



moulton niguel water district

**ENGINEERING & OPERATIONS
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT**

27500 La Paz Road, Laguna Niguel

October 17, 2016

8:30 AM

Approximate Meeting Time: 3 Hours

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE SEPTEMBER 12, 2016 ENGINEERING AND OPERATIONS 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.

DISCUSSION ITEMS

4. Financial Advisory Services Agreement – Public Financial Management, Inc.
5. Revisions to Communication Facilities License Agreement Template and Program Policy/Procedures
6. Amendment to the Communication/Outreach Consulting Services Agreement – Orange Label
7. Aliso Creek Lift Station Rehabilitation Construction Contract Award
8. Paseo de Valencia 24-Inch Pipeline Railroad Crossing Abandonment Construction Contract Award
9. Bypass Pump Purchase

INFORMATION ITEMS

10. Monthly Financial Report
 - a. Summary of Financial Results
 - b. Budget Comparison Report
 - c. Statement of Net Position
 - d. Restricted Cash and Investments with Fiscal Agent
 - e. Net Position
 - f. Summary of Disbursements September 2016
11. Long Term Efficiency Framework/Drought Response
12. Water Usage Update
13. 2016 Private Development Status Update
14. Quarterly Communications License Program Report
15. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
16. 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]

CLOSED SESSION

17. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation and initiation of litigation pursuant to paragraphs (2) and (4) of subdivision (d) of Government Code Section 54956.9

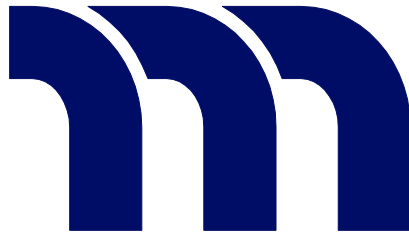
One potential case

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.



moulton niguel water district

DRAFT

MINUTES OF THE REGULAR MEETING OF THE ENGINEERING & OPERATIONS BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT

September 12, 2016

A Regular Meeting of the Engineering & Operations 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 September 12, 2016. There were present and participating:

DIRECTORS

Duane Cave	Director
Scott Colton	Vice President/Chair
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director
Larry Lizotte	Director (arrived at 8:54 a.m.)
Brian Probolsky	Vice President (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
Drew Atwater	Director of Planning
Jeff Ferre	Best, Best, & Krieger (General Counsel)
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Trevor Agrelius	MNWD
Todd Dmytryshyn	MNWD
Megan Geer	MNWD
Steve Merk	MNWD
Todd Novacek	MNWD
Medha Patel	MNWD

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Adrian Tasso	MNWD
Rod Woods	MNWD
Bob Carley	Member of the Public
Roger Faubel	Faubel Public Affairs
Nate Getz	Xylem
Jake Vollebregt	Best, Best, & Krieger

1. CALL MEETING TO ORDER

The meeting was called to order by Scott Colton at 8:30 a.m.

2. PUBLIC COMMENTS

None.

PRESENTATION ITEMS

3. 14-Inch Oso Creek Pipeline Repair

Marc Serna provided a presentation on the Oso Creek Pipeline Emergency Repair.

Brian Probolsky arrived at 8:38 a.m.

DISCUSSION ITEMS

4. Crown Valley Reservoirs Re-coating Construction Contract Award

Rod Woods provided details about the contract. Staff recommends that the Board of Directors award the construction services contract to J. Colon Coatings, Inc. in the amount of \$1,426,040; authorize the General Manager to execute the contract; and authorize the General Manager or designee to approve change orders up to 10% of the contract value. Discussion ensued regarding the contract terms.

5. Turf Removal Program Policy Update

Drew Atwater provided details on the item. Staff recommends that the Board of Directors approve the updated Turf Program Policy. Discussion ensued regarding the current and proposed policy.

Larry Lizotte arrived at 8:54 a.m.

6. Amendment No. 2 to the Turf Removal Inspection Agreement with WaterWise Consulting

Drew Atwater provided details on the item. Staff recommended that the Board of Directors approve Amendment No. 2 to the Turf Removal Inspection Agreement with

WaterWise Consulting to increase the contract by \$71,250 to an amount not-to-exceed \$146,250 through June 30, 2017; and authorize the General Manager to execute Amendment No. 2. Discussion ensued regarding Amendment No. 2.

INFORMATION ITEMS

7. Operations Center Consolidation Improvement Project Update

Matt Collings provided an update on the Operations Center Consolidation Improvement Project.

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

Scott Colton requested that staff provide an update on Plant 3A.

9. Late Items (Appropriate Findings to be Made)

Staff has none.

CLOSED SESSION

10. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation and initiation of litigation pursuant to paragraphs (2) and (4) of subdivision (d) of Government Code Section 54956.9

One potential case

The Board entered closed session at 9:30 a.m. and exited at 10:09 a.m. Scott Colton stated that there was no reportable action.

ADJOURNMENT

The meeting was adjourned at 10:09 a.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

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Financial Advisory Services Agreement – Public Financial Management, Inc.

October 17, 2016

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financial advisory services, firms were asked to include bond transactions fees as part of their proposals.

Staff performed a thorough review of the proposals received to determine the overall best value provided for the services required. Of the responding firms, PFM provided both a low monthly retainer and was the low-cost proposal for bond transactions. Additionally, PFM demonstrated greater understanding of the District’s financial planning and debt needs over the ten year planning horizon. The proposed bond transaction fees are valid for the life of the agreement, up to the full five years, and covers all work pertaining to the issuance of bonds, including: planning work, execution of the transaction, and post-closing work, as well as any incidental questions or requests which may occur. The table below details the proposed bond transaction fees:

PFM Proposed Bond Transaction Fees:

Proposed Bond Transaction Fees (Fixed and Variable Rate Issuance)	
Par	Proposed Fee (Competitive and Negotiated)
Up to \$30 million	\$45,000
\$30 - \$100 million	\$55,000
Over \$100 million	\$70,000

FRA Proposed Bond Transaction Fees:

Proposed Bond Transaction Fees (Fixed Rate)		
Par	Proposed Fee	
	Negotiated	Competitive
Up to \$40 million	\$50,000	\$55,000
\$40 - \$65 million	\$60,000	\$65,000
Over \$65 million	\$80,000	\$85,000

Proposed Bond Transaction Fees (Variable Rate)		
Par	Proposed Fee	
	Negotiated	Competitive
Up to \$60 million	\$80,000	N/A
Over \$60 million	\$95,000	N/A

Based on the firm’s existing knowledge of the District’s financial profile, lower bond transaction fees, and successful engagement for the past three years, Staff recommends the Board award the Financial Advisory Services Agreement to PFM.

Attachments:

1. Agreement with Public Financial Management, Inc.

**AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN
MOULTON NIGUEL WATER DISTRICT AND PFM FINANCIAL ADVISORS, LLC
MNWD PROJECT: FINANCIAL ADVISORY SERVICES
CONTRACT NO. OM16-17.016**

THIS AGREEMENT (the "Agreement") is dated as of October ____, 2016, (the "Effective Date") by and between PFM Financial Advisors, LLC, hereinafter referred to as the "CONSULTANT" and Moulton Niguel Water District hereinafter referred to as "MNWD." MNWD and CONSULTANT may sometimes be referred to in this Agreement individually as "Party" and together as "Parties."

RECITALS

CONSULTANT proposes to provide certain professional services to MNWD for financial advisory services, particularly in connection with potential municipal utility financings, debt financings, and other financial advisory services (the "Project"). The scope of work to be performed by CONSULTANT under this Agreement is described in **Exhibit A** hereto, which is incorporated herein (the "Scope of Work").

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

AGREEMENT

SECTION I – SCOPE OF WORK

Section 1.1 **Scope of Services.** CONSULTANT shall furnish all necessary management, supervision, labor, materials, tools, supplies, equipment, services, and/or any other act or thing required to diligently and fully perform and complete the Project ("Services") in accordance with the Scope of Work attached hereto as **Exhibit A**.

MNWD may request or CONSULTANT may recommend, that CONSULTANT perform work in addition to or different from that delineated in the original Scope of Work, or delete services from the Scope of Work. Upon MNWD's request for additional or changed work, 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 Work, MNWD and CONSULTANT shall negotiate an adjustment of the compensation and time for completion and shall execute a written addendum to this Agreement. Upon execution of each addendum, (i) the Scope of Work shall thereafter be as described in **Exhibit A**, respectively, as modified by the addendum and any previously executed addendum; and (ii) the time for completing the work shall be as set forth in the addendum. Following execution of any addendum, all terms and provisions of the Agreement, except as expressly modified by such addendum, 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 addendum covering the additional or changed work.

Section 1.2 **Schedule of Services.** CONSULTANT shall perform its work hereunder in a prompt and timely manner. Time is of the essence in this Agreement.

CONSULTANT agrees to coordinate the work to ensure its timely completion and shall promptly

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notify MNWD of any anticipated delays or causes or casualties beyond CONSULTANT'S control which may affect the work schedule. In the event the time for completing the Scope of Work is projected to be exceeded due to circumstances beyond the control of CONSULTANT, CONSULTANT shall have an additional amount of time to be agreed upon in writing between the parties pursuant to Section 1.1 and an executed addendum, in which to complete the work.

Section 1.3 Consultant's Representative. CONSULTANT hereby designates Brian Thomas to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's representative shall have full authority to represent and act on behalf of CONSULTANT for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services under this Agreement, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services to be performed under this Agreement. Should the Consultant's Representative need to be substituted for any reason, the proposed new Consultant's Representative shall be subject to the prior written acceptance and approval of MNWD. CONSULTANT shall not assign any representative to whom MNWD has a reasonable objection. Without prior written approval of MNWD, CONSULTANT will not make any changes in the Consultant's Representative, in consultants, in outside labor arrangements, or associations or joint ventures which are required to accomplish any part of the Scope of Work.

Section 1.4 Coordination of Services. CONSULTANT agrees to work closely with MNWD staff in the performance of the Services and shall be available to MNWD staff at all reasonable times. MNWD shall make available to CONSULTANT at no cost all technical data in MNWD's possession, including 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 1.5 Licenses and Permits. CONSULTANT represents that it, its employees and agents, have all licenses, permits qualifications and approvals of whatever nature that are legally required to perform the Services and that such licenses and approvals shall be maintained throughout the term of this Agreement, at CONSULTANT'S sole cost and expense.

SECTION II - COMPENSATION

Section 2.1 MNWD will pay CONSULTANT a monthly flat fee retainer in the amount of One Thousand Five Hundred Dollars (\$1,500), per month, in addition to payments for the performance of consulting services on a fixed rate transaction basis at the rates and costs indicated in Exhibit A. Total payments under this Agreement shall not exceed Ninety Thousand Dollars (\$90,000), including direct costs, fees and expenses. CONSULTANT will provide MNWD, on a monthly basis, copies of invoices sufficiently detailed to include summary of work performed, and related activities and costs for approval by MNWD. All payments made to Consultant by MNWD will be made in accordance with the payment terms set forth in the Agreement.

Section 2.2 MNWD reserves the right to withhold payment from CONSULTANT on account of Services not performed satisfactorily, unexcused delays in CONSULTANT'S performance of Services past the milestones established and agreed upon by the Parties, or other defaults hereunder. CONSULTANT shall not stop or delay performance of Services under this Agreement on account of payment disputes with MNWD, provided that MNWD continues to make payment of undisputed amounts.

Section 2.3 CONSULTANT must maintain adequate records to permit inspection and audit of CONSULTANT's charges under this Agreement. CONSULTANT will make such records available to MNWD during normal business hours upon reasonable notice.

SECTION III – TERM

Section 3.1 This Agreement shall commence as of the Effective Date and continue in effect through October 31, 2019, unless otherwise terminated by either party pursuant to Section VII herein.

SECTION IV - WARRANTY/DISCLAIMER

Section 4.1 Standard of Care; Performance of Employees. CONSULTANT shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California with experience performing services similar in size, scope and complexity to the Project. CONSULTANT represents and maintains that it is skilled in the type of professional services necessary to perform the Services. CONSULTANT warrants that all employees and agents shall have sufficient skill and experience to perform the Services assigned to them. CONSULTANT shall perform, at its own cost and expense and without reimbursement from MNWD, any services necessary to correct errors or omissions which are caused by the CONSULTANT’S failure to comply with the standard of care provided for herein. Any employee of CONSULTANT or its agents who is determined by MNWD to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to MNWD, shall be promptly removed from the Project by CONSULTANT and shall not be re-employed to perform any of the Services or to work on the Project.

Section 4.2 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 V – INSURANCE, BONDS, AND INDEMNIFICATION

Section 5.1 Professional Liability Insurance. CONSULTANT 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.

Section 5.2 General/ Automobile Liability Insurance. CONSULTANT 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 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) 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 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. 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 insurance, and shall not contribute to such insurance.

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Section 5.3 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 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 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 5.4 Requirements of All Policies. All policies of insurance required under this Section 5 shall be from insurance providers who are admitted or licensed 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.

Section 5.5 Indemnity.

(a) To the fullest extent permitted by law, CONSULTANT shall indemnify, hold harmless and defend MNWD, and its directors, elected officials, officers, employees and agents from and against all claims, damages, losses and expenses, and costs including costs of defense and attorneys' fees, arising out of, in connection with, or resulting from, or alleged to have arisen out of or resulted from, the performance of the Services hereunder, provided that any such claim, damage, losses and expenses is caused or alleged to have been caused in whole or in part by any negligent or intentionally wrongful act or omission of the CONSULTANT, anyone directly or indirectly employed by CONSULTANT, or anyone whose negligent or intentionally wrongful acts may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder (except, to the extent of the sole negligence, active negligence or willful misconduct of such indemnified party, in which case CONSULTANT'S indemnification obligation shall be reduced in proportion to the indemnified party's share of liability for its sole or active negligence or willful misconduct, if any).

(b) In any and all claims against the indemnified parties by any employee of the CONSULTANT, anyone directly or indirectly employed by the CONSULTANT, or anyone for whose acts any of them may be liable, the indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the CONSULTANT, or any subcontractor, or other person under workers' compensation acts, disability benefit acts, or other employee acts.

(c) The foregoing provisions of this Section are intended to be, and shall be interpreted in a manner that is, consistent with Civil Code Section 2782.8 as it exists as of the date of 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 VI – CALIFORNIA LABOR CODE REQUIREMENTS

Section 6.1 CONSULTANT is aware of the requirements of California Labor Code Sections 1720 et seq and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. If the services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, CONSULTANT agrees to fully comply with such Prevailing Wage Laws, if applicable. CONSULTANT shall defend, indemnify, and hold MNWD, its elected officials, officers, employees, and agents free and harmless from any claims, liabilities, costs, penalties, or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws or failure to comply with all other applicable labor laws and regulations.

SECTION VII - TERMINATION OR ABANDONMENT

Section 7.1 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 Work 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. 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 intentionally wrongful 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 II of this Agreement.

SECTION VIII – OWNERSHIP OF MATERIALS AND CONFIDENTIALITY

Section 8.1 Documents and Data; Licensing of Intellectual Property. This Agreement creates an exclusive and perpetual license for MNWD to copy, use, modify, reuse, or sublicense any and all documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings, designs, graphic representations and data, which are prepared or caused to be prepared, and delivered to MNWD, by CONSULTANT under this Agreement based on MNWD data (“Documents & Data”). All Documents & Data shall be and remain the property of MNWD, and shall not be used in whole or in substantial part by CONSULTANT on other projects without MNWD’S express written permission. Within thirty (30) days following the completion, suspension, abandonment or termination of this Agreement, or at any time upon five (5) days written notice, CONSULTANT shall provide to MNWD reproducible copies of all Documents & Data, in a form and quantity requested by MNWD. MNWD reserves the right to select the method of document reproduction and to establish where the reproduction will be accomplished. The reproduction expense shall be borne by MNWD at the actual cost of duplication. In the event of a dispute regarding the amount of compensation to which CONSULTANT is entitled under the termination provisions of this Agreement, CONSULTANT shall provide all Documents & Data to MNWD upon payment of the undisputed amount. CONSULTANT shall have no right to retain or fail to provide to MNWD any such Documents & Data pending resolution of the dispute. In addition, CONSULTANT shall retain copies of all Documents & Data on file for a minimum of four

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(4) years following completion of the Project or termination of this Agreement, whichever is earlier, and shall make copies available to MNWD upon the payment of actual reasonable duplication costs. Before destroying the Documents & Data following this retention period, CONSULTANT shall make a reasonable effort to notify MNWD and provide MNWD with the opportunity to obtain the documents.

Section 8.2 Right to Use. MNWD shall not be limited in any way in its use or reuse of the Documents & Data or any part of them at any time for purposes of this Project or another project, provided that any such use not within the purposes intended by this Agreement or on a project other than this Project without employing the services of CONSULTANT shall be at MNWD'S sole risk. CONSULTANT shall not be responsible or liable for any revisions to the Documents & Data made by any party other than CONSULTANT or its agents.

Section 8.3 Indemnification. CONSULTANT shall defend, indemnify and hold MNWD, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement and in accordance with the language of Section 5.5, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by MNWD of the Documents & Data, including any method, process, product, or concept specified or depicted.

Section 8.4 Confidentiality. All Documents & Data, either created by or provided to CONSULTANT in connection with the performance of this Agreement, shall be held confidential by CONSULTANT. All Documents & Data shall not, without the prior written consent of MNWD, be used or reproduced by CONSULTANT for any purposes other than the performance of the Services, unless required to be disclosed by law or judicial or regulatory process. Other than as set forth in this Section, CONSULTANT shall not disclose, cause or facilitate the disclosure of the Documents & Data to any person or entity not connected with the performance of the Services or the Project.

SECTION IX – GENERAL

Section 9.1 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.

Section 9.2 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: Director of Planning
Moulton Niguel Water District
27500 La Paz Road
Laguna Niguel, CA 92677-3489

To CONSULTANT - Attn: Brian Thomas, Managing Director
PFM Financial Advisors, LLC
601 South Figueroa St., Suite 4500
Los Angeles, CA 90017

Section 9.3 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 9.4 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 9.5 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 9.6 It is expressly understood and agreed that CONSULTANT is an independent contractor and not an employee of MNWD while engaged in carrying out this Agreement. 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.

Section 9.7 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 9.8 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 be made by CONSULTANT without prior written consent of MNWD.

Section 9.9 This Agreement may be executed in counterparts, each of which shall be deemed an original.

SIGNATURE PAGE FOLLOWS

#4.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date referenced above.

MOULTON NIGUEL WATER DISTRICT

By: _____
Joone Lopez
General Manager

Date: _____

PFM FINANCIAL ADVISORS, LLC

By: _____
Brian Thomas
Managing Director

Date: _____

EXHIBIT A

SCOPE OF WORK AND FEES



6. UNDERSTANDING OF THE PROJECT AND SPECIFIC APPROACH

PFM believes the role of the financial advisor at the highest level goes well beyond the tasks involved in any scope of services. PFM *can perform the full scope of services requested by the District*, as described below. As we have worked with Moulton Niguel over the past few years, we have been able to learn about the District and, working with staff, provide advice and insight on financing policies, strategic decisions (e.g., discussions regarding the District's new facilities, the CIP and long-range finance plan). We look forward to continuing that partnership in the future.

SCOPE OF WORK

PFM has been pleased to serve the Moulton Niguel Water District as its Financial Advisor for the past three years. During that time, we have performed most, if not all, of the tasks included in the District's Scope of Services. As its Financial Advisor, PFM would again undertake those tasks to assure Moulton Niguel would continue to achieve the optimal result for its financing plans. Specifically, we would:

- A. Help develop, review and update the District's financial and debt policies, as we have already done with its Investment and Reserve Policies.
- B. Advise and assist in assembling the financing team including preparation of RFPs/RFQs for, and evaluation of responses from, credit enhancers, investment bankers/underwriters (if a negotiated sale is determined to be the appropriate financing path), financial printers, paying agents/trustees, escrow agents and verification agents. As you have seen, PFM will put together distribution lists, summarize proposals and work with the District to select the appropriate vendor based on price and quality.
- C. Advise and assist in the development and execution of its financing plan(s), including:
 - i. Determination of the best method(s) of sale (*i.e.*, competitive, negotiated, private placement, *etc.*);
 - ii. Development, structuring and timing of any bond issuances in accordance with applicable laws, customs, and practices;
 - iii. Assist in the preparation of Official Statements, Notices of Sale and Bid Forms (for competitive offerings), and other appropriate information intended for bond and/or note investors;
 - iv. Advise as to the manner of bid procedures and management of the competitive bid process;
 - v. PFM will work with bond counsel and the District to determine the appropriate security type (COPs, revenue bonds, GOs, *etc.*), tax status, use of credit enhancement, bond size, timing, credit structure, maturity structure, and call provisions;
 - vi. Assist in the preparation of rating agency presentations and investor presentations;
 - vii. Evaluation and recommendations to accept, reject or renegotiate bond sale bids (including confirmation of competitive bids);
 - viii. Review of escrow verification reports;
 - ix. Review and monitor the District's existing debt portfolio for refunding opportunities;





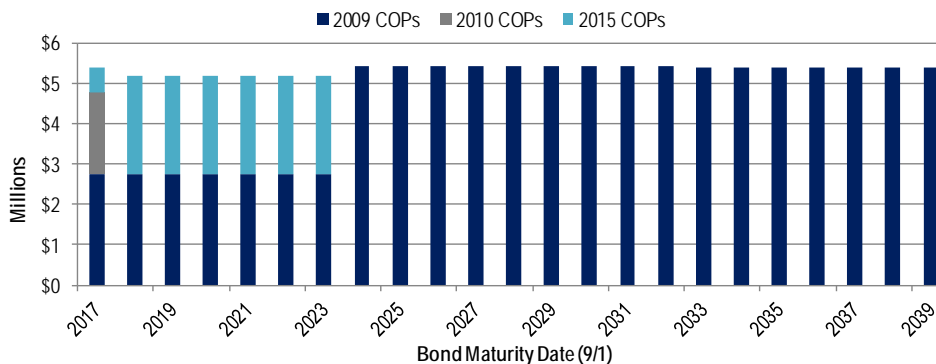
Proposal for Financial Advisory Services

- x. Advise on bond registration, financial printing, and other matters related to the settlement and delivery of bonds and notes;
- xi. Attend (in person or by telephone, as required) meetings related to debt offerings and participate in the deliberations at such meetings on issues including preparation of the Official Statement, Due Diligence, Rating Agency Presentations, Pricing and Closing;
- xii. When necessary, assist in the negotiations and preparation of any agreements between the District and other jurisdictions participating in any financing program;
- xiii. Advise and assist the District in structuring short-term financing programs, including the procurement of lines of credit, letters of credit, or other credit enhancements, as required;
- xiv. Review bond documents, regulations, rules, proposed legislation, and other documents relating to the District's financing programs;
- xv. As necessary, resolve issues regarding the sale and issuance of bonds that are raised by prospective purchasers, rating agencies, or public officials; and
- xvi. Prepare and make presentations to the District's Board of Directors and Finance and Information Technology Committee, as needed.

DEVELOP A PLAN OF FINANCE. PFM takes an approach of defining its services in relation to the formation and management of capital assets. For example, for the District, PFM can utilize its expertise with long-term financial planning and sophisticated model development, and existing proprietary models, to provide tools that answer complex debt management questions in a changing market environment. To best help the District manage its borrowing requirements and financial position, *we see ourselves as helping to develop a financing strategy which supports the long-term vision and policy goals and objectives of the District.*

PFM also evaluates existing debt when developing a plan of finance. As its current financial advisor, PFM is intimately familiar with the District's debt and its targets and policies. We understand the Board's concerns and the issues the District faces. The table below summarizes the District's outstanding direct revenue-supported debt. As shown in the charts below, the District has a relatively level debt profile. In addition, PFM prepared a detailed debt analysis of the District which is attached as Appendix D of this proposal, which includes the District's GO debt.

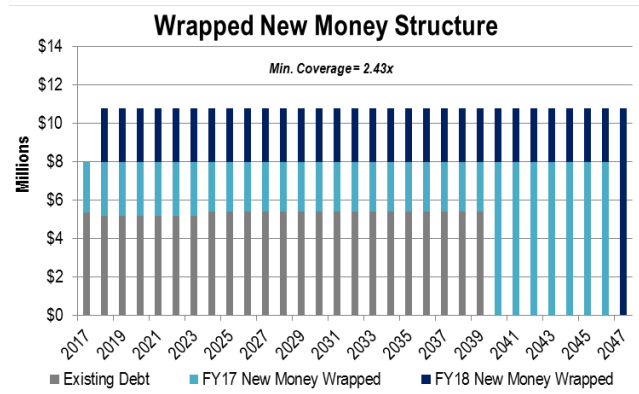
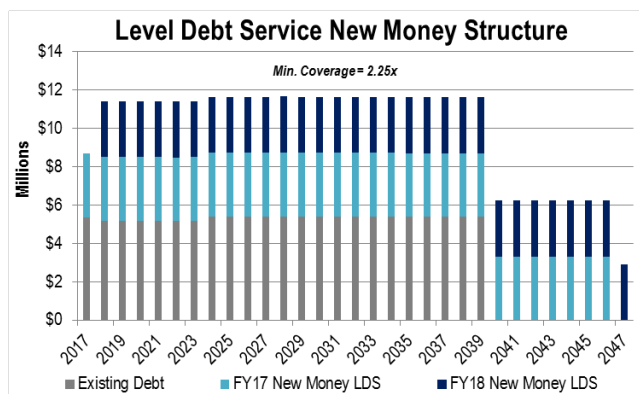
Moulton Niquel Water District Existing Deb					
Series	Original Par Amount	Outstanding Amount	Final Maturity	Next Call Date	Bond Type
2009 COPs	\$60,000,000	\$60,000,000	9/1/2039	9/1/2019	BABs; Fixed
2010 COPs	\$8,965,000	\$1,925,000	9/1/2017	Non-Callable	Fixed
2015 COPs	\$12,265,000	\$12,265,000	9/1/2023	Non-Callable	Fixed





One thing both S&P and Fitch rating agencies highlight as a credit strength of the District is its moderate debt profile. As the District considers its future funding needs, PFM will ensure that any new transactions do not adversely affect the overall debt profile. One possible way to fund new money needs is to consider issuing variable rate bonds since variable rates are below fixed rates and may provide a lower cost of borrowing for the District. This will also help diversify the District's debt. However, with the volatility in the markets and given that fixed rates are still low, PFM would recommend, at this time, that the District issue fixed rate debt.

As mentioned in the District's RFP, PFM looked at several options for the District's upcoming new money needs. Below are two scenarios for representative aggregate \$96 million new money needs: \$51 million issued fiscal year 2017 and \$45 million issued fiscal year 2018. The first scenario is structured for level debt service on its own, and the second with debt service structure to wrap around existing debt to provide aggregate level debt service. While the second scenario that wraps around existing debt has more total interest, the annual overall debt service is lower than the level debt service scenario. Based on the District's needs and preference, PFM can run other scenarios with different assumptions that best suit the District. This is just an example of how we would work with the District's staff to develop an appropriate financing structure.



DEBT MANAGEMENT. The District can also draw upon PFM to help make strategic financial decisions to accomplish its long-term goals. PFM would work with the District to identify a financing strategy, a process that would entail determining bonding needs and capacity, identifying credit market concerns and/or opportunities, and evaluating alternative financing techniques and strategies. PFM is experienced in all of these advisory engagements.

Moulton Niguel has \$60 million currently outstanding under the 2009 Certificate of Participation (Federally Taxable – Build America Bonds – Direct Payment), (the “2009 COPs”). PFM has performed a refunding analysis on the 2009 COPs with our proprietary Refunding Screen Model. The following table shows a summary of our Refunding Screen Model's results. The model allows us to not only look at savings level on a maturity-by-maturity basis, but it also looks at the option value associated with each maturity. Option value is the expected value of monetizing the call at various points in the future. When evaluating whether or not to refund a candidate bond, we look at refunding efficiency to determine if that bond is best suited to be refunded today or at a later date. The use of refunding efficiency in the refunding decision-making process allows us to assist the District in making educated, analytically grounded, and responsible decisions to get the most savings from their callable bonds.



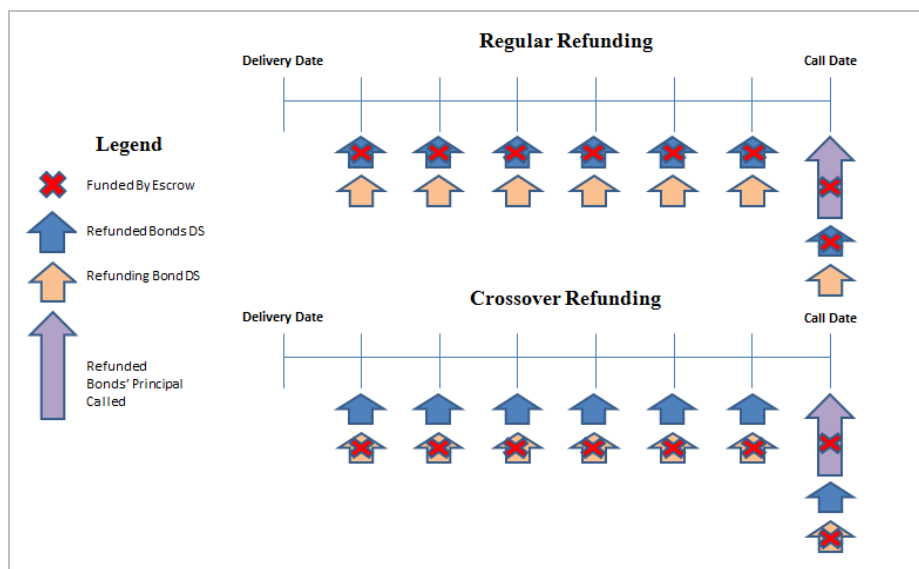
Proposal for Financial Advisory Services

Moulton Niguel Water District Refunding Opportunities Maturity by Maturity Savings Analysis Summary										
Series Name	Refunded Bond Maturity	Refunded Par Amount	Escrow Cost	Arbitrage	Refunding Efficiency	PV Savings	PV Savings Percent of Par	Cumulative PV Savings	Cumulative PV Percent of Par	Cumulative NA % of PV Svgs
2009 COPS	9/1/2024	2,645,000	2,898,710	(69,043)	73.743%	194,418	7.350%	194,418	7.350%	(35.51%)
2009 COPS	9/1/2025	2,750,000	3,024,759	(79,011)	76.338%	254,192	9.243%	448,610	8.315%	(33.00%)
2009 COPS	9/1/2026	2,870,000	3,165,340	(89,962)	78.522%	313,831	10.935%	762,441	9.225%	(31.22%)
2009 COPS	9/1/2027	2,995,000	3,330,581	(102,052)	70.763%	355,137	11.858%	1,117,578	9.925%	(30.43%)
2009 COPS	9/1/2028	3,130,000	3,480,707	(114,688)	63.038%	339,786	10.856%	1,457,364	10.128%	(31.20%)
2009 COPS	9/1/2029	3,270,000	3,636,393	(127,262)	56.344%	324,655	9.928%	1,782,019	10.091%	(32.66%)
2009 COPS	9/1/2030	3,425,000	3,821,065	(138,424)	54.104%	355,155	10.369%	2,137,174	10.136%	(33.71%)
2009 COPS	9/1/2031	3,580,000	3,993,989	(149,770)	49.966%	350,893	9.801%	2,488,067	10.087%	(34.98%)
2009 COPS	9/1/2032	3,750,000	4,183,648	(163,264)	45.656%	341,517	9.107%	2,829,584	9.958%	(36.52%)
2009 COPS	9/1/2033	3,920,000	4,373,307	(176,212)	42.096%	333,547	8.509%	3,163,131	9.782%	(38.24%)
2009 COPS	9/1/2034	4,105,000	4,579,700	(190,331)	38.671%	324,235	7.899%	3,487,366	9.570%	(40.15%)
2009 COPS	9/1/2035	4,295,000	4,791,671	(205,193)	35.351%	312,635	7.279%	3,800,001	9.329%	(42.24%)
2009 COPS	9/1/2036	4,495,000	5,014,799	(219,813)	32.522%	304,028	6.764%	4,104,029	9.074%	(44.47%)
2009 COPS	9/1/2037	4,700,000	5,243,505	(232,483)	30.675%	304,062	6.469%	4,408,091	8.829%	(46.68%)
2009 COPS	9/1/2038	4,920,000	5,488,946	(246,139)	28.841%	303,659	6.172%	4,711,750	8.590%	(48.89%)
2009 COPS	9/1/2039	5,150,000	5,745,543	(260,536)	27.060%	302,450	5.873%	5,014,200	8.357%	(51.14%)

- (1) MMD AAA G.O. Scale plus 0.35 % as of 9/15/16.
- (2) State and Local Government Series (SLGS) rates as of 9/15/16.
- (3) Present Value Savings as of 11/1/16.
- (4) PV Savings as a percentage of Refunded Par.
- (5) Call date on refunding bonds is 09/01/2026.

Based on current market conditions, we see aggregate net present value savings of over \$5 million or 8% savings of refunded bonds. However, refunding efficiency is less than 65% for about half of the bonds, and negative arbitrage makes up about 51% of present value savings. Appendix D includes a detailed look at our refunding analysis using PFM's Refunding Screen Model.

One example of the additional analysis that PFM can do is the evaluation of a potential crossover refunding transaction for the District's outstanding Build America Bonds (BABs). Under the crossover structure, refunding bonds are issued and sized such that the escrow pays for the debt service on the refunding bonds until the call date, at which point the escrow is used to redeem the outstanding BABs, and the District pays debt service on the refunding bonds to maturity. Historically, crossover refundings were used as a tool to mitigate negative arbitrage by allowing issuers to fund escrow with higher-yielding securities that were not permitted as legal defeasance investments, and have been proposed as a way to comply with IRS rules regarding subsidy payments under the BABs program.





SALE MANAGEMENT. PFM evaluates the existing and expected market conditions, as well as the unique credit, legal, and structural features of any transaction to develop a successful sale. Regardless of whether an issuance will be a negotiated or competitive sale, PFM works to develop and execute a successful rating presentation, investor marketing materials, and, with assistance from PFM's Pricing Group, favorable pricing terms for the District at the time of pricing, helping to ensure that the District's offerings are priced fairly and in consensus with market conditions.

PFM is very keen on the active management of a transaction and will work closely with the District, its Bond Counsel, and any other members of the working group to help ensure a successful transaction for the District. PFM will manage the entire sale process, from the finest details (e.g., financial schedule, attending meetings and working group calls) to the largest value drivers.

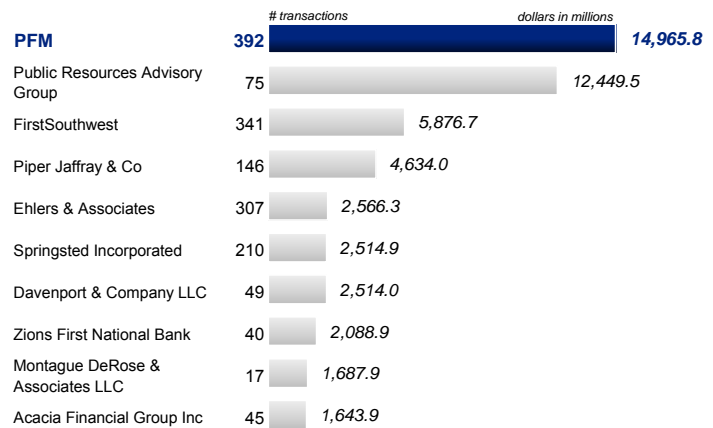
COMPETITIVE SALES. Competitive sales are often used for highly rated issuers and other well established credits to price new money bonds. PFM has significant experience in managing this type of financing around the country and has developed certain approaches help ensure optimal pricing. These approaches center on: (i) maximizing the number of bidders for an issue, (ii) developing an appropriate bond structure and (iii) incorporating issuer flexibility.

- Maximizing the Number of Bidders. The principle of supply and demand suggests that the greater the number of bidders interested in a product, the more price competition there should be. PFM will advocate means to increase the number of syndicates bidding on an issuer's debt by:
 - *Making it Easy to Bid.* Although we certainly follow any local conventions that are appropriate, PFM will accept phone bids, allow for use of Sure-Bid in lieu of good faith checks, prepare easy to complete bid forms, etc.
 - *"Working the Phones".* During the days leading up to the sale date, PFM will call underwriting firms traditionally involved in syndicates to make sure that they are aware of the upcoming issue. Admittedly, an offering by the District is not likely to be overlooked; however, we feel that these phone calls act as another method of putting your name in front of likely bidders.
 - *Competitive-to-Negotiated Support.* It may be useful to let firms know that our client looks at the firms that aggressively support its competitive sales when it is time to pick managers for a negotiated sale. Firms will sometimes provide a more aggressive bid and/or break out of an established syndicate in order to get an issuer's attention.
- Effective Bond Structure. The interest rates that an issuer may receive certainly reflect the market's assessment of future interest rates. But, they also reflect the changing preferences of investors for different types of bond structures. These preferences may be for premium, discount, serial or term bonds to a greater or lesser extent – depending on tax year considerations, mutual fund objectives and expectations regarding interest rates.

2015 Full Year Competitive Long Term Municipal New Issues

Municipal Financial Advisory Ranking - Equal to Each Financial Advisor

Source: Thomson Reuters



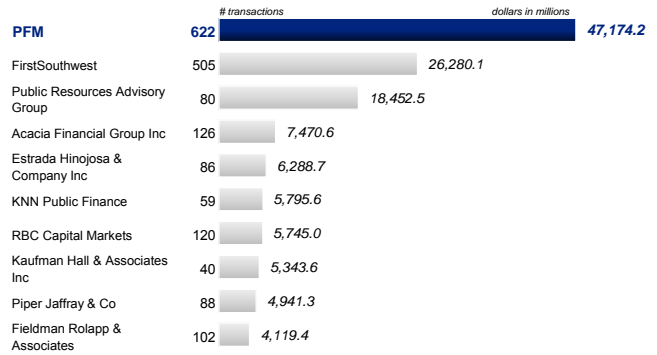
As the top financial advisory firm for competitive sales, PFM works diligently to ensure the best possible outcome for our clients. We will work with the District's Bond Counsel in the preparation and distribution of the Notice of Sale. We prepare a Bid Form, evaluate the terms and recommendations of acceptance, rejection or renegotiation with respect to sale bids, including confirmation of competitive bids with our own in-house models. The District can rest assured that PFM will be working around the clock to ensure a successful competitive sale.



Proposal for Financial Advisory Services

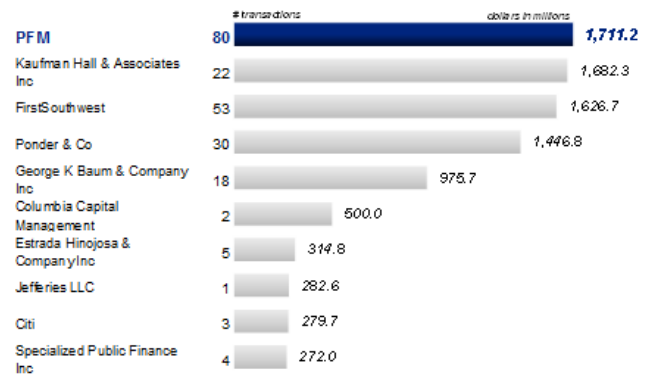
NEGOTIATED SALES. PFM plays a strong supervisory role in negotiated sales. We circulate an underwriting RFP that begins the process of negotiation by setting an upper limit for spread quotes. The interview process further defines the terms and conditions of the forthcoming issue. The District and PFM will select the main sales syndicate and set the management fee split, rather than leaving these important details to the lead underwriter. PFM requires that the underwriter prepare a pricing book at least one week prior to pricing such that the District can review the proposed spread items, including a detailed list of expenses, and is fully prepared to negotiate. The pricing book contains comparable rate and spread information on other recent bond sales, and PFM will use this data to help inform the District on the reasonableness of the pricing quotes.

2015 Full Year Negotiated Long Term Municipal New Issues
Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters



PRIVATE PLACEMENT. As the largest financial advisor in the nation, PFM has helped entities of all types with private placements. We will assist the District in evaluating the pros and cons of a private placement, including cost of debt, impact on staff resources, dealing with the rating agencies (even though ratings are not required, the agencies are expecting to be apprised of private placements), and structuring the transaction. We play an active role in working with providers, and have a large resume, working with all of the major players in this space. We know which banks are likely to be interested and provide the best terms. Finally, PFM will help negotiate price – we are not simply price takers – and terms.

2015 Full Year Private Placement Long Term Municipal New Issues
Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters



RATING AGENCY EXPERIENCE. As the District is well aware, the PFM team is extremely active in the credit rating review process, ensuring that our clients are well-prepared to respond to issues raised by rating analysts and investors. As a result of our frequent interactions, PFM has developed a clear understanding of the analytical methods utilized by each rating agency. Our team is trained to conduct in-depth credit analyses comparable to the rating agencies so that both credit strengths and weaknesses can be identified prior to any presentation of data to rating analysts. This experience has been utilized effectively to improve the credit ratings assigned to numerous issuers across the nation and to introduce several new credits to the market. As noted in the adjacent table, PFM has assisted many of its utilities clients in ways that resulted in upgrades.

Select Upgrades of PFM California Utility Clients			
Client Name	Old Rating	New Rating	Rating Agency
Anaheim Public Utilities	A+	AA-	S&P
Anaheim Public Utilities	A+	AA-	Fitch
Burbank Water and Power	A+	AA-	S&P
Eastern Municipal Water District (Sr/Sub lien)	AA/AA-	AA+/AA	S&P
Eastern Municipal Water District (Sr/Sub lien)	AA+/AA	AAA/AA+	Fitch
Glendale Water and Power	A+	AA-	S&P
Glendale Water and Power	A1	Aa3	Moody's
Imperial Irrigation District	A+	AA-	S&P
Riverside Public Utilities	A+	AA-	S&P
Riverside Public Utilities	A+	AA-	Fitch
Sacramento Municipal Utility District	A	A+	S&P

This list does not represent an endorsement of PFM or its services.

PFM considers participation in the creation and implementation of the credit strategy a vital part of our role as a financial advisor. We collaborate with the working group to determine the best approach to telling the "credit story" of our clients and how to best convey that message. Each rating agency looks for specific yet different key data, and the benefit of our experience and understanding of your issues is that PFM can help devise the proper message for the District. We will work closely with the rating agencies to fully understand their concerns and methodology and to design the rating presentations to specifically address each agency's questions in a meaningful way, while highlighting the District's strengths and providing the appropriate context for its weaknesses. PFM has already conducted a preliminary analysis of the District's credit strengths and weaknesses in the following table:



Summary of Rating Agency Views	
Fitch (AAA; Outlook: Stable)	Standard & Poor's (AA+; Outlook: Stable)
Strengths	
<ul style="list-style-type: none"> • Solid debt service coverage • Exceptionally strong liquidity • Lower utility rates than surrounding areas • Sound financial planning and policies 	<ul style="list-style-type: none"> • Strong income levels and low unemployment rates • Strong historical debt service coverage and liquidity • Solid overall cash position • Good management policies with respect to operating reserves
Considerations	
<ul style="list-style-type: none"> • 100% reliance upon Metropolitan Water for potable water supply • California drought and mandatory restrictions associated with it • Future capital needs may affect DSC and/or liquidity 	<ul style="list-style-type: none"> • Full reliance on imported water for its potable water supply • Exposure to wholesale cost increases

Given that both Fitch and S&P highlight concerns regarding the District's full reliance for potable water supply and its exposure to wholesale cost increases, PFM can help the District look for ways to diversify its water supply and lessen its dependence from the Metropolitan Water District of Southern California.

In addition, as it is the case with several of our water and wastewater clients in California, PFM will work with the District to ensure the rating agencies that the District continues to successfully mitigate against the prolonged drought. As Fitch's concern on future capital needs, throughout the CIP process, PFM will analyze and present to the district the impacts of any considered actions for capital needs funding and recommend the best course of action for the District ensuring that debt service coverage and liquidity are not severely diminished.

PROCUREMENT OF OTHER REQUISITE SERVICES. PFM will assist the District in identifying and procuring special financial-related services that will be required over the course of its financing program. Perhaps most importantly, PFM possesses the size to leverage competitive fees and terms from third parties, including credit providers, printers, and underwriters.

RESPONDING TO REQUESTS. PFM will help craft responses to requests from ratings agencies, bond insurance companies, banks, credit providers, investors, or any other concerned parties. PFM will review and comment on any financial reports, press releases, rating agency reports, and other related materials relevant to the District. Our familiarity with the District's projects, debt, credit, and legal considerations enhances our ability to provide the most favorable and timely response.

INVESTOR RELATIONS. PFM is familiar with all of the major investors in the District's bonds. Moreover, we have figured out what works in what contexts for getting investors engaged with bond issuers like the District. PFM maintains extensive mailing lists, of all major investors and PFM has assisted several clients in targeting these investors. For clients such as MEAG Power we have done international road show presentations for huge projects. For clients such as CPS Energy we have conducted investor conferences in San Antonio to support large capital programs. For clients such as the San Francisco Public Utilities Commission, PFM has conducted internet roadshows for large competitive sales. For other clients, PFM has developed regular investor outreach programs. PFM has conducted investor outreach programs of almost every imaginable scale and format and we would craft an investor relations strategy specifically for the District.



PRICING GROUP. PFM has a dedicated, in-house bond pricing group that will provide back-up resources to our core District team. PFM's pricing group operates completely independent of the underwriting of municipal securities by banks and securities dealers and has the ability to quickly and independently benchmark pricing performance.

PFM begins every pricing discussion with our own independent pricing thoughts which are developed by looking through market data and applying sophisticated models such as our "Option Adjusted Yield Model" which allows us to develop pricing levels for all manner of interest rate coupons and call features. We are the only financial advisory firm, independent or not, actively providing this level of analysis for our clients. PFM clients go into pricings with an informed opinion about where their debt "should" price.

PFM would act as the district's agent in any pricing and *PFM takes great pride in providing aggressive and informed representation to its clients in the pricing of securities.*

PFM will also help the District through the other aspects of pricing including developing the right designation policy, evaluating underwriter performance, communicating directly with investors, developing alternative structuring recommendations in real-time, etc. The District can be assured that the most timely, and relevant market information will be combined with the most in depth public power and water sector related information to produce the best pricing results.



POST ISSUANCE COMPLIANCE. PFM's affiliate, PFMAM, maintains a group that specializes in arbitrage rebate calculations and provides arbitrage rebate services. BondResource Partners, which is also part of The PFM Group, provides verification agent services. *PFM considers it our role as Financial Advisor to keep clients informed of important developments such as the SEC's "Municipalities Continuing Disclosure Cooperation Initiative" and to help clients work through the necessary steps to efficiently conduct business related to financial matters.* To that end, PFM also works with clients to review and advice on policies and procedures to insure post-issuance compliance.²

FINANCIAL MODELING, RATE STUDIES AND RATE MODELING. *PFM's District team is amply capable of maintaining and providing updates to the District on any new money or refunding transactions, and has significant experience with sophisticated financial plan and model development.* PFM has a dedicated Quantitative Strategies Group that can provide valuable resources to our core District team. The Quantitative Strategies Group has worked with other PFM teams to develop customized tools to address complex questions in changing market environments. The Quantitative Strategies Group has worked with PFM's Utility Group on numerous engagements, including development of a complex structured financial model for the Alaska Energy Authority's \$6 billion Susitna Watana Hydroelectric project and for Colorado Springs Utilities' long-term, 10-year financial plan. Additionally, the Quantitative Strategies Group constantly monitors the municipal market in order to stay abreast of new and emerging products and strategies. PFM's strong market presence places us at the forefront of the development and implementation of these tools and strategies for our clients.

² Services by PFMAM would be provided under a separate agreement.



NON-TRANSACTIONAL WORK

As mentioned, PFM's experience with clients is not limited to financing transactions alone. As a result of decades of experience as the premier financial advisory firm for utilities, PFM has developed a strong understanding of the water and power business and we have completed a number of interesting engagements, including the following.

- Feed-In-Tariff Study for the Los Angeles Department of Water and Power
- Extensive rates and charges study for the water wholesaler Southern Nevada Water Authority
- P3 Groundwater Treatment Facility Study for the Los Angeles Department of Water and Power
- Real Property Financial Management Policy for Riverside Public Utilities
- Review of Purchased Power Agreements for the Imperial Irrigation District
- Analysis of the impact of Purchased Power Agreements on financial statements and credit ratios for Colorado Springs Utilities
- Communication tower asset sale transaction for CPS Energy
- Sophisticated enterprise reserve study for Burbank Water and Power
- Multiple energy prepayment transactions with the Southern California Public Power Authority
- Gas field acquisition for Southern California Public Power Authority
- Gas prepayment transactions for the Salt River Project, Long Beach Gas and Oil and others
- Assist in establishing an entirely new power enterprise for the City of Boulder
- Create the inaugural power enterprise credit for the San Francisco Public Utilities Commission
- Develop a long-range financial planning for the Long Beach Water Department

PFM also has a dedicated Environmental Finance group which focuses on innovative finance applications for energy, energy efficiency, clean water, and public facility financings.



7. COST PROPOSAL

PFM proposes to provide the District with the most comprehensive financial advisory services available, and PFM will guarantee the availability of our core advisory team for Moulton Niguel. PFM will also make available professionals from our larger Public Utility Group, our Pricing Group, as well as other specialist areas (Structured Products, etc.) as needed for additional support.

RETAINER. PFM proposes to continue to provide ongoing financial services and support at the same retainer as we have for the past year at the same monthly fee of \$1,500 per month.

BOND TRANSACTION FEES. All work pertaining to the issuance of bonds will be covered with a fixed transaction fee as shown in the table below. This covers, and is not limited to, the planning work execution of the transaction and follow-on transaction related post-closing work related to the transaction. This fee also covers the incidental questions and requests which may or may not be related to a transaction and which may occur from time to time.

Fixed Rate Transactions

Par	Proposed Fee
Up to \$30 million	\$45,000
\$30 - \$100 million	\$55,000
Over \$100 million	\$70,000

These same fees would apply if Moulton Niguel were to pursue a variable rate transaction, including but not limited to, variable rate demand obligations, floating rate notes, and floating rate index bonds. In addition to the fees noted above, PFM would propose an additional \$15,000 to procure and negotiate bank facilities (e.g., letter of credit).

PFM's fee would be the same for competitive and negotiated sales.



Proposal for Financial Advisory Services

NON-TRANSACTION FEES. For general advisory work and special projects not related to a transaction, and that would necessitate significant work in excess of the retainer, such as the development of a financial model or project negotiations/development work, the District and PFM could negotiate a separate fixed fee arrangement or use the hourly rates shown here (PFM does not charge for administrative time logged by Senior Associates and Associates) or a single weighted hourly rate of \$300/per hour for all employees (excluding Senior Associates and Associates). To the extent necessary to provide a reasonable estimate of cost before work begins, PFM will work with the District to establish a budget based on the rates shown in the table, and utilize these rates for final project billing based on actual hours required for the task. Significant variance between estimate and final cost of greater than 10% will require added approvals and explanation prior to payment. PFM's hourly fees would be subject to a 2% annual escalation, except to the extent that CPI is less than 2% in which case annual escalation would be limited to CPI.

PFM Hourly Rates	
Managing Director	\$350
Director	\$325
Senior Managing Consultant	\$300
Senior Analyst	\$250
Analyst	\$225

ALL-INCLUSIVE MAXIMUM PRICE. The RFP requests an all-inclusive maximum price for services. As noted above, PFM would provide ongoing financial advisory services for a flat monthly retainer of \$1,500 over the life of the contract, and conduct transactions at the fixed fees noted above. As such, it is difficult to provide an "all-inclusive" price for the five years (including the two optional years). But – assuming that we would participate in three transactions over the five years and no special projects warranting additional work, the maximum all-in price would be \$170,000.

PFM never wants fees to be an obstacle to PFM being hired as the District's Municipal Advisor. We are willing to negotiate a mutually agreed-to fee that could better reflect the workload and complexity of a particular transaction or set of transactions and we are happy to discuss this proposal in greater detail with you and to provide any additional information.

EXPENSES

In addition to the professional fees, we request that we be reimbursed for all out-of-pocket expenses on an actual cost basis subject to any limitations which Moulton Niguel has established for consultants.

8. CONFLICT OF INTEREST STATEMENT

PFM does not have any current engagements that may interfere with our ability to provide independent and unbiased advice to the District, nor is there any litigation pending against our firm with respect to municipal security matters.

As an independent financial advisor registered with both the Securities and Exchange Commission and Municipal Securities Rulemaking Board, Public Financial Management, Inc. acts in accordance with a federal fiduciary duty to its clients. The firm maintains a regulatory compliance program focused on PFM's business activities and personnel in developing, maintaining, and monitoring firm compliance with corresponding policies, procedures and regulatory requirements regarding Municipal Advisors. Evidence of our registration is attached in as Appendix B.

9. INSURANCE

Please find, affixed as Appendix A, a copy of PFM's Insurance Statement. Turnaround time for certificates is generally 3-4 business days and a copy of the final agreement will be needed.

#5.

Revisions to Communication Facilities License Agreement Template and Program Policy/Procedures

October 17, 2016

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- Addition of decommissioning section
- Change to a fixed 4% escalation of annual rates
- Clarification of requirements to obtain approval from District for site improvements
- Enhanced site access and safety measures
- Adjustment in application fees for improvements
- Creation of a new Communications Facility License Agreement

These revisions to the policy, procedures, and license template were made to expedite the anticipated volume of agreement renewals from the various communication carriers.

DISCUSSION:

Following the adoption of Resolution No. 2015-29, District staff sent the new Agreement out for execution by the communication carriers that were due for site renewals. The carriers and their legal counsels responded with some revision requests and one policy change request.

Staff gathered the requested revisions in an effort to make any proposed changes at one time and finalize agreements efficiently in the future. All changes were independently reviewed by District Staff and Legal Counsel. With the proposed changes, District staff will be able to proceed with a template that is responsive to communication carrier industry standards and District requirements. The proposed revisions to the Communications Facility License Agreement are reflected in Attachment 1.

Multiple communication carriers have communicated to the District that it is not their policy to execute per annum fee increase greater than 2 percent. They are amenable to a 2 percent per annum fee increase, and may be willing to pay a higher upfront license fee in order to receive this consideration. District staff currently does not have the ability to negotiate on the 4 percent annual increase, as this amount is expressly stated in the policy. With this negotiation tool available, the District would preserve the same Net Present Value of the rent income over the length of the 10-year Agreement period, and be able to accommodate communication carrier's policy. In practice, if the annual percentage increase is decreased, the corresponding starting rent amount would increase in order to preserve the same net present value to the District. This would provide an additional tool for staff in the negotiation process.

Attachments:

1. Revised Appendix A of the Communications Facility License Agreement
2. Revised "2015 Communication Facilities License Program Policy and Procedures": Section 2, Paragraph 2, Item d.

Revisions to Communication Facilities License Agreement Template and Program Policy/Procedures

October 17, 2016

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ATTACHMENT 1

**MOULTON NIGUEL WATER DISTRICT
COMMUNICATIONS FACILITY LICENSE AGREEMENT
([CARRIER] [SITE])**

THIS LICENSE AGREEMENT (“License”) is made and entered into this _____ day of _____, 20____ (“Execution Date”) by and between **MOULTON NIGUEL WATER DISTRICT**, a California water district existing and operating pursuant to Division 13 of the California Water Code (“District”), and _____, a _____ (“Licensee”). District and Licensee are sometimes referred to in this License ~~Agreement~~ individually as “party” or jointly as “parties.” The term “License” used in herein means this License ~~Agreement~~ and any amendments to this License ~~Agreement~~ as may be executed between the parties in accordance with the terms herein.

RECITALS

District adopted a revised “Communications Facilities License Program - Policy and Procedures for Communications Facilities Licenses within Moulton Niguel Water District Properties” dated _____ November 2015 which was amended in _____ 2016 (the “Program”).

District is the owner of that certain real property located at [insert name of District site and address of site], as legally described in Exhibit “A” attached hereto (“Site”).

[ALTERNATIVE LANGUAGE FOR RENEWALS]

Licensee (or its predecessor in interest) entered into that certain [insert name of lease or license agreement] with District dated _____, _____ (“Original Agreement”), under which Licensee currently has installed and is operating Licensee’s federally licensed communications facility at the Site.

District and Licensee desire to enter into this new License to replace the Original Agreement.]

This License is being entered into by District and Licensee in accordance with the Program to allow Licensee use of designated portions of the Site, for the installation and operation of Licensee’s federally licensed Communications Facility (as defined and described under Section 1 hereof and **Exhibit B** hereto), such use to be consistent with the terms of the Program and this License.

LICENSE

Section 1. Non-exclusive License. Subject to the terms and conditions hereinafter set forth and the requirements of the Program, District grants Licensee a non-exclusive license to install, operate and maintain its Communications Facility, as particularly described in **Exhibit B** hereto, on a portion or portions of the Site as designated and approved by District. The ~~plot-site~~ plan attached as **Exhibit C** depicts the dimensions and approved location of the Communications Facility on the Site to be used by Licensee under this License (“Licensed Area”). The Licensed Area includes (i) designated space on ~~the~~ District’s existing surface infrastructure; (ii) approximately _____ square feet of designated

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surface ground space; and (iii) utility routes all as depicted in **Exhibit C**. Notwithstanding District's approval of Licensee's use of the Licensed Area of the Site, nothing in this License may be deemed to grant, convey, create, or vest in Licensee a real property interest in land, including any fee, leasehold interest, or easement. The term "Communications Facility" as used in this License shall include all antennas, facilities, structures and equipment and utilities that Licensee erects, installs and/or uses on or under the Site, as authorized and listed in **Exhibit B**, as may be modified from time to time in accordance with this License and the Program. In the event of a material conflict between the terms of this License and the Program (excluding Appendix A – Communications Facility License Agreement Template), the more stringent terms shall prevail.

Section 1B. Access License. The License granted hereunder includes non-exclusive ingress and egress to the Licensed Area, seven (7) days a week, twenty-four (24) hours a day, via foot or motor vehicle (but not including vehicles with more than ~~xxx-two~~ (2) axles/more than ~~xxx-twenty~~ (20) feet in length) via the access area delineated as such in **Exhibit C**, in order to install, operate, and maintain the Communications Facility. All access to the Licensed Area by Licensee shall be subject in each instance to the Program rules and regulations governing access, as well as any additional Site-specific rules from time to time in effect at the Site, of which District shall inform Licensee in writing. **[IF APPLICABLE INCLUDE]** Further, Licensee expressly acknowledges that District accesses the Site through District's existing access easement over third party property to the Site ("Access Easement"), and nothing herein shall be deemed to be a representation or warranty by District that its interest or other rights to use of the Access Easement is sufficient to permit its use for Licensee's purposes, and Licensee shall be deemed to gain only those rights to use as are properly in District and as District may have the undisputed right and power to give Licensee. Licensee assumes the risk of any challenge, claim, litigation or damage, asserted in connection with Licensee's use of the Access Easement for ingress and egress to the Site and releases District from any and all responsibility, claim, damage, related to or in connection with Licensee's use of the Access Easement. Licensee agrees to indemnify District in connection with Licensee's use of the Access Easement as set forth more specifically in Section 13 of this License **Agreement**. If ~~the~~ District's continued use of the Access Easement is challenged or threatened in any way by ~~the~~ Licensee's use of the Access Easement, upon notice from ~~the~~ District, ~~the~~ Licensee shall cease ingress and egress to the Site until such time as Licensee is able to obtain any necessary approvals, licenses or easements from the third party property owner at its sole cost and expense.]

Section 2. Permitted Use. Licensee may transmit and receive communication signals and install, operate and maintain the Communications Facility in the Licensed Area in accordance with the plotsite plan and dimension sketch of the Communications Facility in **Exhibit C** hereto, and the Program. Licensee may replace portions of its Communications Facility as part of Routine Maintenance (as defined in the Program) without ~~the~~ District's prior consent to the extent permitted by the Program. Licensee may not perform Non-Routine Maintenance (as defined in the Program) or install any other facilities or use any other equipment of any kind not otherwise described in **Exhibit B** and depicted on **Exhibit C** without ~~the~~ District's prior written consent which may be granted or denied in ~~the~~ District's sole discretion. Applications for consent will only be considered by District if submitted in accordance with the procedures and requirements of the Program. Licensee acknowledges that the primary purpose of

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the Site is to provide water and/or wastewater services to District’s customers, and Licensee’s use of the Site shall be subject to District’s paramount rights (“Paramount Rights”) to use the Site for any and all current and future uses necessary for District’s water or wastewater storage, conveyance or treatment purposes, including, but not limited to maintenance, repair, installation, construction, and replacement of any existing facilities or the construction or installation of any additional facilities or equipment, including additional subsurface and surface infrastructure. If District determines that Licensee is physically interfering with such use, District shall notify Licensee and Licensee shall cease such physical interference within twenty four (24) hours. In case of an emergency, District may take steps to eliminate such physical interference without prior notice to Licensee and Licensee shall reimburse District for any and all costs incurred to eliminate such physical interference.

Section 3. License Term; Option Period. This ~~License~~ shall be for a term of ten (10) years, referred to as the “License Term,” commencing on the Execution Date as defined above. Unless Licensee gives District written notice of its intention not to extend the License at least six (6) months prior to the end of the License Term, and pProvided Licensee is not in default under this License, Licensee shall ~~have an option (“Option”) to renew this License automatically be extended~~ upon the expiration of the License Term for one (1) additional five (5) year period (“Option Period”), subject to all terms and conditions of this License. ~~Licensee shall provide District with written notice of its intent to exercise the Option at least sixty (60) days prior to expiration of the License Term. If Licensee fails to provide timely notice, the Option expires on the date that is sixty (60) days prior to the expiration of the License Term and any use or occupation of the Site by Licensee after the expiration of the License Term shall be subject to Section 5 below.~~

Section 4. Annual License Fee; Increases; Late Payments. For the first year of the License Term, Licensee shall pay District the total sum of _____ Dollars (\$ _____) (“Annual License Fee”) not later than forty-five(45) days after the Execution Date. The Annual License Fee for subsequent years shall be payable annually in advance on the anniversary of the Execution Date, and shall increase annually during the License Term and the Option Period, effective as of each anniversary of the Execution Date, by an amount equal to four percent (4%) over the amount of the Annual License Fee in effect immediately prior to such increase. In addition, the Annual License Fee payable for the first year of the Option Period shall be increased by the amount (if any) which (i) the amount calculated by increasing the first Annual License Fee paid in the License Term by the increase in the Consumer Price Index (All Items, Base 1982-1984 = 100) as published by the United States Department of Labor, Bureau of Labor Statistics for All Urban Consumers for the Los Angeles-Riverside-Orange County (CPI-U) over the License Term as measured in the month three months prior to the expiration of the License Term exceeds (ii) [~~\$___insert the amount of the Annual License Fee payable for the first year of the Option Period as calculated using the 4% annual escalator~~]. The Annual License Fee shall be payable without offset or deduction by check sent to District's address specified below or to any other person or firm as District may, from time to time, designate in writing at least sixty (60) days in advance of any Annual License Fee due date. If, at any time, Licensee fails to make timely payment, interest shall accrue on the past due amount at the rate of one and one half percent (1 1/2%) per month or the maximum allowable by law, whichever is less, until paid in full. This right to collect interest is in

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addition to all rights of District to terminate this License for non-payment pursuant to Section 7A of this License.

Section 5. Holdover. If the Communications Facility or any part thereof is still on the Site, or Licensee is still conducting any activities or operations on the Site, or is otherwise using the Site without a written agreement with ~~the~~ District after expiration of the License Term, or, if applicable, the Option Period, such possession or use shall be deemed a holdover use under the same terms and conditions of this License, except that the Annual License Fee shall be one hundred fifty percent (150%) of the Annual License Fee in effect at the expiration of the License Term or, if applicable, the Option Period, and shall be payable in advance in equal monthly installments. Nothing contained herein shall grant Licensee the right to holdover after the expiration of the License Term or, if applicable, the Option Period and notwithstanding the payment of ~~rent-license fees~~ during the holdover period, District shall have the right to require Licensee to vacate the Site at any time upon thirty (30) days written notice..

Section 6. Temporary Relocation. Licensee understands and agrees that from time to time during the License Term and/or the Option Period, District may require Licensee to remove and/or relocate all or portions of the Communications Facility from the Licensed Area temporarily at Licensee's expense in order for District to exercise its Paramount Rights at the Site. District shall use its best efforts to give Licensee at least sixty (60) days prior written notice of the necessity to relocate the Communications Facility for the temporary period, and will use good faith efforts to provide temporary space at the Site, or another mutually acceptable District location for such temporary relocation; provided Licensee is not in default under this License. Licensee shall be responsible at its cost for obtaining any necessary permits and otherwise complying with all laws, permits, and other rules and regulations of any public entity applicable in connection with the temporary relocation of its Communications Facility. Licensee acknowledges that in case of emergency (as determined by District in its sole discretion), the notice period for temporary relocation may be shortened. Notwithstanding any relocation or any shortened notice period, the License shall continue without abatement of the Annual License Fee unless District is unable to provide space for temporary relocation and as a result Licensee is required to cease to operate its Communications Facility for a period of more than fourteen (14) days in which event Licensee shall be entitled to an abatement of the Annual License Fee equivalent to the number of full days in excess of fourteen (14) days during which Licensee was unable to operate its Communications Facility multiplied by 1/365 of the Annual License Fee applicable during such period. ~~The~~ District will calculate and refund such abatement amount within sixty (60) days after the end of the temporary relocation period.

At the end of the temporary relocation period, Licensee shall at its cost return the relocated Communications Facility to the Licensed Area, unless the parties mutually agree that the Communications Facility may remain at the temporary location in which case the parties shall memorialize such agreement by an amendment to this License. Licensee shall have a right to terminate this License upon thirty (30) days prior written notice to District if any temporary relocation exceeds ninety (90) days, or if ~~the~~ District requires Licensee to relocate the Communications Facility more than one (1) time during the License Term, or more than one (1) time during the Option Period. If the License is terminated for such reason, ~~the~~ District shall refund unused months of the Annual License Fee on a

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proportionate basis, but Licensee shall not be entitled to reimbursement or payment by District of any further expenses or costs it may incur by reason of its election to terminate this License hereunder.

Section 7A. District’s Termination. In addition to other rights of termination and revocation ~~the~~ District has under this License, District may terminate and revoke this License prior to expiration of the License Term or Option Period, if applicable, in any of the following circumstances:

- (a) By giving Licensee twelve (12) months prior written notice, if District determines in its sole discretion that the Licensed Area is necessary for the exercise of its Paramount Rights at the Site or ~~the~~ District decides to sell or otherwise dispose of its fee ownership of the Site. Upon notice of termination and revocation under this subsection (a), District shall make a good faith effort to permit Licensee to relocate the Communications Facility to another of District’s sites prior to termination of the License, provided Licensee fully complies with the Program as to such relocated site and assumes all costs of any such relocation.
- (b) By giving Licensee sixty (60) days prior written notice, if Licensee fails to maintain and repair the Communications Facility according to the requirements of the License and the Program and fails to cure such non-compliance in response to any District request for such repairs within thirty (30) days or within such shorter~~the~~ time specified by District in such written request. Further, if ~~the~~ District in its sole discretion determines that the Communications Facility is in a state of disrepair which imminently endangers the health and safety of District employees and other users of the Site, District may terminate the License and take steps to address the situation immediately without prior notice to Licensee, provided that District shall thereafter notify Licensee of the situation, and Licensee shall reimburse District for any and all its actual costs incurred to take such action.
- (c) If Licensee fails to pay the Annual License Fee when due, District may, after giving ten (10) days prior written notice to Licensee terminate and revoke this License and seek other remedies, as appropriate, under the laws of the State of California, unless Licensee cures such default by payment of the Annual License Fee and accrued interest charges within such notice period.
- (d) If Licensee fails to perform or observe any of the other material terms or conditions of this License, which the parties agree include but are not limited to Sections 2, 8, 10, 11, 12 and 13, District may, after giving thirty (30) days prior written notice to Licensee terminate and revoke this License and seek other remedies, as appropriate, under the laws of the State, unless Licensee cures such default within such notice period.

The parties agree that it is presumed that any termination and revocation is exercised in good faith, in accordance with the terms hereof, and in a fair and reasonable manner. In the event Licensee disputes District’s right to terminate or revoke this License in any proceeding, action, or otherwise,

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Licensee has the burden of proving District has breached the terms hereof, or that District has not exercised termination and revocation rights in good faith, fairly or in a reasonable manner.

Section 7B. Licensee's Limited Termination Right. It is understood and agreed that Licensee's ability to use the Site is contingent upon Licensee continually maintaining in full force and effect, after the Execution Date, all the certificates, permits, and other approvals that are required by any federal, ~~S~~state, or local authorities. In the event that any certificate, permit, license, or approval issued to Licensee is canceled, expires, lapses, or is otherwise withdrawn or terminated by any governmental authority so that Licensee is unable to use the Site for its intended purposes, ~~the~~ Licensee may terminate this License upon ninety (90) days written notice to District, except that those terms that by their nature survive termination such as Licensee's obligations to remove the Communications Facility and restore the Site, and the indemnity obligation shall survive in accordance with the terms of this License.

Section 8. Licensee's Installation, Ownership, Operation and Maintenance of Facilities; FCC Regulations, Emissions Testing, Compliance with Law.

- (a) Licensee shall install, construct and maintain the Communications Facility in accordance with this License, and the terms of the Program that set forth specific requirements for such installation and work on the Site.
- (b) It is expressly understood and agreed that any and all fixtures and equipment of whatsoever nature at any time constructed or placed on the Site by Licensee shall be and remain the personal property of Licensee. Licensee shall have the right at any time during the License Term, and the Option Period, if applicable, to remove any and all fixtures and equipment owned or placed by Licensee in, under, or upon the Licensed Area.
- (c) Licensee, at Licensee's cost and expense shall keep and maintain, or cause to be kept and maintained, the Communications Facility in a state of good appearance and repair, reasonable wear and tear excepted. Licensee shall pay, when due, all claims for labor or materials furnished to or for Licensee for the use on the Licensed Area which claims are or may be secured by any mechanic's or materialmen's liens against the Communications Facility, or the Licensed Area, or any interest of Licensee therein. Licensee agrees that District has no greater obligation to repair and maintain the Site due to Licensee's presence at the Site than it would have in the ordinary course of its business, and District has no obligation to repair or maintain the Licensed Area, or the Communications Facility.
- (d) Licensee shall, at its own cost, protect, replace and provide any landscaping required in its permits to shield the Communications Facility on the Site and shall promptly replace any District landscaping damaged by Licensee's activities consistent with the requirements of the Program.

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- (e) Licensee shall have a separate meter installed for Licensee's electrical power consumption, whereupon Licensee shall be solely responsible for payment of all utilities costs.
- (g) Upon completion of the installation of the Communications Facility, Licensee shall arrange for a Radio Frequency ("RF") emissions test to be performed by a Federal Communications Commission ("FCC")-certified third party reasonably approved by District, in accordance with FCC Rregulations, which results shall be provided to District in a written report including the monitoring results, if applicable, prior to commencement of any operations or use of the Communications Facility by Licensee. Licensee shall be responsible for all costs of the RF test, the written report and the monitoring results. During the License Term and Option Period if applicable, Licensee shall conduct all RF tests or other emissions tests as required by FCC Rregulations and shall provide all results to District within thirty (30) days of completion in a written report. All RF test results shall meet FCC Rregulations and emissions exposure limits. If results indicate RF emissions exceed the applicable FCC exposure limits or fail to meet applicable FCC standards, such failure shall be a material breach of this License, and subject the License to termination and revocation procedures pursuant to Section 7A.
- (h) In addition to compliance with specific laws otherwise described in this License , Licensee shall comply, and will ensure that its contractors and representatives will comply, with all regulations and requirements of the Federal Communications Commission and the California Public Utilities Commission, and all other local, Sstate and federal laws, ordinances, rules and regulations, including health and safety requirements, pertaining to the construction, installation, operation and maintenance of the Communications Facility and work on the Site during the License Term and Option Period, and in conjunction with any activities undertaken on the Site by Licensee either prior to the Execution Date, or after expiration of this License. Requirements of the Occupational Safety and Health Administration (OSHA) shall be adhered to at all times during any activities on the Site by Licensee and its contractors or other representatives. The Licensee shall have a safety and injury prevention program in place for the construction, installation, operation and maintenance of the Communications Facility and work on the Site, if required by laws or regulations. If required by law or regulation, a copy of any such program shall be on the Site at all times.

Section 9. Removal/Restoration/Bond. Licensee shall remove all of the Communications Facility at its sole expense upon the expiration or earlier termination of the License. Licensee shall repair any damage to the Licensed Area caused by such removal and shall return the Licensed Area to the condition which existed before the Execution Date, reasonable wear and tear excepted. On or before the Execution Date, Licensee shall obtain a faithful performance bond, in the amount of [*amount to be determined based on two quotes for removal costs obtained by Licensee*] Thousand Dollars (\$XX,000.00), from a bond company duly licensed to do business in California in favor of District (the "Bond"). The Bond shall secure Licensee's removal of its equipment from the Licensed Area following the expiration

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or earlier termination of the License, and shall be maintained in force by Licensee throughout the License Term and Option Period if applicable. Licensee agrees to deliver to District a copy of the Bond prior to commencement of construction activities on the Licensed Area (or if the License is a renewal for a previously constructed facility, prior to full execution of the License). Prior to the commencement of any Option Period, District and Licensee shall review the amount of the Bond to assess whether the amount of the Bond is reasonably sufficient to cover then current removal and restoration costs. If it is reasonably determined to be insufficient, Licensee shall obtain and maintain in force a Bond for such additional amount that District reasonably determines to be sufficient.

Section 10. Prior Communications Facilities on Site, District Communications Systems; Non-interference .

- (a) Licensee acknowledges and understands that the communications facilities providers listed in **Exhibit D** hereto (referred to as the “Prior User(s)”) has(ve) entered into an agreement(s) (the “Prior Use Agreement(s)”) with District, pursuant to which the Prior User(s) has(ve) been permitted to install and operate communications equipment on the Site. Licensee represents and warrants that prior to the execution of this License, Licensee has determined that the Prior Users present no material interference with Licensee’s intended use within the Licensed Area.
- (b) Licensee shall operate the Communications Facility in a manner that will not cause harmful interference to (i) any communications equipment operated and/or owned by ~~the~~ District within the service territory of District as of the Effective Date, or (ii) any communications equipment operated and/or owned by the Prior User(s) as of the Effective Date, provided that the Prior User(s) operates its communications equipment in accordance with the terms of the Prior Use Agreement(s). If ~~the~~ Licensee’s Communications Facility causes harmful interference to the communications equipment operated and/or owned by District under (i) above or the Prior User(s) under (ii) above, Licensee will take all steps necessary to correct and eliminate the interference, including but not limited to, at Licensee’s option, powering down such equipment and later powering up such equipment for intermittent testing. If such interference cannot be corrected or powered down within two (2) days after Licensee is advised of such interference, District may require that Licensee cease (or cause the cessation of) operation of the interfering equipment until such interference can be so corrected at which time the operation of such equipment may resume.–
- (c) Licensee further acknowledges that District assumes no risk or liability for any interference with Licensee’s use of the Site which results from the operation of communications equipment on the Site by the Prior User(s) under the Prior Use Agreement(s) and agrees that District shall be held harmless from claims due to any such interference, pursuant to the indemnification terms set forth in Section 13 herein.

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- (d) District reserves the right to license other portions of the Site to third parties during the License Term and Option Period, if applicable of this License. Subsequent to the installation of the Communications Facility, District will not knowingly permit the installation of new equipment on the Site if such equipment will cause harmful interference with the Communications Facility. If any such harmful interference occurs, Licensee shall use its best efforts to resolve the interference issues in cooperation with the owner and operator of the new equipment without involving District personnel. If any such subsequent users cannot correct such harmful interference within ten (10) business days of Licensee’s written notification thereof to District, Licensee may terminate this License upon sixty (60) days written notice to District and obtain a refund of prepaid unused amounts of the Annual License Fee, or seek injunctive or other legal relief against/from such subsequent users. The refund shall be Licensee’s sole and exclusive remedy and recovery as against District, and Licensee hereby waives any other rights or remedies it may have at law or in equity against District related thereto. The parties recognize and agree that it is the intention of this Section 10 that District not become embroiled in any disputes or proceedings between Licensee and subsequent users, and/or expend funds as a result thereof; therefore, Licensee agrees to pay all of District’s costs and attorney’s fees that may be incurred by District related to any disputes or proceedings between Licensee and subsequent users.

Accordingly, ~~Licensee-District~~ agrees that any other person or entity who may install equipment subsequent to the Execution Date in and/or on the Site will be permitted to install only such communications equipment that is of the type and frequency that will not cause any interference to Licensee or persons or entities claiming through or under Licensee. In the event any such person or entity's equipment causes such interference, District will cause the interfering party to take all steps necessary to correct and eliminate the interference or such interfering party will be required to cease operations until such interference is removed.

- (e) Nothing contained in this Section 10 or elsewhere in this License is intended to confer any rights or remedies under, or by reason of this License on, or waive any claims against, or adversely affect any rights of, any person or entity other than the parties hereto.

Section 11. Environmental.

- (a) For purposes of this License, the term “Hazardous Substances” means: (a) any substance, products, waste, or other material of any nature whatsoever which is or becomes listed, regulated, or addressed pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 United States Code Section 9601 et seq.; the Resources Conservation and Recovery Act, 42 United States Code Section 6901 et seq.; the Hazardous Materials Transportation Conservation and Recovery Act, 42 United States Code Section 1801 et seq.; the Clean Water Act, 33

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United States Code Section 1251 et seq.; the Toxic Substances Control Act, 15 United States Code Section 2601 et seq.; the California Hazardous Waste Control Act, Health and Safety Code Section 25100 et seq.; the Hazardous Substance Account Act, Health and Safety Code Section 25330 et seq.; the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code Section 25249.5 et seq.; California Health and Safety Code Section 25280 et seq. (Underground Storage of Hazardous Substances); the California Hazardous Waste Management Act, Health and Safety Code Section 25170.1 et seq.; California Health and Safety Code Section 25501 et seq. (Hazardous Materials Release Response Plans and Inventory); or the California Porter-Cologne Water Quality Control Act, Water Code Section 13000 et seq., all as amended ~~(the above cited California state statutes are hereinafter collectively referred to as the "State Toxic Substances Law")~~; or any other federal, state, or local statute, law, ordinance, resolution, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance, now or at any time hereinafter in effect; (b) any substance, product, waste or other material of any nature whatsoever which may give rise to liability under any of the above statutes or under any statutory or common law theory based on negligence, trespass, intentional tort, nuisance or strict liability or under any reported decisions of a state or federal court; (c) petroleum or crude oil, other than petroleum and petroleum products which are contained within regularly operated motor vehicles; and (d) asbestos.

- (b) Except as otherwise specifically permitted under the terms of this License, Licensee shall not use, create, generate, store, deposit, dispose of or allow any Hazardous Substances on, under, about or within the Premises-Site or Licensed Land-Area in violation of any federal, state, or local law, rule, regulation, order, decree or other requirement listed in this Section 11. ~~Storage of~~ Batteries for emergency power and fuel for temporary generators during power outages may only be used or stored on-site with the prior written approval of District. On site use, but not storage, of ordinary paints, solvents and similar substances commonly used in small quantities and necessary for maintenance of ~~the~~ Licensee's Communications Facilityies are excepted from the preceding prohibition of use by Licensee of Hazardous Substances on the Licensed Area and the Site, so long as Licensee complies with all applicable federal, state and local laws rules and regulations governing the use of such items.
- (c) No permanent underground or above ground storage tanks shall be installed on Licensed Area.
- (d) District or its officers, employees, contractors, or agents shall at all times have the right to go upon and visually inspect the Licensed Area and the operations conducted thereon to assure compliance with the requirements herein stated. This inspection may also include taking samples for chemical analysis of substances and materials present and/or testing soils on the Licensed Area and taking photographs. Except in case of emergency,

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District will not take samples or test soils on the Licensed Area without providing Licensee with notice and the opportunity to have a representative present.

- (e) Licensee shall, within forty-eight (48) hours of the discovery by Licensee of the presence of, or believed presence of, a Hazardous Substance as defined herein, give written notice to District in the event that Licensee knows or has reasonable cause to believe that any release of Hazardous Substance has come or will come to be located on, under, about or within the Licensed Area. The failure to disclose in a timely manner the release of a Hazardous Substance by Licensee, including but not limited to, an amount which is required to be reported to a state or local agency pursuant to law (e.g., California’s Hazardous Materials Storage and Emergency Response Act, Health and Safety Code Section 25550 et seq.) shall be grounds for termination of this License by District in addition to actual damages and other remedies provided by law. –Licensee shall immediately clean up and completely remove all Hazardous Substances placed by Licensee on, under, about or within the Licensed Area or the Site, in a manner that is in all respects safe and in accordance with all applicable laws, rules and regulations.
- (f) In the event Hazardous Substances are discovered, Licensee shall disclose to District the specific information regarding Licensee’s discovery of any Hazardous Substances placed on, under, about or within the Licensed Area or the Site by Licensee, and provide written documentation of its safe and legal disposal.
- (g) Breach of any of these covenants, terms, and conditions, and Licensee’s failure to cure within thirty (30) days of Licensee’s receipt of written notice from District, shall give District the authority to either immediately terminate this License or to shut down Licensee’s operations thereon, at the sole discretion of District. In either case, Licensee will continue to be liable under this License to remove and mitigate all Hazardous Substances placed by Licensee on, under, about or within the Licensed Area or the Site. Licensee shall be responsible for, and bear the entire cost of removal and disposal of, all Hazardous Substances introduced to the Licensed Area or the Site by Licensee during Licensee’s period of use and possession of the Licensed Area. Upon termination of this License, Licensee shall, in accordance with all laws, remove from the Licensed Area any equipment or improvements placed on the Licensed Area by Licensee that may be contaminated by Hazardous Substances.

Section 12. Insurance. Licensee agrees to maintain in full force and effect a suitable policy or policies of Commercial General Liability insurance throughout the duration of the license. Such insurance shall be in amounts of not less than \$5,000,000 per occurrence. If a general aggregate limit is used, either the general aggregate limit shall apply separately to the Communications Facility and Site (with the ISO CG 2501 or insurer’s equivalent endorsement provided to District), or the general aggregate limit shall be twice the required occurrence limit of \$5,000,000. Coverage shall ~~be broad enough to insure the indemnity obligation set forth in this license under Section 13~~ include contractual liability coverage. Licensee also agrees to maintain in full force and effect Automobile Liability coverage

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(equivalent in coverage to ISO form CA 00 01) of not less than \$1,000,000 combined single limit, each accident, covering all owned, hired and non-owned autos; and, workers' compensation insurance and employer's liability insurance with respect to all employees, if any, engaged in the performance of work on the Site. Coverage must include a waiver of subrogation endorsement in favor of District.

All insurance required under this ~~lease~~ License shall be issued as a primary policy, ~~and contain an endorsement requiring Licensee shall provide at least~~ thirty (30) days written notice ~~from the insurer to both parties hereto~~ District beforeof cancellation or ~~change in~~ non renewal of any required coverage ~~that is not replaced, scope or amount of any policy.~~ District, its directors, officers, agents, employees, volunteers and consultants, shall be designated as additional named insureds by separate endorsement under the foregoing policies. Concurrently with the execution of this License Agreement and prior to installing the Communications Facility or any portion thereof on the Site, Licensee will provide District with a certificate(s) verifying such insurance and the terms described herein, as well as the additional insured and/or other specified endorsement(s), and shall provide proof of continuing insurance as required herein on an annual basis thereafter in conjunction with payment of the annual license fee. Licensee shall ensure, in accordance with the Program, that its contractors performing any installation of the Communications Facility, including modifications to the Communications Facility as applicable or other work on the Site, will provide insurance that satisfies the same terms and conditions set forth in this Section 12, in accordance with the Program, and shall ensure that all insurance certificates and endorsements are provided by its contractors.

Notwithstanding the foregoing, Licensee may self-insure any of the required insurance under the same terms as required by this License. In the event Licensee elects to self-insure its obligation under this License to include District as an additional insured, the following conditions apply: (i) District shall promptly provide Licensee with written notice of any claim, demand, lawsuit, or the like for which it seeks coverage pursuant to this Section and provide Licensee with copies of any demands, notices, summonses, or legal papers received in connection with such claim, demand, lawsuit, or the like; (ii) District shall not settle any such claim, demand, lawsuit, or the like without the prior written consent of Licensee; and (iii) District shall reasonably cooperate in the defense of the claim, demand, lawsuit, or the like.

Section 13. Indemnification. Licensee shall be responsible, and District shall not be answerable or accountable in any manner, for any loss or expense by reason of any damage or injury to person or property, or both, arising out of the acts of Licensee, its agents, officers, employees, or invitees (collectively with Licensee referred to in this Section 13 as "Licensee") resulting from Licensee's activities on the Site or on and over the Access Easement, the design or installation of the Communications Facility and any related equipment, including but not limited to razor ribbon, the operation, maintenance or removal of its Communications Facility, any harmful interference caused by Licensee which interferes with the ability of the Prior Users to operate their communications equipment in accordance with the terms of the Prior Use Agreements, and, any other use of and operations on the Site or the Access Easement by Licensee, or otherwise pursuant to this License.

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To the fullest extent permitted by law, Licensee shall indemnify and defend (using counsel reasonably satisfactory to District) District and its directors, officers, agents, employees, contractors, volunteers, and invitees (collectively with District referred to as “District” in this Section 13) against and will hold and save them and each of them harmless from any and all actions, claims, damages to persons or property, penalties, fines, attorney’s fees, administrative and judicial proceedings and orders, judgments, obligations or liabilities, and all costs and expenses incurred in connection therewith, including attorneys’ fees and costs of defense (~~collectively, the “Losses”~~) arising from, resulting from or caused by Licensee’s activities undertaken pursuant to this ~~Agreement–License~~ including activities undertaken by its employees, officers, agents and contractors, whether or not there is concurrent passive negligence on the part of District, except to the extent that such claim is proximately caused by the active negligence or willful misconduct of District or its officers, agents, employees, contractors or subcontractors who are directly responsible to District. Licensee’s obligation to indemnify shall not be restricted to insurance proceeds, if any, received by ~~the~~ Licensee or District.

Licensee’s indemnification obligation hereunder and the provisions of this Section 13 shall survive any termination, revocation, expiration, or assignment of this License.

Section 14. Dispute Resolution

- (a) Dispute Resolution Process. Except for any claim, controversy or dispute that is subject to the jurisdiction of the FCC, including interference, electromagnetic spectrum or licensed operation of wireess services, Any claim, controversy, or dispute arising out of or relating to this License, or to the threatened, alleged, or actual breach thereof by any party, shall be resolved exclusively as set forth in this Section 14.
- (b) Invocation. Subject to the requirements of sub-sections (c) and (d) below, the resolution procedures shall be invoked when a party sends a written notice to the other party following the occurrence of any claim, controversy, or dispute arising out of or relating to this License, or to the threatened, alleged, or actual breach thereof. The notice shall describe the nature of the dispute and the party’s position with respect to such dispute.
- (c) Field/Technical Representatives. Prior to invoking resolution procedures, the parties shall expeditiously schedule consultations or a meeting between field/technical representatives designated by each party in an effort to resolve the dispute informally.
- (d) Reference to Management Representatives. If the field/technical representatives appointed by each party are unable to resolve the dispute within fifteen (15) days, the management representatives designated by each party shall attempt to resolve such dispute through consultation and negotiation, within thirty (30) days (or such longer period as mutually agreed by the parties). The management representatives may request the assistance of an independent mediator if they believe that such a mediator would be of assistance to the efficient resolution of the dispute. Unless otherwise agreed, the cost of the mediator will be shared equally by the parties.

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- (e) ~~Binding~~ Arbitration. If the management representatives cannot resolve the dispute as set forth herein, the matter ~~shall may~~ be resolved by ~~binding~~ arbitration in the County of Orange, California, pursuant to the rules of Judicial Arbitration and Mediation Services (“JAMS”), as amended or as augmented in this ~~Agreement License~~ (the “Rules”). Arbitration shall be initiated as provided by the Rules, although the written notice to the other party initiating arbitration shall also include a description of the claim(s) asserted and the facts upon which the claim(s) are based. ~~Arbitration shall be final and binding upon the parties and shall be the exclusive remedy for all claims subject hereto, including any award of attorney’s fees and costs. Either party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award.~~ All disputes shall be decided by a single arbitrator. The arbitrator shall be selected by mutual agreement of the parties within thirty (30) days of the effective date of the notice initiating the arbitration. If the parties cannot agree on an arbitrator, then the complaining party shall notify JAMS and request selection of an arbitrator in accordance with the Rules. The arbitrator shall have only such authority to award equitable relief, damages, costs, and fees as a court would have for the particular claim(s) asserted. In no event shall the arbitrator award punitive damages of any kind. The parties acknowledge that one of the purposes of utilizing arbitration is to avoid lengthy and expensive discovery and allow for prompt resolution of the dispute. The arbitrator shall have the power to limit or deny a request for documents or a deposition if the arbitrator determines that the request exceeds those matters which are directly relevant to the claims in controversy. The document demand and response shall conform to Code of Civil Procedure section 1282.6. The deposition notice shall conform to Code of Civil Procedure section 1283. The parties may make a motion for protective order or motion to compel before the arbitrator with regard to the discovery, as provided in Code of Civil Procedure. Notwithstanding the election by the parties to arbitrate their disputes, nothing contained herein shall prevent a party from filing an action in a court of competent jurisdiction to seek any form of equitable remedy or relief.

Section 15. Program Fees. If not already paid by Licensee to District under the Program requirements, then concurrently with the execution of this License ~~Agreement~~, ~~Licensee~~ shall pay to ~~Lessor District~~ the applicable fees set forth under the terms of the Program.

Section 16. Entire Agreement; Amendment. This License ~~Agreement~~ constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and agreements made prior to the date hereof. In the event there is an existing lease or license between Licensee (or its predecessor-in-interest) and District covering the ~~Licensed Area~~, it is agreed and understood that this License shall cancel, supersede and terminate said prior lease or license as of the Execution Date of this License. This License may not be modified except in a writing executed by both parties.

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Section 17. Paragraph Heading and Construction. The section headings contained in this License shall not be considered to be a part hereof for purposes of interpreting or applying this License, but are for convenience only.

Section 18. Governing Law/Venue. This License shall be governed by and construed in accordance with the laws of the State of California without regard to its conflicts of laws rules. Any lawsuit brought in connection with this License (as may be permitted hereunder) shall be brought in the appropriate court of the County of Orange, California and the parties agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure section 394.

Section 19. Binding on Successors; No Third Party Beneficiaries. This License, and all of the provisions hereof, shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns. No customer, other person or entity other than the parties shall be deemed to be a third party beneficiary hereof, and nothing in this License, either express or implied, is intended to confer upon any customer or other person or entity, other than the parties and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this License.

Section 20. Independent Contractors. Licensee’s contractors, agents and representatives are independent contractors of Licensee, and are not employees or independent contractors of ~~the~~ District while on the Site, or while engaged in any work on the Site, including the construction, installation, maintenance or operation of the Communications Facility.

Section 21. Limited Assignment/ No Sub-licensing.

- (a) This License, or the license interest of Licensee in the Site, shall not be assigned by Licensee except with the prior written consent of District which consent may be withheld in the ~~Licensor~~District’s sole discretion, notwithstanding sections 1995.260 and 1995.270 of the California Civil Code, and as they may be amended, or as allowed under subsection (b) hereof.
- (b) Licensee may, without District’s consent but upon at least sixty (60) days prior written notice to District, from time to time assign this License in its entirety (i) to any entity which has, directly or indirectly, a fifty-one percent (51%) or greater interest in Licensee (a “Parent”), or to any entity in which Licensee or a Parent has a fifty-one percent (51%) or greater interest ~~(an “Affiliate”)~~. Any such assignment shall not be effective unless and until the assignee executes and delivers to District a written assumption of all Licensee’s obligations under this License.
- (c) ~~Subs~~-licensing is strictly prohibited.
- (d) Any attempted or unauthorized assignment or sub-license shall be void and shall be cause for immediate termination of this License by District. The acceptance of Annual License Fees by District from any person other than Licensee or an authorized assignee

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shall not be deemed to be a waiver by District of any provision hereof. Consent to one assignment shall not be deemed consent to any subsequent assignment.

- (e) Applications for consent to assignments shall be submitted to ~~the~~ District in accordance with the requirements set out in the Program.

Section 22. Waiver of District's Lien. ~~Subject to Licensee's obligations otherwise set forth in this License,~~ District waives any lien rights it may have concerning the Communications Facility which ~~are is~~ deemed Licensee's personal property and not fixtures, and Licensee has the right to remove the same at any time without District's consent.

Section 23. Attorneys' Fees. Should either party ~~be compelled to~~ institute arbitration or legal or other proceedings against the other for or on account of its failure or refusal to perform or fulfill any of the covenants or conditions of this License on its part to be performed or fulfilled, then the prevailing party in such action or proceeding shall receive from the other party attorney's fees and costs as adjudged reasonable by the arbitrator, or court.

Section 24. Notice. ~~All~~ notices, requests, ~~information or other document and demands hereunder will~~ be given ~~hereunder in writing by first class, certified or registered mail, return receipt requested, or by a nationally recognized overnight courier, postage prepaid, to any of the parties by any other parties shall be in writing and shall be deemed to be effective when properly sent and received, refused or returned undelivered, given and served upon delivery, if delivered personally, or three (3) days after mailing if sent by certified mail, postage prepaid,~~ Notices, requests and demands will be addressed to the parties as follows:

If to Licensee:

If to ~~Licensee~~ District:
Moulton Niguel Water District
~~27500 La Paz Road~~ 26161 Gordon Road
Laguna ~~Niguel Hills~~, CA 92653-77

Attn: _____

Attn.: Director of Engineering & Operations

With a copy to:

Attn: _____

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Either party may change the address or persons to which notices are to be sent to it by giving thirty (30) days' prior~~the~~ written notice of that such change ~~of address or persons~~ to the other party in the manner provided ~~for giving notice herein~~.

Section 25. Counterparts. This License may be executed in counterparts, each of which shall be deemed to be an original.

Section 26. Representations and Warranties.

- (a) Each party represents and warrants that this License constitutes a legal, valid and binding obligation of such party, and is enforceable against such party in accordance with the terms set forth in the License.
- (b) Licensee represents and warrants that it has received a complete copy of the Program from District, has read and understood the requirements of the Program, and is able to and will fully comply with the Program and the terms of this License, in connection with the Communications Facility, and in the exercise of its rights and obligations under this License.
- (c) Licensee acknowledges and agrees that the Program may be revised from time to time by ~~the~~ District, and provided that: (i) Licensee is given written notice by District in accordance with Section 24 that proposed changes or revisions to the Program are agendaized for action by District's Board of Directors at an upcoming meeting; and (ii) Licensee is given written notice by District in accordance with Section 24 that revisions to the Program were adopted by District's Board of Directors at such meeting, all changes or revisions to the Program (except for Appendix A – Communications Facility License Agreement Template) will automatically apply to this License upon the provision of the notice in (ii) above ~~written notice of the revised Program by District in accordance with Section 24,~~ without the need for any formal amendment of this License.
- (d) Licensee acknowledges and agrees that Licensee is not entitled to relocation assistance, or any other benefits under the Uniform Relocation Assistance Act, or any other applicable provision of law upon termination of this License.

Section 27. NO WARRANTY

LICENSEE'S RIGHT TO USE THE LICENSED AREA, DISTRICT IMPROVEMENTS AND THE SITE IS STRICTLY ON AN "AS IS" BASIS WITH ALL FAULTS. DISTRICT MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND AS TO THE PRESENT OR FUTURE CONDITION OF OR SUITABILITY OF THE SITE, DISTRICT IMPROVEMENTS OR THE LICENSED AREA FOR LICENSEE'S USE AND DISCLAIMS ANY AND ALL WARRANTIES EXPRESS OR IMPLIED WITH RESPECT TO THE PHYSICAL, STRUCTURAL, OR ENVIRONMENTAL CONDITION OF THE SITE, DISTRICT IMPROVEMENTS, AND LICENSED AREA AND THE MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. LICENSEE IS SOLELY RESPONSIBLE FOR

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INVESTIGATION AND DETERMINATION OF THE CONDITION AND SUITABILITY OF THE SITE, DISTRICT IMPROVEMENTS, AND LICENSED AREA FOR LICENSEE’S INTENDED USE.

Section 28 Taxes. District hereby provides notice pursuant to California Revenue and Taxation Code Section 107.6, and Licensee acknowledges that this License may create a possessory interest and Licensee may be subject to property taxes levied on such interest, as described in California Revenue and Taxation Code Section 107. Licensee shall pay, when due, all real and personal property taxes, fees and assessments, assessed against the Licensed Area and the Communications Facility.

Section 29. Time. Time is of the essence of this License.

Section 30 Survival. All terms that by their nature should survive termination of this License shall survive, including but not limited to payment of amounts owed and indemnification obligations.

Section 31. The following exhibits are incorporated in this License ~~Agreement~~:

- Exhibit A** Site- Legal Description
- Exhibit B** Description - Communications Facility (~~e~~Equipment ~~L~~ist)
- Exhibit C** Licensed Area (~~Site Plan~~urvey & ~~Design~~ Drawings)
- Exhibit D** List of Prior User(s)

Section 32. Binding Authority/Authorized Representatives. Each of the parties represents and warrants that it has the full right, power, legal capacity, and authority to enter into and perform its obligations hereunder and that those obligations will be binding upon that party without the approval or consent of any other person or entity. Each person executing this License ~~Agreement~~ represents and warrants he/she has been duly authorized to execute the same.

IN WITNESS WHEREOF, the parties hereto have executed this License ~~Agreement~~ as of the day and year first written above.

“District”:

“Licensee”:

MOULTON NIGUEL WATER DISTRICT

By: _____

By: _____

General Manager

Title: _____

ATTACHMENT 2



Communication Facilities License Program
Policy and Procedures
for
Communication Facilities Licenses
within
Moulton Niguel Water District Properties

November 2015

2. License Agreements and Amendments

1. All new applications for communications facilities shall be authorized in substantially the form of the Communications Facility License Agreement attached in Appendix A.
2. Key terms of the license agreement in Appendix A include:
 - a. The license term shall be for ten (10) years, and at the option of applicant for an additional five (5) year period (fifteen (15) years aggregate) provided Licensee is not currently in default under the License Agreement.
 - b. The license fee amount for the ten (10) year license period shall be negotiated between the District and the licensee and is payable in advance in annual payments. Payment schedule for license fees is listed in the Agreement in Appendix A.
 - c. Annual license fees shall begin immediately and be payable within 45 days of license agreement or amendment execution.
 - d. License fee amounts will be subject to an automatic yearly increase equal to 4 percent per annum during the ten (10) year license period and during any option period, as applicable. [General Manager, or their designee, may negotiate other annual percentage increase rates at the time of Agreement execution, so long as the starting rent amount and the annual percentage increase equate to an equivalent net-present-value as the previously determined license fee at a 4 percent per annum increase.](#) In addition, if applicable, a one-time catch-up inflation adjustment shall be made for the first year of the option period based on the consumer price index as described in Section 4 of the license agreement.
 - e. Should the agreement lapse, the District shall charge a holdover fee of 150% of the then current monthly fee rate.
3. The Board of Directors may delegate authority individually to the General Manager Assistant General Manager, and the Director of Engineering & Operations, or their designees, to review all license applications and negotiate all licenses and amendments, including determination of annual license fees, in accordance with the terms and conditions of this Program, and may delegate authority individually to the General Manager Assistant



moulton niguel water district
STAFF REPORT

TO: Board of Directors **MEETING DATE:** October 17, 2016

FROM: Matt Collings, Assistant General Manager
 Medha Patel, Communications Coordinator

SUBJECT: Amendment to the Communication/Outreach Consulting Services Agreement – Orange Label

DIVISION: District-Wide

SUMMARY:

Issue: Consulting services are required to provide strategic outreach and marketing services on behalf of the District.

Recommendation: It is recommended that the Board of Directors approve Amendment No. 3 to the Consulting Services Agreement with Orange Label for an amount not-to-exceed \$151,048 for a total contract amount of \$370,556; and authorize the General Manager to execute Amendment No. 3.

Fiscal Impact: Sufficient funds are included in the current Fiscal Year 2016-17 Operations Budget.

BACKGROUND:

The District has identified outreach and communication to our customers as a key initiative at the District's strategic planning session. The need for effective outreach programs continue to remain critical as the drought and statewide policy discussions continue.

The District entered into a contract with Orange Label on August 25, 2015 to develop a comprehensive marketing strategy and support the ongoing communication needs during the drought. The contract for those services included marketing strategy support, digital campaign development and brand research and positioning. A first amendment to that contract was executed in late 2015 modifying the scope of work to include logo redesign and development of a brand identity style guide. A second amendment was executed in May 2016 to include additional digital tactics including online advertising campaigns, social media marketing, and the development of a monthly newsletter and e-newsletter.

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Amendment to the Communication/Outreach Consulting Services Agreement –
Orange Label
October 17, 2016
Page 2 of 3

For the past six months, Orange Label has been executing the District's outreach and communications program. Some of the successes from the program include:

- Developing a monthly newsletter and e-newsletter, beginning in July 2016, which has yielded an average open rate of 42% - nearly double the industry average.
- Promoting the District's landscape workshops via an e-mail distribution to our customers, in which the September 10 class had the highest number of RSVPs and attendees.
- Executing a water conservation digital advertising campaign which has generated 727,477 impressions, 5,888 engagements and 347 website visits to date.
- An increased following on the District's social media platforms including 59 additional page likes for Facebook and 25 additional followers on Twitter.

Orange Label has completed all of the deliverables associated with the initial contract and corresponding amendments that have been authorized by the District. The District has authorized work under the contract totaling \$370,556.

DISCUSSION:

Based on the results from the executed scope by Orange Label, District staff, in conjunction with Orange Label, have developed a marketing strategy for the remainder of the Fiscal Year. The proposed strategy provides an eight-month calendar for consistent integrated messaging intended to have the most effective outcomes for communicating to the District's customers. The table below identifies the program activities for the next eight months:

Communication Strategy	Deliverable	Cost
Strategic Agency Relationship	Monthly reporting and measurement of campaigns	\$40,000 (\$5,000/month)
Print Advertising	Quarterly ads in the OC Register community papers	\$12,336
Direct Marketing	Monthly newsletter, e-newsletter and e-blasts	\$16,200
Digital Advertising	One four-month Digital Targeting Campaign Two Facebook Pay-Per-Click Campaigns Two Twitter Pay-Per-Click Campaigns	\$34,012
Social Media	Individual boosted posts on Facebook, Twitter and LinkedIn	\$15,000
Website Support	Development of infographics and redesigned website pages	\$15,000
Contingency	N/A	\$18,500
Total Cost		\$151,048

Amendment to the Communication/Outreach Consulting Services Agreement –
Orange Label
October 17, 2016
Page 3 of 3

The proposed marketing strategy was reviewed by District staff and discussed in detail with the Outreach Ad-Hoc committee. The advantage of these strategies, particularly the digital and social media campaigns, is the District will have the ability to analyze the impact these platforms have on reaching its customers with the available analytic tools associated with these programs.

Orange Label has prepared the attached scope of work (Amendment No. 3) to assist the District in implementation of the proposed marketing strategy. The proposed scope of work includes the costs for media development and placement, social media strategy and management, specific project artwork development, and support of the website development. In addition to the costs associated with the execution of the various components, Orange Label will provide overall strategic marketing management which will include a monthly analysis of the effect the communication components have at reaching the District's customers. The total value of Amendment No. 3 is \$151,048 for an eight-month contract extension.

Attachments:

1. Original Agreement: executed August 25, 2015
2. Amendment No. 1
3. Amendment No. 2
4. Amendment No. 3

**AGREEMENT FOR CONSULTING SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
ORANGE LABEL ART AND ADVERTISING, INC.
AGREEMENT NO. OM15-16.018**

THIS AGREEMENT (the "Agreement") is dated as of August 25, 2015 (the "Effective Date"), by and between Orange Label Art and Advertising, Inc., 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 marketing services (the "Services") to MNWD. The scope of work to be performed by CONSULTANT under this Agreement is described in **Exhibit A** hereto, which is incorporated herein (the "Scope of Work").

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 the Services to MNWD as further defined in **Exhibit A**. This Agreement, including all attached Exhibits form the Agreement between the parties.

SECTION II – SCOPE OF SERVICES AND PERFORMANCE

Section 2.1 CONSULTANT shall perform the Services in accordance with **Exhibit A**, 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 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 industry 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 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

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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 CONSULTANT 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. 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. Time is of the essence in this Agreement.

Section 2.6 CONSULTANT's manager in charge of the Services is Rochelle Reiter/Michelle Torr.

Section 2.7 Without prior written approval of MNWD, CONSULTANT will not make any changes in CONSULTANT'S manager 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. 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 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 prior written approval, or as compelled by order of court.

Section 2.10 CONSULTANT understands that all documents, records, reports, data or other materials (collectively "Materials") provided by MNWD to CONSULTANT pursuant to this Agreement are to be considered confidential for all purposes.

Section 2.11 All original drawings, artwork, media, final deliverables and other documents, developed pursuant to this Agreement shall, upon payment in full for the services described in this Agreement or as otherwise provided in SECTION IV herein, be furnished to and become the property of MNWD.

SECTION III – TERM

Section 3.1 This Agreement shall commence as of the Effective Date and continue in effect through **January 31, 2016** unless otherwise terminated by either party pursuant to Section VII herein.

SECTION IV – FEES AND PAYMENT TERMS

Section 4.1 MNWD agrees to compensate CONSULTANT up to a not-to-exceed maximum amount of **Seventy-Four Thousand Three Hundred Seventy-Five Dollars (\$74,375.00)** in consideration for its performance of the Services. The breakdown of the fees for the Services is attached hereto as **Exhibit B, Breakdown of Fees** which is incorporated herein.

Section 4.2 Payments will be made based on submittal of invoices by CONSULTANT. Invoices will include the date or period of Services, 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.

SECTION V - INSURANCE AND INDEMNIFICATION

Section 5.1 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 5.2 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

#6.

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 5.2 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 5.3 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 5.4 Requirements of All Policies. All policies of insurance required under this SECTION V 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 VII, 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 5.5 Indemnity.

CONSULTANT agrees to indemnify, defend and hold harmless MNWD and its officers, directors, officials, and employees from and against all claims, damages, losses and expenses including attorneys' fees arising out of the performance of the work described herein caused by any negligence, recklessness, or willful misconduct of the CONSULTANT, its subconsultants or anyone for whose acts any of them may be liable. This section will survive the expiration or

early termination of this Agreement. CONSULTANT is not responsible for errors or omissions in the data provided by District to the CONSULTANT.

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 VI - SUBCONTRACTING

Section 6.1 No obligations under this Agreement shall be subcontracted without prior written approval by MNWD, which approval shall not be unreasonably withheld or delayed.

Section 6.2 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 V of this Agreement.

Section 6.3 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 VII - TERMINATION OR ABANDONMENT

Section 7.1 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 thirty (30) calendar days' 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 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 7.2 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 IV of this Agreement.

Section 7.3 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 once payment has been made in full for the stated project.

SECTION VIII - GENERAL

Section 8.1 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 8.2 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 8.3 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

To CONSULTANT - Attn: Rochelle Reiter
 Orange Label Art and Advertising, Inc.
 4000 MacArthur Boulevard, Suite 520
 Newport Beach CA 92660

Section 8.4 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 8.5 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 8.6 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 8.7 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.

Section 8.8 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 8.9 This is a non-exclusive Agreement for the services contemplated herein.

Section 8.10 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 be made by CONSULTANT without prior written consent of MNWD.


Section 8.11 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 as of the Effective Date.

Moulton Niguel Water District

By: 
Joane Lopez
General Manager

CONSULTANT – Orange Label Art and Advertising, Inc.

By: 
Title: Agency Principal

**EXHIBIT A
SCOPE OF WORK**

Consultant shall perform the following services pursuant to this Agreement:

I. Marketing Strategy + Project Facilitation

A. Orange Label will engage in a relationship to serve current marketing needs and to sustain and support ongoing outreach activities and projects, as needed. This relationship structure will be tracked and billed hourly, by a blended agency rate of \$175/hr per person.

B. The blended agency rate will apply to the following activities:

- a. Email Blast Strategy Development - Includes recommendation of CRM platform for campaign building, email analytics management and deployment, communication frequency recommendation, key communication touchpoints and messaging evolution (from provided concepts and content).
- b. Print Media Recommendations
- c. Direct Mail Strategy Development
- d. Ongoing Digital Recommendations
- e. Project Management and Facilitation
- f. Reporting and Analytics/Optimization Analysis
- g. Strategy Meetings and Account Communication

C. Commitment to Quality Assurance

- a. No creative piece or campaign messaging will arrive at completion without MNWD's approval. The Orange Label team will ensure that the appropriate point of contact at MNWD provides written approval for any project work, as well as approvals for copy and design. Any options for creative or campaign messaging will be reviewed with the MNWD point of contact for feedback and approval, with the option of reviewing final artwork and content with the Orange Label team in-person, via tele-meeting and screen share, or via email.

D. Reporting & Analytics

- a. Orange Label will provide comprehensive tracking and analysis on a monthly basis. The frequency of reporting may be adjusted upon mutual agreement. Our reports are custom generated based on the most valued key performance indicators and overall goal tracking per initiative.
- b. In the digital world, numbers don't always equal analysis. Both quantity and quality of traffic and engagements are examined, and our team specifically pinpoints issues of investigation and optimization, and will share the ongoing findings and recommendations with the MNWD team.

II. Digital Campaign Development

A. In order to gather valuable demographic and behavioral data specific to the Moulton Niguel Water District's constituents, Orange Label will implement highly-targeted social media pay-per-click campaigns to simultaneously communicate the value and significance of water use reduction with Moulton Niguel's residents, while testing

nuanced messages and unique creative within each audience segment. The information garnered from these campaigns will identify which types of messages resonate with each audience segment, and will allow for marketing creative to optimize prior to launching a larger outreach effort.

B. Orange Label will develop Facebook Pay-Per-Click campaign to target residents within the Moulton Niguel Water District, as well as a LinkedIn Pay-Per-Click campaign to target professionals, business owners and decision makers at small, medium and large companies within the district to reduce water usage. Each campaign’s creative will link out directly to a custom-designed landing page for further tracking and engagement.

a. Facebook Pay-Per Click Campaign Investment Summary

i. Ad Campaigns (pay-per-click)

1. Campaign Creation..... \$950/campaign

Includes: Campaign set-up, recommended audience target + spend, development of up to 3 ad variations (text and images) for a single campaign’s messaging and audience optimization.

ii. Campaign Management..... \$900/campaign per month + actual spend

iii. Includes: Ongoing management and tracking of the campaign’s bids and optimization.

iv. Campaign Reporting and Analytics.....\$600/campaign per month

v. Includes: Detailed reporting and analytics with an assessment by the Orange Label team (include one formal report per month upon conclusion of the campaign).

vi. Fees for Facebook advertising space to be approved by client and paid directly to Facebook by client. Facebook fees are an additional cost that are not included in the amount of this Agreement.

b. LinkedIn Pay-Per Click Campaign Investment Summary

i. Ad Campaigns (pay-per-click)

1. Campaign Creation..... \$950/campaign

Includes: Campaign set-up, recommended audience target + spend, development of up to 4 ad variations (text and images) for a single campaign’s messaging and audience optimization.

ii. Campaign Management..... \$900/campaign per month + actual spend

iii. Includes: Ongoing management and tracking of the campaign’s bids and optimization.

iv. Campaign Reporting and Analytics.....\$600/campaign per month

v. Fees for LinkedIn advertising space to be approved by client and paid directly to LinkedIn by client. LinkedIn fees are an additional cost that are not included in the amount of this Agreement.

c. Includes: Detailed reporting and analytics with an assessment by the Orange Label team (include one formal report per month upon conclusion of the campaign).

III. Design & Project Support: Estimated Project Activity

A. Project activity estimates are outlined below to provide a sense for ongoing project pricing. Final projects and scope will be determined following additional research and recommendations. In addition to the individual project costs below, the management of the project activity and necessary facilitation will be charged by the blended, hourly

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agency rate. Consultant must receive written authorization from MNWD prior to its performance of design and project support Services under this Agreement.

- a. Print Ad Artwork (per ad) \$3,800: Includes creative concept copy, artwork for a full-page 4 color ad.
- b. Print Ad Resize \$220: Includes reformatting an existing ad to new specs, with no changes to imagery or copy.
- c. Direct Mail Postcard Artwork (per card) \$2,250: Postcard spec: 6"x10.5". Includes copy and artwork.
- d. Email Blast Artwork (per blast) \$1,950: Includes artwork only. Programming to be quoted separately.
- e. Online Banner Ad Artwork \$875: Includes static artwork for up to 3 banner spec sizes
- f. Media Planning, Buying and Placement: 15% Commission

B. Campaign Landing Page Development

- a. Landing Page Artwork and Creation, Template Design \$2,025: The creation of the Campaign Landing Page quoted includes creative concept, graphic design, production management and launch facilitation via Wishpond programming, a separate third party selected by the client or direct hosting.
- b. Custom Landing Page Artwork and Creation, Custom Programming \$3,400: The creation of the Campaign Landing Page quoted includes strategic direction, creative concept, graphic design, production management and programming activity.

Notes:

- Upon approval of select projects, a detailed project timeline will be provided for the client's review and approval.
- Stock photography/video/music and custom photography/video/music are not included in the above pricing.
- Each project cost includes 2 rounds of revisions. Each additional round will be billed at \$125/hr.

IV. Research, Brand Positioning & Messaging Platform Development

This process is designed to allow the Orange Label team to fully comprehend Moulton Niguel Water District's short and long-term goals, and to gain an understanding for how the specified marketplace views the MNWD brand. By establishing this foundation, we are able to develop powerful campaign messaging and strategies to reach desired publics.

- A. **Orange Exploration™**: These "fact-finding meetings" occur between Orange Label and the Moulton Niguel Water District team. The purpose of these meetings is to explore, comprehend and align on the short-term and long-term objectives and vision, in detail. This is accomplished by gaining insight into the following areas:
 - i. – The Core Business Objectives
 - ii. – The Key Marketing Objectives
 - iii. – Marketing Limitations/Problems
 - iv. – Salient Historical Contextual Facts

- v. – Current Policies and Programs
 - vi. – Each Constituency to be Impacted
 - vii. – Market Research Findings
 - viii. – Client Sensitivities
 - ix. – Competitive Landscape
- B. After the Orange Exploration is completed, Orange Label will interview a sample mix of Moulton Niguel Water District's target demographic segments to gain an understanding for how the outside world, perceives the Moulton Niguel Water District. Through these discussions, the Orange Label team is able to discover the authentic language that connects and creates a positive emotional response within the current constituencies.
- C. Orange Label will develop a list of questions designed specifically to reveal the core attitudes, perceptions and key benefits surrounding Moulton Niguel Water District offering through the eyes of the target demographic. The questions will be submitted to MNWD for approval prior to any interviews taking place. Orange Label will interview of up to 30 individuals either over the phone or in person. The results and subsequent analysis from the View from the Field™ are documented thoroughly and are reviewed with the MNWD team during the presentation.
- D. Online Market Survey: To generate additional qualitative constituent data in the short timeframe, it is recommended that an online survey is conducted with 100 individuals within the local area to be examined in addition to the in-depth interviews. The combination of a competitive analysis and an online market survey will provide the following insight:
- i. Snapshot of Demographic Information
 - ii. Recognized Terminology and Language
 - iii. Authentic Audience Language
 - iv. Constituency Behavior and Attitudes
 - v. Motivations and Media Habits
 - vi. Marketplace Perceptions
- E. **The Juice™**: After carefully considering the **Orange Exploration™**, combined with the insight gained from the **View from the Field™** as well as additional secondary market research findings, the Orange Label strategic creative team develops the brand positioning statement options and messaging platform recommendations for the Moulton Niguel Water District. This process involves intense brainstorming and collaboration, distilling the most compelling messages that resonate with each target audience.

**EXHIBIT B
BREAKDOWN OF FEES**

I. Fees

Description	Amount*
<i>Initial Engagement Services</i>	
Marketing Strategy and Project Facilitation <i>(Marked against the agency's standard hourly billing structure)</i>	
<i>85 hours x Blended Agency Rate of \$175/hour</i>	\$14,875
<i>Digital Campaign Development</i>	
Facebook Pay-Per-Click (1 month campaign)	\$2,450
Linkedin Pay Per Click (1 month campaign)	\$2,450
<i>Design and Project Support (subject to prior authorization by MNWD)</i>	
Ongoing project activity including artwork, programming, creative services	\$28,100
<i>Research and Brand Positioning (Fixed Fee)</i>	
Orange Exploration, View from the Field and Survey Monkey Research	\$17,000
Brand Positioning Statement and Messaging Platform Recommendations	\$9,500
TOTAL	\$74,375

*Amounts include all mark-up and reimburseable expenses.

**AMENDMENT NO. 1 TO AGREEMENT FOR CONSULTING SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
ORANGE LABEL ART AND ADVERTISING, INC.
OM15-16.018**

This Amendment No. 1 (the "Amendment") is entered into and effective as of December 15, 2015 amending the Agreement for Consulting Services, dated August 25, 2015 (the "Agreement") by and between the Moulton Niguel Water District, a California Water District ("District"), and Orange Label Art and Advertising, Inc. ("Consultant") (collectively, the "Parties") for marketing services. Any capitalized terms used but not defined herein shall have the meaning assigned to them in the Agreement.

RECITALS

- A. On August 25, 2015, the Parties executed the Agreement for services through January 31, 2016; and
- B. The Parties desire to extend the Agreement through June 30, 2016; and
- C. The Parties have negotiated and agreed to a supplemental scope of work, which is attached hereto and incorporated herein by this reference as Exhibit "A".

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

1. The Agreement term is hereby extended through June 30, 2016.
2. The Agreement is hereby revised to include the Services described in the Supplemental Scope of Work attached hereto as Exhibit "A" to this Amendment. The Services outlined in Exhibit "A" re-allocate a portion of funds originally projected for "Initial Engagement Services" and "Design and Project Support" in the Agreement Scope of Work.
3. Fees for the Services detailed in the Supplemental Scope of Work are included in the original Agreement maximum amount. No additional funds will be added to the Agreement total for Services performed pursuant to this Amendment.
4. Consultant will complete all work described in Exhibit "A" by June 30, 2016.
5. All other provisions of the Agreement will remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms of this Amendment shall control.
6. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement will include coverage for this Amendment.
7. 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.

ORANGE LABEL ART AND
ADVERTISING, INC.

By:

Wesley W Phillips
(sign here)

WESLEY W PHILLIPS
(print name/title) *CEO*

MOULTON NIGUEL WATER DISTRICT,
a California Water District

By:

Joone Lopez
Joone Lopez
General Manager

EXHIBIT "A"
SUPPLEMENTAL SCOPE OF WORK
Moulton Niguel Water District
Agreement No. OM15-16.018

The projects outlined below re-allocate a portion of funds originally projected for "Initial Engagement Services" and "Design and Project Support" in the Agreement. No additional fees will be added to the Agreement maximum amount for the Services pursuant to this Amendment.

1. Logo Design (5 options presented): \$8,500

Initial logo design options will be presented in black & white with 3 color palette options.

2. Brand Identity Style Guide: \$5,200

Design of an informational brand style guide including best practices for logo spacing, sizing, single and full color usage, mark/bug usage, and co-branding; positioning; brand color palette and color codes; font families and typography usage.

3. 3-Piece Identity Package (3 options presented): \$3,500

Design of Business Cards, Letterhead (digital & print-ready) and #10 Envelopes.

4. Email Blast Template (2 options presented): \$1,950

Design and setup in a third party platform, such as Mail Chimp.
Animation and/or custom programming to be quoted separately.

5. PowerPoint Template (2 options presented): \$495

Design and set up of a branded PPT template, including a cover page and internal page.

6. Newsletter Template Design (2 options presented): \$2,250

Design of a 2-sided 8.5"x11" newsletter using placeholder content.

7. Mailing Label Design (2 options presented): \$225

Label design for one spec size.

8. Integrated Communications Platform & Marketing Execution Strategy: \$12,500

- Outlines recommended areas of opportunity to be implemented
- Customized to the solidified Brand Positioning & Messaging Platform
- Provides a guide for consistent integrated messaging
- Six month Strategic Marketing and Tactical Calendar
- Recommended ongoing campaign management structure
- Recommended integrated mix of media vehicles to reach the target demographic(s) (for example: print, radio, TV, outdoor, digital/online, etc.
- Recommended frequency of communication schedules
- Guidance on marketing pieces/tools needed to drive promotional messages

Total Supplemental Services: \$34,620

Notes:

- Stock photography, custom photography and photo editing are not included in the above pricing. Should photography or retouching of existing photography be needed, hourly rate for Orange Label photographer (excluding travel) is \$175 for shooting and/or editing time.
- Each project cost includes 2 rounds of revisions. Each additional round will be billed at \$150/hr.
- If projects go beyond scope of time noted above, MNWD and Orange Label to pause to discuss and re-evaluate.
- Above pricing is valid through June 2016.

**AMENDMENT NO. 2 TO AGREEMENT FOR CONSULTING SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
ORANGE LABEL ART AND ADVERTISING, INC.
OM15-16.018**

This Amendment No. 2 (the "Amendment") is entered into and effective as of April 30, 2016 amending the Agreement for Consulting Services, dated August 25, 2015, as amended (the "Agreement") by and between the Moulton Niguel Water District, a California Water District ("District"), and Orange Label Art and Advertising, Inc. ("Consultant") (collectively, the "Parties") for marketing services. Any capitalized terms used but not defined herein shall have the meaning assigned to them in the Agreement.

RECITALS

- A. WHEREAS, on December 18, 2016, the Parties executed Amendment No. 1 adding a supplemental scope and extending the Agreement through June 30, 2016 for a total Agreement amount of \$74,375; and
- B. WHEREAS, the Parties desire to extend the Agreement, through October 31, 2016; and
- C. WHEREAS, the Parties have negotiated and agreed to the Supplemental Scope of Work, which is attached hereto and incorporated herein by this reference as Exhibit "A" and shall be completed pursuant to the schedule attached hereto and incorporated herein as Exhibit "B".

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

- 1. The Agreement term is hereby extended through October 31, 2016.
- 2. The Agreement is hereby revised to include the Services described in the Exhibit "A", Supplemental Scope of Work.
- 3. All payments for services associated with this Amendment shall not exceed the amount of **One Hundred Forty-Five Thousand One Hundred Thirty-Three Dollars (\$145,133)**.
- 4. The Parties agree that the total Agreement amount, including this Amendment and all prior amendments, shall not exceed Two Hundred Nineteen Thousand Five Hundred Eight Dollars (\$219,508).
- 5. All other provisions of the Agreement will remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms of this Amendment shall control.
- 6. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement will include coverage for this Amendment.
- 7. 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.

ORANGE LABEL ART AND
ADVERTISING, INC.

MOULTON NIGUEL WATER DISTRICT,
a California Water District

By: Wade Phillips
(sign here)
MERLEY PHILLIPS
(print name/title)

By: Joone Lopez
Joone Lopez
General Manager

EXHIBIT A**AMENDMENT NO. 2 TO AGREEMENT
FOR CONSULTING SERVICES
OM15-16.018****Moulton Niguel Water District – Supplemental SOW for Contract Amendment****Term: May 1, 2016 – 10/31, 2016**

- I. **Strategic Agency Relationship:** A monthly Strategic Marketing Fee of \$5,000/month will be billed during the initial 6 month engagement for Orange Label to facilitate campaign activity and on-going marketing support for Moulton Niguel Water District. The Strategic Marketing Fee is based upon an agency rate of \$175 per hour per person at 30 hours per month. Should the scope of campaign implementation and on-going marketing support be determined to extend beyond this estimated allotment of agency resources, the monthly fee may be adjusted for client approval. The estimated hours are based on the following recommended management structure:
 - a. Strategic Marketing Meetings
 - i. Orange Label and Moulton Niguel Water District’s marketing point person or team will have a monthly call or in-person meeting to review marketing performance and analytics; updates on strategies, media and projects; planning for any upcoming activity; and/or industry, market and policy changes. Each meeting will include a planned agenda to ensure the time is productive and focused.
 - ii. Additional in-person meetings/calls available by need and/or request, subject to parameters defined by the Strategic Marketing Fee.
 - b. Campaign/Promotion Management
 - i. Orange Label will provide direction for ongoing campaigns and promotions, and manage on-going project activity for each campaign.
 - c. Integrated Advertising Strategy Management
 - i. Orange Label will lead the planning, negotiating and booking for Moulton Niguel Water District’s integrated mix of advertising, when media activity is recommended and approved (see Section II and III).
 - d. Project Activity
 - i. Projects including advertisements, website/digital projects, email blasts, brand development, PR releases, articles and other project work are quoted on an individual basis. All Account Service time associated with management of projects produced directly by Orange Label is included in the Strategic Marketing Fee.
 - ii. Projected projects are based on the Marketing Execution Strategy (see Section IV). New project recommendations and requests will continue to be managed and quoted on a “project by project” basis based on need.
- II. **Media Research, Negotiation and Placement:** Media research, negotiation, placement and management will be compensated at a commission of fifteen (15%) of the gross charges by the advertising media and/or space used by Moulton Niguel Water District. Individual media budgets and projections are to be approved and signed by the Moulton Niguel Water District prior to media placement. Media will be billed on a monthly basis. Payment is due net 30. Should Moulton Niguel Water District fail to remit payment to Orange Label within 30 days, then financial responsibility and liability for payment to media lies with Moulton Niguel Water District and not with Orange Label.
 - a. Projected Media based on Marketing Execution Strategy:
 - i. OC Register: 2 ½ page 4C print ads
 - ii. OC Register Community Papers: 4 ½ page 4C print ads
 - iii. Digital Targeting Campaign: 6 month campaign
 - b. Additional media opportunities to be evaluated/proposed/approved on an on-going basis.

- III. **Digital Media Management:** Orange Label will facilitate paid social media campaigns including Campaign Creation, Campaign Management and Optimization, and Monthly Reporting. Actual Spend to be billed directly to MNWD's credit card.
- a. Projected Media based on Marketing Execution Strategy:
 - i. Facebook Pay Per Click Advertising: 6 month campaign
- IV. **Project Activity:**
- a. The following projects have been projected and estimated based on the Marketing Execution Strategy:
 - i. Two Print Ad Designs: \$3,800/design
 1. Per design cost includes copy and artwork for a 4 color ad sized to one ad-spec.
 - ii. Six Two-Sided 8.5x11 Newsletters: \$2,250/initial design, \$575/adaptation
 1. Initial cost includes design and template establishment, with all content being supplied by the client.
 2. Adaption cost is based on use of the established/approved initial design, and all content being supplied by the client.
 - iii. Six E-Newsletters: \$1,950/initial design, \$775/adaption
 1. Initial cost includes design and template establishment, with all content being supplied by the client.
 2. Adaption cost is based on use of the established/approved initial design, and all content being supplied by the client.
 3. All costs include set-up in Mail Chimp, testing, facilitation of sending and reporting on results.
 - iv. Four Email Blasts: \$575/email
 1. Per email cost is based on use of the established/approved E-Newsletter template and all content being supplied by the client.
 2. Cost includes set-up in Mail Chimp, testing, facilitation of sending and reporting on results.
 - v. Two Sets of Digital Advertising Banners (4 specs): \$2,800/set
 1. Per set cost includes design and animation of 4 spec sizes.
 - b. All project activity, whether defined above or quoted separately, is subject to the following terms:
 - i. Stock photography, custom photography and photo editing are not included in pricing. Should photography or retouching of existing photography be needed, hourly rate for Orange Label photographer (excluding travel) is \$175 for shooting and/or editing time.
 - ii. Each project includes 2 rounds of revisions. Each additional round will be billed at \$125 per hour.
 - iii. If projects go beyond scope, MNWD and Orange Label to pause to discuss and re-evaluate.
 - iv. All projects assume a timely supply of assets by MNWD and timely review of comps by MNWD. Should projects delay due to extended length of time for asset supply or review, MNWD and Orange Label to pause to discuss and re-evaluate.
 - v. All project pricing is valid for 30 days. After 30 days, estimate is subject to change.
- V. **Social Media Strategy & Management:** This 6-month strategy management structure will be monitored with an hourly rate, which includes time necessary for strategy development, content development, facilitating, managing and implementing social media activity. Should additional strategic guidance or implementation outside of the scope outlined below be requested, time will be billed accordingly with the client's prior notification and approval. The Social Media Implementation and Monthly Management costs reflect communication between Orange Label and the MNWD team for content approvals, updates on prioritized activity and strategic consultation.
- a. Fees:
 - i. Ongoing Management: \$125/hour
 1. Month 1: Minimum of 30 hours per month

#6.

2. Months 2-6: Minimum of 15 hours per month
- ii. Social Media Artwork/Graphic Design: \$140/hour
 1. Hours are estimated per request, per project and are shared with the client for approval.
- iii. Boosted Posts: To ensure organic content is viewed by existing followers and prospective followers, Orange Label recommends allocating \$50 a week to boosting posts. Actual spend to be billed directly to MNWD's credit card.

VI. Website Support:

- a. In collaboration with MNWD and Gigasavvy, Orange Label will assist MNWD with the strategic development of a new responsive website in the following areas:
 - i. Content Review: Review and editing of website content provided by MNWD and/or Gigasavvy.
 1. 10 pages @ 2 hours per page
 - ii. Project Management: Assisting with the facilitation of deliverables to ensure timelines are met. Can include participation in meetings between MNWD and Gigasavvy and review of deliverables provided by Gigasavvy.
 1. 12 hours per month
- b. Hourly Model: All activities in support of the MNWD website initiative including management, planning, copyediting, discussion, review and facilitation is subject to an hourly fee:
 - i. \$175/hour (2 individuals)
 - ii. \$125/hour (1 individual)

VII. Contingency Planning

- a. This includes the proactive allotment of budget for unanticipated activities, including projects and media.

Investment Summary	
Description	Amount
I. Strategic Agency Relationship	\$30,000
II. Media Research, Negotiation and Placement	\$29,108
III. Digital Campaign Management	\$9,950
IV. Project Activity	\$26,450
V. Social Media Strategy & Management	\$13,125
VI. Website Support	\$11,500
VII. Contingency Planning	\$25,000
TOTAL	\$145,133

EXHIBIT B
 AMENDMENT NO. 2 TO AGREEMENT
 FOR CONSULTING SERVICES
 OM15-16.018



6-Month Strategic Marketing & Advertising Calendar

Initiative	2016			2017			2018			2019			2020			2021			2022			Totals		
	1/1	2/1	3/1	4/1	5/1	6/1	7/1	8/1	9/1	10/1	11/1	12/1	1/1	2/1	3/1	4/1	5/1	6/1	7/1	8/1	9/1	Budget Through	Original Budget	
Print																								
OC Register Sunday Edition 1/2 Page 4x (10.38" x 10.3")			\$4,500																				\$4,500	\$4,500
OC Register Community Papers Aliso Viejo/Laguna Niguel News, SanDiego Valley News Mission Viejo, SanDiego Valley News Laguna Hills 1/2 Page 4x (10.38" x 10.3")						\$5,000					\$2,500												\$5,000	\$5,000
Artwork		\$1,800																					\$1,800	\$1,800
Direct Marketing																								
Bill Inserts Artwork		\$2,200				\$2,200					\$220												\$2,200	\$2,200
New Mail & Direct Mail Piece Production		\$1,500							\$2,200														\$1,500	\$1,500
Monthly E-Newsletters									\$2,200														\$2,200	\$2,200
Design, Development & Facilitation									\$2,200														\$2,200	\$2,200
Email Lists									\$2,200														\$2,200	\$2,200
Design, Development & Facilitation									\$2,200														\$2,200	\$2,200
Mail Piece Inventory List									\$2,200														\$2,200	\$2,200
Digital																								
Facebook PPC Advertising																								
Display & Mobile Non-Brand Ad																								
Digital Targeting/Retargeting																								
10/4/2010, 10/2/10, 7/28/10, 12/16/10																								
Artwork		\$2,800																					\$2,800	\$2,800
Social Media																								
Facebook Organic Content	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	1.2x Posts	
Facebook Boosted Post Budget	\$10	\$20	\$30	\$40	\$50	\$60	\$70	\$80	\$90	\$100	\$110	\$120	\$130	\$140	\$150	\$160	\$170	\$180	\$190	\$200	\$210	\$220	\$230	
LinkedIn Organic Content																								
LinkedIn Sponsored Post Budget																								
YouTube																								
Social Media Management**																								
Content Development & Implementation																								
Event Marketing																								
Classes/Seminars																								
Sponsorships																								
Project Activity																								
Contingency Fund																								
Website Support																								
Strategic Agency Relationship			\$1,000			\$1,000					\$1,000				\$1,000						\$1,000		\$1,000	\$1,000
Monthly Totals			\$4,500			\$5,000					\$2,500												\$14,000	\$14,000

**AMENDMENT NO. 3 TO AGREEMENT FOR CONSULTING SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
ORANGE LABEL ART AND ADVERTISING, INC.
OM15-16.018**

This Amendment No. 3 (the "Amendment") is entered into and effective as of _____, 2016 amending the Agreement for Consulting Services, dated August 25, 2015, as amended (the "Agreement") by and between the Moulton Niguel Water District, a California Water District ("District"), and Orange Label Art and Advertising, Inc. ("Consultant") (collectively, the "Parties") for marketing services. Any capitalized terms used but not defined herein shall have the meaning assigned to them in the Agreement.

RECITALS

A. WHEREAS, on April 30, 2016, the Parties executed Amendment No. 2 adding a supplemental scope of work and extending the Agreement through October 31, 2016 for a total Agreement amount of \$219,508; and

B. WHEREAS, the Parties desire to extend the Agreement, through June 30, 2017; and

C. WHEREAS, the Parties have negotiated and agreed to the Supplemental Scope of Work, which is attached hereto and incorporated herein by this reference as Exhibit "A".

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

1. The Agreement term is hereby extended through June 30, 2017.

2. The Agreement is hereby revised to include the Services described in Exhibit "A", Supplemental Scope of Work.

3. All payments for services associated with this Amendment shall not exceed the amount of **One Hundred Fifty-One Thousand Forty-Eight Dollars (\$151,048)**.

4. The Parties agree that the total Agreement amount, including this Amendment and all prior amendments, shall not exceed Three Hundred Seventy Thousand Five Hundred Fifty-Six Dollars (\$370,556).

5. All other provisions of the Agreement will remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms of this Amendment shall control.

6. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement will include coverage for this Amendment.

7. 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.

ORANGE LABEL ART AND
ADVERTISING, INC.

MOULTON NIGUEL WATER DISTRICT,
a California Water District

By:

By:

(sign here) (date)

Joone Lopez (date)
General Manager

(print name/title)

#6.

EXHIBIT "A"

Moulton Niguel Water District – Supplemental SOW for Contract Amendment

Term: November 1, 2016 – June 30, 2017

- I. **Strategic Agency Relationship:** A monthly Strategic Marketing Fee of \$5,000/month will be billed during the 8-month engagement for Orange Label to facilitate campaign activity and on-going marketing support for Moulton Niguel Water District. The Strategic Marketing Fee is based upon an agency rate of \$175 per hour per person at 30 hours per month. Should the scope of campaign implementation and on-going marketing support be determined to extend beyond this estimated allotment of agency resources, the monthly fee may be adjusted for client approval. The estimated hours are based on the following recommended management structure:
 - a. Strategic Marketing Meetings
 - i. Orange Label and Moulton Niguel Water District's marketing point person or team will have a monthly call or in-person meeting to review marketing performance and analytics; updates on strategies, media and projects; planning for any upcoming activity; and/or industry, market and policy changes. Each meeting will include a planned agenda to ensure the time is productive and focused.
 - ii. Additional in-person meetings/calls available by need and/or request, subject to parameters defined by the Strategic Marketing Fee.
 - b. Campaign/Promotion Management
 - i. Orange Label will provide direction for ongoing campaigns and promotions, and manage on-going project activity for each campaign.
 - c. Integrated Advertising Strategy Management
 - i. Orange Label will lead the planning, negotiating and booking for Moulton Niguel Water District's integrated mix of advertising, when media activity is recommended and approved (see Section II and III).
 - d. Project Activity
 - i. Projects including advertisements, email blasts, brand development, PR releases, articles and other project work are quoted on an individual basis. All Account Service time associated with management of projects produced directly by Orange Label is included in the Strategic Marketing Fee.
 - ii. Projected projects are based on the existing Marketing Execution Strategy. Projects subject to change. New project recommendations and requests will continue to be managed and quoted on a "project by project" basis based on need.

- II. **Media Research, Negotiation and Placement:** Media research, negotiation, placement and management will be compensated at a commission of fifteen (15%) of the gross charges by the advertising media and/or space used by Moulton Niguel Water District. Individual media budgets and projections are to be approved and signed by the Moulton Niguel Water District prior to media placement. Media will be billed on a monthly basis. Payment is due net 30. Should Moulton Niguel Water District fail to remit payment to Orange Label within 30 days, then financial responsibility and liability for payment to media lies with Moulton Niguel Water District and not with Orange Label.
 - a. Projected Media based on the November 2016-June 2017 Marketing Execution Strategy:
 - i. OC Register Community Papers: 2 ½ page 4C print ads
 1. January 19/20, 2017 and April 20/21, 2017
 2. \$2,368 gross per insertion
 - a. Each insertion includes presence in Aliso Viejo News, Laguna Niguel News, Saddleback Valley News Mission Viejo, Saddleback Valley News Laguna Hills

- ii. Digital Targeting/Retargeting Campaign: 4-month campaign utilizing HTML5 banners (160x600, 300x250, 728x90, 320x50)
 - 1. January-April 2017
 - 2. \$2,353 gross per month
 - 3. 714,000 impressions per month served on a variety of news and lifestyle websites
 - 4. Geotargeted to MNWD service area
 - 5. Behavioral and demographic targeting to reach homeowners of single family homes
- b. Additional media opportunities to be evaluated/proposed/approved on an on-going basis.

III. Digital Media Management: Orange Label will facilitate paid social media campaigns on Facebook and Twitter.

- a. Projected Digital Media based on the November 2016-June 2017 Marketing Execution Strategy:
 - i. Facebook Pay Per Click Advertising:
 - 1. Two 3-month campaigns
 - a. November 2016-January 2017: “Like” campaign to increase followers on the MNWD Facebook page.
 - b. April-June 2017: Announcement campaign to provide valuable information regarding MNWD resources and/or water conservation.
 - 2. Pricing and management structure:
 - a. Campaign Creation: \$950 (1x fee per unique campaign)
 - i. Includes campaign set-up, recommended audience target and spend, development of up to 3 ad variations (text and images) for a single campaign’s messaging, and audience optimization.
 - b. Campaign Management and Optimization: \$900/month/campaign
 - i. Includes the ongoing management and tracking of the campaign’s performance.
 - c. Monthly Reporting: \$600/month/campaign
 - i. Includes monthly reporting of campaign results and recommendations.
 - d. Actual Spend: \$1,000/month
 - i. Billed direct to Moulton Niguel Water District’s credit card. Not included in the Investment Summary.
 - ii. Twitter Pay Per Click Advertising:
 - 1. Two 3-month campaigns
 - a. November 2016-January 2017: “Like” campaign to increase followers on the MNWD Twitter page.
 - b. April-June 2017: Announcement campaign to provide valuable information regarding MNWD resources and/or water conservation.
 - 2. Pricing and management structure:
 - a. Campaign Creation: \$950 (1x fee per unique campaign)
 - i. Includes campaign set-up, recommended audience target and spend, development of up to 3 ad variations (text and images) for a single campaign’s messaging, and audience optimization.
 - b. Campaign Management and Optimization: \$900/month/campaign
 - i. Includes the ongoing management and tracking of the campaign’s performance.
 - c. Monthly Reporting: \$600/month/campaign
 - i. Includes monthly reporting of campaign results and recommendations.
 - d. Actual Spend: \$1,000/month

#6.

- i. Billed direct to Moulton Niguel Water District's credit card. Not included in the Investment Summary.

IV. Project Activity:

- a. The following projects have been projected and estimated based on the November 2016-June 2017 Marketing Execution Strategy:
 - i. Two Print Ad Designs: \$3,800/design
 1. Per design cost includes copy and artwork for a 4 color ad sized to one ad-spec.
 - ii. Eight 2-Sided 8.5x11 Newsletters: \$675/adaptation
 1. Adaption cost is based on use of the established/approved initial design, and all content being supplied by the client.
 - iii. Eight E-Newsletters: \$775/adaption
 1. Adaption cost is based on use of the established/approved initial design, and all content being supplied by the client.
 2. All costs include set-up in Mail Chimp, testing, facilitation of sending and reporting on results.
 - iv. Eight Email Blasts: \$575/email
 1. Per email cost is based on use of the established/approved E-Newsletter template and all content being supplied by the client.
 2. Cost includes set-up in Mail Chimp, testing, facilitation of sending and reporting on results.
 - v. Digital Advertising Banners (4 specs): \$2,800/set
 1. Per set cost includes design and HTML5 animation of 4 spec sizes for use in the Digital Targeting/Retargeting Campaign.
- b. All project activity, whether defined above or quoted separately, is subject to the following terms:
 - i. Stock photography, custom photography and photo editing are not included in pricing. Should photography or retouching of existing photography be needed, hourly rate for Orange Label photographer (excluding travel) is \$175 for shooting and/or editing time.
 - ii. Each project includes 2 rounds of revisions. Each additional round will be billed at \$125 per hour.
 - iii. If projects go beyond scope, MNWD and Orange Label to pause to discuss and re-evaluate.
 - iv. All projects assume a timely supply of assets by MNWD and timely review of comps by MNWD. Should projects delay due to extended length of time for asset supply or review, MNWD and Orange Label to pause to discuss and re-evaluate.

- V. Social Media Strategy & Management:** This 8-month strategy management structure will be monitored with an hourly rate, which includes time necessary for strategy development, content development, facilitating, managing and implementing social media activity. Should additional strategic guidance or implementation outside of the scope outlined below be requested, time will be billed accordingly with the client's prior notification and approval. The Social Media Implementation and Monthly Management costs reflect communication between Orange Label and the MNWD team for content approvals, updates on prioritized activity and strategic consultation.

- a. Fees:
 - i. Ongoing Management: \$125/hour
 1. Minimum of 15 hours per month
 - ii. Social Media Artwork/Graphic Design: \$140/hour
 1. Hours are estimated per request, per project and are shared with the client for approval.

- iii. Boosted Posts: To ensure organic content is viewed by existing followers and prospective followers, Orange Label recommends allocating \$50 a week to boosting posts. Actual spend to be billed directly to MNWD’s credit card. Not included in the Investment Summary.

VI. Website Support:

- a. In collaboration with MNWD and Gigasavvy, Orange Label will assist MNWD with the strategic development of a new responsive website with consultation, project management, copywriting and graphic support.
- b. Fees:
 - i. Hourly:
 - 1. Activities in support of the MNWD website initiative including consultation, management, planning, copyediting, discussion, review and facilitation is subject to an hourly fee:
 - a. \$175/hour (2 individuals)
 - b. \$125/hour (1 individual)
 - ii. Project:
 - 1. Artwork-based activities including, but not limited to, graphic design, infographic development, and photography are subject to Project-based pricing and terms (see section IV), and will be estimated by request.

VII. Contingency Planning

- a. This includes the proactive allotment of budget for unanticipated activities, including projects and media.

Investment Summary	
Description	Amount
I. Strategic Agency Relationship	\$40,000
II. Media Research, Negotiation and Placement	\$14,148
III. Digital Campaign Management	\$21,800
IV. Project Activity	\$26,600
V. Social Media Strategy & Management	\$15,000
VI. Website Support	\$15,000
VII. Contingency Planning	\$18,500
TOTAL	\$151,048

NOTE:

- All activities and utilization of funds are subject to change, but will not exceed the total \$151,048 without client approval.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** October 17, 2016

FROM: Marc Serna, Director of Engineering and Operations
Rod Woods, Assistant Director of Engineering

SUBJECT: Aliso Creek Lift Station Rehabilitation
Construction Contract Award

DIVISION: 6

SUMMARY:

Issue: Board action is required for the Notice Inviting Sealed Proposals (Bids) for the Aliso Creek Lift Station Rehabilitation, Project No. 2015.003.

Recommendation: It is recommended that the Board of Directors award the construction services contract to Norman A. Olsson Construction, Inc. in the amount of \$88,000; authorize the General Manager to execute the contract; and authorize the General Manager or designee to approve change orders up to 10% of the contract value.

Fiscal Impact: Project No. 2015.003 is budgeted in Fund 7, Rehabilitation and Replacement with a current project budget of \$270,000.

BACKGROUND:

The Aliso Creek Lift Station was originally constructed in 1989, together with the Audubon Lift Station. The facility is located near the intersection of Aliso Creek Road and El Toro Road in the City of Aliso Viejo. The Aliso Creek Lift Station pumps wastewater from the northwest part of the District to the Regional Lift Station and eventually to the Joint Regional Treatment Plant. The general arrangement of the pump discharge piping and valves makes it difficult for staff to safely and efficiently access valves for maintenance. This project will relocate these valves to their proper location.

#7.

Aliso Creek Lift Station Rehabilitation Construction Contract Award

October 17, 2016

Page 2 of 2

Construction documents for the Aliso Creek Lift Station Rehabilitation project were prepared by Lee & Ro, Inc. utilizing the On-Call Engineering Services agreement. The work includes reconstructing the general arrangement of the pump discharge valves and piping; installing new air release piping, pressure gauge isolation rings, pipe supports and lateral bracing and other related work.

DISCUSSION:

A request for bids was issued to seven qualified construction contractors. The District received five sealed bids for the subject contract on September 15, 2016. The table below summarizes the bids received:

Firm	Bid
Norman A. Olsson Construction, Inc.	\$88,000
Pascal & Ludwig Constructors	\$91,117
Schuler Constructors, Inc.	\$94,500
RC Foster Corporation	\$99,700
Pacific Hydrotech Corporation	\$124,900
Engineer's Estimate	\$126,000

Staff has determined that the lowest responsible and responsive bidder was Norman A. Olsson Construction, Inc. Staff has completed its review of the contract documents and has determined that they are in order. Norman A. Olsson Construction, Inc. is well-qualified to perform this type of work.

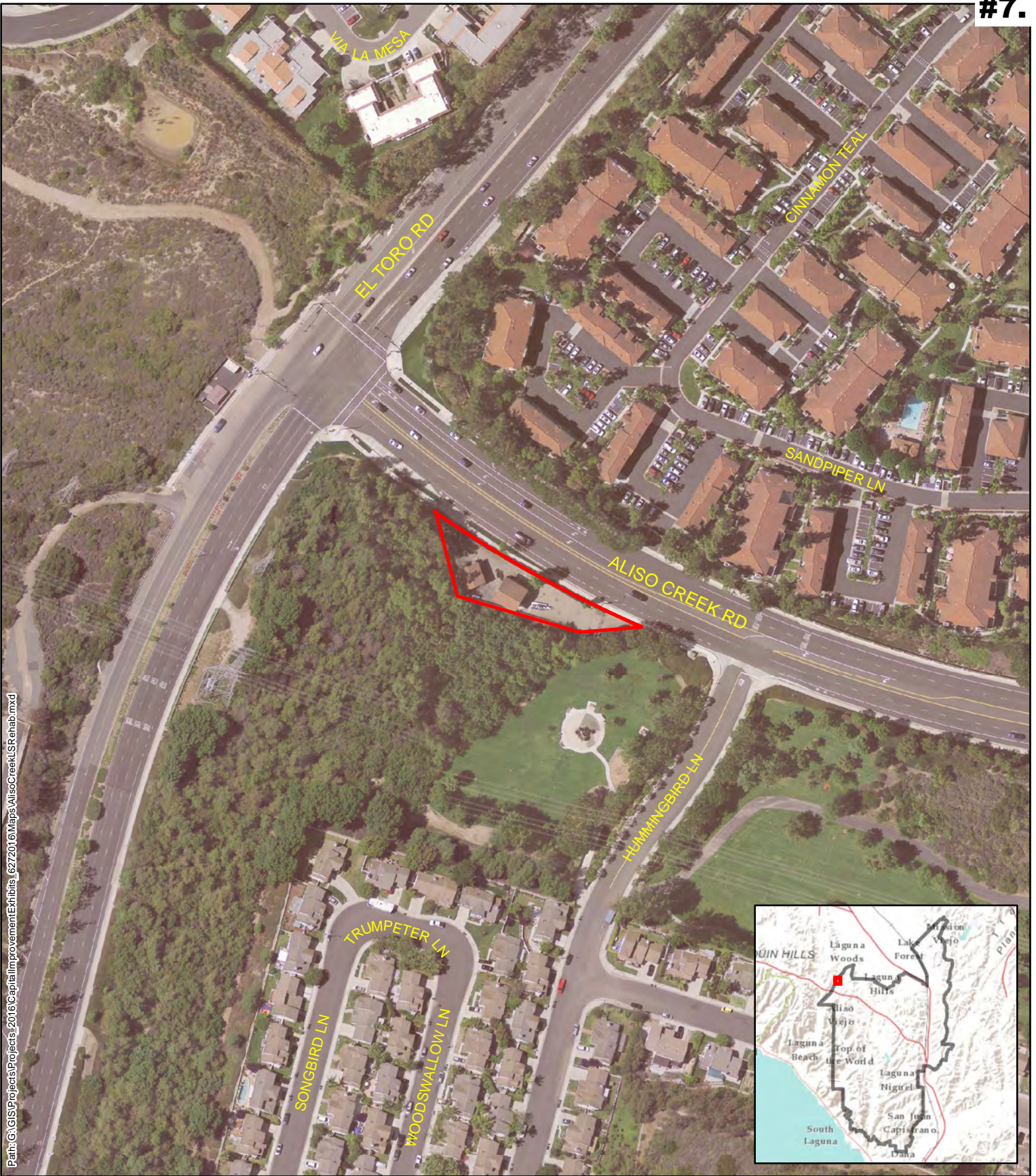
SUMMARY OF PROJECT BUDGET:

	Project Budget*	Proposed / Approved Contract	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items				
Engineering	\$20,000	\$20,000	\$0	\$20,000
Construction	\$235,000	\$88,000	\$8,800	\$96,800
Legal, Permits, District Labor	\$15,000	\$15,000	\$0	\$15,000
Totals	\$270,000	\$123,000	\$8,800	\$131,800

*\$11,835 has been expended to date.

 Currently Proposed Amount

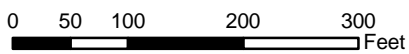
Attachment: Exhibit A – Location Map



Path: G:\GIS\Projects\Projects_2016\CapitalImprovement\Exhibits_6272016\Maps\AlisoCreekLISRehab.mxd



 Site



Scale = 1:2,000

Exhibit "A" Location Map
Aliso Creek Lift Station Rehabilitation
Contract No. 2015.003

#8.

Paseo de Valencia 24-Inch Pipeline Railroad Crossing Abandonment Construction Contract Award

October 17, 2016

Page 2 of 3

Call Engineering Services agreement. The work generally includes abandonment of the existing 24-inch steel waterline that crosses beneath the railroad tracks near the intersection of Paseo de Valencia and Cabot Road. The connections on both sides of the railroad tracks will be severed and the pipeline will be filled with slurry and abandoned.

DISCUSSION:

A request for bids was issued to six qualified construction contractors. The District received six sealed bids for the subject contract on September 8, 2016. The table below summarizes the bids received:

Firm	Bid
Paulus Engineering, Inc.	\$80,400
Ferreira Construction Co., Inc.	\$132,260
Shoffeitt Pipeline, Inc.	\$146,446
GCI Construction, Inc.	\$154,500
Kennedy Pipeline Construction	\$169,706
T.E. Roberts, Inc.	\$178,910
Engineer's Estimate	\$150,000

Staff has determined that the lowest responsible and responsive bidder was Paulus Engineering, Inc. Staff has completed its review of the contract documents and has determined that they are in order. Paulus Engineering, Inc. is well-qualified to perform this type of work.

Paseo de Valencia 24-Inch Pipeline Railroad Crossing Abandonment Construction Contract
Award
October 17, 2016
Page 3 of 3

SUMMARY OF PROJECT BUDGET:

	Project Budget*	Proposed / Approved Contract	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items				
Engineering	\$25,000	\$25,000	\$0	\$25,000
Construction	\$135,000	\$80,400	\$8,040	\$88,440
Legal, Permits, District Labor	\$15,000	\$15,000	\$0	\$15,000
Totals	\$175,000	\$120,400	\$8,040	\$128,440

*\$17,626 has been expended to date.

 Currently Proposed Amount

Attachment: Exhibit A – Location Map



Path\GIS\Projects\Projects_2016\CapitalImprovement\Exhibits_66272016\Maps\PDV24inAbandonment_V2.mxd

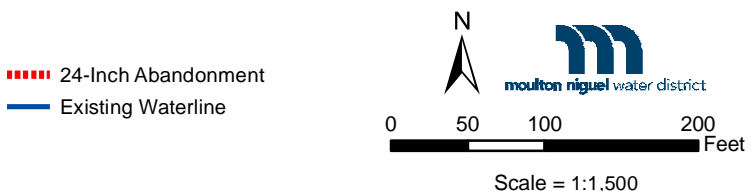


Exhibit "A" Location Map
 Paseo de Valencia
 24-Inch Railroad Crossing Abandonment
 Project No. 2015.012



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** October 17, 2016

FROM: Marc Serna, Director of Engineering and Operations
Todd Novacek, Assistant Director of Operations

SUBJECT: Bypass Pump Purchase

DIVISION: District-wide

SUMMARY:

Issue: Purchase of 2 new Godwin Dri-Prime Model CD103M Critically Silenced Bypass Pumps.

Recommendation: It is recommended that the Board of Directors approve the purchase of two new bypass pumps and their accessories from Xylem / Godwin for \$137,313.

Fiscal Impact: The adopted Fiscal Year 2016-2017 budget includes \$142,425 for the purchase of the 2 new bypass pumps and their accessories.

BACKGROUND:

The District currently owns two large bypass pumps in its equipment fleet. Operations and Engineering staff utilize these pumps during emergencies at wastewater lift stations and planned projects that require staff to bypass flows around the station while maintenance or improvements are being performed.

Purchasing two additional smaller bypass pumps is necessary to ensure the District is better capable of managing emergencies and less reliant on contractors during planned and emergency projects at all facilities. These pumps would accommodate the design criteria of the District's smaller wastewater lift stations. The smaller and more agile bypass pumps are well-suited for efficient setup and operation at the smaller stations.

#9.

Bypass Pump Purchase

October 17, 2016

Page 2 of 2

DISCUSSION:

Comparative price analysis for this equipment purchase was performed through a Government Service Agreement (GSA) negotiated contract, Contract Number GS-07F-9491G. GSA is a cooperative purchasing program for state and local entities that provides pre-negotiated equipment and service pricing.

As a Special District, MNWD is permitted to receive GSA pricing from vendors. Staff evaluated other bypass pumps available on the market and found the Godwin Dri-Prime CD103M meets the requirements and specifications required by the District.

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
October 17, 2016

Unaudited results of operations for the two months ended August 31, 2016, are summarized below.

Total operating revenues were \$10.9 million through August 2016, which is tracking at 19% of the budget. Total operating expenses were \$11.5 million through the month of August, which amounted to 17% of the approved budget. Total Net Income for the two months ended is at (\$3.5) million. The negative balance is due to cash flow differences, primarily related to the timing of property tax receipts, which are typically received in December and April of each fiscal year.

The District currently has \$4.0 million available in the Water Efficiency Fund Balance for new projects, rebate applications or additional programs. The remaining fund balance takes into account \$2.4 million in efficiency commitments already approved.

The District's prepaid expense balance is over double the amount it was as of June 30, 2016. Several of the expenses that are recorded in July relate to annual memberships and premiums, and the District systematically amortizes those payments over the course of the year to match the expense in the month it actually belongs. In the interim, this prepaid account records the money spent but not yet recognized as an expense (for example, the portion of insurance for July 2017). This balance will continue to decrease as the fiscal year moves forward.

The majority of the District debt service payments are due semi-annually, in September and March of each year. Septembers payments are typically higher as both principal and interest payments are due, while in March, the payment is just for interest. The payments were due on September 1, 2016, so the District transferred an additional \$10.5 million into the restricted fiscal agent cash accounts to fund those wires. The money is still recorded in those accounts as of August 31, 2016, as the money wasn't wired until the following business day.

The Net Position schedule shows the Board designated targets for reserves, and the net changes in those balances during the new fiscal year. As the year is still relatively new, the majority of the changes are the result of the approved budget transfers related to the District's capital program. As the District executes contracts from the CIP program, the remaining cash balances will be easily managed and tracked.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Two Months Ended August 31, 2016

	Description	Fiscal Year to Date Actuals	Prior Fiscal Year to Date Actuals	Current Year Approved Budget	Current Year Budget Balance	% of Actuals to Budget
ALL FUNDS						
Operating Revenues						
	Water Sales	\$ 4,887,610	4,449,947	\$ 28,338,290	\$ 23,450,680	17%
	Recycled Water Sales	1,257,404	1,079,698	5,489,814	4,232,410	23%
	Sewer Sales	3,277,767	2,996,417	18,911,865	15,634,098	17%
	Water Efficiency	1,448,453	372,021	3,303,844	1,855,391	44%
	Other Operating Income	52,420	55,107	491,585	439,165	11%
A	Total Operating Revenue	10,923,654	8,953,188	56,535,398	45,611,744	19%
Operating Expenses						
	Salaries	1,887,678	1,694,129	11,950,943	10,063,265	16%
	PERs Employer Contributions ⁴	253,059	83,477	1,564,665	1,311,606	16%
	Defined Contribution 401A	27,786	14,407	281,004	253,218	10%
	Educational Courses	2,780	4,254	54,080	51,300	5%
	Travel & Meetings	35,826	19,839	278,020	242,194	13%
	Recruitment & Employee Relations	7,697	5,226	78,397	70,700	10%
	General Services	26,874	24,183	394,750	367,876	7%
	Annual Audit	-	-	53,000	53,000	0%
	Member Agencies O&M	175,854	169,388	692,228	516,374	25%
	Dues & Memberships	18,942	12,635	101,745	82,803	19%
	Consulting Services	96,874	38,947	2,615,400	2,518,526	4%
	Equipment Rental	1,937	9,972	69,000	67,063	3%
	District Fuel	24,907	32,081	340,000	315,093	7%
	Insurance - District	59,159	80,277	443,170	384,012	13%
	Insurance - Personnel	48,783	58,564	480,546	431,763	10%
	Insurance - Benefits	367,025	369,507	3,106,144	2,739,119	12%
	Legal Services - Personnel	7,300	-	50,000	42,700	15%
	Legal Services - General ¹	-	3,794	430,000	430,000	0%
	District Office Supplies	41,402	117,146	853,750	812,348	5%
	District Operating Supplies	60,076	57,836	390,450	330,374	15%
	Repairs & Maintenance - Equipment	125,841	88,420	628,769	502,928	20%
	Repairs & Maintenance - Facilities	474,120	292,643	3,447,205	2,973,085	14%
	Safety Program & Compliance Requirements	41,503	32,737	191,650	150,147	22%
	SOCWA	1,855,839	2,030,286	9,480,876	7,625,037	20%
	Special Outside Assessments	25,186	23,141	240,000	214,814	10%
	Utilities	377,200	238,861	2,373,260	1,996,060	16%
	Water Purchases	5,136,610	4,557,804	25,826,808	20,690,198	20%
	Meter / Vault Purchases	1,604	38,076	615,000	613,396	0%
	Water Efficiency	12,832	381,477	2,898,457	2,885,625	0%
	Other Operating Expenses	349,576	969	-	(349,576)	n/a
B	Total Operating Expenses	11,544,270	10,480,074	69,929,317	58,734,623	17%
			10,665,415			
A-B	Operating Income (Loss)	(620,617)	(1,526,885)	(13,393,919)	(13,122,879)	5%
Non-Operating Revenues (Expenses)						
	Property Tax Revenue	40,527	43,194	27,069,573	27,029,046	0%
	Investment Income ²	(263,967)	430,003	2,348,860	2,612,827	-11%
	Property Lease Income	293,640	291,043	1,569,878	1,276,238	19%
	Interest Expense	(914,874)	(963,918)	(5,466,157)	(4,551,283)	17%
	Misc. Non-Operating Income	930,116	741,632	3,718,464	2,788,348	25%
	Capacity fees	-	(242,800)	468,818	468,818	0%
C	Total Non-Operating Revenue (Expenses)	85,443	299,153	29,240,618	29,155,175	0%
A-B+C	Change in All Funds	\$ (535,174)	\$ (1,227,732)	\$ 15,846,699	\$ 16,032,296	
Other Non Cash Expenses						
	Depreciation	2,921,952	2,830,582	-	(2,921,952)	n/a
D	Total Change in Net Position	(3,457,126)	(4,058,314)	15,846,699	18,954,248	

Note: Totals may not sum due to rounding.

1. Detail of Legal Services - General can be found on the next page.
2. Investment income is comprised of realized income of (\$63,672) and unrealized income of (\$200,295).

#10.b.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Two Months Ended August 31, 2016
Legal Services - General

Firm	General	Water Use Efficiency	Capital ³	Total
Best Best & Krieger LLP	-	-	-	-
Budget Amount	420,000	10,000	-	430,000
Budget Balance	\$ 420,000	\$ 10,000	\$ -	\$ 430,000

Note: Totals may not sum due to rounding.

3. Capital legal services represent legal services rendered during construction and are capitalized by the District as part of the project.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Two Months Ended August 31, 2016

	Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND					
<u>Operating Revenues</u>					
	Water Sales	\$ 28,338,290	\$ 4,887,610	\$ 23,450,680	17%
	Recycled Water Sales	5,489,814	1,257,404	4,232,410	23%
	Sewer Sales	18,911,865	3,277,767	15,634,098	17%
	Other Operating Income	491,585	52,420	439,165	11%
A	Total Operating Revenue	53,231,554	9,475,201	43,756,353	18%
<u>Operating Expenses</u>					
	Salaries	11,181,396	1,765,189	9,416,207	16%
	PERs Employer Contributions	1,480,783	251,645	1,229,138	17%
	Defined Contribution 401A	267,655	25,886	241,769	10%
	Educational Courses	51,580	2,665	48,915	5%
	Travel & Meetings	253,320	35,160	218,160	14%
	Recruitment & Employee Relations	78,397	7,697	70,700	10%
	General Services	394,750	26,874	367,876	7%
	Annual Audit	53,000	-	53,000	0%
	Member Agencies O&M	692,228	175,854	516,374	25%
	Dues & Memberships	101,245	18,942	82,303	19%
	Election Expenses	83,000	-	83,000	0%
	Consulting Services	1,315,400	85,933	1,229,467	7%
	Equipment Rental	69,000	1,937	67,063	3%
	District Fuel	340,000	24,907	315,093	7%
	Insurance - District	443,170	59,159	384,012	13%
	Insurance - Personnel	460,266	46,593	413,673	10%
	Insurance - Benefits	2,924,922	340,518	2,584,404	12%
	Legal Services - Personnel	50,000	7,300	42,700	15%
	Legal Services - General	420,000	-	420,000	0%
	District Office Supplies	473,250	35,558	437,692	8%
	District Operating Supplies	390,450	60,076	330,374	15%
	Repairs & Maintenance - Equipment	626,269	125,619	500,650	20%
	Repairs & Maintenance - Facilities	3,447,205	474,120	2,973,085	14%
	Safety Program & Compliance Requirements	191,650	40,197	151,453	21%
	SOCWA	9,480,876	1,855,839	7,625,037	20%
	Special Outside Assessments	240,000	25,186	214,814	10%
	Utilities	2,373,260	377,200	1,996,060	16%
	Water Purchases	25,826,808	5,136,610	20,690,198	20%
	Meter / Vault Purchases	615,000	1,604	613,396	0%
	Other Operating Expenses ¹	-	349,576	(349,576)	n/a
B	Total Operating Expenses	64,324,880	11,008,269	53,316,611	17%
A-B	Operating Income (Loss)	(11,093,326)	(1,533,068)	(9,560,258)	14%
<u>Non-Operating Revenues (Expenses)</u>					
	Property Tax Revenue	27,069,573	40,527	27,029,046	0%
	Investment Income	2,242,424	(124,853)	2,367,277	-6%
	Property Lease Income	1,569,878	293,640	1,276,238	19%
	Misc. Non-Operating Income (Expense)	3,718,464	8,425	3,710,039	0%
C	Total Non-Operating Revenue (Expenses)	34,600,339	217,740	34,382,599	1%
A-B+C	Change in General Fund	\$ 23,507,013	\$ (1,315,328)	\$ 24,822,341	1%
<u>Other Non Cash Expenses</u>					
	Depreciation	-	2,921,952	(2,921,952)	n/a
D	Total Change in Net Position	\$ 23,507,013	\$ (4,237,280)	\$ 21,900,389	\$ 2,921,952

Note: Totals may not sum due to rounding.

¹ The District has been reviewing the items in the Warehouse and removing obsolete items from the inventory totals.

#10.b.

**Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Two Months Ended August 31, 2016**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND				
<u>Projected Operating Revenue</u>				
Water Efficiency	3,303,844	1,448,453	1,855,391	44%
Projected Total Operating Revenue	3,303,844	1,448,453	1,855,391	44%
<u>Projected Operating Expenses</u>				
Labor	1,068,280	154,501	913,779	14%
Educational Courses	2,500	115	2,385	5%
Travel & Meetings	24,700	666	24,034	3%
Dues & Memberships	500	-	500	0%
Consulting Services	1,300,000	10,940	1,289,060	1%
Legal Services	10,000	-	10,000	0%
Conservation supplies	380,500	6,065	374,435	2%
Repairs and Maintenance - Equipment	2,500	-	2,500	0%
Water Efficiency	2,898,457	13,054	2,885,403	0%
Projected Total Operating Expenses	5,687,437	185,341	5,502,096	3%
Projected Operating Income (Loss)	(2,383,593)	1,263,112	(3,646,705)	-53%
<u>Projected Non-Operating Revenue</u>				
Investment Income	106,436	(18,548)	124,984	-17%
Projected Total Non-Operating Revenue	106,436	(18,548)	124,984	-17%
Projected Change in Water Efficiency Fund	(2,277,157)	1,244,564	(3,521,721)	

Note: Totals may not sum due to rounding.

Water Efficiency Available Net Position¹

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance
Fund Net Position, Beginning of Year	5,158,320	5,158,320	5,158,320
Projected Change in Water Efficiency Fund	(2,277,157)	1,244,564	(3,521,721)
Fund Net Position, August 31, 2016	2,881,163	6,402,884	1,636,599

1. In addition to realized expenditures, there is approximately \$2,358,587 in project commitments, reducing the available WBBRS reserve balance to \$4,044,297.

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	<u>(Unaudited)</u> <u>August 31, 2016</u>	<u>(Unaudited)</u> <u>June 30, 2016</u>
CURRENT ASSETS:		
Cash and investments	\$ 19,099,665	\$ 21,149,580
Restricted cash and investments with fiscal agent	18,364,765	8,086,043
Accounts receivables:		
Water and sanitation charges	3,460,073	4,023,360
Taxes and acreage assessments	-	255,190
Grant Reimbursements	1,474,553	1,771,918
Other accounts receivable	110,518	347,088
Interest receivable	431,023	589,339
AMP receivable	-	656
Inventory	919,485	1,322,755
Prepaid expenses	1,297,085	566,095
	<u>45,157,167</u>	<u>38,112,024</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Investments	96,383,017	109,982,071
Retrofit loans receivable	555,709	561,582
Capital assets, net of accumulated depreciation	342,386,193	344,747,326
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	48,012,735	45,135,106
	<u>488,429,563</u>	<u>501,517,995</u>
TOTAL NONCURRENT ASSETS		
TOTAL ASSETS	<u>533,586,730</u>	<u>539,630,019</u>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	845,201	937,158
Deferred Items related to Pension	1,419,676	1,419,676
	<u>2,264,877</u>	<u>2,356,834</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES		
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$	<u><u>535,851,607</u></u>	<u><u>\$ 541,986,853</u></u>

#10.c.

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

	<u>(Unaudited) August 31, 2016</u>	<u>(Unaudited) June 30, 2016</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 6,735,654	\$ 9,107,383
Interest payable	2,662,089	1,880,732
Unearned Revenue	45,572	45,572
Compensated absences	698,972	618,807
Current portion of long-term debt:		
Bonds payable	6,060,000	6,060,000
Loans Payable	946,715	1,994,998
Certificates of participation	1,855,000	1,855,000
	<u>19,004,001</u>	<u>21,562,492</u>
 LONG-TERM LIABILITIES		
Compensated absences	232,991	206,269
Long-term debt:		
Bonds payable	16,370,000	16,370,000
Loans payable	8,693,015	8,693,015
Certificates of participation	61,925,000	61,925,000
Net Pension Liability	12,934,337	12,934,337
	<u>100,155,342</u>	<u>100,128,621</u>
 Bond Discount/Premium	2,463,076	2,609,427
TOTAL LIABILITIES	<u>121,622,420</u>	<u>124,300,540</u>
 DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	3,530,389	3,530,389
	<u>3,530,389</u>	<u>3,530,389</u>
 NET POSITION:		
Net investment in capital assets	294,023,233	292,404,060
Restricted for capital projects	21,453	2,632,947
Unrestricted	116,654,112	119,118,917
	<u>410,698,798</u>	<u>414,155,924</u>
 TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	<u>\$ 535,851,607</u>	<u>\$ 541,986,853</u>

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
As of August 31, 2016

	Reserve Requirement	(Unaudited) Balance 8/31/2016	Over (Under) Requirement	(Unaudited) Balance 6/30/2016
<u>Restricted Cash and Investments:</u>				
2009 COPS Trust Reserve	\$ 6,000,000	\$ 6,012,747	\$ 12,747	\$ 6,033,813
2009 COPS Installment	-	2,049,488	2,049,488	39
2010 Installment Payment	-	1,930,622	1,930,622	264,609
2010 COPS Trust Reserves	378,000	557,266	179,266	555,767
2014 Consolidated Ref Bonds	-	6,280,900	6,280,900	4
2015 Refunding Bonds	-	306,625	306,625	8
2015 Refunding Reserve	1,226,500	1,227,117	617	1,231,804
Total Restricted Trust Accounts	\$ 7,604,500	\$ 18,364,765	\$ 10,760,265	\$ 8,086,043

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
NET POSITION
As of August 31, 2016

	Reserve Policy Target	(Unaudited) Balance		(Unaudited) Balance
		8/31/2016	Net Change	6/30/2016
Unrestricted Net Position¹:				
Designated for Self Insurance Reserves	\$ 250,000	254,298	\$ (461)	\$ 254,759
Designated for Water Efficiency (WBBRS) ²	n/a	6,402,884	1,244,564	5,158,320
Designated for Replacement and Refurbishment	n/a	24,504,994	14,775,229	9,729,765
Designated for Water Supply Reliability	n/a	7,445,574	7,445,574	-
Designated for Planning and Construction	n/a	9,411,134	(19,080,335)	28,491,469
Designated for Rate Stabilization	13,250,000	13,632,755	(24,729)	13,657,484
Designated for Emergency Reserve	35,510,000	35,510,000	-	35,510,000
Unrestricted, undesignated ³	15,820,000	19,492,473	(6,824,647)	26,317,120
Total Unrestricted Net Position	64,830,000⁴	116,654,112	(2,464,805)	119,118,917
Restricted for Capital Facilities (Projects)		21,453	(2,611,494)	2,632,947
Net Investment in Capital Assets ⁵		294,023,233	1,619,173	292,404,060
Total Net Position		\$ 410,698,798	\$ (3,457,126)	\$ 414,155,924

Note: Totals may not sum due to rounding.

1. Board designated balances represent available cash in that fund.

2. In addition to realized expenditures, there is approximately \$2,358,587 in project commitments, reducing the available WBBRS reserve balance to \$4,044,297.

3. Unrestricted, undesignated balance include the General Operating Reserve and other general District accrued cash flows. This amount includes the remaining total cash balance of \$18,168,497.

4. All funds in excess of reserve policy targets will be used to fund capital projects and operations.

5. Net Investment in Capital Assets calculated as follows:

Total capital assets	\$ 391,490,838
Less capital related debt	(98,312,806)
Add deferred charges related to debt	845,201
Total Net Investment in Capital Assets	\$ 294,023,233

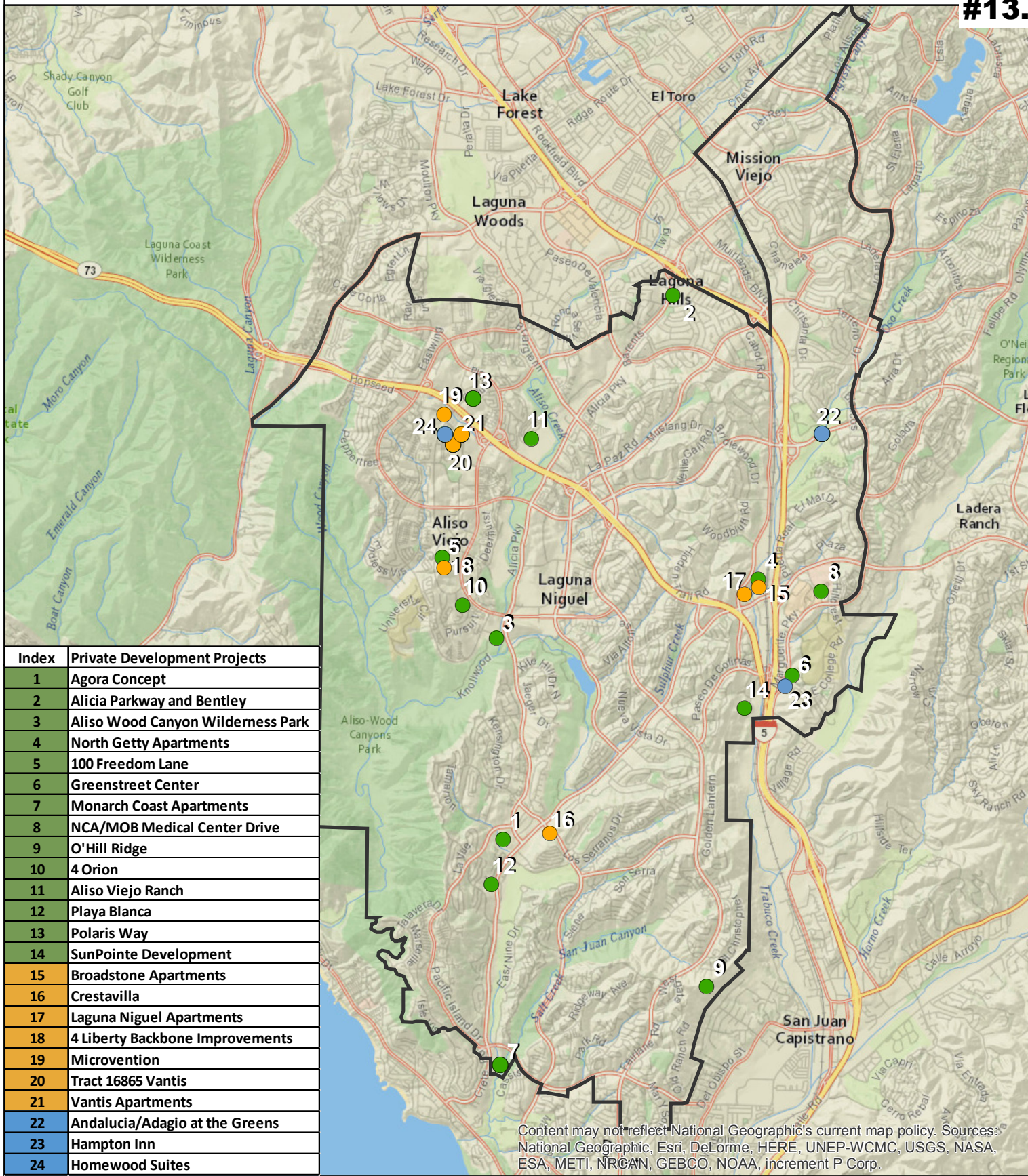
**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF SEPTEMBER 2016**

Summary of Disbursements in September 2016:

General Fund Disbursements		5,632,047
<u>Restricted Fund Disbursements:</u>		
Water Efficiency Fund	222,767	
Replacement & Refurbishment Fund	477,435	
Water Supply Reliability Fund	1,982,154	
Planning & Construction Fund	68,650	
CIEDB Loan	15,369	2,766,374
Total Disbursements for all Funds	\$	8,398,421

Detail of Major Expenditures in September 2016:

1. Municipal Water District of Orange County (MWDOC)		
July Water Purchases 2494.9 AF	2,350,196	
July Readiness to Serve	134,906	
July Capacity Charge	38,599	
July Turf, Nozzles, and Smart Timer Rebates	16,729	
July SCP Operation Surcharge	14,840	
June SoCal Water\$mart Residential Rebates	550	2,555,819
<hr/>		
2. Irvine Ranch Water District (IRWD)		
FY 16/17 Q1 Baker Pipeline Project #20006071 Deposits		1,979,471
<hr/>		
3. South Orange County Wastewater Authority (SOCWA)		
FY 16/17 Q1 O&M Budget Deposit Balance		229,472
<hr/>		
4. Vadrnais Trenchless Services, Inc.		
C# 2009115 San Juan Creek 30" ETM, progress payment #8		160,954
<hr/>		
5. Ken Grody Fleet Department		
Four (4) new District vehicles		151,059
<hr/>		
6. Southern Contracting Company		
C# 2006038 Towers For Wireless Network, progress payment #1		149,435
<hr/>		
7. Paulus Engineering, Inc.		
C# 2015002 Valve Replacements, progress payment #1	50,635	
Mainline Emergency Repairs in Mission Viejo on 8/20/16	90,215	140,850
<hr/>		
8. Ferreira Construction Co., Inc.		
C# 2014011 Recycled Water Extension, progress payment #4	79,942	
C# 2014013 Pradera 850 Zone Loop System, progress payment #2	45,067	125,009
<hr/>		
9. A & Y Company Inc.		
Concrete & Asphalt Services		119,302



Index	Private Development Projects
1	Agora Concept
2	Alicia Parkway and Bentley
3	Aliso Wood Canyon Wilderness Park
4	North Getty Apartments
5	100 Freedom Lane
6	Greenstreet Center
7	Monarch Coast Apartments
8	NCA/MOB Medical Center Drive
9	O'Hill Ridge
10	4 Orion
11	Aliso Viejo Ranch
12	Playa Blanca
13	Polaris Way
14	SunPointe Development
15	Broadstone Apartments
16	Crestavilla
17	Laguna Niguel Apartments
18	4 Liberty Backbone Improvements
19	Microvention
20	Tract 16865 Vantis
21	Vantis Apartments
22	Andalucia/Adagio at the Greens
23	Hampton Inn
24	Homewood Suites

Content may not reflect National Geographic's current map policy. Sources: National Geographic, Esri, DeLorme, HERE, UNEP-WCMC, USGS, NASA, ESA, METI, NRCAN, GEBCO, NOAA, increment P Corp.

Legend

- Planning
- Ongoing
- Completed

District Boundary



Scale: 1:109,000

**Exhibit A
Private Development
Location Map**





Exhibit B

Private Development Status Report

Table of Contents

PlanningPage 1 - Page 8
Ongoing..... Page 9 -Page 12
Completed..... Page 13 - Page 14



1) PROJECT NAME:
Agora Concept

PROJECT LOCATION:
Old County Courthouse location adjacent to the City of Laguna Niguel City Hall

PROJECT SPECIFICS:

Building Size:	200 Units 256,500 Sq. Ft.
Estimated Connection Fee:	\$252,942
Estimated Construction Start:	Unknown
Phase/Notes:	
Project is in the Design and Planning Phases.	



ADDITIONAL NOTES: Water Supply Assessment was completed. Connection Fees will include an offset from previously paid connection fees for past development. Development will include restaurants, retail space, office space, kiosks, classroom space, event space, residential villas, and a boutique hotel.

2) PROJECT NAME:
Alicia Parkway and Bentley

PROJECT LOCATION:
East side of Alicia Parkway between Bentley and Hon, Laguna Hills

PROJECT SPECIFICS:

Building Size:	54 Units
Estimated Connection Fee:	\$224,112
Estimated Construction Start::	Unknown
Phase/Notes:	
Project is in the Conceptual Design Phase. Engineering Feasibility letter issued.	



ADDITIONAL NOTES: Connection fees will include an offset from previously paid connection fees for past development.

3) PROJECT NAME:
Aliso Wood Canyon Wilderness Park

PROJECT LOCATION:
South of AWMA between Alicia Parkway and Aliso Canyon Road

PROJECT SPECIFICS:

Building Size: 5,000 square feet

Estimated Connection Fee: \$12,807

Estimated Construction Start: March 2017

Phase/Notes:

Project is in the Design Phase.



ADDITIONAL NOTES: None.

4) PROJECT NAME:
27635 Forbes– North Getty Apartments

PROJECT LOCATION:
North of Crown Valley Parkway on Forbes Road, North of Getty Dr., Laguna Niguel.

PROJECT SPECIFICS:

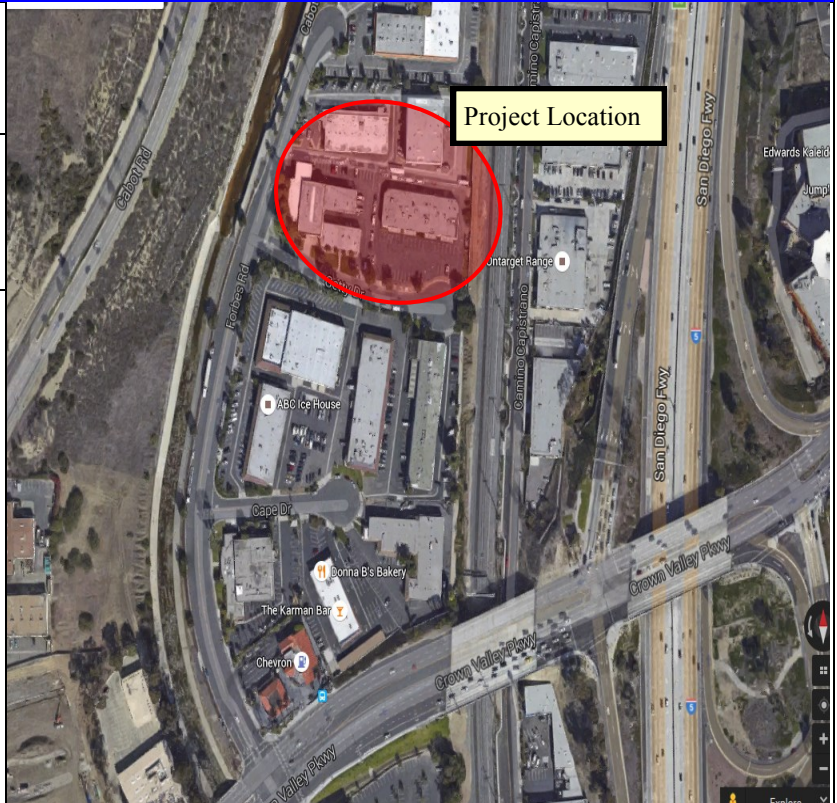
Building Size: 3.84-acre residential apartment site

Estimated Connection Fee: \$108,063

Estimated Construction Start: November 2016

Phase/Notes:

Project is in the final Planning Phase.



ADDITIONAL NOTES: Connection Fees include an offset from previously paid connection fees for past development.



5 PROJECT NAME:
100 Freedom Lane

PROJECT LOCATION:
4 Liberty, south of Aliso Viejo Parkway, west of Aliso Creek Road.

Building Size: 246,000 square feet
 Proposed Connection Fee: \$208,921
 Estimated Construction Start: November 2016

Phase/Notes:
 Project to develop senior living complex. Project is in the final Planning Phase.



ADDITIONAL NOTES: None.

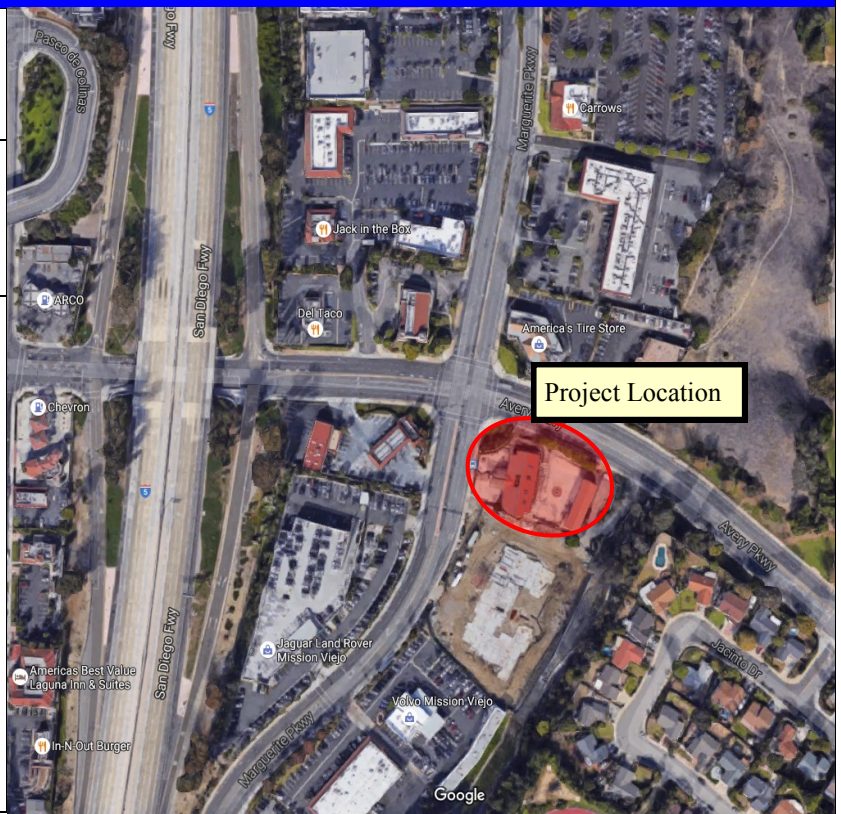
6) PROJECT NAME:
Greenstreet Center

PROJECT LOCATION:
Southeast corner of Avery Parkway and Marguerite

PROJECT SPECIFICS:

Building Size: 15,223 square feet
 Estimated Connection Fee: \$51,228
 Estimated Construction Start: Winter 2016

Phase/Notes:
 Project is in the Planning Phase; plan is to construct new mixed use commercial space.



ADDITIONAL NOTES: None.

7) PROJECT NAME:
Monarch Coast Apartments

PROJECT LOCATION:
South of the intersection of Crown Valley Community Parkway and Camino Del Avion, on South Peak.

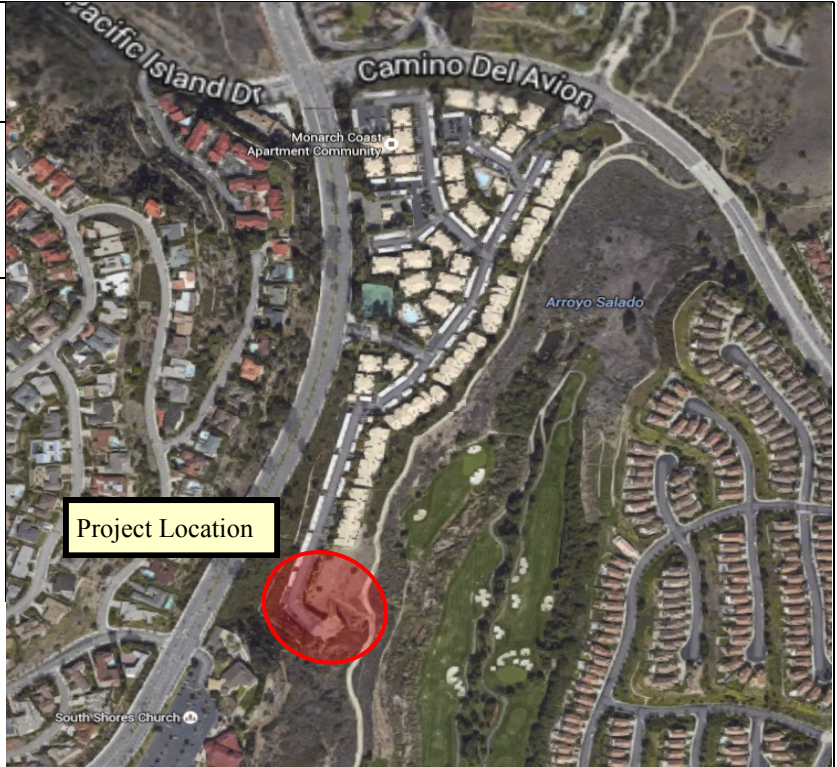
PROJECT SPECIFICS:

Building Size: 30 Units

Estimated Connection Fee: None

Estimated Construction Start: December 2016

Phase/Notes:
Project approval is contingent upon submittal of final agreements and Easements.



ADDITIONAL NOTES: Connection Fees will be fully offset by previously paid connection fees for past development. Previous units in that location were demolished after landslide.

8) PROJECT NAME:
NCA Medical Office Building

PROJECT LOCATION:
North of Marguerite Parkway within the eastern parking lot of The Shoppes at Mission Viejo

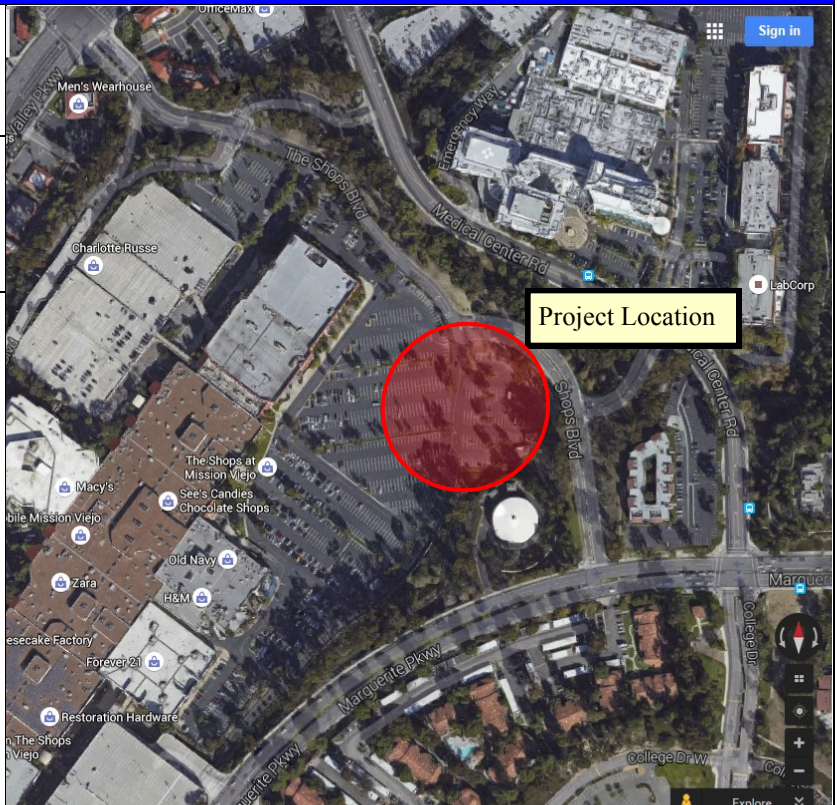
PROJECT SPECIFICS:

Building Size: 108,000 sq. ft.

Estimated Connection Fee: \$124,872

Estimated Construction Start: September 2017

Phase/Notes:
Project is in Design Phase.



ADDITIONAL NOTES: None.



9) PROJECT NAME:
O'Hill Ridge—Tract 93-129

PROJECT LOCATION:
Below Old Ranch Road, Laguna Niguel - an extension off of O'Hill Ridge Road.

PROJECT SPECIFICS:

Building Size:	5 SFRs
Estimated Connection Fee:	\$12,025
Estimated Construction Start:	Unknown
Phase/Notes:	

Engineering Feasibility Study and preliminary requirements complete . Project in Planning Phase.



ADDITIONAL NOTES: Properties will require ejector pumps for wastewater service, or an Interagency Agreement with City of San Juan Capistrano to allow for the City to provide this service.

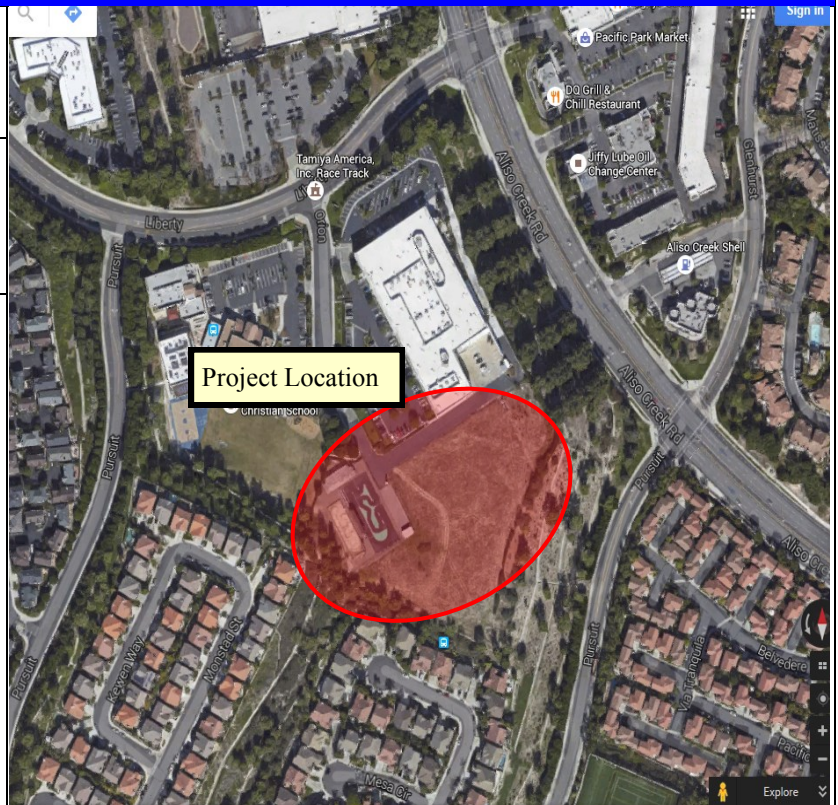
10) PROJECT NAME:
4 Orion

PROJECT LOCATION:
Located at the end of the cul-de-sac on Orion west of Aliso Creek Road, and south of Liberty.

PROJECT SPECIFICS:

Building Size:	274 Units
Estimated Connection Fee:	\$116,067
Estimated Construction Start:	Unknown
Phase/Notes:	

Project is in the Conceptual Planning Phase.



NOTES: None.

11) PROJECT NAME:
100 Park Avenue– Aliso Viejo Ranch

PROJECT LOCATION:
100 Park Avenue Aliso Viejo, at the northeast corner of Cedarbrook and Park Ave. Adjacent to Aliso Viejo Middle School

PROJECT SPECIFICS:

Building Size: 36,650 sq. ft.
 Estimated Connection Fee: \$54,431
 Estimated Construction Start: Unknown
 Phase/Notes:
 Project is in the Planning Phase with a completed environmental review.



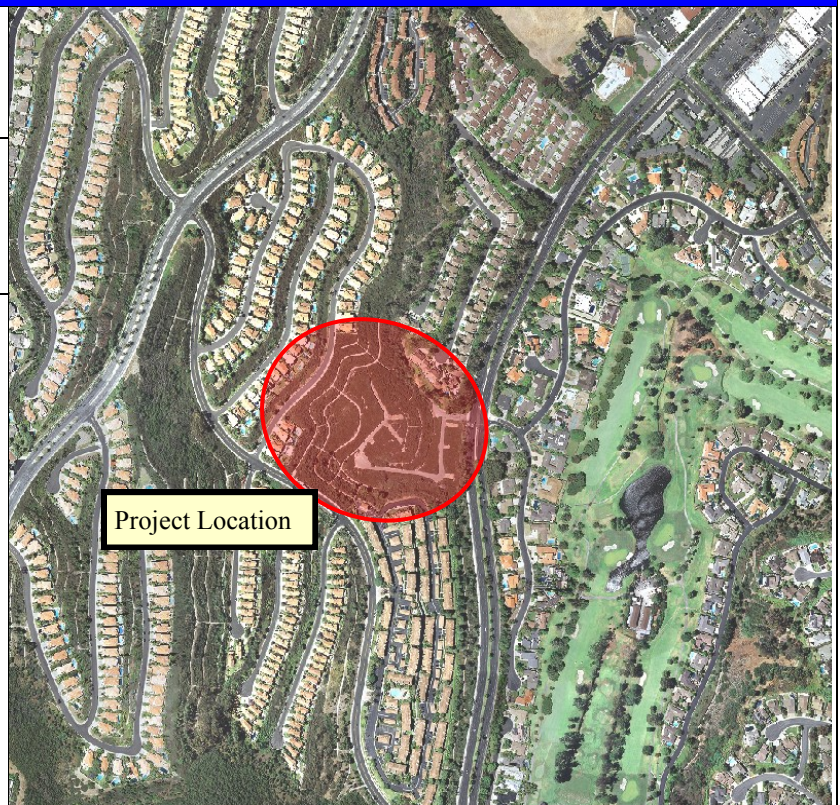
ADDITIONAL NOTES: Project consists of removing existing structures and constructing a multi-purpose community facility.

12) PROJECT NAME:
Playa Blanca - Tract 9650

PROJECT LOCATION:
West from intersection of Crown Valley Parkway & Paseo Del Niguel, near El Niguel Country Club

PROJECT SPECIFICS:

Building Size: 40 Units
 Estimated Connection Fee: None
 Estimated Construction Start: Unknown
 Phase/Notes:
 Project is in the Conceptual Phase. Receiving calls from potential developers.



ADDITIONAL NOTES: Developer activity involved performing a feasibility study for reconstruction.



13) PROJECT NAME:

Polaris Way

PROJECT LOCATION:

6 Polaris Way is located south of Aliso Viejo Parkway, north of the 73 freeway and west of Aliso Creek Road in Aliso Viejo.

PROJECT SPECIFICS:

Building Size: 45,000 sq. ft.
 Estimated Connection Fee: \$32,108
 Estimated Construction Start: Unknown
 Phase/Notes:
 Project is in the Planning Phase; plan is to construct new office space.



ADDITIONAL NOTES: None.

14) PROJECT NAME:

Sun Pointe - Tract 17433

PROJECT LOCATION:

End of Avenida Del Caballo above Mercedes Dealership, Laguna Niguel.

PROJECT SPECIFICS:

Building Size: 71 SFR
 Estimated Connection Fee: \$284,142
 Estimated Construction Start: Spring 2017
 Phase/Notes:
 Horizontal drilling has been performed to dewater the site and stabilize the area. Dewatering efforts were successful, but redesign required to retain and stabilize the site without affecting the adjoining Mercedes dealership parcel below.



ADDITIONAL NOTES: Site has had numerous proposals over the years. Current design calls for detached SFRs. Existing road alignments will be changed and significant grading performed. Current design includes the relocation of Rancho Underground Pump Station.

15) PROJECT NAME:
Broadstone Apartments

PROJECT LOCATION:
North of Crown Valley Parkway on Forbes Road, between Cape and Getty Dr., Laguna Niguel.

PROJECT SPECIFICS:

Building Size: 348 Units
 Connection Fees Received: \$490,463
 Construction Status: Ongoing
 Phase/Notes:

Significant improvements required for service, including off-site water and sewer upsizing and sewer diversion. Sewer diversion in Camino Capistrano complete. On-site water relocation complete. Forbes water and sewer upsizing pending.



NOTES: Mixed-Use, commercial below and apartments above. Sq. footage includes 348 units, 4,500 s.f. retail space, 2,570 s.f. leasing ctr., 4,500 s.f. club/fitness, and parking structure. Approx. 500,000 total s.f.. Formerly Gateway Apartments. Connection Fees include an offset from previously paid connection fees for past development.

16) PROJECT NAME:
Crestavilla Retirement & Assisted Living Development

PROJECT LOCATION:
South from the intersection of Crown Valley Parkway and Niguel Road, Laguna Niguel.

PROJECT SPECIFICS:

Building Size: 201 Units
 Connection Fee Received: \$271,686
 Estimated Construction Start: Ongoing
 Phase/Notes:

Project is in construction; Developer working with District on architectural improvements for Little Niguel Pump Station.



ADDITIONAL NOTES: 112 independent care units, 75 assisted living units, 37 memory care units. Replacing Shepherd of the Hills Church, medical bldg., and vacant lot. Approx. 211,000 total s.f.. Connection Fees include an offset from previously paid connection fees for past development.



17) PROJECT NAME:
Laguna Niguel Apartments

PROJECT LOCATION:
27963 Cabot Road, Laguna Niguel. North of intersection of Cabot Road and Crown Valley Parkway.

Building Size: 450 Units
Proposed Connection Fees: \$
Construction Status: Ongoing
Phase/Notes:
Significant grading work in progress. On-Site construction anticipated in Winter 2016.



ADDITIONAL NOTES: Adjacent to (northeast) of Crown Cabot Luxury Apartments. Development will be accessed from both Cabot Road and Crown Valley Parkway. Connection Fees will include an offset from previously paid connection fees for past development.

18) PROJECT NAME:
4 Liberty– Backbone Improvements

PROJECT LOCATION:
4 Liberty, south of Aliso Viejo Parkway, west of Aliso Creek Road.

Building Size: 385 Units
350,000 Sq. Ft.
Connection Fees received: None
Estimated Construction Start: Fall 2016
Phase/Notes:
Project to develop mixed use space including senior living and commercial space. Project is in the Planning Phase.



ADDITIONAL NOTES: Fees were collected for Plancheck and Inspection. There are no connection fees for the backbone facilities. Fees will be collected when meters are installed from individual developments.

19) PROJECT NAME:
Microvention — 35 & 37 Enterprise

PROJECT LOCATION:
Parcel north of Aliso Viejo Parkway and Enterprise, Aliso Viejo. (near Renaissance Club Sport)

PROJECT SPECIFICS:

Building Size: 205,460 sq. ft.
 Connection Fees Received: \$70,816
 Estimated Construction Start: Spring 2016
 Phase/Notes:
 Project is in construction.



ADDITIONAL NOTES: None.

20) PROJECT NAME:
Tract 16865—Vantis

PROJECT LOCATION:
South of the intersection of Aliso Viejo Parkway and Enterprise, Aliso Viejo.

PROJECT SPECIFICS:

Building Size: 400 Units
 Connection Fees Received: \$307,000
 Construction Status: Ongoing
 Phase/Notes:
 Punch list items still need to be completed. Record Drawings to be produced and submitted for project closure, for mainline facilities and recycled water use sites.



ADDITIONAL NOTES: Entire Vantis site includes 41 live/work units; 256 townhomes; 103 multi-story condominiums; 4 office bldgs.; 3 parking structures.



21) PROJECT NAME:
Vantis Apartments

PROJECT LOCATION:
90 Vantis Drive, Aliso Viejo. South from intersection of Aliso Viejo Parkway and Enterprise.

PROJECT SPECIFICS:

Building Size: 435 Units

Connection Fees Received: \$522,000

Construction Status: Ongoing

Phase/Notes:

On-site work began in Summer 2015.

Project construction nearing completion. Record Drawings to be produced and submitted for project closure.



ADDITIONAL NOTES: Project includes courtyard easement improvements between Apartments.

22) PROJECT NAME:
Andalucía/ Adagio at the Greens Mission Viejo Apartment Complex

PROJECT LOCATION:
Intersection of Oso Parkway and Montanoso Drive east of the I-5 Freeway, Mission Viejo.

PROJECT SPECIFICS:

Building Size:	256 Units
Connection Fees Received:	\$307,200
Construction Status:	Complete

Phase/Notes:
Project construction has been completed. Record Drawings to be produced and submitted for project closure.



ADDITIONAL NOTES: None.

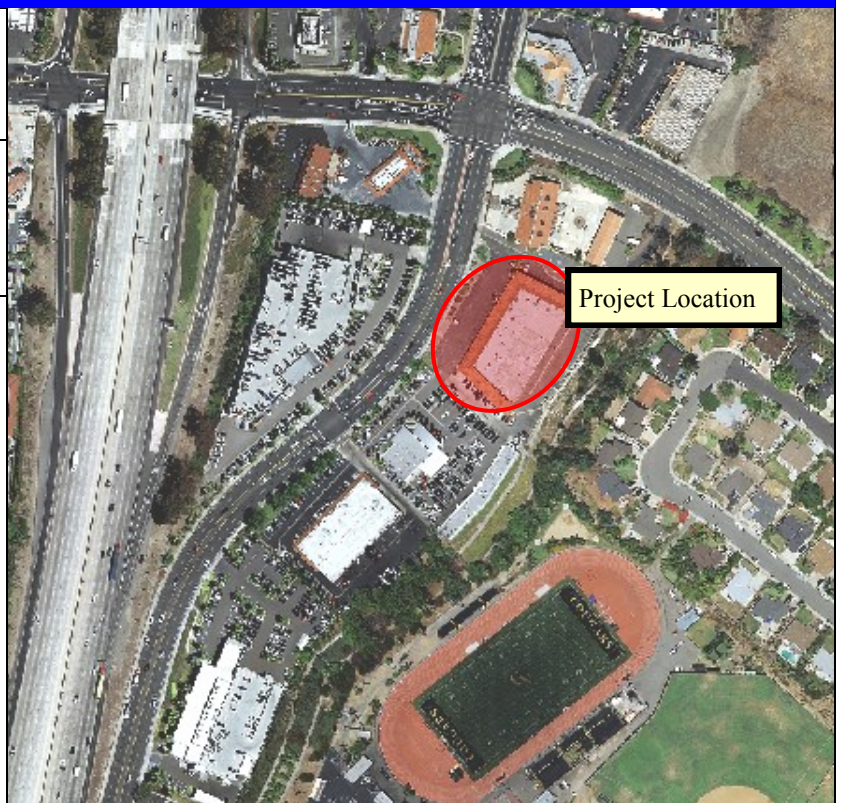
23) PROJECT NAME:
Hampton Inn

PROJECT LOCATION:
28682 Marguerite Parkway, Mission Viejo. South of Intersection of Marguerite and Avery Parkways.

PROJECT SPECIFICS:

Building Size:	61,397 sq. ft.
Connection Fees Received:	\$12,829.56
Construction Status:	Complete

Phase/Notes:
Project construction has been completed. Record Drawings to be produced and submitted for project closure.



ADDITIONAL NOTES: Project connection fees were offset with a credit for pre-existing building of 23, 663 sq. ft. Structure is 3 stories with 101 rooms. Connection Fees include an offset from previously paid connection fees for past development.



24) PROJECT NAME:
Homewood Suites Hilton

PROJECT LOCATION:
110 Vantis Drive, Aliso Viejo
(Northwest of initial Vantis development)

PROJECT SPECIFICS:

Building Size: 93,176 sq. ft.
(124 rooms)

Connection Fees Received: \$31,679.84

Construction Status: Complete

Phase/Notes:

Project construction has been completed. Record Drawings to be produced and submitted for project closure.



ADDITIONAL NOTES: None.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** October 17, 2016

FROM: Marc Serna, Director of Engineering and Operations
Megan Emami, Permitting Technician

SUBJECT: Quarterly Communications License Program Report

DIVISION: District-wide

SUMMARY:

Issue: Staff is responsible for administering the Communications License Program per the Communication License Agreement and License Policy adopted by the Board of Directors in December 2015.

Recommendation: Information item only.

Fiscal Impact: The Communication License Program has historically generated up to \$1.7 million per fiscal year.

BACKGROUND:

In the 1990s, the District approved the first communication facility to be constructed at a District site. As the communication industry grew, the District was approached by carriers to use District sites for cell tower equipment installations. The District developed the Communications License Program (Program) with a primary objective to provide economic benefit to District ratepayers through a monthly lease program. The District's first responsibility is to provide water and wastewater service to its customers, and development of the Program can not interfere with District's ability to provide quality service. With those objectives in place, the Board of Directors approved a Communications Lease Agreement and Lease Policy, which was implemented on January 1, 2001 and updated to a Communication License Agreement and License Policy on March 15, 2012. On December 14, 2015, the Board of Directors adopted an update to the Communication License Agreement and License Policy.

#14.

Quarterly Communications License Program Report

October 17, 2016

Page 2 of 2

Since implementation of the Communications Lease Agreement and Lease Policy, the Program has grown to include 56 agreements with several amendments on those agreements. These communications facilities affect 17 District sites.

DISCUSSION:

During the period covered by this quarterly update (July, August, and September 2016), staff has performed various internal and external activities for the Program:

- There were no new applications for site modifications.
- Worked with Metro PCS and Nextel on plans to decommission existing facilities.
- Continued processing 44 existing site modification applications.
- Continued lease amendment negotiations.
- Continued to work with cell carriers to prepare for license renewals. 34 leases will require renewal. Rather than renewing the leases, they will be issued new license agreements. MNWD worked with legal counsel to evaluate communication carrier agreement negotiations. Language within the agreements is being finalized with multiple carriers. Due to Nextel and Metro PCS decommissioning their facilities on many sites, it is anticipated that only 28 license agreements will need to be issued.