



**FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
July 16, 2014
9:00 AM
Approximate Meeting Time: 3 Hours**

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE JUNE 18, 2014 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

PUBLIC COMMENTS - CLOSED SESSION

CLOSED SESSION

3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS, Pursuant to Government Code Section 54956.8

Property: 4 Liberty, Aliso Viejo, CA 92656

Under Negotiation: Price and terms of payment

Real Property Negotiators: Joone Lopez, Matt Collings, Kevin Turner, Mike Hartel

PUBLIC COMMENTS - PUBLIC SESSION

DISCUSSION ITEMS

4. Orange Coast Watershed and Environmental Center
5. Quarterly Investment Report - Chandler Asset Management
6. Bay Delta Conservation Plan Comment Letter
7. Adoption of the Purchasing Policy (Resolution No. 14-__)
8. Laguna Sur Sewer Rates (Resolution No. 14-__)

9. Rebate Program Update

INFORMATION ITEMS

10. Monthly Financial Report

- a. Summary of Financial Results
- b. Budget Comparison Report
- c. Financial Statements
- d. Restricted Cash and Investments with Fiscal Agent
- e. Unrestricted and Restricted Fund Balances
- f. Summary of Disbursements June 2014

11. Late Items (Appropriate Findings to be Made)

- a. Need to take immediate action; and
- b. Need for action came to District's attention after Agenda Posting. [Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

ADJOURNMENT

The Board of Directors' Meeting Room is wheelchair accessible. If you require any special disability related accommodations (i.e., access to an amplified sound system, etc.), please contact the Moulton Niguel Water District Secretary's office at (949) 831-2500 at least forty-eight (48) hours prior to the scheduled meeting. This agenda can be obtained in alternate format upon written request to the Moulton Niguel Water District Secretary at least forty-eight (48) hours prior to the scheduled meeting.

Agenda exhibits and other writings that are disclosable public records distributed to all, or a majority of, the members of the Moulton Niguel Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the District Office, 27500 La Paz Road, Laguna Niguel, CA ("District Office"). If such writings are distributed to members of the Board less than seventy-two (72) hours prior to the meeting, they will be available in the reception area of the District Office at the same time as they are distributed except that, if such writings are distributed immediately prior to, or during the meeting, they will be available in the Board meeting room and on the District website at www.mnwd.com.



DRAFT
MINUTES OF THE REGULAR MEETING OF THE
FINANCE & INFORMATION TECHNOLOGY BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT

June 18, 2014

A Regular Meeting of the Finance & Information Technology Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 9:00 AM on June 18, 2014. There were present and participating:

DIRECTORS

Scott Colton	Director
Richard Fiore	Director
Donald Froelich	Vice President
Gary Kurtz	Director (via teleconference)
Larry Lizotte	Director
Larry McKenney	President
Brian Probolsky	Vice President/Chair

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Marc Serna	Director of Engineering & Operations
Gina Hillary	Director of Human Resources
Kelly Winsor	Assistant to the General Manager
Paige Gulck	Board Secretary
Matt Weber	Downey Brand
Ruth Zintzun	MNWD
Drew Atwater	MNWD
Michael Bell	Public Financial Management
Patrick Strader	Starpointe Ventures
Tim Strader Jr.	Starpointe Ventures
Kevin Turner	Voit
Michael Hartel	Voit

#2.

1. CALL MEETING TO ORDER

The meeting was called to order by Brian Probolsky at 9:01 a.m.

2. APPROVE THE MINUTES OF THE MAY 14, 2014 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY DONALD FROELICH AND SECONDED BY GARY KURTZ, THE MINUTES OF THE MAY 14, 2014 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE ROLL CALL VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, LARRY LIZOTTE, LARRY MCKENNEY, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

PUBLIC COMMENTS - CLOSED SESSION

None.

CLOSED SESSION

3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS, Pursuant to Government Code Section 54956.8

Property: 27500 La Paz Road, Laguna Niguel CA 92677 & 26161 Gordon Road, Laguna Hills, CA 92653

Under Negotiation: Price and terms of payment

Real Property Negotiators: Joone Lopez, Matt Collings, Kevin Turner, Mike Hartel

Larry McKenney stated that no reportable action was taken on this item.

PUBLIC COMMENTS - PUBLIC SESSION

Public session resumed at 10:45 a.m. There were no comments from the public.

DISCUSSION ITEMS

4. Fiscal Years 2014-15 and 2015-16 Budget (Resolution No. 14-__)

Joone Lopez stated that the budget has been agendized for any questions or comments before the final vote at Thursday night's Board meeting. No substantive changes were made to the draft budget. Comments were given on the resolution.

- 5. Annual Gann Appropriations Limit for Fiscal Year 2014-15 (Resolution No. 14-__)

Ruth Zintzun presented details regarding the annual appropriation limits. Discussion ensued regarding exemption limitations.

- 6. Selection of the Annual Lump Sum Prepayment Option for Employer Contributions to CalPERS for FY 2014-2015

Gina Hillary answered questions regarding CALPERs and the tiered payment structure. She stated that the District is projected to save \$35,601 by making a lump sum payment.

- 7. Security Services for Fiscal Year 2014-15

Joone Lopez presented the amendment to the Security Services contract with G4S Secure Solutions. Discussion ensued regarding job duties and elimination of one position. The amendment is for \$60,000, extending the agreement for fiscal year 2014-15.

- 8. Laguna Sur Sewer Rates

Richard Fiore recused himself from the discussion on Laguna Sur Sewer Rates.

Joone Lopez provided a brief summary of the pass-through of sewer charges from South Coast Water District for this area.

INFORMATION ITEMS

- 9. Monthly Financial Report

Michael Bell presented the monthly financial report.

- 10. Late Items (Appropriate Findings to be Made)

Staff has none.

CLOSED SESSION

- 11. PURSUANT TO GOVERNMENT CODE SECTION 54957, A CLOSED SESSION WILL BE CONDUCTED FOR:

Public Employee Annual Performance Evaluation

Title: General Manager

Larry McKenney stated that no reportable action was taken on this item.

#2.

ADJOURNMENT

The meeting was adjourned at 12:36 p.m.

Respectfully submitted,

Paige Gulck
Board Secretary

DRAFT



Moulton Niguel Water District

STAFF REPORT

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

FROM: Matt Collings, Assistant General Manager

SUBJECT: Orange Coast Watershed and Environmental Center

DIVISION: District-wide

SUMMARY:

Issue: Inside the Outdoors, a local Watershed education center, is requesting funding from the Orange Coast Watershed and Environmental Center to support development and implementation of student and community watershed education programs at the Environmental Center in Laguna Niguel.

Recommendation: It is recommended that the Board of Directors authorize the General Manager to expend \$18,000 to the Orange Coast Watershed and Environmental Center to support the watershed education programs in Laguna Niguel.

Fiscal Impact: Funds for the Orange Coast Watershed and Environmental Center are available in the WBBRS Water Efficiency Fund.

BACKGROUND:

Inside the Outdoors (ITO) is an environmental education organization administered by the Orange County Department of Education. The programs empower students, teachers, parents, and the community through hands-on educational experiences in the natural world to expand their knowledge, understanding, and stewardship of the environment.

The programs provide hands-on training in the areas of: run-off, impacts to the watershed, water sources, pollution, water conservation, water scarcity, California native plants, and what individuals can do to help.

#4.

DISCUSSION:

ITO requested \$47,200 in funding from the Orange Coast Watershed and Environmental Center to support the watershed education programs through field trips and service learning programs. ITO estimates approximately 2,800 families will benefit from the programs. The District was approached by representatives from the Orange Coast Watershed and Environmental Center to help support funding for the programs. In return, the District staff will work with the program coordinators to incorporate conservation and water use efficiency information into the curriculum.

If all 2,800 families (all within MNWD service area) reduce water use 20% by applying the education they learned through the ITO programs, the District anticipates reducing water use by nearly 6.3 million gallons, or 19.3 acre-feet, of water per year. That equates to about \$18,000 in reduced purchased water, in one year.

Since the program is water-related, the funds to support the Orange Coast Watershed and Environmental Center could be used from the WBBRS Water Efficiency Fund. As stated in Resolutions 11-19 and 11-23, "the use of the WBBRS Water Efficiency Revenues for purposes generally related to water efficiency or conservation goals." The program meets the criteria to contribute \$18,000 to the Orange Coast Watershed and Environmental Center from the WBBRS Water Efficiency Fund.

Attachment: Orange Coast Watershed and Environmental Center, Inside the Outdoors Watershed Education Programs Scope of Work 2012-13

**Orange Coast Watershed and Environmental Center
Inside the Outdoors Watershed Education Programs
Scope of Work 2012-13**

Proposal

Inside the Outdoors (ITO) is requesting \$47,200 in funding from Orange Coast Watershed and Environmental Center to support development and implementation of student and community watershed education programs at the Environmental Center in Laguna Niguel. This funding will provide field trips for 2,500 students and community programs for 300 participants. Direct program exposure through Service-Learning programs will impact an additional 8,400 teachers, parents, classmates, and community members for a total estimated impact of 11,200 impressions.

About Inside the Outdoors

Inside the Outdoors is a self-supporting environmental education organization administered by the Orange County Department of Education. Inside the Outdoors programs empower students, teachers, parents, and the community through hands-on educational experiences in the natural world to expand their knowledge, understanding, and stewardship of the environment.

Inside the Outdoors has a 38-year history of using nature's classroom to bring textbooks to life for Southern California students, families and communities through its four award-winning programs: Traveling Scientist, Field Trips, Outdoor Science School, and Community Programs. The curriculum is aligned with the California Science Content Standards and California's Environmental Principles & Concepts.

This education serves as the foundation for environmental stewardship and is critical as children are increasingly disconnected from nature and less likely to be involved in environmental conservation. ITO's goal is to provide students and families these benefits through inexpensive and fun outdoor education opportunities that turn "ecosystem" from a word in a book to a soaring hawk, an ancient oak tree, and a woodrat's messy nest.

Inside the Outdoors' Community Programs are innovative and create change by engaging Orange County children and families in interactive environmental education programs. All programs include Service-Learning, a teaching strategy that integrates community-service projects with instruction. These programs allow families to learn together about the environment and stewardship. ITO programs are a key component in building a sustained connection to nature.

Scope of Work

Field Trips

Elementary school students participate in hands-on experiential activities at the Environmental Center in Laguna Niguel in which they will learn about Orange County watersheds, water conservation, California native plants, and what individuals can do to help. Students make a commitment to take action in their community and to share what they have learned.

Project Goal: Increased watershed knowledge and a commitment to change

Metrics: Students complete pre- and post-visit assessments to measure increased awareness

Participants Served: 2,500

Additional Impact (direct contact with student Service-Learning projects): 7;500

#4.

Community Programs

Students, parents, and community members learn about watersheds, water sources, pollution, and water scarcity through games, hikes, and other fun activities designed to engage communities in environmental conservation and stewardship. Each community program includes a Service-Learning volunteer project.

Project Goal: Increased watershed knowledge and participation in environmental stewardship

Metrics: Participants complete a scavenger hunt or other games to measure increased awareness

Participants Served: 300

Additional Impact (direct contact with student Service-Learning projects): 900

Metrics and Measurement

In addition to teacher and student assessments, all participants and their families will be incentivized to complete online surveys, participate in classroom activities, and submit home water audits.

Metrics regarding student knowledge, student commitment to behavior change, audit results, campus Service-Learning projects, and participant surveys will be gathered and reports will be generated on a quarterly cycle.

Orange Coast Watershed and Environmental Center Inside the Outdoors Foundation Watershed Education Programs Budget Overview 2012-13				
	Budget	Students & Teachers*	Additional Impact**	Total Impact
Field Trips				
Curriculum development (.10 FTE)	\$7,575			
Elementary school grade watershed education (\$14.25 per student)	\$35,625	2,500	7,500	10,000
Transportation	\$2,500			
Subtotal	\$45,700	2,500	7,500	10,000
Community Programs				
Family and community watershed education (\$5.00 per participant)	\$1,500	300	900	1,200
Subtotal	\$1,500	300	900	1,200
Totals	\$47,200	2,800	8,400	11,200

Moulton Niguel Water District

Period Ending
June 30, 2014



SECTION 1

Account Profile

SECTION 2

Portfolio Holdings

SECTION 3

Economic Update



SECTION 1

Account Profile

Investment Objectives

In order to provide for current expenses and long term growth, the District has divided its portfolio into two categories, the Liquid Fund and the Operating Reserve Fund. The investment goals of the Liquid Fund are: to provide liquidity for operating expenses and current capital requirements, to preserve principal, and to earn a total rate of return commensurate with the first two goals.

The investment goals of the Operating Reserve Fund are to preserve real capital and provide growth over the long term by earning the rate of return which is available from longer term investments permitted under the California Government Code.

-14- Chandler Asset Management Performance Objectives

The performance objective for the Liquid Fund is to earn a return in excess of the return on 90-day Treasury bills.

The investment performance objectives of the Operating Reserve Fund are (1) to earn a total rate of return over a market cycle which exceeds the return on a market index of government securities with maturities of one to ten years (the Bank of America Merrill Lynch 1-10 Year Government Index).

Strategy

In order to meet its goals, the Liquid Fund is invested in short term securities and LAIF. The average maturity of the Liquid Fund may not exceed 90 days, and the maximum maturity of individual securities in the fund shall be one year. In order to meet its goals, the Operating Reserve Fund is invested in a diversified portfolio of high quality fixed income securities with a maximum maturity of ten years. No more than 40% of the fund may be invested in securities with maturities in excess of five years.



Moulton Niguel Water District Operating Reserve

June 30, 2014

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with State law and with the District's investment policy.

Category	Standard	Comment
Treasury/Agency issues	No Limit	Complies
Banker's Acceptances	≤40%; 180 days	Complies - 0.0%
Commercial Paper	A1/P1	Complies - 3.4%
Max. maturity < 270 days	25% maximum	Complies
Repurchase Agreements	≤10%; ≤1 year	Complies
Rev. Repo Agreements	≤10%; ≤90 days	Complies - 0.0%
Time CDs	110% collateral over \$100,000 or insured	Complies - 0.0%
Negotiable CDs	30% max; ≤2 yrs	Complies - 0.0%
Medium Term Notes	"A"-rated; 30% max	Complies - 24.7%
Mutual Funds	≤20%	Complies - 0.1%
LAIF	Not used by outside adviser; \$50 million maximum imposed by LAIF	Complies
Mortgage Pass Through, including CMOs and ABS	"AA"-rated; 20% Maximum	Complies* - 8.0%
Money Market Funds	"AAA"-rated or SEC reg.; 20% Maximum	Complies
Inverse floaters, range notes	Prohibited	Complies
Interest only strips	Prohibited	Complies
Zero interest accruals	Prohibited	Complies
Per issuer max	5% (except gov'ts)	Complies
Modified duration	+/- 20% of 1-10 Year benchmark duration	Complies - 3.77
% invested less than 2 years	≥10%	Complies - 18.4%
% invested beyond 5 years	≤40%	Complies - 32.6%
Maximum maturity	10 years	Complies
Maximum maturity of corp.	5 years	Complies

*Please note that the FHLMC K704 A2 Due 08/25/18 is rated AAA by Fitch.



PORTFOLIO CHARACTERISTICS

Liquid Fund

	3-month T-Bills Benchmark* G001	Liquid Fund	
	6/30/2014	6/30/2014	3/31/2014
Portfolio book value	--	\$20,251,454	\$12,339,163
Market value	--	\$20,261,149	\$12,352,049
Average book yield	--	0.23%	0.23%
Average maturity (yrs)	0.16	0.00	0.00
Modified duration	0.16	0.00	0.00
\$ change in value for 1% change in rates	--	\$0	\$0
% maturing within one year	100%	100%	100%
Average credit quality	AAA	Not Rated	Not Rated

Operating Reserve Fund

	1-10 year Govt. Benchmark* G5A0	Operating Reserve Fund	
	6/30/2014	6/30/2014	3/31/2014
Portfolio book value	--	\$123,647,150	\$123,079,628
Market value	--	\$125,269,229	\$123,780,132
Average book yield	--	2.16%	102.11%
Average maturity (yrs)	4.00	4.17	3.81
Modified duration	3.72	3.77	3.46
\$ change in value for 1% change in rates	--	\$4,722,650	\$4,282,793
% maturing within two years	22.4%	18.4%	27.7%
Average credit quality	AAA	AA	AA

During the last quarter, our portfolio maturity and duration positioning was very close to that of the benchmark index. Portfolio activity was significantly influenced by our investment of the \$9 million contribution received at the end of March 2014.



Operating Reserve Fund

40- Trading Activity -3/31/2014 -6/30/2014

Settle Date	Description	MIG	Mat Date	Amount	Book Value	Market Value	Gain/Loss	Duration	Yield
Purchase									
06/17/2014	Bank of Tokyo Mitsubishi NY	Commercial Paper	10/21/2014	\$1,030,000.00	\$1,029,242.95	\$1,029,242.95	\$0.00	0.345	0.213
06/27/2014	Toyota Motor Credit	Commercial Paper	01/05/2015	\$900,000.00	\$899,040.00	\$899,040.00	\$0.00	0.525	0.203
06/27/2014	US Treasury	US Treasury	05/15/2023	\$1,300,000.00	\$1,230,688.80	\$1,230,688.80	\$0.00	8.128	2.421
05/21/2014	Honda Auto Receivables	Asset Backed Security	03/19/2018	\$1,020,000.00	\$1,019,877.40	\$1,019,877.40	\$0.00	2.181	0.777
05/28/2014	US Treasury	US Treasury	11/15/2022	\$2,000,000.00	\$1,886,648.62	\$1,886,648.62	\$0.00	7.825	2.368
05/30/2014	Toyota Motor Credit	Commercial Paper	01/05/2015	\$650,000.00	\$649,205.55	\$649,205.55	\$0.00	0.602	0.203
04/21/2014	FHLMC	Agency	05/01/2020	\$1,575,000.00	\$1,503,983.25	\$1,503,983.25	\$0.00	5.698	2.177
04/01/2014	FHLMC	Agency	10/02/2019	\$400,000.00	\$383,008.00	\$383,008.00	\$0.00	5.241	2.071
04/02/2014	American Honda Finance	US Corporate	10/10/2018	\$1,600,000.00	\$1,609,232.00	\$1,609,232.00	\$0.00	4.251	1.991
04/02/2014	Apple Inc	US Corporate	05/03/2018	\$350,000.00	\$340,868.50	\$340,868.50	\$0.00	3.963	1.663
04/02/2014	Chevron Corp.	US Corporate	06/24/2018	\$1,000,000.00	\$1,000,470.00	\$1,000,470.00	\$0.00	4.043	1.706
04/02/2014	Cisco Systems	US Corporate	03/01/2019	\$350,000.00	\$349,510.00	\$349,510.00	\$0.00	4.634	2.155
04/02/2014	John Deere Capital Corp	US Corporate	12/13/2018	\$400,000.00	\$398,784.00	\$398,784.00	\$0.00	4.440	2.018
04/02/2014	FNMA	Agency	02/19/2019	\$550,000.00	\$551,628.00	\$551,628.00	\$0.00	4.635	1.811
04/02/2014	John Deere Owner Trust	Asset Backed Security	07/15/2016	\$1,400,000.00	\$1,400,875.00	\$1,400,875.00	\$0.00	0.972	0.466
04/07/2014	JP Morgan Chase	US Corporate	01/28/2019	\$1,600,000.00	\$1,601,856.00	\$1,601,856.00	\$0.00	4.503	2.324
04/09/2014	John Deere Owner Trust	Asset Backed Security	04/16/2018	\$1,455,000.00	\$1,454,766.91	\$1,454,766.91	\$0.00	2.203	0.929
				\$17,580,000.00	\$17,309,684.98	\$17,309,684.98	\$0.00		
Sale									
04/07/2014	JP Morgan Chase	US Corporate	01/20/2015	\$1,900,000.00	\$1,939,327.10	\$1,947,880.00	\$8,552.90	0.775	0.484
				\$1,900,000.00	\$1,939,327.10	\$1,947,880.00	\$8,552.90		

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During the second quarter of 2014, our portfolio investment and re-balancing activity included purchases totaling \$17.3 million. Recent purchases included Commercial Paper, Corporate, Asset Backed, Agency and Treasury securities with maturities ranging from October 2014 through May 2023. Our transactions adjusted the portfolio duration to about equal to that of the benchmark index duration. Our cumulative sales transactions realized a net gain of \$8,553.

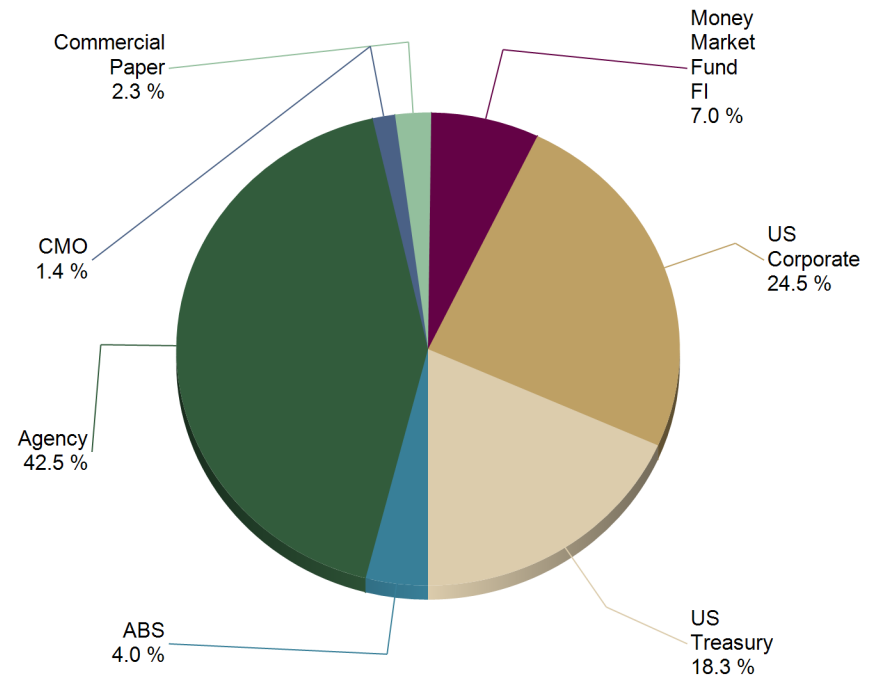
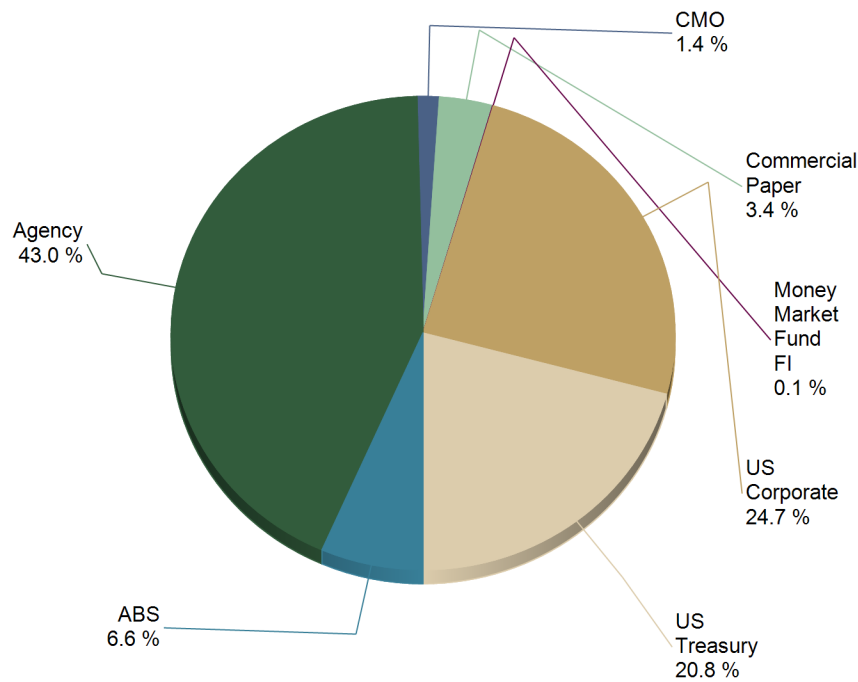


Moulton Niguel Water District Operating Reserve

June 30, 2014

March 31, 2014

-18-

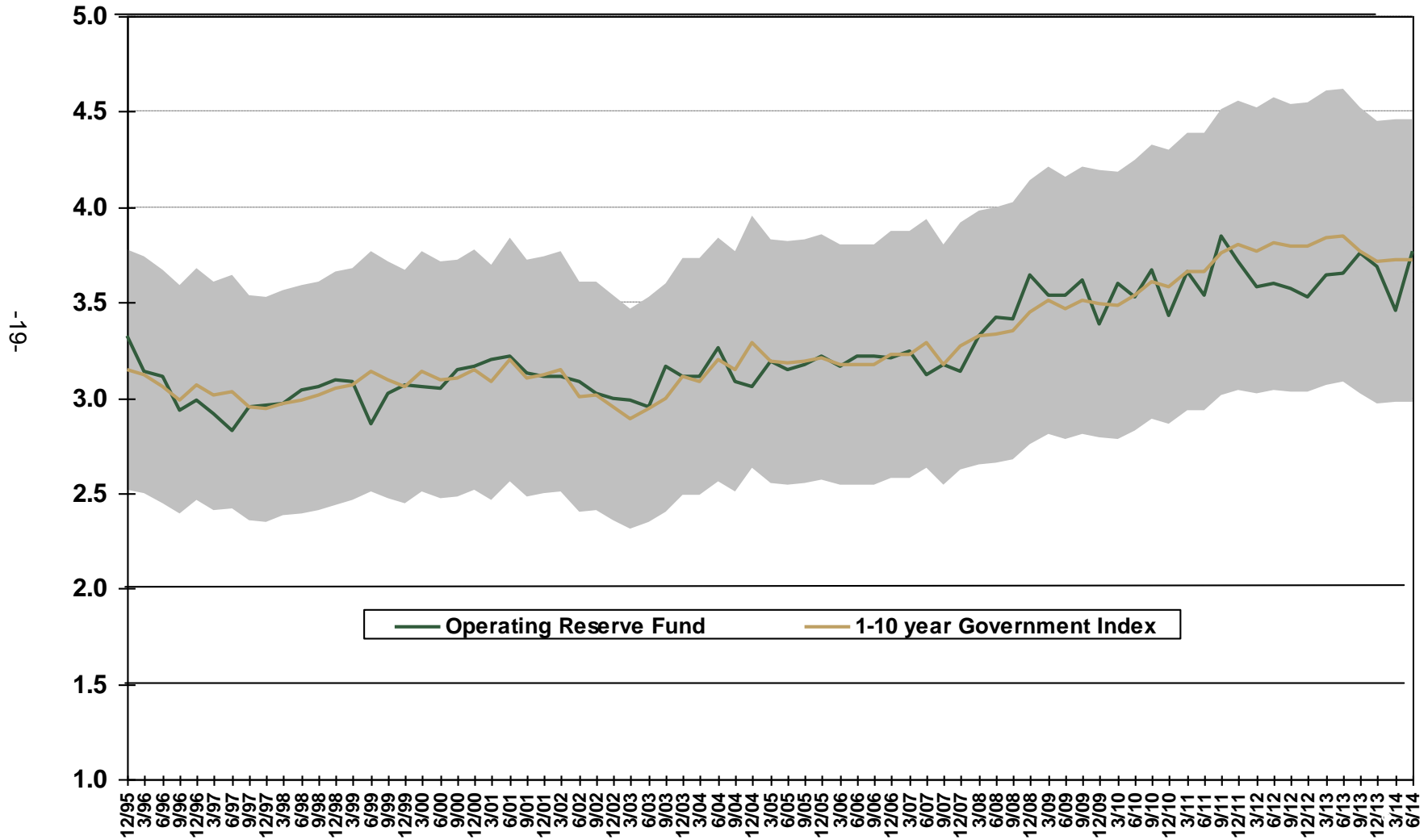


The portfolio sector allocation experienced small increases in Asset Backed Securities, Treasuries and Commercial Paper as we invested the new contribution from the Money Fund.



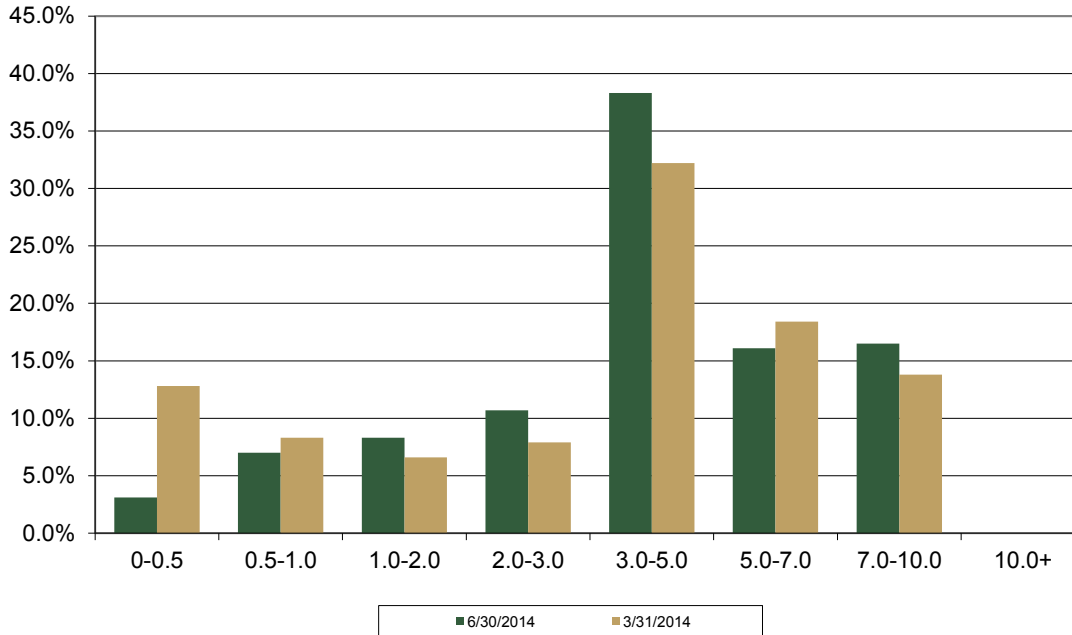
Exposure to Market Risk

Operating Reserve Fund Duration Compared to 1 - 10 Year Government Index Duration





MATURITY DISTRIBUTION
Operating Reserve Fund
June 30, 2014 vs. March 31, 2014



	0-0.5	0.5-1.0	1.0-2.0	2.0-3.0	3.0-5.0	5.0-7.0	7.0-10.0	10.0+
6/30/2014	3.1%	7.0%	8.3%	10.7%	38.3%	16.1%	16.5%	0.0%
3/31/2014	12.8%	8.3%	6.6%	7.9%	32.2%	18.4%	13.8%	0.0%

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The duration of the portfolio was close to that of the benchmark’s duration during most of the recent quarter. The market expects the Federal Reserve to complete its bond purchases by year-end and the market is moving closer to the eventual “lift off” date for the initial change to the Fed Funds rate, likely increasing interest rate volatility going forward. We anticipate the “lift-off” date for a change to the Fed Funds rate is in the 2nd half of 2015 and therefore will keep the duration of the portfolio close to the benchmark in the upcoming quarter.



Investment Performance

Moulton Niguel Water District Operating Reserve

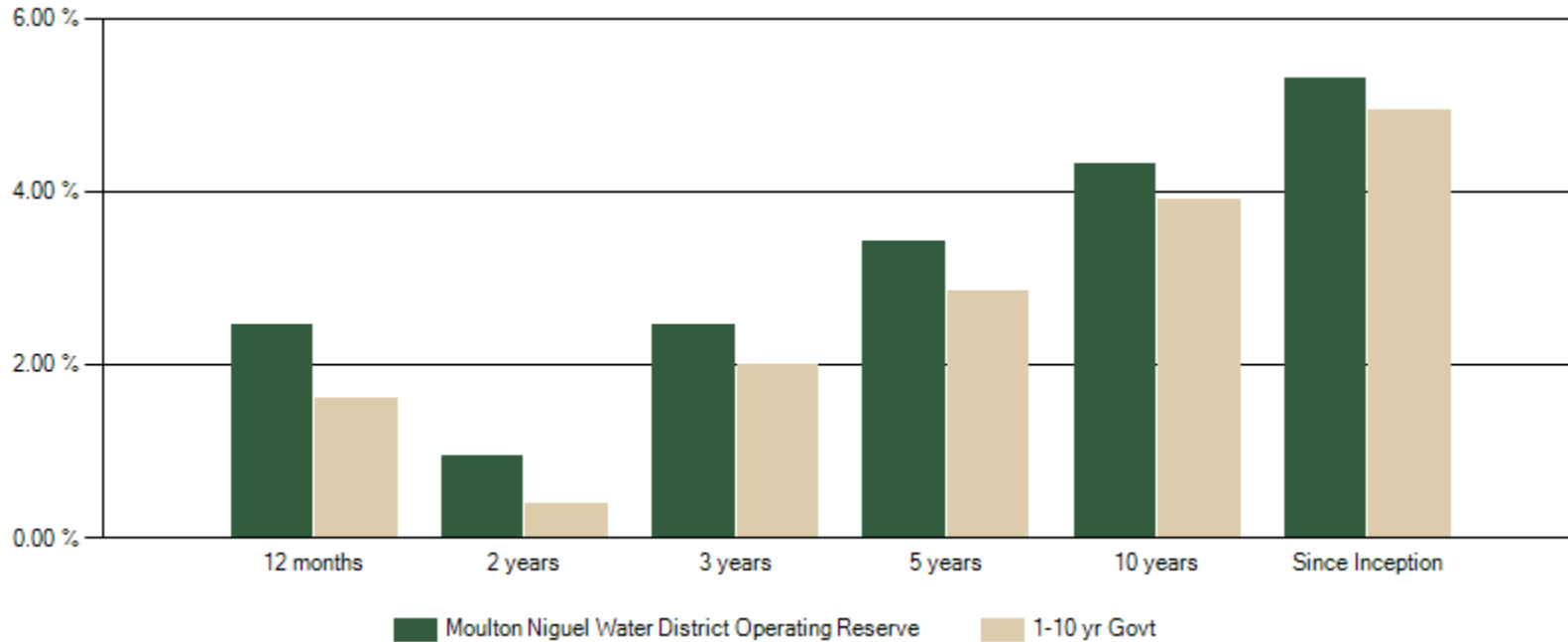
Period Ending

June 30, 2014

Total Rate of Return

Annualized Since Inception

September 30, 1995



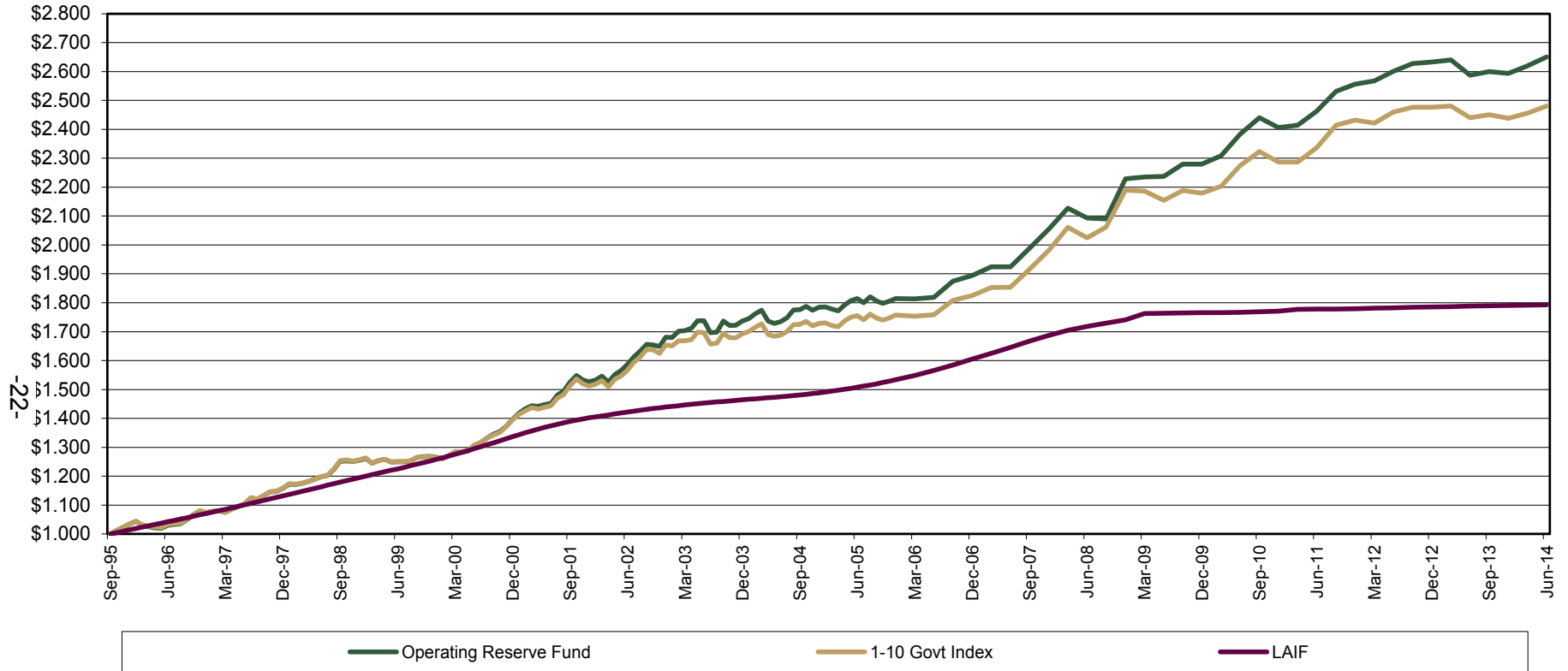
-21-

	3 months	12 months	Annualized				
			2 years	3 years	5 years	10 years	Since Inception
Moulton Niguel Water District Operating Reserve	1.21 %	2.47 %	0.97 %	2.48 %	3.45 %	4.33 %	5.34 %
1-10 yr Govt	1.00 %	1.64 %	0.41 %	2.02 %	2.86 %	3.92 %	4.96 %

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.



Operating Reserve Fund Growth of \$1 Million



Historical return on \$1 million invested in September 1995

Operating Reserve Fund
1-10 Govt Index
LAIF

	6/30/2014	Return
Operating Reserve Fund	\$2,651,100	5.34%
1-10 Govt Index	\$2,480,539	4.96%
LAIF	\$1,792,547	3.16%



SECTION 2

Portfolio Holdings



Moulton Niguel Water District Operating Reserve Account #40

Issuer Report

As of 6/30/2014

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	20.84 %
Federal Home Loan Mortgage Corp	Agency	10.86 %
Federal National Mortgage Association	Agency	9.46 %
Federal Home Loan Bank	Agency	8.22 %
Tennessee Valley Authority	Agency	8.16 %
Federal Farm Credit Bank	Agency	6.34 %
John Deere ABS	ABS	2.39 %
Honda ABS	ABS	1.68 %
IBM Corp	US Corporate	1.61 %
Deere & Company	US Corporate	1.60 %
Wells Fargo Corp	US Corporate	1.52 %
Toyota ABS	ABS	1.50 %
Cisco Systems	US Corporate	1.46 %
Federal Home Loan Mortgage Corp	CMO	1.44 %
General Electric Co	US Corporate	1.42 %
Apple Inc	US Corporate	1.41 %
Berkshire Hathaway	US Corporate	1.37 %
PNC Financial Services Group	Commercial Paper	1.36 %
Ebay	US Corporate	1.32 %
JP Morgan Chase & Co	US Corporate	1.30 %
Honda Motor Corporation	US Corporate	1.30 %
Pepsico Inc	US Corporate	1.27 %
Toyota Motor Corp	Commercial Paper	1.24 %
ChevronTexaco Corp	US Corporate	1.23 %
Bank of New York	US Corporate	1.21 %
Intel Corp	US Corporate	1.15 %
JP Morgan ABS	ABS	1.00 %
Oracle Corp	US Corporate	0.92 %
BlackRock Inc/New York	US Corporate	0.88 %
Coca Cola Co.	US Corporate	0.88 %
Bank of Tokyo-Mit UFJ	Commercial Paper	0.82 %
US Bancorp	US Corporate	0.81 %
Google Inc	US Corporate	0.80 %



Moulton Niguel Water District Operating Reserve
Account #40

Issuer Report

As of 6/30/2014

Issue Name	Investment Type	% Portfolio
Wal-Mart Stores	US Corporate	0.66 %
Praxair	US Corporate	0.41 %
United Technology Corp	US Corporate	0.09 %
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.05 %
Total		100.00 %



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
89231NAC7	Toyota Auto Receivable 2012-B A3 0.46% Due 7/15/2016	900,387.85	09/18/2012 0.46 %	900,302.22 900,302.22	100.05 0.37 %	900,824.54 184.08	0.72 % 522.32	Aaa / AAA NR	2.04 0.54
47787RAC4	John Deere Owner Trust 2012-B A3 0.53% Due 7/15/2016	1,028,249.09	03/28/2014 0.47 %	1,028,891.74 1,028,891.74	100.04 0.46 %	1,028,638.80 242.21	0.82 % (252.94)	Aaa / NR AAA	2.04 0.54
43813CAC4	Honda Auto Receivables 2012-4 A3 0.52% Due 8/18/2016	1,082,198.48	10/11/2012 0.52 %	1,082,093.72 1,082,093.72	100.11 0.33 %	1,083,406.21 203.21	0.87 % 1,312.49	Aaa / AAA NR	2.14 0.59
161571FL3	Chase CHAIT Pool #2012-A5 0.59% Due 8/15/2017	1,255,000.00	03/19/2013 0.59 %	1,255,000.00 1,255,000.00	100.15 0.46 %	1,256,874.97 329.09	1.00 % 1,874.97	NR / AAA AAA	3.13 1.10
477879AC4	John Deere Owner Trust 2013-B A3 0.87% Due 8/15/2017	500,000.00	08/27/2013 0.88 %	499,931.85 499,931.85	100.35 0.60 %	501,756.50 193.33	0.40 % 1,824.65	Aaa / NR AAA	3.13 1.28
89231MAC9	Toyota Auto Receivables Owner 2014-A 0.67% Due 12/15/2017	975,000.00	03/11/2014 0.69 %	974,819.82 974,819.82	100.07 0.63 %	975,689.33 290.33	0.78 % 869.51	Aaa / AAA NR	3.46 1.81
43814GAC4	Honda Auto Receivables 2014-2 A3 0.77% Due 3/19/2018	1,020,000.00	05/13/2014 0.78 %	1,019,877.40 1,019,877.40	99.96 0.79 %	1,019,586.90 283.62	0.81 % (290.50)	Aaa / AAA NR	3.72 1.95
47787VAC5	John Deere Owner Trust 2014-A A3 0.92% Due 4/16/2018	1,455,000.00	04/02/2014 0.93 %	1,454,766.91 1,454,766.91	100.19 0.82 %	1,457,831.43 594.93	1.16 % 3,064.52	Aaa / AAA NR	3.80 1.98
2012 ABS		8,215,835.42	0.66 %	8,215,683.66 8,215,683.66	0.57 %	8,224,608.68 2,320.80	6.57 % 8,925.02	Aaa / AAA Aaa	2.98 1.26
AGENCY									
31331VGU4	FFCB Note 4.875% Due 12/16/2015	2,500,000.00	Various 4.28 %	2,595,126.00 2,595,126.00	106.62 0.33 %	2,665,612.50 5,078.13	2.13 % 70,486.50	Aaa / AA+ AAA	1.46 1.42
31331J6C2	FFCB Note 2.35% Due 12/22/2015	1,200,000.00	03/28/2011 2.27 %	1,204,344.00 1,204,344.00	102.93 0.36 %	1,235,116.80 705.00	0.99 % 30,772.80	Aaa / AA+ AAA	1.48 1.46
3135G0BA0	FNMA Note 2.375% Due 4/11/2016	1,245,000.00	03/08/2011 2.49 %	1,238,438.85 1,238,438.85	103.64 0.32 %	1,290,320.49 6,570.83	1.04 % 51,881.64	Aaa / AA+ AAA	1.78 1.74
31331V2U9	FFCB Note 5.125% Due 8/25/2016	1,950,000.00	08/30/2011 1.14 %	2,324,887.50 2,324,887.50	109.71 0.58 %	2,139,304.05 34,978.13	1.74 % (185,583.45)	Aaa / AA+ AAA	2.16 2.03
3135G0UY7	FNMA Callable Note 1X 2/27/15 1% Due 2/27/2017	1,150,000.00	04/23/2013 0.75 %	1,160,925.00 1,160,925.00	100.36 0.45 %	1,154,163.00 3,961.11	0.92 % (6,762.00)	Aaa / AA+ AAA	2.67 1.63
31359M7X5	FNMA Note 5% Due 5/11/2017	1,550,000.00	12/31/2009 3.68 %	1,680,508.45 1,680,508.45	111.59 0.89 %	1,729,714.75 10,763.89	1.39 % 49,206.30	Aaa / AA+ AAA	2.87 2.69
31398ADM1	FNMA Note 5.375% Due 6/12/2017	1,200,000.00	Various 3.58 %	1,341,020.65 1,341,020.65	112.96 0.91 %	1,355,565.60 3,404.16	1.08 % 14,544.95	Aaa / AA+ AAA	2.95 2.76
880591EA6	Tennessee Valley Authority Note 5.5% Due 7/18/2017	2,460,000.00	Various 4.32 %	2,660,209.76 2,660,209.76	113.51 0.99 %	2,792,279.58 61,260.84	2.28 % 132,069.82	Aaa / AA+ AAA	3.05 2.79
3137EABA6	FHLMC Note 5.125% Due 11/17/2017	1,400,000.00	02/03/2011 3.13 %	1,569,204.00 1,569,204.00	113.33 1.10 %	1,586,669.00 8,769.44	1.27 % 17,465.00	Aaa / AA+ AAA	3.39 3.13
313372C36	FHLB Note 3.125% Due 12/8/2017	1,150,000.00	03/18/2011 2.87 %	1,167,848.00 1,167,848.00	106.25 1.26 %	1,221,893.40 2,296.01	0.98 % 54,045.40	Aaa / AA+ AAA	3.44 3.27



Holdings Report

As of 6/30/14

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
880591CU4	Tennessee Valley Authority Note 6.25% Due 12/15/2017	1,890,000.00	Various 4.27 %	2,157,081.80 2,157,081.80	116.79 1.27 %	2,207,298.87 5,249.99	1.77 % 50,217.07	NR / AA+ AAA	3.46 3.16
3135G0TG8	FNMA Note 0.875% Due 2/8/2018	1,660,000.00	Various 1.15 %	1,640,685.20 1,640,685.20	98.63 1.26 %	1,637,304.48 5,769.66	1.31 % (3,380.72)	Aaa / AA+ AAA	3.61 3.52
880591EC2	Tennessee Valley Authority Note 4.5% Due 4/1/2018	285,000.00	02/03/2010 3.90 %	296,826.36 296,826.36	111.73 1.29 %	318,425.37 3,206.25	0.26 % 21,599.01	Aaa / AA+ AAA	3.76 3.46
31331YF21	FFCB Note 4.25% Due 4/16/2018	650,000.00	07/15/2010 2.98 %	706,634.50 706,634.50	111.67 1.10 %	725,856.95 5,755.21	0.58 % 19,222.45	Aaa / AA+ AAA	3.80 3.51
3135G0WJ8	FNMA Note 0.875% Due 5/21/2018	2,340,000.00	Various 1.42 %	2,285,340.25 2,285,340.25	98.32 1.32 %	2,300,725.44 2,275.00	1.84 % 15,385.19	Aaa / AA+ AAA	3.89 3.81
3137EABP3	FHLMC Note 4.875% Due 6/13/2018	1,950,000.00	Various 2.67 %	2,224,649.10 2,224,649.10	113.60 1.33 %	2,215,240.95 4,753.13	1.77 % (9,408.15)	Aaa / AA+ AAA	3.96 3.63
3135G0ZA4	FNMA Note 1.875% Due 2/19/2019	2,300,000.00	Various 1.74 %	2,314,350.50 2,314,350.50	101.34 1.57 %	2,330,718.80 15,812.50	1.87 % 16,368.30	Aaa / AA+ AAA	4.64 4.40
3137EADG1	FHLMC Note 1.75% Due 5/30/2019	2,345,000.00	04/27/2012 1.66 %	2,358,760.46 2,358,760.46	100.38 1.67 %	2,353,803.13 3,533.78	1.88 % (4,957.33)	Aaa / AA+ AAA	4.92 4.69
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	2,250,000.00	Various 1.48 %	2,219,414.80 2,219,414.80	97.86 1.69 %	2,201,782.50 11,718.75	1.77 % (17,632.30)	Aaa / AA+ AAA	5.09 4.87
3137EADJ8	FHLB Note 5.125% Due 8/15/2019	2,000,000.00	06/07/2011 3.02 %	2,303,860.00 2,303,860.00	115.95 1.85 %	2,319,046.00 38,722.22	1.88 % 15,186.00	Aaa / AA+ AAA	5.13 4.50
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	1,425,000.00	Various 1.60 %	1,396,312.75 1,396,312.75	97.12 1.83 %	1,383,995.63 4,403.64	1.11 % (12,317.12)	Aaa / AA+ AAA	5.26 5.04
3137EADR7	FHLMC Note 1.375% Due 5/1/2020	1,575,000.00	04/17/2014 2.18 %	1,503,983.25 1,503,983.25	97.27 1.87 %	1,532,011.95 3,609.38	1.23 % 28,028.70	Aaa / AA+ AAA	5.84 5.56
3133ECPD0	FFCB Note 1.42% Due 5/13/2020	1,165,000.00	05/22/2013 1.63 %	1,148,561.85 1,148,561.85	97.26 1.92 %	1,133,054.54 2,205.73	0.91 % (15,507.31)	Aaa / AA+ AAA	5.87 5.58
3133XDVS7	FHLB Note 5.25% Due 12/11/2020	2,600,000.00	07/07/2011 3.54 %	2,953,808.00 2,953,808.00	118.54 2.15 %	3,081,946.40 7,583.33	2.47 % 128,138.40	Aaa / AA+ AAA	6.45 5.57
880591EL2	Tennessee Valley Authority Note 3.875% Due 2/15/2021	2,120,000.00	04/06/2011 3.87 %	2,121,611.20 2,121,611.20	110.06 2.23 %	2,333,327.12 31,034.44	1.89 % 211,715.92	Aaa / AA+ AAA	6.64 5.81
3133752P1	FHLB Note 3.5% Due 7/29/2021	3,300,000.00	08/03/2011 3.19 %	3,388,209.00 3,388,209.00	108.33 2.22 %	3,575,015.40 48,766.67	2.89 % 186,806.40	Aaa / AA+ AAA	7.08 6.21
3137EADB2	FHLMC Note 2.375% Due 1/13/2022	2,275,000.00	Various 2.28 %	2,291,259.33 2,291,259.33	99.80 2.40 %	2,270,522.80 25,214.58	1.83 % (20,736.53)	Aaa / AA+ AAA	7.55 6.79
880591EN8	Tennessee Valley Authority Note 1.875% Due 8/15/2022	2,585,000.00	Various 2.03 %	2,550,760.80 2,550,760.80	94.75 2.60 %	2,449,357.30 18,310.42	1.97 % (101,403.50)	Aaa / AA+ AAA	8.13 7.40
Total Agency		50,520,000.00	2.65 %	52,804,621.36 52,804,621.36	1.48 %	53,540,072.80 375,712.22	43.04 % 735,451.44	Aaa / AA+ Aaa	4.56 4.17



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
CMO									
3137AH6Q6	FHLMC K704 A2 2.412% Due 8/25/2018	1,745,000.00	03/06/2014 1.68 %	1,798,576.95 1,798,576.95	103.05 1.58 %	1,798,276.60 701.49	1.44 % (300.35)	NR / NR AAA	4.16 3.78
Total CMO		1,745,000.00	1.68 %	1,798,576.95	1.58 %	1,798,276.60 701.49	1.44 % (300.35)	NR / NR Aaa	4.16 3.78
COMMERCIAL PAPER									
69349KGP9	PNC Bank Discount CP 0.27% Due 7/23/2014	1,700,000.00	12/23/2013 0.27 %	1,697,297.00 1,699,719.50	99.98 0.27 %	1,699,719.50 0.00	1.36 % 0.00	P-1 / A-1 F-1	0.06 0.06
06538CKM2	Bank of Tokyo Mitsubishi NY Discount CP 0.21% Due 10/21/2014	1,030,000.00	06/16/2014 0.21 %	1,029,242.95 1,029,327.07	99.93 0.21 %	1,029,327.07 0.00	0.82 % 0.00	P-1 / A-1 F-1	0.31 0.31
89233HN59	Toyota Motor Credit Discount CP 0.2% Due 1/5/2015	1,550,000.00	Various 0.20 %	1,548,245.55 1,548,381.11	99.90 0.20 %	1,548,381.11 0.00	1.24 % 0.00	P-1 / A-1+ F-1	0.52 0.52
Total Commercial Paper		4,280,000.00	0.23 %	4,274,785.50 4,277,427.68	0.23 %	4,277,427.68 0.00	3.41 % 0.00	P-1 / A-1 F-1	0.29 0.29
MONEY MARKET FUND FI									
25J466	Wells Fargo Advantage Government MMF	64,182.60	Various 0.01 %	64,182.60 64,182.60	1.00 0.01 %	64,182.60 0.00	0.05 % 0.00	Aaa / NR AAA	0.00 0.00
Total Money Market Fund FI		64,182.60	0.01 %	64,182.60	0.01 %	64,182.60 0.00	0.05 % 0.00	Aaa / NR Aaa	0.00 0.00
US CORPORATE									
09247XAD3	Blackrock Inc Note 3.5% Due 12/10/2014	1,090,000.00	Various 2.84 %	1,120,065.90 1,120,065.90	101.44 0.25 %	1,105,710.17 2,225.42	0.88 % (14,355.73)	A1 / AA- NR	0.45 0.44
713448BM9	Pepsico Inc. Note 3.1% Due 1/15/2015	1,550,000.00	Various 2.10 %	1,614,584.35 1,614,584.35	101.50 0.32 %	1,573,321.30 22,156.38	1.27 % (41,263.05)	A1 / A- A	0.55 0.53
94980VAA6	Wells Fargo Bank Note 4.75% Due 2/9/2015	1,825,000.00	Various 3.52 %	1,914,016.00 1,914,016.00	102.68 0.34 %	1,873,888.10 34,193.41	1.52 % (40,127.90)	A1 / A+ A+	0.61 0.60
084670AV0	Berkshire Hathaway Note 3.2% Due 2/11/2015	1,665,000.00	Various 3.12 %	1,670,612.45 1,670,612.45	101.76 0.32 %	1,694,337.30 20,720.00	1.37 % 23,724.85	Aa2 / AA A+	0.62 0.61
06406JHB4	Bank of New York Mellon Note 4.95% Due 3/15/2015	1,445,000.00	Various 2.11 %	1,620,058.00 1,620,058.00	103.28 0.31 %	1,492,443.69 21,060.88	1.21 % (127,614.31)	A2 / A A+	0.71 0.70
74005PAR5	Praxair Note 4.625% Due 3/30/2015	490,000.00	Various 2.58 %	534,803.30 534,803.30	103.18 0.37 %	505,606.01 5,728.58	0.41 % (29,197.29)	A2 / A NR	0.75 0.74
278642AB9	Ebay Inc Note 1.625% Due 10/15/2015	1,625,000.00	10/22/2010 1.66 %	1,622,156.25 1,622,156.25	101.58 0.40 %	1,650,624.63 5,574.65	1.32 % 28,468.38	A2 / A A	1.29 1.28
459200GU9	IBM Corp Note 2% Due 1/5/2016	1,950,000.00	Various 2.77 %	1,882,374.00 1,882,374.00	102.31 0.47 %	1,995,101.55 19,066.66	1.61 % 112,727.55	Aa3 / AA- A+	1.52 1.48



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
24422ERZ4	John Deere Capital Corp Note 0.75% Due 1/22/2016	475,000.00	01/17/2013 0.79 %	474,496.50 474,496.50	100.43 0.47 %	477,062.93 1,573.44	0.38 % 2,566.43	A2 / A NR	1.56 1.55
38259PAC6	Google Inc Note 2.125% Due 5/19/2016	975,000.00	11/15/2012 0.75 %	1,021,108.20 1,021,108.20	103.02 0.51 %	1,004,447.93 2,417.19	0.80 % (16,660.27)	Aa2 / AA NR	1.89 1.85
191216AU4	Coca Cola Company Note 1.8% Due 9/1/2016	1,070,000.00	08/13/2013 0.98 %	1,096,225.70 1,096,225.70	102.35 0.71 %	1,095,126.81 6,420.00	0.88 % (1,098.89)	Aa3 / AA A+	2.18 2.12
36962G5W0	General Electric Capital Corp Note 2.3% Due 4/27/2017	1,720,000.00	03/07/2013 1.44 %	1,778,875.60 1,778,875.60	103.29 1.11 %	1,776,515.76 7,032.89	1.42 % (2,359.84)	A1 / AA+ NR	2.83 2.73
913017BU2	United Tech Corp Note 1.8% Due 6/1/2017	115,000.00	05/24/2012 1.82 %	114,901.10 114,901.10	102.14 1.05 %	117,460.89 172.50	0.09 % 2,559.79	A2 / A A	2.92 2.84
68389XAN5	Oracle Corp Note 1.2% Due 10/15/2017	1,150,000.00	08/28/2013 1.87 %	1,119,421.50 1,119,421.50	99.87 1.24 %	1,148,461.30 2,913.33	0.92 % 29,039.80	A1 / A+ A+	3.30 3.21
166764AA8	Chevron Corp. Callable Note Cont 11/5/17 1.104% Due 12/5/2017	535,000.00	Various 1.19 %	533,208.75 533,208.75	99.54 1.24 %	532,540.61 426.58	0.43 % (668.14)	Aa1 / AA NR	3.44 3.35
458140AL4	Intel Corp Note 1.35% Due 12/15/2017	1,445,000.00	12/12/2012 1.29 %	1,449,314.55 1,449,314.55	100.03 1.34 %	1,445,406.05 867.00	1.15 % (3,908.50)	A1 / A+ A+	3.46 3.37
42DF7	Wal-Mart Stores Note 1.125% Due 4/11/2018	840,000.00	04/04/2013 1.14 %	839,227.20 839,227.20	98.67 1.49 %	828,791.88 2,100.00	0.66 % (10,435.32)	Aa2 / AA AA	3.78 3.67
037833AJ9	Apple Inc Note 1% Due 5/3/2018	1,800,000.00	Various 1.29 %	1,776,528.00 1,776,528.00	97.80 1.59 %	1,760,320.80 2,900.00	1.41 % (16,207.20)	Aa1 / AA+ NR	3.84 3.74
166764AE0	Chevron Corp. Callable Note Cont 5/24/2018 1.718% Due 6/24/2018	1,000,000.00	03/28/2014 1.71 %	1,000,470.00 1,000,470.00	100.79 1.51 %	1,007,854.00 334.06	0.80 % 7,384.00	Aa1 / AA NR	3.99 3.76
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	1,600,000.00	03/28/2014 1.99 %	1,609,232.00 1,609,232.00	101.59 1.74 %	1,625,384.00 7,650.00	1.30 % 16,152.00	A1 / A+ NR	4.28 4.06
91159HHE3	US Bancorp Callable Note Cont 10/15/2018 1.95% Due 11/15/2018	1,010,000.00	11/19/2013 1.86 %	1,014,082.85 1,014,082.85	100.66 1.79 %	1,016,649.84 2,516.58	0.81 % 2,566.99	A1 / A+ AA-	4.38 4.09
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	1,520,000.00	Various 2.00 %	1,516,398.40 1,516,398.40	100.28 1.89 %	1,524,186.08 1,482.00	1.22 % 7,787.68	A2 / A NR	4.46 4.24
46625HJR2	JP Morgan Chase Note 2.35% Due 1/28/2019	1,600,000.00	04/02/2014 2.32 %	1,601,856.00 1,601,856.00	101.17 2.08 %	1,618,726.40 15,980.00	1.30 % 16,870.40	A3 / A A+	4.58 4.28
17275RAR3	Cisco Systems Note 2.125% Due 3/1/2019	1,800,000.00	Various 2.05 %	1,806,359.70 1,806,359.70	100.78 1.95 %	1,813,986.00 12,537.50	1.46 % 7,626.30	A1 / AA- NR	4.67 4.40
Total US Corporate		30,295,000.00	2.00 %	30,730,376.30	1.04 %	30,683,954.03 198,049.05	24.65 % (46,422.27)	A1 / AA- A+	2.58 2.47
US TREASURY									
912828GH7	US Treasury Note 4.625% Due 2/15/2017	800,000.00	07/12/2007 5.14 %	769,187.50 769,187.50	110.20 0.70 %	881,624.80 13,900.55	0.71 % 112,437.30	Aaa / AA+ AAA	2.63 2.



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828HH6	US Treasury Note 4.25% Due 11/15/2017	1,850,000.00	12/05/2007 3.94 %	1,896,755.86 1,896,755.86	110.63 1.04 %	2,046,562.50 10,041.78	1.64 % 149,806.64	Aaa / AA+ AAA	3.38 3.16
912828SD3	US Treasury Note 1.25% Due 1/31/2019	2,335,000.00	05/29/2012 1.09 %	2,359,362.67 2,359,362.67	98.88 1.50 %	2,308,731.25 12,174.90	1.85 % (50,631.42)	Aaa / AA+ AAA	4.59 4.41
912828SX9	US Treasury Note 1.125% Due 5/31/2019	2,475,000.00	01/30/2013 1.23 %	2,459,444.48 2,459,444.48	97.74 1.60 %	2,419,119.45 2,358.35	1.93 % (40,325.03)	Aaa / AA+ AAA	4.92 4.75
912828TH3	US Treasury Note 0.875% Due 7/31/2019	2,300,000.00	10/25/2012 1.21 %	2,249,696.70 2,249,696.70	96.16 1.67 %	2,211,592.60 8,394.68	1.77 % (38,104.10)	Aaa / AA+ AAA	5.09 4.92
912828UB4	US Treasury Note 1% Due 11/30/2019	2,400,000.00	Various 1.91 %	2,271,415.85 2,271,415.85	96.13 1.75 %	2,307,000.00 2,032.79	1.84 % 35,584.15	Aaa / AA+ AAA	5.42 5.23
912828PX2	US Treasury Note 3.625% Due 2/15/2021	1,425,000.00	06/02/2011 2.95 %	1,505,662.92 1,505,662.92	110.06 2.00 %	1,568,390.63 19,406.77	1.27 % 62,727.71	Aaa / AA+ AAA	6.64 5.86
912828RC6	US Treasury Note 2.125% Due 8/15/2021	1,650,000.00	02/28/2014 2.23 %	1,637,953.86 1,637,953.86	99.94 2.13 %	1,648,968.75 13,172.65	1.33 % 11,014.89	Aaa / AA+ AAA	7.13 6.53
912828RR3	US Treasury Note 2% Due 11/15/2021	2,300,000.00	01/18/2012 1.90 %	2,320,313.90 2,320,313.90	98.75 2.18 %	2,271,250.00 5,875.00	1.82 % (49,063.90)	Aaa / AA+ AAA	7.38 6.80
912828SV3	US Treasury Note 1.75% Due 5/15/2022	2,400,000.00	07/29/2013 2.41 %	2,275,134.60 2,275,134.60	96.26 2.27 %	2,310,187.20 5,364.13	1.85 % 35,052.60	Aaa / AA+ AAA	7.88 7.28
912828TJ9	US Treasury Note 1.625% Due 8/15/2022	2,450,000.00	Various 2.15 %	2,342,880.91 2,342,880.91	94.94 2.31 %	2,325,968.75 14,957.18	1.87 % (16,912.16)	Aaa / AA+ AAA	8.13 7.49
912828TY6	US Treasury Note 1.625% Due 11/15/2022	2,600,000.00	Various 2.43 %	2,437,783.83 2,437,783.83	94.51 2.35 %	2,457,202.80 5,396.06	1.97 % 19,418.97	Aaa / AA+ AAA	8.38 7.74
912828VB3	US Treasury Note 1.75% Due 5/15/2023	1,300,000.00	06/26/2014 2.42 %	1,230,688.80 1,230,688.80	94.72 2.41 %	1,231,344.40 2,905.57	0.99 % 655.60	Aaa / AA+ AAA	8.88 8.12
Total US Treasury		26,285,000.00	2.18 %	25,756,281.88 25,756,281.88	1.88 %	25,987,943.13 115,980.41	20.84 % 231,661.25	Aaa / AA+ Aaa	6.27 5.85
TOTAL PORTFOLIO		121,405,018.02	2.16 %	123,644,508.25 123,647,150.43	1.35 %	124,576,465.52 692,763.97	100.00 % 929,315.09	Aa1 / AA Aaa	4.17 3.77
TOTAL MARKET VALUE PLUS ACCRUED						125,269,229.49			



Holdings Report

As of 6/30/14

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	20,251,454.36	Various 0.23 %	20,251,454.36 20,251,454.36	1.00 0.23 %	20,251,454.36 9,694.62	100.00 % 0.00	NR / NR NR	0.00 0.00
Total LAIF		20,251,454.36	0.23 %	20,251,454.36 20,251,454.36	0.23 %	20,251,454.36 9,694.62	100.00 % 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		20,251,454.36	0.23 %	20,251,454.36 20,251,454.36	0.23 %	20,251,454.36 9,694.62	100.00 % 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUED						20,261,148.98			



SECTION 3

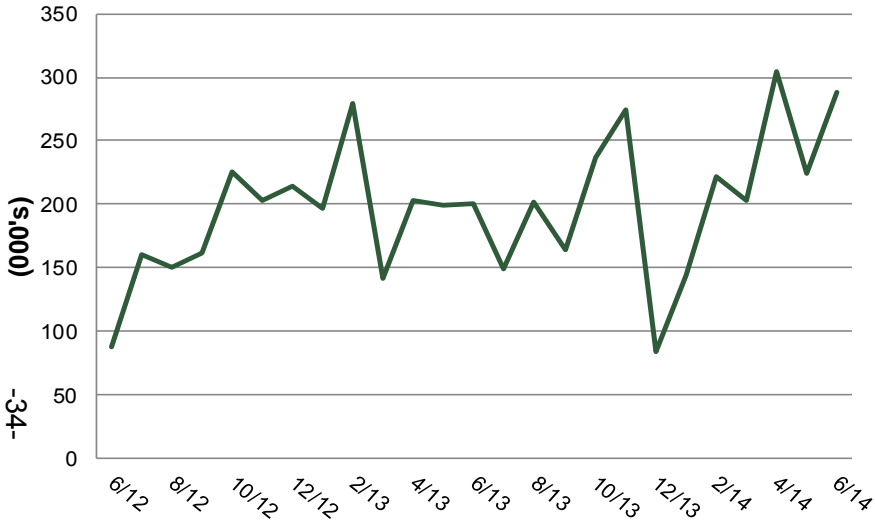
Economic Update



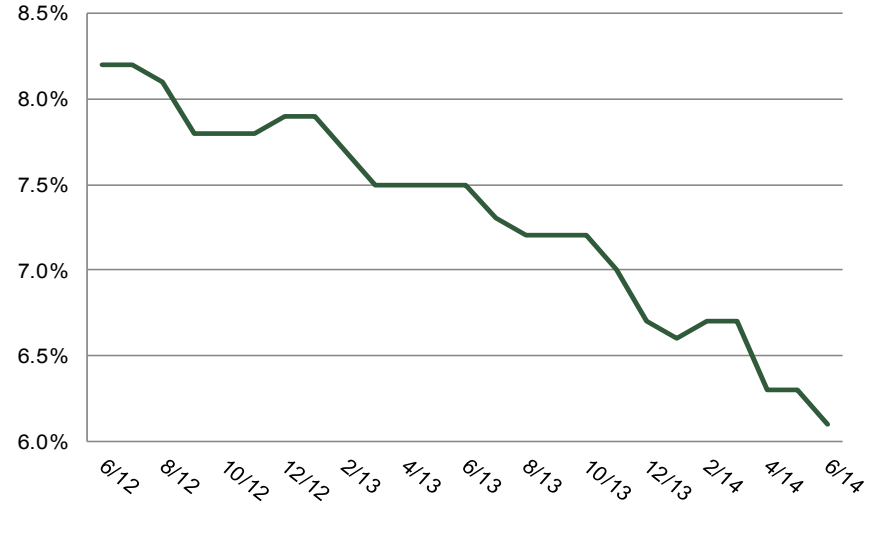
- We believe the economy is gaining positive momentum, fueled by ongoing improvement in the labor market. The June employment report was stronger than expected, as nonfarm payrolls grew by 288,000, versus expectations of 215,000. During the second quarter, payrolls grew by an average of 272,000 per month, which compares favorably to the first quarter monthly average of 190,000. Private payrolls grew by 262,000 in June and government jobs rose by 26,000. The unemployment rate declined to 6.1% in June from 6.3% in May, which was a positive surprise. Meanwhile, the manufacturing sector continued to show strength and recent housing data has surprised to the upside.
- As expected, the Federal Open Market Committee left policy rates unchanged at its June 17-18 meeting, and announced another \$10 billion reduction in asset purchases (to a level of \$35 billion per month from \$45 billion, comprised of \$20 billion in treasuries and \$15 billion in mortgage-backed securities). We expect the process of unwinding quantitative easing will continue at a steady pace with the Fed announcing another \$10 billion reduction in asset purchases at its July 29-30 meeting. The Fed reduced their GDP growth projections for 2014 to 2.1%-2.3% from 2.8%-3.0%, but improved their outlook for unemployment. At Chair Yellen's press conference, she reinforced that the Fed will continue to monitor the economy and does not project raising short term rates for a considerable amount of time after the asset purchases end.
- During the past three months, the yield curve has flattened even as the Fed has been tapering its purchases of long-term Treasury bonds. Market participants have reacted to mixed domestic economic data, as well as fears of euro zone deflation, geopolitical tensions, and volatility in emerging markets over the past several months. These concerns have fueled a flight to quality, putting downward pressure on longer yields, although some of this pressure has recently dissipated.



Non-farm Payroll (000's)



Unemployment Rate

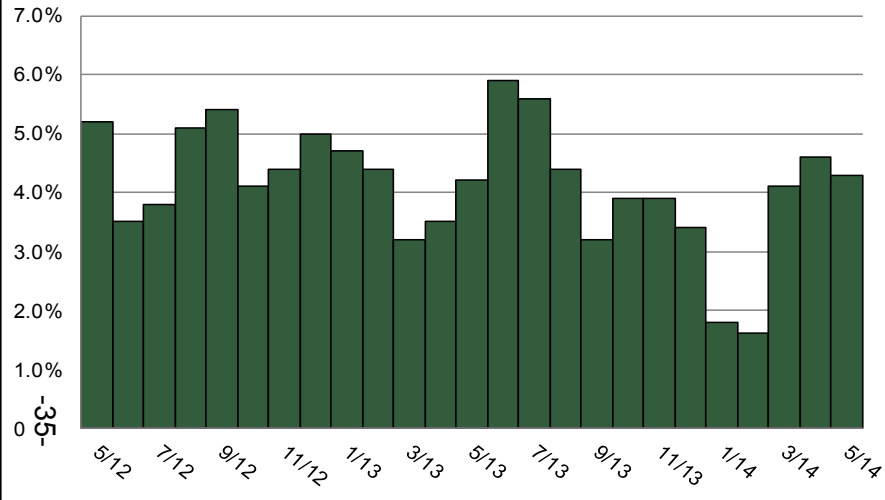


Source: U.S. Department of Labor

The June employment report was better than expected as payrolls rose by 288,000 versus the 215,000 consensus estimate. Net revisions for job growth in April and March were +29,000. Private payrolls increased by 262,000 in June and government jobs increased by 26,000. The unemployment rate declined to 6.1% from 6.3%, and the participation rate was unchanged at 62.8%.

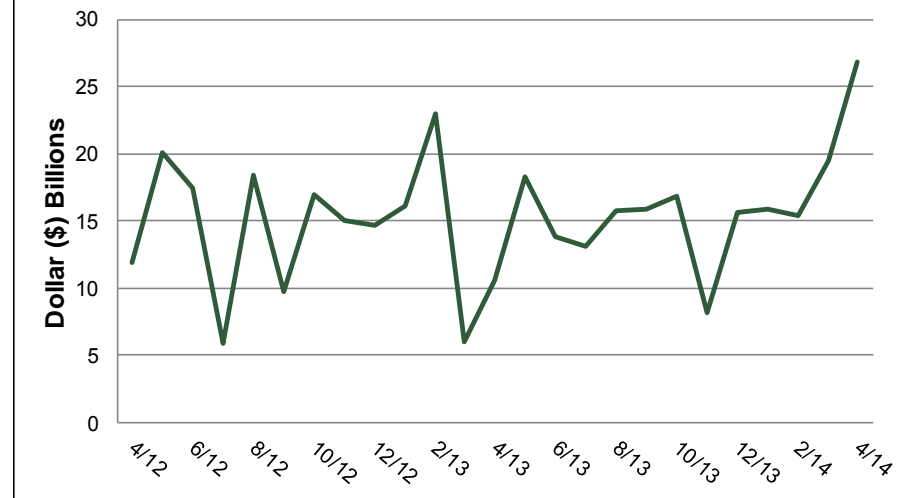


Retail Sales Y-O-Y % Change



Source: U.S. Department of Commerce

Consumer Credit

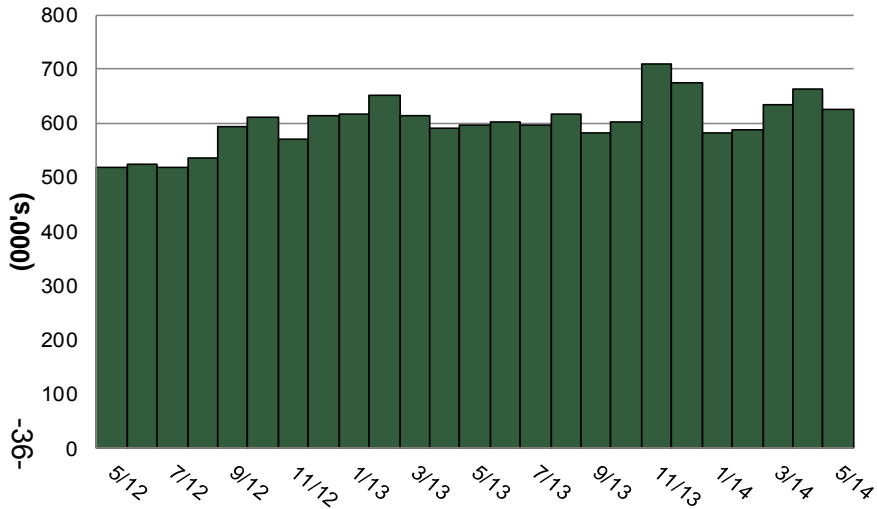


Source: Federal Reserve

In May, Retail Sales rose 4.3% on a year-over-year basis versus a gain of 4.6% in April. On a month-over-month basis, Retail Sales edged up just 0.3% in May, which was below expectations, but the April figure was revised up to 0.5%. Overall, Retail Sales were somewhat softer than expected in May, but better than previously believed in April. Consumer Credit rose by \$26.8 billion in April versus a gain of \$17.5 billion in March. Revolving credit surged by \$8.8 billion in April, for one of the largest gains on record, which bodes well for consumer spending.

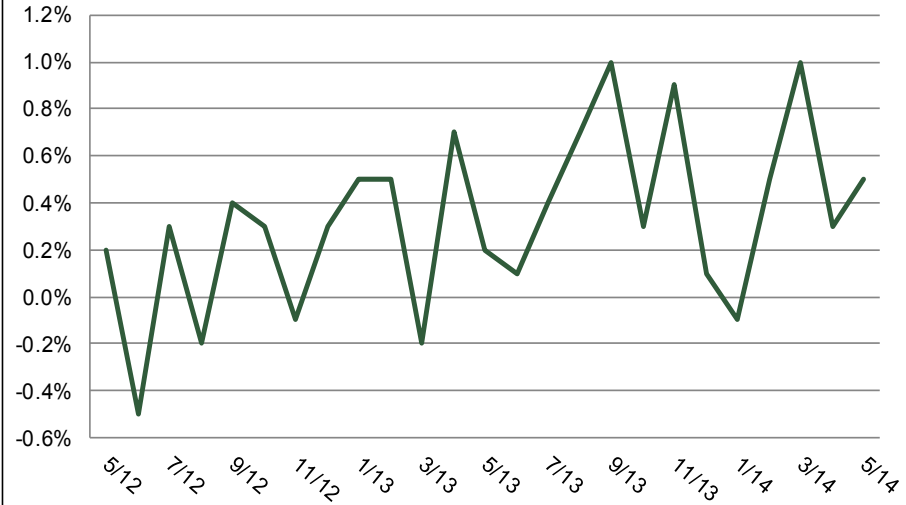


Starts - Single Family Housing



Source: US Department of Commerce

Leading Economic Indicators

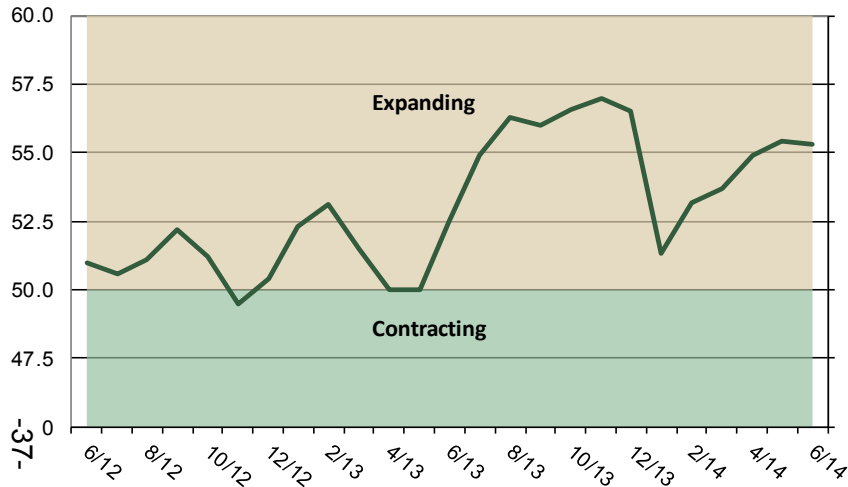


Source: The Conference Board

Single-family housing starts fell 5.9% to 625,000 in May after rising 4.6% in April. Multifamily starts also declined 7.6% in May after rising 29.2% in April. The index of Leading Economic Indicators (LEI) rose 0.5% in May following a 0.3% gain in April. Overall, the LEI index continues to point to modest economic growth.

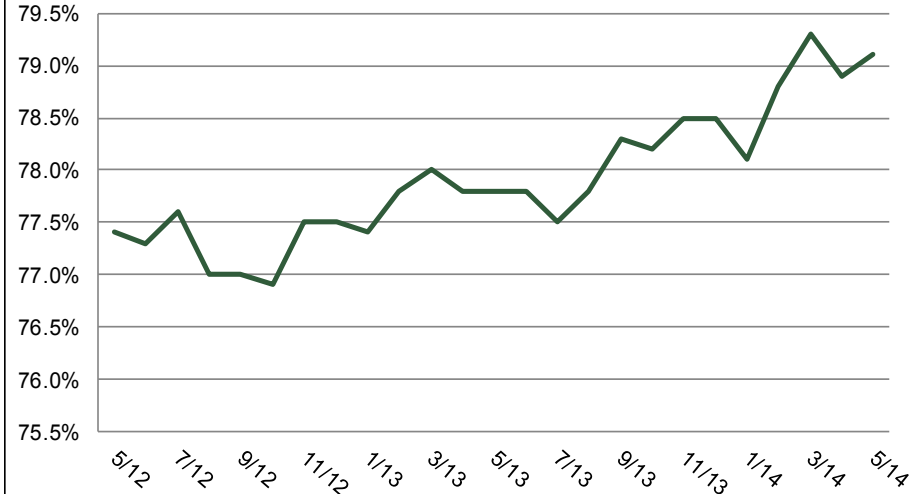


Institute of Supply Management Purchasing Manager Index



Source: Institute for Supply Management

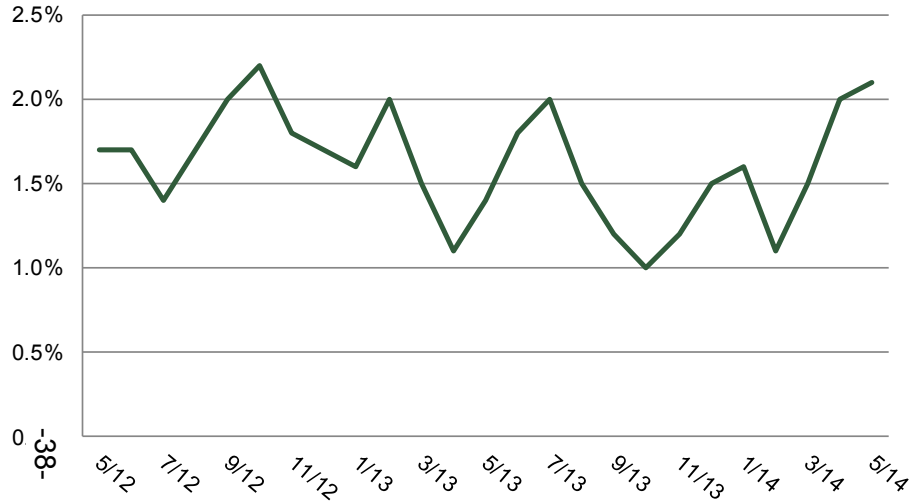
Capacity Utilization



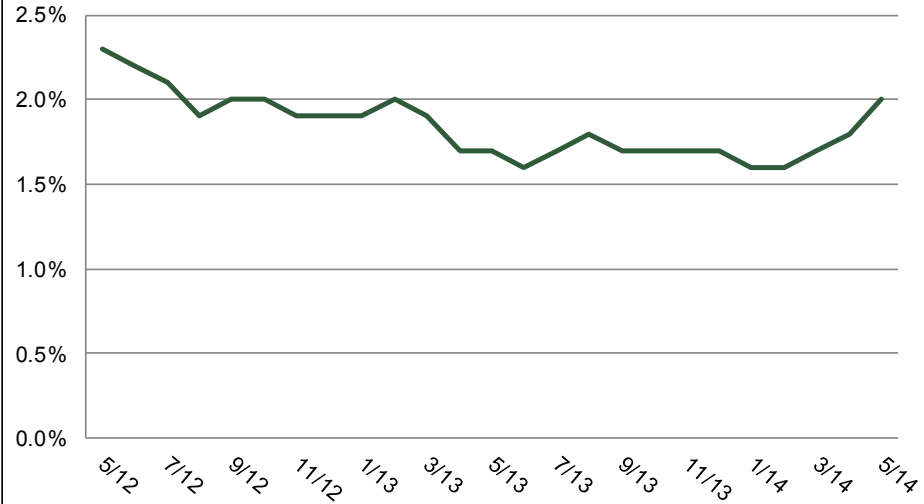
Source: Federal Reserve

During June, the ISM Manufacturing Index remained strong at 55.3 compared to 55.4 in May, signaling ongoing growth in the manufacturing sector. A reading above 50.0 is viewed as expansionary in the manufacturing sector, while a reading below 50.0 suggests contraction in the manufacturing sector. New orders were particularly favorable in June at 58.9, up 2.0 points from May. Capacity Utilization, which is production divided by capacity, rose in May to 79.1% from 78.9% in April. The Capacity Utilization rate remains below the long-run average of 80.1% (1972-2013).

CPI Y-O-Y % Change

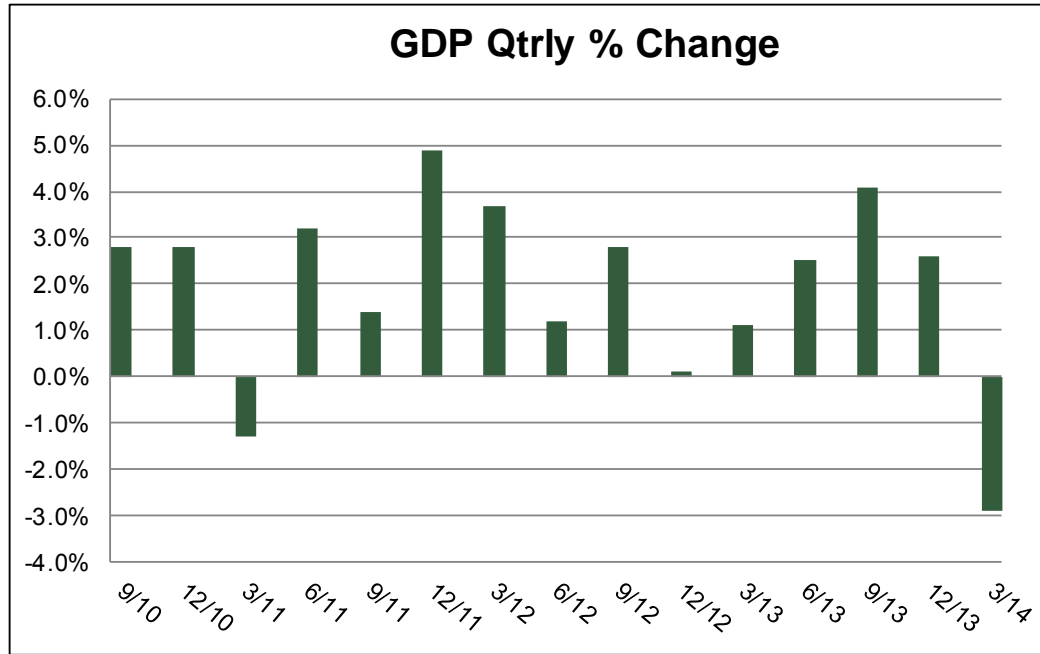


Core CPI Y-O-Y % Change



Source: US Department of Labor

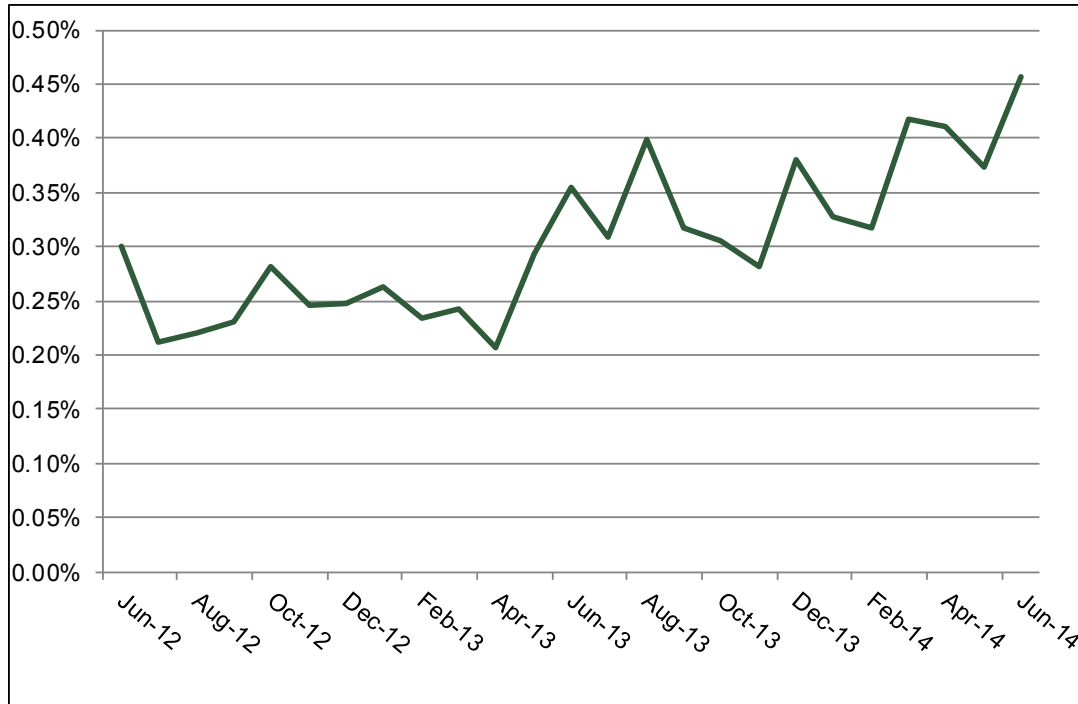
In May, overall CPI inflation increased to 2.1% on a year-over-year basis from 2.0% in April. The year-over-year Core CPI (CPI less food and energy) also increased to 2.0% in May from 1.8% in April. The core inflation rate is now trending in line with the Fed's long-term goal of 2.0%.



Source: U.S. Department of Commerce

Real annualized GDP growth for the first quarter of 2014 was revised down again to -2.9% from the second estimate of -1.0% (also down from the advance estimate of +0.1%). Analysts were expecting a downward revision to -1.8%. The bigger than expected downward revision was largely driven by a change in consumer spending on healthcare as well as a change in exports. The decline in GDP during the first quarter follows growth of 2.6% in the fourth quarter. Economists are expecting a rebound in economic growth in the second quarter to 3.5%.

Yield on the Two-Year Note June 2012 through June 2014

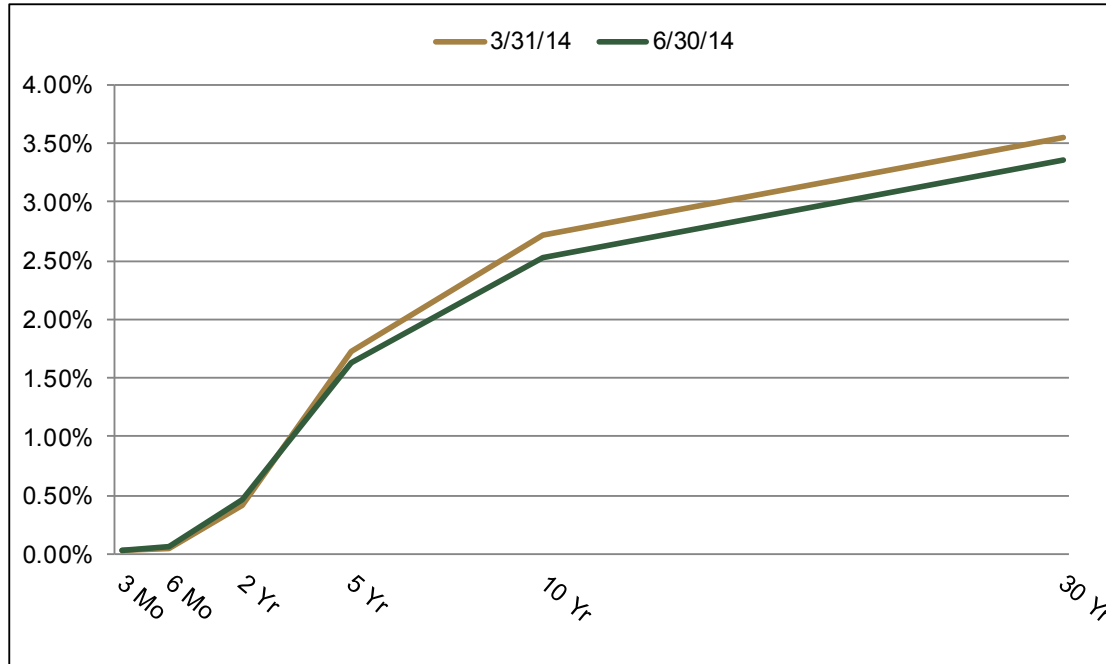


Source: Bloomberg

The yield on the two-year Treasury note increased in June. Economic data has recently improved, reflecting a pickup in second quarter economic growth after a sluggish first quarter. The unwinding of quantitative easing by the Federal Reserve along with the anticipation of a potential fed funds rate hike next year have also put upward pressure on rates.



March 31, 2014 and June 30, 2014



Source: Bloomberg

During the past three months, the yield curve has flattened even as the Fed has been tapering its purchases of long-term Treasury bonds. Market participants have reacted to mixed domestic economic data, as well as fears of euro zone deflation, geopolitical tensions, and volatility in emerging markets over the past several months. These concerns have fueled a flight to quality, putting downward pressure on longer yields, although some of this pressure has recently dissipated.



Moulton Niguel Water District

STAFF REPORT

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

FROM: Joone Lopez, General Manager

SUBJECT: Bay Delta Conservation Plan Comment Letter

SUMMARY:

Issue: Approval of letter of support for Draft Public Review Bay Delta Conservation Plan (BDCP), Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS), and Draft BDCP Implementing Agreement.

Recommendation: It is recommended that the Board of Directors approve the Letter of Support from Municipal Water District of Orange County for the Bay Delta Conservation Plan Preferred Alternative (No. 4).

Fiscal Impact: Cost/Benefit modeling shows a net benefit of BDCP implementation. There is no direct financial impact unless the BDCP is implemented. Metropolitan Water District (MET) would pass through its 25% cost share of the BDCP's financing, resulting in an average \$5-6 monthly bill increase per customer.

BACKGROUND:

As a result of combined legal constraints on pumping and seismic risk posed by aging levees, the BDCP was constructed and designed to balance co-equal goals of ecosystem restoration and reliable conveyance in compliance with the Sacramento-San Joaquin Delta Reform Act of 2009. Without the BDCP, average State Water Project and Central Valley Project (SWP/CVP) supplies would be about 1/3 less than current supplies, and less than half in the event of a catastrophic earthquake.

DISCUSSION:

Due to the lost economic activity, science and policy analysis supports Municipal Water District of Orange County's (MWDOC) Preferred Alternative No. 4 of the BDCP, to build two gravity flow tunnels with a capacity of 9,000 cfs over 30 miles.

#6.

Based on the timeline below staff has drafted the attached Comment Letter in support of Preferred Alternative No. 4, providing comments on the BDCP and emphasizing the importance of implementing a solution in a timely manner.

Timeline	
2009	Delta Reform Act Establishes Co-Equal Goals
November 2010	First Administrative Draft BDCP
May 2013	Delta Plan Adopted
December 13, 2014	Draft EIR/EIS/Public BDCP Released
April 2014	MWDOC forms working group to craft formal comments
May 30, 2014	Implementation Agreement Released
July 29, 2014	Comment Period Ends
Spring to Summer 2015	Record of Decision (Formal Approval)
2015 to 2017	Design
2017	Construction over 10-12 years

MWDOC and MET are also submitting comment letters that complement the message conveyed by the District.

Attachment:

Comment Letter on Draft Public Review BDCP, Draft EIR/EIS and Draft BDCP Implementing Agreement

July 16, 2014

**Comments of Moulton Niguel Water District on
the Draft Public Review Bay-Delta Conservation Plan (BDCP), Draft
Environmental Impact Report/Environmental Impact Statement and Draft
BDCP Implementing Agreement**

Comments can be provided via mail or email as follows:

MAIL TO:

BDCP Comments

Ryan Wulff, National Marine Fisheries Services

650 Capitol Mall, Suite 5-100

Sacramento, CA 95814

EMAIL TO:

BDCP.comments@noaa.gov

Moulton Niguel Water District is pleased to submit comments on the Draft Bay Delta Conservation Plan (BDCP), Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS) and Draft BDCP Implementing Agreement.

Moulton Niguel Water District is a retail water supplier in Orange County that is governed by a publicly elected Board of Directors.

In spite of the world-class efforts of Orange County to provide greater water supply certainty for eight percent of California's population and the \$200 billion economy they represent, Orange County remains dependent on imported water to meet approximately 45 percent of its average annual demand, with the SWP deliveries from the Delta meeting approximately half of those needs. The Delta ecosystem and water supply conveyance problems have long been recognized, and have remained in a continuing state of degradation, conflict, and stalemate.

Moulton Niguel Water District has a strong conservation ethos and has worked to provide almost 25% of its water supply as recycled water. However, due to limited local sources, the District is still highly dependent on MWDOC's imported supply from the Colorado River and Bay Delta. In the event of a Bay Delta catastrophic levee failure due to seismic activity or a negative court ruling on moving water through the Delta, the District would experience severe supply constraints and be forced into mandatory water use restrictions causing economic loss.

Many years and hundreds of millions of dollars have been spent on study efforts while the delta system continues to be used for water conveyance in a manner for which it was not intended. The longer it takes to begin the resolution, the more expensive it will become. This stalemate has been punctuated by droughts, floods, economic losses, environmental degradation and litigation every decade since the construction of the SWP in the 1960's. We can no longer delay action in the Delta, and urge the State and Federal government to quickly move forward with the

Preferred Alternative. Failing to act and move forward is not an acceptable alternative.

In recent years the endangered species biological opinions for protection of Delta and Longfin Smelt and Chinook Salmon have resulted in massive cutbacks in exports by over 1.5 million acre-feet per year and without the BDCP further cuts of another 1.0 million acre-feet per year could occur with new endangered species listings according to the BDCP briefing documents. This situation is untenable and a solution must be found to stop this hemorrhaging of this critical foundational water supply to southern California. The BDCP is the best hope we have and it must be approved and implemented in a timely and cost-effective manner.

We offer the following specific comments on the BDCP:

1. We strongly support the BDCP Preferred Alternative (No. 4) and oppose the No Action Alternative: It is critical to the state's economy and environment that both the State and federal government expeditiously follow through with the decision for adopting and implementing the BDCP.
2. Co-Equal Goals: The BDCP must be implemented in a manner consistent with the co-equal goals adopted by the State. Preferred Alternative (No. 4) is consistent with the Delta Reform Act of 2009's co-equal goals.
3. New Facilities and In-Delta Operational Flexibility: The modernization of the Delta conveyance system is essential in order for habitat restoration and conservation to have its intended effect; Preferred Alternative (No. 4), which incorporates the 9,000 cubic feet per second (cfs) three intake, twin tunnel conveyance system, provides the best balance between operational flexibility and modernizing the conveyance system for environmental benefit and water supply reliability.
4. Reduced Future Reliance: The 2009 Delta legislation called for water agencies to reduce future reliance on the Delta, not to become 100 percent "self-reliant". While our major efforts in these areas will continue, it is important to note that "reduced reliance" does not equate to and was never intended to require a move to 100 percent "self-reliance" and the notion of co-equal goals was never intended to result in a future with significant reduction in exports from levels achieved before the 2008 bio-opinions.
5. Plan Implementation and Regulatory Assurance: The BDCP must provide the needed implementation and regulatory structure and assurances to help achieve the co-equal goals.
 - a. To us, this means that it is virtually impossible to predict the outcome of the BDCP habitat restoration efforts and endangered species

July 16, 2014

population dynamics, and such a standard should not be required in the DEIR/DEIS.

- b. Furthermore, this means that changed circumstances under the operation of the BDCP, including the potential for new species listing, be incorporated in such a manner to result in a minimum impact on future water supply exports.
6. Sound Science. It is critical that sound science is provided in order to assure the long-term success of the BDCP. We strongly support the inclusion of independent scientific investigation and research to be included in the BDCP process.
 7. Cost Allocation: We support the “beneficiary pays principle” in cost allocation for all responsible parties and beneficiaries.
 8. Implementing Agreement: The Implementing Agreement is a contractual, legally-binding agreement that spells out the commitments and assurances as well as the terms and conditions for on-going implementation of the BDCP. Clarity in this agreement is essential as well as the balance in implementation of the co-equal goals.
 9. Economy, Environment and Water Management: The State Water Project (SWP) is critically important to the Orange County economy, environment and water management. Implementation of the BDCP is critical to Orange County’s future.
 - a. Orange County and our agency have invested heavily to diversify our water portfolio but the SWP remains a critical source of low salinity water supply that is currently unacceptably jeopardized by the unsustainability of the current Bay-Delta system.
 - b. Orange County relies on the SWP to support groundwater conjunctive use programs and water recycling programs - it is an essential part of our water reliability strategy that sustains our citizens and businesses.
 - c. We support the 9,000 cfs twin tunnel Preferred Alternative (No. 4) provided reasonable assurances are included regarding governance and future decision-making in the process. We strongly advocate for a seat at the table for the water Permittees in the various oversight groups. The investment and decision-making must be structured to achieve a positive outcome for both the SWP and Permittees and the ecosystem restoration in a collaborative, partnership manner.

#6.

July 16, 2014

It is now time for the State and Federal government to adopt and move the BDCP to implementation in order that we can achieve the 2009 legislation's co-equal goals of improving water supply reliability and ecosystem restoration and improved function by implementing the BDCP Preferred Alternative (4).

Thank you for your time and consideration of these comments.

Sincerely,

Joone Lopez
General Manager
Moulton Niguel Water District



Moulton Niguel Water District

STAFF REPORT

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

FROM: Marc Serna, Director of Engineering and Operations
Megan Geer, Contracts and Purchasing Manager

SUBJECT: Adoption of the Purchasing Policy (Resolution No. 14-___)

DIVISION: District-wide

SUMMARY:

Issue: An update of the 2009 Purchasing Policy is needed in order to address the current needs of the District and more clearly define authority and establish guidelines for carrying out procurement responsibilities.

Recommendation: It is recommended that the Board of Directors adopt Resolution 14-___ to approve and adopt the terms of the updated Purchasing Policy.

Fiscal Impact: There is no direct impact to Board-approved budgets.

BACKGROUND:

The Board adopted MNWD's current Purchasing Policy in 2009. The Purchasing Policy is intended to establish guidelines and provide appropriate authority for the procurement of contractual services, equipment, and professional services. The policy is implemented by staff throughout the organization with support from the District's Purchasing Department. The current policy has been updated to address the evolving needs of the District and to provide additional clarity and guidance on procurement policies as recommended in past financial audits.

DISCUSSION:

In preparation for updating the Purchasing Policy, the Purchasing Department conducted research to review and compare the policies and limits adopted by other water agencies, along with legal requirements and best practices of public agency procurement. Additionally, staff solicited comments, discussion, and review from

#7.

District management in order to ensure that the updated Purchasing Policy met the needs of the District and accurately reflected the District's purchasing principles.

As a result, the attached Purchasing Policy was developed to ensure responsible public management practices, increased efficiency, and enable the use of uniform procurement procedures throughout the District.

Some of the notable changes from the 2009 Purchasing Policy to the updated Purchasing Policy are:

1. Increases to approval limits and clarification of staff authorizations
2. Changes to competitive solicitation level requirements
3. Contract signing authority clarifications
4. Authorization and competitive solicitation limits measured on a per-purchase/per-contract basis
5. Clarification of emergency situations
6. Clarification of competitive solicitation exemptions
7. Requirement of contract documents for the procurement of services over \$5,000
8. Clarifies General Manager's authorization with respect to emergencies, change orders, and procurement generally

Staff provided an overview of the Policy changes at the Finance and Information Technology meeting in May 2014. Based on the feedback and discussion, staff is bringing this item back for the Board's consideration. Attached are the current 2009 Purchasing Policy and the proposed revised policy. Staff did not provide a red-line of the current policy because the revised policy was completely rewritten. The revised policy was reviewed by General Counsel. Once the updated Purchasing Policy is adopted, staff will roll out the changes to the District staff and begin to implement the updated policy.

Attachments:

1. Purchasing Policy
2. 2009 Purchasing Policy
3. Resolution No. 14-___ to Adopt the Purchasing Policy

Moulton Niguel Water District Purchasing Policy (Effective _____, 2014)

I. PURPOSE OF POLICY

1.1 The Moulton Niguel Water District Purchasing Policy (this “Policy”) establishes policies and procedures for acquiring services, and materials, equipment and supplies (referred to collectively as “materials”), and for public works projects, for the Moulton Niguel Water District (the “District”), pursuant to Government Code Section 54201 *et seq.*

California Government Code Section 54202: requires every local agency to adopt policies and procedures, including bidding regulations, governing purchases of supplies, materials and equipment and that said purchases shall be in accordance with said duly adopted policies and procedures.

California Government Code Section 54204: requires that if the local agency is other than a city or county, policies provided for in *Section 54202* shall be adopted by means of a written rule or regulation, copies of which shall be available for public distribution.

1.2 This Policy establishes the Board of Directors’ (the “Board”) approved policies with respect to the procurement of services and materials and for public works projects, including expenditure authorization and limits, competitive proposal and bidding requirements, and general procurement procedures. All purchases of services or materials and public works projects to be paid for by the District must adhere to the authority level and dollar limits of this Policy as set forth in Section 2, except as otherwise provided by specific terms and exceptions set forth in this Policy.

II. AUTHORIZATION

2.1 By adoption of this Policy, the Board is authorizing the General Manager, or his/her designated representatives to exercise certain duties and responsibilities that are essential for the day-to-day operation of the District.

2.2 The General Manager may delegate the procurement of services and materials and the provision of public works projects to those staff members given specific authority, consistent with the terms of this Policy.

2.3 Delegation of purchasing authority may be through the authorized use of purchasing cards, purchase orders, check requests, or other written authorization. All such purchases will be made in conformity with the policies and procedures prescribed within this Policy.

2.4 The Board-established procurement limits and contract signatory authority are listed in Table 1 below. These limits are applicable on a per-expenditure/per-contract basis, and not on an aggregated basis.

Table 1

Procurement Limits and Contract Signature Authority		
Title	Expenditures	Contract Authority
<i>General Manager</i>	up to \$75,000	\$75,001 and over with Board authorization Up to \$75,000 without Board authorization
<i>Assistant General Manager</i>	up to \$50,000	Up to \$50,000
<i>Director of Human Resources, Director of Engineering and Operations, Director of Finance</i>	up to \$25,000	Up to \$25,000
<i>Assistant Director of Operations, Assistant Director of Engineering</i>	up to \$10,000	Up to \$10,000
<i>Superintendents, Managers, Controller, Principal Engineer</i>	up to \$5,000	None
<i>Supervisors, Assistant to the General Manager, Board Secretary</i>	up to \$2,500	None
<i>Purchasing Agent, Administrative Personnel</i>	up to \$1,000	None

III. DEFINITIONS

The terms referenced in this Policy shall have the meanings as defined below.

Administrative Personnel – District administrative employees authorized by the General Manager to purchase miscellaneous items, food and travel in support of District functions; includes Administrative Assistant, Administrative Analyst, Human Resources Administrator and any other administrative position as authorized by the General Manager.

Agreement – Written agreement for materials and services (both Professional and Non-Professional), including both Formal Contracts and Purchase Orders. Term is interchangeable with the term “Contract.”

Amendment – A written change or addition to a legal document which, when properly executed, has the same legal validity of the original document.

Board – The Board of Directors of Moulton Niguel Water District.

Change Order – A written Amendment modifying the terms of an existing Contract or Purchase Order.

Consultant – An individual, firm or entity that provides or offers to provide Professional Services to the District.

Contingency - A predetermined amount or percentage of a Contract held for changes in a Public Works project.

Contract - Written agreement for materials and services (both Professional and Non-Professional), including both Formal Contracts and Purchase Orders. Term is interchangeable with the term “Agreement.”

Cooperative Purchasing – Participation with other agencies in cooperative purchasing arrangements and programs to leverage the benefits of volume purchases, delivery and supply chain advantages, best practices, and the reduction of administrative time and expenses.

District –Moulton Niguel Water District.

Emergency – A situation in which unforeseen circumstances present an immediate risk of harm or hazard to the public health, safety, and welfare, or to the District property, or threaten serious interruption of District operations.

Formal Contract – A written agreement separate from and in addition to a Purchase Order, authorizing a contractor, Consultant, supplier or service provider to provide materials or services, or Public Works, in accordance with the material requirements, conditions or scope of work stated in the contract.

General Manager – General Manager of the District or the person appointed by the Board to act in the capacity of the General Manager and authorized to administer this Policy on his/her behalf.

Invitation for Bids - A formal process for soliciting sealed bids from qualified prospective suppliers or Public Works contractors. Typically involves a formal bid opening, and the awarding of a Contract to a responsive and responsible supplier or contractor based on price and other specified factors, and as otherwise required by law.

Multiple Year Contract - A Contract for the purchase of services or materials for a basic period that may contain provisions to extend performance by exercising pre-priced option periods (normally one (1) year per option period). A Multiple Year Contract does not obligate the District beyond the initial award period and shall not provide for a cancellation payment to the contractor if options are not exercised.

Non-Discretionary Purchases – Purchases that do not fall within other purchase categories in this Policy and that relate to routine obligations and expenses essential to the District’s ability to provide service to customers (includes but is not limited to water purchases and utility payments, insurance, memberships, fees, payroll related costs, tax obligations, PERS, employee benefits and voluntary deductions, and other purchases that are approved in fiscal year operating and/or capital budgets.

Non-Professional Services – Services other than Professional Services, including supply and maintenance services.

Procurement - The purchase or lease of materials, supplies, equipment, services, or Public Works.

Professional Services – Any type of special service or advice in financial, economic, accounting, engineering, legal or administrative matters by persons specially trained and

experienced and competent to perform the special services required. (Gov't Code § 53060.) Such services include but are not limited to architectural; engineering; environmental; financial; land surveying; construction management; audits; training services; legal services; preparation of planning or studies; technology application development; and personnel, job classification and benefit studies.

Public Works – As defined by California Public Code Section 22002, public projects include construction, reconstruction, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased or operated facility. Maintenance work is not considered a public project for purposes of this definition.

Purchasing Card - A form of charge card that allows materials and services to be purchased without using a Purchase Order. The District participates in the Cal Card, Home Depot, and Costco credit card programs.

Purchasing Department – The District employees assigned the duties of identifying vendors, obtaining competitive bids, issuing and processing Purchase Order Requisitions, maintaining office inventory, and assisting the General Manager in the application of Policy procedures within the District.

Purchase Order (PO) – An Agreement under a standardized form in which the party designated as the “provider” is to provide materials and/or services for which the District agrees to pay.

Request for Proposal (RFP) - A solicitation used for the procurement of Professional Services and Non-Professional Services. Prospective suppliers or Consultants submit requested information and are evaluated/awarded based on pre-established criteria.

Request for Quotes (RFQ) - A solicitation used for procurement of supplies, materials, or equipment.

Requisition (REQ) - The procedural method by which departments may request a PO for the purchase of materials, supplies or equipment. Requisitions are entered into the District's ERP system application.

Single Source Purchase - Procurement where: (1) there is a compelling reason for only one source, a preferred brand, like material, etc., to be procured; or (2) the commodity is unique, including, but not limited to, acquisition of data processing, telecommunications and word processing equipment, goods and services; or (3) the purchase of a specific brand name, make or model is necessary to match existing District equipment or facilitate effective maintenance and support; or (4) when it is in the best interest of the District to extend or renew a Contract from a previous contract period, based on satisfactory service and reasonable prices, to avoid the interruption of District business and/or based on good business practices.

Sole Source Purchase - Procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.

IV. GENERAL PROCUREMENT POLICIES

4.1 Procurement practices shall comply with laws, regulations and guidelines of the State and any other applicable law, and the provisions of grant or funding agreements, if applicable.

4.2 Any employee/individual effecting any procurement action outside of the policies and procedures established by this Policy and without General Manager or Board authorization to do so, may be subject to disciplinary action and/or termination in accordance with District policies.

4.3 Expenditures and Contract awards must be authorized by the appropriate authorization level indicated in Table 1.

4.3.1 Separating or dividing Contracts into smaller components for the purpose of bringing the cost of one or more Contracts below any specified sum to avoid a requirement in any section of this Policy or any policy incorporated herein is strictly prohibited. Contracts may be divided only to meet unique scheduling of a project or to accommodate necessary time frames. In addition, no specifications shall be drafted in such a manner as to limit competitive bidding or solicitation directly or indirectly to any one specific vendor, or any specific brand, product, thing, or service, except for those items that are approved as exempt from competitive bidding or solicitation requirements as provided for below in Section 7.1.3.

4.4 Purchase amounts include taxes and the cost of shipping, freight fees and any other charges billed by the supplier or contractor for purposes of the authorization limits under this Policy.

4.5 Purchase authorization and expenditure limits in Table 1, and competitive solicitation requirements in Table 2 and as further set forth in this Policy, are on a per purchase/per contract basis and shall not be applied as an aggregate limit to any vendor, supplier, contractor or Consultant.

4.6 With the exception of the General Manager, in the absence of an authorized signatory for a given request, authorization will be obtained from the next highest authority in Table 1.

4.8 The General Manager or his/her approved designee is authorized to approve Contingencies and expenditures of Contingencies up to ten percent (10%) of the Contract value.

4.9 The District may use electronic commerce whenever practicable or cost-effective. The District may accept electronic signatures and records in connection with District procurement, as permitted by applicable law.

4.10 Except where applicable law requires otherwise, price, fitness and quality being equal, the Purchasing Department, or any other person authorized to purchase supplies for the use of the District, shall prefer supplies grown, manufactured or produced or sold within the boundaries of the District, and shall next prefer supplies grown, manufactured or produced in the region, the State and the contiguous United States.

V. PROCUREMENT METHODS

The following methods are available to initiate a purchase request or to pay for materials, services or Public Works:

5.1 Requisition/Purchase Order: Staff that require materials or services to carry out the defined duties of their positions shall submit Requisitions, in advance, for purchases in accordance with this Policy and other applicable procedures and policies of the District. The Purchasing Department will generate a PO from the Requisition.

5.2 Check Request: A check request can be used to initiate payment for certain limited materials or services without a PO. Check requests can be used to request payment for Non-Discretionary Expenses, services rendered, subscriptions, membership dues, workshop/seminar/conference registrations, use of facilities, etc.

5.3 Cal Card and Other Purchasing Cards: Designated staff may be assigned a Cal Card for miscellaneous purchases up to \$1,000.00 per purchase/per day. Purchases using the Cal Card are subject to the terms and conditions of the District Cardholder Acceptance Agreement and any other applicable District Cal Card policies or procedures. Services are not to be acquired on Cal Cards due to lack of insurance and indemnification language associated with these purchases. Cal Card limits may be increased temporarily or permanently with approval by an authorized manager subject to the authorization limits in Table 1. Use of all other Purchasing Cards are subject to the terms of this Policy and to any usage terms provided at the time of card issuance to the designated staff and any subsequent amendments to such terms, and other applicable District policies.

5.4 Blanket Purchase Order: A Blanket Purchase Order is used for payment to the same supplier/contractor/Consultant multiple times, or for ongoing monthly purchases/expenses. A Blanket Purchase Order is issued to cover all amounts anticipated to be paid to the supplier/contractor/Consultant for the fiscal year or through a contract term and typically expires at the end of the fiscal year or at the expiration or termination of a contract.

5.5 Contracts: Provisions shall be made, either through specifications or procedures established by the District, for verification of the references and financial responsibility of the contracting parties prior to the award of a Contract. After award, all Contracts shall be executed on behalf of the District by the appropriate authorized signatory indicated in Table 1. In no case shall any Contract be made if sufficient funds are not budgeted and appropriated and not available to make payment promptly upon delivery or completion, or in accordance with a progress payment schedule, unless otherwise authorized and approved by the Board or approved by the General Manager as provided for in Section 6.2 (Emergency).

5.5.1 Contracts for Non-Professional Services: In addition to the issuance of a PO, Formal Contracts for Non-Professional Services shall be executed when an expenditure exceeds \$5,000 (except in the event of an Emergency).

5.5.2 Contracts for Professional Services and Public Works: Contracts for Professional Services, where the expenditure exceeds \$5,000, may be Formal Contracts, and for all Public Works projects, shall be Formal Contracts (except in the event of an Emergency).

5.5.3 Multiple Year Contracts are allowed when in the best interests of the District as determined by the General Manager.

a. For purposes of procurement authorization, the dollar value of a Multiple Year Contract shall be the total agreement value, including optional

renewal periods. Once initially approved in accordance with the Policy requirements, any optional renewals may then be authorized by the General Manager at the time of renewal, regardless of the dollar amount, provided the pre-priced option is consistent with the terms of the contract as initially approved.

VI. EXCEPTIONS TO PRE-AUTHORIZATION

6.1 Non-Discretionary Purchases do not require Board approval for payment, including those that exceed the General Manager limit of \$75,000. Purchase Orders are not required for Non-Discretionary Purchases.

6.2 Emergency Work/Services: The General Manager or his/her designee may authorize Emergency expenditures for work, services, and/or supplies where the cost exceeds \$75,000 without prior Board approval. The Board shall be notified of any expenditures for Emergency work or services exceeding the General Manager’s authorization limit at the next regularly scheduled Board meeting. In the absence of the General Manager, the Assistant General Manager or the assigned Emergency Operations Director may authorize Emergency expenditures.

6.3 Purchase requests to replenish the District’s warehouse inventory within established inventory re-order levels require no prior authorization or signatory approval under Table 1.

VII. COMPETITIVE SELECTION PROCESS

7.1 General. A competitive selection process for procurement of services and materials, and for Public Works projects, is required in accordance with the limits as set forth in Table 2 below (subject to certain exceptions, qualifications or limitations as further set forth below).

Table 2

Competitive Solicitation Process - Requirements	
Purchase Amount	Solicitation Requirement
\$5,000 and under	<i>One Quote</i>
\$5,001-\$75,000	<i>Three Quotes</i>
\$75,001 and over	<i>RFP or RFQ or Invitation to Bid Process Required</i>

7.1.2 Competitive Solicitation - Submission.

- i) All quotes, bids and proposals must be in writing. Email is acceptable for expenditures under \$75,000.

- ii) RFP, RFQ, and Invitation to Bid submissions must be in writing and be in substantial compliance with terms in the solicitation, or as otherwise required by law, or may be disqualified.

7.1.3 Exceptions from Competitive Solicitation Process - Generally. In addition to the exceptions stated under Section 7.3.3, the competitive solicitation requirements set forth under Table 2 shall not apply when any of the following is applicable:

- Sole Source Purchases.
- Single Source Purchases.
- Emergency expenditures.
- Supplies, materials or equipment procured through a Cooperative Purchasing program with federal, state, county, or other public agencies.
- After a reasonable attempt has been made to obtain competitive quotes/responses and it has been determined that no additional suppliers/providers/contractors/Consultants can be located; the District has a lack of response from suppliers/providers/contractors/Consultants to a competitive solicitation; or, when sufficient, satisfactory bids are not received, based on the District's sole discretion.
- Purchases to replenish the District's warehouse inventory within established inventory re-order levels.
- As dictated by law.

7.1.4 It shall be at the discretion of the General Manager or his/her authorized representatives to determine whether an expenditure meets the qualifications listed herein to be exempt from a competitive solicitation, subject to any Board authorization.

7.2 Public Works. Contracts for Public Works projects shall conform to applicable requirements for Public Works contracts under State law, including but not limited to requirements relating to listing of subcontractors, posting of a payment bond in an amount not less than 100% of the total contract amount (for all Public Works contracts over \$25,000) and payment of prevailing wages (for all contracts for Public Works exceeding \$1,000), or as otherwise required by statute. Public Works contracts let by an Invitation to Bid shall be awarded to the lowest responsive, responsible bidder in accordance with State law and the District's standard Public Works contract documents. The District may procure contracts for public works by sole source when appropriate findings have been made by the District pursuant to Public Contract Code §3400(c) for contracts over \$25,000. In addition, the General Manager may waive competitive bidding requirements where bidding would be unavailing or otherwise not in the public interest.

7.3 Professional Services (over \$75,000). RFPs will be initiated pursuant to the limits set forth in Table 2 when the Agreement is anticipated to exceed \$75,000, unless the District's needs mandate uniquely qualified services, in which case only one proposal from a qualified firm may be solicited. Professional Services shall be engaged in accordance with California Government Code §4525 et seq., on the basis of demonstrated competence and qualifications for the types of services to be performed and at fair and reasonable prices to the District.

7.3.1 Professional Engineering Services. The District may request proposals for engineering services when the contract amount is anticipated to exceed \$25,000, and up to \$75,000. For engineering services anticipated to exceed \$75,000, RFPs will be initiated pursuant to the limits set forth in Table 2.

7.3.2 Exceptions from Competitive Solicitation Process – Professional Services. In addition to the exception for “uniquely qualified services” set forth under Section 7.3, the following criteria shall apply as exceptions to the competitive solicitation requirements set forth under Table 2 for Professional Services where such requirements would otherwise apply:

- For Professional Services estimated to cost \$25,000 or less, staff may request a proposal from one (1) qualified Consultant selecting from the list of qualified Consultants on file with the District.
- For Public Works projects where the project design is scheduled in phases, the related Professional Services may be negotiated with the Consultant that performed the work for a prior phase, if the Consultant performed satisfactory work on the prior phase(s) in terms of quality, schedule and estimated design costs and a satisfactory Contract can be negotiated.
- For Professional Services in which it is impracticable to comply with the selection process because of the unique, exploratory or experimental nature of the project, staff may request a proposal from one (1) qualified Consultant selecting from a list of qualified Consultants on file with the District.

7.4 Rejecting Competitive Responses - In response to an Invitation to Bid, RFQ, or RFP, the District may reject a bid or other response which is in any way incomplete, irregular, amplified, unqualified, conditional or otherwise not in compliance with the solicitation documents in all material respects, and in accordance with law. The District may waive any informality, irregularity, immaterial defects or technicalities in any bids or other responses received; and/or cancel an invitation for bids or RFP/RFQ, or reject all bids or responses for any other reason which indicates the cancellation or rejection of all bids, or responses, is in the best interest of the District, and in accordance with law. Rejection of all bids or responses, or cancellation of competitive solicitations, including determinations to re-bid, or re-solicit are subject to the same level of authority which is required to award a Contract as provided under Table 1, and as required by law.

7.5 In the case of RFPs and RFQs, the General Manager and the Board reserve the right to award Contracts based upon the best interests of the District, as determined by the District in its sole discretion.

VIII. CHANGE ORDERS

8.1 Change Orders may be issued from time to time as required by changes in the specifications or conditions of a project, services performed or materials issued.

8.1.1 Change Orders – PO Only. Change Orders up to 10% (to a maximum additional \$1,000) of the original PO amount may be issued by the Purchasing or Finance Department without further approvals. A revised Purchase Order Requisition must be completed and approved at the appropriate authorization

levels under Table 1 for any Change Order request exceeding the original amount by more than 10% or the \$1,000 limit.

8.1.2 Change Orders – Formal Contracts and Amendments.

(1) For Contracts and Amendments under \$75,000:

- a. Change Orders up to 10% of the original Contract amount can be approved by the appropriate authorization levels as outlined in Table 1 up to a maximum total Contract amount of \$75,000 without Board approval.
- b. Board approval is required for Change Order requests exceeding the original Contract amount by more than 10%, or resulting in a total Contract amount over \$75,000.

(2) For Contracts and Amendments \$75,001 and over:

- a. Change Orders up to 10% (to a maximum additional \$75,000) of the original Contract amount can be approved by the appropriate authorization levels as outlined in Table 1 without Board approval.
- b. Board approval is required for Change Order requests exceeding the original Contract amount by more than 10%, or resulting in a \$75,000 increase.

8.1.3 A Change Order exceeding the Change Order limits set forth in this article may be authorized by the General Manager prior to Board approval if, in the General Manager’s determination, any of the following circumstances exist:

- (1) A delay in Change Order authorization could result in a negative financial impact to the District.
- (2) A delay in Change Order authorization could result in damage to or impairment of the operations of a District facility.
- (3) An Emergency exists which requires immediate work/services.

The Board shall be notified of any Change Order authorization exceeding the General Manager’s authorization limit at the next regularly scheduled Board meeting.

IX. ETHICAL PROCUREMENT- CONFLICT OF INTEREST

9.1 Board members, and District officers and employees shall not be financially interested in any contract made by them in their official capacity. (Government Code Section 1090). Board Members, officers and employees shall not participate in any way to influence a governmental decision in which he/she knows or has reason to know that he/she has a financial interest. (Government Code Section 87100)

9.2 Any District employee (other than Administrative Personnel not under Designated Positions in the District’s Conflict of Interest Code) authorized under this Policy to make or enter into purchases on behalf of the District will complete a Statement of Economic Interests (Form 700) and comply with the District’s Conflict of Interest Code.

9.3 Confidential or proprietary information must be handled with due care and proper consideration of ethical and legal ramifications and governmental regulations.

9.4 Purchasing activities must be performed in accordance with all applicable laws and District policies.

9.5 Any employee/individual who violates the standards set forth in this Section shall be subject to disciplinary action consistent with District personnel policies.

X. CALIFORNIA WATER DISTRICT STATUS

Notwithstanding anything to the contrary in this Policy, the District is a California Water District and therefore is not mandated by State law to competitively bid any purchases, including those for Public Works projects and/or capital expenditures. The District is free to enter into non-bid contracts for Public Works, to purchase materials, services and supplies, to contract for design-build work, to utilize job-order contracting and to enter into Cooperative Purchasing arrangements for the design, construction and maintenance of Public Works, or undertake any other form of contracting determined to be in the District's best interest, except as otherwise expressly restricted by law.

XI. POLICY REVISIONS

11.0 This document will be maintained and revised by the General Manager with his/her designated representatives in consultation with the District's Board and legal counsel. Revisions will occur whenever applicable Federal, State or local regulations change or otherwise as the need arises and in the discretion of the Board.

11.1 Policy Approval and Adoption

This Policy has been reviewed by the Moulton Niguel Water District Board of Directors and adopted by Resolution No. ____ on _____, 2014.

PURCHASING POLICY

September 2009

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SECTION 1. PURPOSE OF POLICY

To establish the policies, procedures and authorizations for procurement of supplies, materials, equipment and services on behalf of the District in accordance with applicable public law, codes and regulations.

SECTION 2. POLICY STATEMENT

- A. Public law requires all local agencies to formally adopt policies and procedures governing the acquisition of materials, supplies, equipment and services.

“California Government Code Section 54202 requires that every local agency shall adopt policies and procedures, including bidding regulations, governing purchases of supplies and equipment by the local agency. Purchases of supplies and equipment by the local agency shall be in accordance with said duly adopted policies and in accordance with all provisions of law governing the same. No policy, procedure, or regulation shall be adopted which is inconsistent or in conflict with statute.”

“California Government Code Section 54204 requires that if the local agency is other than a city, county, policies provided for in Section 52402 of said Code shall be adopted by means of a written rule or regulation, copies of which shall be available for public distribution.

- B. Purchasing authority for the acquisition of materials, supplies, equipment and services shall be centralized under one department and in such persons who are officially designated within this Policy.
- C. The Purchasing Agent will ensure performance within the guidelines prescribed by law, by legal opinions, and in accordance with established District policies and procedures.
- D. Any employee/individual effecting any procurement action outside of the policies and procedures established within this Policy and without Board authorization to do so, may be personally responsible for any liabilities or responsibilities incurred.

SECTION 3. PURCHASING AUTHORIZATION

The Purchasing Agent is authorized to:

1. Enter into contractual obligations on behalf of the District for the acquisition of supplies, materials, equipment, and services necessary to support District functions in accordance with this Policy.
2. Obtain full and open competition in accordance with prescribed policies and procedures in a manner that presents the best overall value to the District.
3. Provide for the fair and equitable treatment of vendors, suppliers and contractors.
4. Prepare and recommend revisions and amendments to procurement rules and requirements governing the purchase of materials, supplies, equipment and services.
5. Supervise the receipt and inspection of all materials, supplies, equipment and services purchased to ensure conformance with specifications.
6. Recommend the dispositions of surplus or unused supplies, materials, equipment, and scrap through sale or other means.
7. Maintain bidders' or proposers' lists, vendor catalogues, and necessary records for the efficient operation of the Purchasing Department.
8. Create and implement policy revisions and amendments and submit them periodically to the Board for approval.

SECTION 4. DELEGATION OF PURCHASING AUTHORITY TO OTHERS

The Purchasing Agent has been granted the authority and the responsibility for procurement of all materials, equipment, supplies, and services necessary to support day-to-day operation of the District. Within this authority, the Purchasing Agent may delegate certain individuals the responsibility for the performance of specific procurement activities. Only those persons so delegated are authorized to

contractually obligate the District for the purchase of materials, equipment, supplies, and services.

Such delegation may be through the authorized use of District credit card, purchase orders, or other written authorization. All such purchases will be made in conformity with the policies and procedures prescribed within this Policy.

SECTION 4. EXCEPTION FROM CENTRALIZED PURCHASING

Any purchase for supplies, materials, equipment and/or services, other than those exceptions listed below, shall not be made outside of the centralized purchasing process without the approval of the Purchasing Agent. Any unauthorized purchase may be deemed void and of no effect and will be subject to non-payment of invoicing.

Those purchases that are exempt from the centralized purchasing process are limited to the following:

- District Contributions
- Application Fees
- Bank Charges and Fees
- Bond Transactions
- Claims
- Conference Reimbursement
- Environment Fees & Permits
- Fees/Permits (City, County, State, Federal Agencies)
- Legal Fees
- Payroll
- Petty Cash
- Travel Reimbursement
- Utilities

SECTION 4. COMPETITIVE SOLICITATION

As a statement of policy and in accordance with the criteria specified within this Policy, all purchases or contracts for materials, supplies, equipment and services will be based, whenever possible and practicable, on competitive solicitation. The Purchasing Agent may grant exceptions to the competitive process for emergency conditions, supply limitation, or other circumstances with justification for such waiver being documented with the acquisition.

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Examples of exceptions to the competitive process may include:

- a. Emergency conditions as defined in Section 2 of this Policy;
- b. Sole source limitations; time constraints; or other circumstances where the Purchasing Agent is satisfied that the best price, terms and conditions for the procurement have been negotiated;
- c. Cooperative purchasing arrangements with other public entities;
- d. When the goods, services, material or equipment required are of such a nature that specifications are not readily available and cannot be developed in a timely manner to meet the needs of the District, in which case the Purchasing Agent shall be authorized to negotiate the procurement upon the price, terms and conditions deemed to be in the best interests of the District;
- e. When the dollar amount of a purchase is less than established competitive limits set forth in the Table below:

Quote Limit (Per Order) Guideline Table

\$ 0 - 1,000	One Quote
\$1,001 – 4,000	Two Quotes
\$4,001 – 45,000	Three Quotes
\$45,001+	RFP/Bid Process

- f. For Professional Services, as further described in Section 5

SECTION 5. PROFESSIONAL SERVICES

Professional services are defined as any specially trained and experienced person, firm, or corporation specializing in financial, economic, accounting, engineering, technical, legal, architectural, or other specialized disciplines. Technical and maintenance services (e.g. janitorial services, landscape maintenance, etc.) differ from professional services in that they involve limited discretionary judgment and are primarily manual in nature.

Although there is no one absolute definition for professional services, the following elements shall be used as a guideline to determine whether or not a trade or occupation qualifies as a professional service:

1. Is a license indicating sufficient qualifications for a trade or occupation required?
2. Are there general standards established and widely accepted for performance of this trade or occupation?
3. Is advanced and prolonged academic study a prerequisite for practicing this trade or occupations?
4. Does the trade or occupation involve specialized knowledge and experience beyond mere skill?
5. Is the work performed predominately mental verses manual?

Due to the nature of these services, California law does not require competitive bidding for acquisition of professional services. When deemed in the District's best interest as determined by management staff, competitive proposals will be solicited where practical and possible from more than one service provider.

SECTION 6. CONFLICT OF INTEREST

The Political Reform Act of 1974 (Government Code Section 81000 et seq.) requires state and local government agencies to adopt Conflict of Interest Codes. The District's Conflict of Interest Code is set forth in Resolution No. 06-20, as amended from time to time. This resolution incorporates the terms of the Model Conflict of Interest Code adopted by the Fair Political Practices Commission (Regulations 2 Cal. Adm. Code Section 18730) and designates which District employees are required to file statements of economic interests. The purpose of such reporting is to promulgate the performance of duties by public employees in an impartial manner, free from bias caused by their own financial interests.

In addition to elected officials, the General Manager, senior management personnel, the Purchasing Agent and staff members generally responsible for the purchase of supplies, materials, equipment and services for the District, are required to report investments and positions in entities, real property, and income (including loans,

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gifts, and travel payments) from sources that are, as applicable, (i) located or doing business in the District's jurisdiction; or (ii) doing business with the District.

SECTION 7. ETHICAL PRACTICES

It is the policy of the District to maintain good working relationships with its vendors and suppliers, as well as the community at large. Every employee has the ability to influence the opinions of others through daily interaction with the business community. In personal contacts with vendors and suppliers, employees shall represent the best interest of the District by conducting business in a fair, equitable and ethical manner.

The following are suggested guidelines as recommended by the National Association of Purchasing Management (NAPM):

1. Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.
2. Demonstrate loyalty to the employer by diligently following the lawful instructions of the employer, using reasonable care and only authority granted.
3. Refrain from any private business or professional activity that would create a conflict between personal interests and the interests of the employer.
4. Refrain from soliciting or accepting money, loans, credits, or prejudicial discounts and the acceptance of gifts, entertainment, favors, or services from present or potential suppliers that might influence, or appear to influence, purchasing decisions.
5. Handle confidential or proprietary information belonging to employers or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations.
6. Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.
7. Refrain from reciprocal agreements that restrain competition.

- 8. Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.
- 9. Encourage all segments of society to participate by demonstrating support for small, disadvantaged, and minority-owned businesses.
- 10. Discourage purchasing involvement in employer-sponsored programs of personal purchases that are not business related.
- 11. Enhance the proficiency and structure of the purchasing profession by acquiring and maintaining current technical knowledge and the highest standards of ethical behavior.
- 12. Conduct international purchasing in accordance with the laws, customs, and practices of foreign countries, consistent with United States laws, your organization policies, and these Ethical Standards and Guidelines.

SECTION 8. PURCHASE AUTHORIZATION LEVELS

All purchase requests or contracts must be submitted on an electronic Purchase Order Requisition form authorized by the appropriate signatory level as indicated in the table below.

Board of Directors	Authorized to approve all Contracts, but required for Purchases \$45,000 or over
General Manager	Authorized to review and approve all Contracts or Purchases budgeted less than \$45,000
Department Directors	Authorized to approve budgeted Purchases less than \$20,000
Superintendents	Authorized to approve budgeted Purchases less than \$4,000
Crew Chiefs, Purchasing Agent, Board Secretary	Authorized to approve budgeted Purchases less than \$1,000

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SECTION 9. NOTES AND EXCEPTIONS

1. With the exception of the General Manager, in the absence of an approved signatory for a given request, the next highest authority in accordance with the approval levels under Section 8 will provide authorization.
2. Purchase requests to replenish the District's warehouse inventory within established inventory re-order levels require no prior authorization or signatory approval under Section 8.

RESOLUTION NO. 14-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT APPROVING UPDATED PURCHASING POLICY

WHEREAS, in accordance with Government Code Section 54202, the Board of Directors ("Board") of the Moulton Niguel Water District ("District") adopted an Administrative Policy Manual setting forth the District By-Laws and various other policies and procedures related to District operations and administration, including among other Articles, a "General Contingency Plan," "Professional Services," and "Competitive Bidding," as such terms were periodically supplemented and amended from time to time for District operation purposes, and to reflect statutory changes applicable to California water districts (hereinafter referred to as the "Administrative Articles");

WHEREAS, the Board previously adopted Resolution No. 06-28 entitled "Resolution of the Board of Directors of the Moulton Niguel Water District Clarifying and Restating the Policy for Authorization of Expenditures and Contracting for Work in Emergency and Other Exigent Circumstances," on December 21, 2006 (hereinafter referred to as the "2006 Emergency Expenditure Policy"), to supplement the terms under the Administrative Articles related to procurement under emergency circumstances with a section entitled "Emergency and Urgent Necessity- Expenditures and Contracts";

WHEREAS, the Board previously adopted a 2009 Purchasing Policy, by minute motion;

WHEREAS, the Board periodically adopted resolutions setting forth expenditure authority for purchases and contract execution related to supplies, equipment, materials, services and public works projects, which amended and supplemented the authorized expenditure levels under the Administrative Articles, as well as the 2009 Purchasing Policy;

WHEREAS, the last resolution establishing purchasing expenditure and contracting authority levels was Resolution No. 11-22 adopted by the Board on August 11, 2011; and

WHEREAS, the Board desires to adopt the "Moulton Niguel Water District Purchasing Policy (Effective _____ 2014)" that will replace and supersede the purchasing policies, procedures and terms set forth in the Administrative Articles, the 2006 Emergency Expenditure Policy, the 2009 Purchasing Policy, and Resolution No. 11-22.

NOW, THEREFORE, the Board of Directors of Moulton Niguel Water District does hereby RESOLVE, DETERMINE and ORDER as follows:

Section 1. The Board hereby adopts the "Moulton Niguel Water District Purchasing Policy (Effective _____ 2014)," which is Attachment 1 to this Resolution ("2014 Purchasing Policy"), to be effective immediately.

Section 2. The Board hereby rescinds the procurement terms set forth in the Administrative Articles, the 2006 Emergency Expenditure Policy and Resolution No. 06-28, the 2009 Purchasing Policy, and Resolution No. 11-22, and authorizes the District Secretary and Legal

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Counsel to make any required conforming changes to the Administrative Policy Manual so as to be consistent with the authorizations and terms provided under this Resolution.

Section 3. In the event of any conflict or inconsistency between the 2014 Purchasing Policy and any other purchasing policies or procedures of the District not otherwise repealed and rescinded under this Resolution, the terms of the 2014 Purchasing Policy shall control for all purposes.

Section 4. This Resolution is deemed effective as of the date of adoption hereof.

ADOPTED, SIGNED and APPROVED this 17th day of July, 2014.

MOULTON NIGUEL WATER DISTRICT

President
MOULTON NIGUEL WATER DISTRICT and of
the Board of Directors thereof

Secretary
MOULTON NIGUEL WATER DISTRICT and of
the Board of Directors thereof

APPROVED AS TO FORM:

BOWIE, ARNESON, WILES & GIANNONE
Legal Counsel - Moulton Niguel Water District

By _____
Patricia B. Giannone

RESOLUTION NO. 14-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT ADOPTING REPORT OF ANNUAL SEWER SERVICE CHARGES TO BE COLLECTED VIA PROPERTY TAX STATEMENTS ON TAX ROLL FOR THE PERIOD COMMENCING JULY 1, 2014

(LAGUNA SUR/MONARCH POINT LAFCO REORGANIZATION RO96-05)

WHEREAS, the Moulton Niguel Water District (MNWD or District) is a California Water District organized and existing under the California Water District Law (California Water Code Section 34000 *et seq.*), and all of the land within the boundaries of said District are located in the County of Orange, State of California;

WHEREAS, pursuant to Orange County Local Agency Formation Commission (LAFCO) Reorganization RO96-05, certain real property commonly known as the Laguna Sur/Monarch Point area (“Property”) was detached from South Coast Water District (SCWD) and annexed to Moulton Niguel Water District (MNWD), subject to the terms and conditions approved by LAFCO for Reorganization RO96-05. Reference is made to the map and legal description depicting the boundaries of the Property under Reorganization RO96-05 attached to LAFCO’s Certificate of Completion recorded on April 30, 1997;

WHEREAS, included within the terms and conditions of Reorganization RO96-05 is the requirement that SCWD continue to provide for sewage collection, conveyance, treatment and disposal services to the Property, and annually furnish MNWD with SCWD’s authorized sewer service charges (“Reorganization Sewer Service Charges”) in sufficient time for MNWD to arrange for the continued collection of such charges on the tax roll, which has been SCWD’s practice commencing 1995;

WHEREAS, after individual notice to property owners of parcels within the Property, a public hearing pursuant to Health and Safety Code Section 5473 *et seq.*, and adoption of Ordinance No. 180 entitled “An Ordinance of the Board of Directors of South Coast Water District Establishing Method for Billing Sewer Service Charges for the Fiscal Year Commencing July 1, 1995,” on July 25, 1995, as thereafter supplemented, SCWD approved the Reorganization Sewer Service Charges to be collected from parcels within the Property via the property tax statements on the tax roll;

WHEREAS, SCWD thereafter from time-to-time revised the Reorganization Sewer Service Charges, and MNWD has continuously provided for the collection of the Reorganization Sewer Service Charges, as revised from time to time by SCWD, via the property tax statements on the tax roll;

WHEREAS, SCWD most recently revised the Reorganization Sewer Service Charges for the Property for years 2013-14 and 2014-15 in July, 2013 (“2013 SCWD Rate Revisions”);

WHEREAS, MNWD adopted Ordinance No. 13-01 authorizing the 2013 SCWD Rate Revisions for the Property;

#8.

WHEREAS, the Board of Directors of MNWD (the “Board”) finds it in MNWD’s best interest to continue to collect the Reorganization Sewer Service Charges on the tax roll via the property tax statements;

WHEREAS, by Resolution No. 14-07 adopted on June 19, 2014, the Board elected to continue to have the Reorganization Sewer Service Charges for parcels within the Property collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, general taxes, pursuant to Section 5473 *et seq.* of the California Health and Safety Code, effective July 1, 2014, subject to a public hearing thereon and the consideration of all protests and objections to such collection practice;

WHEREAS, pursuant to Resolution No. 14-07, a report (“Report”) has been filed with the District Secretary containing a description of such parcels and the corresponding Reorganization Sewer Service Charges to be collected effective July 1, 2014, which Report is attached hereto as Exhibit A and incorporated herein by this reference;

WHEREAS, pursuant to Health and Safety Code Section 5473.1, the filing of the Report and notice of public hearing thereon was duly noticed as required by law by publication once each week for two successive weeks in the *Orange County Register*, a newspaper of general circulation, printed and published in the Property boundaries, such hearing to be held on July 17, 2014, at 5:30 p.m. (or as soon thereafter as practicable) at the Board Meeting Room located at 27500 La Paz Road, Laguna Niguel, California 92677;

WHEREAS, at the time set, the duly noticed public hearing was held and all persons interested were given an opportunity to be heard concerning the Report and to submit any objections or protests to the Report; and

WHEREAS, the Board finds it in MNWD’s best interest to continue to collect the Reorganization Sewer Service Charges in accordance with the 2013 SCWD Rate Revisions on the tax roll via the property tax statements.

NOW, THEREFORE, the Board of Directors of Moulton Niguel Water District does hereby **RESOLVE, DETERMINE and ORDER** as follows:

Section 1. The Recital clauses and findings set forth above are incorporated herein.

Section 2. The Board hereby determines that protests to the Report were not made by the owners of a majority of separate parcels of the Property described in the Report.

Section 3. The Board hereby adopts the Report attached as Exhibit A to this Resolution containing a description of the parcels comprising the Property for which the Reorganization Sewer Service Charges shall be collected via property tax statements on the tax roll and containing the amount of the charges for each parcel effective July 1, 2014, computed in conformity with the schedule of rates and charges approved by the Board pursuant to MNWD Ordinance No. 13-1, which ordinance adopted the SCWD 2013 Rate Revisions, as described above in the Recitals.

Section 4. The Secretary is hereby authorized and directed to endorse on the Report a statement that the Report was adopted by this Board of Directors on July 17, 2014, and to take

whatever other action is required by the County of Orange Auditor-Controller (or other County officers) in regard thereto.

Section 5. The Secretary is hereby authorized and directed to file a copy of the Report with the County of Orange Auditor-Controller (or such other County officers as may request same).

Section 6. The County of Orange Auditor-Controller (and such other County officers as required) be, and hereby is, ordered and directed to add the Reorganization Sewer Service Charges to the 2014-2015 secured tax roll in accordance with the Report.

Section 7. The Secretary shall cause a copy of this Resolution and the Report, in either written or electronic form, to be filed with the County of Orange Auditor-Controller (or such County officers as required) on or before August 10, 2014, or such other date as permitted by the County officers.

APPROVED, ADOPTED and SIGNED this 17th day of July 2014.

MOULTON NIGUEL WATER DISTRICT

President
MOULTON NIGUEL WATER DISTRICT and of the
Board of Directors thereof

Secretary
MOULTON NIGUEL WATER DISTRICT and of the
Board of Directors thereof

APPROVED AS TO FORM:

BOWIE, ARNESON, WILES & GIANNONE
Legal Counsel - MNWD

By: _____
Patricia B. Giannone

#8.

Exhibit A

Report of Assessor Parcels – Reorganization Sewer Service Charges Fiscal Year 2014-15

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Results of operations for the eleven months ended May 31, 2014 as compared to the eleven months ended May 31, 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 eleven 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 \$48.6 million, or 92% of the \$52.6 million budget. Revenues are on budget through eleven months of the fiscal year. Operating expenses were \$55.4 million, or 87% of the \$63.7 million budget. Expenses are lower than budget due to fewer rebates being issued in the Water Efficiency Fund.

Non-operating revenues are higher than budget. Investment income is above budget due to an unrealized gain in investments of approximately \$900,000.

Statement of Net Position

The Statement of Net Position shows the District's assets and liabilities as of May 31, 2014 compared to the balances at fiscal year ended June 30, 2013. Overall, assets were about \$4.8 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 eleven months of the current fiscal year. Liabilities decreased by approximately \$14.7 million, reflecting reductions in outstanding debt and accounts payable. As a result, the District's net position increased by \$7.8 million for the eleven months ended May 31, 2014.

Revenues

Total revenues for the eleven months ended May 31, 2014 were \$83.2 million. Total operating revenues for the eleven months ended May 31, 2014 were \$48.6 million, virtually unchanged from the same period in 2013. Year to date Other Non-Operating Revenues have declined from \$4,267,938 in 2013 to \$2,990,059 in 2014. Last fiscal year there was a system posting error of approximately \$1.2 million that was recognized and adjusted at year-end.

Expenses

Total expenses for the eleven months ended May 31, 2014 were \$75.9 million, an increase of \$6.9 million or 10% as compared to \$69.0 million in 2013. Total operating expenses increased by \$2.5 million, or 5.0%, from \$50.9 million for the eleven months ended May 31, 2013 to \$53.4 million in 2014. The increase was primarily due to increased Salary and Benefits; Operating Supply and Maintenance, Professional Services, and Utility costs offset somewhat by reduced costs for Insurance, and SOCWA costs. Other operating expenses for the eleven months ended May 31, 2014 were \$16.1 million, an increase of \$3.7 million or 30 % compared to \$12.4 million in 2013.

#10.a.

MOULTON NIGUEL WATER DISTRICT Summary of Financial Results

The increase was mainly due to a one-time depreciation adjustment in the prior year. Other non-operating expenses for the eleven months ended May 31, 2014 totaled \$6.3 million, an increase of approximately \$574,000 or 10 % compared to \$5.8 million in 2013. The change is due to an increase in Amortization and Miscellaneous Non-Operating Expense associated with the amortized cost of the 2014 refunding, and recording such costs later in the fiscal year in 2012-2013.

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 \$24.6 million at May 31, 2014, compared to \$29.6 million at prior fiscal year ended June 30, 2013. This decrease was mainly due to expenditures from the 2009 COPS Project Fund for Baker Water Treatment Plant project payments.

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 approximately \$7.6 million since June 30, 2013. Restricted fund balances increased by \$1,000,000, primarily driven by capital projects.

Moulton Niguel Water District
Summary - Budget Comparison Report
Eleven Months Ended May 31, 2014

#10.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	\$ 48,554,759	92%
Operating Expenses	63,740,394	55,438,198	87%
Operating Income (Loss)	(11,128,779)	(6,883,439)	
Non-Operating Revenues (Expenses)	24,491,292	26,891,062	110%
Total Change in Funds	<u>\$ 13,362,513</u>	<u>\$ 20,007,623</u>	
<u>GENERAL FUND:</u>			
Operating Revenues	\$ 48,861,615	\$ 45,239,344	93%
Operating Expenses	61,481,787	54,074,188	88%
Operating Income (Loss)	(12,620,172)	(8,834,844)	
Non-Operating Revenues (Expenses)	24,372,980	26,761,740	110%
Change in General Fund	<u>\$ 11,752,808</u>	<u>\$ 17,926,896</u>	
<u>WATER EFFICIENCY FUND:</u>			
Operating Revenues	\$ 3,750,000	\$ 3,315,415	88%
Operating Expenses	2,258,607	1,364,010	60%
Operating Income (Loss)	1,491,393	1,951,405	
Non-Operating Revenues (Expenses)	118,312	129,322	109%
Change in Water Efficiency Fund	<u>\$ 1,609,705</u>	<u>\$ 2,080,727</u>	

**Moulton Niguel Water District
General Fund - Budget Comparison Report
Eleven Months Ended May 31, 2014**

#10.b.

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
GENERAL FUND			
<u>Operating Revenues</u>			
Water Sales	\$ 26,950,000	\$ 24,474,852	91%
Recycled Water Sales	4,547,715	4,453,491	98%
Sewer Sales	16,920,000	15,763,453	93%
Other Operating Income	443,900	547,548	123%
Total Operating Revenue	48,861,615	45,239,344	
<u>Operating Expenses</u>			
Salaries	8,536,016	7,432,554	87%
PERs Employer Contributions	879,054	785,606	89%
PERs Employee Contributions	201,699	178,276	88%
PERs Other (Side fund, 401A)	210,481	160,427	76%
Educational Courses	47,380	17,369	37%
Travel & Meetings	245,623	158,617	65%
Employee Relations	13,000	12,602	97%
General Services	512,475	438,327	86%
Annual Audit	45,000	31,820	71%
Member Agencies O&M	1,140,100	1,141,631	100%
Dues & Memberships	84,214	84,477	100%
Consulting Services	1,085,974	1,045,210	96%
Equipment Rental	89,300	58,618	66%
District Fuel	346,000	297,395	86%
Insurance - District	585,246	451,572	77%
Insurance - Personnel	320,250	347,942	109%
Insurance - Benefits	2,493,531	2,091,624	84%
Legal Services - Personnel	50,000	6,275	13%
Legal Services - General (See Footnote 1)	169,000	158,679	94%
District Office Supplies	563,300	387,872	69%
District Operating Supplies	244,095	206,040	84%
Repairs & Maintenance - Equipment	1,858,101	436,293	23%
Repairs & Maintenance - Facilities	3,314,624	2,971,218	90%
Safety Program & Compliance Requirements	134,985	157,744	117%
SOCWA	8,702,195	7,835,573	90%
Special Outside Assessments	173,500	220,235	127%
Utilities	1,839,205	1,805,356	98%
Water Purchases	26,790,439	24,480,296	91%
Meter / Vault Purchases	807,000	674,541	84%
Total Operating Expenses	61,481,787	54,074,188	
Operating Income (Loss)	(12,620,172)	(8,834,844)	
<u>Non-Operating Revenues (Expenses)</u>			
Property Tax Revenue	21,327,990	22,180,966	104%
Investment Income	1,347,155	2,911,303	216%
Cellular Lease Income	1,650,085	1,545,894	94%
Misc. Non-Operating Income	47,750	123,577	259%
Total Non-Operating Revenue (Expenses)	24,372,980	26,761,740	
Change in General Fund	\$ 11,752,808	\$ 17,926,896	

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
Eleven Months Ended May 31, 2014

#10.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	\$ 3,315,415	88%
Total Operating Revenue	3,750,000	3,315,415	
<u>Operating Expenses</u>			
Salaries	411,903	310,021	75%
PERs Employer Contributions	43,505	30,751	71%
PERs Employee Contributions	11,966	9,044	76%
Educational Courses	500	165	33%
Travel & Meetings	3,800	237	6%
Dues & Memberships	500	-	0%
Consulting Services	20,000	-	0%
Insurance - Personnel	4,064	5,860	144%
Insurance - Benefits	100,369	57,049	57%
District Office Supplies	76,500	250	0%
District Operating Supplies	500	-	0%
Repairs & Maintenance - Equipment	2,000	-	0%
Water Efficiency	1,583,000	950,632	60%
Total Operating Expenses	2,258,607	1,364,010	
Operating Income (Loss)	1,491,393	1,951,405	
<u>Non-Operating Revenue</u>			
Investment Income	118,312	129,322	109%
Total Non-Operating Revenue	118,312	129,322	
Change in Water Efficiency Fund	\$ 1,609,705	\$ 2,080,727	

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	<u>(Unaudited)</u> <u>May 31, 2014</u>	<u>(Audited)</u> <u>June 30, 2013</u>
CURRENT ASSETS:		
Cash and investments	\$ 33,754,112	\$ 42,016,642
Accounts receivables:		
Water and sanitation charges	5,544,186	6,183,688
Taxes and acreage assessments	-	343,115
Other accounts receivable	160,899	433,264
Interest receivable	876,532	763,584
Current portion of AMP receivable	67,493	211,940
Inventory	1,564,690	1,566,239
Prepaid expenses	351,426	260,941
TOTAL CURRENT ASSETS	<u>42,319,337</u>	<u>51,779,413</u>
NONCURRENT ASSETS:		
Investments	111,290,851	94,347,786
Restricted cash and investments with fiscal agent	24,551,380	29,574,877
Retrofit loans receivable	632,707	660,023
Net pension asset (CalPERS sidefund payoff)	2,957,084	654,913
AMP Receivable	-	3,058,960
Capital assets, net of accumulated depreciation	348,828,555	363,691,271
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	15,408,814	7,057,346
TOTAL NONCURRENT ASSETS	<u>504,761,300</u>	<u>500,137,086</u>
TOTAL ASSETS	<u>547,080,637</u>	<u>551,916,499</u>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	<u>(756,832)</u>	<u>1,318,562</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>(756,832)</u>	<u>1,318,562</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 546,323,805</u>	<u>\$ 553,235,061</u>

#10.c.

**MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION**

	<u>(Unaudited)</u> <u>May 31, 2014</u>	<u>(Audited)</u> <u>June 30, 2013</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 5,831,531	\$ 9,089,433
Interest payable	1,614,711	2,406,689
Compensated absences	617,587	524,376
Current portion of long-term debt:		
Bonds payable	5,465,000	5,235,000
Loans Payable	1,768,088	2,178,909
Certificates of participation	<u>1,715,000</u>	<u>1,740,000</u>
TOTAL CURRENT LIABILITIES	<u>17,011,917</u>	<u>21,174,407</u>
LONG-TERM LIABILITIES		
Compensated absences	373,985	174,791
Long-term debt:		
Bonds payable	15,850,000	22,540,000
Loans payable	13,251,823	15,019,911
Certificates of participation	<u>80,080,000</u>	<u>82,325,864</u>
TOTAL LONG-TERM LIABILITIES	<u>109,555,808</u>	<u>120,060,566</u>
TOTAL LIABILITIES	<u>126,567,726</u>	<u>141,234,973</u>
NET POSITION:		
Net investment in capital assets	274,711,116	275,636,460
Restricted for capital projects and GOB Refunding	9,587,201	8,554,975
Unrestricted	<u>135,457,762</u>	<u>127,808,653</u>
TOTAL NET POSITION	<u>419,756,079</u>	<u>412,000,088</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>546,323,805</u></u>	\$ <u><u>553,235,061</u></u>

Note: Totals may not sum due to rounding

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

	(Unaudited)	
	Eleven Months Ended May 31,	
	2014	2013
Operating Revenues:		
Water Sales	\$ 24,474,852	\$ 24,533,899
Recycled Water Sales	4,453,491	4,110,644
Sewer Sales	15,763,453	15,643,502
WBBRS Efficiency Funds	3,315,415	3,320,521
Other Operating Income	547,548	1,005,508
Total Operating Revenues	48,554,760	48,614,074
 Non-Operating Revenues:		
Investment Income	3,040,625	1,889,136
Property Tax Revenue	22,180,966	21,544,553
GOB Assessment	6,457,232	6,554,150
Other Non-Operating Revenues	2,990,059	4,267,938
Total Non-Operating Revenues	34,668,882	34,255,777
 TOTAL REVENUES	83,223,641	82,869,851
 Operating Expenses:		
Water Purchases	24,480,296	23,182,495
Meter Purchases	674,135	616,576
Operating Supply and Maintenance	3,981,777	3,445,845
Salaries and Benefits	8,906,680	8,300,990
Professional Services	675,308	380,228
Member Agencies O&M	918,306	898,739
Insurance	2,954,048	3,119,259
SOCWA	7,835,573	8,111,731
Utilities	1,805,356	1,689,900
General, Administrative, and Other	1,217,968	1,179,761
Total Operating Expenses	53,449,445	50,925,523
 Other Operating Revenues (Expenses):		
Depreciation and Misc. Operating Revenue	(15,191,287)	(11,482,353)
Water Efficiency	(950,632)	(889,968)
Total Other Operating Revenues (Expenses)	\$ (16,141,919)	\$ (12,372,321)

#10.c.

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

	(Unaudited)	
	Eleven Months Ended May 31,	
	2014	2013
Non Operating (Expenses):		
Interest Expense	\$ (5,914,725)	\$ (5,654,533)
Amortization and Misc. Non-Operating Expense	(389,507)	(75,577)
Total Non Operating (Expenses)	(6,304,233)	(5,730,110)
TOTAL EXPENSES	75,895,596	69,027,954
Capital Contributions:		
Connection Fees	487,946	83,038
Total Capital Contributions	487,946	83,038
CHANGE IN NET POSITION	\$ 7,815,991	\$ 13,924,935
Net Position, Beginning	\$ 411,940,088	\$ 403,933,603
Change in Net Position	7,815,991	13,924,935
Net Position, Ending	\$ 419,756,079	\$ 417,858,538

Note: Totals may not sum due to rounding

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
AS OF MAY 31, 2014

	Balance		(Unaudited) Balance
	6/30/2013	Net Change	5/31/2014
<u>Restricted Cash and Investments:</u>			
DWR Trust Reserves	\$ 615,709	\$ 6	\$ 615,715
2003 COPS Trust Reserve	2,494,997	19,086	2,514,083
2009 COPS Trust Reserve	6,024,087	6,268	6,030,355
2009 COPS Project Fund	19,543,936	(5,049,064)	14,494,872
2010 COPS Trust Reserves	896,148	92	896,240
2014 Refunding Bonds	-	115	115
Total Restricted Trust Accounts	<u>\$ 29,574,877</u>	<u>\$ (5,023,496)</u>	<u>\$ 24,551,380</u>

Note: Totals may not sum due to rounding

**MOULTON NIGUEL WATER DISTRICT
UNRESTRICTED AND RESTRICTED FUND BALANCES
AS OF MAY 31, 2014**

	Balance 6/30/2013	Net Change	(Unaudited) Balance 5/31/2014
<u>Unrestricted Fund Balances:</u>			
Designated for Self Insurance Reserves	\$ 1,289,307	\$ 5,253	\$ 1,294,560
Designated for Water Efficiency (WBBRS)	4,383,762	2,080,727	6,464,489
Designated for Replacement and Refurbishment	16,501,847	7,905,016	24,406,863
Designated for Water Supply Reliability	2,597,710	2,282,791	4,880,501
Designated for Planning and Construction	29,497,500	317,749	29,815,249
Designated for Rate Stabilization	9,627,003	196,513	9,823,516
Unrestricted, undesignated	63,912,366	(5,139,782)	58,772,584
Total Unrestricted Fund Balance	127,809,495	7,648,267	135,457,762
<u>Restricted Fund Balances:</u>			
Restricted 2014 GOB Consolidated Refunding	8,130,612	245,363	8,375,975
Restricted for Capital Facilities (Projects)	424,363	786,863	1,211,226
Total Restricted Fund Balance	8,554,975	1,032,226	9,587,201
Total Unrestricted and Restricted Fund Balance	\$ 136,364,470	\$ 8,680,493	\$ 145,044,962

Note: Totals may not sum due to rounding

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

Summary of Disbursements in June 2014:

General Fund Disbursements		\$ 4,662,377
<u>Restricted Fund Disbursements:</u>		
WBBRS Efficiency Fund	\$ 65,827	
Replacement & Refurbishment Fund	277,031	
Water Supply Reliability Fund	2,109,664	
Planning & Construction Fund	46,343	
DWR Fund	1,000	2,499,864
Total Disbursements for all Funds		\$ 7,162,241

Detail of Major Expenditures in June 2014:

1. Municipal Water District of Orange County (MWDOC)		
April Water Purchases AF 2,283.9	\$ 2,040,094	
Reclaimed Rebate AF 562.70	(86,656)	
April Capacity Charge	29,362	
April RTS Charges	159,315	
April SCP Operation Surcharge	11,287	\$ 2,153,402
<hr/>		
2. CalPERS		
OPEB Liability FY 2013-2014		407,266
3. Paulus Engineering Inc.		
C#2011.031 Niguel Road RW Rehab. & C#2010.003 Kite Hill Relocation		177,656
4. Irvine Ranch Water District		
C#2006.071 Baker Pipeline		2,109,664
5. Santa Margarita Water District		
Quarterly O&M Expenses		103,536

