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,
ENGINEERING COMMITTEE MEETING

November 23, 2026
7:30 a.m.

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

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

Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, may attend the meeting in person at the District's office or may observe and address the Meeting by joining at this link: https://us02web.zoom.us/j/86308839428 (Meeting ID: 863 0883 9428).

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

CALL TO ORDER – President Freshley

PLEDGE OF ALLEGIANCE – Director Monin

ROLL CALL (Determination of a Quorum)

ORAL COMMUNICATIONS/PUBLIC COMMENTS

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

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

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

1. Consider Board Member's Request for Remote Participation (AB 2449)

FINANCE AND INSURANCE COMMITTEE MEETING

CALL MEETING TO ORDER – Director Monin

2. 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 October 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. 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.

4. **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)

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

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

FINANCIAL ACTION ITEMS

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

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

COMMENTS REGARDING NON-AGENDA FIC ITEMS

CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

ENGINEERING COMMITTEE MEETING

CALL MEETING TO ORDER – Director McClean

7. **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 October 19, 2026 Engineering Committee meeting. (Minutes Included).

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

ENGINEERING ACTION ITEMS

8. **Headworks and Secondary Clarifier No. 1 Rehabilitation Engineering Services during Construction Amendment** (Reference Material Included)

Staff will review and comment on the contract amendment Engineering Services During Construction for the Headworks and Secondary Clarifier No. 1 Rehabilitation Project.

Recommended Action: Staff recommend that the Board of Directors authorize the General Manager to amend the existing contract with Carollo Engineers, Inc. for Engineering Services During Construction for the Headworks and Secondary Clarifier No. 1 Rehabilitation Project in the amount of $121,073, increasing the contract value from $546,328 to $667,401. 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.

ENGINEERING INFORMATION ITEMS

9. **Amendment to Energy Management Services Agreement** (Reference Material Included)

Staff will review and comment on the ongoing agreement negotiations to extend the existing 10-year contract for the WRP Battery Energy Storage System.

10. **Recycled Water Project Opportunities** (Reference Material Included)

Staff will provide an update on potential recycled water expansion project opportunities.

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

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

12. **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.

13. **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

REGULAR SESSION

14. <u>Strategic Plan Status Report</u> (Reference Material Included)

Staff will review and comment on the Strategic Plan Status Report.

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) (4) to consult with legal counsel and staff - Potential Initiation of Litigation. (one matter)

2. Pursuant to Government Code Section 54956.8 to consult with the District's Designated Negotiator (Dennis P. Cafferty), regarding the price, terms & conditions pertaining to the District's proposed purchase of an easement from the Golden Rain Foundation of Laguna Woods. Said easement would be located on the Laguna Woods Golf Course and is in conjunction with the District's Project of relocating and repairing existing public service facilities (Effluent Transmission Main) therein.

3. Pursuant to Government Code Section 54957 (b)(1) to conduct the General Manager's annual performance evaluation.

REGULAR SESSION

REPORT ON CLOSED SESSION (Legal Counsel)

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

15. <u>General Manager Compensation</u>

Board Action: The District's Board of Directors will discuss and consider granting the District's General Manager a compensation increase in the amount and form as determined by the Board.

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.

<u>Request for Disability-Related Modifications or Accommodations</u>
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.

October 19, 2026

At approximately 8:55 a.m. Director Monin called the Finance and Insurance 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 (Zoom), SCOTT HOPKINS, Operations Superintendent, MIKE MIAZGA, Information Technology Manager (Zoom), SHERRI SEITZ, Public Affairs Manager, VU CHU, Water Resources Supervisor (Zoom), CAROL MOORE, City of Laguna Woods (Zoom), ROBERT MONTOYA, PFM Asset Management, DREW BALLARD, Foster & Foster (Zoom), RILEY GREENLEE, LSL LLP, and MARISOL MELENDEZ, Recording Secretary.

Consent Calendar

Director Monin asked for a Motion.

Motion: Director Havens made a motion, seconded by Director McClean 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

California Asset Management Program (CAMP)

Mr. Montoya reported that despite the increase in interest rates and market volatility, the District's portfolio performed well, primarily due to portfolio duration and maturities during the quarter. He noted that the economy continues to be supported by artificial intelligence and related investments, as well as continued consumer spending. Mr. Montoya reported that the two-year Treasury yield ended at 4.89%, and the five-year Treasury yield ended at 4.09%. He also reviewed the District's portfolio statistics, noting that the yield at cost was 4.11% and yield at market was 4.73%. Sector allocation remained relatively consistent with the previous quarter, and the portfolio maintained an AA credit quality rating. Director Monin inquired about a change in the principal related to the District's operating fund and if that amount can be quantified. Mr. Montoya will follow up with staff to provide that information.

Mr. Montoya left the meeting at approximately 9:17 a.m.

Other Post Employment Benefits (OPEB) Update

Mr. Sharma introduced Mr. Ballard of Foster and Foster who provided an updated actuarial analysis of the Other Post Employment Benefits (OPEB) liability associated with the District's Retiree Healthcare Plan.

Mr. Ballard stated that this report is for an interim valuation covering data through June 30, 2025 for the June 2026 reporting. He stated that the District's OPEB plan is currently operating under the pay-go method where the discount rate is tied to the 20-year municipal bond rate for future payments. The rate was updated from 3.9% to 5.2% as of the measurement date of 6/30/2025. No other updates to the model were made since it is the interim year.

Mr. Ballard left the meeting at approximately 9:25 a.m.

Comprehensive Financial Statement – Audit – Fiscal Year Ended June 30, 2026

Riley Greenlee of LSL, LLP reported that the District's financial statements for the year ending June 30, 2026, were audited in accordance with Generally Accepted Government Auditing Standards, Government Auditing Standards and the State Controller's Minimum Audit Standard for Special Districts. He explained that while management is responsible for preparing and fairly presenting the financial statements, the auditors' role is to provide an independent opinion on them.

Mr. Greenlee stated that sufficient evidence was obtained to support an unmodified auditor's opinion, representing the highest level of assurance. He added that a separate report on internal controls and compliance found no material weaknesses or instances of noncompliance.

President Freshley inquired about the number of employees employed by Laguna Woods Village/Golden Rain on page 247 of the material. Mr. Cafferty stated that staff will follow up to confirm that data.

Director Monin asked for a Motion.

Motion: Vice President Havens made a motion, seconded by Director McClean to receive and file the District's Comprehensive Financial Statements for the Fiscal Year ended June 30, 2026.

Roll Call Vote:

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

Mr. Greenlee left the meeting at approximately 9:33 a.m.

Fiscal Year 2025-26 Financial Reconciliation

Mr. Cafferty reported that staff performed a budget to actual reconciliation of the revenues and expenses for the water, sewer, and recycled water enterprises. The 2025-26 budget anticipated a surplus of $75,212 which was expected to bolster reserves. He added that the recycled water enterprise resulted in $1.21 million in surplus which is expected because the recycled O&M costs are less than recycled water revenue and during the year, money builds up in working capital. The surplus will be transferred to replenish the Tiered Conservation fund. Mr. Cafferty added that staff will present potential recycled water opportunities at Thursday's Board meeting.

Financial Statements and Report

Mr. Sharma reported that the District's total cash and investments as of September 30, 2026 totaled $25.1 million. The current ratio is 6.7, exceeding the target of 3.0, while the days of cash on hand was 253 days, also over the target of 180 days. The accounts receivable balance totaled $6,434,335 at month end, with an accounts receivable turnover ratio of 33 days. The accounts payable turnover ratio was 18 days, which is also within the target range. Mr. Cafferty added that the year-to-date increase of $221,520 in capital facilities fees is attributable to development projects nearing occupancy.

Financial Action Items

Financial Package – Authorization to Approve Payment of Bills for the Month Ending September 30, 2026

Director Monin asked for a Motion.

Motion: Director McClean made a motion, seconded by Director Gaskins to ratify and confirm payment of those bills as set forth in the Payment Summary for the month ending September 30, 2026.

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 on the health insurance rate increases. She stated that Anthem Blue Cross PPO increased by 12%, Anthem HMO increased by 12.5%, Kaiser increased by .06%, United Healthcare increased by 7%, and there were no changes to the Kaiser Senior Advantage, dental, or vision premiums.

Director Monin asked for a Motion.

Motion: Director Gaskins made a motion, seconded by Vice President Havens to receive and file the Quarterly Insurance Reports for the period from July 1, 2026 through September 30, 2026.

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

There were no comments.

Adjournment

There being no further business the Finance and Insurance Committee meeting was closed at approximately 9:53 a.m.

Attorney Report

Mr. Granito reported that there is a need for a Closed Session today in regards to Item #3 on today's Closed Session Agenda.

Closed Session

At approximately 9:54 a.m. everyone left the open session except the Board, General Counsel, and Ms. Cimorell.

Regular Session

At approximately 10:16 a.m., the meeting returned to Regular Session. Also, at this time, Mr. Cafferty and Ms. Melendez returned to the meeting.

Open Session Report

Mr. Granito reported that the Board went into Closed Session to discuss Item #3 on 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 approximately 10:20 a.m.

Respectfully submitted

MARISOL MELENDEZ
Recording Secretary

APPROVED:

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

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

Agenda Item No. 3

STAFF REPORT

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

From: Vishav Sharma, Chief Financial Officer

Subject: El Toro Water District retirement Plan (401 K Plan) report.

Background:
This report provides a comprehensive review of the District's 401K Plan as of September 30, 2026.

Keith Stribling, CFA from PFM Asset Management, will provide an update to the Board meeting and review the District's investment portfolio performance and current market and economic condition.

pfm asset management

El Toro Water District

Investment Performance Review
For the Quarter Ended September 30, 2026

Client Management Team

Keith Stribling, CFA, Client Portfolio Manager

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

1 California Street
Suite 1000
San Francisco, CA 94111

1735 Market Street
43rd Floor
Philadelphia, PA 19103

About PFM Asset Management*

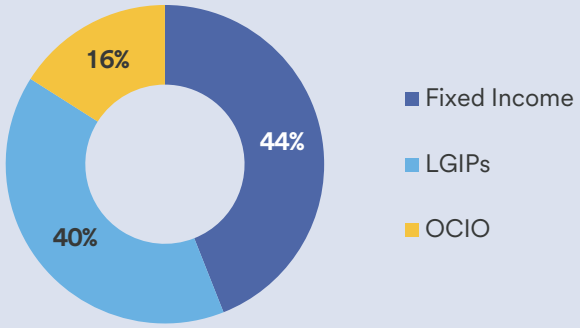
Our Investment Solutions

- **Outsourced Chief Investment Officer (OCIO):** Multi-asset class portfolios for institutional investors
- **Fixed Income:** High-quality, short- and intermediate-term portfolios for operating funds, reserves, working capital, self-insurance funds and bond proceeds
- **Local Government Investment Pools (LGIPs):** services for programs with options ranging from fully liquid cash management to a fixed-rate, fixed-term investment
- **Specialized Solutions:** Arbitrage rebate, escrow restructuring, bond proceeds investments, structured investments

40+ years *of* experience in the public sector**

$181.4b in public sector assets under management**

Assets by Investment Solution[1]



[1]Illustrates public sector assets under management by investment solution as of June 30, 2026. Total may not add up to 100% due to rounding.

**A division of U.S. Bancorp Asset Management, Inc.*
***As of June 30, 2026. Public sector includes government, pool, and TERM. Total assets under management for U.S. Bancorp Asset Management, Inc. were $445.4 billion.*

Financial Markets & Investment Strategy Review

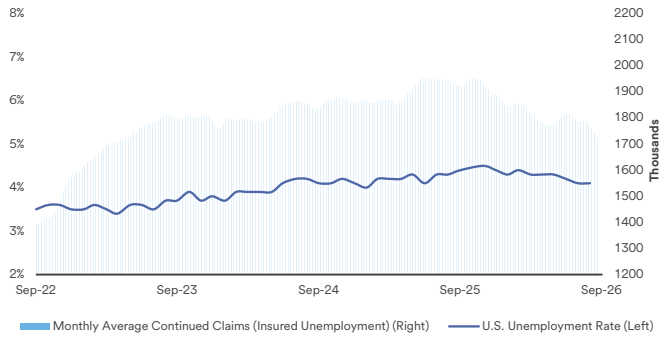
Index or Average Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
DOMESTIC EQUITY							
S&P 500	2.30%	12.75%	15.74%	22.89%	13.79%	16.17%	15.33%
Russell 3000	1.41%	12.42%	15.13%	22.26%	12.64%	15.55%	14.73%
Russell 1000 Growth	0.92%	6.30%	7.50%	24.26%	13.66%	18.71%	18.16%
Russell 1000	1.80%	12.30%	15.01%	22.48%	13.01%	15.85%	15.04%
Russell 1000 Value	2.61%	19.27%	23.81%	20.07%	11.92%	12.29%	11.43%
Russell Midcap Growth	-5.84%	1.01%	-2.73%	15.36%	4.92%	10.75%	11.86%
Russell Midcap	-3.00%	11.84%	12.02%	17.20%	8.04%	11.37%	11.17%
Russell Midcap Value	-1.98%	15.25%	16.89%	17.50%	9.26%	10.84%	9.93%
Russell 2000 Growth	-9.39%	10.71%	12.05%	17.55%	4.72%	9.94%	9.90%
Russell 2000	-7.23%	13.71%	16.20%	17.72%	6.34%	10.53%	9.84%
Russell 2000 Value	-4.91%	16.96%	20.77%	17.93%	7.80%	10.65%	9.40%
INTERNATIONAL EQUITY							
MSCI EAFE	0.81%	10.33%	15.69%	18.40%	9.32%	10.19%	9.07%
MSCI AC World	1.60%	13.03%	16.75%	21.73%	11.57%	13.55%	12.38%
MSCI AC World ex USA	0.48%	14.22%	20.00%	20.54%	9.55%	10.52%	9.25%
MSCI AC World ex USA Small Cap	2.08%	11.36%	14.66%	17.89%	6.74%	10.19%	8.49%
MSCI EM (Emerging Markets)	-0.37%	23.38%	29.22%	24.09%	8.94%	10.45%	9.09%
LISTED REAL ASSETS							
FTSE NAREIT All Equity REITs	-6.06%	7.93%	5.61%	10.97%	2.37%	3.81%	5.35%
FTSE Global Core Infrastructure 50/50	-6.65%	3.31%	4.13%	12.78%	6.23%	5.32%	6.63%
Bloomberg Commodity	16.19%	32.87%	40.64%	15.63%	11.27%	12.13%	7.85%
FIXED INCOME							
Bloomberg US Aggregate	-3.51%	-2.91%	-1.84%	4.06%	-0.64%	0.38%	1.14%
Bloomberg US Government/Credit	-3.32%	-2.85%	-1.98%	3.86%	-0.78%	0.38%	1.21%
Bloomberg US Intermediate Government/Credit	-1.88%	-1.49%	-0.31%	4.31%	0.83%	1.42%	1.71%
Bloomberg US Treasury (1-3 Y)	-0.17%	0.46%	1.61%	4.07%	1.85%	1.84%	1.75%
ICE BofA US High Yield	-1.81%	0.04%	1.39%	7.94%	3.56%	4.47%	4.95%
Bloomberg Global Aggregate	-2.46%	-2.67%	-2.43%	3.82%	-1.86%	-0.61%	0.05%
CASH EQUIVALENT							
Bloomberg 3 Month T-Bill	0.92%	2.70%	3.72%	4.55%	3.77%	2.85%	2.46%

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

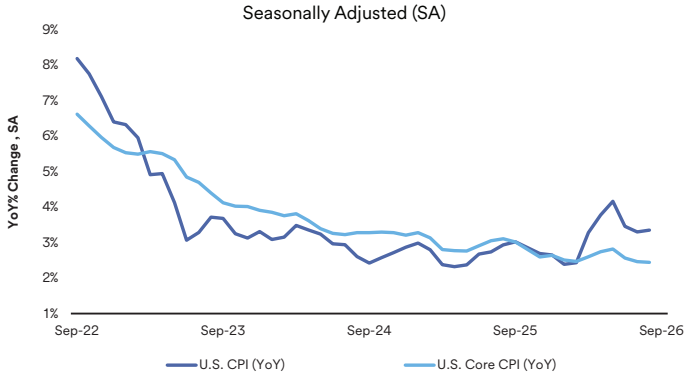
- U.S. real gross domestic product (GDP) remained resilient in the second quarter, expanding at a seasonally adjusted annualized rate of 2.2%. This growth was supported by consumer spending, which increased an annualized 3.8%, and business investment which rose 7.7%. AI-related investment and data center construction contributed to the strength in business spending. On the consumer side, gains in household wealth associated with strong equity returns helped offset softer real income growth.
- U.S. labor-market conditions remained stable but subdued in the third quarter. Hiring momentum slowed, with nonfarm payrolls marking an average monthly gain of 51,000 jobs over the three months. The unemployment rate ended the quarter at 4.2% as the labor-force participation rate ticked back up, with workers reentering the workforce. Average hourly earnings rose 3.0% year-over-year (YoY) in September, a slower pace that left real wage growth negative relative to headline CPI inflation.
- Inflation cooled from the third quarter, but progress toward the Federal Reserve's 2% objective remained slow and uneven. Headline Consumer Price Index (CPI) inflation rose 3.4% YoY in August, down from 3.5% at the end of the second quarter. Energy prices remained the primary driver, increasing 16.3%. Core CPI, which excludes food and energy, slowed to 2.4%, its lowest reading since March 2021.

U.S. Unemployment and Monthly Average Continued Claims



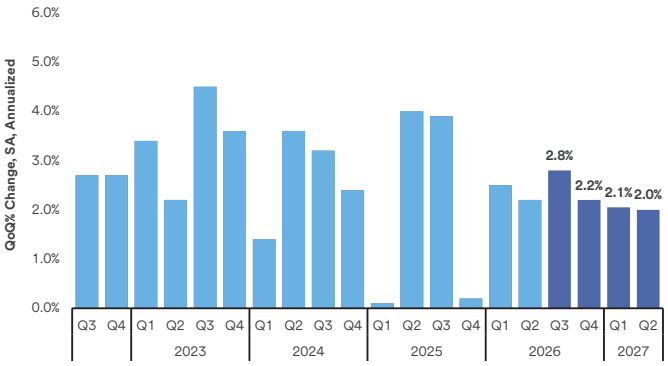
Source: FactSet.

U.S. Inflation Rate
Seasonally Adjusted (SA)



Source: FactSet.

U.S. GDP Growth

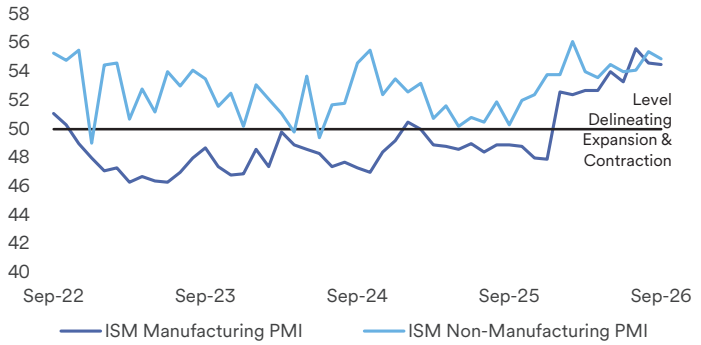


Source: FactSet. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.

WHAT WE'RE WATCHING

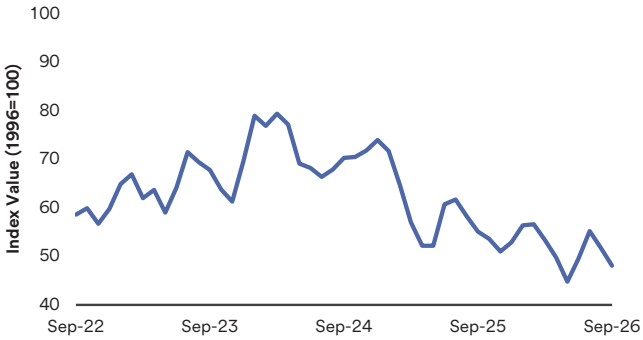
- A new global monetary-tightening cycle is emerging as major central banks raise policy rates to address inflation linked to the Iran war. The Federal Reserve (Fed) increased its target rate by 25 basis points (bps), its first hike since 2023. The European Central Bank and Bank of Japan also raised rates for the second time this year as the Middle East energy shock intensified price pressures. The Fed's latest "dot plot" indicates at least one additional increase in 2026.
- Consumer sentiment remains weak. The University of Michigan survey fell to a four-month low amid rising inflation concerns and a deteriorating economic outlook. Consumer spending picked up in August, but households drew on savings to do so, lowering the personal savings rate to 4.1%.
- Manufacturing and services activity moved further into expansion during the third quarter. The ISM U.S. Manufacturing and Non-Manufacturing PMI surveys reported readings of 54.5 and 54.9, respectively. Strong demand supported new orders and manufacturing employment, while price pressures rose across both manufacturing and services.
- While shipping risks in the Strait of Hormuz remain elevated due to the ongoing conflict, some of the supply pressures eased after repairs to a key Saudi pipeline that bypasses the strait. The G7 also agreed to release crude oil and fuel from emergency reserves, helping reduce near-term supply concerns and partially offset disruption risks across global energy markets in the months immediately ahead.

U.S. ISM Manufacturing & Services PMI



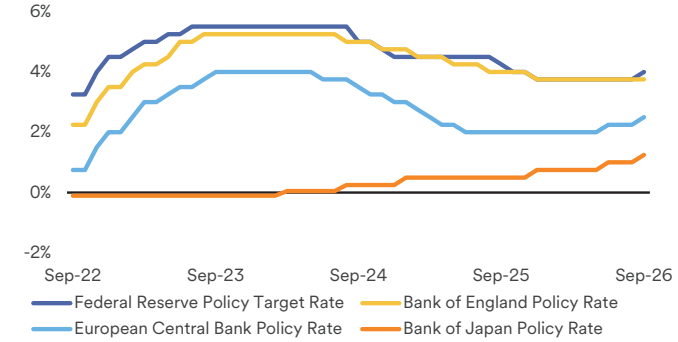
Source: FactSet.

University of Michigan Consumer Sentiment



Source: FactSet.

Global Central Bank Rates

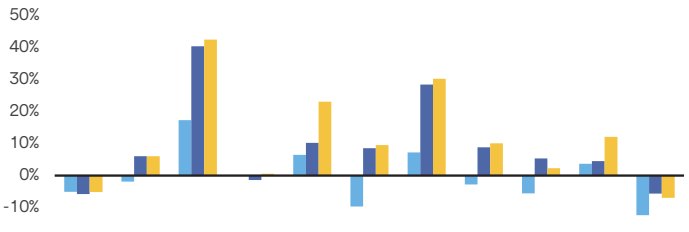


Source: FactSet.

DOMESTIC EQUITY

- Domestic equities posted modest gains in the third quarter of 2026. The S&P 500 Index returned 2.3% for the quarter and 12.7% year-to-date (YTD), while the Russell 3000 Index returned 1.4% for the quarter and 12.4% YTD as the largest companies continued to drive much of the market's return.
- Within the S&P 500, four of the 11 sectors posted positive returns. Energy led with a 17.2% gain as the continuing Middle East conflict constrained global oil supplies, driving crude oil prices back toward $100 per barrel. Information Technology followed with a 7.2% return, supported by continued enthusiasm for AI. Utilities was the weakest sector, declining 12.4% as bond yields rose, while Industrials fell 9.7% as persistent raw-material cost pressures eroded margins.
- Large-cap stocks outperformed mid- and small-cap stocks during the quarter. The Russell 1000 Index returned 1.8%, while the Russell Midcap Index declined 3.0% and the Russell 2000 Index fell 7.2%. Value stocks outperformed growth stocks across all capitalizations: large-cap value returned 2.6% versus 0.9% for growth; mid-cap value declined 2.0% versus a 5.8% decline for growth; and small-cap value declined 4.8% versus a 9.4% decline for growth.
- According to FactSet Earnings Insight as of October 2, 2026, analysts are projecting earnings growth of 29.5% YoY for the third quarter. All 11 sectors are projected to report growth, with five sectors projected to deliver double-digit growth, led by Energy, Information Technology, and Communication Services. Analysts also projected earnings growth of 27.6% for the fourth quarter and 32.4% for calendar year 2026.
- At quarter-end, small-cap valuations remained above their historical average, with the Russell 2000 Index's adjusted positive forward price-to-earnings ratio at 18.6. Large-cap stock valuations declined as earnings expectations strengthened, the S&P 500's adjusted positive forward price-to-earnings ratio declined to 22.1, dipping below its five-year average of 23.0.

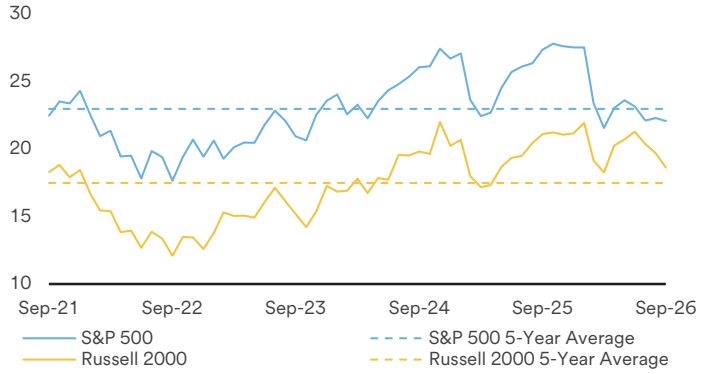
S&P 500 Index Performance by Sector
Periods Ended September 30, 2026



	Consumer Disc.	Consumer Staples	Energy	Financials	H'lthcare	Industrials	Info. Tech	Materials	Real Estate	Telecom	Utilities
QTD	-5.1%	-1.9%	17.2%	-0.1%	6.5%	-9.7%	7.2%	-2.8%	-5.6%	3.6%	-12.4%
YTD	-5.8%	6.0%	40.3%	-1.4%	10.2%	8.5%	28.4%	8.8%	5.3%	4.5%	-5.7%
1 Year	-5.2%	6.0%	42.4%	0.5%	23.0%	9.5%	30.2%	10.0%	2.3%	12.1%	-7.0%

Source: Bloomberg.

P/E Ratios of Major U.S. Stock Indices*

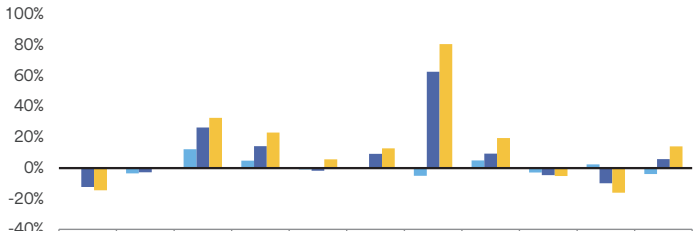


Source: Bloomberg.
**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.*

INTERNATIONAL EQUITY

- International equity markets produced mixed results in the third quarter. The MSCI AC World ex USA Index returned 0.5% for the quarter and 14.2% YTD. Developed ex-U.S. markets, represented by the MSCI EAFE Index, returned 0.8% for the quarter and 10.3% YTD. Emerging markets, represented by the MSCI Emerging Markets Index, declined 0.4% for the quarter but remained up 23.4% YTD.
- Developed market performance was supported by gains in Japan, which offset weaker returns in parts of Europe. Among the five largest-weighted countries in the MSCI EAFE Index, Japan returned 6.0% for the quarter while the United Kingdom rose 1.9% and Germany gained 0.7%. France and Switzerland both declined, with returns of -5.5% and -5.7%, respectively.
- Emerging market results diverged sharply by country. Among the five largest-weighted countries in the MSCI Emerging Markets Index, Brazil (+8.2%), Taiwan (+4.8%), and China (+3.7%) posted positive quarterly returns. Korea (-9.6%) and India (-5.6%) underperformed the broader index during the quarter; however, Korea remained a major contributor YTD, with a return of 97.7%.
- International sector performance was uneven, with four of the 11 sectors posting positive returns. As in the domestic market, Energy led with a 12.3% quarterly gain amid continuing supply constraints. Materials and Financials followed, returning 4.9% and 4.8%, respectively. Information Technology declined 5.1%, while Utilities and Consumer Staples fell 3.9% and 3.5%, respectively.
- International equity valuations declined during the third quarter. Developed market valuations remained above recent averages, while emerging market valuations were lower. The MSCI EAFE adjusted positive forward price-to-earnings ratio stood at 16.5, compared with its five-year average of 15.3. The MSCI Emerging Markets adjusted positive forward price-to-earnings ratio was 11.4. For the MSCI ACWI ex US index analysts are currently projecting YoY earnings growth of 32.6% for calendar year 2026.

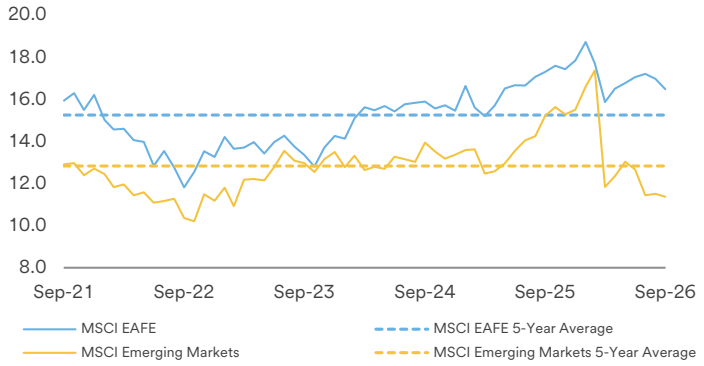
MSCI ACWI ex-U.S. Sectors
Periods Ended September 30, 2026



	Consumer Disc.	Consumer Staples	Energy	Financials	Healthcare	Industrials	Info Tech	Materials	Real Estate	Telecom	Utilities
QTD	-0.3%	-3.5%	12.3%	4.8%	-0.9%	-0.6%	-5.1%	4.9%	-2.9%	2.4%	-3.9%
YTD	-12.3%	-2.7%	26.5%	14.4%	-1.7%	9.3%	62.8%	9.4%	-4.6%	-9.8%	5.8%
1 Year	-14.5%	0.1%	32.7%	23.2%	5.7%	12.9%	80.8%	19.6%	-5.1%	-16.0%	14.2%

Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*

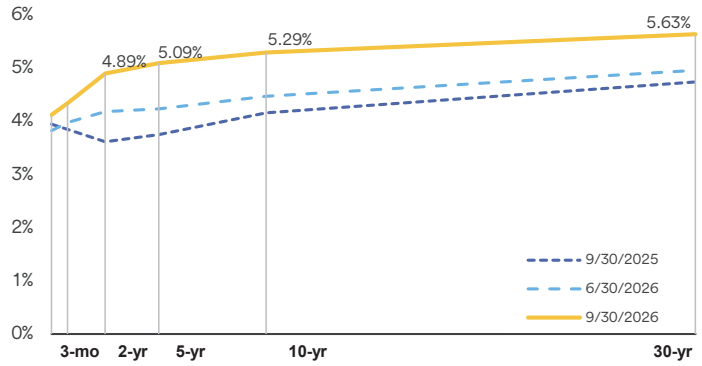


Source: Bloomberg.
**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.*

FIXED INCOME

- The U.S. bond market, as represented by the Bloomberg U.S. Aggregate Index, declined 3.5% in the third quarter of 2026 and 2.9% YTD. The U.S. Treasury Master Index returned -3.0%, while shorter-duration sectors held up better: the ICE BofA 1–5 Year Treasury and Agency Indices both returned -0.8% during the quarter. Bond market volatility increased, reaching its highest level since the onset of the conflict in the Middle East.
- Treasury yields moved sharply higher late in the quarter as the Fed raised its policy rate for the first time in more than three years and financial markets factored in the possibility of at least one more increase in 2026. The 2-year yield increased 71 bps to 4.9%, the 5-year yield rose 86 bps to 5.1%, and the 10-year yield increased 82 bps to 5.3%, the highest rate in nearly 20 years. The 30-year yield rose 68 bps to 5.6%. The higher-rate environment weighed on broad fixed income returns.
- Credit markets generated negative returns during the quarter. The Bloomberg U.S. Corporate Investment Grade Index declined 3.8%, while the ICE BofA U.S. High Yield Index fell 1.8%. Credit spreads widened as rising yields and Treasury-rate volatility contributed to a deteriorating risk sentiment. Investment-grade (IG) credit spreads widened to 80 bps from 74 bps at the end of June, while high-yield spreads widened to 311 bps from 270 bps. Both remain well below their long-term averages.

U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments
Periods Ended September 30, 2026



	Blmbg U.S. Aggregate	Blmbg U.S. Treasury	Blmbg U.S. MBS	Blmbg U.S. Corporate	ICE BofA U.S. HY
QTD	-3.5%	-3.0%	-4.3%	-3.9%	-1.8%
YTD	-2.9%	-2.8%	-3.3%	-3.1%	0.0%
1 Year	-1.8%	-1.9%	-1.7%	-2.3%	1.4%

Source: Bloomberg.

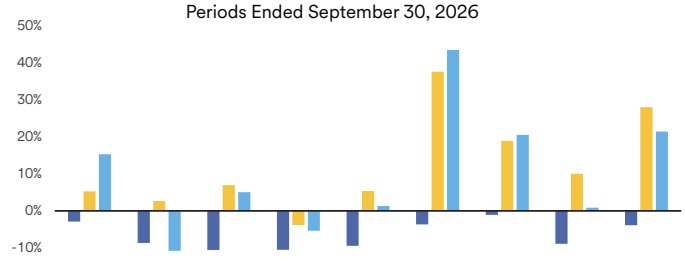
LISTED REAL ASSETS

- Real estate investment trusts (REITs), as measured by the FTSE NAREIT All Equity REITs Index, declined 6.1% for the quarter but remained up 7.9% YTD. All sectors posted negative returns. Industrial and Health Care were the strongest subsectors, declining 2.9% and 1.1%, respectively, while Retail and Residential were the weakest, each falling approximately 10.5%.
- Listed infrastructure also declined during the quarter as slower growth and higher interest rates pressured returns. The FTSE Global Core Infrastructure 50/50 Index returned -6.6% for the quarter but remained positive YTD, with a 3.3% gain.

ALTERNATIVES

- Within private real assets, private real estate, as measured by the NCREIF Property Index, gained 1.2% in the first quarter of 2026. Income drove most of the return, while the capital return (price change less capital expenditures) was nearly flat. Seven of the eight property sectors produced positive total returns. Senior housing continued to lead with a 3.9% return, while hotels turned negative, declining 1.5%.
- According to PitchBook, private infrastructure funds returned -1.0% in the first quarter of 2026. Private infrastructure continued to see a more sedate pace of fundraising in Q2 2026, raising $16.0 billion. Renewable and low-carbon energy infrastructure was the most common investment focus among funds closed during the quarter, followed closely by conventional energy infrastructure.
- Private debt, as measured by the Cliffwater Direct Lending Index, returned 1.1% in the first quarter of 2026 despite AI-related headwinds. Income remained the primary contributor, generating a 2.3% return. Realized losses remained substantially below their long-term historical average, while unrealized losses were unusually high at -1.1%, which may indicate that the recent period of low realized credit losses could reverse.
- Private equity funds, as measured by the Cambridge Associates U.S. Private Equity Index, returned -1.1% in the first quarter of 2026. Global private equity fundraising rebounded in the second quarter, with $165.3 billion in fund closings following a multiyear slowdown. During the first half of the year, 82% of capital raised was concentrated in funds larger than $1 billion.

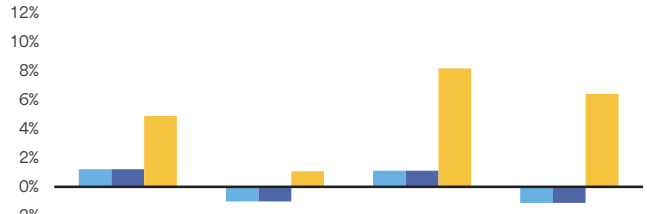
Listed Real Estate Returns by Sector
Periods Ended September 30, 2026



	Industrial	Office	Retail	Residential	Diversified	Lodging/ Resorts	Health Care	Self-Storage	Data Centers
QTD	-2.9%	-8.7%	-10.5%	-10.5%	-9.4%	-3.6%	-1.1%	-8.9%	-3.9%
YTD	5.3%	2.7%	6.9%	-3.8%	5.4%	37.6%	18.9%	10.0%	28.0%
1 Year	15.3%	-10.8%	5.1%	-5.4%	1.3%	43.4%	20.5%	0.8%	21.4%

Source: Bloomberg.

Returns for Private Capital Assets
Periods Ended March 31, 2026*



	Private Real Estate	Infrastructure	Private Debt	Private Equity
QTD	1.2%	-1.0%	1.1%	-1.1%
YTD	1.2%	-1.0%	1.1%	-1.1%
1 Year	4.9%	1.1%	8.2%	6.4%

Source: NCREIF, PitchBook, Cliffwater, Cambridge Associates.
**The most recent period for which all performance data is available.*

Factors to Consider Over the Next 6-12 Months

Monetary Policy (Global):



- The Fed raised rates by 25 bps in September, its first increase since July 2023.
- The "dot plot" showed one additional hike in 2026 with risks skewed towards more increases in 2027.
- Global monetary policy became more synchronized, with the Fed, ECB, and Bank of Japan raising rates in September.

Economic Growth (Global):



- Global growth remained uneven as elevated price pressures, higher borrowing costs, and geopolitical uncertainty continued to weigh on activity.
- U.S. economic activity remained resilient, supported by consumer spending and increased business investments.
- Near-trend growth remains our base case.

Inflation (U.S.):



- Core inflation remained sticky, with limited improvement across underlying measures and continued pressure across core goods and services.
- Oil-price volatility increased uncertainty around headline inflation.
- Risks remain to the upside, while a gradual return toward the Fed's target remains our base case.

Financial Conditions (U.S.):



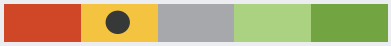
- Financial conditions tightened as Treasury yields and interest-rate volatility increased, although corporate fundamentals and investor demand remained supportive.
- Risks remain balanced, with strong capital markets offset by heavy Treasury supply, expanding fiscal deficits, and rising term premia.

Consumer Spending (U.S.):



- Consumer spending remained resilient given steady employment conditions and wealth gains.
- Slower job creation and moderating wage and income growth may weigh on household purchasing power.
- Risks remain skewed to the downside, although continued spending growth remains our base case.

Labor Markets (U.S.):



- Labor-market conditions remained broadly balanced, although hiring momentum continued to slow across several sectors.
- Moderating wage growth warrants attention.
- Risks remain skewed toward gradual softening and additional slack, although a material rise in unemployment is not our base case.

Corporate Fundamentals:



- Earnings growth expectations continued to improve across global equities with double-digit growth expected across U.S. and international equity benchmarks, providing a tailwind to equities.
- In the U.S., AI related capex spend, M&A activity, strong buyback activity and high profit margins are positives.

Valuations:



- Valuations across U.S. equities and credit markets reflect resilient growth, strong earnings growth and profit margins.
- Equity market valuations look attractive relative to history due to a strong earnings growth backdrop.
- Recent spread widening makes credit attractive.

Political/Policy Risks:

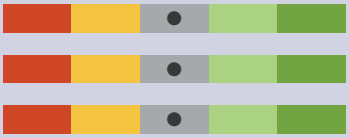
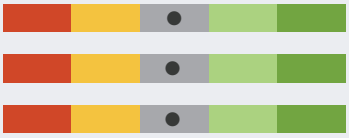
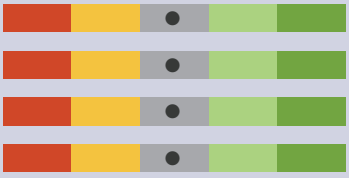
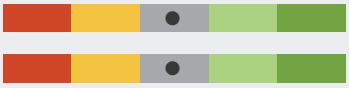


- Conflict with Iran and the ongoing geopolitical uncertainty remain center stage with implications for global interest rate and inflation outlook.
- Ongoing fiscal challenges in France amid rising global bond yields along with upcoming midterm elections in the U.S. also warrant attention.



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 (September 30, 2026) 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 Q4 2026 Investment Outlook	Comments
U.S. Equities		• U.S. equities remained resilient through the quarter despite renewed U.S.-Iran tensions and rising Treasury yields, supported by strong earnings in energy and AI-related companies. • Concentrated returns within AI-related names and a near-zero equity risk premium warrant caution. • Small caps benefited from market broadening and improving earnings but retreated from August highs as long-term rates rose.
Large-Caps		
Small-Caps		
Non-U.S. Equities		• Non-U.S. valuations remain attractive relative to U.S. equities, especially in emerging markets. Higher oil prices, central-bank tightening, and geopolitical and fiscal uncertainty are headwinds. • Developed-market earnings remain positive, while worsening fiscal outlook in Europe is a negative. • Emerging-market earnings and margins continue to improve but concentrated semiconductor exposure supports neutral stance.
Developed Markets		
Emerging Markets		
Fixed Income		• Long-term Treasury yields rose through the quarter end as energy-related inflation concerns and higher rate-hike expectations weighed at both short and long ends of the yield curve. Uncertainty around the Fed path supports a neutral duration stance. • Absolute yields are attractive across credit sectors, especially after the recent run-up in yields through September. • Even with some widening, investment-grade and high-yield spreads are near historical lows; returns are expected to be driven primarily by carry.
Core Bonds		
Investment Grade Credit		
High Yield Credit		
Listed Real Assets		• Listed real estate remained sensitive to rising real yields: solid year-to-date results were offset by weaker recent performance. Attractive income and data-center demand provide support. • Listed infrastructure lagged as utilities pulled back, but valuations and long-term power demand remain constructive. • We maintain neutral allocations while monitoring rates and data-center development constraints.
Listed Real Estate		
Listed Global Infrastructure		

● **Current outlook** ○ **Outlook one quarter ago**

Negative | **Slightly Negative** | **Neutral** | **Slightly Positive** | **Positive**

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 (September 30, 2026) and are subject to change.

SOURCES

FactSet

Bloomberg

NCREIF

PitchBook

Cliffwater

Cambridge Associates

U.S. Bureau of Economic Analysis (BEA)

University of Michigan

DISCLOSURES

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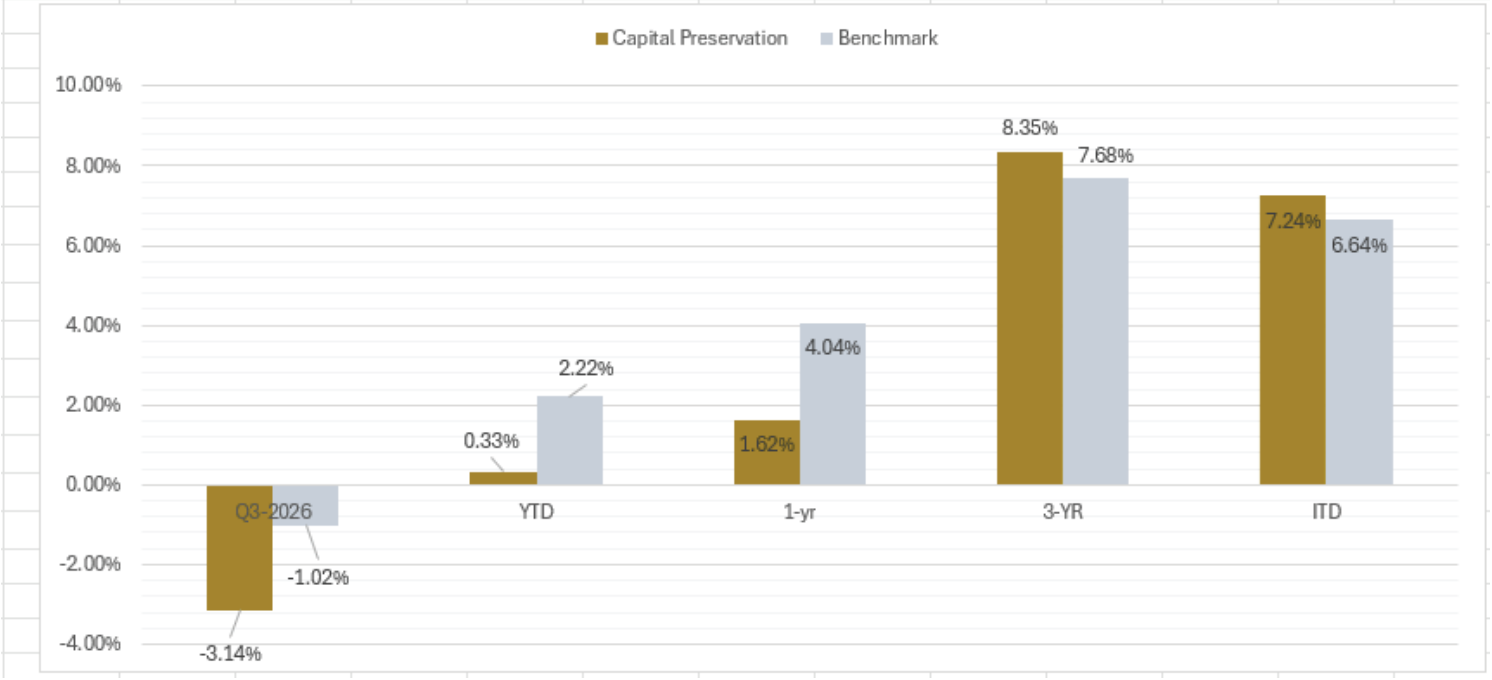
Plan Performance Summary

INVESTMENT RETURNS - CAPITAL PRESERVATION

El Toro Water District - 401(k) Plan

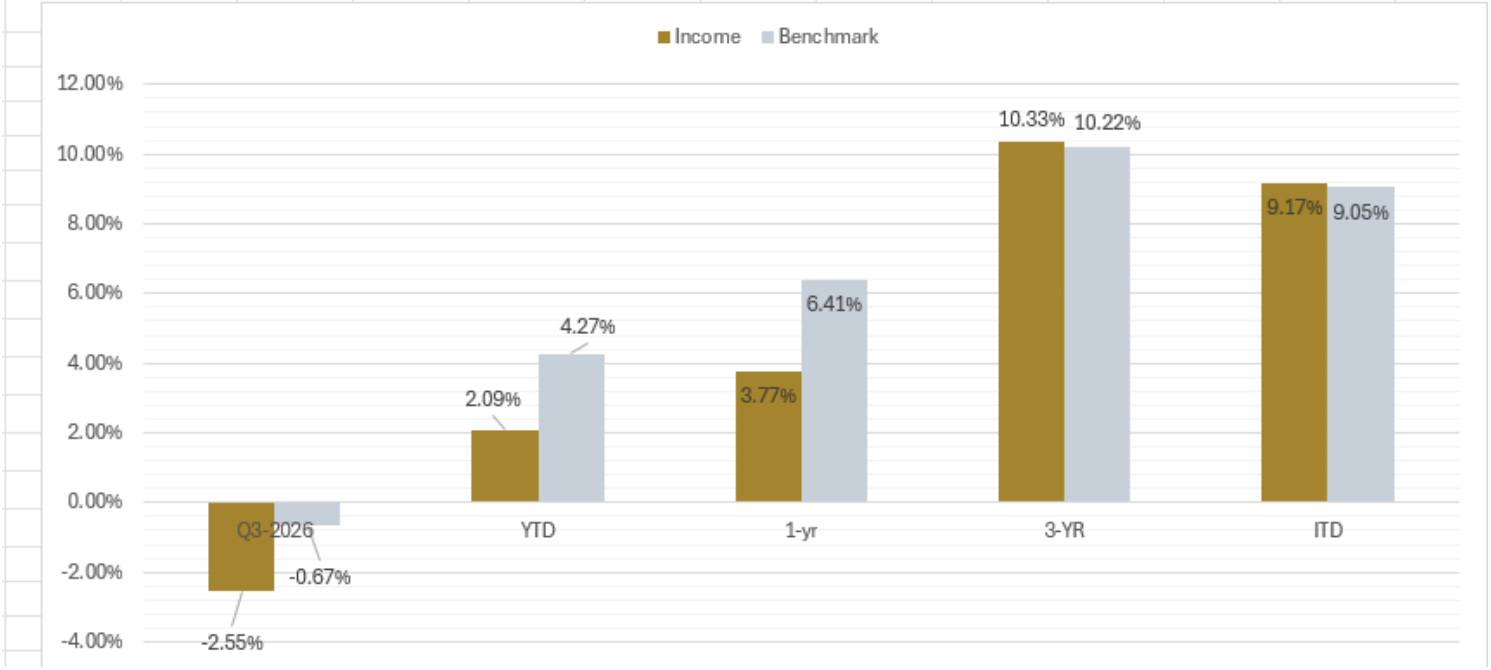
as of September 30, 2026

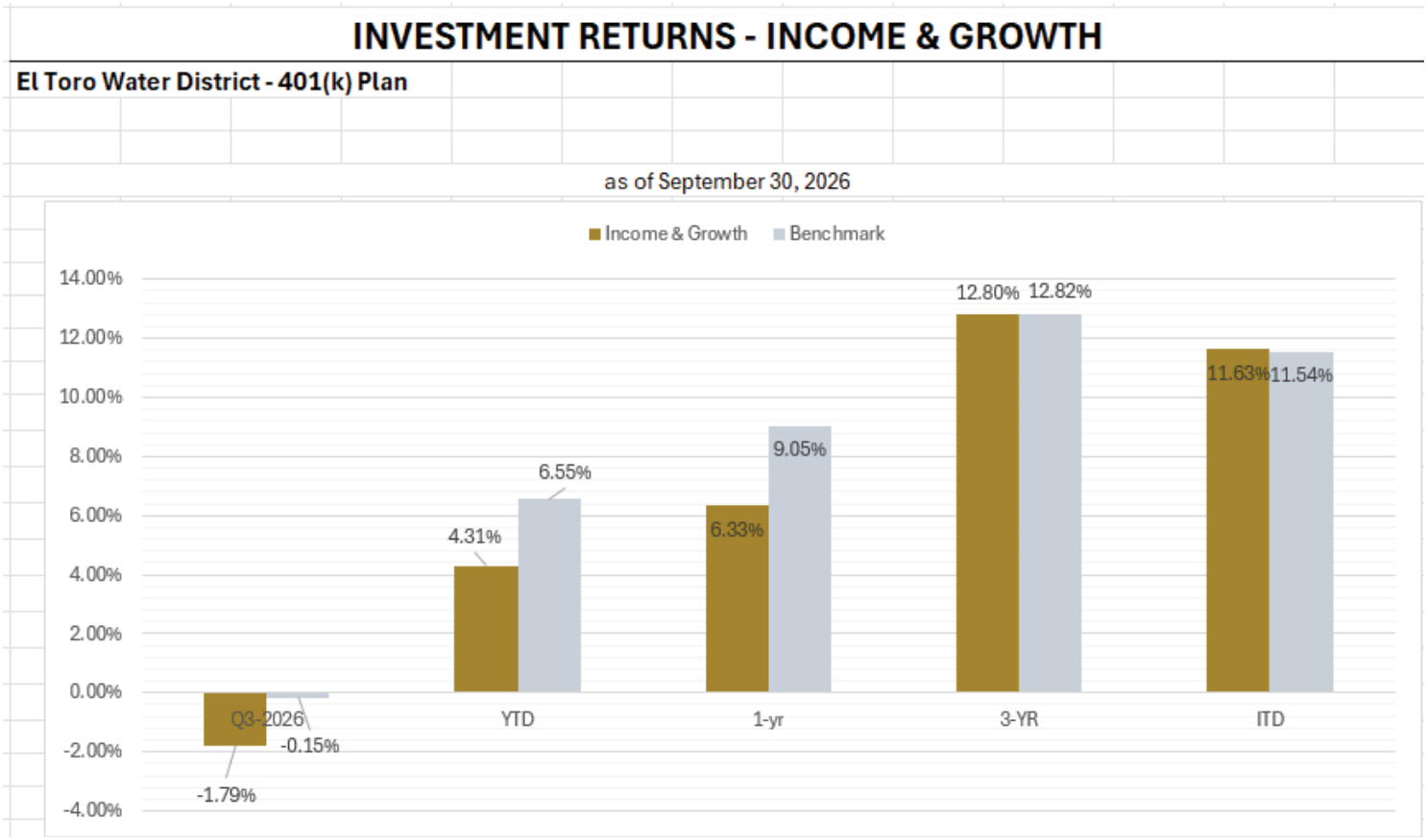


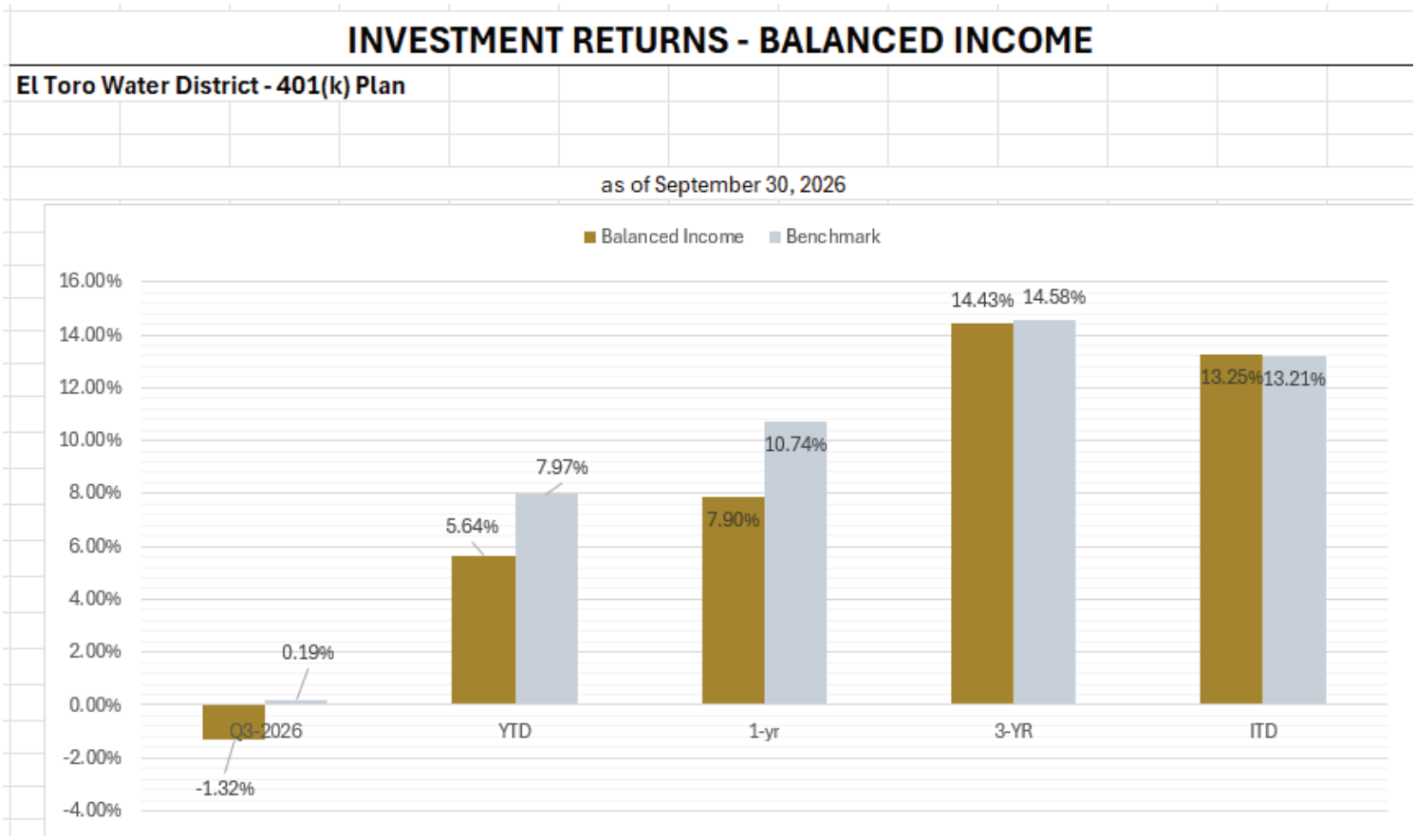
INVESTMENT RETURNS - INCOME

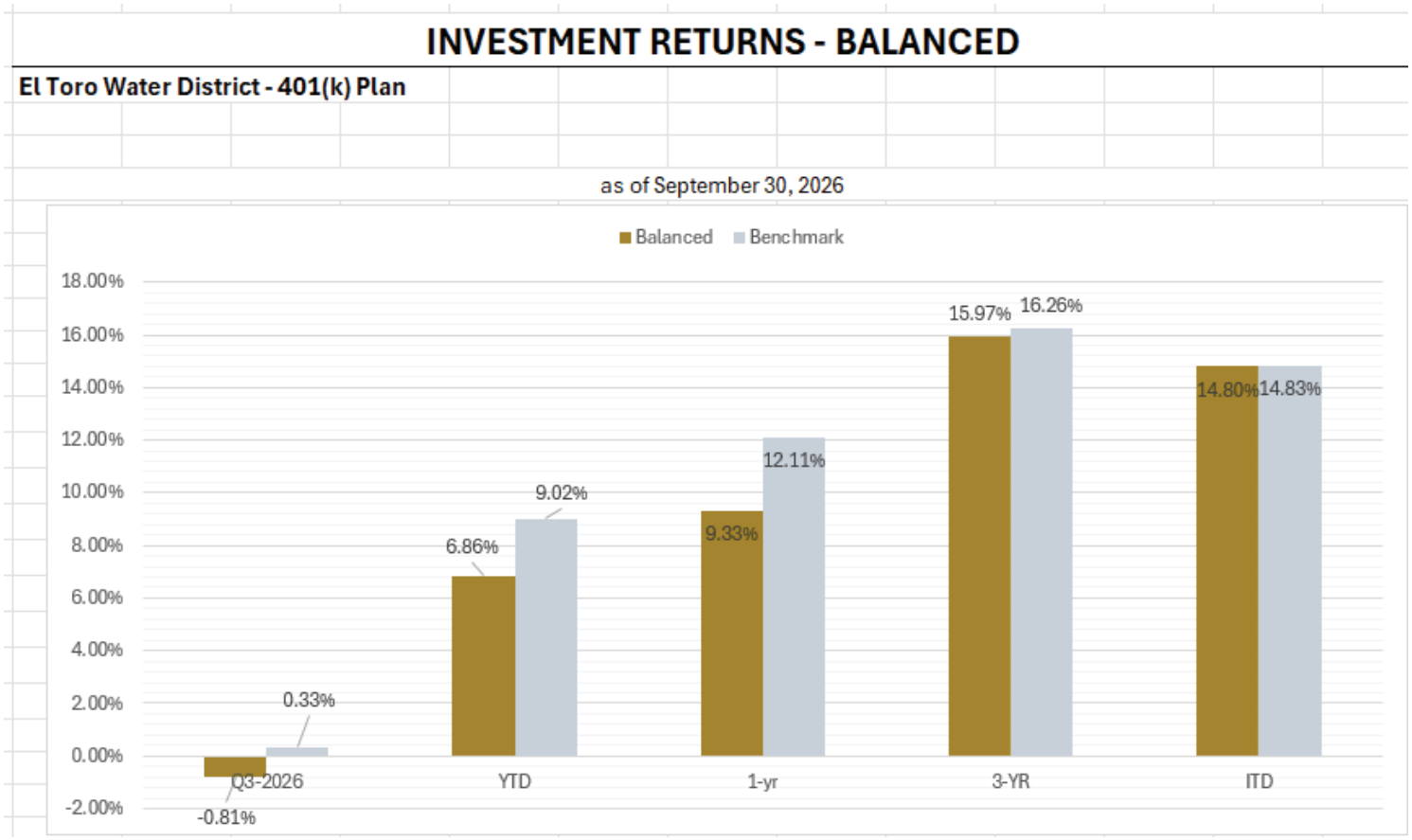
El Toro Water District - 401(k) Plan

as of September 30, 2026




INVESTMENT RETURNS - INCOME & GROWTH
El Toro Water District - 401(k) Plan
as of September 30, 2026
Income & Growth
Benchmark
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
-2.00%
-4.00%
Q3-2026
-1.79%
-0.15%
YTD
4.31%
6.55%
1-yr
6.33%
9.05%
3-YR
12.80%
12.82%
ITD
11.63%
11.54%

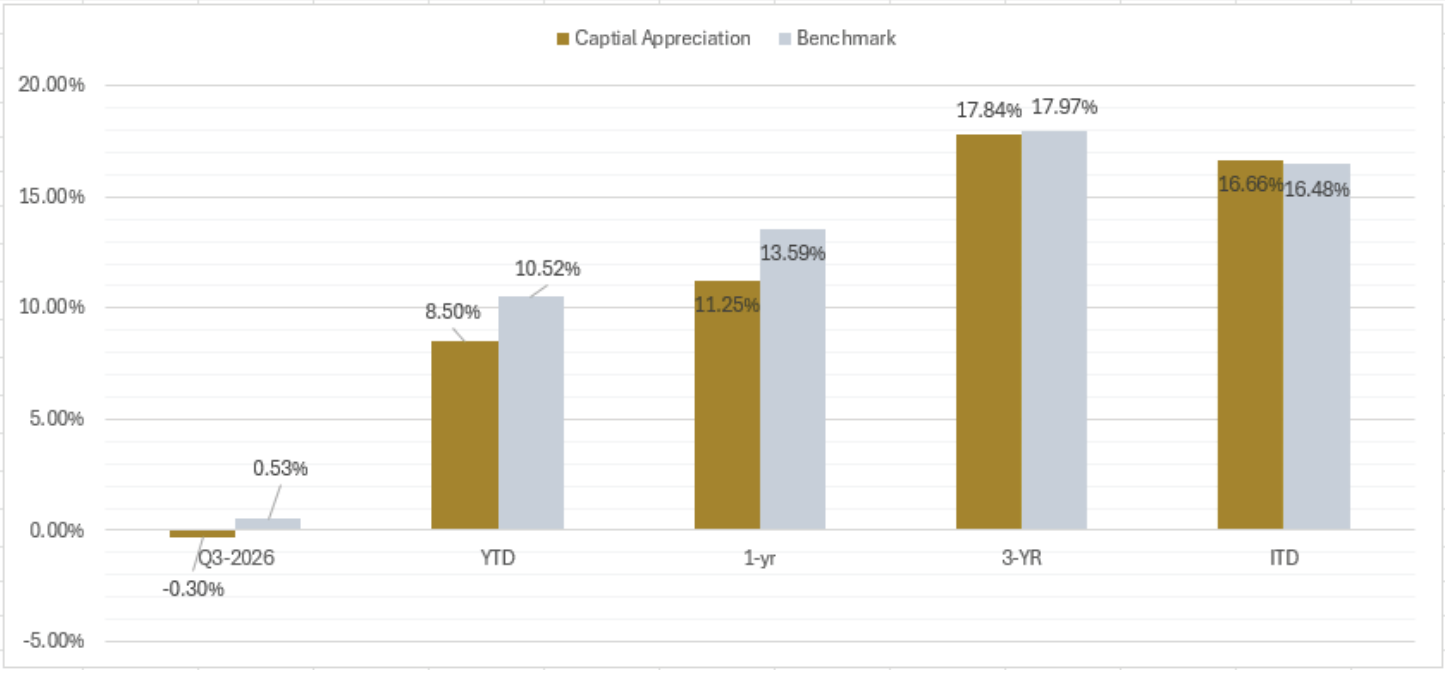

INVESTMENT RETURNS - BALANCED INCOME
El Toro Water District - 401(k) Plan
as of September 30, 2026
Balanced Income
Benchmark
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
-2.00%
-4.00%
-1.32%
0.19%
5.64%
7.97%
7.90%
10.74%
14.43%
14.58%
13.25%
13.21%
Q3-2026
YTD
1-yr
3-YR
ITD

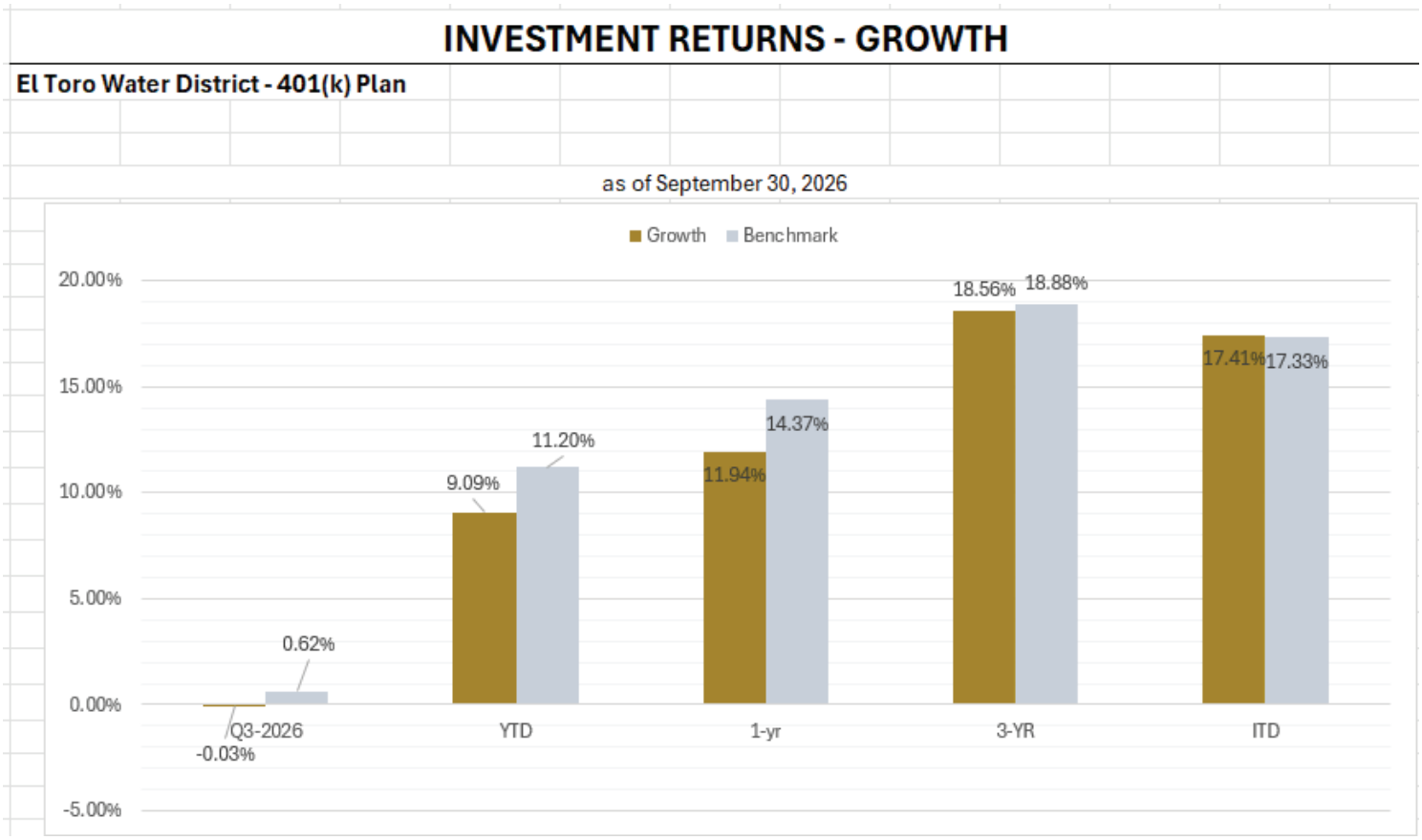

INVESTMENT RETURNS - BALANCED
El Toro Water District - 401(k) Plan
as of September 30, 2026
Balanced
Benchmark
18.00%
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
-2.00%
-0.81%
0.33%
6.86%
9.02%
9.33%
12.11%
15.97%
16.26%
14.80%
14.83%
Q3-2026
YTD
1-yr
3-YR
ITD

INVESTMENT RETURNS - CAPITAL APPRECIATION

El Toro Water District - 401(k) Plan

as of September 30, 2026




INVESTMENT RETURNS - GROWTH
El Toro Water District - 401(k) Plan
as of September 30, 2026
Growth
Benchmark
20.00%
15.00%
10.00%
5.00%
0.00%
-5.00%
-0.03%
0.62%
9.09%
11.20%
11.94%
14.37%
18.56%
18.88%
17.41%
17.33%
Q3-2026
YTD
1-yr
3-YR
ITD

El Toro Water District

As of September 30, 2026

Asset Allocation & Performance

	Performance(%)						
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
Domestic Equity							
Russell 3000 Index	*1.41*	*12.42*	*15.13*	*22.26*	*12.64*	*15.55*	*14.73*
Dodge & Cox Stock	1.33 (34)	5.18 (92)	7.82 (89)	14.56 (81)	9.57 (76)	12.77 (28)	12.34 (19)
Columbia Contrarian Core Inst3	3.18 (16)	12.21 (40)	15.14 (40)	22.48 (31)	13.73 (20)	16.55 (12)	14.97 (24)
Vanguard Growth & Income Adm	1.77 (49)	11.40 (50)	15.47 (31)	23.27 (17)	14.12 (15)	16.32 (16)	15.21 (15)
Vanguard Growth Index Admiral	4.47 (11)	11.12 (30)	13.08 (28)	26.29 (21)	13.85 (15)	19.04 (13)	17.93 (14)
S&P 500	*2.30*	*12.75*	*15.74*	*22.89*	*13.79*	*16.17*	*15.33*
Vanguard 500 Index Admiral	2.29 (33)	12.71 (27)	15.69 (25)	22.84 (23)	13.74 (19)	16.13 (20)	15.29 (14)
S&P 500	*2.30*	*12.75*	*15.74*	*22.89*	*13.79*	*16.17*	*15.33*
Russell Midcap Index	*-3.00*	*11.84*	*12.02*	*17.20*	*8.04*	*11.37*	*11.17*
Fidelity Mid Cap Index Fund	-2.98 (24)	11.86 (30)	12.04 (38)	17.18 (27)	8.04 (35)	11.37 (28)	11.16 (21)
S&P MidCap 400	*-6.36*	*9.88*	*11.69*	*14.54*	*8.03*	*10.94*	*10.47*
Vanguard Small Cap Index Fund Admiral Shares	-5.80 (24)	11.37 (61)	13.39 (60)	16.23 (39)	6.97 (43)	10.76 (43)	10.42 (30)
Russell 2000 Index	*-7.23*	*13.71*	*16.20*	*17.72*	*6.34*	*10.53*	*9.84*
International Equity							
MSCI AC World ex USA (Net)	*0.48*	*14.22*	*20.00*	*20.54*	*9.55*	*10.52*	*9.25*
Dodge & Cox International Stock	-3.97 (100)	8.87 (82)	14.52 (81)	18.74 (75)	11.79 (64)	11.47 (57)	9.57 (46)
MFS International Growth R6	1.16 (4)	3.18 (68)	4.67 (64)	14.85 (46)	6.98 (12)	9.17 (34)	9.44 (14)
DFA Large Cap International I	0.53 (30)	10.80 (48)	16.76 (39)	19.61 (37)	10.44 (19)	11.15 (27)	9.72 (23)
MSCI AC World ex USA (Net)	*0.48*	*14.22*	*20.00*	*20.54*	*9.55*	*10.52*	*9.25*
Vanguard Emerging Mkts Stock Idx Adm	-0.17 (31)	10.95 (89)	12.47 (92)	17.84 (83)	6.55 (66)	8.62 (74)	7.60 (72)
MSCI EM (net)	*-0.37*	*23.38*	*29.22*	*24.09*	*8.94*	*10.45*	*9.09*

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	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
Other Growth							
Cohen & Steers Inst Realty Shares	-5.99 (34)	7.17 (43)	4.41 (65)	11.15 (26)	2.92 (21)	4.79 (19)	6.23 (7)
MSCI US REIT Index	*-6.08*	*10.43*	*8.56*	*12.77*	*4.31*	*4.85*	*5.56*
Lazard Global Listed Infrastructure Inst	-7.84 (59)	-0.33 (82)	4.63 (31)	13.30 (55)	9.63 (6)	7.99 (16)	9.19 (2)
MSCI World Core Infrastructure Index (Net)	*-5.56*	*2.94*	*3.27*	*12.70*	*5.63*	*5.49*	*7.11*
Fixed Income	**-4.09**	**-3.42**	**-2.35**	**4.56**	**N/A**	**N/A**	**N/A**
Blmbg. U.S. Aggregate	*-3.51*	*-2.91*	*-1.84*	*4.06*	*-0.64*	*0.38*	*1.14*
Dodge & Cox Income	-4.20 (93)	-3.42 (77)	-2.18 (55)	4.71 (6)	0.45 (5)	1.67 (1)	2.30 (2)
DoubleLine Core Fixed Income I	-3.33 (12)	-3.13 (61)	-2.05 (54)	4.56 (43)	-0.08 (27)	0.76 (53)	1.49 (53)
PGIM Total Return Bond R6	-3.75 (48)	-2.74 (33)	-1.63 (29)	4.99 (17)	-0.12 (28)	0.87 (48)	1.93 (23)
PIMCO Income Instl	-3.95 (95)	-2.48 (89)	-0.01 (58)	6.53 (46)	2.88 (15)	3.59 (22)	4.10 (11)
Vanguard Long-Term Investment-Grade Adm	-7.57 (100)	-6.50 (100)	-6.66 (100)	3.35 (100)	-4.24 (100)	-1.58 (100)	0.65 (100)
Blmbg. U.S. Aggregate	*-3.51*	*-2.91*	*-1.84*	*4.06*	*-0.64*	*0.38*	*1.14*
Cash Equivalent	**0.76**	**2.28**	**3.06**	**3.62**	**N/A**	**N/A**	**N/A**
ICE BofA 3 Month U.S. T-Bill	*0.89*	*2.65*	*3.64*	*4.49*	*3.70*	*2.80*	*2.42*
Guaranteed Income Fund	0.76 (90)	2.28 (88)	3.06 (90)	N/A	N/A	N/A	N/A
ICE BofA 3 Month U.S. T-Bill	*0.89*	*2.65*	*3.64*	*4.49*	*3.70*	*2.80*	*2.42*

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	Year To Date	1 Year	3 Years	Jan-2023 To Sep-2026
Capital Preservation Benchmark	-1.02	2.22	4.04	7.68	6.64
Income Benchmark	-0.67	4.27	6.41	10.22	9.05
Income & Growth Benchmark	-0.15	6.55	9.05	12.82	11.54
Balanced Income Benchmark	0.19	7.97	10.74	14.58	13.21
Balanced Benchmark	0.33	9.20	12.11	16.26	14.83
Capital Appreciation Benchmark	0.53	10.52	13.59	17.97	16.48
Growth Benchmark	0.62	11.20	14.37	18.88	17.33

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-Bil

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.

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. 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.

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GoalMaker Performance Report

El Toro Water District

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El Toro Water District

GoalMaker Performance Report

Performance as of September 30, 2026

Risk Level	Target Date	Weighted Net Expense	Weighted Average Annual Return					
			QTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Moderate	2070	0.31%	(0.03)	11.94	18.56	--	--	17.41
	2065	0.31%	(0.03)	11.94	18.56	--	--	17.41
	2060	0.31%	(0.03)	11.94	18.56	--	--	17.41
	2055	0.31%	(0.03)	11.94	18.56	--	--	17.41
	2050	0.31%	(0.30)	11.25	17.84	--	--	16.66
	2045	0.33%	(0.81)	9.33	15.97	--	--	14.80
	2040	0.34%	(1.32)	7.90	14.43	--	--	13.25
	2035	0.34%	(1.79)	6.33	12.80	--	--	11.63
	2030	0.37%	(2.55)	3.77	10.33	--	--	9.17
	2025	0.39%	(3.14)	1.64	8.35	--	--	7.24
	2020	0.39%	(3.14)	1.64	8.35	--	--	7.24
	2015	0.39%	(3.14)	1.64	8.35	--	--	7.24
	2010	0.39%	(3.14)	1.64	8.35	--	--	7.24
	2005	0.39%	(3.14)	1.64	8.35	--	--	7.24

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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El Toro Water District

Performance as of September 30, 2026

Group/Investment	Weighted Net Expense	Weighted Average Annual Return					
		QTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Target Date 2005							
Empower GoalMaker Conservative 2005	0.36%	(13.54)	(35.72)	(31.40)	--	--	(32.09)
Empower GoalMaker Moderate 2005	0.39%	(3.14)	1.64	8.35	--	--	7.24
Empower GoalMaker Aggressive 2005	0.36%	(13.54)	(35.72)	(31.40)	--	--	(32.09)
US Fund Target-Date 2000-2010	--	(1.55)	4.90	9.61	3.89	5.48	--
Target Date 2010							
Empower GoalMaker Conservative 2010	0.36%	(13.54)	(35.72)	(31.40)	--	--	(32.09)
Empower GoalMaker Moderate 2010	0.39%	(3.14)	1.64	8.35	--	--	7.24
Empower GoalMaker Aggressive 2010	0.36%	(13.54)	(35.72)	(31.40)	--	--	(32.09)
US Fund Target-Date 2000-2010	--	(1.55)	4.90	9.61	3.89	5.48	--
Target Date 2015							
Empower GoalMaker Conservative 2015	0.36%	(13.54)	(35.72)	(31.40)	--	--	(32.09)
Empower GoalMaker Moderate 2015	0.39%	(3.14)	1.64	8.35	--	--	7.24
Empower GoalMaker Aggressive 2015	0.36%	(13.54)	(35.72)	(31.40)	--	--	(32.09)
US Fund Target-Date 2015	--	(1.64)	5.29	10.20	4.13	5.87	--
Target Date 2020							
Empower GoalMaker Conservative 2020	0.36%	(13.54)	(35.72)	(31.40)	--	--	(32.09)
Empower GoalMaker Moderate 2020	0.39%	(3.14)	1.64	8.35	--	--	7.24
Empower GoalMaker Aggressive 2020	0.36%	(13.54)	(35.72)	(31.40)	--	--	(32.09)
US Fund Target-Date 2020	--	(1.61)	5.81	10.90	4.48	6.38	--
Target Date 2025							
Empower GoalMaker Conservative 2025	0.36%	(13.54)	(35.72)	(31.40)	--	--	(32.09)
Empower GoalMaker Moderate 2025	0.39%	(3.14)	1.64	8.35	--	--	7.24
Empower GoalMaker Aggressive 2025	0.36%	(13.54)	(35.72)	(31.40)	--	--	(32.09)
US Fund Target-Date 2025	--	(1.56)	6.57	11.79	4.95	7.11	--
Target Date 2030							
Empower GoalMaker Conservative 2030	0.34%	(16.82)	(45.65)	(42.09)	--	--	(42.64)
Empower GoalMaker Moderate 2030	0.37%	(2.55)	3.77	10.33	--	--	9.17
Empower GoalMaker Aggressive 2030	0.34%	(16.82)	(45.65)	(42.09)	--	--	(42.64)
US Fund Target-Date 2030	--	(1.38)	7.54	12.93	5.67	7.87	--
Target Date 2035							
Empower GoalMaker Conservative 2035	0.32%	(19.60)	(53.14)	(50.12)	--	--	(50.58)
Empower GoalMaker Moderate 2035	0.34%	(1.79)	6.33	12.80	--	--	11.63
Empower GoalMaker Aggressive 2035	0.32%	(19.60)	(53.14)	(50.12)	--	--	(50.58)
US Fund Target-Date 2035	--	(1.09)	9.38	14.83	6.87	8.92	--
Target Date 2040							
Empower GoalMaker Conservative 2040	0.31%	(22.24)	(59.23)	(56.59)	--	--	(56.99)

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El Toro Water District

Performance as of September 30, 2026

Group/Investment	Weighted Net Expense	Weighted Average Annual Return					
		QTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Empower GoalMaker Moderate 2040	0.34%	(1.32)	7.90	14.43	--	--	13.25
Empower GoalMaker Aggressive 2040	0.31%	(22.24)	(59.23)	(56.59)	--	--	(56.99)
US Fund Target-Date 2040	--	(0.67)	11.88	16.74	8.13	9.87	--
Target Date 2045							
Empower GoalMaker Conservative 2045	0.31%	(22.84)	(60.76)	(58.24)	--	--	(58.63)
Empower GoalMaker Moderate 2045	0.33%	(0.81)	9.33	15.97	--	--	14.80
Empower GoalMaker Aggressive 2045	0.31%	(22.84)	(60.76)	(58.24)	--	--	(58.63)
US Fund Target-Date 2045	--	(0.39)	13.11	18.11	8.99	10.55	--
Target Date 2050							
Empower GoalMaker Conservative 2050	0.29%	(25.49)	(66.20)	(64.02)	--	--	(64.34)
Empower GoalMaker Moderate 2050	0.31%	(0.30)	11.25	17.84	--	--	16.66
Empower GoalMaker Aggressive 2050	0.29%	(25.49)	(66.20)	(64.02)	--	--	(64.34)
US Fund Target-Date 2050	--	(0.17)	14.41	18.91	9.48	10.85	--
Target Date 2055							
Empower GoalMaker Conservative 2055	0.28%	(26.77)	(68.59)	(66.59)	--	--	(66.87)
Empower GoalMaker Moderate 2055	0.31%	(0.03)	11.94	18.56	--	--	17.41
Empower GoalMaker Aggressive 2055	0.28%	(26.77)	(68.59)	(66.59)	--	--	(66.87)
US Fund Target-Date 2055	--	(0.11)	14.54	19.24	9.67	11.00	--
Target Date 2060							
Empower GoalMaker Conservative 2060	0.28%	(26.77)	(68.59)	(66.59)	--	--	(66.87)
Empower GoalMaker Moderate 2060	0.31%	(0.03)	11.94	18.56	--	--	17.41
Empower GoalMaker Aggressive 2060	0.28%	(26.77)	(68.59)	(66.59)	--	--	(66.87)
US Fund Target-Date 2060	--	(0.07)	14.75	19.37	9.76	11.08	--
Target Date 2065							
Empower GoalMaker Conservative 2065	0.28%	(26.77)	(68.59)	(66.59)	--	--	(66.87)
Empower GoalMaker Moderate 2065	0.31%	(0.03)	11.94	18.56	--	--	17.41
Empower GoalMaker Aggressive 2065	0.28%	(26.77)	(68.59)	(66.59)	--	--	(66.87)
US Fund Target-Date 2065+	--	(0.09)	14.73	19.46	9.84	-	--
Target Date 2070							
Empower GoalMaker Conservative 2070	0.28%	(26.77)	(68.59)	(66.59)	--	--	(66.87)
Empower GoalMaker Moderate 2070	0.31%	(0.03)	11.94	18.56	--	--	17.41
Empower GoalMaker Aggressive 2070	0.28%	(26.77)	(68.59)	(66.59)	--	--	(66.87)
US Fund Target-Date 2065+	--	(0.09)	14.73	19.46	9.84	-	--

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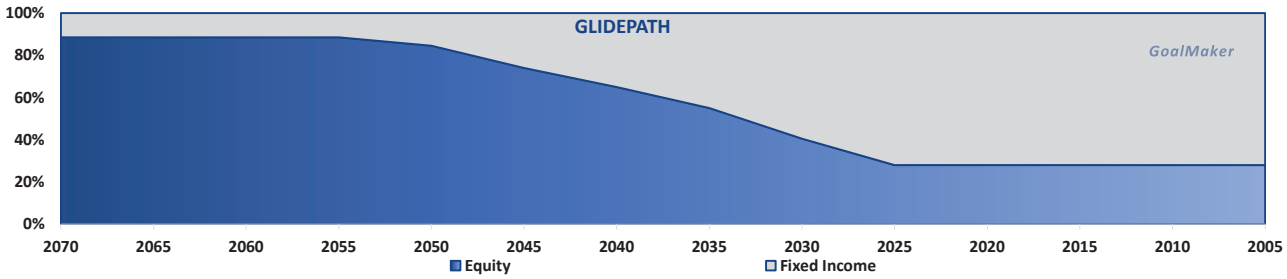
GoalMaker Performance Report

El Toro Water District

Allocation Summary as of September 30, 2026

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%	5%	8%	11%	14%	20%	24%	24%	24%	24%	24%
Fixed Income	PGIM Total Return Bond R6	2%	2%	2%	2%	3%	4%	6%	7%	10%	12%	12%	12%	12%	12%
Fixed Income	DoubleLine Core Fixed Income R6	4%	4%	4%	4%	5%	8%	11%	14%	20%	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%	1%	2%	3%	4%	5%	6%	6%	6%	6%	6%
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 - Blend	Columbia Contrarian Core Instl 3	14%	14%	14%	14%	13%	11%	10%	8%	5%	3%	3%	3%	3%	3%
Large Cap Stock - Blend	Vanguard Growth & Income Adm	14%	14%	14%	14%	13%	11%	10%	8%	5%	3%	3%	3%	3%	3%
Large Cap Stock - Growth	Vanguard Morningstar Growth Index Adm	7%	7%	7%	7%	7%	6%	4%	3%	2%	3%	3%	3%	3%	3%
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%	5%	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	Lazard Global Listed Infras Port Inst	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Mid Cap Blend	Fidelity Mid Cap Index	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Large Cap Stock - Blend	Vanguard 500 Index Admiral	12%	12%	12%	12%	11%	9%	8%	7%	5%	2%	2%	2%	2%	2%
Small Cap Blend	Vanguard Morningstar Small-Cap Index Adm	11%	11%	11%	11%	11%	8%	8%	7%	4%	2%	2%	2%	2%	2%



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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 09/30/2026

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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Securities, when presented, are offered and/or distributed by Empower Financial Services, Inc. (EFSI), Member FINRA/SIPC. EFSI is an affiliate of Empower Retirement, LLC; Empower Funds, Inc.; and registered investment adviser Empower Advisory Group, LLC. This material is for informational purposes only and is not intended to provide investment, legal, or tax recommendations or advice.

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.

GoalMaker Disclosures

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 tole 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. ©2026 Empower Retirement, LLC. All rights reserved RO4070094-0625

EL TORO WATER DISTRICT RETIREMENT SAVINGS PLAN - 524723-01

Investment Performance as of 09/30/2026

The performance data quoted represents past performance of the Sub-account. 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. For performance information current to the most recent month end, please call 1-800-345-2345 or visit our website at www.empower.com. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.

The prospectus contains information related to investment objectives, risks, charges, and expenses as well as other important information. Investors should read the prospectuses carefully before investing and consider such objectives, risks, charges, expenses, and important information. Please call 1-800-345-2345 for a free prospectus.

Performance data quoted represents past performance and is not a guarantee or prediction of future results. The investment return and principal value of an investment will fluctuate so that, when redeemed, shares/units may be worth more or less than their original cost. Current performance may be lower or higher than performance data shown. Performance for a share class before its inception is derived from the historical performance of the oldest share class. If the newer fund has lower expenses, the extended performance is not adjusted for the lower expenses; had it, returns would have been higher. For performance data current to the most recent month-end, please visit empowermyretirement.com.

				Returns as of Month Ending 09/30/2026						Returns as of Quarter Ending 09/30/2026					Calendar Year Returns		
INVESTMENT OPTION	Ticker	Gross/Net Expense Ratio [7]	Inception Date	1 Month	YTD	1 Year	3 Year	5 Year	10 Year/Since Inception	3 Month	1 Year	3 Year	5 Year	10 Year/Since Inception	2025	2024	2023
International Funds																	
DFA Large Cap International I[3]	DFALX	0.18 / 0.18	07-17-1991	-3.43	10.80	16.76	19.61	10.44	9.72	0.53	16.76	19.61	10.44	9.72	33.91	4.56	17.87
Dodge & Cox International Stock - I[3]	DODFX	0.61 / 0.61	05-01-2001	-4.17	8.87	14.52	18.74	11.79	9.57	-3.97	14.52	18.74	11.79	9.57	38.71	3.80	16.70
Fidelity Emerging Markets Index[3]	FPADX	0.07 / 0.07	09-08-2011	-0.71	23.17	28.78	23.79	8.77	8.80	-2.38	28.78	23.79	8.77	8.80	33.94	6.80	9.50
Lazard Global Listed Infras Port Inst[3]	GLIFX	0.96 / 0.96	12-31-2009	-4.87	-0.33	4.63	13.30	9.63	9.19	-7.84	4.63	13.30	9.63	9.19	23.86	6.71	10.89
MFS International Growth R6[3,18]	MGRDX	0.69 / 0.68	05-01-2006	-3.85	3.18	4.67	14.85	6.98	9.44	1.16	4.67	14.85	6.98	9.44	21.23	9.24	14.96
Vanguard Emerging Mkts Stock Idx Adm[3]	VEMAX	0.13 / 0.13	06-23-2006	-1.64	10.95	12.47	17.84	6.55	7.60	-0.17	12.47	17.84	6.55	7.60	24.75	10.95	9.21
MSCI EAFE Index[1]	N/A	- / -		-3.05	10.33	15.69	18.40	9.32	9.07	0.81	15.69	18.40	9.32	9.07	31.22	3.82	18.24
Specialty																	
Cohen & Steers Instl Realty Shares[6,13]	CSRIX	0.76 / 0.75	02-14-2000	-5.89	7.17	4.41	11.15	2.92	6.23	-5.99	4.41	11.15	2.92	6.23	3.09	6.24	12.72
Small Cap Funds																	
Nomura Small Cap Core R6[4]	DCZRX	0.69 / 0.69	05-02-2016	-4.21	12.69	15.00	14.03	5.81	9.75	-6.48	15.00	14.03	5.81	9.75	4.73	10.41	14.12
Emerald Growth Institutional[4,15]	FGROX	0.78 / 0.75	10-21-2008	-3.45	17.72	24.91	28.70	10.74	13.88	-14.87	24.91	28.70	10.74	13.88	31.95	19.41	19.06
Undiscovered Mgrs Behavioral Value R6[4,21]	UBVFX	0.84 / 0.80	04-30-2013	-7.63	5.22	4.45	10.91	7.53	9.15	-6.35	4.45	10.91	7.53	9.15	1.84	10.35	14.57
Vanguard Morningstar Small-Cap Index Adm[4]	VSMAX	0.05 / 0.05	11-13-2000	-4.59	11.37	13.39	16.23	6.97	10.42	-5.80	13.39	16.23	6.97	10.42	8.83	14.23	18.20
Russell 2000 Index[1,10]	N/A	- / -		-5.25	13.71	16.20	17.72	6.34	9.84	-7.23	16.20	17.72	6.34	9.84	12.81	11.54	16.93
Mid Cap Funds																	
Fidelity Mid Cap Index[4]	FSMDX	0.03 / 0.03	09-08-2011	-4.18	11.86	12.04	17.18	8.04	11.16	-2.98	12.04	17.18	8.04	11.16	10.57	15.35	17.21

EL TORO WATER DISTRICT RETIREMENT SAVINGS PLAN - 524723-01 (Continued)

INVESTMENT OPTION	Ticker	Gross/Net Expense Ratio [7]	Inception Date	Returns as of Month Ending 09/30/2026						Returns as of Quarter Ending 09/30/2026					Calendar Year Returns		
				1 Month	YTD	1 Year	3 Year	5 Year	10 Year/Since Inception	3 Month	1 Year	3 Year	5 Year	10 Year/Since Inception	2025	2024	2023
Vanguard Morningstar Mid-Cap Index Adm[4]	VIMAX	0.05 / 0.05	11-12-2001	-4.08	9.24	8.34	16.42	7.43	10.95	-2.32	8.34	16.42	7.43	10.95	11.67	15.22	15.98
S & P MidCap 400 Index[1,9]	N/A	- / -		-4.22	9.88	11.69	14.54	8.03	10.47	-6.36	11.69	14.54	8.03	10.47	7.50	13.93	16.44
Large Cap Funds																	
Columbia Contrarian Core Instl 3[24]	COFYX	0.61 / 0.61	11-08-2012	-0.16	12.21	15.14	22.48	13.73	14.97	3.18	15.14	22.48	13.73	14.97	17.51	23.51	32.21
Dodge & Cox Stock - I[24]	DODGX	0.51 / 0.51	01-04-1965	-5.79	5.18	7.82	14.56	9.57	12.34	1.33	7.82	14.56	9.57	12.34	13.65	14.51	17.48
Harbor Capital Appreciation Retirement[16,24]	HNACX	0.64 / 0.59	03-01-2016	1.81	10.09	11.01	24.00	10.55	17.41	5.03	11.01	24.00	10.55	17.41	14.04	30.57	53.86
PIMCO RAE US Instl[19,24]	PKAIX	0.41 / 0.40	06-05-2015	-2.05	32.99	38.09	25.35	16.91	14.23	8.10	38.09	25.35	16.91	14.23	19.60	11.18	17.07
Vanguard 500 Index Admiral[24]	VFIAX	0.04 / 0.04	11-13-2000	-0.35	12.71	15.69	22.84	13.74	15.29	2.29	15.69	22.84	13.74	15.29	17.83	24.97	26.24
Vanguard Morningstar Growth Index Adm[24]	VIGAX	0.05 / 0.05	11-13-2000	2.18	11.12	13.08	26.29	13.85	17.93	4.47	13.08	26.29	13.85	17.93	19.43	32.66	46.77
Vanguard Growth & Income Adm[24]	VGIAX	0.28 / 0.28	05-14-2001	-0.36	11.40	15.47	23.27	14.12	15.21	1.77	15.47	23.27	14.12	15.21	19.40	26.28	24.76
S & P 500 Index[1,8,24]	N/A	- / -		-0.35	12.75	15.74	22.89	13.79	15.33	2.30	15.74	22.89	13.79	15.33	17.88	25.02	26.29
Bond Funds																	
Dodge & Cox Income - I[5]	DODIX	0.41 / 0.41	01-03-1989	-3.13	-3.42	-2.18	4.71	0.45	2.30	-4.20	-2.18	4.71	0.45	2.30	8.32	2.26	7.70
DoubleLine Core Fixed Income R6[5,14]	DDCFX	0.49 / 0.44	07-31-2019	-2.73	-3.13	-2.05	4.56	-0.08	1.49	-3.33	-2.05	4.56	-0.08	1.49	7.49	3.07	6.57
Loomis Sayles Strategic Alpha Y[5,17]	LASYX	0.75 / 0.70	12-15-2010	-1.26	0.07	1.69	7.26	3.04	3.64	-1.06	1.69	7.26	3.04	3.64	8.58	8.29	7.90
PIMCO Income Instl[5]	PIMIX	0.51 / 0.51	03-30-2007	-3.29	-2.48	-0.01	6.53	2.88	4.10	-3.95	-0.01	6.53	2.88	4.10	11.04	5.42	9.32
PGIM Total Return Bond R6[5,20]	PTRQX	0.40 / 0.39	12-27-2010	-2.79	-2.74	-1.63	4.99	-0.12	1.93	-3.75	-1.63	4.99	-0.12	1.93	7.79	3.03	7.78
Vanguard Long-Term Investment-Grade Adm[5]	VWETX	0.10 / 0.10	02-12-2001	-4.63	-6.50	-6.66	3.35	-4.24	0.65	-7.57	-6.66	3.35	-4.24	0.65	7.30	-2.70	9.38
Bloomberg Barclays Cap US Agg Bond Idx[1,11]	N/A	- / -		-2.61	-2.91	-1.84	4.06	-0.64	1.14	-3.51	-1.84	4.06	-0.64	1.14	7.30	1.25	5.53
Stable Value Fund																	
Guaranteed Income Fund[2]	N/A	0.00 / 0.00	12-02-2022	0.25	2.27	3.05	3.10	N/A	3.09	0.76	3.05	3.10	N/A	3.09	3.10	3.14	3.09
Other																	
American Beacon AHL Mgd Futs Strat A[12]	AHLAX	2.18 / 1.94	08-19-2014	4.25	18.18	25.59	6.09	6.03	5.66	6.76	25.59	6.09	6.03	5.66	2.07	1.71	-4.21

The Asset Allocation Models are pre-established asset allocation strategies comprised of the plan's core investment options. The models are not securities. When you allocate your investment to a model, you 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.

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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.

Model performance begins the day the model is created and does not take into account any underlying fund performance prior to the model inception date. Performance is calculated based on the aggregated performance of each of the underlying funds proportionally. Performance listed may not represent that of an actual investor and does not include fund performance achieved prior to the model inception date.

Gross and net expense ratios for a model are captured from each of the underlying funds. Each model's gross and net expense ratio will be a weighted average of the model's underlying funds' gross and net expenses across the applicable period. For funds where the net expense ratio is less than the gross, the net expense ratio reflects fee waivers or reimbursements. The inception date of a model reflects when the model is made available by the plan.

				Returns as of Month Ending 09/30/2026						Returns as of Quarter Ending 09/30/2026					Calendar Year Returns		
ASSET ALLOCATION MODEL PERFORMANCE	Ticker	Gross/Net Expense Ratio	Inception Date	1 Month	YTD	1 Year	3 Year	5 Year	10 Year/Since Inception	3 Month	1 Year	3 Year	5 Year	10 Year/Since Inception	2025	2024	2023
Asset Allocation Model																	
Advisor GoalMaker MODERATE 2005[22,23]	N/A	0.40 / 0.39	03-04-2024	-2.86	0.30	1.67	N/A	N/A	5.55	-3.11	1.67	N/A	N/A	5.55	9.24	N/A	N/A
Advisor GoalMaker MODERATE 2010[22,23]	N/A	0.40 / 0.39	03-04-2024	-2.87	0.30	1.65	N/A	N/A	5.56	-3.15	1.65	N/A	N/A	5.56	9.18	N/A	N/A
Advisor GoalMaker MODERATE 2015[22,23]	N/A	0.40 / 0.39	03-04-2024	-2.86	0.30	1.67	N/A	N/A	5.55	-3.11	1.67	N/A	N/A	5.55	9.24	N/A	N/A
Advisor GoalMaker MODERATE 2020[22,23]	N/A	0.40 / 0.39	03-04-2024	-2.87	0.26	1.61	N/A	N/A	5.59	-3.13	1.61	N/A	N/A	5.59	9.29	N/A	N/A
Advisor GoalMaker MODERATE 2025[22,23]	N/A	0.40 / 0.39	03-04-2024	-2.87	0.27	1.65	N/A	N/A	5.78	-3.14	1.65	N/A	N/A	5.78	8.83	N/A	N/A
Advisor GoalMaker MODERATE 2030[22,23]	N/A	0.38 / 0.37	03-04-2024	-2.76	2.08	3.86	N/A	N/A	7.73	-2.55	3.86	N/A	N/A	7.73	10.69	N/A	N/A
Advisor GoalMaker MODERATE 2035[22,23]	N/A	0.35 / 0.34	03-04-2024	-2.51	4.24	6.36	N/A	N/A	9.68	-1.81	6.36	N/A	N/A	9.68	12.70	N/A	N/A
Advisor GoalMaker MODERATE 2040[22,23]	N/A	0.34 / 0.34	03-04-2024	-2.42	5.57	7.90	N/A	N/A	11.01	-1.35	7.90	N/A	N/A	11.01	13.95	N/A	N/A
Advisor GoalMaker MODERATE 2045[22,23]	N/A	0.34 / 0.33	03-04-2024	-2.29	6.82	9.33	N/A	N/A	12.33	-0.83	9.33	N/A	N/A	12.33	15.29	N/A	N/A
Advisor GoalMaker MODERATE 2050[22,23]	N/A	0.31 / 0.31	03-04-2024	-2.13	8.52	11.28	N/A	N/A	13.61	-0.33	11.28	N/A	N/A	13.61	16.56	N/A	N/A
Advisor GoalMaker MODERATE 2055[22,23]	N/A	0.31 / 0.31	03-04-2024	-2.02	9.11	12.02	N/A	N/A	14.33	-0.03	12.02	N/A	N/A	14.33	17.76	N/A	N/A
Advisor GoalMaker MODERATE 2060[22,23]	N/A	0.31 / 0.31	03-04-2024	-2.04	9.16	12.03	N/A	N/A	14.31	-0.03	12.03	N/A	N/A	14.31	17.53	N/A	N/A

EL TORO WATER DISTRICT RETIREMENT SAVINGS PLAN - 524723-01 (Continued)

ASSET ALLOCATION MODEL PERFORMANCE	Ticker	Gross/Net Expense Ratio	Inception Date	Returns as of Month Ending 09/30/2026						Returns as of Quarter Ending 09/30/2026					Calendar Year Returns		
				1 Month	YTD	1 Year	3 Year	5 Year	10 Year/Since Inception	3 Month	1 Year	3 Year	5 Year	10 Year/Since Inception	2025	2024	2023
Advisor GoalMaker MODERATE 2065[22,23]	N/A	0.31 / 0.31	03-04-2024	-2.03	9.20	12.09	N/A	N/A	14.26	-0.04	12.09	N/A	N/A	14.26	17.58	N/A	N/A
Advisor GoalMaker MODERATE 2070[22,23]	N/A	0.31 / 0.31	03-04-2024	-2.03	9.14	12.01	N/A	N/A	14.28	-0.05	12.01	N/A	N/A	14.28	17.67	N/A	N/A

ASSET ALLOCATION MODEL UNDERLYING FUNDS PERCENTAGE- Moderate	Advisor Goalmaker Moderate 2005	Advisor Goalmaker Moderate 2010	Advisor Goalmaker Moderate 2015	Advisor Goalmaker Moderate 2020	Advisor Goalmaker Moderate 2025	Advisor Goalmaker Moderate 2030	Advisor Goalmaker Moderate 2035	Advisor Goalmaker Moderate 2040	Advisor Goalmaker Moderate 2045	Advisor Goalmaker Moderate 2050
Cohen & Steers Instl Realty Shares[6,13]	6.0	6.0	6.0	6.0	6.0	5.0	3.5	3.0	3.0	2.0
Vanguard Emerging Mkts Stock Idx Adm[3]	1.0	1.0	1.0	1.0	1.0	1.0	2.0	3.0	4.0	4.5
Lazard Global Listed Infras Port Inst[3]	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5
DFA Large Cap International I[3]	3.0	3.0	3.0	3.0	3.0	5.0	6.5	7.0	8.0	9.5
DoubleLine Core Fixed Income R6[5,14]	24.2	24.2	24.2	24.2	24.2	19.6	14.4	11.2	8.4	5.0
Dodge & Cox Income - I[5]	24.2	24.2	24.2	24.2	24.2	19.6	14.4	11.2	8.4	5.0
PGIM Total Return Bond R6[5,20]	12.1	12.1	12.1	12.1	12.1	9.8	7.2	5.6	4.2	2.5
Guaranteed Income Fund[2]	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	2.0	1.0
Fidelity Mid Cap Index[4]	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Vanguard Morningstar Growth Index Adm[24]	2.5	2.5	2.5	2.5	2.5	2.0	3.0	4.0	5.5	6.5
Vanguard Long-Term Investment-Grade Adm[5]	5.5	5.5	5.5	5.5	5.5	4.5	4.0	3.0	2.0	1.0
PIMCO Income Instl[5]	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
Vanguard 500 Index Admiral[24]	2.4	2.4	2.4	2.4	2.4	4.5	7.05	8.25	9.45	11.1
Vanguard Growth & Income Adm[24]	2.8	2.8	2.8	2.8	2.8	5.25	8.23	9.63	11.03	12.95
Columbia Contrarian Core Instl 3[24]	2.8	2.8	2.8	2.8	2.8	5.25	8.22	9.62	11.02	12.95
Dodge & Cox Stock - I[24]	1.5	1.5	1.5	1.5	1.5	2.5	3.5	4.5	6.0	6.5
Vanguard Morningstar Small-Cap Index Adm[4]	2.0	2.0	2.0	2.0	2.0	4.0	7.0	8.0	8.0	11.0
MFS International Growth R6[3,18]	0.0	0.0	0.0	0.0	0.0	1.0	1.0	2.0	2.0	2.0
Dodge & Cox International Stock - I[3]	0.0	0.0	0.0	0.0	0.0	1.0	1.0	2.0	2.0	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

ASSET ALLOCATION MODEL UNDERLYING FUNDS PERCENTAGE- Moderate	Advisor Goalmaker Moderate 2055	Advisor Goalmaker Moderate 2060	Advisor Goalmaker Moderate 2065	Advisor Goalmaker Moderate 2070
MFS International Growth R6[3,18]	2.0	2.0	2.0	2.0
Vanguard Emerging Mkts Stock Idx Adm[3]	4.5	4.5	4.5	4.5
Lazard Global Listed Infras Port Inst[3]	2.5	2.5	2.5	2.5
DFA Large Cap International I[3]	9.5	9.5	9.5	9.5
Cohen & Steers Instl Realty Shares[6,13]	2.0	2.0	2.0	2.0

EL TORO WATER DISTRICT RETIREMENT SAVINGS PLAN - 524723-01 (Continued)

ASSET ALLOCATION MODEL UNDERLYING FUNDS PERCENTAGE- Moderate	Advisor Goalmaker Moderate 2055	Advisor Goalmaker Moderate 2060	Advisor Goalmaker Moderate 2065	Advisor Goalmaker Moderate 2070
DoubleLine Core Fixed Income R6[5,14]	3.6	3.6	3.6	3.6
Dodge & Cox Income - I[5]	3.6	3.6	3.6	3.6
PGIM Total Return Bond R6[5,20]	1.8	1.8	1.8	1.8
Dodge & Cox International Stock - I[3]	2.0	2.0	2.0	2.0
Vanguard Long-Term Investment-Grade Adm[5]	0.5	0.5	0.5	0.5
Guaranteed Income Fund[2]	1.0	1.0	1.0	1.0
Fidelity Mid Cap Index[4]	1.0	1.0	1.0	1.0
Vanguard Morningstar Growth Index Adm[24]	7.0	7.0	7.0	7.0
PIMCO Income Instl[5]	1.0	1.0	1.0	1.0
Vanguard 500 Index Admiral[24]	12.0	12.0	12.0	12.0
Vanguard Growth & Income Adm[24]	14.0	14.0	14.0	14.0
Columbia Contrarian Core Instl 3[24]	14.0	14.0	14.0	14.0
Dodge & Cox Stock - I[24]	7.0	7.0	7.0	7.0
Vanguard Morningstar Small-Cap Index Adm[4]	11.0	11.0	11.0	11.0
Total	100.0	100.0	100.0	100.0

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The net expense ratio is less applicable fee waivers or expense reimbursements the investment adviser and/or administrator may have agreed upon, either voluntary or by contractual agreement; the gross expense ratio is not. Voluntary fee waivers and reimbursements may be modified or terminated at any time. Additional information can be found in the Fund's prospectus and/or other disclosure documents regarding effective dates and/or if waivers or reimbursements are voluntary or by contractual agreement. Absent waivers or reimbursements, the performance would have been lower.

[1] *Benchmark index returns are supplied by Morningstar, Inc. There may be another benchmark that is more specific to each of the funds listed under the broad asset class. Please refer to the fund's prospectus for more specific information as to the fund's actual benchmark index.*

[2] *This fixed fund is offered through a group fixed and variable deferred annuity contract issued by Empower Annuity Insurance Company, Hartford, CT. A ticker symbol is not available for this investment option.*

[3] *Foreign securities involve risks, such as currency fluctuations, economic changes and political developments. These risks may be heightened in emerging markets, which may also experience liquidity risk.*

[4] *Securities of small and mid-size companies may be more volatile than those of larger, more established companies.*

[5] *Bond prices generally fall when interest rates rise (and vice versa) and are subject to risks including changes in credit quality, market valuations, inflation, liquidity, and default. High-yield bonds have a greater risk of default.*

[6] *Specialty funds invest in a limited number of companies and may be more volatile than a more diversified fund.*

[7] *The net expense ratio is less applicable fee waivers or expense reimbursements the investment adviser and/or administrator may have agreed upon, either voluntary or by contractual agreement; the gross expense ratio is not. Voluntary fee waivers and reimbursements may be modified or terminated at any time. Additional information can be found in the Fund's prospectus and/or other disclosure documents regarding effective dates and/or if waivers or reimbursements are voluntary or by contractual agreement. Absent waivers or reimbursements, the performance would have been lower.*

[8] *The S&P 500 Index is a registered trademark of Standard & Poor's Financial Services LLC. It is an unmanaged index considered indicative of the domestic large-cap equity market and is used as a proxy for the stock market in general.*

[9] *The S&P MidCap 400 Index is a registered trademark of Standard & Poor's Financial Services LLC and an unmanaged index considered indicative of the domestic mid-cap equity market.*

[10] *Russell 2000® Index is a trademark of Russell Investments and is an unmanaged index considered indicative of the domestic Small-Cap equity market.*

EL TORO WATER DISTRICT RETIREMENT SAVINGS PLAN - 524723-01 (Continued)

[11] *Bloomberg Barclays Capital U.S. Aggregate Bond Index is an unmanaged index representative of the broad bond market and is composed of government and corporate bonds, mortgage-backed bonds and asset-backed bonds.*

[12] *The Fund has a Contractual Expense Ratio Waiver in the amount of .24% which expires on 30-APR-2027.*

[13] *The Fund has a Contractual Expense Ratio Waiver in the amount of .01% .*

[14] *The Fund has a Contractual Expense Ratio Waiver in the amount of .05% which expires on 01-AUG-2027.*

[15] *The Fund has a Contractual Expense Ratio Waiver in the amount of .03% which expires on 31-DEC-2027.*

[16] *The Fund has a Contractual Management Fee Waiver in the amount of .05% which expires on 28-FEB-2027.*

[17] *The Fund has a Contractual Expense Ratio Waiver in the amount of .05% which expires on 30-APR-2028.*

[18] *The Fund has a Contractual Management Fee Waiver in the amount of .01% which expires on 30-SEP-2027.*

[19] *The Fund has a Contractual Expense Ratio Waiver in the amount of .01% which expires on 31-OCT-2026.*

[20] *The Fund has a Contractual Expense Ratio Waiver in the amount of .01% which expires on 28-FEB-2027.*

[21] *The Fund has a Contractual Expense Ratio Waiver in the amount of .04% which expires on 31-OCT-2026.*

[22] *Asset Allocation Models - If you select an Asset Allocation Model, your funds will be invested among the investment options as indicated within the plan. In applying models to your particular situation, you should consider all of your assets and all other assets owned within your household, including IRAs, mutual funds and other qualified plans. The Asset Allocation Models are subject to change, and your contributions will be invested upon receipt into the most current matching model that the Plan offers.*

[23] *If your ongoing allocations are being directed to an Asset Allocation Model, your Asset Allocation Model assets may be rebalanced, including applicable rollover funds, at the next scheduled frequency. To make a change to your account or for more information on rebalancing and the underlying funds, please access the Plan Web site.*

[24] *Securities that invest in stocks may decline in value.*

Agenda Item No. 4

STAFF REPORT

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

From: Vishav Sharma, Chief Financial Officer

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

Background:
This report provides a comprehensive review of the District's 457 Plan as of September 30, 2026. The 457 Plan is an employee self-directed plan offering a total of seventeen 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.

EMPOWER INVESTMENTS™

El Toro Water District

Plan Investment Review

Kirk Lebeck
Investment Director

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Table of Contents

1) Capital Markets Overview
2) Plan Allocation
3) Fund Performance
4) Fund Analysis
5) Appendix and Disclosures

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EMPOWER INVESTMENTS™

Capital Markets Overview

Third Quarter 2026

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The purpose of this document is to provide investment-related information only for the benefit of the Plan Sponsor in its role as a fiduciary to the plan, not as investment advice for plans or plan participants. Although we believe the data contained in this report is generally from reliable sources, we cannot guarantee its completeness or accuracy. Economic data and information are derived from a variety of financial publications and economic reporting companies. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed.

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Macroeconomic Summary

Domestic growth remained resilient despite persistent inflation and higher rates

- **The U.S. economy continued to outperform expectations**, supported by consumer spending and AI-related capital investment. Second-quarter GDP was revised to 2.2%, with Q3 growth tracking above 3% at quarter-end.
- PMI surveys indicated continued expansion. **Consumer spending remained durable**, although lower-income households faced affordability pressures and weaker real wage growth.
- **Inflation remained above target:** August headline PCE rose 3.4% year over year and core PCE increased 3.0%. Energy costs, geopolitical uncertainty, and AI infrastructure demand remain potential pressures.
- **Labor markets cooled:** monthly job gains averaged approximately 50,000, unemployment stood at 4.2%, and wage growth moderated.
- Slower hiring alongside robust growth suggests **productivity gains and capital-intensive investment may be sustaining the expansion.**
- **Consumer spending remains uneven:** affluent households benefit from wealth and home equity gains, while lower-income consumers face rising energy and living costs.

The Fed resumed tightening as inflation risks persisted

- **The FOMC unanimously increased rates by 25 basis points in September**, its first hike since 2023. Strong growth and persistent inflation reinforced a more hawkish stance.
- **Markets anticipated two additional hikes by Q1 2027**, though further action remains data-dependent. Fiscal deficits, tariffs, and government financing needs add uncertainty.

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Market Summary

US Markets

- **Risk assets remained resilient in Q3 despite sharply higher interest rates**, supported by strong corporate earnings and continued enthusiasm for AI investment.
- The **S&P 500 gained** 2.3% and the **NASDAQ rose** 2.6%, while the **Bloomberg U.S. Aggregate Bond Index declined** 3.5%.
- Elevated equity valuations and AI-related market concentration leave stocks vulnerable if earnings growth disappoints.
- **Investment-grade credit fundamentals remained healthy and spreads near historic tights.** Year-to-date issuance surpassed full-year 2025 levels, with strong demand absorbing supply.
- **Treasury yields rose sharply and the curve bear-steepened** amid changing Fed expectations, fiscal concerns, and higher term premiums. The 10-year yield reached a more-than-two-decade high.

Global Markets and Outlook

- Within global markets, the **MSCI EAFE ("developed markets") Index** advanced while the **MSCI EM ("emerging markets") Index** declined during the third quarter. The **Bloomberg Global Aggregate Bond Index** also declined during the quarter**.**
- **Global markets remain sensitive** to geopolitical uncertainty, persistent inflation, evolving trade policies, and rising interest rates, while elevated equity valuations increase vulnerability to unexpected shocks.
- Key risks include persistent inflation, further Treasury-market weakness, fiscal deterioration, geopolitical and energy disruptions, and uncertain returns on AI capital investment.

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Equity Market Returns

	(as of September 30, 2026)	QTD	YTD	1 Year Trailing	3 Year Trailing	5 Year Trailing	10 Year Trailing	2025	2024	2023	2022	2021	2020	2019
Domestic Equity														
Large Cap	S&P 500	2.3%	12.7%	15.7%	22.9%	13.8%	15.3%	17.9%	25.0%	26.3%	-18.1%	28.7%	18.4%	31.5%
Large Cap	S&P 500 Equal Weighted	-1.9%	10.0%	11.6%	15.7%	8.8%	11.7%	11.4%	13.0%	13.9%	-11.4%	29.6%	12.8%	29.2%
Large Cap	Russell 1000 Value	2.6%	19.3%	23.8%	20.1%	11.9%	11.4%	15.9%	14.4%	11.5%	-7.5%	25.2%	2.8%	26.5%
Large Cap	Russell 1000 Growth	0.9%	6.3%	7.5%	24.3%	13.7%	18.2%	18.6%	33.4%	42.7%	-29.1%	27.6%	38.5%	36.4%
Mid Cap	Russell Mid Cap	-3.0%	11.8%	12.0%	17.2%	8.0%	11.2%	10.6%	15.3%	17.2%	-17.3%	22.6%	17.1%	30.5%
Mid Cap	Russell Mid Cap Value	-2.0%	15.3%	16.9%	17.5%	9.3%	9.9%	11.0%	13.1%	12.7%	-12.0%	28.3%	5.0%	27.1%
Mid Cap	Russell Mid Cap Growth	-5.8%	1.0%	-2.7%	15.4%	4.9%	11.9%	8.7%	22.1%	25.9%	-26.7%	12.7%	35.6%	35.5%
Small Cap	Russell 2000	-7.2%	13.7%	16.2%	17.7%	6.3%	9.8%	12.8%	11.5%	16.9%	-20.4%	14.8%	20.0%	25.5%
Small Cap	Russell 2000 Value	-4.9%	17.0%	20.8%	17.9%	7.8%	9.4%	12.6%	8.1%	14.6%	-14.5%	28.3%	4.6%	22.4%
Small Cap	Russell 2000 Growth	-9.4%	10.7%	12.1%	17.6%	4.7%	9.9%	13.0%	15.2%	18.7%	-26.4%	2.8%	34.6%	28.5%
International Equity														
Developed Markets	MSCI EAFE	0.8%	10.3%	15.7%	18.4%	9.3%	9.1%	31.2%	3.8%	18.2%	-14.5%	11.3%	7.8%	22.0%
Developed Markets	Australia	1.7%	10.3%	9.2%	13.9%	7.3%	8.0%	14.7%	1.2%	14.8%	-5.3%	9.4%	8.7%	22.9%
Developed Markets	Canada	1.5%	9.0%	17.4%	22.8%	12.4%	10.9%	36.5%	11.9%	15.4%	-12.9%	26.0%	5.3%	27.5%
Developed Markets	France	-5.5%	-2.9%	0.4%	9.2%	5.9%	8.4%	28.4%	-5.3%	21.4%	-13.3%	19.5%	4.1%	25.7%
Developed Markets	Germany	0.7%	-0.4%	2.2%	19.1%	7.6%	7.4%	36.3%	10.2%	23.0%	-22.3%	5.3%	11.5%	20.8%
Developed Markets	Japan	6.0%	22.7%	26.6%	21.4%	9.8%	9.6%	24.6%	8.3%	20.3%	-16.6%	1.7%	14.5%	19.6%
Developed Markets	Switzerland	-5.7%	1.3%	11.3%	13.4%	7.2%	9.0%	33.5%	-2.0%	15.7%	-18.3%	19.3%	11.6%	32.3%
Developed Markets	UK	1.9%	8.2%	15.8%	18.9%	12.5%	8.6%	35.1%	7.5%	14.1%	-4.8%	18.5%	-10.5%	21.0%
Emerging Markets	MSCI Emerging Markets	-0.4%	23.4%	29.2%	24.1%	8.9%	9.1%	33.6%	7.5%	9.8%	-20.1%	-2.5%	18.3%	18.4%
Emerging Markets	Brazil	8.2%	18.2%	26.5%	13.6%	12.0%	7.2%	49.7%	-29.8%	32.7%	14.2%	-17.4%	-19.0%	26.3%
Emerging Markets	China	3.7%	-11.9%	-18.4%	9.8%	-2.1%	3.4%	31.2%	19.4%	-11.2%	-21.9%	-21.7%	29.5%	23.5%
Emerging Markets	India	-5.6%	-14.9%	-10.9%	2.8%	1.5%	7.2%	2.6%	11.2%	20.8%	-8.0%	26.2%	15.6%	7.6%
Emerging Markets	Indonesia	2.8%	-39.8%	-37.1%	-19.6%	-9.6%	-4.9%	-2.8%	-12.9%	7.3%	3.6%	2.1%	-8.1%	9.1%
Emerging Markets	Korea	-9.6%	97.7%	151.7%	51.7%	21.1%	15.7%	99.8%	-23.4%	23.2%	-29.4%	-8.4%	44.6%	12.5%
Emerging Markets	Mexico	-5.0%	5.3%	11.0%	12.4%	11.9%	7.2%	56.1%	-27.1%	40.9%	-2.0%	22.5%	-1.9%	11.4%
Emerging Markets	Russia	0.0%	-100.0%	-100.0%	-99.0%	-93.0%	-73.8%	0.0%	0.0%	0.0%	-100.0%	19.0%	-12.5%	50.9%

Source: Morningstar Direct; Empower Investments Analysis Individual country returns are represented by MSCI indices and shown as USD returns
*Canada is not part of the EAFE Index
Past performance is not a guarantee or prediction of future results.

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Fixed Income and Specialty Returns

(as of September 30, 2026)	QTD	YTD	1 Year Trailing	3 Year Trailing	5 Year Trailing	10 Year Trailing	2025	2024	2023	2022	2021	2020	2019
Fixed Income													
Bloomberg Barclays US Aggregate	-3.5%	-2.9%	-1.8%	4.1%	-0.6%	1.1%	7.3%	1.3%	5.5%	-13.0%	-1.5%	7.5%	8.7%
Bloomberg Barclays US Treasury	-3.0%	-2.8%	-1.9%	3.2%	-1.0%	0.6%	6.3%	0.6%	4.1%	-12.5%	-2.3%	8.0%	6.9%
Bloomberg Barclays US Govt/ Credit Intermediate	-1.9%	-1.5%	-0.3%	4.3%	0.8%	1.7%	7.0%	3.0%	5.2%	-8.2%	-1.4%	6.4%	6.8%
Bloomberg Barclays US Govt/ Credit Long	-7.7%	-7.0%	-7.1%	2.5%	-5.4%	-0.2%	6.6%	-4.2%	7.1%	-27.1%	-2.5%	16.1%	19.6%
Bloomberg Barclays US TIPS	-3.2%	-2.1%	-2.0%	3.8%	0.0%	2.1%	7.0%	1.8%	3.9%	-11.8%	6.0%	11.0%	8.4%
Bloomberg Barclays US Corporate High Yield	-1.8%	0.1%	1.4%	8.0%	3.6%	5.0%	8.6%	8.2%	13.4%	-11.2%	5.3%	7.1%	14.3%
FTSE WGBI	-2.4%	-2.8%	-2.7%	3.1%	-2.9%	-0.8%	7.5%	-2.9%	5.2%	-18.3%	-7.0%	10.1%	5.9%
FTSE Treasury Bill 3 Month	1.0%	2.9%	3.9%	4.7%	3.9%	2.5%	4.4%	5.4%	5.3%	1.5%	0.0%	0.6%	2.3%
Specialty													
Bloomberg Commodity	16.2%	32.9%	40.6%	15.6%	11.3%	7.9%	15.8%	5.4%	-7.9%	16.1%	27.1%	-3.1%	7.7%
DJ US Select REIT	-5.7%	10.9%	10.0%	13.1%	4.2%	4.9%	3.7%	8.1%	14.0%	-26.0%	45.9%	-11.2%	23.1%
FTSE EPRA/ NAREIT Developed Ex US	-5.6%	-7.1%	-5.8%	7.5%	-2.1%	1.4%	26.1%	-7.8%	7.1%	-23.8%	8.8%	-6.5%	21.8%

Source: Morningstar Direct; Empower Investments Analysis *Past performance is not a guarantee or prediction of future results.*

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Calendar Year Returns by Asset Class

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 YTD	Cumulative Return*
Sm Value 31.7	Emrg Mkt 37.3	Agg Bond 0.0	Lg Growth 36.4	Lg Growth 38.5	Sm Value 28.3	Lg Value -7.54	Lg Growth 42.68	Lg Growth 33.36	Emrg Mkt 33.57	Emrg Mkt 23.38	Lg Growth 432.48
Mid Value 20.0	Lg Growth 30.2	Lg Growth -1.5	Mid Growth 35.5	Mid Growth 35.6	Mid Value 28.3	Mid Value -12.03	Mid Growth 25.87	Mid Growth 22.10	International 31.22	Lg Value 19.27	Mid Growth 206.60
Lg Value 17.3	Mid Growth 25.3	Balanced -2.4	Sm Growth 28.5	Sm Growth 34.6	Lg Growth 27.6	Agg Bond -13.01	Sm Growth 18.68	Sm Growth 15.15	Lg Growth 18.56	Sm Value 16.96	Lg Value 194.45
Sm Growth 11.3	International 25.0	Mid Growth -4.8	Mid Value 27.1	Emrg Mkt 18.3	Lg Value 25.2	International -14.45	International 18.24	Balanced 15.04	Mid Growth 8.66	Mid Value 15.25	Sm Growth 160.68
Emrg Mkt 11.2	Sm Growth 22.2	Lg Value -8.3	Lg Value 26.5	Balanced 14.7	Balanced 15.9	Sm Value -14.48	Balanced 17.67	Lg Value 14.37	Lg Value 15.91	Sm Growth 10.71	Mid Value 158.72
Balanced 8.3	Balanced 14.2	Sm Growth -9.3	Sm Value 22.4	International 7.8	Mid Growth 12.7	Balanced -15.79	Sm Value 14.65	Mid Value 13.07	Sm Growth 13.01	International 10.33	Balanced 152.50
Mid Growth 7.3	Lg Value 13.7	Mid Value -12.3	Balanced 22.2	Agg Bond 7.5	International 11.3	Emrg Mkt -20.09	Mid Value 12.71	Sm Value 8.05	Balanced 13.70	Balanced 6.39	Sm Value 147.59
Lg Growth 7.1	Mid Value 13.3	Sm Value -12.9	International 22.0	Mid Value 5.0	Sm Growth 2.8	Sm Growth -26.36	Lg Value 11.46	Emrg Mkt 7.50	Mid Value 11.05	Lg Growth 6.30	Emrg Mkt 141.69
Agg Bond 2.6	Sm Value 7.8	International -13.8	Emrg Mkt 18.4	Sm Value 4.6	Agg Bond -1.5	Mid Growth -26.72	Emrg Mkt 9.83	International 3.82	Sm Value 12.59	Mid Growth 1.01	International 141.10
International 1.0	Agg Bond 3.5	Emrg Mkt -14.6	Agg Bond 8.7	Lg Value 2.8	Emrg Mkt -2.5	Lg Growth -29.14	Agg Bond 5.53	Agg Bond 1.25	Agg Bond 7.30	Agg Bond -2.91	Agg Bond 11.89

*Cumulative return is for the time period 9/1/2016 – 9/30/2026

Source: Morningstar Direct; Empower Investments Analysis; Lg Growth – Russell 1000 Growth Index, Lg Value – Russell 1000 Value Index, Mid Growth – Russell Mid Cap Growth Index, Mid Value – Russell Mid Cap Value Index, Sm Growth – Russell 2000 Growth Index, Sm Value – Russell 2000 Value Index, International – MSCI EAFE NR Index, Emrg Mkt – MSCI EM NR Index, Agg Bond – Bloomberg US Aggregate Bond Index, Balanced – 60% S&P 500 Index and 40% Bloomberg US Aggregate Bond Index.

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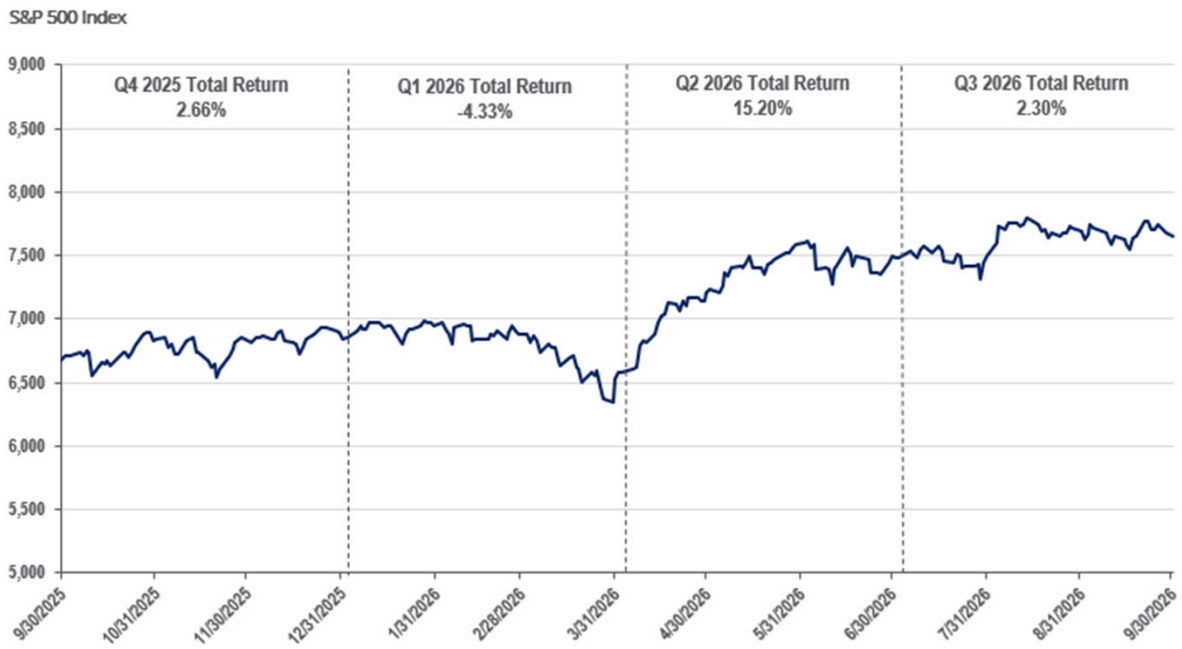
The S&P 500® Index ended the quarter in positive territory



Source: Morningstar Direct; Empower Investments Analysis

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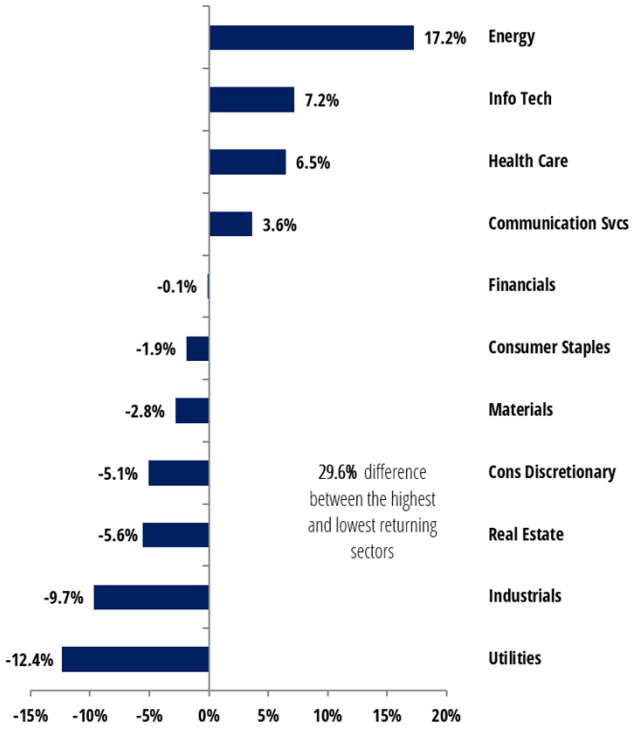
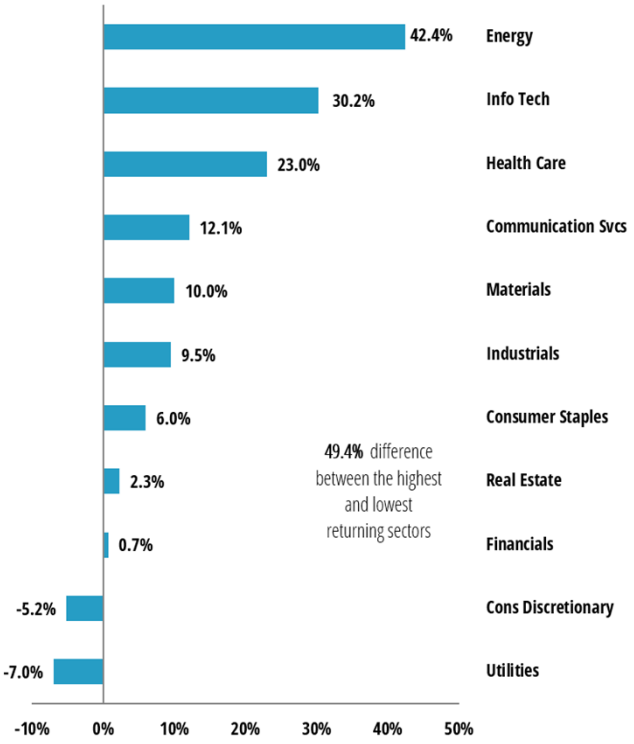
S&P® 500 Sector Returns

QTD Returns
as of September 30, 2026



1 Year Trailing Returns
as of September 30, 2026



Source: Morningstar Direct; Empower Investments Analysis

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Returns by Style

3 Months

	Value	Blend	Growth
Large	2.6%	2.3%	0.9%
Mid	-2.0%	-3.0%	-5.8%
Small	-4.9%	-7.2%	-9.4%

1 Year

	Value	Blend	Growth
Large	23.8%	15.7%	7.5%
Mid	16.9%	12.0%	-2.7%
Small	20.8%	16.2%	12.1%

Since Pre-Covid Market Peak (February, 2020)

	Value	Blend	Growth
Large	107.7%	150.4%	176.7%
Mid	90.2%	91.8%	77.7%
Small	92.0%	81.5%	67.0%

3 Year

	Value	Blend	Growth
Large	20.1%	22.9%	24.3%
Mid	17.5%	17.2%	15.4%
Small	17.9%	17.7%	17.6%

5 Year

	Value	Blend	Growth
Large	11.9%	13.8%	13.7%
Mid	9.3%	8.0%	4.9%
Small	7.8%	6.3%	4.7%

Since Covid Market Low (March, 2020)

	Value	Blend	Growth
Large	221.0%	265.3%	293.6%
Mid	222.0%	210.0%	169.4%
Small	227.5%	200.8%	169.8%

performance as of September 30, 2026

Source: Morningstar Direct; Empower Investments Analysis; Large Blend – S&P 500 Index, Large Value – Russell 1000 Value Index, Large Growth – Russell 1000 Growth Index, Mid Blend – Russell Mid Cap Index, Mid Value – Russell Mid Cap Value Index, Mid Growth – Russell Mid Cap Growth Index, Small Blend – Russell 2000 Index, Small Value – Russell 2000 Value Index, Small Growth – Russell 2000 Growth Index

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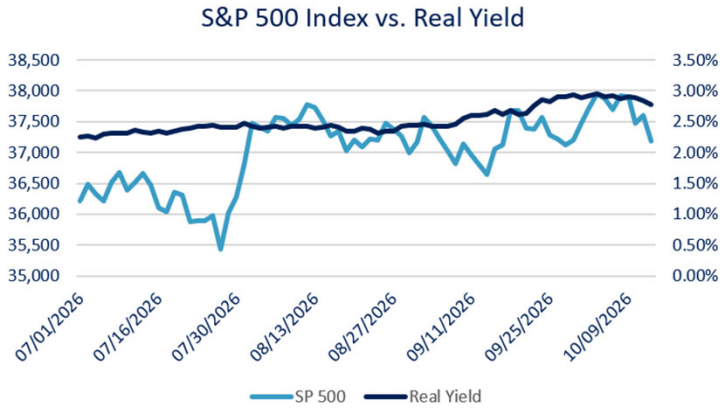
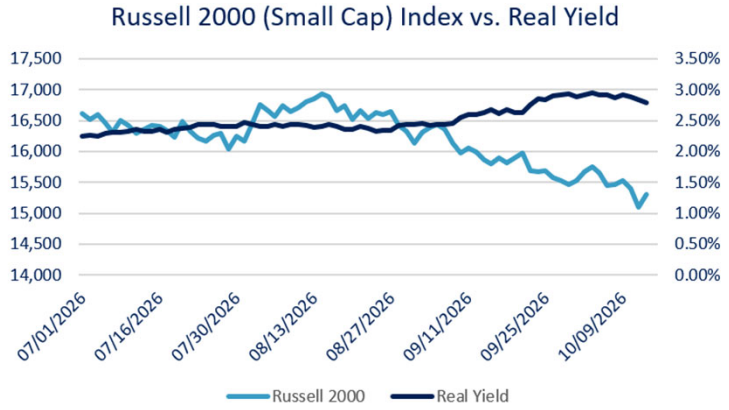
Rising Real Yields Test Equity Resilience





Since the end of the second quarter 2026, equity markets have struggled despite solid economic data and strong corporate earnings.

While several factors have contributed to this weakness, one potential culprit is the rising real yield – the return investors expect on a 10-year Treasury after adjusting for inflation.

Rising real yields can pressure equities in two ways:

- First, they increase the discount rate applied to future cash flows, reducing the relative attractiveness of long-duration equities, particularly growth companies whose valuations depend heavily on future earnings.
- Second, higher real yields may reflect concerns about inflation, fiscal deficits and government borrowing that can crowd out private investment.

As real yields approach 3%, they create an increasingly challenging environment for risk assets. As illustrated in the charts above, both the S&P 500 and Russell 2000 indexes have declined as real yields have risen. Small-cap equities are particularly vulnerable, given their greater sensitivity to borrowing costs and slowing economic growth.

Source: Empower Investment Analysis, Morningstar Direct, Board of Governors of the Federal Reserve System (US)

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Historical, Current and Forward Rates



Source: Bloomberg; ECM Analysis

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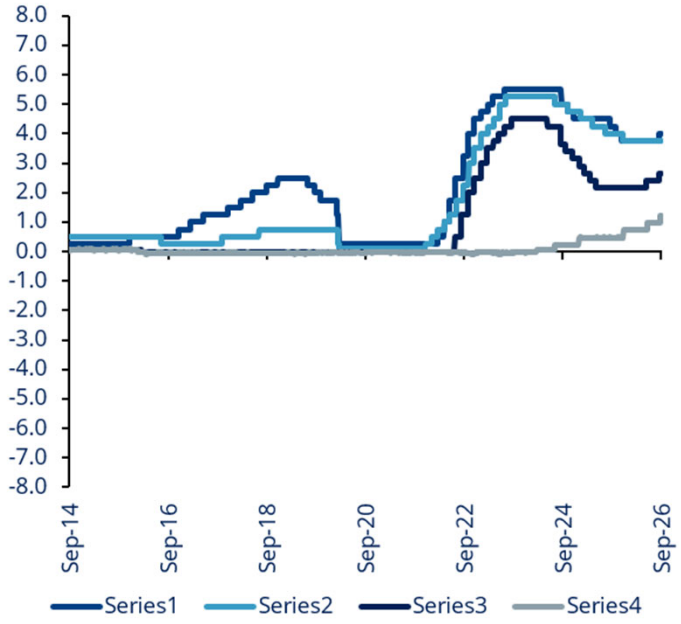
Global Monetary Policies and Interest Rates

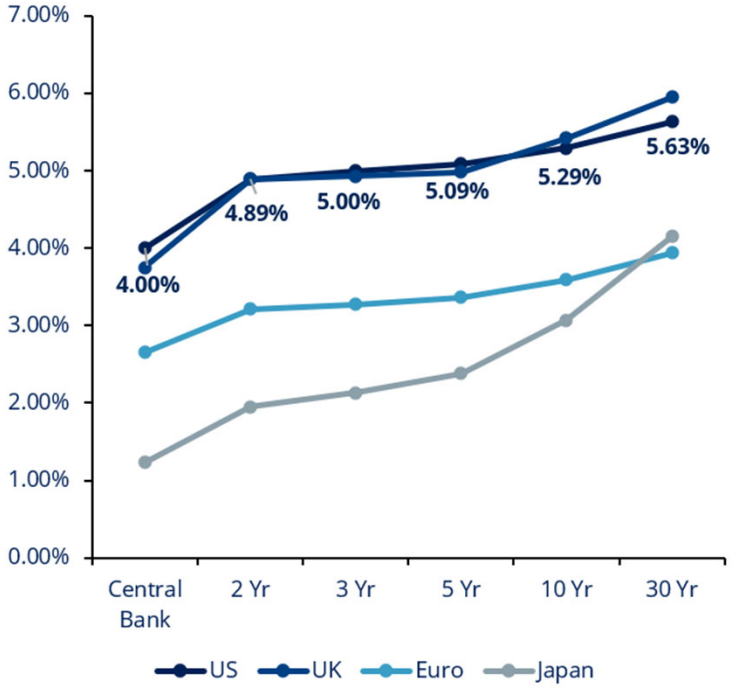
Global Central Bank Rates

through September 2026



Sovereign Yield Curve

as of September 2026



Source: Bloomberg; ECM Analysis

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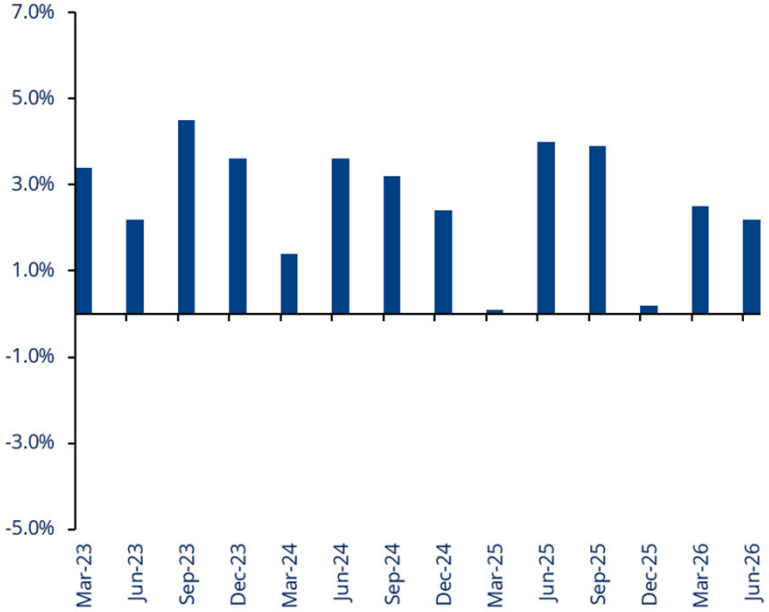
State of the U.S. Economy

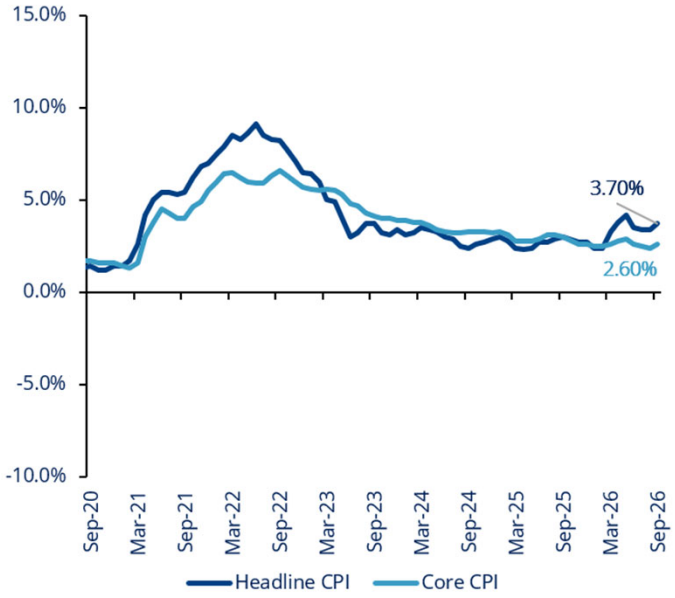
Real GDP Growth

quarter over quarter annualized, through June 2026



US Consumer Price Index

annual percent change, through September 2026



Source: Bloomberg; ECM Analysis
The core measure of inflation excludes food and energy prices while the headline measure of inflation does not
GDP estimates presented reflect the median estimate provided by Bloomberg

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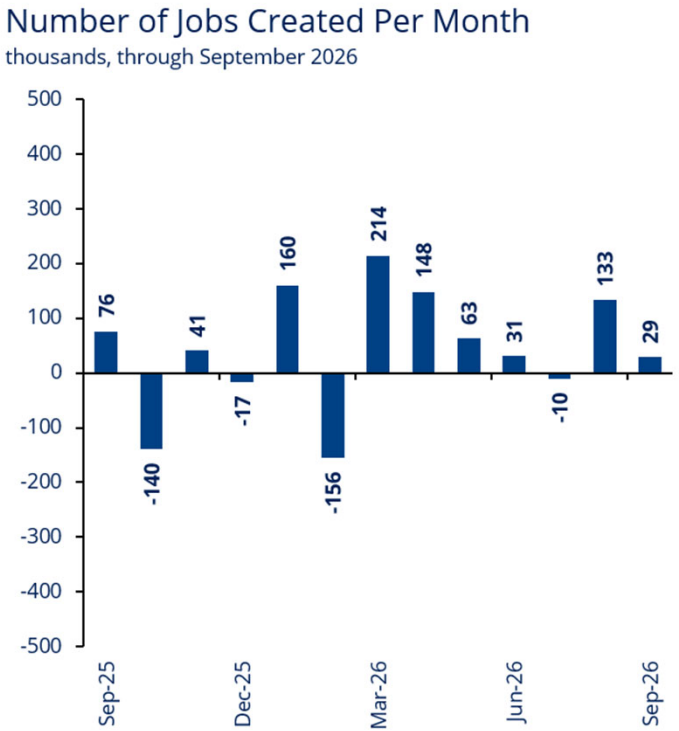
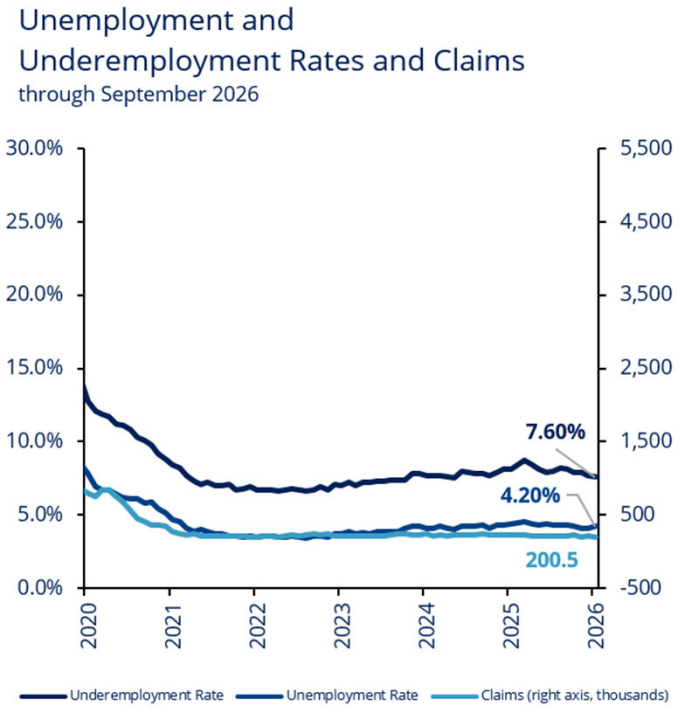
U.S. Labor Market Trends





Source: Bloomberg; Bureau of Labor Statistics; ECM Analysis
The Unemployment Rate represents total unemployed, as a percent of the civilian labor force
The Underemployment Rate represents total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers

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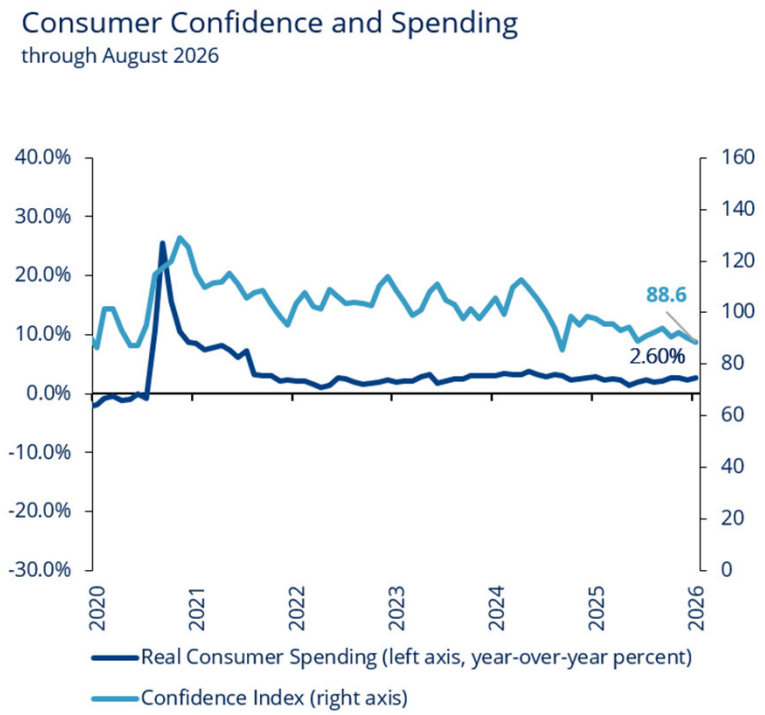
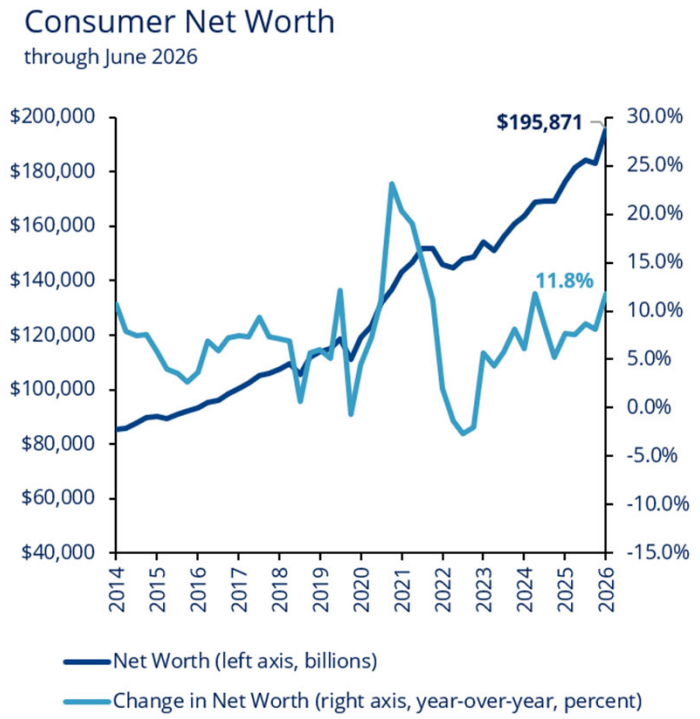
U.S. Consumer Confidence, Spending and Net Worth





Source: Bloomberg; Federal Reserve; ECM Analysis

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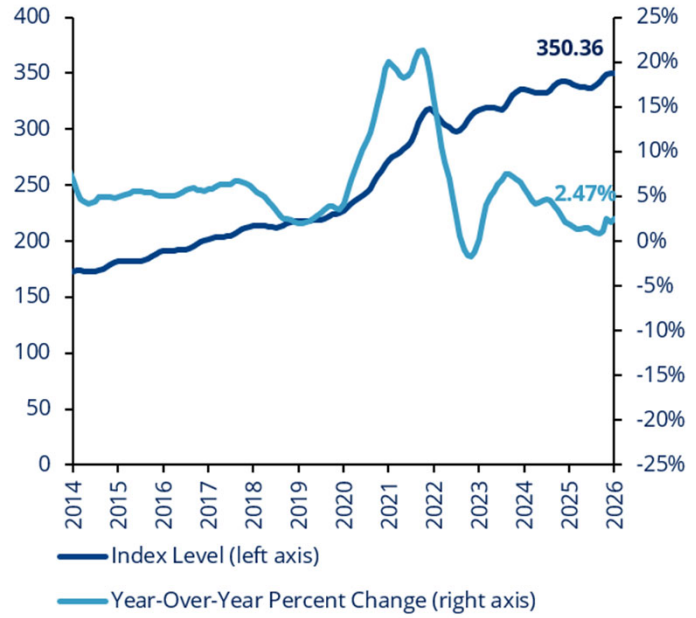
U.S. Housing Market Trends

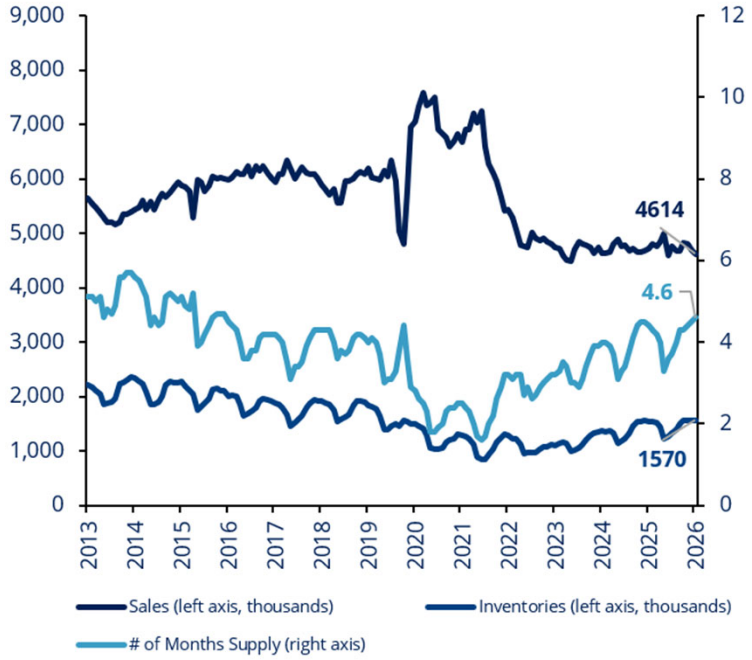
Case Shiller 20 City Home Price Index

through July 2026



Housing Supply and Demand

through August 2026



Source: Bloomberg; ECM Analysis

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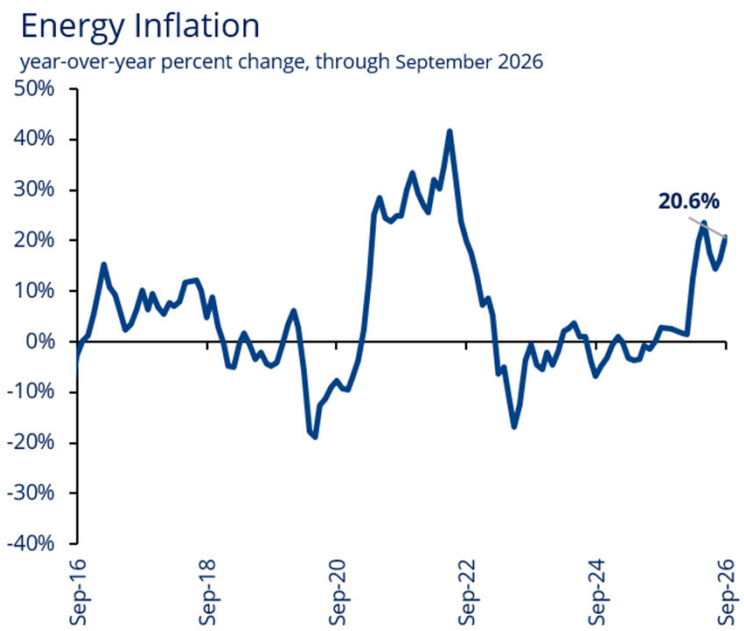
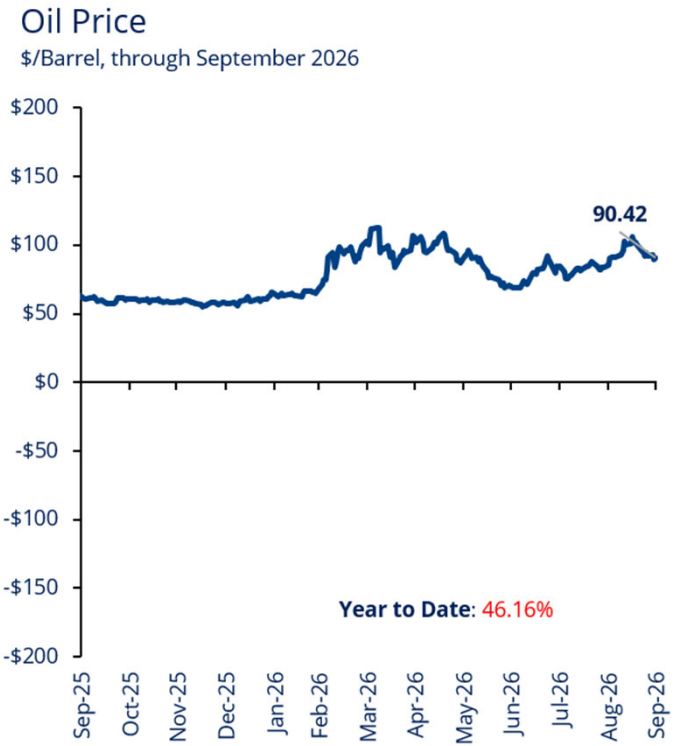
Energy Inflation and Oil





Source: Bloomberg; ECM Analysis
Oil prices shown for West Texas Intermediate (WTI) Crude

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For definitions of benchmarks found in this material please refer to the benchmark provider website.

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Bloomberg's Equity Factors are derived using the Russell 1000 Index as a universe and stocks are grouped into quintiles by each respective characteristic. The factors are constructed on an equal weighted basis.

Factor List:

Value – Standardized composite metric calculated as weighting each stock's Book Value to Price, Cash Flow from Operations/Market Cap, Net Income LTM/Market Cap, EBITDA LTM/EV, Earnings/Price (BF1Y), and Sales LTM/EV

Momentum – Calculated as the arithmetic average of weekly return for trailing 52 weeks, lagged by 2 weeks

Growth – Standardized composite metric calculated as a weighting each stock's EPS Growth (FY2/FY1), 5Y Net Income CAGR, Sales Growth (FY2/FY1), 5Y Sales CAGR, and 5Y Asset CAGR.

Profitability – Standardized composite metric calculated as a weighting of each stock's EBITDA Margin %, ROA, ROCE, ROE LTM.

Dividends – Standardized dividend Yield (Indicated) metric

Low Volatility – Average of relative volatility over 6 months and 1 year within the universe

FI Term – Total Return of Bloomberg US Treasury 20+ Yr minus Total Return of Bloomberg US Treasury 1-3 Month

FI Credit – Return of ICE BofA 10+Y US Corp TR minus Return of ICE BofA 10+Y US Trsy

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Bond prices generally fall when interest rates rise (and vice versa) and are subject to risks, including changes in credit quality, market valuations, inflation, liquidity and default. High-yield bonds have a greater risk of default.

The interest from Treasury inflation-protected securities (TIPS) is adjusted periodically according to the Consumer Price Index. The return from TIPS may understate the actual rate of inflation due to changes in the bond's underlying price.

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Disclosures

Gross expense ratios are the funds' total annual operating costs expressed as a percentage of the funds' average net assets over a given time period. They are gross of any fee waivers or expense reimbursements. Net expense ratios are the expense ratios after the application of any voluntary or contractual waivers or reimbursements and are the actual ratios that investors paid during the funds' most recent fiscal year. Expense ratios are subject to change.

Morningstar rankings are based on total return and do not reflect of sales charges, which, if reflected, would reduce returns.

The date in a target date fund's name represents an approximate date when an investor is expected to retire (which is assumed to be at age 65) and/or begins withdrawing money. The principal value of the funds is not guaranteed at any time, including the target date. For more information, please refer to the fund prospectus and/or disclosure document. A target date fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date (which is the assumed retirement date for an investor).

Asset allocation and balanced investment options and models are subject to the risks of the underlying investments, which can be a mix of stocks/stock funds and bonds/bond funds. For more information, see the prospectus and/or disclosure documents.
Commodity and real asset investments may be affected by natural disasters and political and economic developments.

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Securities of small and mid-size companies may be more volatile than those of larger, more established companies.

Investment return and principal value of a variable investment will fluctuate so that an investor's shares when redeemed, may be worth more or less than the original cost.

There is no guarantee that companies that can issue dividends will declare, continue to pay, or increase dividends .

The JPMCB SmartRetirement Funds indirectly bear their proportionate share of the operating expenses of any underlying funds in which they may invest (excluding management fees and service fees).

The Trustee of the JPMCB SmartRetirement Funds agrees to reimburse the Fund for such fund operating expenses, and/or to waive a portion of the Trustee's management fee, to the extent that the fund's total annual operating expenses (excluding management fees, service fees, underlying fund fees attributable to dividend and interest expenses on short sales, interest, expenses related to litigation and potential litigation, and extraordinary expenses not incurred in the ordinary course of the Fund's business) exceeds 0.04% of the Fund's average daily new assets through the expense cap expiration date.

The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the Fund's portfolio or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general (or in particular, the prices of the types of securities in which a fund invests) may decline over short or extended periods of time. When the value of a fund's securities goes down, an investment in a fund decreases in value.

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EMPOWER INVESTMENTS™

Plan Allocation

El Toro Water District – 524723-02

El Toro Water District
524723-02
2026-09-30

Investment	Total Balance	Allocation
Core Plus Bond / PGIM Fund	$658,387.36	6.54%
Day One IncomeFlex Target Balanced	$180,932.62	1.80%
Empower S&P 500 Index Separate Acct (IS)	$498,729.79	4.96%
Guaranteed Income Fund	$1,795,409.80	17.85%
Intnl Blend (sub-adv by Wellington Mgmt)	$1,121,827.15	11.15%
Large Cap Growth / American Century Fund	$1,273,364.75	12.66%
Large Cap Value (sub-adv by Wellington)	$1,012,848.11	10.07%
Mid Cap Growth I Fund (managed by Ivy)	$232,248.70	2.31%
Mid Cap Value / Integrity Fund	$274,648.31	2.73%
Real Estate / Cohen & Steers Fund	$142,350.07	1.41%
Schwab SDB Securities	$16,636.80	0.17%
Schwab SDB Sweep Program	$813.82	0.01%
Small Cap Growth / TimesSquare Fund	$223,397.69	2.22%
Small Cap Value / Kennedy Capital Fund	$449,333.53	4.47%
Vanguard 500 Index Fund - Admiral	$1,596,881.59	15.87%
Vanguard Interm-Term Bond Index Adm	$129,420.96	1.29%
Vanguard Morningstar Small-Cap Index Adm	$319,824.06	3.18%
Vanguard Total Intl Stock Index Admiral	$133,206.09	1.32%
Total Balance	$10,060,261.20	100.00%

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Fund Performance

Carefully consider the investment objectives, risks, fees and expenses of the annuity and/or the investment options. Contact us for a prospectus, a summary prospectus and disclosure document, as available, containing this information. Read them carefully before investing.

Past performance is not a guarantee or prediction of future results.

Rankings provided based on total return.

Sources: Empower, MPI Stylus Web, Morningstar, Individual Investment Managers

EMPOWER

Fund Performance by Asset Class 9/30/2026

Trailing Performance

	Ticker	3 Mo	YTD	Annualized Returns / Peer Ranks 1 Yr / Peer Rank	3 Yr / Peer Rank	5 Yr / Peer Rank	10 Yr / Peer Rank	Since Inception Return	Date
Cash Equiv									
Stable Value									
El Toro Water Deferred Compensation Plan		**0.64**	**1.68**	**2.21 / NA**	**2.09 / NA**	**1.81 / NA**	**1.65 / NA**		
ML 3-month T-Bill		0.89	2.65	3.65 / NA	4.49 / NA	3.70 / NA	2.42 / NA		
Fixed Income									
Intermediate Core Bond									
Vanguard Interm-Term Bond Index Adm	**VBILX**	**-3.93**	**-3.74**	**-2.64 / 93**	**4.27 / 28**	**-0.58 / 31**	**1.37 / 32**	**3.86**	**11/12/2001**
BBgBarc US Aggregate Bond Index		-3.51	-2.91	-1.84 / 33	4.06 / 48	-0.64 / 38	1.14 / 50		
Intermediate Core Bond Median		*-3.63*	*-2.93*	*-1.95 / 50*	*4.03 / 50*	*-0.69 / 50*	*1.13 / 50*		
Number of Funds in Peer Group		192	187	186	160	144	105		
Intermediate Core-Plus Bond									
Core Plus Bond / PGIM Fund		**-3.78**	**-2.73**	**-1.54 / 33**	**5.08 / 20**	**-0.06 / 40**	**2.05 / 24**		**07/19/2002**
BBgBarc US Aggregate Bond Index		-3.51	-2.91	-1.84 / 56	4.06 / 85	-0.64 / 77	1.14 / 88		
Intermediate Core-Plus Bond Median		*-3.68*	*-2.81*	*-1.77 / 50*	*4.57 / 50*	*-0.24 / 50*	*1.66 / 50*		
Number of Funds in Peer Group		195	191	186	159	138	110		
Balanced									
Target-Date Retirement									
Day One IncomeFlex Target Balanced		**-0.50**	**7.41**	**9.86 / 1**	**12.24 / 1**	**5.92 / 1**	**6.99 / 1**		**06/30/2009**
S&P Target Date Retirement Income		-1.58	2.77	4.49 / 72	9.50 / 56	4.09 / 38	5.01 / 58		
Target-Date Retirement Median		*-1.58*	*3.23*	*4.78 / 50*	*9.81 / 50*	*3.89 / 50*	*5.07 / 50*		
Number of Funds in Peer Group		31	31	31	30	29	23		
Equity									
Large Value									
Large Cap Value Fund (sub-advised by Wellington M		**1.83**	**12.97**	**18.62 / 33**	**16.18 / 67**	**9.72 / 74**	**10.69 / 68**		**09/30/1999**
Russell 1000 Value Index		2.59	19.27	23.81 / 11	20.07 / 21	11.92 / 33	11.43 / 47		
Large Value Median		*0.56*	*12.14*	*15.93 / 50*	*17.37 / 50*	*10.80 / 50*	*11.38 / 50*		
Number of Funds in Peer Group		438	430	422	388	352	301		

Past performance is no guarantee of future results. Rankings provided based on total returns. Performance quoted for mutual funds may include performance of a predecessor fund/share class prior to the share class commencement of operations.

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Fund Performance by Asset Class 9/30/2026

Trailing Performance

	Ticker			Annualized Returns / Peer Ranks				Since Inception	
		3 Mo	YTD	1 Yr / Peer Rank	3 Yr / Peer Rank	5 Yr / Peer Rank	10 Yr / Peer Rank	Return	Date
Large Blend									
Vanguard 500 Index Admiral	**VFIAX**	**2.29**	**12.71**	**15.69 / 28**	**22.84 / 25**	**13.74 / 21**	**15.29 / 17**	**8.90**	**11/13/2000**
Empower S&P 500 Index Separate Account (IS)		**2.31**	**12.72**	**15.55 / 33**				**21.59**	**11/29/2023**
S&P 500 Index		2.30	12.75	15.74 / 26	22.89 / 23	13.79 / 19	15.33 / 14		
Large Blend Median		*1.74*	*11.94*	*14.61 / 50*	*21.46 / 50*	*12.52 / 50*	*14.28 / 50*		
Number of Funds in Peer Group		696	660	640	551	485	368		
Large Growth									
Large Cap Growth / American Century Fund		**3.03**	**8.05**	**9.14 / 56**	**22.07 / 66**	**11.72 / 42**	**16.79 / 36**		**01/28/2001**
Russell 1000 Growth Index		0.92	6.30	7.50 / 68	24.26 / 44	13.66 / 25	18.16 / 15		
Large Growth Median		*1.49*	*9.14*	*10.32 / 50*	*23.67 / 50*	*11.04 / 50*	*16.03 / 50*		
Number of Funds in Peer Group		425	408	399	353	324	263		
Mid-Cap Value									
Mid Cap Value / Integrity Fund		**-2.90**	**13.02**	**14.18 / 37**	**15.21 / 46**	**9.80 / 37**	**10.41 / 34**		**05/23/2005**
Russell Mid-Cap Value Index		-1.98	15.25	16.89 / 24	17.50 / 26	9.26 / 46	9.93 / 45		
Mid-Cap Value Median		*-2.20*	*10.52*	*12.69 / 50*	*14.74 / 50*	*9.03 / 50*	*9.70 / 50*		
Number of Funds in Peer Group		169	165	164	152	136	110		
Mid-Cap Growth									
Mid Cap Growth I Fund (mgd by Ivy) (Watch List)		**-7.31**	**-2.93**	**-6.32 / 88**	**4.67 / 93**	**-2.38 / 91**	**10.23 / 61**		**06/30/2004**
Russell Mid-Cap Growth Index		-5.84	1.01	-2.73 / 79	15.36 / 41	4.92 / 29	11.86 / 31		
Mid-Cap Growth Median		*-6.04*	*4.80*	*3.22 / 50*	*13.60 / 50*	*2.89 / 50*	*10.71 / 50*		
Number of Funds in Peer Group		159	154	152	143	137	120		
Small Value									
Small Cap Value / Kennedy Capital Fund		**-6.27**	**17.82**	**18.07 / 34**	**14.87 / 43**	**6.48 / 75**	**8.58 / 69**		**01/29/2001**
Russell 2000 Value Index		-4.91	16.96	20.77 / 18	17.93 / 16	7.80 / 51	9.40 / 41		
Small Value Median		*-5.67*	*13.91*	*16.00 / 50*	*14.40 / 50*	*7.81 / 50*	*9.10 / 50*		
Number of Funds in Peer Group		179	177	176	167	157	137		
Small Blend									
Vanguard MStar Small Cap Index Admiral	**VSMAX**	**-5.80**	**11.37**	**13.39 / 62**	**16.23 / 42**	**6.97 / 47**	**10.42 / 33**	**9.39**	**11/13/2000**
Russell 2000 Index		-7.23	13.71	16.20 / 36	17.72 / 24	6.34 / 61	9.84 / 49		
Small Blend Median		*-7.18*	*12.95*	*14.60 / 50*	*15.11 / 50*	*6.74 / 50*	*9.80 / 50*		
Number of Funds in Peer Group		273	269	267	240	227	189		

Past performance is no guarantee of future results. Rankings provided based on total returns. Performance quoted for mutual funds may include performance of a predecessor fund/share class prior to the share class commencement of operations.

FOR PLAN SPONSOR OR FINANCIAL PROFESSIONAL USE ONLY.

Fund Performance by Asset Class 9/30/2026

Trailing Performance

	Ticker	Annualized Returns / Peer Ranks						Since Inception	
		3 Mo	YTD	1 Yr / Peer Rank	3 Yr / Peer Rank	5 Yr / Peer Rank	10 Yr / Peer Rank	Return	Date
Small Growth									
Small Cap Growth/TimesSquare SP		**-7.81**	**6.78**	**10.46 / 60**	**12.50 / 73**	**2.68 / 56**	**9.50 / 65**	**10.11**	**12/04/1997**
Russell 2000 Growth Index		-9.39	10.71	12.05 / 56	17.55 / 30	4.72 / 34	9.90 / 59		
Small Growth Median		*-9.60*	*10.64*	*12.63 / 50*	*14.54 / 50*	*3.23 / 50*	*10.36 / 50*		
Number of Funds in Peer Group		168	164	163	160	153	135		
International									
Foreign Large Blend									
Vanguard Total Intl Stock Index Admiral	**VTIAX**	**-0.53**	**13.35**	**18.45 / 31**	**20.10 / 30**	**9.31 / 43**	**9.16 / 43**	**7.03**	**11/29/2010**
International Blend Fund (sub-advised by Wellington		**-2.22**	**8.24**	**13.36 / 78**	**18.60 / 52**	**7.37 / 83**	**8.32 / 75**		**02/24/2003**
MSCI EAFE		0.88	10.81	16.24 / 43	18.99 / 47	9.87 / 28	9.60 / 29		
Foreign Large Blend Median		*0.08*	*10.73*	*15.41 / 50*	*18.72 / 50*	*9.04 / 50*	*9.07 / 50*		
Number of Funds in Peer Group		301	289	279	253	231	179		
Specialty									
Real Estate									
Real Estate/Cohen & Steers SP		**-5.95**	**6.64**	**5.12 / 43**	**11.66 / 20**	**2.83 / 26**	**6.35 / 6**	**6.78**	**05/17/2007**
MSCI US REIT		-6.08	10.43	8.56 / 12	12.77 / 8	4.31 / 5	5.56 / 22		
Real Estate Median		*-6.30*	*6.89*	*4.93 / 50*	*10.00 / 50*	*1.73 / 50*	*4.86 / 50*		
Number of Funds in Peer Group		89	86	85	79	74	58		

Past performance is no guarantee of future results. Rankings provided based on total returns. Performance quoted for mutual funds may include performance of a predecessor fund/share class prior to the share class commencement of operations.

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Fund Analysis

Carefully consider the investment objectives, risks, fees and expenses of the annuity and/or the investment options. Contact us for a prospectus, a summary prospectus and disclosure document, as available, containing this information. Read them carefully before investing.

Past performance is not a guarantee or prediction of future results.

Rankings provided based on total return.

Sources: Empower, MPI Stylus Web, Morningstar, Individual Investment Managers

EMPOWER

El Toro Water Deferred Compensation Plan

9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
	ML 3-month T-Bill	Stable Value	NA	Team Managed		NA	NA

PORTFOLIO COMPOSITION (Holdings-based)

Assets

Cash	0.00%
US Stocks	0.00%
US Bonds	0.00%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

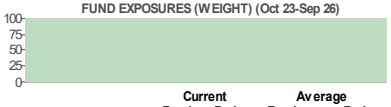
Sector Breakdown

Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%
Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	**NA%**

ASSET LOADINGS (Returns-based)

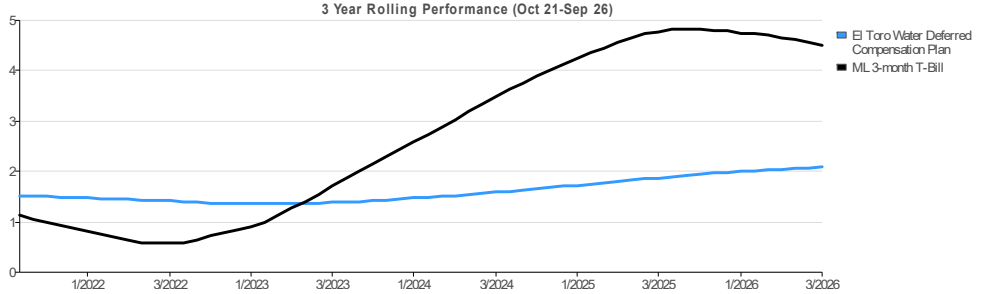


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	100.0	100.0	100.0	100.0
Mortgages	0.0	0.0	0.0	0.0
Gov/Corp Bonds	0.0	0.0	0.0	0.0

INVESTMENT OVERVIEW

Guaranteed Income Fund (El Toro)

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	0.64	1.68	2.21 / NA	2.09 / NA	1.81 / NA	1.72 / NA	1.65 / NA	ator expected at p
Benchmark	0.89	2.65	3.65 / NA	4.49 / NA	3.70 / NA	2.80 / NA	2.42 / NA	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	2.10	2.01	1.73	1.23	1.30	1.60	1.60	1.45	1.45
Benchmark	4.18	5.25	5.01	1.46	0.05	0.67	2.28	1.87	0.86

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark
Alpha	-2.33	0.00
Beta	0.00	0.00
R-Squared	0.00	0.00
Sharpe Ratio	-48.26	0.00
Up Market Capture	46.53	100.00
Down Market Capture	NA	NA

5 Yr	Fund	Benchmark
Alpha	-1.84	0.00
Beta	0.00	0.00
R-Squared	0.00	0.00
Sharpe Ratio	-16.16	0.00
Up Market Capture	47.78	100.00
Down Market Capture	-2406.67	100.00

NOTES

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Vanguard Interm-Term Bond Index Adm VBILX 9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
11/12/2001	BBgBarc US Aggregate Bond Index	Intermediate Core Bond	$50,439.00M	Joshua C. Barrickman	04/25/2008	0.06%	9

PORTFOLIO COMPOSITION (Holdings-based)

Assets



Cash	0.36%
US Stocks	0.00%
US Bonds	88.83%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.03%
Other	0.00%
Non-US Bonds	10.78%

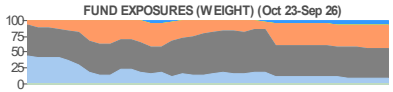
Credit Quality (%)

AAA	2.48%
AA	59.65%
A	18.21%
BBB	19.69%
BB	0.00%
B	0.00%
Below B	0.00%
NR/NA	-0.03%
Total:	**100.00%**

Sector (%)

% Government	60.39%
% Municipal	0.31%
% Corporate	38.87%
% Securitized	0.08%
% Cash and Equivalent	0.36%
% Derivative	0.00%
Total:	**100.01%**

ASSET LOADINGS (Returns-based)

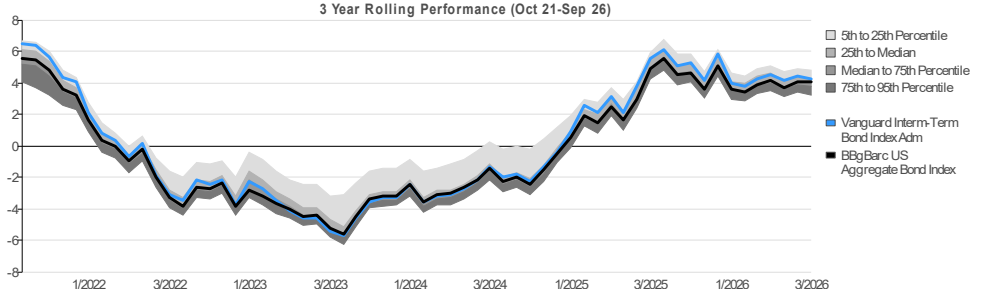


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.0	0.6	0.0	0.5
Credit Bond	9.2	27.4	18.6	27.7
Govt Bond	46.0	47.5	52.0	46.0
HY Corp Bond	0.0	0.2	0.0	0.3
MBS	37.7	24.3	27.0	25.5
Muni Bond	0.0	0.0	0.0	0.0
TIPS	7.1	0.0	2.4	0.0

INVESTMENT OVERVIEW

The investment seeks to track the performance of the Bloomberg U.S. 5-10 Year Government/Credit Float Adjusted Index. This index includes all medium and larger issues of U.S. government, investment-grade corporate and investment-grade international dollar-denominated bonds that have maturities between 5 and 10 years and are publicly issued. All of the fund's investments will be selected through the sampling process, and at least 80% of its assets will be invested in bonds held in the index.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-3.93	-3.74	-2.64 / 93	4.27 / 28	-0.58 / 31	0.63 / 32	1.37 / 32	3.86
Benchmark	-3.51	-2.91	-1.84 / 33	4.06 / 48	-0.64 / 38	0.38 / 49	1.14 / 50	
Peer Group Median	-3.63	-2.93	-1.95 / 50	4.03 / 50	-0.69 / 50	0.36 / 50	1.13 / 50	
Number of Funds			186	160	144	127	105	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	8.56	1.51	6.07	-13.27	-2.36	9.79	10.18	-0.17	3.85
Benchmark	7.30	1.25	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54
Peer Group Median	7.19	1.59	5.65	-13.28	-1.57	7.72	8.60	-0.32	3.50

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	0.23	0.00	-0.03
Beta	1.04	1.00	1.00
R-Squared	98.56	100.00	99.44
Sharpe Ratio	-0.01	-0.05	-0.05
Up Market Capture	104.91	100.00	99.63
Down Market Capture	104.19	100.00	100.23

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	0.33	0.00	-0.05
Beta	1.06	1.00	1.00
R-Squared	98.43	100.00	99.19
Sharpe Ratio	-0.58	-0.63	-0.64
Up Market Capture	108.09	100.00	99.38
Down Market Capture	106.15	100.00	100.27

NOTES

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Core Plus Bond / PGIM Fund

9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
07/19/2002	BBgBarc US Aggregate Bond Index	Intermediate Core-Plus Bond	NA	Team Managed	07/19/2002	0.37%	24

PORTFOLIO COMPOSITION (Holdings-based)

Assets

Cash	0.00%
US Stocks	0.00%
US Bonds	0.00%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

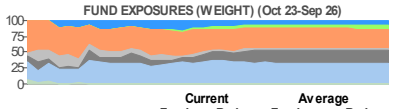
Credit Quality (%)

AAA	
AA	
A	
BBB	
BB	
B	
Below B	
NR/NA	
Total:	**0.00%**

Sector (%)

% Government	
% Municipal	
% Corporate	
% Securitized	
% Cash and Equivalent	
% Derivative	
Total:	**0.00%**

ASSET LOADINGS (Returns-based)

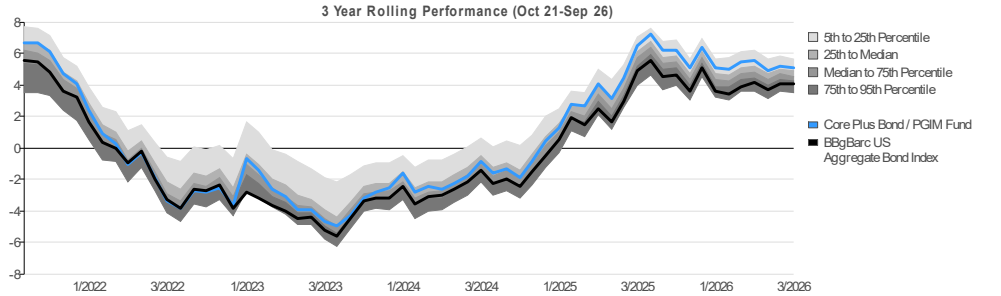


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.0	0.6	0.5	0.5
Credit Bond	32.4	27.4	31.5	27.7
Govt Bond	22.0	47.5	14.4	46.0
HY Corp Bond	1.8	0.2	6.2	0.3
MBS	30.7	24.3	35.9	25.5
Muni Bond	6.0	0.0	2.9	0.0
TIPS	7.1	0.0	8.7	0.0

INVESTMENT OVERVIEW

The Separate Account seeks to add +150 bps of annualized excess return over a broad U.S. bond market index over a full market cycle (three to five years) by emphasizing relative-value based sector allocation, research-based security selection, and modest duration and yield curve positioning.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-3.78	-2.73	-1.54 / 33	5.08 / 20	-0.06 / 40	1.03 / 46	2.05 / 24	ator expected at p
Benchmark	-3.51	-2.91	-1.84 / 56	4.06 / 85	-0.64 / 77	0.38 / 88	1.14 / 88	
Peer Group Median	-3.68	-2.81	-1.77 / 50	4.57 / 50	-0.24 / 50	0.94 / 50	1.66 / 50	
Number of Funds			186	159	138	131	110	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	8.06	2.87	7.72	-14.72	-1.12	8.91	11.08	-0.71	6.79
Benchmark	7.30	1.25	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54
Peer Group Median	7.46	2.33	6.43	-13.46	-0.65	8.25	9.43	-0.74	4.37

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	1.00	0.00	0.52
Beta	1.02	1.00	1.00
R-Squared	99.21	100.00	98.68
Sharpe Ratio	0.13	-0.05	0.04
Up Market Capture	106.99	100.00	102.45
Down Market Capture	94.10	100.00	94.92

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	0.62	0.00	0.35
Beta	1.01	1.00	0.99
R-Squared	97.83	100.00	97.53
Sharpe Ratio	-0.53	-0.63	-0.57
Up Market Capture	102.14	100.00	100.13
Down Market Capture	95.69	100.00	95.53

NOTES

FOR PLAN SPONSOR OR FINANCIAL PROFESSIONAL USE ONLY.

Day One IncomeFlex Target Balanced

9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
06/30/2009	S&P Target Date Retirement Income	Target-Date Retirement	NA	Team Managed	06/30/2009	1.34%	99

PORTFOLIO COMPOSITION (Holdings-based)

Assets

Cash	0.00%
US Stocks	0.00%
US Bonds	0.00%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

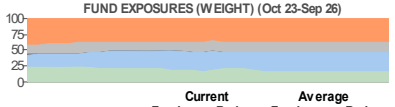
Sector Breakdown

Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%
Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	**NA%**

ASSET LOADINGS (Returns-based)

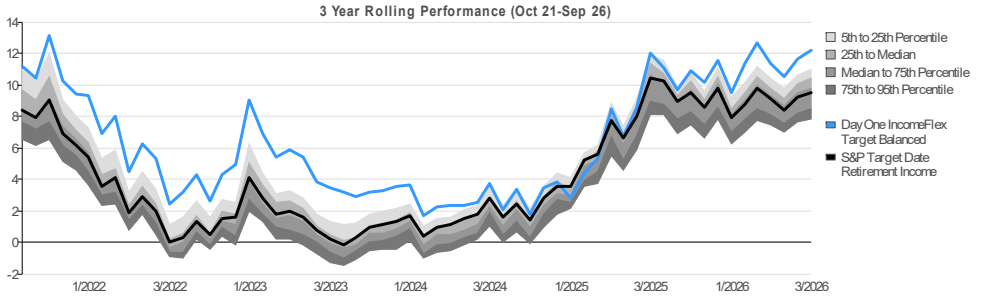


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	15.9	13.4	19.0	15.6
US Bonds	30.9	53.2	28.0	52.2
Intl Bonds	0.0	0.0	0.2	0.3
Intl Equity	15.7	12.7	15.2	12.1
US Equity	37.5	20.7	37.7	19.8

INVESTMENT OVERVIEW

The asset allocation is designed to increase the potential that the participants account balance, in conjunction with the Prudential IncomeFlex Target Guarantees, will provide a reliable source of lifetime income. The Prudential IncomeFlex Target Guarantees are supported by the general account of Prudential Retirement Insurance and Annuity Company; the asset allocation fund itself provides no guarantees. There is no assurance the objectives of the Fund will be met.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-0.50	7.41	9.86 / 1	12.24 / 1	5.92 / 1	7.51 / 1	6.99 / 1	ator expected at p
Benchmark	-1.58	2.77	4.49 / 72	9.50 / 56	4.09 / 38	5.06 / 48	5.01 / 58	
Peer Group Median	-1.58	3.23	4.78 / 50	9.81 / 50	3.89 / 50	5.03 / 50	5.07 / 50	
Number of Funds			31	30	29	26	23	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	12.61	8.94	11.23	-12.87	13.44	9.53	16.48	-5.36	11.51
Benchmark	11.66	6.54	10.35	-11.17	5.11	8.81	13.33	-2.54	8.54
Peer Group Median	11.14	6.89	10.89	-12.39	6.01	9.42	13.16	-2.94	8.66

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	1.81	0.00	0.08
Beta	1.16	1.00	0.99
R-Squared	92.38	100.00	97.84
Sharpe Ratio	1.02	0.80	0.80
Up Market Capture	124.36	100.00	101.54
Down Market Capture	112.99	100.00	98.62

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	1.76	0.00	-0.21
Beta	1.27	1.00	1.07
R-Squared	93.22	100.00	98.04
Sharpe Ratio	0.27	0.09	0.07
Up Market Capture	132.73	100.00	105.07
Down Market Capture	122.81	100.00	109.51

NOTES

FOR PLAN SPONSOR OR FINANCIAL PROFESSIONAL USE ONLY.

Large Cap Value Fund (sub-advised by Wellington Mgmt) 9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
09/30/1999	Russell 1000 Value Index	Large Value	NA	Team Managed	09/30/1999	0.52%	26

PORTFOLIO COMPOSITION (Holdings-based)

Assets

Cash	0.00%
US Stocks	0.00%
US Bonds	0.00%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

Sector Breakdown

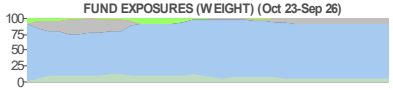
Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%
Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	NA%

ASSET LOADINGS (Returns-based)

FUND EXPOSURES (WEIGHT) (Oct 23-Sep 26)



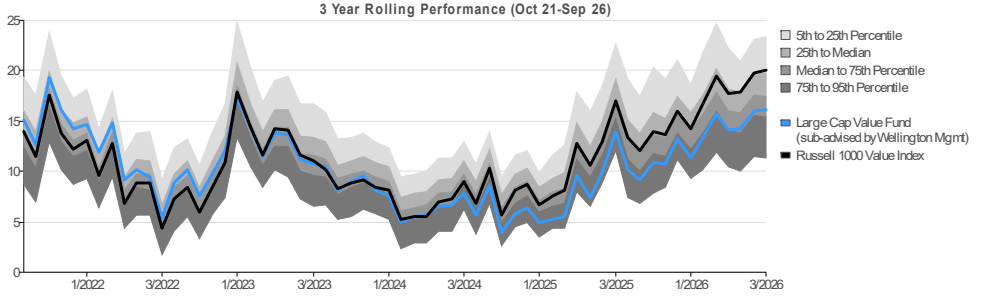
	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	5.5	0.0	7.4	0.0
Top Value	84.3	68.4	81.7	66.2
Top Growth	0.0	0.0	0.0	0.0
Mid Value	10.2	31.4	8.4	33.4
Mid Growth	0.0	0.1	0.0	0.0
Sm Value	0.0	0.1	2.6	0.1
Sm Growth	0.0	0.0	0.0	0.2

INVESTMENT OVERVIEW

The Separate Account is advised by Wellington Mgmt Company LLP following their Quality Value style. It seeks to provide long-term total returns in excess of the Russell 1000 Value Index by investing in high-quality, undervalued, large cap companies in out-of-favor industries with less downside risk than the overall market.

PERFORMANCE

3 Year Rolling Performance (Oct 21-Sep 26)



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	1.83	12.97	18.62 / 33	16.18 / 67	9.72 / 74	10.85 / 71	10.69 / 68	ator expected at p
Benchmark	2.59	19.27	23.81 / 11	20.07 / 21	11.92 / 33	12.29 / 41	11.43 / 47	
Peer Group Median	0.56	12.14	15.93 / 50	17.37 / 50	10.80 / 50	11.96 / 50	11.38 / 50	
Number of Funds			422	388	352	333	301	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	15.59	10.28	7.14	-5.12	27.65	2.87	29.47	-8.71	14.42
Benchmark	15.91	14.37	11.46	-7.54	25.16	2.80	26.54	-8.27	13.66
Peer Group Median	15.45	14.48	11.91	-5.97	25.96	3.37	25.92	-8.56	16.55

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	-1.98	0.00	-0.78
Beta	0.90	1.00	0.91
R-Squared	94.87	100.00	88.25
Sharpe Ratio	0.99	1.20	1.05
Up Market Capture	84.34	100.00	87.74
Down Market Capture	93.73	100.00	94.00

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	-1.46	0.00	-0.28
Beta	0.92	1.00	0.94
R-Squared	96.13	100.00	92.53
Sharpe Ratio	0.47	0.59	0.54
Up Market Capture	87.74	100.00	91.99
Down Market Capture	94.14	100.00	93.82

NOTES

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Vanguard 500 Index Admiral VFIAX

9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
11/13/2000	S&P 500 Index	Large Blend	$1,729,312.00M	Michelle Louie	11/30/2017	0.04%	4

PORTFOLIO COMPOSITION (Holdings-based)

Assets



Cash	0.05%
US Stocks	99.42%
US Bonds	0.00%
Non-US Stocks	0.46%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.07%
Non-US Bonds	0.00%

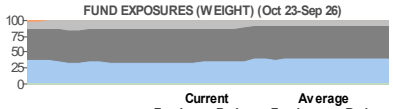
Sector Breakdown

Sensitive	
Communication Services	9.95%
Industrials	7.55%
Technology	40.48%
Energy	3.40%
Cyclical	
Basic Materials	1.56%
Consumer Cyclical	8.75%
Real Estate	1.70%
Financial Services	11.14%
Defensive	
Consumer Defensive	4.33%
Healthcare	9.26%
Utilities	1.88%

TOP 10 HOLDINGS

NVIDIA Corp	8.39%
Apple Inc	7.38%
Microsoft Corp	5.78%
Amazon.com Inc	3.71%
Alphabet Inc Class A	3.07%
Broadcom Inc	2.54%
Alphabet Inc Class C	2.45%
Meta Platforms Inc Class A	2.43%
Micron Technology Inc	1.83%
Tesla Inc	1.52%
Total:	**39.11%**

ASSET LOADINGS (Returns-based)

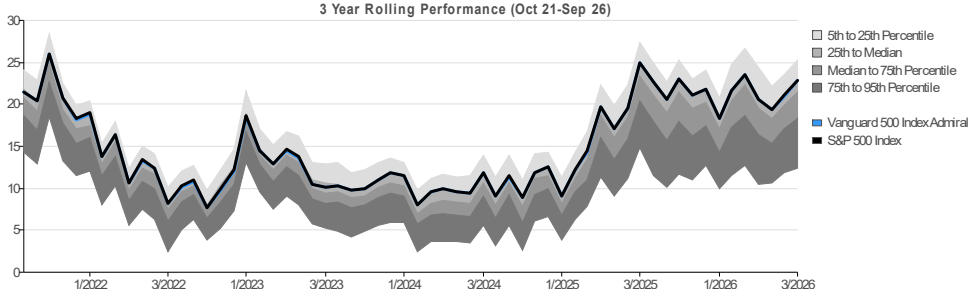


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.0	0.0	0.0	0.0
Top Value	40.2	40.2	36.2	36.2
Top Growth	50.9	50.9	51.8	51.8
Mid Value	8.9	8.9	11.9	11.9
Mid Growth	0.0	0.0	0.2	0.2
Sm Value	0.0	0.0	0.0	0.0
Sm Growth	0.0	0.0	0.0	0.0

INVESTMENT OVERVIEW

The investment seeks to track the performance of the Standard & Poor's 500 Index that measures the investment return of large-capitalization stocks. The fund manager employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. The fund is non-diversified.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	2.29	12.71	15.69 / 28	22.84 / 25	13.74 / 21	16.13 / 22	15.29 / 17	8.90
Benchmark	2.30	12.75	15.74 / 26	22.89 / 23	13.79 / 19	16.17 / 20	15.33 / 14	
Peer Group Median	1.74	11.94	14.61 / 50	21.46 / 50	12.52 / 50	15.20 / 50	14.28 / 50	
Number of Funds			640	551	485	436	368	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	17.83	24.97	26.24	-18.15	28.66	18.37	31.46	-4.43	21.79
Benchmark	17.88	25.02	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83
Peer Group Median	16.56	23.14	24.40	-18.19	26.73	17.96	30.19	-5.34	21.35

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	-0.04	0.00	-1.01
Beta	1.00	1.00	1.00
R-Squared	100.00	100.00	93.60
Sharpe Ratio	1.37	1.38	1.25
Up Market Capture	99.89	100.00	97.80
Down Market Capture	100.16	100.00	102.89

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	-0.04	0.00	-0.99
Beta	1.00	1.00	0.99
R-Squared	100.00	100.00	95.84
Sharpe Ratio	0.67	0.67	0.60
Up Market Capture	99.89	100.00	96.95
Down Market Capture	100.09	100.00	100.49

NOTES

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Empower S&P 500 Index Separate Account (IS) 9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
11/29/2023	S&P 500 Index	Large Blend	NA	Management Team	45838	NA	NA

PORTFOLIO COMPOSITION (Holdings-based)

Assets



Cash	1.08%
US Stocks	98.46%
US Bonds	0.00%
Non-US Stocks	0.46%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

Sector Breakdown

Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%

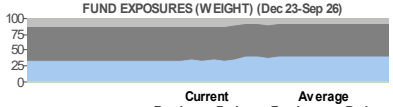
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%

Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	NA%

ASSET LOADINGS (Returns-based)



	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.0	0.0	0.0	0.0
Top Value	40.1	40.2	35.7	36.2
Top Growth	50.8	50.9	52.2	51.8
Mid Value	9.1	8.9	12.1	11.9
Mid Growth	0.0	0.0	0.0	0.2
Sm Value	0.0	0.0	0.0	0.0
Sm Growth	0.0	0.0	0.0	0.0

INVESTMENT OVERVIEW

The Separate Account is advised by BlackRock Financial Management, Inc. The Fund seeks to provide long-term growth of capital by approximating the performance of the Standard & Poors Composite 500 Index.

PERFORMANCE

3 Year Rolling Performance (-)

	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	2.31	12.72	15.55 / 33					21.59
Benchmark	2.30	12.75	15.74 / 26	22.89 / 23	13.79 / 19	16.17 / 20	15.33 / 14	
Peer Group Median	1.74	11.94	14.61 / 50	21.46 / 50	12.52 / 50	15.20 / 50	14.28 / 50	
Number of Funds			640	551	485	436	368	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	17.70	24.99							
Benchmark	17.88	25.02	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83
Peer Group Median	16.56	23.14	24.40	-18.19	26.73	17.96	30.19	-5.34	21.35

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	NA	0.00	-1.01
Beta	NA	1.00	1.00
R-Squared	NA	100.00	93.60
Sharpe Ratio	NA	1.38	1.25
Up Market Capture	NA	100.00	97.80
Down Market Capture	NA	100.00	102.89

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	NA	0.00	-0.99
Beta	NA	1.00	0.99
R-Squared	NA	100.00	95.84
Sharpe Ratio	NA	0.67	0.60
Up Market Capture	NA	100.00	96.95
Down Market Capture	NA	100.00	100.49

NOTES

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Large Cap Growth / American Century Fund

9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
01/28/2001	Russell 1000 Growth Index	Large Growth	NA	Team Managed	01/28/2001	0.57%	21

PORTFOLIO COMPOSITION (Holdings-based)

Assets

Cash	0.00%
US Stocks	0.00%
US Bonds	0.00%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

Sector Breakdown

Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%
Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	NA%

ASSET LOADINGS (Returns-based)

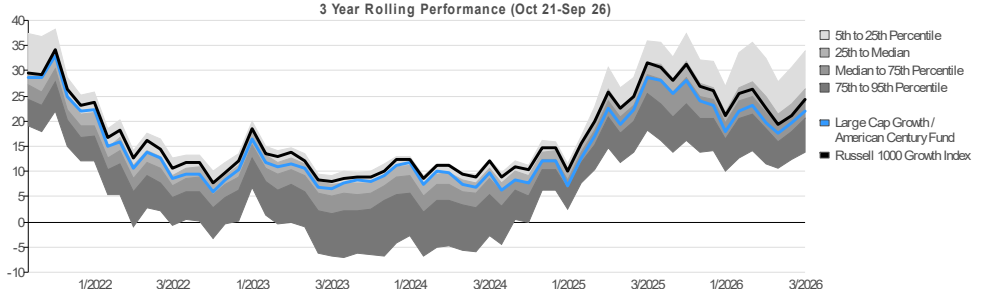


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.0	0.0	0.2	0.0
Top Value	12.0	0.3	3.8	0.0
Top Growth	88.0	91.3	90.1	89.5
Mid Value	0.0	0.0	0.0	0.3
Mid Growth	0.0	7.3	5.5	9.7
Sm Value	0.0	0.5	0.4	0.1
Sm Growth	0.0	0.7	0.1	0.3

INVESTMENT OVERVIEW

The Separate Account is advised by American Century Investment Mgmt, Inc. The Fund follows a fundamental, bottom-up, risk-aware approach to security selection. The investment strategy is based on the belief that stock prices follow the underlying growth in corporate earnings, and that business improvement will be rewarded over time. The Funds objective is long-term capital growth.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	3.03	8.05	9.14 / 56	22.07 / 66	11.72 / 42	16.91 / 44	16.79 / 36	ator expected at p
Benchmark	0.92	6.30	7.50 / 68	24.26 / 44	13.66 / 25	18.71 / 20	18.16 / 15	
Peer Group Median	1.49	9.14	10.32 / 50	23.67 / 50	11.04 / 50	16.50 / 50	16.03 / 50	
Number of Funds			399	353	324	293	263	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	15.57	26.82	43.63	-31.21	27.83	35.45	35.84	-1.29	30.77
Benchmark	18.56	33.36	42.68	-29.14	27.60	38.49	36.39	-1.51	30.21
Peer Group Median	16.11	29.95	39.36	-30.78	22.49	35.76	32.73	-1.62	29.02

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	-1.56	0.00	-0.04
Beta	0.99	1.00	0.99
R-Squared	97.83	100.00	91.00
Sharpe Ratio	1.05	1.15	1.09
Up Market Capture	94.97	100.00	95.90
Down Market Capture	101.87	100.00	93.09

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	-1.69	0.00	-1.97
Beta	1.00	1.00	0.99
R-Squared	98.72	100.00	92.97
Sharpe Ratio	0.48	0.57	0.45
Up Market Capture	96.09	100.00	93.28
Down Market Capture	102.37	100.00	99.81

NOTES

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Mid Cap Value / Integrity Fund

9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
05/23/2005	Russell Mid-Cap Value Index	Mid-Cap Value	NA	Team Managed	05/23/2005	0.70%	36

PORTFOLIO COMPOSITION (Holdings-based)

Assets

Cash	0.00%
US Stocks	0.00%
US Bonds	0.00%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

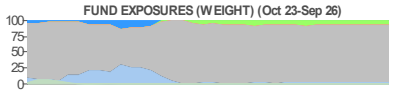
Sector Breakdown

Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%
Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	**NA%**

ASSET LOADINGS (Returns-based)

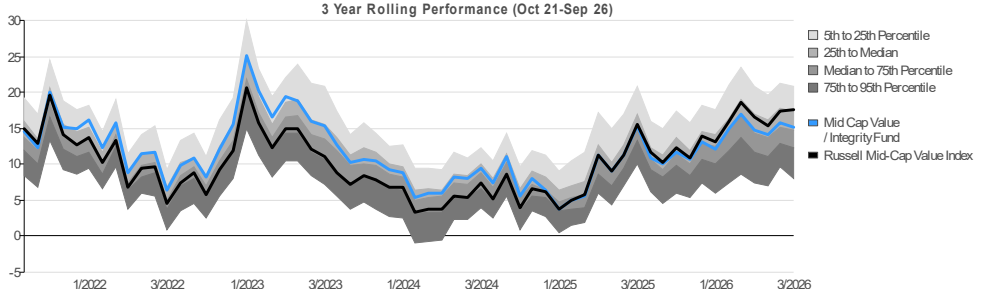


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.0	0.0	0.7	0.0
Top Value	1.7	0.0	6.7	0.0
Top Growth	0.0	0.0	0.0	0.0
Mid Value	90.3	100.0	86.2	100.0
Mid Growth	0.0	0.0	0.0	0.0
Sm Value	8.0	0.0	4.2	0.0
Sm Growth	0.0	0.0	2.3	0.0

INVESTMENT OVERVIEW

The Separate Account is advised by Integrity Asset Mgmt, an investment franchise of Victory Capital Mgmt Inc. The Fund is managed pursuant to their mid-cap value investment strategy, investing primarily in the common stock of U.S. mid-capitalization companies. It seeks capital appreciation and to outperform the Russell Midcap Value Index by maintaining a diversified portfolio of mid-capitalization stocks.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-2.90	13.02	14.18 / 37	15.21 / 46	9.80 / 37	11.27 / 37	10.41 / 34	ator expected at p
Benchmark	-1.98	15.25	16.89 / 24	17.50 / 26	9.26 / 46	10.84 / 44	9.93 / 45	
Peer Group Median	-2.20	10.52	12.69 / 50	14.74 / 50	9.03 / 50	10.56 / 50	9.70 / 50	
Number of Funds			164	152	136	130	110	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	10.53	11.93	12.65	-6.67	28.84	5.20	27.80	-14.92	16.74
Benchmark	11.05	13.07	12.71	-12.03	28.34	4.96	27.06	-12.29	13.34
Peer Group Median	10.64	11.59	12.41	-7.23	29.00	3.08	25.88	-12.72	14.09

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	-1.98	0.00	-2.10
Beta	1.00	1.00	0.93
R-Squared	97.30	100.00	87.55
Sharpe Ratio	0.74	0.89	0.70
Up Market Capture	97.14	100.00	89.93
Down Market Capture	108.09	100.00	98.87

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	0.58	0.00	-0.03
Beta	0.99	1.00	0.95
R-Squared	97.28	100.00	92.05
Sharpe Ratio	0.42	0.39	0.38
Up Market Capture	98.75	100.00	92.62
Down Market Capture	96.53	100.00	92.97

NOTES

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Mid Cap Growth I Fund (mgd by Ivy) (Watch List) 9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
06/30/2004	Russell Mid-Cap Growth Index	Mid-Cap Growth	NA	Team Managed	06/30/2004	0.77%	22

PORTFOLIO COMPOSITION (Holdings-based)

Assets

Cash	0.00%
US Stocks	0.00%
US Bonds	0.00%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

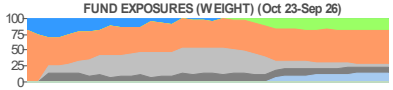
Sector Breakdown

Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%
Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	**NA%**

ASSET LOADINGS (Returns-based)

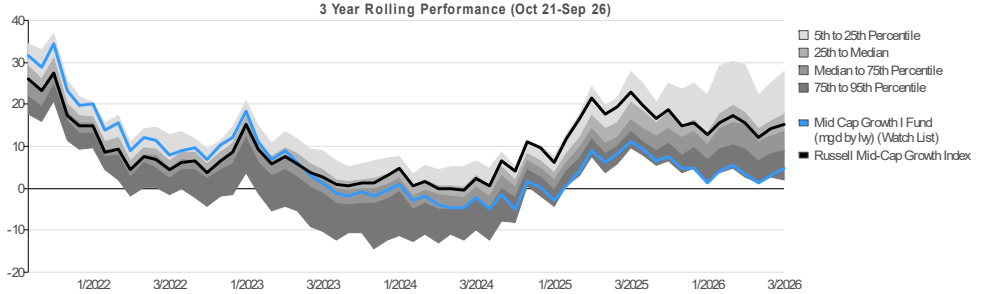


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.0	0.0	0.0	0.0
Top Value	14.4	0.0	3.9	0.0
Top Growth	9.6	0.0	10.3	0.0
Mid Value	4.0	0.0	22.3	0.0
Mid Growth	53.3	100.0	49.3	100.0
Sm Value	18.7	0.0	6.5	0.0
Sm Growth	0.0	0.0	7.8	0.0

INVESTMENT OVERVIEW

The Separate Account aims to outperform the Russell Midcap Growth Index, over a complete market cycle, by investing primarily in common stocks of mid cap companies that Ivy Investment Mgmt Company (IICO), the Funds investment manager, believes to offer above-average growth potential.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-7.31	-2.93	-6.32 / 88	4.67 / 93	-2.38 / 91	7.02 / 84	10.23 / 61	ator expected at p
Benchmark	-5.84	1.01	-2.73 / 79	15.36 / 41	4.92 / 29	10.75 / 38	11.86 / 31	
Peer Group Median	-6.04	4.80	3.22 / 50	13.60 / 50	2.89 / 50	9.72 / 50	10.71 / 50	
Number of Funds			152	143	137	128	120	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	1.21	2.43	20.16	-30.14	16.74	50.09	38.91	1.53	27.06
Benchmark	8.66	22.10	25.87	-26.72	12.73	35.59	35.47	-4.75	25.27
Peer Group Median	6.65	15.09	21.00	-28.12	12.68	34.82	33.10	-5.77	24.80

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	-8.61	0.00	-0.67
Beta	0.89	1.00	0.91
R-Squared	85.73	100.00	84.15
Sharpe Ratio	0.09	0.64	0.53
Up Market Capture	69.53	100.00	89.28
Down Market Capture	105.95	100.00	95.70

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	-7.05	0.00	-1.80
Beta	0.97	1.00	0.95
R-Squared	90.95	100.00	87.80
Sharpe Ratio	-0.20	0.16	0.05
Up Market Capture	82.96	100.00	90.89
Down Market Capture	109.65	100.00	97.55

NOTES

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Small Cap Value / Kennedy Capital Fund

9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
01/29/2001	Russell 2000 Value Index	Small Value	NA	Team Managed	01/29/2001	0.86%	36

PORTFOLIO COMPOSITION (Holdings-based)

Assets

Cash	0.00%
US Stocks	0.00%
US Bonds	0.00%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

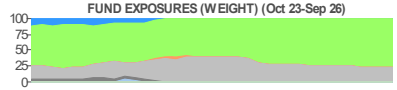
Sector Breakdown

Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%
Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	NA%

ASSET LOADINGS (Returns-based)

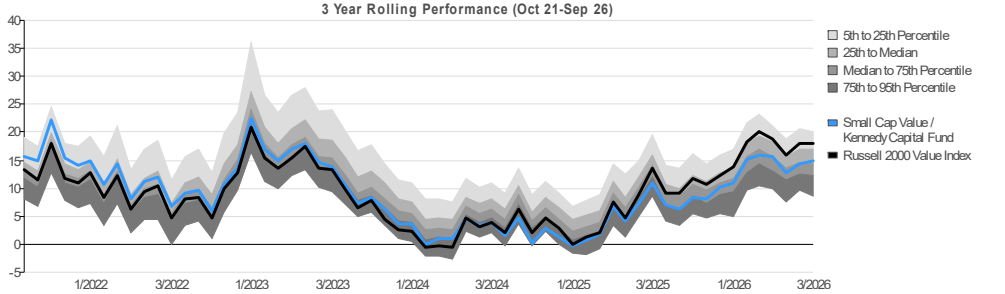


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.0	0.0	0.0	0.0
Top Value	0.0	0.0	0.2	0.0
Top Growth	0.0	0.0	1.7	0.0
Mid Value	23.9	0.0	27.8	0.0
Mid Growth	0.0	0.0	0.3	0.0
Sm Value	76.1	100.0	66.8	100.0
Sm Growth	0.0	0.0	3.1	0.0

INVESTMENT OVERVIEW

The Separate Account is advised by Kennedy Capital Mgmt. The Fund is managed pursuant to its extended small-cap value investment strategy, investing primarily in the common stock of U.S. small capitalization companies that are viewed by Kennedy as overlooked by the marketplace.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-6.27	17.82	18.07 / 34	14.87 / 43	6.48 / 75	10.10 / 59	8.58 / 69	ator expected at p
Benchmark	-4.91	16.96	20.77 / 18	17.93 / 16	7.80 / 51	10.65 / 44	9.40 / 41	
Peer Group Median	-5.67	13.91	16.00 / 50	14.40 / 50	7.81 / 50	10.42 / 50	9.10 / 50	
Number of Funds			176	167	157	152	137	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	4.06	9.28	12.21	-18.03	38.73	5.07	25.39	-19.88	13.06
Benchmark	12.59	8.05	14.65	-14.48	28.27	4.63	22.39	-12.86	7.84
Peer Group Median	7.07	8.95	16.08	-10.84	30.67	3.39	22.26	-14.42	9.25

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	-1.64	0.00	-1.93
Beta	0.91	1.00	0.93
R-Squared	93.32	100.00	91.76
Sharpe Ratio	0.62	0.74	0.59
Up Market Capture	87.85	100.00	87.71
Down Market Capture	94.96	100.00	97.75

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	-0.99	0.00	0.24
Beta	0.93	1.00	0.93
R-Squared	94.94	100.00	92.83
Sharpe Ratio	0.23	0.29	0.30
Up Market Capture	90.26	100.00	94.08
Down Market Capture	94.63	100.00	93.36

NOTES

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Vanguard MStar Small Cap Index Admiral VSMAX 9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
11/13/2000	Russell 2000 Index	Small Blend	$175,772.00M	Kenny Narzikul	02/28/2023	0.05%	4

PORTFOLIO COMPOSITION (Holdings-based)

Assets



Cash	1.34%
US Stocks	97.11%
US Bonds	0.00%
Non-US Stocks	1.52%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.03%
Non-US Bonds	0.00%

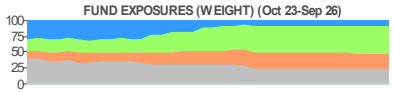
Sector Breakdown

Sensitive	
Communication Services	2.95%
Industrials	17.54%
Technology	18.53%
Energy	4.34%
Cyclical	
Basic Materials	4.41%
Consumer Cyclical	11.36%
Real Estate	7.55%
Financial Services	12.36%
Defensive	
Consumer Defensive	3.41%
Healthcare	14.33%
Utilities	3.21%

TOP 10 HOLDINGS

Natera Inc	0.72%
Twilio Inc Class A	0.57%
Revolution Medicines Inc Ordinary Shares	0.53%
Illumina Inc	0.52%
Everpure Inc Class A	0.52%
Okta Inc Class A	0.44%
Moderna Inc	0.44%
EMCOR Group Inc	0.42%
Credo Technology Group Holding Ltd	0.42%
Jabil Inc	0.38%
Total:	**4.96%**

ASSET LOADINGS (Returns-based)

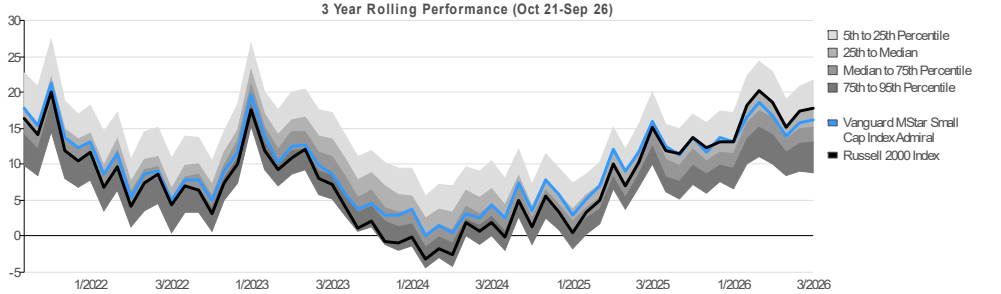


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.0	0.2	0.0	0.1
Top Value	0.0	0.0	0.0	0.0
Top Growth	0.0	0.0	0.0	0.0
Mid Value	23.3	0.0	29.2	0.0
Mid Growth	24.3	0.0	19.9	0.0
Sm Value	42.9	48.3	33.2	49.0
Sm Growth	9.5	51.6	17.6	50.9

INVESTMENT OVERVIEW

The investment seeks to track the performance of the CRSP U.S. Small Cap Index that measures the investment return of small-capitalization stocks. The fund advisor employs an indexing investment approach designed to track the performance of the CRSP U.S. Small Cap Index, a broadly diversified index of stocks of small U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-5.80	11.37	13.39 / 62	16.23 / 42	6.97 / 47	10.76 / 47	10.42 / 33	9.39
Benchmark	-7.23	13.71	16.20 / 36	17.72 / 24	6.34 / 61	10.53 / 54	9.84 / 49	
Peer Group Median	-7.18	12.95	14.60 / 50	15.11 / 50	6.74 / 50	10.62 / 50	9.80 / 50	
Number of Funds			267	240	227	214	189	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	8.83	14.23	18.20	-17.61	17.73	19.11	27.37	-9.31	16.24
Benchmark	12.81	11.54	16.93	-20.44	14.82	19.96	25.52	-11.01	14.65
Peer Group Median	8.42	11.07	17.00	-16.51	23.94	13.04	24.47	-11.92	13.20

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	0.40	0.00	-0.86
Beta	0.85	1.00	0.90
R-Squared	95.70	100.00	92.17
Sharpe Ratio	0.72	0.71	0.63
Up Market Capture	86.93	100.00	88.23
Down Market Capture	87.23	100.00	92.75

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	0.73	0.00	0.67
Beta	0.90	1.00	0.91
R-Squared	96.43	100.00	93.07
Sharpe Ratio	0.26	0.22	0.25
Up Market Capture	93.22	100.00	93.85
Down Market Capture	91.67	100.00	92.47

NOTES

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Small Cap Growth/TimesSquare SP

9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
12/04/1997	Russell 2000 Growth Index	Small Growth	NA	Management Team	12/04/1997	0.90%	20

PORTFOLIO COMPOSITION (Holdings-based)

Assets



Cash	10.65%
US Stocks	84.12%
US Bonds	0.00%
Non-US Stocks	5.23%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

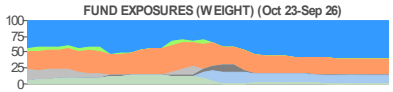
Sector Breakdown

Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%
Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	NA%

ASSET LOADINGS (Returns-based)

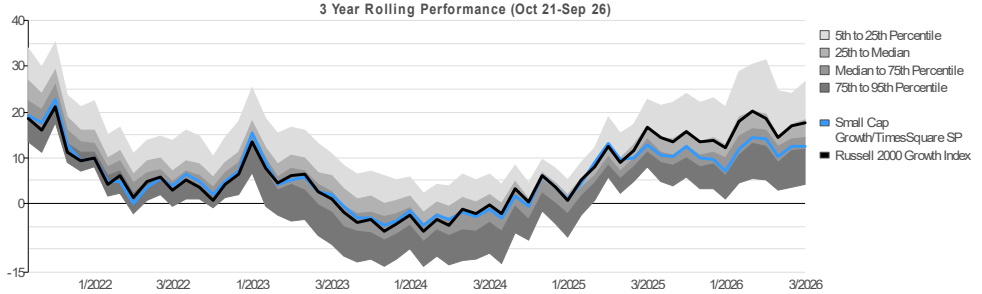


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.8	0.0	5.9	0.0
Top Value	12.5	0.0	7.4	0.0
Top Growth	0.0	0.0	1.5	0.0
Mid Value	1.0	0.0	3.8	0.0
Mid Growth	25.8	0.0	31.5	0.0
Sm Value	0.0	0.0	1.9	0.0
Sm Growth	59.9	100.0	48.2	100.0

INVESTMENT OVERVIEW

The Separate Account (the Fund) is advised by TimesSquare Capital Management, LLC following their Small Capitalization Growth strategy. It seeks to achieve longterm capital appreciation.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-7.81	6.78	10.46 / 60	12.50 / 73	2.68 / 56	8.56 / 63	9.50 / 65	10.11
Benchmark	-9.39	10.71	12.05 / 56	17.55 / 30	4.72 / 34	9.94 / 46	9.90 / 59	
Peer Group Median	-9.60	10.64	12.63 / 50	14.54 / 50	3.23 / 50	9.75 / 50	10.36 / 50	
Number of Funds			163	160	153	149	135	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	6.06	15.11	16.25	-26.49	6.44	35.08	28.87	-3.85	21.08
Benchmark	13.01	15.15	18.66	-26.36	2.83	34.63	28.48	-9.31	22.17
Peer Group Median	8.34	13.76	17.02	-28.10	11.30	36.56	28.19	-4.99	21.80

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	-2.37	0.00	-0.77
Beta	0.81	1.00	0.88
R-Squared	90.82	100.00	86.96
Sharpe Ratio	0.50	0.66	0.57
Up Market Capture	73.47	100.00	84.51
Down Market Capture	81.71	100.00	88.76

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	-1.96	0.00	-1.40
Beta	0.86	1.00	0.91
R-Squared	92.42	100.00	89.56
Sharpe Ratio	0.05	0.15	0.07
Up Market Capture	80.58	100.00	86.96
Down Market Capture	88.69	100.00	92.97

NOTES

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Vanguard Total Intl Stock Index Admiral VTIAX

9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
11/29/2010	MSCI EAFE	Foreign Large Blend	$649,285.00M	Michael Perre	08/05/2008	0.09%	6

PORTFOLIO COMPOSITION (Holdings-based)

Assets



Cash	2.70%
US Stocks	0.94%
US Bonds	0.00%
Non-US Stocks	96.18%
Preferred Stocks	0.01%
Convertible Bonds	0.00%
Other	0.17%
Non-US Bonds	0.00%

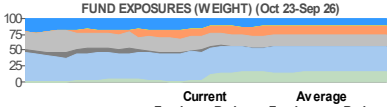
Sector Breakdown

Sensitive	
Communication Services	4.33%
Industrials	15.11%
Technology	19.87%
Energy	4.76%
Cyclical	
Basic Materials	7.70%
Consumer Cyclical	8.07%
Real Estate	2.33%
Financial Services	23.29%
Defensive	
Consumer Defensive	4.77%
Healthcare	6.89%
Utilities	2.89%

TOP 10 HOLDINGS

Taiwan Semiconductor Manufacturing Co Ltd	3.97%
Samsung Electronics Co Ltd	1.90%
SK hynix Inc	1.46%
ASML Holding NV	1.42%
Tencent Holdings Ltd	0.78%
HSBC Holdings PLC	0.76%
Roche Holding AG Ordinary Shares new	0.67%
Royal Bank of Canada	0.62%
Novartis AG Registered Shares	0.62%
Alibaba Group Holding Ltd Ordinary Shares	0.59%
Total:	**12.80%**

ASSET LOADINGS (Returns-based)

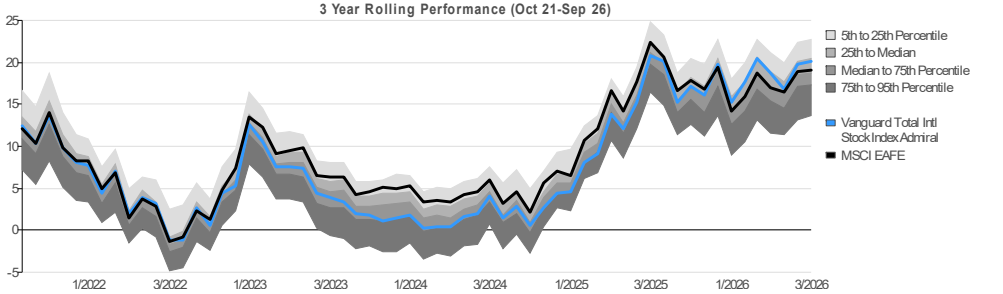


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	15.2	6.8	8.5	4.9
Europe Lg	41.1	68.1	41.4	66.1
Europe Sm	0.0	4.4	2.9	3.7
AsiaPac Lg	18.9	13.1	22.2	20.7
AsiaPac Sm	13.5	7.5	9.8	4.6
Emg Europe	0.0	0.0	0.0	0.0
Emg Asia	11.3	0.0	15.2	0.0

INVESTMENT OVERVIEW

The investment seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States. The manager employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The fund invests all, or substantially all, of its assets in the common stocks included in its target index.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-0.53	13.35	18.45 / 31	20.10 / 30	9.31 / 43	10.52 / 39	9.16 / 43	7.03
Benchmark	0.88	10.81	16.24 / 43	18.99 / 47	9.87 / 28	10.73 / 32	9.60 / 29	
Peer Group Median	0.08	10.73	15.41 / 50	18.72 / 50	9.04 / 50	10.20 / 50	9.07 / 50	
Number of Funds			279	253	231	215	179	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	32.18	5.14	15.52	-16.01	8.62	11.28	21.51	-14.43	27.55
Benchmark	31.89	4.35	18.85	-14.01	11.78	8.28	22.66	-13.36	25.62
Peer Group Median	31.19	4.68	16.99	-15.69	10.68	9.22	21.94	-14.33	25.45

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	2.08	0.00	0.92
Beta	0.91	1.00	0.92
R-Squared	92.00	100.00	91.79
Sharpe Ratio	1.20	1.07	1.10
Up Market Capture	96.51	100.00	96.33
Down Market Capture	84.02	100.00	92.42

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	-0.27	0.00	-0.61
Beta	0.96	1.00	0.98
R-Squared	93.92	100.00	93.74
Sharpe Ratio	0.42	0.45	0.40
Up Market Capture	93.23	100.00	95.39
Down Market Capture	94.25	100.00	98.81

NOTES

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International Blend Fund (sub-advised by Wellington Mgmt) 9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
02/24/2003	MSCI EAFE	Foreign Large Blend	NA	Team Managed	02/24/2003	0.78%	53

PORTFOLIO COMPOSITION (Holdings-based)

Assets

Cash	0.00%
US Stocks	0.00%
US Bonds	0.00%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

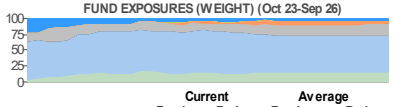
Sector Breakdown

Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%
Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	NA%

ASSET LOADINGS (Returns-based)

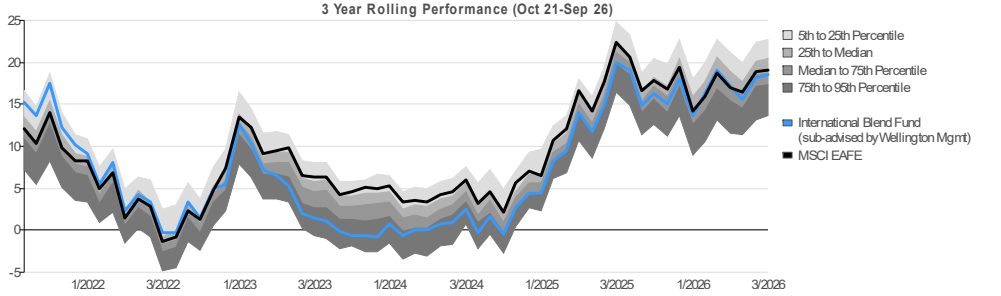


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	15.1	6.8	12.4	4.9
Europe Lg	56.6	68.1	61.7	66.1
Europe Sm	0.0	4.4	0.0	3.7
AsiaPac Lg	18.2	13.1	14.9	20.7
AsiaPac Sm	5.3	7.5	3.3	4.6
Emg Europe	0.0	0.0	0.0	0.0
Emg Asia	4.8	0.0	7.7	0.0

INVESTMENT OVERVIEW

The Separate Account seeks to provide long-term total returns in excess of the MSCI All Country World ex US Index. The investment approach is driven by intensive fundamental research focused on companies with unique assets where opportunities to improve returns are misunderstood by the marketplace. The Fund is opportunistic in its stock selection, embracing ideas across the style spectrum, producing core-like characteristics over time.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-2.22	8.24	13.36 / 78	18.60 / 52	7.37 / 83	9.94 / 61	8.32 / 75	ator expected at p
Benchmark	0.88	10.81	16.24 / 43	18.99 / 47	9.87 / 28	10.73 / 32	9.60 / 29	
Peer Group Median	0.08	10.73	15.41 / 50	18.72 / 50	9.04 / 50	10.20 / 50	9.07 / 50	
Number of Funds			279	253	231	215	179	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	30.01	8.02	12.10	-18.68	7.34	19.66	26.10	-18.97	24.94
Benchmark	31.89	4.35	18.85	-14.01	11.78	8.28	22.66	-13.36	25.62
Peer Group Median	31.19	4.68	16.99	-15.69	10.68	9.22	21.94	-14.33	25.45

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	1.34	0.00	0.92
Beta	0.87	1.00	0.92
R-Squared	91.77	100.00	91.79
Sharpe Ratio	1.14	1.07	1.10
Up Market Capture	88.97	100.00	96.33
Down Market Capture	78.36	100.00	92.42

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	-2.00	0.00	-0.61
Beta	0.95	1.00	0.98
R-Squared	93.95	100.00	93.74
Sharpe Ratio	0.30	0.45	0.40
Up Market Capture	87.50	100.00	95.39
Down Market Capture	96.34	100.00	98.81

NOTES

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Real Estate/Cohen & Steers SP

9/30/2026

Fund Incep Date:	Benchmark:	Category:	Net Assets:	Manager Name:	Manager Start Date:	Expense Ratio:	Expense Rank:
05/17/2007	MSCI US REIT	Real Estate	NA	Management Team	05/17/2007	0.65%	40

PORTFOLIO COMPOSITION (Holdings-based)

Assets



Cash	0.79%
US Stocks	99.21%
US Bonds	0.00%
Non-US Stocks	0.00%
Preferred Stocks	0.00%
Convertible Bonds	0.00%
Other	0.00%
Non-US Bonds	0.00%

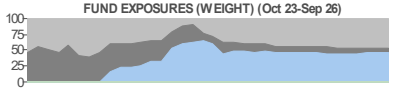
Sector Breakdown

Sensitive	
Communication Services	0.00%
Industrials	0.00%
Technology	0.00%
Energy	0.00%
Cyclical	
Basic Materials	0.00%
Consumer Cyclical	0.00%
Real Estate	0.00%
Financial Services	0.00%
Defensive	
Consumer Defensive	0.00%
Healthcare	0.00%
Utilities	0.00%

TOP 10 HOLDINGS

Total:	NA%

ASSET LOADINGS (Returns-based)

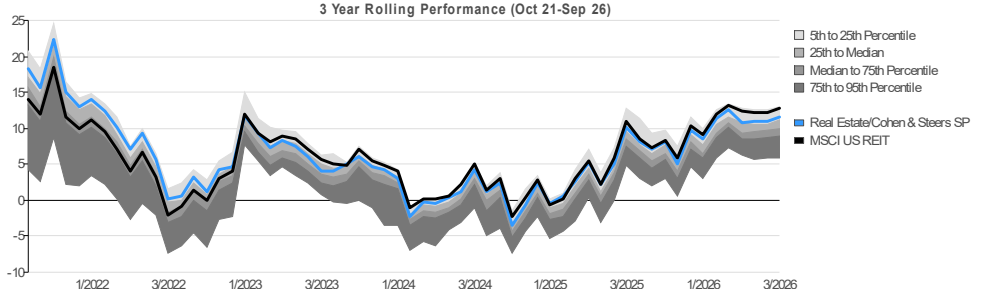


	Current		Average	
	Fund	Bmk	Fund	Bmk
Cash	0.0	0.0	0.0	0.0
US Bonds	45.5	41.7	34.5	30.0
US Equity	8.5	17.8	24.9	35.2
Int'l Equity	46.1	40.5	40.6	34.8

INVESTMENT OVERVIEW

The Separate Account is advised by Cohen Steers Capital Management, Inc. The investment objective of the Fund is total return through investment in real estate securities. In pursuing total return, the Fund emphasizes both capital appreciation and current income.

PERFORMANCE



	3M	YTD	1Y	3Y	5Y	7Y	10Y	SI
Fund	-5.95	6.64	5.12 / 43	11.66 / 20	2.83 / 26	5.07 / 11	6.35 / 6	6.78
Benchmark	-6.08	10.43	8.56 / 12	12.77 / 8	4.31 / 5	4.85 / 16	5.56 / 22	
Peer Group Median	-6.30	6.89	4.93 / 50	10.00 / 50	1.73 / 50	3.73 / 50	4.86 / 50	
Number of Funds			85	79	74	69	58	

CALENDAR	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund	4.12	7.15	13.29	-26.06	42.15	-1.51	31.15	-3.90	8.42
Benchmark	2.95	8.75	13.74	-24.51	43.06	-7.57	25.84	-4.57	5.07
Peer Group Median	2.27	5.36	11.86	-26.12	41.32	-5.08	26.83	-5.44	5.29

RISK & PERFORMANCE STATISTICS

3 Yr	Fund	Benchmark	Peer Group Median
Alpha	-0.68	0.00	-2.36
Beta	0.96	1.00	0.98
R-Squared	93.06	100.00	96.25
Sharpe Ratio	0.49	0.55	0.39
Up Market Capture	91.68	100.00	90.79
Down Market Capture	93.90	100.00	100.30

5 Yr	Fund	Benchmark	Peer Group Median
Alpha	-1.37	0.00	-2.36
Beta	0.98	1.00	0.99
R-Squared	96.03	100.00	97.28
Sharpe Ratio	0.05	0.12	0.00
Up Market Capture	93.83	100.00	92.61
Down Market Capture	99.40	100.00	101.10

NOTES

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Appendix

Carefully consider the investment objectives, risks, fees and expenses of the annuity and/or the investment options. Contact us for a prospectus, a summary prospectus and disclosure document, as available, containing this information. Read them carefully before investing.

Past performance is not a guarantee or prediction of future results.

Rankings provided based on total return.

Sources: Empower, MPI Stylus Web, Morningstar, Individual Investment Managers

EMPOWER

Disclosures

The opinions expressed herein are subject to change. The opinions are not investment advice and should not be relied on as such. The information presented in this report was developed internally and/or obtained from sources believed to be reliable; however, Empower Financial Services, Inc. and its parent company, Empower Annuity Insurance Company of America, do not guarantee the accuracy, adequacy, or completeness of such information. Predictions, opinions, and other information contained in this report are subject to change continually and without notice of any kind and may no longer be true after the date indicated.

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 investment options referenced in any of our communications to you.

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Any forward-looking statements speak only as of the date they are made. Empower Financial Services, Inc. assumes no duty to and does not undertake to update forward-looking statements. Forward looking statements are subject to numerous assumptions, risks, and uncertainties, which change over time. Actual results could differ materially from those anticipated in forward-looking statements. No forecast is guaranteed. Past performance, where discussed in this material, is not a guarantee of future results. As with any investment, there is a potential for profit as well as the possibility of loss. For definitions of benchmarks found in this material please refer to the benchmark provider website.

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.

You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at $1 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

The performance data contained herein represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that shares or units when redeemed may be worth less than their original cost. Current performance may be lower or higher than the return data quoted herein. For more current fund performance, including the most recently completed calendar month, please visit empower.com.

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Cash alternatives are not federally guaranteed and may lose value. Cash alternative portfolios have interest rate, inflation, and credit risks that are associated with the underlying assets owned by the portfolio.

Bond prices generally fall when interest rates rise (and vice versa) and are subject to risks, including changes in credit quality, market valuations, inflation, liquidity and default. High-yield bonds have a greater risk of default.

The interest from Treasury inflation-protected securities (TIPS) is adjusted periodically according to the Consumer Price Index. The return from TIPS may understate the actual rate of inflation due to changes in the bond's underlying price. U.S. Treasury securities are neither issued nor guaranteed by the U.S. government.

Separately managed accounts and collective trusts are not registered investment products and are not required to file a prospectus or registration statement with the SEC and, accordingly, neither is available. A stable value funds is not federally guaranteed and has interest rate, inflation, and credit risks. Guarantees are subject to the terms and conditions of the group annuity contract or funding agreement and the claims-paying ability of the insurer.

Foreign securities involve risks, such as currency fluctuations, economic changes and political developments. These risks may be heightened in emerging markets, which may also experience liquidity risk.

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The quoted performance may include performance of a predecessor fund/share class prior to the share class commencement of operations. Please refer to the current prospectus for further information.

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Disclosures

Gross expense ratios are the funds' total annual operating costs expressed as a percentage of the funds' average net assets over a given time period. They are gross of any fee waivers or expense reimbursements. Net expense ratios are the expense ratios after the application of any voluntary or contractual waivers or reimbursements and are the actual ratios that investors paid during the funds' most recent fiscal year. Expense ratios are subject to change.

Disclosures

Morningstar rankings are based on total return and do not reflect a sales charges, which, if reflected, would reduce returns.

The date in a target date fund's name represents an approximate date when an investor is expected to retire (which is assumed to be at age 65) and/or begins withdrawing money. The principal value of the funds is not guaranteed at any time, including the target date. For more information, please refer to the fund prospectus and/or disclosure document. A target date fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date (which is the assumed retirement date for an investor).

Asset allocation and balanced investment options and models are subject to the risks of the underlying investments, which can be a mix of stocks/stock funds and bonds/bond funds. For more information, see the prospectus and/or disclosure documents.

Commodity and real asset investments may be affected by natural disasters and political and economic developments.

Real estate securities and trusts involve risks, including declining property values, changes in zoning laws or losses from casualty. Real estate securities that invest in foreign real estate involve additional risks, including currency fluctuations and political developments.

Securities of small and mid-size companies may be more volatile than those of larger, more established companies.

Investment return and principal value of a variable investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. There is no guarantee that companies that can issue dividends will declare, continue to pay, or increase dividends.

The JPMCB SmartRetirement Funds indirectly bear their proportionate share of the operating expenses of any underlying funds in which they may invest (excluding management fees and service fees). The Trustee of the JPMCB SmartRetirement Funds agrees to reimburse the Fund for such fund operating expenses, and/or to waive a portion of the Trustee's management fee, to the extent that the fund's total annual operating expenses (excluding management fees, service fees, underlying fund fees attributable to dividend and interest expenses on short sales, interest, expenses related to litigation and potential litigation, and extraordinary expenses not incurred in the ordinary course of the Fund's business) exceeds 0.04% of the Fund's average daily new assets through the expense cap expiration date.

The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the Fund's portfolio or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general (or in particular, the prices of the types of securities in which a fund invests) may decline over short or extended periods of time. When the value of a fund's securities goes down, an investment in a fund decreases in value.

Some of the data may have been obtained from Standard & Poor's ("S&P"). The S&P 500 Index is a registered trademark of Standard & Poor's Financial Services LLC. It is an unmanaged index considered indicative of the domestic large-cap equity market and is used as a proxy for the stock market in general.

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Thank you

Agenda Item No. 5

STAFF REPORT

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

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

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

The attached report provides an overview of the District's financial performance for the month of October 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 October 31, 2026, were $25,469,291. This represents an increase of $324,449 from the previous month.
  - The District's Current ratio is 7.4, indicating strong ability for the District to meet its short-term obligations. The Current ratio is a liquidity ratio that measures a company's ability to pay its short-term liabilities using its current assets. It is calculated by dividing Current Assets by Current Liabilities. The Districts target is a current ratio that exceeds 3.0.
  - Days Cash on Hand stands at 255 days, showing the District's ability to fund operations for that period using available cash based on budgeted annual O&M and debt service expenses excluding depreciation expense. The District continues to maintain strong liquidity levels to support operations and capital needs. The Districts target of Cash on Hand target is 180 days.
  - Accounts receivable balance at the end of the month was $5,921,964, this balance decreased by $512,371 compared with the prior month. Accounts receivable decreased primarily due to the timing of customer payments and scheduled billing.
  - As of October 2026, the year-to-date accounts receivable turnover ratio is 32 days, which is within the District's target range of 30 to 35 days. The ratio is calculated by dividing year-to-date net sales by the average utility customer accounts receivable balance, net of accruals. This metric measures how effectively the District collects customer receivables and manages its cash flow.
  - Material and supply inventory decreased by $505,811 to a total of $978,751, reflecting use of material and supply inventory.
  - Prepaid Expenses increased by $266,195 to a total of $836,142, reflecting prepayments for insurance, supplies, and services (including software subscriptions).

Overall, Current Assets totaled $33,206,149, reflecting a decrease of $427.537 from the previous month.

Noncurrent Assets:

- Construction in Progress increased by $861,980 due to increase in project investments/spending, reflecting continued progress on the District's capital improvement program.
- Accumulated Depreciation increased by $448,583, as expected.

The Noncurrent Assets balance is $111,815,026, reflecting a net increase of $413,397.

Liabilities

- **Current Liabilities**:
    - Accounts Payable and Accrued Expenses decreased by $729,430. Accounts payable decreased primarily due to the timing of vendor invoice processing and scheduled payments.
    - Accrued salaries and related payables increased from negative balance of $12,717 in prior month to a reported negative balance of $9,695 in current month, a decrease of $3,022 in negative balance.
    - As of October 2026, the year-to-date accounts payable turnover ratio is 14 days, below the District's target of 30-35 days. This indicates that the District is paying its accounts payable relatively quickly. The ratio is calculated by dividing year-to-date net purchases and employee benefit cost, net of payroll cost. This metric measures how effectively the District pays its bills and manages its cash flow.
    - Accrued Interest Payable increased by $165,402 to $806,182.

Overall, Total current liabilities decreased by $563,006 during the current month, to $4,445,469. The decrease was primarily attributable to a $729,430. This decrease was partially offset by a $165,402 increase in accrued interest payable. Customer deposits decreased by $2,000.

- **Non-Current Liabilities**:
    - Loans Payable decreased by $40,875 to $45,514,011. This reflects an amortization of bond premium as expected.

Total liabilities decreased by $603,881 during October to $61,772,796, primarily due to reductions in accounts payable and accrued expenses and accrued salaries and related payables, partially offset by an increase in accrued interest payable.

Summary of Revenues

For October 2026 and year to date, the District’s total revenues were $4,018,830 and 16,330,606 respectively. This represents 38.1% of the total budgeted revenue for the fiscal year.

Key Revenues Categories:

- **Commodity Supply Charges**:
  This month's revenue was $1,460,182, with a YTD total of $6,448,004 (44.1% of budget). This category continues to perform in line with expectations. Commodity supply charges include recycled water revenues. This month recycled revenue is $302,246 and year to date revenue is $1,385,676 or 64.38% of the budget. This category is performing as expected.
- **Service Charges**:
  This month's revenue was $1,435,793, and the YTD total stands at $5,718,569 which is 33.9% of the budget. This is in line with expectations.
- **Capital Facility Charges**:
  This month's revenue is $684,312, and the YTD total stands at $2,627,396, which is 33.7% of the annual budget. The District is on track with respect to capital facilities charge.
- **Investment Income**:
  The District earned $132,462 in investment income this month and YTD $279,778 respectively. which is 69.9% of the annual budget. The District earned an approximate return on investment of 3.44%. Funds invested in term deposits pay interest income at the end of the term.
- **Capital contribution/ Capacity Facilities Fees**:
  The District received YTD total of $222,754, in capital facilities fees. There is more than usual activity in new development applications.
- **Grants, Rebates and Reimbursements**:
  The District received YTD total of $352.061, in grants rebates and reimbursements. These receipts are mainly associated with LRP subsidy related to recycle water sale.
- **Miscellaneous Revenue**:
  Miscellaneous revenue this month is $26,841, and YTD $215,378 represent 59.2% of the budget. Miscellaneous revenue fluctuates from month to month due to some revenues collected only once a year. This category includes plan check fees and cell tower lease revenues. Overall, miscellaneous revenue is performing better than budget.

Summary of Expenses

Total expenses for October 2026 are $3,429,091 and $12,256,528 YTD, which is 30.8% of the annual budget.

Key Expenses Categories:

- **Salary Expenses**:
  Monthly salary-related expenses were $856,381, resulting in a YTD total of $2,610,049 (31.4% of 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 totaled $273,315 for the month, with a YTD total of $1,043,722 (34.1%). Retirement contribution and medical insurance expenses are the main drivers of this category.
- **Water Purchased for Resale**:
  Water purchased for resale totaled $3,731,526, for year to date, representing 32.2% of the annual budget.
- **Contracted/Purchased Services**:
  Monthly expenses for contracted and purchased services totaled were $527,319, and

$1,793,756 year to date, representing 24.9% of the annual budget. The District continues to manage contracts efficiently.

- **Commodities/Purchased Supplies**:
  Commodity and purchased supply expenses totaled $118,688 for the month and $465,177 year to date, representing 33.6% of the annual budget. The District continues to manage its purchases efficiently.
- **Other Expenses**:
  This category includes costs related to retiree health insurance, depreciation, and debt interest. YTD expenses total $2,443,679, representing 32.1% of the annual budget. Notably, debt service and depreciation are on track as expected.

Net Position

The District's net position as of October 2026 is $74,753,858. The net position increased by $589,741 from prior month. Year to date, net position has increased by $4,074,078.

Conclusion

Through October 2026, the District remains in a strong financial position. Revenues are progressing in line with the annual budget, while expenditures remain below budget across most operating categories. Strong liquidity, disciplined spending, and continued investment in capital infrastructure position the District well to meet its operational and long-term strategic objectives.

Attachment 1

Statement of Net Position for the period ended October 2026

Interim Statement of Net Position for the Month of October, 2026

	6/30/2026 Draft	9/30/2026 Revised Interim	10/31/2026 Interim	Change
Assets				
Current Assets				
Cash & Cash Equivalents	1,496,225	20,447,196	20,757,343	310,146
Investments	22,515,296	4,621,084	4,635,385	14,301
Accounts Receivable	5,254,213	6,434,335	5,921,964	(512,371)
Materials & Supply Inventory	1,655,071	1,484,562	978,751	(505,811)
Prepaid Expenses	727,541	569,947	836,142	266,195
Restricted - Cash & Investments	76,558	76,561	76,564	2
Current Assets - Sub-total	31,724,904	33,633,686	33,206,149	(427,537)
Non-Current Assets				
Lease Receivable	3,890,786	3,890,786	3,890,786	-
Land & Easements	7,451,585	7,451,585	7,451,585	-
Capacity Rights	197,450	228,255	228,255	-
Capital Assets				
Water System	62,032,584	62,104,934	62,104,934	-
Wastewater System	63,294,850	63,827,982	63,827,982	-
Recycled System	55,554,540	55,554,540	55,554,540	-
Combined Assets	15,953,684	20,610,052	20,610,052	-
Construction in Progress	10,989,436	6,605,282	7,467,263	861,980
Accumulated Depreciation	(107,553,491)	(108,871,787)	(109,320,369)	(448,583)
Non-Current Assets - Sub-total	111,811,423	111,401,629	111,815,026	413,397
Total Assets	**143,536,327**	**145,035,315**	**145,021,175**	**(14,140)**
Deferred Outflows of Resources				
OPEB Deferred Outflow of Resources	1,307,952	1,307,952	1,307,952	-
Liabilities				
Current Liabilities				
Accounts Payable & Accrued Expenses	4,097,472	2,016,695	1,287,265	(729,430)
Accrued Salaries & Related Payables	231,836	(12,717)	(9,695)	3,022
Customer Deposits	50,000	16,400	14,400	(2,000)
Accrued Interest Payable	144,575	640,780	806,182	165,402
Long Term Liabilities - Due in One Year				-
Compensated Absences	243,078	243,078	243,078	-
OPEB Liability	485,397	-	-	-
Loans Payable	2,104,239	2,104,239	2,104,239	-
Current Liabilities - Sub-total	7,356,597	5,008,475	4,445,469	(563,006)
Non-Current Liabilities				
Compensated Absences	1,587,158	1,587,158	1,587,158	-
Other Post-Employment Benefits Liability	9,740,761	10,226,158	10,226,158	-
Loans Payable	45,677,510	45,554,886	45,514,011	(40,875)
Non-Current Liabilities - Sub-total	57,005,429	57,368,202	57,327,327	(40,875)
Total Liablities	**64,362,026**	**62,376,677**	**61,772,796**	**(603,881)**
Deferred Inflows of Resources				
Deferred Amounts from Leases	3,435,073	3,435,073	3,435,073	-
Deferred Amounts from OPEB	6,267,400	6,267,400	6,267,400	-
Total Deferred Inflows of Resources	9,702,473	9,702,473	9,702,473	-
Net Position				
Net Investment in Capital Assets	58,940,456	63,742,504	64,196,776	454,272
Depreciation adjustment - change in estimate				-
Restricted - Capital Projects	76,555	-	-	-
Restricted - Debt Service	-	-	-	-
Unrestricted	11,762,769	10,521,613	10,657,082	135,469
Total Net Position	**70,779,780**	**74,264,117**	**74,853,858**	**589,741**

Attachment 2

Statement of Revenues, Expenses, and Changes in Net Position

for October 2026

Statement of Revenues, Expenses, and Changes in Net Position for the Month of October, 2026

	District		Water System		Wastewater System		Recycled System		Capital Improvments	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Operating Revenues										
Commodity Supply Charges	$ 14,626,532	$ 6,448,004	$ 12,474,196	$ 5,062,328	$ -	$ -	$ 2,152,336	$ 1,385,676	$ -	$ -
Service Provision Charges	16,861,783	5,718,569	5,995,831	1,965,954	10,289,594	3,562,960	576,358	189,655	-	-
Capital Facilities Charge	7,807,208	2,627,396	-	-	-	-	-	-	7,807,208	2,627,396
Charges for Services	140,000	-	140,000	-	-	-	-	-	-	-
Miscellaneous Operating Income	45,900	101,453	31,000	71,710	14,900	29,744	-	-	-	-
Grants, Rebates, Reimbursements	1,302,300	352,061	-	154,815	5,300	1,479	297,000	195,767	1,000,000	-
Total Operating Revenues	40,783,722	15,247,483	18,641,027	7,254,806	10,309,794	3,594,183	3,025,694	1,771,098	8,807,208	2,627,396
Operating Expenses										
General & Administrative	6,303,672	1,765,492	2,706,157	765,067	3,117,867	868,282	479,648	132,143	-	-
Operations & Maintenance	25,599,700	7,967,522	16,105,054	5,206,448	7,895,946	2,191,511	1,598,700	569,562	-	-
Operating Capital Expenses	212,099	79,836	-	-	-	-	-	-	212,099	79,836
Other Operating Expenses	451,000	165,890	180,400	66,356	234,520	86,263	36,080	13,271	-	-
Depreciation & Amortization	5,250,900	1,779,681	-	-	-	-	-	-	5,250,900	1,779,681
Total Operating Expenses	37,817,371	11,758,421	18,991,611	6,037,871	11,248,332	3,146,057	2,114,428	714,977	5,462,999	1,859,517
Operating Income/(Loss)	2,966,351	3,489,062	(350,584)	1,216,935	(938,538)	448,127	911,265	1,056,122	3,344,209	767,879
Non-operating Revenues										
Property Taxes	1,400,000	466,667	560,000	186,667	728,000	242,667	112,000	37,333	-	-
Investment Earnings	400,000	279,778	200,000	124,960	200,000	154,809	-	-	-	9
Miscellaneous Revenue	312,400	113,925	291,000	85,326	10,400	17,554	11,000	11,045	-	-
Interest Expense	(1,915,000)	(498,108)	-	-	-	-	-	-	(1,915,000)	(498,108)
Net Non-Operating Revenues	197,400	362,262	1,051,000	396,952	938,400	415,029	123,000	48,379	(1,915,000)	(498,098)
Income/(Loss) before Contributions & Transfers	3,163,751	3,851,324	700,416	1,613,888	(138)	863,156	1,034,265	1,104,500	1,429,208	269,780
Transfers										
Transfers In	1,879,100	-	-	-	-	-	-	-	1,879,100	-
Transfers Out	(1,879,100)	-	(881,880)	-	-	-	(997,220)	-	-	-
Net Transfers	-	-	(881,880)	-	-	-	(997,220)	-	1,879,100	-
Capital Contributions										
Donations & Contributions	-	222,754	-	-	-	-	-	-	-	222,754
Total Capital Contributions	-	222,754	-	-	-	-	-	-	-	222,754
Change in Net Position	3,163,751	4,074,078	(181,464)	1,613,888	(138)	863,156	37,045	1,104,500	3,308,308	492,534
Beginning Net Position	70,779,780	70,779,780								
Depr. adj - change in estimate										
Ending Net Position	$ 73,943,531	$ 74,853,858								

Attachment 3

Summary of Revenues and Expenses for the period ended October 2026

Revenue & Expense Report -October 2026

Account - Description	Month Actual	YTD Actual	2026-2027 Budgeted	Budget Remaining	% of Budget Earned/Spent
Summary of Total District Revenues					
District Totals					
Commodity Supply Charges	1,460,182	6,448,004	14,626,532	8,178,528	44.1%
Service Charges	1,435,793	5,718,569	16,861,783	11,143,214	33.9%
Capital Facility Charges	684,312	2,627,396	7,807,208	5,179,812	33.7%
Charges for Services	-	-	140,000	140,000	0.0%
Miscellaneous Revenue	26,841	215,378	363,600	148,222	59.2%
Grants, Rebates, Reimbursements	161,339	352,061	1,297,000	944,939	27.1%
Property Taxes	116,667	466,667	1,400,000	933,333	33.3%
Investment Income	132,462	279,778	400,000	120,222	69.9%
Donations & Capital Contributions	1,234	222,754	-	(222,754)	N/A
Total Revenue	4,018,830	16,330,606	42,896,122	26,565,516	38.1%
Summary of Total District Expenses					
Salary Expenses					
Directors Fees	11,563	46,494	144,616	98,122	32.1%
Exempt Salaries	202,300	573,918	1,669,300	1,095,382	34.4%
Non-exempt Salaries	589,391	1,826,895	5,630,200	3,803,305	32.4%
Other Salary Payments	-	-	279,034	279,034	0.0%
Overtime	35,524	114,670	378,500	263,830	30.3%
Stipend - On-call	10,320	27,888	87,300	59,412	31.9%
Stipends/Allowances	6,983	19,734	116,200	96,466	17.0%
Employee Service Awards	300	450	-	(450)	N/A
Salary Expenses Sub-total	856,381	2,610,049	8,305,150	5,695,101	31.4%
Benefit Expenses					
Medical Insurance	99,096	484,932	1,231,300	746,368	39.4%
HSA Contributions	-	-	29,100	29,100	0.0%
Dental Insurance	7,931	38,372	97,200	58,828	39.5%
Vision Insurance	1,084	5,266	12,300	7,034	42.8%
Life Insurance	-	3,413	41,869	38,456	8.2%
Disability Insurance	4,256	21,482	43,500	22,018	49.4%
Long-term Care Insurance	3,644	14,713	22,000	7,287	66.9%
Workers Compensation Insurance	15,855	48,958	149,400	100,442	32.8%
State Unemployment Insurance	-	-	3,000	3,000	0.0%
401k Retirement Contributions	79,342	236,704	712,000	475,296	33.2%
401k Matching Contributions	51,375	152,043	302,600	150,557	50.2%
457b Matching Contributions	9,229	24,793	289,400	264,607	8.6%
Medicare Insurance	12,685	36,537	120,900	84,363	30.2%
FICA	851	2,704	4,700	1,996	57.5%
Capitalized Benefits	(12,036)	(26,194)	-	26,194	N/A
Benefit Expenses Sub-total	273,315	1,043,722	3,059,269	2,015,547	34.1%
Commodity Purchased for Resale					
Water Purchases - MWDOC	566,934	2,076,844	5,493,590	3,416,746	37.8%
Water Purchases - MWDOC Fixed	87,333	345,679	1,430,068	1,084,389	24.2%
Water Purchases - AMP/SAC	1,567	17,946	47,192	29,246	38.0%
Regional Water Supply Expenses	424	1,694	-	(1,694)	N/A
Water Purchases - Baker WTP	162,045	1,010,371	3,321,592	2,311,221	30.4%
Water Purchases - Baker O&M	-	(21,190)	1,138,197	1,159,387	-1.9%
Water Purch - Other Agencies	185,207	250,645	-	(250,645)	N/A
MWDOC Service Connect Charge	12,475	49,536	152,600	103,064	32.5%
Commodity Purchased for Resale Sub-total	1,015,986	3,731,526	11,583,239	7,851,713	32.2%

Revenue & Expense Report -October 2026

Account - Description	Month Actual	YTD Actual	2026-2027 Budgeted	Budget Remaining	% of Budget Earned/Spent
Contracted/Purchased Services					
Consultants	6,011	18,568	150,000	131,432	12.4%
Engineering Services	1,602	11,988	59,000	47,012	20.3%
Audit & Accounting Services	-	18,200	50,350	32,150	36.1%
Technology Consultants	832	3,328	52,000	48,672	6.4%
SOCWA Contract	27,103	221,346	1,225,000	1,003,654	18.1%
Contractors	21,901	75,837	396,250	320,413	19.1%
Contracted Employees	3,626	3,626	12,000	8,374	30.2%
Legal Svcs - General Counsel	15,010	20,156	100,000	79,844	20.2%
Legal Svcs - Specialty Counsel	303	2,005	22,100	20,095	9.1%
Other Legal Services	-	-	600	600	0.0%
Employee Recruitmnt/Compliance	12,389	14,235	14,350	116	99.2%
Employee Health & Wellness	107	341	1,000	659	34.1%
Employee Relations Expenses	1,061	3,527	10,000	6,473	35.3%
Professional Services	-	-	-	-	N/A
Landscaping Services	12,445	60,576	180,566	119,990	33.5%
Janitorial Contracts	5,103	20,211	60,748	40,537	33.3%
Equipment Rental	1,411	4,227	25,500	21,273	16.6%
Uniform Rental	1,869	6,032	16,782	10,750	35.9%
Laboratory Services	3,407	10,772	28,000	17,228	38.5%
Disposal Services	9,866	22,996	92,200	69,204	24.9%
Security Services	2,814	14,090	60,780	46,690	23.2%
Insurance	38,836	174,220	495,700	321,480	35.1%
Financial Service Fees	422	17,637	69,000	51,363	25.6%
Printing & Reproduction	636	1,141	43,000	41,859	2.7%
Advertising & Publicity Svcs	-	-	7,200	7,200	0.0%
Postage	-	-	16,600	16,600	0.0%
Public Relations/Education	1,986	3,509	35,250	31,741	10.0%
Water Efficiency Services	501	17,804	60,600	42,796	29.4%
Licenses & Permits	24,843	74,435	278,020	203,585	26.8%
Software Maintenance/Licenses	23,115	73,074	360,450	287,376	20.3%
Electrical Power	164,023	584,502	2,261,100	1,676,598	25.9%
Natural Gas	151	505	2,100	1,595	24.1%
Cable Service	358	1,412	10,000	8,588	14.1%
Telecommunications	4,992	8,771	50,000	41,229	17.5%
Mobile Telecommunications	2,818	8,700	50,000	41,300	17.4%
Data Access	9,586	19,784	65,000	45,216	30.4%
Equipment Maintenance & Repair	12,303	68,603	234,200	165,597	29.3%
Pump Maintenance & Repair	9,472	22,129	57,500	35,371	38.5%
Motor Maintenance & Repair	77,337	77,337	130,150	52,813	59.4%
Electrical Maintenance/Repair	-	1,306	116,850	115,544	1.1%
Meter Maintenance & Repair	-	-	55,300	55,300	0.0%
Structure Maintenance & Repair	2,243	5,787	55,100	49,313	10.5%
Asphalt Maintenance & Repair	26,836	101,038	189,000	87,962	53.5%
Contracted/Purchased Services Sub-total	527,319	1,793,756	7,199,346	5,405,590	24.9%
Commodities					
Repair Parts & Materials	21,441	156,446	500,550	344,104	31.3%
Tools & Small Equipment	1,957	17,406	81,900	64,494	21.3%
Safety Equipment	6,824	17,305	30,475	13,170	56.8%
Employee Tools/Safety Equip	1,168	3,053	21,000	17,948	14.5%
Laboratory Tools & Small Equip	-	-	20,000	20,000	0.0%
Technology Tools/Small Equip	345	345	40,000	39,655	0.9%
Chemicals	49,076	142,472	351,000	208,528	40.6%
Laboratory Chemicals	-	6,437	36,000	29,563	17.9%
Gasoline & Oil	27,387	77,287	140,000	62,713	55.2%
Operating Supplies/Accessories	6,452	15,980	37,650	21,670	42.4%
Office Supplies & Accessories	678	2,658	21,520	18,862	12.4%
Technology Supplies/Components	896	11,638	30,000	18,362	38.8%
Lab Supplies & Accessories	884	9,119	19,500	10,381	46.8%
Meeting/Event Supplies & Food	185	3,628	35,800	32,172	10.1%
Water Use Efficiency Supplies	1,395	1,403	20,000	18,597	7.0%
Commodities Sub-total	118,688	465,177	1,385,395	920,218	33.6%

Revenue & Expense Report -October 2026

Account - Description	Month Actual	YTD Actual	2026-2027 Budgeted	Budget Remaining	% of Budget Earned/Spent
Professional Development					
Education & Training	4,854	17,074	61,505	44,431	27.8%
Education/Training - Directors	-	-	-	-	N/A
Licenses & Certifications	-	-	1,800	1,800	0.0%
Dues & Memberships	9,226	36,127	126,025	89,898	28.7%
Dues & Memberships - Directors	-	-	-	-	N/A
Meetings & Conferences	695	4,357	33,270	28,913	13.1%
Meetings/Conferences-Directors	2,665	8,953	18,000	9,047	49.7%
Travel Reimbursement	268	8,985	32,900	23,915	27.3%
Travel Reimbursement-Directors	16	8,898	35,000	26,102	25.4%
Publications & Subscriptions	93	2,524	5,773	3,249	43.7%
Professional Development Sub-total	17,817	86,918	314,273	227,355	27.7%
Miscellaneous Expenses					
Employee Appreciation Expenses	-	-	-	-	N/A
Internal/External Event Expenses	-	-	11,000	11,000	0.0%
Election Expense	-	-	20,000	20,000	0.0%
Reimbursable Repair Expense	-	-	-	-	N/A
Property Taxes	2,510	2,510	3,000	490	83.7%
Uncollectible Accounts	(645)	(645)	20,000	20,645	-3.2%
NSFs & Miscellaneous Fees	-	-	200	200	0.0%
Refund Overcharges	-	-	1,500	1,500	0.0%
Damage/Repair Reimbursements	-	-	1,000	1,000	0.0%
Misc Exp	-	-	-	-	N/A
Miscellaneous Sub-total	1,865	1,865	56,700	54,835	3.3%
Sub Total - General and O&M Expanses	2,811,371	9,733,014	31,903,372	22,170,358	30.5%
Capital Improvement Expenses					
Water System Projects					
Supply/Storage Projects	-	865	9,399	8,534	9.2%
Pumping Projects	-	-	26,000	26,000	0.0%
Main/Service Line Projects	-	-	-	-	N/A
Wastewater System Projects	-	-		-	N/A
Pumping Projects	-	78	-	(78)	N/A
Wastewater Treatment Projects	-	-	-	-	N/A
Main/Service Line Projects	-	-	-	-	N/A
Recycled System Projects	-			-	N/A
Pumping Projects	-	-	-	-	N/A
Tertiary Treatment Projects	-	-	-	-	N/A
Main/Service Line Projects	-	-	-	-	N/A
General Projects		-		-	N/A
Operating Equipment Purchases	-	-	-	-	N/A
Vehicle & Related Equipment Purchases	-	14,040	-	(14,040)	N/A
Technology Projects & Purchases	9,225	26,250	15,000	(11,250)	175.0%
Building & Structure Improvements	-	-	-	-	N/A
General Capital Projects	-	38,602	161,700	123,098	23.9%
Construction in Progress	-		-	-	N/A
Capital Improvement Expenses Sub-total	9,225	79,836	212,099	132,263	37.6%
Other Expenses					
Retiree Health Insurance	35,385	165,890	451,000	285,110	36.8%
Compensated Absence Charge	-	-	-	-	N/A
OPEB Charges	-	-	-	-	
Depreciation	448,583	1,779,681	5,250,900	3,471,219	33.9%
Debt Interest Expense	124,527	498,108	1,915,000	1,416,892	26.0%
Other Expenses Sub-total	608,495	2,443,679	7,616,900	5,173,221	32.1%
Total Expenses	3,429,091	12,256,528	39,732,371	27,475,843	30.8%
Change in Net Position	589,739	4,074,078	3,163,751		

Attachment 4

Check Register October 2026

El Toro Water District

Check/ACH Payment Register for the Month of October 2026

Check Number	Vendor	Date	Amount
15896	ALL AMERICAN ASPHALT	10/07/2026	1,940.66
15897	American Family Life Assurance Company of Columbus	10/07/2026	1,259.96
15898	Animal Pest Management Services, Inc	10/07/2026	2,762.50
15900	AT&T	10/07/2026	2,809.03
15901	Bigwig Monster, LLC	10/07/2026	17,025.00
15902	Bluetriton Brands, Inc	10/07/2026	1,223.29
15903	California Department of Public Health	10/07/2026	711.00
15904	CC Property Investments, LLC	10/07/2026	832.09
15905	Certified Laboratories	10/07/2026	679.74
15906	Cintas Corporation	10/07/2026	274.76
15907	City of Laguna Hills	10/07/2026	5,000.00
15908	Corodata Records Management, Inc	10/07/2026	288.44
15909	Cox Communications Inc	10/07/2026	1,023.42
15910	Dudek	10/07/2026	4,800.52
15911	EJ USA Inc.	10/07/2026	19,841.73
15912	EWT Holdings Corp.	10/07/2026	338.00
15913	FleetCrew	10/07/2026	1,075.00
15914	GEI Consultants Inc.	10/07/2026	1,602.00
15915	Hach Company	10/07/2026	58.51
15916	IDEXX Distribution, Inc	10/07/2026	462.54
15917	JWC Environmental Inc	10/07/2026	5,328.83
15918	Kristy Cooke - Petty Cash	10/07/2026	517.01
15919	Moulton Niguel Water District	10/07/2026	185,207.35
15920	NINJIO LLC	10/07/2026	2,532.00
15921	Nyhuis Holdings	10/07/2026	1,707.30
15922	Plumber Municipal Sewer Equipment Inc	10/07/2026	1,583.21
15923	Rincon Truck Center, Inc	10/07/2026	380.80
15924	Santa Margarita Ford	10/07/2026	2,707.68
15925	Sierra Analytical Labs, Inc	10/07/2026	1,353.00
15926	UNUM Life Insurance - EAP	10/07/2026	106.83
15927	Verizon Communications Inc.	10/07/2026	5,036.57
15928	Waste Management, Inc of California	10/07/2026	890.50
15929	Waxie's Enterprises,LLC	10/07/2026	4,263.20
15930	West Coast Sand and Gravel, Inc	10/07/2026	794.46
15931	Western Switches & Controls, Inc.	10/07/2026	1,564.53
15944	Anthony Wren	10/07/2026	3,600.00
15932	Advance Refrigeration & Systems, Inc	10/14/2026	1,372.80
15933	Aramark Services, Inc	10/14/2026	629.54
15934	Bigwig Monster, LLC	10/14/2026	9,225.00
15935	Cintas Corporation	10/14/2026	5,764.19
15936	DMJ and Associates	10/14/2026	4,692.67
15937	Eversoft Inc	10/14/2026	443.90
15938	J.R. Filanc Construction Company Inc	10/14/2026	294,461.05
15939	Kesri Singh Sekhon	10/14/2026	14,280.00
15940	Michelle H. Moses	10/14/2026	248.28
15941	Mingoia's Faxworld, Inc	10/14/2026	967.49
15942	Rod's Tree Service Inc	10/14/2026	1,550.00
15943	Southern California News Group	10/14/2026	355.80
15945	Don Peterson Contracting, Inc.	10/15/2026	30,473.00
15946	Southern California Edison Company	10/15/2026	192,464.10
15947	ACWA JPIA	10/21/2026	62,211.46
15948	Association of California Water Agencies	10/21/2026	27,695.00
15949	AT&T	10/21/2026	247.80
15950	AT&T Corp	10/21/2026	241.45
15951	ATS Communications	10/21/2026	2,647.50
15952	Autozone Investment Corp	10/21/2026	215.03
15953	Best Best & Krieger, LLP	10/21/2026	82.65
15954	California Air Resources Board	10/21/2026	1,470.00
15955	Citibank N.A.	10/21/2026	814.37
15956	City of Laguna Woods	10/21/2026	3,000.00
15957	Cody Trementozzi	10/21/2026	102.10
15958	County of Orange	10/21/2026	2,509.60
15959	County of Orange - OC Waste & Recycling	10/21/2026	3,659.54
15960	Cox Communications Inc	10/21/2026	1,732.24

Check Number	Vendor	Date	Amount
15961	EWT Holdings Corp.	10/21/2026	1,429.70
15962	FleetCrew	10/21/2026	1,003.00
15963	Fozi Dwork & Modafferi, LLP	10/21/2026	220.00
15964	Katherine Havens	10/21/2026	21.28
15965	Kathryn Freshley	10/21/2026	83.86
15966	Mark Monin	10/21/2026	99.52
15967	McClean Wyatt	10/21/2026	22.80
15968	Michael Gaskins	10/21/2026	38.00
15969	Rincon Truck Center, Inc	10/21/2026	387.33
15970	Robert Fassel	10/21/2026	102.10
15971	South Coast Air Quality Management District	10/21/2026	1,520.28
15972	South Coast Water District	10/21/2026	423.54
15973	Tosibox, Inc	10/21/2026	1,228.50
15974	Underground Service Alert of SO CA	10/21/2026	451.35
15975	Waste Management, Inc of California	10/21/2026	846.19
15976	Water Visions II Inc.	10/21/2026	279.57
15977	We Save Bees	10/21/2026	300.00
15978	Yo Fire	10/21/2026	3,477.65
15979	American Water Works Association	10/23/2026	2,949.00
15980	Redwine and Sherrill, LLP	10/23/2026	18,760.00
15981	Urban Water Institute	10/23/2026	2,235.00
15982	WateReuse Association	10/23/2026	1,674.55
5008	Mark Roche	10/26/2026	271.81
15983	ACWA JPIA	10/28/2026	437,526.09
15984	Angel Z Lopez	10/28/2026	5,003.56
15985	AT&T	10/28/2026	2,483.39
15986	Bluetriton Brands, Inc	10/28/2026	771.59
15987	Blue-White Industries	10/28/2026	348.50
15988	Corodata Records Management, Inc	10/28/2026	144.22
15989	CR&R Incorporated	10/28/2026	1,910.12
15990	Daniel Lopez	10/28/2026	240.44
15991	Employee Relations, Inc	10/28/2026	127.76
15992	Farwest Corrosion Control Company	10/28/2026	72,053.81
15993	FDE & S Inc	10/28/2026	1,149.01
15994	Fisher Scientific Company, LLC	10/28/2026	108.34
15995	Garth Botha	10/28/2026	88.36
15996	Griswold Industries	10/28/2026	2,137.03
15999	Kesri Singh Sekhon	10/28/2026	6,500.00
16000	MDB General Engineering, Inc	10/28/2026	10,070.00
16001	Moulton Niguel Water District	10/28/2026	239.10
16002	Onesource Distributors, LLC.	10/28/2026	1,644.10
16003	Pacific Plumbing Company of Santa Ana	10/28/2026	2,200.00
16004	Plumbers Depot Inc	10/28/2026	1,447.46
16005	Roll Off Solutions, Inc	10/28/2026	1,889.00
16006	Sherri Seitz	10/28/2026	97.44
16007	Site One Landscape Supply	10/28/2026	2,951.05
16008	South Coast Family Medical Center, Inc	10/28/2026	11,720.00
16009	Southern California Gas Company	10/28/2026	150.82
16010	State Water Resources Control Board	10/28/2026	8,399.00
16011	Sully-Miller Contracting Co.	10/28/2026	1,585.65
16012	The Lincoln National Life Insurance Company	10/28/2026	7,900.15
16013	Tripepi, Smith and Associates, Inc	10/28/2026	700.00
16014	United Industries, LLC	10/28/2026	420.12
16015	Verizon Communications Inc.	10/28/2026	1,042.39
16016	Vu Chu	10/28/2026	170.15
16017	Waste Management, Inc of California	10/28/2026	671.11
16018	West Coast Sand and Gravel, Inc	10/28/2026	2,512.34
	Total Checks issued from General and Payroll Accounts:		1,569,365.15

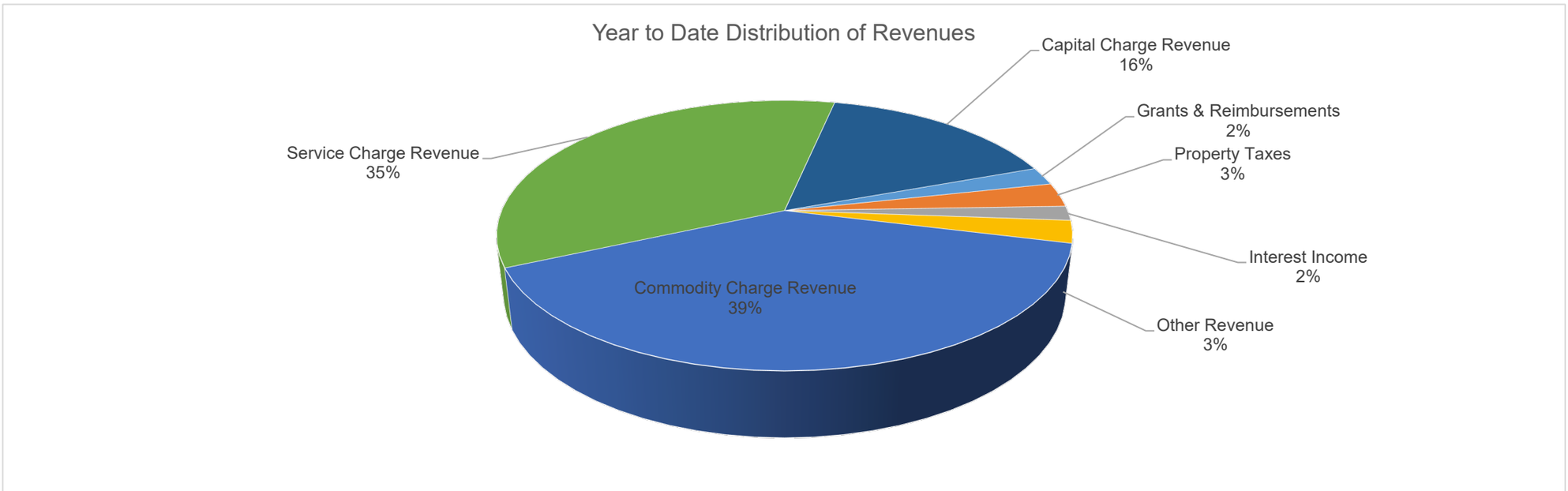
ACH			
ACH	Ferguson US Holdings, Inc	10/07/2026	1,829.21
ACH	Hill Brothers Chemical Co	10/07/2026	1,523.23
ACH	Municipal Water District of Orange County	10/07/2026	898,760.56
ACH	Infosend, Inc	10/07/2026	9,957.10
ACH	RockSpark Inc	10/07/2026	1,245.00
ACH	Red Wing Brands of America Inc	10/07/2026	392.73
ACH	Nieves Landscape, Inc	10/07/2026	8,713.02

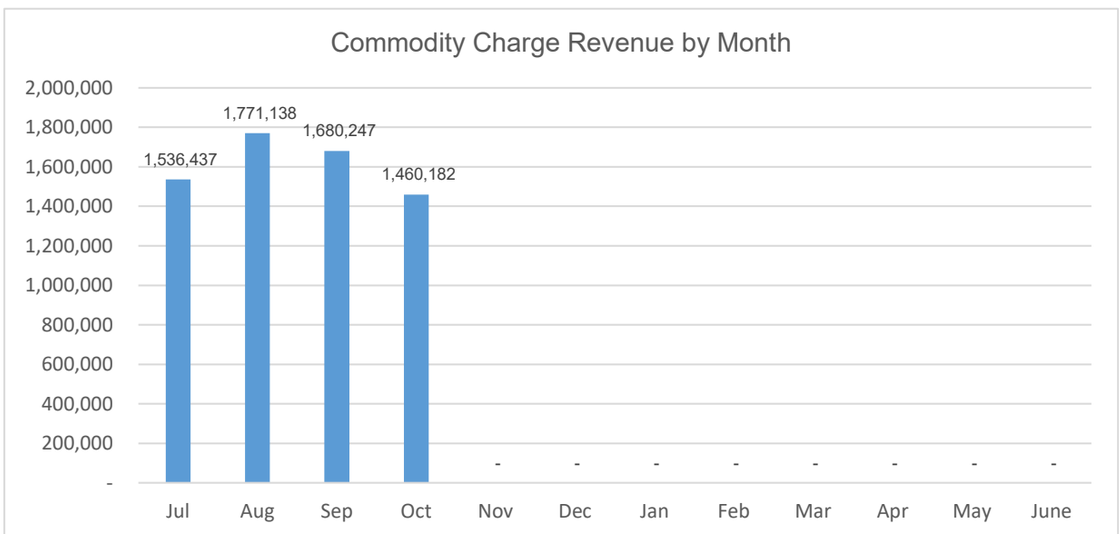
Check Number	Vendor	Date	Amount
ACH	W.W. Grainger, Inc	10/07/2026	560.30
ACH	AMS.NET, LLC	10/07/2026	4,262.54
ACH	Rose Paving LLC	10/07/2026	16,238.29
ACH	DG Investment Intermediate Holdings 2 Inc	10/07/2026	536.25
ACH	Aqua-Aerobic Systems, Inc.	10/07/2026	1,680.95
ACH	Vestis Group, Inc.	10/07/2026	1,335.20
ACH	DiscountCell LLC	10/07/2026	738.49
ACH	Butier Engineering, Inc	10/07/2026	60,681.00
ACH	Procure America LLC	10/07/2026	177.07
ACH	Universal Corrosion Services, LLC	10/07/2026	16,172.50
ACH	Municipal Water District of Orange County	10/14/2026	134.00
ACH	Animal Pest Management Services, Inc	10/14/2026	1,621.25
ACH	RockSpark Inc	10/14/2026	5,661.25
ACH	Red Wing Brands of America Inc	10/14/2026	1,059.66
ACH	Superior Electric Motor Service, Inc	10/14/2026	29,481.14
ACH	Nieves Landscape, Inc	10/14/2026	829.38
ACH	Carollo Engineers, Inc	10/14/2026	66,133.00
ACH	Johnson Controls US Holdings LLC	10/14/2026	1,406.82
ACH	Sims-Orange Welding Supply, Inc	10/14/2026	304.82
ACH	SC Commercial LLC	10/14/2026	27,225.25
ACH	Vestis Group, Inc.	10/14/2026	1,137.36
ACH	Energy Management Electric Corporation	10/14/2026	9,581.61
ACH	JCI Jones Chemicals, Inc	10/14/2026	32,777.35
ACH	JIG Consultants	10/14/2026	10,213.35
ACH	Ferguson US Holdings, Inc	10/21/2026	9,342.83
ACH	Irvine Ranch Water District	10/21/2026	12,449.00
ACH	Parkhouse Tire Service Inc	10/21/2026	4,563.15
ACH	CC Property Investments, LLC	10/21/2026	832.05
ACH	J.R. Filanc Construction Company Inc	10/21/2026	173,910.42
ACH	Sierra Analytical Labs, Inc	10/21/2026	1,707.00
ACH	W.W. Grainger, Inc	10/21/2026	523.67
ACH	AMS.NET, LLC	10/21/2026	15,744.00
ACH	RapidScale, Inc	10/21/2026	3,098.24
ACH	Procure America LLC	10/21/2026	177.07
ACH	Madison Artificial Intelligence, Inc	10/21/2026	15,000.00
ACH	AppleOne, Inc.	10/21/2026	3,626.40
ACH	Hill Brothers Chemical Co	10/28/2026	4,341.05
ACH	Municipal Water District of Orange County	10/28/2026	462,070.39
ACH	Superior Electric Motor Service, Inc	10/28/2026	46,997.26
ACH	Nieves Landscape, Inc	10/28/2026	10,065.79
ACH	J.R. Filanc Construction Company Inc	10/28/2026	91,374.80
ACH	Sierra Analytical Labs, Inc	10/28/2026	270.00
ACH	HEBT West Los Angeles 1, LLC	10/28/2026	1,590.00
ACH	Johnson Controls US Holdings LLC	10/28/2026	1,406.82
ACH	Mc Wane, Inc	10/28/2026	1,375.79
ACH	Vestis Group, Inc.	10/28/2026	731.47
ACH	Omega Industrial Supply Inc	10/28/2026	1,090.07
ACH	JCI Jones Chemicals, Inc	10/28/2026	11,957.53
ACH	MuniQuip, LLC	10/28/2026	509.35
	Total ACH issued from General Account:		2,087,123.83
Direct Debits			
ACH	Health Equity	10/07/2026	157.75
	Total Automatic ACH or Wire payments from General and Payroll Accounts:		157.75
	Grand total of Checks, ACH and Direct Debits		3,656,646.73

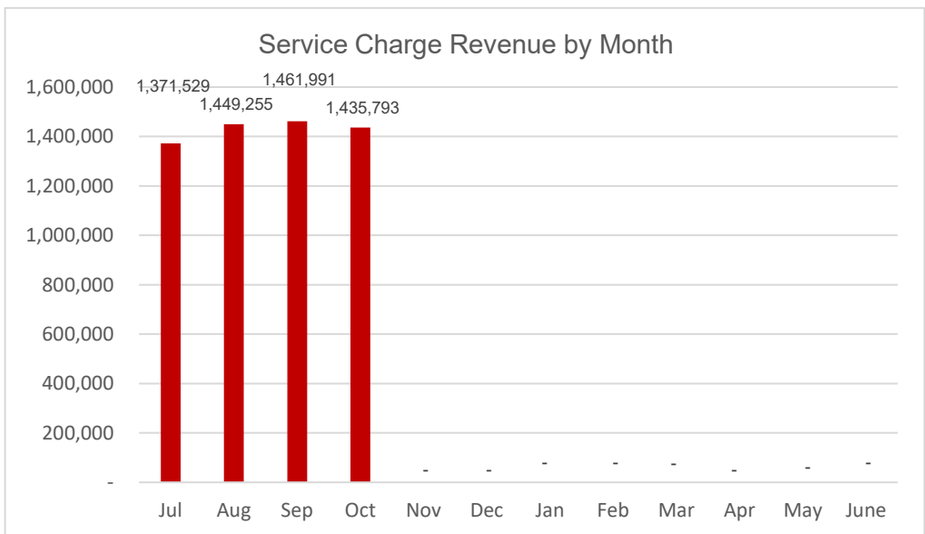
Attachment 5

Revenue and Expense Charts for October 2026

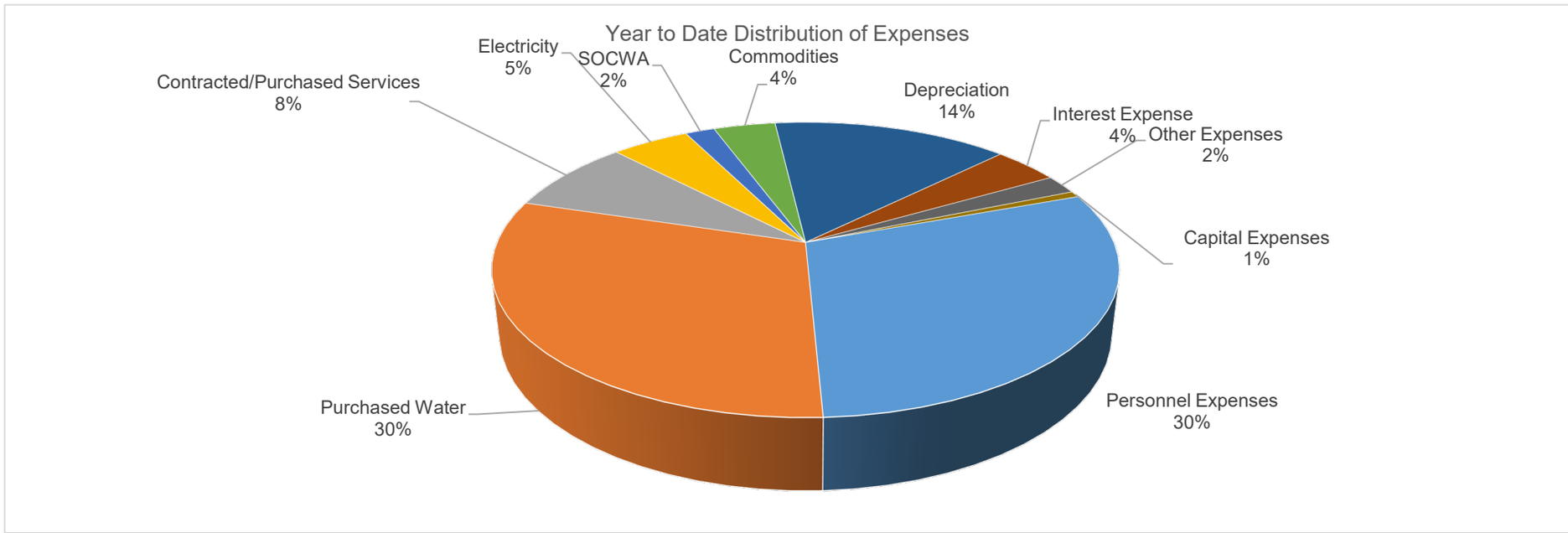
Revenue Charts -October 2026 Financial Report

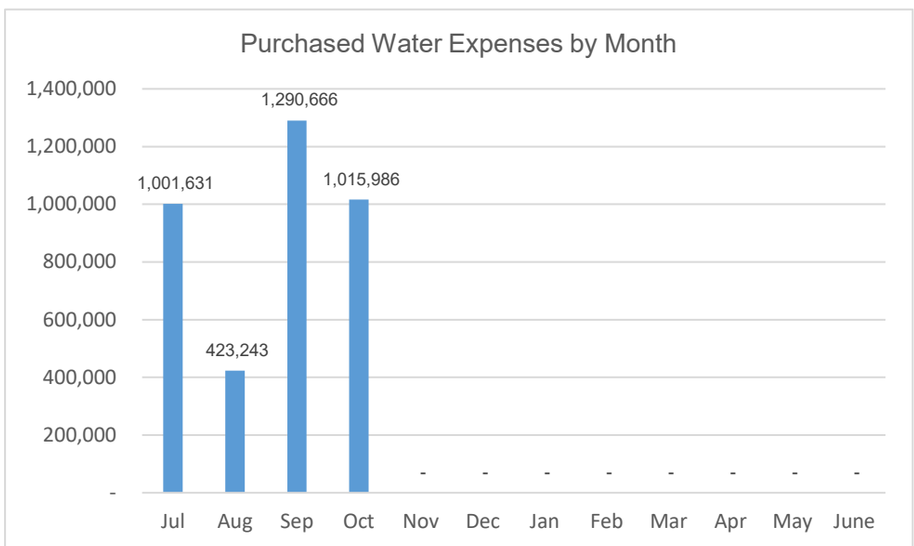


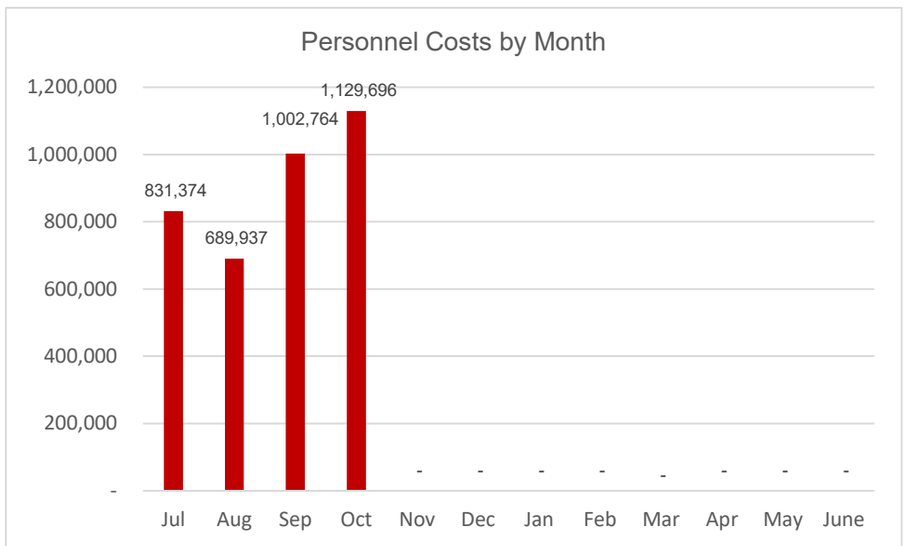




Expense Charts -October 2026 Financial Report







Attachment 6

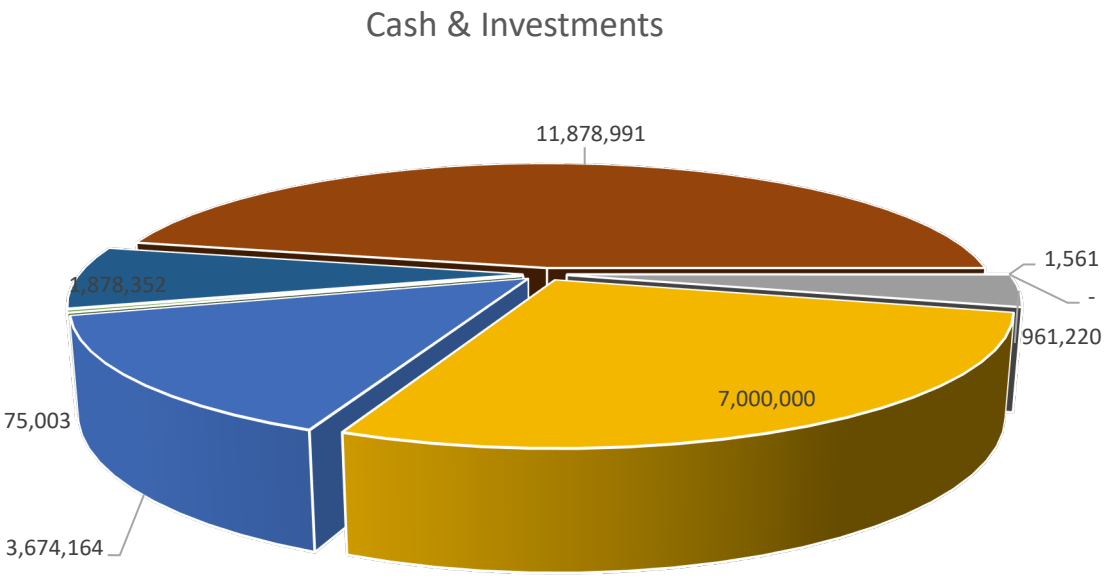
Summary of Cash & Investments at the end of October 2026

Cash & Investments

as of Ocober 31, 2026

Summary of Cash & Investments	
Cash & Equivalents	
Unrestricted - Cash & Equivalents	11,878,991
Unrestricted - Cash & Equivalents USB	1,878,352
Restricted - Cash & Equivalents	75,003
Investments	
Government Securities	3,674,164
CAMP -Term	7,000,000
Corporates Bonds/Notes	961,220
Asset Backed Securities	-
2022 Bond Money Market	1,561
Total Cash & Investments	25,469,291

Operating Cash & Investments	**25,392,728**
2022 Bond Proceeds Cash & Investments	**1,561**
Restricted - Cash & Equivalents	**75,003**



Cash & Equivalents

	Account Balance	Current Yield
Cash & Equivalents		
Demand Deposit Accounts		
US Bank - Checking Account	1,878,352	
US - Bank Capital Facilities Fee	75,003	
US Bank - 2022 Bond Proceeds/Interest/Principal	1,561	
Petty Cash	700	
Money Market Accounts		
CAMP Unsetted Transactions	-	
CAMP Money Market	6,649,150	
LAIF Money Market	5,229,141	
Total Cash & Equivalents	13,833,907	

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+	464,531	500,000	(35,469)	497,344	32,813	2.250%	4.10%	11/30/2022	2/15/2027
US Treasury N/B - AA+	480,273	500,000	(19,727)	496,446	16,172	3.250%	4.25%	2/22/2023	6/30/2027
US Treasury N/B - AA+	502,500	500,000	2,500	498,841	(3,659)	4.125%	4.01%	11/30/2022	9/30/2027
US Treasury N/B - AA+	497,930	500,000	(2,070)	498,841	911	4.125%	4.22%	2/22/2023	9/30/2027
US Treasury N/B - AA+	1,195,078	1,200,000	(4,922)	1,188,806	(6,272)	3.500%	3.78%	4/27/2026	10/31/2027
US Treasury N/B - AA+	485,332	500,000	(14,668)	493,887	8,554	3.500%	4.16%	2/22/2023	1/31/2028
United States Treasury Bond - Totals	3,625,645	3,700,000	(74,355)	3,674,164	48,520				

Investments (Continue)

	Purchase Cost	Par Amount	Premium/ (Discount)	Market Value	Unrealized Gain/(Loss)	Coupon Rate	Yield to Maturity	Purchase Date	Maturity Date
Supra-National Agency Bond / Note									
Supra-National Agency Bond / Note Totals	-	-	-	-	-				
Municipal Bond / Note									
			-		-				
Municipal Bond / Note Totals	-	-	-	-	-				
Federal Agency Commercial Mortgage-Backed Security									
			-		-				
Federal Mortgage-Backed Security Totals	-	-	-	-	-				
Federal Agency Bond / Note									
			-		-				
			-		-				
Federal Agency Bond / Note Totals	-	-	-	-	-				
Governmental Securities - Total Balances	3,625,645	3,700,000	(74,355)	3,674,164	48,520				

Investments (continued)

	Purchase Cost	Par Amount	Premium/ (Discount)	Market Value	Unrealized Gain/(Loss)	Coupon Rate	Yield to Maturity	Purchase Date	Maturity Date
Corporate Notes									
Salesforce Inc. (Callable)	200,588	200,000	588	198,685	(1,903)	4.500%	4.33%	4/27/2026	3/15/2028
Citigroup Inc. (Callable)	201,428	200,000	1,428	199,183	(2,245)	4.786%	4.51%	4/27/2026	3/4/2029
American Express Co (Callable)	34,952	35,000	(48)	34,584	(368)	4.351%	4.39%	7/25/2025	7/20/2029
Bank of NY Mellon Corp (Callable)	129,037	130,000	(963)	127,028	(2,009)	4.026%	4.24%	4/26/2026	1/22/2030
Goldman Sachs Group Inc (Callable)	130,207	130,000	207	127,480	(2,727)	4.594%	4.55%	4/26/2026	4/20/2030
Bank of America Corp Notes (Callable)	130,055	130,000	55	127,413	(2,642)	4.477%	4.47%	4/23/2026	4/23/2030
JPMorgan Chase & Co (Callable)	149,937	150,000	(63)	146,847	(3,090)	4.408%	4.42%	4/23/2026	4/23/2030
Corporate Bonds - Total Balances	976,203	975,000	1,203	961,220	(14,982)				

Investments (continued)

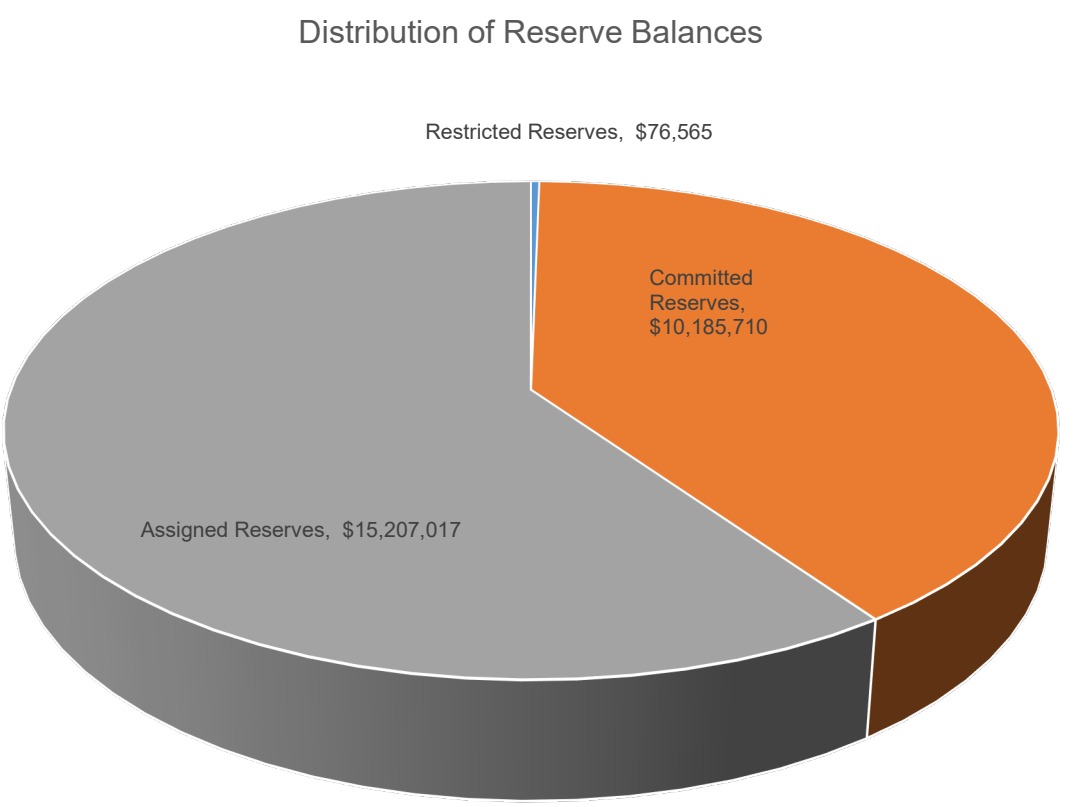
	Purchase Cost	Par Amount	Premium/ (Discount)	Market Value	Unrealized Gain/(Loss)	Coupon Rate	Yield to Maturity	Purchase Date	Maturity Date
Asset Backed Securities									
Corporate Bonds - Total Balances	-	-	-	-	-				

Attachment 7

Cash Reserve Balances for October 2026

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

	Cash Reserve Balances	Reserve Targets
Reconciled Cash Balance	**$ 25,469,291**	
Restricted Reserves		
2022 Revenue Bonds Fund	1,562	-
Capital Facilities Charge Reserve	75,003	-
Sub Total Restricted Reserve	**76,565**	**-**
Committed Reserves		
Capital Construction Reserve	3,000,000	3,000,000
Rate Stabilization Reserve	2,500,000	2,500,000
Operational Continuity Reserve	2,500,000	2,500,000
Working Capital Reserve (1)	2,185,710	2,500,000
Sub Total Committed Reserves	**10,185,710**	**10,500,000**
Assigned Reserves		
CIP Reserves		
Capital Carryover	4,185,250	-
Accumulated Capital Reserve	1,106,087	-
CIP - Revenue Bond Unrestricted Reserve	1,346,138	-
SOCWA Capital Projects	3,453,303	-
Recycled Water Capital / Debt Service	112,209	
Capital Plan Working Capital Reserve	6,847,753	
Sub Total CIP Reserves	**17,050,740**	**-**
Water Supply Program Reserves		
Tiered Conservation Fund	(2,005,707)	-
Reverse Cyclic Water Purchase Program	161,984	
Sub Total Assigned Reserves	**15,207,017**	
Total Cash Reserves	**25,469,291**	
Adjusted Cash Reserves[(2)]	**25,392,726**	**10,500,000**



* The District Investment portfolio is in compliance with the District's Invesment 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.

Attachment 8

Capital Project Expense Report through October 2026

2026-2027 Capital Program Budget Information

PM Task Code	Account	Total FY 26/27 Budget	Prior Year Ending Balance	2026 - 2027 Expenses Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Total	Budget Remaining
CAP-0014 Scum Station/Clarifiers 3 & 4	40-000-15020	-	(496.50)													-	-
CAP-0050 Alscot PLC Upgrade/Water	40-000-15010	-	53,326.10													-	-
CAP-0051 Sewer PLC Upgrade	40-750-66230	-	6,562.71													-	-
CAP-0052 Water Station HMI Rplmnt	40-720-66120	-	9,431.52													-	-
CAP-0053 Sewer Station HMI Rplmnt	40-750-66230	-	27,724.32													-	-
CAP-0064 Recycled Station HMI Rplmnt	40-820-66120	-	7,199.73													-	-
CAP-0069 Remittance Processing Equipment Update	40-820-66120	-	4,600.00													-	-
CAP-0070 Documentum Replacement / Corporate Intranet Develc	40-820-55100	-	10,800.00			17,025.00										17,025.00	(17,025.00)
CAP-0076 R-5 Reservoir PLC Upgrade	40-000-15010	-	10,493.08													-	-
GEN-0112 New Warehouse	40-000-15040	-	1,886.65													-	-
GEN-0119 Main Office Warehouse Improvements	40-000-15040	-	(49,147.46)													-	-
GEN-0121 Main Office Bathroom Rehab	40-000-15040	-														-	-
GEN-0122 Field Office Floor and Chair Replacement	40-000-15040	83,000.00														-	83,000.00
GEN-0123 Main Office MTS Installation	40-830-66200	10,000.00														-	10,000.00
RCE-0013 JRWSS Capital Budget	40-710-66120	9,399.00	1,884.30		809.10	56.24										865.34	8,533.66
RCE-0014 Baker WTP Capital Fund	40-810-66120	56,200.00	47,053.50			14,040.25										14,040.25	42,159.75
RCE-0015 SOCWA Capital Expenses	40-000-15020	662,635.00	54,561.97		176,608.69	(2,217.86)										174,390.83	488,244.17
RCE-0016 MNWD Regional Treatment Plant	40-000-15020	571,990.00	189,602.19													-	571,990.00
RES-0016 Moulton/El Toro Cathodic Protection Repair	40-000-15010	-	45,600.00		1,932.50	565.00	75,846.12									78,343.62	(78,343.62)
RES-0020 R-6 Reservoir SCE Meter Box Replacement at Seepag	40-000-15010	14,000.00	3,813.28													-	14,000.00
RES-0021 R-6 Reservoir Southern Slope Stabilization	40-000-15010	-	235,556.36		2,400.00	4,800.52	10,600.00									17,800.52	(17,800.52)
RES-0022 R-5 Reservoir Rehabilitation	40-000-15010	-														-	-
RES-0025 PRV-4 Rehabilitation	40-000-15010	50,000.00			9,473.38											9,473.38	40,526.62
RES-0026 Low 1 Zone Hydraulic Mod	40-000-15010	117,700.00	865.00			805.00	13,213.35									14,018.35	103,681.65
RES-0027 R-6 Chlorine and Ammonia Injection System Replacen	40-000-15010	28,200.00														-	28,200.00
SLS-0115 Aliso Creek Pump Rehab 932-115	40-000-15020	-	732,118.80				750.00									750.00	(750.00)
SLS-0120 Freeway Electrical Equip Repl	40-000-15020	-	179,678.80			1,564.53	15,924.10									17,488.63	(17,488.63)
SLS-0122 Westline Generator Unit 213 Replacement	40-000-15020	101,000.00				6,126.36										6,126.36	94,873.64
SLS-0123 4920 Lift Station Pump Replace	40-000-15020	-	19,503.83													-	-
SLS-0124 Freeway Lift Station Survey	40-000-15020	-	3,710.00													-	-
SLS-0125 Northline Lift Station Flow Meter	40-000-15020	-	11,536.08													-	-
SLS-0126 Aliso Creek VFD Replacement	40-000-15020	-	19,057.51													-	-
SLS-0127 Freeway, Westline, and Mathis Lift Station Coating Reh	40-000-15020	281,000.00														-	281,000.00
SLS-0128 Veeh Lift Station Rehabilitation	40-000-15020	170,000.00														-	170,000.00
SLS-0129 Westline Forcemain Replacement	40-000-15020	203,860.00														-	203,860.00
SLS-0130 Veeh Electrical Equipment Replacement	40-000-15020	315,000.00														-	315,000.00
SLS-0131 Freeway Pump Replacement	40-000-15020	35,000.00														-	35,000.00
SPS-0050 Asset Management Study 31-050	40-840-55110	-	331,414.69													-	-
SPS-0053 System Arc Flash Coord Study	40-840-55110	30,000.00	201,024.28		5,127.96	10,415.00										15,542.96	14,457.04
SPS-0056 Website Redesign, Hosting, and Maintenance Services	40-820-55100	-	39,600.00				9,225.00									9,225.00	(9,225.00)
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	500,000.00	19,500.00													-	500,000.00
SPS-0063 Cathodic System Monitoring	40-840-55110	72,000.00	-		7,240.00	15,607.50										-	-
SPS-0064 Fortinet Firewall Replacement	40-000-15040	60,000.00	-		16,430.28		15,744.00									-	-
SPS-0065 Distribution System Condition Assessments	40-760-55110	3,700.00	-													-	3,700.00
GEN-0123 Main Office MTS Installation	40-830-66200	-	25,381.92													-	-
SPS General Studies Fund	TBD	31,000.00														-	31,000.00
TCP-0012 Geolocator	40-820-66120	15,000.00	14,464.63													-	15,000.00
TCP-0013 GIS Data Updates	40-820-66120	15,000.00	-													-	15,000.00
VEH-TBD Vehicle Purchases	TBD	151,944.00														-	151,944.00
VEH-0016 Valve Inertion Equipment	40-000-15040	146,000.00														-	146,000.00
WPS-0095 P-3 Pump Station Rehab	40-000-15010	-	-													-	-
WPS-0099 P-1 Battery Project	40-000-15010	-	75,836.14		510.19											510.19	(510.19)
WPS-0100 Shenandoah BS Pump & Motor	40-000-15010	-	131,606.80													-	-
WPS-0101 P-3 Motor Replacement	40-000-15010	-	6,020.83													-	-
WPS-0102 P-1 Chlorine Tank Replacement	40-000-15010	-	24,513.20													-	-
WPS-0103 Spartan Booster Station Main Switchboard Retrofit	40-000-15010	63,000.00	-													-	63,000.00
WPS-0104 Cherry & Shenandoah Spare Motor	40-740-66120	12,000.00	-													-	12,000.00
WRP-0134 Hach WIMS Implementation Proje	40-000-15020	-	40,410.00													-	-
WRP-0137 Tertiary Disinfection Optimization Project	40-000-15030	-	169,594.43													-	-
WRP-0142 Headworks and Secondary Clarifier No. 1 Rehabilitatic	40-000-15020	7,620,000.00	2,513,140.65		117,640.50	486,813.00	648,286.42									1,252,739.92	6,367,260.08
WRP-0143 New Turbo Blower	40-000-15020	-	555,358.95													-	-
WRP-0144 OOPS MCC and Valve Rehabilitation Project	40-000-15020	-	103,201.31													-	-
WRP-0147 DAF No 1 MCC Replacement	40-000-15020	-	96,029.82													-	-
WRP-0149 ETM Trail Bridge Mitigation Project	40-000-15020	-	3,997.86													-	-
WRP-0153 RAS Pump and Moter Replacement	40-000-15020	-														-	-
WRP-0154 OOPS Battery Project	40-000-15020	-	58,831.17		510.18											510.18	(510.18)
WRP-0155 Regional ETM Reliability and Resilience Project	40-000-15020	-					31,373.00									31,373.00	(31,373.00)
WRP-0156 DAF No. 2 Transformer Replacement Project	40-000-15020	-	7,199.00													-	-
WRP-0157 New OOPS VFD	40-000-15020	-	27,982.07													-	-
WRP-0159 Aeration Basin Diffusers & Valve Replacement	40-000-15020	570,000.00	-													-	570,000.00
WRP-0160 WRP Network Segmentation Study	40-840-55110	50,000.00	-													-	50,000.00
WRP-0161 Holding Pond Asphalt Repair	40-000-15020	37,000.00	-		37,300.00											37,300.00	(300.00)
WRP-0162 Lab Fume Hoods	40-000-15020	237,600.00	-													-	237,600.00
WRP-0163 Recycled Water Pump 3 VFD Replacement	40-000-15030	-	-													-	-
Contigency	TBD	150,300.00														-	150,300.00
	Gross project cost excludes labor	12,473,528	6,094,471.04	0.00	375,982.78	555,600.54	820,961.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,697,523.53	10,644,004.47
	Carryover Project Fund	500,000.00		-	-	-	-									-	
	2026-27 CIP Budget	9,738,903.00		-	194,021.22	533,863.35	677,243.77									1,405,128.34	
	SOCWA Reserve	1,234,625.00		-	176,608.69	(2,217.86)	-										
	Bond CIP Unrestricted Funds	-														-	
	Recycle Capital Projects	-														-	
	MNWD Payout	1,000,000.00														-	
	Accumulated Capital/Grants	-														-	
	Accumulated Capital Funds	-		-	5,352.87	23,955.05	143,718.22									173,026.14	
		12,473,528.00	-	-	375,982.78	555,600.54	820,961.99	-	-	-	-	-	-	-	-	1,578,154.48	
Labor Distribution			316,461.11	6,736.30	25,471.74	28,126.39	50,243.33	-	-	-	-	-	-	-	-	110,577.76	

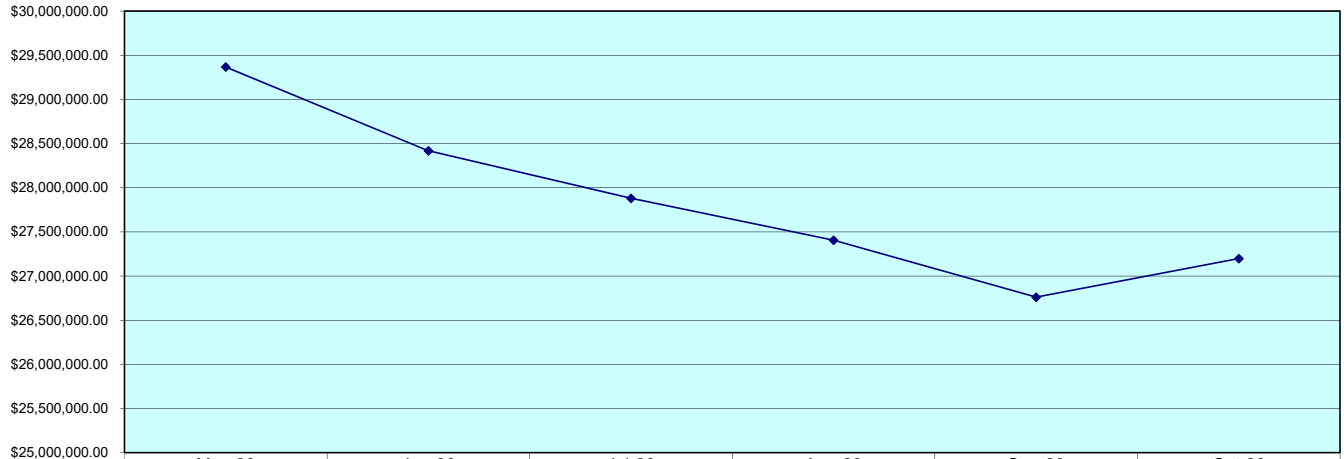
Attachment 9

Interim Report on 401k Plan Holdings
As of October 2026

EL TORO WATER DISTRICT

401K PLAN SUMMARY

401K PLAN MARKET VALUE



MARKET VALUE SUMMARY

	Under 40 yrs. Old	40 to 44 yrs. Old	45 to 49 yrs. Old	50 to 54 yrs. Old	55 to 59 yrs. Old	60 to 64 yrs. Old	65 yrs. & Older
Balance at June 30, 2026	$3,357,664.68	$1,722,232.37	$3,401,631.85	$2,093,441.15	$6,080,674.88	$6,306,020.62	$5,456,623.99
	Under 40 yrs. Old	**40 to 44 yrs. Old**	**45 to 49 yrs. Old**	**50 to 54 yrs. Old**	**55 to 59 yrs. Old**	**60 to 64 yrs. Old**	**65 yrs. & Older**
Balance at October 31, 2026	$2,949,607.83	$1,448,658.29	$4,392,838.92	$2,126,587.84	$5,153,342.75	$6,528,886.89	$4,597,376.54

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

Investments	Beginning Balance	Contributions	Withdrawals	Interest, Dividends and Appreciation Net of Fees & Charges	Ending Balance
American Beacon AHL Mgd Futs Strat A	1.42	0.00	0.00	(0.04)	1.38
Cohen & Steers Instl Realty Shares	973,976.81	4,840.90	0.00	80,155.53	1,058,973.24
Columbia Contrarian Core Instl 3	2,274,084.99	14,075.82	0.00	(51,489.75)	2,236,671.06
DFA Large Cap International I	1,729,490.60	10,456.17	0.00	3,713.70	1,743,662.47
Dodge & Cox Income - I	3,702,685.96	16,473.00	0.00	113,682.73	3,832,841.69
Dodge & Cox International Stock - I	326,524.92	2,068.60	0.00	2,483.53	331,077.05
Dodge & Cox Stock - I	1,056,700.15	6,897.33	0.00	44,475.87	1,110,073.35
DoubleLine Core Fixed Income R6	3,722,139.13	16,472.95	0.00	88,989.73	3,827,601.81
Emerald Growth Institutional	2.51	0.00	0.00	(0.12)	2.39
Fidelity Mid Cap Index	263,682.86	1,448.34	0.00	8,184.71	273,315.91
Guaranteed Income Fund	835,631.42	3,704.15	0.00	(3,920.13)	835,415.44
Harbor Capital Appreciation Retirement	7.56	0.00	0.00	(0.30)	7.26
Lazard Global Listed Infras Port Inst	743,927.27	4,050.48	0.00	74,638.45	822,616.20
MFS International Growth R6	335,080.66	2,068.60	0.00	(4,011.04)	333,138.22
Nomura Small Cap Core R6	5.42	0.00	0.00	0.09	5.51
PGIM Total Return Bond R6	1,861,950.63	8,236.61	0.00	50,961.30	1,921,148.54
PIMCO Income Instl	368,655.08	1,836.22	0.00	11,001.37	381,492.67
PIMCO RAE US Instl	7.88	0.00	0.00	0.47	8.35
Undiscovered Mgrs Behavioral Value R6	2.00	0.00	0.00	0.08	2.08
Vanguard 500 Index Admiral	1,947,869.78	12,066.58	0.00	(37,863.06)	1,922,073.30
Vanguard Emerging Mkts Stock Idx Adm	667,373.64	4,302.91	0.00	(44,494.60)	627,181.95
Vanguard Growth & Income Adm	2,272,546.79	14,080.17	0.00	(60,999.97)	2,225,626.99
Vanguard Long-Term Investment-Grade Adm	867,326.17	3,827.03	0.00	44,323.18	915,476.38
Vanguard Morningstar Growth Index Adm	1,091,150.67	6,734.98	0.00	(78,675.67)	1,019,209.78
Vanguard Morningstar Mid-Cap Index Adm	2.55	0.00	0.00	0.11	2.66
Vanguard Morningstar Small-Cap Index Adm	1,718,600.66	11,180.94	0.00	49,891.78	1,779,673.38
Grand Total	26,761,427.53	144,823.78	0.00	291,047.75	27,197,299.06

Agenda Item No. 6

STAFF REPORT

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

Attached for Board approval is the payment summary report for the month of October, 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 September 2026:

1. The total disbursement including payroll expense and ACH/Direct debts for the month is $4,666,295.79
2. These disbursements include eight payments greater than $75,000, with the total equal to $2,735,774.76. Staff recommends the Board approve these payments.
3. District employees were reimbursed $800.59 for travel, education, meals, supplies and certification related expenses; and Directors were reimbursed $265.46 for travel expenses.
4. Payroll and benefits expenses of $1,009,649.06 occurred during the month. This cost includes the cost of employee and Director's payroll, pension and benefits.
5. Total other disbursements/fees via direct debit for the month is $157.75.
6. The District issued ACH payment totaling $2,087,123.833 or 57% of the total accounts payable vendors payments excluding payroll.

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 October 31, 2026.

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

CHECK NUMBER	PAYMENT DATE	VENDOR NAME		PAYMENT AMOUNT
ACH	10/07/2026	Municipal Water District of Orange County		898,760.56
ACH	10/28/2026	Municipal Water District of Orange County		462,070.39
15983	10/28/2026	ACWA JPIA		437,526.09
15938	10/14/2026	J.R. Filanc Construction Company Inc		294,461.05
15946	10/15/2026	Southern California Edison Company		192,464.10
15919	10/07/2026	Moulton Niguel Water District		185,207.35
ACH	10/21/2026	J.R. Filanc Construction Company Inc		173,910.42
ACH	10/28/2026	J.R. Filanc Construction Company Inc		91,374.80
		PAYMENTS OVER $75,000	**$**	**2,735,774.76**
		PAYMENTS UNDER $75,000	**$**	**920,714.22**
		TOTAL ACH PAID	**$**	**2,087,123.83**
		TOTAL CHECKS PAID	**$**	**1,569,365.15**

REIMBURSEMENTS TO ETWD EMPLOYEES

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)		PAYMENT AMOUNT
15990	10/28/2026	Daniel Lopez (T2 Training)		240.44
16016	10/28/2026	Vu Chu (Milage)		170.15
15957	10/21/2026	Cody Trementozzi (Class A Drivers License)		102.10
15970	10/21/2026	Robert Fassel (Class B Permit Test)		102.10
16006	10/28/2026	Sherri Seitz (Milage)		97.44
15995	10/28/2026	Garth Botha (HAZMAT ID Check)		88.36
		TOTAL CHECKS TO EMPLOYEES	**$**	**800.59**

REINBURSEMENTS TO ETWD DIRECTORS

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)		PAYMENT AMOUNT
15966	10/21/2026	Mark Monin (Travel Expenses)		99.52
15965	10/21/2026	Kathryn Freshley (Travel Expenses)		83.86
15968	10/21/2026	Michael Gaskins (Travel Expenses)		38.00
15967	10/21/2026	McClean Wyatt (Travel Expenses)		22.80
15964	10/21/2026	Katherine Havens (Travel Expenses)		21.28
		TOTAL CHECKS TO DIRECTORS	**$**	**265.46**
DEBIT TRANSFERS				
	10/02/2026	PAYROLL DIRECT DEPOSIT		179,761.28
	10/02/2026	FEDERAL DEPOSIT LIABILITY		40,505.82
	10/02/2026	SDI & STATE TAX		17,803.17
	10/02/2026	EMPOWER (401K)		70,166.13
	10/02/2026	EMPOWER (457)		18,497.35
	10/02/2026	HEALTH SAVINGS ACCOUNT		603.26
	10/02/2026	DEPENDANT CARE FLEXIBLE SPENDING ACCOUNT		596.16
	10/02/2026	SUPPORT		346.15
	10/15/2026	PAYROLL BOARD OF DIRECTOR		7,222.21
	10/15/2026	SS, MEDICARE, SDI & STATE TAX		1,827.56
	10/15/2026	EMPOWER (457)		2,621.94
	10/15/2026	HEALTH SAVINGS ACCOUNT		108.33
	10/16/2026	PAYROLL DIRECT DEPOSIT		182,118.06
	10/16/2026	FEDERAL DEPOSIT LIABILITY		42,443.73
	10/16/2026	SDI & STATE TAX		18,538.12
	10/16/2026	EMPOWER (401K)		73,646.08
	10/16/2026	EMPOWER (457)		19,267.25
	10/16/2026	HEALTH SAVINGS ACCOUNT		603.26
	10/16/2026	DEPENDANT CARE FLEXIBLE SPENDING ACCOUNT		596.16
	10/16/2026	SUPPORT		346.15
	10/30/2026	PAYROLL DIRECT DEPOSIT		179,419.10
	10/30/2026	FEDERAL DEPOSIT LIABILITY		43,830.29
	10/30/2026	SDI & STATE TAX		19,135.93
	10/30/2026	EMPOWER (401K)		71,177.70
	10/30/2026	EMPOWER (457)		17,268.45
	10/30/2026	HEALTH SAVINGS ACCOUNT		603.26
	10/30/2026	DEPENDANT CARE FLEXIBLE SPENDING ACCOUNT		596.16
		Total Payroll Expense		**1,009,649.06**
Direct Debits				
	10/31/2026	ACH payments (Health Equity)		157.75
		Total Other Expense		**157.75**
		TOTAL INTERBANK WIRES / ACH / DEBIT TRANSFERS	**$**	**1,009,806.81**
		TOTAL DISBURSEMENTS	**$**	**4,666,295.79**

MINUTES OF THE REGULAR MEETING
& OF THE
ENGINEERING COMMITTEE MEETING

October 19, 2026

At approximately 7:33 a.m. President Freshley called the regular meeting to order.

Vice President Havens 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 (Zoom), SCOTT HOPKINS, Operations Superintendent, MIKE MIAZGA, Information Technology Manager (Zoom), SHERRI SEITZ, Public Affairs Manager (Zoom 8:00 a.m.), VU CHU, Water Resources Supervisor (Zoom), MATT VERA, Senior Engineer, ED PETERSON, Collections Foremen, STEVE SANCHEZ, Collections Maintenance Worker III, MICHAEL URWIN, Hydra-Stop, CAROL MOORE, City of Laguna Woods (Zoom), ROBERT MONTOYA, PFM Asset Management, DREW BALLARD, Foster & Foster (Zoom 8:01 a.m.), RILEY GREENLEE, LSL LLP, 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

Ms. Moore provided information about a program called Alert Wildfire which uses AI to help detect potential wildfires.

Items Too Late to be Agendized

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

Engineering Committee Meeting

At approximately 7:37 a.m. Director McClean called the Finance and Insurance Committee meeting to order.

Consent Calendar

Director McClean asked for a Motion.

Motion: Director Monin 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

Engineering Action Items

Hydra-Stop Valve Insertion Equipment Purchase

Mr. Cafferty stated that the District has approximately 5,000 isolation valves that are relied on for maintenance and emergency situations. Staff replaces valves that don't properly operate but sometimes it is necessary to expand the isolation area to find

properly functioning valves, which can result in more customers experiencing service interruptions. Mr. Cafferty explained that the equipment being considered would allow Operations staff to insert a valve into an active water main without taking the line out of service or interrupting service to customers. The District has previously utilized similar equipment through contractors for various projects. Purchasing the equipment would allow staff to perform the installations in-house, eliminating the need to hire a contractor. Mr. Urwin provided a presentation of the Hydra-Stop valve insertion equipment, highlighting its capabilities and the benefits it would provide to the District. He also responded to questions from Board members and provided explanations for their inquiries to learn about the product.

Director McClean asked for a Motion.

Motion: Director Gaskins made a Motion, seconded by President Freshley to authorize the General Manager to issue a purchase order to Hydra-Stop in the amount of $122,218 for the purchase of the Hydra-Stop valve insertion equipment.

Roll Call Vote:

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

Mr. Urwin left the meeting at approximately 8:13 a.m.

Sewer Manhole Rehabilitation Project

Mr. Cafferty explained that six manholes in the District's sewer collection system require rehabilitation. He noted that Sancon has performed multiple successful sewer rehabilitation projects for the District in the past, and staff is confident in the quality of their work.

Director McClean asked for a Motion.

Motion: Vice President Havens made a Motion, seconded by President Freshley to authorize the General Manager to enter into a contract with Sancon Technologies in the amount of $81,080 for the rehabilitation of sewer manholes in the District sewer collection system.

Roll Call Vote:

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

Mr. Peterson and Mr. Sanchez left the meeting at approximately 8:15 a.m.

Engineering Information Items

El Toro Water District Operations Report

Vice President Havens inquired about the valve maintenance program and whether staff should schedule maintenance earlier in the year to better prepare for fire season. Mr. Cafferty stated that staff has discussed different ways to prioritize maintenance including prioritizing work in higher risk fire zones. President Freshley inquired about the potable augmentation increase. Mr. Cafferty explained that the system was designed to use potable water when necessary and staff is implementing various measures to minimize its use. There may still be unique instances that impact total production or increased demand occurrences.

Mr. Cafferty also noted that the spill report reflects the recent spill that occurred at the Water Recycling Plant.

El Toro Water District Capital Project Status Report

Headworks and Secondary Clarifier No. 1 Rehabilitation Project

Ms. Ford reported that the temporary pipeline has been installed across the Laguna Woods Golf Course, allowing the Northline force main repair to proceed. Staff will coordinate with golf course staff for the restoration work. Staff also took the opportunity to obtain a sample of the existing force main for analysis. The results will help determine whether replacement of the force main should be prioritized. Filanc is continuing to work on the yard piping installation. Additionally, staff continues to negotiate the contract agreement with Energywerx for the Department of Energy grant funding opportunity.

Low 1 Zone Hydraulic Modification Project

Mr. Vera reported that District staff performed preliminary potholing. Staff is working with TE Roberts to complete additional potholing to locate a water main owned by Moulton Niguel Water District on Avenida Sevilla. JIG will revise the 30% design after the potholing results are confirmed.

Moulton/El Toro Cathodic Repair Project

Mr. Vera reported that Farwest has installed half of the anode ground beds. During installation of the remaining anode ground beds, Farwest struck an unmarked storm drain owned by the City of Laguna Woods, who did not have records of it within their system. Staff is working with vendors to identify a suitable repair. Following the resolution, Farwest will be able to test the effectiveness of the installation to determine whether any additional work is needed.

Freeway Electrical Equipment Replacement

Ms. Ford reported that KS Contractors completed the canopy modifications earlier this month. Baker also installed the underground equipment to permanently underground the utility entrance. Following the electrical equipment placement, SCE will schedule the energization four weeks from inspection. The project is expected to be completed in December.

SOCWA Effluent Transmission Main (ETM) Reach B Techite Replacement

Ms. Ford reported that staff completed a thorough review of the 60% design submittal. Staff also performed exploratory potholing along Moulton Parkway and El Toro Road, which required several attempts to locate the ETM. Staff is waiting for responses from VMS and GRF on the easement negotiations regarding the golf course closure. Staff continues to work on the CEQA compliance for this project. The biological resource and noise studies are complete, and the documentation is in review by staff.

R-6 Reservoir Southern Slope Repair Project

Ms. Ford reported that the contractor successfully completed the vegetation establishment period and staff filed a Notice of Completion with the County.

Aliso Creek Lift Station Improvement Project

Ms. Ford reported that staff is waiting to hear back from GRF and United Mutual on the final round of comments for the easement agreements.

Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

Comments Regarding Non-Agenda Engineering Committee Items

Mr. Cafferty reported that Ms. Ford has been working on developing emergency contracts and will provide an update on them soon.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at 8:55 a.m.

Respectfully submitted,

_____
MARISOL MELENDEZ
Recording Secretary

APPROVED:

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

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

Agenda Item No. 8

STAFF REPORT

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

From: Hannah Ford, Director of Engineering

Subject: Headworks and Secondary Clarifier No. 1 Rehabilitation Project Engineering Services during Construction Amendment

BACKGROUND

The Headworks and Secondary Clarifier No. 1 Rehabilitation Project addresses critical infrastructure at the El Toro Water District's Water Reclamation Plant (WRP). Secondary Clarifier No. 1 and the associated Waste Activated Cell (WAC) are over 60 years old, while the Headworks dates to the early 1980s. Due to the age and condition of these facilities, the District initiated a rehabilitation project encompassing structural repairs and equipment upgrades in these process areas.

Carollo Engineers, Inc. (Carollo) provided final design services for this Project and is currently under contract to provide Engineering Services During Construction (ESDC) on a time-and-materials basis at a not-to-exceed amount of $546,328. The ESDC scope encompasses project management and weekly progress meetings, field support services including site visits, structural observations, and coarse screen system commissioning, office engineering services such as submittal review, response to requests for information, and change order support, and preparation of record drawings . The original scope assumed approximately 180 submittals (including re-submittals) to be reviewed by Carollo.

During the course of construction, the actual volume and complexity of contractor submittals has exceeded the original scope assumption, necessitating additional submittal review effort. To date, Carollo has reviewed 189 submittals and resubmittals, exceeding the originally budgeted amount. Carollo has proposed an amendment to Task Order No. 3 that adds $145,481 in fees for expanded submittal review while reducing the weekly progress meetings budget by $24,408, resulting in a net contract amendment of $121,073. The additional fee would accommodate 41 new submittals and 59 resubmittals, representing the low end of what is currently identified for the remainder of construction. The amendment encompasses 680 additional Carollo labor hours for submittal review and reallocates 90 hours within the progress meetings task, for a net increase of 590 Carollo hours. Rather than participating in future weekly progress meetings, Carollo staff will dedicate that time to submittal review and remain available on call as needed. Staff recommend amending the existing contract with Carollo Engineers, Inc. in the amount of $121,073 to ensure continued engineering support through the remainder of construction.

ENGINEERING SERVICES DURING CONSTRUCTION (ESDC) — FEE AMENDMENT

The amendment adjusts two task-level line items within the original Task Order No. 3 fee structure. The net effect is a reduction of Carollo labor hours dedicated to weekly progress meetings and an increase in hours required for submittal review. No changes are proposed to Field Support Services (Task 2), RFI response (Task 3.2), Change Orders and Design Clarifications (Task 3.3), or Record Drawings (Task 4) .

Table 1 – ESDC Fee Amendment Summary (Net Change by Task)

Task	Subtask	Amended Carollo Hours	Amended Carollo Fee
1.2	Weekly Progress Meetings	90	$(24,408)
3.1	Submittal Review	680	$145,481
Amendment Total		**590**	**$121,073**

The amendment reduces Task 1.2 (Weekly Progress Meetings) by $(24,408) and increases Task 3.1 (Submittal Review) by $145,481, yielding a net amendment of $121,073 .

Table 2 – Original Task Order No. 3 Fee Summary and Amended Total

Task	Description	Original Total Fee	Amendment	Amended Total Fee
1	Project Management and Meetings	$43,890	$(24,408)	$19,482
2	Field Support Services	$30,929	$—	$30,929
3	Office Engineering	$434,553	$145,481	$580,034
4	Record Drawings	$36,957	$—	$36,957
Total		**$546,328**	**$121,073**	**$667,401**

The additional 680 hours in submittal review will cover an additional 41 new submittals and 59 resubmittals. The offsetting reduction in Task 1.2 reflects a corresponding decrease in anticipated weekly progress meeting effort.

Staff recommend approval of the amendment to the existing contract with Carollo Engineers, Inc. in the amount of $121,073. The recommendation is based on Carollo's role as the project's design engineer of record, its established familiarity with the project design and specifications, and the continuity benefits of maintaining the same engineering team through the construction phase.

BUDGET ANALYSIS

The recommended action requests approval to amend the existing contract with Carollo for ESDC for the Headworks and Secondary Clarifier No. 1 Rehabilitation Project. The proposed amendment results in a net increase of $121,073 to the contract, bringing the amended not-to-exceed total to $667,401. At the June 2025 Board meeting, the Board awarded the construction contract to J.R. Filanc Construction Company, Inc. and authorized a contingency of $1,042,240 for the project. The proposed ESDC amendment of $121,073 represents 11.6% of that approved contingency.

To offset costs, the District recently executed a grant agreement with ENERGYWERX to receive $300,00 in grant funding from the U.S. Department of Energy's Industrial Training and Assessment Centers (ITAC) Implementation Grants program. This Project was eligible for the process optimization category of the grant due to modifications in the WAC that would allow for partial operation. Bifurcating the WAC will significantly lower the flow rate from its associated blower and save approximately 99,055 kilowatt-hours or $20,693 each year. In addition, the District still anticipates $72,210.98 in funding from the Statewide Savings Program (SSP) custom incentives, which will be distributed after demonstration of energy reductions.

As summarized in Table 3, the proposed ESDC amendment of $121,073 draws on the approved project contingency. The receipt of additional grant funding fully offsets this expenditure, resulting in a net positive impact to the Project contingency of $226,729.98.

Table 3. Budget Summary

Description	Organization	Amount
Construction	Filanc	$10,424,200
Construction Management and Inspection	Butier	$943,904
ESDC	Carollo	$546,328
Third Party Programming	ROI	$103,433
Contingency		$1,042,420
	Total	**$13,060,285**
ESDC Amendment	Carollo	$121,073
Grants	DOE ITAC and Statewide Savings Program	($372,210.98)
	Net Impact	**($226,729.98)**
	Remaining Contingency	**$1,269,149.98**

Recommended Action:

Staff recommend that the Board of Directors authorize the General Manager to amend the existing contract with Carollo Engineers, Inc. for Engineering Services During Construction for the Headworks and Secondary Clarifier No. 1 Rehabilitation Project in the amount of $121,073, increasing the contract value from $546,328 to $667,401. 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.

Agenda Item No. 9

STAFF REPORT

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

From: Hannah Ford, Director of Engineering

Subject: Amendment to Energy Management Services Agreement

BACKGROUND

On July 11, 2018, the District entered into an Energy Management Services Agreement ("EMSA") with Advanced Microgrid Solutions, Inc. ("AMS"), for the installation and operation of a behind-the-meter energy storage system at the District's Water Recycling Plant. Under the EMSA, AMS installed a battery energy storage system with a nameplate power rating of 500 kW and a nameplate energy capacity of 3,000 kWh. The agreement established an initial term of ten years from the commercial operation date, with provisions for two additional five-year extension terms and a short-term extension of up to six months. AMS was responsible for the design, procurement, installation, ownership, operation, and maintenance of the energy storage system, and the District was to receive guaranteed annual cost savings derived from reduced electrical energy costs and demand charges.

Under the original EMSA, the Minimum Guaranteed Cost Savings were set at $19,080 per term year, the Energy Services Fee payable by the District was $1,590 per month ($19,080 annually), and the Performance Bonus Threshold was established at $46,753, with cost savings exceeding that threshold shared at a rate of 50 percent to AMS. AMS was solely entitled to all income from Utility Services programs during the initial years of the agreement. Subsequently, Honeywell Energy-Based Technologies ("HEBT") acquired Advanced Microgrid Solutions, Inc., and as a result, all rights, obligations, and interests held by AMS under the EMSA transferred to HEBT. Accordingly, any amendment or extension of the agreement will be executed in the name of HEBT as the successor entity. As the initial ten-year term of the EMSA approaches its conclusion, HEBT has expressed its desire to extend the agreement, and District staff have identified the opportunity to amend certain financial and operational terms to reflect evolving program conditions and updated cost-savings performance expectations.

DISCUSSION

District staff are negotiating amended agreement terms with HEBT and anticipate bringing an EMSA amendment forward for Board approval next month. As summarized in Table 1, the proposed revisions would increase the Minimum Guaranteed Cost Savings from $19,080 to $23,400 per term year and reduce the Energy Services Fee from $19,080 to $17,000

annually following Year 10. The Performance Bonus Threshold would increase from $46,753 to $51,379 through Year 10 and to $55,000 thereafter. The Performance Bonus percentage payable to the District (Host Share) would increase from 50 percent to 52.5 percent. Additionally, the amendment would introduce a Utility Services income-sharing provision effective after Year 10, under which the District would receive 20 percent of net Utility Services income and the Provider would retain the remaining 80 percent. HEBT has also proposed increasing minimum liability coverage from $3 million to $10 million.

Table 1 – Summary of Terms

Provision	Original Term	Potential Amended Terms
Minimum Guaranteed Cost Savings (per Term Year)	$19,080	$23,400, effective as soon as amended
Energy Services Fee	$19,080/year	$19,080/year (through Year 10); $17,000/year (thereafter)
Performance Bonus Threshold	$46,753	$51,379/year (through Year 10); $55,000/year (thereafter)
Performance Bonus — Host Share above Threshold	50%	52.5%, effective as soon as amended
Utility Services Income — Host Share	None (Provider solely entitled)	20% introduced after Year 10
Host Liability Minimum	$3,000,000	$10,000,000

Average annual battery savings from Year 2 through Year 7 have been $58,065.36 resulting in a net annual savings to the District of $33,329.18. Savings have increased over time; in the most recent term year, total battery savings were $92,043.65, with a net benefit to the District of $50,318.33. Average annual demand response revenue generated for HEBT over the same period has been $34,392, of which the District currently receives no share. Under the proposed amendment, the District would receive approximately $6,878.40 annually (20 percent) from demand response revenue based on that average. Table 2 summarizes the anticipated financial impact of the proposed amendment through Year 10 and for Years 11 through 15.

Table 2 – Anticipated Savings/Revenue to the District

Provision	Current	Through Year 10	Years 11–15
Average Annual Battery Savings	$58,065.36	$58,065.36	$58,065.36
Annual Energy Services Fee	$19,080	$19,080	$17,000
Annual Performance Bonus Threshold	$46,753	$51,379	$55,000
Performance Bonus — Host Share	50%	52.5%	52.5%
Net Savings to the District	$33,329.18	$35,809.34	$39,609.31
Increased Savings per Year	-	$2,480.16	$6,280.13
Utility Services Income — Host Share	None	None	$6,878.40
Net Revenue/Savings to the District	-	$2,480.16	$13,158.53

As reflected in Table 2, the proposed amendment is projected to increase net annual savings to the District incrementally through Year 10 and to generate additional revenue participation through the Utility Services income-sharing provision beginning in Year 11. District staff anticipate finalizing the amended agreement terms with HEBT and will present the proposed amendment to the Board of Directors for approval at next month's Engineering Committee meeting.

Agenda Item No. 10

STAFF REPORT

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

From: Dennis Cafferty, General Manager
Hannah Ford, Director of Engineering

Subject: Recycled Water Project Opportunities

Staff have performed an update of the analysis of recycled water project opportunities considering both expansions of the existing recycled water system and potential direct potable reuse options. Staff provided a presentation at the October Board meeting outlining project options and potential costs.

Following the October discussion staff have conducted further analysis of recycled water project opportunities, including updated demand projections and cost estimates for expanding the existing recycled water system. Staff also evaluated the financial feasibility of potential expansion projects through sensitivity analyses considering varying water demands, financing assumptions, and potential impacts to District reserves.

Staff will provide an updated presentation regarding the potential for recycled water system expansion and potable reuse opportunities.

Operations Report

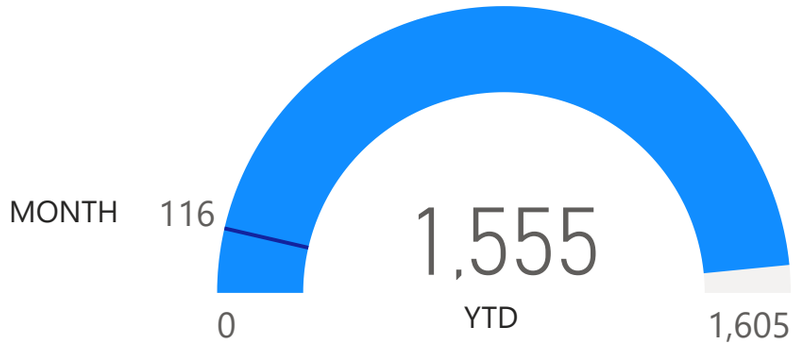
October 2026

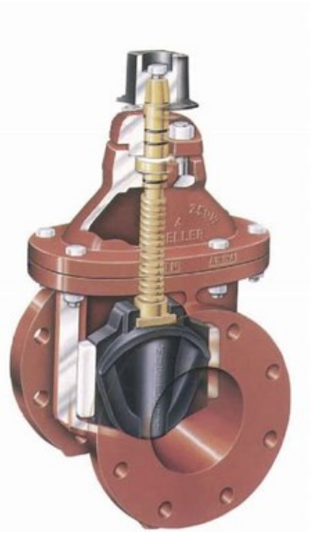
How to read the graphics in this report:



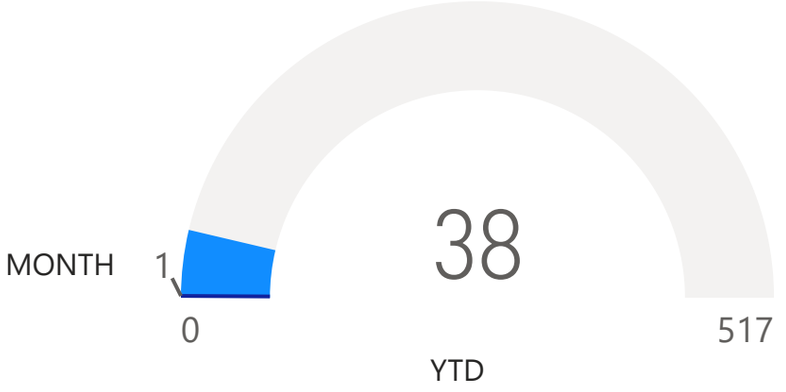
Valves

Distribution Valves Operated
Mainline

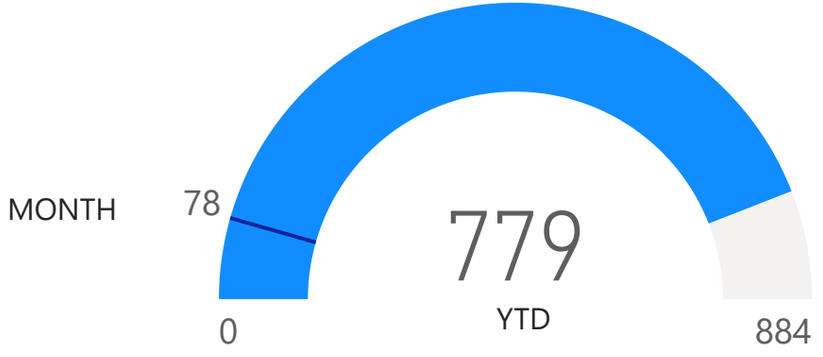




Arterial Valves Operated
Mainline

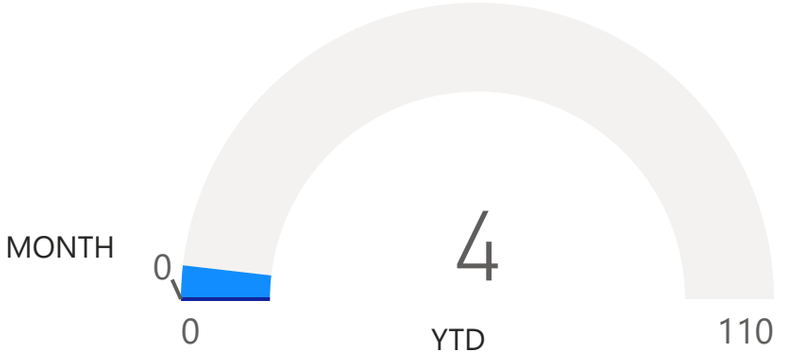


Distribution Valves Operated
Fire Hydrant



Asset	Month	YTD
Potable Valves Repaired	3	16
Potable Valves Replaced	0	14
Valve Cans Adjusted/Replaced	4	153
Valve Cans Cleaned	346	1,847
Total	**353**	**2,030**

Arterial Valves Operated
Fire Hydrant



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



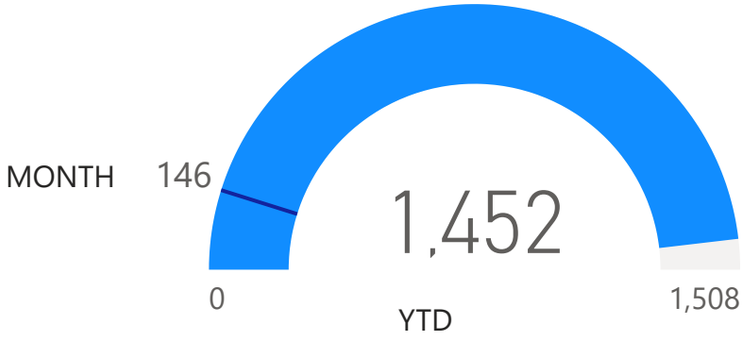


Recycled Water Inspections



Other Facility Maintenance

Generator Inspections



Underground Service Alerts Marked

213

Month

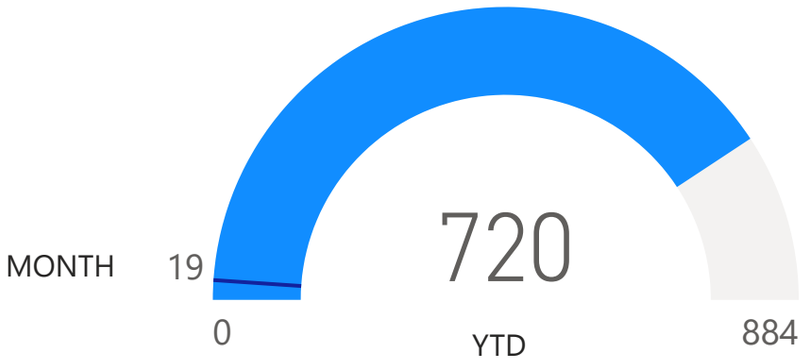
Underground Service Alerts Marked

2,563

YTD

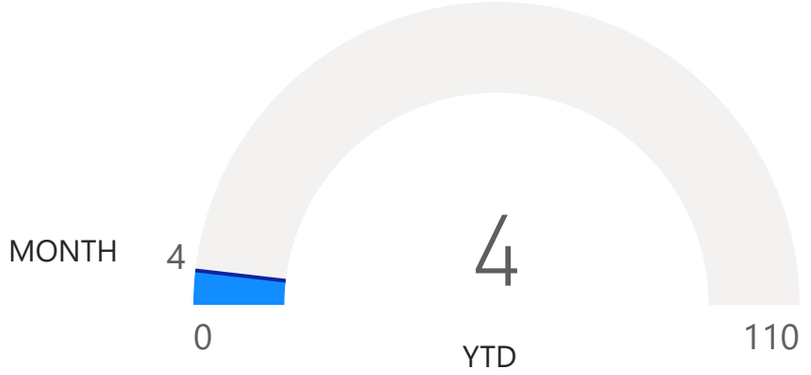
Fire Hydrants

Distribution Hydrants Maintained

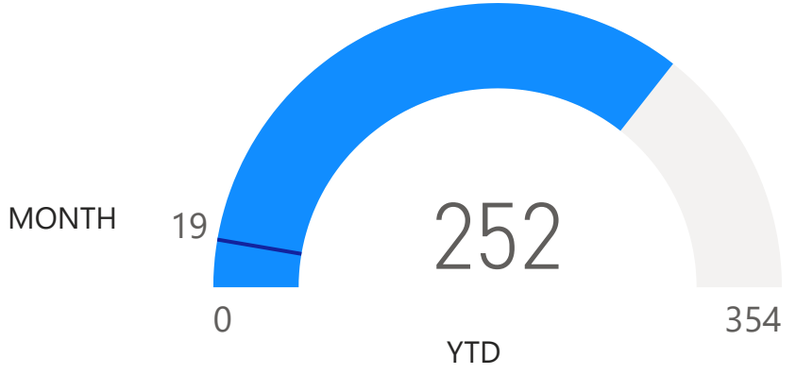




Arterial Hydrants Maintained

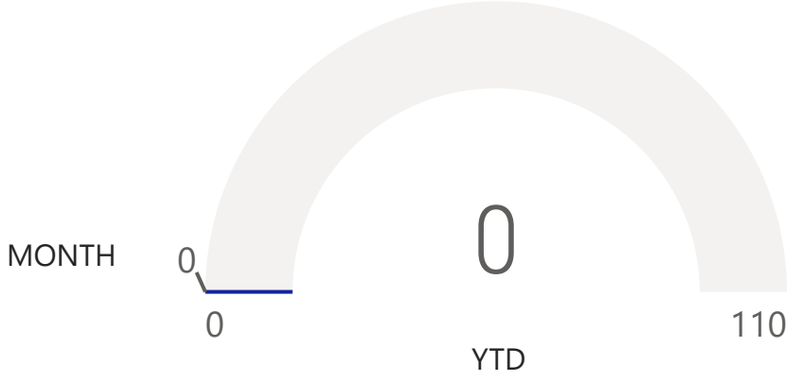


Distribution Hydrants Painted



Asset	Month	YTD
Hydrants Repaired	1	7
Hydrants Replaced	0	16
Total	**1**	**23**

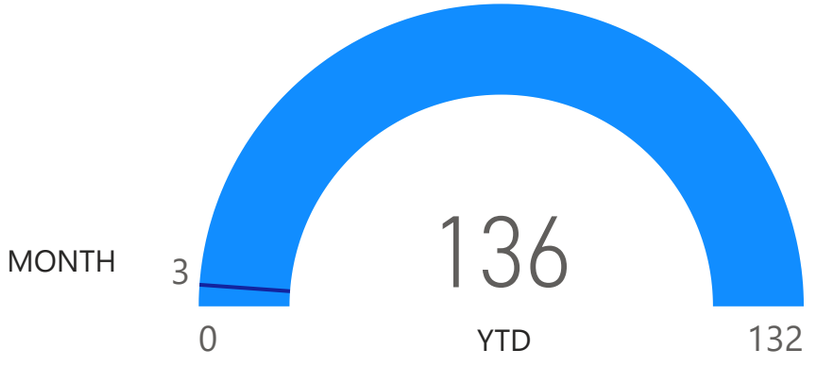
Arterial Hydrants Painted



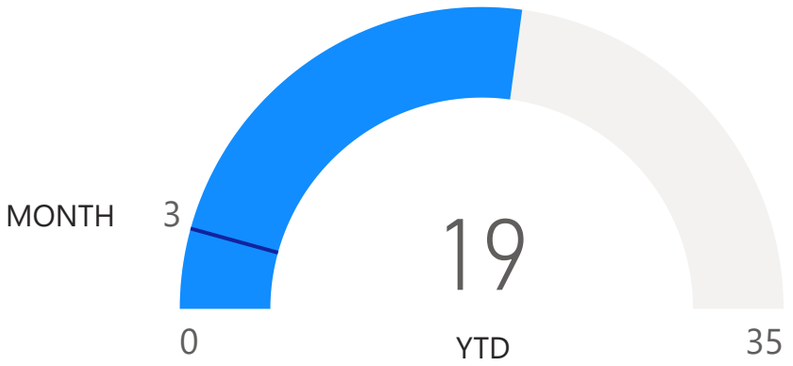
Note:
1. The hydrant program strives to maintain all distribution hydrants every two years and arterial hydrants every year. Goals shown on this page represent that for the calendar year (i.e., total number of distribution hydrants divided by two).
2. The hydrant program strives to paint all hydrants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

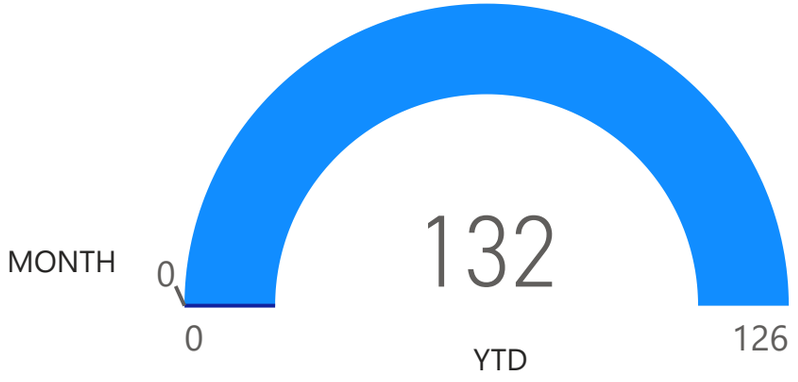


PRVs Maintained



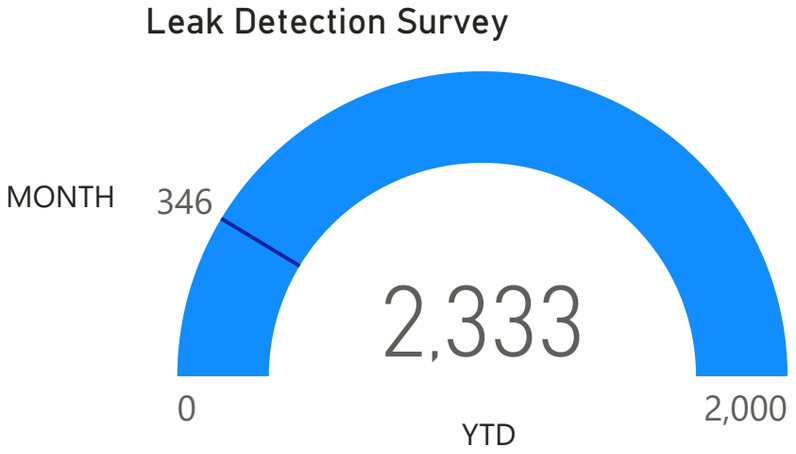


Blow Offs Flushed





Water Distribution System





System Flushing
gallons

34K
Month

Asset	Month	YTD
Main Line Repairs	0	3
Service Line Repairs	0	4
Service Line Replacement	4	29
Water Pump Motor Services	1	8
Water Pump Services	1	13
Water Reservoir and Pump Station Inspections	365	3,731



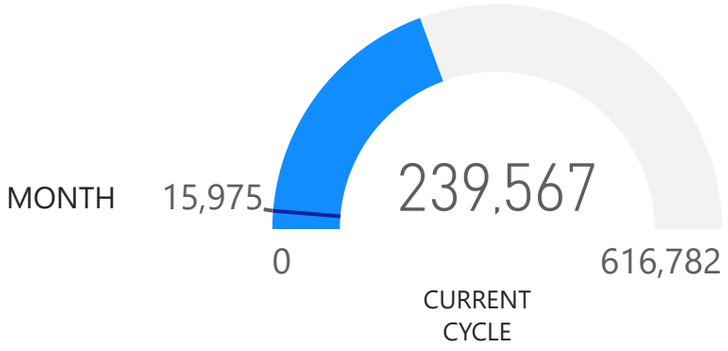
System Flushing
gallons

522K
YTD

Collection System

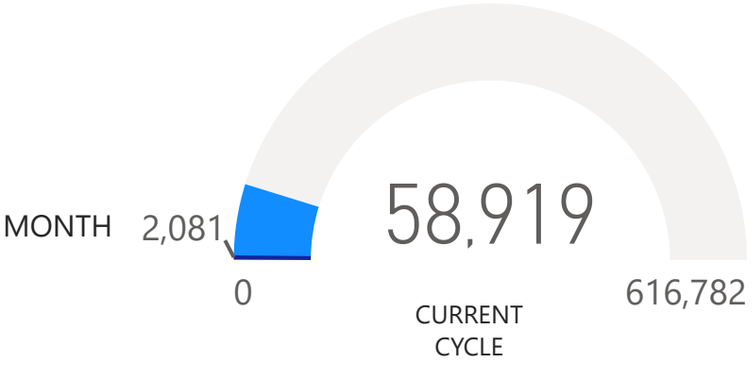
Line Cleaning

feet of pipe

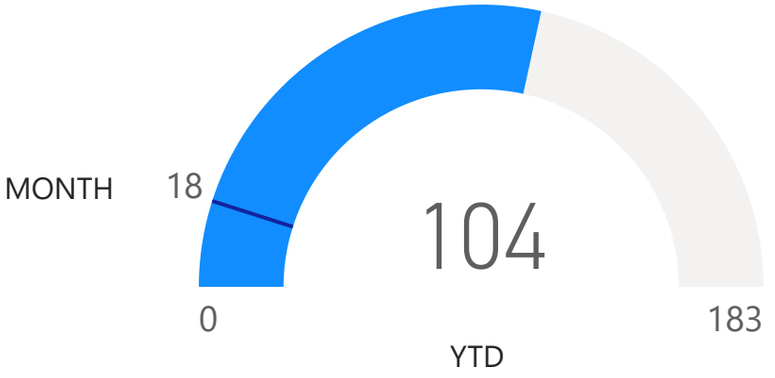


TV Inspection

feet of pipe



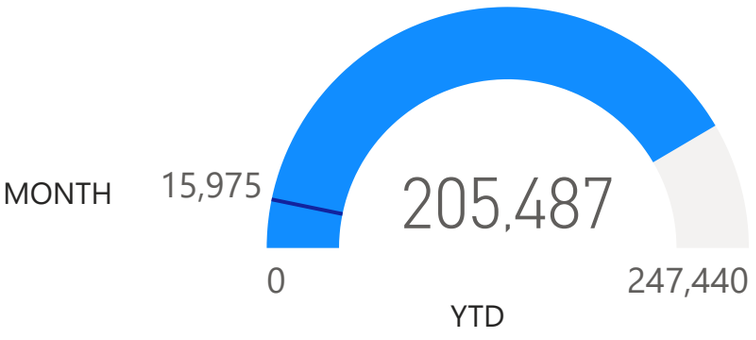
FOG Inspections



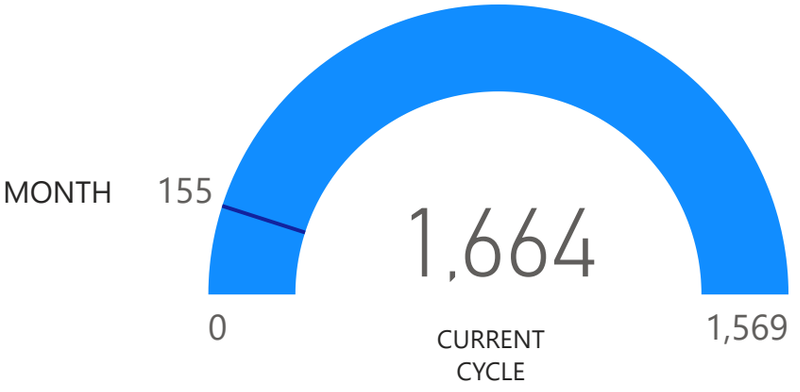
Asset	Month	YTD
Industrial Waste Inspections	2	16
Lift Station Inspections	289	3,099
Manhole Repairs	0	4
Odor Complaints	0	4
Root Cutting, feet of pipe	36,872	38,405
Root Foaming, feet of pipe	0	0
Sewer Mainline Repairs	0	0
Sewer Pump/Motor Maintenance	2	9
Sewer Service Line Repairs	0	0
Wet Well Cleaning	3	31

Hotspots

feet of pipe



Manhole Inspections

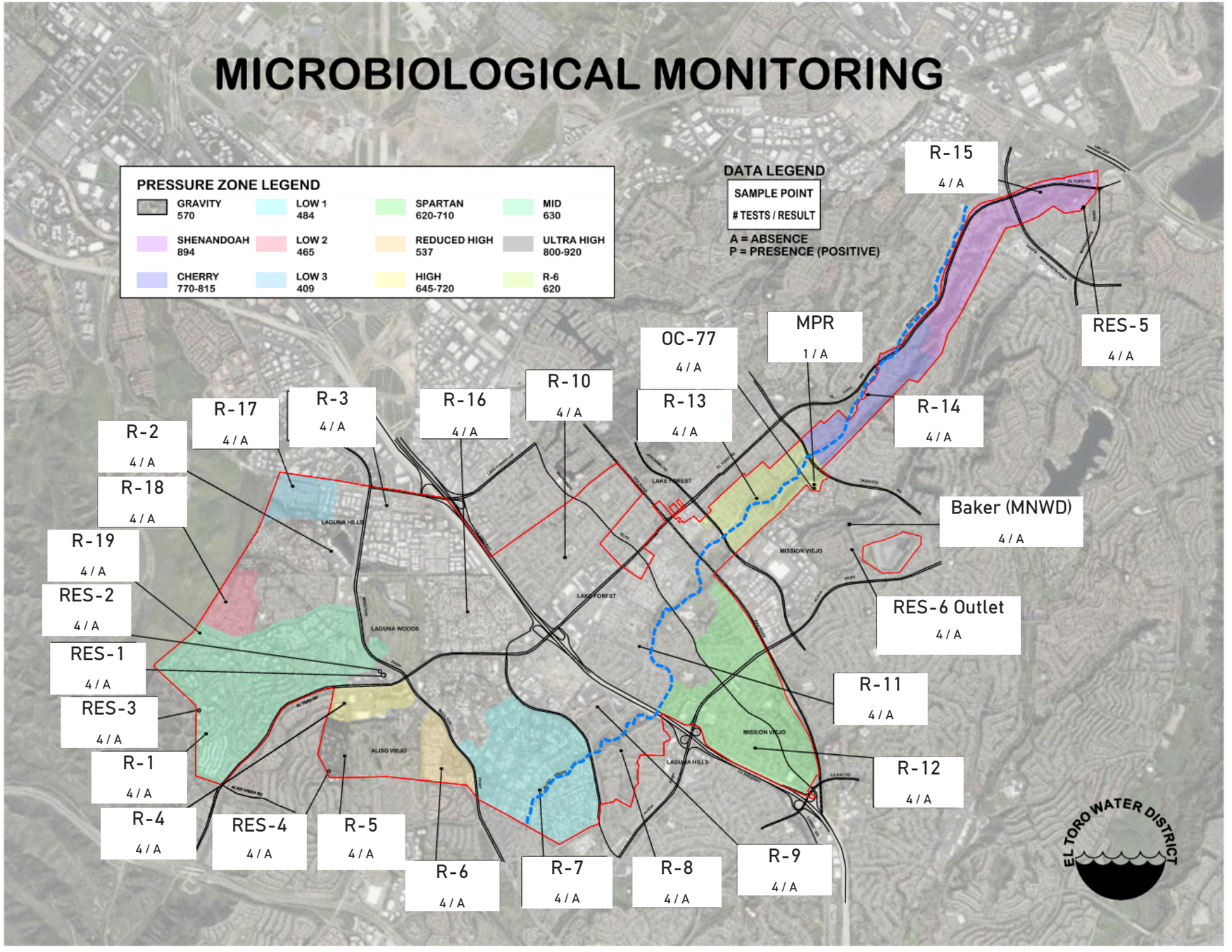


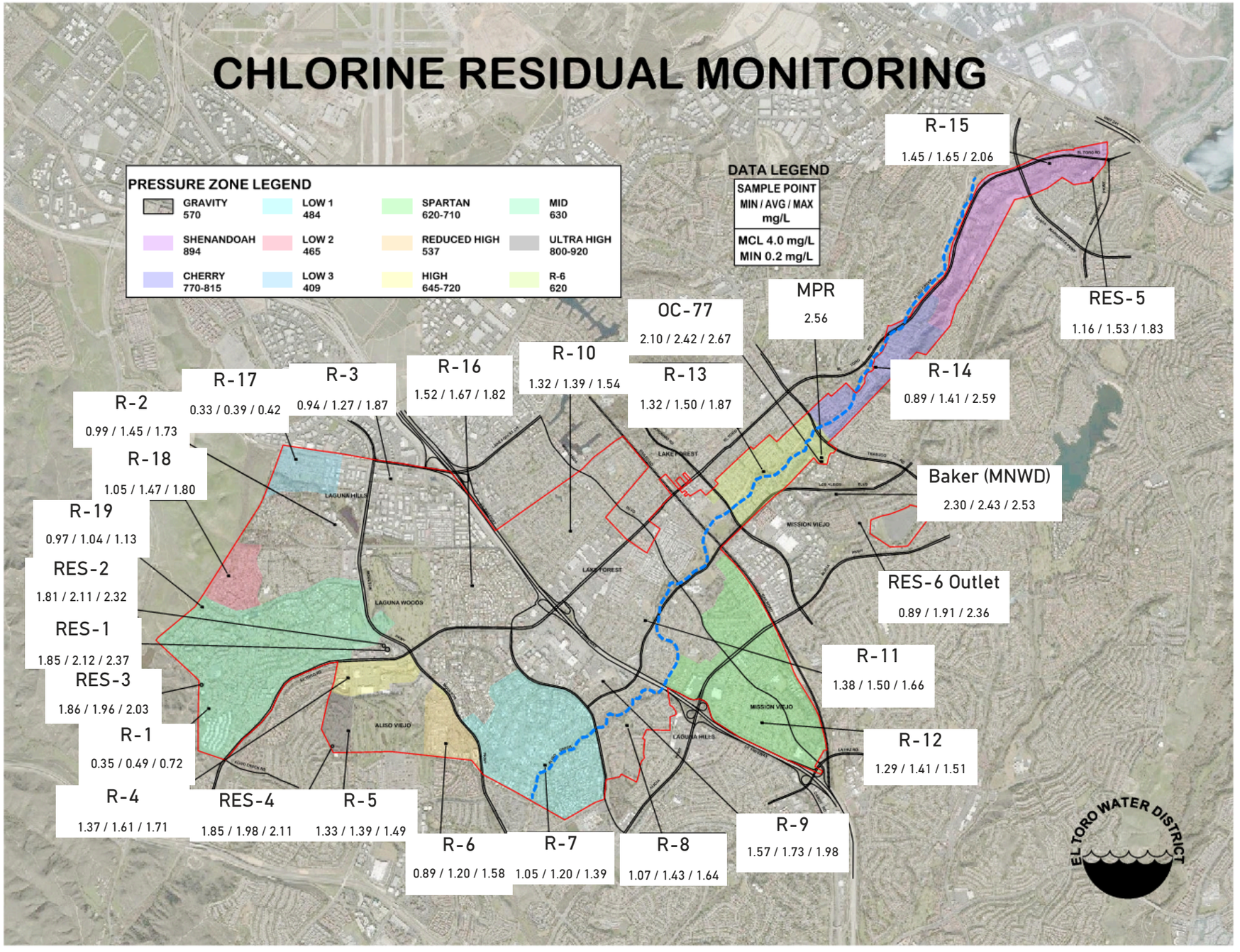
Note:
1. The line cleaning objective is a two year cycle to clean the entire system. The current cycle began on 5/1/2026.
2. The TV inspection objective is a five year cycle to inspect the entire system. The current cycle began on 1/01/2026.

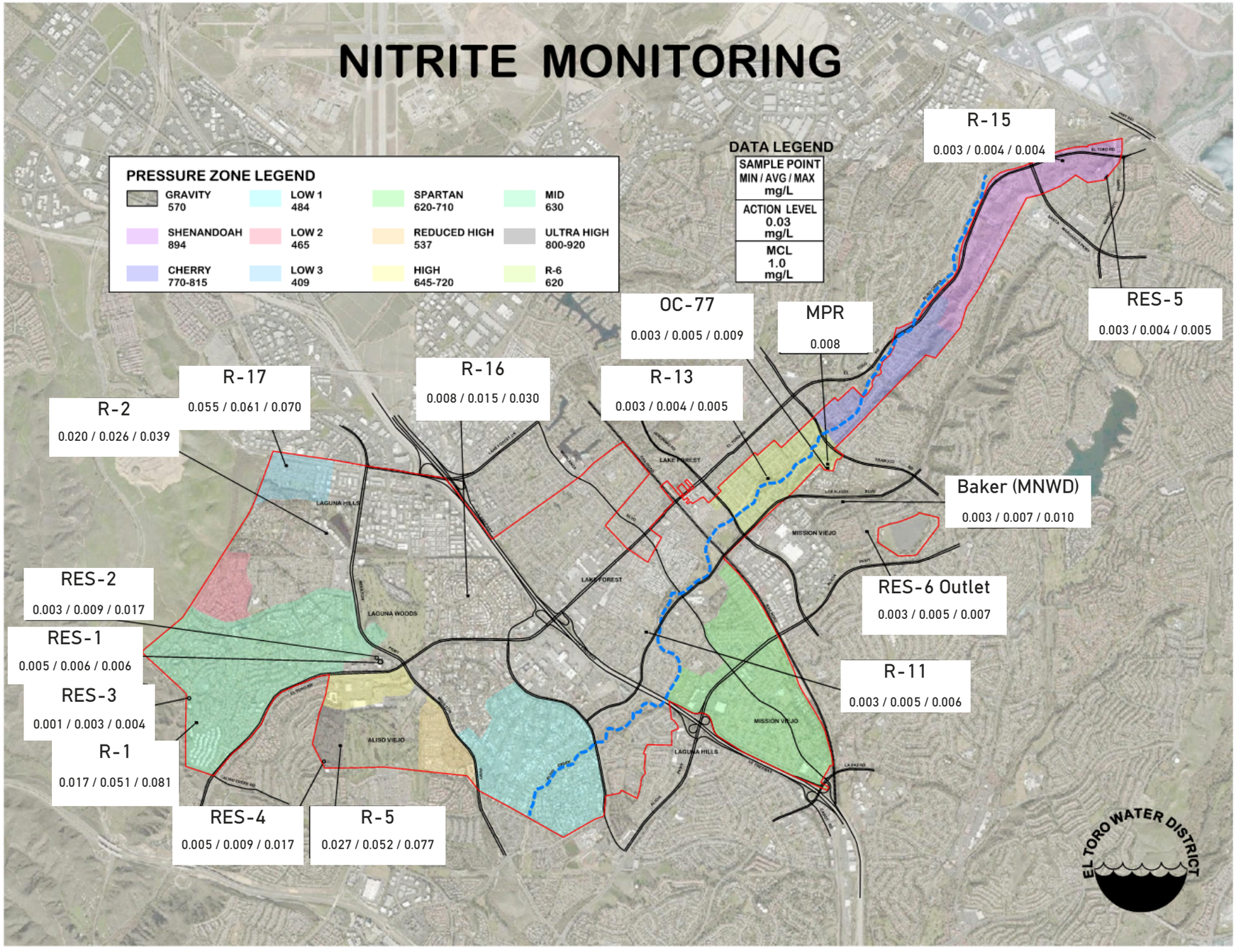
EL TORO WATER DISTRICT
UNAUTHORIZED DISCHARGE SUMMARY
YEAR OF 2026

DATE	PUBLIC / PRIVATE	SPILL TYPE	LOCATION	REASON	IMMEDIATE CORRECTIVE MEASURES	POST-INCIDENT PREVENTIVE MEASURES	RWQCB	DISCHARGED TO	SPILL VOLUME (PUBLIC) Gallons		SPILL VOLUME (PRIVATE) Gallons		REGULATORY NOTIFICATION AND RESPONSE
									CONTAINED	SPILLED	CONTAINED	SPILLED	
January	**NO SPILL**												
February	**NO SPILL**												
March	**NO SPILL**												
April	**NO SPILL**												
May	**NO SPILL**												
June	**NO SPILL**												
July	**NO SPILL**												
August	**NO SPILL**												
September	**PUBLIC SPILL - 9/01/2026**	Secondary Treatment	WRP	Const. Project Boring at WRP OOPS	Spill was contained within the WRP propery. Nothing entered the strom drain or surface water. Vactor trucks, emergency pumps and solids trailer were used to recover the entire volume of the spill.	Contractor installed a repair clamp to fix the pipe. The hole was backfilled with slurry and temporary asphalt. Final cleanup was completed.	Region 8 and Region 9	Spill contained within the property	323,940 gal	323,940 gal			CAL OES, IRWD, SOCWA, REGION 8, OCEH, Region 9
October	**NO SPILL**												
November													
December													
LEGEND													

S.DC = San Diego Creek	RES. = Residential	R.S. = Rocks
S.D. = Storm Drain	C. = Commercial	C.W.D. = Calcium Water Deposits
A.C. = Aliso Creek	S.B. = Siphon	B.P, = Broken Pipe
G.B. = Grease Blockage	P.F. = Power Failure	U.W. = Untreated Water
S. = Sticks	P. = Paper	R. = Roots


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)
R-15 4 / A
RES-5 4 / A
MPR 1 / A
OC-77 4 / A
R-10 4 / A
R-13 4 / A
R-14 4 / A
R-16 4 / A
R-3 4 / A
R-17 4 / A
R-2 4 / A
R-18 4 / A
R-19 4 / A
RES-2 4 / A
RES-1 4 / A
RES-3 4 / A
R-1 4 / A
R-4 4 / A
RES-4 4 / A
R-5 4 / A
R-6 4 / A
R-7 4 / A
R-8 4 / A
R-9 4 / A
R-11 4 / A
R-12 4 / A
Baker (MNWD) 4 / A
RES-6 Outlet 4 / A
LAGUNA HILLS
LAGUNA WOODS
LAKE FOREST
ALISO VIEJO
MISSION VIEJO
EL TORO WATER DISTRICT


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 1.45 / 1.65 / 2.06
RES-5 1.16 / 1.53 / 1.83
MPR 2.56
OC-77 2.10 / 2.42 / 2.67
R-10 1.32 / 1.39 / 1.54
R-13 1.32 / 1.50 / 1.87
R-16 1.52 / 1.67 / 1.82
R-3 0.94 / 1.27 / 1.87
R-17 0.33 / 0.39 / 0.42
R-2 0.99 / 1.45 / 1.73
R-18 1.05 / 1.47 / 1.80
R-19 0.97 / 1.04 / 1.13
RES-2 1.81 / 2.11 / 2.32
RES-1 1.85 / 2.12 / 2.37
RES-3 1.86 / 1.96 / 2.03
R-1 0.35 / 0.49 / 0.72
R-4 1.37 / 1.61 / 1.71
RES-4 1.85 / 1.98 / 2.11
R-5 1.33 / 1.39 / 1.49
R-6 0.89 / 1.20 / 1.58
R-7 1.05 / 1.20 / 1.39
R-8 1.07 / 1.43 / 1.64
R-9 1.57 / 1.73 / 1.98
R-12 1.29 / 1.41 / 1.51
R-11 1.38 / 1.50 / 1.66
RES-6 Outlet 0.89 / 1.91 / 2.36
Baker (MNWD) 2.30 / 2.43 / 2.53
R-14 0.89 / 1.41 / 2.59
LAGUNA HILLS
LAGUNA WOODS
LAKE FOREST
ALISO VIEJO
MISSION VIEJO
EL TORO WATER DISTRICT


NITRITE MONITORING
PRESSURE ZONE LEGEND
GRAVITY 570
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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
R-15
0.003 / 0.004 / 0.004
RES-5
0.003 / 0.004 / 0.005
OC-77
0.003 / 0.005 / 0.009
MPR
0.008
R-16
0.008 / 0.015 / 0.030
R-13
0.003 / 0.004 / 0.005
R-17
0.055 / 0.061 / 0.070
R-2
0.020 / 0.026 / 0.039
Baker (MNWD)
0.003 / 0.007 / 0.010
RES-2
0.003 / 0.009 / 0.017
RES-6 Outlet
0.003 / 0.005 / 0.007
RES-1
0.005 / 0.006 / 0.006
R-11
0.003 / 0.005 / 0.006
RES-3
0.001 / 0.003 / 0.004
R-1
0.017 / 0.051 / 0.081
RES-4
0.005 / 0.009 / 0.017
R-5
0.027 / 0.052 / 0.077
LAGUNA HILLS
LAKE FOREST
LAGUNA WOODS
ALISO VIEJO
MISSION VIEJO
EL TORO WATER DISTRICT

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 of 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 bacteria-iological 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: October YEAR : 2026

CONSTITUENT ANALYSIS		INSIDE LAB		OUTSIDE LAB	
	MCL	NO.	RESULTS	NO.	RESULTS
1 Microbiological	Pres/Absence	113	Absence		Average
2 Chlorine (ppm) In Field	Detectable Resid	110	*Average = 1.34 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 0.15		
Odor	3 Units	20	ND<1		
Color	15 Units	20	ND<5		
Temperature	No standard	20	80°F To 82°F		
5 Nitrite (Alert/Action level) ppm	0.015 to 0.030 ppm	109	0.000 to 0.081		

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:

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

3rd Quarter Compliance Reports

October's Monthly Reports		
September's Surface Water Treatment (Bactis)	Due October 10th Submitted October 6th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
September's Revised Total Coliform Monitoring (Bactis)	Due October 10th Submitted October 6th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
3rd Quarter Stage 2 Disinfection TTHM/HAA5	Due October 10th Submitted October 6th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
3rd Quarter Report of Disinfectant Residuals	Due October 10th Submitted October 6th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
September's Self Monitoring Report for Planned Discharges	Due October 30th Submitted October 6th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
September's Self Monitoring Report for Recycled Water	Due October 30th Submitted October 21st	Sent to Region 8, Dennis Cafferty and Scott Hopkins
November's Monthly Reports		
October's Surface Water Treatment (Bactis)	Due September 10th Submitted September 5th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
October's Revised Total Coliform Monitoring (Bactis)	Due September 10th Submitted September 5th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
October's Self Monitoring Report for Planned Discharges	Due September 30th Submitted September 5th	Sent to Region 8, Dennis Cafferty and Scott Hopkins
October's Self Monitoring Report for Recycled Water	Due September 30th	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	193	193	Weekly	In Person	Field Staff
Alcohol Free Workplace	1	58	50	Every 2 Years	In Person	Completed
Bloodborne Pathogens	1	58	48	Annual	Online	Completed
Emergency Preparedness	4	192	164	Annual	Online	Completed
SERP Training (Sewer Spills)	4	144	116	As Needed	In Person	Completed
Arc Flash Training	8	112	112	Every 3 Years	In Person	Completed
		Total- 626.5	**Total- 612.5**			

Second Quarter

Training Topic	Duration/Hrs	Assigned Hrs	Completed Hrs.	Frequency	Modality	Participants
Safety Tailgate Meeting	0.5	189.5	189.5	Weekly	In Person	Field Staff
Fire Prevention	1	58	44	Annual	Online	Completed
Fire Extinguisher	1	58	45	Annual	Online	Completed
SPCC Training	1	41	38	Annual	Online	Completed
Forklift Training	4	140	120	2 Years	In Person	Completed
		Total- 486.5	**Total- 436.5**			

Third Quarter

Training Topic	Duration/Hrs	Assigned Hrs	Completed Hrs.	Frequency	Modality	Participants
Safety Tailgate Meeting	0.5	186	186	Weekly	In Person	Field Staff
Hearing	1	58	48	Annual	Online	Completed
Low Voltage Electricity	1	58	44	Annual	Online	Completed
CPR/AED/First Aid	4	192	192	Every 2 Years	In Person	Completed
Physicals	2	72	72	Annual	In Person	Completed
		Total- 566	**Total- 542**			

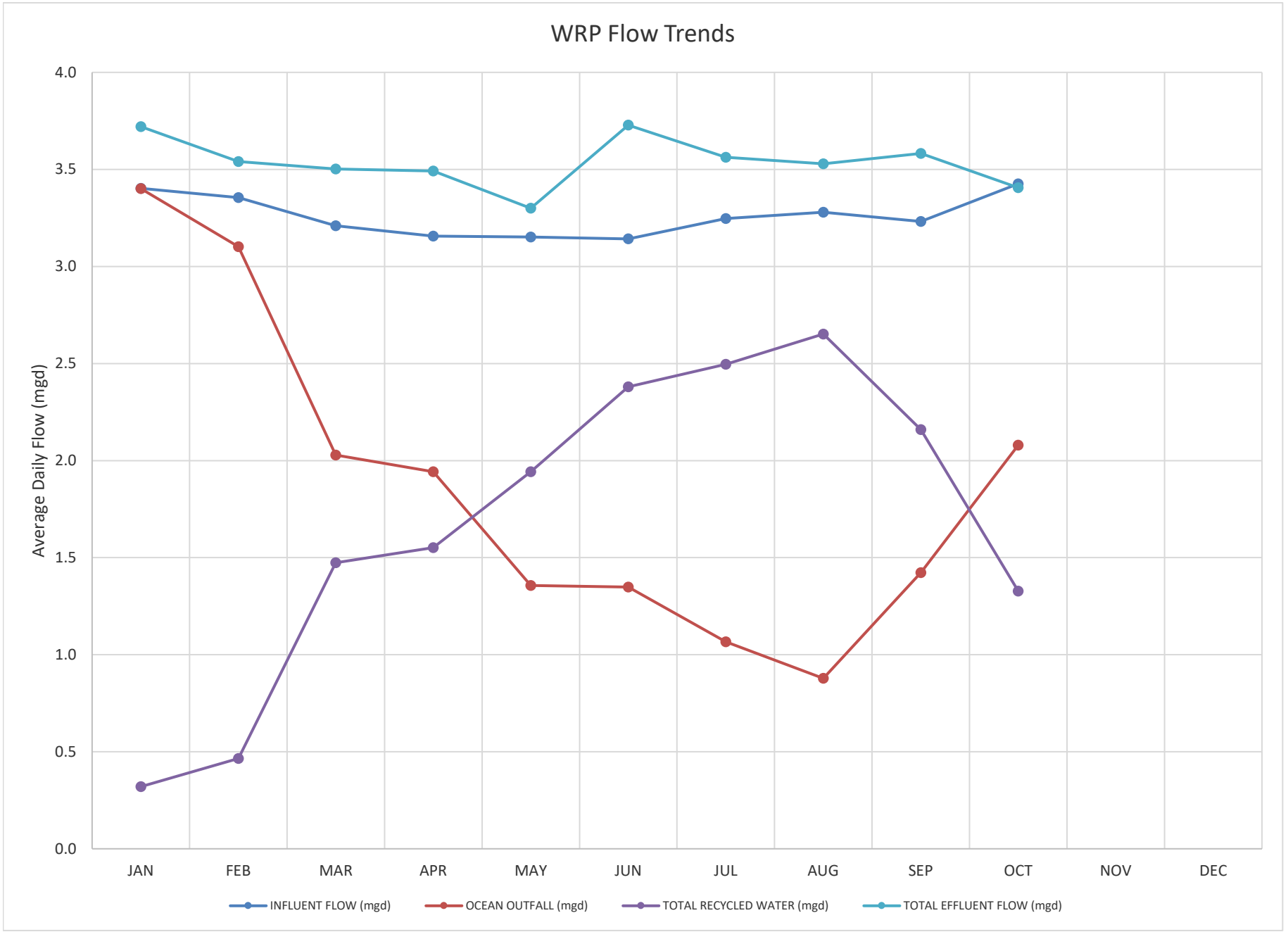
Fourth Quarter

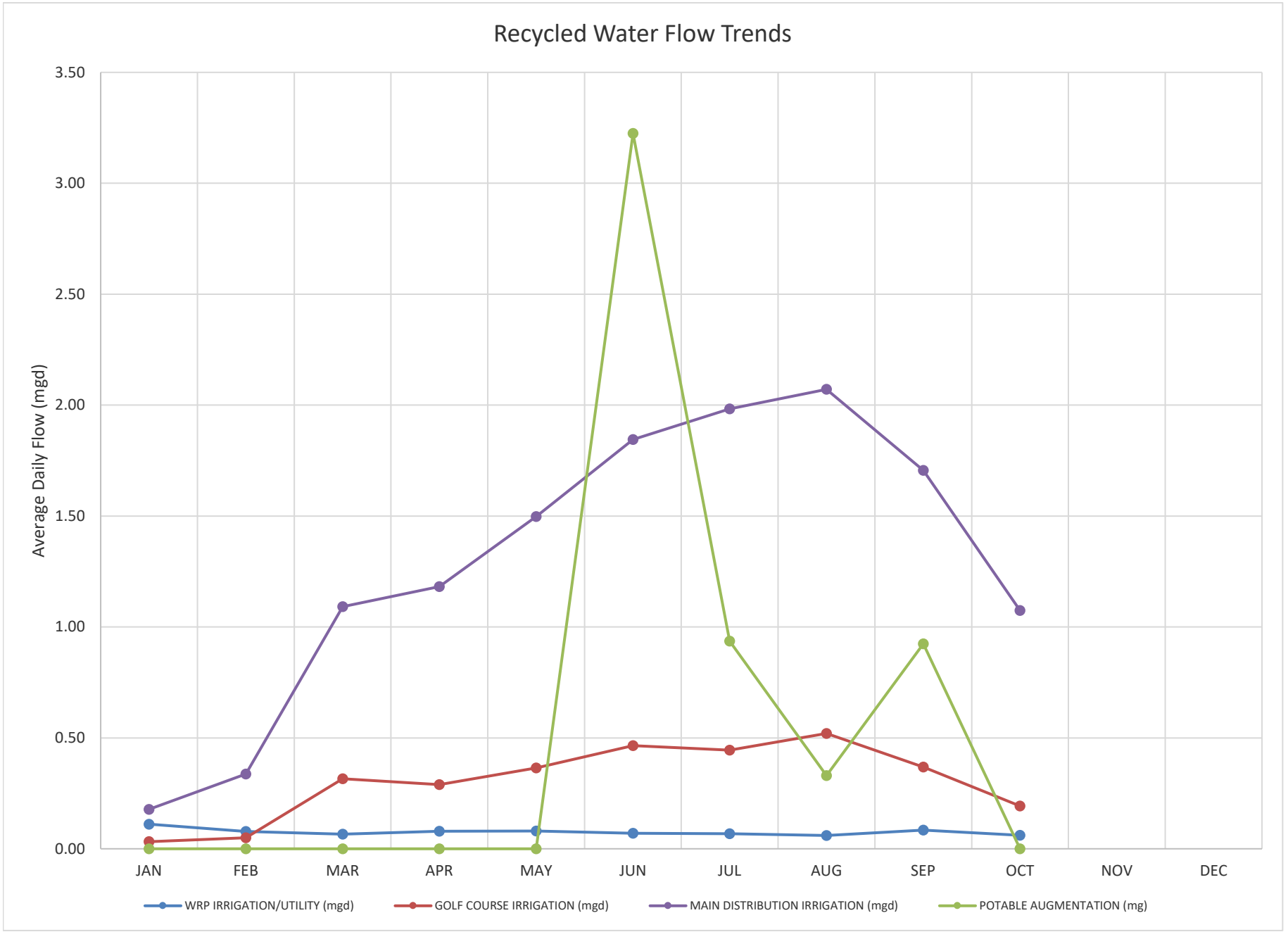
Training Topic	Duration/Hrs	Assigned Hrs	Completed Hrs.	Frequency	Modality	Participants
Safety Tailgate Meeting	0.5	67.5	67.5	Weekly	In Person	Field Staff
Lock Out Tag Out	1	58	18	Every 2 Years	Online	All Staff/Assigned
Harassment Prevention for Supervisors	2	54	10	Every 2 Years	Online	Managers/Supervisors
Harassment Prevention for Employees	1	32	14	Every 2 Years	Online	Non Managerial Employees
HAZWOPER	8	288	88	Annual	Online	Assigned/Field Staff
Confined Space Entry/Rescue	8	224	0	Annual	In Person	Waiting for Dates
WVPP	1	58	0	Annual	Online	Need to Schedule
		Total- 781.5	**Total-197.5**			

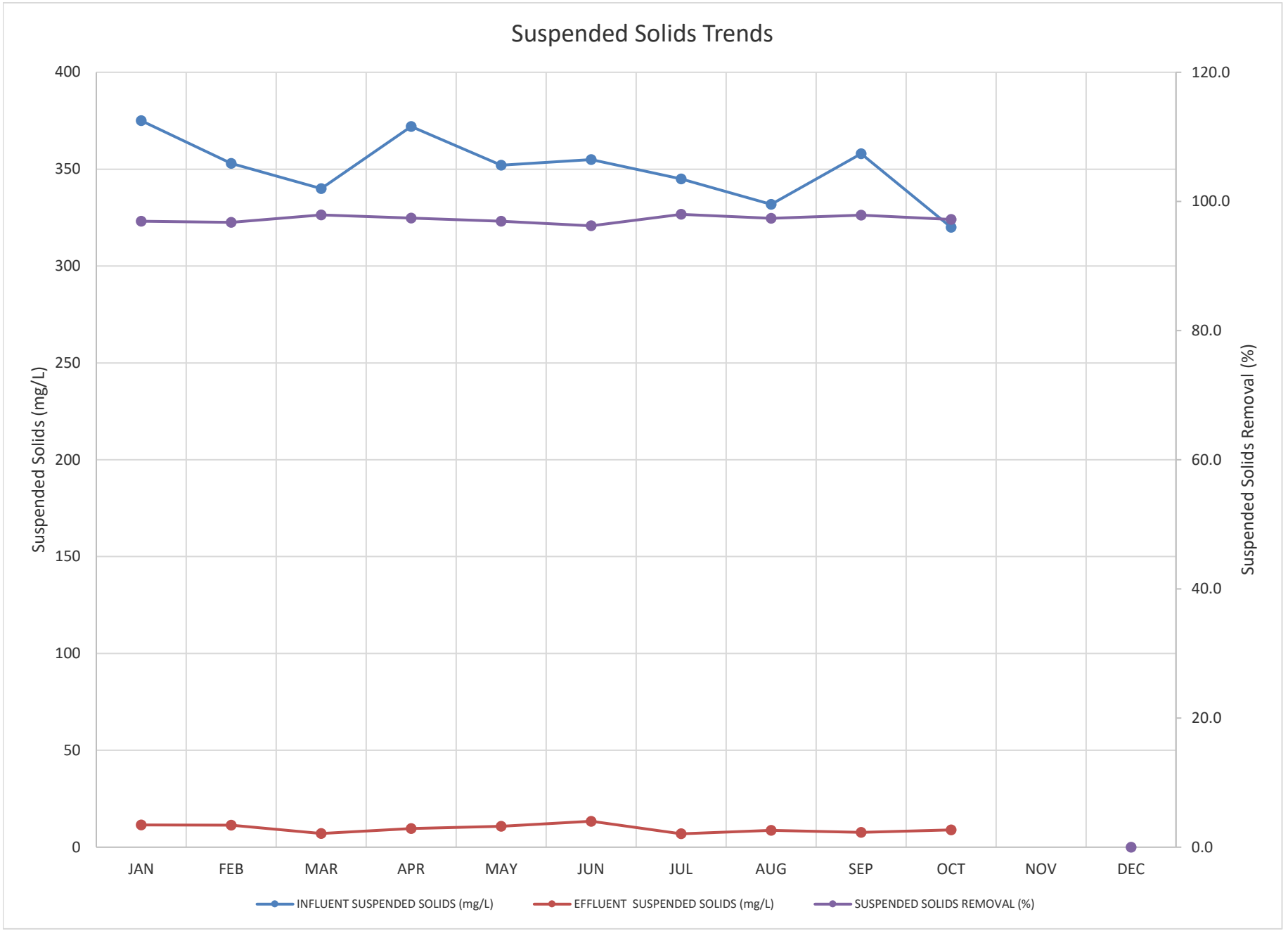
EL TORO WATER DISTRICT

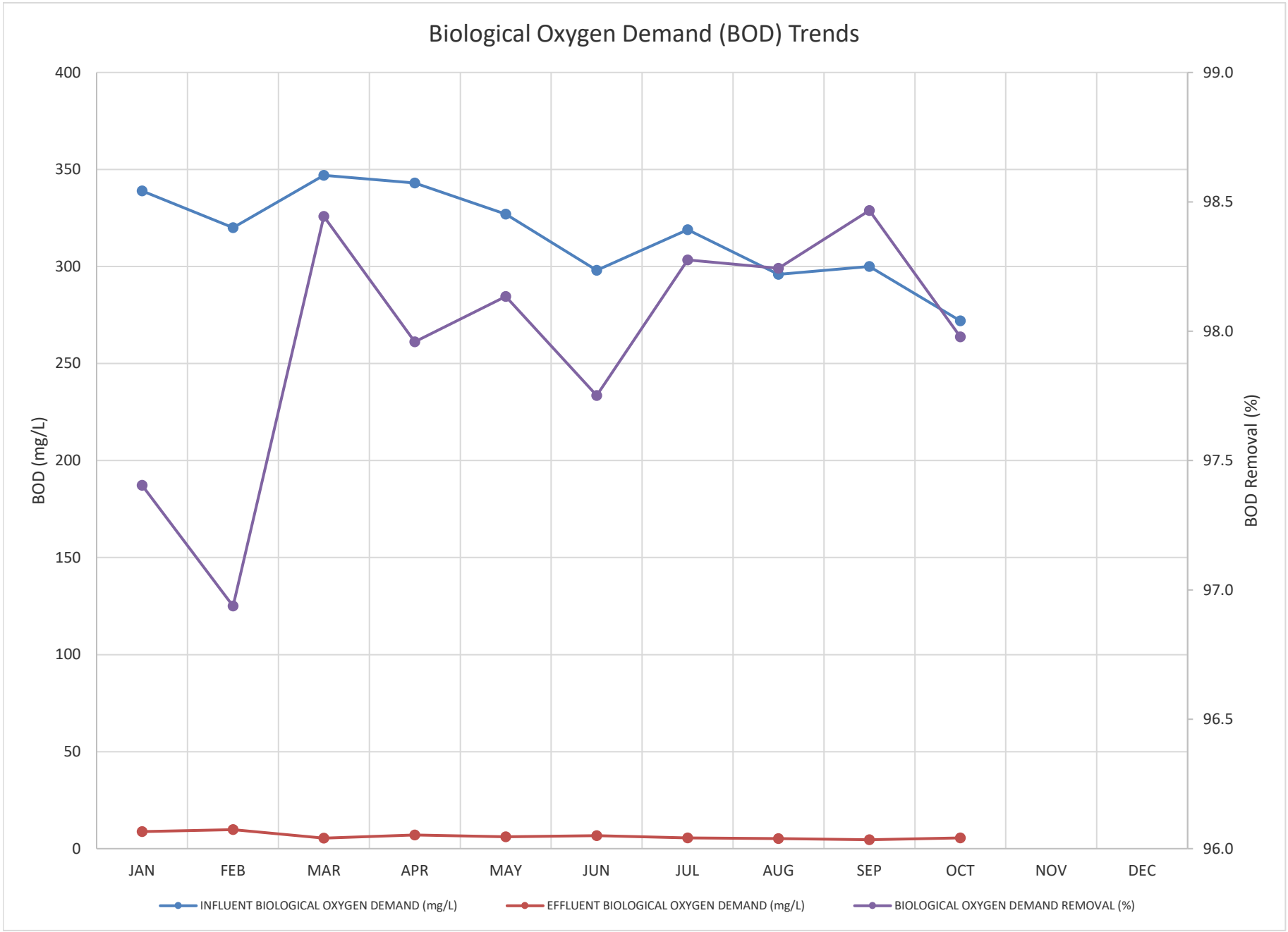
OPERATIONAL DATA FROM WATER RECYCLING PLANT

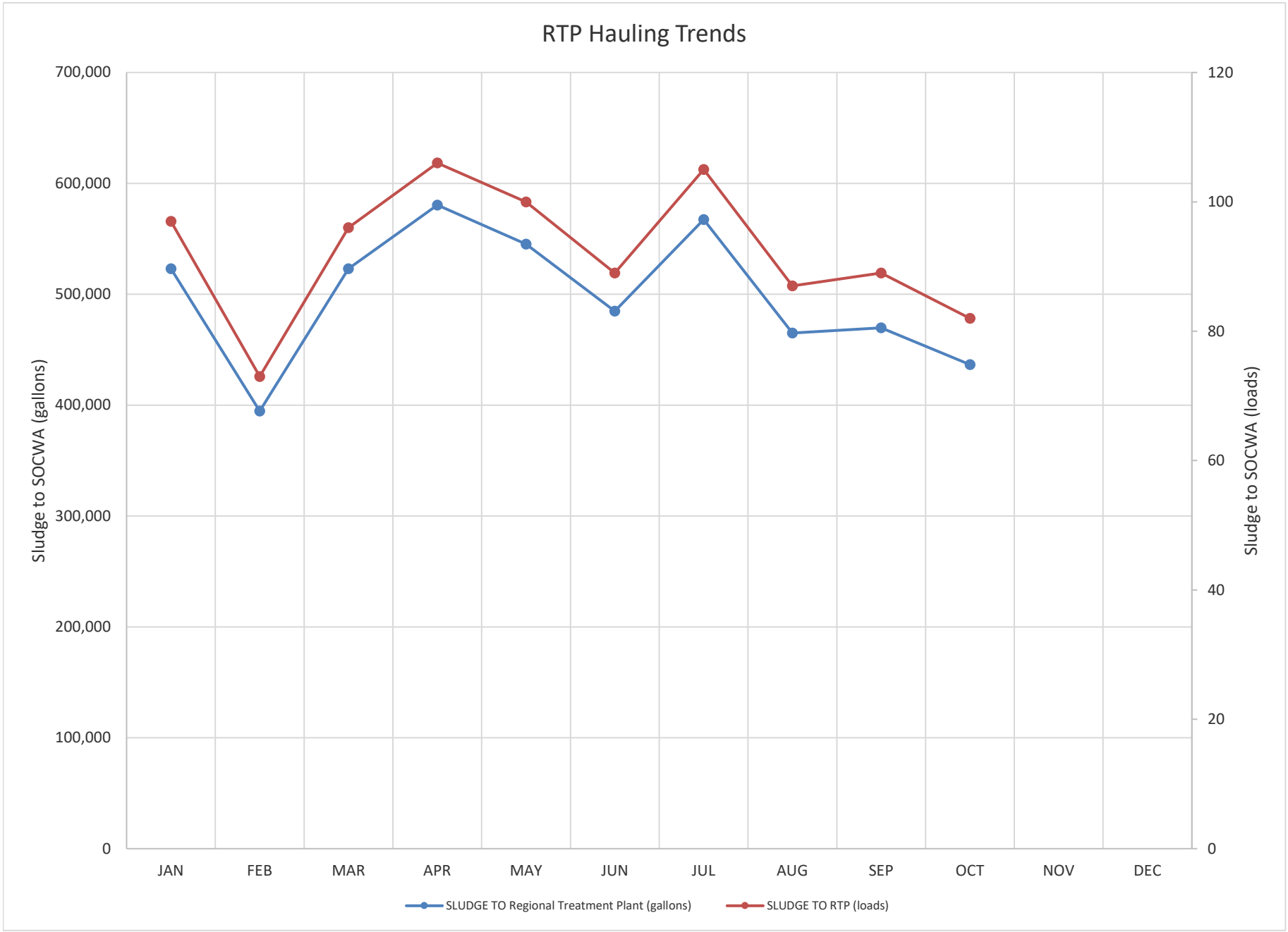
2026	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD Average
INFLUENT FLOW (mgd)	3.402	3.355	3.210	3.156	3.152	3.142	3.247	3.279	3.232	3.426			3.260
OCEAN OUTFALL (mgd)	3.401	3.102	2.028	1.942	1.357	1.348	1.066	0.878	1.423	2.079			1.862
WRP IRRIGATION/UTILITY (mgd)	0.111	0.078	0.066	0.079	0.080	0.070	0.068	0.060	0.084	0.061			0.076
GOLF COURSE IRRIGATION (mgd)	0.032	0.050	0.316	0.289	0.364	0.465	0.445	0.520	0.369	0.193			0.304
MAIN DISTRIBUTION IRRIGATION (mgd)	0.178	0.337	1.092	1.182	1.498	1.845	1.983	2.071	1.706	1.074			1.297
POTABLE AUGMENTATION (gallons)	0.000	0.000	0.000	0.000	0.000	3,225,000	936,000	330,000	924,000	0.000			541500
POTABLE AUGMENTATION (mg)	0.000	0.000	0.000	0.000	0.000	3.225	0.94	0.330	0.924	0.000			0.542
TOTAL RECYCLED WATER (mgd)	0.320	0.465	1.474	1.551	1.942	2.380	2.496	2.652	2.159	1.328			1.677
TOTAL EFFLUENT FLOW (mgd)	3.721	3.540	3.502	3.492	3.300	3.728	3.563	3.529	3.582	3.406			3.536
INFLUENT SUSPENDED SOLIDS (mg/L)	375	353	340	372	352	355	345	332	358	320			350
EFFLUENT SUSPENDED SOLIDS (mg/L)	12	11	7	10	11	13	7	9	8	9			10
SUSPENDED SOLIDS REMOVAL (%)	97	97	98	97	97	96	98	97	98	97			97
INFLUENT BIOLOGICAL OXYGEN DEMAND (mg/L)	339	320	347	343	327	298	319	296	300	272			316
EFFLUENT BIOLOGICAL OXYGEN DEMAND (mg/L)	9	10	5	7	6	7	6	5	5	6			6
BIOLOGICAL OXYGEN DEMAND REMOVAL (%)	97	97	98	98	98	98	98	98	98	98			98
SLUDGE TO Regional Treatment Plant (gallons)	523,099	394,619	523,106	580,456	545,171	484,814	567,304	465,013	469,608	436,482			498,967
SOLIDS (dry lb/day)	5,467	5,641	5,634	5,872	5,249	5,084	5,435	5,134	4,972	4,904			5,339
TOTAL SOLIDS (%)	4.0	4.7	4.1	3.7	3.6	3.5	3.4	4.1	3.8	4.2			3.9
SLUDGE TO RTP (loads)	97	73	96	106	100	89	105	87	89	82			92
TRUCKED BY ETWD (loads)	97	73	96	106	100	89	105	87	89	82			92
TRUCKED BY OTHERS (loads)	0	0	0	0	0	0	0	0	0	0			0
TOTAL RAIN FALL (inches)	2.03	0.10	0.00	1.22	0.00	0.00	0.00	0.00	0.10	1.77			0.52
				.									

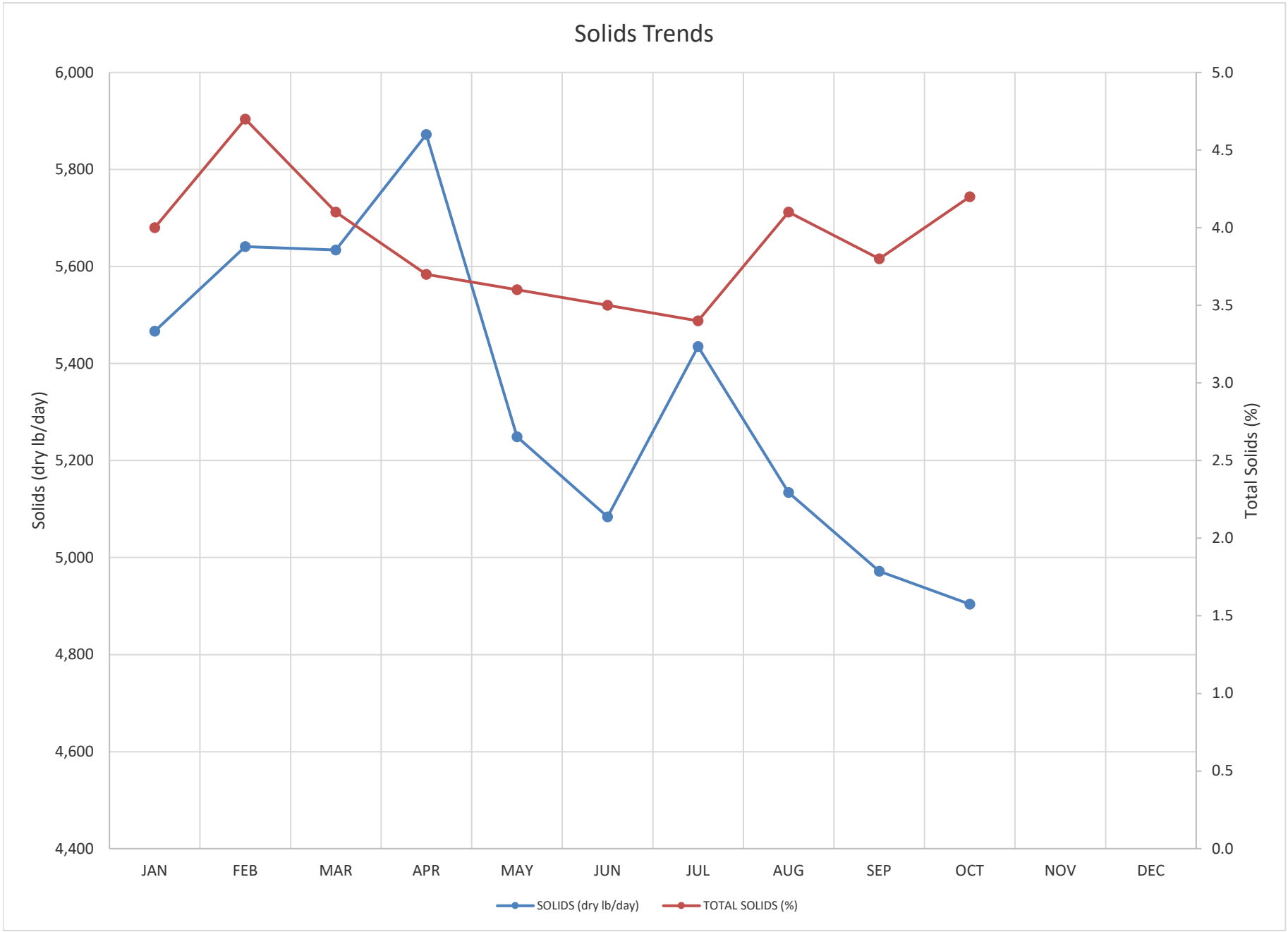

WRP Flow Trends
Average Daily Flow (mgd)
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
INFLUENT FLOW (mgd)
OCEAN OUTFALL (mgd)
TOTAL RECYCLED WATER (mgd)
TOTAL EFFLUENT FLOW (mgd)


Recycled Water Flow Trends
Average Daily Flow (mgd)
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
WRP IRRIGATION/UTILITY (mgd)
GOLF COURSE IRRIGATION (mgd)
MAIN DISTRIBUTION IRRIGATION (mgd)
POTABLE AUGMENTATION (mg)


Suspended Solids Trends
Suspended Solids (mg/L)
Suspended Solids Removal (%)
400
350
300
250
200
150
100
50
0
120.0
100.0
80.0
60.0
40.0
20.0
0.0
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
INFLUENT SUSPENDED SOLIDS (mg/L)
EFFLUENT SUSPENDED SOLIDS (mg/L)
SUSPENDED SOLIDS REMOVAL (%)


Biological Oxygen Demand (BOD) Trends
400
350
300
250
200
150
100
50
0
BOD (mg/L)
99.0
98.5
98.0
97.5
97.0
96.5
96.0
BOD Removal (%)
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
INFLUENT BIOLOGICAL OXYGEN DEMAND (mg/L)
EFFLUENT BIOLOGICAL OXYGEN DEMAND (mg/L)
BIOLOGICAL OXYGEN DEMAND REMOVAL (%)


RTP Hauling Trends
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
Sludge to SOCWA (gallons)
120
100
80
60
40
20
0
Sludge to SOCWA (loads)
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
SLUDGE TO Regional Treatment Plant (gallons)
SLUDGE TO RTP (loads)


Solids Trends
6,000
5,800
5,600
5,400
5,200
5,000
4,800
4,600
4,400
Solids (dry lb/day)
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
Total Solids (%)
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
SOLIDS (dry lb/day)
TOTAL SOLIDS (%)

WRP BATTERY STORAGE SYSTEM
MONTHLY REPORT

SEPTEMBER 2026 - OCTOBER 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	(0)
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

SEPTEMBER 2026 - OCTOBER 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)	27,820.60
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	(5,314.00)	43,069.85

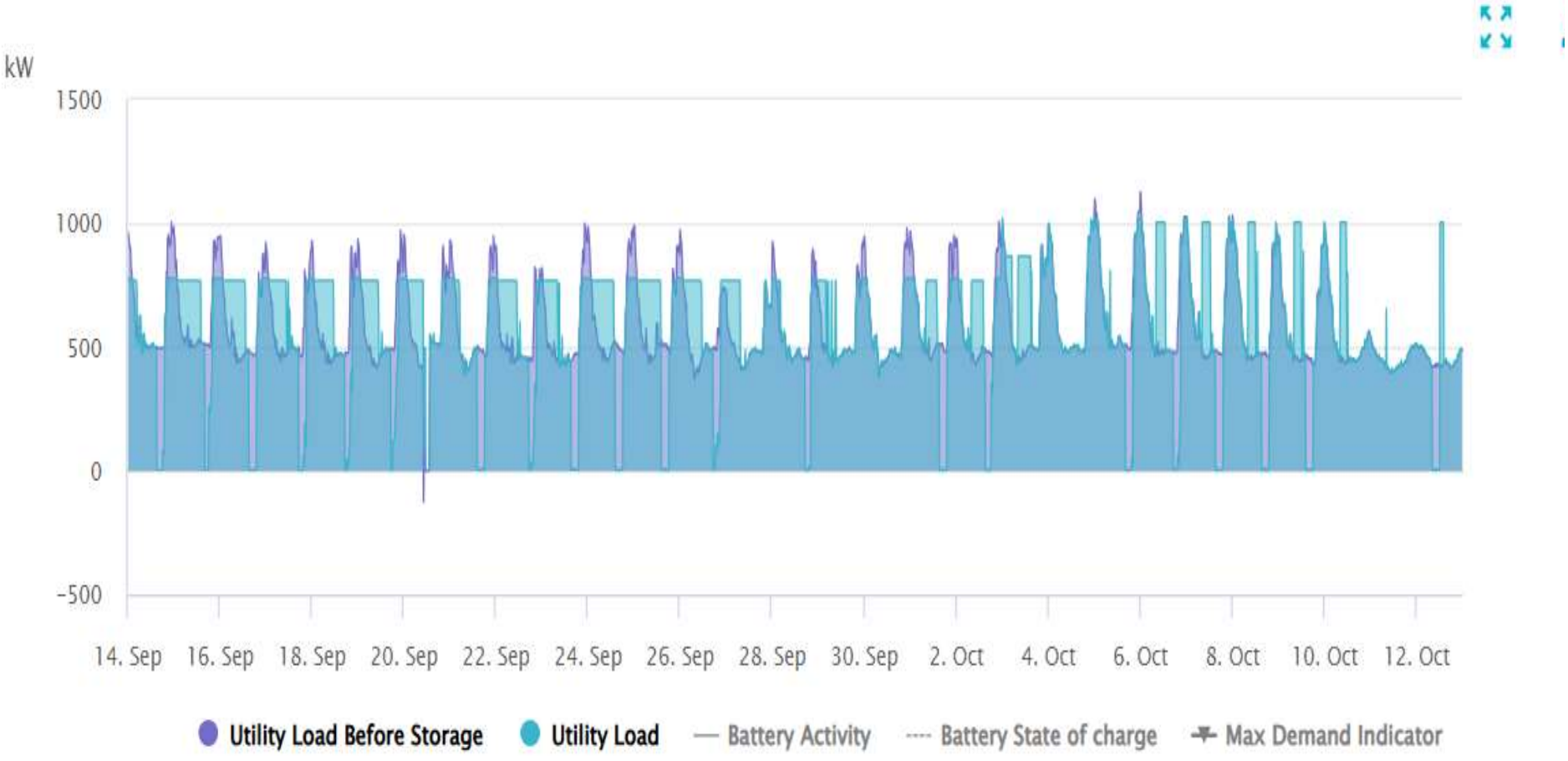
WRP BATTERY STORAGE SYSTEM
MONTHLY REPORT

SEPTEMBER 2026 - OCTOBER 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)	
	01/13/25 - 02/12/26	5,903.43		4,313.43	
	02/12/25 - 03/16/26	7,173.33		5,583.33	
	03/16/26 - 04/15/26	8,735.99		7,145.99	
	04/15/26 - 05/14/26	9,880.56		8,290.56	
	05/14/26-06/15/26	9,978.57		8,388.57	
	06/15/26-07/15/26	9,807.25		8,217.25	
	07/16/26-08/13/26	9,573.23		7,983.23	
	Performance Bonus		92,043.65	(22,645.33)	50,318.33
8	08/13/26-09/14/26	14,690.74		13,100.74	
	09/14/26-10/13/26	9,835.94		8,245.94	
			24,526.68		21,346.68
	TOTAL		**376,550.59**		**223,361.50**

WRP BATTERY STORAGE SYSTEM
MONTHLY REPORT



Sewerage Treatment Plant

POWERED BY GENABILITY

stem

23542 Moulton Pkwy, Laguna Woods, CA 92637

Savings Report - 2026-10

Sep 14, 2026 - Oct 13, 2026

SCE TOU 8 Option D (< 2kV)

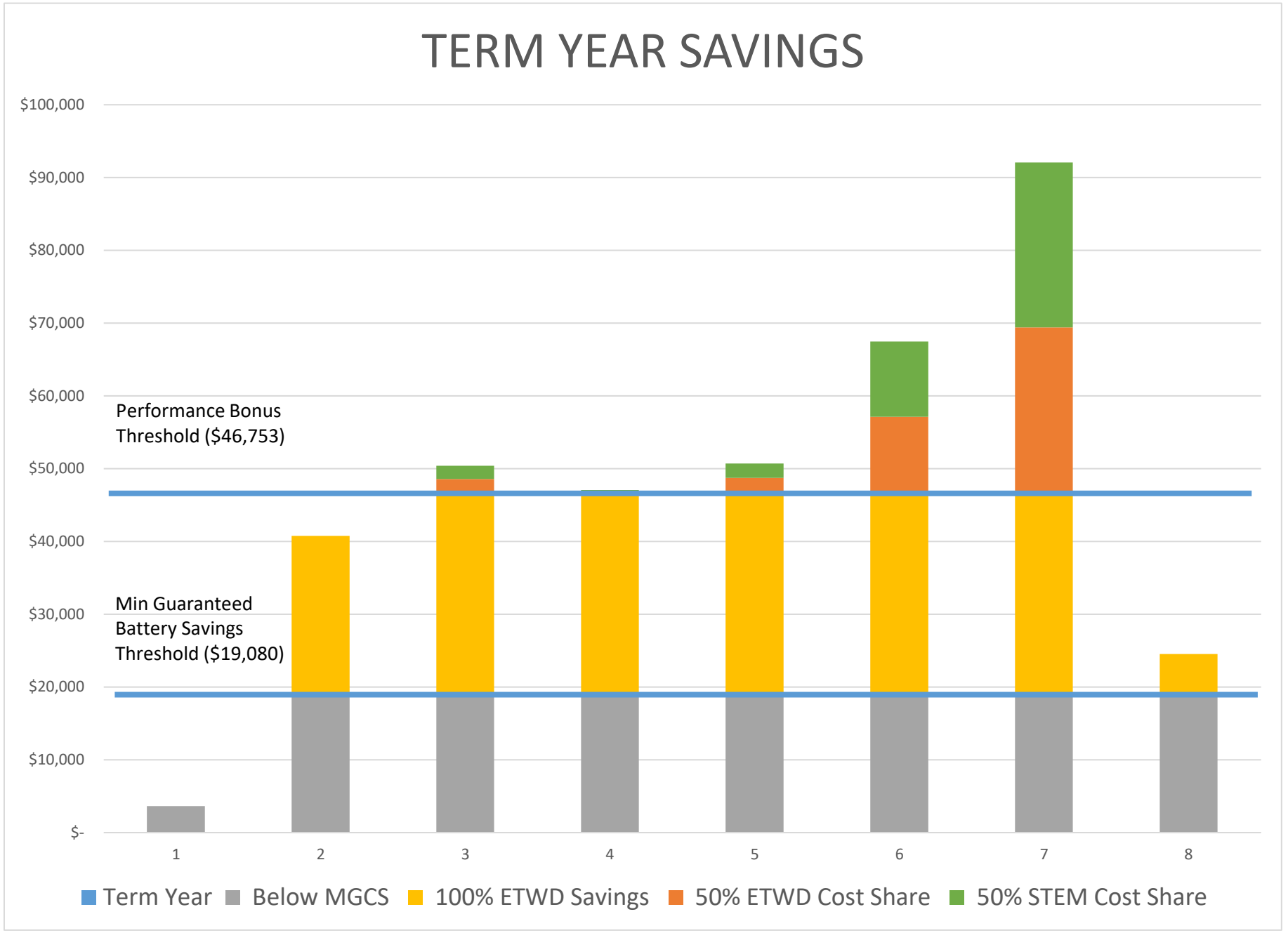
Demand Charges	Before Storage		After Storage		Savings	
Facilities Related - Distribution	1,128kW	$29,520.63	1,022kW	$26,751.82	106kW	$2,768.81
Facilities Related - Transmission	1,128kW	$6,595.95	1,022kW	$5,977.30	106kW	$618.65
Time Related - Distribution - Summer On-Peak	940kW	$13,157.33	750kW	$10,487.63	191kW	$2,669.70
Time Related - Distribution - Winter Mid-Peak	944kW	$969.20	695kW	$713.71	249kW	$255.49
Time Related - Utility Retained Generation - Summer On-Peak	940kW	$10,120.17	750kW	$8,066.73	191kW	$2,053.44
Time Related - Utility Retained Generation - Winter Mid-Peak	944kW	$3,509.44	695kW	$2,584.33	249kW	$925.11
Sub-total		$63,872.73		$54,581.52		$9,291.21

Energy Charges	Before Storage		After Storage		Savings	
Competition Transition Charge	403,272kWh	$(40.33)	409,335kWh	$(40.93)	(6,062)kWh	$0.61
Competition Transition Charge (URG Component)	403,272kWh	$40.33	409,335kWh	$40.93	(6,062)kWh	$(0.61)
Distribution	168,357kWh	$(917.55)	171,640kWh	$(935.44)	(3,283)kWh	$17.89
Distribution - Summer Mid-Peak	11,337kWh	$159.06	7,881kWh	$110.57	3,456kWh	$48.49
Distribution - Summer Off-Peak	186,855kWh	$2,554.31	209,617kWh	$2,865.47	(22,763)kWh	$(311.16)
Distribution - Summer On-Peak	36,724kWh	$575.46	20,196kWh	$316.47	16,528kWh	$258.99
Energy Surcharge	403,272kWh	$120.98	409,335kWh	$122.80	(6,062)kWh	$(1.82)
Fixed Recovery Charge	403,272kWh	$1,961.86	409,335kWh	$1,993.55	(6,062)kWh	$(31.68)
New System Generation Charge	403,272kWh	$2,133.55	409,335kWh	$2,165.39	(6,062)kWh	$(31.84)
Nuclear Decommissioning Charge	403,272kWh	$12.10	409,335kWh	$12.28	(6,062)kWh	$(0.18)
Public Purpose Programs Charge	403,272kWh	$8,389.87	409,335kWh	$8,516.27	(6,062)kWh	$(126.40)
PUC Reimbursement Fee	403,272kWh	$403.27	409,335kWh	$409.33	(6,062)kWh	$(6.06)
Transmission	403,272kWh	$(205.67)	409,335kWh	$(208.76)	(6,062)kWh	$3.09
Utility Retained Generation - Summer Mid-Peak	11,337kWh	$1,047.08	7,881kWh	$727.89	3,456kWh	$319.19
Utility Retained Generation - Summer Off-Peak	186,855kWh	$11,689.64	209,617kWh	$13,113.67	(22,763)kWh	$(1,424.03)
Utility Retained Generation - Summer On-Peak	36,724kWh	$3,719.37	20,196kWh	$2,045.45	16,528kWh	$1,673.91
Utility Retained Generation - Winter Mid-Peak	32,441kWh	$2,328.31	21,255kWh	$1,525.44	11,187kWh	$802.88
Utility Retained Generation - Winter Off-Peak	91,058kWh	$7,010.56	91,035kWh	$7,008.79	23kWh	$1.77
Utility Retained Generation - Winter Super-Off-Peak	44,858kWh	$1,895.68	59,351kWh	$2,508.16	(14,493)kWh	$(612.48)
Wildfire Fund Non-Bypassable Charge	403,272kWh	$2,383.34	409,335kWh	$2,419.17	(6,062)kWh	$(35.83)
Sub-total		$45,261.22		$44,716.49		$544.73

Other Monthly Charges	Before Storage		After Storage		Savings	
Customer Charge		$1,449.61		$1,449.61		$ -
Sub-total		$1,449.61		$1,449.61		$ -

Total	Before Storage		After Storage		Savings	
		$110,583.56		$100,747.62		$9,835.94

Note: The above data is calculated by Genability using utility meter data. If there were any gaps in the utility data, they were filled with Stem meter data. Your actual utility bill may look different from the data displayed above due to either issues in the utility data we were provided or in the Stem meter data collected. Some discrepancies are normal and to be expected. For this reason, Stem completes a thorough review of all data and reconciles discrepancies by comparing the Genability calculations of the energy storage system cost savings and total bill values with your utility bills. Any discrepancies identified are adjusted for outstanding differences and reflected in your performance guarantee true up term statement.


TERM YEAR SAVINGS
$100,000
$90,000
$80,000
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$-
Performance Bonus Threshold ($46,753)
Min Guaranteed Battery Savings Threshold ($19,080)
1
2
3
4
5
6
7
8
Term Year
Below MGCS
100% ETWD Savings
50% ETWD Cost Share
50% STEM Cost Share

Agenda Item No. 12

STAFF REPORT

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

From: Hannah Ford, Director of Engineering
Matt Vera, Senior Engineer

Subject: Capital Project Status Report

I. Headworks and Secondary Clarifier No. 1 Rehabilitation Project

The contractor, Filanc Construction, Inc. (Filanc), successfully bypassed Northline Lift Station flows through temporary piping routed across the Laguna Woods Golf Course, completed the necessary force main repair, and installed a new connection within the WRP that can be used to bypass Northline flows during construction and for future operational needs. After the temporary piping was removed, District staff subsequently conducted a site walkthrough with Golf Course staff to confirm punch list items and restoration expectations.

As part of the project's broader yard, electrical, instrumentation, and control work, Filanc continued installation of yard piping and electrical conduit, as well as placement of electrical panels near the Headworks facility, as shown in Figures 1 and 2.

District staff also executed the grant agreement necessary to receive $300,000 in funding from the U.S. Department of Energy (DOE). Staff are now coordinating with ENERGYWERX to establish the appropriate users and approval roles within LCPtracker for weekly certified payroll reporting. The District anticipates receiving grant reimbursements on a quarterly basis over approximately the next two years.



Figure 1 – New Headworks Control Panels



Figure 2 –Yard Piping Installation

District staff are finalizing Change Order No. 1 negotiations with Filanc in the amount of $74,566.41. The change order addresses unforeseen field conditions encountered during construction, including an unidentified electrical duct bank, concrete-encased foul air piping, and a leak in the Equalization Basin wall. It also includes additional excavation and modifications to the discharge piping at Northline Lift Station, rehabilitation of an existing junction box, and replacement of a butterfly valve with a plug valve. Finally, the change order incorporates the previously bid alternate for compliance with federal Build America, Buy America and Davis-Bacon Act requirements associated with the District's DOE grant. The change order will increase the total project cost by approximately 0.72%.

Table 1 summarizes the project cost and schedule as percent complete. Filanc's billings reflect work through October 2026. Construction costs are behind schedule because mobilization was delayed until February 2026.

Table 1 – Headworks and Secondary Clarifier No. 1 Rehabilitation Project Schedule and Budget Status

Construction Contract	Total	Earned to Date	Percent Complete
Budget	$10,424,200	$2,001,804	19%
Schedule	July 09, 2025 – January 06, 2028		55%

II. Low 1 Zone Hydraulic Modification Project

Due to the depth of the existing 33-inch water transmission main owned by Moulton Niguel Water District (MNWD), District staff enlisted the assistance of T.E. Roberts to complete the utility potholing investigation within Avenida Sevilla. Following confirmation of the pipeline's location and depth, the design consultant, JIG Consultants (JIG), revised the proposed alignment and submitted the 30% design for the new water main and pressure reducing station.

District staff met with JIG to discuss review comments to be incorporated into the 100% design. Because MNWD holds an easement for its 33-inch main, the alignment was sent to MNWD for review to confirm the proposed alignment is acceptable and will not conflict with their pipeline. JIG is proceeding with the 100% design submittal with an anticipated submittal in early December.

District staff have continued coordination with VMS to identify potential construction impacts, address stakeholder concerns, and incorporate necessary restrictions into the design to minimize disruptions to the community.

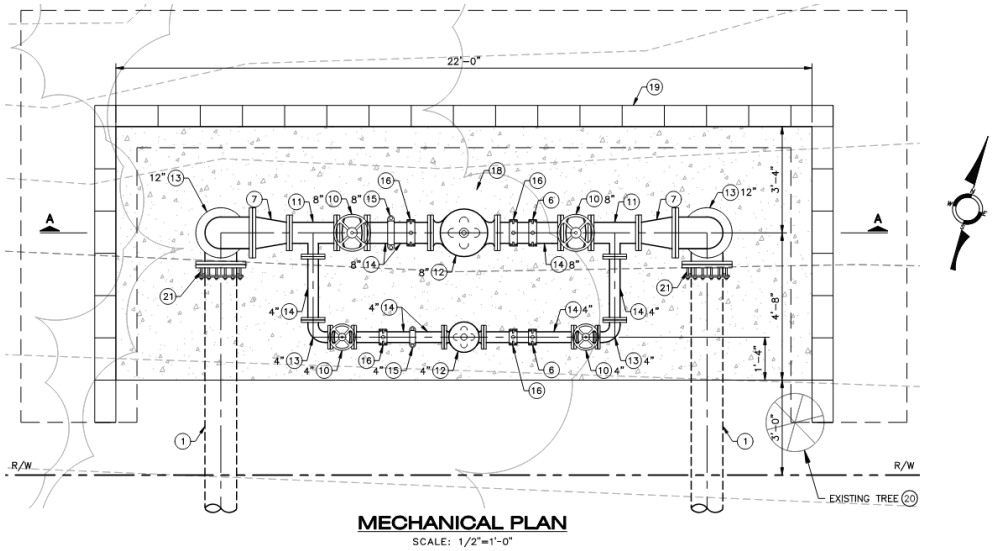


Figure 3 – Preliminary Pressure Reducing Station Layout

III. Moulton/El Toro Cathodic Repair Project

The contractor, Farwest Corrosion Control Company (Farwest), has completed installation of the two anode groundbed stations currently anticipated, as shown in Figures 4 and 5. UCorr has performed preliminary testing at both stations and has confirmed that all proposed anodes and reference electrodes have been installed properly and are functioning within the expected ranges.

The system has been commissioned and is currently polarizing. UCorr will retest both stations the week of November 23 to confirm whether the desired level of cathodic protection is being provided by the two installed anode stations or whether additional anodes will be required.



Figure 4 – Anode Groundbed Installations



Figure 5 – Test Station Terminal Board Commissioning

IV. Freeway Electrical Equipment Replacement

District staff completed wiring and programing of the new Motor Control Center (MCC) and Programmable Logic Controller (PLC), as shown in Figure 6. Baker Electric & Renewables LLC (Baker) installed the new underground SCE electrical service to the site and poured new concrete equipment pads, as shown in Figure 7. Baker will install the new electrical equipment and complete the associated wiring this month. Following SCE inspection, the utility requires approximately four weeks to schedule energization. Based on the current schedule, the District anticipates energizing the new electrical equipment in December 2026.



Figure 6 – Freeway MCC



Figure 7 – New Concrete Pad

V. SOCWA Effluent Transmission Main (ETM) Reach B Techite Replacement

District staff received the 90% design submittal, reviewed, and discussed feedback during a design review workshop this month. The design will be finalized for bid in mid-December with an anticipated award in February 2027.

Village Management Services and the Golden Rain Foundation (GRF) continue to review the proposed temporary construction and permanent easement agreements. The parties are also discussing compensation associated with the easements and anticipated impacts to golf course operations. District staff plan to present another overview of the Project on December 1st to the GRF Board to support their easement agreement approval.

District staff reviewed the project description and preliminary recommendations from the biological resources and noise studies prepared by Rincon Consultants, Inc. (Rincon), which is preparing the project's California Environmental Quality Act documentation. Rincon submitted the Notice of Exemption (NOE) documentation for District review and remains on track to finalize by mid-November.

VI. R-6 Reservoir Southern Slope Repair Project

The contractor completed the vegetation establishment period and addressed all remaining punch list items. Following the final site inspection, the Engineer of Record recommended acceptance of the project based on the successful stabilization of the slope. Figures 8 and 9 illustrate the completed improvements, which have performed well during recent rain events with no observed erosion. District staff filed the Notice of Completion (NOC) with the County and anticipate releasing retention by the end of November 2026.



Figure 8 – Stabilized Southern Slope



Figure 9 – Stabilized Southern Slope

Table 2 summarizes actual project expenditures compared to the original budget. The project was completed more than $300,000 under budget, due in part to District staff performing construction management services in-house rather than retaining an outside consultant.

Table 2 –R-6 Reservoir Southern Slope Repair Project Contract Expenditures

Description	Organization	Predicted	Actual	Difference
Design	Dudek	$72,115	$72,106	$8.80
Construction	MDB	$390,800	$390,800	$0.00
Construction Management	ETWD	$0	$0	-
Geotechnical Inspections	GMU	$20,480	$20,441	$38.75
ESDC	Dudek	$24,580	$20,516	$4,063.60
Contingency (10%)		$39,080	$0	$39,080.00
Total		**$547,055**	**$503,864**	**$43,191.15**
ETWD Portion of Total (45%)		**$218,822**	**$201,546**	**$17,276.46**
Budget		**$500,000**	**$500,000**	
Difference		**$281,178**	**$302,012**	

VII. Aliso Creek Lift Station Improvement Project

District staff continue to coordinate with the GRF and United Mutual regarding the temporary construction and easement agreements needed for trail, sidewalk, and lane closures during construction. Staff have approved the last round of revisions and plan to bring them to the United and GRF Maintenance and Construction Committee and Board meetings on December 9th, January 5th, and January 12th. Once the agreements are finalized and executed, Tetra Tech will complete the final design.

F.Y. 2026/27 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
2026/27 Capital Projects															
	Low 1 Zone Hydraulic Modifications	RFP	A	E	E	E	E	E	A	C	C	C		$117,700	$97,600
	Freeway, Mathis, and Westline Lift Station Coating Rehabilitation							E	E	B	B	A	C	$281,000	
	Veeh Lift Station Rehabilitation								E	E	E	B	B	$170,000	
	Westline Forcemain Replacement					RFP	RFP	A	E	E	E	E	B	$203,860	
2026/27 Capital Equipment															
	Veeh Electrical Equipment Replacement						RFP	RFP	A	E	E	E	E	$315,000	
	Lab Fume Hoods								E	B	B	A	C	$237,600	
	Aeration Basin No. 3 Diffuser and Valve Replacement	Delayed until after the Headworks/Secondary Clarifier No. 1 Rehabilitation Project												$570,000	
	Valve Insertion Equipment				A		R							$146,000	$122,818
Previous Fiscal Year Carryover															
	SCADA Communication Conversion from Copper	E	E	E	E	E	E	B	B	A	C	C	C	$500,000	
	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
	Moulton/El Toro Cathodic Protection Repair	C	C	C	C	C	C							$218,000	$367,000
	Aliso Creek Pump Station Improvements Project	E	E	E	E	E	E							$600,000	$484,000
	Freeway Electrical Equipment Replacement	C	C	C	C	C	C							$263,362	$277,385
	Westline Generator Unit 213 Replacement				E	E	B	B / R	A	C	C	C		$368,000	$266,804
													Total	$14,548,600	$14,034,103

Key:

- Water
- Wastewater
- Recycled Water
- Split between All Departments
- Board Involvement

Abbreviations:

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

Agenda Item No. 14

STAFF REPORT

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

From: Dennis Cafferty, General Manager

Subject: Strategic Plan Status Report

The current District Strategic Plan was adopted by the Board of Directors at the November 2025 Board meeting. The Strategic Plan consists of 6 major goals intended to be accomplished through 22 strategies and 109 identified objectives. The Strategic Plan also identifies 35 Key Performance Indicators to help gauge the implementation of the Plan.

The Strategic Plan Status Report represents the biannual update of the status of the implementation of the Strategic Plan (2026-30). As has been the practice in previous reports, the most current updates are noted in red text while the updates from previous reports are maintained, for continuity, in blue text.

The next status report will be provided at the May 2027 Board meeting.

GOAL A: WATER, SEWER, AND RECYCLED WATER RELIABILITY – Provide the physical facilities and supply to meet the needs of the community. ETWD will plan for and build the necessary facilities to meet the water, wastewater and recycled water needs of the community.

The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy A.1 Conduct planning to ensure long-term water infrastructure/demands are met

Objective A.1.1 Evaluate level and adequacy of emergency water supply reliability and provide a report to the Board

KPI No. 2 below was included in the May 2026 Strategic Plan update and defines emergency water supply reliability under several scenarios. These scenarios make no assumptions about water supply availability from the variety of interconnections the District maintains with neighboring agencies. Water that might be available from any of the existing interconnections further enhances the District's emergency water supply reliability.

Objective A.1.2 Evaluate supply options to reduce dependence on imported water

Staff provided a presentation at the October Engineering Committee meeting, with a follow-up presentation at the November Engineering Committee meeting, describing potential opportunities to expand recycled water distribution or pursue direct potable reuse at the ETWD Water Recycling Plant or through a regional partnership with Moulton Niguel Water District. Both potential project concepts represent supply options to reduce dependence on imported water.

Objective A.1.3 Complete the 2025 Urban Water Management Plan

The 2025 Urban Water Management Plan as well as the updated Water Shortage Contingency Plan were completed in house by ETWD staff resulting in significant cost savings greater than $50,000. The 2025 Urban Water Management Plan as well as the updated Water Shortage Contingency Plan and Water Shortage Contingency Response Ordinance were adopted by the Board in June 2026.

Objective A.1.4 Negotiate a cost sharing agreement with Moulton Niguel regarding the South County Pipeline turnout to facilitate supply from the Baker Water Treatment Plant

Staff continue to communicate with Moulton Niguel regarding the South County Pipeline Turnout Project. MNWD has completed the property and construction easement acquisition process. A detailed cost sharing agreement will be developed when the project nears the design phase. MNWD is pursuing grant funding and anticipates project design in the 2028-29 fiscal year.

Strategy A.2 Expand use of recycled water as appropriate

Objective A.2.1 Evaluate potential recycled water distribution system expansion projects and present options to the Board

Staff provided a presentation at the October Engineering Committee meeting, with a follow-up presentation at the November Engineering Committee meeting, describing potential opportunities to expand recycled water distribution or pursue direct potable.

Objective A.2.2 Seek funding opportunities for an evaluation of potential Direct Potable Reuse options to determine the most appropriate beneficial use of the District's remaining effluent

Objective A.2.3 Seek grant and other funding opportunities for recycled water projects

Staff provided an update to the Board regarding Proposition 4 funding potentially available for non-potable recycled water projects at the October Engineering Committee meeting.

Objective A.2.4 Track regulations and implications for recycled water development timing

Staff continue to track the regulatory status and implementation requirements associated with AB 1572, which prohibits the use of potable water to irrigate nonfunctional turf on certain commercial, industrial, institutional, public agency, and HOA common area properties. Staff are monitoring State Water Board guidance, compliance deadlines, reporting or certification requirements, and any related implementation procedures as they are developed. Staff are also coordinating with MWDOC, regional partners, and industry groups such as CalWEP and ACWA to remain informed on regulatory updates, customer outreach tools, and available resources to support affected customers.

Staff will also address the requirement to adopt or revise applicable water use rules, ordinances, policies, or regulations through the Water Shortage Contingency Response Ordinance that will be adopted as part of the District's Water Shortage Contingency Plan.

In preparation for the implementation of Assembly Bill (AB) 1572, which requires public water systems to update their regulations, ordinances, or policies by January 1, 2027, staff proactively incorporated the legislation's nonfunctional turf irrigation requirements into the District's Water Shortage Contingency Response Ordinance 2026-1. The ordinance was adopted by the Board on June 25, 2026, concurrently with the District's 2025 Urban Water Management Plan (UWMP) and 2026 Water Shortage Contingency Plan (WSCP). Additionally, urban retail water suppliers are required to demonstrate compliance with the ordinance requirements of AB 1572 as part of the 2026 Urban Water Use Objective (UWUO) annual reporting, due by January 1, 2027. ETWD has already satisfied this requirement through the adoption of Ordinance 2026-1 and will document compliance as part of the upcoming UWUO annual report.

Strategy A.3 Implement the Capital Improvement Program to maintain water, sewer, and recycled water service

Objective A.3.1 Maintain and reinvest in the Water Recycling Plant and the sewer collection system

During Fiscal Year 2025-2026, the District advanced a significant portfolio of sewer and treatment facility improvements, including the ongoing Headworks and Secondary Clarifier No. 1 Rehabilitation Project, a major multi-year investment to modernize critical treatment infrastructure and ensure long-term operational reliability. In addition, staff successfully completed a series of targeted rehabilitation and replacement projects addressing aging mechanical and electrical systems, including multiple Motor Control Center (MCC) replacements, clarifier drive upgrades, scum pump station rehabilitation, and lift station improvements. These projects reduce the risk of unplanned outages and extend the useful life of key wastewater assets.

The District also continues to advance planning, design, and grant funding efforts for future capital improvements, including the Aliso Creek Lift Station Improvements Project, which incorporates resiliency enhancements and positions the District to leverage nearly $6 million in external funding opportunities through the FEMA Hazard Mitigation Grant Program.

These capital efforts are complemented by the District's Sewer Force Main Asset Management Plan, which is addressed under a separate objective and provides a long-term framework for pipeline reliability.

A key highlight of the District's capital program is the extensive use of in-house engineering design and construction management. By performing this work internally, staff have reduced project delivery costs, improved schedule control, and delivered measurable savings to the District while maintaining high-quality outcomes.

Collectively, these efforts reflect a disciplined and strategic approach to capital investment, ensuring the District's sewer system continues to operate reliably while maximizing the value of ratepayer funds.

During Fiscal Year 2026-2027, the District has continued to advance its capital program with several notable early accomplishments. Staff procured replacement pumps for the Freeway Pump Station, completed asphalt repaving near the Holding Pond to address regulatory concerns, and secured a South Coast Air Quality Management District (AQMD) permit for the Westline Generator Replacement Project.

The District continues to play a lead role in advancing the Effluent Transmission Main (ETM) Reach B Techite Replacement Project. District staff have conducted community presentations, supported exploratory potholing along Moulton Parkway and El Toro Road, completed a thorough review of the 60% design submittal, and are actively coordinating easement agreements with Village Management Services and the Golden Rain Foundation. As of the month of November, the project has advanced to a 90% level of design completion, with final design and California Environmental Quality Act compliance on track for finalization by the end of the year.

The following table summarizes the status of key projects.

Project	**Status**
Headworks and Secondary Clarifier No. 1 Rehabilitation	In construction, on track for completion in January 2028
OOPS MCC and Valve Replacement	Complete
DAF 1 MCC Replacement	Complete
Secondary Clarifier No. 3 and 4 Drive Replacement Project	Complete
Secondary Clarifier No. 3 and 4 Scum Pump Station Rehabilitation	Complete
Solids Hauling Trailer	Complete
Aliso Creek Lift Station Improvements Project	In design, on track for bidding in Fall 2028
Westline Main Switchboard Replacement	Complete
Freeway Electrical Equipment Replacement	In construction, on track for completion in December 2026
Westline Generator Replacement	Ordered and in design, AQMD Permitting Complete
4920 Lift Station Pump Replacement	Complete
Freeway Pump Replacement	Ordered, on track to arrive in December 2026
Holding Pond Asphalt Repair	Complete
Effluent Transmission Main (ETM) Reach B Techite Replacement Project	In design, on track for bidding in December 2026

Objective A.3.2 Maintain and reinvest in the water system to ensure reliable service

During Fiscal Year 2025-2026, the District advanced a focused portfolio of water infrastructure improvements to maintain system reliability and asset integrity across the distribution system. Staff completed several targeted rehabilitation and replacement projects addressing aging mechanical and hydraulic components, including booster pump replacements, and chlorine system improvements. These efforts enhance system performance, maintain water quality, and reduce the risk of service interruptions. The District also advanced critical infrastructure projects currently in construction, including slope stabilization at the R-6 Reservoir and cathodic protection system repairs along Moulton Parkway and El Toro Road. These projects address long-term asset protection and mitigate risks associated with geotechnical instability and pipeline corrosion.

The District also continues to advance planning and grant funding efforts for future capital improvements, including the P-3 Generator Project, which positions the District to leverage nearly $1 million in external funding opportunities through the FEMA Hazard Mitigation Grant Program.

A key component of the District's water capital program is the use of in-house equipment installation and construction management, which has improved project delivery efficiency, reduced costs, and maintained a high level of quality control. Collectively, these efforts reflect a proactive and strategic approach to maintaining the District's water system infrastructure, ensuring reliable service and responsible stewardship of ratepayer funds.

In FY 2026/27, the District has continued to advance its water system capital program with several significant early accomplishments spanning both emergency-driven and planned improvements.

The District prioritized the Low 1 Zone Hydraulic Modifications Project, initiated to address reported low water pressure and low flow conditions in portions of the Low 1 Pressure Zone, particularly in areas near Gate 4 and Avenida Sevilla in Laguna Woods Village. To address this issue, the District initiated an expedited design process, selecting JIG Consultants to design approximately 485 feet of new 12-inch potable water pipeline and a new above-grade pressure regulating (PR) station connecting the adjacent Gravity Zone to the Low 1 Zone. Design is underway and is scheduled for completion by the end of 2026, with construction anticipated to take approximately three months. District staff have conducted extensive public outreach, including presentations to the Golden Rain Foundation and United Mutual Boards and a United Mutual town hall, and have distributed project fliers to impacted customers.

Complementing the Moulton Parkway / El Toro Road Cathodic Protection Repair Project, the District also contracted with Universal Corrosion Services, LLC (UCorr) for a new Impressed Current Cathodic Protection System Monitoring Program, which will provide baseline system evaluation, annual monitoring and reporting, cathodic protection maintenance planning, and staff training for all five of the District's ICCP systems protecting approximately seven miles of large-diameter transmission pipeline. Ucorr is nearing completion of its site survey effort and will document observations in a report for District review.

The R-6 Reservoir Southern Slope Stabilization Project was successfully completed this fiscal year, following construction that began in November 2025 to address significant erosion along the reservoir's southern boundary adjacent to Living Word Lutheran Church and Laguna Preschool. Additional water system improvements advanced in FY 2026-2027 include the R-6 Reservoir SCE Meter Box Replacement, Cherry Spare Motor purchase, and R-6 Chlorine and Ammonia Injection System Replacement.

The following table summarizes the status of key projects.

Project	**Status**
R-6 Reservoir Southern Slope Stabilization	Complete
Moulton Parkway/El Toro Road Cathodic Protection Repair	In construction, on track for completion in September 2026
Shenandoah Booster Pump and Motor Replacement	Complete
P-3 Motor Replacement	Complete
P-1 Chlorine Tank Replacement	Complete
R-6 Reservoir SCE Meter Box Replacement	Ordered, on track for completion by December 2026
Low 1 Zone Hydraulic Modification Project	In design, on track for bidding in January 2027
Impressed Current Cathodic Protection Program	In construction
Cherry Spare Motor	Ordered, on track for receipt by February 2027
R-6 Chlorine and Ammonia Injection System Replacement	Ordered, on track for completion by March 2027

Objective A.3.3 Maintain and reinvest in the recycled water system to ensure reliable service

The District implemented an operational improvement to its tertiary disinfection system to optimize the use of existing free chlorine in the recycled water stream. By confirming process conditions that allow for

more efficient disinfection, the District significantly reduced required chlorine dosing levels, lowering operating costs while maintaining regulatory compliance and treatment performance.

Following four years of coordination and seven rounds of review with the Division of Drinking Water, the system was placed into operation in April 2026. District staff continue to monitor system performance and refine operations to maximize chlorine usage and associated cost savings.

Since startup, the new control method has reduced chlorine consumption by 20 percent resulting in projected cost savings exceeding $40,000 per year.

Objective A.3.4 Implement necessary upgrades to the Main Office

The Administration Building Rehabilitation Project is projected in the 2027-28 and 2028-29 fiscal year capital budget.

Objective A.3.5 Track opportunities for external funding of Advanced Metering Infrastructure

Strategy A.4 Safe harbor cost effective disposal of wastewater solids and treated effluent

Objective A.4.1 Track status of OCSD Supercritical Water Oxidation Pilot Project

Staff continue to monitor emerging biosolids treatment technologies, including Supercritical Water Oxidation (SCWO), through participation in regional efforts such as the SOCWA Biosolids Workshop.

SCWO is a developing technology that shows promise for the destruction of contaminants of emerging concern, including PFAS, and may provide a long-term solution for evolving regulatory requirements. However, the technology remains in the early stages of implementation, with limited full-scale operational experience in the United States.

Orange County Sanitation District (OCSD) is constructing a pilot SCWO system at its Fountain Valley Plant No. 1. The demonstration facility is scheduled to be online in summer 2026.

The shipment of the SCWO unit experienced delays during factory acceptance testing. Staff understand shipment was anticipated in October, and the delivery, deployment and installation schedule remain subject to confirmation.

Objective A.4.2 Evaluate the options to reduce discharge of treated effluent to the ocean

Staff provided a presentation at the October Engineering Committee meeting, with a follow-up presentation at the November Engineering Committee meeting, describing potential opportunities to expand recycled water distribution or pursue direct potable reuse at the ETWD Water Recycling Plant or through a regional partnership with Moulton Niguel Water District. Implementation of these projects would make further beneficial use of treated effluent and serve to reduce discharge of treated effluent to the ocean.

Objective A.4.3 Continue engagement in South Orange County Wastewater Authority (SOCWA) matters

The District maintains active participation in SOCWA matters. President Freshley is the District's primary representative on the SOCWA Board and previously served as the SOCWA Vice Chair and as member of the Executive Committee. Director Gaskins and Dennis Cafferty, as alternate Board members, also regularly attend the SOCWA Board meetings. District staff meet with the District's SOCWA Board members each month to review the upcoming SOCWA Board agenda.

Dennis Cafferty is the District's representative on the SOCWA Finance Committee while Hannah Ford represents the District on the SOCWA Engineering Committee.

Staff also actively participate in regular meetings between the SOCWA General Manager and the member agency managers to continue engagement regarding SOCWA matters.

Objective A.4.4 Continue to engage with Moulton Niguel Water District regarding solids handling at the Regional Treatment Plant

Staff maintain a high level of engagement and communication with Moulton Niguel Water District regarding the Regional Treatment Plant. Dennis Cafferty and Hannah Ford each participated in meetings between MNWD and the RTP participants to discuss both the O&M budget as well as the annual and projected long term capital budget.

Objective A.4.5 Coordinate with IRWD and SOCWA for the Effluent Transmission Main project

The District advanced key efforts related to the Effluent Transmission Main (ETM), including both funding and design coordination for critical pipeline improvements.

Staff prepared and submitted application materials for the ETM Trail Bridge creek crossing mitigation project in an effort to secure $5 million in funding through FEMA's Hazard Mitigation Grant Program. The

application has advanced to federal review through CalOES, and staff have responded promptly to all requests for additional information. Grant funding is intended to offset the higher cost of a microtunneling solution, which provides a more resilient, long-term crossing while minimizing environmental permitting constraints associated with traditional stabilization methods.

In parallel, the District is serving as project manager for the ETM Reach B Techite Replacement Project. Staff coordinated with SOCWA and IRWD to procure a final design consultant, with design currently on track for completion by the end of 2026. Outreach efforts have included coordination with the Laguna Woods Golf Course to evaluate alignment alternatives and with the City of Laguna Woods to align project timing with planned roadway rehabilitation and avoid post-construction moratorium constraints. Environmental planning is also underway, with staff initiating consultant support to complete the required CEQA documentation, anticipated to result in a Mitigated Negative Declaration. Ongoing efforts include finalizing easement agreements and coordinating construction timing with key stakeholders.

As of this report, the project has advanced to a 90% level of design completion, with final design and California Environmental Quality Act compliance on track for finalization by the end of the year.

The District has been evaluating the potential acquisition of the ownership and operation of the Effluent Transmission Main. Staff have communicated with SOCWA as well as Moulton Niguel Water District and Irvine Ranch Water District to gain support. Staff developed a draft ETM Maintenance Agreement that would govern the on-going relationship between ETWD, IRWD and MNWD with ETWD owning the asset and IRWD and MNWD owning capacity in the pipeline. ETWD staff and legal counsel met with IRWD and MNWD staff and legal counsel to discuss the Agreement. ETWD staff are incorporating edits discussed during the legal review meeting. Following the next meeting of staff and legal counsel staff anticipate bringing the Agreement to the ETWD Board for approval in December.

Objective A.4.6 Track legislation and regulation regarding PFAS in wastewater

EPA released Draft Guidance for Reducing Risk from PFOA and PFOS in Biosolids in early July as a non-binding memorandum offering voluntary recommendations to wastewater operators, landowners, farmers, and state/Tribal agencies. The document contains no numeric limits or binding PFAS requirements.

California continues to operate under existing State Water Resources Control Board monitoring expectations and regional biosolids programs. There is no current requirement to monitor for PFAS in treated secondary effluent.

The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) designation of PFOA and PFOS as hazardous substances was unanimously upheld by the D.C. Circuit on August 18, 2026. EPA's 2024 enforcement-discretion policy continues to indicate the Agency generally will not pursue community water systems, POTWs, municipal landfills, or farms receiving biosolids as primary PRPs (Potentially Responsible Party), focusing instead on significant contributors. However, it should be noted that no statutory passive-receiver exemption exists and that contribution and cost-recovery claims by other parties remain possible.

Staff will continue to track updates in legislation and regulation that might impact the District's exposure or compliance obligations.

Strategy A.5 Advance Asset Management and System Reliability Planning

Objective A.5.1 Prepare an asset management plan for sewer force mains

The District completed the Sewer Force Main Asset Management Plan (AMP) in coordination with Hazen and Sawyer and presented the results to the Engineering Committee in May 2026. The AMP provides a comprehensive evaluation of the District's sewer force main system and establishes a risk-based framework for prioritizing future rehabilitation and replacement projects.

Using a risk-based methodology incorporating likelihood of failure and consequence of failure criteria, the AMP identified several high-priority force mains for further evaluation and inclusion in the 10-year capital improvement plan.

Staff are also evaluating emergency repair preparedness measures, including spare parts inventory and repair materials, to improve resiliency and reduce operational risk in the event of a force main failure.

Staff have developed an emergency inventory of repair materials to prepare for potential sewer force main failures. This inventory includes stainless steel repair clamps, pipe couplings and pipe material all in sizes ranging from 6" diameter to 16" diameter. Staff are in the process of documenting this inventory in a shared folder that will provide ease of access and an efficient ability to maintain and update the list.

In Fiscal Year 2026-2027, District staff plan to initiate design for replacement of the Westline Techite force main, identified as the highest-risk priority under the Sewer Force Main Asset Management Plan.

Objective A.5.2 Prepare an asset management plan for the water distribution system

The District completed the Water Distribution System AMP in coordination with Hazen and Sawyer and presented the results to the Board in February 2026. The AMP provides a comprehensive evaluation of the District's water distribution system and establishes a risk-based framework for prioritizing future rehabilitation and replacement projects.

The AMP estimates the replacement value of the water distribution system at more than $515 million and identifies 19 prioritized capital improvement projects totaling approximately $120 million. These projects target high-risk pipelines based on likelihood and consequence of failure and represent approximately 10 percent of the system. While the AMP provides a defensible, data-driven prioritization framework, the total cost of recommended improvements exceeds current financial planning assumptions. Staff are therefore evaluating phased implementation strategies and operational mitigation measures to manage risk in a cost-effective manner.

The AMP also introduces new tools to support ongoing decision-making, including a digital dashboard and map-based viewer that allow staff to visualize asset condition, risk scoring, and geographic priorities. Completion of the AMP represents a significant milestone in the District's asset management program and supports a proactive, strategic approach to infrastructure investment, system reliability, and long-term financial sustainability.

In parallel with the AMP implementation, District staff are evaluating vulnerabilities associated with the highest-risk water distribution mains through proactive isolation exercises. These exercises are designed to identify operational response plans in the event of a mainline failure, ensuring the District is prepared to act quickly and effectively when unplanned outages occur. The purchase of the recently approved valve insertion equipment will further strengthen the District's emergency response capabilities by enabling staff to isolate failed mainlines while maintaining service to customers, reducing the impact of failures on system reliability and customer experience.

Objective A.5.3 Evaluate opportunities for GIS improvements

The District's Engineering Team has developed a standardized GIS data schema to improve the organization, consistency, and long-term management of asset information across the water, sewer, and recycled water systems. This effort includes consolidating and streamlining existing GIS layers to eliminate redundancies and align historical data with a unified structure. Establishing this standard ensures that future data development, whether performed by staff or consultants, adheres to a consistent framework, preventing the proliferation of redundant layers and improving overall data integrity.

As part of this effort, staff will initiate a comprehensive update of the District's atlas map pages to reconcile GIS data with historical records and ensure consistency between mapping and asset data.

District staff executed a one-year contract with Nobel Systems, Inc. to provide unlimited GIS data updates and mapping support. Staff will leverage this contract to implement the District's standardized GIS data schema, reconcile and correct existing asset information, incorporate updates from as-built drawings and field records, and improve the overall accuracy and consistency of the District's GIS. The contract also establishes a formal quality control and review process to ensure updates are verified by District staff before incorporation into the master GIS database. These efforts will support the ongoing cleanup of historical data and establish a sustainable process for maintaining accurate asset information moving forward.

Collectively, these improvements strengthen the District's GIS as a critical tool for asset management, capital planning, and operational response, while supporting more efficient and consistent data management moving forward.

Objective A.5.4 Maintain a District-wide asset inventory condition assessment

Staff are working to develop standard procedures to maintain on-going updates of condition assessments of the assets in the District's inventory.

Staff are currently making annual updates to the condition assessments of the most critical assets.

GOAL A: WATER, SEWER, AND RECYCLED WATER RELIABILITY

KEY PERFORMANCE INDICATORS

1. Annual major Capital Improvement Program actual expenditures against planned

For Fiscal Year 2025-2026, the District anticipates total capital expenditures of approximately $7.83 million against a planned capital budget of approximately $9.47 million, resulting in an overall favorable variance of approximately $1.64 million.

Several projects were completed significantly under budget due to proactive project management, competitive procurement results, and extensive use of in-house engineering and construction management services. Notable examples include the R-6 Reservoir Southern Slope Stabilization Project, where the low bid was significantly below the Engineer's estimate; the Shenandoah Booster Station Pump and Motor Replacement Project, where staff negotiated lower equipment pricing; and the OOPS MCC and Valve Replacement Project, for which District staff developed design drawings and performed construction management in-

house to reduce project costs. Additional savings were realized through strategic operational decisions, including leveraging in-house staff to complete portions of the Tertiary Disinfection Optimization Project and utilizing Sourcewell cooperative purchasing for the Solids Hauling Trailer procurement.

Several projects also experienced schedule shifts or scope modifications that affected expenditure timing. The Main PR Hydro Turbine Project was cancelled, and the R-5 Reservoir Rehabilitation Project was deferred based on competing capital priorities. Certain projects experienced increased costs due to expanded scope, emergency repairs, or revised regional agency capital allocations, including the Freeway Electrical Equipment Replacement Project, Secondary Clarifier No. 3 and 4 Drive Replacement Project, and MNWD RTP capital contributions.

In Fiscal Year 2025-26, the District incurred approximately $3.84 million in capital expenditures against a budget of $8.91 million. The remaining $5.07 million reflects project carryovers, deferred or cancelled projects, and expenditures below budget. The annual Capital Improvement Program actual expenditures against planned is summarized in the following table.

	Amount
2025-26 Capital Budget	$8,907,206
2025-26 Capital Expenditures	$3,836,976
Net	**$5,070,230**
Headworks and Secondary Clarifier No. 1 Rehabilitation Project Carried Over to 2026-27	$3,286,454
Moulton/El Toro Cathodic Repair Project Carried Over to 2026-27	$210,460
Cancelled Project – Battery Projects	$860,509
Cancelled Project – MPR Turbine	$603,000
Projects Deferred to Future Years	$194,000
Projects Under Budget	$816,441
Projects Over Budget	($255,751)
Unbudgeted Projects	($386,105)
Capital Expenditure for Projects Carried Over from 2024-25	($258,778)
Total	**$5,070,230**

For Fiscal Year 2026-27, the District anticipates capital expenditures of approximately $17.8 million against a planned capital budget of approximately $12.5 million, resulting in projected expenditures exceeding the adopted budget by approximately $5.3 million.

The annual Capital Improvement Program actual expenditures against planned for the 2026-27 fiscal year is summarized in the following table.

	Amount
2026-27 Capital Budget	$12,473,828
2026 – 27 Anticipated Capital Expenditures	$17,782,665
Net	**$5,309,137**
Headworks and Secondary Clarifier No. 1 Rehabilitation Project Carried Over from 2025-26	$2,286,454
Westline Generator Replacement Project Carried Over From 2025-26	$267,000
Reach B Techite Replacement Project	$1,970,465
Low Zone Hydraulic Improvement Project	$853,584
Projects Deferred to Future Years	($687,700)
Projects Under Budget	($13,664)
Capital Expenditures for Projects Carried Over from 2025-26	$632,996
Total	**$5,309,137**

Key drivers of the variance between anticipated expenditures and budget include the Low 1 Zone Hydraulic Modification Project, which was an unbudgeted emergency project, and the SOCWA ETM Reach B Techite Replacement Project, for which expenditures were accelerated to accommodate the City of Laguna Woods' requested October 2027 construction completion deadline. Several projects are being deferred, enabling adequate funding for the Low 1 Zone Hydraulic Modification Project. The District anticipates using available SOCWA reserve funds to address the accelerated funding requirements associated with the ETM Reach B Techite Replacement Project.

2. Emergency Potable Water Supply – Days of Storage

The amount of time the District can sustain an emergency interruption of potable water supply varies with the nature of the interruption and seasonal demand. The District receives water from the following three sources:

- Allen McCullough Pipeline (AMP)
- Joint Transmission Main (JTM)
- Baker Water Treatment Plant

The following table, derived from the District's most recent Master Plan, defines the "Days of Emergency Water Supply Available" based on the sources of supply in service and seasonal demands in million gallons per day (mgd).

Supply Source(s) in Service	Minimum Day Demand (2.6 mgd)	Average Day Demand (6.6 mgd)	Maximum Day Demand (11.2 mgd)
R-6	45	18	11
Baker + R-6	Unlimited	33	14
AMP + JTM + R-6	Unlimited	Unlimited	Unlimited
JTM + R-6	161	25	13
Baker + JTM + R-6	Unlimited	73	19

3. Water Distribution System Integrity – Leaks & Breaks per 100 miles of main line pipe

The District experienced 1 water distribution main line leak in 2025 representing the equivalent of 0.6 leaks per 100 miles of main line pipe.

In 2026, to date, the District responded to three main line leaks representing the equivalent of 1.8 leaks per 100 miles of main line pipe.

4. Collection System Integrity – Failures per 100 miles of Pipe

The District has experienced no failures of collection system piping in 2025 or 2026 representing 0 failures per 100 miles of pipe.

5. Recycled Water Production

The 2025-26 fiscal year budget assumed sales of 1,150 acre-feet of recycled water. During the period from July 2025 through April 2026 the District sold 1,137 acre-feet of recycled water and is on track to significantly exceed the recycled water sales budget. At the end of the 2025-26 fiscal year the District sold 1,444 acre-feet of recycled water, exceeding the budget by 25%. Total recycled water production in the 2025-26 fiscal year is summarized in the following table.

Recycled Water Production	Quantity (AF)
Recycled Water Distribution System Sales	1,151.9
Laguna Woods Village Golf Course Sales	292.2
Subtotal Recycled Water Sales	**1,444.1**
WRP Recycled Water Usage	101.9
Total Production	**1,546.0**

The 2026-27 fiscal year budget assumed sales of 1,300 acre-feet of recycled water. During the period from July 2026 through October 2026 the District sold 842.8 acre-feet of recycled water.

Total recycled water production in the 2026-27 fiscal year, to date, along with the recycled water production for the similar period in the 2025-26 fiscal year is summarized in the following table.

Recycled Water Production July - October	**2026-27 (AF)**	**2025-26 (AF)**
Recycled Water Distribution System Sales	698.5	653.6
Laguna Woods Village Golf Course Sales	144.3	143.6
Subtotal Recycled Water Sales	**842.8**	**797.3**
WRP Recycled Water Usage	25.6	39.4
Total Production	**868.4**	**836.7**

6. Recycled Water Potable Water Supplement

Staff have implemented projects and controls in an effort to mitigate the need for potable water supplement in the recycled water system.

In the 2025-26 fiscal year, 19.8 acre-feet of potable water supplement were used in the recycled water system representing 1.3% of the recycled water production.

To date, in the 2026-27 fiscal year, 6.7 acre-feet of potable water supplement have been used in the recycled water system representing 0.8% of the recycled water production.

7. Volume of wastewater effluent discharged to the Aliso Creek Ocean Outfall

In the 2025-26 fiscal year, 2,237 acre-feet of treated secondary wastewater effluent was discharged to the Aliso Creek Ocean Outfall representing approximately 2.0 million gallons per day.

To date in the 2026-27 fiscal year, 514 acre-feet of treated secondary wastewater effluent have been discharged to the Aliso Creek Ocean Outfall representing approximately 1.4 million gallons per day.

GOAL B: WATER QUALITY AND ENVIRONMENTAL COMPLIANCE – Ensure ETWD meets or surpasses all water quality and environmental requirements.

The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy B.1 Ensure 100% compliance with all environmental regulations and standards

Objective B.1.1 Meet all applicable water quality and environmental regulations

The District typically meets all applicable water quality and environmental regulations. The District has incurred no recent violations or compliance deficiencies.

The Lead and Copper Rule requires sampling from residential taps with subsequent analysis to determine the presence of copper, and more importantly, lead, in the drinking water consumed by ETWD customers. The results of this sampling and analysis have historically and consistently demonstrated there is no lead in the drinking water consumed by ETWD customers. These results were further confirmed by the extensive efforts over the last several years to verify that there are no lead service lines in the District system. Be that as it may, the District remains subject to the requirement to sample at customer taps for lead and copper every three years. The most recent sampling period was required in the summer of 2026. Due to a transition in staff the 2026 lead and copper sampling and testing was not performed by the District. Staff have communicated with the SWRCB Division of Drinking Water regarding the compliance deficiency. ETWD will be required to perform the lead and copper sampling program in the summer of 2027 and acknowledge and explain the deficiency in the Consumer Confidence Report issued in June of 2027.

In an effort to ensure this error, or anything remotely similar, does not happen in the future staff have prepared a detailed matrix of all the water quality sampling requirements whether they be performed weekly or on much longer recurrence schedules. This matrix will be made available to multiple staff to ensure future staff transitions do not create similar issues.

Objective B.1.2 Maintain licensing

The District is current on all applicable licenses.

The District is subject to and maintains permits from a variety of agencies including but not limited to the following:

- Orange County Environmental Health
- Orange County Fire Authority
- AQMD
- Regional Water Quality Control Board - Region 8
- Regional Water Quality Control Board - Region 9
- Department of Water Resources
- State Water Resources Control Board
- California Department of Public Health
- Department of Toxic Substances Control

These licenses and permits cover a variety of facilities and activities including but not limited to the following:

- Laboratory Certification
- Generator Permits
- Water Distribution System Permit
- Recycled Water System Permit
- Stormwater Discharge Permits
- Hazardous Materials Permits
- Dam Permits
- WRP Odor Control Permits

The District's Compliance Regulatory Coordinator maintains a detailed list of permits and licenses to ensure they remain current and to track costs for budgeting purposes.

Objective B.1.3 Track regulatory and statutory changes at both the federal and State levels pertaining to the Safe Drinking Water Act, the Clean Air Act, the Clean Water Act and other applicable requirements

District compliance staff continues to track regulatory and statutory changes for any applicable compliance requirements.

The District is closely tracking the evolution of the Lead & Copper Rule Improvements and the potential requirements to further document the presence, or lack thereof, of lead service lines in the District system.

Objective B.1.4 Operate the laboratory to provide reliable and timely information to support operations

The District laboratory maintains a high level of communication with the Operations Department to ensure clear understanding of chain of custody and laboratory results.

Objective B.1.5 Continue to participate in MWDOC nitrification control workgroups

There has not been a recent MWDOC nitrification control workgroup meeting. Staff will continue to participate as future meetings are scheduled.

Objective B.1.6 Comply with Lead and Copper Rule Improvement regulation

The District continues to monitor and prepare for compliance with the State's evolving Lead and Copper Rule Improvements (LCRI) requirements. The new regulations establish expanded requirements related to lead service line inventories, public accessibility of inventory data, sampling protocols, schools and childcare facility outreach, and reduced lead action levels beginning in November 2027.

Staff are actively maintaining and updating the District's Lead Service Line Inventory (LSLI), including development of workflows to document service line material information during maintenance and repair activities and integration of inventory updates into the District's GIS and work order systems. Staff are also preparing for upcoming regulatory deadlines requiring additional inventory validation, incorporation of connector material information, and public access to inventory records.

In preparation for future compliance obligations, the District is also developing an inventory of schools and childcare facilities within the service area to support future sampling coordination and public outreach requirements. In addition, staff continue to evaluate future sampling and monitoring requirements associated with the lower lead action level that becomes effective in 2027.

Staff attended a webinar presented by Hazen and Sawyer and the California State Water Resources Control Board's Division of Drinking Water (DDW) discussing California's implementation of the Lead and Copper Rule Improvements (LCRI). This webinar provided an overview of key regulatory requirements, upcoming compliance deadlines, and practical considerations for California water systems preparing to meet the LCRI requirements.

In addition, MWDOC is developing an LCRI Shared Services Program in partnership with Hazen and Sawyer to help agencies prepare for and comply with LCRI requirements. MWDOC is currently developing the program scope. Staff will continue to coordinate with MWDOC to determine if the proposed Shared Services program is of benefit to ETWD.

Objective B.1.7 Implement the Cross Connection Control Management Plan

Following Board adoption of the Cross Connection Control Management Plan (CCCMP) in June 2025, the District has made significant progress implementing the State's updated cross connection control requirements.

The CCCMP establishes new hazard survey requirements for all service connections, divided into three implementation phases:

1. Commercial services with existing backflow protection
2. Commercial services without backflow protection
3. Residential services

At the time of CCCMP adoption, District staff had already completed all 1,276 Phase 1 hazard surveys due to the Cross Connection Control Supervisor's proactive maintenance of a comprehensive electronic backflow database.

Staff have also made substantial progress on Phase 2 implementation, with over half of the required hazard surveys completed. To streamline implementation efforts, staff completed more than 200 hazard surveys on behalf of commercial customers requiring new backflow prevention assemblies. For lower-risk commercial customers, staff distributed nearly 300 surveys for customer response and verification, with approximately one-third returned to date. Staff have also worked with customers to install six new backflow prevention assemblies and identified approximately 200 remaining installations necessary to achieve full compliance.

Phase 3 will consist of desktop residential hazard assessments and is anticipated to commence following completion of the Phase 2 commercial implementation efforts.

14 additional backflow devices have been installed leaving 176 remaining installations necessary to achieve full compliance.

GOAL B: WATER QUALITY AND ENVIRONMENTAL COMPLIANCE

KEY PERFORMANCE INDICATORS

1. Completion of required Division of Drinking Water monitoring, sampling and analyses

   The District potable water quality compliance program consists of thousands of annual samples and tests with frequencies that vary from weekly to quarterly to ensure compliance with all water quality requirements. The District continues to maintain full compliance with the Division of Drinking Water requirements.

   As noted in Objective B.1.1 the District did not perform the required lead and copper sampling and analysis in 2026. Upon recognition of the error, staff immediately worked to develop documentation and procedures to prevent future issues of this type. The documentation includes a detailed schedule of all required sampling and analysis requirements that will be distributed to multiple staff to ensure a thorough understanding of the District's sampling, testing and compliance obligations.

To put it in perspective the District water quality analysis schedule is summarized in the following table:

	Weekly	Monthly	Quarterly	Total
Water Distribution System	6,768	264	88	7,120

In addition, the District performs 1,748 temperature and odor tests each year.

2. Maintain compliance with Safe Drinking Water Act

The District performs thousands of annual tests to verify compliance with the Safe Drinking Water Act water quality compliance requirements. The District's proactive water quality maintenance program has successfully continued the District's record of compliance with no compliance deficiencies.

3. Complete annual Consumer Confidence Report

The District is currently in the development phase of the annual Consumer Confidence Report (CCR). Staff are on schedule and the report will be finalized and distributed to customers by July 1, 2026, in compliance with all regulatory requirements.

The CCR was mailed to ETWD customers on June 29, 2026.

Due to a change in the Environmental Protection Agency CCR Rule, the District will be required to distribute two Consumer Confidence Reports per year beginning in 2027.

4. Provide quarterly review of compliance activities and licensing status

A log providing a quarterly review of compliance activities is presented to the Board in the monthly Operations Report.

5. Maintain compliance with National Pollutant Discharge Elimination System permit

The District's Regulatory Compliance Coordinator works proactively with Operations, Laboratory staff, Engineering, SOCWA and regulatory agencies to maintain permit compliance and minimize the risk of violations, enforcement actions, or environmental impacts.

GOAL C: FINANCE – Prudently and transparently manage for long-term stability and affordability. Provision of ETWD services is capital intensive. Managing the financial resources entrusted to ETWD in a prudent manner ultimately reduces the cost of service to the community.

The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy C.1 Improve financial risk management

Objective C.1.1 Evaluate opportunities to improve the relationship between fixed costs and fixed revenues in rate and fee structures

Staff continue to evaluate the relationship between fixed costs and fixed revenues and present a description of that relationship during the annual budget process.

The relationship between fixed costs and fixed revenues in the fiscal year 2026-27 budget is defined as follows:

	Revenue	Expense
Fixed	50.7%	52.1%
Variable	49.3%	47.9%

The relationship between fixed costs and fixed revenues in the fiscal year 2026-27 budget indicates a stable revenue source without significant exposure to any external drivers that might reduce variable revenue.

Objective C.1.2 Continue to monitor 401(k) investments

Monitoring of the District's 401(k) investments is an on-going effort with regular interaction between staff and the investment manager from PFM Asset Management as well as quarterly reports to the Board of Directors.

Strategy C.2 Ensure that adequate financial capacity exists to maintain District assets

Objective C.2.1 Maintain reserves at the minimum amounts defined in the Cash Reserve Policy

The District Cash Reserve Policy defines the minimum Committed Reserves with a numerical value and a range as a percentage of operations and maintenance expense summarized in the following table.

Reserve	Policy Requirements Amount	% of O&M Budget
Capital Improvement	$3,000,000	N/A
Rate Stabilization	$2,500,000	7.5% - 15%
Operations & Maintenance	$2,500,000	7.5% - 15%
Working Capital	$2,500,000	7.5% - 15%
Total	**$10,500 000**	

Staff report current reserve balances to the Board each month at the Finance Committee.

Objective C.2.2 Maintain reserve levels equivalent to 180 days of cash relative to O&M expense budget

The District Cash Reserve Policy requires staff to provide a monthly report to the Board including a statement that ETWD has the ability to meet its expenditure requirements for the next six months. This statement implies the District has approximately 180 days of cash on hand. The Cash Reserve Policy explicitly states that the District's expenditure requirements for six months are defined to be one half the sum of the current fiscal year Operations and Maintenance Budget and debt service obligations.

For the 2025-26 fiscal year the applicable reserves requirement to meet this obligation is summarized as follows:

Cash Obligation	2025-26 Budget	Reserve Requirement
Operations & Maintenance Expense	$30,719,238	$15,359,619
Debt Service	$4,020,413	$2,010,207
Total	**$34,739,651**	**$17,369,826**

For the 2026-27 fiscal year the applicable reserves requirement to meet this obligation is summarized as follows:

Cash Obligation	2026-27 Budget	Reserve Requirement
Operations & Maintenance Expense	$32,354,372	$16,177,186
Debt Service	$4,019,163	$2,009,582
Total	**$36,373,535**	**$18,186,768**

Staff report current reserves to the Board each month at the Finance Committee.

Objective C.2.3 Develop and operate within an annual budget

The District develops an annual budget for each fiscal year and reports actual performance relative to budget to the Board on a monthly basis throughout the year. The 2026-27 budget was adopted by the Board in April 2026.

Objective C.2.4 Evaluate options for longer term rate setting, including pass-through options for services provided by others such as purchased water and wastewater solids treatment and handling

During the 2026-27 fiscal year budget process, staff evaluated options for longer term rate setting and pass-through options. Using historical factors for O&M expense and labor as well as the most current information from Metropolitan Water District based on the MWD biennial budget adopted in April 2026, staff, in consultation with the District's Financial Consultant (Raftelis), estimated rates for a five-year period. Staff also developed language for future pass-through adjustments of the water commodity rate should Metropolitan Water District budgets and rates vary from the current projections.

The Proposition 218 Notice distributed as part of the 2026-27 fiscal year budget process identified water, wastewater and recycled water rates for a five-year period through the 2030-31 fiscal year. The Notice further gives the District the ability to pass through increases in the rates and charges for purchased water imposed on the District by MWDOC and IRWD to the extent such rates exceed the District's projections.

Objective C.2.5 Maintain debt service coverage ratios as required by the debt contracts

The District is required by virtue of the Bond agreement to maintain a debt service coverage ratio at a minimum of 110%. The debt service coverage ratio is calculated by dividing total debt service cost by net Revenue (Total Revenue less O&M Expense). The debt service coverage ratios for the 2024-25 fiscal year (actual), the 2025-26 (Budget and Actual) and 2026-27 fiscal years are summarized as follows:

	2024-25 Actual	2025-26 Budget	2025-26 Actual	2026-27 Budget
Revenue	$37,708,155	$38,361,994	$38,177,643	$41,896,121
Expense	$28,103,883	$30,719,239	$29,340,898	$32,354,372
Net Revenue	$9,604,272	$7,642,755	$8,836,745	$9,541,749
Debt Service	$4,017,913	$4,020,413	$4,020,413	$4,019,163
Debt Coverage Ratio	**239%**	**190%**	**220%**	**237%**

Objective C.2.6 Develop multi-year Proposition 218 Rate Notice supported by cost of service rate study

The Board adopted the 2026 Rate Study in April 2026. The 2026 Proposition 218 Notice that defines rates for a five-year period was mailed on April 24.

The District received no legal objections to the planned rate increases. The failure to submit a legal objection in writing bars any right to challenge that fee, charge, or assessment in court or through any legal action or proceeding. In addition, the statute of limitations for any legal action challenging the adoption of the rates and charges identified in the Notice has now passed.

Objective C.2.7 Maintain competitive rate structure

Acknowledging affordability challenges and maintaining rates that reflect a highly efficient operation are key components of the District's budgeting efforts. Staff conduct a detailed analysis of the water and wastewater rates of agencies that provide similar services to the Orange County region in an effort to evaluate the competitiveness of the ETWD rate structure. This analysis is presented to the Board annually during the budget and rate setting process.

Strategy C.3 Maintain transparency of financial activities

Objective C.3.1 Publish and disseminate financial documents

The District, in its commitment to transparency, maintains an extensive list of financial documents on the District website. These documents include:

- Annual Comprehensive Financial Reports (2010-2026)
- ETWD Financial Transaction Report (Link to State Controllers Website)
- Employee and Board Compensation Information
- Financial Policies
    - Cash Reserve Policy
    - Expense Reimbursement Policies
- Cost of Service (Rate Study) Reports (2013-2026)
- Proposition 218 Notices (2013-2026)
- Fiscal Year Budgets (2013/14 – 2026/27)
- Rate Structure Detail

GOAL C: FINANCE

KEY PERFORMANCE INDICATORS

1. Meet reserve fund targets

The adopted 2026-27 budget projects the Rate Stabilization, Operations & Maintenance and Working Capital Reserves to each slightly exceed the requirement of 7.5% of the Operations & Maintenance Budget.

Current reserves, through October of the 2026-27 fiscal year are summarized in the following table.

	Policy Requirements		Reserves as of October 2026	
Reserve	**Amount**	**% of O&M Budget**	**Amount**	**% of O&M Budget**
Capital Improvement	$3,000,000	N/A	$3,000,000	N/A
Rate Stabilization	$2,500,000	7.5% - 15%	$2,500,000	7.7%
Operations & Maintenance	$2,500,000	7.5% - 15%	$2,500,000	7.7%
Working Capital (Including Reverse Cyclic Program)	$2,500,000	7.5% - 15%	$2,347,694	7.3%
Total	**$10,500 000**		**$10,347,693**	
Non-Policy Reserves			**$15,121,598**	
Total Reserves			**$25,469,292**	

As noted in Objective C.2.2 above, the "Days of Cash" reserve requirement for the 2026-27 fiscal year is $18,186,768. As of October 2026, the District meets this requirement with a total of approximately $25.47 million in cash reserves.

2. Actual costs compared to year-to-date budget

Staff report actual costs compared to year-to-date budget monthly at the Finance Committee meeting.

Actual expenses for the 2025-26 fiscal year were approximately 2.2% under budget amounting to approximately $830,000 in reduced expenses.

Through October 2026 (33.3% of the year) actual expenses for the 2026-27 fiscal year are trending under budget at approximately 30.5% of budget.

3. Return on investments

Staff regularly engage with PFM to structure ETWD new investments, as existing investments mature, with the goal of first ensuring safety and necessary liquidity and then obtaining the highest returns available.

The 2025-26 budget anticipated investment income of $700,000. Actual investment income for the 2025-26 fiscal year totals to $837,139, significantly exceeding the fiscal year budget. Staff estimate the average rate of return to be approximately 3.63%.

The 2026-27 budget anticipated investment income of $400,000. Through October 2026 investment income has accumulated to $296,778, trending well above budget. Staff estimate the average rate of return to be approximately 3.44%.

4. Continue to receive unmodified audit outcome each year

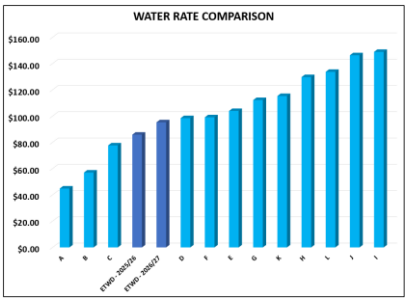
The Annual Comprehensive Financial Report for the 2024-25 fiscal year, including the unmodified opinion from the auditor, was presented to the Board in October 2025.

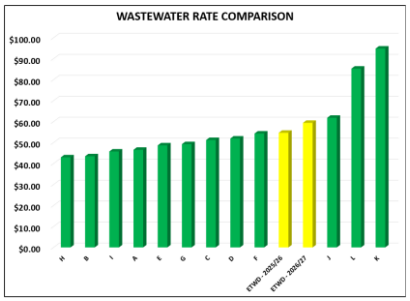
The quarterly audit report (Agreed Upon Procedures) for the second quarter of the 2025-26 fiscal year, identifying no issues or challenges, was presented to the Board at the March 2026 Finance Committee meeting.

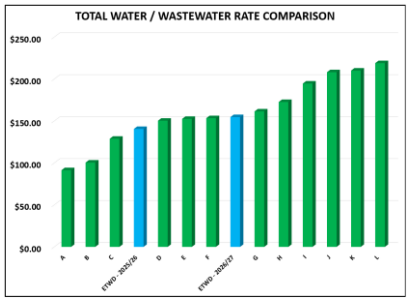
The Annual Comprehensive Financial Report for the 2025-26 fiscal year, including the unmodified opinion from the auditor, was presented to the Board in October 2026.

5. ETWD rates relative to region

The ETWD water and wastewater rates, estimated as monthly costs to a typical single-family residence, compared to the region, are summarized in the following charts. The charts indicate the District's total charges, inclusive of the proposed 2026-27 rate increase, remain competitive regionally.







GOAL D: ORGANIZATIONAL EFFECTIVENESS –

Maintain a high-quality workforce and systems to foster excellence.

The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy D.1 Implement employee training programs

Objective D.1.1 Continue to implement cross-training programs

The District rotates employees for cross training in preparation to be on call. This Cross-training program helps ensure that the Operations Department is not solely reliant on certain individuals performing specific tasks.

Staff also attend a variety of additional seminars to further education and cross training.

Staff are currently developing a cross-training schedule and standard operating procedure to enhance the ability to utilize cross-training to facilitate efficiency and emergency preparedness.

Objective D.1.2 Maintain appropriate training programs for the workforce

The District maintains a variety of critical training programs to ensure the productivity and safety of the District staff. Details of the training are provided in the monthly Operations Report.

Objective D.1.3 Develop and implement training for current and future supervisors (seminars, mentorship, supervisor and management training)

In 2025 two District supervisors attended the "Supervisors Academy – The Centre for Organization Effectiveness" organized by MWDOC. They completed the course in April 2025.

The General Manager participated in a group of several General Managers to develop a training program called the Elevate Leadership Academy. One District supervisor attended the inaugural training program which was completed in January 2026.



A second updated version of the program began in August 2026 including two District supervisors. ETWD hosted the October 2026 session

The Director of Human Resources also assigns supervisors to online supervisor training opportunities as appropriate.

Objective D.1.4 Continue to assess key succession vulnerabilities and develop/implement actions to improve staff transitions

The evaluation of succession opportunities and challenges is an on-going continuous process. Staff have identified employees likely to retire in the near future and have actively prepared for replacement through the most appropriate path for each individual position. The goal is always to prepare existing staff for advancement but there will also be times where external replacement is the most effective path. Staff constantly prepare for on-going succession using both strategies as best fits the needs of the individual positions and the District.

In January 2026 the District Collections Crew Chief retired. The position was filled through a transfer of an existing experienced employee from the WRP and the hiring of a new operator at the Plant in time to facilitate a smooth transition in both departments.

The District's Administrative Assistant and Electrical Instrumentation Tech II each departed from the District in early 2026. Both positions were successfully replaced through external hires.

Since the May 2026 update, the Senior Accountant/Payroll staff member retired, and the Senior Engineer took another position closer to his residence. Both positions were filled through external recruitment.

In July 2026 a Crew Chief on the Operations Department Transmission & Distribution crew retired. The position was successfully filled by an internal promotion.

Objective D.1.5 Expand training on Springbrook system

The District's new Staff Accountant is actively participating in training on the Springbrook System.

In October 2026 the District Chief Financial Officer and Accounting Supervisor attended the Springbrook User Conference which provided three days of training sessions, one-on-one expert help centers, keynote presentations and interaction with Springbrook staff and other Springbrook users.

Objective D.1.6 Encourage and promote employee education (advanced skill, certifications and degrees)

The District maintains an incentive program to encourage employees to further their education and obtain occupational certificates or degrees. Employees that earn or maintain occupational certificates or degrees that exceed the minimum requirement of their job classification are eligible for an annual monetary award.

District employees are eligible for reimbursement of costs for education and training as well as reimbursement for costs for re-certification of state, federal or county recognized certificate and registration programs.

Strategy D.2 Improve administrative systems

Objective D.2.1 Implement new purchasing software to improve efficiency in the District procurement system

The new Springbrook Purchasing module has been fully implemented. Staff have been actively engaged in detailed training of all users on the Springbrook Purchasing module.

Each department and user has been trained on the Springbrook system. Accounting staff remain available to provide additional training resources to users on an as needed basis.

Objective D.2.2 Implement the Springbrook Fixed Assets Module

The Fixed Assets Module has been fully implemented and in use since March 2026. This module automates a variety of accounting functions that were previously manually performed in Excel spreadsheets.

Objective D.2.3 Develop Standard Operating Procedures (SOPs) for key District procedures

Staff continue in the process of developing SOPs for key administrative and financial procedures. Most recently, with the transition to a new Staff Accountant following the retirement of the District's Payroll Accountant, staff have updated the procedures associated with the ADP payroll processing system.

Staff have developed 80 different "Desk Procedures" that provide detailed instructions for various accounting functions. During the 26-27 fiscal year staff updated 16 of the Procedures.

Objective D.2.4 Complete implementation of new document management system

The implementation of the new Laserfiche document management system is complete. Staff continue to evaluate opportunities to expand the system capabilities.

Staff continue to refine, add categories to enhance search capabilities and add content to the Laserfiche system. The system includes Board meeting agendas, packages and minutes, old work orders, agreement documents and a variety of material previously scanned from paper. Laserfiche Legislative History and Work Orders are now being ingested to train Madison AI.

Objective D.2.5 Evaluate opportunities to implement Automated Clearing House payments

Staff worked with U.S. Bank to develop the Automated Clearing House (ACH) procedure. Once the procedure was established in March 2026, staff have converted approximately 20 vendors to ACH payments. Staff continue to evaluate opportunities for further ACH conversions with the goal of converting the majority of the District vendors to ACH payments. The current effort is focused on regularly used vendors to which the District makes frequent payments.

The District has completed conversion of a total of 53 vendors to ACH payments. In October 2026, 57% of payments were made through ACH.

Strategy D.3 Implement integrated technology and applications across the organization

Objective D.3.1 Implement the IT Master Plan Implementation Plan priorities

Objective D.3.2 Continue to analyze, evaluate, and mitigate network vulnerabilities

In an effort to minimize cybersecurity vulnerabilities, the District has enacted an on-going continuous Cybersecurity defense strategy.

The District's IT Manager is working with the Department of Homeland Security Cybersecurity and Infrastructure Security Agency (CISA) to develop protocols for an upcoming remote penetration test of the District systems.

The District recently implemented a hardening project of network edge devices such as firewalls and routers and have subscribed to a Security Operations Center (SOC) to receive anomalous network traffic alerts.

Objective D.3.3 Maintain computer replacement program and management of technology through an asset management approach

The District's IT Manager maintains a detailed spreadsheet identifying all the District's devices including laptops, desktops, iPads and iPhones. The spreadsheet identifies age and expected useful life and is the primary tool for budgeting and implementing necessary replacements.

Objective D.3.4 Evaluate secure options for long-term SCADA communications

The existing SCADA communications system for remote facilities within the water distribution and sewer collection systems relies on a Digital Data Service (DDS) network using phone lines. Over the past 20 years, however, telecommunications carriers have begun phasing out DDS services due to newer technologies and high maintenance costs. As a result, phone lines have become increasingly unreliable. District staff has been notified by its telecommunications provider that the current system will be taken out of service in June 2027.

Staff recently contracted with a consultant to conduct an alternatives analysis of SCADA communications options which identified a radio system as the best long term option. Staff are evaluating the proposed option and preparing to enter into a design phase for the SCADA communications system.

Staff's further evaluation of the radio system identified significant cost challenges with an estimated cost approaching $10 million. Staff are currently evaluating alternatives including fiber optic cable. To ensure continuity of SCADA communications following the end of life of the current system, staff are prioritizing the implementation of cellular data transmission for the entire system as a back-up until the long-term solution is implemented.

Objective D.3.5 Develop an Artificial Intelligence use policy

The District established an interdepartmental Artificial Intelligence (AI) Committee comprised of Department Heads to evaluate the responsible use of emerging AI technologies across District operations. The Committee has reviewed industry policies and identified a range of potential use cases to improve efficiency, decision-making, and service delivery. The Committee's efforts are further supported by professional development, including completion of an AI for Water Managers course through the University of California, Irvine.

As part of this effort, the Committee developed interim guardrails to guide staff use of AI tools, with a focus on data security, appropriate use, and risk management. These efforts will inform the development of a formal District AI policy based on lessons learned through pilot use cases.

The District is also supporting broader industry collaboration through participation in Water Research Foundation Project 5394, which is evaluating the scalability, reproducibility, and impact of Generative AI and Agentic AI in the water and wastewater sector. Through this effort, the District contributed internally developed use cases and will participate in knowledge sharing to help advance practical and secure AI adoption across the industry.

In July 2026 the Board approved the addition of Section 9060 - Artificial Intelligence Policy to the District Administrative Code.

Strategy D.4 Promote an open and professional work environment

Objective D.4.1 Continue to provide employees with communication through all employee meetings in which employees are encouraged to share input, ask questions, and engage in two-way dialogue

The General Manager conducts “All Employee” meetings on a regular basis to provide the employees information about District activities, policies and opportunities as well as to facilitate an environment where staff can ask questions and share input.

Objective D.4.2 Encourage, capture, and deploy employee new ideas/suggestions

Staff maintain several suggestion boxes in various locations to facilitate opportunities for employees to provide ideas and suggestions. Staff are evaluating additional options for programs to encourage on-going employee feedback and suggestions.

Staff participated in the Top Workplace program that included a third-party confidential survey that uniquely measures the employee experience and its component themes, including employees feeling Respected & Supported, Enabled to Grow, and Empowered to Execute, to name a few. While the process culminated in the District being awarded a Top Workplaces 2025 honor by The Orange County Register, staff continue to review the survey results to assess opportunities for employee satisfaction at the District.

Staff participated in the 2026 Top Workplace program that included similar a third-party confidential survey. Staff are reviewing the survey results to assess opportunities for employee satisfaction at the District.

Objective D.4.3 Encourage a culture in which employee voices are heard, valued, and play a meaningful role in ETWD’s organizational planning and decision-making processes

In multiple forums, District management solicits feedback from employees and makes an effort to provide a safe space for employee feedback. District supervisors conduct regular inter-department

meetings to ensure employees have the opportunity to understand District activities and projects as well as provide input to the decision-making process.

Objective D.4.4 Evaluate and implement improvements to District job titles/descriptions to improve workforce recruitment and retention as well as compliance with existing labor law

Human Resources continues to review and update all job classifications to ensure job descriptions accurately reflect current duties, responsibilities, qualifications, certifications, and reporting relationships. The review process includes meetings with supervisors and employees, benchmarking comparable classifications with other water districts and public agencies, and conducting functional job audits. This ongoing effort supports improved recruitment, retention, succession planning, operational consistency, and compliance with current classification standards.

At this time, 60 classifications have been identified, with 21 job descriptions completed and in final draft form and 39 positions remaining under review. To improve efficiency and consistency, Human Resources identified six primary job families consisting of 26 related classifications that can be updated using standardized progression levels, responsibilities, and qualification requirements. The remaining classifications are stand-alone positions requiring individual review and assessment.

As of this report, one additional job classification has been added, bringing the total to 61. 24 job descriptions have been completed and 37 positions remain under review.

Objective D.4.5 Conduct periodic class/compensation studies as appropriate

Human Resources has completed the annual salary survey and compensation benchmarking process. The survey includes comparisons with comparable water districts and public agencies to evaluate market competitiveness, classification alignment, and compensation trends in the on-going effort to maintain competitive and equitable compensation practices.

Human Resources has updated the survey data to include recent results through October 2026.

Human Resources is currently evaluating and analyzing the salary survey results to identify any positions that may warrant adjustment of existing salary ranges. Any necessary adjustments will be included in the 2027-28 fiscal year labor budget.

Objective D.4.6 Develop and implement training and procedures to ensure communication standardization (e.g. use of Outlook, using shared drives, work order management, use of Geoviewer, etc.)

The IT Manager is working on an intranet system which will provide a centralized and standardized platform for document storage, collaboration, and information sharing across departments.

The District has implemented a Sharepoint Intranet and departmental collaboration sites. Staff continue to work to add access and content to improve efficient sharing of information across departments.

Strategy D.5 Maintain a safe and secure work environment

Objective D.5.1 Continue to provide all required and recommended safety training

This on-going effort is documented in the monthly Operations report.

Objective D.5.2 Continue to emphasize safety through weekly tailgate and safety meetings

The District Operations staff conduct regularly scheduled tailgate safety meetings each week on an on-going basis.

Objective D.5.3 Continue to conduct live confined space entry and rescue drills

The District conducts Confined Space training annually. Training was last conducted in December 2025. The 2026 Confined Space training is scheduled for November 2026.

Objective D.5.4 Maintain a spill prevention and training program for all chemicals utilized in District operations

Staff conduct the annual Spill Prevention Control Plan training for the District fuel tanks. The last training was performed through the District's online training platform in April 2026.

The District also conducts an annual eight-hour live class on all relevant hazardous materials. HAZWOPR training was conducted in October 2025. The 2026 HAZWOPR training was completed in October 2026.

Strategy D.6 Ensure the District operations are efficient and effective

Objective D.6.1 Continue to manage overtime use

The District's Staff Accountant performs a detailed, department by department, analysis of overtime use following each payroll period. The resulting report is reviewed by management in an on-going effort to appropriately manage overtime use.

Objective D.6.2 Continue to proactively budget and manage expenses to maintain efficient staffing levels and operations

The 2026-27 annual budget was adopted in April 2026. The budget reflected staff's ongoing effort to manage expenses, including labor costs, and operate the water, wastewater and recycled water systems as efficiently as possible.

Objective D.6.3 Continue to review manual processes for automation opportunities

The District relies on multiple automated systems through extensive use of on-site Programmable Logic Controllers that provide automatic operation of pumps, disinfection, and other processes throughout the water, sewer collection and WRP systems.

Objective D.6.4 Evaluate the potential to expand the SCADA system to allow remote adjustments to system setpoints and controls with appropriate security

The District successfully implemented a system to allow remote adjustments to SCADA system setpoints and controls. Particular attention was paid to security in the development and implementation of remote access to the SCADA system. A limited number of staff have the remote access.

Objective D.6.5 Pursue and document awards and recognition

Staff continue to pursue awards and recognition where opportunities are available. Staff report awards and recognition to the Board as they are received.



The District was awarded a Top Workplaces 2025 honor by The Orange County Register.

Strategy D.7 Implement the Strategic Plan

Objective D.7.1 Track and report progress to the Board

Staff provide bi-annual updates regarding the implementation of the Strategic Plan.

GOAL D: ORGANIZATIONAL EFFECTIVENESS

KEY PERFORMANCE INDICATORS

1. Number and types of certified and licensed staff

The following table identifies the number and types of certifications and degrees that have been achieved by ETWD staff.

Certifications / Degrees	# Staff
D-1 Water Distribution Certification	1
D-2 Water Distribution Certification	10
D-3 Water Distribution Certification	6
D-4 Water Distribution Certification	7
D-5 Water Distribution Certification	4
T-2 Water Distribution Certification	24
AWWA Cross Connections Specialist Certification	1
Orange County Certified Backflow Tester	2
Grade III Wastewater Treatment Plant Operator	4
Grade V Wastewater Treatment Plant Operator	1
Grade I Collections System Maintenance Certificate	1
Grade II Collections System Maintenance Certificate	1
Grade III Collections System Maintenance Certificate	1
Grade IV Collections System Maintenance Certificate	2
Grade II Laboratory Technician	1
Grade III Water Use Efficiency Practitioner Certificate	1
Grade I Environmental Compliance Inspector	1
SCC Water Distribution Certificate	7
SCC Water Treatment Certificate	3
SCC Wastewater Operator Certificate	2
Professional Engineer License	3
Certified Public Accountant	1
UCI Human Resources Management Certificate	1
AWWA Water Audit Validator Certificate	1
Accreditation Public Relations	1
Associates Degree	12
Bachelors Degree	18
Masters Degree	8
Class A / B Drivers License	18

2. On-time completion of annual performance evaluations

The District is currently in the process of completing annual performance evaluation for the District staff. The process is scheduled to be completed by the end of June.

All performance evaluations for the 2026-27 fiscal year were completed on time prior to the end of June 2026 as scheduled.

3. El Toro Water District staff use of education reimbursement program ($/employee)

Since the adoption of the current Strategic Plan the District has two employees benefitting from the education reimbursement program. To date, the program has provided $3,630 in reimbursements.

In 2026, to date, the program provided $11,917 in reimbursements to two employees.

4. Number of days lost to workplace injuries

In the current fiscal year, the District has had two employees miss work due to workplace injuries.

One employee has been out due to a workplace injury since July of 2024 leading to 188 lost workdays in the 2025-26 fiscal year through the end of April 2026.

One employee has been out due to a workplace injury since February 12, 2026, leading to 45 lost workdays in the 2025-26 fiscal year through the end of April 2026.

A total of 233 days have been lost to workplace injuries in the 2025-26 fiscal year.

The employee who had been off work since July of 2024, missed 225 workdays during fiscal year 2025-26 and an additional 23 workdays during fiscal year 2026-27. The employee has since separated from District employment due to the medical condition.

The employee, who had been out of work since February 12, 2026, missed 82 workdays during fiscal year 2025-26 and an additional 30 workdays during fiscal year 2026-27. The employee has returned to full duty.

5. Measure staff turnover (% annual turnover)

	Separated Employees	Retirements	Total	%
2025	0	1	1	1.7%
2026 (To Date)	4	4	8	13.8%

Four employees left the District in 2026 prior to retirement. Two moved out of the area, one separated due to medical issues and one pursued another opportunity.

6. Track staff training hours (annual hours/employee)

In the 2025 calendar year District staff participated in 2,345 hours of training. This effort translates to an average of approximately 40 hours per employee. Much of the training focuses on Operations Department staff who averaged approximately 51 hours per employee of training.

To date, in the 2026 calendar year, District staff participated in 2,446 hours of training, averaging 42.2 hours per employee.

7. Track overtime utilization

As noted above, staff conduct a detailed evaluation of overtime used in each payroll period.

Overtime use in the 2025-26 fiscal year was well under budget. The summary of overtime use is provided in the following table.

	Budget	**Actual FY2025-26**
Overtime	$400,000	$294,180
% of Salary Budget	5.5%	4.1%

Overtime use in the 2026-27 fiscal year through 10 of the 26 payroll periods is trending under budget. The summary of overtime use is provided in the following table.

	Budget	**Actual to Date**	**Projected FY2026-27**
Overtime	$375,000	$144,231	$339,146
% of Salary Budget	4.9%	4.5%	4.5%

GOAL E: RELATIONSHIPS – Communicate and collaborate with customers, stakeholders, neighbors, and peer agencies in the region to further the water and wastewater interests of our community.

This goal establishes a commitment on the part of ETWD to align with the values of the customers and the community in fulfilling the organization's mission.

ETWD will collaborate with our stakeholders, neighbors and peer agencies. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy E.1 Proactively communicate with and engage the community on local and regional water, sewer, and recycled water matters of importance, positioning ETWD as a leading resource and reliable authority on water issues

Objective E.1.1 Develop a communications plan to increase public understanding of water and wastewater issues (e.g. rates, water quality, emergency preparedness, value of water, regulatory challenges, wastewater quality, etc.)

Staff are in the preliminary stages of development of a District communications plan aimed at increasing public understanding of water and wastewater issues, including rates, water quality, wastewater quality, emergency preparedness, the value of water, and regulatory challenges. This effort will focus on enhancing transparency, community engagement, and education to better inform customers about the District's services and infrastructure.

Objective E.1.2 Evaluate alternative lower cost approaches to soliciting feedback from the District's customers

Staff are currently evaluating alternative, cost effective approaches to soliciting feedback from the District's customers. This effort is focused on identifying efficient and accessible methods to gather meaningful input while minimizing costs and maximizing community participation.

Options under consideration include:

- Online survey tools (e.g., Google Forms, SurveyMonkey) distributed via email, the District website, community events
- QR codes on billing statements linking directly to surveys
- Social media posts to drive traffic to full surveys
- In-person outreach at community events or public meetings
- Utility bill inserts with short survey links to digital versions

- Partnerships with community groups (e.g. LWV E-blast, HOA email blasts) to share surveys with broader audiences
- Website pop-ups/buttons for real-time input from visitors

Objective E.1.3 Continue to participate in community events (e.g. HOA meetings, Girl Scouts, Boy Scouts, etc.)

The District's Public Affairs Manager coordinates the District's participation in a significant variety of community and local events throughout the year. The District's participation includes some combination of attendance, staffing a booth, providing the ETWD water trailer, tours and speaking engagements. These efforts support ongoing community engagement, provide opportunities for public education, and strengthen relationships between the District and its customers.

Objective E.1.4 Maintain water use efficiency outreach campaigns (e.g. school educational programs, educational workshops, ETWD website, newsletter, social media, etc.)

Staff continue to maintain and enhance water use efficiency outreach campaigns through a variety of channels, including school educational programs, workshops, the District's website, newsletters, and social media platforms. These efforts aim to promote water use efficiency, increase public awareness, and support long-term sustainable water use within the community.

ETWD participates in the MWDOC Water Use Efficiency Choice Program that offers the MET/MWDOC regional indoor/outdoor device rebate program, turf removal rebates, landscape design assistance program and MET's online landscape courses. In addition to the regional rebate program, ETWD adds supplemental funding to specific residential rebates including toilets, clothes washers, turf removal, and weather-based irrigation timers.

Objective E.1.5 Complete the website update project

Staff are nearing completion of the website update project. The project is currently in the final phase, with staff actively reviewing and updating content to ensure that all information added or revised during the development period is accurately reflected on the new site prior to launch.

The new website was launched on September 16, 2026. Staff provided a presentation on the new website to the Board at the September Board meeting. Staff continue to troubleshoot and improve the new website.

Objective E.1.6 Engage in Local Agency Formation Commission LAFCO) proceedings as required

President Freshley retained the Alternate Special District Member seat on the LAFCO Commission with a term that will extend to 2030.

Objective E.1.7 Continue to engage customers through the quarterly Community Advisory Group meetings

The District continues to schedule and conduct CAG meetings on a quarterly basis.

Objective E.1.8 Explore use of customer emails for e-blasts

Staff are exploring the use of customer email communications (e-blasts) as a cost-effective and timely tool for sharing important District information and enhancing customer engagement. This effort includes evaluating best practices for developing and maintaining an email distribution list, including appropriate opt-in protocols, clear communication of email use, and compliance with applicable requirements, including the provision of unsubscribe options. Staff are also reviewing strategies to build and sustain an up-to-date contact list through website sign-ups, bill pay portals, service applications, community outreach, and District communications such as newsletters, social media, and bill inserts.

Objective E.1.9 Develop ETWD informational video content

Staff are in the process of developing informational video content to enhance public education and outreach efforts. Staff are currently working with Tripepi Smith to establish a production schedule and advance the creation of videos that will communicate key District messages to customers.

Strategy E.2 Work with local, regional, State and federal agencies, industry associations, and organizations to influence water policy for the benefit of our service area customers

Objective E.2.1 Engage in local, state and federal activities to further the interests of ETWD and its customers

ETWD continues to actively engage in local, state, and federal activities to advance the interests of the District and its customers. This includes monitoring legislation and regulatory developments, participating in industry associations, joining appropriate coalition letters and collaborating with policymakers and partner agencies to advocate for policies, funding opportunities, and regulatory approaches that support reliable, affordable, and high-quality water, wastewater and recycled water services.

Staff added a legislative matrix to the Legislative Activities Report in the Board meeting package to provide on-going updates regarding legislation and regulation most relevant to the District.

Objective E.2.2 Maintain strong and collaborative working relationships with local agencies (water agencies, special districts, city, and local governments)

The District continues to maintain strong working relationships with neighboring agencies, the cities served by the District as well as key customers within the District service area. These relationships include the District Board Members, the General Manager as well as staff at all levels as the District works to collaborate with a variety of other entities to maximize the service provided to the District's customers.

Objective E.2.3 Continue coordination with local, state, and federal elected officials and their staffs on legislative and policy issues

GOAL E: RELATIONSHIPS

KEY PERFORMANCE INDICATORS

1. Complaint log statistics

A log of all Customer Service activity is provided to the Board on a monthly basis. Incorporated into this customer service activity report is a log that specifically reflects complaints. The following data describes the low level of complaints that have been logged by the District since the adoption of the new Strategic Plan.

	2026 (To date)
Non-Bill Related Complaints	1
Billing Disputes	1

2. Public awareness and opinion of ETWD

3. Number of Community Advisory Group participants

The District conducts live Community Advisory Group (CAG) meetings each quarter to educate interested community members and solicit feedback and questions. The following table defines the CAG registrations since the adoption of the current Strategic Plan.

November 13, 2025	27 Public Registrations
February 12, 2026	25 Public Registrations
May 14, 2026	27 Public Registrations
August 13, 2026	28 Public Registrations
November 12, 2026	23 Public Registrations

4. Number of Community Events Attended and Staff Hours Invested in Public Outreach Events

Date	Event	Staff	Staff Hours
November 15, 2025	Laguna Hills Chamber of Commerce Car Show	2	12
November 22, 2025	Lake Forest Chamber / City Elf Yourself Run	2	12
April 10, 2026	United Town Hall	3	6
April 15-16, 2026	Children's Water Education Festival	5	80
April 23, 2026	WateReuse WRP Tour	4	4
April 24, 2026	United Landscape Committee	2	4
April 25, 2026	City of Mission Viejo Earth Day	2	12
May 20, 2026	Golden Rain Foundation Town Hall	2	4
August 4, 2026	City of Lake Forest National Night Out	3	18
September 30, 2026	Lake Forest Civic Academy	2	4
October 15, 2026	H2O for HOAs Event	2	10
October 17, 2026	South County Disaster Prep Expo	3	21

GOAL F: OPERATIONS – Provide safe, cost-effective, and reliable operations while protecting the environment. ETWD will provide reliable service while conducting operations with a focus on safety and cost- effectiveness. The District's operations will be sensitive to the environment and in compliance with environmental requirements.

The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy F.1 Operate and maintain facilities

Objective F.1.1 Maintain all facilities and appurtenances in a consistent fashion to achieve operational efficiency and functionality

The Operations Department regularly evaluates facility conditions and operational performance to identify deficiencies, prioritize repairs, and coordinate corrective actions before issues escalate into larger operational problems. The Operations Department works collaboratively with SCADA/Electrical, Engineering, and Fleet staff to ensure facilities remain clean, functional, reliable, and prepared to support both daily operations and emergency response activities.

Objective F.1.2 Periodically flush/replace fire hydrants as appropriate

The District operates an annual fire hydrant flushing program to maintain 1,964 fire hydrants in the potable water distribution system. The program evaluates hydrant condition, age, operational performance, and maintenance history to prioritize repairs or replacement of damaged, leaking, inoperable, or obsolete units. The program works collaboratively with Distribution staff, Engineering, and local fire agencies to ensure hydrants remain accessible, functional, and capable of meeting system demands during emergency situations.

The objective of the fire hydrant flushing program is to flush 984 fire hydrants on an annual basis. The following reflects hydrant flushing production over the last two calendar years:

2025	1,018 Hydrants Flushed
2026 (To Date)	720 Hydrants Flushed

In addition, the Operations Department conducts a fire hydrant replacement program as necessary. The following table quantifies the replacement of fire hydrants over the last two calendar years.

	Fire Hydrants Repaired	Fire Hydrants Replaced
2025	12	14
2026 (To Date)	13	16

Objective F.1.3 Periodically exercise/replace water system valves as appropriate

The District operates an annual valve exercising program to maintain 5,605 valves in the potable water distribution system. The program evaluates valve condition, accessibility, operational performance, and maintenance history to prioritize repair or replacement of damaged, inoperable, leaking, or obsolete valves.

The objective of the valve maintenance program is to operate the 627 valves in arterial streets annually while operating the remaining distribution system valves bi-annually. The total valve exercise program objective is 3,117 valves on an annual basis. The following reflects valve exercising production over the last two calendar years:

2025	3,116 valves exercised
2026 (To Date)	2,481 valves exercised

In addition, the Operations Department repairs and replaces valves as necessary. The following table quantifies the repairs and replacement of potable water valves over the last two calendar years.

	Valves Repaired	Valves Replaced
2025	14	23
2026 (To Date)	13	10

Objective F.1.4 Continue to operate within the parameters of the Sewer System Management Plan

The Sewer System Management Plan was updated and approved by the Board in September 2025. The SSMP provides a detailed description of the maintenance activities associated with the sewer collection system. Staff continue to perform the scheduled activities, some of which is presented to the Board in the monthly Operations Report.

Objective F.1.5 Evaluate implementing a Computerized Maintenance Management System for the Water Recycling Plant

Historically, staff at the Water Recycling Plant have used Excel spreadsheets for tracking maintenance activities and equipment information. Recently, Staff implemented the GeoViewer Computerized Maintenance Management System to enter and store daily operational rounds data. Staff are evaluating options to expand the use of GeoViewer at the WRP to include equipment information, maintenance records, asset conditions, work order creation and tracking, and documenting repairs and field observations directly in the system.

Objective F.1.6 Add system security/camera improvements to District facilities as warranted

Objective F.1.7 Evaluate opportunities to maintain or improve system operations (including benefits/cost of system redundancy)

The Operations Superintendent works with staff to assess the benefits and costs associated with system redundancy, including backup equipment, alternate operational configurations, emergency power systems, communication systems, and critical infrastructure improvements on an on-going basis.

Staff recently contracted with Madison AI to enhance efficiency in District administrative functions.

Staff are evaluating a similar artificial intelligence platform (Team Solve AI) to improve efficiency in the Operations Department Team Solve AI can reduce troubleshooting time, improve maintenance decisions, preserve institutional knowledge, and identify cost savings while supporting reliable water service.

Strategy F.2 Plan and prepare for emergencies

Objective F.2.1 Update the Emergency Response Plan, Multi-Jurisdictional Hazard Mitigation Plan, and the AWIA Risk and Resilience Assessment

The District's Emergency Preparedness and resilience planning efforts continue to advance. The AWIA Risk and Resilience Assessment and the Multi-Jurisdictional Hazard Mitigation Plan have been completed, strengthening the District's understanding of critical infrastructure risks and resilience priorities. Staff are currently working with HSG consultants to finalize the Emergency Response Plan, which is in the draft review stage and is scheduled for completion by June 30, 2026.

The detailed update to the District's Emergency Response Plan was completed and submitted to the Environmental Protection Agency as required on June 30, 2026.

Objective F.2.2 Evaluate materials needs for emergency response

Staff are evaluating the District's emergency material needs to support effective emergency response and operational resilience. This assessment includes reviewing current inventory levels, identifying critical supplies and equipment, and determining potential gaps to ensure ETWD is adequately prepared to respond to a range of emergency scenarios.

Objective F.2.3 Coordinate emergency response planning efforts with the regional water agencies, county, and cities

Staff meet with WEROC and the WEROC participating agencies at a quarterly regional collaborative meeting. Staff are also participating in meetings with WEROC and the South County agencies to discuss regional preparation for the expected El Niño winter storms.

Objective F.2.4 Evaluate options for backup and/or emergency communications

The evaluation of options for backup and/or emergency communications is in progress. Funding for a new radio system has been included in the ten-year capital forecast.

Objective F.2.5 Conduct periodic emergency preparedness planning and training for staff

Staff are continuing to advance emergency preparedness planning and training activities to ensure readiness, coordination, and effective response capabilities. ETWD conducted a tabletop exercise with employees on January 20, 2026, and is also planning a building evacuation exercise to be held this summer. In addition, staff are updating employee emergency training in alignment with a new training matrix provided by WEROC to ensure consistency with current best practices and regional standards.

Objective F.2.6 Create and document a Cyber Security Incident Response Plan

Staff are currently in the process of developing a Cybersecurity Incident Response Plan.

Objective F.2.7 Track WEROC regional fuel plan and implications for District fuel reliability

The District continues to monitor regional fuel supply planning efforts through the Water Emergency Response Organization of Orange County (WEROC) and evaluate implications for District emergency preparedness.

Staff have compiled generator inventory data and developed preliminary fuel consumption analyses to assess the District's operational needs during extended power outages. Ongoing efforts include verification of equipment performance data to refine fuel usage estimates and support accurate planning assumptions. This analysis will inform whether

additional on-site diesel storage capacity is necessary to maintain reliable operations during emergency conditions.

While no recent updates have been received from WEROC, the District will continue to monitor regional planning efforts and incorporate relevant guidance into its emergency preparedness strategy.

WEROC provided a draft Emergency Fuel Distribution Standard Operating Procedure that explains how an agency would request emergency fuel through WEROC when its own vendors cannot meet the need. Staff reviewed the draft SOP and participated in a coordination meeting with WEROC and other interested agencies. WEROC will be scheduling a follow-up meeting to further discuss and implement the SOP.

Strategy F.3 Actively manage natural resource use

Objective F.3.1 Implement opportunities to reduce energy use and demand charges where cost-effective

The on-going Secondary Clarifier No. 1 Rehabilitation Project modifications in the Waste Activated Cell (WAC) will allow for partial operation. Bifurcating the WAC will significantly lower the flow rate from its associated blower and save approximately 99,055 kilowatt-hours each year producing annual electrical cost savings of approximately $20,000.

Objective F.3.2 Optimize facility operations to most efficiently use electrical power, supplies, and chemicals

On-going

Objective F.3.3 Continue to evaluate opportunities for renewable energy sources and battery storage

Staff, led by the Director of Engineering, performed a thorough and detailed evaluation of a potential solar project at the WRP and potential battery projects at the Ocean Outfall Pump Station and P-1 Pump Station.

At the April Engineering Committee meeting, the Board elected to defer advancement of the solar project, with consideration of future implementation potentially aligned with a potable reuse facility.

Staff continue to evaluate battery energy storage opportunities. The District received extensions from Southern California Edison for the Self-Generation Incentive Program (SGIP), allowing additional time to evaluate third-party ownership (P3) options. After considering multiple iterations of various battery project alternatives, staff anticipate presenting a proposed project to the Board at the June 2026 Board meeting.

Staff negotiated an extension to the existing contract for the battery system at the WRP. The new contract terms will provide a greater amount of energy savings for the District. The terms will be presented to the Board at the November Engineering Committee meeting. Staff anticipate bringing the contract amendment to the Board for approval in December 2026.

Objective F.3.4 Continue to evaluate the Advanced Clean Fleets (ACF) Rule requirements and assess the District's vehicle replacement needs for both large and small equipment

Staff continue to evaluate the evolving requirements associated with the Advanced Clean Fleets Rule and the associated impacts on the District's vehicle replacement needs.

Staff met with experts from Black & Veatch and ACWA to gain a better understanding of current requirements in May and are further researching the requirements.

Strategy F.4 Advance demand management and achieve State mandated water use efficiency targets

Objective F.4.1 Continue to promote water efficient landscapes in the community including highlighting outdoor irrigation and leak prevention

ETWD continues to promote water-efficient landscapes throughout the community through ongoing outreach and education efforts focused on sustainable outdoor water use. These efforts include providing guidance on efficient irrigation practices, encouraging drought-tolerant landscaping, and highlighting practical leak detection and prevention strategies for residential irrigation systems. The District promotes these practices through the District newsletter, website, community events workshops, LWV Television, social media and continuing to fund and participate in the regional rebate program.

ETWD staff engage with MWDOC, including participation in the MWDOC Landscape Program Advisory Committee, to identify emerging landscape transformation strategies, evaluate new program concepts, and explore opportunities to pilot or refine local water use efficiency programs. These efforts support the District and its customers in preparation for AB 1572 compliance and ongoing assessment of outdoor water use under the Urban Water Use Objective (UWUO) conservation framework, including the increasingly stringent outdoor landscape efficiency factor (LEF) over time.

As the phased AB 1572 compliance deadlines approach for various customer classes, ETWD continues to collaborate with MWDOC and neighboring water agencies and cities to coordinate outreach, provide technical assistance, and conduct on-site landscape assessments to help affected customers prepare for compliance. District staff also

remain actively engaged with SWRCB staff regarding the development of compliance self-certification forms and related guidance to ensure impacted customers receive timely and accurate information as implementation requirements are finalized.

Objective F.4.2 Maintain water use efficiency programs (i.e. ETWD indoor water use standards, tiered rate structures, regional rebate programs, MWDOC Choice Programs, landscape workshops)

ETWD continues to maintain water use efficiency programs to support efficient indoor and outdoor water use, customer engagement, and compliance with evolving State requirements. These include indoor water use budget allocation, tiered rate structures, regional rebate programs, MWDOC Choice Programs, landscape workshops, and other conservation-focused programs.

Staff continue to participate in regional programs via MWDOC/MET and other partnerships that provide customers with access to rebates, technical assistance, landscape transformation resources, and water use efficiency education. Where appropriate, the District will also continue to provide supplemental local support to encourage participation in programs that reduce demand and promote long-term water savings.

Objective F.4.3 Leverage Springbrook data analytics for opportunities to better understand customer demand and usage patterns and opportunities for targeted customer outreach

ETWD will continue to leverage Springbrook billing data, Tableau reporting, GIS tools, and other analytical resources to better understand customer demand and usage patterns, identify trends, and support more targeted customer outreach. These tools will help improve program effectiveness, enhance customer engagement, streamline recordkeeping, and support data-informed decisions for the District's WUE programs.

Additionally, the District will evaluate new data-driven technologies, including AI where applicable, to further enhance analytical capabilities, improve program targeting, identify customer usage trends, and support long-term planning and performance tracking.

Objective F.4.4 Meet and maintain the State's per capita water use targets including SB 606, AB 1668, SB X7-7, and SB 1157

ETWD will continue to meet and maintain applicable State water use efficiency and per capita water use requirements, including ongoing compliance with SB X7-7 and implementation of the State's long-term water use efficiency framework established through SB 606, AB 1668, and SB 1157, Making Conservation a California Way of Life.

The District will continue to prepare and submit required annual water use reporting, including Urban Water Use Objective (UWUO) reporting through the State's WUEdata portal, and will monitor customer demand, indoor and outdoor water use, CII performance measures, and water loss components to support continued compliance. ETWD will also continue to coordinate with MWDOC and other regional partners to refine calculations, evaluate updated State data, and remain informed on evolving regulatory guidance.

As State requirements become more stringent over time, including reduced indoor residential water use standards, phased changes to outdoor landscape efficiency factors, and continued focus on water loss performance, the District will continue implementing water use efficiency programs, customer outreach, rebate programs, landscape efficiency resources, and data-driven planning tools to support long-term compliance and efficient water use throughout the District's service area.

Objective F.4.5 Manage system to minimize water losses

ETWD continues to manage its water distribution system to minimize water losses, support efficient use of imported water supplies, and maintain compliance with State water loss requirements.

Staff continue to monitor and evaluate both real and apparent losses and work to minimize losses through ongoing system operations, meter accuracy efforts, leak detection, infrastructure maintenance, pressure management, asset management, and data quality improvements.

In May 2026 staff met with MWDOC and Grundfos to consider the Grundfos "Connect Distribution Demand (DD)" pilot pressure management program. The system consists of data loggers in the distribution system and algorithm based control of pumps to more efficiently manage the pressure in the system. Staff are considering the pilot program at the P-1 and P-4 Pump Stations.

The District operates a dedicated leak detection survey program with existing District staff. The program seeks to identify leaks at service lines in the water distribution system. The following reflects the leak detection survey production over the last two calendar years:

2025	3,743 services surveyed
2026 (To Date)	2,333 services surveyed

Objective F.4.6 Complete the annual Water Loss Audit

ETWD will continue to complete the annual Water Loss Audit, obtain required validation, and submit the audit in accordance with State requirements. The Water Loss Audit for a calendar year is due by the end of the next year. Staff will submit the 2025 Water Loss Audit in

December 2026. The District's 2025 Water Loss Audit and subsequent validation are complete and have been submitted to the Department of Water Resources.

Although ETWD is currently in compliance with applicable water loss standards for both real and apparent losses, staff will remain diligent in maintaining compliance as the State approaches the 2028 mandatory real water loss standards. Beginning January 1, 2028, urban retail water suppliers will be required to meet individualized volumetric real water loss standards based on State economic modeling and each supplier's assigned annual water loss budget. ETWD will continue to track performance, assess system needs, and implement cost-effective measures to keep leakage at or below required levels over time.

Staff participates in DWR's monthly water loss meetings and completes required State Water Resources Control Board questionnaires, including updates related to data quality, pressure management, asset management, and other water loss compliance elements.

Objective F.4.7 Provide periodic Board reports on water consumption and water use efficiency

Reports on water consumption and water use efficiency are provided to the Board monthly in standing Board meeting agenda items.

GOAL F: OPERATIONS

KEY PERFORMANCE INDICATORS

1. Compliance with applicable regulations

The District continues to comply with all applicable regulations. The occurrence of any regulatory violations is extremely rare for the District.

With the exception of the Lead and Copper sampling issue identified above, the District remains in compliance with all applicable regulations.

2. Compliance with state requirements to improve urban water use efficiency

The two main compliance requirements regarding urban water use efficiency are the Water Loss Standard and the Urban Water Use Objective.

The standard, set by the State, for the District's annual water loss audit is 24.3 gallons per connection per day. The 2024 calendar year water loss audit analysis identifies the District's water loss as 23.1 gallons per connection per day, which complies with the standard.

District staff have completed the 2025 calendar year water loss audit, with a validated real water loss of 17.3 gallons per connection per day, well below the State-established standard of 24.3 gallons per connection per day. This represents continued improvement in the District's water loss performance and demonstrates compliance with the applicable standard. Notably, this achievement is particularly important as 2025 marks the beginning of the initial compliance period under Senate Bill (SB) 555, which requires urban retail water suppliers to meet their individual water loss standards by January 1, 2028. Under the State's regulations, suppliers can demonstrate initial compliance by meeting their standard in any one of the 2025, 2026, or 2027 annual water loss audits. Accordingly, ETWD's 2025 results position the District to satisfy the initial 2028 compliance requirement ahead of schedule, while continuing its efforts to maintain long-term water loss performance.

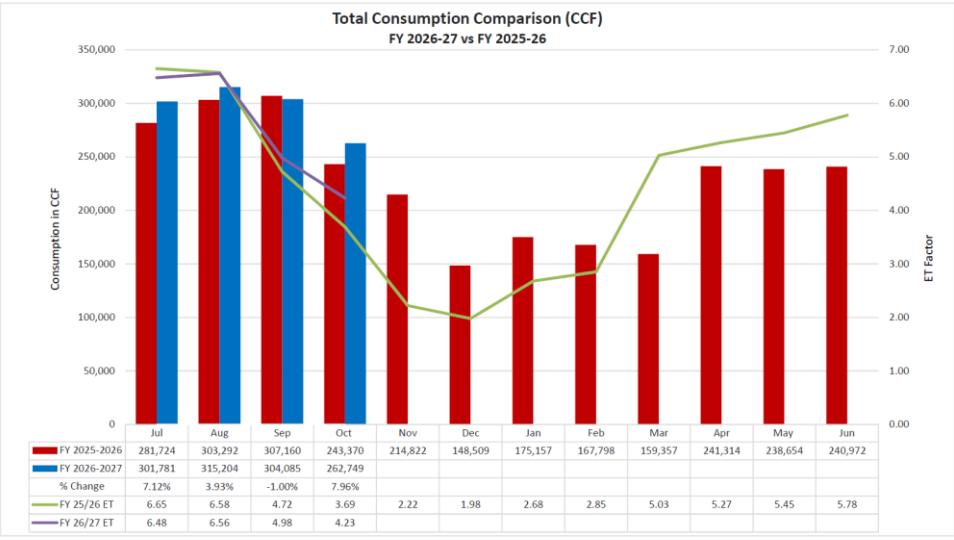
The Urban Water Use Objective for the District is 6,950 acre-feet per fiscal year. The District's reported actual usage for the 2024-25 fiscal year was 5,780 acre-feet, well within the compliance requirement.

The State recently released the updated reporting template on November 4, 2026 for the Urban Water Use Objective (UWUO). Preliminary calculations for fiscal year 2025-26 indicate that the District's actual water use was approximately 6,886 acre-feet, compared with its calculated UWUO of 6,908 acre-feet, remaining within the State's water use efficiency objective. Notably, this reporting cycle marks the first implementation of the more stringent residential indoor water use standard of 47 gallons per capita per day (GPCD), reduced from the previous 55 GPCD standard. District staff are finalizing the report for submission by the January 1, 2027 deadline.

3. Monthly monitoring of production and consumption compared to historic months

Staff provide a report of water consumption to the Board each month. The total consumption comparison from the current to prior fiscal year is described in the following chart.

The final chart for the 2025-26 fiscal year as well as the year-to-date chart for the 2026-27 fiscal year are as follows.



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2025-2026	281,724	303,292	307,160	243,370	214,822	148,509	175,157	167,798	159,357	241,314	238,654	240,972
FY 2026-2027	301,781	315,204	304,085	262,749								
% Change	7.12%	3.93%	-1.00%	7.96%								
FY 25/26 ET	6.65	6.58	4.72	3.69	2.22	1.98	2.68	2.85	5.03	5.27	5.45	5.78
FY 26/27 ET	6.48	6.56	4.98	4.23								

4. Water losses as defined in the annual Water Loss Audit

The standard, set by the State, for the District's annual water loss audit is 24.3 gallons per connection per day. The 2024 calendar year water loss audit analysis identifies the District's water loss as 23.1 gallons per connection per day, which complies with the standard.

The District Water Resources Supervisor is in the process of preparing the water loss audit for the 2025 calendar year. Preliminary results indicate the District complies with the standard. The final audit will be completed and submitted to DWR by December.

The District's 2025 Water Loss Audit and subsequent validation are complete and have been submitted to the Department of Water Resources. The 2025 calendar year water loss audit analysis identifies the District's water loss as 17.3 gallons per connection per day, which is well below the 24.3 gallons per connection per day compliance standard. The successful compliance in 2025 ensures the District's compliance with the upcoming 2028 requirement for real loss compliance in any of the 2025, 2026 or 2027 calendar years.

5. Sewer overflows and violations

There have been no regulatory violations associated with the operation and maintenance of the sewer collection system.

In Calendar Year 2025, there were no sewer overflows in the ETWD maintained collection system.

In Calendar Year 2026 through October, there have been no sewer overflows in the ETWD maintained collection system.

The District did incur one spill, unrelated to the sewer collection system, in September 2026. As previously reported to the Board, during geotechnical boring activities associated with the Effluent Transmission Main Reach B Techite Replacement Project, the pipeline running from the Ocean Outfall Pump Station to the ETM within the ETWD WRP was damaged resulting in a spill of approximately 324,000 gallons of treated secondary effluent. The entire spill volume was contained within the WRP property. The Regional Water Quality Control Board issued a Notice of Violation for the Unauthorized Discharge of Secondary Effluent. The Regional Board requested the District submit a corrective action plan including further details about the incident. Staff are preparing the corrective action plan for submittal prior to the December 7 required submittal date.

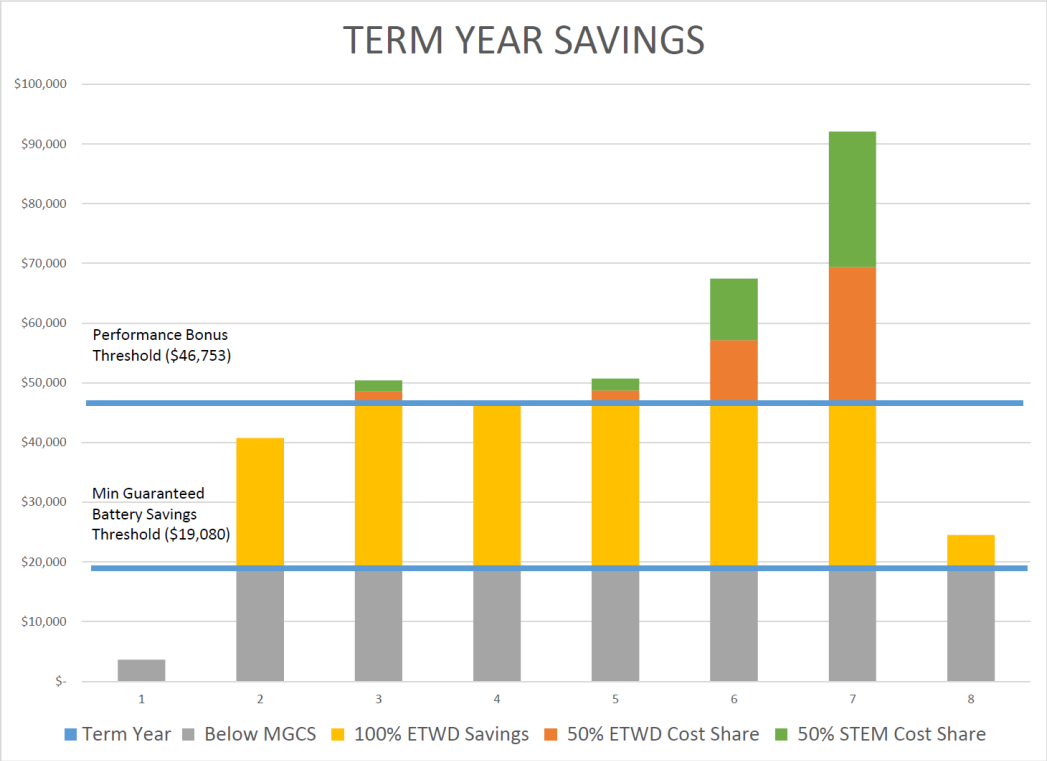
6. Scheduled and Unscheduled shutdowns

	2025	2026 (To Date)
Scheduled	50	64
Unscheduled	3	4

7. Value of Energy Cost Savings

The battery system at the WRP continues to improve the savings in energy cost received by the District. Through eight months of the term year, the system has already reached the performance bonus threshold at which the savings are split with STEM. Through April, the system has generated savings of $52,804 with net savings to the District of $40,084. The system is on track to exceed the savings of each of the prior six years of operation.

At the completion of the seventh term year, the total battery savings amounted to $92,044, netting total savings of $50,318 to the District. Both the battery savings and net District savings significantly surpassed the previous six term years. The eighth term year started off well with total battery savings of $24,527 and net savings to the District of $21,247 through two months.



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 then 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more then 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 use 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 of 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 Pubic 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 untendered 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. Quantitively, 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 Satna 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 if 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.

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

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

MAF: Million-acre feet.

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

MET: Metropolitan Water District of Southern California.

MGD: Million gallons per day.

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

Microorganism: An animal or plant of microscopic size.

MWD: Metropolitan Water District of Southern California.

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

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

NPDES: National Pollution Discharge Elimination System

OCBD: Orange County Business Council

OCEMA: Orange County Environmental Management Agency

OCWD: Orange County Water District

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

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

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

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

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

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

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

Potable water: Suitable and safe for drinking

PPB: Parts per billion

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

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

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

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

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

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

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

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

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

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

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

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

RFP: Request for Proposal

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

RO: Reverse osmosis. See the listing under “reverse osmosis.”

R-O-W: Right-of-way

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

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

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

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

SAFRA: Santa Ana River Flood Protection Agency

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

SAWPA: Santa Ana Watershed Project Authority.

SCADA: Supervisory Control and Data Acquisition

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

SCH: State Clearing House – Environmental Review/Processing

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

> STSS (Short Term Seasonal Storage): financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;
>
> LTSS (Long Term Seasonal Storage): Financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

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

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

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

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

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

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

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

SJBA: San Juan Basin Authority

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

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

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

SRF: State Revolving Fund

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

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

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

SWRCB: State Water Resources Control Board

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

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

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

TMA: Too many acronyms.

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

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

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

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

VE: Value Engineering

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

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

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

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

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

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

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

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

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

Water table: The top level of water stored underground.

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

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

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

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

Xeriscape: Landscaping that requires minimal water.