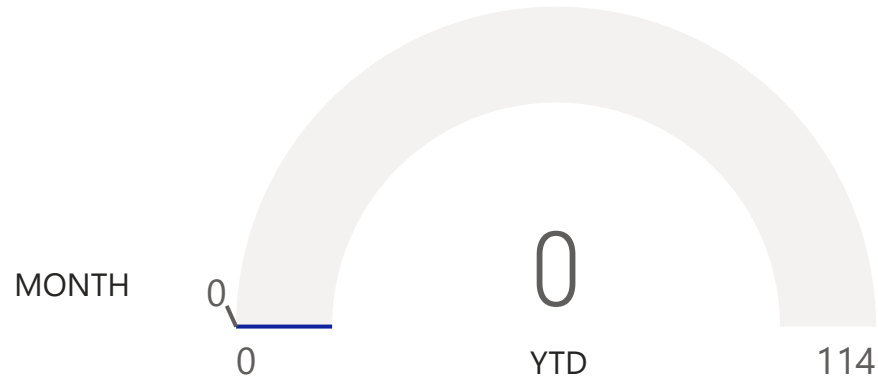
Asset	Month	YTD
Hydrants Repaired	0	0
Hydrants Replaced	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

Note:

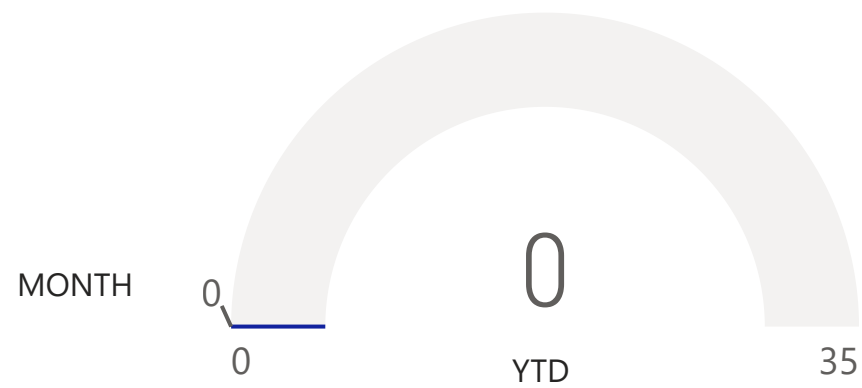
1. The hydrant program strives to maintain all distribution hydrants every two years and arterial hydrants every year. Goals shown on this page represent that for the calendar year (i.e., total number of distribution hydrants divided by two).
2. The hydrant program strives to paint all hydrants every five years. Goals shown on this page represent that for the calendar year (i.e., total number of hydrants divided by five).

# Water Appurtenances

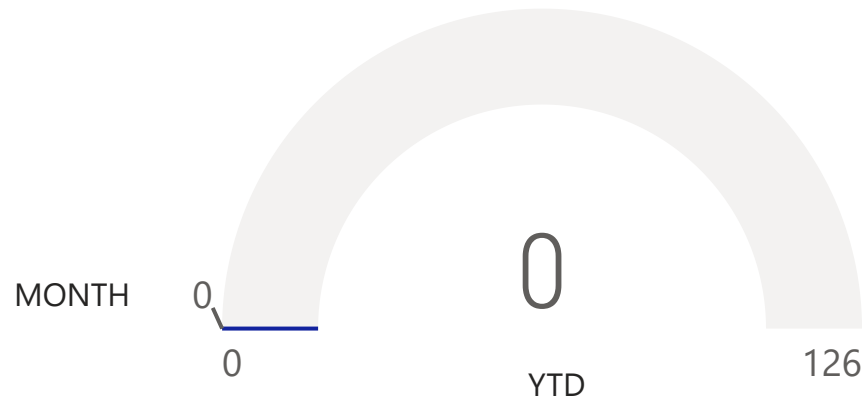
Air Vacs Maintained



PRVs Maintained

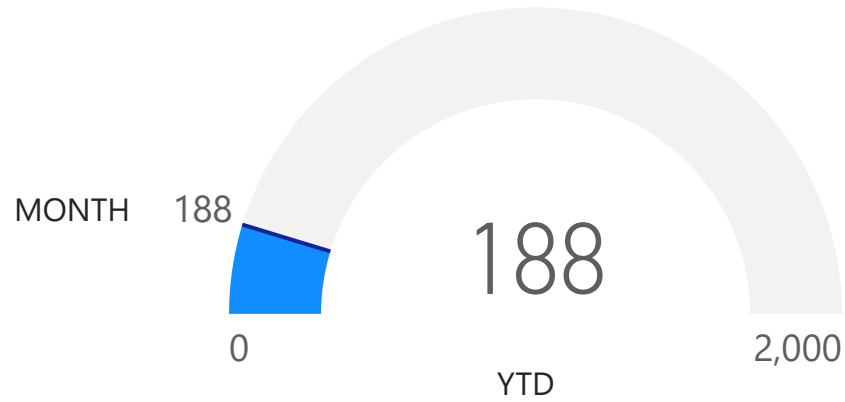


Blow Offs Flushed



# Water Distribution System

Leak Detection Survey



System Flushing  
gallons

**41K**  
Month

System Flushing  
gallons

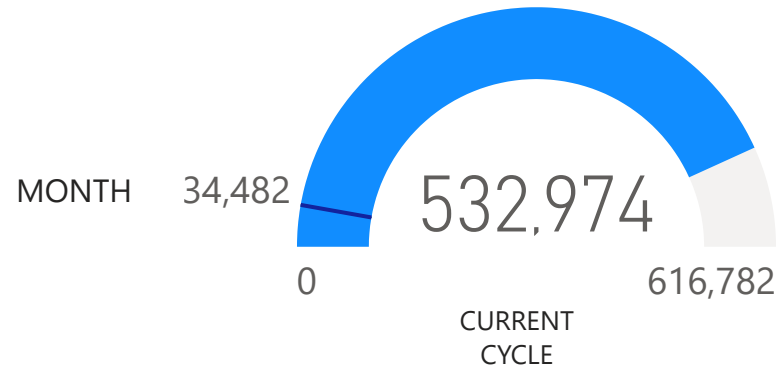
**41K**  
YTD



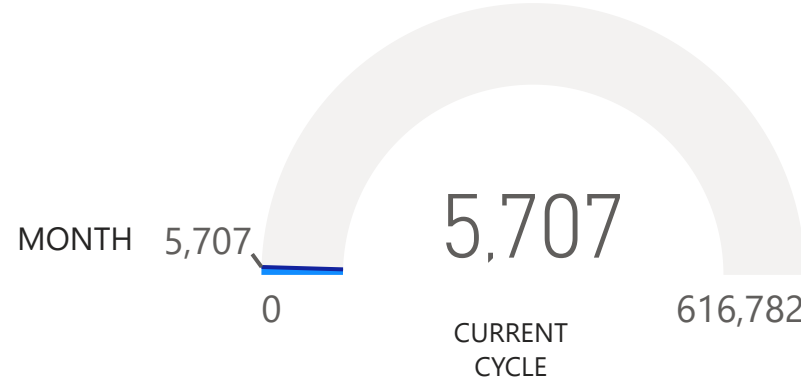
Asset	Month	YTD
Main Line Repairs	0	0
Service Line Repairs	1	1
Service Line Replacement	3	3
Water Pump Motor Services	0	0
Water Pump Services	0	0
Water Reservoir and Pump Station Inspections	372	372

# Collection System

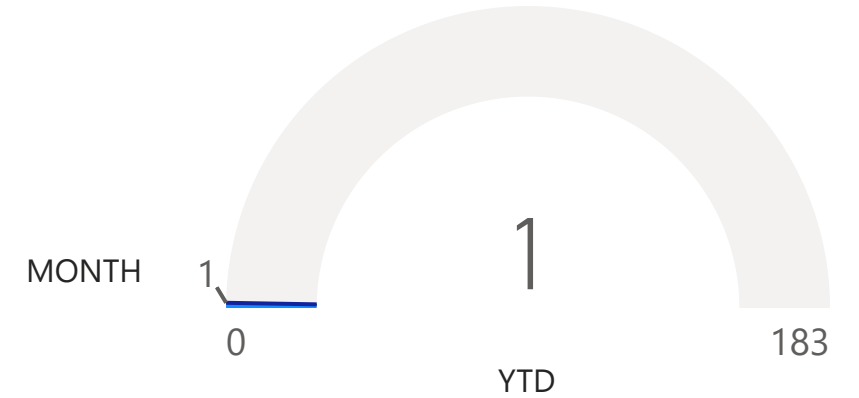
**Line Cleaning**  
feet of pipe



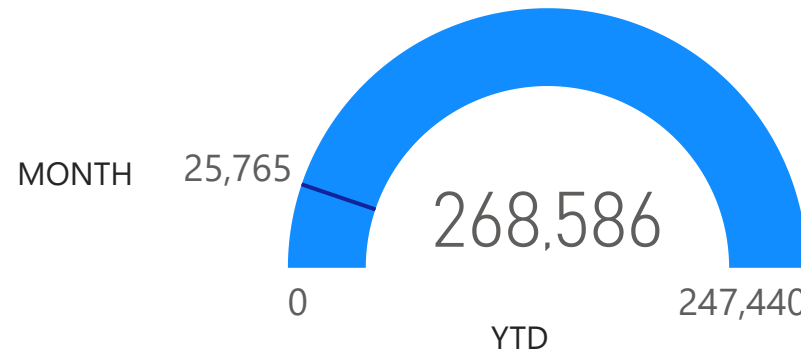
**TV Inspection**  
feet of pipe



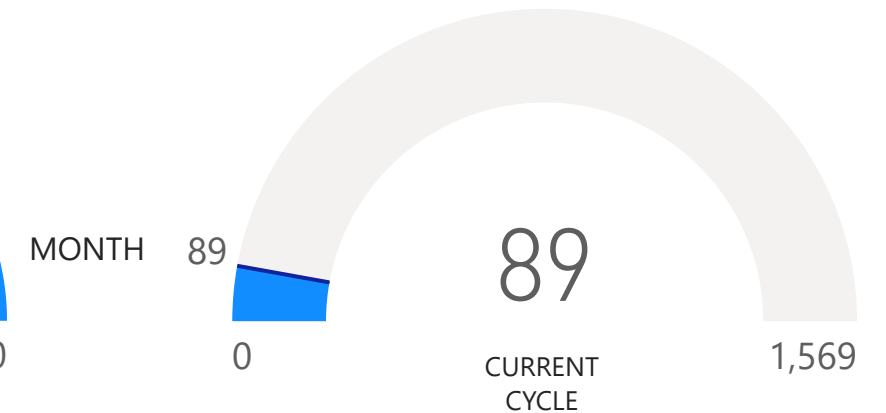
**FOG Inspections**



**Hotspots**  
feet of pipe



**Manhole Inspections**



Asset	Month	YTD
Industrial Waste Inspections	0	0
Lift Station Inspections	310	310
Manhole Repairs	0	0
Odor Complaints	0	0
Root Cutting, feet of pipe	1,486	1,486
Root Foaming, feet of pipe	0	0
Sewer Mainline Repairs	0	0
Sewer Pump/Motor Maintenance	1	1
Sewer Service Line Repairs	0	0
Wet Well Cleaning	4	4

Note:

1. The line cleaning objective is a two year cycle to clean the entire system. The current cycle began on 7/1/2024.
2. The TV inspection objective is a five year cycle to inspect the entire system. The current cycle began on 1/01/2026.



# MICROBIOLOGICAL MONITORING

## PRESSURE ZONE LEGEND

GRAVITY 570	LOW 1 484	SPARTAN 620-710	MID 630
SHENANDOAH 894	LOW 2 465	REDUCED HIGH 537	ULTRA HIGH 800-920
CHERRY 770-815	LOW 3 409	HIGH 645-720	R-6 620

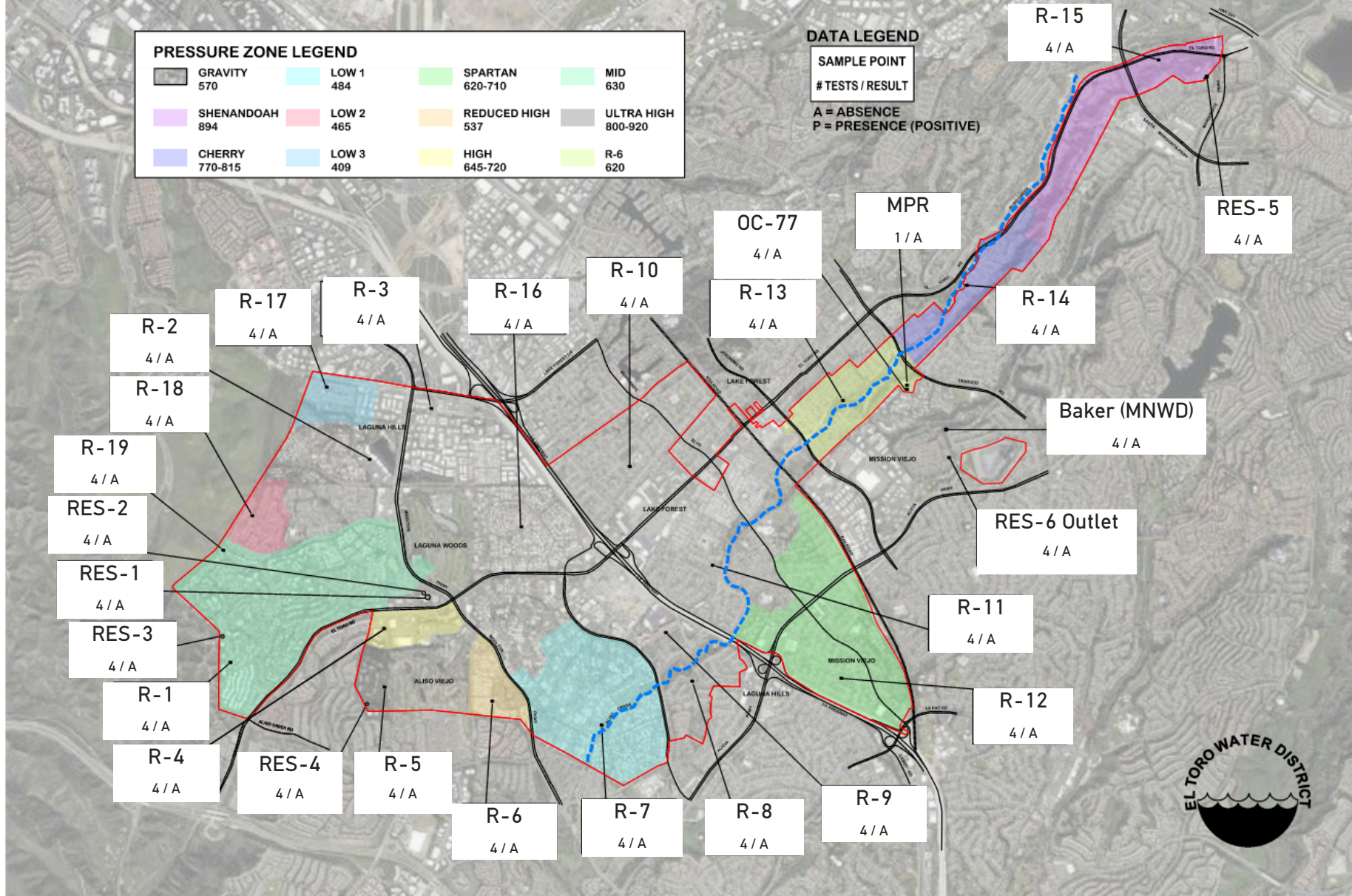
## DATA LEGEND

SAMPLE POINT

# TESTS / RESULT

A = ABSENCE

P = PRESENCE (POSITIVE)



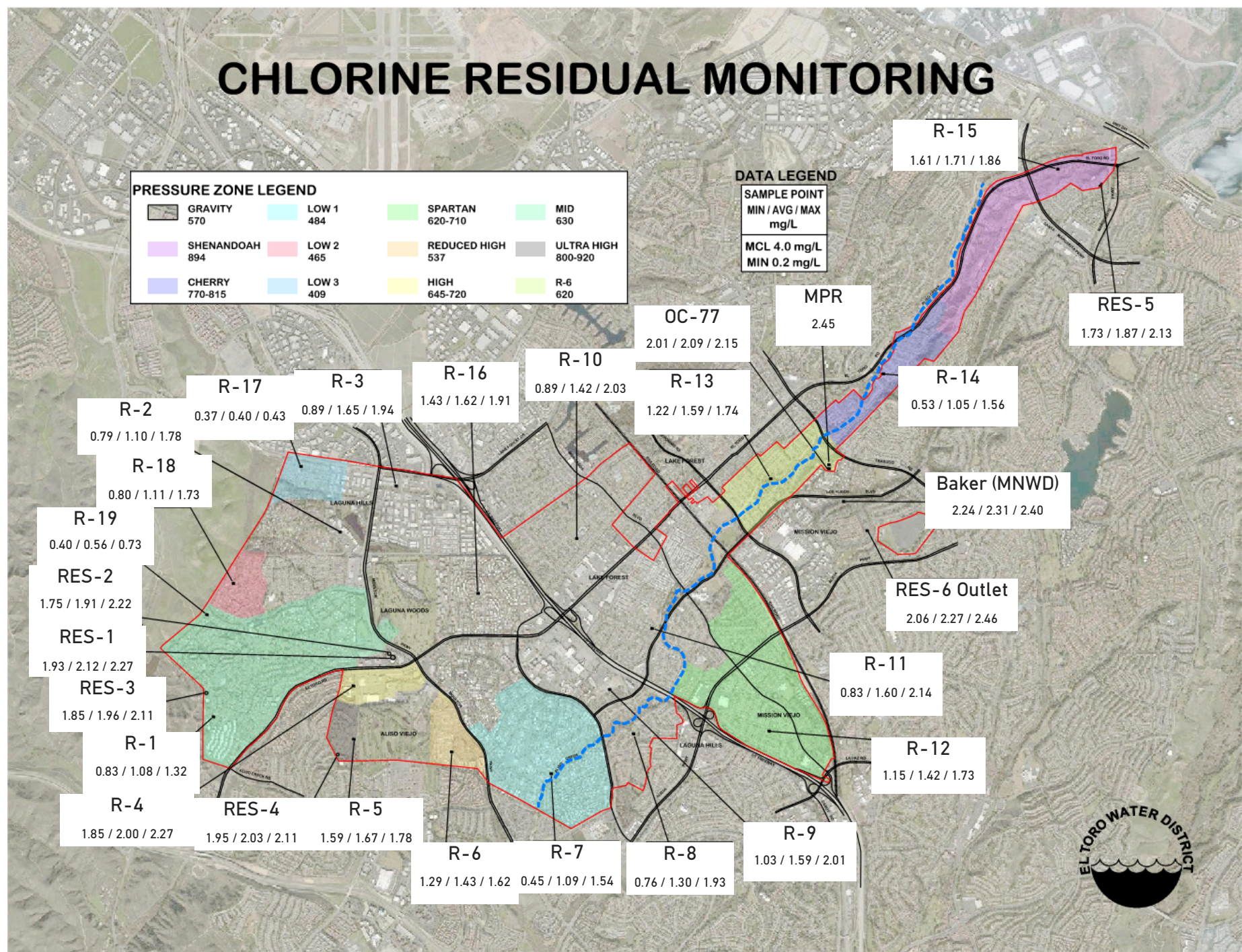
# CHLORINE RESIDUAL MONITORING

**PRESSURE ZONE LEGEND**

GRAVITY 570	LOW 1 484	SPARTAN 620-710	MID 630
SHENANDOAH 894	LOW 2 465	REDUCED HIGH 537	ULTRA HIGH 800-920
CHERRY 770-815	LOW 3 409	HIGH 645-720	R-6 620

**DATA LEGEND**

SAMPLE POINT
MIN / AVG / MAX mg/L
MCL 4.0 mg/L
MIN 0.2 mg/L



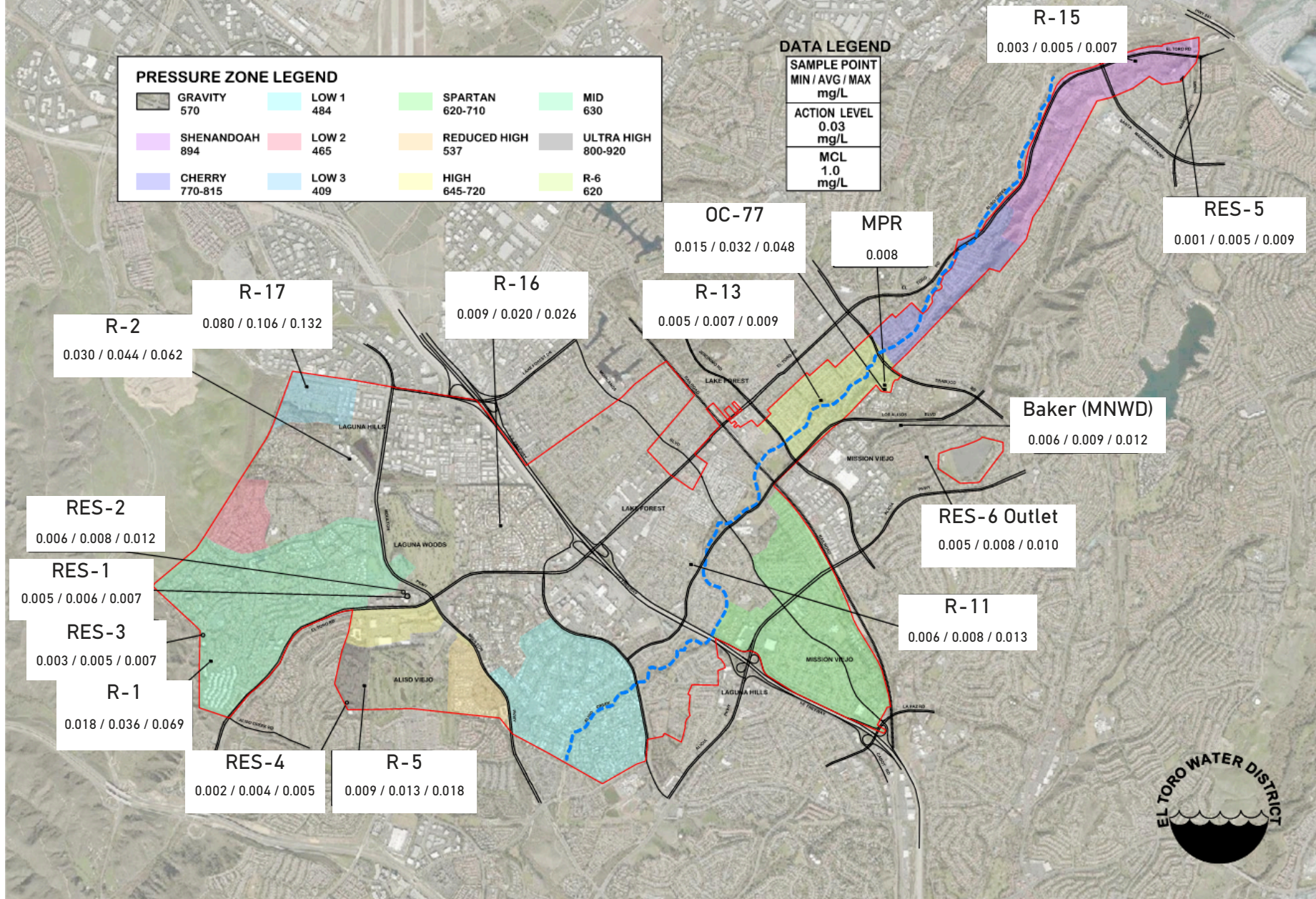
- R-15**: 1.61 / 1.71 / 1.86
- RES-5**: 1.73 / 1.87 / 2.13
- OC-77**: 2.01 / 2.09 / 2.15
- MPR**: 2.45
- R-10**: 0.89 / 1.42 / 2.03
- R-13**: 1.22 / 1.59 / 1.74
- R-14**: 0.53 / 1.05 / 1.56
- Baker (MNWD)**: 2.24 / 2.31 / 2.40
- RES-6 Outlet**: 2.06 / 2.27 / 2.46
- R-17**: 0.37 / 0.40 / 0.43
- R-3**: 0.89 / 1.65 / 1.94
- R-16**: 1.43 / 1.62 / 1.91
- R-2**: 0.79 / 1.10 / 1.78
- R-18**: 0.80 / 1.11 / 1.73
- R-19**: 0.40 / 0.56 / 0.73
- RES-2**: 1.75 / 1.91 / 2.22
- RES-1**: 1.93 / 2.12 / 2.27
- RES-3**: 1.85 / 1.96 / 2.11
- R-1**: 0.83 / 1.08 / 1.32
- R-11**: 0.83 / 1.60 / 2.14
- R-12**: 1.15 / 1.42 / 1.73
- R-4**: 1.85 / 2.00 / 2.27
- RES-4**: 1.95 / 2.03 / 2.11
- R-5**: 1.59 / 1.67 / 1.78
- R-6**: 1.29 / 1.43 / 1.62
- R-7**: 0.45 / 1.09 / 1.54
- R-8**: 0.76 / 1.30 / 1.93
- R-9**: 1.03 / 1.59 / 2.01



# NITRITE MONITORING

PRESSURE ZONE LEGEND			
GRAVITY 570	LOW 1 484	SPARTAN 620-710	MID 630
SHENANDOAH 894	LOW 2 465	REDUCED HIGH 537	ULTRA HIGH 800-920
CHERRY 770-815	LOW 3 409	HIGH 645-720	R-6 620

DATA LEGEND	
SAMPLE POINT	MIN / AVG / MAX mg/L
ACTION LEVEL	0.03 mg/L
MCL	1.0 mg/L



**EL TORO WATER DISTRICT  
MONTHLY POTABLE WATER QUALITY REPORT**

The quality and safety of drinking water in the U.S. is regulated by the federal government through the U.S. Environmental Protection Agency (USEPA). In California, those standards are enforced by the California Department of Public Health (CDPH). Water Quality parameters must meet both primary and secondary water quality standards as established by the CDPH.

**PRIMARY STANDARDS** - are intended to protect public health against substances in the water that may be harmful to humans if consumed for long periods of time.

**SECONDARY STANDARDS** - are to ensure esthetic qualities of water such as taste, odor or clarity. Rather than its healthfulness, these standards govern substances that may influence consumer acceptance of water.

Given that 100% of ETWD's potable water resource is fully treated and delivered by Metropolitan Water District of Southern California (MWDSC) through an enclosed and protected conveyance system, the majority of the State and federal primary and secondary source water quality monitoring requirements are performed by MWDSC. The District's physical responsibility for water quality monitoring is associated with the distribution system. To monitor the distribution system water quality the District utilizes both in-house and outside lab services. Routine distribution analysis conforming to CDPH requirements is conducted for the following constituents:

- 1) **Microbiological** - The number of microbiological samples and the frequency of analysis during the month is based on the population and/or service connections served. Utilizing a population of 50,000, the CDPH requires that 20 "representative" samples be collected and analyzed for coliform bacteria. The objective is to maintain water quality that is absent of coliform bacteria which is a general indicator for the existence of fecal coliform.
- 2) **Chlorine Residual** - The chlorine residual monitoring is performed in conjunction with the microbiological monitoring. The CDPH requirement for treated surface water mandates that the distribution system maintain a "detectable" residual. The number and frequency of sampling is determined utilizing the same formula applied to microbiological requirements. At a minimum, we are obligated to collect and analyze for chlorine residual each time we collect the representative microbiological samples. Per EPA Disinfectants & Disinfection Byproduct Rule (D/DBP), which was effective January 2002, requires quarterly reporting for all sampling.
- 3) **TTHM & HAA5 Stage 2 DBPR Compliance** The U.S. Environmental Protection Agency (EPA) published the Stage 2 Disinfectants and Disinfection Byproducts Rule (Stage 2 DBPR) on January 4, 2006. The Stage 2 DBPR builds on existing regulations by requiring water systems to meet disinfection byproduct (DBP)\* maximum contaminant levels (MCLs) at each monitoring site in the distribution system to better protect public health. The Stage 2 DBP rule is intended to reduce potential cancer and reproductive and developmental health risks from disinfection byproducts (DBPs) in drinking water, which form when disinfectants are used to control microbial pathogens. This final rule strengthens public health protection for customers of systems that deliver disinfected water by requiring such systems to meet maximum contaminant levels as an average at each compliance monitoring location (instead of as a system-wide average as in previous rules) for two groups of DBPs, trihalomethanes (TTHM) and five haloacetic acids (HAA5). The rule targets systems with the greatest risk and builds incrementally on existing rules. This regulation will reduce DBP exposure and related potential health risks and provide more equitable public health protection. The Stage 2 DBPR is being released simultaneously with the Long Term 2 Enhanced Surface Water Treatment Rule to address concerns about risk tradeoffs between pathogens and DBPs.

The mandatory requirement under the Stage 2 DBP rule, known as an Initial Distribution System Evaluation (IDSE) was completed by ETWD in 2008 and a Stage 2 monitoring plan has been approved by CDPH. Full Stage 2 compliance begins in 2012. The IDSE identified the locations with high disinfection byproduct concentrations. These locations will then be used by the District as the 8 sampling sites for Stage 2 DBP rule compliance monitoring. Compliance with the maximum contaminant levels for two groups of disinfection byproducts (TTHM and HAA5) will be calculated for each monitoring location in the distribution system. This approach, referred to as the locational running annual average (LRAA), differs from current requirements, which determine compliance by calculating the running annual average of samples from all monitoring locations across the system. The Stage 2 DBP rule also requires each system to determine if they have exceeded an operational evaluation level, which is identified using their compliance monitoring results. The operational evaluation level provides an early warning of possible future MCL violations, which allows the system to take proactive steps to remain in compliance. A system that exceeds an operational evaluation level is required to review their operational practices and submit a report to the state that identifies actions that may be taken to mitigate future high DBP levels, particularly those that may jeopardize their compliance with the DBP MCLs.

- 4) **Physical Quality** - Physical Quality analysis is associated with the esthetic qualities of the finished water. Primarily, we are performing analysis for taste, odor and Turbidity (Clarity). In accordance with CDPH requirements, the District collects a minimum of 15 samples per month.
- 5) **Nitrites** - Although the chloramine disinfection process has been effective in controlling TTHM levels, it requires increased monitoring and adjustment as a result of its susceptibility to the Nitrification process. Nitrification is a biological process caused by naturally occurring ammonia oxidizing bacteria. Nitrification in chloraminated drinking water can have various adverse impacts on water quality, the most serious of which is the loss of total chlorine residual which is required by the CDPH and the subsequent potential to increase bacteriological activity within the finished or treated water system. MWD has developed an effective nitrification monitoring and prevention program which ETWD staff have adopted and incorporated into the District's daily water quality monitoring and action plan. The number and frequency of this type of monitoring is not currently regulated by CDPH. Staff monitor the level of nitrites in source water, reservoirs and the distribution system daily and weekly in conjunction with the microbiological and chlorine sampling program. A nitrite level of between 0.015 and 0.030 would signal an alert. > 0.030 would require action such as the addition of chlorine to produce a chloramine residual.

EL TORO WATER DISTRICT MONTHLY POTABLE WATER QUALITY ANALYSIS					
MONTH:		January		YEAR : 2026	
CONSTITUENT ANALYSIS	MCL	INSIDE LAB		OUTSIDE LAB	
		NO.	RESULTS	NO.	RESULTS
1 Microbiological	Pres/Absence	113	Absence		Average
2 Chlorine (ppm) In Field	Detectable Resid	149	*Average = 1.35 ppm		
3 TTHM (ppb) (Stage 2)	80 ppb				
3 HAA5 (ppb) (Stage 2)	60 ppb				
4 Physical Quality:			RANGE		
Turbidity (ppm)	5 NTU	20	0.05 to 0.10 Res.		
Odor	3 Units	20	ND<1		
Color	15 Units	20	ND<5		
Temperature	No standard	20	60°F To 67°F		
5 Nitrite (Alert/Action level) ppm	0.015 to 0.030 ppm	127	0.001 to 0.132		

To ensure water quality compliance, the District annually performs approximately 8,750 water quality analytical evaluations of the samples collected from the distribution system.

**Abbreviations:**

<b>*Average</b>	<b>Monthly sample point CL2 average (R1-R19 &amp; MPR)</b>
<b>RES</b>	<b>Indicates that the nitrification was isolated to a reservoir and treated</b>
<b>ND</b>	<b>None detected</b>
<b>Pres/Absence</b>	<b>Presence (P) or Absence (A) related to a positive or negative bacteriological result</b>
<b>MCL</b>	<b>Maximum Contaminant Level</b>
<b>NTU</b>	<b>Nephelometric Turbidity Units, a measure of the suspended material in the water</b>
<b>ppm</b>	<b>Parts per million</b>
<b>ppb</b>	<b>Parts per billion</b>
<b>Total Coliform</b>	<b>No more than 5% of the monthly samples may be total coliform-positive</b>
<b>N/A</b>	<b>Not available</b>

## 4th Quarter 2025/1st Quarter 2026 Compliance Reports

<b>4th Quarter 2025/1st Quarter 2026 Compliance Reports</b>		
<b><u>January's Monthly Reports</u></b>		
<b>December's Surface Water Treatment (Bactis)</b>	Due January 10th Submitted January 6th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
<b>December's Revised Total Coliform Monitoring (Bactis)</b>	Due January 10th Submitted January 6th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
<b>4th Quarter Report for Disinfectant Residuals Compliance (Cl2)</b>	Due January 10th Submitted January 6th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
<b>4th Quarter Stage 2 TTHM HAA5</b>	Due January 10th Submitted January 6th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
<b>4th Quarter Self Monitoring Report For Recycled Water</b>	Due January 30th Submitted January 21st	Sent to Region 8, Dennis Cafferty and Scott Hopkins
<b>December's Self Monitoring Report for Planned Discharges</b>	Due January 30th Submitted January 6th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
<b><u>February's Monthly Reports</u></b>		
<b>January's Surface Water Treatment (Bactis)</b>	Due February 10th Submitted February 9th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
<b>January's Revised Total Coliform Monitoring (Bactis)</b>	Due February 10th Submitted February 9th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
<b>January's Self Monitoring Report for Planned Discharges</b>	Due February 28th Submitted February 9th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
<b>January's Self Monitoring Report for Recycled Water</b>	Due February 28th	Sent to Region 8, Dennis Cafferty and Scott Hopkins



## Staff Training Log 2026

### First Quarter

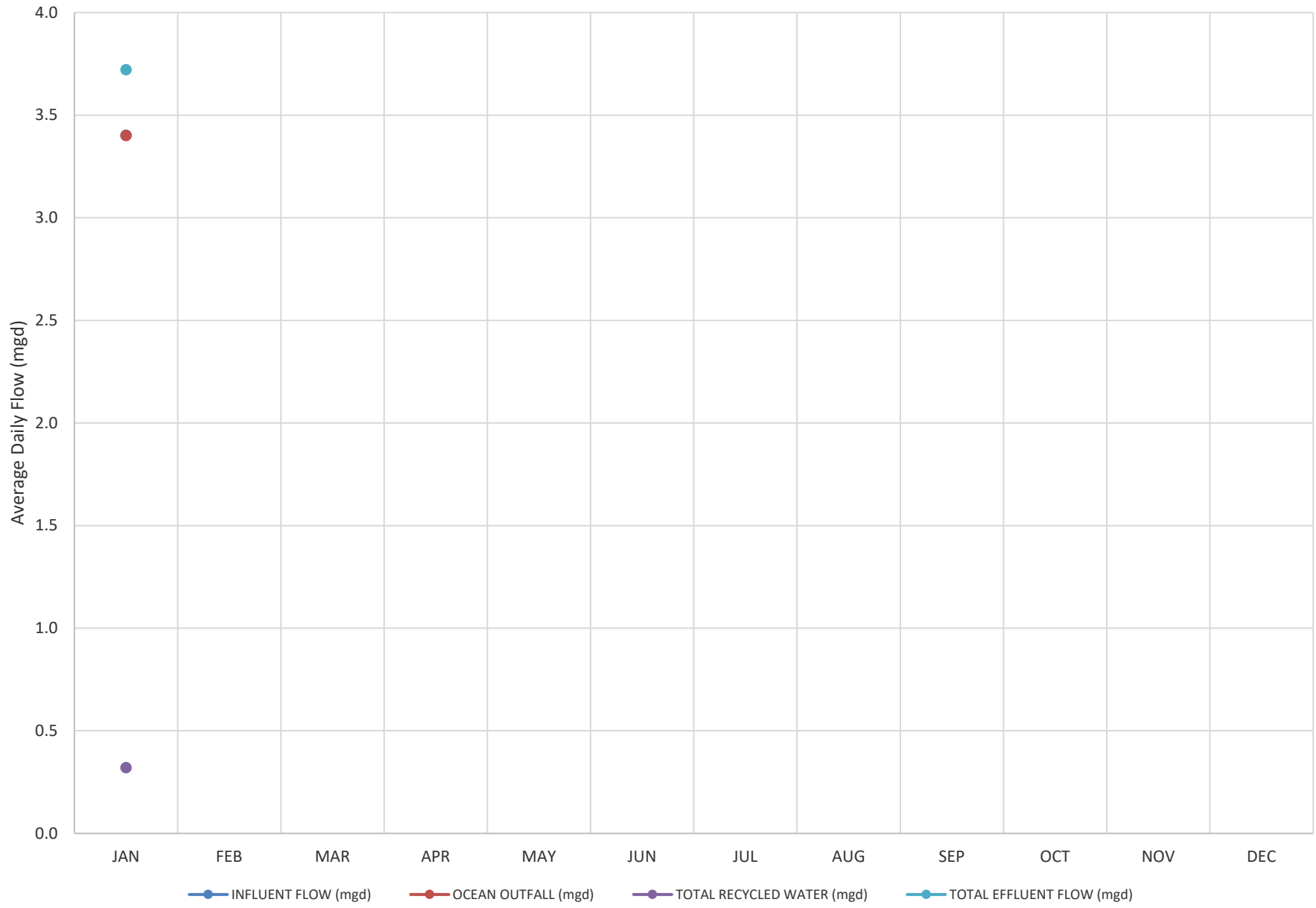
Training Topic	Duration/Hrs	Assigned Hrs	Completed Hrs.	Frequency	Modality	Participants
Safety Tailgate Meeting	0.5	89	89	Weekly	In Person	Field Staff
Alcohol Free Workplace	1	58	21	Every 2 Years	In Person	All Staff/Assigned
Bloodborne Pathogens	1	58	16	Annual	Online	All Staff/Assigned
Emergency Preparedness	4	192	164	Annual	Online	Completed
SERP Training (Sewer Spills)	4	144	116	As Needed	In Person	Completed
		<b>Total- 541</b>	<b>Total- 406</b>			

### Second Quarter

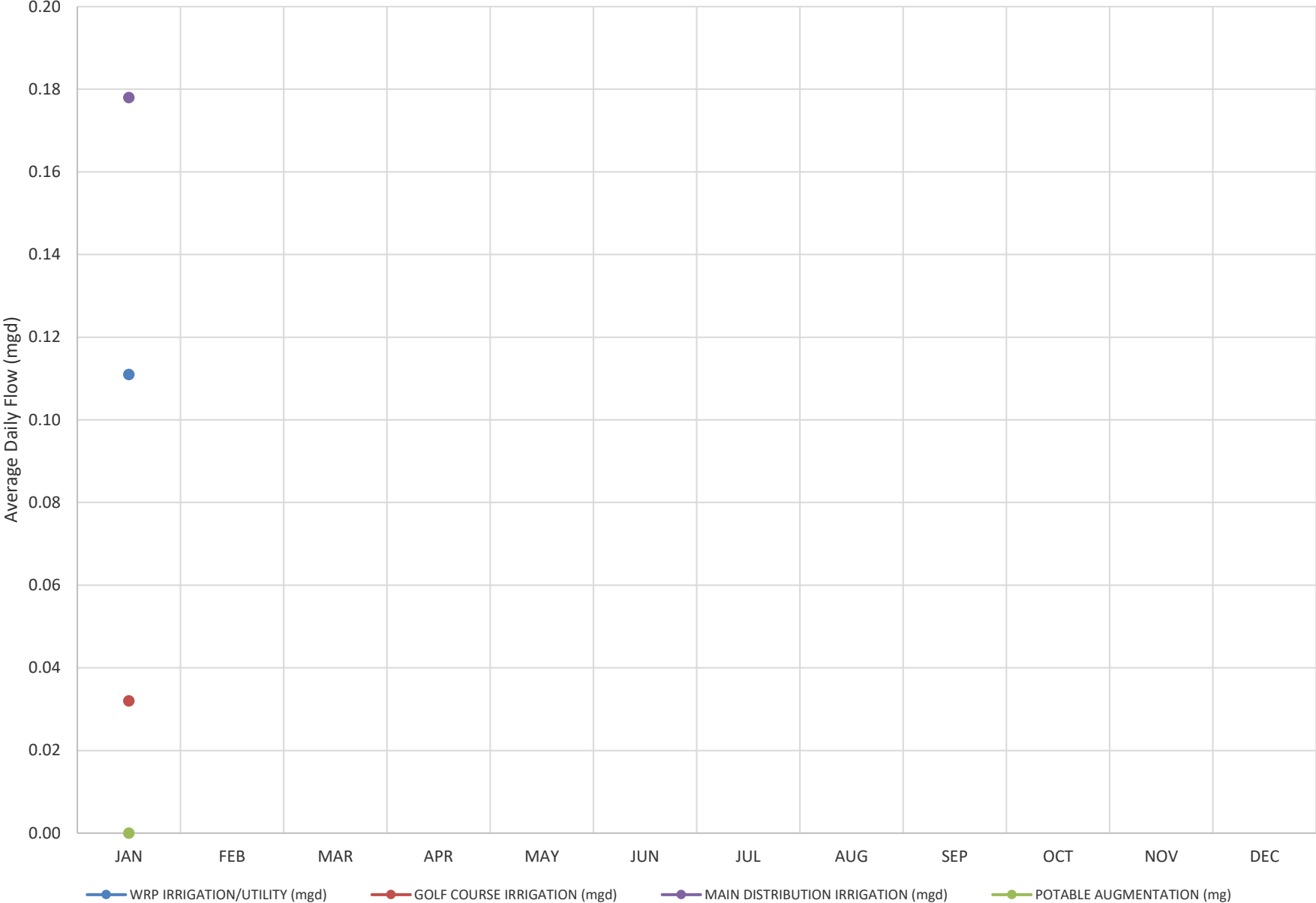
Training Topic	Duration/Hrs	Assigned Hrs	Completed Hrs.	Frequency	Modality	Participants
Safety Tailgate Meeting	0.5	0	0	Weekly	In Person	Field Staff
Fire Prevention	1	58	0	Annual	Online	All Staff
Fire Extinguisher	1	58	0	Annual	Online	All Staff
SPCC Training	1	41	0	Annual	Online	Field Staff
WVPP	1	58	0	Annual	In Person	Need to Schedule
Fit Testing	1	36	0	Annual	In Person	Need to Schedule
CPR	4	232	0	2 Years	In Person	Need to Schedule
		<b>Total- 483</b>	<b>Total- 0</b>			



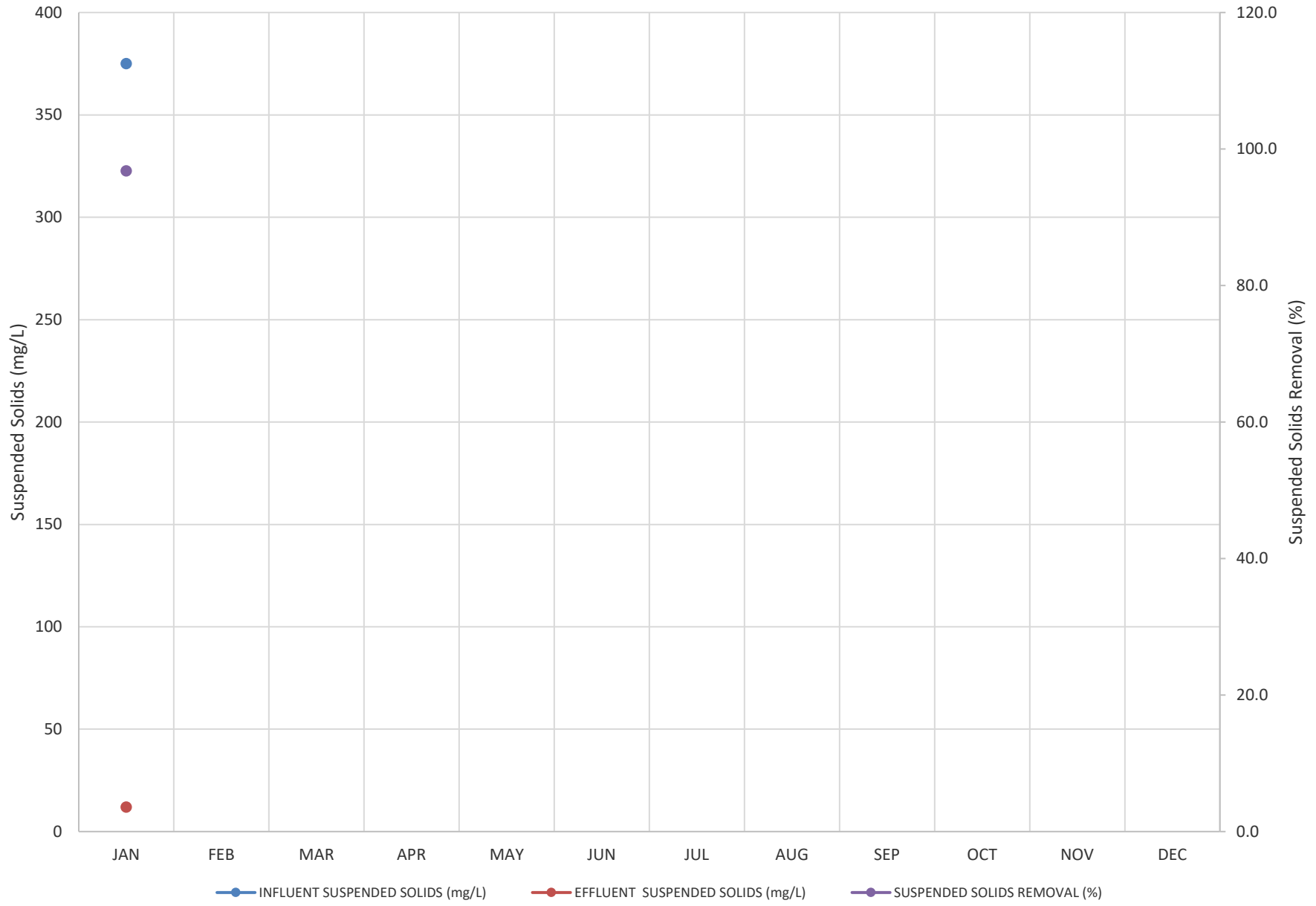
# WRP Flow Trends



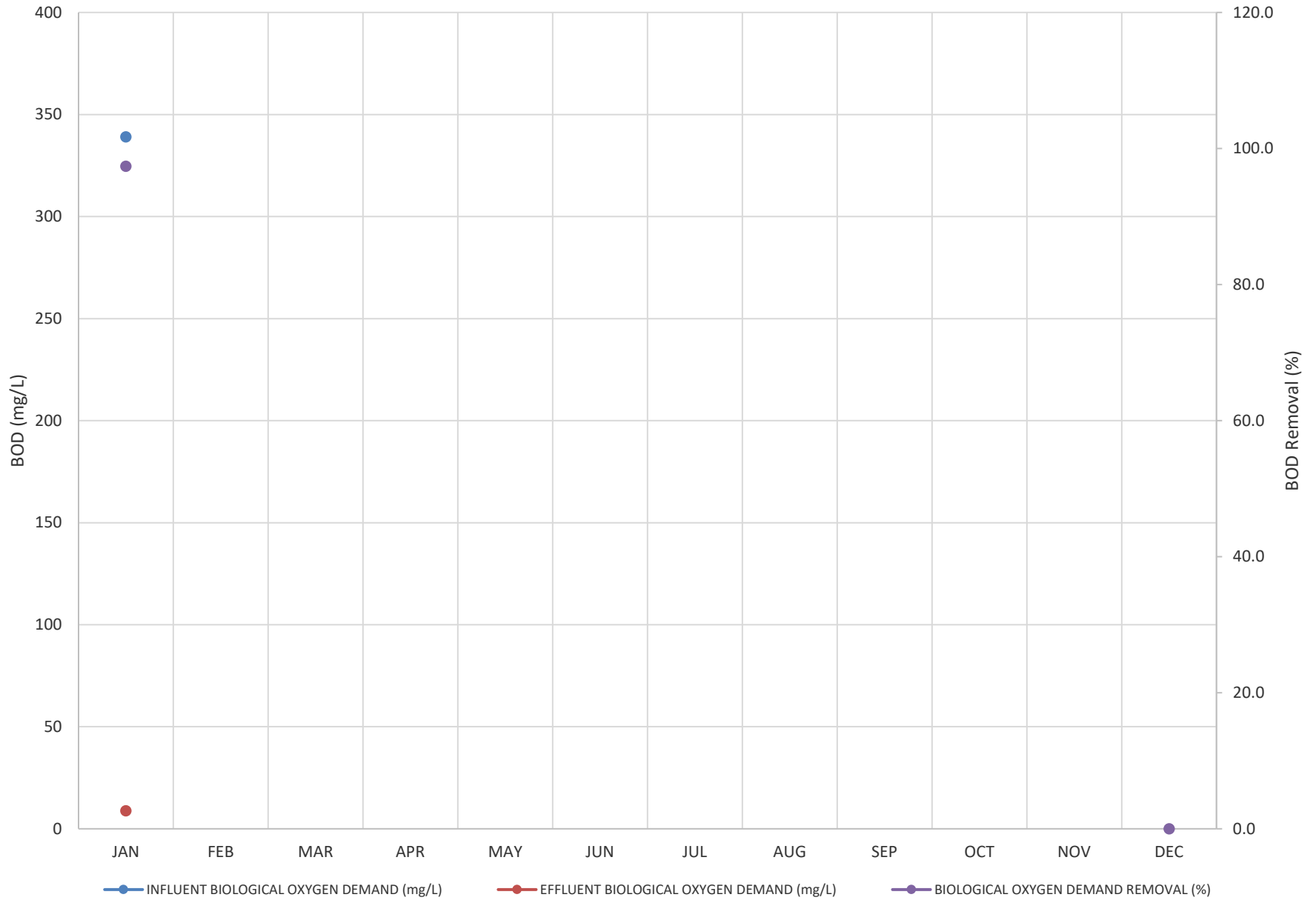
# Recycled Water Flow Trends



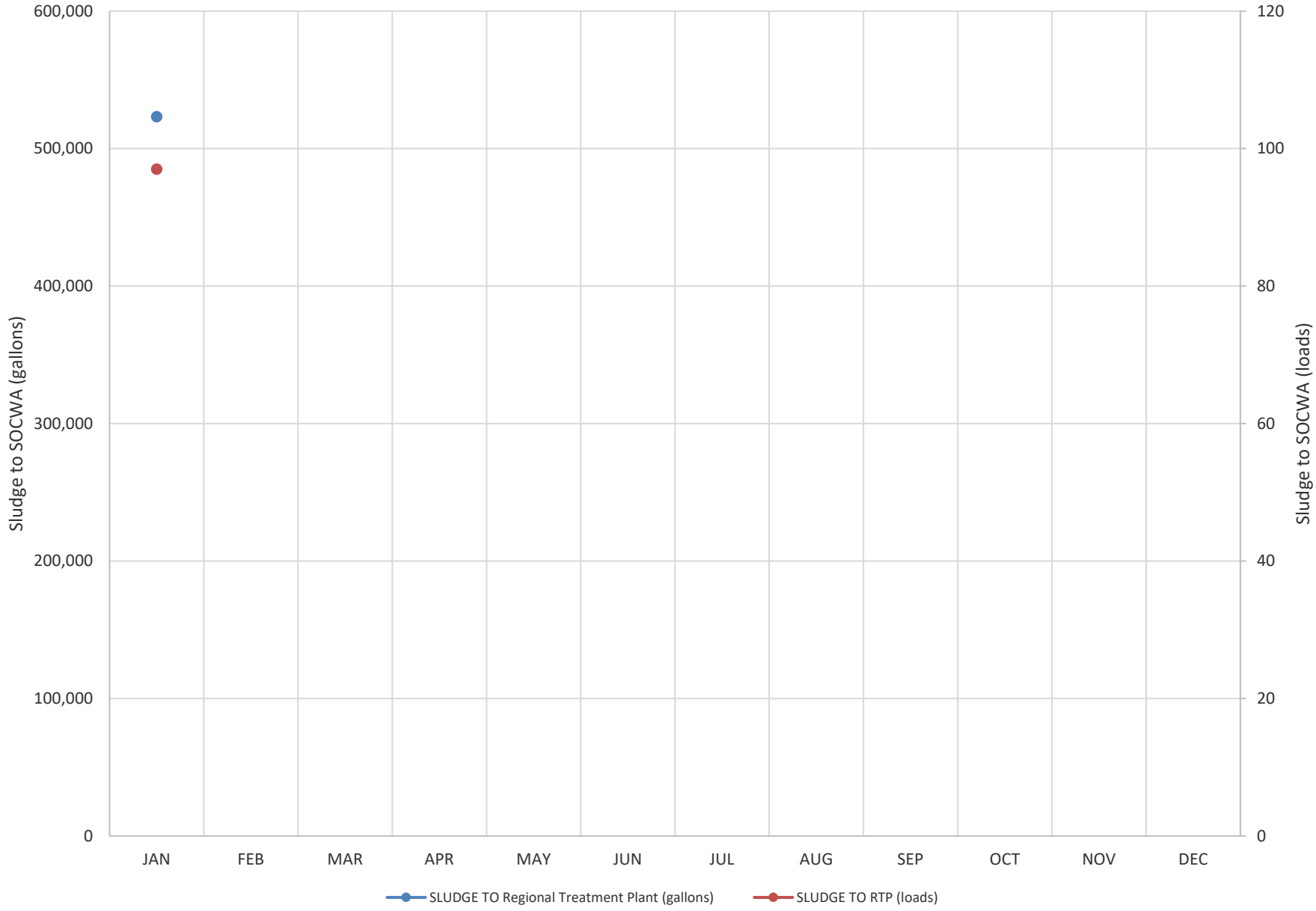
### Suspended Solids Trends



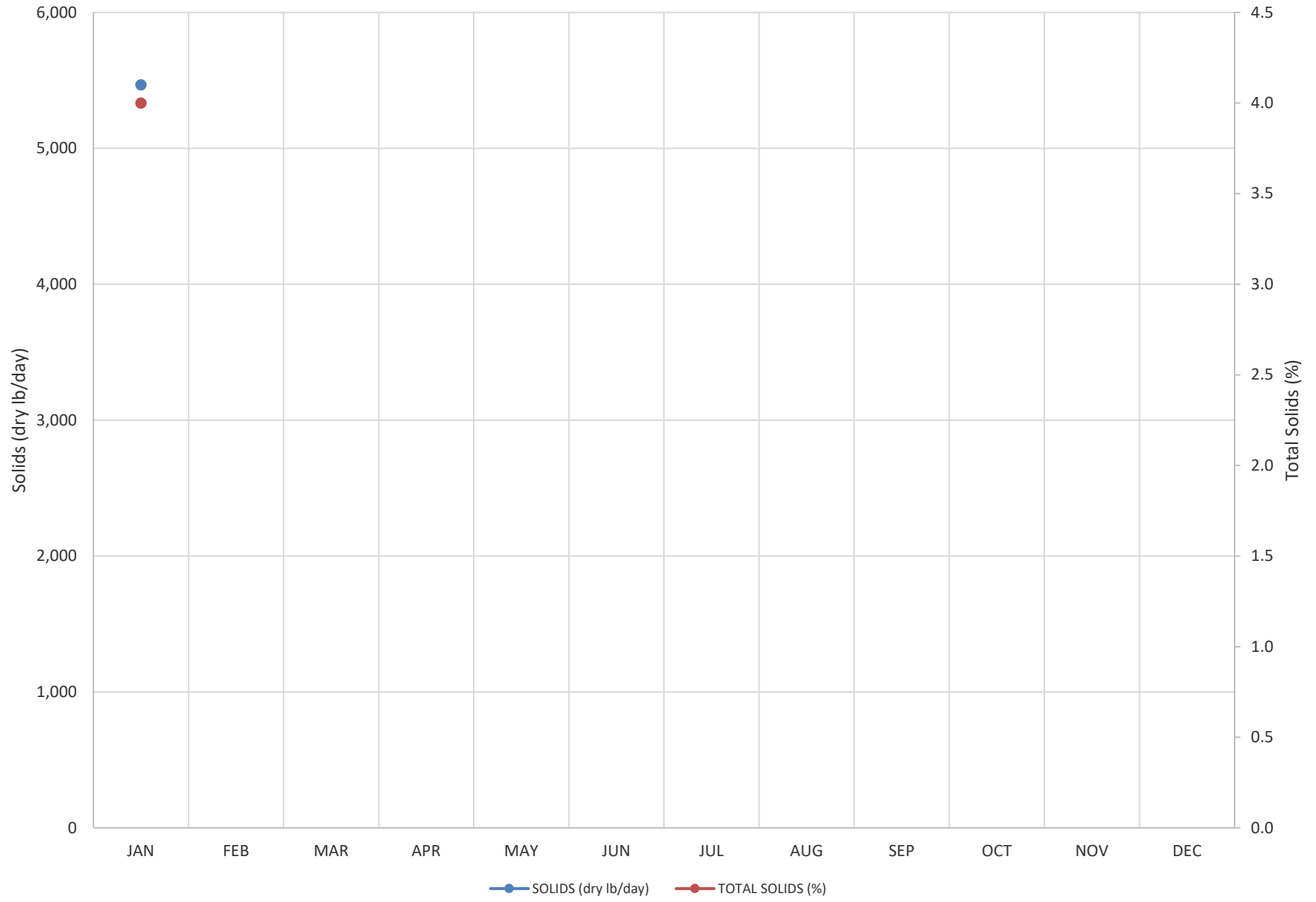
### Biological Oxygen Demand (BOD) Trends



### RTP Hauling Trends



# Solids Trends



# WRP BATTERY STORAGE SYSTEM

## MONTHLY REPORT

DECEMBER 2025 - JANUARY 2026



YEAR	BILLING PERIOD	BILL SAVINGS (\$)	BATTERY SAVINGS (\$)	NET SAVINGS (\$)	YEAR TOTAL (\$)
1	08/13/19 - 09/12/19	(917.75)		(2,507.75)	
	09/12/19 - 10/11/19	3,265.76		1,675.76	
	10/11/19 - 11/13/19	(483.66)		(2,073.66)	
	11/13/19 - 12/13/19	232.10		(1,357.90)	
	12/13/19 - 01/14/20	(2,223.61)		(3,813.61)	
	01/14/20 - 02/12/20	1,004.27		(585.73)	
	02/12/20 - 03/13/20	432.82		(1,157.18)	
	03/13/20 - 04/13/20	(2,953.81)		(4,543.81)	
	04/13/20 - 05/13/20	414.86		(1,175.14)	
	05/13/20 - 06/12/20	3,464.46		1,874.46	
	06/12/20 - 07/15/20	898.72		(691.28)	
	07/15/20 - 08/13/20	497.61		(1,092.39)	
	AMS PAYMENT				
			3,631.77	15,448.00	
2	08/13/20 - 09/14/20	1,727.18		137.18	
	09/14/20 - 10/14/20	1,142.91		(447.09)	
	10/14/20 - 11/13/20	993.16		(596.84)	
	11/13/20 - 12/15/21	1,814.40		224.40	
	12/15/20 - 01/14/21	252.77		(1,337.23)	
	01/14/21 - 02/12/21	2,598.74		1,008.74	
	02/12/21 - 03/16/21	2,545.66		955.66	
	03/16/21 - 04/14/21	442.16		(1,147.84)	
	04/14/21 - 05/13/21	4,658.68		3,068.68	
	05/13/21 - 06/14/21	5,828.63		4,238.63	
	06/14/21 - 07/14/21	7,090.27		5,500.27	
07/14/21 - 08/12/21	11,656.05	40,750.61	10,066.05	21,670.61	
3	08/12/21 - 09/13/21	3,251.24		1,661.24	
	09/13/21 - 10/13/22	4,854.74		3,264.74	
	10/13/21 - 11/12/21	1,835.55		245.55	
	11/12/21 - 12/14/21	1,953.12		363.12	
	12/14/21 - 01/13/22	(624.65)		(2,214.65)	
	01/13/22 - 02/11/22	40.42		(1,549.58)	
	02/11/22 - 03/15/22	647.37		(942.63)	
	03/15/22 - 04/13/22	2,556.61		966.61	
	04/13/22 - 05/13/22	92.84		(1,497.16)	
	05/13/22 - 06/14/22	8,377.93		6,787.93	
	06/14/22 - 07/14/22	20,486.96		18,896.96	
	07/14/22 - 08/12/22	6,915.19		5,325.19	
	Performance Bonus		50,387.32	(1,817.00)	29,490.32

# WRP BATTERY STORAGE SYSTEM

## MONTHLY REPORT

DECEMBER 2025 - JANUARY 2026



YEAR	BILLING PERIOD	BILL SAVINGS (\$)	BATTERY SAVINGS (\$)	NET SAVINGS (\$)	YEAR TOTAL (\$)
4	08/12/22 - 09/13/22	8,171.50		6,581.50	
	09/13/22 - 10/13/22	2,943.86		1,353.86	
	10/13/22 - 11/14/22	2,083.92		493.92	
	11/14/22 - 12/14/22	1,960.66		370.66	
	12/14/22 - 01/12/23	(3,571.97)		(5,161.97)	
	01/12/23 - 02/11/23	311.28		(1,278.72)	
	02/11/23 - 03/14/23	2,755.08		1,165.08	
	03/14/23 - 04/12/23	1,994.90		404.90	
	04/12/23 - 05/11/23	(558.88)		(2,148.88)	
	05/11/23 - 06/12/23	6,377.33		4,787.33	
	06/12/23 - 07/13/23	21,318.66		19,728.66	
	07/13/23 - 08/11/23	3,262.26		1,672.26	
	Performance Bonus			47,048.60	(148.00)
5	08/11/23 - 09/12/23	1,749.86		159.86	
	09/12/23 - 10/11/23	16,350.56		14,760.56	
	10/11/23 - 11/09/23	4,659.23		3,069.23	
	11/09/23 - 12/12/23	9,302.30		7,712.30	
	12/12/23 - 01/11/24	5,204.44		3,614.44	
	01/11/24 - 02/12/24	(828.52)		(2,418.52)	
	02/14/24 - 03/13/24	(2,433.90)		(4,023.90)	
	03/13/24 - 04/12/24	2,204.14		614.14	
	04/12/24 - 05/13/24	(37.79)		(1,627.79)	
	05/13/24 - 6/12/24	6,965.53		5,375.53	
	06/12/24 - 7/15/24	7,871.04		6,281.04	
	07/16/24 - 8/13/24	(308.78)		(1,898.78)	
Performance Bonus			50,698.11	(1,973.00)	29,645.11
6	8/13/24-9/12/24	5,410.44		3,820.44	
	9/12/24-10/11/24	8,270.47		6,680.47	
	10/11/24-11/12/24	3,470.89		1,880.89	
	11/12/24-12/11/24	2,864.46		1,274.46	
	12/11/24-01/11/25	5,471.53		3,881.53	
	01/11/25-02/11/25	3,099.11		1,509.11	
	02/11/25-03/13/25	513.45		(1,076.55)	
	03/13/25-04/11/25	3,793.31		2,203.31	
	04/11/25-05/13/25	7,880.66		6,290.66	
	05/13/25-06/12/25	(4,962.65)		(6,552.65)	
	STEM Credit	11,365.00		11,365.00	
	06/12/25-07/15/25	11,961.11		10,371.11	
	07/12/25-08/13/25	8,326.07		6,736.07	
Performance Bonus			67,463.85	0.00	48,383.85

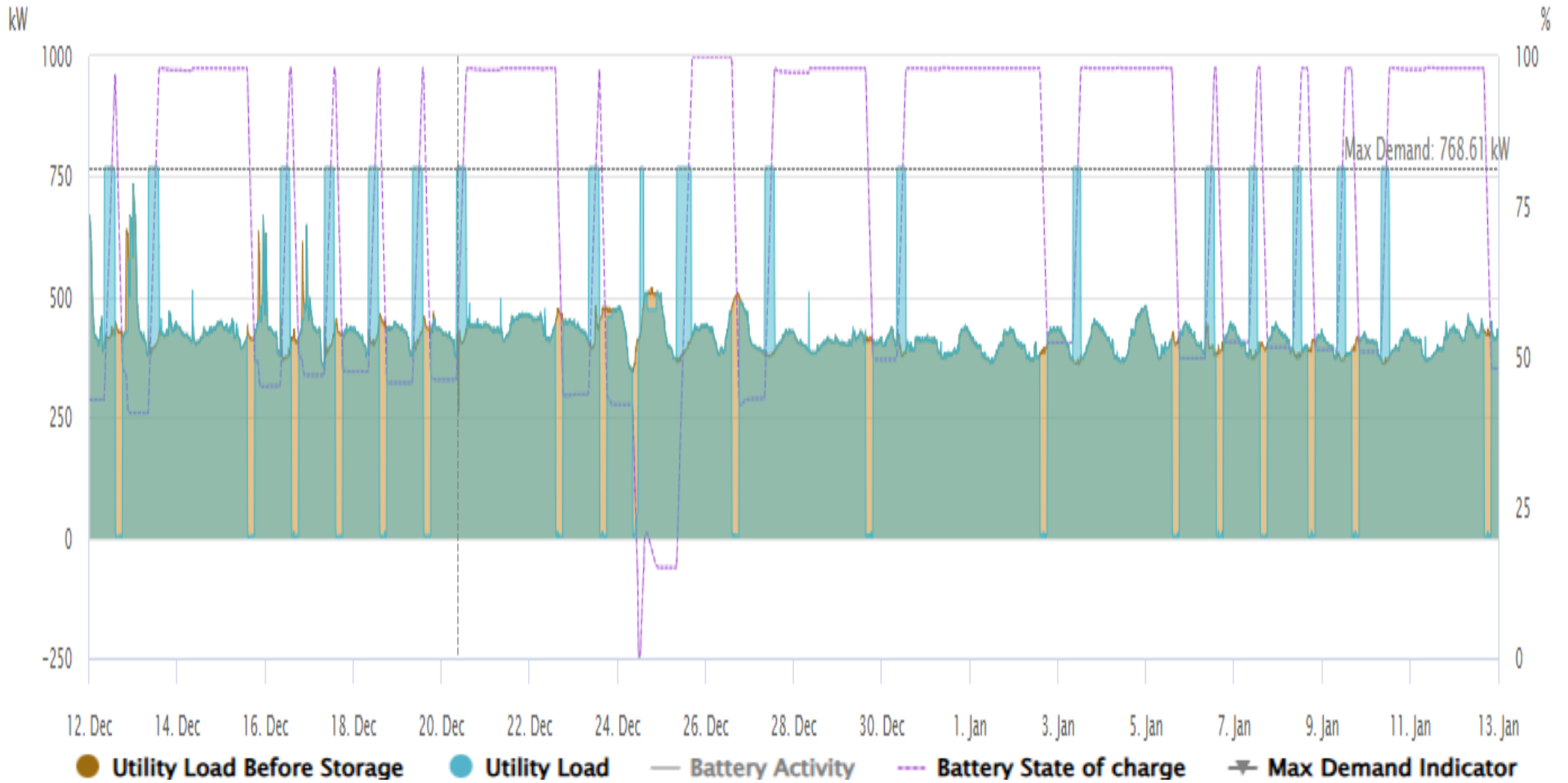
# WRP BATTERY STORAGE SYSTEM MONTHLY REPORT

DECEMBER 2025 - JANUARY 2026



YEAR	BILLING PERIOD	BILL SAVINGS (\$)	BATTERY SAVINGS (\$)	NET SAVINGS (\$)	YEAR TOTAL (\$)
7	08/13/25 - 09/12/25	10,886.89		9,296.89	
	09/12/25 - 10/13/25	10,365.71		8,775.71	
	10/13/25 - 11/12/25	7,260.24		5,670.24	
	11/11/25 - 12/12/25	1,722.67		132.67	
	12/12/25 - 01/13/26	755.78		(834.22)	
	<b>TOTAL</b>		<b>188,030.35</b>	<b>30,991.29</b>	
	<b>TOTAL</b>				<b>101,070.25</b>

# WRP BATTERY STORAGE SYSTEM MONTHLY REPORT 12/12/25 - 1/13/26



**Savings Report - 2026-01**

**Dec 12, 2025 - Jan 13, 2026**

SCE TOU 8 Option D (< 2kV)

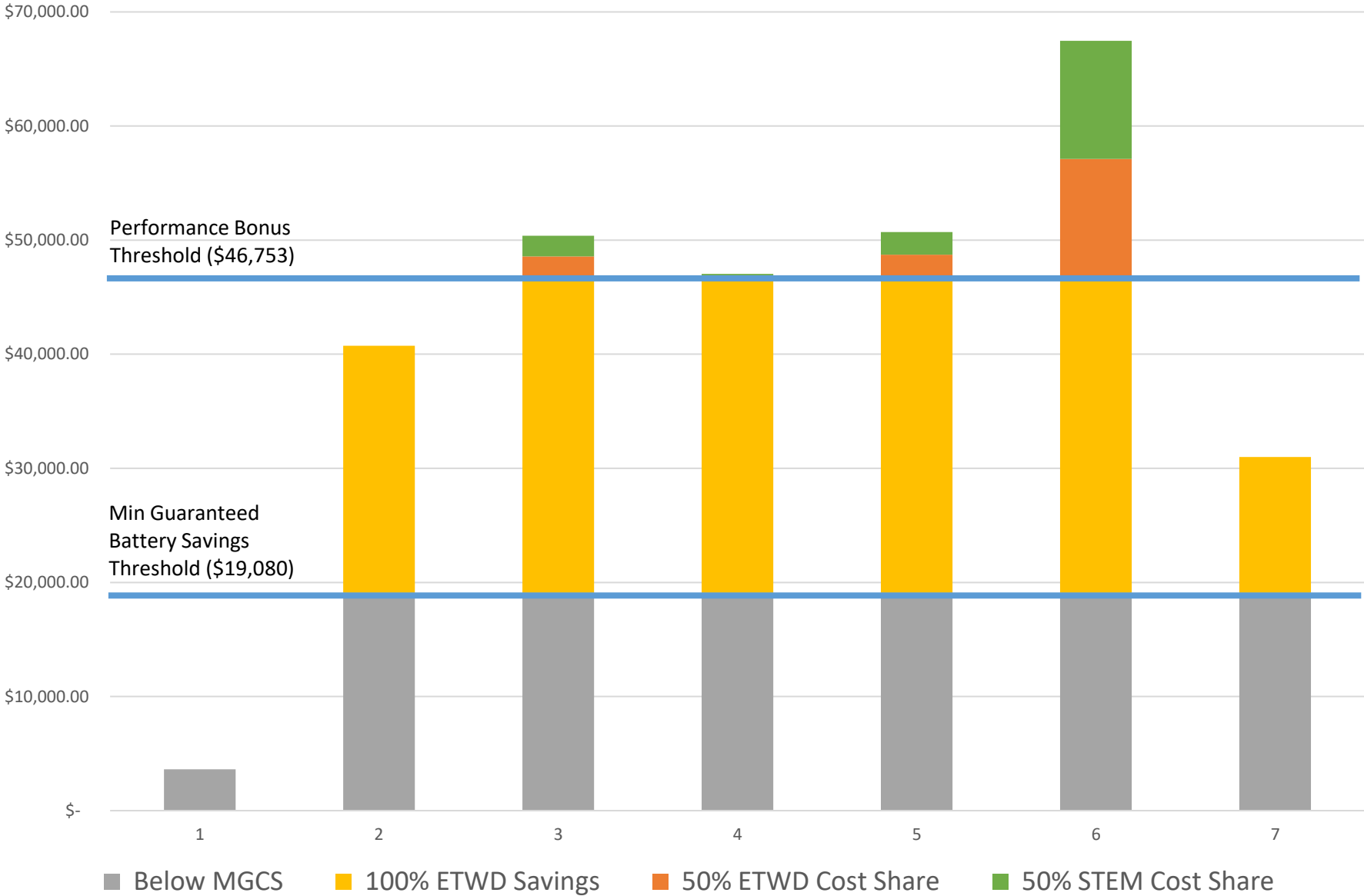
Demand Charges	Before Storage		After Storage		Savings	
	kWh	\$	kWh	\$	kWh	\$
Facilities Related - Distribution	735kWh	\$17,098.69	769kWh	\$17,884.70	(34)kWh	\$(786.01)
Facilities Related - Transmission	735kWh	\$4,032.41	769kWh	\$4,217.77	(34)kWh	\$(185.37)
Time Related - Distribution - Winter Mid-Peak	640kWh	\$2,554.11	490kWh	\$1,955.93	150kWh	\$598.18
Time Related - Utility Retained Generation - Winter Mid-Peak	640kWh	\$3,871.97	490kWh	\$2,965.14	150kWh	\$906.83
Sub-total		\$27,557.19		\$27,023.54		\$533.64

Energy Charges	Before Storage		After Storage		Savings	
	kWh	\$	kWh	\$	kWh	\$
Competition Transition Charge	321,567kWh	\$(95.74)	326,076kWh	\$(97.68)	(4,509)kWh	\$1.95
Competition Transition Charge (URG Component)	321,567kWh	\$95.74	326,076kWh	\$97.68	(4,509)kWh	\$(1.95)
Distribution - Winter Mid-Peak	69,071kWh	\$1,159.72	51,382kWh	\$866.58	17,689kWh	\$293.14
Distribution - Winter Off-Peak	149,499kWh	\$2,269.40	149,770kWh	\$2,273.50	(271)kWh	\$(4.10)
Distribution - Winter Super Off-Peak	102,997kWh	\$1,467.71	124,923kWh	\$1,781.10	(21,926)kWh	\$(313.39)
Energy Surcharge	321,567kWh	\$96.47	326,076kWh	\$97.82	(4,509)kWh	\$(1.35)
Fixed Recovery Charge	321,567kWh	\$658.92	326,076kWh	\$663.28	(4,509)kWh	\$(4.36)
New System Generation Charge	321,567kWh	\$1,956.20	326,076kWh	\$1,985.65	(4,509)kWh	\$(29.45)
Nuclear Decommissioning Charge	321,567kWh	\$1.44	326,076kWh	\$1.39	(4,509)kWh	\$0.06
Public Purpose Programs Charge	321,567kWh	\$8,331.23	326,076kWh	\$8,457.82	(4,509)kWh	\$(126.59)
PUC Reimbursement Fee	321,567kWh	\$280.55	326,076kWh	\$284.09	(4,509)kWh	\$(3.54)
Transmission	321,567kWh	\$71.10	326,076kWh	\$71.12	(4,509)kWh	\$(0.02)
Utility Retained Generation - Winter Mid-Peak	69,071kWh	\$5,367.64	51,382kWh	\$4,006.45	17,689kWh	\$1,361.19
Utility Retained Generation - Winter Off-Peak	149,499kWh	\$11,684.59	149,770kWh	\$11,705.72	(271)kWh	\$(21.13)
Utility Retained Generation - Winter Super-Off-Peak	102,997kWh	\$4,226.39	124,923kWh	\$5,127.86	(21,926)kWh	\$(901.46)
Wildfire Fund Non-Bypassable Charge	321,567kWh	\$1,908.67	326,076kWh	\$1,935.51	(4,509)kWh	\$(26.84)
Sub-total		\$39,480.02		\$39,257.89		\$222.13

Other Monthly Charges	Before Storage		After Storage		Savings	
		\$		\$		\$
Customer Charge		\$511.89		\$511.89		\$ -
Sub-total		\$511.89		\$511.89		\$ -

Total	Before Storage		After Storage		Savings	
		\$		\$		\$
		\$67,549.10		\$66,793.32		\$755.78

# TERM YEAR SAVINGS





## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: February 23, 2026**

**From: Hannah Ford, Director of Engineering**

**Subject: Water Distribution System Asset Management Plan**

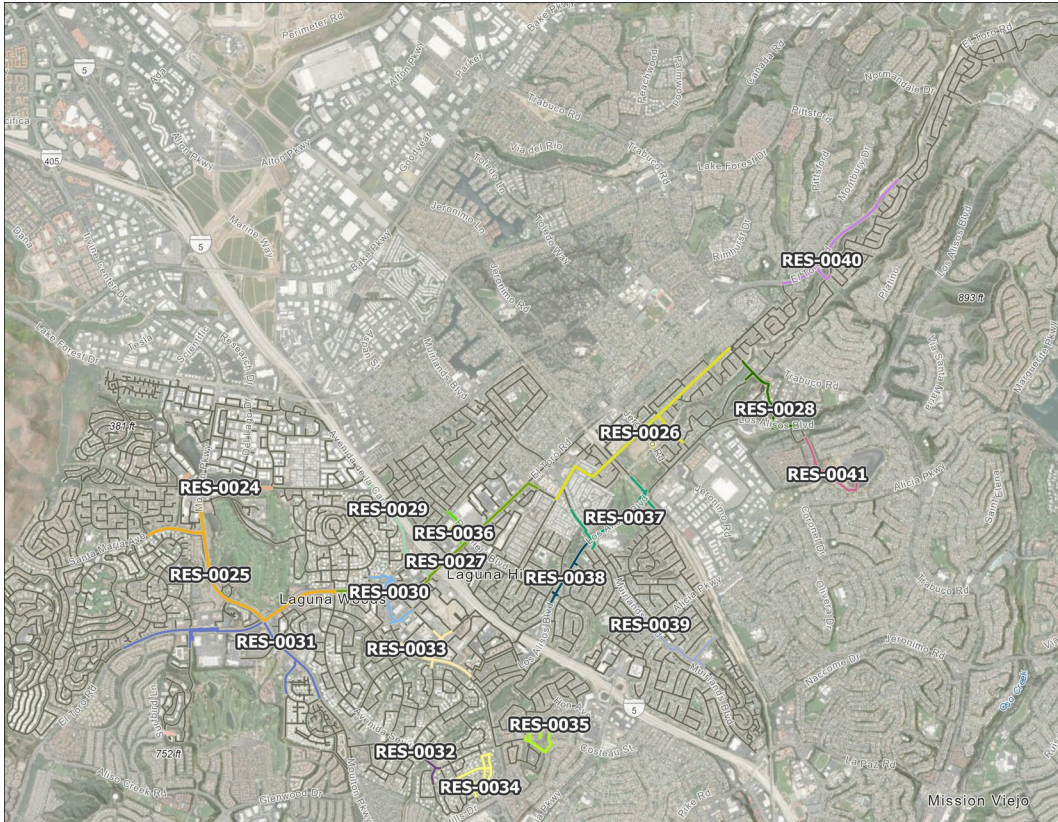
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District staff worked closely with the consultant, Hazen and Sawyer (Hazen), to complete the Water Distribution System Asset Management Plan (AMP). The AMP provides a comprehensive evaluation of the District's water distribution system pipelines and establishes a risk-based framework for prioritizing future rehabilitation and replacement projects.

Since 2018, the District has experienced a total of 21 mainline failures across approximately 170 miles of water distribution pipeline. This equates to an average of 1.8 failures per 100 miles of pipe per year, which is significantly lower than the national average of approximately 15 to 30 breaks per 100 miles of pipe per year. This performance reflects the quality of the District's water distribution system, which currently appears to be in good condition.

The AMP estimates the total replacement value of the District's water distribution mainlines at more than \$515 million. Based on the developed likelihood of failure (LOF) and consequence of failure (COF) criteria, the analysis identified 19 recommended capital improvement projects totaling approximately \$120 million, as shown in Figure 1. These projects would address roughly 10 percent of the total system length, primarily consisting of pipelines classified as high risk due to elevated LOF and/or COF scores.

While the AMP provides a defensible and data-driven prioritization framework, the total estimated capital cost of the recommended projects exceeds the District's current financial planning assumptions. Accordingly, staff are evaluating phased implementation strategies and enhanced operational mitigation measures. These include development of a more rigorous valve exercising program focused on critical system areas to improve isolation capability and reduce outage impacts, as well as implementation of a Standard Operating Procedure (SOP) requiring sampling of asbestos cement pipe (ACP) materials during mainline failures to better evaluate root causes and inform future replacement planning. The AMP framework allows the District to continuously refine risk scoring as additional condition assessment, break history, and operational data become available, ensuring future capital investments are strategically targeted and fiscally sustainable.



**Figure 1 – Water Distribution System Recommended CIP**

Staff will also provide a live demonstration of the Asset Management Digital Dashboard and Map Viewer, as shown in Figure 2 and Figure 3. The dashboard allows staff to visualize asset condition, installation year, and risk scoring alongside the results of the vertical asset management program. The map viewer allows staff to visualize the geographic distribution of prioritized assets. The tool supports real-time updates as additional condition assessment data and maintenance information become available.



Figure 2 – Water Distribution System AMP Dynamic Dashboard Tool Preview

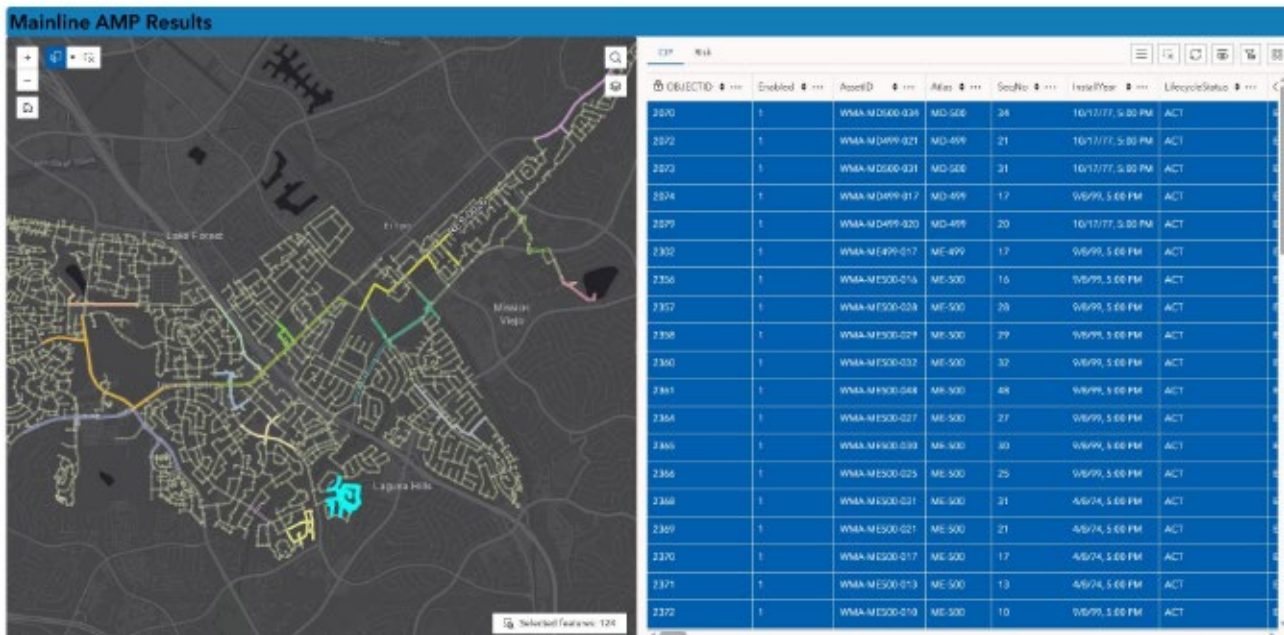


Figure 3 – Water Distribution System AMP Map Viewer Preview

The completion of the Linear Asset Management Plan represents a significant milestone in the District’s ongoing asset management program and advances the District’s commitment to proactive infrastructure management, system reliability, and long-term financial sustainability.



## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: February 23, 2026**

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

**Subject: Capital Project Status Report**

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### I. 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 and conducting regular progress meetings with District staff. District staff are coordinating with the Laguna Woods Golf Club to perform potholing activities near the Northline Lift Station. Filanc mobilized their field trailer to the site and is working with WRP staff to connect utilities. Filanc also plans to begin construction activities on yard piping modifications in late February.

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

Construction activities are now complete, as shown in Figure 1. District staff and the project contractor Hydro Tech Electric (HTE) restored the OOPS back to permanent power after programming the automatic transfer switch (ATS). HTE demobilized from the project site in late January.

Table 1 below summarizes project expenditures for the OOPS MCC and Valve Rehabilitation Project. Project costs remained well below budgeted costs in part by District staff performing the design and construction management in-house. WRP staff are scheduled to perform the surge tank valve replacements in Summer 2026.

**Table 1 – OOPS MCC and Valve Rehabilitation Project**

<b>Item</b>	<b>Cost</b>
MCC	\$32,078.10
ATS	\$20,333.60
Valve Replacement	\$8,760.08
Construction	\$51,700.00
<b>Total</b>	<b>\$104,111.70</b>
<b>Budget FY 24/25 and 25/26</b>	<b>\$191,000.00</b>
<b>Remainder</b>	<b>\$78,128.23</b>



**Figure 1 – New Automatic Transfer Switch and Switchgear Panels**

**III. R-6 Reservoir Southern Slope Repair Project**

The project contractor, MDB General Engineering, Inc (MDB), continues construction efforts. MDB completed slope restoration efforts and works toward completing the brow ditch and rip-rap construction portion, see Figures 2 and 3 below. MDB is scheduled to perform hydroseeding and begin the maintenance phase of the project by late February. Due to recent rain events, MDB’s project was delayed.

Table 2 summarizes the project cost as percent complete. MDB’s billings reflect work through January 2026. 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 2 – R-6 Reservoir Southern Slope Repair Project Schedule and Budget Status**

<b>Construction Contract</b>	<b>Total</b>	<b>Earned to Date</b>	<b>Percent Complete</b>
Budget	\$390,800	\$290,300	75%
Schedule	November 5, 2025 – July 2, 2026		35%



**Figure 2 – Slope Repair**



**Figure 3 – Slope Repair**

#### **IV. Aliso Creek Lift Station Improvement Project**

District staff conducted a 90 percent design submittal review workshop with Tetra Tech for the Aliso Creek Lift Station (ACLS) Improvements Project. District staff hired a surveyor in support of drafting temporary construction agreements to enter with GRF and United Mutual for the trail and lane closures necessary to enable the construction of this project.

#### **V. Freeway Electrical Equipment Replacement**

District staff issued Notice to Proceed to Baker Electric & Renewables, LLC (Baker) to complete the electrical equipment installation at the Freeway Lift Station. Due to discrepancies between the as builts and field dimensions, staff are investigating raising the existing canopy to accommodate the elevated height of the MCC. Staff are also investigating the conversion of lift station electrical power from over-head pole to underground with Southern California Edison. Construction is delayed until these issues are resolved.

**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	Moved to carryover for future reservoir rehabilitation												\$194,000		
	R-6 Reservoir Southern Slope Stabilization	E	E	A / B	A	C	C	C	C	C	C	C	C	\$500,000	\$218,822	
	Asset Management	E	E	E	A	E	E	E	BP	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	A	N	A	C	C	\$900,000		
	OOPS Battery Project	E	B	B	B	B	N	N	A	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/El 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	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	
														<b>Total</b>	<b>\$14,788,000</b>	<b>\$13,875,962</b>

**Key:**

<span style="background-color: #ADD8E6; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Water
<span style="background-color: #90EE90; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Wastewater
<span style="background-color: #9370DB; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Recycled Water
<span style="background-color: #FF8C00; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Split between All Departments
<span style="background-color: #FFFF00; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Board Involvement

**Abbreviations:**

A = Approve by Board	E = Engineering/Study	O = Order
B = Bid	ET = Evaluate	P = Permit
BP = Board Presentation	L = Legal	RFP = Request for Proposal
C = Construction	N = Negotiate	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 member of the ACWA.

LAI: 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
- EBSB – 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 1<sup>st</sup> of one calendar year to September 30<sup>th</sup> 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.