



**FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
February 17, 2016
8:30 AM
Approximate Meeting Time: 4 Hours**

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE JANUARY 20, 2016 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING
3. PUBLIC COMMENTS
Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting.

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

PRESENTATION ITEMS

4. Quarterly Investment Report - Chandler Asset Management
5. Fee Study Update
6. Urban Water Management Plan Update

INFORMATION ITEMS

7. Water Usage Update
8. Outreach Update
9. Private Development Status
10. Agora Concept Water Supply Assessment
11. Plant 3A Creek Mitigation Plan
12. Quarterly Capital Improvement Program Report
13. Quarterly Communications License Program Report

14. Monthly Financial Report
 - a. Summary of Financial Results
 - b. Budget Comparison Report
 - c. Financial Statements
 - d. Restricted Cash and Investments with Fiscal Agent
 - e. Unrestricted and Restricted Fund Balances
 - f. Summary of Disbursements January 2016
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 pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9

Receipt of claim: Peter Nelmes

Receipt of claim: Steve Horn

Receipt of claim: Maria Garcia

ADJOURNMENT

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

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



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

January 20, 2016

A Regular Meeting of the Finance & Information Technology Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 8:30 AM on January 20, 2016. There were present and participating:

DIRECTORS

Duane Cave	Director (arrived at 8:51 a.m.)
Scott Colton	Vice President
Richard Fiore	Director
Donald Froelich	President (arrived at 8:37 a.m.)
Gary Kurtz	Director
Larry Lizotte	Director
Brian Probolsky	Vice President/Chair (arrived at 8:33 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
Kelly Salt	Best, Best, and Krieger (General Counsel)
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Trevor Agrelius	MNWD
Drew Atwater	MNWD
Johnathan Cruz	MNWD
Tracy Ingebrigtsen	MNWD
Mark Mountford	MNWD
Eva Plajzer	MNWD
Megan Schneider	MNWD
Carole Wayman-Piasecik	MNWD
Andrew Zelinko	MNWD
Michael Bell	Michael Bell Consulting, Inc.

#2.

Harvey De La Torre	MWDOC
Jamie Allen	Orange Label
Rochelle Reiter	Orange Label
Ken Baerenklau	University of Riverside

1. CALL MEETING TO ORDER

The meeting was called to order by Richard Fiore at 8:31 a.m.

2. APPROVE THE MINUTES OF THE DECEMBER 16, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY GARY KURTZ AND SECONDED BY SCOTT COLTON, MINUTES OF THE DECEMBER 16, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, GARY KURTZ, AND LARRY LIZOTTE ALL VOTING 'AYE'. DIRECTORS DUANE CAVE, DONALD FROELICH, AND BRIAN PROBOLSKY WERE ABSENT.

3. PUBLIC COMMENTS

None.

DISCUSSION ITEMS

9. Rebate Application for Turf Removal

This item was taken first on the agenda. Matt Collings gave an introduction to the Rebate Applications for Turf Removal.

Brian Probolsky arrived at 8:33 a.m.

INFORMATION ITEMS

11. Monthly Financial Report

This item was taken next on the agenda. Trevor Agrelius presented the monthly financial report.

Donald Froelich arrived at 8:37 a.m.

Duane Cave arrived at 8:51 a.m.

PRESENTATION ITEMS**4. University of California, Riverside Rebate Program Water Savings Analysis**

Joone Lopez gave a brief introduction to the item. Professor Ken Baerenklau from the University of California, Riverside, provided a presentation on the impact of conservation programs on household water usage and cost analysis.

5. Water Supply Update (Presentation by MWDOC)

Joone Lopez introduced Harvey De La Torre from the Municipal Water District of Orange County. Harvey De La Torre presented the Water Supply Report and Orange County's response to the drought. Key topics presented were Orange County water savings reported to the State Water Resources Control Board, Orange County historical water usage, fiscal year annual precipitation, Northern California accumulated precipitation, snowpack Jan. 2016 vs. Jan. 2015, and reservoir storage levels.

Brian Probolsky left at 10:37 a.m.

6. Water Usage Update

Drew Atwater presented the water usage update.

7. Drought Emergency Regulations Update**8. Water Shortage Contingency Plan Continued Implementation**

Items #7 and #8 were taken together. Drew Atwater presented the drought emergency regulations update. Discussion ensued regarding the drought emergency regulations extension and staff's recommendation to extend the water shortage contingency plan stages 1 and 2.

INFORMATION ITEMS CONTINUED**10. Outreach Update**

Joone Lopez and Richard Fiore gave a brief outreach update.

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

None.

13. Late Items (Appropriate Findings to be Made)

#2.

Staff has none.

ADJOURNMENT

The meeting was adjourned at 11:09 a.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

Moulton Niguel Water District

Period Ending
December 31, 2015



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



SECTION 1

Consolidated Information

Investment Objectives

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

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

Chandler Asset Management Performance Objectives



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

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

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

Strategy

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



Moulton Niguel Water District Consolidated

December 31, 2015

COMPLIANCE WITH INVESTMENT POLICY

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

Category	Standard	Comment
Treasury/Agency issues	No Limit	Complies
Banker's Acceptances	≤40%; 180 days	Complies - 0.0%
Commercial Paper	A1/P1	Complies - 0.0%
Max. maturity < 270 days	25% maximum	Complies
Repurchase Agreements	≤10%; ≤1 year	Complies
Rev. Repo Agreements	≤10%; ≤90 days	Complies - 0.0%
Time CDs	110% collateral over \$100,000 or insured	Complies - 0.0%
Negotiable CDs	30% max; ≤2 yrs	Complies - 0.0%
Medium Term Notes	"A"-rated; 30% max	Complies - 20.4%
Mutual Funds	≤20%	Complies - 0.3%
LAIF	Not used by outside adviser; \$50 million maximum imposed by LAIF	Complies
Mortgage Pass Through, including CMOs and ABS	"AA"-rated; 20% Maximum	Complies - 6.9%
Money Market Funds	"AAA"-rated or SEC reg.; 20% Maximum	Complies
Inverse floaters, range notes	Prohibited	Complies
Interest only strips	Prohibited	Complies
Zero interest accruals	Prohibited	Complies
Per issuer max	5% (except gov'ts)	Complies
Modified duration	+/- 20% of 1-10 Year benchmark duration	Complies - 2.60
% invested less than 2 years	≥10%	Complies - 37.3%
% invested beyond 5 years	≤40%	Complies - 19.6%
Maximum maturity	10 years	Complies
Maximum maturity of corp.	5 years	Complies



Portfolio Characteristics

Moulton Niguel Water District Consolidated

12/31/2015	09/30/2015
	Portfolio	Portfolio
Average Maturity (yrs)	2.87	3.34
Modified Duration	2.60	3.04
Average Purchase Yield	1.59 %	1.82 %
Average Market Yield	1.37 %	1.21 %
Average Quality	AA/Aa1	AA/Aa1
Total Market Value	136,455,638	127,575,032

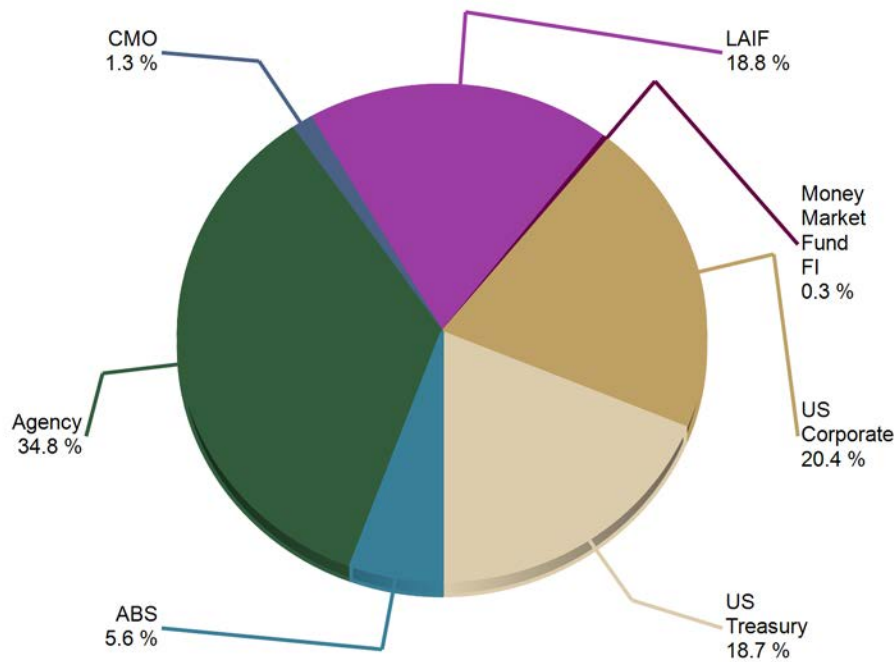
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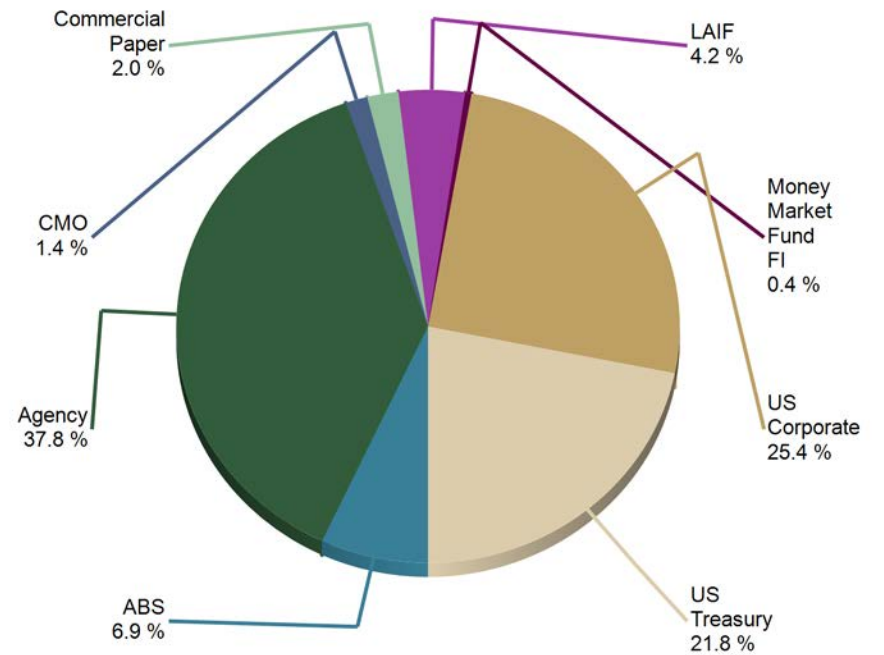
Sector Distribution

Moulton Niguel Water District Consolidated

December 31, 2015



September 30, 2015



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

Issuer Report

As of 12/31/2015

Issue Name	Investment Type	% Portfolio
Local Agency Investment Fund	LAIF	18.85 %
Government of United States	US Treasury	18.73 %
Federal Home Loan Mortgage Corp	Agency	9.25 %
Federal Home Loan Bank	Agency	9.16 %
Federal National Mortgage Association	Agency	7.27 %
Tennessee Valley Authority	Agency	5.33 %
Federal Farm Credit Bank	Agency	3.74 %
John Deere ABS	ABS	2.02 %
Honda ABS	ABS	1.73 %
General Electric Co	US Corporate	1.57 %
ChevronTexaco Corp	US Corporate	1.41 %
Qualcomm Inc	US Corporate	1.31 %
Federal Home Loan Mortgage Corp	CMO	1.30 %
Bank of New York	US Corporate	1.22 %
Deere & Company	US Corporate	1.21 %
Charles Schwab Corp/The	US Corporate	1.19 %
Honda Motor Corporation	US Corporate	1.19 %
Intel Corp	US Corporate	1.15 %
Toyota ABS	ABS	0.96 %
Apple Inc	US Corporate	0.91 %
JP Morgan ABS	ABS	0.90 %
US Bancorp	US Corporate	0.89 %
Cisco Systems	US Corporate	0.89 %
JP Morgan Chase & Co	US Corporate	0.89 %
Toyota Motor Corp	US Corporate	0.89 %
Oracle Corp	US Corporate	0.85 %
Paccar Financial	US Corporate	0.82 %
Coca Cola Co.	US Corporate	0.79 %
Google Inc	US Corporate	0.72 %
Pepsico Inc	US Corporate	0.70 %
Wal-Mart Stores	US Corporate	0.61 %
HSBC USA Corp	US Corporate	0.58 %
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.35 %



Moulton Niguel Water District Consolidated
Account #43

Issuer Report

As of 12/31/2015

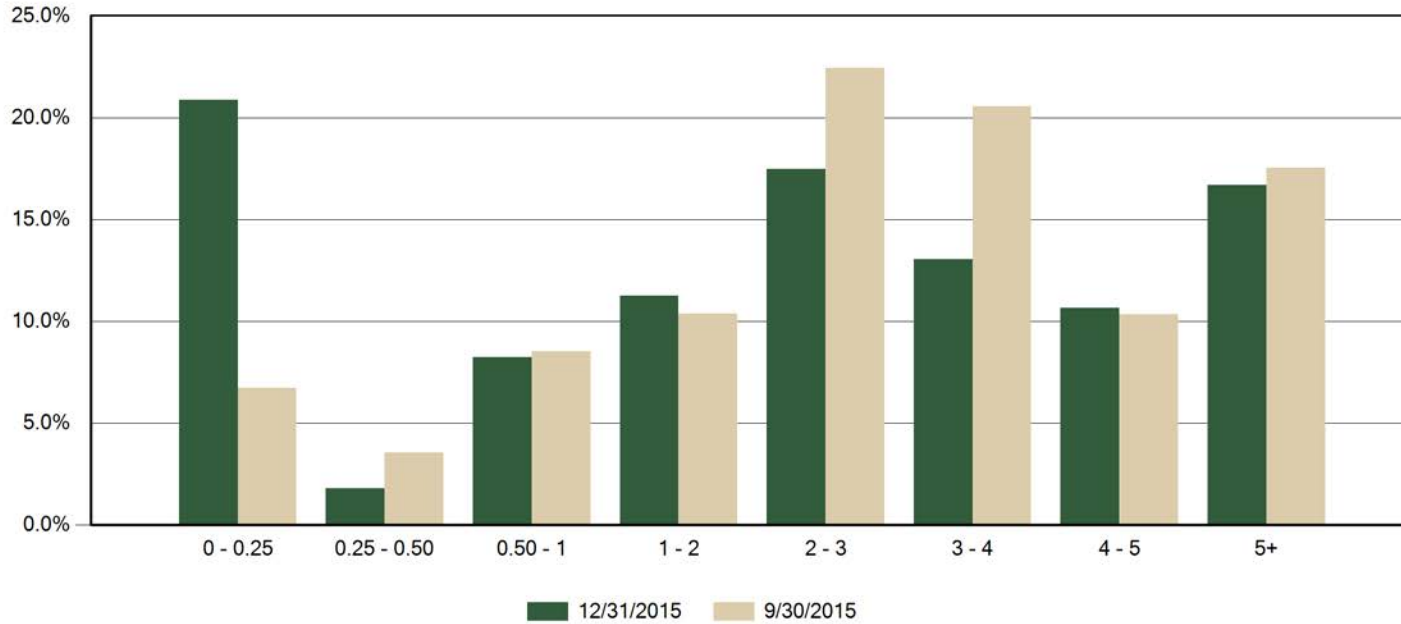
Issue Name	Investment Type	% Portfolio
Wells Fargo Corp	US Corporate	0.29 %
Air Products & Chemicals	US Corporate	0.22 %
United Technology Corp	US Corporate	0.08 %
Total		100.00 %



Duration Distribution

Moulton Niguel Water District Consolidated

December 31, 2015 vs. September 30, 2015



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
12/31/15	20.9 %	1.8 %	8.2 %	11.2 %	17.5 %	13.0 %	10.7 %	16.7 %
9/30/15	6.7 %	3.6 %	8.5 %	10.4 %	22.4 %	20.5 %	10.3 %	17.5 %

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SECTION 2

Account Profile



PORTFOLIO CHARACTERISTICS

Liquid Fund

	3-month T-Bills Benchmark* G001	Liquid Fund	
	12/31/2015	12/31/2015	9/30/2015
Portfolio book value	--	\$25,709,540	\$5,399,952
Market value	--	\$25,718,631	\$5,410,090
Average book yield	--	0.42%	0.34%
Average maturity (yrs)	0.15	0.00	0.00
Modified duration	0.16	0.00	0.00
\$ change in value for 1% change in rates	--	\$0	\$0
% maturing within one year	100%	100%	100%
Average credit quality	AAA	Not Rated	Not Rated

Limited Maturity Fund

	1-3 Year US Treasury/Agency Benchmark	Limited Maturity Fund	
	12/31/2015	12/31/2015	9/30/2015
Portfolio book value	--	\$19,209,387	\$26,989,254
Market value	--	\$18,899,083	\$27,004,033
Average book yield	--	0.99%	1.49%
Average maturity (yrs)	1.84	1.39	1.78
Modified duration	1.79	1.29	1.67
\$ change in value for 1% change in rates	--	\$243,798	\$450,967
% maturing within two years	55.9%	68.3%	56.6%
Average credit quality	AAA	AA/Aa1	AA/Aa1



PORTFOLIO CHARACTERISTICS

Operating Reserve Fund

	1-10 year Govt. Benchmark* G5A0	Operating Reserve Fund	
	12/31/2015	12/31/2015	9/30/2015
Portfolio book value	--	\$91,140,891	\$93,276,369
Market value	--	\$91,837,924	\$95,160,909
Average book yield	--	2.04%	2.00%
Average maturity (yrs)	3.93	3.97	3.98
Modified duration	3.69	3.60	3.59
\$ change in value for 1% change in rates	--	\$3,306,165	\$3,416,277
% maturing within two years	22.9%	13.4%	9.5%
Average credit quality	AAA	AA/Aa1	AA/Aa1

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Limited Maturity Fund

42- Trading Activity -9/30/2015 -12/31/2015

Settle Date	Description	Sector	Maturity Date	Amount	Book Value	Market Value	Gain/Loss	Duration	Yield
Sale									
11/16/2015	Apple Inc	US Corporate	05/03/2018	\$550,000.00	\$544,560.50	\$546,777.00	\$2,216.50	2.424	1.242
11/16/2015	Cisco Systems	US Corporate	03/01/2019	\$600,000.00	\$600,619.20	\$606,792.00	\$6,172.80	3.156	1.769
11/16/2015	FHLMC	Agency	01/12/2018	\$625,000.00	\$618,656.25	\$621,500.00	\$2,843.75	2.126	1.013
11/16/2015	JP Morgan Chase	US Corporate	01/28/2019	\$400,000.00	\$400,464.00	\$403,296.00	\$2,832.00	3.049	2.082
11/16/2015	Tennessee Valley Authority	Agency	12/15/2017	\$300,000.00	\$330,075.00	\$331,803.00	\$1,728.00	1.933	1.083
11/16/2015	Tennessee Valley Authority	Agency	07/18/2017	\$725,000.00	\$774,853.90	\$779,672.25	\$4,818.35	1.590	0.943
11/16/2015	US Treasury	US Treasury	11/15/2017	\$425,000.00	\$435,741.21	\$453,204.63	\$17,463.42	1.929	0.890
11/16/2015	US Treasury	US Treasury	08/31/2017	\$625,000.00	\$621,413.23	\$622,825.05	\$1,411.82	1.772	0.821
12/15/2015	John Deere Capital Corp	US Corporate	12/13/2018	\$350,000.00	\$349,254.50	\$351,463.00	\$2,208.50	2.897	1.806
12/15/2015	Toyota Motor Credit Corp	US Corporate	01/17/2019	\$515,000.00	\$516,951.85	\$517,611.05	\$659.20	2.953	1.930
12/15/2015	US Treasury	US Treasury	02/15/2017	\$450,000.00	\$432,667.97	\$469,703.57	\$37,035.60	1.131	0.850
12/15/2015	US Treasury	US Treasury	11/15/2017	\$1,025,000.00	\$1,050,905.27	\$1,089,099.10	\$38,193.83	1.849	0.951
12/17/2015	IBM Corp	US Corporate	01/05/2016	\$750,000.00	\$723,135.00	\$750,510.00	\$27,375.00	0.050	0.634
				\$7,340,000.00	\$7,399,297.88	\$7,544,256.65	\$144,958.77		

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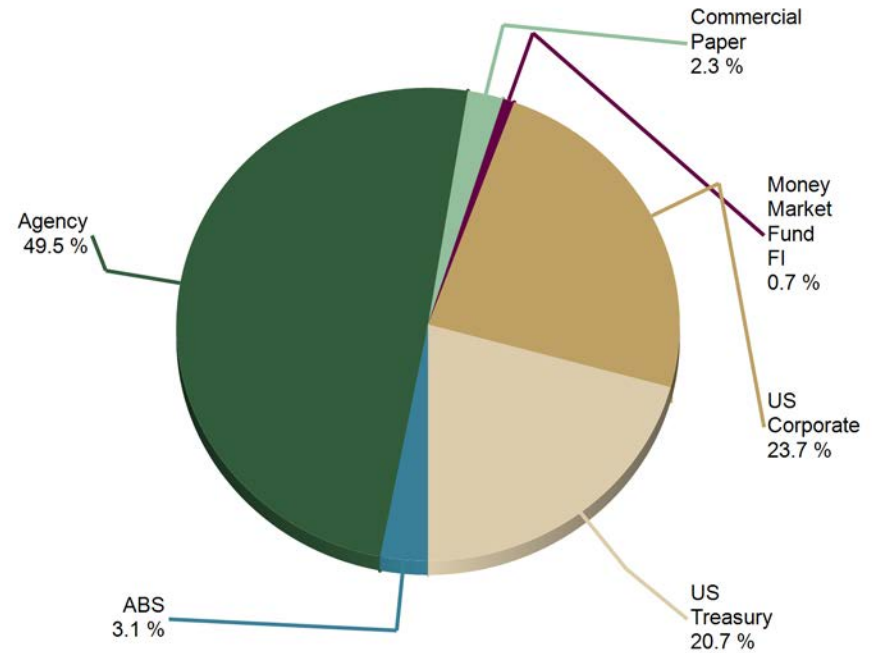
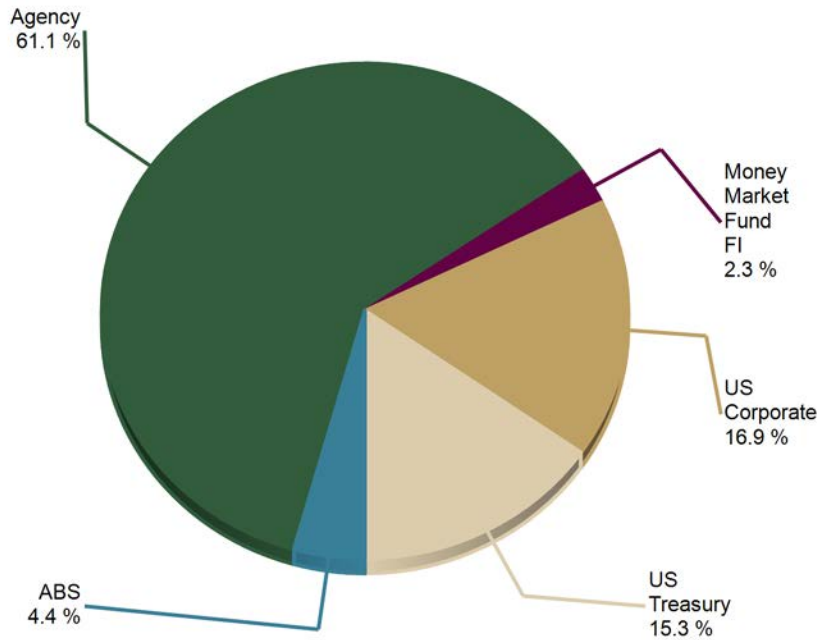


Sector Distribution

Moulton Niguel Water District Limited Maturity

December 31, 2015

September 30, 2015



The portfolio sector allocation changed slightly as funds were raised from the portfolio. Agency, Asset Backed Securities (ABS) and the Money Market Fund increased while the Treasury and Corporate exposure declined.



Moulton Niguel Water District Limited Maturity Account #42

Issuer Report

As of 12/31/2015

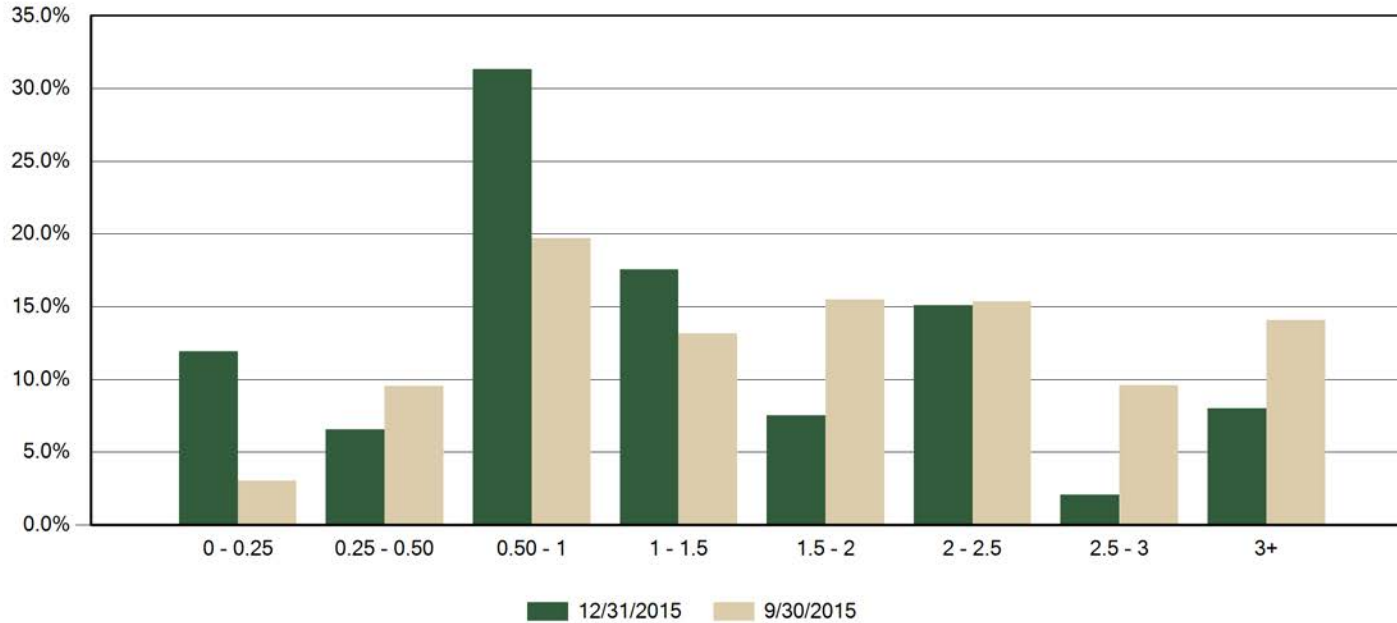
Issue Name	Investment Type	% Portfolio
Federal Home Loan Bank	Agency	17.91 %
Federal Farm Credit Bank	Agency	17.23 %
Government of United States	US Treasury	15.29 %
Federal National Mortgage Association	Agency	14.74 %
Federal Home Loan Mortgage Corp	Agency	11.24 %
Toyota ABS	ABS	2.51 %
Qualcomm Inc	US Corporate	2.42 %
Bank of New York	US Corporate	2.40 %
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	2.30 %
Charles Schwab Corp/The	US Corporate	2.27 %
Wells Fargo Corp	US Corporate	2.12 %
ChevronTexaco Corp	US Corporate	2.11 %
General Electric Co	US Corporate	2.05 %
Intel Corp	US Corporate	1.96 %
Honda ABS	ABS	1.84 %
Air Products & Chemicals	US Corporate	1.58 %
Total		100.00 %



Duration Distribution

Moulton Niguel Water District Limited Maturity

December 31, 2015 vs. September 30, 2015



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 1.5	1.5 - 2	2 - 2.5	2.5 - 3	3+
12/31/15	11.9 %	6.6 %	31.3 %	17.5 %	7.5 %	15.1 %	2.1 %	8.0 %
9/30/15	3.0 %	9.5 %	19.7 %	13.1 %	15.5 %	15.4 %	9.6 %	14.1 %

Financial markets are likely to remain volatile after the Federal Reserve raised the fed funds rate to a range of 25-50 basis points (bps). The Fed's forecasts show they are prepared to raise rates roughly four times this year (given 25bps increases). Global economic headwinds, stubbornly low inflation and weak commodity prices may make it difficult for the Fed to execute their forecast. We anticipate raising more funds from this portfolio during the year for upcoming cash flow needs of the District.



Moulton Niguel Water District Limited Maturity

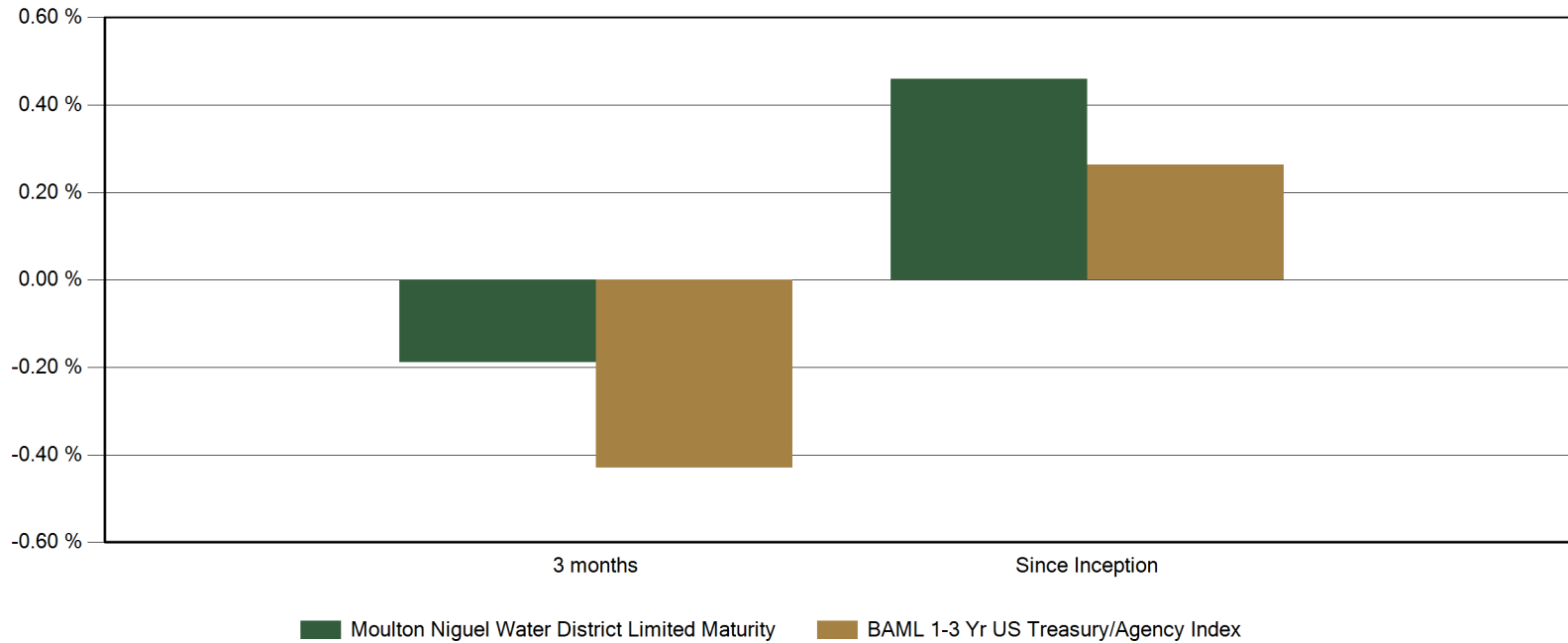
Period Ending

December 31, 2015

Total Rate of Return

Since Inception

February 28, 2015



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	Latest 3 months	Since Inception
Moulton Niguel Water District Limited Maturity	-0.19 %	0.46 %
BAML 1-3 Yr US Treasury/Agency Index	-0.43 %	0.26 %

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



Operating Reserve Fund

40- Trading Activity -9/30/2015 -12/31/2015

Settle Date	Description	Sector	Maturity Date	Amount	Book Value	Market Value	Gain/Loss	Duration	Yield
Purchase									
10/29/2015	FNMA	Agency	11/30/2020	\$1,900,000.00	\$1,893,464.00	\$1,893,464.00	\$0.00	4.875	1.571
11/16/2015	FNMA	Agency	12/28/2020	\$1,665,000.00	\$1,664,850.15	\$1,664,850.15	\$0.00	4.857	1.877
12/30/2015	US Treasury	US Treasury	02/15/2024	\$725,000.00	\$756,353.49	\$756,353.49	\$0.00	7.209	2.167
				\$4,290,000.00	\$4,314,667.64	\$4,314,667.64	\$0.00		
Sale									
11/16/2015	FNMA	Agency	02/19/2019	\$1,900,000.00	\$1,911,442.50	\$1,932,224.00	\$20,781.50	3.142	1.341
12/17/2015	IBM Corp	US Corporate	01/05/2016	\$1,200,000.00	\$1,159,239.00	\$1,200,816.00	\$41,577.00	0.050	0.634
				\$3,100,000.00	\$3,070,681.50	\$3,133,040.00	\$62,358.50		

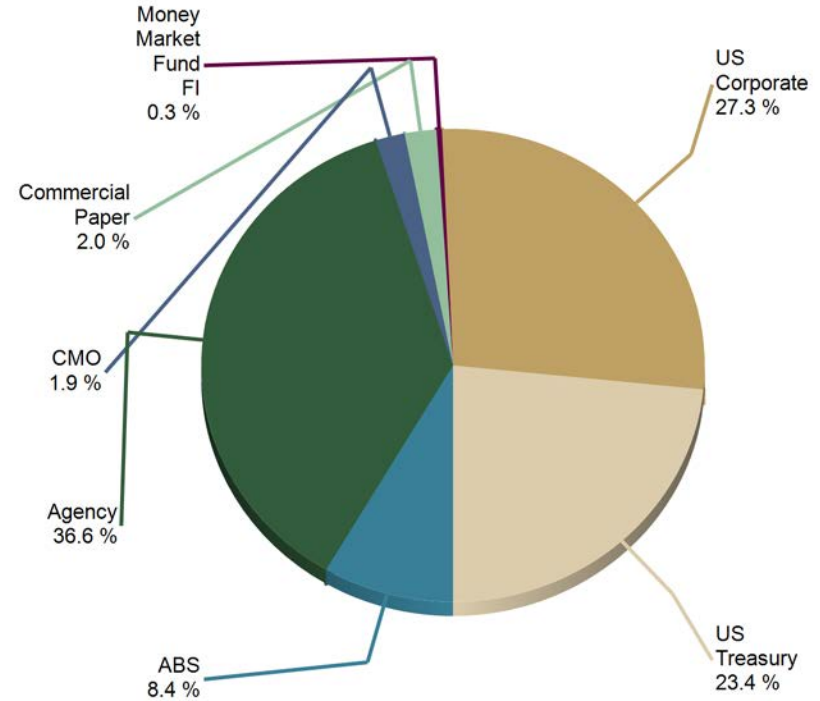
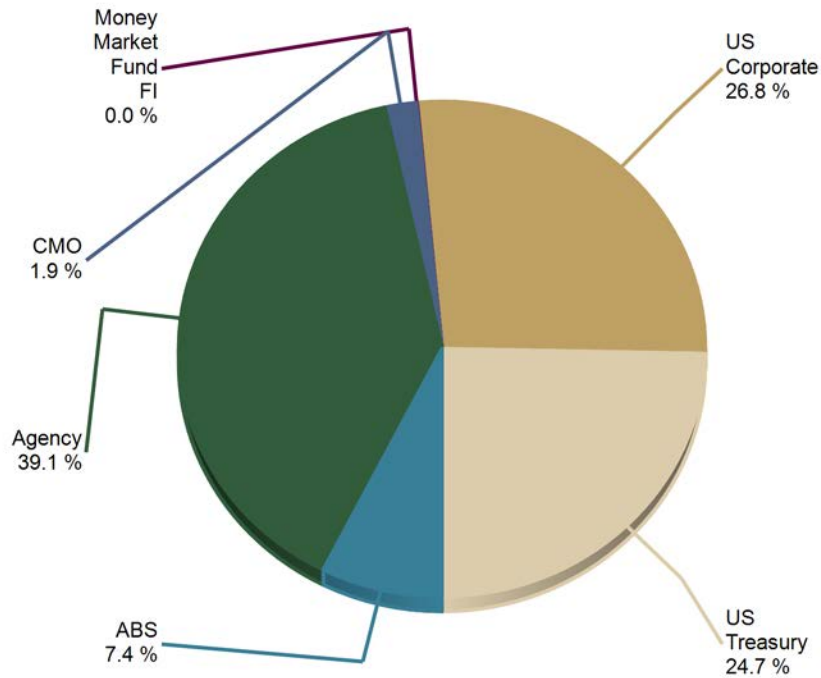
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Moulton Niguel Water District Operating Reserve

December 31, 2015

September 30, 2015



The portfolio sector allocation experienced small changes as the Treasury and Agency exposure increased while the Asset Backed Securities and Corporate exposure declined to fund new security purchases and upcoming District cash flows.

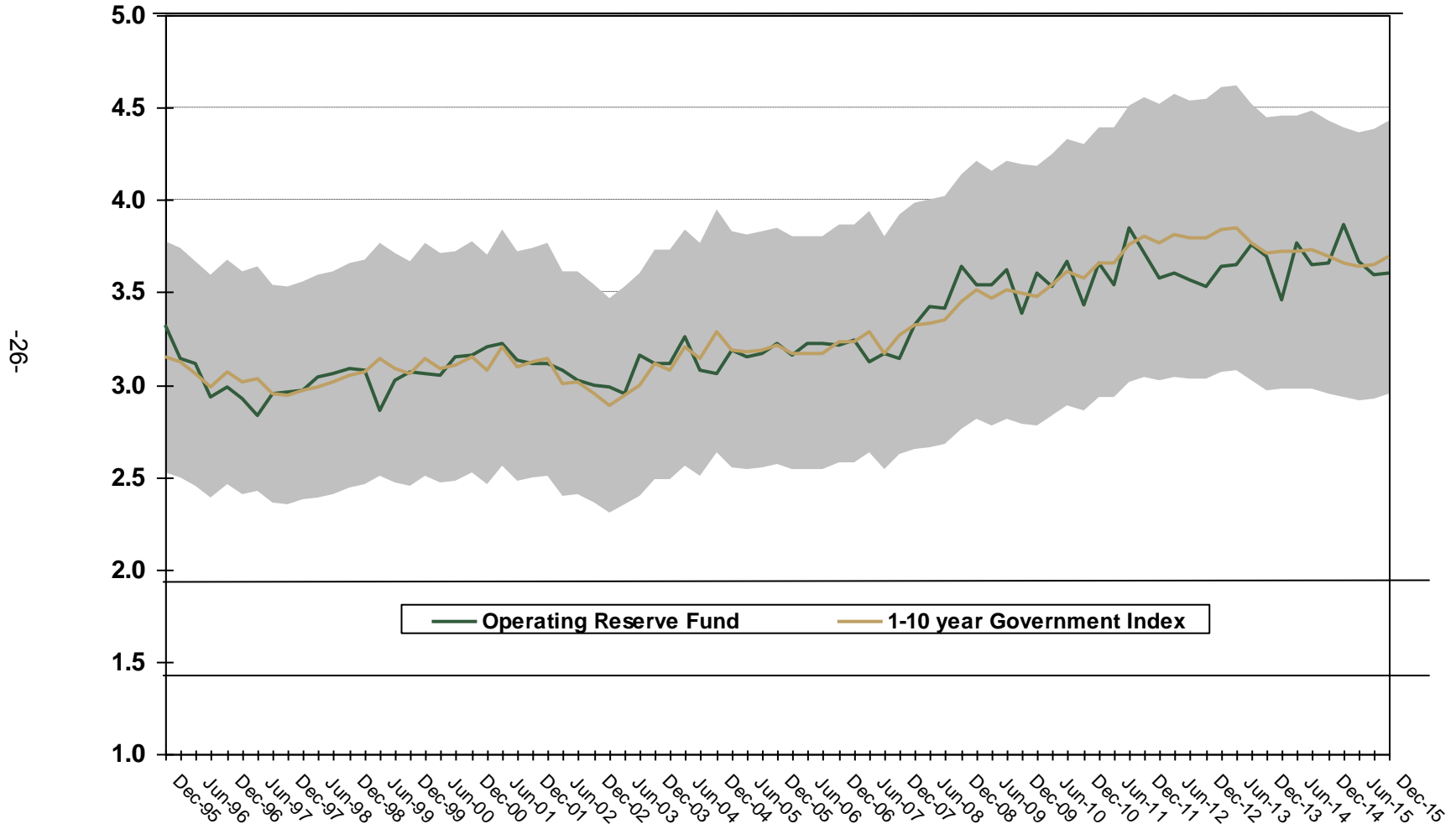
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Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	24.69 %
Federal Home Loan Mortgage Corp	Agency	11.44 %
Federal Home Loan Bank	Agency	9.93 %
Tennessee Valley Authority	Agency	7.92 %
Federal National Mortgage Association	Agency	7.77 %
John Deere ABS	ABS	3.00 %
Honda ABS	ABS	2.19 %
Federal Farm Credit Bank	Agency	2.01 %
Federal Home Loan Mortgage Corp	CMO	1.93 %
General Electric Co	US Corporate	1.90 %
Deere & Company	US Corporate	1.80 %
Honda Motor Corporation	US Corporate	1.76 %
ChevronTexaco Corp	US Corporate	1.66 %
Qualcomm Inc	US Corporate	1.45 %
Apple Inc	US Corporate	1.35 %
JP Morgan ABS	ABS	1.34 %
US Bancorp	US Corporate	1.33 %
Cisco Systems	US Corporate	1.33 %
JP Morgan Chase & Co	US Corporate	1.33 %
Toyota Motor Corp	US Corporate	1.32 %
Bank of New York	US Corporate	1.32 %
Intel Corp	US Corporate	1.31 %
Charles Schwab Corp/The	US Corporate	1.31 %
Oracle Corp	US Corporate	1.26 %
Paccar Financial	US Corporate	1.21 %
Coca Cola Co.	US Corporate	1.18 %
Google Inc	US Corporate	1.07 %
Pepsico Inc	US Corporate	1.05 %
Wal-Mart Stores	US Corporate	0.91 %
Toyota ABS	ABS	0.91 %
HSBC USA Corp	US Corporate	0.86 %
United Technology Corp	US Corporate	0.13 %
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.04 %
Total		100.00 %



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

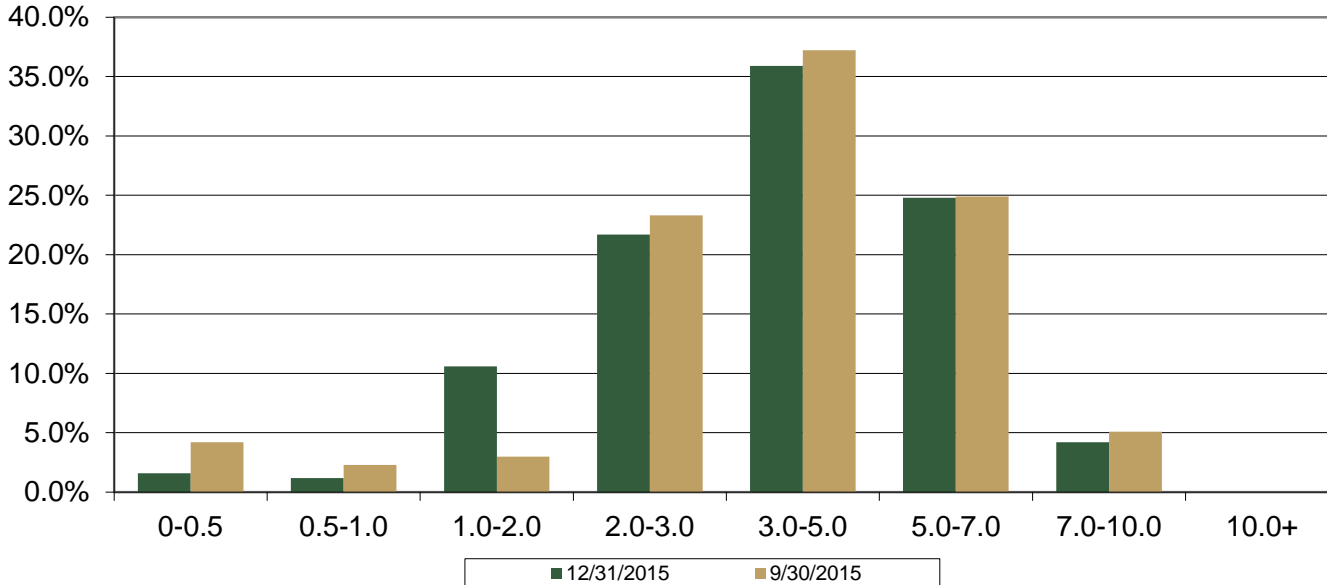


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Maturity Distribution

Operating Reserve Fund December 31, 2015 vs. September 30, 2015



	0-0.5	0.5-1.0	1.0-2.0	2.0-3.0	3.0-5.0	5.0-7.0	7.0-10.0	10.0+
12/31/2015	1.6%	1.2%	10.6%	21.7%	35.9%	24.8%	4.2%	0.0%
9/30/2015	4.2%	2.3%	3.0%	23.3%	37.2%	24.9%	5.1%	0.0%

Financial markets are likely to remain volatile after the Federal Reserve raised the fed funds rate to a range of 25-50 basis points (bps). The Fed's forecasts show they are prepared to raise rates roughly four times this year (given 25bps increases). Global economic headwinds, stubbornly low inflation and weak commodity prices may make it difficult for the Fed to execute their forecast. We anticipate keeping the duration close to the benchmark in the coming quarter using the proceeds from maturities and sales to extend the duration of the portfolio to the strategy target.



Investment Performance

Moulton Niguel Water District Operating Reserve

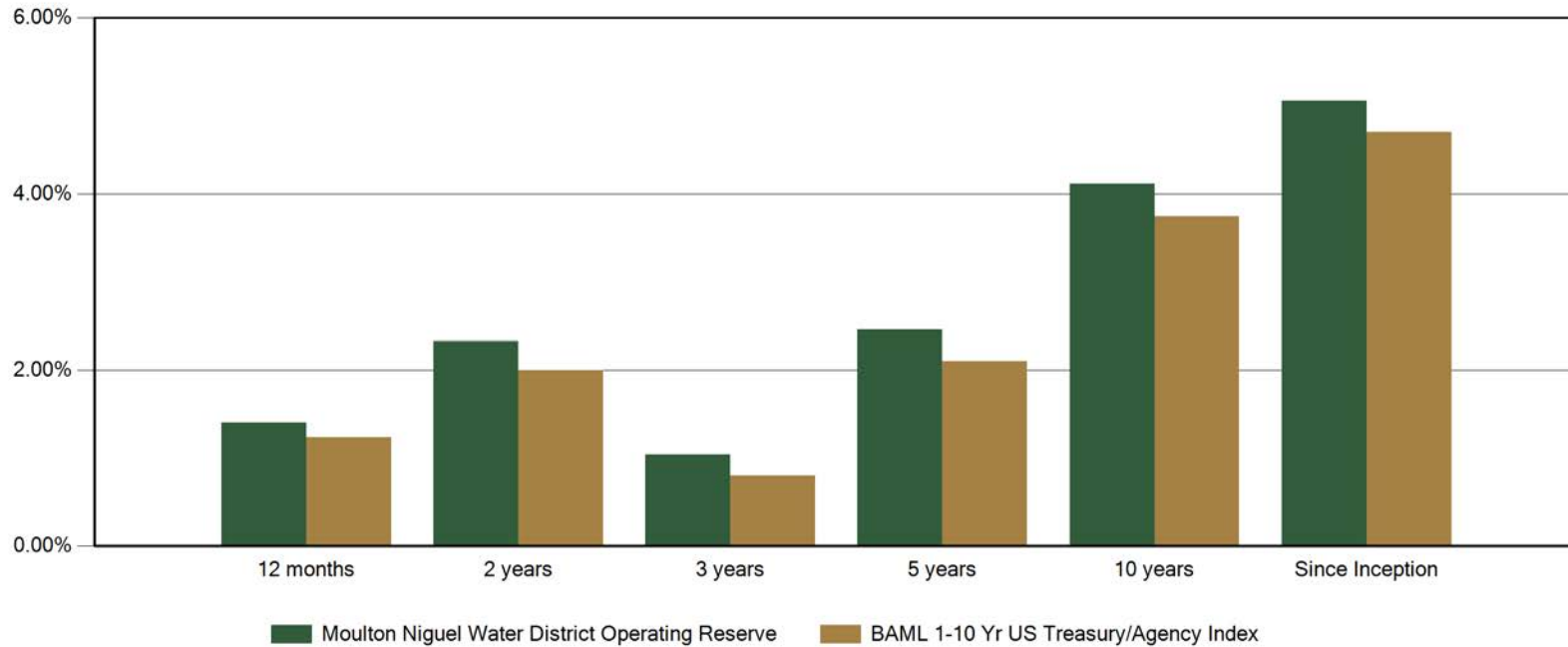
Period Ending

December 31, 2015

Total Rate of Return

Annualized Since Inception

September 30, 1995



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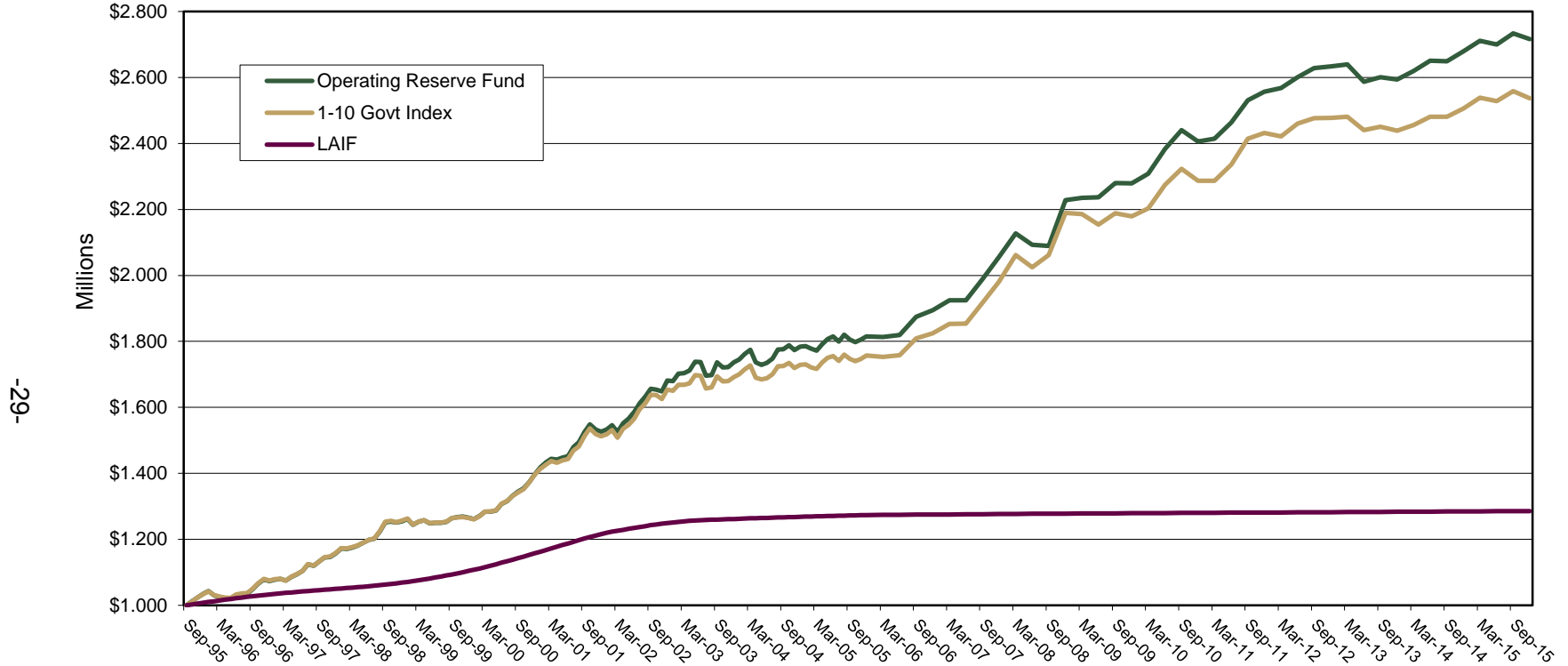
	3 months	12 months	Annualized				
			2 years	3 years	5 years	10 years	Since Inception
Moulton Niguel Water District Operating Reserve	-0.61 %	1.40 %	2.33 %	1.04 %	2.46 %	4.12 %	5.06 %
BAML 1-10 Yr US Treasury/Agency Index	-0.84 %	1.24 %	2.00 %	0.80 %	2.10 %	3.74 %	4.70 %

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



Growth Over Time

Operating Reserve Fund Growth of \$1 Million



Historical return on \$1 million invested in September 1995

Operating Reserve Fund

1-10 Govt Index

LAIF

12/31/2015	Return
\$2,716,419	5.06%
\$2,537,066	4.70%
\$1,285,746	1.25%



SECTION 3

Portfolio Holdings



Holdings Report

As of 12/31/15

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	25,709,540.21	Various 0.42 %	25,709,540.21 25,709,540.21	1.00 0.42 %	25,709,540.21 9,090.66	100.00 % 0.00	NR / NR NR	0.00 0.00
Total LAIF		25,709,540.21	0.42 %	25,709,540.21 25,709,540.21	0.42 %	25,709,540.21 9,090.66	100.00 % 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		25,709,540.21	0.42 %	25,709,540.21 25,709,540.21	0.42 %	25,709,540.21 9,090.66	100.00 % 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUED						25,718,630.87			



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
89231TAB6	Toyota Auto Receivables Owner 2015-C 0.92% Due 2/15/2018	190,000.00	08/18/2015 0.93 %	189,984.72 189,984.72	99.85 1.14 %	189,711.39 77.69	1.00 % (273.33)	Aaa / AAA NR	2.13 0.71
89236WAC2	Toyota Auto Receivables Owner 2015-A 1.12% Due 2/15/2019	285,000.00	02/24/2015 1.13 %	284,956.91 284,956.91	99.73 1.31 %	284,236.77 141.87	1.50 % (720.14)	Aaa / AAA NR	3.13 1.42
43813NAC0	Honda Auto Receivables 2015-2 A3 1.04% Due 2/21/2019	350,000.00	05/13/2015 1.05 %	349,946.28 349,946.28	99.43 1.42 %	348,014.80 101.11	1.84 % (1,931.48)	NR / AAA AAA	3.15 1.51
Total ABS		825,000.00	1.05 %	824,887.91 824,887.91	1.32 %	821,962.96 320.67	4.35 % (2,924.95)	Aaa / AAA Aaa	2.90 1.29
AGENCY									
3130A3NV2	FHLB Note 0.23% Due 1/8/2016	600,000.00	03/30/2015 0.28 %	599,790.00 599,790.00	100.00 0.16 %	600,008.40 663.17	3.18 % 218.40	Aaa / AA+ AAA	0.02 0.02
3133EDMC3	FFCB Note 0.25% Due 2/26/2016	600,000.00	03/30/2015 0.31 %	599,694.00 599,694.00	100.03 0.08 %	600,152.40 520.83	3.18 % 458.40	Aaa / AA+ AAA	0.16 0.15
3133EESJ0	FFCB Note 0.28% Due 3/4/2016	615,000.00	03/11/2015 0.34 %	614,667.90 614,667.90	100.01 0.24 %	615,037.52 559.65	3.26 % 369.62	Aaa / AA+ AAA	0.18 0.17
3134G5RF4	FHLMC Note 0.4% Due 5/27/2016	625,000.00	03/30/2015 0.43 %	624,818.75 624,818.75	99.97 0.48 %	624,792.50 236.11	3.31 % (26.25)	Aaa / AA+ AAA	0.41 0.40
3133834R9	FHLB Note 0.375% Due 6/24/2016	615,000.00	02/19/2015 0.41 %	614,699.88 614,699.88	99.87 0.64 %	614,229.41 44.84	3.25 % (470.47)	Aaa / AA+ AAA	0.48 0.48
3135G0XP3	FNMA Note 0.375% Due 7/5/2016	625,000.00	03/04/2015 0.46 %	624,331.25 624,331.25	99.88 0.61 %	624,246.25 1,145.83	3.31 % (85.00)	Aaa / AA+ AAA	0.51 0.51
31331V2U9	FFCB Note 5.125% Due 8/25/2016	1,950,000.00	08/30/2011 1.14 %	2,324,887.50 2,324,887.50	102.85 0.72 %	2,005,637.40 34,978.13	10.80 % (319,250.10)	Aaa / AA+ AAA	0.65 0.64
3135G0YE7	FNMA Note 0.625% Due 8/26/2016	615,000.00	03/09/2015 0.52 %	615,897.90 615,897.90	100.01 0.62 %	615,031.37 1,334.64	3.26 % (866.53)	Aaa / AA+ AAA	0.65 0.65
3130A2T97	FHLB Note 0.5% Due 9/28/2016	610,000.00	03/09/2015 0.57 %	609,341.20 609,341.20	99.82 0.74 %	608,929.45 787.92	3.23 % (411.75)	Aaa / AA+ AAA	0.75 0.74
3137EADS5	FHLMC Note 0.875% Due 10/14/2016	625,000.00	03/04/2015 0.59 %	627,881.25 627,881.25	100.07 0.78 %	625,461.88 1,169.70	3.32 % (2,419.37)	Aaa / AA+ AAA	0.79 0.78
3130A3J70	FHLB Note 0.625% Due 11/23/2016	610,000.00	03/09/2015 0.65 %	609,725.50 609,725.50	99.80 0.85 %	608,805.01 402.43	3.22 % (920.49)	Aaa / AA+ AAA	0.90 0.89
3137EADU0	FHLMC Note 0.5% Due 1/27/2017	625,000.00	02/26/2015 0.64 %	623,343.75 623,343.75	99.60 0.88 %	622,485.00 1,336.81	3.30 % (858.75)	Aaa / AA+ AAA	1.08 1.06
3135G0ZB2	FNMA Note 0.75% Due 4/20/2017	625,000.00	02/26/2015 0.73 %	625,206.25 625,206.25	99.72 0.97 %	623,228.13 924.48	3.30 % (1,978.12)	Aaa / AA+ AAA	1.30 1.29
31359M7X5	FNMA Note 5% Due 5/11/2017	550,000.00	12/31/2009 3.68 %	596,309.45 596,309.45	105.38 1.01 %	579,585.60 3,819.44	3.09 % (16,723.85)	Aaa / AA+ AAA	1.36 1.32
3130A4GJ5	FHLB Note 1.125% Due 4/25/2018	610,000.00	07/31/2015 0.94 %	613,078.67 613,078.67	99.74 1.24 %	608,409.73 1,258.13	3.23 % (4,668.94)	Aaa / AA+ AAA	2.32 2.27



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3135G0WJ8	FNMA Note 0.875% Due 5/21/2018	340,000.00	04/11/2013 0.92 %	339,272.40 339,272.40	99.06 1.27 %	336,812.84 330.56	1.78 % (2,459.56)	Aaa / AA+ AAA	2.39 2.35
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	250,000.00	01/04/2013 1.35 %	248,450.00 248,450.00	98.89 1.57 %	247,219.50 1,302.08	1.31 % (1,230.50)	Aaa / AA+ AAA	3.59 3.47
3133X8AS1	FHLB Note 5.125% Due 8/15/2019	300,000.00	06/07/2011 3.02 %	345,579.00 345,579.00	112.05 1.68 %	336,163.50 5,808.33	1.81 % (9,415.50)	Aaa / AA+ AAA	3.62 3.29
Total Agency		11,390,000.00	0.91 %	11,856,974.65	0.74 %	11,496,235.89 56,623.08	61.13 % (360,738.76)	Aaa / AA+ Aaa	0.95 0.92
MONEY MARKET FUND FI									
94975J466	Wells Fargo Advantage Government MMF	435,219.89	Various 0.01 %	435,219.89 435,219.89	1.00 0.01 %	435,219.89 0.00	2.30 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		435,219.89	0.01 %	435,219.89	0.01 %	435,219.89 0.00	2.30 % 0.00	Aaa / AAA Aaa	0.00 0.00
US CORPORATE									
158AS5	Air Products & Chemicals Note 1.2% Due 10/15/2017	300,000.00	03/03/2015 1.28 %	299,379.00 299,379.00	99.43 1.53 %	298,281.60 760.00	1.58 % (1,097.40)	A2 / A NR	1.79 1.76
458140AL4	Intel Corp Note 1.35% Due 12/15/2017	370,000.00	12/12/2012 1.28 %	371,195.10 371,195.10	100.13 1.28 %	370,492.10 222.00	1.96 % (703.00)	A1 / A+ A+	1.96 1.92
94974BFG0	Wells Fargo Corp Note 1.5% Due 1/16/2018	400,000.00	02/23/2015 1.47 %	400,372.00 400,372.00	99.57 1.71 %	398,296.00 2,750.00	2.12 % (2,076.00)	A2 / A AA-	2.05 1.99
166764AV2	Chevron Corp Note 1.365% Due 3/2/2018	400,000.00	02/24/2015 1.37 %	400,000.00 400,000.00	99.20 1.74 %	396,799.20 1,804.83	2.11 % (3,200.80)	Aa1 / AA NR	2.17 2.12
808513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.5% Due 3/10/2018	430,000.00	Various 1.48 %	430,191.20 430,191.20	99.51 1.74 %	427,898.59 1,988.75	2.27 % (2,292.61)	A2 / A A	2.19 2.05
747525AG8	Qualcomm Inc Note 1.4% Due 5/18/2018	460,000.00	Various 1.45 %	459,275.60 459,275.60	99.14 1.77 %	456,066.08 733.44	2.42 % (3,209.52)	A1 / A+ NR	2.38 2.33
36962G7G3	General Electric Capital Corp Note 2.3% Due 1/14/2019	380,000.00	07/31/2015 1.82 %	386,087.60 386,087.60	100.97 1.97 %	383,682.96 4,054.39	2.05 % (2,404.64)	A1 / AA+ NR	3.04 2.89
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	450,000.00	11/19/2014 2.25 %	451,017.00 451,017.00	100.29 2.21 %	451,323.90 3,162.50	2.40 % 306.90	A1 / A AA-	3.70 3.43
Total US Corporate		3,190,000.00	1.57 %	3,197,517.50	1.76 %	3,182,840.43 15,475.91	16.92 % (14,677.07)	A1 / A+ A+	2.45 2.35
US TREASURY									
912828G46	US Treasury Note 0.5% Due 11/30/2016	600,000.00	02/19/2015 0.56 %	599,322.32 599,322.32	99.73 0.79 %	598,406.40 262.30	3.17 % (915.92)	Aaa / AA+ AAA	0.92 0.91



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828H78	US Treasury Note 0.5% Due 1/31/2017	600,000.00	02/19/2015 0.62 %	598,619.20 598,619.20	99.63 0.84 %	597,796.80 1,255.43	3.17 % (822.40)	Aaa / AA+ AAA	1.09 1.08
912828SS0	US Treasury Note 0.875% Due 4/30/2017	600,000.00	02/19/2015 0.74 %	601,806.70 601,806.70	99.96 0.91 %	599,742.00 894.23	3.18 % (2,064.70)	Aaa / AA+ AAA	1.33 1.32
912828XK1	US Treasury Note 0.875% Due 7/15/2018	625,000.00	07/31/2015 0.98 %	623,024.56 623,024.56	99.10 1.24 %	619,360.63 2,526.32	3.29 % (3,663.93)	Aaa / AA+ AAA	2.54 2.49
912828SX9	US Treasury Note 1.125% Due 5/31/2019	475,000.00	01/30/2013 1.23 %	472,014.60 472,014.60	98.88 1.46 %	469,693.30 467.21	2.49 % (2,321.30)	Aaa / AA+ AAA	3.42 3.33
Total US Treasury		2,900,000.00	0.81 %	2,894,787.38 2,894,787.38	1.03 %	2,884,999.13 5,405.49	15.29 % (9,788.25)	Aaa / AA+ Aaa	1.79 1.76
TOTAL PORTFOLIO		18,740,219.89	0.99 %	19,209,387.33 19,209,387.33	0.97 %	18,821,258.30 77,825.15	100.00 % (388,129.03)	Aa1 / AA+ Aaa	1.39 1.29
TOTAL MARKET VALUE PLUS ACCRUED						18,899,083.45			



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
477879AC4	John Deere Owner Trust 2013-B A3 0.87% Due 8/15/2017	212,549.52	08/27/2013 0.88 %	212,520.54 212,520.54	99.89 1.24 %	212,312.74 82.19	0.23 % (207.80)	Aaa / NR AAA	1.62 0.30
89231MAC9	Toyota Auto Receivables Owner 2014-A 0.67% Due 12/15/2017	839,435.39	03/11/2014 0.69 %	839,280.26 839,280.26	99.79 1.08 %	837,662.50 249.97	0.91 % (1,617.76)	Aaa / AAA NR	1.96 0.51
43814GAC4	Honda Auto Receivables 2014-2 A3 0.77% Due 3/19/2018	998,286.19	05/13/2014 0.78 %	998,166.20 998,166.20	99.72 1.21 %	995,500.97 277.58	1.08 % (2,665.23)	Aaa / AAA NR	2.22 0.64
47787VAC5	John Deere Owner Trust 2014-A A3 0.92% Due 4/16/2018	1,376,081.65	04/02/2014 0.93 %	1,375,861.20 1,375,861.20	99.79 1.28 %	1,373,135.46 562.66	1.50 % (2,725.74)	Aaa / NR AAA	2.29 0.60
43814HAC2	Honda Auto Receivables 2014-3 A3 0.88% Due 6/15/2018	1,015,000.00	08/12/2014 0.89 %	1,014,804.21 1,014,804.21	99.75 1.19 %	1,012,478.74 396.98	1.10 % (2,325.47)	NR / AAA AAA	2.46 0.80
477877AD6	John Deere Owner Trust 2014-B A3 1.07% Due 11/15/2018	1,170,000.00	Various 1.08 %	1,169,688.96 1,169,688.96	99.53 1.53 %	1,164,548.97 556.40	1.27 % (5,139.99)	Aaa / NR AAA	2.88 1.01
161571GY4	Chase CHAIT Pool #2015-A5 1.36% Due 4/15/2020	1,240,000.00	04/30/2015 1.37 %	1,239,781.51 1,239,781.51	99.43 1.62 %	1,232,908.44 749.51	1.34 % (6,873.07)	NR / AAA AAA	4.29 2.27
Total ABS		6,851,352.75	0.98 %	6,850,102.88 6,850,102.88	1.33 %	6,828,547.82 2,875.29	7.44 % (21,555.06)	Aaa / AAA Aaa	2.71 0.99

GENCY									
591EA6	Tennessee Valley Authority Note 5.5% Due 7/18/2017	585,000.00	Various 3.63 %	656,277.26 656,277.26	106.65 1.15 %	623,903.67 14,568.13	0.70 % (32,373.59)	Aaa / AA+ AAA	1.55 1.46
3137EABA6	FHLMC Note 5.125% Due 11/17/2017	1,400,000.00	02/03/2011 3.13 %	1,569,204.00 1,569,204.00	107.39 1.14 %	1,503,401.20 8,769.44	1.65 % (65,802.80)	Aaa / AA+ AAA	1.88 1.80
880591CU4	Tennessee Valley Authority Note 6.25% Due 12/15/2017	1,590,000.00	Various 4.15 %	1,827,006.80 1,827,006.80	109.64 1.24 %	1,743,310.98 4,416.66	1.90 % (83,695.82)	Aaa / AA+ AAA	1.96 1.86
31331YF21	FFCB Note 4.25% Due 4/16/2018	650,000.00	07/15/2010 2.98 %	706,634.50 706,634.50	106.69 1.28 %	693,469.40 5,755.21	0.76 % (13,165.10)	Aaa / AA+ AAA	2.29 2.18
3135G0WJ8	FNMA Note 0.875% Due 5/21/2018	600,000.00	12/19/2013 1.56 %	582,612.60 582,612.60	99.06 1.27 %	594,375.60 583.33	0.65 % 11,763.00	Aaa / AA+ AAA	2.39 2.35
3137EABP3	FHLMC Note 4.875% Due 6/13/2018	1,950,000.00	Various 2.67 %	2,224,649.10 2,224,649.10	108.59 1.30 %	2,117,590.80 4,753.13	2.31 % (107,058.30)	Aaa / AA+ AAA	2.45 2.32
3137EADG1	FHLMC Note 1.75% Due 5/30/2019	1,900,000.00	04/27/2012 1.66 %	1,911,149.20 1,911,149.20	100.75 1.52 %	1,914,242.40 2,863.19	2.09 % 3,093.20	Aaa / AA+ AAA	3.41 3.30
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	2,000,000.00	Various 1.49 %	1,970,964.80 1,970,964.80	98.89 1.57 %	1,977,756.00 10,416.66	2.16 % 6,791.20	Aaa / AA+ AAA	3.59 3.47
3133X8AS1	FHLB Note 5.125% Due 8/15/2019	1,700,000.00	06/07/2011 3.02 %	1,958,281.00 1,958,281.00	112.05 1.68 %	1,904,926.50 32,913.89	2.11 % (53,354.50)	Aaa / AA+ AAA	3.62 3.29
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	1,425,000.00	Various 1.60 %	1,396,312.75 1,396,312.75	98.64 1.63 %	1,405,575.83 4,403.64	1.54 % 9,263.08	Aaa / AA+ AAA	3.76 3.64
3135G0ZY2	FNMA Note 1.75% Due 11/26/2019	1,575,000.00	12/23/2014 1.83 %	1,568,841.75 1,568,841.75	100.51 1.61 %	1,583,086.05 2,679.69	1.73 % 14,244.30	Aaa / AA+ AAA	3.91 3.75



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3137EADR7	FHLMC Note 1.375% Due 5/1/2020	1,575,000.00	04/17/2014 2.18 %	1,503,983.25 1,503,983.25	98.46 1.75 %	1,550,699.33 3,609.38	1.69 % 46,716.08	Aaa / AA+ AAA	4.34 4.17
3133ECPD0	FFCB Note 1.42% Due 5/13/2020	1,165,000.00	05/22/2013 1.63 %	1,148,561.85 1,148,561.85	98.44 1.79 %	1,146,784.06 2,205.73	1.25 % (1,777.79)	Aaa / AA+ AAA	4.37 4.20
3135G0F73	FNMA Note 1.5% Due 11/30/2020	1,900,000.00	10/28/2015 1.57 %	1,893,464.00 1,893,464.00	98.22 1.88 %	1,866,246.50 2,454.17	2.03 % (27,217.50)	Aaa / AA+ AAA	4.92 4.71
3133XDVS7	FHLB Note 5.25% Due 12/11/2020	1,825,000.00	07/07/2011 3.54 %	2,073,346.00 2,073,346.00	115.61 1.92 %	2,109,917.17 5,322.92	2.30 % 36,571.17	Aaa / AA+ AAA	4.95 4.41
3135G0H55	FNMA Note 1.875% Due 12/28/2020	1,665,000.00	11/13/2015 1.88 %	1,664,850.15 1,664,850.15	99.95 1.89 %	1,664,097.57 260.16	1.81 % (752.58)	Aaa / AA+ AAA	5.00 4.74
880591EL2	Tennessee Valley Authority Note 3.875% Due 2/15/2021	2,120,000.00	04/06/2011 3.87 %	2,121,611.20 2,121,611.20	109.15 1.99 %	2,314,071.16 31,034.44	2.55 % 192,459.96	Aaa / AA+ AAA	5.13 4.61
3133752P1	FHLB Note 3.5% Due 7/29/2021	2,925,000.00	08/03/2011 3.19 %	3,003,185.25 3,003,185.25	107.70 2.03 %	3,150,131.40 43,225.00	3.48 % 146,946.15	Aaa / AA+ AAA	5.58 5.02
3130A5P45	FHLB Note 2.375% Due 6/10/2022	1,850,000.00	07/24/2015 2.31 %	1,857,751.50 1,857,751.50	100.94 2.22 %	1,867,310.45 2,563.02	2.04 % 9,558.95	Aaa / AA+ AAA	6.45 5.94
880591EN8	Tennessee Valley Authority Note 1.875% Due 8/15/2022	2,585,000.00	Various 2.03 %	2,550,760.80 2,550,760.80	97.50 2.28 %	2,520,465.48 18,310.42	2.76 % (30,295.32)	Aaa / AA+ AAA	6.63 6.14
3135G0ZR7	FNMA Note 2.625% Due 9/6/2024	1,400,000.00	10/29/2014 2.68 %	1,393,896.00 1,393,896.00	101.06 2.49 %	1,414,782.60 11,739.58	1.55 % 20,886.60	Aaa / AA+ AAA	8.69 7.67
Total Agency		34,385,000.00	2.54 %	35,583,343.76	1.77 %	35,666,144.15 212,847.79	39.07 % 82,800.39	Aaa / AA+ Aaa	4.42 4.10
CMO									
3137AH6Q6	FHLMC K704 A2 2.412% Due 8/25/2018	1,745,000.00	03/06/2014 1.68 %	1,798,576.95 1,798,576.95	101.72 1.63 %	1,774,961.65 701.49	1.93 % (23,615.30)	Aaa / NR AAA	2.65 2.35
Total CMO		1,745,000.00	1.68 %	1,798,576.95	1.63 %	1,774,961.65 701.49	1.93 % (23,615.30)	Aaa / NR Aaa	2.65 2.35
MONEY MARKET FUND FI									
94975J466	Wells Fargo Advantage Government MMF	36,142.75	Various 0.01 %	36,142.75 36,142.75	1.00 0.01 %	36,142.75 0.00	0.04 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		36,142.75	0.01 %	36,142.75	0.01 %	36,142.75 0.00	0.04 % 0.00	Aaa / AAA Aaa	0.00 0.00
US CORPORATE									
24422ERZ4	John Deere Capital Corp Note 0.75% Due 1/22/2016	475,000.00	01/17/2013 0.79 %	474,496.50 474,496.50	100.00 0.70 %	475,012.83 1,573.44	0.52 % 516.33	A2 / A NR	0.06 0.06
38259PAC6	Google Inc Note 2.125% Due 5/19/2016	975,000.00	11/15/2012 0.75 %	1,021,108.20 1,021,108.20	100.58 0.60 %	980,667.68 2,417.19	1.07 % (40,440.52)	Aa2 / AA NR	0.38 0.38



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
191216AU4	Coca Cola Company Note 1.8% Due 9/1/2016	1,070,000.00	08/13/2013 0.98 %	1,096,225.70 1,096,225.70	100.64 0.83 %	1,076,866.19 6,420.00	1.18 % (19,359.51)	Aa3 / AA A+	0.67 0.66
36962G5W0	General Electric Capital Corp Note 2.3% Due 4/27/2017	1,720,000.00	03/07/2013 1.44 %	1,778,875.60 1,778,875.60	101.23 1.36 %	1,741,109.56 7,032.89	1.90 % (37,766.04)	A1 / AA+ NR	1.32 1.30
913017BU2	United Tech Corp Note 1.8% Due 6/1/2017	115,000.00	05/24/2012 1.82 %	114,901.10 114,901.10	100.56 1.40 %	115,649.18 172.50	0.13 % 748.08	A3 / A- A-	1.42 1.39
68389XAN5	Oracle Corp Note 1.2% Due 10/15/2017	1,150,000.00	08/28/2013 1.87 %	1,119,421.50 1,119,421.50	100.05 1.17 %	1,150,609.50 2,913.33	1.26 % 31,188.00	A1 / AA- A+	1.79 1.76
166764AA8	Chevron Corp Callable Note Cont 11/5/17 1.104% Due 12/5/2017	535,000.00	Various 1.19 %	533,208.75 533,208.75	99.31 1.48 %	531,321.34 426.58	0.58 % (1,887.41)	Aa1 / AA NR	1.93 1.82
458140AL4	Intel Corp Note 1.35% Due 12/15/2017	1,200,000.00	Various 1.30 %	1,202,843.20 1,202,843.20	100.13 1.28 %	1,201,596.00 720.00	1.31 % (1,247.20)	A1 / A+ A+	1.96 1.92
40428HPH9	HSBC USA Inc Note 1.625% Due 1/16/2018	790,000.00	08/21/2015 1.75 %	787,677.40 787,677.40	99.50 1.87 %	786,087.13 5,883.85	0.86 % (1,590.27)	A2 / A AA-	2.05 1.98
69371RM45	Paccar Financial Corp Note 1.45% Due 3/9/2018	1,115,000.00	03/03/2015 1.48 %	1,113,951.90 1,113,951.90	99.37 1.75 %	1,107,937.59 5,029.89	1.21 % (6,014.31)	A1 / A+ NR	2.19 2.13
513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.5% Due 3/10/2018	1,200,000.00	03/12/2015 1.50 %	1,200,072.00 1,200,072.00	99.51 1.74 %	1,194,135.60 5,550.00	1.31 % (5,936.40)	A2 / A A	2.19 2.05
931142DF7	Wal-Mart Stores Note 1.125% Due 4/11/2018	840,000.00	04/04/2013 1.14 %	839,227.20 839,227.20	99.58 1.31 %	836,493.84 2,100.00	0.91 % (2,733.36)	Aa2 / AA AA	2.28 2.24
037833AJ9	Apple Inc Note 1% Due 5/3/2018	1,250,000.00	Various 1.33 %	1,231,967.50 1,231,967.50	99.19 1.35 %	1,239,843.75 2,013.89	1.35 % 7,876.25	Aa1 / AA+ NR	2.34 2.30
166764AE0	Chevron Corp Callable Note Cont 5/24/2018 1.718% Due 6/24/2018	1,000,000.00	03/28/2014 1.71 %	1,000,470.00 1,000,470.00	99.49 1.93 %	994,892.00 334.06	1.08 % (5,578.00)	Aa1 / AA NR	2.48 2.34
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	1,600,000.00	03/28/2014 1.99 %	1,609,232.00 1,609,232.00	100.71 1.86 %	1,611,403.20 7,650.00	1.76 % 2,171.20	A1 / A+ NR	2.78 2.67
91159HHE3	US Bancorp Callable Note Cont 10/15/2018 1.95% Due 11/15/2018	1,210,000.00	Various 1.83 %	1,215,878.85 1,215,878.85	100.61 1.72 %	1,217,430.62 3,014.91	1.33 % 1,551.77	A1 / A+ AA	2.88 2.70
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	1,170,000.00	Various 2.00 %	1,167,143.90 1,167,143.90	100.43 1.80 %	1,174,976.01 1,140.75	1.28 % 7,832.11	A2 / A NR	2.95 2.85
89236TBB0	Toyota Motor Credit Corp Note 2.1% Due 1/17/2019	1,200,000.00	11/19/2014 2.00 %	1,204,548.00 1,204,548.00	100.21 2.03 %	1,202,522.40 11,480.00	1.32 % (2,025.60)	Aa3 / AA- A	3.05 2.91
46625HJR2	JP Morgan Chase Note 2.35% Due 1/28/2019	1,200,000.00	04/02/2014 2.32 %	1,201,392.00 1,201,392.00	100.42 2.21 %	1,205,090.40 11,985.00	1.33 % 3,698.40	A3 / A- A+	3.08 2.92
17275RAR3	Cisco Systems Note 2.125% Due 3/1/2019	1,200,000.00	Various 2.02 %	1,205,740.50 1,205,740.50	100.86 1.84 %	1,210,299.60 8,500.00	1.33 % 4,559.10	A1 / AA- NR	3.17 3.03



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	1,200,000.00	11/19/2014 2.25 %	1,202,712.00 1,202,712.00	100.29 2.21 %	1,203,530.40 8,433.33	1.32 % 818.40	A1 / A AA-	3.70 3.43
713448CS5	PepsiCo Inc Callable Note Cont 3/30/2020 1.85% Due 4/30/2020	970,000.00	04/27/2015 1.86 %	969,447.10 969,447.10	98.85 2.13 %	958,875.07 3,040.68	1.05 % (10,572.03)	A1 / A A	4.33 4.05
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	1,340,000.00	05/13/2015 2.25 %	1,340,302.10 1,340,302.10	99.03 2.48 %	1,326,976.54 3,433.76	1.45 % (13,325.56)	A1 / A+ NR	4.39 4.14
Total US Corporate		24,525,000.00	1.68 %	24,630,843.00	1.66 %	24,543,326.43	26.83 % (87,516.57)	A1 / AA- A+	2.45 2.34
US TREASURY									
912828SD3	US Treasury Note 1.25% Due 1/31/2019	2,335,000.00	05/29/2012 1.09 %	2,359,362.67 2,359,362.67	99.66 1.36 %	2,327,156.74 12,214.33	2.55 % (32,205.93)	Aaa / AA+ AAA	3.09 3.00
912828SX9	US Treasury Note 1.125% Due 5/31/2019	2,000,000.00	01/30/2013 1.23 %	1,987,429.88 1,987,429.88	98.88 1.46 %	1,977,656.00 1,967.21	2.16 % (9,773.88)	Aaa / AA+ AAA	3.42 3.33
912828TH3	US Treasury Note 0.875% Due 7/31/2019	1,100,000.00	10/25/2012 1.21 %	1,075,941.90 1,075,941.90	97.74 1.52 %	1,075,164.20 4,027.85	1.18 % (777.70)	Aaa / AA+ AAA	3.58 3.50
912828UB4	US Treasury Note 1% Due 11/30/2019	2,000,000.00	Various 1.91 %	1,893,289.25 1,893,289.25	97.74 1.60 %	1,954,766.00 1,748.63	2.13 % 61,476.75	Aaa / AA+ AAA	3.92 3.81
912828PX2	US Treasury Note 3.625% Due 2/15/2021	1,425,000.00	06/02/2011 2.95 %	1,505,662.92 1,505,662.92	108.70 1.84 %	1,548,963.60 19,511.46	1.71 % 43,300.68	Aaa / AA+ AAA	5.13 4.64
912828RC6	US Treasury Note 2.125% Due 8/15/2021	1,650,000.00	02/28/2014 2.23 %	1,637,953.86 1,637,953.86	101.18 1.90 %	1,669,529.40 13,243.72	1.83 % 31,575.54	Aaa / AA+ AAA	5.63 5.24
912828RR3	US Treasury Note 2% Due 11/15/2021	2,000,000.00	01/18/2012 1.90 %	2,017,664.26 2,017,664.26	100.29 1.95 %	2,005,860.00 5,164.84	2.19 % (11,804.26)	Aaa / AA+ AAA	5.88 5.50
912828SF8	US Treasury Note 2% Due 2/15/2022	2,025,000.00	07/31/2014 2.33 %	1,978,970.99 1,978,970.99	100.18 1.97 %	2,028,638.93 15,297.55	2.23 % 49,667.94	Aaa / AA+ AAA	6.13 5.70
912828SV3	US Treasury Note 1.75% Due 5/15/2022	2,000,000.00	07/29/2013 2.41 %	1,895,945.50 1,895,945.50	98.36 2.02 %	1,967,266.00 4,519.23	2.15 % 71,320.50	Aaa / AA+ AAA	6.38 5.98
912828TJ9	US Treasury Note 1.625% Due 8/15/2022	2,000,000.00	Various 2.17 %	1,910,562.70 1,910,562.70	97.40 2.05 %	1,948,046.00 12,275.81	2.13 % 37,483.30	Aaa / AA+ AAA	6.63 6.20
912828TY6	US Treasury Note 1.625% Due 11/15/2022	1,600,000.00	05/27/2014 2.37 %	1,509,318.90 1,509,318.90	97.14 2.07 %	1,554,312.00 3,357.14	1.70 % 44,993.10	Aaa / AA+ AAA	6.88 6.44
912828VB3	US Treasury Note 1.75% Due 5/15/2023	1,800,000.00	Various 2.37 %	1,713,425.18 1,713,425.18	97.43 2.13 %	1,753,664.40 4,067.31	1.91 % 40,239.22	Aaa / AA+ AAA	7.38 6.85



Holdings Report

As of 12/31/15

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828B66	US Treasury Note 2.75% Due 2/15/2024	725,000.00	12/29/2015 2.17 %	756,353.49 756,353.49	104.16 2.19 %	755,161.45 7,530.74	0.83 % (1,192.04)	Aaa / AA+ AAA	8.13 7.21
Total US Treasury		22,660,000.00	2.00 %	22,241,881.50 22,241,881.50	1.83 %	22,566,184.72 104,925.82	24.69 % 324,303.22	Aaa / AA+ Aaa	5.42 5.08
TOTAL PORTFOLIO		90,202,495.50	2.04 %	91,140,890.84 91,140,890.84	1.72 %	91,415,307.52 422,616.44	100.00 % 274,416.68	Aa1 / AA Aaa	3.97 3.60
TOTAL MARKET VALUE PLUS ACCRUED						91,837,923.96			



SECTION 4

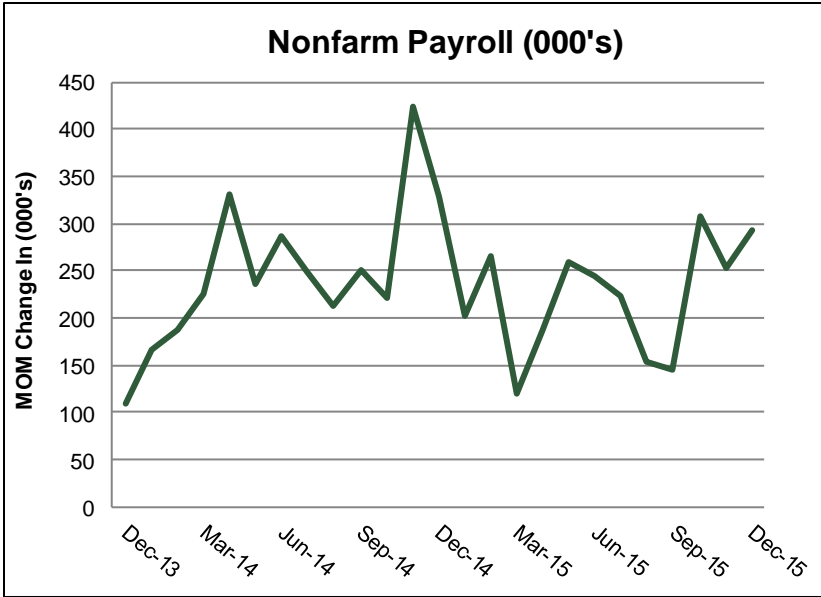
Economic Update



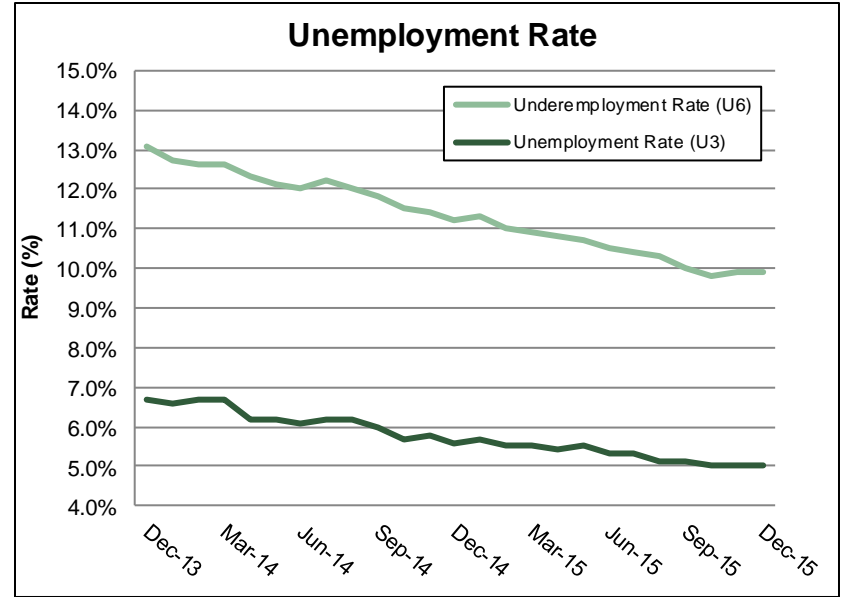
- As expected, at the January meeting the Federal Open Market Committee (FOMC) left the fed funds rate unchanged at a range of 0.25%-0.50%. The Committee noted that labor market conditions continued to improve since the December meeting, even as economic growth slowed. Meanwhile, market-based measures of inflation compensation declined further. Inflation is expected to remain low, partially due to the continued decline in energy prices. The Committee continued to indicate that the pace of future rate hikes will be gradual. Although the FOMC didn't take the possibility of a March fed funds rate hike off the table, we believe policy rates are likely to remain on hold for at least the next few months in light of growing concerns about global economic growth and in the absence of inflationary pressures.
- Economic data is mixed. Trends in the labor market remain favorable, and consumer confidence is solid. Housing trends are also healthy. However, the manufacturing sector remains weak. The ISM manufacturing index has been below 50.0 since October, suggesting that the manufacturing sector is contracting. Nevertheless, payrolls have increased by an average of 284,000 per month over the past three months, with the unemployment rate at 5.0%, which should provide a strong tailwind for economic growth this year. Fourth quarter 2015 GDP grew at an annualized pace of 0.7%, following growth of 2.0% in the third quarter. Market participants are currently forecasting GDP growth of about 2.5% in the first quarter of 2016. For the full year 2016, GDP is expected to grow 2.0-2.5%. However, based on recent economic data, we believe 2016 GDP growth is likely to be at the lower end of the 2.0%-2.5% range.
- In January, rates across most of the Treasury yield curve declined. The yield on 2-year Treasury securities declined 27 basis points, while 10-year Treasuries decreased 35 basis points. We believe this decline is attributed to disappointing global economic data, continued weakness in commodity markets, and market participants' expectation that the pace of future rate hikes is likely to be slower than previously anticipated. At the end of December, the implied probability of a rate hike in March 2016, according to fed funds futures, was more than 50%. By the end of January, the probability of a March rate hike declined to 14%. According to fed funds futures, market participants currently expect the FOMC to remain on hold until at least the end of this year. This is in sharp contrast to the FOMC's "dot plot" which suggests that the Federal Reserve could raise the fed funds rate 3 or 4 times before year-end. We believe the "dot plot", which depicts the FOMC's assessment of appropriate monetary policy, will likely contract over the medium term. Ongoing uncertainty about the future pace of monetary policy normalization, and how the Fed communicates its economic projections, will likely continue to fuel financial market volatility.



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Source: US Department of Labor

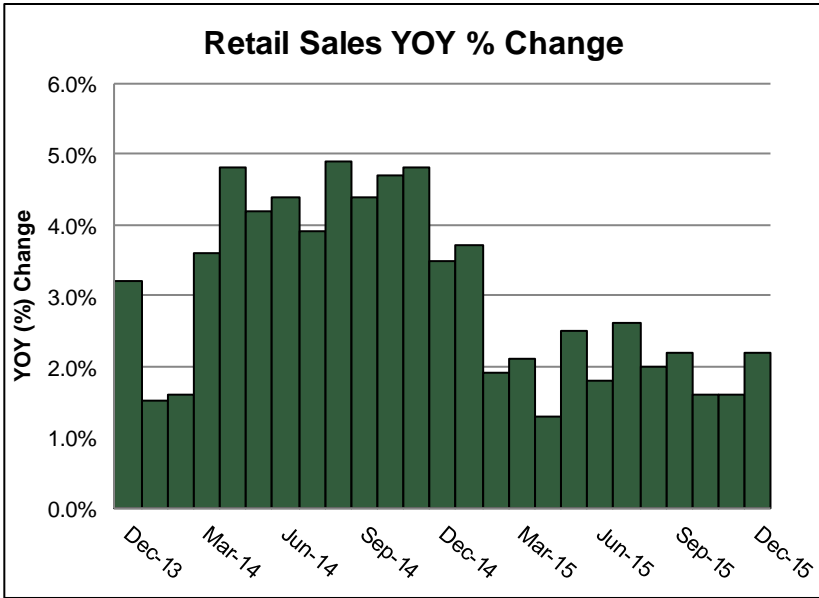


Source: US Department of Labor

The December employment report was mostly stronger than expected. Nonfarm payrolls rose by 292,000 in December, above the consensus forecast of 200,000. October and November payrolls were also revised up by a total of 50,000. The unemployment rate was unchanged at 5.0%. The participation rate inched up to 62.6% from 62.5%. However, wages were flat, missing expectations for a 0.2% increase. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, was unchanged from November at 9.9%. Over the past three months, payrolls have increased by an average of 284,000 per month, compared to the trailing six-month average of 229,000.



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Source: US Department of Commerce

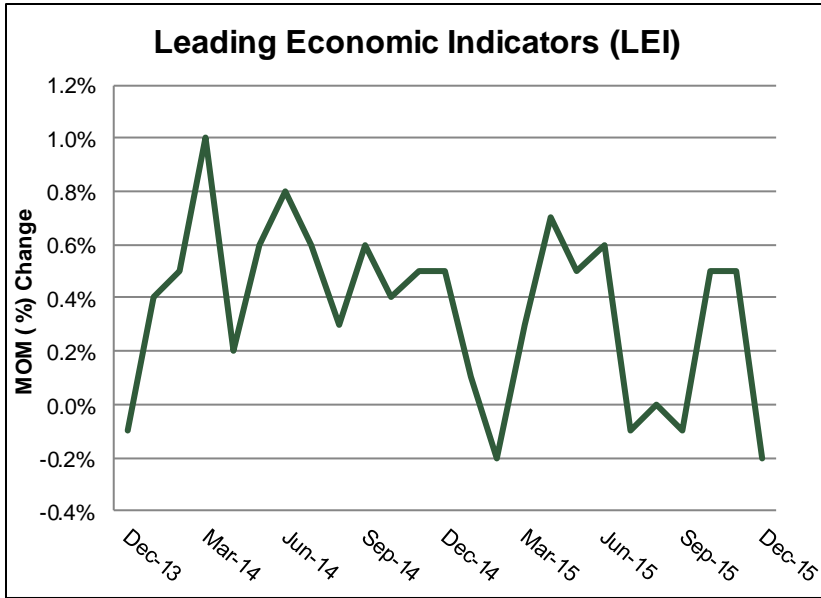


Source: Federal Reserve

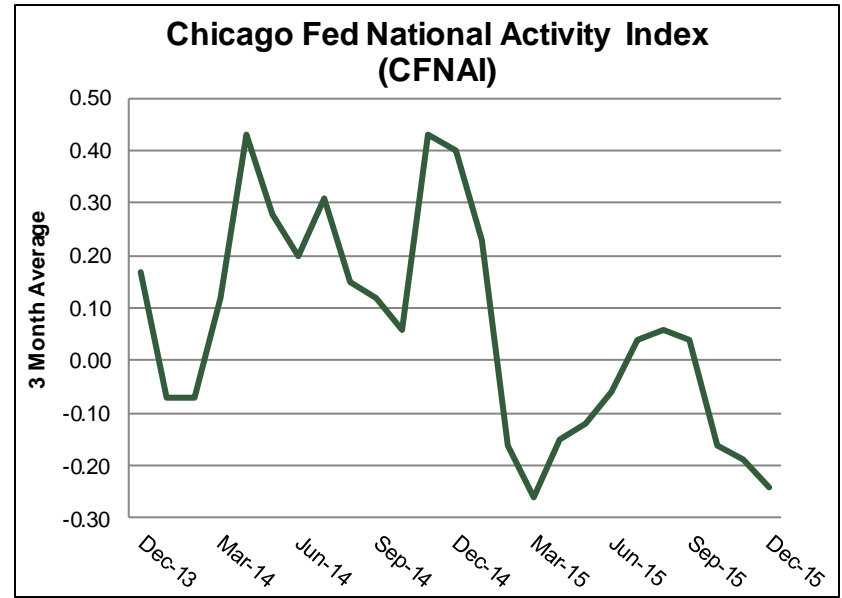
On a year-over-year basis, retail sales were up 2.2% in December, versus growth of 1.6% in November. On a month-over-month basis, retail sales fell 0.1% in December. Excluding autos and gas, the figure was flat, slightly weaker than the consensus forecast. Overall, consumer spending trends have been somewhat lackluster. The consumer confidence index increased to 98.1 in January from 96.3 in December. We believe ongoing improvement in the labor market, low gas prices, and strong consumer confidence should benefit consumer spending this year.



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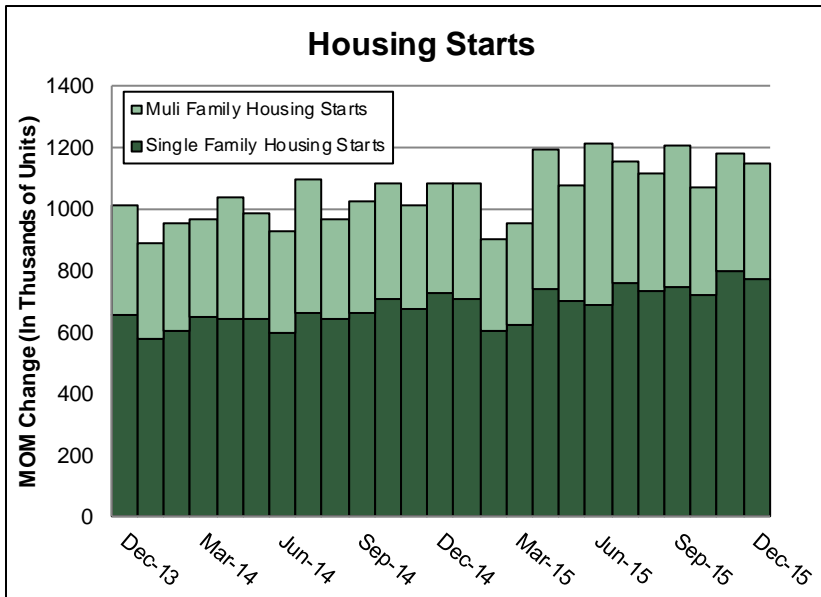


Source: The Conference Board

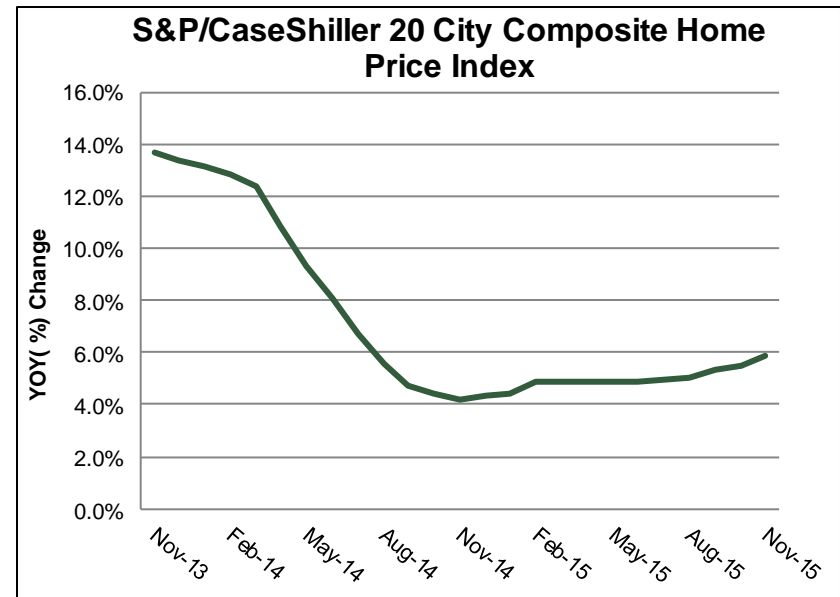


Source: Federal Reserve Bank of Chicago

The index of leading economic indicators declined 0.2% in December, following a 0.5% increase in November, a bit below expectations. Only 4 out of 10 of the components in the index made positive contributions in December. Declines in manufacturing orders and housing permits weighed most heavily on the index in December. Nevertheless, the index continues to point to moderate economic growth. The Chicago Fed National Activity Index (CFNAI) 3-month moving average declined to -0.24 in December from -0.19 in November. Overall, this index is indicative of below-average economic activity. A reading below -0.70 on a 3-month moving average basis has historically corresponded with the onset of a recession, so fortunately the CFNAI remains safely above that level.

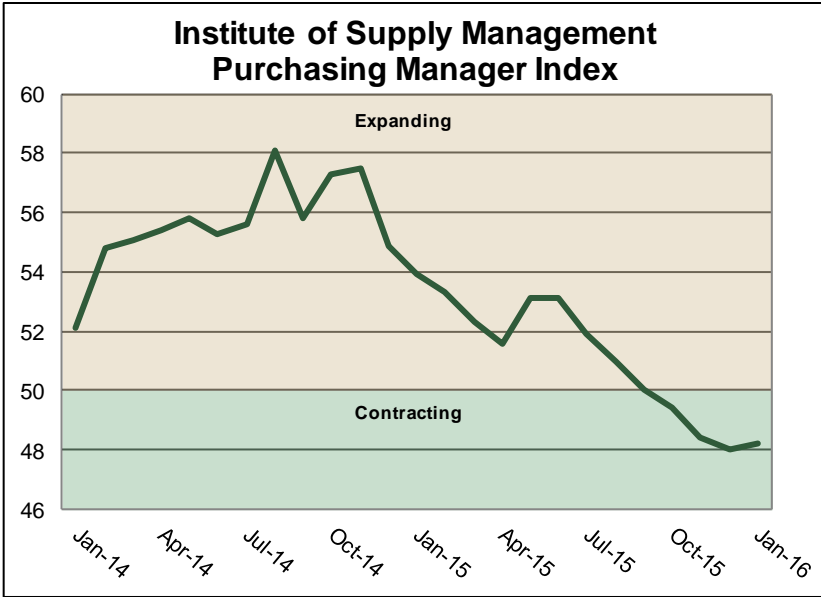


Source: US Census Bureau

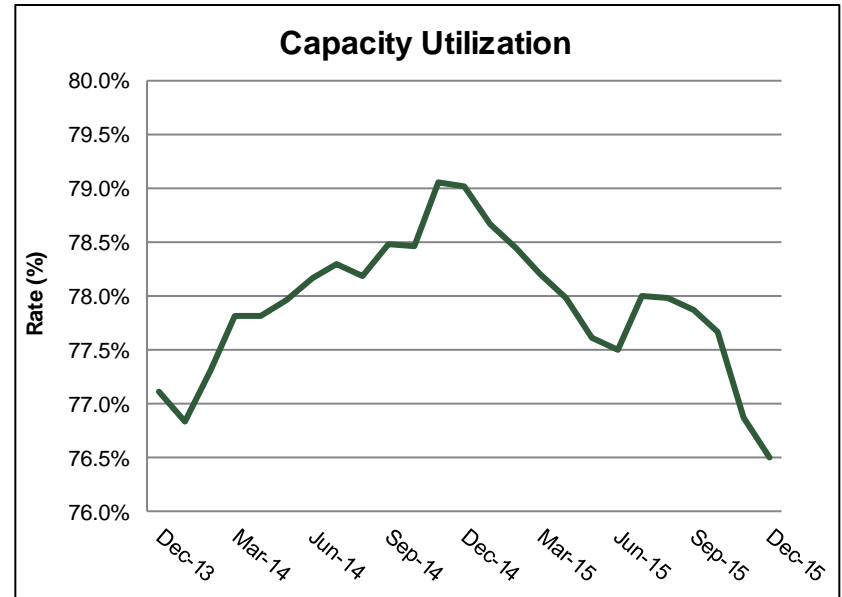


Source: S&P

Total housing starts declined 2.5% on a month-over-month basis in December, missing expectations. Single-family housing starts fell 3.3% while multi-family starts fell 1.0%. Housing starts tend to be volatile on a month-to-month basis, but the underlying trend remains favorable with total housing starts up 6.4% on a year-over-year basis. Overall, we believe housing market trends are healthy. Notably, new and existing home sales were much stronger than expected in December. Meanwhile, home pricing has remained firm. According to the Case-Shiller 20-City home price index, home prices were up about 5.8% year-over-year in November, up from 5.5% in October.



Source: Institute for Supply Management



Source: Federal Reserve

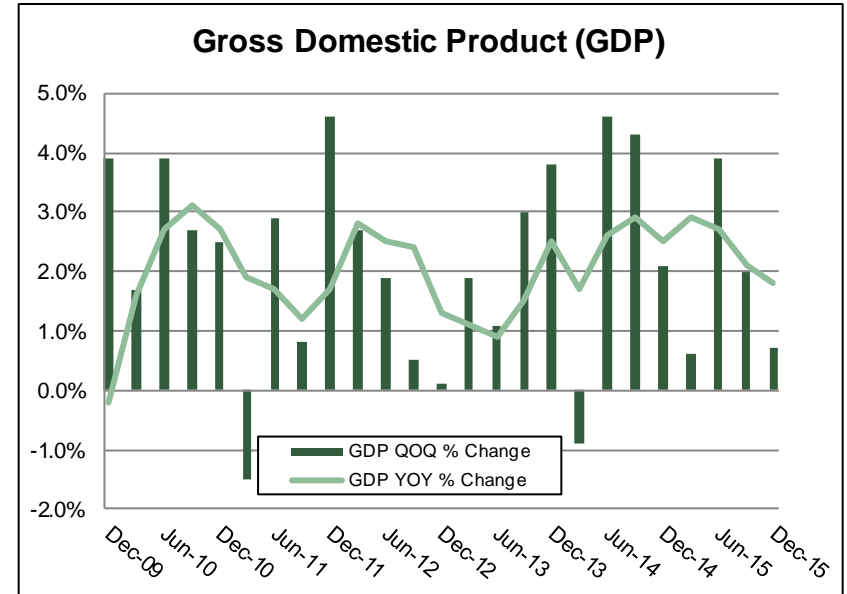
In January, the Institute for Supply Management (ISM) manufacturing index edged up to 48.2 from 48.0 in December. However, manufacturing trends remain under pressure. A reading below 50.0 suggests the manufacturing sector is contracting. The index fell below 50.0 in October 2015, for the first time since November 2012. Notably, a reading above 43.1 over a period of time is generally indicative of overall economic expansion, based on the historical relationship between the index and GDP growth. Meanwhile, capacity utilization, which is production divided by capacity, declined to 76.5% in December from 76.9% in November. The capacity utilization rate is lower than the long-run average of 80.1% (1972-2014), suggesting there is excess capacity in the industrial sector. Overall, growth in the US manufacturing sector continues to be hindered by the strong US dollar and a sluggish global economy.



Gross Domestic Product (GDP)

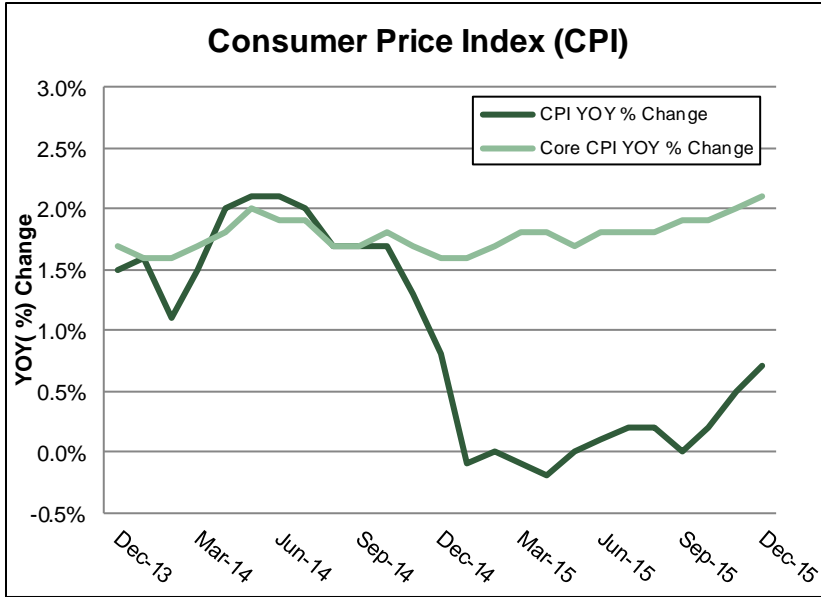
Components of GDP	3/15	6/15	9/15	12/15
Personal Consumption Expenditures	1.2%	2.4%	2.0%	1.5%
Gross Private Domestic Investment	1.4%	0.9%	-0.1%	-0.4%
Net Exports and Imports	-1.9%	0.2%	-0.3%	-0.5%
Federal Government Expenditures	0.1%	0.0%	0.0%	0.2%
State and Local (Consumption and Gross Investment)	-0.1%	0.5%	0.3%	-0.1%
Total	0.7%	3.9%	2.0%	0.7%

Source: US Department of Commerce

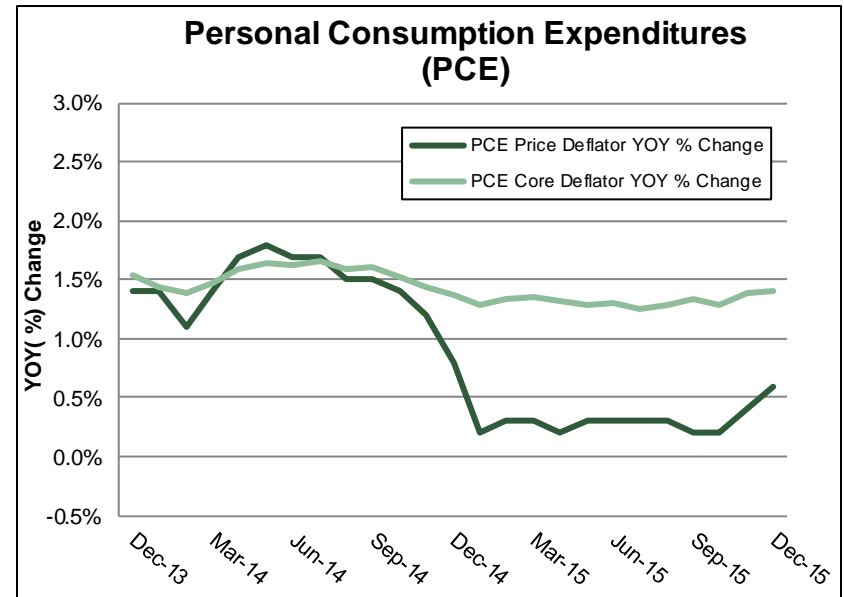


Source: US Department of Commerce

According to the advance estimate, fourth quarter GDP grew at an annualized rate of just 0.7%, slightly below the consensus forecast, following growth of 2.0% in the third quarter. Personal consumption expenditures slowed in the fourth quarter compared with the third quarter, but continued to be the central driver of economic growth. Weakness in net exports, inventories, and nonresidential investment hindered fourth quarter growth. Market participants are currently forecasting GDP growth of about 2.5% in the first quarter of 2016.



Source: US Department of Labor



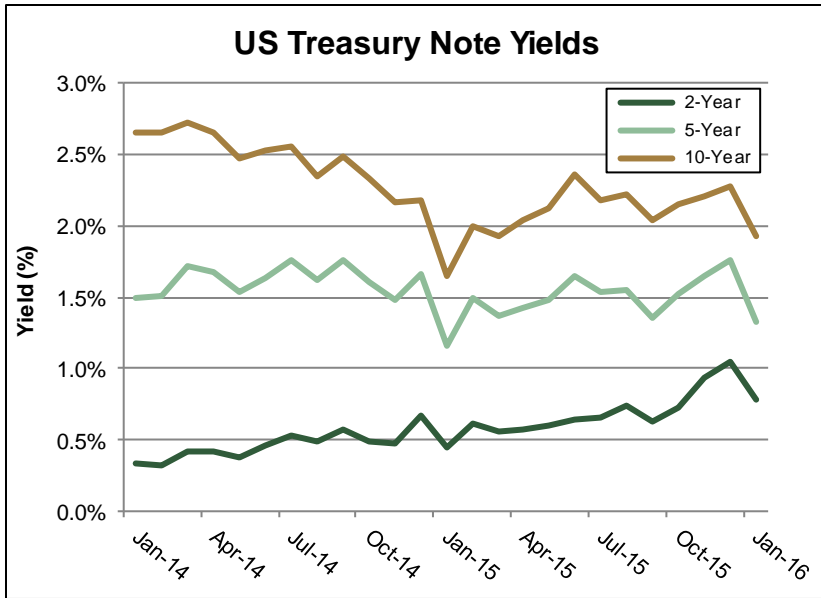
Source: US Department of Labor

In December, the Consumer Price Index (CPI) rose 0.7% on a year-over-year basis, up from 0.5% in November. Year-over-year comparisons have become easier, given the precipitous decline in energy prices at the end of 2014. Meanwhile, Core CPI (CPI less food and energy) was up 2.1% in December on a year-over-year basis, vs. up 2.0% in November. The Personal Consumption Expenditures (PCE) price index was up 0.6% on a year-over-year basis in December, up from 0.4% in November. Core PCE (excluding food and energy) was unchanged in December, up 1.4% on a year-over-year basis. Overall, inflationary pressures remain benign.

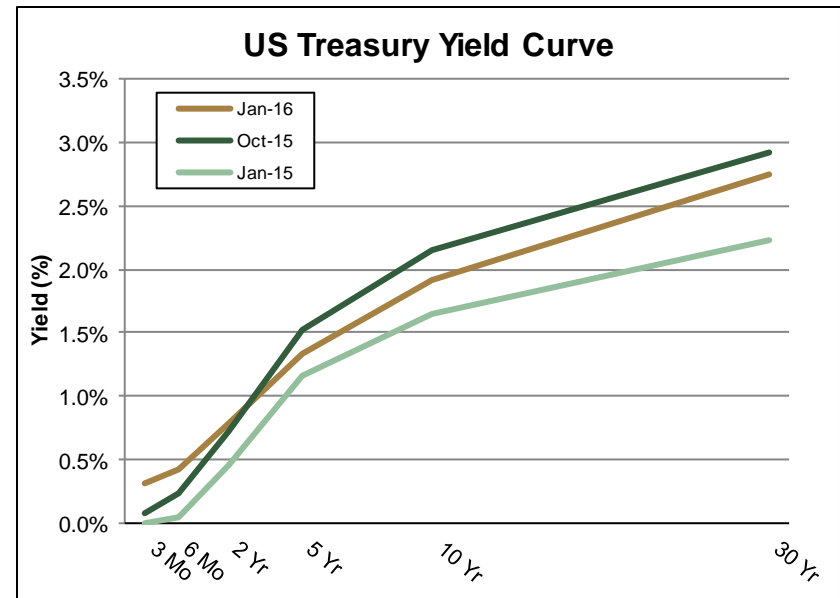


Bond Yields

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Source: Bloomberg



Source: Bloomberg

Over the past 3 months, the yield curve flattened. The yield on 2-year Treasury securities increased roughly 5 basis points, while the yield on 10-year Treasuries decreased more than 20 basis points. This flattening is consistent with previous Fed tightening cycles and we expect this trend to continue (with short-term rates rising more than long-term rates). Over much of the past year, financial market volatility has been elevated due to mixed US economic data, the uncertain timing of the first rate hike, weak global economic growth, divergent global central bank monetary policies, turmoil in Asian stock markets, and geopolitical concerns. Ongoing uncertainty about the future pace of monetary policy normalization and how the Fed communicates its economic projections will likely continue to fuel financial market volatility.

