

**MINUTES OF THE
MOULTON NIGUEL WATER DISTRICT
INVESTMENT BOARD OF DIRECTORS MEETINGS**

OCTOBER 12, 2011

The Quarterly meeting of the Investment Board of Directors of the Moulton Niguel Water District at the District's office, 27500 La Paz Road, Laguna Niguel, California, at 9:00 a.m. on Wednesday, October 12, 2011. There were present and participating:

DIRECTORS

LARRY R. LIZOTTE	Chairman
SCOTT COLTON	Director
DON FROELICH	Vice President
LARRY MCKENNEY	President
BRIAN PROBOLSKY	Vice President

Also present and participating were:

STAFF MEMBERS

ROBERT C. GUMERMAN	General Manager
DAVID D. CAIN	Director of Finance/Treasurer
KARREN MADDOX	MNWD
LESLIE GRAY	Board Secretary

DISTRICT CONSULTANTS

KAY CHANDLER	Chandler Asset Management
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Absent were:

RICHARD FIORE	Director
GARY R. KURTZ	Director

INVESTMENT MATTERS

Chairman Larry Lizotte presided at the meeting and Leslie Gray recorded the minutes thereof.

ACTION ITEMS:

Director Probolsky suggested that a discussion of Chandler Asset Management fees be placed on the agenda for the next meeting of the Investment Board.

Director McKenney questioned the graph on Page 25 of the Investment Report as the text stated that the LEI rose 0.3% in August; however, the graph showed a decline. Ms. Chandler will check on this and report back at the next meeting.

Approval of Minutes of Investment Board of Directors' Meeting of July 13, 2011

Chairman Lizotte reported that he would entertain a motion to approve the minutes of the Investment Board of Directors' meeting of July 13, 2011.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR COLTON AND SECONDED BY DIRECTOR FROELICH, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT UNANIMOUSLY APPROVED THE MINUTES OF THE JULY 13, 2011 INVESTMENT BOARD OF DIRECTORS' MEETING AS PRESENTED.

Public Comments

Chairman Lizotte inquired if there were any public comments to come before the Committee meeting. Hearing none, he closed the public comments portion of the meeting.

Review and Discussion of District Investment Report for Quarter September 30, 2011 by Chandler Asset Management

Mr. Cain reported that Ms. Kay Chandler of Chandler Asset Management would review the Investment Report for the quarter ended September 30, 2011.

Objectives and Strategy

Ms. Chandler reviewed the Investment Objectives and Strategy with the Board of Directors.

Compliance with Investment Policy

Ms. Chandler indicated that the District's portfolio complies fully with state law and the District's Investment Policy.

Portfolio Characteristics

Ms. Chandler next reviewed the portfolio characteristics and transactions for the quarter for the Liquid Fund and the Operating Reserve Fund.

Director Probolsky arrived at 9:10 a.m.

Investment Performance

Ms. Chandler reviewed the investment performance of the portfolio from its inception period ending September 30, 2011.

Operating Reserve Fund Growth of \$1 Million

Ms. Chandler reviewed a graph depicting the historical return of the portfolio on \$1 million invested in September 1995.

Portfolio Holdings

Ms. Chandler reviewed the District's portfolio holdings as of September 30, 2011 and the summary of the issuers, the type of investment, and the percentage of each investment in the portfolio, sorted by the percent in the portfolio. She mentioned that the percent of the portfolio for each issuer is very low; maintaining the high level of diversification to make certain that the impact on any one of the issuers would not overly impact the portfolio.

Economic Update

Ms. Chandler reported that the economic update is contained in Section 3 of the investment report.

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Next Quarterly Investment Board Meeting

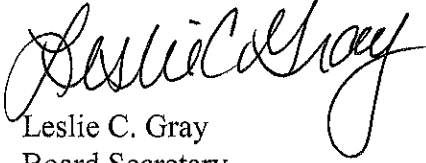
Chairman Lizotte reported that the next Investment Board Meeting is Wednesday, January 11, 2012 at 9:00 a.m., at which time the investments for the quarter ending December 31, 2011 would be reviewed.

Chairman Lizotte asked if there were any late items and there were none.

Adjournment

There was no further business to come before the Investment Board and the meeting was adjourned at 9:45 a.m.

Respectfully submitted,



Leslie C. Gray
Board Secretary