



AMENDED
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
September 17, 2015
6:00 PM
Approximate Meeting Time: 2 Hours

1. CALL MEETING TO ORDER:

2. PLEDGE OF ALLEGIANCE:

3. MINUTE APPROVAL:

- a. MINUTES OF THE AUGUST 20, 2015 BOARD OF DIRECTORS MEETING

4. PUBLIC COMMENTS:

Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting.

Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

CONSENT CALENDAR ITEMS:(Items on the Consent Calendar have been discussed at the regularly scheduled Engineering/Operations and Finance/IT Board meetings)

Consent items: Unless the General Manager or the Board requests that an item be removed from the Consent Calendar, all items will be acted upon as a whole and by one vote. Requests for discussion of any specific item should be made to the Presiding Officer in conjunction with the discussion of the consent motion.

5. GALLUP CIRCLE SEWER CONSTRUCTION CONTRACT AWARD

It is recommended that the Board of Directors award the construction services contract for the Gallup Circle Sewer Replacement Project No. 2013.010 to Paulus Engineering, Inc. in the amount of \$219,670; authorize the General Manager to execute the contract ; and authorize the General Manager or designee to approve change orders up to 10% of the contract value.

6. PROFESSIONAL SERVICES AGREEMENT FOR OPERATIONS CENTER CONSOLIDATION AND IMPROVEMENT PROJECT

It is recommended that the Board of Directors approve the Professional Services Agreement with Newport Real Estate Services, Inc. for an amount not-to-exceed \$220,000; authorize the General Manager to approve change orders up to 15% of the total contract value; and authorize the General Manager to execute the agreement.

7. MATHIS-OSO BYPASS CONSTRUCTION CONTINGENCY ADJUSTMENT

It is recommended that the Board of Directors increase the construction contract contingency for the Mathis-Oso Bypass Pressure Reducing Station Relocation Project No. 2010.018, with Paulus Engineering, Inc. by \$60,000 for a total not-to-exceed construction contingency amount of \$123,970.

8. MNWD WEBSITE REDESIGN CONTRACT AWARD

It is recommended that the Board of Directors approve the Professional Services Agreement with GigaSavvy for the amount of \$90,840; and authorize the General Manager to execute the agreement.

9. REBATE APPLICATIONS FOR TURF REMOVAL

It is recommended that the Board of Directors consider the rebate application for the identified project without a limitation on the maximum allowable acreage for the project and direct staff accordingly.

GENERAL MANAGER MATTERS:

10. NOMINATION FOR ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) PRESIDENT (RESOLUTION NO. 15-___)

It is recommended that the Board of Directors approve the resolution entitled, "Supporting the Nomination of Director Kathleen Tiegs as President of the Association of California Water Agencies."

FINANCE & INFORMATION TECHNOLOGY MATTERS:

11. WATER SHORTAGE CONTINGENCY PLAN CONTINUED IMPLEMENTATION (RESOLUTION NO. 15-___)

It is recommended that the Board of Directors approve the resolution entitled, "Declaring Water Shortage Stage 2."

12. INVESTMENT POLICY UPDATE(RESOLUTION NO. 15-___)

It is recommended that the Board of Directors approve the resolution entitled, "Approving Updated Investment Policy."

LEGAL MATTERS:

13. AGREEMENT FOR LEGAL COUNSEL SERVICES

It is recommended that the Board of Directors approve an agreement with Best, Best, and Krieger, LLP, for general counsel services for a term not-to-exceed 1 year.

PRESIDENT'S REPORT:

BOARD REPORTS:

FUTURE AGENDA ITEMS (Any items added under this section are for discussion at future meetings only.):

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 BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT**

August 20, 2015

A Regular Meeting of the Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 6:00 PM on August 20, 2015. There were present and participating:

DIRECTORS

Duane Cave	Director
Scott Colton	Vice President
Richard Fiore	Director
Donald Froelich	President
Larry Lizotte	Director
Brian Probolsky	Vice President (arrived 6:10 p.m.)

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
Pat Giannone	Bowie, Arneson, Wiles & Giannone
Paige Gulck	Board Secretary
Eva Plajzer	Assistant Director of Engineering
Megan Geer	MNWD
Michael Bell	Public Financial Management
Bob Gokoo	Attorney
Drew Atwater	MNWD
Megan Schneider	MNWD
Tim Bonita	MNWD

1. CALL MEETING TO ORDER:

The meeting was called to order by Donald Froelich at 6:00 p.m.

#3.a.

2. PLEDGE OF ALLEGIANCE:

3. MINUTE APPROVAL:

MOTION DULY MADE BY DUANE CAVE, AND SECONDED BY LARRY LIZOTTE, MINUTES OF THE JULY 9, 2015 SPECIAL BOARD OF DIRECTORS MEETING AND MINUTES OF THE JULY 16, 2015 REGULAR BOARD OF DIRECTORS MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, AND LARRY LIZOTTE, ALL VOTING 'AYE'. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.

4. PUBLIC COMMENTS - CLOSED SESSION:

None.

CLOSED SESSION:

The Board entered closed session at 6:01 p.m.

Brian Probolsky arrived at 6:10 p.m.

5. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (FIVE CASES)

Pursuant to Government Code Section 54956.9a, a Closed Session will be conducted to confer with Legal Counsel regarding the following cases:

- a) Shapell Industries, Inc., a Delaware Corporation vs Moulton Niguel Water District (Orange County Superior Court)
- b) Briosa Owners Association, a California Corporation vs Moulton Niguel Water District (Orange County Superior Court)
- c) Cantora Community Association vs Metropolitan Water District of Southern California, Moulton Niguel Water District (Orange County Superior Court)
- d) Eckert, Repetti vs. Metropolitan Water District of Southern California, Moulton Niguel Water District (Orange County Superior Court)
- e) Caito, Cenicerros vs. Metropolitan Water District of Southern California, Moulton Niguel Water District (Orange County Superior Court)

RETURN TO OPEN SESSION:

The Board of Directors returned to Open Session at 6:30 p.m. Donald Froelich stated that there was no reportable action on the item.

PUBLIC COMMENTS - OPEN SESSION:

Debra Perretti spoke in regards to her bill. Kip Reed spoke in regards to his experience with the conservation department and his homeowners association.

CONSENT CALENDAR ITEMS:(Items on the Consent Calendar have been discussed at the regularly scheduled Engineering/Operations and Finance/IT Board meetings)

6. WIRELESS NETWORK IMPLEMENTATION PROJECT INITIAL STUDY (RESOLUTION NO. 15-)

It is recommended that the Board of Directors approve the resolution entitled, "Approving the Mitigated Negative Declaration and the Mitigation, Monitoring, and Reporting Program for the Wireless Network Implementation Project 2006.038."

8. SWRCB WATER RECYCLING FACILITIES PLANNING GRANT (RESOLUTION NO. 15-)

It is recommended that the Board of Directors adopt the resolution entitled, "Authorizing Water Recycling Facilities Planning Grant Application to State Water Resources Control Board and Authorizing the General Manager to Develop a Grant Agreement for the Moulton Niguel Water District Recycled Water Master Plan."

9. FY 2014-15 VALVE REPLACEMENT CONSTRUCTION CONTINGENCY ADJUSTMENT

It is recommended that the Board of Directors increase the construction contract contingency for the FY 2014-15 Valve Replacements Project, project No. 2014.008, with Paulus Engineering, Inc. to \$108,185 and authorize the General Manager or designee to approve change orders up to \$108,185.

10. ENTERPRISE RESOURCES PLANNING (ERP) SUPPORT SERVICES CONTRACT

It is recommended that the Board of Directors increase the value of the ERP Support Services contract for FY 2015-16 by \$75,000 from \$111,000 to \$186,000; and authorize the General Manager to execute the contract amendment.

MOTION DULY MADE BY DUANE CAVE, AND SECONDED BY SCOTT COLTON, CONSENT ITEMS 6, 8, 9, AND 10 WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

7. RECYCLED WATER MASTER PLAN AGREEMENT AWARD

It is recommended that the Board of Directors approve the Engineering Services Agreement with AKM Consulting Engineers in the amount of \$527,126; and authorize the General Manager to execute the agreement; and authorize the General Manager or designee to approve amendments up to 10% of the contract value.

This item was pulled per Brian Probolsky, who asked that regular updates on this item be brought to the board.

MOTION DULY MADE BY BRIAN PROBOLSKY, AND SECONDED BY DUANE CAVE, ITEM 7 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

11. DISPOSAL OF SURPLUS PROPERTY

It is recommended that the Board of Directors approve the resolution entitled, "Approving Updated Policy for Disposal of Surplus Property."

Joone Lopez presented the changes to the policy based on review and feedback from the Board of Directors. Discussion ensued regarding the policy changes.

MOTION DULY MADE BY RICHARD FIORE, AND SECONDED BY DUANE CAVE, ITEM 11 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

ENGINEERING & OPERATIONS MATTERS:

12. MATHIS RECYCLED WATER RESERVOIR RE-COATING CONTRACT AWARD

It is recommended that the Board of Directors award the construction services contract for the Mathis Recycled Water Reservoir Re-coating and Safety Improvements Project No. 2013.002 to J. Colon Coatings, Inc. in the amount of \$842,550; authorize the General Manager to execute the contract; and authorize the General Manager or designee to approve change orders up to 10% of the contract value.

There was no discussion on this item.

MOTION DULY MADE BY SCOTT COLTON, AND SECONDED BY LARRY LIZOTTE, ITEM 12 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

13. INSPECTION SERVICES FOR MATHIS RECYCLED WATER RESERVOIR

It is recommended that the Board of Directors award the engineering services agreement with Harper and Associates Engineering, Inc. in the amount of \$91,610 and authorize the General Manager to execute the agreement.

There was no discussion on this item.

MOTION DULY MADE BY DUANE CAVE, AND SECONDED BY SCOTT COLTON, ITEM 13 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

FINANCE & INFORMATION TECHNOLOGY MATTERS:

14. REBATE PROGRAMS MODIFICATIONS

It is recommended that the Board of Directors approve modifications to rebate programs as proposed by District staff.

Joone Lopez presented the modifications for the rebate program. The modifications are as follows:

Staff recommends that the Board of Directors:

- 1. Maintain constant funding at \$2 sq. ft. for turf removal projects*
- 2. Set temporary caps for residential, commercial, and public agency turf removal projects at the following levels:*
 - a. 3,000 Square foot cap on residential projects*
 - b. 10,000 square foot cap on commercial projects*
 - c. 25,000 square foot cap on public agency projects*
- 3. Eliminate toilet supplemental funding*
- 4. Match Soil Moisture Sensor & Controller Funding to Smart Timer Funding*

The funding level and temporary caps on turf removal rebates will be brought back to the Board for further discussion and consideration at the November 19, 2015, Board of Directors meeting.

MOTION DULY MADE BY DUANE CAVE, AND SECONDED BY SCOTT COLTON, ITEM 14 WAS APPROVED AS MODIFIED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

GENERAL MANAGER MATTERS:

Matt Collings provided an update on the Operations Center Consolidation Improvement Project. Ware Malcomb is moving forward with site plans for Plant 2A. Project manager interviews are underway and a proposed contract will be brought to the Board in September.

The Department of Water Resources publication of the Urban Water Management Plan guidelines included the District's approach to conservation using rates and the Water Shortage Contingency Plan in the appendix of their publication.

The South Orange County Agencies meeting was held on August 19, 2015. It was a joint meeting with Municipal Water District of Orange County and Orange County Sanitation District. The agencies are developing a framework to continue discussions.

The District's website is in need of upgrades. A proposal will be presented to the Board next month. In the meantime, the website will be revamped by in-house staff for easier accessibility for customers.

LEGAL MATTERS:

15. PUBLIC HEARING ON PER DIEM FEE INCREASE FOR MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors will conduct a public hearing on the proposed terms of an Ordinance to increase the per diem fee paid to Directors for District business, from the current rate of \$199.50 up to an amount of \$215.00. The hearing will provide an opportunity for members of the public to address the Board concerning the proposed adjustment to the amount of per diem fee for the Board of Directors.

Donald Froelich opened the public hearing. Upon hearing no public comments, the hearing was closed.

16. ADOPTION OF ORDINANCE TO INCREASE THE AMOUNT OF PER DIEM FEE FOR MEMBERS OF THE BOARD OF DIRECTORS (ORDINANCE NO. 15-3)

Recommended Action: As directed by the Board of Directors

Discussion ensued regarding the amount of per diem increase from \$199.50 to \$215.00.

MOTION DULY MADE BY BRIAN PROBOLSKY AND SECONDED BY SCOTT COLTON, ORDINANCE NO. 15-3 WAS APPROVED AT THE PER DIEM AMOUNT OF \$215.00. THE VOTE WAS SPLIT WITH DIRECTORS DUANE CAVE, SCOTT COLTON, DONALD FROELICH, AND BRIAN PROBOLSKY ALL VOTING 'AYE', AND DIRECTORS RICHARD FIORE, AND LARRY LIZOTTE VOTING 'NAY'.

PRESIDENT'S REPORT:

Donald Froelich stated that he had nothing to report.

BOARD REPORTS:

Duane Cave went to the Association of California Water Agencies (ACWA) Region 10 Desalination Discussion on August 14. The discussion and information given was excellent.

Richard Fiore provided the Independent Special Districts of Orange County (ISDOC) Emergency Training PowerPoint presentation to be copied for the directors.

Brian Probolsky attended the Water Advisory Committee of Orange County (WACO) meeting on August 7, 2015. Celeste Cantu spoke regarding the water bond.

Brian Probolsky will recuse himself for the SOCWA portion of the closed session due to his employment with the County of Orange.

CLOSED SESSION:

17. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Pursuant to Government Code Section 54956.9(b)(1), a Closed Session will be conducted to confer with Legal Counsel regarding the following claim:

Claim of Agnieszka Drozdel

Donald Froelich reported that the Board rejected the claim of Agnieszka Drozdel.

THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

18. CONFERENCE INVOLVING A JOINT POWERS AGENCY: SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA)

Pursuant to Government Code Sections 54956.96(a)(1),(b)/54956.8, a Closed Session will be conducted for the following purposes:

Discussion will concern Conference with Real Property Negotiators, conveyance of AWMA Bridge/easement to County of Orange

PROPERTY: The AWMA Bridge and associated easement is located at the intersection of AWMA Road and Alicia Parkway at the entrance to the County's Woods

#3.a.

Canyon/Aliso Canyon Wilderness Parks
NEGOTIATING PARTIES: SOCWA, County of Orange/Stacy Blackwood
SOCWA NEGOTIATORS: General Manager, Director of Operations
UNDER NEGOTIATION: Price/Terms of Payment

Pursuant to Government Code Section 54956.9(a), Closed Session will be conducted for the following purposes:

Conference with legal counsel to discuss anticipated litigation - One Case

South Orange County Wastewater Authority (SOCWA)

Name of MNWD representative on SOCWA Board: Director Larry Lizotte

Donald Froelich stated that there was no reportable action on this item.

FUTURE AGENDA ITEMS (Any items added under this section are for discussion at future meetings only.):

Scott Colton would like to discuss water quality, and consolidation and annexation, at future board meetings.

LATE ITEMS: (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT:

The meeting was adjourned at 8:05 p.m.

Respectfully submitted,

Paige Gulck
Board Secretary

RESOLUTION NO. 15 - ____

**RESOLUTION OF THE BOARD OF DIRECTORS OF
MOULTON NIGUEL WATER DISTRICT
SUPPORTING THE NOMINATION OF DIRECTOR KATHLEEN TIEGS AS PRESIDENT OF THE
ASSOCIATION OF CALIFORNIA WATER AGENCIES**

WHEREAS, the Moulton Niguel Water District Board of Directors are active participants in the Association of California Water Agencies (ACWA), and

WHEREAS, Director Kathleen Tiegs has expressed her interest in serving as ACWA President for the 2015-16 term, and

WHEREAS, Director Kathleen Tiegs has served in a variety of leadership positions in ACWA, including Vice-President of the Board, the Local Government Committee, the Groundwater Committee, Vice-Chair of the Federal Affairs Committee, Region 9 Board of Directors, and as a member of ACWA/JPIA Executive Committee, and

WHEREAS, Director Kathleen Tiegs is committed to advancing ACWA's Policy Principles and finding common ties between members to develop a long-term strategy that provides a sustainable water future for all members and their constituents.

NOW, THEREFORE, BE IT RESOLVED the Board of Directors of Moulton Niguel Water does hereby place its full and unreserved support of the nomination of Director Kathleen Tiegs as President of the Association of California Water Agencies for the 2015-16 term.

ADOPTED, SIGNED, AND APPROVED this 17th day of September, 2015.

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

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



10440 Ashford Street, Rancho Cucamonga, CA 91730-2799
P.O. Box 638, Rancho Cucamonga, CA 91729-0638
(909) 987-2591 Fax (909) 476-8032

Martin E. Zvirbulis
Secretary / General Manager/CEO

July 20, 2015

Ms. Joone Lopez
Moulton Niguel Water District
27500 La Paz Road
Laguna Niguel, CA 92677

Dear Ms. Lopez,

It is my pleasure to inform you that the Cucamonga Valley Water District took action at our July 14, 2015 board meeting to support Director Kathleen Tiegs in her bid for the Association of California Water Agencies (ACWA) President.

I have had the opportunity to work alongside Director Tiegs for a number of years. Her passion is contagious and her commitment to the water industry is tireless. She has a high level of integrity and excellent leadership skills that build coalitions and collaboration; which is evident from her time on the board as well as her experience with ACWA. Over the past two years Director Tiegs has served in the role of ACWA Vice-President working together with the other ACWA board members and staff, ensuring the highest level of ACWA member engagement and interaction.

I am contacting you to request your agency's support of Director Tiegs' nomination by adopting a resolution endorsing her nomination as ACWA President. Attached you will find a sample resolution. If your board takes action, please forward your resolution of support to our offices by August 14, 2015. We will include your resolution in her submittal packet to ACWA. Should your board not be able to take action by that time, please forward a copy of your resolution to our offices as well as to the ACWA offices at 910 K Street, Suite 100, Sacramento, California 95814.

Thank you so much for your consideration; the future of the ACWA organization could not be in better hands than those of Director Kathleen Tiegs. Should you have any questions, please contact Taya Victorino at (909) 987-2591.

Sincerely,

James V. Curatalo, Jr.
President

Enclosure: 2

James V. Curatalo, Jr.
President

Luis Cetina
Vice President

Oscar Gonzalez
Director

Randall Reed
Director

Kathleen J. Tiegs
Director

Kathleen Tiegs

For

**2015-2016 Association of California Water Agencies
President**

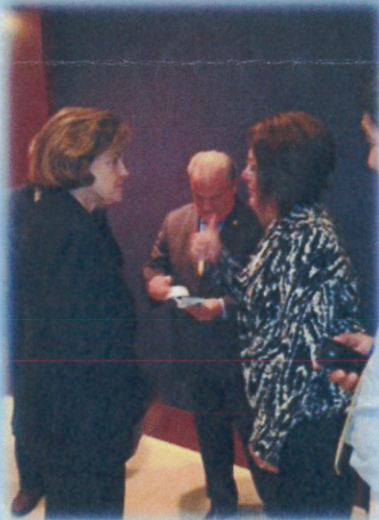
July 20, 2015

My Fellow ACWA Member:

I am pleased to share with you my interest in serving as President of the Association of California Agencies (ACWA). Over the past two years I have had the pleasure to serve in the capacity as ACWA Vice-President working closely with President John Coleman, Past President Randy Record and my other colleagues on the ACWA board of directors. As a team, we work collaboratively engaging in issues that are critical to the water community as well as to the ratepayers that we represent at each of our agencies.

My experience with ACWA began on a regional basis having served on the ACWA Region 9 Board of Directors beginning in 2008. I also had the opportunity to serve as the Vice-Chair of the Federal Affairs Committee, and served on the Local Government and the Groundwater Committees. My active participation in the committees and the Region 9 board provided a strong foundation as I began to pursue other avenues to expand my understanding and knowledge of the ACWA organization. The experience I have gained over the past two years has well-equipped me to effectively dialogue with the Administration, regulatory agencies, and other special interest groups that impact our industry. More importantly it has given me the experience to lead our organization, and build upon the accomplishments of those that came before me.

Currently, I serve as the Chair of the Sustainable Groundwater Management Act Implementation Policy Group. The Group has provided a critical role working closely with the Administration and the Department of Water Resources to ensure members concerns are clearly voiced as the law is implemented.



As Vice-President I believe it is important to engage at all levels of the organization so I can better understand the issues in all of our regions to more effectively represent our members. I regularly attend ACWA committee meetings, as well as regional events so I can have a two-way conversation with members and hear what is important to them and their regions.

Currently, I serve on the Cucamonga Valley Water District (CVWD) Board of Directors. I was elected to CVWD in November 2005 and have served as both President and Vice-President of the Board of Directors. Prior to my serving on the CVWD Board, I enjoyed a career in water resources management for a local wholesale water agency for over 30 years. In April 2011, I was honored by State Assembly Member Mike Morrell as the 63rd Assembly District Woman of the Year.

There are many wonderful characteristics about ACWA, but the ones that I cherish the most are the diverse perspectives of our members. We have built a collaborative and supportive community that works together on solving issues that have lasting benefits to the regions and areas that we serve as elected officials. We have accomplished so much over these last two year, with actions taken that will forever change our industry and how we do business. There are many more challenges before us that will require a style of leadership that seeks to find solutions that benefit our industry and our ratepayers. I am completely committed, willing and able to continue a legacy of leadership that helps resolve issues and provides a better future for generations that will come after us.

I respectfully request your support to represent you and your organization and the millions of people that rely on our foresight and leadership to provide a high quality and reliable water to our customers. I look forward to the opportunity to represent you and the water industry of California. Thank you for allowing me to share with you my experience, leadership and knowledge. Please feel free to contact me directly at (909) 635-4177.

Thank you in advance for your consideration.

Kathleen Tiegs

RESOLUTION NO. 15-__

**RESOLUTION OF THE BOARD OF DIRECTORS OF
MOULTON NIGUEL WATER DISTRICT
CONTINUING WATER SHORTAGE STAGE 2**

WHEREAS, California Constitution article X, section 2 and California Water Code section 100 provide that because of conditions prevailing in the state of California (the "State"), it is the declared policy of the State that the general welfare requires that the water resources of the State shall be put to beneficial use to the fullest extent of which they are capable, the waste or unreasonable use of water shall be prevented, and the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and the public welfare; and

WHEREAS, pursuant to California Water Code section 106, it is the declared policy of the State that the use of water for domestic use is the highest use of water and that the next highest use is for irrigation; and

WHEREAS, pursuant to California Water Code section 375, the Moulton Niguel Water District (the "District") is authorized to adopt and enforce a water conservation program to reduce the quantity of water used by persons within its jurisdiction for the purpose of conserving the water supplies of the District; and

WHEREAS, Governor Brown proclaimed a condition of statewide drought and called upon local agencies to take aggressive, immediate action to reduce water consumption locally and regionally; and

WHEREAS, pursuant to Ordinance No. 15-01 the District is authorized to declare water shortage stages; and

WHEREAS, because of the prevailing conditions in the State, the current statewide drought, and the declared policy of the State, the District hereby finds and determines that it is necessary and appropriate for the District to adopt, implement, and enforce water shortage response measures to reduce the quantity of water used by consumers within the District to ensure that there is sufficient water for human consumption, sanitation, and fire protection all in conformance with Ordinance No. 15-01; and

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

Section 1. **Water Shortage Stage 2.** Pursuant to Ordinance No. 15-01, the Board hereby declares and finds that continuing October 30, 2015, a Water Shortage Stage 2 shall remain in effect within the District through February 28, 2015. Such mandatory water shortage response measures, reductions in water use, and penalties during a Water Shortage Stage 2 as are set forth in Ordinance No. 15-01 are necessary for the following reasons:

- (1) District water supply conditions and storage levels;
- (2) statewide water supply conditions;

#11.

- (3) local water supply and demand conditions; and
- (4) actions by surrounding wholesale and retail water agencies.

Section 3. **Severability.** If any provision, section, subsection, sentence, clause or phrase or sections of this Resolution, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void or invalid, the invalidity of the remaining portions of this Resolution shall not be affected, it being the intent of the Board of Directors in adopting this Resolution that no portions, provisions, or regulations contained herein shall become inoperative, or fail by reason of the unconstitutionality of any other provision hereof, and all provisions of this Resolution are declared to be severable for that purpose.

Section 4. **Effective.** This Resolution shall be effective immediately upon adoption.

APPROVED, ADOPTED, and SIGNED this 17th day of September, 2015.

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

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

RESOLUTION NO. 15-____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT
ADOPTING ANNUAL INVESTMENT POLICY FOR PUBLIC FUNDS**

WHEREAS, from time to time the Moulton Niguel Water District (“District”) has updated and adopted its administrative policy “Annual Investment Policy for Public Funds” (“Investment Policy”), the most recent revisions and adoption occurring in 2011; and

WHEREAS, the Board of Directors (“Board”) has been presented with an updated Investment Policy, which is set forth as Exhibit A to this Resolution.

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

Section 1. The Board approves and adopts the Investment Policy set forth in Exhibit A, attached hereto and incorporated herein by reference as though fully set forth in this Resolution, as the Investment Policy of the Moulton Niguel Water District, and the Board rescinds Resolution No. 11-01 dated January 20, 2011.

ADOPTED, SIGNED and **APPROVED** this 17th day of September, 2015.

MOULTON NIGUEL WATER DISTRICT

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

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

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF INVESTMENT POLICY

ADOPTED: SEPTEMBER 17, 2015

I. BACKGROUND

A. Prudent management of the District includes the adoption of appropriate goals, objectives, policies and guidelines for the investment of available funds.

B. The District's cash management system is designed to monitor and forecast accurately expenditures and revenues, thus enabling the District to invest funds to the fullest extent possible.

C. This policy serves to organize and formalize the District's investment-related activities, while complying with all applicable statutes governing the investment of public funds.

D. This policy supersedes any previous Investment Policies of the Moulton Niguel Water District.

II. PURPOSE

A. This statement is set forth by the District for the following purposes:

1. To establish a clear understanding for the Board, District management, responsible employees and third parties of the objectives: policies and guidelines for the investment of District funds.

2. To offer guidance to any investment adviser on the investment of District funds.

3. To establish a basis for evaluating investment results.

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B. The general purpose of this Investment Policy is to outline a philosophy and attitude, which will guide the investment of District funds toward the desired investment goals. It is intended to be sufficiently specific to be meaningful, yet adequately flexible to be practical.

III. INVESTMENT AUTHORITY

A. In accordance with Section 53600 et seq. of the Government Code of the state of California, the authority to invest public funds is expressly delegated to the Board of Directors for subsequent delegation to the Treasurer. Investments are limited to those instruments specified by this Investment Policy.

B. The Moulton Niguel Water District may engage the services of one or more external investment advisers who are registered under the Investment Advisers Act of 1940 to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

IV. PRUDENCE

A. Pursuant to California Government Code, Section 53600.3, all persons authorized to make investment decisions on behalf of the Agency are trustees and therefore fiduciaries subject to the Prudent Investor Standard:

“...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

B. The Treasurer or designated investment advisor and other authorized persons responsible for managing District funds acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that the Treasurer or other authorized persons acted in good faith. Deviations from expectations of a security's credit or market risk should be reported to the governing body in a timely fashion and appropriate action should be taken to control adverse developments.

V. STATEMENT OF OBJECTIVES

A. The District's investment program is based first upon the principals of safety and liquidity. The expected return on investments is considered only after the first two criteria are met.

B. In order of priority, three fundamental criteria shall be followed:

1. SAFETY. Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing funds among a variety of securities with independent returns.

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2. LIQUIDITY. The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

 3. RETURN ON INVESTMENTS. The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.
- C. Funds are divided into three categories:
1. Funds needed for current operating expenses and capital requirements, known as the "Liquid Fund,"

 2. Funds needed over the next one to five years known as the "Limited Maturity Fund", and

 3. Funds not currently needed, known as the "Operating Reserve Fund."
- D. The District shall inform the investment adviser from time to time of amounts to be allocated to each of the three categories.
- E. The investment goals of the Liquid Fund shall be:
1. To preserve principal,

 2. To provide liquidity for operating and maintenance expenses, debt service payments, and capital requirements, and

 3. To earn a total rate of return commensurate with the first two goals.
- F. The investment goals of the Limited Maturity Fund shall be:
1. To preserve principal,

2. To provide liquidity for operating and maintenance expenses, debt service payments, and capital requirements within the next one to five years, and

3. To earn a total rate of return commensurate with the first two goals.

G. The investment goal of the Operating Reserve Fund shall be:

1. To preserve principal and

2. To provide growth over the long term by earning the rate of return available from the longer-term investments permitted under the California Government Code.

VI. INVESTMENT PERFORMANCE OBJECTIVES AND GUIDELINES

A. Liquid Fund

1. The investment performance objectives for the Liquid Fund shall be to earn a return over a market cycle, which equals or exceeds the return on 90-day Treasury Bills.

2. The average maturity of the Liquid Fund shall not exceed 90 days, and the maximum final stated maturity of individual securities in the Liquid Fund may not exceed one year.

3. The District's Finance Director/Treasurer shall communicate periodically with the investment adviser in order to keep the adviser informed as to the District's specific short-term liquidity requirements.

4. The Liquid Fund shall maintain a minimum fund balance sufficient to provide adequate cash reserves to pay current operating expenses.

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B. Limited Maturity Fund

1. The investment performance objective of the Limited Maturity Fund is to earn a return that equals or exceeds the return of the Bank of America Merrill Lynch 1-3 Year US Treasury Agency Index.

C. Operating Reserve Fund

1. The investment performance objective for the Operating Reserve Fund shall be to earn a rate of return over a market cycle, which exceeds the return on the Merrill Lynch 1-10 Year US Corporate and Government Index, or an equivalent index determined by the District.

2. The maximum stated final maturity of individual investments in the Operating Reserve Fund is ten years.

VII. INVESTMENT POLICIES

A. Investment of District funds is governed by California Government Code Section 53601 et seq., a copy of which is attached to this policy as Exhibit B. A Summary of Permitted Investments, prepared by District's current investment adviser is attached as Exhibit A.

B. The District manages its investments under the prudent investor standard.

C. The District's Finance Director/Treasurer is designated by the Board of Directors as the officer responsible for the investment of District funds; provided, the Board may designate such responsibility to investment advisers pursuant to VII.D. below. The investment function shall be overseen by the Finance and Information Technology Committee of the Board of Directors.

D. The Board of Directors may allocate its funds to professional investment advisers in a manner consistent with the District's objectives. Such advisers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such advisers must be registered under the Investment Advisers Act of 1940, and shall enter into a written agreement for this service with the District.

E. Because the Operating Reserve Fund has the specific purpose of providing for long-term growth, and because cash flow requirements of the District are met through other investments, the Board of Directors hereby grants authority for the purchase of securities with maturities in excess of five years in the Operating Reserve Fund only.

F. The maximum stated final maturity of individual investments in the Operating Reserve Fund is be ten years.

G. No more than 40% of the Operating Reserve Fund may be invested in securities with maturities in excess of five years.

H. Investment securities and cash shall be held in a bank custody account in the name of the District

I. All investments shall be made as "delivery vs. payment" transactions.

VIII. Authorized Financial Institutions, Broker/Dealers, Depositories

A. The District shall work with financial institutions that are reputable and trustworthy, knowledgeable and experienced in Public Agency investing and able to meet all of their financial obligations. These institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

B. In accordance with Section 53601.5, institutions eligible to transact investment business with the District include:

1. Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
2. Nationally or state-chartered banks.
3. The Federal Reserve Bank.

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4. Direct issuers of securities eligible for purchase.

C. Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of the District, except where the District utilizes an external investment adviser in which case the District may rely on the adviser for selection.

D. Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

E. Selection of broker/dealers used by an external investment adviser retained by the District will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

IX. AUTHORIZED INVESTMENTS

A. The District's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Code, the District seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

B. Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity, and shall be exempt from the current policy (with the exception of credit quality). At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

C. An appropriate risk level shall be maintained by purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

D. The authorized investments are as listed below:

1. MUNICIPAL SECURITIES include obligations of the District, the State of California, any of the other 49 states, and any local District within the State of California, provided that:

- a) *The securities are rated "A" or higher by at least one nationally recognized statistical rating organization ("NRSRO").*
- b) *No more than 5% of the portfolio may be invested in any single issuer.*
- c) *No more than 30% of the portfolio may be in Municipal Securities.*
- d) *The maximum stated maturity does not exceed five (5) years, with the exception of securities that have a "put" feature of five years or less.*

2. U.S. TREASURIES and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage of the portfolio that the District may invest in U.S. Treasuries, provided that:

- a) *The maximum maturity is five (5) years, with the exception of securities held in the Operating Reserve, which can have a stated maturity of 10 years.*

3. FEDERAL AGENCIES or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage of the portfolio that the District may invest in Federal District or Government-Sponsored Enterprises (GSEs), provided that:

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- a) *No more than 25% of the portfolio may be invested in any single District/GSE issuer.*
 - b) *The maximum maturity does not exceed five (5) years, with the exception of securities held in the Operating Reserve, which may have a stated maturity of 10 years.*
4. BANKER'S ACCEPTANCES, provided that:
- a) *They are issued by institutions which have short-term debt obligations rated "A-1" or higher by at least one NRSRO; or long-term debt obligations which are rated "A" or higher by at least one NRSRO.*
 - b) *No more than 40% of the portfolio may be invested in Banker's Acceptances.*
 - c) *No more than 5% of the portfolio may be invested in any single issuer.*
 - d) *The maximum maturity does not exceed 180 days.*
5. COMMERCIAL PAPER, provided that:
- a) *The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million.*
 - b) *The securities are rated "A-1" or higher by at least one NRSRO.*
 - c) *The securities are issued by corporations which have long-term obligations rated "A" or higher by at least one NRSRO.*
 - d) *The District may purchase no more than 10% of the outstanding commercial paper of any single issuer.*
 - e) *No more than 25% of the portfolio may be invested in Commercial Paper.*
 - f) *No more than 5% of the portfolio may be invested in any single issuer.*
 - g) *The maximum maturity does not exceed 270 days.*
6. NEGOTIABLE CERTIFICATES OF DEPOSIT (NCDS), issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

- a) *The amount of the NCD insured up to the FDIC limit does not require any credit ratings.*
- b) *Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or higher by at least one NRSRO; or long-term obligations rated "A" or higher by at least one NRSRO.*
- c) *No more than 30% of the total portfolio may be invested in NCDs*
- d) *No more than 5% of the portfolio may be invested in any single issuer.*
- e) *The maximum maturity does not exceed five (5) years.*

7. **FEDERALLY INSURED TIME DEPOSITS (Non-Negotiable Certificates of Deposit)** in state or federally chartered banks, savings and loans, or credit unions, provided that:

- a) *The amount per institution is limited to the maximum covered under federal insurance.*
- b) *No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.*
- c) *The maximum maturity does not exceed five (5) years.*

8. **COLLATERALIZED TIME DEPOSITS (Non-Negotiable Certificates of Deposit)** in state or federally chartered banks, savings and loans, or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with California law, provided that:

- a) *No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.*
- b) *The maximum maturity does not exceed five (5) years.*

9. **COLLATERALIZED BANK DEPOSITS.** District deposits with financial institutions will be collateralized with pledged securities per California Government Code, Section 53651.

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10. REPURCHASE AGREEMENTS collateralized with securities authorized under California Government Code, maintained at a level of at least 102% of the market value of the Repurchase Agreement. There are no limits on the dollar amount or percentage that the District may invest, provided that:

- a) *Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third party custodian.*
- b) *Repurchase Agreements are subject to a Master Repurchase Agreement between the District and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA).*
- c) *The maximum maturity does not exceed one (1) year.*

11. STATE OF CALIFORNIA LOCAL DISTRICT INVESTMENT FUND (LAIF), provided that:

- a) *The District may invest up to the maximum amount permitted by LAIF.*
- b) *LAIF's investments in instruments prohibited by or not specified in the District's policy do not exclude the investment in LAIF itself from the District's list of allowable investments, provided LAIF's reports allow the Treasurer and the outside investment adviser to adequately judge the risk inherent in LAIF's portfolio.*

12. LOCAL GOVERNMENT INVESTMENT POOLS

- a) *The District may invest up to the maximum amount permitted by the following respective Local Government Investment Pools:*
 - (1) CALTRUST
 - (2) California Asset Management Program (CAMP)
- b) *Local Government Investment Pool investments in instruments prohibited by or not specified in the District's policy do not exclude the investment in LGIPs itself from the District's list of allowable investments, provided the specific LGIP's reports allow the Treasurer and the outside investment adviser to adequately judge the risk inherent in LGIP's portfolio.*

13. CORPORATE MEDIUM TERM NOTES (MTNS), provided that:

- a) *The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.*
- b) *The securities are rated "A" or higher by at least one NRSRO.*
- c) *No more than 30% of the total portfolio may be invested in MTNs.*
- d) *No more than 5% of the portfolio may be invested in any single issuer.*
- e) *The maximum maturity does not exceed five (5) years.*

14. MONEY MARKET MUTUAL FUNDS that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

- a) *Such Funds meet either of the following criteria:*
 - (1) *Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or*
 - (2) *Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.*
 - (3) *No more than 20% of the total portfolio may be invested in Money Market Mutual Funds.*
 - (4) *No more than 10% of the portfolio may be invested in any one Fund.*

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15. SUPRANATIONALS, provided that:
 - a) *Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.*
 - b) *The securities are rated "AA" or higher by a NRSRO.*
 - c) *No more than 30% of the total portfolio may be invested in these securities.*
 - d) *No more than 10% of the portfolio may be invested in any single issuer.*
 - e) *The maximum stated maturity does not exceed five (5) years.*

16. Prohibited Investment Vehicles and Practices
 - a) *State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.*
 - b) *In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.*
 - c) *Investment in any security that could result in a zero interest accrual if held to maturity is prohibited.*
 - d) *Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.*
 - e) *Purchasing or selling securities on margin is prohibited.*
 - f) *The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.*
 - g) *The purchase of foreign currency denominated securities is prohibited.*

X. Collateralization

A. **CERTIFICATES OF DEPOSIT (CDs).** The District shall require any commercial bank or savings and loan association to deposit eligible securities with an Agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

B. **COLLATERALIZATION OF BANK DEPOSITS.** This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The District shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

C. **REPURCHASE AGREEMENTS.** The District requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

1. The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
2. Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
3. The District and its investment adviser shall receive monthly statements of collateral.

XI. **Delivery, Safekeeping and Custody**

A. **DELIVERY-VERSUS-PAYMENT (DVP).** All investment transactions shall be conducted on a delivery-versus-payment basis.

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B. **SAFEKEEPING AND CUSTODY.** To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in the District's portfolio shall be held in safekeeping in the District's name by a third party custodian, acting as agent for the District under the terms of a custody agreement executed by the bank and the District. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by the District from the custodian listing all securities held in safekeeping with current market data and other information.

C. The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money market mutual funds, since the purchased securities are not deliverable.

XII. Maximum Maturity

A. To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities.

XIII. REPORTING AND REVIEWS

A. Transactions and portfolio holdings

1. The bank custodian and the investment adviser shall each provide monthly statements of holdings and account activity to the District's Director of Finance/Treasurer. The bank custodian shall also provide such information to the District's Investment Adviser(s).

2. Confirmations of all transactions and movement of funds shall be forwarded promptly to the District by the investment adviser. The investment adviser shall ensure a duplicate confirmation is provided to the District by the broker.

B. Investment performance

1. The investment adviser shall meet at least quarterly with District management and/or with the Finance & Information Technology Committee of the Board of Directors to review account activity, economic conditions and investment performance.

XIV. AMENDMENTS

A. This Investment Policy is subject to amendment from time to time by the Board of Directors. Any changes must be approved by the Board of Directors and communicated in writing to the Director of Finance/Treasurer and other responsible employees, appropriate third parties and investment advisers.

B. It shall be the responsibility of the investment adviser to inform the District of changes to the California Government Code, which affect the investment of District funds. Such changes shall be considered promptly by the Board of Directors.

C. The Investment Policy shall be reviewed and approved annually each fiscal year during the budget process.

