



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors **MEETING DATE:** April 16, 2014

FROM: Joone Lopez, General Manager

SUBJECT: Amendment No. 2 to Professional Services Agreement for Public Financial Management, Inc.

SUMMARY:

Issue: The term of the existing Professional Services Agreement expires on June 1, 2014 and an extension is required to continue the current level of services.

Recommendation: It is recommended that the Board of Directors approve Amendment No. 2 to the Agreement for Professional Services with Public Financial Management, Inc.; authorize the General Manager to execute Amendment No. 2; and authorize the General Manager to amend the contract terms to reduce the scope of services and contract value.

Fiscal Impact: Sufficient funds will be included in the proposed Fiscal Year 2014/15 operating budget for consideration by the Board of Directors.

BACKGROUND:

The District entered into an Agreement for Professional Services (Agreement) with Public Financial Management, Inc. (PFM) in June 2013 to support various financial analyses, including a proposed review of bond refinancing opportunities, Cost of Service analysis, and the development of a Long Range Financial Plan. In November 2013, Amendment No. 1 to the Agreement was executed to increase the scope of work to include additional support for the District's executive management in the day-to-day execution of the District's financial responsibilities in the absence of the Director of Finance.

DISCUSSION:

Until the Director of Finance and other key positions in the Finance Department are filled, the District continues to utilize services of PFM to support the daily financial management of the District, along with the execution of various special projects and

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analyses. Staff recommends that the Board approve execution of Amendment No. 2 to extend the term of the existing contract at the terms defined in Amendment No. 1 for an additional twelve months with an expiration date of June 1, 2015. The contract will remain a monthly flat-fee at \$26,500 per month plus travel expenses. The original PFM Agreement, the executed Amendment No. 1, and proposed Amendment No. 2 have been included as attachments to this report.

Further, the District is currently recruiting for financial staff that would assume many of the responsibilities that PFM is currently executing per the Agreement. As those vacancies are filled, staff anticipates a subsequent amendment to the Contract to reduce the scope of work and fee appropriately. Staff is requesting the Board authorize the General Manager to execute a future amendment to reduce the scope and cost of the Agreement.

A summary of the authorized expenditures associated with the PFM Agreement is as follows:

• Initial Agreement:	\$ 44,000
• Amendment No. 1 (7 mos.)	\$ 245,700
• Total to Date:	\$ 289,700
• Proposed Amendment No. 2 (12 mos.)	\$ 361,200
• Revised Total to Date:	\$ 650,900

Attachments:

1. Amendment No. 2 to the Agreement for Professional Services
2. Amendment No. 1 to the Agreement: executed December 2013
3. Original Agreement: executed June 2013

**AMENDMENT NO. 2 TO THE AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
PUBLIC FINANCIAL MANAGEMENT, INC.
FOR FINANCIAL ANALYSIS AND ADVISORY SUPPORT
CONTRACT NO. OM13-14.012**

This Amendment No. 2 (“Amendment No. 2”) is entered into and effective as of _____, 2014, amending the Agreement for Professional Services, dated June 1, 2013 (the “Agreement”) by and between the Moulton Niguel Water District, a California Water District (“MNWD” or “District”), and Public Financial Management, Inc. (PFM) (“Consultant”) (collectively, the “Parties”) for financial analysis and advisory support services. Where applicable, the term “Agreement” as used in this Amendment No. 2 includes the Agreement together with this Amendment No. 2 and any prior amendments. All capitalized terms not defined herein shall have the meanings set forth in the Agreement.

RECITALS

A. On December 1, 2013, the Parties entered into Amendment No. 1 to the Agreement (“Amendment No.1”), supplementing the Scope of Services to include Consultant’s performance of interim financial analysis and advisory support services through June 1, 2014 at a monthly flat-fee rate of Twenty-Six Thousand Five Hundred Dollars (\$26,500.00) for a total not-to-exceed Agreement amount of Two Hundred Eighty-Nine Thousand Seven Hundred Dollars (\$289,700.00); and

B. The Parties desire to extend the Agreement, as amended, for an additional twelve (12) month term from the expiration date of the Agreement at the same Scope of Services and monthly flat fee rate as agreed between the parties in Amendment No.1.

NOW, THEREFORE, in consideration of these recitals and the mutual covenants contained herein, MNWD and Consultant agree as follows:

1. The term of the Agreement is hereby extended through June 1, 2015.

2. MNWD will pay Consultant for its performance of services pursuant to the Agreement, as amended, on a monthly flat fee basis in the amount of Twenty-Six Thousand Five Hundred Dollars (\$26,500) per month plus travel expenses at actual cost, as further described in Exhibit “A” to Amendment No.1. Total payments under this Amendment No. 2 shall not exceed **Three Hundred Sixty-One Thousand Two Hundred Dollars (\$361,200.00)** for an Agreement total of Six Hundred Fifty Thousand Nine Hundred Dollars (\$650,900.00). Consultant will provide MNWD, on a monthly basis, copies of invoices sufficiently detailed to include summary of work performed, and related activities and costs for approval by MNWD. All payments made to Consultant by MNWD will be made in accordance with the payment terms set forth in the Agreement.

3. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement, as may have been amended from time to time, will include coverage for this Amendment No. 2.

4. The District may provide notice to Consultant of the District’s desire to amend the scope of services at any time during the Agreement period. District shall provide notice of its desire to change the scope of services at least 5 days prior to the effective date of such change. District and Consultant will then negotiate

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appropriate fees for the revised scope of work.

5. All other provisions of the Agreement, as may have been amended from time to time, will remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and this Amendment No. 2, the terms of this Amendment No. 2 shall control.

6. The individuals executing this Amendment No. 2 and the instruments referenced in it on behalf of Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions of this Amendment No. 2.

PUBLIC FINANCIAL MANAGEMENT,
INC.

MOULTON NIGUEL WATER
DISTRICT, a California Water District

By:

By: Joone Lopez

(Sign here)

General Manager

Name

Title

**AMENDMENT NO. 1 TO THE AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
PUBLIC FINANCIAL MANAGEMENT, INC.
FOR FINANCIAL ANALYSIS AND ADVISORY SUPPORT
FY2013-14; OM13-14.012**

This Amendment No. 1 ("Amendment No.1") is entered into and effective as of the 1st day of DECEMBER, 2013, amending the Agreement for Professional Services, dated June 1, 2013 (the "Agreement") by and between the Moulton Niguel Water District, a California Water District ("MNWD" or "District"), and Public Financial Management, Inc. (PFM) ("Consultant") (collectively, the "Parties") for financial analysis and advisory support services. Where applicable, the term "Agreement" as used in this Amendment No. 1 includes the Agreement together with Amendment No. 1.

RECITALS

A. On June 1, 2013, the Parties entered into the Agreement for financial analysis and advisory support services to be performed during Fiscal Year (FY) 2013-14 through June 1, 2014 for a not-to-exceed amount of \$44,000.00; and

B. The Parties desire to supplement the Agreement's scope of work to include Consultant's performance of professional services to provide interim support in the absence of the Director of Finance; and

C. The Parties have negotiated and agreed to a supplemental scope of work and related fee schedule, which is attached to and incorporated in by this reference as Exhibit "A" Scope of Services and Fee.

NOW, THEREFORE, in consideration of these recitals and the mutual covenants contained herein, MNWD and Consultant agree as follows:

1. Additional Section 2A:MNWD will pay Consultant for all work associated with those services described in Exhibit "A" on a monthly basis for a flat fee of twenty-six thousand five hundred dollars (\$26,500), in accordance with the payment terms set forth therein, not-to-exceed **two hundred forty-five thousand seven hundred dollars (\$245,700.00)** for an Agreement total of **two hundred eighty-nine thousand seven hundred dollars (\$289,700.00)**. MNWD will pay Consultant for all travel expenses related to such services, as further described in Exhibit "A" at actual cost in accordance with the payment terms herein. Consultant will provide MNWD, on a monthly basis, copies of invoices sufficiently detailed to include summary of work performed, and related activities and costs for approval by MNWD.

2. Consultant will complete all work for this Amendment No. 1 by June 1, 2014.

3. All other provisions of the Agreement, as may have been amended from time to time, will remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and previous amendments and this Amendment No. 1, the terms of this Amendment No. 1 shall control.

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4. All requisite insurance policies and bonding to be maintained by the Consultant pursuant to the Agreement under Section 13 will include coverage for the work and services provided under this Amendment No. 1. Consultant's subcontractor MBMC (and any other subcontractors of the Consultant that are approved by the District in writing) is required to maintain insurance policies and fidelity bonding in accordance with all terms, conditions and requirements under Section 13 throughout the term of this Agreement. Consultant shall provide evidence of subcontractor insurance coverage and bonding, including but not limited to additional insured endorsements, as required under Section 13 prior to a subcontractor commencing work or services under the Agreement.

5. Consultant's indemnification obligations pursuant to Sections 9 and 9A shall survive the expiration or termination of this Agreement and/or the performance or completion of services provided under this Agreement.

6. All other provisions of the Agreement, as may have been amended from time to time, will remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and this Amendment No. 1, the terms of this Amendment No. 1 shall control.

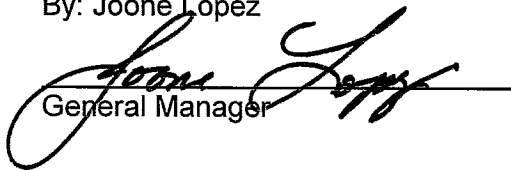
7. The individuals executing this Amendment No. 1 and the instruments referenced in it on behalf of Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions of this Amendment No. 1.

PUBLIC FINANCIAL MANAGEMENT,
INC.

MOULTON NIGUEL WATER
DISTRICT, a California Water District

By: 

By: Joone Lopez


General Manager

(Sign here)

Brian Thomas

Name

Managing Director

Title

EXHIBIT A

SCOPE OF WORK AND FEE

MOULTON NIGUEL WATER DISTRICT
SCOPE OF WORK
INTERIM DIRECTOR OF FINANCE SERVICES
October 24, 2013

The following is the Scope of Work for professional services related to performing work and tasks of the Director of Finance position through June 30, 2014. Brian Thomas of Public Financial Management (PFM) will perform and direct these services during the Agreement term, or until MNWD fills the Director of Finance position. Michael Bell of Michael Bell Management Consulting (MBMC) will assist PFM as a sub-contractor to PFM as needed to ensure continuity of services and work product. PFM commits to having resources on site at MNWD headquarters 3 days per week for the duration of the contract term, beginning the week of November 11, 2013. Services will include, but not be limited to the following:

Operational

Provide direction and support to Finance Department staff and resources on a daily basis to ensure that all important responsibilities and obligations of the Department are fulfilled.

Operational services include:

- Supervise and direct staff work as needed
- PFM will not conduct performance appraisals, but will provide input to MNWD management with regard to Finance Department performance, and provide staff with regular feedback regarding performance and work product
- Coordinate, chair and manage weekly Finance Department staff meetings
- Direct the preparation of Finance staff reports as needed
- Attend and participate as needed in weekly MNWD staff meetings
- Assist MNWD management with organizational structure, class and compensation decisions regarding the Finance Department
- Review and revise existing policies as needed including investment, reserves and debt coverage
- Provide information and support communications with MNWD customers and stakeholders
- Provide information for and attend monthly Finance Committee and Board of Director meetings
- Assist MNWD management with other reports and presentations as needed

Financial Planning

Develop and implement major financial plans, forecasts and analyses including, but not limited to:

- Assist with planning/financing/funding the Baker Water Treatment Plant (BWTP)
- Assist with planning/financing of Operations/Headquarters facilities
- Develop multi-year (10 year) financial plan

- Develop 10-year cash flow forecast
- Manage Water, Recycled Water, and Sewer rate reviews including:
 - Revenue requirement
 - Cost of service analysis
 - Rate design

Financial Reporting

Prepare and/or supervise ongoing financial reports, analysis, and disclosure in accordance with District timing requirements including:

- Manage and assist with completion of the annual audit
- Manage and assist with completion of the CAFR
- Submit CAFR to GFOA for consideration for award for excellence in financial reporting
- Manage and prepare monthly and quarterly financial reports
- Manage and prepare budgets
- Communicate financial results

Debt/Investment Management

- Coordinate and manage the issuance of refunding and new money debt, including providing the complete range of financial advisory services related to the issuance of debt
- Review investment portfolio on a regular basis
- Evaluate and recommend financing alternatives
- Work with trustee, bond counsel and other parties to ensure timely payment of debt

Budget

- Assist executive management review budget proposals
- Coordinate the preparation and presentation of the 2014/15 budget
- Work with operating divisions to develop a comprehensive and efficient 2014/15 budget
- Participate in workshops, board and committee meetings to review and consider budget

In connection with the services and work described, or to be performed, under the Agreement, PFM agrees to maintain the confidentiality of all of MNWD's confidential information, and to ensure that subcontractor MBMC does the same.

Other Services as Needed

PFM shall provide other services needed as agreed by the MNWD General Manager and Assistant General Manager, including assisting in the recruitment to fill the Director of Finance position.

Timeline

Work performed under this Agreement will be for the period November 1, 2013, through June 1, 2014, unless the services are terminated earlier.

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Fee Proposal

PFM will perform the above scope of work under the following fee schedule.

PFM monthly cost (excluding travel expenses): \$26,500

Travel expenses will be billed at actual cost. Monthly travel expenses are estimated to be \$3,600 per month. PFM will follow District protocols regarding travel expenses (e.g., coach flights, room expenses, etc.) Reimbursement for lodging will be capped at \$200/night, including all fees (e.g., transient occupancy taxes, etc.) Receipts for all out-of-pocket travel expenses will be provided for all expense reimbursement requests.

Any additional services outside of the scope stated herein ("Additional Services"), must be authorized by the District in writing prior to the performance thereof. Consultant shall not be entitled to compensation for Additional Services performed without the prior written approval of the District. Additional Services will be paid on a time and materials according to the following hourly rate schedule (plus expenses):

Subcontractor MBMC/Michael Bell: \$225/hour
Brian Thomas: \$325/hour
Eric Espino: \$275/hour
Russ Branson: \$275/hour

In addition to the above, financial advisory services associated with a debt issuance would be paid from debt proceeds, and would be performed on a flat fee basis equal to \$35,000.

CONTRACT NO. 2013-1
APPROVED: _____

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made and entered into by and between MOULTON NIGUEL WATER DISTRICT, a California Water District (District), and Public Financial Management, Inc. (Consultant).

RECITALS

WHEREAS, Consultant represents that it is specially trained, experienced, and competent to perform the services as outlined in the attached scope of services; and

WHEREAS, Consultant is competent and able to render the professional services described herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows;

AGREEMENT:

1. Scope of Service. Subject to the terms and conditions set forth herein, Consultant shall provide the professional services to District as described in the *Scope of Services*, which is **Attachment 1** to this agreement and incorporated herein by this reference. Consultant shall provide the services in the manner specified by the General Manager, Joone Lopez ("District representative").

2. Compensation. District agrees to pay Consultant and Consultant agrees to accept payment at a flat monthly fee, payable in two equal monthly installments as specified in **Attachment 1**, for all services required by this agreement, provided that the total compensation to Consultant shall not exceed the sum of forty-four thousand dollars (\$44,000), which is inclusive of all expenses.

3. Effective Date and Term. This agreement shall become effective on June 1, 2013. Consultant shall endeavor to perform all the services described herein by June 1, 2014. The services will be provided on a monthly basis but not necessarily on a consecutive basis. The schedule of services will be determined by the District. Consultant shall not be entitled to and shall not commence any work hereunder unless and until issuance of a written notice to proceed to Consultant.

3.1 Termination. This agreement may be terminated in whole or in part in writing by either party provided that no such termination may be effected unless the other party is given not less than ten (10) calendar day's written notice (deliver by certified mail, return receipt requested) of intent to terminate. Additionally, District may suspend performance by Consultant of any or all services listed in the scope of services by providing written notice to Consultant at least five (5) working days prior to the date on which District wishes to suspend. Upon receipt of such notice, Consultant shall immediately suspend any work or services hereunder, unless otherwise instructed by District in such notice. Consultant shall not perform further services under this agreement after the effective date of suspension until receipt of written notice from District to resume performance.

4. Billings. Consultant shall submit monthly bills to the District in accordance with Attachment 1, describing services performed during the prior 30 day period and any further information required by the District representative, not to exceed the maximum monthly and overall compensation in Section 2 hereof.

5. Status Reports. Consultant shall provide written reports of all significant developments arising during performance of services unless excused by the District representative.

6. Primary Provider of Services. The services described by this agreement shall be performed by Brian Thomas, with assistance from his staff, none of whom shall be replaced without the written consent of the District representative.

7. Assignment and Subcontracting. It is recognized by the parties that a substantial inducement to District for entering this agreement was, and is, the professional reputation and competence of Consultant. Therefore, this agreement may not be assigned by Consultant without the prior written consent of District.

8. Consultant's Responsibility. It is understood that Consultant possesses the skills, experience and knowledge necessary to perform the services agreed to be performed under this agreement, and that District relies upon the Consultant's representation about its skills, experience and knowledge to perform Consultant's services in a competent manner. Acceptance by District of the services performed under the agreement does not operate as a release of said Consultant from responsibility for the services performed. It is further understood and agreed that Consultant is apprised of the scope of the services to be performed under this agreement and Consultant agrees that said services can and shall be performed in a fully competent manner.

9. Indemnification. Consultant shall indemnify, defend, and hold District, its officials, officers and employees harmless from and against any and all actions, claims, damages, expenses and liability arising out of the negligent acts, errors or omissions, or intentional wrongdoing, of Consultant in the performance of its services under this agreement. It is understood that the duty to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code.

10. Deliverables. The reports and documents prepared by the Consultant pursuant to the agreement as set forth in Attachment 1 shall be delivered to and become the property of the District. All materials of a preliminary nature, such as notes, and other data, prepared or obtained in the performance of this agreement, shall be made available for District review, upon request, at no additional charge. Consultant agrees it shall retain all its files related to this agreement and the services provided hereunder, including all materials of a preliminary nature as described, for a period of no less than four (4) years from the dated date of this agreement.

11. Conflict of Interests. Consultant warrants and covenants that the Consultant presently has no interest in, nor shall any interest be hereinafter acquired in, any matter that will render the services required under the provisions of this agreement a violation of any applicable state, local, or federal law. In the event that any conflict of interest should nevertheless hereinafter arise, the Consultant shall promptly notify the District's Attorney of the existence of such conflict of interest so that the District may determine whether to terminate this agreement.

The Consultant further warrants its compliance with the Political Reform Act (Gov. Code 8100 et Seq.) respecting this agreement. In addition, the Consultant possesses no authority with respect to any District decision beyond the rendition of information, advice, recommendation or counsel.

12. Copyright. Upon the District's request, the Consultant shall execute appropriate documents to assign to the District the copyright to work created pursuant to this agreement. The issuance of patent or copyright to the Consultant or any other person shall not affect the District's rights to the materials and records prepared or obtained in the performance of this agreement. The District reserves a license to use such materials and records without restrictions or limitation consistent with the intent of the original design, and the District shall not be required to pay any additional fee or royalty for such materials or records. The license reserved by the District shall continue for a period of fifty years from the date of execution of this agreement unless extended by operation of law or otherwise.

13. Insurance. Prior to beginning any of the services or work required by this agreement, Consultant, at its sole cost and expense, shall carry, maintain for the duration of the agreement, and provide proof thereof that is acceptable to the District, the insurance specified in subsections (a) through (c) below with insurers and under forms of insurance satisfactory in all respects to the District.

- (a) Workers' Compensation. Satisfactory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant shall be provided with limits not less than one million dollars (\$1,000,000.00). In the alternative, Consultant may rely on a self-insurance program to meet these requirements so long as the program of self-insurance complies fully with the provisions of the California Labor Code. The insurer, if insurance is provided, or the Consultant, if a program of self-insurance is provided, shall waive all rights of subrogation against the District for loss arising from work performed under this agreement.
- (b) Commercial General and Automobile Liability. Consultant, at Consultant's own cost and expense, shall maintain commercial general and automobile liability insurance for the period covered by this agreement in an amount not less than one million dollars per occurrence (\$1,000,000.00), combined single limit coverage for risks associated with the work contemplated by this agreement. If a Commercial General Liability Insurance or an Automobile Liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this agreement or the general aggregate limit shall be at least twice the required occurrence limit. All this insurance shall cover on an occurrence or an accident basis, and not on a claims made basis. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from activities contemplated under this agreement including the use of hired and non-owned automobiles.

Coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 (ed. 11/88) and Insurance Services Office Automobile Liability form CA 0001 (ed. 12/90) Code 1 (any auto). No endorsement shall be attached limiting the coverage.

Each of the following shall be included in the insurance coverage or added as an endorsement to the policy, except as otherwise noted under any numbered requirement:

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- (1) District, its officers, employees, agents, and volunteers are to be covered as insureds as respects each of the following: Liability arising out of activities performed by or on behalf of Consultant, including the insured's general supervision of Consultant; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or Consultant's non-owned automobiles, including automobiles leased, hired, or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded District, its officers, employees, agents, or volunteers.
 - (2) The policy must contain a cross liability or severability of interest clause.
 - (3) An endorsement must state that coverage is primary insurance and that no other insurance affected by the District will be called upon to contribute to a loss under the coverage.
 - (4) Any failure of Consultant to comply with reporting provisions of the policy shall not affect coverage provided to District and its officers, employees, agents, and volunteers.
 - (5) Insurance is to be placed with California-admitted insurers with a Best's rating of no less than A: VII.
 - (6) Written notice of cancellation or non-renewal must be received by District at least thirty (30) days prior to such change.
- (c) Professional Liability; Fidelity Bond Coverage. Consultant, at Consultant's own cost and expense, shall maintain for the period covered by this agreement (i) fidelity bond coverage in an amount not less than one million dollars (\$1,000,000.00) for Consultant's representative's performing work pursuant to this agreement; and (ii) professional liability insurance for licensed professionals performing work pursuant to this agreement in an amount not less than one million dollars (\$1,000,000.00) covering the licensed professionals' errors and omissions, as follows:
- (1) Any deductible or self-insured retention shall not exceed \$10,000 per claim, or shall be approved by District if in excess of such amount.
 - (2) Written notice that cancellation, material changes, or nonrenewal must be received by the District at least thirty days prior to such change shall be included in the coverage or added as an endorsement to the policy.
 - (3) The following provisions shall apply if the professional liability coverages are written on a claims made form:
 - (a) The retroactive date of the policy must be shown and must be before the date of the agreement, or Consultant will provide evidence of full unknown prior acts coverage
 - (b) Insurance must be maintained and evidence of insurance must be provided for at least two years after completion of the agreement of the work.

- (c) If coverage is canceled or not renewed and it is not replaced with another claims made policy form with a retroactive date that precedes the date of this agreement, Consultant must provide extended reporting coverage for a minimum of two (2) years after completion of the work. The District shall have the right to exercise, at the Consultant's cost, any extended reporting provisions of the policy should the Consultant cancel or not renew the coverage.
- (d) A copy of the claim reporting requirements must be submitted to the District prior to the commencement of any work under this agreement.
- (d) Deductibles and Self-Insured Retentions. Consultant shall disclose the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this agreement. During the period covered by this agreement upon express written authorization of District representative, Consultant may increase such deductibles or self-insured retentions with respect to District, its officers, employees, agents, and volunteers. The District representative may condition approval of an increase in deductible or self-insured retention levels upon a requirement that Consultant procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses that is satisfactory in all respects to each of them.
- (e) Notice of Reduction in Coverage. In the event that any coverage required under subsections (a), (b), or (c) of this section of the agreement is reduced, limited, or materially affected in any other manner, Consultant shall provide written notice to District at Consultant's earliest possible opportunity and in no case later than five days after Consultant is notified of the change in coverage.
- (f) District's Remedies. In addition to any other remedies District may have if Consultant fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, District may, at its sole option:
 - (i) Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the agreement;
 - (ii) Order Consultant to stop work under this agreement or withhold any payment which becomes due to Consultant hereunder, or both stop work and withhold any payment, until Consultant demonstrates compliance with the requirements hereof;
 - (iii) Terminate this agreement.

Exercise of any of the above remedies, however, is an alternative to other remedies District may have and is not the exclusive remedy for Consultant's failure to maintain insurance or secure appropriate endorsements.

14. Time is of the Essence. The Consultant agrees to diligently carry out the services to be provided under this agreement to completion and in accordance with any schedules specified herein. In the performance of this agreement, time is of the essence.

15. Independent Contractor Status. It is expressly understood and agreed by both parties that Consultant, while engaged in carrying out and complying with any of the terms and conditions of this agreement, is an independent contractor and not an employee of the District.

Consultant expressly warrants that it will not represent, at any time or in any manner, that Consultant is an employee of the District.

16. Notices. All notices under this agreement shall be in writing and shall be delivered by personal service or by certified or registered mail, postage prepaid, return receipt requested, of the parties. Any written notice to any of the parties required or permitted hereunder shall be deemed to have been duly given on the date of service if served personally or if served by facsimile transmission (with confirmation of receipt), or seventy-two (72) hours after the mailing. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given as provided hereunder shall be deemed to be receipt of the notice, demand or request sent. Notices of the parties shall be sent to the following addresses:

To Consultant: Brian Thomas, Managing Director
Public Financial Management, Inc.
601 S. Figueroa Street
Suite 4500
Los Angeles, CA 90017

To District: Moulton Niguel Water District
Attn: Joone Lopez, General Manager
27500 La Paz Road
Laguna Niguel, CA 92677
(949) 448-4071
(949) 831-7285 FAX

Each party shall provide the other party with written notice of any change of address or telephone number that occurs as soon as practicable.

17. No Third Party Rights. The parties intend not to create rights in, or to grant remedies to, any third party as a beneficiary of this agreement or of any duty, covenant, obligation, or undertaking established herein.

18. Whole Agreement. This agreement constitutes the entire understanding and agreement of the parties. This agreement integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter thereof.

19. Amendments. This agreement may be modified or amended only by a written document executed by both Consultant and General Manager. Such document shall expressly state that it is intended by the parties to amend the terms and conditions of this agreement.

20. Interpretation. The provisions contained herein shall not be construed in favor of or against either party but shall be construed as if all parties prepared this agreement. The masculine and neuter genders, the singular number and the present tense shall be deemed to include the feminine gender, the plural number and past and future tense, respectively, where the context so requires.

21. Controlling Law. This agreement and all matters relating to it shall be governed by the laws of the State of California.

22. Counterparts. This agreement may be executed in multiple identical counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument but the parties agree that the agreement on file in the office of the Board Secretary is the version of the agreement that shall take precedent should any differences exist among counterparts of the document.

[signature page follows]

IN WITNESS WHEREOF, Consultant and the District have executed this agreement In Laguna Niguel, California, on June 1, 2013.

DISTRICT:

By: *Joanne Lopez*
General Manager

Date: 6/12/13

Attest:

By: *Billie C. Gray*
Board Secretary

Date: 6/13/13

Approved as to Form:
Bowie, Ameson, Wiles & Giannone,
General Counsel

By: *Patricia B. Giannone*
Patricia B. Giannone

Date: 6/17/2013

CONSULTANT: Public Financial Management,
Inc.

Brian Thomas
(Print name)

Brian Thomas
(Signature)

213-462-4025
Telephone Number Fax Number

Social Security/Tax ID Number

Date: _____

[signature page to Professional Services Agreement- Public Financial Management, Inc.]

Attachment 1

Scope of Services

Moulton Niguel Water District
Financial Analysis and Advisory Support
Scope of Services
April 15, 2013

Proposed Scope of Services. Public Financial Management, Inc. ("Consultant") will work with the General Manager, the executive team and finance and planning staff to develop holistic and long-term (five-year) financial plans. This effort includes reviewing and participating in efforts to revise water, recycled water and sewer rates, develop capital expenditure and funding plans, water resource planning, and administrative and budgeting issues. In addition, Consultant will provide advice and counsel regarding special projects, including procurement processes, buy vs. lease decisions, financing (e.g., debt refunding and restructuring), and other specific transactions as requested. Finally, Consultant will assist in the preparation and presentation of reports and analysis to the MNWD board of directors, stakeholder groups, and other interested parties as directed by the General Manager.

Consultant Tasks. Specific tasks include the following:

1. **Rate and revenue requirement analysis and support.** Review and rates proposal and analysis and provide input on analytical approach and objectives. Work with staff to develop appropriate presentation and communication material. Assist in the development of implementation schedule, including alternative approaches to Proposition 218 requirements. Participate, as required, in workshops, public presentations, and board meetings to support the needed rate changes.
2. **Financing and financial advice.** Review and coordinate with MNWD's finance team (including underwriters, bond counsel, staff) to evaluate and analyze financing opportunities. Such opportunities include refunding outstanding debt, issuing new debt, and restructuring debt, all in the context of MNWD's long-term financial and operating objectives.
3. **Financial policies.** Consultant will review MNWD's financial policies (e.g., debt policy, investment policy, rate policy, etc.) and work with staff to update and revise such policies as appropriate. In addition, Consultant will work with staff to identify redundant policies or policies that need to be added.
4. **Financial and Capital Planning.** Consultant will work with staff to develop a long-term (e.g., at least five-year) financial plan. This plan would include funding strategies needed to meet MNWD's ongoing capital needs, operating costs, and water supply costs. This planning effort would necessarily be consistent with ongoing Water Supply Planning efforts and Capital Improvement Planning efforts. The Financial Plan

would integrate each of these elements into an affordable and achievable long-term plan.

5. **Budgets and other operating tasks.** As requested, Consultant will work with staff to develop ongoing operating and capital budgets, including developing presentations, budget documents, and evaluation of rate and revenue impacts.
6. **Special projects.** Consultant will work with staff to develop appropriate decision-making analytics for the consolidation of workforce in to a single work site. This will include working with staff to identify different financing strategies, cost methodologies, and evaluating alternatives. In addition, Consultant will assist staff as requested to evaluate needed professional services to ensure a successful project. Consultant will be available to assist on other special projects as needed.
7. Other projects as assigned. Consultant will be available to work with staff on other projects as determined by the General Manager, and to assist the General Manager evaluate staffing needs in the finance area, and other organizational issues as required.

Schedule and Timeframe. Consultant will be available to begin work on May 13, 2013. Consultant will provide services one day a week at the MNWD office until such time as General Manager determines such service is not required or is not meeting objectives, or as otherwise terminated. It is expected that Consultant services under this scope of services would terminate one year from initial work. However, Consultant and MNWD can extend and modify this scope of services and timeframe at any time with mutual consent.

Personnel. The following PFM employees will conduct work on this project.

Brian Thomas, Managing Director will be the principal assigned to this project. Mr. Thomas will be assisted in analytical work by:

Will Frymann, Senior Managing Consultant
Thomas Toepfer, Senior Managing Consultant

#7.

Fee terms.

Consultant will receive a monthly fee of \$10,000 for all services rendered, payable in two equal instalments on the 15th and 30th day of each month. This fee includes all compensation for out of pocket expenses, including travel, and no additional compensation will be provided other than the flat monthly fee.



Moulton Niguel Water
Leading the Way in Service

MOULTON NIGUEL WATER DISTRICT

MONTHLY FINANCIAL REPORT

PERIOD ENDED FEBRUARY 28, 2014

MOULTON NIGUEL WATER DISTRICT

Monthly Financial Report

Period Ended February 28, 2014

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MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Results of operations for the eight months ended February 28, 2014 as compared to the eight months ended February 28, 2013 are summarized below:

Summary Budget Comparison Report

The Summary Budget Comparison Report is a high level statement of the operating activities of the District over the past eight months compared to the budget. The report includes total revenues and expenses, as well as line item revenues and expenses for the General Fund and the Water Efficiency Fund. As shown in the summary report, operating revenues were approximately \$36 million, or 68% of the \$52.6 million budget. This was primarily the result of higher volumes of sales due to the dry weather conditions experienced throughout Southern California. Operating expenses were \$40.8 million, or 64% of the \$63.7 million budget. This was primarily due to higher water purchases and utilities expenses that were offset by lower than budgeted expenses in the Water Efficiency Fund. Operating expenses in the Water Efficiency Fund were lower than budget mainly due to fewer rebates being issued than budgeted for the current fiscal year.

Non-operating revenues were higher than budget primarily due to higher investment income than expected for the first eight months of the current fiscal year.

Statement of Net Position

The Statement of Net Position shows the District's assets and liabilities as of February 28, 2014 compared to the balances at fiscal year ended June 30, 2013. Overall, assets were about \$10.5 million lower than at June 30, 2013, primarily due to a reduction in net capital assets. This reduction was due to depreciation of assets through the first eight months of the current fiscal year. Liabilities decreased by approximately \$13.2 million, reflecting reductions in outstanding debt and accounts payable. As a result, the District's net position increased by \$2.2 million for the eight months ended February 28, 2014.

Revenues

Total revenues for the eight months ended February 28, 2014 were \$56.7 million. Total operating revenues for the eight months ended February 28, 2014 were \$36 million, an increase of \$357,816 or 1% compared to \$35.6 million in 2013. The increase was mainly due to higher water and recycled water sales in the current year.

**MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results**

Expenses

Total expenses for the eight months ended February 28, 2014 were \$54.7 million, an increase of \$6.2 million or 12.9% as compared to \$48.5 million in 2013. Total operating expenses increased by \$2.3 million, or 6.5%, from \$36.1 for the eight months ended February 28, 2013 to \$38.4 million in 2014. The increase was primarily due to higher water purchases in the current year. Other operating expenses for the eight months ended February 28, 2014 were \$11.7 million, an increase of \$3.5 million or 43.2% compared to \$8.2 million in 2013. The increase was mainly due to a one-time depreciation adjustment in the prior year. Other non-operating expenses for the eight months ended February 28, 2014 totaled \$4.6 million, an increase of \$382,260 or 9% compared to \$4.3 million in 2013.

Restricted Cash and Investments with Fiscal Agent

Restricted cash includes funds held by the trustee. The use of these funds is restricted by law or bond covenants. Funds in these accounts were about \$31.3 million at February 28, 2014, compared to \$29.6 million at prior fiscal year ended June 30, 2013. This increase was mainly due to funds reserved for the 2009 COP Trust Reserve's March debt payment of approximately \$2.1 million.

Unrestricted and Restricted Fund Balances

The unrestricted and restricted fund balances reflect the funds in each of the District's unrestricted and restricted funds that are not held by the Fiscal Agent. The unrestricted fund balances are further broken down by designated and undesignated funds. As shown in the report, the District has six funds that are designated by District policy for specific purposes, including Self Insurance, Water Efficiency, Replacement and Refurbishment, Water Supply Reliability, Planning and Construction and Rate Stabilization. Total unrestricted funds increased by \$2.4 million since June 30, 2013. Restricted fund balances decreased by \$2.6 million, primarily driven by debt payments for the 2003 Consolidated Refunding bonds.

**Moulton Niguel Water District
Summary - Budget Comparison Report
Eight Months Ended February 28, 2014**

#9.b.

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
<u>GENERAL FUND & WATER EFFICIENCY FUND:</u>			
Operating Revenues	\$ 52,611,615	\$ 36,002,703	68%
Operating Expenses	63,740,394	40,780,731	64%
Operating Income (Loss)	(11,128,779)	(4,778,029)	
Non-Operating Revenues (Expenses)	24,491,292	15,866,581	65%
Total Change in Funds	<u>\$ 13,362,513</u>	<u>\$ 11,088,553</u>	
<u>GENERAL FUND:</u>			
Operating Revenues	\$ 48,861,615	\$ 33,122,466	68%
Operating Expenses	61,481,787	39,770,783	65%
Operating Income (Loss)	(12,620,172)	(6,648,317)	
Non-Operating Revenues (Expenses)	24,372,980	15,740,058	65%
Change in General Fund	<u>\$ 11,752,808</u>	<u>\$ 9,091,741</u>	
<u>WATER EFFICIENCY FUND:</u>			
Operating Revenues	\$ 3,750,000	\$ 2,880,237	77%
Operating Expenses	2,258,607	1,009,948	45%
Operating Income (Loss)	1,491,393	1,870,289	
Non-Operating Revenues (Expenses)	118,312	126,523	107%
Change in Water Efficiency Fund	<u>\$ 1,609,705</u>	<u>\$ 1,996,811</u>	

Moulton Niguel Water District
General Fund - Budget Comparison Report
Eight Months Ended February 28, 2014

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
GENERAL FUND			
<u>Operating Revenues</u>			
Water Sales	\$ 26,950,000	\$ 18,094,446	67%
Recycled Water Sales	4,547,715	3,243,626	71%
Sewer Sales	16,920,000	11,389,813	67%
Other Operating Income	443,900	394,581	89%
Total Operating Revenue	48,861,615	33,122,466	
<u>Operating Expenses</u>			
Salaries	8,536,016	5,380,875	63%
PERs Employer Contributions	879,054	575,427	65%
PERs Employee Contributions	201,699	130,436	65%
PERs Other (Side fund, 401A)	210,481	118,505	56%
Educational Courses	47,380	11,734	25%
Travel & Meetings	245,623	100,228	41%
Employee Relations	13,000	7,906	61%
General Services	512,475	284,804	56%
Annual Audit	45,000	31,820	71%
Member Agencies O&M	1,140,100	1,037,785	91%
Dues & Memberships	84,214	52,077	62%
Consulting Services	1,085,974	651,385	60%
Equipment Rental	89,300	52,082	58%
District Fuel	346,000	203,576	59%
Insurance - District	585,246	348,385	60%
Insurance - Personnel	320,250	261,215	82%
Insurance - Benefits	2,493,531	1,498,952	60%
Legal Services - Personnel	50,000	5,205	10%
Legal Services - General (See Footnote 1)	169,000	121,745	72%
District Office Supplies	563,300	428,558	76%
District Operating Supplies	244,095	140,645	58%
Repairs & Maintenance - Equipment	1,858,101	326,558	18%
Repairs & Maintenance - Facilities	3,314,624	2,560,488	77%
Safety Program & Compliance Requirements	134,985	130,294	97%
SOCWA	8,702,195	5,660,024	65%
Special Outside Assessments	173,500	27,783	16%
Utilities	1,839,205	1,311,177	71%
Water Purchases	26,790,439	17,905,369	67%
Meter / Vault Purchases	807,000	405,744	50%
Total Operating Expenses	61,481,787	39,770,783	
Operating Income (Loss)	(12,620,172)	(6,648,317)	
<u>Non-Operating Revenues (Expenses)</u>			
Property Tax Revenue	21,327,990	12,802,160	60%
Investment Income	1,347,155	1,732,432	129%
Cellular Lease Income	1,650,085	1,123,772	68%
Misc Non-Operating Income	47,750	81,695	171%
Total Non-Operating Revenue (Expenses)	24,372,980	15,740,058	
Change in General Fund	\$ 11,752,808	\$ 9,091,741	

Footnote 1: Legal Services includes services provided by Bowie, Arneson, Wiles & Giannone, Downey Brand LLP and Best Best & Krieger LLP.

Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Eight Months Ended February 28, 2014

#9.b.

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
WATER EFFICIENCY FUND			
<u>Operating Revenue</u>			
Water Efficiency	\$ 3,750,000	\$ 2,880,237	77%
Total Operating Revenue	3,750,000	2,880,237	
<u>Operating Expenses</u>			
Salaries	411,903	256,097	62%
PERs Employer Contributions	43,505	25,379	58%
PERs Employee Contributions	11,966	7,053	59%
Educational Courses	500	165	33%
Travel & Meetings	3,800	215	6%
Dues & Memberships	500	-	0%
Consulting Services	20,000	-	0%
Insurance - Personnel	4,064	4,095	101%
Insurance - Benefits	100,369	41,427	41%
District Office Supplies	76,500	250	0%
District Operating Supplies	500	-	0%
Repairs & Maintenance - Equipment	2,000	-	0%
Water Efficiency	1,583,000	675,267	43%
Total Operating Expenses	2,258,607	1,009,948	
Operating Income (Loss)	1,491,393	1,870,289	
<u>Non-Operating Revenue</u>			
Investment Income	118,312	126,523	107%
Total Non-Operating Revenue	118,312	126,523	
Change in Water Efficiency Fund	\$ 1,609,705	\$ 1,996,811	

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	(Unaudited)	(Audited)
	<u>February 31, 2014</u>	<u>June 30, 2013</u>
CURRENT ASSETS:		
Cash and investments	\$ 36,520,602	\$ 42,016,642
Accounts receivables:		
Water and sanitation charges	4,245,711	6,183,688
Taxes and acreage assessments	-	343,115
Other accounts receivable	141,404	433,264
Interest receivable	585,674	763,584
Current portion of AMP receivable	67,493	211,940
Inventory	1,640,304	1,566,239
Prepaid expenses	446,654	260,941
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	43,647,842	51,779,413
	<hr/>	<hr/>
NONCURRENT ASSETS:		
Investments	99,639,908	94,347,786
Restricted cash and investments with fiscal agent	31,339,208	29,574,877
Retrofit loans receivable	639,762	660,023
Net pension asset (CalPERS sidefund payoff)	2,983,659	654,913
AMP Receivable	-	3,058,960
Capital assets, net of accumulated depreciation	352,658,228	363,691,271
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	9,426,007	7,057,346
	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	497,778,682	500,137,086
	<hr/>	<hr/>
TOTAL ASSETS	541,426,524	551,916,499
	<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	636,941	1,318,562
	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	636,941	1,318,562
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 542,063,465	\$ 553,235,061
	<hr/> <hr/>	<hr/> <hr/>

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	(Unaudited)	(Audited)
	February 31, 2014	June 30, 2013
CURRENT LIABILITIES:		
Accounts payable	\$ 4,843,981	\$ 9,089,433
Interest payable	2,675,641	2,406,689
Compensated absences	661,805	524,376
Current portion of long-term debt:		
Bonds payable	5,585,000	5,235,000
Loans Payable	1,914,574	2,178,909
Certificates of participation	1,715,000	1,740,000
	<u>17,396,001</u>	<u>21,174,407</u>
TOTAL CURRENT LIABILITIES		
	<u>17,396,001</u>	<u>21,174,407</u>
LONG-TERM LIABILITIES		
Compensated absences	275,298	174,791
Long-term debt:		
Bonds payable	16,955,000	22,540,000
Loans payable	13,251,823	15,019,911
Certificates of participation	80,080,000	82,325,864
	<u>110,562,121</u>	<u>120,060,566</u>
TOTAL LONG-TERM LIABILITIES		
	<u>110,562,121</u>	<u>120,060,566</u>
TOTAL LIABILITIES		
	<u>127,958,122</u>	<u>141,234,973</u>
NET POSITION:		
Net investment in capital assets	277,944,833	275,636,460
Restricted for capital projects and GOB Refunding	5,989,020	8,554,975
Unrestricted	130,171,490	127,808,653
	<u>414,105,343</u>	<u>412,000,088</u>
TOTAL NET POSITION		
	<u>414,105,343</u>	<u>412,000,088</u>
TOTAL LIABILITIES AND NET POSITION		
	\$ <u><u>542,063,465</u></u>	\$ <u><u>553,235,061</u></u>

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	(Unaudited)	
	Eight Months Ended February 28,	
	2014	2013
Operating Revenues:		
Water Sales	\$ 18,094,446	\$ 17,762,271
Recycled Water Sales	3,243,626	2,925,789
Sewer Sales	11,389,813	11,172,834
WBBRS Efficiency Funds	2,880,237	2,898,906
Other Operating Income	394,581	885,088
Total Operating Revenues	36,002,703	35,644,887
Non-Operating Revenues:		
Investment Income	1,858,955	2,584,193
Property Tax Revenue	12,802,160	12,397,477
GOB Assessment	3,551,205	3,579,778
Other Non-Operating Revenues	2,526,054	3,847,018
Total Non-Operating Revenues	20,738,374	22,408,466
TOTAL REVENUES	56,741,077	58,053,353
Operating Expenses:		
Water Purchases	17,905,369	16,495,921
Meter Purchases	405,744	322,442
Operating Supply and Maintenance	2,710,799	2,360,604
Salaries and Benefits	6,493,772	5,897,679
Professional Services	467,570	246,848
Member Agencies O&M	652,854	663,145
Insurance	2,154,074	2,281,422
SOCWA	5,660,024	5,928,681
Utilities	1,310,558	1,243,334
General, Administrative, and Other	637,229	621,602
Total Operating Expenses	38,397,993	36,061,679
Other Operating Revenues (Expenses):		
Depreciation and Misc. Operating Revenue	(11,014,992)	(7,567,130)
Water Efficiency	(675,267)	(596,531)
Total Other Operating Revenues (Expenses)	\$ (11,690,258)	\$ (8,163,661)

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	(Unaudited)	
	Eight Months Ended February 28,	
	2014	2013
Non Operating (Expenses):		
Interest Expense	\$ (4,410,244)	\$ (4,195,309)
Amortization and Misc. Non-Operating Expense	(220,833)	(53,509)
Total Non Operating (Expenses)	(4,631,077)	(4,248,818)
TOTAL EXPENSES	54,719,328	48,474,158
Capital Contributions:		
Connection Fees	143,506	12,720
Total Capital Contributions	143,506	12,720
CHANGE IN NET POSITION	\$ 2,165,255	\$ 9,591,915
Net Position, Beginning	\$ 411,940,088	\$ 403,933,603
Change in Net Position	2,165,255	9,591,915
Net Position, Ending	\$ 414,105,343	\$ 413,525,518

**MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
AS OF FEBRUARY 28, 2014**

	Balance		(Unaudited) Balance
	6/30/2013	Net Change	2/28/2014
<u>Restricted Cash and Investments:</u>			
DWR Trust Reserves	\$ 615,709	\$ 6	\$ 615,715
2003 COPS Trust Reserve	2,494,997	385,270	2,880,267
2009 COPS Trust Reserve	6,024,087	2,064,678	8,088,766
2009 COPS Project Fund	19,543,936	(831,150)	18,712,786
2010 COPS Trust Reserves	896,148	145,526	1,041,674
Total Restricted Trust Accounts	<u>\$ 29,574,877</u>	<u>\$ 1,764,331</u>	<u>\$ 31,339,208</u>

**MOULTON NIGUEL WATER DISTRICT
UNRESTRICTED AND RESTRICTED FUND BALANCES
AS OF FEBRUARY 28, 2014**

	Balance 6/30/2013	Net Change	(Unaudited) Balance 2/28/2014
<u>Unrestricted Fund Balances:</u>			
Designated for Self Insurance Reserves	\$ 1,289,307	\$ 5,022	\$ 1,294,329
Designated for Water Efficiency (WBBRS)	4,383,762	1,996,812	6,380,574
Designated for Replacement and Refurbishment	16,501,847	9,713,842	26,215,689
Designated for Water Supply Reliability	2,597,710	(1,904,122)	693,588
Designated for Planning and Construction	29,497,500	377,633	29,875,133
Designated for Rate Stabilization	9,627,003	194,760	9,821,763
Unrestricted, undesignated	63,912,366	(8,021,952)	55,890,414
Total Unrestricted Fund Balance	127,809,495	2,361,995	130,171,490
<u>Restricted Fund Balances:</u>			
Restricted 2003 GOB Consolidated Refunding	8,130,612	(2,720,949)	5,409,663
Restricted for Capital Facilities (Projects)	424,363	154,994	579,357
Total Restricted Fund Balance	8,554,975	(2,565,955)	5,989,020
Total Unrestricted and Restricted Fund Balance	\$ 136,364,470	\$ (203,960)	\$ 136,160,510

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF MARCH 2014**

Summary of Disbursements in March 2014:

General Fund Disbursements		\$ 4,531,030
<u>Restricted Fund Disbursements:</u>		
WBBRS Efficiency Fund	\$ 61,300	
Replacement & Refurbishment Fund	673,153	
Water Supply Reliability Fund	4,215,101	
Planning & Construction Fund	10,646	4,960,201
<hr/>		
Total Disbursements for all Funds		<u><u>\$ 9,491,231</u></u>

Detail of Major Expenditures in March 2014:

1. Municipal Water District of Orange County (MWDOC)		
January Water Purchases 2297.4 AF	\$ 2,052,153	
Reclaimed Rebates	(27,212)	
January Capacity Charge	29,362	
January RTS Charges	159,315	
January SCP Operation Surcharge	7,430	\$ 2,221,048
<hr/>		
2. Irvine Ranch Water District		
C#2006.071 Baker Pipeline		4,215,101
3. SOCWA		
3rd Quarter Capital Projects FY 2013/2014		602,400
4. Tuttle-Click Ford, Inc		
Replace Unit 74 Street Crew 2013 Ford Truck F-650		182,947
5. ACWA/JPIA		
Property Insurance		98,909
6. Sanders Paving, Inc		
Asphalt & Concrete Repairs Throughout the District		90,133
7. W A Rasic Construction		
Emergency Repair 16" Potable Water Main/14 Logo Vista, DP		84,387

