



**FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
August 19, 2015
8:30 AM
Approximate Meeting Time: 3 Hours**

**THIS BOARD MEETING WILL INCLUDE TELECONFERENCING AT THE
FOLLOWING LOCATION: 12025 CEDAR SHORE ROAD, ELLISON BAY,
WISCONSIN**

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE JULY 15, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING
3. 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.

PRESENTATION ITEMS

4. Quarterly Investment Report - Chandler Asset Management

DISCUSSION ITEMS

5. Rebate Programs Update
6. Enterprise Resources Planning (ERP) Support Services Contract Amendment
7. Disposal of Surplus Property Policy

INFORMATION ITEMS

8. Outreach Update
9. Operations Center Consolidation and Improvement Project Update

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 2015
11. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
12. 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

July 15, 2015

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 8:30 AM on July 15, 2015. There were present and participating:

DIRECTORS

Duane Cave	Director
Scott Colton	Vice President
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director
Larry Lizotte	Director
Brian Probolsky	Vice President/Chair (arrived at 8:38 a.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
Ruth Zintzun	Finance Manager
Michael Bell	Michael Bell Management Consulting, Inc.
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Drew Atwater	MNWD
Johnathan Cruz	MNWD
Megan Schneider	MNWD
Carole Wayman-Piascik	MNWD
Wesley Hartmann	Professor of Marketing, Stanford University

1. CALL MEETING TO ORDER

The meeting was called to order by Richard Fiore at 8:30 a.m.

2. APPROVE THE MINUTES OF THE JUNE 17, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY DONALD FROELICH, MINUTES OF THE JUNE 17, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, AND LARRY LIZOTTE ALL VOTING 'AYE'. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.

3. PUBLIC COMMENTS

None.

DISCUSSION ITEMS

4. Laguna Sur/Monarch Point Sewer Rates

This item was taken first. Joone Lopez reminded the Board of the Laguna Sur/Monarch Point public hearing on Thursday, July 16, 2015. Staff recommends that the Board of Directors approve the resolution entitled, "Adopting Report of Annual Sewer Service Charges to be Collected via Property Tax Statements on Tax Roll for the Period Commencing July 1, 2015 (Laguna Sur/Monarch Point LAFCO Reorganization RO96-05)."

5. Selection of the Annual Lump Sum Prepayment Option for Unfunded Accrued Liability to CalPERS for FY 2015-16

This item was taken second. Gina Hillary gave a brief description of the item. Staff is recommending that the Board of Directors elect the annual lump sum prepayment option to pay for the unfunded accrued liability to CalPERS for FY 2015-16. Discussion ensued regarding the prepayment option.

Director Brian Probolsky arrived at 8:38 a.m.

PRESENTATION ITEMS

Advertising Research Collaboration with Stanford

This item was taken after Item #5. Joone Lopez introduced Professor Wesley Hartmann from Stanford University. Professor Hartmann presented his proposal for a partnership project between Stanford University and the District in which the effectiveness of digital marketing can be evaluated in achieving conservation using messages from the District. Major topics discussed were approach and benefits of the partnership.

INFORMATION ITEMS**6. OPERATIONS CENTER CONSOLIDATION & IMPROVEMENTS PROJECT UPDATE**

It is recommended that the Board of Directors approve staff to proceed with planning and design of a 45,000 sq. ft. administration building.

Matt Collings presented the preliminary building designs for the Operations Center Consolidation & Improvements Project.

MOTION DULY MADE BY LARRY LIZOTTE AND SECONDED BY SCOTT COLTON, ITEM 6 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

7. Outreach Update

Joone Lopez and Richard Fiore provided an update on outreach efforts.

8. Turf Removal Update

Matt Collings gave an update on turf removal funding from Metropolitan Water District of Southern California (MET) and Municipal Water District of Orange County (MWDOC). MET has run out of funding and has officially stopped processing any new applications for turf removal rebates. Their funding commitment will extend to every customer who had submitted an application by 1:00 p.m. on Thursday, July 9, 2015. MWDOC has also put a hold on their program. Customers are being put on a wait list for the program. Staff is working with MWDOC to get an understanding of when the program will be continued.

9. Monthly Financial Report

Ruth Zintzun presented the monthly financial report.

10. Board Per Diem

Joone Lopez gave a brief update on item. Discussion ensued regarding Board compensation. The Board of Directors directed staff to notice and set the public hearing date for August 20, 2015, to adjust the Board Per Diem amount from \$199.50 to \$215.00.

#2.

11. Future Agenda Items (Any items added under this section are for discussion at future meetings only)

None.

12. Late Items (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT

The meeting was adjourned at 11:02 a.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

Moulton Niguel Water District

Period Ending
June 30, 2015



SECTION 1	Consolidated Information
SECTION 2	Account Profile
SECTION 3	Portfolio Holdings
SECTION 4	Economic Update



SECTION 1

Consolidated Information

Investment Objectives

In order to provide for current expenses and long term growth, the District has divided its portfolio into three categories, the Liquid, Limited Maturity and Operating Reserve Funds. The investment goals of the Liquid and Limited Maturity Funds are to provide liquidity for operating expenses and current capital requirements, preserve principal, and 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.

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 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.

The performance objective of the Operating Reserve Fund is 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

The Liquid Fund is invested in short term securities and LAIF in order to achieve its goals. 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 the goals of the Limited Maturity and Operating Reserve Funds, they are 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 in the Operating Reserve Fund.



Moulton Niguel Water District Consolidated

June 30, 2015

COMPLIANCE WITH INVESTMENT POLICY

This portfolio is a consolidation of assets managed by Chandler Asset Management and assets managed internally by Client. Chandler relies on Client to provide accurate information for reporting assets and producing this compliance statement.

Category	Standard	Comment
Treasury/Agency issues	No Limit	Complies
Banker's Acceptances	≤40%; 180 days	Complies - 0.0%
Commercial Paper	A1/P1	Complies - 1.7%
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 - 21.9%
Mutual Funds	≤20%	Complies - 0.2%
LAIIF	Not used by outside adviser; \$50 million maximum imposed by LAIF	Complies
Mortgage Pass Through, including CMOs and ABS	"AA"-rated; 20% Maximum	Complies - 8.1%
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 - 2.74
% invested less than 2 years	≥10%	Complies - 33.0%
% invested beyond 5 years	≤40%	Complies - 18.0%
Maximum maturity	10 years	Complies
Maximum maturity of corp.	5 years	Complies



Portfolio Characteristics

Moulton Niguel Water District Consolidated

	06/30/2015	03/31/2015
	Portfolio	Portfolio
Average Maturity (yrs)	3.04	3.22
Modified Duration	2.74	2.92
Average Purchase Yield	1.66 %	1.68 %
Average Market Yield	1.19 %	1.05 %
Average Quality**	AA/Aa1	AA/Aa1
Total Market Value	149,987,362	147,307,856

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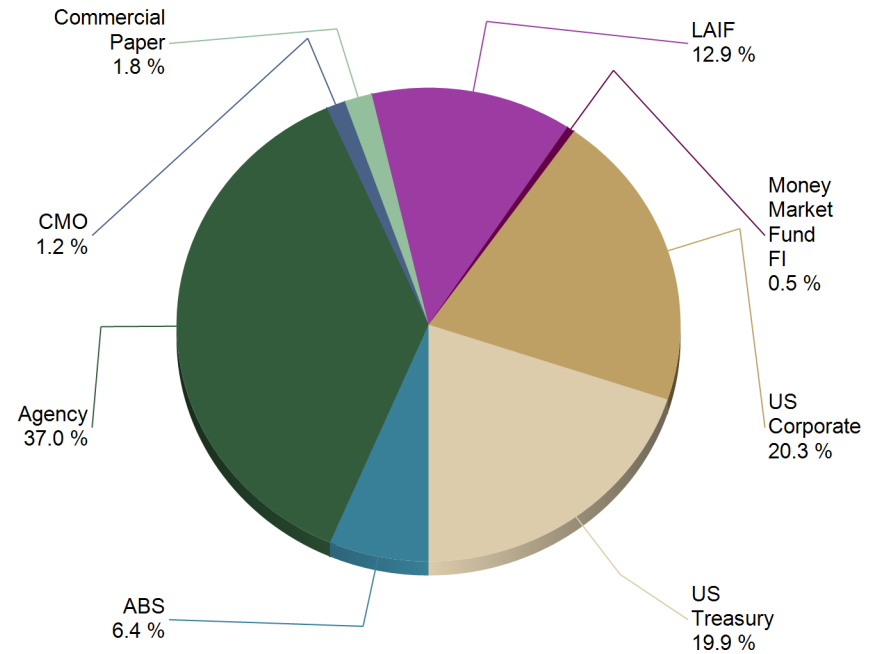
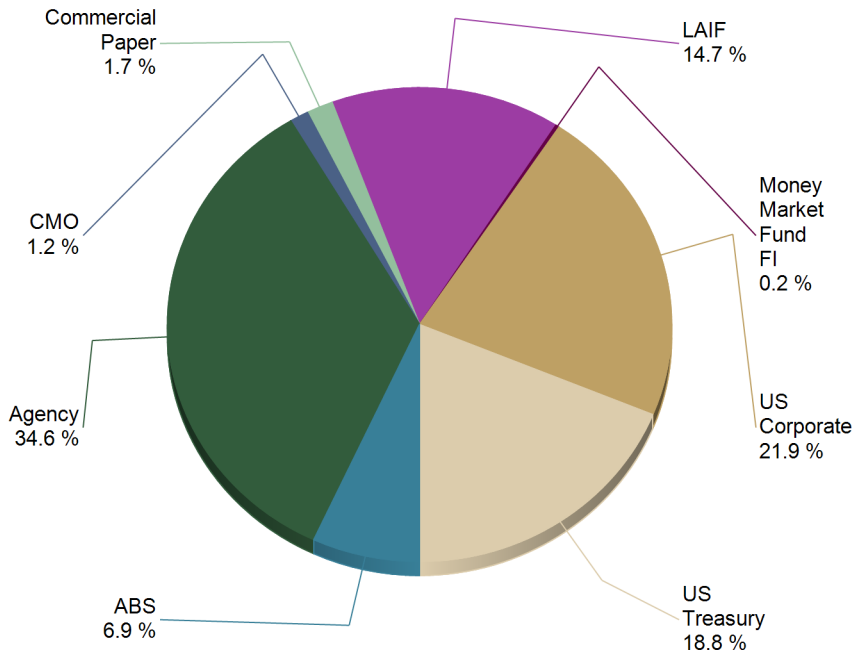
Sector Distribution

Moulton Niguel Water District Consolidated

June 30, 2015

March 31, 2015

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**Moulton Niguel Water District Consolidated
Account #43**

Issuer Report

As of 6/30/2015

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	18.80 %
Local Agency Investment Fund	LAIF	14.74 %
Federal Home Loan Mortgage Corp	Agency	8.90 %
Federal National Mortgage Association	Agency	8.87 %
Federal Home Loan Bank	Agency	7.70 %
Tennessee Valley Authority	Agency	5.65 %
Federal Farm Credit Bank	Agency	3.45 %
John Deere ABS	ABS	2.05 %
Honda ABS	ABS	1.73 %
Bank of Tokyo-Mit UFJ	Commercial Paper	1.71 %
JP Morgan ABS	ABS	1.66 %
Deere & Company	US Corporate	1.34 %
IBM Corp	US Corporate	1.32 %
ChevronTexaco Corp	US Corporate	1.29 %
Cisco Systems	US Corporate	1.22 %
Federal Home Loan Mortgage Corp	CMO	1.20 %
Qualcomm Inc	US Corporate	1.20 %
Apple Inc	US Corporate	1.19 %
General Electric Co	US Corporate	1.17 %
Toyota Motor Corp	US Corporate	1.16 %
Bank of New York	US Corporate	1.11 %
Charles Schwab Corp/The	US Corporate	1.09 %
Ebay	US Corporate	1.09 %
Honda Motor Corporation	US Corporate	1.09 %
JP Morgan Chase & Co	US Corporate	1.08 %
Intel Corp	US Corporate	1.05 %
Toyota ABS	ABS	0.94 %
US Bancorp	US Corporate	0.82 %
Oracle Corp	US Corporate	0.77 %
Paccar Financial	US Corporate	0.75 %
Coca Cola Co.	US Corporate	0.73 %
Google Inc	US Corporate	0.66 %
Pepsico Inc	US Corporate	0.64 %



Moulton Niguel Water District Consolidated
Account #43

Issuer Report

As of 6/30/2015

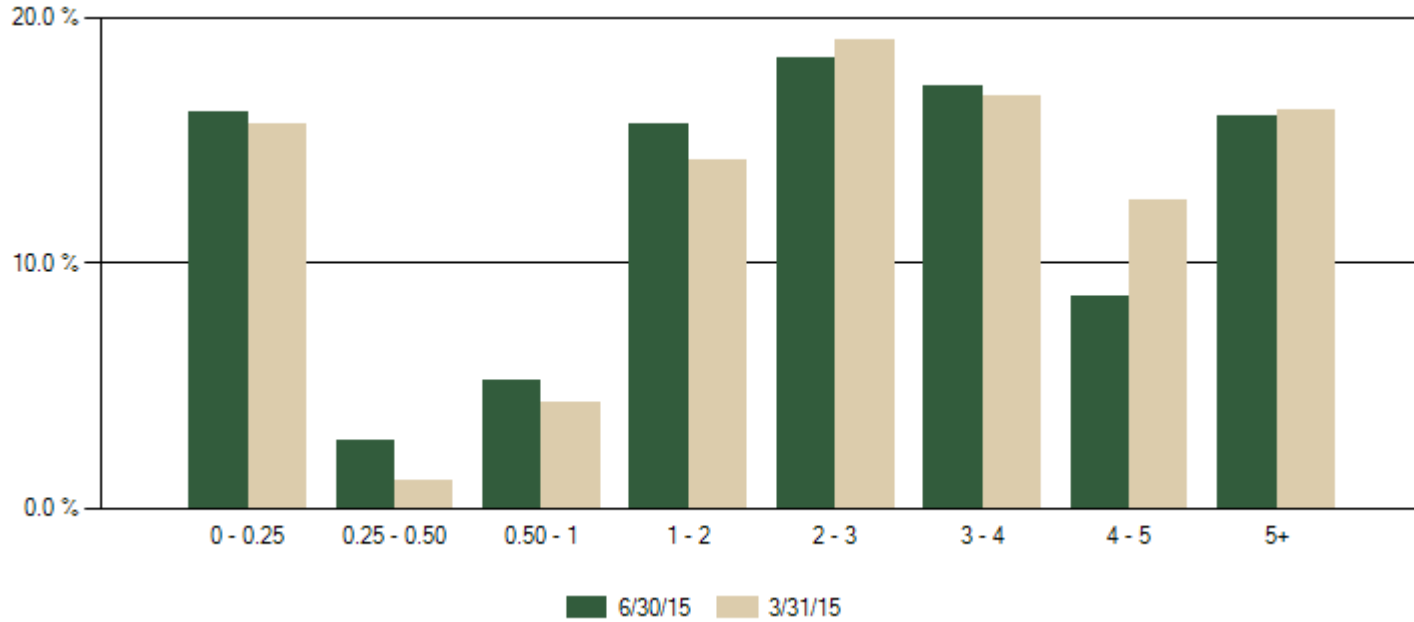
Issue Name	Investment Type	% Portfolio
Wal-Mart Stores	US Corporate	0.56 %
General Electric ABS	ABS	0.51 %
Wells Fargo Corp	US Corporate	0.27 %
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.23 %
Air Products & Chemicals	US Corporate	0.20 %
United Technology Corp	US Corporate	0.08 %
Total		100.00 %



Duration Distribution

Moulton Niguel Water District Consolidated

June 30, 2015 vs. March 31, 2015



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
6/30/15	16.1 %	2.8 %	5.2 %	15.6 %	18.4 %	17.2 %	8.6 %	16.0 %
3/31/15	15.6 %	1.1 %	4.3 %	14.2 %	19.1 %	16.8 %	12.6 %	16.2 %

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SECTION 2

Account Profile



PORTFOLIO CHARACTERISTICS

Liquid Fund

	3-month T-Bills Benchmark* G001	Liquid Fund	
	6/30/2015	6/30/2015	3/31/2015
Portfolio book value	--	\$22,088,466	\$19,024,590
Market value	--	\$22,105,620	\$19,039,256
Average book yield	--	0.29%	0.27%
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

Limited Maturity Fund

	1-3 Year US Treasury/Agency Benchmark	Limited Maturity Fund	
	6/30/2015	6/30/2015	3/31/2015
Portfolio book value	--	\$30,794,467	\$30,656,946
Market value	--	\$30,897,417	\$30,890,112
Average book yield	--	1.58%	1.55%
Average maturity (yrs)	1.83	1.89	2.05
Modified duration	1.80	1.79	1.96
\$ change in value for 1% change in rates	--	\$553,064	\$605,446
% maturing within two years	55.6%	20.3%	16.1%
Average credit quality	AAA	AA/Aa1	AA/Aa1



PORTFOLIO CHARACTERISTICS

Operating Reserve Fund

	1-10 year Govt. Benchmark* G5A0	Operating Reserve Fund	
	6/30/2015	6/30/2015	3/31/2015
Portfolio book value	--	\$95,789,445	\$95,188,927
Market value	--	\$96,984,326	\$97,378,488
Average book yield	--	2.00%	2.01%
Average maturity (yrs)	3.90	4.10	4.22
Modified duration	3.64	3.67	3.80
\$ change in value for 1% change in rates	--	\$3,559,325	\$3,700,383
% maturing within two years	23.7%	9.9%	7.6%
Average credit quality	AAA	AA/Aa1	AA+/Aa1

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Limited Maturity Fund

42- Trading Activity -3/31/2015 -6/30/2015

Settle Date	Description	MIG	Mat Date	Amount	Book Value	Market Value	Gain/Loss	Duration	Yield
Purchase									
04/30/2015	Charles Schwab Corp	US Corporate	03/10/2018	\$100,000.00	\$100,607.00	\$100,607.00	\$0.00	2.788	1.283
05/20/2015	Honda Auto Receivables	Asset Backed Security	02/21/2019	\$350,000.00	\$349,946.28	\$349,946.28	\$0.00	1.645	1.052
05/20/2015	Qualcom Inc	US Corporate	05/18/2018	\$160,000.00	\$159,785.60	\$159,785.60	\$0.00	2.922	1.446
05/22/2015	Qualcom Inc	US Corporate	05/18/2018	\$300,000.00	\$299,490.00	\$299,490.00	\$0.00	2.916	1.458
06/08/2015	FNMA	Agency	07/20/2018	\$385,000.00	\$384,295.45	\$384,295.45	\$0.00	3.053	1.185
06/29/2015	Bank of Tokyo Mitsubishi NY	Commercial Paper	10/27/2015	\$620,000.00	\$619,380.00	\$619,380.00	\$0.00	0.328	0.304
				\$1,915,000.00	\$1,913,504.33	\$1,913,504.33	\$0.00		
Sale									
05/15/2015	US Treasury	US Treasury	05/15/2016	\$400,000.00	\$399,610.71	\$399,904.91	\$294.20	0.998	0.274
05/22/2015	US Treasury	US Treasury	05/15/2016	\$200,000.00	\$199,805.36	\$200,007.14	\$201.78	0.979	0.246
05/22/2015	US Treasury	US Treasury	07/31/2016	\$100,000.00	\$100,094.09	\$100,194.98	\$100.89	1.188	0.336
06/08/2015	US Treasury	US Treasury	07/31/2016	\$500,000.00	\$500,470.42	\$500,642.86	\$172.44	1.140	0.387
				\$1,200,000.00	\$1,199,980.58	\$1,200,749.89	\$769.31		

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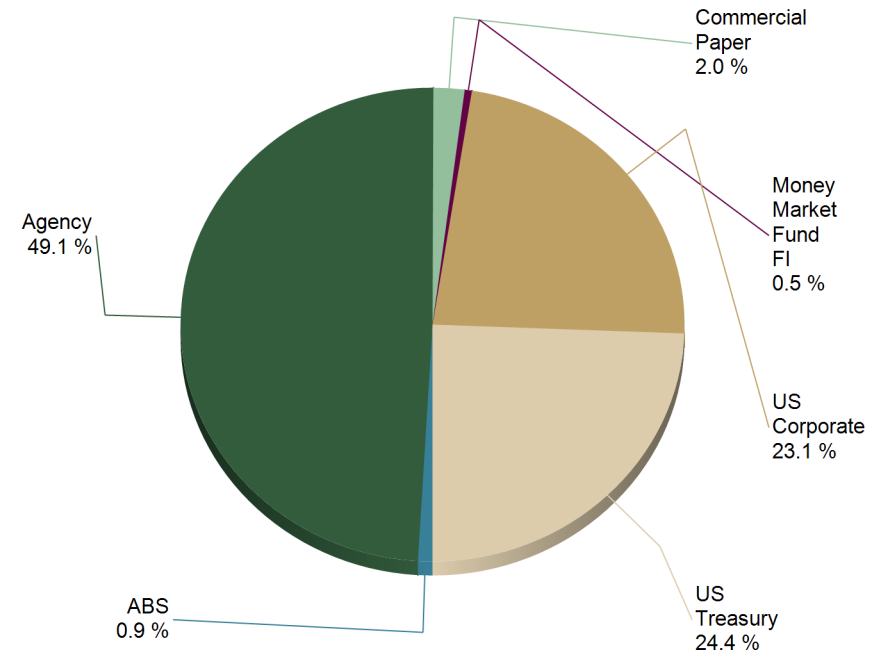
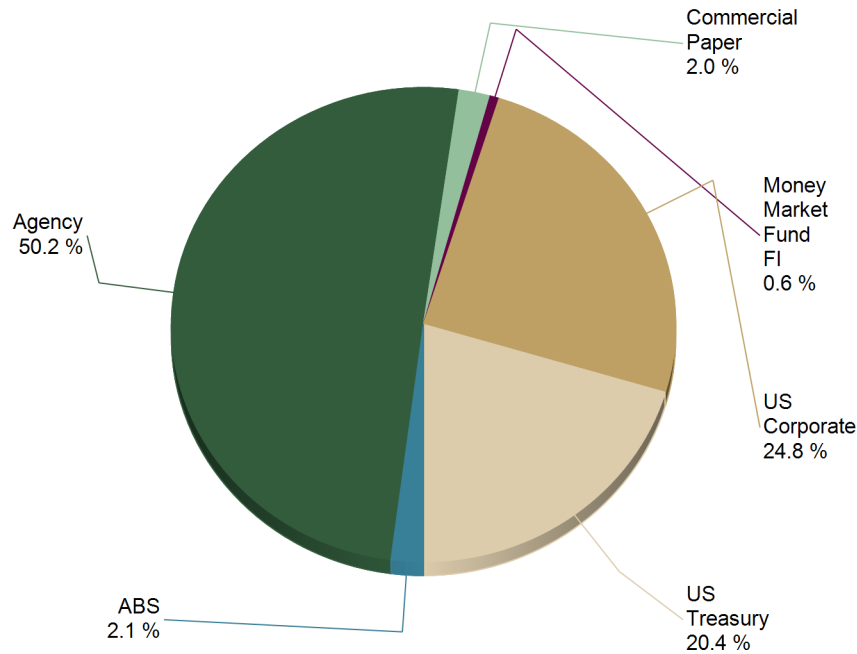
Sector Distribution

Moulton Niguel Water District Limited Maturity

June 30, 2015

March 31, 2015

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The portfolio sector allocation changed slightly as the portfolio was aligned to the strategy targets. Agencies, Asset Backed Securities (ABS), Money Market Fund and Corporate exposure increased while the Treasury exposure declined to fund the new corporate purchases.



Moulton Niguel Water District Limited Maturity Account #42

Issuer Report

As of 6/30/2015

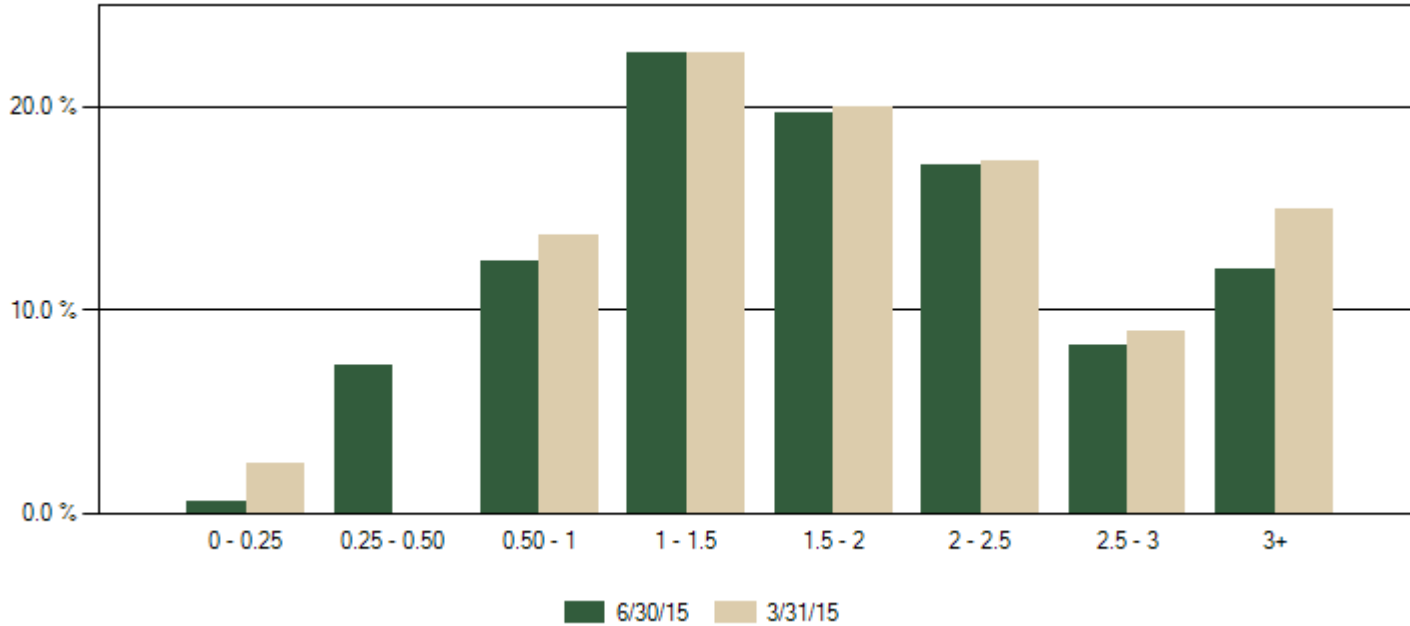
Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	20.38 %
Federal National Mortgage Association	Agency	15.87 %
Federal Home Loan Bank	Agency	11.01 %
Federal Farm Credit Bank	Agency	10.70 %
Federal Home Loan Mortgage Corp	Agency	8.91 %
Ebay	US Corporate	5.29 %
Tennessee Valley Authority	Agency	3.72 %
IBM Corp	US Corporate	2.47 %
Bank of Tokyo-Mit UFJ	Commercial Paper	2.00 %
Cisco Systems	US Corporate	1.97 %
Apple Inc	US Corporate	1.76 %
Toyota Motor Corp	US Corporate	1.69 %
Qualcomm Inc	US Corporate	1.49 %
Bank of New York	US Corporate	1.47 %
Charles Schwab Corp/The	US Corporate	1.40 %
JP Morgan Chase & Co	US Corporate	1.31 %
Wells Fargo Corp	US Corporate	1.30 %
ChevronTexaco Corp	US Corporate	1.30 %
Intel Corp	US Corporate	1.20 %
Deere & Company	US Corporate	1.15 %
Honda ABS	ABS	1.13 %
Air Products & Chemicals	US Corporate	0.97 %
Toyota ABS	ABS	0.92 %
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.58 %
Total		100.00 %



Duration Distribution

Moulton Niguel Water District Limited Maturity

June 30, 2015 vs. March 31, 2015



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 1.5	1.5 - 2	2 - 2.5	2.5 - 3	3+
6/30/15	0.6 %	7.3 %	12.4 %	22.7 %	19.7 %	17.1 %	8.3 %	12.0 %
3/31/15	2.4 %	0.0 %	13.7 %	22.6 %	20.0 %	17.4 %	8.9 %	15.0 %

The duration of the portfolio increased over the reporting period, currently 1.79 versus 1.96 at the end of the prior quarter as the portfolio was invested to the strategy. The Chandler team anticipates interest rate volatility will remain elevated in 2015 as the Federal Reserve considers the first tightening of traditional monetary policy in nearly 10 years later this year. An offset to the anticipated interest rate volatility is the outlook for a strong US dollar going forward, which ought to mitigate the overall change in interest rates in a tightening cycle.

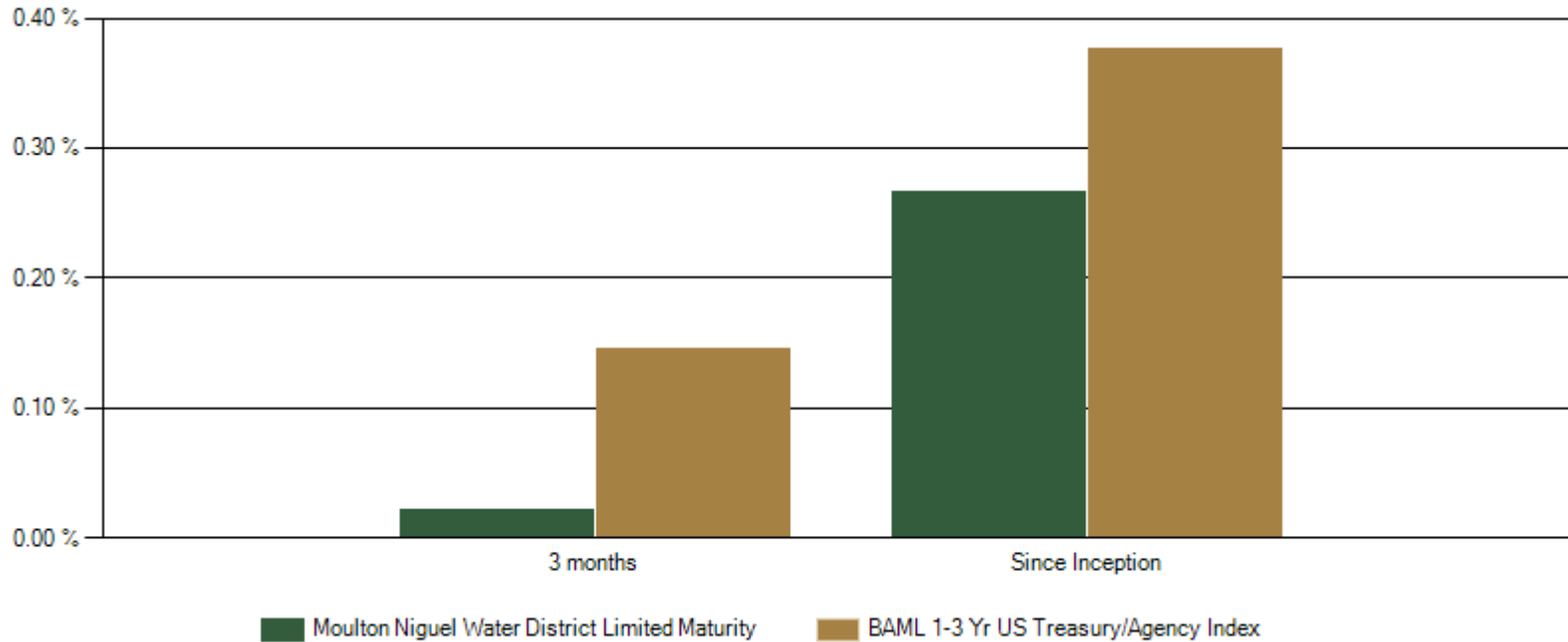
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Investment Performance

Moulton Niguel Water District Limited Maturity

Period Ending
June 30, 2015
Total Rate of Return
Since Inception
February 28, 2015



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	Latest 3 months	Since Inception
Moulton Niguel Water District Limited Maturity	0.02 %	0.27 %
BAML 1-3 Yr US Treasury/Agency Index	0.15 %	0.38 %

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

40- Trading Activity -3/31/2015 -6/30/2015

Settle Date	Description	MIG	Mat Date	Amount	Book Value	Market Value	Gain/Loss	Duration	Yield
Purchase									
04/30/2015	PepsiCo Inc	US Corporate	04/30/2020	\$970,000.00	\$969,447.10	\$969,447.10	\$0.00	4.754	1.862
05/20/2015	Qualcom Inc	US Corporate	05/20/2020	\$910,000.00	\$910,646.10	\$910,646.10	\$0.00	4.704	2.235
05/20/2015	Qualcom Inc	US Corporate	05/20/2020	\$430,000.00	\$429,656.00	\$429,656.00	\$0.00	4.703	2.267
05/06/2015	Chase CHAIT	Asset Backed Security	04/15/2020	\$1,240,000.00	\$1,239,781.51	\$1,239,781.51	\$0.00	1.580	1.375
06/19/2015	US Treasury	US Treasury	05/15/2023	\$500,000.00	\$482,736.38	\$482,736.38	\$0.00	7.312	2.229
06/23/2015	US Bancorp	US Corporate	11/15/2018	\$200,000.00	\$201,796.00	\$201,796.00	\$0.00	3.268	1.677
06/29/2015	Bank of Tokyo Mitsubishi NY	Commercial Paper	10/27/2015	\$1,940,000.00	\$1,938,060.00	\$1,938,060.00	\$0.00	0.328	0.304
				\$6,190,000.00	\$6,172,123.09	\$6,172,123.09	\$0.00		
Sale									
04/29/2015	FHLMC	Agency	05/30/2019	\$100,000.00	\$100,586.80	\$101,773.00	\$1,186.20	3.909	1.303
05/05/2015	Tennessee Valley Authority	Agency	07/18/2017	\$1,150,000.00	\$1,229,078.60	\$1,265,793.50	\$36,714.90	2.071	0.874
05/15/2015	FNMA	Agency	02/08/2018	\$1,160,000.00	\$1,150,395.20	\$1,158,770.40	\$8,375.20	2.686	0.914
				\$2,410,000.00	\$2,480,060.60	\$2,526,336.90	\$46,276.30		

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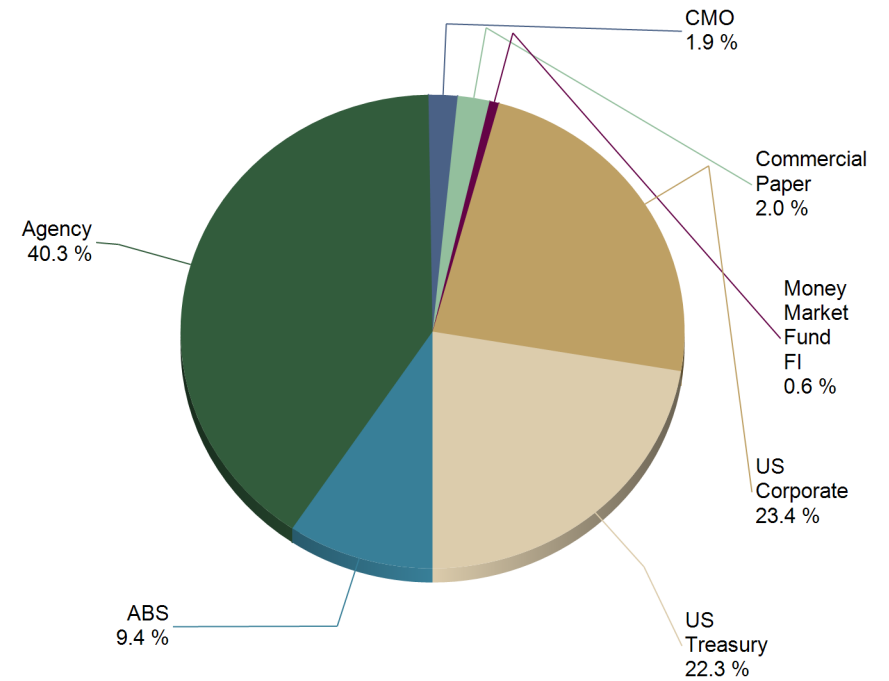
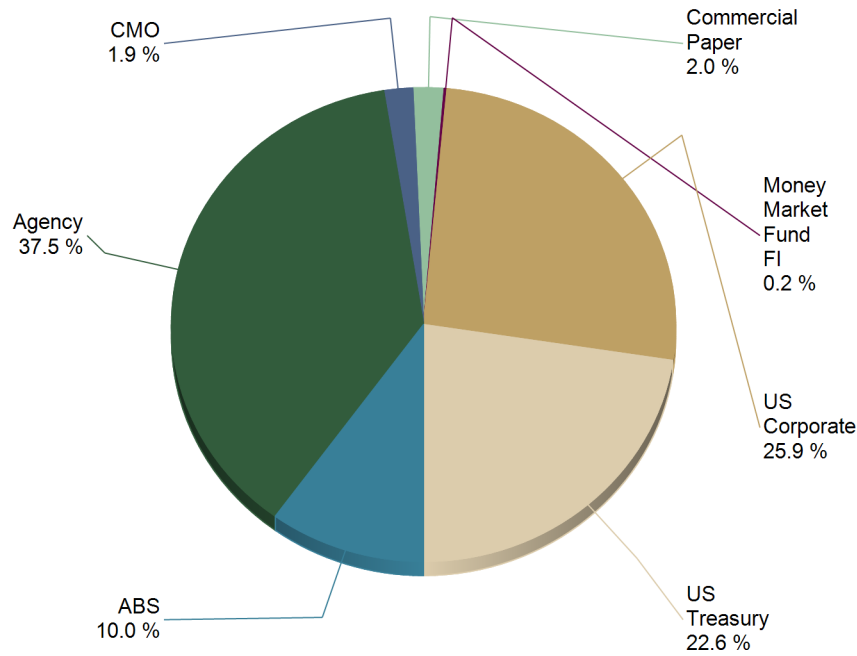


Moulton Niguel Water District Operating Reserve

June 30, 2015

March 31, 2015

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The portfolio sector allocation experienced small changes as the Treasuries, Asset Backed Securities (ABS) and Corporate exposure increased while the Agency and Money Market Fund exposure declined to fund the new corporate purchases.



Moulton Niguel Water District Operating Reserve Account #40

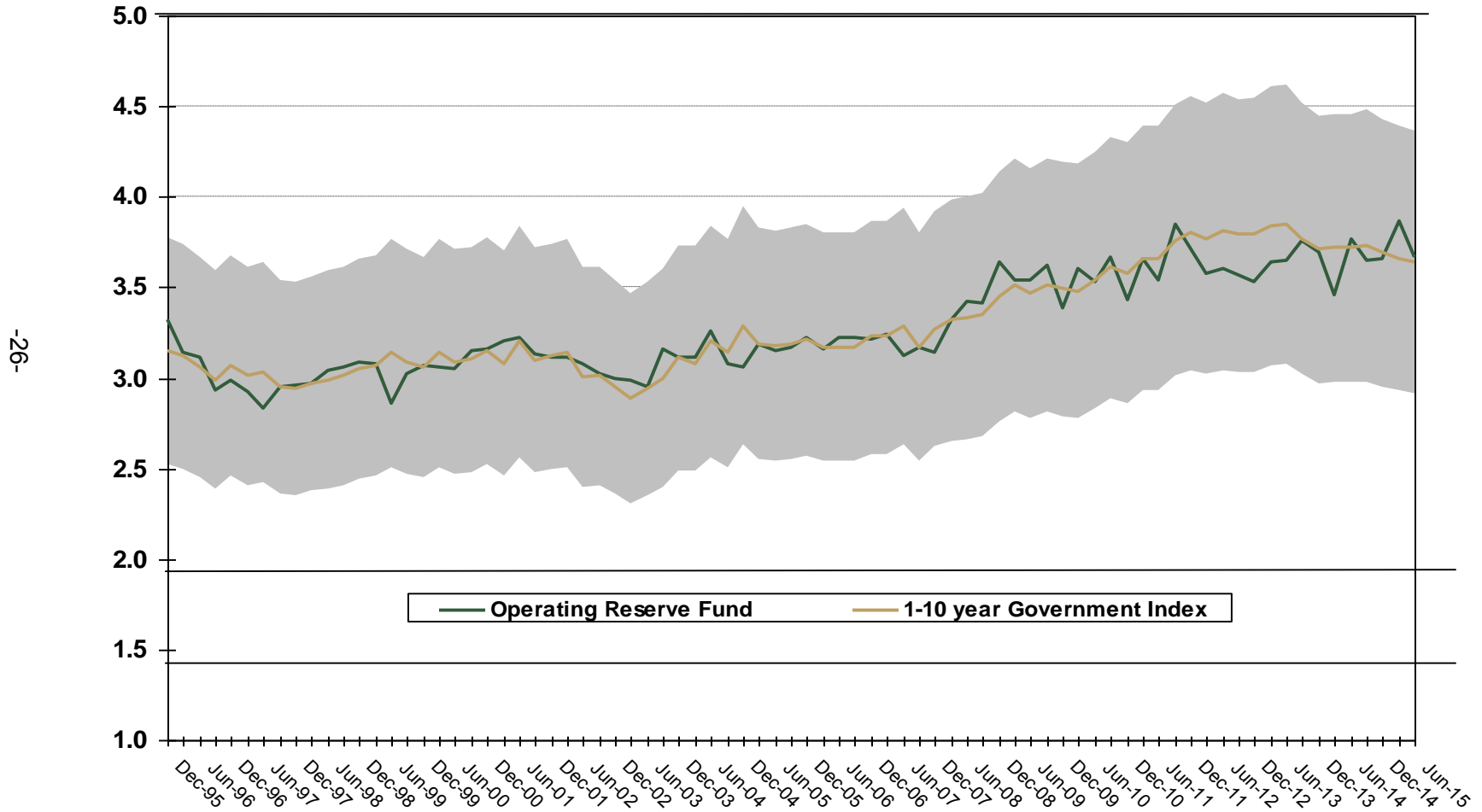
Issuer Report

As of 6/30/2015

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	22.58 %
Federal Home Loan Mortgage Corp	Agency	10.93 %
Federal National Mortgage Association	Agency	8.66 %
Federal Home Loan Bank	Agency	8.39 %
Tennessee Valley Authority	Agency	7.56 %
John Deere ABS	ABS	3.17 %
JP Morgan ABS	ABS	2.57 %
Honda ABS	ABS	2.32 %
Bank of Tokyo-Mit UFJ	Commercial Paper	2.00 %
Federal Farm Credit Bank	Agency	1.92 %
Federal Home Loan Mortgage Corp	CMO	1.85 %
General Electric Co	US Corporate	1.82 %
Deere & Company	US Corporate	1.71 %
Honda Motor Corporation	US Corporate	1.68 %
ChevronTexaco Corp	US Corporate	1.59 %
Qualcomm Inc	US Corporate	1.38 %
Apple Inc	US Corporate	1.28 %
US Bancorp	US Corporate	1.26 %
IBM Corp	US Corporate	1.26 %
Cisco Systems	US Corporate	1.25 %
JP Morgan Chase & Co	US Corporate	1.25 %
Toyota Motor Corp	US Corporate	1.25 %
Bank of New York	US Corporate	1.25 %
Charles Schwab Corp/The	US Corporate	1.24 %
Intel Corp	US Corporate	1.24 %
Oracle Corp	US Corporate	1.19 %
Toyota ABS	ABS	1.16 %
Paccar Financial	US Corporate	1.15 %
Coca Cola Co.	US Corporate	1.12 %
Google Inc	US Corporate	1.02 %
Pepsico Inc	US Corporate	0.99 %
Wal-Mart Stores	US Corporate	0.86 %
General Electric ABS	ABS	0.78 %
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.18 %
United Technology Corp	US Corporate	0.12 %
Total		100.00 %



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

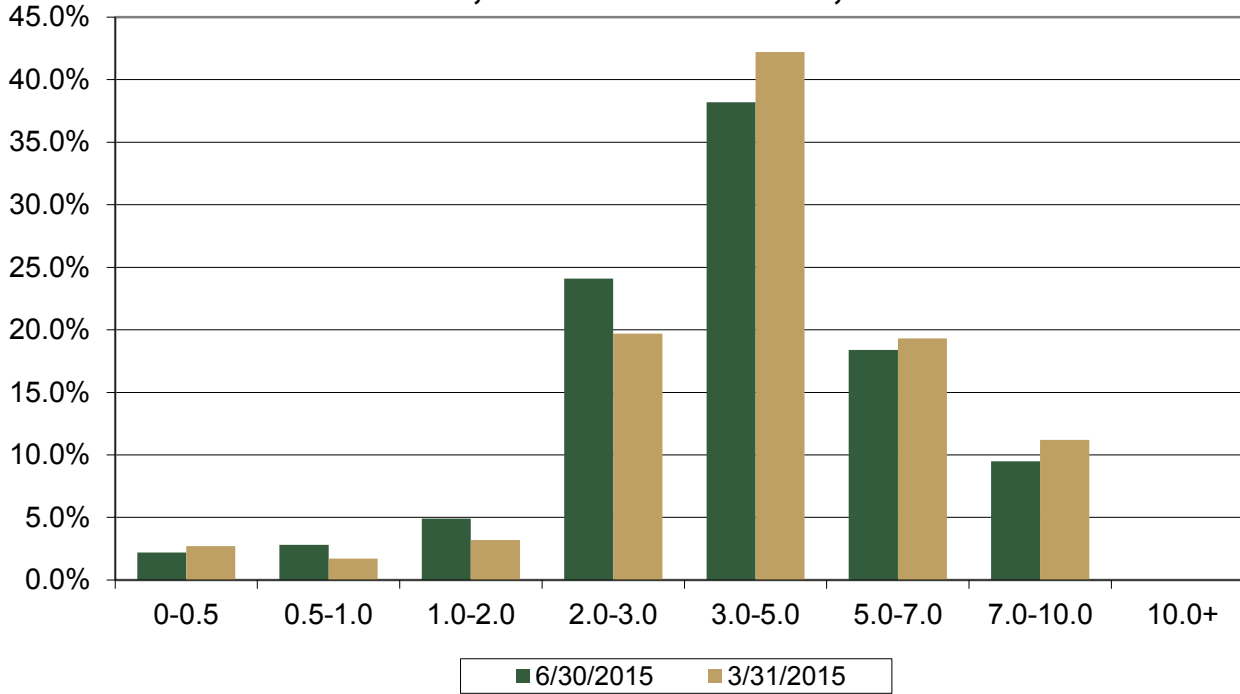


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Maturity Distribution

MATURITY DISTRIBUTION Operating Reserve Fund June 30, 2015 vs. March 31, 2015



	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+
6/30/2015	2.2%	2.8%	4.9%	24.1%	38.2%	18.4%	9.5%	0.0%
3/31/2015	2.7%	1.7%	3.2%	19.7%	42.2%	19.3%	11.2%	0.0%

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The duration of the portfolio decreased slightly over the reporting period, currently 3.67 versus 3.80 at the end of the prior quarter. The Chandler team anticipates interest rate volatility will remain elevated in 2015 as the Federal Reserve considers the first tightening of traditional monetary policy in nearly 10 years later this year. An offset to the anticipated interest rate volatility is the outlook for a strong US dollar going forward, which ought to mitigate the overall change in interest rates in a tightening cycle.



Investment Performance

Moulton Niguel Water District Operating Reserve

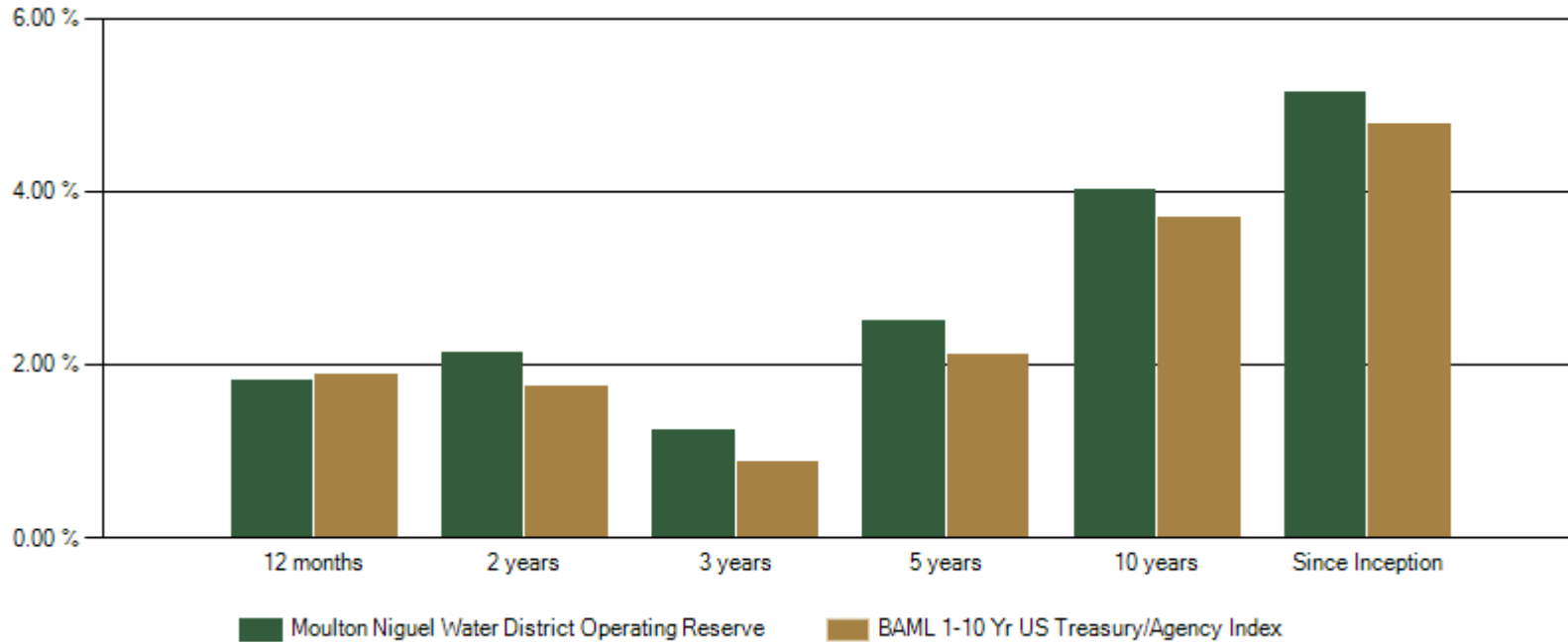
Period Ending

June 30, 2015

Total Rate of Return

Annualized Since Inception

September 30, 1995



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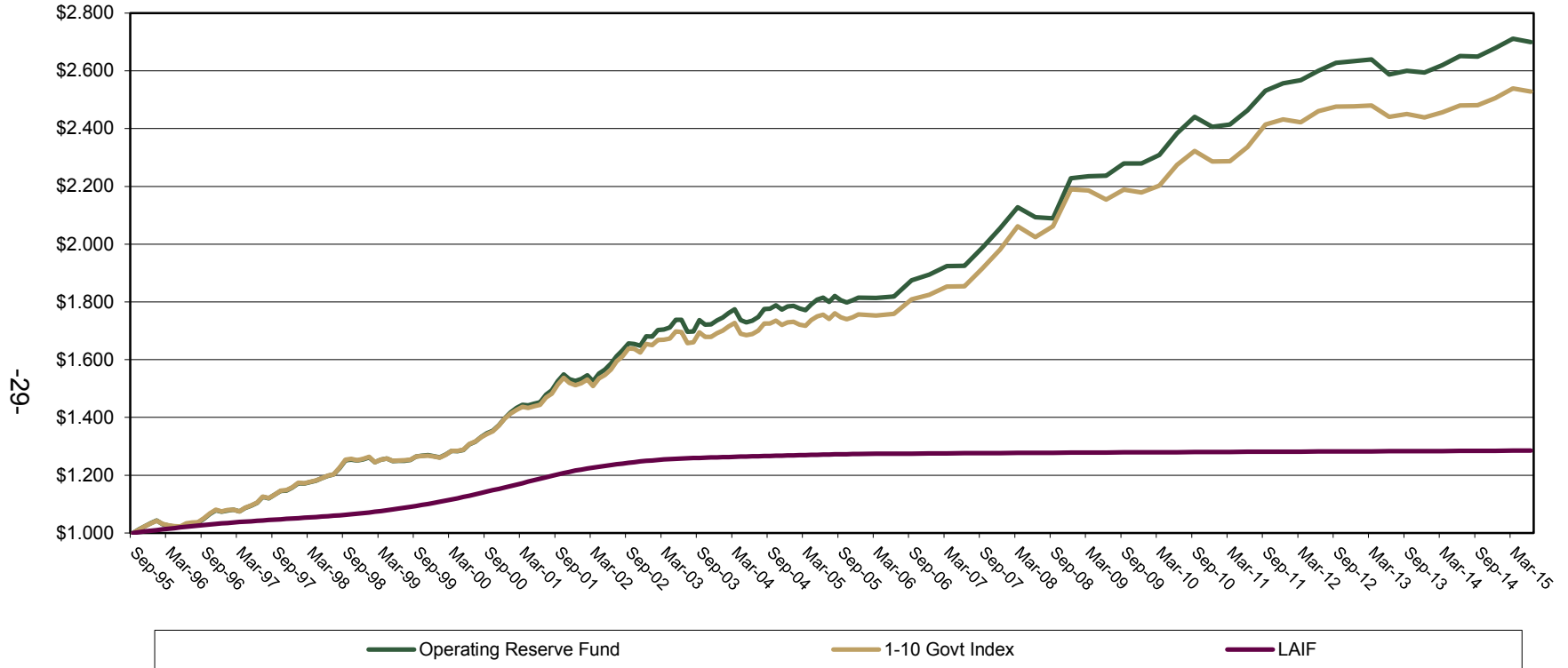
	3 months	12 months	Annualized				
			2 years	3 years	5 years	10 years	Since Inception
Moulton Niguel Water District Operating Reserve	-0.40 %	1.84 %	2.16 %	1.26 %	2.53 %	4.05 %	5.16 %
BAML 1-10 Yr US Treasury/Agency Index	-0.44 %	1.91 %	1.77 %	0.91 %	2.14 %	3.71 %	4.81 %

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.



Growth Over Time

Operating Reserve Fund Growth of \$1 Million



Historical return on \$1 million invested in September 1995

Operating Reserve Fund
1-10 Govt Index
LAIF

6/30/2015	Return
\$2,710,909	5.25%
\$2,538,987	4.89%
\$1,284,816	1.29%



SECTION 3

Portfolio Holdings



Holdings Report

As of 6/30/15

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	22,088,466.37	Various 0.29 %	22,088,466.37 22,088,466.37	1.00 0.29 %	22,088,466.37 17,153.18	100.00 % 0.00	NR / NR NR	0.00 0.00
Total LAIF		22,088,466.37	0.29 %	22,088,466.37	0.29 %	22,088,466.37 17,153.18	100.00 % 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO				22,088,466.37	0.29 %	22,088,466.37 17,153.18	100.00 % 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUED						22,105,619.55			



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									
89236WAC2	Toyota Auto Receivables Owner 2015-A 1.12% Due 2/15/2019	285,000.00	02/24/2015 1.13 %	284,956.91 284,956.91	100.19 1.02 %	285,532.66 141.87	0.92 % 575.75	Aaa / AAA NR	3.63 1.78
43813NAC0	Honda Auto Receivables 2015-2 A3 1.04% Due 2/21/2019	350,000.00	05/13/2015 1.05 %	349,946.28 349,946.28	99.96 1.23 %	349,853.00 101.11	1.13 % (93.28)	NR / AAA AAA	3.65 1.85
Total ABS		635,000.00	1.09 %	634,903.19 634,903.19	1.13 %	635,385.66 242.98	2.06 % 482.47	Aaa / AAA Aaa	3.64 1.82
AGENCY									
3130A3NV2	FHLB Note 0.23% Due 1/8/2016	600,000.00	03/30/2015 0.28 %	599,790.00 599,790.00	99.99 0.24 %	599,956.20 663.17	1.94 % 166.20	Aaa / AA+ AAA	0.53 0.52
3133EDMC3	FFCB Note 0.25% Due 2/26/2016	600,000.00	03/30/2015 0.31 %	599,694.00 599,694.00	100.00 0.25 %	599,988.60 520.83	1.94 % 294.60	Aaa / AA+ AAA	0.66 0.65
3133EESJ0	FFCB Note 0.28% Due 3/4/2016	615,000.00	03/11/2015 0.34 %	614,667.90 614,667.90	99.95 0.35 %	614,711.57 559.65	1.99 % 43.67	Aaa / AA+ AAA	0.68 0.68
3134G5RF4	FHLMC Note 0.4% Due 5/27/2016	625,000.00	03/30/2015 0.43 %	624,818.75 624,818.75	99.99 0.41 %	624,930.63 236.11	2.02 % 111.88	Aaa / AA+ AAA	0.91 0.91
3134R9	FHLB Note 0.375% Due 6/24/2016	615,000.00	02/19/2015 0.41 %	614,699.88 614,699.88	99.99 0.38 %	614,958.18 44.84	1.99 % 258.30	Aaa / AA+ AAA	0.99 0.98
3135G0XP3	FNMA Note 0.375% Due 7/5/2016	625,000.00	03/04/2015 0.46 %	624,331.25 624,331.25	99.98 0.40 %	624,845.63 1,145.83	2.03 % 514.38	Aaa / AA+ AAA	1.02 1.01
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	105.35 0.46 %	2,054,367.90 34,978.13	6.76 % (270,519.60)	Aaa / AA+ AAA	1.16 1.11
3135G0YE7	FNMA Note 0.625% Due 8/26/2016	615,000.00	03/09/2015 0.52 %	615,897.90 615,897.90	100.24 0.42 %	616,482.77 1,334.64	2.00 % 584.87	Aaa / AA+ AAA	1.16 1.15
3130A2T97	FHLB Note 0.5% Due 9/28/2016	610,000.00	03/09/2015 0.57 %	609,341.20 609,341.20	100.02 0.48 %	610,144.57 787.92	1.98 % 803.37	Aaa / AA+ AAA	1.25 1.24
3137EADS5	FHLMC Note 0.875% Due 10/14/2016	625,000.00	03/04/2015 0.59 %	627,881.25 627,881.25	100.56 0.44 %	628,502.50 1,169.70	2.04 % 621.25	Aaa / AA+ AAA	1.29 1.28
3130A3J70	FHLB Note 0.625% Due 11/23/2016	610,000.00	03/09/2015 0.65 %	609,725.50 609,725.50	100.06 0.58 %	610,369.66 402.43	1.98 % 644.16	Aaa / AA+ AAA	1.40 1.39
3130A0C65	FHLB Note 0.625% Due 12/28/2016	615,000.00	03/02/2015 0.63 %	614,963.10 614,963.10	100.12 0.55 %	615,730.01 32.03	1.99 % 766.91	Aaa / AA+ AAA	1.50 1.49
3137EADU0	FHLMC Note 0.5% Due 1/27/2017	625,000.00	02/26/2015 0.64 %	623,343.75 623,343.75	99.88 0.57 %	624,266.25 1,432.29	2.03 % 922.50	Aaa / AA+ AAA	1.58 1.56
3135G0ZB2	FNMA Note 0.75% Due 4/20/2017	625,000.00	02/26/2015 0.73 %	625,206.25 625,206.25	100.12 0.68 %	625,750.62 924.48	2.03 % 544.37	Aaa / AA+ AAA	1.81 1.79
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	107.92 0.72 %	1,672,707.30 10,763.89	5.45 % (7,801.15)	Aaa / AA+ AAA	1.87 1.79
880591EA6	Tennessee Valley Authority Note 5.5% Due 7/18/2017	725,000.00	08/28/2008 4.55 %	774,853.90 774,853.90	109.30 0.91 %	792,409.05 18,054.51	2.62 % 17,555.15	Aaa / AA+ AAA	2.05 1.92



Holdings Report

As of 6/30/15

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									
3135G0PQ0	FNMA Note 0.875% Due 10/26/2017	625,000.00	02/26/2015 0.94 %	623,993.75 623,993.75	100.05 0.85 %	625,286.25 987.41	2.03 % 1,292.50	Aaa / AA+ AAA	2.33 2.29
880591CU4	Tennessee Valley Authority Note 6.25% Due 12/15/2017	300,000.00	06/25/2008 4.91 %	330,075.00 330,075.00	112.73 1.00 %	338,180.40 833.33	1.10 % 8,105.40	Aaa / AA+ AAA	2.46 2.31
3137EADN6	FHLMC Note 0.75% Due 1/12/2018	625,000.00	03/04/2015 1.11 %	618,656.25 618,656.25	99.50 0.95 %	621,887.50 2,200.52	2.02 % 3,231.25	Aaa / AA+ AAA	2.54 2.49
3135G0WJ8	FNMA Note 0.875% Due 5/21/2018	340,000.00	04/11/2013 0.92 %	339,272.40 339,272.40	99.40 1.09 %	337,965.10 330.56	1.09 % (1,307.30)	Aaa / AA+ AAA	2.89 2.84
3135G0E33	FNMA Note 1.125% Due 7/20/2018	385,000.00	06/04/2015 1.19 %	384,295.45 384,295.45	99.92 1.15 %	384,707.79 276.72	1.25 % 412.34	Aaa / AA+ AAA	3.06 2.99
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	250,000.00	01/04/2013 1.35 %	248,450.00 248,450.00	98.94 1.52 %	247,343.75 1,302.08	0.80 % (1,106.25)	Aaa / AA+ AAA	4.09 3.95
3133X8AS1	FHLB Note 5.125% Due 8/15/2019	300,000.00	06/07/2011 3.02 %	345,579.00 345,579.00	114.42 1.51 %	343,269.60 5,808.33	1.13 % (2,309.40)	Aaa / AA+ AAA	4.13 3.71
Total Agency		15,055,000.00	1.37 %	15,674,932.43 15,674,932.43	0.62 %	15,428,761.83 84,789.40	50.21 % (246,170.60)	Aaa / AA+ Aaa	1.60 1.55
COMMERCIAL PAPER									
06538CXT3	Bank of Tokyo Mitsubishi NY Discount CP 0.3% Due 10/27/2015	620,000.00	06/26/2015 0.30 %	619,380.00 619,390.33	99.90 0.30 %	619,390.33 0.00	2.00 % 0.00	P-1 / A-1 F-1	0.33 0.33
Total Commercial Paper		620,000.00	0.30 %	619,380.00 619,390.33	0.30 %	619,390.33 0.00	2.00 % 0.00	P-1 / A-1 F-1	0.33 0.33
MONEY MARKET FUND FI									
94975J466	Wells Fargo Advantage Government MMF	180,582.75	06/29/2015 0.01 %	180,582.75 180,582.75	1.00 0.01 %	180,582.75 0.00	0.58 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		180,582.75	0.01 %	180,582.75 180,582.75	0.01 %	180,582.75 0.00	0.58 % 0.00	Aaa / AAA Aaa	0.00 0.00
US CORPORATE									
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	100.23 0.83 %	1,628,753.75 5,574.65	5.29 % 6,597.50	A2 / A BBB	0.29 0.29
459200GU9	IBM Corp Note 2% Due 1/5/2016	750,000.00	02/14/2011 2.79 %	723,135.00 723,135.00	100.84 0.36 %	756,317.25 7,333.33	2.47 % 33,182.25	Aa3 / AA- A+	0.52 0.51
009158AS5	Air Products & Chemicals Note 1.2% Due 10/15/2017	300,000.00	03/03/2015 1.28 %	299,379.00 299,379.00	99.64 1.36 %	298,927.20 760.00	0.97 % (451.80)	A2 / A NR	2.30 2.25
458140AL4	Intel Corp Note 1.35% Due 12/15/2017	370,000.00	12/12/2012 1.28 %	371,195.10 371,195.10	99.96 1.36 %	369,868.65 222.00	1.20 % (1,326.45)	A1 / A+ A+	2.46 2.41



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									
94974BFG0	Wells Fargo Corp Note 1.5% Due 1/16/2018	400,000.00	02/23/2015 1.47 %	400,372.00 400,372.00	99.81 1.58 %	399,249.60 2,750.00	1.30 % (1,122.40)	A2 / A+ AA-	2.55 2.47
166764AV2	Chevron Corp. Note 1.365% Due 3/2/2018	400,000.00	02/24/2015 1.37 %	400,000.00 400,000.00	99.96 1.38 %	399,832.40 1,789.67	1.30 % (167.60)	Aa1 / AA NR	2.67 2.60
808513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.5% Due 3/10/2018	430,000.00	Various 1.48 %	430,191.20 430,191.20	100.10 1.46 %	430,424.41 1,988.75	1.40 % 233.21	A2 / A A	2.70 2.54
037833AJ9	Apple Inc Note 1% Due 5/3/2018	550,000.00	05/14/2013 1.21 %	544,560.50 544,560.50	98.99 1.36 %	544,439.50 886.11	1.76 % (121.00)	Aa1 / AA+ NR	2.84 2.79
747525AG8	Qualcom Inc Note 1.4% Due 5/18/2018	460,000.00	Various 1.45 %	459,275.60 459,275.60	99.69 1.51 %	458,571.70 733.44	1.49 % (703.90)	A1 / A+ NR	2.88 2.81
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	350,000.00	12/10/2013 1.99 %	349,254.50 349,254.50	101.04 1.64 %	353,656.80 341.25	1.15 % 4,402.30	A2 / A NR	3.46 3.33
89236TBB0	Toyota Motor Credit Corp Note 2.1% Due 1/17/2019	515,000.00	11/19/2014 2.00 %	516,951.85 516,951.85	100.42 1.98 %	517,154.76 4,926.83	1.69 % 202.91	Aa3 / AA- A	3.55 3.37
46625HJR2	JP Morgan Chase Note 2.35% Due 1/28/2019	400,000.00	04/02/2014 2.32 %	400,464.00 400,464.00	100.39 2.24 %	401,541.20 3,995.00	1.31 % 1,077.20	A3 / A A+	3.58 3.38
3455RAR3	Cisco Systems Note 2.125% Due 3/1/2019	600,000.00	Various 2.10 %	600,619.20 600,619.20	100.70 1.93 %	604,172.40 4,250.00	1.97 % 3,553.20	A1 / AA- NR	3.67 3.49
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	450,000.00	11/19/2014 2.25 %	451,017.00 451,017.00	99.93 2.32 %	449,696.70 3,162.50	1.47 % (1,320.30)	A1 / A+ AA-	4.20 3.88
Total US Corporate		7,600,000.00	1.80 %	7,568,571.20 7,568,571.20	1.38 %	7,612,606.32 38,713.53	24.76 % 44,035.12	A1 / A+ A	2.26 2.16

US TREASURY									
912828F47	US Treasury Note 0.5% Due 9/30/2016	600,000.00	02/19/2015 0.49 %	600,048.89 600,048.89	100.13 0.39 %	600,796.80 754.10	1.95 % 747.91	Aaa / AA+ AAA	1.25 1.25
912828G46	US Treasury Note 0.5% Due 11/30/2016	600,000.00	02/19/2015 0.56 %	599,322.32 599,322.32	100.06 0.46 %	600,375.00 254.10	1.94 % 1,052.68	Aaa / AA+ AAA	1.42 1.41
912828H78	US Treasury Note 0.5% Due 1/31/2017	600,000.00	02/19/2015 0.62 %	598,619.20 598,619.20	99.97 0.52 %	599,812.80 1,251.38	1.95 % 1,193.60	Aaa / AA+ AAA	1.59 1.57
912828GH7	US Treasury Note 4.625% Due 2/15/2017	450,000.00	07/12/2007 5.14 %	432,667.97 432,667.97	106.61 0.54 %	479,742.30 7,819.06	1.58 % 47,074.33	Aaa / AA+ AAA	1.63 1.56
912828SS0	US Treasury Note 0.875% Due 4/30/2017	600,000.00	02/19/2015 0.74 %	601,806.70 601,806.70	100.51 0.60 %	603,046.80 884.51	1.95 % 1,240.10	Aaa / AA+ AAA	1.84 1.82
912828TM2	US Treasury Note 0.625% Due 8/31/2017	625,000.00	02/26/2015 0.86 %	621,413.23 621,413.23	99.83 0.70 %	623,925.63 1,305.62	2.02 % 2,512.40	Aaa / AA+ AAA	2.17 2.15
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	108.13 0.79 %	2,000,456.80 10,041.78	6.51 % 103,700.94	Aaa / AA+ AAA	2.38 2.27



Holdings Report

As of 6/30/15

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									
912828SX9	US Treasury Note 1.125% Due 5/31/2019	475,000.00	01/30/2013 1.23 %	472,014.60 472,014.60	99.19 1.34 %	471,140.63 452.61	1.53 % (873.97)	Aaa / AA+ AAA	3.92 3.81
912828TH3	US Treasury Note 0.875% Due 7/31/2019	300,000.00	10/25/2012 1.21 %	293,438.70 293,438.70	97.93 1.40 %	293,789.10 1,094.96	0.95 % 350.40	Aaa / AA+ AAA	4.09 3.98
Total US Treasury		6,100,000.00	2.06 %	6,116,087.47 6,116,087.47	0.72 %	6,273,085.86 23,858.12	20.38 % 156,998.39	Aaa / AA+ Aaa	2.17 2.11
TOTAL PORTFOLIO		30,190,582.75	1.58 %	30,794,457.04 30,794,467.37	0.83 %	30,749,812.75 147,604.03	100.00 % (44,654.62)	Aa1 / AA Aaa	1.89 1.79
TOTAL MARKET VALUE PLUS ACCRUED						30,897,416.78			



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	151,543.22	09/18/2012 0.46 %	151,528.81 151,528.81	100.01 0.41 %	151,552.62 30.98	0.16 % 23.81	Aaa / AAA NR	1.04 0.11
47787RAC4	John Deere Owner Trust 2012-B A3 0.53% Due 7/15/2016	100,615.63	03/28/2014 0.47 %	100,678.51 100,678.51	100.00 0.56 %	100,612.71 23.70	0.10 % (65.80)	Aaa / NR AAA	1.04 0.10
43813CAC4	Honda Auto Receivables 2012-4 A3 0.52% Due 8/18/2016	214,258.87	10/11/2012 0.52 %	214,238.13 214,238.13	100.00 0.50 %	214,264.23 40.23	0.22 % 26.10	Aaa / AAA NR	1.14 0.15
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	100.00 0.59 %	1,255,003.77 329.09	1.29 % 3.77	NR / AAA AAA	2.13 0.11
477879AC4	John Deere Owner Trust 2013-B A3 0.87% Due 8/15/2017	342,554.39	08/27/2013 0.88 %	342,507.71 342,507.71	100.13 0.64 %	343,002.79 132.45	0.35 % 495.08	Aaa / NR AAA	2.13 0.55
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	99.80 0.91 %	973,030.50 290.33	1.00 % (1,789.32)	Aaa / AAA NR	2.46 0.84
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	99.84 0.91 %	1,018,370.04 283.62	1.05 % (1,507.36)	Aaa / AAA NR	2.72 1.13
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	100.07 0.85 %	1,456,057.79 594.93	1.50 % 1,290.88	Aaa / NR AAA	2.80 1.03
43814HAC2	Honda Auto Receivables 2014-3 A3 0.88% Due 6/15/2018	1,015,000.00	08/12/2014 0.89 %	1,014,804.21 1,014,804.21	100.06 0.83 %	1,015,647.57 396.98	1.05 % 843.36	NR / AAA AAA	2.96 1.30
377AD6	John Deere Owner Trust 2014-B A3 1.07% Due 11/15/2018	1,170,000.00	Various 1.08 %	1,169,688.96 1,169,688.96	100.07 1.03 %	1,170,769.86 556.40	1.21 % 1,080.90	Aaa / NR AAA	3.38 1.47
36164EAC9	GE Equipment Transportation 2015-1 A3 1.28% Due 2/25/2019	760,000.00	02/24/2015 1.29 %	759,887.90 759,887.90	100.10 1.23 %	760,757.72 216.18	0.78 % 869.82	Aaa / NR AAA	3.66 1.92
161571GY4	Chase CHAIT Pool #2015-A5 1.36% Due 4/15/2020	1,240,000.00	04/30/2015 1.37 %	1,239,781.51 1,239,781.51	99.81 1.51 %	1,237,614.24 749.51	1.28 % (2,167.27)	NR / AAA AAA	4.80 2.70
Total ABS		9,698,972.11	0.92 %	9,697,579.87 9,697,579.87	0.94 %	9,696,683.84 3,644.40	10.00 % (896.03)	Aaa / AAA Aaa	2.97 1.21
AGENCY									
31398ADM1	FNMA Note 5.375% Due 6/12/2017	1,200,000.00	Various 3.58 %	1,341,020.65 1,341,020.65	108.92 0.76 %	1,307,017.20 3,404.16	1.35 % (34,003.45)	Aaa / AA+ AAA	1.95 1.87
880591EA6	Tennessee Valley Authority Note 5.5% Due 7/18/2017	585,000.00	Various 3.63 %	656,277.26 656,277.26	109.30 0.91 %	639,392.13 14,568.13	0.67 % (16,885.13)	Aaa / AA+ AAA	2.05 1.92
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	110.02 0.86 %	1,540,301.00 8,769.44	1.60 % (28,903.00)	Aaa / AA+ AAA	2.39 2.26
880591CU4	Tennessee Valley Authority Note 6.25% Due 12/15/2017	1,590,000.00	Various 4.15 %	1,827,006.80 1,827,006.80	112.73 1.00 %	1,792,356.12 4,416.66	1.85 % (34,650.68)	Aaa / AA+ AAA	2.46 2.31
3135G0TG8	FNMA Note 0.875% Due 2/8/2018	500,000.00	03/28/2014 1.39 %	490,290.00 490,290.00	99.75 0.97 %	498,769.00 1,737.85	0.52 % 8,479.00	Aaa / AA+ AAA	2.61 2.56
31331YF21	FFCB Note 4.25% Due 4/16/2018	650,000.00	07/15/2010 2.98 %	706,634.50 706,634.50	108.49 1.15 %	705,199.95 5,755.21	0.73 % (1,434.55)	Aaa / AA+ AAA	2.80 2.64



Holdings Report

As of 6/30/15

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									
3135G0WJ8	FNMA Note 0.875% Due 5/21/2018	1,650,000.00	12/19/2013 1.56 %	1,602,184.65 1,602,184.65	99.40 1.09 %	1,640,124.75 1,604.17	1.69 % 37,940.10	Aaa / AA+ AAA	2.89 2.84
3137EABP3	FHLMC Note 4.875% Due 6/13/2018	1,950,000.00	Various 2.67 %	2,224,649.10 2,224,649.10	111.06 1.06 %	2,165,734.35 4,753.13	2.24 % (58,914.75)	Aaa / AA+ AAA	2.96 2.78
3135G0ZA4	FNMA Note 1.875% Due 2/19/2019	1,900,000.00	Various 1.75 %	1,911,442.50 1,911,442.50	101.88 1.34 %	1,935,809.30 13,062.50	2.01 % 24,366.80	Aaa / AA+ AAA	3.64 3.49
3137EADG1	FHLMC Note 1.75% Due 5/30/2019	1,900,000.00	04/27/2012 1.66 %	1,911,149.20 1,911,149.20	101.09 1.46 %	1,920,675.80 2,863.19	1.98 % 9,526.60	Aaa / AA+ AAA	3.92 3.77
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	2,000,000.00	Various 1.49 %	1,970,964.80 1,970,964.80	98.94 1.52 %	1,978,750.00 10,416.66	2.05 % 7,785.20	Aaa / AA+ AAA	4.09 3.95
3133X8AS1	FHLB Note 5.125% Due 8/15/2019	1,700,000.00	06/07/2011 3.02 %	1,958,281.00 1,958,281.00	114.42 1.51 %	1,945,194.40 32,913.89	2.04 % (13,086.60)	Aaa / AA+ AAA	4.13 3.71
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	1,425,000.00	Various 1.60 %	1,396,312.75 1,396,312.75	98.66 1.58 %	1,405,974.83 4,403.64	1.45 % 9,662.08	Aaa / AA+ AAA	4.26 4.11
3135G0ZY2	FNMA Note 1.75% Due 11/26/2019	1,575,000.00	12/23/2014 1.83 %	1,568,841.75 1,568,841.75	100.53 1.63 %	1,583,270.33 2,679.69	1.64 % 14,428.58	Aaa / AA+ AAA	4.41 4.22
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	98.58 1.68 %	1,552,617.68 3,609.38	1.60 % 48,634.43	Aaa / AA+ AAA	4.84 4.64
3135G0JECPD0	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	98.76 1.69 %	1,150,547.01 2,205.73	1.19 % 1,985.16	Aaa / AA+ AAA	4.87 4.67
3133XDVS7	FHLB Note 5.25% Due 12/11/2020	2,500,000.00	07/07/2011 3.54 %	2,840,200.00 2,840,200.00	117.64 1.83 %	2,941,032.50 7,291.67	3.04 % 100,832.50	Aaa / AA+ AAA	5.45 4.81
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 1.98 %	2,333,305.92 31,034.44	2.44 % 211,694.72	Aaa / AA+ AAA	5.64 5.02
3133752P1	FHLB Note 3.5% Due 7/29/2021	2,925,000.00	08/03/2011 3.19 %	3,003,185.25 3,003,185.25	108.40 2.02 %	3,170,670.75 43,225.00	3.31 % 167,485.50	Aaa / AA+ AAA	6.08 5.43
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	96.49 2.41 %	2,494,359.56 18,310.42	2.59 % (56,401.24)	Aaa / AA+ AAA	7.13 6.57
3135G0ZR7	FNMA Note 2.625% Due 9/6/2024	1,400,000.00	10/29/2014 2.68 %	1,393,896.00 1,393,896.00	100.04 2.62 %	1,400,540.40 11,739.58	1.46 % 6,644.40	Aaa / AA+ AAA	9.19 8.05
Total Agency		34,295,000.00	2.61 %	35,696,457.31 35,696,457.31	1.58 %	36,101,642.98 228,764.54	37.46 % 405,185.67	Aaa / AA+ Aaa	4.50 4.15
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	102.89 1.36 %	1,795,351.98 701.49	1.85 % (3,224.97)	NR / NR AAA	3.16 2.82
Total CMO		1,745,000.00	1.68 %	1,798,576.95 1,798,576.95	1.36 %	1,795,351.98 701.49	1.85 % (3,224.97)	NR / NR Aaa	3.16 2.82



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
COMMERCIAL PAPER									
06538CXT3	Bank of Tokyo Mitsubishi NY Discount CP 0.3% Due 10/27/2015	1,940,000.00	06/26/2015 0.30 %	1,938,060.00 1,938,092.33	99.90 0.30 %	1,938,092.33 0.00	2.00 % 0.00	P-1 / A-1 F-1	0.33 0.33
Total Commercial Paper		1,940,000.00	0.30 %	1,938,060.00 1,938,092.33	0.30 %	1,938,092.33 0.00	2.00 % 0.00	P-1 / A-1 F-1	0.33 0.33
MONEY MARKET FUND FI									
94975J466	Wells Fargo Advantage Government MMF	170,806.05	06/29/2015 0.01 %	170,806.05 170,806.05	1.00 0.01 %	170,806.05 0.00	0.18 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		170,806.05	0.01 %	170,806.05	0.01 %	170,806.05 0.00	0.18 % 0.00	Aaa / AAA Aaa	0.00 0.00
US CORPORATE									
459200GU9	IBM Corp Note 2% Due 1/5/2016	1,200,000.00	Various 2.75 %	1,159,239.00 1,159,239.00	100.84 0.36 %	1,210,107.60 11,733.33	1.26 % 50,868.60	Aa3 / AA- A+	0.52 0.51
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	100.24 0.33 %	476,127.18 1,573.44	0.49 % 1,630.68	A2 / A NR	0.56 0.56
309PAC6	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	101.49 0.44 %	989,549.93 2,417.19	1.02 % (31,558.27)	Aa2 / AA NR	0.89 0.88
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	101.21 0.76 %	1,082,933.09 6,420.00	1.12 % (13,292.61)	Aa3 / AA A+	1.18 1.15
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	101.95 1.21 %	1,753,584.72 7,032.89	1.82 % (25,290.88)	A1 / AA+ NR	1.83 1.78
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	101.46 1.03 %	116,675.44 172.50	0.12 % 1,774.34	A2 / A A	1.92 1.88
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	100.00 1.20 %	1,150,002.30 2,913.33	1.19 % 30,580.80	A1 / AA- A+	2.30 2.25
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	99.57 1.29 %	532,708.06 426.58	0.55 % (500.69)	Aa1 / AA NR	2.44 2.31
458140AL4	Intel Corp Note 1.35% Due 12/15/2017	1,200,000.00	Various 1.30 %	1,202,843.20 1,202,843.20	99.96 1.36 %	1,199,574.01 720.00	1.24 % (3,269.19)	A1 / A+ A+	2.46 2.41
69371RM45	Paccar Financial Corp Note 1.45% Due 3/9/2018	1,115,000.00	03/03/2015 1.48 %	1,113,951.90 1,113,951.90	99.93 1.48 %	1,114,237.34 5,029.89	1.15 % 285.44	A1 / A+ NR	2.69 2.62
808513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.5% Due 3/10/2018	1,200,000.00	03/12/2015 1.50 %	1,200,072.00 1,200,072.00	100.10 1.46 %	1,201,184.40 5,550.00	1.24 % 1,112.40	A2 / A A	2.70 2.54
931142DF7	Wal-Mart Stores Note 1.125% Due 4/11/2018	840,000.00	04/04/2013 1.14 %	839,227.20 839,227.20	99.62 1.27 %	836,791.20 2,100.00	0.86 % (2,436.00)	Aa2 / AA AA	2.78 2.72



Holdings Report

As of 6/30/15

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									
037833AJ9	Apple Inc Note 1% Due 5/3/2018	1,250,000.00	Various 1.33 %	1,231,967.50 1,231,967.50	98.99 1.36 %	1,237,362.50 2,013.89	1.28 % 5,395.00	Aa1 / AA+ NR	2.84 2.79
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	100.60 1.51 %	1,005,964.00 334.06	1.04 % 5,494.00	Aa1 / AA NR	2.99 2.82
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	101.51 1.65 %	1,624,224.00 7,650.00	1.68 % 14,992.00	A1 / A+ NR	3.28 3.14
91159HHE3	US Bancorp Callable Note Cont 10/15/2018 1.95% Due 11/15/2018	1,210,000.00	Various 1.83 %	1,215,878.85 1,215,878.85	100.90 1.67 %	1,220,908.16 3,014.91	1.26 % 5,029.31	A1 / A+ AA-	3.38 3.17
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	1,170,000.00	Various 2.00 %	1,167,143.90 1,167,143.90	101.04 1.64 %	1,182,224.16 1,140.75	1.22 % 15,080.26	A2 / A NR	3.46 3.33
89236TBB0	Toyota Motor Credit Corp Note 2.1% Due 1/17/2019	1,200,000.00	11/19/2014 2.00 %	1,204,548.00 1,204,548.00	100.42 1.98 %	1,205,020.80 11,480.00	1.25 % 472.80	Aa3 / AA- A	3.55 3.37
46625HJR2	JP Morgan Chase Note 2.35% Due 1/28/2019	1,200,000.00	04/02/2014 2.32 %	1,201,392.00 1,201,392.00	100.39 2.24 %	1,204,623.60 11,985.00	1.25 % 3,231.60	A3 / A A+	3.58 3.38
17275RAR3	Cisco Systems Note 2.125% Due 3/1/2019	1,200,000.00	Various 2.02 %	1,205,740.50 1,205,740.50	100.70 1.93 %	1,208,344.80 8,500.00	1.25 % 2,604.30	A1 / AA- NR	3.67 3.49
3016HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	1,200,000.00	11/19/2014 2.25 %	1,202,712.00 1,202,712.00	99.93 2.32 %	1,199,191.20 8,433.33	1.25 % (3,520.80)	A1 / A+ AA-	4.20 3.88
713448CS5	PepsiCo Inc Callable Note Cont 3/30/2020 1.85% Due 4/30/2020	970,000.00	04/27/2015 1.86 %	969,447.10 969,447.10	98.90 2.09 %	959,294.11 3,040.68	0.99 % (10,152.99)	A1 / A A	4.84 4.58
747525AD5	Qualcom Inc Note 2.25% Due 5/20/2020	1,340,000.00	05/13/2015 2.25 %	1,340,302.10 1,340,302.10	99.49 2.36 %	1,333,136.52 3,433.76	1.38 % (7,165.58)	A1 / A+ NR	4.89 4.59
Total US Corporate		24,935,000.00	1.73 %	25,002,404.60	1.50 %	25,043,769.12	25.93 %	A1 / AA- A+	2.84
US TREASURY									
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	100.03 1.24 %	2,335,728.52 12,174.90	2.42 % (23,634.15)	Aaa / AA+ AAA	3.59 3.48
912828SX9	US Treasury Note 1.125% Due 5/31/2019	2,000,000.00	01/30/2013 1.23 %	1,987,429.88 1,987,429.88	99.19 1.34 %	1,983,750.00 1,905.74	2.05 % (3,679.88)	Aaa / AA+ AAA	3.92 3.81
912828TH3	US Treasury Note 0.875% Due 7/31/2019	1,100,000.00	10/25/2012 1.21 %	1,075,941.90 1,075,941.90	97.93 1.40 %	1,077,226.70 4,014.85	1.11 % 1,284.80	Aaa / AA+ AAA	4.09 3.98
912828UB4	US Treasury Note 1% Due 11/30/2019	2,000,000.00	Various 1.91 %	1,893,289.25 1,893,289.25	97.81 1.51 %	1,956,250.00 1,693.99	2.02 % 62,960.75	Aaa / AA+ AAA	4.42 4.30
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	109.71 1.80 %	1,563,380.33 19,406.77	1.63 % 57,717.41	Aaa / AA+ AAA	5.64 5.06



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									
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	101.13 1.93 %	1,668,562.50 13,172.65	1.73 % 30,608.64	Aaa / AA+ AAA	6.13 5.68
912828RR3	US Treasury Note 2% Due 11/15/2021	2,000,000.00	01/18/2012 1.90 %	2,017,664.26 2,017,664.26	100.18 1.97 %	2,003,594.00 5,108.70	2.07 % (14,070.26)	Aaa / AA+ AAA	6.38 5.94
912828SF8	US Treasury Note 2% Due 2/15/2022	2,025,000.00	07/31/2014 2.33 %	1,978,970.99 1,978,970.99	99.98 2.00 %	2,024,684.10 15,215.47	2.10 % 45,713.11	Aaa / AA+ AAA	6.64 6.13
912828SV3	US Treasury Note 1.75% Due 5/15/2022	2,000,000.00	07/29/2013 2.41 %	1,895,945.50 1,895,945.50	98.07 2.05 %	1,961,406.00 4,470.11	2.03 % 65,460.50	Aaa / AA+ AAA	6.88 6.42
912828TJ9	US Treasury Note 1.625% Due 8/15/2022	2,000,000.00	Various 2.17 %	1,910,562.70 1,910,562.70	96.94 2.09 %	1,938,750.00 12,209.94	2.01 % 28,187.30	Aaa / AA+ AAA	7.13 6.64
912828TY6	US Treasury Note 1.625% Due 11/15/2022	1,600,000.00	05/27/2014 2.37 %	1,509,318.90 1,509,318.90	96.66 2.12 %	1,546,625.60 3,320.65	1.60 % 37,306.70	Aaa / AA+ AAA	7.38 6.88
912828VB3	US Treasury Note 1.75% Due 5/15/2023	1,800,000.00	Various 2.37 %	1,713,425.18 1,713,425.18	96.73 2.20 %	1,741,078.80 4,023.10	1.80 % 27,653.62	Aaa / AA+ AAA	7.88 7.28
Total US Treasury		21,935,000.00	1.99 %	21,485,528.01 21,485,528.01	1.80 %	21,801,036.55 96,716.87	22.58 % 315,508.54	Aaa / AA+ Aaa	5.82 5.45
AL PORTFOLIO		94,719,778.16	2.00 %	95,789,412.79 95,789,445.12	1.51 %	96,547,382.85 436,942.83	100.00 % 757,937.73	Aa1 / AA Aaa	4.10 3.67
TOTAL MARKET VALUE PLUS ACCRUED						96,984,325.68			



SECTION 4

Economic Update

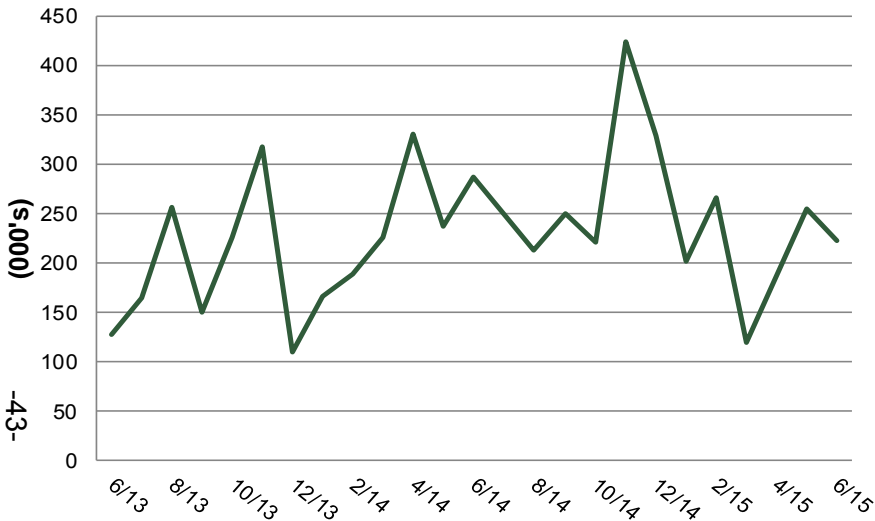
- The June Non-Farm Payrolls report was modestly below expectations. The economy added 223,000 jobs, below the consensus estimate of 233,000. Net revisions over the past three months totaled negative 60,000. The unemployment rate declined to 5.3%; however, the participation rate also declined to 62.6%, the lowest reading since the 1970's. The underemployment rate also declined by 0.3% to 10.5%, but most market participants are not viewing the unemployment rate numbers as being indicative of a tight labor market due to the low participation rate. Manufacturing trends remain sluggish and consumer spending remains soft. The outlook on the housing market remains constructive; however, the pace of price appreciation has slowed and is now more correlated with the growth rate of the US economy.

- As expected, the Federal Open Market Committee (FOMC) left policy rates unchanged at its June 16-17 meeting without any dissenting votes. The FOMC noted that economic activity has been expanding moderately. In recent months, job growth accelerated and the housing sector improved, but business fixed investment and exports were soft. In addition, there is still slack in the labor market. Inflation also remains below the Fed's target. The FOMC still expects to see further improvement in the labor market and needs to be confident that inflation will move back toward its 2% target before they raise rates. The FOMC continues to emphasize that monetary policy changes will be data-dependent. At this point, we believe the first fed funds rate hike will be near the end of this year. In the meantime, ongoing uncertainty about the timing of the first fed funds rate hike will likely continue to fuel financial market volatility.

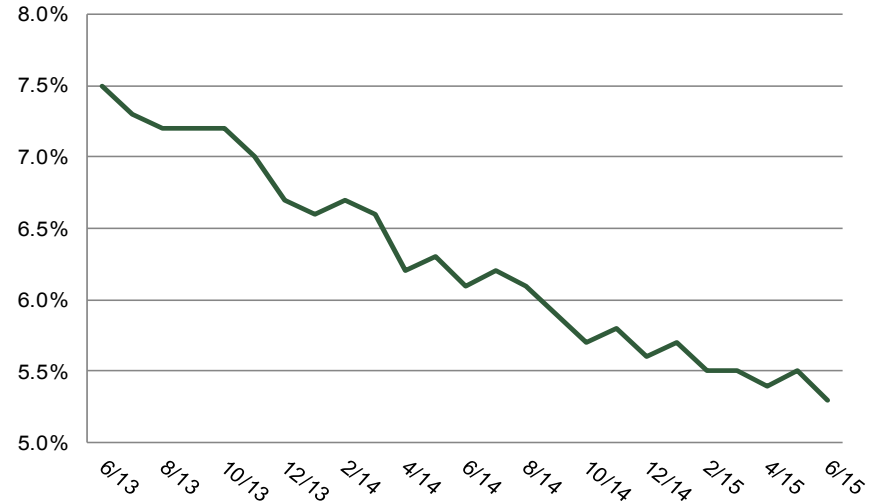
- The Treasury yield curve steepened during June with two year note yields moving higher by four basis points, while the ten year note moved 23 basis points higher. Interest rate volatility remains elevated as global sovereign debt markets continue to be influenced by divergent central bank policies, as well as heightened geopolitical risk. Given the recent referendum vote in Greece, and the corresponding implications for the European growth outlook, interest rate volatility is poised to stay high for the foreseeable future. In the US, domestic economic data remains mixed, with the timing of the first fed funds rate hike remaining uncertain.



Nonfarm Payroll (000's)



Unemployment Rate

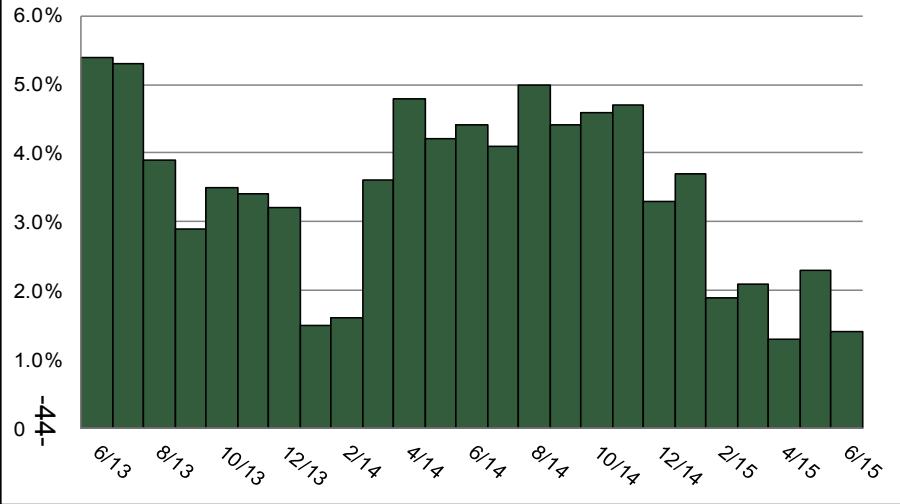


Source: U.S. Department of Labor

The June employment report was modestly below expectations as nonfarm payrolls rose by 223,000, below the consensus estimate of 233,000. The prior two months saw net downward revisions totaling 60,000 jobs. Private payrolls rose by 223,000 and manufacturing payrolls rose by 4,000, both slightly below consensus forecasts. The unemployment rate ticked down 0.2% to 5.3%; however, the decline in the participation rate to 62.6%, the lowest since the 1970's, is indicative of the impact of changing demographics and continued slack in the economy. Wages were flat on the month, following a revised 0.2% increase in May. On a 3-month basis ending in June, payrolls rose by an average of 221,000 per month compared to the trailing 6-month average of 208,000.

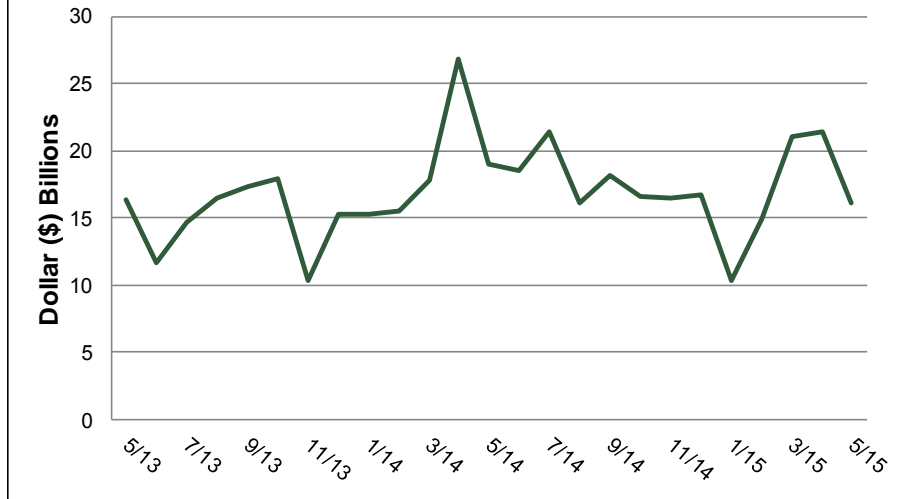


Retail Sales Y-O-Y % Change



Source: U.S. Department of Commerce

Consumer Credit

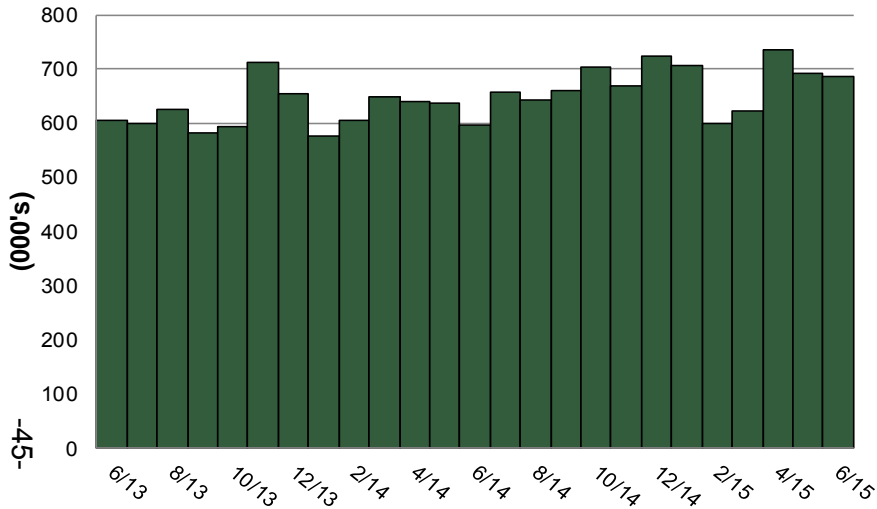


Source: Federal Reserve

Retail sales were weaker than expected in June, down 0.3% on a month-over-month basis. On a year-over-year basis, retail sales rose just 1.4% in the month. Ongoing improvement in the labor market should have a positive influence on consumer spending, but thus far consumer spending trends have been lackluster. Consumer credit rose by \$16.1 billion in May versus a gain of \$21.4 billion in April. Revolving credit (credit cards) rose by \$1.6 billion in May while nonrevolving credit (student and auto loans) increased by \$14.5 billion.

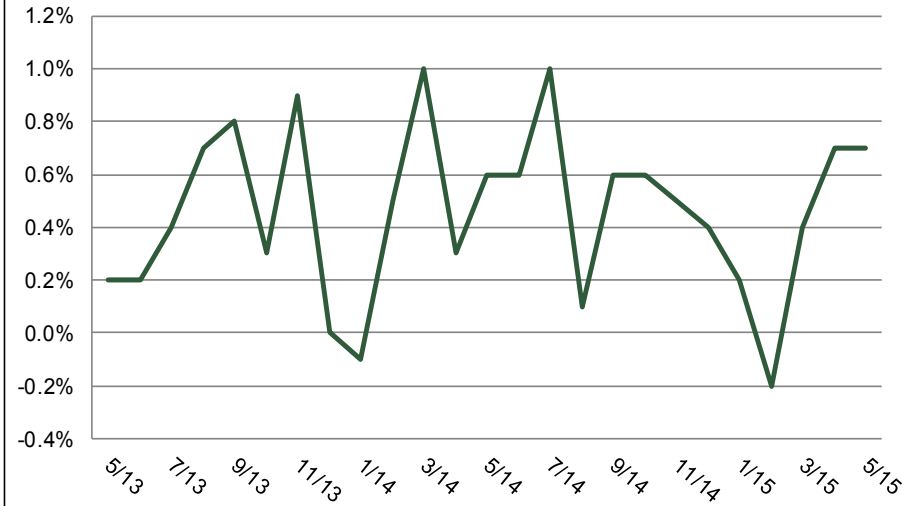


Single-Family Housing Starts



Source: US Department of Commerce

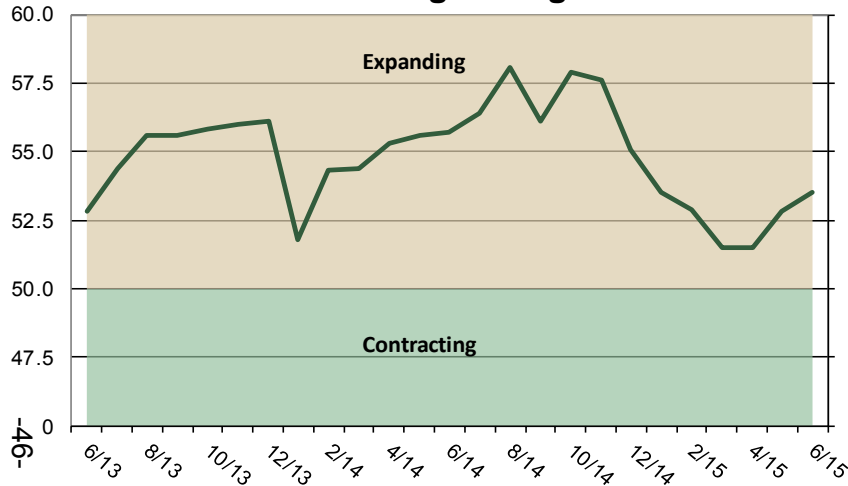
Leading Economic Indicators



Source: The Conference Board

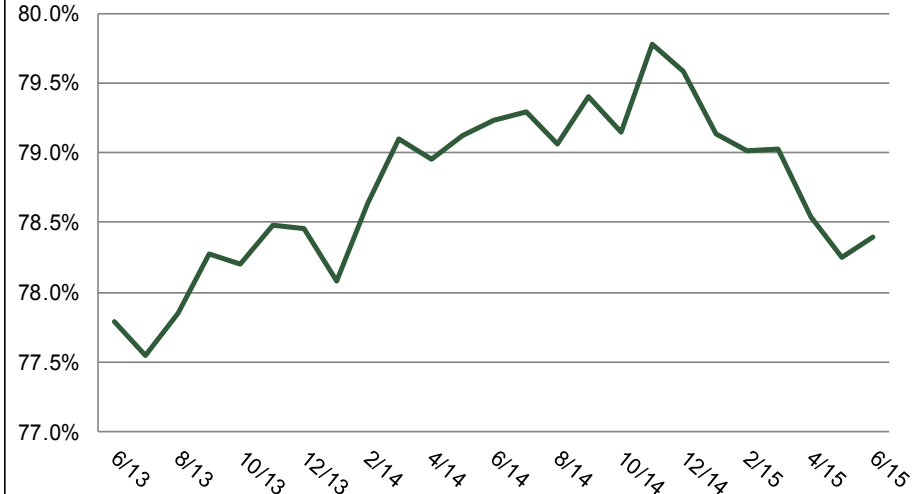
Housing starts rose 9.8% in June following a 10.2% decline in May. The strength in June was driven by a 29.4% increase in multi-family starts. Single-family housing starts fell 0.9% in June. Permits were much stronger than expected in June, up 7.4%, following a 9.6% increase in May. Overall, activity in the housing sector has recently picked up. The index of Leading Economic Indicators (LEI) rose 0.7% in May (stronger than expected) following a gain of 0.7% in April. The LEI index remains indicative of slow economic growth.

Institute of Supply Management Purchasing Manager Index



Source: Institute for Supply Management

Capacity Utilization

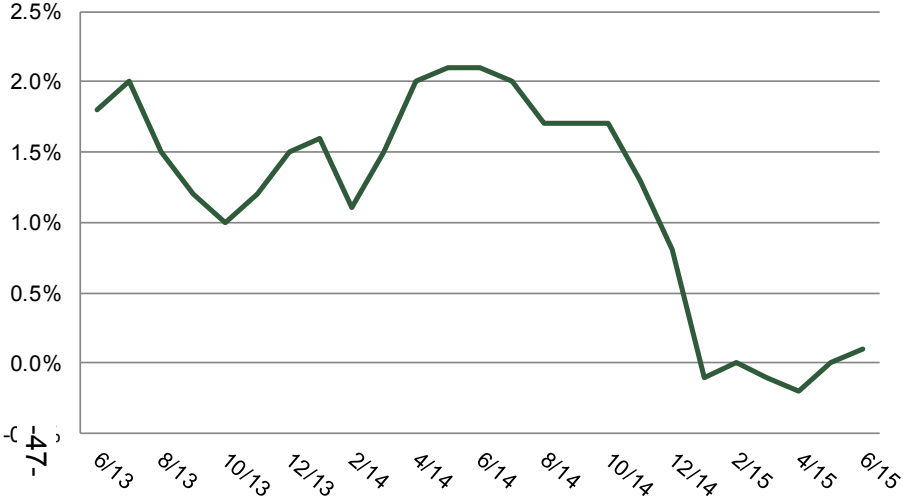


Source: Federal Reserve

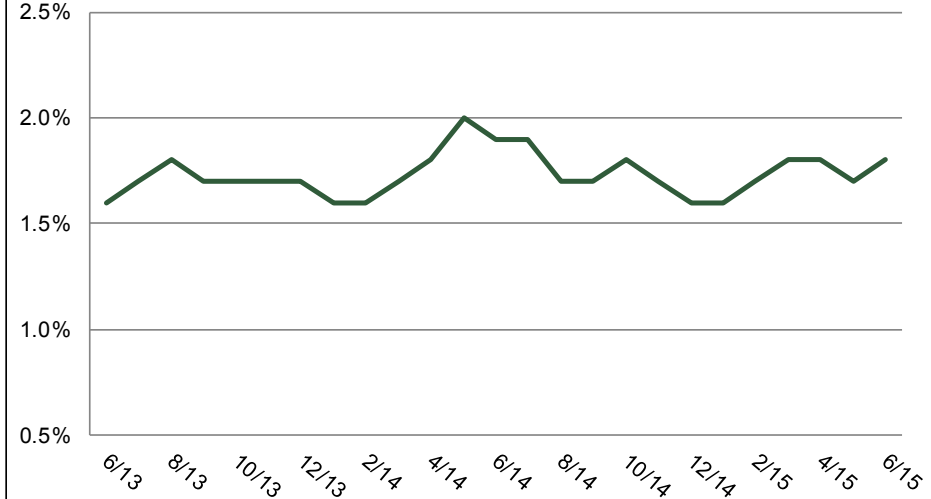
During June, the ISM manufacturing index rose to 53.5 from 52.8 in May. Overall, manufacturing trends remain soft, but the index suggests that conditions may be improving. A reading above 50.0 is viewed as expansionary in the manufacturing sector, while a reading below 50.0 suggests contraction. Capacity utilization, which is production divided by capacity, increased to 78.4% in June from 78.2% in May. The capacity utilization rate is lower than the long-run average of 80.1% (1972-2014). Notably, manufacturing capacity utilization actually declined in June to 77.2% from 77.3% in May.



CPI Y-O-Y % Change

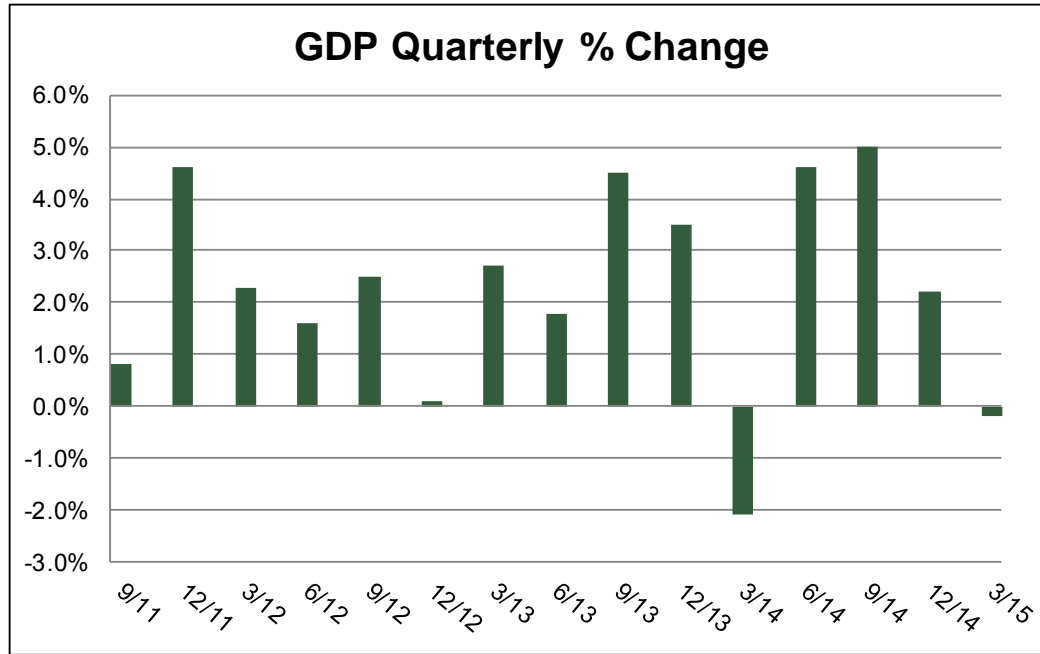


Core CPI Y-O-Y % Change



Source: US Department of Labor

In June, overall Consumer Price Index (CPI) inflation was up 0.1% on a year-over-year basis after being flat in May. Headline inflation remains low, following a precipitous decline in energy prices at the end of last year. The year-over-year Core CPI (CPI less food and energy) rose slightly to 1.8% in June from 1.7% in May. Pricing pressures (excluding food and energy) at the consumer and producer levels have firmed slightly, but inflation remains below the Fed's target.

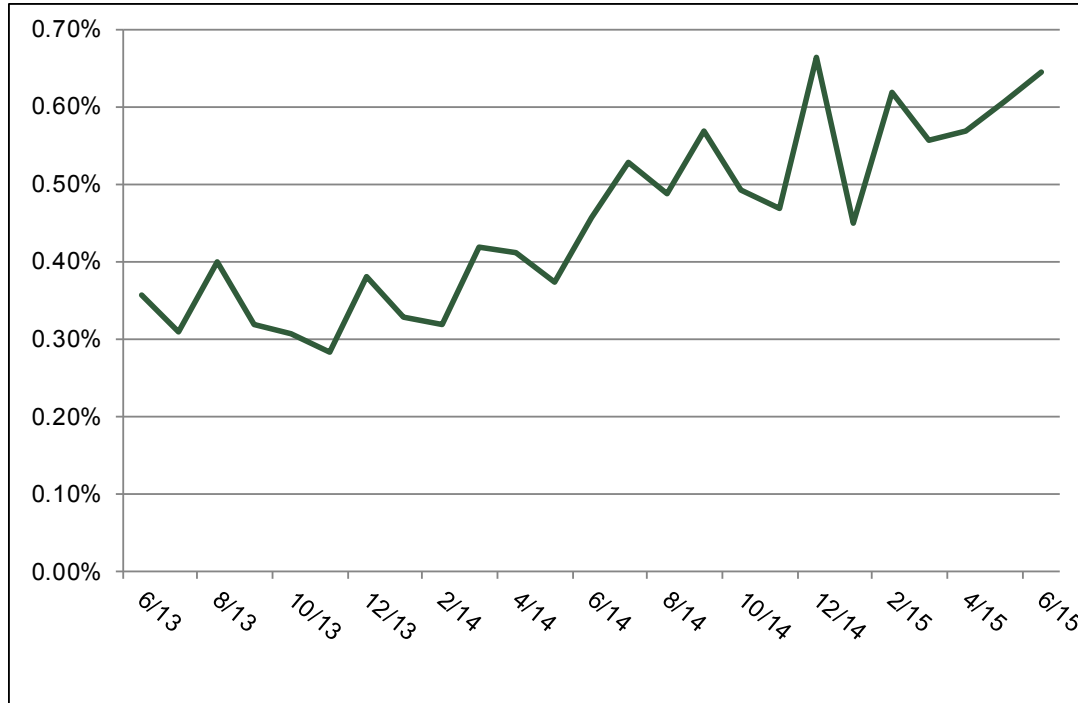


Source: U.S. Department of Commerce

As expected, real annualized GDP growth for the first quarter of 2015 was revised up to -0.2% from the second estimate of -0.7% (the advance estimate was 0.2%). This compares to 2.2% growth in the fourth quarter of 2014. First quarter GDP growth was hindered by a contraction in nonresidential fixed investment as well as a decrease in net exports.



Yield on the Two-Year Note June 2013 through June 2015

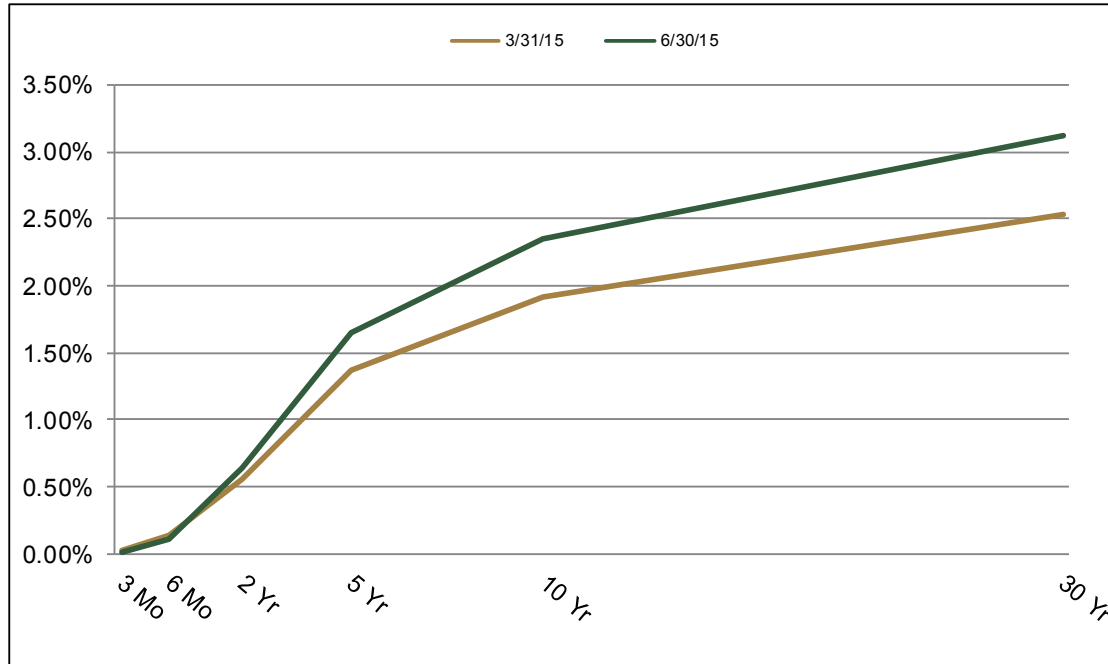


Source: Bloomberg

The yield on the two-year Treasury note rose modestly in June and the Treasury yield curve continued to steepen. Global sovereign bonds remained volatile with the German ten year Bund moving higher during the month, influencing US domestic interest rates. Divergent global central bank monetary policies, both conventional and unconventional, continue to be a source of market volatility as the Federal Reserve remains the only major central bank contemplating a tightening of monetary policy over an intermediate time horizon. The recent mixed economic data continues to add to the market uncertainty on the timing of the Fed's first rate hike.



March 31, 2015 and June 30, 2015



Source: Bloomberg

During the past three months, the Treasury yield curve continued its steepening trend. The Fed remains the only major central bank contemplating a tightening of monetary policy, fueling interest rate volatility. Concerns about the ability and desire of Greece to remain in the Euro continue to keep markets on edge and is adding to the uncertain economic outlook.



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors **MEETING DATE:** August 19, 2015

FROM: Matt Collings, Assistant General Manager
Jane Nguyen, Information Technology Manager

SUBJECT: Enterprise Resources Planning (ERP) Support Services Contract Amendment

DIVISION: District-Wide

SUMMARY:

Issue: The District is proposing to increase the contract value for the ERP support services contract with Denovo based on the necessary activities during FY 2015-16.

Recommendation: 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.

Fiscal Impact: The approved operating budget for FY 2015-16 was increased in anticipation of the proposed contract amendment.

BACKGROUND:

In 2011, the District initiated an implementation of an Enterprise Resources Planning system to replace two existing legacy systems supporting the District's financial system and utility billing system. Earlier this year, the District completed the implementation of the final system to support utility billing. Additionally, in May 2014, the Board of Directors approved a three-year ERP support services contract with Denovo following a competitive procurement process. The contract provides technical managed services and ad-hoc consulting services. Technical managed services includes network support and administration, upgrade process support, and performance tuning. These services are typically billed on a monthly fixed-fee basis. Ad-hoc consulting services are authorized on a task order basis to address miscellaneous items that may arise during the operation of the JD Edwards system, such as report development, application enhancements or troubleshooting. The

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Enterprise Resources Planning (ERP) Support Services Contract Amendment

August 19, 2015

Page 2 of 2

table below identifies the financial terms of the agreement. The Ad-hoc services are only expensed as task orders are authorized by the District.

Item	Service	FY 2014-15	FY 2015-16	FY 2016-17
1	Start Up Fees	\$2,500	\$ --	\$ --
2	Technical Managed Services	\$36,000	\$36,000	\$36,000
3	Ad-hoc Services	\$150,000	\$75,000	\$75,000
	Total expenses	\$ 188,500	\$ 111,000	\$ 111,000

DISCUSSION:

The District is proposing to increase the contract value for FY 2015-16 an additional \$75,000 for ad-hoc services. The contract value for FY 2015-16 would be \$186,000. The additional scope increase is intended to support the following activities:

- Additional billing system modifications, including two potential rate adjustments and a conversion to monthly billing for commercial customers;
- Additional on-site training for the customer accounts and accounting departments;
- Payroll year-end support
- System enhancements
- Database Administration Support

The activities identified above are intended to either support desired or necessary operational changes, primarily in the utility billing system, or to increase staff expertise within a more complex financial and utility billing system. Staff will continue to review the value and services provided via the ERP support services contract throughout the duration of the contract.

Attachments:

1. ERP Support Services Contract
2. Contract Amendment #1

**AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN
MOULTON NIGUEL WATER DISTRICT AND DENOVO VENTURES, LLC
MNWD PROJECT: ERP SOFTWARE SUPPORT SERVICES
CONTRACT NO. OM13-14.030**

THIS AGREEMENT is dated as of May 15, 2014 (the "Effective Date") by and between Denovo Ventures, LLC, hereinafter referred to as the "CONSULTANT" and Moulton Niguel Water District hereinafter referred to as "MNWD," and provides for the furnishing of consulting services to MNWD by CONSULTANT. MNWD and CONSULTANT may sometimes be referred to in this Agreement individually as "party" and together as "parties."

RECITALS

CONSULTANT proposes to provide ERP software support services to support MNWD's use of Oracle's JD Edwards EnterpriseOne system. The scope of services to be performed by CONSULTANT under this Agreement is described in **Exhibit A** hereto, which is incorporated herein (the "Scope of Services").

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

AGREEMENT

SECTION I - CONSULTING SERVICES

Section 1.1 CONSULTANT shall provide services to MNWD which consist of the technical managed services (the "Technical Managed Services") as further defined in **Exhibit A** and as-needed services as requested by MNWD (the "Ad-Hoc Services") (together the "Services"). This Agreement, including all attached Exhibits as well as each Task Order issued pursuant to the terms of Section III, form the Agreement between the parties ("Agreement").

SECTION II - SCOPE OF SERVICES AND PERFORMANCE

Section 2.1 CONSULTANT shall perform the Services in accordance with the Scope of Services in **Exhibit A** and in each Task Order (as defined in Section III) (each a "Scope of Services"), any requirements set forth in a Task Order, the terms of this Agreement, and as directed by MNWD. MNWD reserves the right to develop additional Services and related requirements as it deems appropriate for each Task Order to meet the needs and objectives of MNWD and this Agreement.

Section 2.2 CONSULTANT acknowledges and agrees that MNWD does not guarantee any minimum or maximum amount of Services and MNWD may use other Consultants for the Services in its sole discretion.

Section 2.3 CONSULTANT shall provide all labor, materials, tools, equipment, supplies, utilities and transportation required to perform the Services, subject to compliance with the Agreement requirements, and complete all Services in a thorough, professional manner in accordance with generally accepted software/IT professional practices and principles, and to the satisfaction of MNWD. CONSULTANT shall have the sole and absolute discretion in determining the methods, details and means of performing the Services, and MNWD shall not have any right to direct the methods, details and means of the Services, provided that CONSULTANT must receive prior written approval from MNWD before using any subconsultants for the provision of Services under this Agreement. In performing the Services under this Agreement, CONSULTANT shall observe and abide by the terms and conditions of

#6.

all applicable laws, regulations, ordinances, or other rules of the United States, of the State of California, or any political subdivisions thereof, or of any other duly constituted public authority or agency including but not limited to MNWD.

Section 2.4 MNWD may request or CONSULTANT may recommend, that CONSULTANT perform work in addition to or different from that delineated in the original Scope of Services, or delete services from the Scope of Services. Upon MNWD's request for additional or changed Services, CONSULTANT shall provide a cost estimate and written description of the additional or changed work. Prior to any such addition, changes, or deletion to the Scope of Services, MNWD and ENGINEER shall negotiate an adjustment of the compensation and completion date and shall execute a written addendum. Upon execution of each addendum, (i) the Scope of Services shall thereafter be as described in the Agreement, respectively, as modified by the addendum and any previously executed addendum; and (ii) the time for completing the Services shall be as set forth in the addendum. Following execution of any amendment, all terms and provisions of the Agreement, except as expressly modified by such amendment, shall remain in full force and effect. MNWD will not be required to pay for any additional or changed work rendered in advance of the execution of an amendment covering the additional or changed work.

Section 2.5 CONSULTANT agrees to coordinate the work to ensure its timely completion and shall promptly notify MNWD of any anticipated delays or causes or casualties beyond CONSULTANT'S control which may affect the work schedule. CONSULTANT shall not begin work on any Services pursuant to this Agreement until receipt of MNWD'S written direction to proceed. Upon receipt of such notice, CONSULTANT shall immediately commence the work described in Exhibit A or Task Order. The Services shall be completed in an expeditious manner and in any event no later than the completion date listed on the Scope of Services or any applicable Task Order. Time is of the essence in this Agreement.

Section 2.6 CONSULTANT, who shall be the Principal in Charge of work, is Marce Ahrenberg, Senior Account Executive.

Section 2.7 Without prior written approval of MNWD, CONSULTANT will not make any changes in CONSULTANT'S Principal in Charge, in consultants, in outside labor arrangements, or associations or joint ventures which are required to accomplish any part of the Scope of Services or any Task Order. CONSULTANT is responsible to MNWD for the acts and omissions of its subcontractors as it is for persons directly employed by CONSULTANT. Nothing contained in this Agreement creates any contractual relationship between any subcontractor and MNWD. CONSULTANT shall not allow any subcontractor to commence work or services under any subcontract until all insurance required of CONSULTANT has been obtained for the subcontractor.

Section 2.8 MNWD shall make available to CONSULTANT at no cost all technical data in MNWD's possession, including maps, past reports, prior studies, prior plan operating data, and other information reasonably required by CONSULTANT and relating to the work to be performed under this Agreement.

Section 2.9 All documents and information generated by CONSULTANT and any of CONSULTANT'S subcontractors pursuant to this Agreement shall remain confidential and shall not be copied, distributed, or otherwise provided or referenced by CONSULTANT or CONSULTANT'S subcontractors to any third parties other than with MNWD's written consent, or as compelled by order of court. All original and other documents, including detailed reports or calculations developed for the Services shall, upon payment in full for the services described in this Agreement or as otherwise provided in Section V herein, be furnished to and become the

property of MNWD. CONSULTANT may retain a copy of all reports and documents for their files.

SECTION III – TASK ORDERS

Section 3.1 Each Ad-Hoc Services contemplated under this Agreement will be facilitated through a written task order (each a “Task Order”). The form of Task Order is attached hereto as **Attachment 1** and incorporated herein.

Section 3.2 Each Task Order shall contain the Scope of Services specific to each Ad-Hoc Services project and related Services under consideration. In addition, each Task Order shall contain the fees, labor hours, and team proposed for the Task Order.

Section 3.3 The sum of all Task Orders during any 12 month period of the Agreement term shall not exceed the total amount allotted for Ad-Hoc Services for such 12 month period as indicated in **Exhibit B**.

SECTION IV – TERM

Section 4.1 This Agreement shall continue in effect for three (3) years commencing on the Effective Date, unless otherwise terminated by either party pursuant to Section IX herein. This Agreement may be extended, at MNWD’s option, for two additional one-year terms, at the prices in the Fee Schedule listed in **Exhibit B**. Subject to MNWD’s sole discretion, an extension will be based upon a satisfactory review of CONSULTANT’S performance, MNWD’s needs, and appropriation of funds by the MNWD Board of Directors. The parties will prepare a written amendment indicating the effective date and length of the extended Agreement.

SECTION V – PRICE AND PAYMENT TERMS

Section 5.1 In consideration for providing the Services, MNWD agrees to compensate CONSULTANT on a monthly basis for Technical Managed Services and on an hourly rate basis for Ad-Hoc Services in the amounts indicated in **Exhibit B**, and in accordance with the terms of this Agreement, up to a not-to-exceed maximum total Agreement amount of **Four Hundred Ten Thousand Five Hundred Dollars (\$410,500.00)**, which is inclusive of all costs, including labor, direct costs and travel expenses.

Section 5.2 Labor costs shall be the total number of hours worked multiplied by the applicable hourly billing rate. The billing rate set forth in **Exhibit B** sets forth the current billing rates of CONSULTANT.

Section 5.3 Monthly payments will be made based on submittal of invoices by CONSULTANT. Invoices will include the date or period of Services, the number of hours worked by various labor categories, the hourly billing rate per individual, a complete description of the Services performed, the total amount due and, when requested by MNWD, any support documentation sufficient to validate the charges for each invoice item. Only one bill per month shall be submitted by CONSULTANT, showing amounts due for CONSULTANT during the monthly billing period. Incomplete invoices will be returned unpaid to CONSULTANT. Each Task Order shall be billed on a separate invoice.

SECTION VI - WARRANTY/DISCLAIMER

Section 6.1 In performing services under this Agreement, CONSULTANT shall observe and abide by the terms and conditions of all applicable laws, regulations, ordinances, or other rules

of the United States, of the State of California, or any political subdivisions thereof, or of any other duly constituted public authority or agency including but not limited to MNWD.

SECTION VII - INSURANCE AND INDEMNIFICATION

Section 7.1 Professional Liability Insurance. CONSULTANT and each of its sub-consultants/subcontractors shall maintain throughout the term of this Agreement a professional liability (errors and omissions) policy of insurance having coverage of not less than One Million Dollars (\$1,000,000) for each claim and in annual aggregate. The following provisions shall apply if the professional liability coverage is written on a claims-made basis:

- (a) The retroactive date of the policy must be shown and must be dated before the date of this Agreement.
- (b) Insurance must be maintained and evidence of insurance must be provided for at least **five (5)** years after completion of this Agreement or the services hereunder.
- (c) If coverage is canceled or not renewed and it is not replaced with another claims made policy form with a retroactive date that precedes the date of this Agreement, CONSULTANT must provide extended reporting coverage for a minimum of **five (5)** years after completion of the services. MNWD shall have the right to exercise at the CONSULTANT'S cost any extended reporting provisions of the policy should the CONSULTANT cancel or not renew the coverage.
- (d) A copy of the claims reporting requirements must be submitted to MNWD prior to the commencement of any work under this Agreement.

Section 7.2 General/ Automobile Liability Insurance. CONSULTANT and each of its sub-consultants/subcontractors shall maintain throughout the term of this Agreement a general liability policy of insurance for bodily injury and/or death, personal injury and property damage claims which may arise from or in connection with the performance of the work under this Agreement by CONSULTANT and its sub-consultants/subcontractors, and each of their agents, representatives, or employees. Such public liability and property damage insurance (which shall cover claims, injury, death, loss or damage or accidents from the use or operation of any automobiles, trucks and/or other mobile or stationary equipment, whether owned, non-owned or hired) shall be comprehensive in form and shall be on a "per occurrence" basis in a minimum amount of One Million Dollars (\$1,000,000) per occurrence and an annual aggregate limit in a minimum amount at least twice the per occurrence limit specified in this section.

All insurance provided under this Section 7.2 shall name MNWD and its' directors, officers, employees and representatives as additional insureds under each such policy ("additional insureds") and an additional insured endorsement shall be provided in form acceptable to MNWD.

Section 7.3 Worker's Compensation. By its signature hereunder, CONSULTANT certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and that CONSULTANT will comply with such provisions before commencing the performance of work under this Agreement. CONSULTANT and subcontractors shall maintain throughout the term of this Agreement workers' compensation insurance with limits no less than the statutory limits, and Employer's Liability insurance with limits no less than One Million Dollars (\$1,000,000) per accident and per disease for their employees and shall file with the MNWD the certificate required by Labor Code Section 3700. The workers compensation/Employer's Liability insurance shall be endorsed with

a waiver of subrogation in favor of MNWD and its' directors, officers, employees and representatives.

Section 7.4 Requirements of All Policies. All policies of insurance required under this SECTION VII shall be from insurance providers who are either admitted or licensed to do business in California, or are Surplus Lines Carriers authorized to do business in California, and who have financial size and ratings of no less than A-, Class XIII, and in either case are otherwise acceptable to MNWD. All such policies shall include a provision and executed endorsement for thirty (30) days prior written notice by certified mail, return receipt requested, to MNWD of any cancellation or material alteration of such insurance. CONSULTANT shall provide original certificates and endorsements for all such insurance on forms approved by MNWD in conformity with all requirements of this Agreement prior to commencement of any work or professional services. The policies required hereunder shall be endorsed to include contractual liability.

In the case of additional insured provisions, any insurance afforded the additional insureds by this Agreement is primary insurance as to the additional insureds. Any insurance or self-insurance maintained by the additional insureds shall be excess of the CONSULTANT'S (and its subcontractor's) insurance, and shall not contribute to such insurance.

Any deductibles or self-insured retentions must be declared in writing and approved by MNWD. At the option of MNWD, either: the insurance provider(s) shall reduce or eliminate such deductibles or self-insured retentions as respects the MNWD and its' directors, officers, employees and representatives; or the CONSULTANT shall provide a financial guarantee satisfactory to MNWD guaranteeing payment of losses and related investigations, claim administration and defense expenses. Maintenance of insurance coverage as specified in this Agreement is a material term of this Agreement, and any failure to maintain or renew coverage, or to provide evidence thereof, as required by the terms is a material breach of this Agreement.

Section 7.5 Indemnity.

CONSULTANT shall hold harmless, defend and indemnify, including the cost to defend, MNWD and its' directors, officers, employees and representatives from liability, claims, damages, demands, actions, attorneys' fees, costs and expenses (i) for personal injury, bodily injury or property damage that arise out of, pertain to, or relate to the operations and work of the CONSULTANT and its subcontractors under this Agreement, or (ii) that arise out of, pertain to, or relate to CONSULTANT'S or its subcontractor's negligence including negligent acts, errors or omissions, recklessness, or willful misconduct in the performance (or actual or alleged non-performance) of the services under this Agreement.

The CONSULTANT's obligations pursuant to this Section shall survive the expiration or termination of this Agreement and/or the performance or completion of any or all Services and work provided under this Agreement. This indemnity obligation shall apply to all liability regardless of whether any insurance is applicable, and the policy limits of any insurance shall not act as a limitation upon the indemnification, and amounts related thereto, to be provided by CONSULTANT hereunder.

SECTION VIII - NO SUBCONTRACTING

Section 8.1 No obligations under this Agreement shall be subcontracted without prior written approval by MNWD, which approval shall not be unreasonably withheld or delayed.

Section 8.2 In the event that subcontracting is approved by MNWD, CONSULTANT shall ensure that:

- 1) Each subcontractor complies in all respects with the provisions of this Agreement.
- 2) Its subcontractor maintains the same level of insurance coverage as required of CONSULTANT in Section VII of this Agreement.

Section 8.3 CONSULTANT is as responsible to MNWD for the acts and omissions of its subcontractor as it is for persons directly employed by CONSULTANT. Nothing contained in this Agreement creates any contractual relationship between any subcontractor and MNWD. Supplier shall remain the primary debtor and be responsible for the due and timely performance by any subcontractor.

SECTION IX - TERMINATION OR ABANDONMENT

Section 9.1 This Agreement may be terminated in whole or in part in writing by either party provided that no such termination may be effected unless the other party is given not less than ten (10) calendar day's written notice (deliver by certified mail, return receipt requested) of intent to terminate. Additionally, MNWD may suspend performance by CONSULTANT of any or all services listed in the Scope of Services or any Task Order under this Agreement by providing written notice to CONSULTANT at least five (5) working days prior to the date on which MNWD wishes to suspend; provided, upon receipt of such notice, CONSULTANT shall immediately suspend any work or services hereunder, unless otherwise instructed by MNWD in such notice.

Section 9.2 CONSULTANT shall not perform further work under this Agreement after the effective date of suspension until receipt of written notice from MNWD to resume performance. MNWD and CONSULTANT agree that in the event MNWD suspends or terminates performance by CONSULTANT for any cause other than the intentional or negligent error or omission of CONSULTANT, CONSULTANT shall be entitled to payment of compensation incurred prior to the effective date of the suspension or termination, as determined under Section V of this Agreement.

Section 9.3 In the event of any suspension or termination herein, MNWD shall have the right to take possession and shall immediately own all original drawings and other documents developed for that portion of the work completed and/or being suspended or abandoned.

SECTION X - GENERAL

Section 10.1 CONSULTANT represents that it is aware of no facts or circumstances which would impair its ability to provide fair and unbiased advice to MNWD in the course of performing the CONSULTING services hereunder, or which would impact its objectivity in performing such services hereunder.

Section 10.2 This Agreement represents the entire understanding of MNWD and CONSULTANT as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be amended, modified or altered except in writing, signed by the parties. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared it. In the event of any inconsistency between this Agreement and any other agreement or document between the parties, either written or verbal, including any CONSULTANT proposal document, this Agreement shall control unless such other agreement provides explicitly to the contrary.

Section 10.3 Any notice required or permitted to be given hereunder if not otherwise specified herein may be given or delivered by depositing the same in the United States Post Office, registered or certified, postage prepaid, or by personal service a hand delivery, and addressed to:

To MNWD - Attn: Matt Collings, Assistant General Manager
 Moulton Niguel Water District
 27500 La Paz Road
 Laguna Niguel, CA 92677-3489

To CONSULTANT - Attn: Marce Ahrenberg
 Denovo Ventures, LLC
 28202 Cabot Road, Suite 300
 Laguna Niguel, CA 92677

Section 10.4 California law shall govern the interpretation of this Agreement. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure 394.

Section 10.5 In the event an action is commenced by either party to enforce its rights or obligations arising from this Agreement, the prevailing party in such action, in addition to any other relief and recovery awarded by the court, shall be entitled to recover all costs and expenses, including court costs, plus a reasonable amount for attorney's fees.

Section 10.6 If any section of this Agreement or provision of this Agreement as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

Section 10.7 It is expressly understood and agreed that CONSULTANT is retained as an independent contractor for the sole purpose of rendering the professional and/or special services, and is not an employee or agent of MNWD. CONSULTANT warrants that it will not represent, at any time or in any manner, that CONSULTANT is an employee or agent of MNWD. CONSULTANT shall have no authority to, and shall not, incur any debt, obligation or liability on behalf of MNWD. CONSULTANT shall be solely responsible for the payment of all federal, state and local income tax, social security tax, Workers' Compensation insurance, state disability insurance, and any other taxes or insurance CONSULTANT, as an independent contractor, is responsible for paying under federal, state or local law. CONSULTANT is thus not eligible to receive workers' compensation, medical, indemnity or retirement benefits, including but not limited to enrollment in CalPERS.

The person signing this Agreement on behalf of each party hereto represents he/she has authority to sign on behalf of, respectively, MNWD or CONSULTANT.

Section 10.8 This is a non-exclusive Agreement for the services contemplated herein.

Section 10.9 This Agreement and all of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that no assignment of this Agreement or any interest herein shall

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be made by CONSULTANT without prior written consent of MNWD.

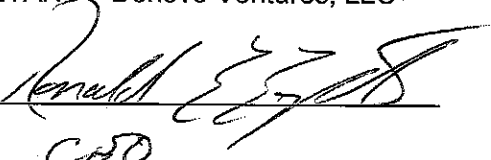
Section 10.10 This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this 15th day of May, 2014.

Moulton Niguel Water District

By: 
Joone Lopez
General Manager

CONSULTANT – Denovo Ventures, LLC

By: 
Title: COO

**EXHIBIT A
SCOPE OF SERVICES**

I. SERVICES

1.1 Services include a support package comprised of Technical Managed Services and Ad-Hoc Services.

Task	Support Services	Technical Managed / Ad-Hoc Consulting		Note
		Services	Services	
1	CNC support and administration – manage user profiles, application security, package builds and deployment, output management and object management configuration for software deployment.	x		Addressed with Technical Managed Services SLA
2	Web server administration – EnterpriseOne Business Services and related EnterpriseOne web development, deployment and	x		Addressed with Technical Managed Services SLA
3	Custom report development – work with the end user to determine their specific reporting needs, create reports, schedule reports at specified intervals. The District has Microsoft Server Integration Services (SSIS), Reports Now, and BI Publisher licenses.		x	Requirements to be determined by District team and addressed via ad-hoc consulting agreement.
4	Security administration – new user set up, additional access, security errors.	x		Addressed with Technical Managed Services SLA
5	Fixes – provide support regarding software issues and provide support for fixes. This may include support in testing to identify or verify issues are resolved.	x		Addressed with Technical Managed Services SLA
6	Performance Tuning – provide tuning diagnostics, advice, and recommendations.	x		Addressed with Technical Managed Services SLA
7	Installation Support – provide support for re-installation of the system as a result of any issue with the Districts production, development or prototype environments.	x		Addressed with Technical Managed Services SLA
8	Upgrade Process Support – provide upgrade process support to ensure system remains current.	x	x	1 Tools upgrade per year provided in the SLA. Additional support services are available via ad-hoc
9	Assistance in Formulating and Executing Plans to: o Understand infrequently “considered” and complex application behavior o Identify and execute configuration changes to improve existing application behavior o Identify new opportunities to expand or make more efficient its use of existing and new capabilities o Address transactional, workflow, and output problems – engaging Oracle Tech Support in an effective way when appropriate		x	Requirements to be determined by District team and addressed via ad-hoc consulting agreement.

1.2 Technical Managed Services:

a. **CNC Managed Services:** Includes all the system administration and expert technical support services, including package management, regular JD Edwards updates, performance monitoring and troubleshooting, without the business risk associated with depending too heavily on one individual. US-based CNC Managed Services of clients’ JD Edwards applications will be provided to the District by CONSULTANT through remote means, between the hours of 7:00 am – 5:00 pm Mountain Time Monday through Friday, excluding public holidays.

1. CONSULTANT will respond to the MNWD’s requests under the provisions of its Service Level Commitments and with best effort after hours or on holidays. MNWD must open tickets via email, portal or by telephone with our Service Desk. Each request or incident will be assigned a Trouble Ticket number for tracking and reporting. Service outside Normal Working Hours - Emergency services (Severity 1) will be performed at any time. Non-production services will be performed during coverage hours.

1.3 Support Services

a. CONSULTANT shall handle support of JD Edwards and 3rd party products (front end analytics, reporting tools, integration tools, or others) as follows:

#6.

1. When a user has an issue, it is communicated (phone, email, portal) to the Service Desk by creating a Service Ticket.
 2. The Service Desk reviews the Service Ticket and assigns it to the person responsible for supporting that Service Area (e.g. JD Edwards Applications, Middleware, other 3rd party applications, etc.). Depending on the Service Area, CONSULTANT may have one to many persons assigned to support that function.
 3. The person responsible receives the Service Ticket through CONSULTANT's automated workflow system and communicates with the client immediately upon receipt that they have been assigned the Service Ticket and are working their issue. This may result in an exchange of dialog / e-mails to get further understanding of the issue. The person responsible will be a person knowledgeable about the client's specific Service Area.
 4. If the person responsible is not able to personally resolve the issue they can call upon other members of CONSULTANT's team either in the same Service Area or in a cross-functional area if the specific issue may relate to something outside of the product in question (e.g. a JDE application is not performing as expected, but the person responsible determines that the issue is not a JDE Application issue but rather a integration middleware issue and needs assistance from another Service Area).
 5. Once the issue is resolved, it will be documented both at the Service Desk and with the individual who requested the Service Request.
- b. Following are the service components in IT Service Desk:
1. Self Help – An enterprise wide web portal with an enriched and updated knowledge base of most common issues faced by users. This portal enables users to resolve an incident, create a request, report an incident and review the status of submitted requests, etc. Self Help is available 24/7/365 except during scheduled downtime.
 2. First & Second Level Support – Provide support for logging, tracking, resolution and reporting of help desk incidents and service requests. These activities are associated with restoring normal service operation as quickly as possible and help to minimize the adverse impact on business operations, thus ensuring that the best possible levels of service quality and availability are maintained. First & Second Level Support is available at any time for production assistance and during schedule business hours for non-production issues.
 3. Service Request Management – This topic encompasses all the activities associated with service requests, starting with logging of a service request, acceptance by the service desk, prioritization request, request fulfillment and subsequent closure.
 4. CONSULTANT will assign a Lead and Secondary CNC Support team member to MNWD's account. All technical issues will be responded to by MNWD's lead or secondary technical support team members. For items outside of the scope of technical managed services those issues can submitted via CONSULTANT Customer Support and they will be assigned to the Install Base Project Manager who will assign the appropriate resources as an Ad-Hoc service.

c. Support Tiers - The following details and describes CONSULTANT's Support Tier levels:

Support Tier	Description
Tier 1 Support	All support incidents begin in Tier 1, where the initial trouble ticket is created. The issue is identified and clearly documented, and basic hardware/software troubleshooting is initiated.
Tier 2 Support	All support incidents that cannot be resolved with Tier 1 Support are escalated to Tier 2, where more complex support on hardware/software issues can be provided by more experienced engineers.
Tier 3 Support	Support Incidents that cannot be resolved by Tier 2 Support are escalated to Tier 3, where support is provided by our most experienced, senior engineers who have the ability to collaborate with 3rd party (vendor) support engineers to resolve the most complex issues.

1.4 AD Hoc Services.

CONSULTANT will provide Ad-Hoc Services on an as-needed basis as requested by MNWD through an executed Task Order pursuant to the terms of the Agreement.

1.5 Transition of Services

CONSULTANT will review its SLA's with MNWD and provide guidance as to how to engage with CONSULTANT via the Customer Support Desk and how to log support requests.

1.6 SharePoint

All documentation created as part of a Technical Managed Services or Ad-Hoc Services will be maintained on a SharePoint site maintained by CONSULTANT for MNWD.

1.7 MNWD Primary Contact

Jane Nguyen is assigned as the primary point of contact for the Technical Managed Services and Ad-Hoc support.

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II. SERVICE LEVEL COMMITMENTS

CONSULTANT's agrees to the following service levels for its Technical Managed Services:

2.1 Services

EnterpriseOne	Frequency	Included	Denovo/ CNC	Time period
Printer Setup and Maintenance	As Needed	Yes	Yes	8AM-5PM
Development Package Build-Update(DV/PY)	3-Weekly	Yes	Yes	8AM-5PM
Development Package Build-Full(DV)	1-Monthly	Yes	Yes	8AM-5PM
Prototype Package Build-Full(PY)	1-Monthly	Yes	Yes	8AM-5PM
Production Package Build-Update	1-Weekly	Yes	Yes	8AM-5PM
Production Package Build-Full	1-Monthly	Yes	Yes	8AM-5PM
Environment Refresh-Data/Objects	1-Quarterly	Yes	Yes	8AM-5PM
Environment/Path Code/OMW Maintenance	As Needed	Yes	Yes	8AM-5PM
OCM Maintenance	As Needed	Yes	Yes	8AM-5PM
Purge PrintQ and log directories. Purge Workflow messages	Monthly	Yes	Yes	8AM-5PM
Technical Assistance and Troubleshooting	As Needed	Yes	Yes	8AM-5PM
Technical Assistance and Troubleshooting-Sev 1	As Needed	Yes	Yes	24/7
Installation of EnterpriseOne ESU's	As Needed	Yes	Yes	8AM-5PM
Installation of EnterpriseOne Tools releases	Annually	Yes	Yes	8AM-5PM
Installation of EnterpriseOne application updates (ASU's)	As Needed	Yes	Yes	8AM-5PM
Security Administration	As Needed	Yes	Yes	8AM-5PM
<u>Technical Diagnosis/Performance/Design Improvements</u>				
System Audit and Recommendation	Annual	Yes	Yes	8AM-5PM
Security Audit and Recommendation	Annual	Yes	Yes	8AM-5PM
Performance Tuning and Optimization	As Needed	Yes	Yes	8AM-5PM
Monitoring Services-				
Infrastructure Monitoring	Ongoing	Yes	Yes	24/7

2.2 Response Times

Issue/Outage	Priority	Response Time	Escalation Threshold*
Client experiences a complete loss of access to and use of the production environment. Work cannot reasonably continue, the operation is mission critical to the business and the situation is an emergency. A Severity Level 1 Incident results from an Infrastructure outage or a component (system process) level failure, and has one or more of the following characteristics: <ul style="list-style-type: none">• Environment is down and/or inaccessible by Client's end users• Data is corrupted, resulting in a complete halt to Client's business operations Environment hangs indefinitely, causing indefinite delays for critical resources or response	Severity 1	15 minutes	1 Hour
Client experiences a severe loss of access to and use of the production environment. No mutually acceptable workaround or alternative is available; however, business operations in the production environment can continue to be conducted in a restricted fashion.	Severity 2	1 Hour	4 Hours
Client experiences a minor loss of access to and use of the production environment. The impact is an inconvenience, which may require a workaround to restore functionality	Severity 3	4 Hours	24 Hours
Client experiences a no loss of access to and use of the production environment. These are typically requests.	Severity 4	8 Hours	40 Hours

* **Escalation Threshold:** Open/unresolved issues are escalated to the next level manager once this threshold has been reached.

Attachment 1 to Exhibit A

TASK ORDER FORM

[To be executed by MNWD and CONSULTANT prior to commencement of Ad-Hoc Services;]

This Task Order is executed pursuant to the AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN MOULTON NIGUEL WATER DISTRICT AND DENOVO VENTURES LLC RE: ERP SOFTWARE SUPPORT SERVICES (Contract No. OM13-14.030)" dated _____, 2014 (the "Agreement"). The Agreement terms are fully incorporated in this Task Order. Terms used in this Task Order have the same meanings given in the Agreement.

Task Order No.: _____

Task Order Scope of Services:

Authorized Not-to Exceed Task Order Amount*: \$ _____

*CONSULTANT to attach Fee Schedule, description of reasonable direct costs; list of deliverables.

Task Order Completion Date: _____

Notice to Proceed Given: [Date] _____

EXECUTED, ACKNOWLEDGE AND AGREED:

_____ DATE: _____

MNWD's Representative: Title

CONSULTANT's Authorized Representative - (print name/title here)

_____ DATE: _____
Signature

EXHIBIT B
SCHEDULE OF FEES

Fee Type	Description	Total Fee Amount
Start-up Fee	(One-time set up fee for Technical Managed Services)	\$2,500
Technical Managed Services Monthly Fee	\$3,000 per month (\$36,000/year) x 3 year term	\$108,000
Ad-Hoc Services: 1 st year	As needed services to be charged on a per-hour basis at the hourly rates listed below.	\$150,000
Ad-Hoc Services: 2 nd year		\$75,000
Ad-Hoc Services: 3 rd year		\$75,000
	Total	\$410,500

Hourly Rates for Ad-Hoc Services

Project Manager: \$200/hour
 HCM Consultant: \$195/hour
 Finance Consultant: \$175/hour
 Distribution Consultant: \$175/hour
 Utiligy Consultant: \$175/hour
 Developer: \$155/hour

Travel: On-site work must be for 40 hours or more. In such a case if the CONSULTANT is traveling at least 50 miles to the on-site location an add-on rate of \$30/hour will be charged in addition to the CONSULTANT's hourly rate. On-site work must be preapproved by both parties and scheduled at least two weeks in advance.

**AMENDMENT NO. 1 TO THE AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
DENOVO VENTURES, LLC
FOR ERP SOFTWARE SUPPORT SERVICES
CONTRACT NO. OM13-14.030**

This Amendment No. 1 (this "Amendment") is entered into and effective as of _____, 2015, amending the Agreement for Professional Services, dated May 15, 2014 (the "Agreement"), by and between the Moulton Niguel Water District, a California Water District ("MNWD"), and Denovo Ventures, LLC ("Consultant") (collectively, the "Parties"). All capitalized terms not defined herein shall have the meanings set forth in the Agreement.

RECITALS

A. **WHEREAS**, the Parties entered into the Agreement on May 15, 2014 for Managed Monthly and Ad-Hoc Services to be performed through May 15, 2017 for a total Agreement amount of \$410,500; and

B. **WHEREAS**, the Parties desire to add additional funds to the Agreement for Ad-Hoc Services to be expended in Fiscal Year (FY) 2015-16.

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

1. The total Ad-Hoc Services amount expendable in FY2015-16 is hereby increased by Seventy-Five Thousand (\$75,000) for a total FY2015-16 Ad-Hoc Services expenditure amount of One Hundred Fifty Thousand (\$150,000).

2. Total payments under the Agreement for FY2015-16 shall not exceed One Hundred Eighty-Six Thousand Dollars (\$186,000), the total of which includes the Technical Managed Services Monthly Fee, as set forth in the Agreement.

3. The Parties agree that the total Agreement amount, including this Amendment, shall not exceed Four Hundred Eighty-Five Thousand Five Hundred Dollars (\$485,500).

4. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement, as may have been amended from time to time, will include coverage for this Amendment.

5. All other provisions of the Agreement, as may have been amended from time to time, will remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and previous amendments and this Amendment, the terms of this Amendment shall control.

6. The individuals executing this Amendment and the instruments referenced in it on behalf of Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions of this Amendment.

DENOVO VENTURES, LLC

MOULTON NIGUEL WATER DISTRICT, a California Water District

By:

By: Joone Lopez

(Sign here)

General Manager

Name/Title



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors **MEETING DATE:** August 19, 2015

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

SUBJECT: Disposal of Surplus Property Policy

DIVISION: District-Wide

SUMMARY:

Issue: The Moulton Niguel Water District's (District) current policy for the disposal of surplus property has been updated to include statutory language requirements and current industry practices.

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

Fiscal Impact: No impact.

BACKGROUND:

The District's current policy for the disposal of surplus property has been in place for a number of decades. Surplus property are materials or equipment that have become worn, broken, deteriorated or obsolete to a point where they are uneconomical for use by the District. Industry standards regarding the disposal of surplus property have changed over the years. Additionally, the District's prior surplus policy did not address the surplus of real property, which was treated in accordance with the statutory sections of the government code. The current policy has been updated to reflect these changes and clarify both surplus property and real property disposal conditions.

DISCUSSION:

Staff researched other agencies' policies and worked closely with legal to develop the proposed policy with the following changes:

- Inclusion of conditions for disposal of real property

#7.

Disposal of Surplus Property Policy

August 19, 2015

Page 2 of 2

- Clarification of procedure to dispose of surplus property
- Increased oversight and strict approval procedures
- Addition of legal requirements applicable to disposal of surplus property
- Restrictions for eligible bidders or purchasers

Attachments:

1. Resolution entitled, "Approving Updated Policy for Disposal of Surplus Property" with Exhibit 1, Disposal Policy.
2. Current Policy Adopted in 1984 (electronic copy not available)

RESOLUTION NO. 15-_____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT
APPROVING UPDATED POLICY FOR DISPOSAL OF
SURPLUS PROPERTY**

WHEREAS, the Moulton Niguel Water District ("District") adopted its administrative policy "DISPOSAL OF SURPLUS PROPERTY OTHER THAN REAL PROPERTY" in 1984 as set forth in the District's *Administrative Policy Manual* ("1984 Policy");

WHEREAS, the Board of Directors of the District ("Board") has been presented with an updated policy for the disposal of surplus property ("2015 Policy"), which is set forth in Attachment 1 to this Resolution; and

WHEREAS, the Board desires to adopt the 2015 Policy to replace and supersede the 1984 Policy, and any related resolutions or documents of the District incorporating the 1984 Policy.

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 Policy for Disposal of Surplus Property," Exhibit 1 to this Resolution, incorporated in this Resolution by reference, to be effective immediately.

Section 2. The Board hereby rescinds the 1984 Policy as well as any resolution(s) and documents of the District previously approving or incorporating terms of the 1984 Policy, and authorizes the District Secretary to make any required conforming changes to the *Administrative Policy Manual* so as to be consistent with the authorization and terms provided under this Resolution.

Section 3. This Resolution is deemed effective as of the date of adoption hereof.

#7.

ADOPTED, SIGNED and APPROVED this 20th day of August, 2015.

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

Exhibit 1**MOULTON NIGUEL WATER DISTRICT POLICY FOR DISPOSAL OF SURPLUS PROPERTY**

The Moulton Niguel Water District (District) is authorized under Sections 35604 and 65400 of the Water Code (California Water District Act) to dispose of surplus property of the District whenever it may be necessary, advisable, or in the best interests of the District, and has the related general powers to perform all acts necessary or proper to carry out the disposal. The District will, on occasion, have the need to dispose of surplus property. This Policy is intended to address the general conditions for the legal disposal of such property.

In an effort to dispose of surplus property, the District will sell or dispose of surplus property having salvage value with the intent to realize the greatest return. To accomplish this, disposal will occur in the public market, by public auction, internet sales, consignment, or other methods that allow for a public bidding opportunity. Property with no net value shall be disposed of in a manner that salvages recycled components, if practical, or as appropriate in a manner consistent with applicable environmental and hazardous waste disposal laws.

1. Definitions

- a. **Commercial value** is the value of the property if it were offered for sale for use as its fabricated purpose. The commercial value will be determined by the purchasing department through market comparison.
- b. **Real property** is considered to be land owned by the District, other than easements.
- c. **Surplus property** is that which has become worn, broken, deteriorated or obsolete to a point where it is uneconomical for use by the District.
- d. **Salvage value** is the estimated market value once the property has been deemed surplus. The salvage value will be determined by the purchasing department through market comparison.

2. Disposal of Real Property

The General Manager shall establish a procedure for the continuous review of real property owned by the District for the purpose of determining which property is surplus to the needs of the District. When the General Manager determines that real property is surplus, they shall notify the Board of Directors of that determination and proceed based on the following criteria:

- a. The General Manager shall have the real property appraised by one or more independent appraisers, or otherwise obtain evidence or an opinion of value.
- b. If the estimated value of the real property, based on the appraisal or opinion of value, is equal to or less than the General Manager's procurement limit as set forth in the Purchasing Policy, the General Manager is authorized, to dispose of the real property in a manner consistent with this Policy and state law. The General Manager shall inform the Board of Directors of such activities.
- c. If the estimated value of the real property is more than the General Manager's procurement limit as set forth in the Purchasing Policy, based on the appraisal or opinion of value, the

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General Manager shall notify the Board of Directors of the estimated value of the real property. The Board of Directors shall determine if the real property should be disposed of and may provide the General Manager with authorization to, and general directions for disposal of the surplus real property.

- d. With respect to property under subsections (b) or (c), the General Manager shall, to the extent required by law, first solicit offers to purchase or lease the real property, at fair market value as determined by the appraisal (or opinion of value), from certain public agencies in accordance with Chapter 5 (commencing with Section 54220) of Part 1, Division 2, Title 5 of the Government Code, or successor provisions. If no offer is made to the District, or no offer is accepted following the required 60-day (or other) statutory negotiation period, the General Manager may lease, or sell the real property as prescribed by the Board of Directors, subject to compliance with subsection (e), as applicable, and Section 4.

3. Disposal of Surplus Property Other Than Real Property

Any surplus property of the District, other than real property, shall be disposed of in the following manner, dependent on the nature of the property:

- a. **Scrap material, the value of which consists only of intrinsic material content and which has no commercial value for its original purpose as fabricated.** Scrap material will be collected in a designated location on district property and periodically reviewed by the General Manager or a designee to determine if it is surplus property. If the scrap material is deemed to be surplus then the purchasing department will engage a recycling vendor to collect and recycle the material as appropriate. The selection of recycling vendor will be reviewed periodically to consider recycling, rates, quality of service provided, fees and other applicable factors.
- b. **All other surplus property, other than real property and scrap material** requires approval of surplus status prior to sale. An "Approval of Surplus Property" form must be completed by staff and approved by a supervisor. Prior to disposal of said approved surplus property, the Director of Engineering and Operations shall provide approval of disposal. Purchasing shall maintain a listing of all approved surplus property and will present the listing at least every six months, or as more frequently if needed, to the Director of Engineering and Operations for approval of disposal. The list of surplus property approved for disposal will be used to sell the items in the public market, by public auction, internet sales, consignment, or other methods that allow for a public bidding opportunity.

4. Additional Requirements

- a. **Compliance with Law.** The District will comply with the California Environmental Quality Act and the legal requirements pertaining to the disposition of property, as applicable.
- b. **Acceptable Bidders or Purchasers.** The District Directors and employees, and their respective spouses and dependent children may not make bid exchange for, purchase, or otherwise have interests in surplus property of the District, or represent any potential bidder or purchaser, under any terms and conditions.

- c. **Funds Received From Disposal of Surplus Property.** All revenues collected from the disposal of surplus property shall be reported to the accounting department and recorded in a manner consistent with District procedures and standard accounting practices.

ARTICLE XVII
DISPOSAL OF SURPLUS PROPERTY
OTHER THAN REAL PROPERTY

SECTION 1. - GENERAL

Surplus property is hereby defined and found to be that which has become worn, broken, deteriorated or obsolete to a point where it is uneconomical for use by the District. As such material is identified it shall be periodically reported to supervisory or managerial personnel and then to the General Manager. Approval to prepare a Survey Report shall be given by the General Manager prior to further proceeding.

Surplus materials and equipment owned by the District may be purchased by its employees through the established procedures. Employees may not use their position, office, or prestige in participating in the sale of the materials or equipment, nor may they participate on District's time, nor may they be purchasers at any District sale in their official capacity.

Final disposition of surplus property shall be made only after approval by the General Manager of a properly completed "Property and Equipment Survey Report," hereinafter referred to as "Survey Report".

Reasonable assistance in conformance with any bidding instructions which may be issued shall be accorded prospective buyers in submitting bids for District property. The sealed bids are to be opened and read only at the time set forth in an advertisement for bids and in the presence of witnesses and interested bidders.

Whenever there is a reasonable doubt as to the acceptability of the prices offered, it will be necessary to obtain the General Manager's approval before delivery of the items offered for sale, regardless of the class of property. This shall be accomplished by signature by the General Manager of the "Survey Report".

Disposal of property has been divided into the following classes:

CLASS A: Scrap material the value of which consists only of intrinsic material content and which has no commercial value for its original purpose as fabricated. This shall be construed to include empty paint cans or pails. Care shall be exercised not to circumvent regulations by classifying usable items as junk. Whenever in doubt, the item should be classified as "D" below.

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CLASS B: Items that have been abandoned, lost, stolen, destroyed, or otherwise disposed.

CLASS C: Items to be exchanged for new units.

CLASS D: All other property such as materials, articles or worn equipment not classified as scrap material.

CLASS E: Items sold to other governmental agencies such as counties, school districts, and other districts.

SECTION 2. - NOTICE OF SALE

The notice of sale for advertising will be prepared in substantially the following form:

NOTICE OF SALE OF SURPLUS PROPERTY OF THE MOULTON NIGUEL WATER DISTRICT

The Moulton Niguel Water District (MNWD) proposes to sell certain surplus property no longer necessary or convenient for MNWD. Sealed bids will be received until _____, at which hour they will be publicly opened and read for the following material:

_____. Bidders may make offers for one or more items, but must state price offered for each item. MNWD reserves the right to reject any or all bids. All items may be inspected at _____

(address) (city)
California, from _____ a.m. to _____ p.m., Monday through Friday of each week. Successful bidders will be required to take delivery of articles purchased and pay for same within 10 days after being notified that their bids have been accepted. State sales tax will be collected on articles sold, unless the purchaser holds a Seller's Permit and presents a valid Resale Certificate at the time of purchase.

All bids should be addressed to Moulton Niguel Water District, 27500 La Paz Road, Laguna Niguel, California 92677, in envelopes plainly marked "Bids for Material."

SECTION 3. - SURVEY REPORTS

Survey Reports must show the inventory value. If the article was not shown on the last inventory, a note to that effect must appear on the report together with the appraised value. A report must comply with all of the requirements called for on its face.

Survey Reports covering units dismantled for salvage, destroyed, lost, stolen to be junked or sold, should be correspondingly marked.

A separate Survey Report must be submitted for each class of property.

SECTION 4. - SURVEY COMMITTEE

The Survey Committee shall consist of the following members:

One Member - Finance Committee
 One Member - Engineering and Facilities Committee
 General Manager

All Survey Reports shall be reviewed by the Committee which shall approve the validity of the Survey Reports except for those Reports which are prepared for Class A, B or C property.

SECTION 5. - CHRONOLOGY

Following are the chronological steps for the disposal of property:

CLASS A Property

Class A property need not be reviewed by the Survey Committee nor need its sale be advertised in a newspaper. Whenever time and conditions will permit, a Notice of Sale will be posted in a public place and distributed to prospective bidders.

The District may sell Class A property at the best available price, accept payment therefor, and effect delivery. However, after sale, a Survey Report must be prepared and labeled "Scrap." It is desirable to itemize the items sold to identify them accurately on existing inventories. Two copies of the Survey Report will be forwarded to the Director of Finance together with the bids received which shall be listed upon and attached to the Survey Report.

The Director of Finance will take cognizance of the sale and forward one copy of the Survey Report and bids to the General Manager for approval.

CLASS B Property

The procedure as to the Survey Report will conform to that outlined above for Class A property.

The Survey Report must be accompanied by a statement signed

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by the employee to whom the property is entrusted, outlining what precautions were taken to prevent loss, theft or damage. A statement signed by a Division Head shall be included giving his or her opinion as to the circumstances of the loss. In the case of stolen items, the local law enforcement authorities shall be notified, including the sheriff's office and such notation made on the face of the Survey Report under "Remarks."

CLASS C Property

When it is proposed to dispose of items by exchanging them for new units, two copies of the Survey Report shall be attached to the purchase order for the new unit and forwarded directly to the Director of Finance. The purchase order number shall be shown on the space provided on the Survey Report.

CLASS D Property

This class requires prior approval by the Survey Committee before advertising for sale.

Five (5) copies of the Survey Report together with five (5) copies of the Notice of Sale will be forwarded to the Survey Committee for approval. If approved by the Survey Committee, two (2) copies will be forwarded to the Assistant General Manager, who will assign a number to the report.

The Notice of Sale shall be published once a week for two weeks prior to sale in a general newspaper of wide circulation throughout the area. Said Notice shall invite sealed bids for the purchase of the Surplus Property. In preparing such Notice, the closing date for bids should be set far enough in advance to allow ample time for bidders to inspect the items offered and file their bids.

In addition to newspaper advertising, the Notice of Sale shall be sent to known prospective bidders and posted in a public place with MNWD.

After bids have been received two (2) copies of the Survey Report will be returned to the Director of Finance together with the written bids received, which bids shall also be listed upon and attached to the Survey Report.

If no bids are received, or if the bids received are not satisfactory, the property may then be sold by means of a negotiated sale.

CLASS E Property

Sales may be made to other governmental agencies without the aid of newspaper advertising and without competition. However, five (5) copies of the Survey Report must be processed through the Survey Committee and approval obtained before accepting payment of effecting delivery of the property.

SECTION 6. - COMPLETION OF SALE

When bids for surplus property have been opened, the successful high bidders will be notified on the following form:

DATE _____

SURVEY REPORT NO. _____

ITEM _____

ADVERTISED _____

TO _____

This is to inform you that your bid of \$ _____, dated _____ for _____ has been approved.

Please arrange to consummate the sale and remove the equipment now located at _____ within in 10 days from the date of this letter.

If this property is being purchased for resale and you hold a valid Seller's Permit from the Board of Equalization, you may secure exemption from the payment of the state sales tax on this transaction by completing the attached resale certificate. Otherwise your remittance must include sales tax in the amount of \$ _____.

The purpose of this form letter is to notify the bidder that his bid has been accepted and to ascertain whether or not sales tax is to be paid, in order that the bid may be prepared for the correct amount and to obviate the necessity for a subsequent change in the amount billed.

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Results of operations for the twelve months ended June 30, 2015, as compared to the twelve months ended June 30, 2014, are summarized below. It is important to recognize that the unaudited statements presented below do not contain all of the year-end entries and adjustments that are needed to close the fiscal year. The year-end process takes approximately two months to complete. The results are also subject to audit review, which will begin early September. Therefore, actual audited financial statements will likely differ from what is presented here.

Summary Budget Comparison Report

The Summary Budget Comparison Report is a high-level statement of the operating activities of the District over the past twelve months compared to the budget. This report shows how actual expenses compared to the adopted budget as of fiscal year-end. 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 \$50.0 million, or 94% of the annual \$53.0 million budget, while operating expenses were approximately \$63.0 million, or 93% of the annual \$67.7 million budget.

Non-operating revenues are approximately at 118% of budget for the Fiscal Year due to the increase of property tax revenue and a refund from the District's water supplier associated with historic water use adjustments.

Statement of Net Position

The Statement of Net Position shows the District's assets and liabilities as of June 30, 2015, compared to the balances at fiscal year ended June 30, 2014. Overall, assets were about \$0.5 million less than at June 30, 2014, primarily due to a decrease in restricted cash and investments as a result of executing capital projects. Construction In Progress shows an increase of \$17.4 million as of June 30, 2015, predominantly driven by the Baker Water Treatment Plant as well as the East Aliso Creek and Wood Canyon Reservoir Recoat projects. Liabilities have decreased by approximately \$9.0 million since June 30, 2014, due to recent debt service payments. As a result, the District's net position increased by approximately \$8.1 million for the month ending June 30, 2015, compared to fiscal year ending June 30, 2014.

Revenues

Total revenues for the twelve months ended June 30, 2015, were \$88.3 million, approximately the same as from June 30, 2014. Total operating revenues for the month ended June 30, 2015, were \$50.0 million, a decrease of \$3.2 million compared to June 30, 2014, mainly due to reduced water sales as a result of customer conservation. Reduced water sales were offset by lower water purchase cost and increases in property tax revenue, resulting in little difference to net position.

#10.a.

MOULTON NIGUEL WATER DISTRICT Summary of Financial Results

Expenses

Total expenses for the twelve months ended June 30, 2015, were \$85.7 million, approximately \$2.6 million more than from June 30, 2014, partially due to increased activity in the Water Efficiency Fund. Total operating expenses were \$60.2 million, an increase of \$1.5 million from last year, but remain less than the approved annual budget. As the fiscal year-end close process progresses, various operating expense categories are expected to slightly increase. Other operating expenses for the twelve months ended June 30, 2015, were \$19.6 million, an increase of \$2.1 million compared to \$17.5 million on June 30, 2014 due to increased Water Efficiency Fund spending. Other non-operating expenses for the twelve months ended June 30, 2015, totaled \$5.9 million, a decrease of nearly \$1.0 million or 13.8%, compared to \$6.8 million on June 30, 2014.

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 \$10.0 million at June 30, 2015, a decrease of \$12.4 million from June 30, 2014, chiefly due to ongoing construction at the Baker Water Treatment Plant.

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 a Fiscal Agent. The unrestricted fund balances are further broken down by designated and undesignated funds. As shown in the report, the District has seven funds that are designated by District policy for specific purposes, including Self Insurance, Water Efficiency, Replacement and Refurbishment, Water Supply Reliability, Planning and Construction, Rate Stabilization, and Emergency. Total unrestricted funds increased by approximately \$5.6 million as of June 30, 2015 compared to June 30, 2014, due to higher property tax receipts and the District's water supplier refund related to historic water use adjustments. Restricted fund balances are \$8.6 million, a decrease of \$0.6 million from June 30, 2014 due to debt service payments.

**Moulton Niguel Water District
Summary - Budget Comparison Report
Twelve Months Ended June 30, 2015**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<u>GENERAL FUND & WATER EFFICIENCY FUND:</u>				
Operating Revenues	\$ 53,033,500	\$ 49,993,657	\$ 3,039,843	94%
Operating Expenses	67,653,553	62,997,732	4,655,821	93%
Operating Income (Loss)	(14,620,053)	(13,004,075)		
Non-Operating Revenues (Expenses)	32,449,771	38,165,536	(5,715,765)	118%
Total Change in Funds	\$ 17,829,718	\$ 25,161,461		
<u>GENERAL FUND:</u>				
Operating Revenues	\$ 49,683,500	\$ 46,097,595	\$ 3,585,905	93%
Operating Expenses	63,991,103	59,470,183	4,520,920	93%
Operating Income (Loss)	(14,307,603)	(13,372,589)		
Non-Operating Revenues (Expenses)	32,329,771	38,044,947	(5,715,176)	118%
Change in General Fund	\$ 18,022,168	\$ 24,672,358		
<u>WATER EFFICIENCY FUND:</u>				
Operating Revenues	\$ 3,350,000	\$ 3,896,062	(546,062)	116%
Operating Expenses	3,662,450	3,527,549	134,901	96%
Operating Income (Loss)	(312,450)	368,513		
Non-Operating Revenues (Expenses)	120,000	120,589	(589)	100%
Change in Water Efficiency Fund	\$ (192,450)	\$ 489,102		

#10.b.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Twelve Months Ended June 30, 2015

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND				
<u>Operating Revenues</u>				
Water Sales	\$ 27,325,000	\$ 24,708,832	\$ 2,616,168	90%
Recycled Water Sales	4,725,000	4,880,742	(155,742)	103%
Sewer Sales	17,150,000	16,182,196	967,804	94%
Other Operating Income	483,500	325,825	157,675	67%
Total Operating Revenue	49,683,500	46,097,595	3,585,905	93%
<u>Operating Expenses</u>				
Salaries	9,550,317	9,235,167	315,150	97%
PERs Employer Contributions	990,416	965,687	24,729	98%
PERs Employee Contributions	196,566	181,559	15,006	92%
PERs Other (Side fund, 401A)	214,956	195,746	19,210	91%
Educational Courses	51,720	25,495	26,225	49%
Travel & Meetings	251,034	181,497	69,537	72%
Employee Relations	14,800	12,103	2,697	82%
General Services	402,776	362,745	40,031	90%
Annual Audit	40,000	40,665	(665)	102%
Member Agencies O&M	1,231,370	1,265,750	(34,380)	103%
Dues & Memberships	93,968	85,580	8,388	91%
Election Expenses	150,000	10,173	139,827	7%
Consulting Services	1,602,900	1,300,440	302,460	81%
Equipment Rental	65,000	64,365	635	99%
District Fuel	340,000	235,727	104,273	69%
Insurance - District	576,151	509,371	66,780	88%
Insurance - Personnel	468,100	386,112	81,988	82%
Insurance - Benefits	2,360,333	2,258,256	102,078	96%
Legal Services - Personnel	50,000	6,399	43,602	13%
Legal Services - General ¹	170,000	143,345	26,655	84%
District Office Supplies	499,900	531,433	(31,533)	106%
District Operating Supplies	315,850	301,346	14,504	95%
Repairs & Maintenance - Equipment	867,287	638,432	228,855	74%
Repairs & Maintenance - Facilities	3,550,995	2,909,459	641,536	82%
Safety Program & Compliance Requirements	285,250	139,734	145,516	49%
SOCWA	8,450,820	8,448,293	2,527	100%
Special Outside Assessments	230,300	200,296	30,004	87%
Utilities	2,126,000	2,173,236	(47,236)	102%
Water Purchases	27,976,295	25,978,276	1,998,019	93%
Meter / Vault Purchases	868,000	683,497	184,503	79%
Total Operating Expenses	63,991,103	59,470,183	4,520,920	93%
Operating Income (Loss)	(14,307,603)	(13,372,589)		
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	21,848,500	24,011,516	\$ (2,163,016)	110%
Investment Income	2,973,207	2,503,700	469,507	84%
Cellular Lease Income	1,740,000	1,731,352	8,648	100%
Misc. Non-Operating Income	5,768,064	9,798,379	(4,030,315)	170%
Total Non-Operating Revenue (Expenses)	32,329,771	38,044,947	(5,715,176)	118%
Change in General Fund	\$ 18,022,168	\$ 24,672,358		

1. Detail of Legal Services - General can be found on the next page.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Twelve Months Ended June 30, 2015

Legal Services - General

Firm	General	Water Use Efficiency	Capital	Total
Bowie, Arneson, Wiles & Giannone	\$ 130,307	\$ -	\$ 16,472	\$ 146,779
Best Best & Krieger LLP	3,024	59,666	302	62,991
Downey Brand, Attorneys	10,014	-	133,305	143,319
Total	\$ 143,345	\$ 59,666	\$ 150,079	\$ 353,089

#10.b.

**Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Twelve Months Ended June 30, 2015**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND				
<u>Operating Revenue</u>				
Water Efficiency	\$ 3,350,000	\$ 3,896,062	\$ (546,062)	116%
Total Operating Revenue	3,350,000	3,896,062	(546,062)	116%
<u>Operating Expenses</u>				
Salaries	326,918	338,107	(11,188)	103%
PERs Employer Contributions	30,463	31,741	(1,278)	104%
PERs Employee Contributions	11,403	10,512	891	92%
Educational Courses	500	155	345	31%
Travel & Meetings	2,700	4,332	(1,632)	160%
Dues & Memberships	500	-	500	0%
Insurance - Personnel	4,131	8,759	(4,627)	212%
Insurance - Benefits	75,900	72,397	3,503	95%
Legal Services	-	59,666	(59,666)	n/a
District Office Supplies	77,810	189,917	(112,107)	244%
Water Efficiency	3,132,124	2,811,963	320,161	90%
Total Operating Expenses	3,662,450	3,527,549	134,901	96%
Operating Income (Loss)	(312,450)	368,513		
<u>Non-Operating Revenue</u>				
Investment Income	120,000	120,589	(589)	100%
Total Non-Operating Revenue	120,000	120,589	\$ (589)	100%
Change in Water Efficiency Fund	\$ (192,450)	\$ 489,102		

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	<u>(Unaudited)</u> <u>June 30, 2015</u>	<u>(Audited)</u> <u>June 30, 2014</u>
CURRENT ASSETS:		
Cash and investments	\$ 33,847,474	\$ 33,152,442
Restricted cash and investments with fiscal agent	10,039,741	22,445,383
Accounts receivables:		
Water and sanitation charges	3,392,611	5,555,769
Taxes and acreage assessments	300,842	355,126
Other accounts receivable	222,170	232,218
Interest receivable	620,930	704,810
Current portion of AMP receivable	1,302	23,663
Inventory	1,703,635	1,511,749
Prepaid expenses	482,641	302,644
TOTAL CURRENT ASSETS	<u>50,611,347</u>	<u>64,283,804</u>
NONCURRENT ASSETS:		
Investments	116,281,296	111,989,559
Retrofit loans receivable	597,037	629,243
AMP Receivable	-	43,830
Net pension asset (CalPERS sidefund payoff)	2,989,772	2,945,897
Capital assets, net of accumulated depreciation	342,489,711	350,982,233
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	32,231,341	14,785,817
TOTAL NONCURRENT ASSETS	<u>495,681,067</u>	<u>482,468,489</u>
TOTAL ASSETS	<u>546,292,414</u>	<u>546,752,293</u>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	682,338	1,136,314
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>682,338</u>	<u>1,136,314</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 546,974,752</u>	<u>\$ 547,888,607</u>

#10.c.

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

	(Unaudited)	(Audited)
	June 30, 2015	June 30, 2014
CURRENT LIABILITIES:		
Accounts payable	\$ 8,070,820	\$ 6,932,494
Interest payable	1,986,413	2,133,231
Compensated absences	373,161	397,440
Current portion of long-term debt:		
Bonds payable	5,685,000	5,465,000
Loans Payable	2,110,605	2,071,133
Certificates of participation	<u>1,780,000</u>	<u>1,715,000</u>
TOTAL CURRENT LIABILITIES	<u>20,005,999</u>	<u>18,714,299</u>
 LONG-TERM LIABILITIES		
Compensated absences	124,387	132,479
Long-term debt:		
Bonds payable	10,165,000	15,850,000
Loans payable	10,688,013	12,948,778
Certificates of participation	<u>78,300,000</u>	<u>80,080,000</u>
TOTAL LONG-TERM LIABILITIES	<u>99,277,400</u>	<u>109,011,257</u>
Bond Discount/Premium	1,288,957	1,884,190
TOTAL LIABILITIES	<u>120,572,356</u>	<u>129,609,745</u>
 NET POSITION:		
Net investment in capital assets	276,273,626	269,994,246
Restricted for capital projects and GOB Refunding	1,508,110	931,603
Unrestricted	<u>148,620,660</u>	<u>147,353,013</u>
TOTAL NET POSITION	<u>426,402,396</u>	<u>418,278,862</u>
 TOTAL LIABILITIES AND NET POSITION	 \$ <u><u>546,974,752</u></u>	 \$ <u><u>547,888,607</u></u>

Note: Totals may not sum due to rounding.

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

	(Unaudited)	
	Twelve Months Ended June 30,	
	2015	2014
Operating Revenues:		
Water Sales	\$ 24,708,832	\$ 26,876,497
Recycled Water Sales	4,880,742	5,005,391
Sewer Sales	16,182,196	17,135,445
WBBRS Efficiency Funds	3,896,062	3,627,305
Other Operating Income	325,825	562,871
Total Operating Revenues	49,993,657	53,207,510
Non-Operating Revenues:		
Investment Income ¹	2,624,289	2,931,828
Property Tax Revenue	24,011,516	22,523,267
GOB Assessment	4,934,791	6,560,479
Other Non-Operating Revenues	6,747,808	3,149,554
Total Non-Operating Revenues	38,318,405	35,165,128
TOTAL REVENUES	88,312,061	88,372,638
Operating Expenses:		
Water Purchases	25,978,276	27,088,570
Meter Purchases	683,497	795,198
Operating Supply and Maintenance	4,289,063	4,553,518
Salaries and Benefits	10,958,520	9,671,141
Election Expenses	10,173	-
Professional Services	1,550,513	956,219
Member Agencies O&M	1,265,750	1,027,298
Insurance	3,234,893	3,264,038
SOCWA	8,448,293	7,835,573
Utilities	2,173,236	2,092,459
General, Administrative, and Other	1,593,554	1,423,258
Total Operating Expenses	60,185,769	58,707,272

#10.c.

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

	(Unaudited)	
	Twelve Months Ended June 30,	
	2015	2014
Other Operating Expenses:		
Depreciation and Misc. Operating Revenue	16,825,565	16,554,025
Water Efficiency	2,811,963	977,117
Total Other Operating Expenses	\$ 19,637,528	\$ 17,531,142
Non Operating Expenses:		
Interest Expense	\$ 5,982,362	\$ 6,433,245
Amortization and Misc. Non-Operating Expense	(106,141)	381,556
Total Non Operating Expenses	5,876,221	6,814,801
TOTAL EXPENSES	85,699,518	83,053,215
Capital Contributions:		
Connection Fees	551,179	489,346
Donated Facilities	294,000	495,000
Contributed Revenue ²	4,665,812	35,000
Total Capital Contributions	5,510,991	1,019,346
CHANGE IN NET POSITION	\$ 8,123,534	\$ 6,338,769
Net Position, Beginning	\$ 418,278,862	\$ 411,940,088
Change in Net Position	8,123,534	6,338,769
Net Position, Ending	\$ 426,402,396	\$ 418,278,857

Note: Totals may not sum due to rounding.

1. Investment income is comprised of realized income of \$2,851,744 and unrealized income loss of (\$227,454).

2. Contributed Revenue consists of grant revenues received for previously completed capital projects.

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
AS OF JUNE 30, 2015

	(Audited) Balance 6/30/2014	Net Change	(Unaudited) Balance 6/30/2015
<u>Restricted Cash and Investments:</u>			
DWR Trust Reserves	\$ 615,715	\$ 24	\$ 615,739
2003 COPS Trust Reserve	2,514,893	(10,435)	2,504,458
2009 COPS Trust Reserve	6,032,816	(9,452)	6,023,364
2009 COPS Project Fund	12,385,581	(12,385,581)	-
2010 COPS Trust Reserves	896,263	(84)	896,180
2014 Refunding Bonds	115	(115)	-
Total Restricted Trust Accounts	<u>\$ 22,445,385</u>	<u>\$ (12,405,643)</u>	<u>\$ 10,039,741</u>

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
UNRESTRICTED AND RESTRICTED FUND BALANCES
AS OF JUNE 30, 2015

	(Audited)		(Unaudited)	
	Balance		Balance	Reserve Policy
	6/30/2014	Net Change	6/30/2015	Target
<u>Unrestricted Fund Balances:</u>				
Designated for Self Insurance Reserves	\$ 1,293,508	\$ (1,043,654)	249,855	\$ 250,000
Designated for Water Efficiency (WBBRS) ¹	6,691,089	489,102	7,180,192	n/a
Designated for Replacement and Refurbishment	27,397,177	(10,296,276)	17,100,901	17,061,912
Designated for Water Supply Reliability	4,886,211	(4,084,580)	801,631	n/a
Designated for Planning and Construction	29,730,932	(602,043)	29,128,889	n/a
Designated for Rate Stabilization	9,815,536	1,184,747	11,000,283	11,055,461
Designated for Emergency Reserve	-	6,884,925	6,884,925	6,884,925
Unrestricted, undesignated ²	56,084,280	13,053,020	69,137,301	20,262,901
Total Unrestricted Fund Balance	135,898,733	5,585,242	141,483,975	55,515,199 ³
<u>Restricted Fund Balances:</u>				
Restricted 2014 GOB Consolidated Refunding	8,311,666	(1,174,981)	7,136,685	
Restricted for Capital Facilities (Projects)	931,602	576,507	1,508,110	
Total Restricted Fund Balance	9,243,269	(598,474)	8,644,795	
Total Unrestricted and Restricted Fund Balance	\$ 145,142,002	\$ 4,986,768	\$ 150,128,770	

Note: Totals may not sum due to rounding.

1. In addition to realized expenditures, there is \$1,387,107 in project commitments, reducing the available fund balance to \$5,793,085.
2. Unrestricted, undesignated funds include the General Operating Reserve as well as the regular District cash flows.
3. All funds in excess of reserve policy targets will be used to fund capital projects and operations.

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF JULY 2015**

#10.f.

Summary of Disbursements in July 2015:

General Fund Disbursements		7,898,269
Restricted Fund Disbursements:		
Self Insurance Fund	412	
WBBRS Efficiency Fund	868,901	
Replacement & Refurbishment Fund	4,131,069	
Water Supply Reliability Fund	282,091	
Planning & Construction Fund	172,406	5,454,879
Total Disbursements for all Funds	\$ 13,353,148	

Detail of Major Expenditures in July 2015:

1. South Orange County Wastewater Authority (SOCWA)		
FY 2015/16 Q1 Capital Project Billings	3,266,523	
FY 2015/16 Q1 O&M Budget Deposits	2,030,286	5,296,809
<hr style="border: 0.5px solid black;"/>		
2. Municipal Water District of Orange County (MWDOC)		
May Water Purchases 2,047.2 AF	1,890,589	
FY 2015/16 Annual Retail Service Connection Charge	570,916	
Mar & Apr Smart Timer Rebate for Residential and Commercial	304,759	
May Readiness to Serve	154,286	
May & Jun HET & HECW Rebates	89,839	
Apr WaterSmart Residential Rebates	53,527	
May Turf & Nozzles Supplemental Funding and Commercial Rebates	53,384	
May Capacity Charge	40,196	
May SCP Operation Surcharge	8,766	
Apr Reclaimed Rebate 695.2 AF	(107,061)	3,059,201
<hr style="border: 0.5px solid black;"/>		
3. Paulus Engineering, Inc.		
C# 2010.018 Mathis/OSO By Pass, progress payment #1	349,779	
C# 2014.008 Valve Replacement, progress payment #2	194,134	543,912
<hr style="border: 0.5px solid black;"/>		
4. EL Niguel Country Club		
Turf Removal Rebate		267,065
<hr style="border: 0.5px solid black;"/>		
5. T.E. Roberts, Inc.		
C# 2006.099 MNWD Inter-Tie to El Toro Water District (ETWD), progress payment #2	216,933	
C# 2014.007 La Siena Mainline Replacement, progress payments #3 & 4	26,360	243,292
<hr style="border: 0.5px solid black;"/>		
6. Santa Margarita Water District (SMWD)		
FY 2014/15 Q4 Joint Owned Facilities Costs and 3A Plant Costs		187,727
<hr style="border: 0.5px solid black;"/>		
7. J. Colon Coatings, Inc.		
C# 2013.001 East Aliso Creek Recoat, progress payment #9		143,925
<hr style="border: 0.5px solid black;"/>		
8. S.S. Mechanical Corp.		
C#'s 2012.028, .029, .030, .031, .033 Generators, progress payment #1		142,800
<hr style="border: 0.5px solid black;"/>		
9. Ayala Engineering		
Manhole Rehabilitation Program On Call Service Agree _99_		110,222

