



moulton niguel water district

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

27500 La Paz Road, Laguna Niguel

May 15, 2017

8:30 AM

Approximate Meeting Time: 3 Hours

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE APRIL 17, 2017 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.

PRESENTATION ITEMS

4. Quarterly Investment Report - Chandler Asset Management
5. Water Efficiency Fund Fiscal Year 2017-18 Budget

DISCUSSION ITEMS

6. Bill Print, Mail and Payment Processing Services
7. California Data Collaborative Fiscal Year 2017-18 Participation

INFORMATION ITEMS

8. Fiscal Year 2017-18 Budget Review
9. Debt Management Policy
10. Updated Investment Policy
11. Updated Purchasing Policy

12. 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 April 2017
13. Water Usage Update
14. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
15. 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

16. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

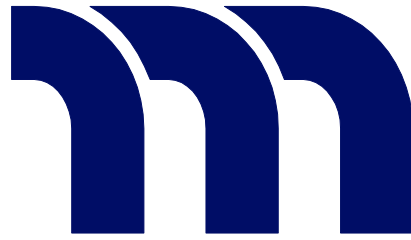
Significant exposure to litigation and initiation of litigation pursuant to paragraphs (2) and (4) of subdivision (d) of Government Code Section 54956.9

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

April 17, 2017

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 April 17, 2017. There were present and participating:

DIRECTORS

Scott Colton	Vice President/Chair
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director
Larry Lizotte	Director
Brian Probolsky	Vice President (arrived at 8:58 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
Gina Hillary	Director of Human Resources
Drew Atwater	Director of Planning
Jake Vollebregt	Director of Regional & Legal Affairs
Jeff Ferre	Best, Best, & Krieger (General Counsel)
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Trevor Agrelius	MNWD
Johnathan Cruz	MNWD
Todd Dmytryshyn	MNWD
Tracy Ingebrigtsen	MNWD
David Larsen	MNWD
Steve Merk	MNWD
Mark Mountford	MNWD

#2.

Todd Novacek	MNWD
Medha Patel	MNWD
Lindsey Stuvick	MNWD
Alex Thomas	MNWD
Rod Woods	MNWD
Jon Nitta	AKM Consulting Engineers, Inc.
Diann Pay	AKM Consulting Engineers, Inc.
Zeki Kayiran	AKM Consulting Engineers, Inc.
Tony Ingegneri	ATS Communications
Jon Kinley	Environmental Compliance Inspection Services
Glen Allen	Newport Real Estate Services
Jessica Shedarowich	Ware Malcomb
Heather Shreve	Ware Malcomb

1. CALL MEETING TO ORDER

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

2. APPROVE THE MINUTES OF THE MARCH 13, 2017 ENGINEERING AND OPERATIONS BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY DONALD FROELICH AND SECONDED BY GARY KURTZ, MINUTES OF THE MARCH 13, 2017 ENGINEERING AND OPERATIONS BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, AND LARRY LIZOTTE ALL VOTING 'AYE'. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.

3. PUBLIC COMMENTS

None.

PRESENTATION ITEMS

4. Recycled Water Master Plan

Rod Woods presented the Recycled Water Master Plan Summary. Key topics covered included the available recycled water supply, existing recycled water use, future demand assessment, storage analysis, additional improvements and costs associated with expansion of the recycled water system.

Brian Probolsky arrived at 8:58 a.m.

DISCUSSION ITEMS**5. On-Call Construction Support Services**

Rod Woods provided information on the item. Staff recommends that the Board of Directors authorize the General Manager or designee to execute one-year Construction Support Services Agreements with Paulus Engineering, Inc., Shoffeitt Pipeline, Inc., and T.E. Roberts, Inc. for total not-to-exceed agreement amounts of \$150,000 each, with the option to renew for two additional one-year terms. Discussion ensued regarding the agreements.

6. Professional Services Agreement for Paseo de Valencia Lift Station Rehabilitation

David Larsen provided information on the agreement. Staff recommends that the Board of Directors approve the Professional Services Agreement for engineering services with Civil Source in the amount of \$119,130; authorize the General Manager or designee to execute the contract and approve amendments up to 10% of the contract value. Discussion ensued regarding the details of the agreement.

7. Fats, Oils, and Grease (FOG) Consulting Services

Mark Mountford provided information on the item. Staff recommends that the Board of Directors approve the Agreement for FOG Consulting Services with Environmental Compliance Inspection Services (ECIS) for an amount not-to-exceed \$390,000 and a 3-year contract term with an option of two (2) one-year extensions; and authorize the General Manager or designees to execute the agreement. Discussion ensued regarding the details of the agreement.

8. Consulting Services for Communications License Program

Mark Mountford provided information on the communications license program agreement. Staff recommends that the Board of Directors approve the Agreement for Communications License Program Consulting Services with ATS Communications for an amount not-to-exceed \$300,000 and a 3-year contract term with an option of two (2) one-year extensions; and authorize the General Manager or designee to execute the agreement. Discussion ensued regarding terms of the agreement.

INFORMATION ITEMS**11. Operations Center Consolidation Improvement Project Update**

This item was taken after item #8. Matt Collings introduced Jessica Shedarowich and Heather Shreve from Ware Malcomb. Jessica and Heather provided an update on some of the interior design aspects of the proposed operations center. Matt Collings stated that Newport Real Estate Services is working on a pre-qualification list of contractors for the proposed project.

9. Mission Hospital 750 Zone Update

Todd Dmytryshyn provided the Mission Hospital 750 zone update. Key topics covered included the proposed system improvements, the anticipated schedule, and a preliminary cost estimate.

Brian Probolsky left at 11:25 a.m.

Richard Fiore left at 11:32 a.m.

10. On-Call Emergency Construction Services Update

This item was received and filed.

12. Quarterly Operations Report

This item was received and filed.

13. Quarterly Capital Improvement Program Report

This item was received and filed

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

None.

15. Late Items (Appropriate Findings to be Made)

None.

ADJOURNMENT

11:37 a.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

Moulton Niguel Water District

Period Ending
March 31, 2017



SECTION 1	Consolidated Information
SECTION 2	Account Profile
SECTION 3	Portfolio Holdings
SECTION 4	Transactions
SECTION 5	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 Objective

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 0-3 Yr 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 Yr Government Index).

Bond Reserves: To earn a commensurate rate of return over market cycles while ensuring compliance with the District's indentured funds.

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.

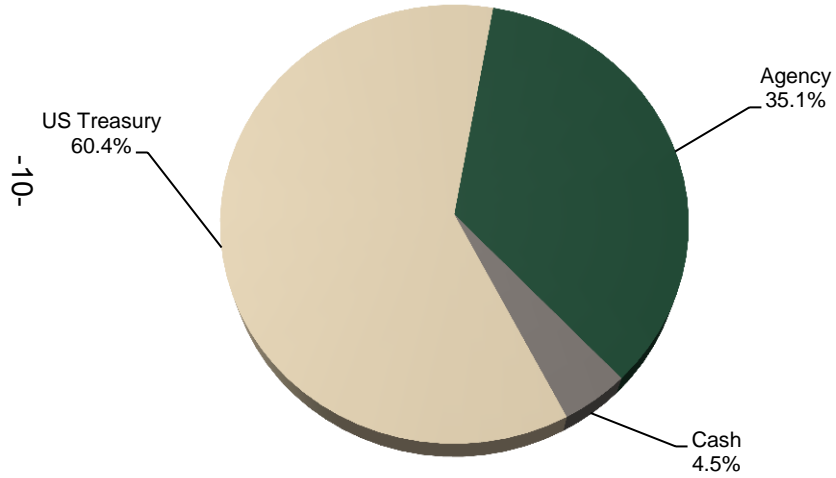


Moulton Niguel Water District Bond Reserves

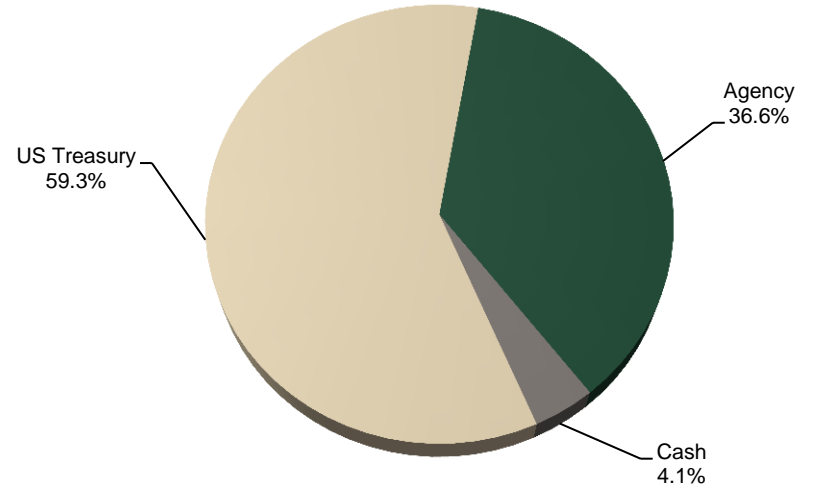
	3/31/2017	12/31/2016
	Portfolio	Portfolio
Average Maturity (yrs)	2.96	2.95
Modified Duration	2.86	2.85
Average Purchase Yield	1.11%	1.03%
Average Market Yield	1.50%	1.45%
Average Quality	AA+/Aaa	AA+/Aaa
Contributions/Withdrawals	0	
ϕ Total Market Value	7,736,000	7,704,250

Moulton Niguel Water District Bond Reserves

March 31, 2017



December 31, 2016



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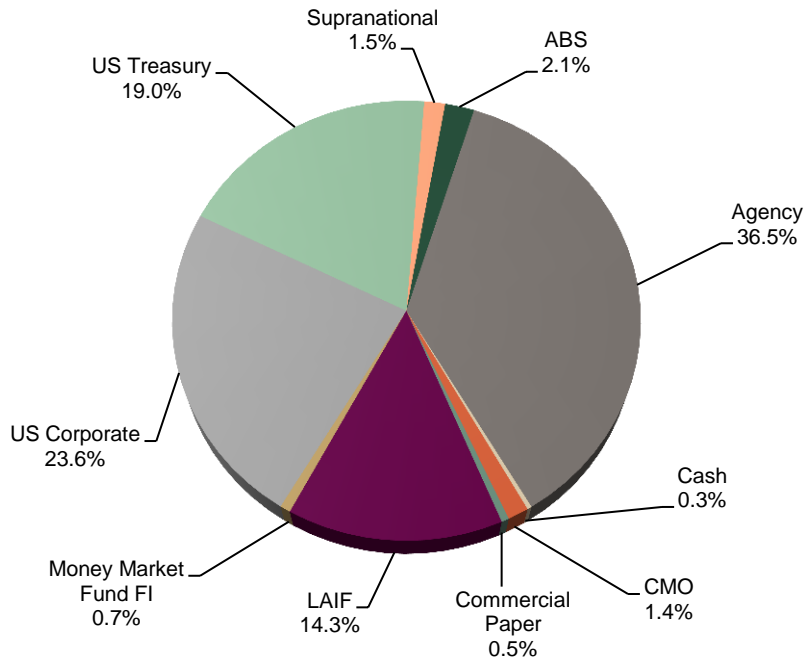
Moulton Niguel Water District Consolidated

	3/31/2017	12/31/2016
	Portfolio	Portfolio
Average Maturity (yrs)	2.92	2.96
Modified Duration	2.71	2.74
Average Purchase Yield	1.82%	1.74%
Average Market Yield	1.62%	1.57%
Average Quality	AA/Aa1	AA/Aa1
Contributions/Withdrawals	(4,661,875)	
Total Market Value	124,626,438	128,615,201

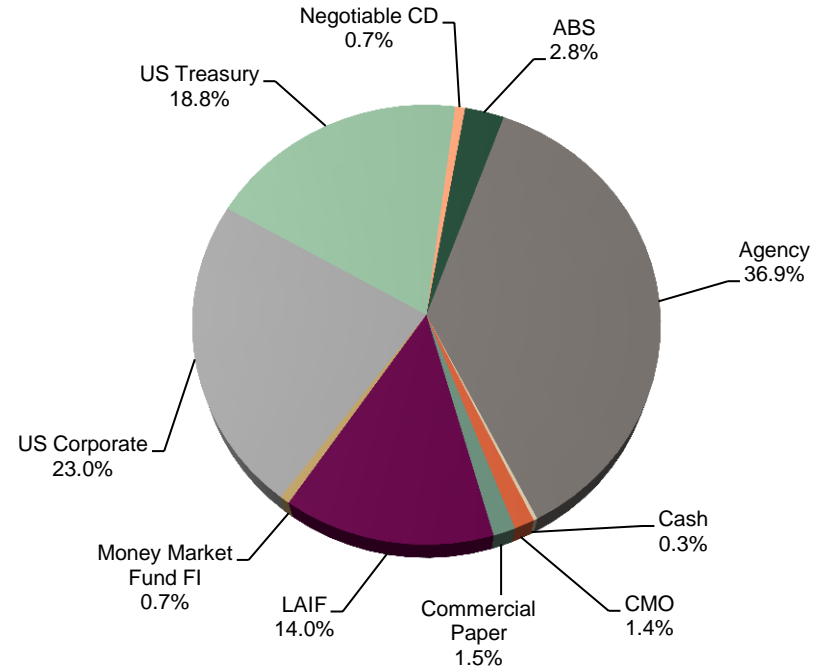


Moulton Niguel Water District Consolidated

March 31, 2017



December 31, 2016



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Moulton Niguel Water District Consolidated – Account #43

As of 3/31/2017

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	1.80%	4.42	19.04%
Local Agency Investment Fund	LAIF	0.83%	0.00	14.34%
Federal Home Loan Bank	Agency	1.78%	3.63	10.99%
Federal National Mortgage Association	Agency	1.96%	5.03	10.74%
Federal Home Loan Mortgage Corp	Agency	1.67%	3.34	8.05%
Tennessee Valley Authority	Agency	1.79%	3.65	5.23%
General Electric Co	US Corporate	1.42%	0.39	1.71%
ChevronTexaco Corp	US Corporate	1.42%	1.02	1.56%
Inter-American Dev Bank	Supranational	2.04%	4.81	1.51%
Federal Farm Credit Bank	Agency	1.44%	2.35	1.48%
Qualcomm Inc	US Corporate	1.97%	2.63	1.46%
US Bancorp	US Corporate	1.87%	2.65	1.45%
Federal Home Loan Mortgage Corp	CMO	1.54%	1.40	1.38%
Bank of New York	US Corporate	1.89%	2.45	1.34%
Charles Schwab Corp/The	US Corporate	1.52%	0.94	1.31%
Paccar Financial	US Corporate	1.75%	2.02	1.31%
Honda Motor Corporation	US Corporate	1.61%	1.53	1.31%
Oracle Corp	US Corporate	2.31%	4.46	1.07%
Apple Inc	US Corporate	1.28%	1.09	1.00%
State Street Bank	US Corporate	2.40%	4.14	1.00%
JP Morgan ABS	ABS	1.47%	3.04	0.99%
Exxon Mobil Corp	US Corporate	2.17%	3.92	0.99%
JP Morgan Chase & Co	US Corporate	1.75%	1.83	0.98%
Toyota Motor Corp	US Corporate	1.62%	1.80	0.98%
Cisco Systems	US Corporate	1.57%	1.92	0.97%
Deere & Company	US Corporate	1.60%	1.70	0.95%
Berkshire Hathaway	US Corporate	2.18%	3.96	0.84%
Pepsico Inc	US Corporate	1.71%	3.08	0.79%
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.42%	0.00	0.72%
Microsoft	US Corporate	2.17%	4.36	0.68%
Intel Corp	US Corporate	1.26%	0.71	0.66%
HSBC USA Corp	US Corporate	1.70%	0.80	0.64%
Honda ABS	ABS	1.33%	1.42	0.50%
Bank of Tokyo-Mit UFJ	Commercial Paper	1.20%	0.27	0.49%
John Deere ABS	ABS	1.25%	1.47	0.46%
Wells Fargo Corp	US Corporate	1.73%	0.80	0.32%
Bank Cash Account	Cash	0.00%	0.00	0.28%
Air Products & Chemicals	US Corporate	1.27%	0.54	0.24%

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Moulton Niguel Water District Consolidated – Account #43
As of 3/31/2017

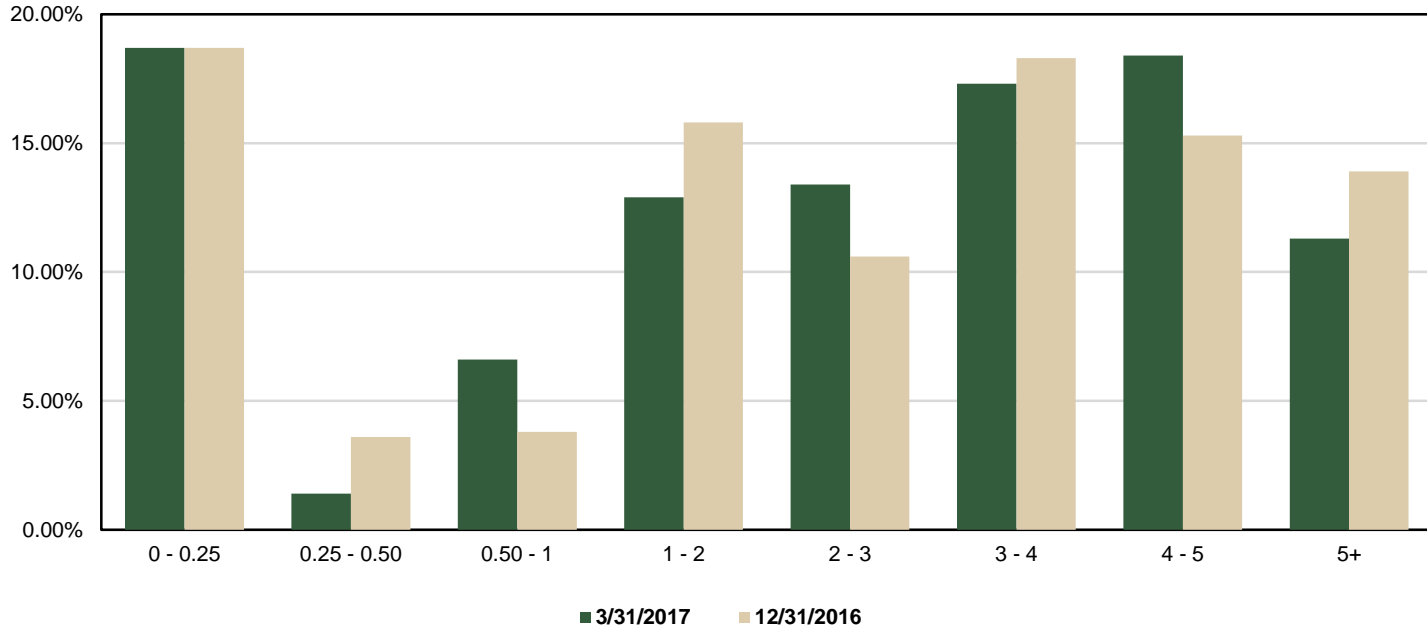
Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Toyota ABS	ABS	1.35%	1.84	0.15%
United Technology Corp	US Corporate	1.21%	0.17	0.09%
Total		1.62%	2.92	100%



Duration Distribution

Moulton Niguel Water District Consolidated

March 31, 2017 vs. December 31, 2016



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	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
03/31/17	18.7%	1.4%	6.6%	12.9%	13.4%	17.3%	18.4%	11.3%
12/31/16	18.7%	3.6%	3.8%	15.8%	10.6%	18.3%	15.3%	13.9%

SECTION 2

Account Profile



Bond Reserves

	Bond Reserves	
	3/31/2017	12/31/2016
Portfolio book value	\$7,829,544	\$7,801,325
Market value	\$7,736,000	\$7,704,250
Net Contribution/Withdrawal for the Period	\$0	--
Average book yield	1.11%	1.03%
Average maturity (yrs)	2.96	2.95
Modified duration	2.86	2.85
\$ change in value for 1% change in rates	\$221,210	\$219,721
% maturing within two years	16.2%	22.0%
Average credit quality	AA+/Aaa	AA+/Aaa

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Liquid Fund

	BAML 3-Month US Treasury Bill Index	Liquid Fund	
	3/31/2017	3/31/2017	12/31/2016
Portfolio book value	--	\$17,837,671	\$18,003,903
Market value	--	\$17,873,804	\$18,018,179
Net Contribution/Withdrawal for the Period	--	(\$180,000)	--
Average book yield	--	0.78%	0.67%
Average maturity (yrs)	0.15	0.00	0.00
Modified duration	0.15	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

	BAML 0-3 Yr US Treasury Index	Limited Maturity Fund	
	3/31/2017	3/31/2017	12/31/2016
Portfolio book value	--	\$17,432,494	\$9,563,123
Market value	--	\$17,082,110	\$9,544,102
Net Contribution/Withdrawal for the Period	--	\$7,490,676	--
Average book yield	--	1.91%	1.36%
Average maturity (yrs)	1.40	1.20	1.20
Modified duration	1.37	0.92	1.07
\$ change in value for 1% change in rates	--	\$157,155	\$102,122
% maturing within two years	68.6%	73.0%	74.4%
Average credit quality	AAA	AA/Aa2	AA/Aa2

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Operating Reserve Fund

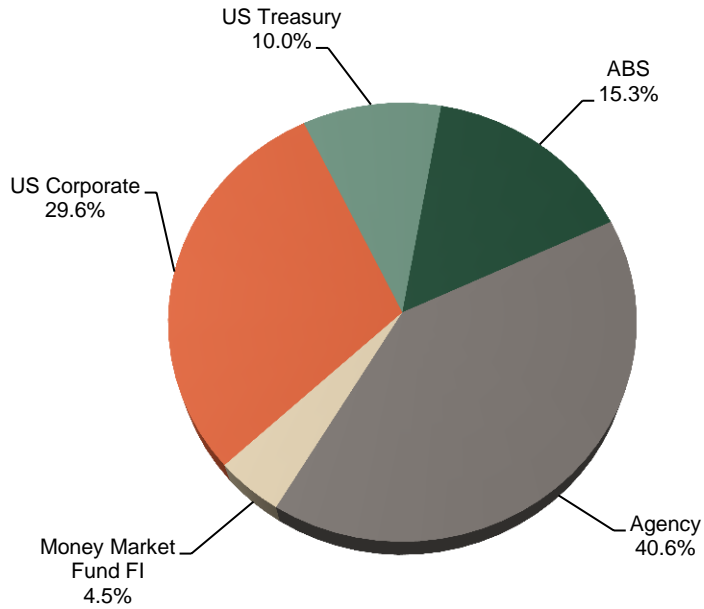
	BAML 1-10 Yr US Treasury/Agency Index	Operating Reserve Fund	
	3/31/2017	3/31/2017	12/31/2016
Portfolio book value	--	\$81,104,368	\$92,888,470
Market value	--	\$81,934,524	\$93,346,461
Net Contribution/Withdrawal for the Period	--	(\$11,972,551)	--
Average book yield	--	2.08%	2.05%
Average maturity (yrs)	3.90	3.91	3.71
Modified duration	3.65	3.67	3.43
\$ change in value for 1% change in rates	--	\$3,006,997	\$3,201,784
% maturing within two years	22.5%	20.1%	24.1%
Average credit quality	AAA	AA/Aa1	AA/Aa1

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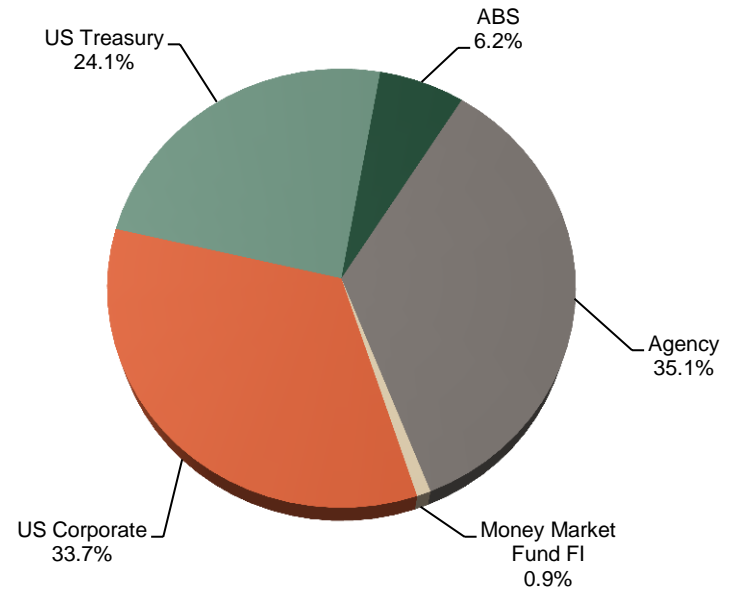


Moulton Niguel Water District Limited Maturity

March 31, 2017



December 31, 2016



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Moulton Niguel Water District Limited Maturity – Account #42

As of 3/31/2017

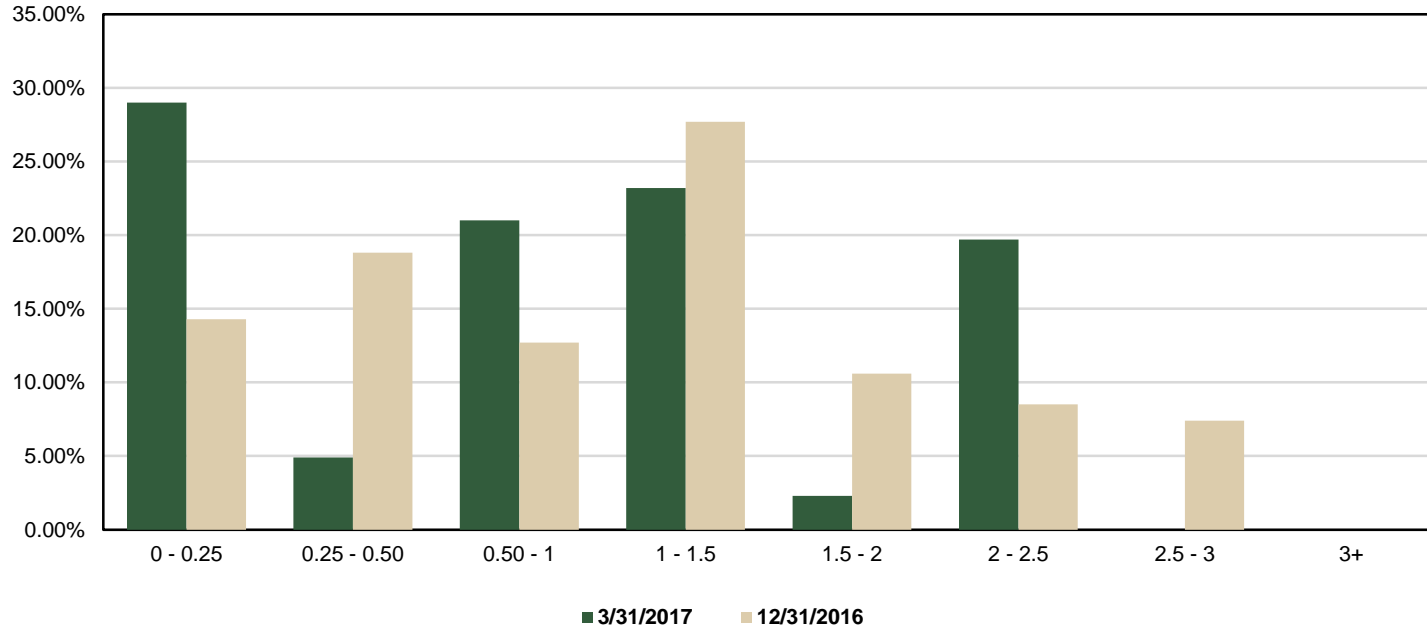
Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Federal Home Loan Bank	Agency	1.41%	2.09	16.36%
General Electric Co	US Corporate	1.42%	0.39	12.44%
Government of United States	US Treasury	1.02%	1.11	9.96%
Tennessee Valley Authority	Agency	1.11%	0.71	9.81%
Federal National Mortgage Association	Agency	0.95%	0.32	8.96%
JP Morgan ABS	ABS	1.47%	3.04	7.26%
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.42%	0.00	4.49%
Federal Farm Credit Bank	Agency	1.18%	1.04	4.00%
Honda ABS	ABS	1.33%	1.42	3.62%
John Deere ABS	ABS	1.25%	1.47	3.38%
Qualcomm Inc	US Corporate	1.38%	1.13	2.71%
Bank of New York	US Corporate	1.89%	2.45	2.66%
Charles Schwab Corp/The	US Corporate	1.52%	0.94	2.52%
Wells Fargo Corp	US Corporate	1.73%	0.80	2.34%
ChevronTexaco Corp	US Corporate	1.43%	0.92	2.34%
Intel Corp	US Corporate	1.26%	0.71	2.18%
Air Products & Chemicals	US Corporate	1.27%	0.54	1.77%
Federal Home Loan Mortgage Corp	Agency	1.41%	2.34	1.46%
Toyota ABS	ABS	1.35%	1.84	1.06%
United Technology Corp	US Corporate	1.21%	0.17	0.68%
Total		1.26%	1.20	100%



Duration Distribution

Moulton Niguel Water District Limited Maturity

March 31, 2017 vs. December 31, 2016



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	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 1.5	1.5 - 2	2 - 2.5	2.5 - 3	3+
03/31/17	29.0%	4.9%	21.0%	23.2%	2.3%	19.7%	0.0%	0.0%
12/31/16	14.3%	18.8%	12.7%	27.7%	10.6%	8.5%	7.4%	0.0%



Moulton Niguel Water District Limited Maturity

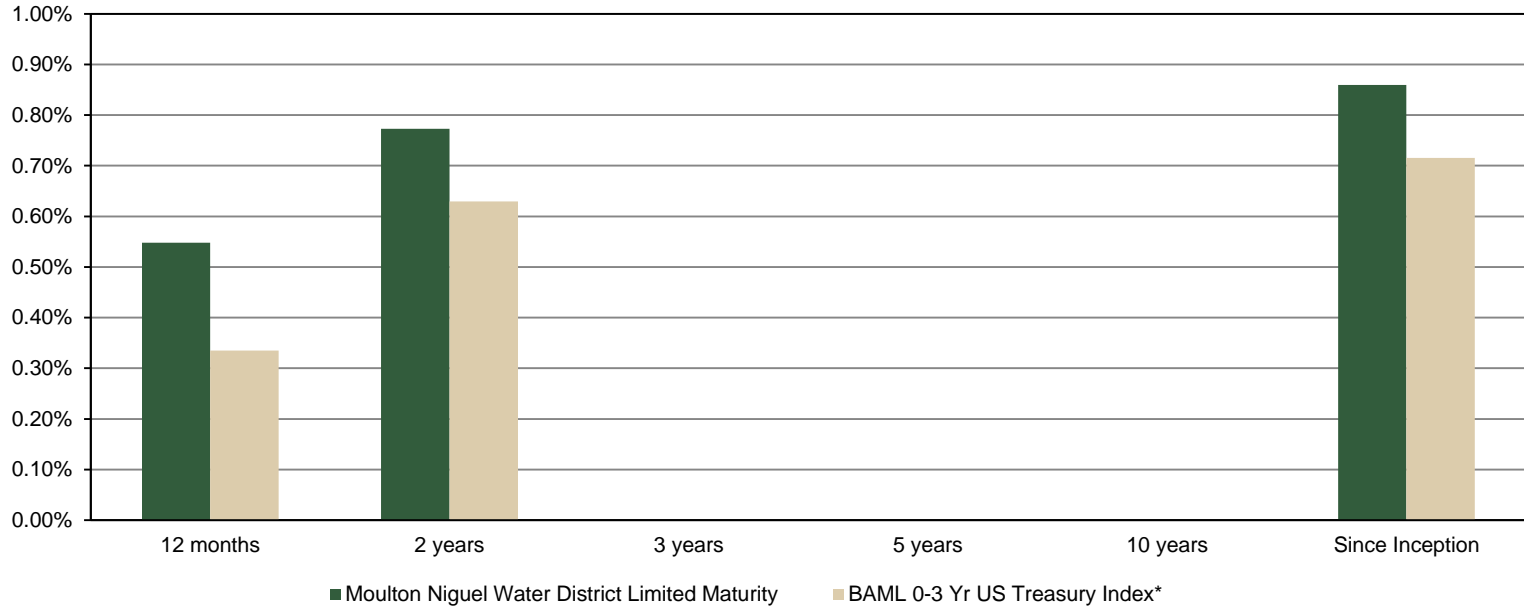
Period Ending

March 31, 2017

Total Rate of Return

Annualized Since Inception

February 28, 2015



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	Annualized						
	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
Moulton Niguel Water District Limited Maturity	0.29%	0.55%	0.77%	N/A	N/A	N/A	0.86%
BAML 0-3 Yr US Treasury Index	0.27%	0.34%	0.63%	N/A	N/A	N/A	0.72%

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.



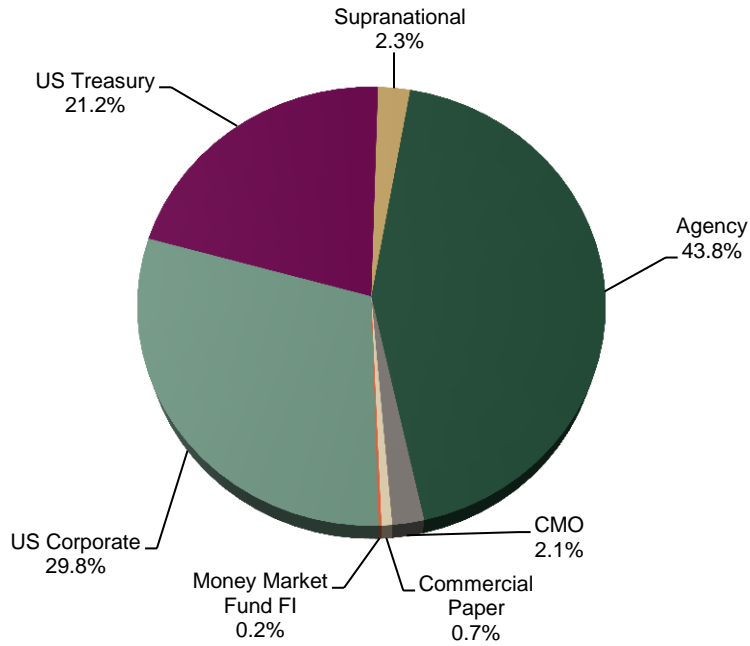
40- Trading Activity -12/31/2016 -3/31/2017

Settle Date	Description	Sector	Maturity Date	Amount	Book Value	Market Value	Gain/Loss	Duration	Yield
Purchase									
01/24/2017	US Bancorp	US Corporate	01/24/2022	\$575,000.00	\$574,011.00	\$574,011.00	\$0.00	4.656	2.662
01/18/2017	Inter-American Dev Bank	Supranational	01/18/2022	\$1,870,000.00	\$1,867,699.90	\$1,867,699.90	\$0.00	4.719	2.151
03/07/2017	Bank of Tokyo Mitsubishi NY	Commercial Paper	07/07/2017	\$610,000.00	\$607,560.68	\$607,560.68	\$0.00	0.332	1.201
				\$3,055,000.00	\$3,049,271.58	\$3,049,271.58	\$0.00		
Sale									
01/24/2017	Intel Corp	US Corporate	12/15/2017	\$750,000.00	\$752,274.45	\$750,757.50	(\$1,516.95)	0.883	1.235
01/11/2017	FHLMC	Agency	05/30/2019	\$1,200,000.00	\$1,207,041.60	\$1,211,172.00	\$4,130.40	2.328	1.352
				\$1,950,000.00	\$1,959,316.05	\$1,961,929.50	\$2,613.45		

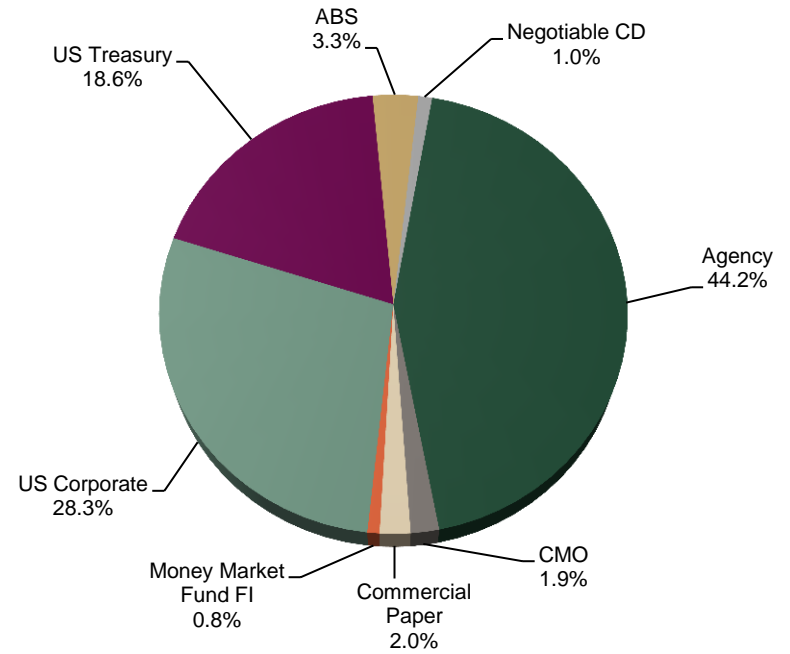


Moulton Niguel Water District Operating Reserve

March 31, 2017



December 31, 2016



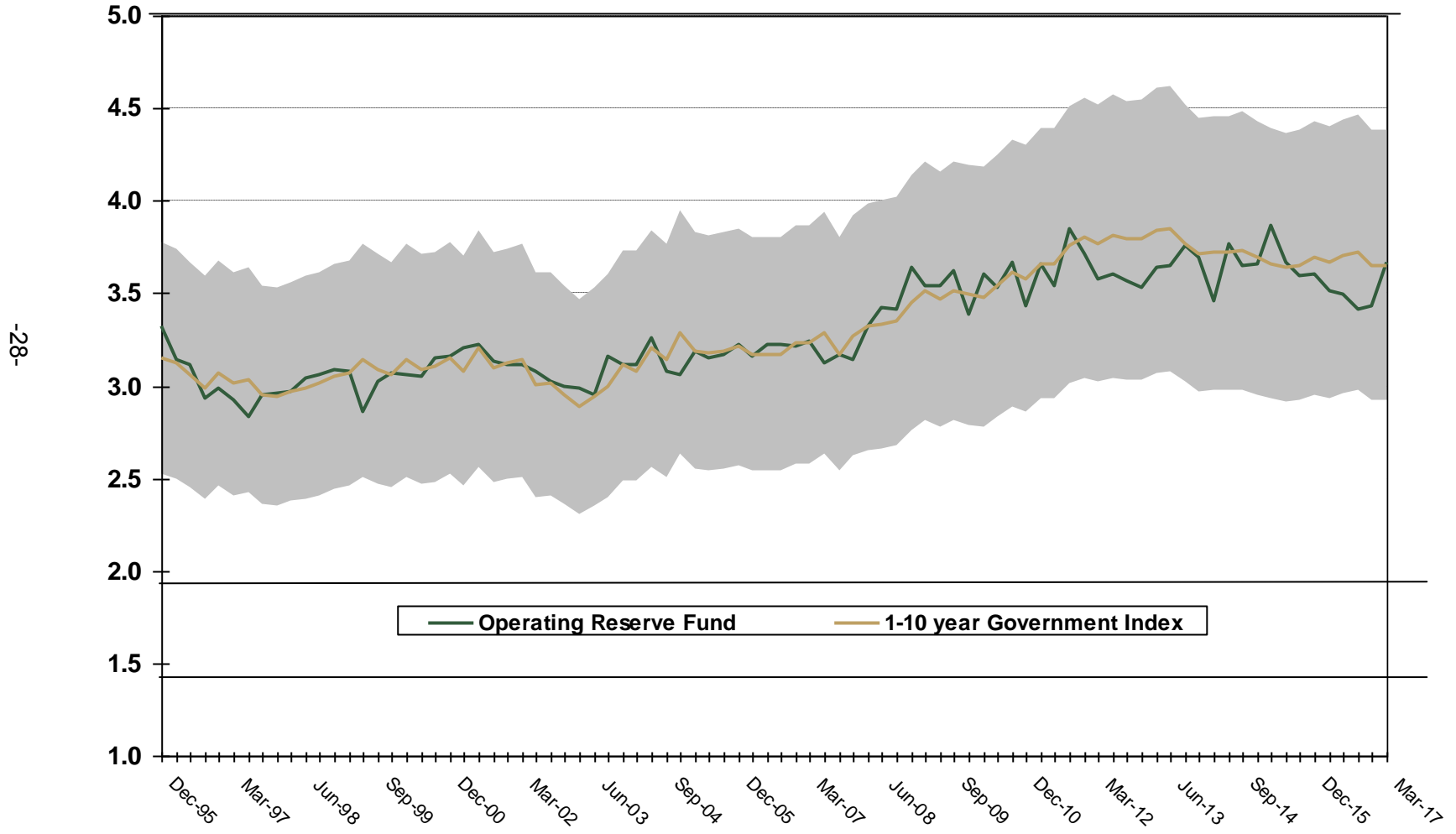
Moulton Niguel Water District Operating Reserve – Account #40

As of 3/31/2017

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	1.94%	5.07	21.18%
Federal National Mortgage Association	Agency	2.10%	5.70	14.16%
Federal Home Loan Mortgage Corp	Agency	1.68%	3.39	11.70%
Federal Home Loan Bank	Agency	1.94%	4.29	10.55%
Tennessee Valley Authority	Agency	2.02%	4.67	5.91%
Inter-American Dev Bank	Supranational	2.04%	4.81	2.30%
US Bancorp	US Corporate	1.87%	2.65	2.20%
Federal Home Loan Mortgage Corp	CMO	1.54%	1.40	2.11%
Paccar Financial	US Corporate	1.75%	2.02	1.99%
Honda Motor Corporation	US Corporate	1.61%	1.53	1.99%
ChevronTexaco Corp	US Corporate	1.41%	1.04	1.88%
Qualcomm Inc	US Corporate	2.18%	3.14	1.65%
Oracle Corp	US Corporate	2.31%	4.46	1.62%
Apple Inc	US Corporate	1.28%	1.09	1.53%
State Street Bank	US Corporate	2.40%	4.14	1.52%
Exxon Mobil Corp	US Corporate	2.17%	3.92	1.51%
JP Morgan Chase & Co	US Corporate	1.75%	1.83	1.49%
Toyota Motor Corp	US Corporate	1.62%	1.80	1.48%
Cisco Systems	US Corporate	1.57%	1.92	1.48%
Bank of New York	US Corporate	1.89%	2.45	1.48%
Charles Schwab Corp/The	US Corporate	1.52%	0.94	1.47%
Deere & Company	US Corporate	1.60%	1.70	1.44%
Federal Farm Credit Bank	Agency	1.60%	3.12	1.42%
Berkshire Hathaway	US Corporate	2.18%	3.96	1.28%
Pepsico Inc	US Corporate	1.71%	3.08	1.20%
Microsoft	US Corporate	2.17%	4.36	1.04%
HSBC USA Corp	US Corporate	1.70%	0.80	0.97%
Bank of Tokyo-Mit UFJ	Commercial Paper	1.20%	0.27	0.74%
Intel Corp	US Corporate	1.26%	0.71	0.55%
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.42%	0.00	0.16%
Total		1.88%	3.91	100%



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

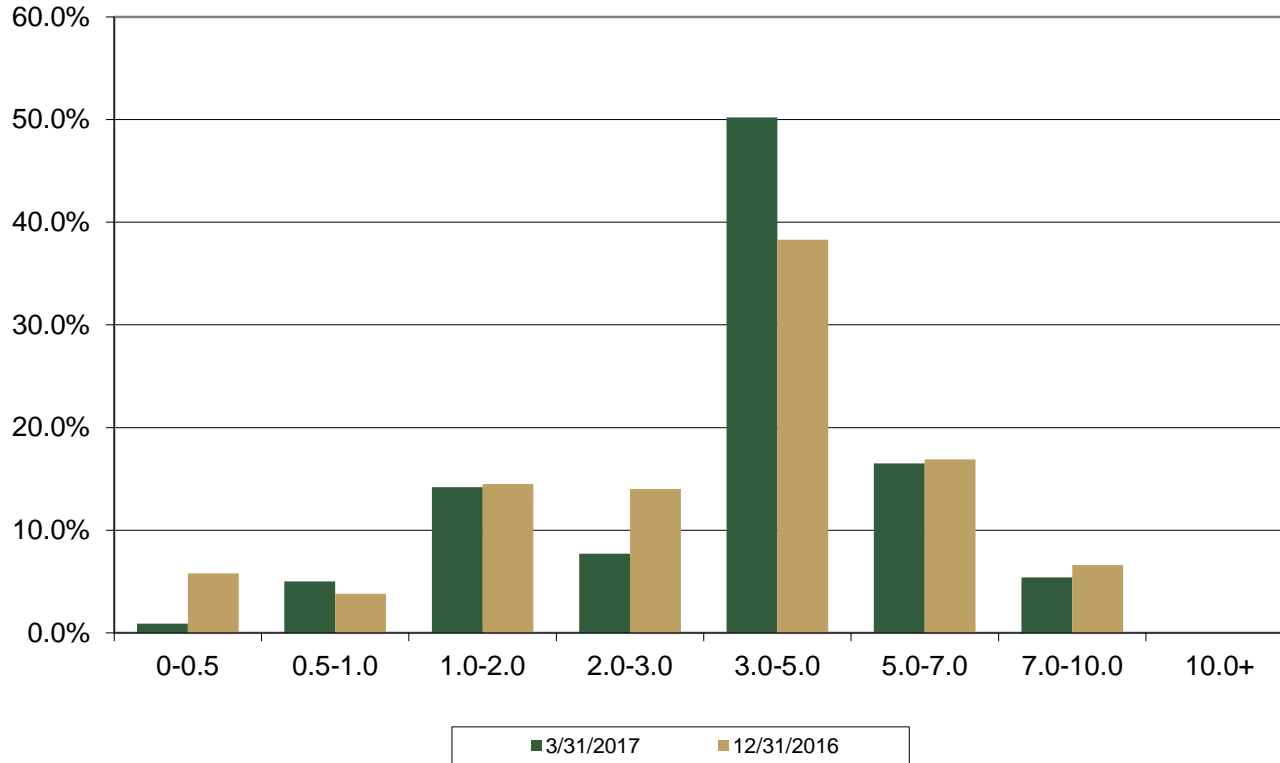


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Maturity Distribution

Operating Reserve Fund March 31, 2017 vs. December 31, 2016



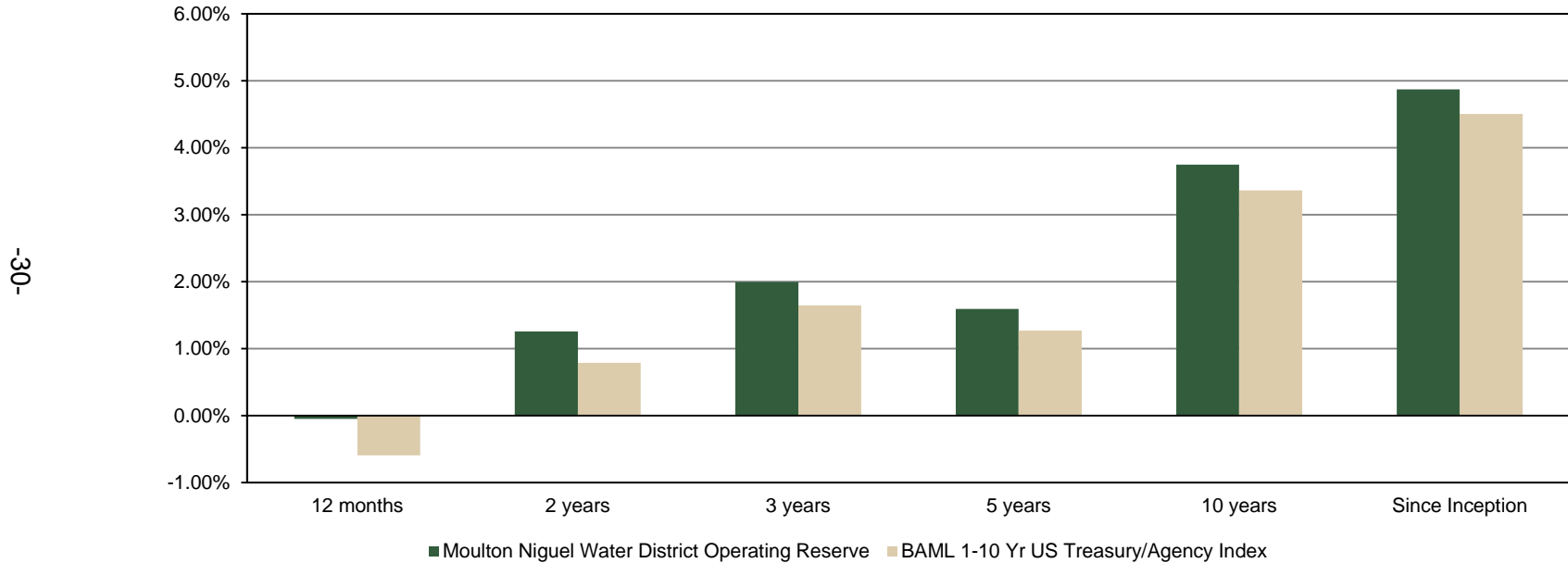
	0-0.5	0.5-1.0	1.0-2.0	2.0-3.0	3.0-5.0	5.0-7.0	7.0-10.0	10.0+
3/31/2017	0.9%	5.0%	14.2%	7.7%	50.2%	16.5%	5.4%	0.0%
12/31/2016	5.8%	3.8%	14.5%	14.0%	38.3%	16.9%	6.6%	0.0%



Moulton Niguel Water District Operating Reserve

Period Ending
March 31, 2017

Total Rate of Return
Annualized Since Inception
September 30, 1995



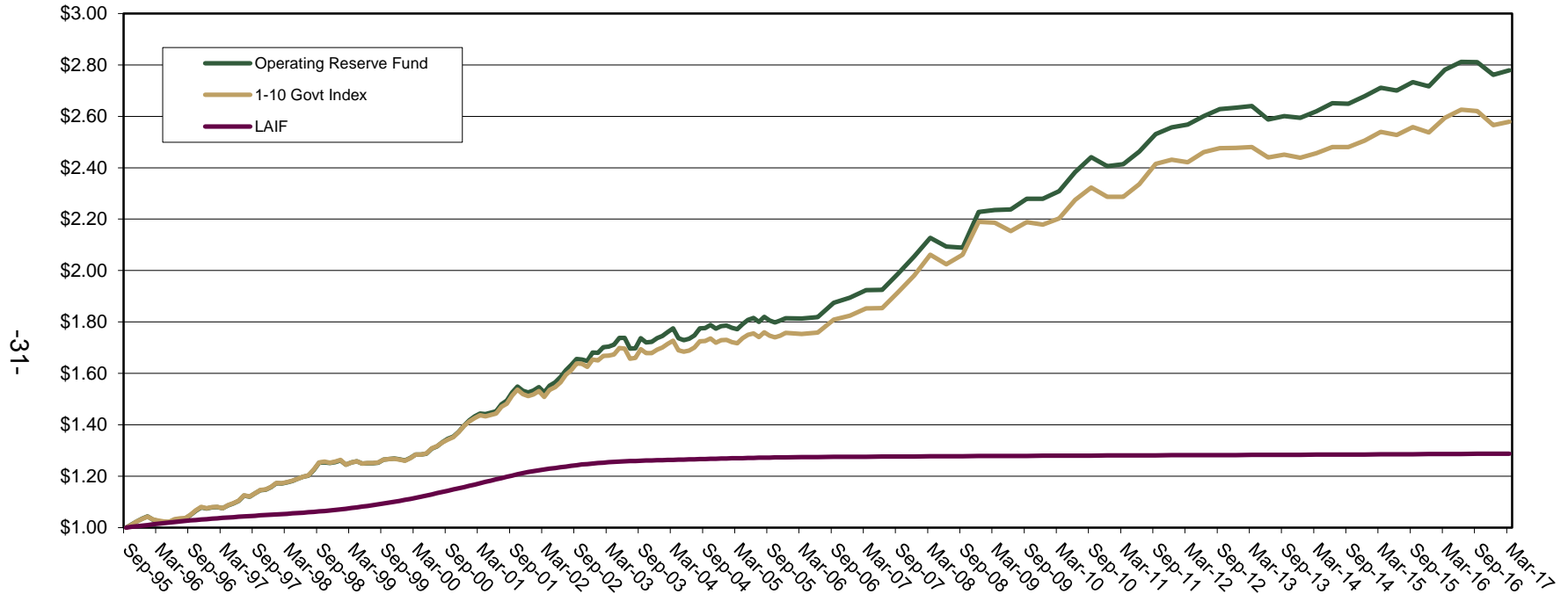
	Annualized						
	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
Moulton Niguel Water District Operating Reserve	0.66%	-0.05%	1.26%	2.00%	1.59%	3.75%	4.87%
BAML 1-10 Yr US Treasury/Agency Index	0.51%	-0.59%	0.79%	1.64%	1.27%	3.36%	4.51%

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

3/31/2017	Return
\$2,761,251	4.90%
\$2,566,031	4.53%
\$1,287,187	1.20%

SECTION 3

Portfolio Holdings



Holdings Report

Moulton Niguel Water District Liquid Fund - Account #41

For the Month Ending 3/31/2017

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	17,837,671.18	Various 0.83%	17,837,671.18 17,837,671.18	1.00 0.83%	17,837,671.18 36,132.85	100.00% 0.00	NR / NR NR	0.00 0.00
Total LAIF		17,837,671.18	0.83%	17,837,671.18	0.83%	17,837,671.18 36,132.85	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		17,837,671.18	0.83%	17,837,671.18	0.83%	17,837,671.18 36,132.85	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUALS						17,873,804.03			



Moulton Niguel Water District Limited Maturity - Account #42

For the Month Ending 3/31/2017

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 0.920% Due 02/15/2018	6,633.02	08/18/2015 0.93%	6,632.49 6,632.49	99.99 1.43%	6,632.18 2.71	0.04% (0.31)	Aaa / AAA NR	0.88 0.02
43814GAC4	Honda Auto Receivables 2014-2 A3 0.770% Due 03/19/2018	140,184.20	05/13/2014 0.78%	140,167.35 140,167.35	99.93 1.32%	140,084.39 38.98	0.82% (82.96)	Aaa / AAA NR	0.97 0.13
47787VAC5	John Deere Owner Trust 2014-A A3 0.920% Due 04/16/2018	155,633.96	04/02/2014 0.93%	155,609.03 155,609.03	99.96 1.29%	155,567.66 63.64	0.91% (41.37)	Aaa / NR AAA	1.04 0.12
43814HAC2	Honda Auto Receivables 2014-3 A3 0.880% Due 06/15/2018	236,910.75	08/12/2014 0.89%	236,865.05 236,865.05	99.92 1.32%	236,716.25 92.66	1.39% (148.80)	NR / AAA AAA	1.21 0.19
477877AD6	John Deere Owner Trust 2014-B A3 1.070% Due 11/15/2018	421,992.65	Various 1.08%	421,880.47 421,880.47	99.95 1.24%	421,791.35 200.68	2.47% (89.12)	Aaa / NR AAA	1.63 0.28
89236WAC2	Toyota Auto Receivables Owner 2015-A 1.120% Due 02/15/2019	175,018.58	02/24/2015 1.13%	174,992.12 174,992.12	99.90 1.35%	174,848.46 87.12	1.02% (143.66)	Aaa / AAA NR	1.88 0.43
43813NAC0	Honda Auto Receivables 2015-2 A3 1.040% Due 02/21/2019	241,255.49	05/13/2015 1.05%	241,218.45 241,218.45	99.85 1.35%	240,894.33 69.70	1.41% (324.12)	NR / AAA AAA	1.90 0.48
161571GY4	Chase CHAIT Pool #2015-A5 1.360% Due 04/15/2020	1,240,000.00	04/30/2015 1.37%	1,239,781.51 1,239,781.51	99.90 1.47%	1,238,735.20 749.51	7.26% (1,046.31)	NR / AAA AAA	3.04 1.01
Total ABS		2,617,628.65	1.18%	2,617,146.47	1.38%	2,615,269.82 1,305.00	15.32% (1,876.65)	Aaa / AAA Aaa	2.23 0.63
Agency									
3135G0ZB2	FNMA Note 0.750% Due 04/20/2017	625,000.00	02/26/2015 0.73%	625,206.25 625,206.25	100.00 0.79%	624,986.25 2,096.35	3.67% (220.00)	Aaa / AA+ AAA	0.05 0.05
31359M7X5	FNMA Note 5.000% Due 05/11/2017	550,000.00	12/31/2009 3.68%	596,309.45 596,309.45	100.44 1.00%	552,429.90 10,694.44	3.30% (43,879.55)	Aaa / AA+ AAA	0.11 0.11
880591CU4	Tennessee Valley Authority Note 6.250% Due 12/15/2017	1,590,000.00	Various 4.15%	1,827,006.80 1,827,006.80	103.60 1.11%	1,647,212.97 29,260.41	9.81% (179,793.83)	NR / AA+ AAA	0.71 0.69
31331YF21	FFCB Note 4.250% Due 04/16/2018	650,000.00	07/15/2010 2.98%	706,634.50 706,634.50	103.17 1.18%	670,623.85 12,661.46	4.00% (36,010.65)	Aaa / AA+ AAA	1.04 1.01
3130A4GJ5	FHLB Note 1.125% Due 04/25/2018	610,000.00	07/31/2015 0.94%	613,078.67 613,078.67	99.97 1.15%	609,837.74 2,973.75	3.59% (3,240.93)	Aaa / AA+ AAA	1.07 1.05
3135GOWJ8	FNMA Note 0.875% Due 05/21/2018	340,000.00	04/11/2013 0.92%	339,272.40 339,272.40	99.66 1.18%	338,839.92 1,074.31	1.99% (432.48)	Aaa / AA+ AAA	1.14 1.13
3137EADK2	FHLMC Note 1.250% Due 08/01/2019	250,000.00	01/04/2013 1.35%	248,450.00 248,450.00	99.63 1.41%	249,080.50 520.83	1.46% 630.50	Aaa / AA+ AAA	2.34 2.29
3133X8AS1	FHLB Note 5.125% Due 08/15/2019	2,000,000.00	06/07/2011 3.02%	2,303,860.00 2,303,860.00	108.45 1.49%	2,168,904.00 13,097.22	12.77% (134,956.00)	Aaa / AA+ AAA	2.38 2.24
Total Agency		6,615,000.00	2.79%	7,259,818.07	1.22%	6,861,915.13 72,378.77	40.59% (397,902.94)	Aaa / AA+ Aaa	1.27 1.21



Holdings Report

Moulton Niguel Water District Limited Maturity - Account #42

For the Month Ending 3/31/2017

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
Money Market Fund FI									
94975J466	Wells Fargo Advantage Government MMF	767,388.94	Various 0.42%	767,388.94 767,388.94	1.00 0.42%	767,388.94 0.00	4.49% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		767,388.94	0.42%	767,388.94	0.42%	767,388.94	4.49%	Aaa / AAA	0.00
US Corporate									
36962G5W0	General Electric Capital Corp Note 2.300% Due 04/27/2017	1,720,000.00	03/07/2013 1.44%	1,778,875.60 1,778,875.60	100.06 1.40%	1,721,093.92 16,922.89	10.17% (57,781.68)	A1 / AA- AA-	0.07 0.07
913017BU2	United Tech Corp Note 1.800% Due 06/01/2017	115,000.00	05/24/2012 1.82%	114,901.10 114,901.10	100.10 1.21%	115,112.36 690.00	0.68% 211.26	A3 / A- A-	0.17 0.17
009158AS5	Air Products & Chemicals Note 1.200% Due 10/15/2017	300,000.00	03/03/2015 1.28%	299,379.00 299,379.00	99.96 1.27%	299,883.30 1,660.00	1.77% 504.30	A2 / A NR	0.54 0.53
458140AL4	Intel Corp Note 1.350% Due 12/15/2017	370,000.00	12/12/2012 1.28%	371,195.10 371,195.10	100.06 1.26%	370,238.65 1,470.75	2.18% (956.45)	A1 / A+ A+	0.71 0.70
94974BFG0	Wells Fargo Corp Note 1.500% Due 01/16/2018	400,000.00	02/23/2015 1.47%	400,372.00 400,372.00	99.82 1.73%	399,280.00 1,250.00	2.34% (1,092.00)	A2 / A AA-	0.80 0.78
166764AV2	Chevron Corp Note 1.365% Due 03/02/2018	400,000.00	02/24/2015 1.37%	400,000.00 400,000.00	99.94 1.43%	399,768.80 439.83	2.34% (231.20)	Aa2 / AA- NR	0.92 0.91
808513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.500% Due 03/10/2018	430,000.00	Various 1.48%	430,191.20 430,191.20	99.98 1.52%	429,914.43 376.25	2.52% (276.77)	A2 / A A	0.94 0.85
747525AG8	Qualcomm Inc Note 1.400% Due 05/18/2018	460,000.00	Various 1.45%	459,275.60 459,275.60	100.02 1.38%	460,074.06 2,343.44	2.71% 798.46	A1 / A+ NR	1.13 1.12
36962G7G3	General Electric Capital Corp Note 2.300% Due 01/14/2019	380,000.00	07/31/2015 1.82%	386,087.60 386,087.60	101.39 1.51%	385,277.82 1,869.39	2.27% (809.78)	A1 / AA- AA-	1.79 1.74
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.300% Due 09/11/2019	450,000.00	11/19/2014 2.25%	451,017.00 451,017.00	100.95 1.89%	454,265.55 575.00	2.66% 3,248.55	A1 / A AA-	2.45 2.29
Total US Corporate		5,025,000.00	1.53%	5,091,294.20	1.47%	5,034,908.89	29.64%	A1 / A+	0.79
						27,597.55	(56,385.31)	AA-	0.76
US Treasury									
912828SS0	US Treasury Note 0.875% Due 04/30/2017	600,000.00	02/19/2015 0.74%	601,806.70 601,806.70	100.02 0.68%	600,094.80 2,204.42	3.53% (1,711.90)	Aaa / AA+ AAA	0.08 0.08
912828XK1	US Treasury Note 0.875% Due 07/15/2018	625,000.00	07/31/2015 0.98%	623,024.56 623,024.56	99.66 1.14%	622,851.25 1,148.14	3.65% (173.31)	Aaa / AA+ AAA	1.29 1.28

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Moulton Niguel Water District Limited Maturity - Account #42

For the Month Ending 3/31/2017

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
912828SX9	US Treasury Note 1.125% Due 05/31/2019	475,000.00	01/30/2013 1.23%	472,014.60 472,014.60	99.63 1.30%	473,255.80 1,791.04	2.78% 1,241.20	Aaa / AA+ AAA	2.17 2.13
Total US Treasury		1,700,000.00	0.96%	1,696,845.86	1.02%	1,696,201.85 5,143.60	9.96% (644.01)	Aaa / AA+ Aaa	1.11 1.09
TOTAL PORTFOLIO		16,725,017.59	1.88%	17,432,493.54	1.26%	16,975,684.63 106,424.92	100.00% (456,808.91)	Aa2 / AA Aaa	1.20 0.92
TOTAL MARKET VALUE PLUS ACCRUALS						17,082,109.55			



Holdings Report

Moulton Niguel Water District Operating Reserve - Account #40

For the Month Ending 3/31/2017

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									
3137EADG1	FHLMC Note 1.750% Due 05/30/2019	700,000.00	04/27/2012 1.66%	704,107.60 704,107.60	100.78 1.38%	705,483.80 4,117.36	0.87% 1,376.20	Aaa / AA+ AAA	2.16 2.11
3137EADK2	FHLMC Note 1.250% Due 08/01/2019	2,000,000.00	Various 1.49%	1,970,964.80 1,970,964.80	99.63 1.41%	1,992,644.00 4,166.66	2.44% 21,679.20	Aaa / AA+ AAA	2.34 2.29
3137EADM8	FHLMC Note 1.250% Due 10/02/2019	1,425,000.00	Various 1.60%	1,396,312.75 1,396,312.75	99.44 1.48%	1,417,052.78 8,856.77	1.74% 20,740.03	Aaa / AA+ AAA	2.51 2.44
3137EADR7	FHLMC Note 1.375% Due 05/01/2020	1,575,000.00	04/17/2014 2.18%	1,503,983.25 1,503,983.25	99.21 1.64%	1,562,524.43 9,023.44	1.92% 58,541.18	Aaa / AA+ AAA	3.09 2.99
3133ECPD0	FFCB Note 1.420% Due 05/13/2020	1,165,000.00	05/22/2013 1.63%	1,148,561.85 1,148,561.85	99.46 1.60%	1,158,664.73 6,341.48	1.42% 10,102.88	Aaa / AA+ AAA	3.12 3.02
3135G0F73	FNMA Note 1.500% Due 11/30/2020	1,900,000.00	10/28/2015 1.57%	1,893,464.00 1,893,464.00	99.17 1.73%	1,884,211.00 9,579.17	2.31% (9,253.00)	Aaa / AA+ AAA	3.67 3.53
3133XDVS7	FHLB Note 5.250% Due 12/11/2020	1,825,000.00	07/07/2011 3.54%	2,073,346.00 2,073,346.00	112.34 1.78%	2,050,197.70 29,276.04	2.54% (23,148.30)	Aaa / AA+ AAA	3.70 3.35
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	100.47 1.75%	1,672,767.23 8,064.84	2.05% 7,917.08	Aaa / AA+ AAA	3.75 3.58
880591EL2	Tennessee Valley Authority Note 3.875% Due 02/15/2021	2,120,000.00	04/06/2011 3.87%	2,121,611.20 2,121,611.20	107.50 1.86%	2,278,921.56 10,496.94	2.79% 157,310.36	Aaa / AA+ AAA	3.88 3.59
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	1,580,000.00	02/17/2016 1.46%	1,573,616.80 1,573,616.80	98.47 1.78%	1,555,814.94 2,594.93	1.90% (17,801.86)	Aaa / AA+ AAA	3.89 3.75
3135G0J20	FNMA Note 1.375% Due 02/26/2021	1,800,000.00	04/21/2016 1.45%	1,793,466.00 1,793,466.00	98.24 1.84%	1,768,309.20 2,406.25	2.16% (25,156.80)	Aaa / AA+ AAA	3.91 3.77
3135G0K69	FNMA Note 1.250% Due 05/06/2021	1,850,000.00	07/22/2016 1.27%	1,848,649.50 1,848,649.50	97.68 1.84%	1,807,081.85 9,314.24	2.22% (41,567.65)	Aaa / AA+ AAA	4.10 3.95
3133752P1	FHLB Note 3.500% Due 07/29/2021	2,925,000.00	08/03/2011 3.19%	3,003,185.25 3,003,185.25	106.22 1.99%	3,107,016.90 17,631.25	3.81% 103,831.65	Aaa / AA+ AAA	4.33 4.00
3137EAEC9	FHLMC Note 1.125% Due 08/12/2021	1,900,000.00	08/16/2016 1.32%	1,881,855.00 1,881,855.00	96.56 1.95%	1,834,710.30 2,909.38	2.24% (47,144.70)	Aaa / AA+ AAA	4.37 4.22
3137EADB2	FHLMC Note 2.375% Due 01/13/2022	2,000,000.00	01/27/2016 1.78%	2,066,660.00 2,066,660.00	101.81 1.98%	2,036,160.00 10,291.67	2.50% (30,500.00)	Aaa / AA+ AAA	4.79 4.49
3130A5P45	FHLB Note 2.375% Due 06/10/2022	1,850,000.00	07/24/2015 2.31%	1,857,751.50 1,857,751.50	101.13 2.14%	1,870,908.70 13,547.40	2.30% 13,157.20	Aaa / AA+ AAA	5.20 4.83
880591EN8	Tennessee Valley Authority Note 1.875% Due 08/15/2022	2,585,000.00	Various 2.03%	2,550,760.80 2,550,760.80	98.52 2.17%	2,546,615.34 6,193.23	3.12% (4,145.46)	Aaa / AA+ AAA	5.38 5.07
3135G0ZR7	FNMA Note 2.625% Due 09/06/2024	1,400,000.00	10/29/2014 2.68%	1,393,896.00 1,393,896.00	101.53 2.40%	1,421,386.40 2,552.08	1.74% 27,490.40	Aaa / AA+ AAA	7.44 6.71
3135G0K36	FNMA Note 2.125% Due 04/24/2026	1,900,000.00	Various 2.16%	1,893,849.00 1,893,849.00	95.56 2.68%	1,815,619.10 17,607.99	2.24% (78,229.90)	Aaa / AA+ AAA	9.07 8.08

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Moulton Niguel Water District Operating Reserve - Account #40

For the Month Ending 3/31/2017

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
3135G0Q22	FNMA Note 1.875% Due 09/24/2026	1,275,000.00	12/14/2016 2.97%	1,157,190.00 1,157,190.00	92.96 2.72%	1,185,200.48 464.84	1.45% 28,010.48	Aaa / AA+ AAA	9.49 8.57
Total Agency		35,440,000.00	2.18%	35,498,081.45	1.92%	35,671,290.44 175,435.96	43.75% 173,208.99	Aaa / AA+ Aaa	4.52 4.22
CMO									
3137AH6Q6	FHLMC K704 A2 2.412% Due 08/25/2018	1,710,736.38	03/06/2014 1.68%	1,763,261.34 1,763,261.34	100.85 1.54%	1,725,214.34 687.72	2.11% (38,047.00)	Aaa / NR AAA	1.40 1.20
Total CMO		1,710,736.38	1.68%	1,763,261.34	1.54%	1,725,214.34 687.72	2.11% (38,047.00)	Aaa / NR Aaa	1.40 1.20
Commercial Paper									
06538BU76	Bank of Tokyo Mitsubishi NY Discount CP 1.180% Due 07/07/2017	610,000.00	03/06/2017 1.20%	607,560.68 608,060.54	99.68 1.20%	608,060.54 0.00	0.74% 0.00	P-1 / A-1 NR	0.27 0.27
Total Commercial Paper		610,000.00	1.20%	607,560.68 608,060.54	1.20%	608,060.54 0.00	0.74% 0.00	P-1 / A-1 NR	0.27 0.27
Money Market Fund FI									
94975J466	Wells Fargo Advantage Government MMF	131,223.49	Various 0.42%	131,223.49 131,223.49	1.00 0.42%	131,223.49 0.00	0.16% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		131,223.49	0.42%	131,223.49	0.42%	131,223.49 0.00	0.16% 0.00	Aaa / AAA Aaa	0.00 0.00
Supranational									
4581X0CW6	Inter-American Dev Bank Note 2.125% Due 01/18/2022	1,870,000.00	01/10/2017 2.15%	1,867,699.90 1,867,699.90	100.38 2.04%	1,877,162.10 8,057.88	2.30% 9,462.20	Aaa / NR AAA	4.81 4.52
Total Supranational		1,870,000.00	2.15%	1,867,699.90	2.04%	1,877,162.10 8,057.88	2.30% 9,462.20	Aaa / NR Aaa	4.81 4.52
US Corporate									
166764AA8	Chevron Corp Callable Note Cont 11/5/17 1.104% Due 12/05/2017	535,000.00	Various 1.19%	533,208.75 533,208.75	99.83 1.38%	534,108.69 1,903.18	0.65% 899.94	Aa2 / AA- NR	0.68 0.59
458140AL4	Intel Corp Note 1.350% Due 12/15/2017	450,000.00	Various 1.33%	450,568.75 450,568.75	100.06 1.26%	450,290.26 1,788.76	0.55% (278.49)	A1 / A+ A+	0.71 0.70
40428HPH9	HSBC USA Inc Note 1.625% Due 01/16/2018	790,000.00	08/21/2015 1.75%	787,677.40 787,677.40	99.94 1.70%	789,503.88 2,674.48	0.97% 1,826.48	A2 / A AA-	0.80 0.78
69371RM45	Paccar Financial Corp Note 1.450% Due 03/09/2018	1,115,000.00	03/03/2015 1.48%	1,113,951.90 1,113,951.90	100.06 1.38%	1,115,675.69 988.01	1.36% 1,723.79	A1 / A+ NR	0.94 0.93
808513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.500% Due 03/10/2018	1,200,000.00	03/12/2015 1.50%	1,200,072.00 1,200,072.00	99.98 1.52%	1,199,761.20 1,050.00	1.47% (310.80)	A2 / A A	0.94 0.85

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Holdings Report

Moulton Niguel Water District Operating Reserve - Account #40

For the Month Ending 3/31/2017

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
037833AJ9	Apple Inc Note 1.000% Due 05/03/2018	1,250,000.00	Various 1.33%	1,231,967.50 1,231,967.50	99.70 1.28%	1,246,220.00 5,138.89	1.53% 14,252.50	Aa1 / AA+ NR	1.09 1.07
166764AE0	Chevron Corp Callable Note Cont 5/24/2018 1.718% Due 06/24/2018	1,000,000.00	03/28/2014 1.71%	1,000,470.00 1,000,470.00	100.32 1.43%	1,003,211.00 4,629.06	1.23% 2,741.00	Aa2 / AA- NR	1.23 1.13
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	100.77 1.61%	1,612,257.60 16,150.00	1.99% 3,025.60	A1 / A+ NR	1.53 1.48
91159HHE3	US Bancorp Callable Note Cont 10/15/2018 1.950% Due 11/15/2018	1,210,000.00	Various 1.83%	1,215,878.85 1,215,878.85	100.60 1.55%	1,217,247.90 8,913.67	1.50% 1,369.05	A1 / A+ AA	1.63 1.50
24422ESF7	John Deere Capital Corp Note 1.950% Due 12/13/2018	1,170,000.00	Various 2.00%	1,167,143.90 1,167,143.90	100.58 1.60%	1,176,791.85 6,844.50	1.44% 9,647.95	A2 / A A	1.70 1.66
89236TBB0	Toyota Motor Credit Corp Note 2.100% Due 01/17/2019	1,200,000.00	11/19/2014 2.00%	1,204,548.00 1,204,548.00	100.85 1.62%	1,210,224.00 5,180.00	1.48% 5,676.00	Aa3 / AA- A	1.80 1.75
46625HJR2	JP Morgan Chase Note 2.350% Due 01/28/2019	1,200,000.00	04/02/2014 2.32%	1,201,392.00 1,201,392.00	101.06 1.75%	1,212,757.20 4,935.00	1.49% 11,365.20	A3 / A- A+	1.83 1.78
17275RAR3	Cisco Systems Note 2.125% Due 03/01/2019	1,200,000.00	Various 2.02%	1,205,740.50 1,205,740.50	101.04 1.57%	1,212,519.60 2,125.00	1.48% 6,779.10	A1 / AA- NR	1.92 1.87
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.300% Due 09/11/2019	1,200,000.00	11/19/2014 2.25%	1,202,712.00 1,202,712.00	100.95 1.89%	1,211,374.80 1,533.33	1.48% 8,662.80	A1 / A AA-	2.45 2.29
713448CS5	PepsiCo Inc Callable Note Cont 3/30/2020 1.850% Due 04/30/2020	970,000.00	04/27/2015 1.86%	969,447.10 969,447.10	100.39 1.71%	973,820.83 7,526.93	1.20% 4,373.73	A1 / A A	3.08 2.89
747525AD5	Qualcomm Inc Note 2.250% Due 05/20/2020	1,340,000.00	05/13/2015 2.25%	1,340,302.10 1,340,302.10	100.22 2.18%	1,342,968.10 10,971.26	1.65% 2,666.00	A1 / A+ NR	3.14 2.99
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 03/01/2021	1,230,000.00	05/16/2016 1.84%	1,251,561.90 1,251,561.90	100.19 2.17%	1,232,378.82 2,277.55	1.51% (19,183.08)	Aaa / AA+ NR	3.92 3.73
084670BQ0	Berkshire Hathaway Callable Note Cont 2/15/2021 2.200% Due 03/15/2021	1,045,000.00	03/08/2016 2.25%	1,042,784.60 1,042,784.60	100.07 2.18%	1,045,779.57 1,021.78	1.28% 2,994.97	Aa2 / AA A+	3.96 3.73
857477AV5	State Street Bank Note 1.950% Due 05/19/2021	1,255,000.00	05/18/2016 2.02%	1,250,557.30 1,250,557.30	98.25 2.40%	1,233,026.21 8,973.25	1.52% (17,531.09)	A1 / A AA-	4.14 3.91
594918BP8	Microsoft Callable Note Cont 7/8/21 1.550% Due 08/08/2021	870,000.00	Various 1.57%	868,966.50 868,966.50	97.44 2.17%	847,752.36 1,985.30	1.04% (21,214.14)	Aaa / AAA AA+	4.36 4.17
69371RN44	Paccar Financial Corp Note 1.650% Due 08/11/2021	530,000.00	08/04/2016 1.68%	529,289.80 529,289.80	96.35 2.54%	510,664.01 1,214.58	0.62% (18,625.79)	A1 / A+ NR	4.37 4.16
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.900% Due 09/15/2021	1,350,000.00	10/05/2016 1.93%	1,347,988.50 1,347,988.50	98.26 2.31%	1,326,537.00 1,140.00	1.62% (21,451.50)	A1 / AA- A+	4.46 4.24
91159HHP8	US Bancorp Note 2.625% Due 01/24/2022	575,000.00	01/19/2017 2.66%	574,011.00 574,011.00	100.38 2.54%	577,170.05 2,809.11	0.71% 3,159.05	A1 / A+ AA	4.82 4.48
Total US Corporate		24,285,000.00	1.89%	24,299,472.35	1.81%	24,282,040.62	29.76% (17,431.73)	A1 / A+ A+	2.39 2.28
US Treasury									
912828UB4	US Treasury Note 1.000% Due 11/30/2019	1,000,000.00	Various 1.89%	947,972.75 947,972.75	98.91 1.42%	989,141.00 3,351.65	1.21% 41,168.25	Aaa / AA+ AAA	2.67 2.61
912828PX2	US Treasury Note 3.625% Due 02/15/2021	1,425,000.00	06/02/2011 2.95%	1,505,662.92 1,505,662.92	107.06 1.73%	1,525,640.63 6,421.36	1.87% 19,977.71	Aaa / AA+ AAA	3.8F 3.6F

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Moulton Niguel Water District Operating Reserve - Account #40

For the Month Ending 3/31/2017

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
912828RC6	US Treasury Note 2.125% Due 08/15/2021	1,650,000.00	02/28/2014 2.23%	1,637,953.86 1,637,953.86	101.18 1.84%	1,669,465.05 4,358.60	2.04% 31,511.19	Aaa / AA+ AAA	4.38 4.16
912828RR3	US Treasury Note 2.000% Due 11/15/2021	2,000,000.00	01/18/2012 1.90%	2,017,664.26 2,017,664.26	100.46 1.90%	2,009,218.00 15,138.12	2.47% (8,446.26)	Aaa / AA+ AAA	4.63 4.37
912828SF8	US Treasury Note 2.000% Due 02/15/2022	2,025,000.00	07/31/2014 2.33%	1,978,970.99 1,978,970.99	100.42 1.91%	2,033,543.48 5,034.53	2.49% 54,572.49	Aaa / AA+ AAA	4.88 4.62
912828SV3	US Treasury Note 1.750% Due 05/15/2022	2,000,000.00	07/29/2013 2.41%	1,895,945.50 1,895,945.50	98.95 1.97%	1,978,906.00 13,245.86	2.43% 82,960.50	Aaa / AA+ AAA	5.13 4.84
912828TJ9	US Treasury Note 1.625% Due 08/15/2022	2,000,000.00	Various 2.17%	1,910,562.70 1,910,562.70	97.96 2.03%	1,959,218.00 4,040.06	2.40% 48,655.30	Aaa / AA+ AAA	5.38 5.11
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	97.70 2.06%	1,563,249.60 9,839.78	1.92% 53,930.70	Aaa / AA+ AAA	5.63 5.31
912828VB3	US Treasury Note 1.750% Due 05/15/2023	1,800,000.00	Various 2.37%	1,713,425.18 1,713,425.18	97.83 2.13%	1,760,976.00 11,921.27	2.16% 47,550.82	Aaa / AA+ AAA	6.13 5.73
912828B66	US Treasury Note 2.750% Due 02/15/2024	1,725,000.00	Various 1.97%	1,819,091.87 1,819,091.87	103.48 2.20%	1,784,971.35 5,896.93	2.19% (34,120.52)	Aaa / AA+ AAA	6.88 6.24
Total US Treasury		17,225,000.00	2.26%	16,936,568.93	1.94%	17,274,329.11	21.18%	Aaa / AA+	5.07
TOTAL PORTFOLIO		81,271,959.87	2.09%	81,103,868.14	1.88%	81,569,320.64	100.00%	Aa1 / AA	3.91
TOTAL MARKET VALUE PLUS ACCRUALS						81,934,524.00		Aaa	3.67



Holdings Report

Moulton Niguel Water District 2009 COP Rsv Fund - Account #44

For the Month Ending 3/31/2017

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									
313378A43	FHLB Note 1.375% Due 03/09/2018	530,000.00	04/13/2016 0.81%	535,602.10 535,602.10	100.23 1.13%	531,215.82 445.35	8.70% (4,386.28)	Aaa / AA+ AAA	0.94 0.93
313378J77	FHLB Note 1.875% Due 03/13/2020	520,000.00	04/19/2016 1.20%	533,405.60 533,405.60	100.76 1.61%	523,974.36 487.50	8.59% (9,431.24)	Aaa / AA+ NR	2.95 2.86
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	535,000.00	04/12/2016 1.34%	535,963.00 535,963.00	98.47 1.78%	526,810.76 878.66	8.64% (9,152.24)	Aaa / AA+ AAA	3.89 3.75
3130A8QS5	FHLB Note 1.125% Due 07/14/2021	500,000.00	10/27/2016 1.41%	493,510.00 493,510.00	96.87 1.89%	484,366.00 1,203.13	7.95% (9,144.00)	Aaa / AA+ AAA	4.29 4.15
Total Agency		2,085,000.00	1.18%	2,098,480.70	1.60%	2,066,366.94 3,014.64	33.88% (32,113.76)	Aaa / AA+ Aaa	2.99 2.89
Cash									
90CASH\$00	Cash Custodial Cash Account	207,002.42	Various 0.00%	207,002.42 207,002.42	1.00 0.00%	207,002.42 0.00	3.39% 0.00	NR / NR NR	0.00 0.00
Total Cash		207,002.42	0.00%	207,002.42	0.00%	0.00	0.00	NR	0.00
US Treasury									
912828SX9	US Treasury Note 1.125% Due 05/31/2019	475,000.00	04/12/2016 0.89%	478,471.32 478,471.32	99.63 1.30%	473,255.80 1,791.04	7.78% (5,215.52)	Aaa / AA+ AAA	2.17 2.13
912828TH3	US Treasury Note 0.875% Due 07/31/2019	475,000.00	04/14/2016 0.98%	473,461.55 473,461.55	98.94 1.34%	469,971.65 688.88	7.71% (3,489.90)	Aaa / AA+ AAA	2.33 2.30
912828UQ1	US Treasury Note 1.250% Due 02/29/2020	475,000.00	04/14/2016 1.10%	477,766.24 477,766.24	99.29 1.50%	471,604.70 516.30	7.73% (6,161.54)	Aaa / AA+ AAA	2.92 2.85
912828UV0	US Treasury Note 1.125% Due 03/31/2020	475,000.00	04/14/2016 1.10%	475,502.57 475,502.57	98.84 1.52%	469,508.05 14.60	7.69% (5,994.52)	Aaa / AA+ AAA	3.00 2.94
912828WC0	US Treasury Note 1.750% Due 10/31/2020	475,000.00	04/14/2016 1.21%	486,319.95 486,319.95	100.22 1.69%	476,039.30 3,490.33	7.85% (10,280.65)	Aaa / AA+ AAA	3.59 3.43
912828B90	US Treasury Note 2.000% Due 02/28/2021	475,000.00	04/14/2016 1.26%	491,515.27 491,515.27	100.88 1.77%	479,156.25 826.09	7.86% (12,359.02)	Aaa / AA+ AAA	3.92 3.75
912828WN6	US Treasury Note 2.000% Due 05/31/2021	500,000.00	07/11/2016 1.01%	523,439.18 523,439.18	100.76 1.81%	503,789.00 3,351.65	8.30% (19,650.18)	Aaa / AA+ AAA	4.17 3.96
912828G53	US Treasury Note 1.875% Due 11/30/2021	475,000.00	01/18/2017 1.89%	474,649.05 474,649.05	99.88 1.90%	474,443.30 2,985.06	7.82% (205.75)	Aaa / AA+ AAA	4.67 4.42
Total US Treasury		3,825,000.00	1.18%	3,881,125.13	1.61%	3,817,768.05 13,663.95	62.73% (63,357.08)	Aaa / AA+ Aaa	3.36 3.23
TOTAL PORTFOLIO		6,117,002.42	1.14%	6,186,608.25	1.55%	6,091,137.41 16,678.59	100.00% (95,470.84)	Aaa / AA+ Aaa	3.12 3.01
TOTAL MARKET VALUE PLUS ACCRUALS						6,107,816.00			

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Moulton Niguel Water District 10 COP Reserve Fund - Account #45

For the Month Ending 3/31/2017

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
Cash									
90CASH\$00	Cash Custodial Cash Account	104,093.66	Various 0.00%	104,093.66 104,093.66	1.00 0.00%	104,093.66 0.00	27.47% 0.00	NR / NR NR	0.00 0.00
Total Cash		104,093.66	0.00%	104,093.66	0.00%	0.00	0.00	NR	0.00
US Treasury									
912828TM2	US Treasury Note 0.625% Due 08/31/2017	275,000.00	04/12/2016 0.69%	274,764.59 274,764.59	99.90 0.87%	274,720.60 149.46	72.53% (43.99)	Aaa / AA+ AAA	0.42 0.41
Total US Treasury		275,000.00	0.69%	274,764.59	0.87%	149.46	(43.99)	Aaa	0.41
TOTAL PORTFOLIO		379,093.66	0.50%	378,858.25	0.63%	378,814.26	100.00%	Aaa / AA+	0.30
TOTAL MARKET VALUE PLUS ACCRUALS						378,963.72			



Holdings Report

Moulton Niguel Water District 2015 REV REF RSV - Account #46

For the Month Ending 3/31/2017

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									
3135G0ZA4	FNMA Note 1.875% Due 02/19/2019	95,000.00	04/12/2016 0.92%	97,545.05 97,545.05	101.01 1.33%	95,956.56 207.81	7.70% (1,588.49)	Aaa / AA+ AAA	1.89 1.84
3137EADK2	FHLMC Note 1.250% Due 08/01/2019	100,000.00	04/12/2016 1.01%	100,782.00 100,782.00	99.63 1.41%	99,632.20 208.33	7.99% (1,149.80)	Aaa / AA+ AAA	2.34 2.29
3135G0ZG1	FNMA Note 1.750% Due 09/12/2019	95,000.00	04/12/2016 0.99%	97,408.25 97,408.25	100.63 1.49%	95,598.69 87.74	7.66% (1,809.56)	Aaa / AA+ AAA	2.45 2.39
3137EADM8	FHLMC Note 1.250% Due 10/02/2019	100,000.00	04/11/2016 1.02%	100,791.00 100,791.00	99.44 1.48%	99,442.30 621.53	8.01% (1,348.70)	Aaa / AA+ AAA	2.51 2.44
313378J77	FHLB Note 1.875% Due 03/13/2020	95,000.00	04/19/2016 1.20%	97,449.10 97,449.10	100.76 1.61%	95,726.09 89.06	7.67% (1,723.01)	Aaa / AA+ NR	2.95 2.86
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	95,000.00	04/12/2016 1.34%	95,171.00 95,171.00	98.47 1.78%	93,545.84 156.02	7.50% (1,625.16)	Aaa / AA+ AAA	3.89 3.75
3135G0Q89	FNMA Note 1.375% Due 10/07/2021	65,000.00	10/27/2016 1.50%	64,604.15 64,604.15	97.56 1.94%	63,411.60 431.98	5.11% (1,192.55)	Aaa / AA+ AAA	4.52 4.32
Total Agency		645,000.00	1.12%	653,750.55	1.56%	643,313.28	51.64% (10,437.27)	Aaa / AA+ Aaa	2.85 2.76
Cash									
90CASH\$00	Cash Custodial Cash Account	38,437.03	Various 0.00%	38,437.03 38,437.03	1.00 0.00%	38,437.03 0.00	3.08% 0.00	NR / NR NR	0.00 0.00
Total Cash		38,437.03	0.00%	38,437.03	0.00%	38,437.03	3.08% 0.00	NR / NR NR	0.00 0.00
US Treasury									
91282SX9	US Treasury Note 1.125% Due 05/31/2019	100,000.00	04/12/2016 0.89%	100,730.80 100,730.80	99.63 1.30%	99,632.80 377.06	8.01% (1,098.00)	Aaa / AA+ AAA	2.17 2.13
91282UQ1	US Treasury Note 1.250% Due 02/29/2020	100,000.00	04/14/2016 1.10%	100,582.37 100,582.37	99.29 1.50%	99,285.20 108.70	7.96% (1,297.17)	Aaa / AA+ AAA	2.92 2.85
91282UV0	US Treasury Note 1.125% Due 03/31/2020	100,000.00	04/14/2016 1.10%	100,105.80 100,105.80	98.84 1.52%	98,843.80 3.07	7.91% (1,262.00)	Aaa / AA+ AAA	3.00 2.94
91282WC0	US Treasury Note 1.750% Due 10/31/2020	95,000.00	04/14/2016 1.21%	97,263.99 97,263.99	100.22 1.69%	95,207.86 698.07	7.68% (2,056.13)	Aaa / AA+ AAA	3.59 3.43
91282WN6	US Treasury Note 2.000% Due 05/31/2021	70,000.00	07/11/2016 1.01%	73,281.48 73,281.48	100.76 1.81%	70,530.46 469.23	5.68% (2,751.02)	Aaa / AA+ AAA	4.17 3.96

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Moulton Niguel Water District 2015 REV REF RSV - Account #46

For the Month Ending 3/31/2017

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
912828G53	US Treasury Note 1.875% Due 11/30/2021	100,000.00	01/18/2017 1.89%	99,926.12 99,926.12	99.88 1.90%	99,882.80 628.43	8.05% (43.32)	Aaa / AA+ AAA	4.67 4.42
Total US Treasury		565,000.00	1.21%	571,890.56	1.61%	563,382.92	45.28% (8,507.64)	Aaa / AA+ Aaa	3.38 3.25
TOTAL PORTFOLIO		1,248,437.03	1.13%	1,264,078.14	1.53%	1,245,133.23	100.00% (18,944.91)	Aaa / AA+ Aaa	3.00 2.90
TOTAL MARKET VALUE PLUS ACCRUALS						1,249,220.26			

SECTION 4

Transactions



Transaction Ledger

Moulton Niguel Water District Liquid Fund - Account #41

December 31, 2016 through March 31, 2017

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/15/2017	90LAIF\$00	13,768.59	Local Agency Investment Fund State Pool	1.000	0.67%	13,768.59	0.00	13,768.59	0.00
	Subtotal		13,768.59				13,768.59	0.00	13,768.59	0.00
Security Contribution	01/03/2017	90LAIF\$00	400,000.00	Local Agency Investment Fund State Pool	1.000		400,000.00	0.00	400,000.00	0.00
Security Contribution	01/19/2017	90LAIF\$00	850,000.00	Local Agency Investment Fund State Pool	1.000		850,000.00	0.00	850,000.00	0.00
Security Contribution	01/31/2017	90LAIF\$00	2,100,000.00	Local Agency Investment Fund State Pool	1.000		2,100,000.00	0.00	2,100,000.00	0.00
Security Contribution	02/02/2017	90LAIF\$00	600,000.00	Local Agency Investment Fund State Pool	1.000		600,000.00	0.00	600,000.00	0.00
Security Contribution	02/09/2017	90LAIF\$00	1,000,000.00	Local Agency Investment Fund State Pool	1.000		1,000,000.00	0.00	1,000,000.00	0.00
Security Contribution	03/02/2017	90LAIF\$00	1,000,000.00	Local Agency Investment Fund State Pool	1.000		1,000,000.00	0.00	1,000,000.00	0.00
Security Contribution	03/07/2017	90LAIF\$00	1,240,000.00	Local Agency Investment Fund State Pool	1.000		1,240,000.00	0.00	1,240,000.00	0.00
Security Contribution	03/10/2017	90LAIF\$00	1,780,000.00	Local Agency Investment Fund State Pool	1.000		1,780,000.00	0.00	1,780,000.00	0.00
	Subtotal		8,970,000.00				8,970,000.00	0.00	8,970,000.00	0.00
TOTAL ACQUISITIONS			8,983,768.59				8,983,768.59	0.00	8,983,768.59	0.00
DISPOSITIONS										
Security Withdrawal	01/27/2017	90LAIF\$00	4,500,000.00	Local Agency Investment Fund State Pool	1.000		4,500,000.00	0.00	4,500,000.00	0.00
Security Withdrawal	02/14/2017	90LAIF\$00	1,850,000.00	Local Agency Investment Fund State Pool	1.000		1,850,000.00	0.00	1,850,000.00	0.00
Security Withdrawal	02/21/2017	90LAIF\$00	1,600,000.00	Local Agency Investment Fund State Pool	1.000		1,600,000.00	0.00	1,600,000.00	0.00
Security Withdrawal	03/15/2017	90LAIF\$00	800,000.00	Local Agency Investment Fund State Pool	1.000		800,000.00	0.00	800,000.00	0.00
Security Withdrawal	03/17/2017	90LAIF\$00	400,000.00	Local Agency Investment Fund State Pool	1.000		400,000.00	0.00	400,000.00	0.00
	Subtotal		9,150,000.00				9,150,000.00	0.00	9,150,000.00	0.00
TOTAL DISPOSITIONS			9,150,000.00				9,150,000.00	0.00	9,150,000.00	0.00

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Transaction Ledger

Moulton Niguel Water District Limited Maturity - Account #42

December 31, 2016 through March 31, 2017

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Intra Legal Entity Purchase	01/11/2017	06417GNP9	925,000.00	Bank of Nova Scotia Yankee CD 1.26% Due: 03/01/2017	100.469		929,338.25	0.00	929,338.25	0.00
Intra Legal Entity Purchase	01/11/2017	06538BQ63	1,900,000.00	Bank of Tokyo Mitsubishi NY Discount CP 1.03% Due: 03/06/2017	99.777		1,895,766.66	0.00	1,895,766.66	0.00
Intra Legal Entity Purchase	01/11/2017	161571GY4	1,240,000.00	Chase CHAIT Pool #2015-A5 1.36% Due: 04/15/2020	100.031		1,240,389.91	0.00	1,240,389.91	0.00
Intra Legal Entity Purchase	01/11/2017	31331YF21	650,000.00	FFCB Note 4.25% Due: 04/16/2018	104.826		681,366.83	0.00	681,366.83	0.00
Intra Legal Entity Purchase	01/11/2017	3133X8AS1	1,700,000.00	FHLB Note 5.125% Due: 08/15/2019	111.437		1,894,433.01	0.00	1,894,433.01	0.00
Intra Legal Entity Purchase	01/11/2017	36962G5W0	1,720,000.00	General Electric Capital Corp Note 2.3% Due: 04/27/2017	100.841		1,734,471.89	0.00	1,734,471.89	0.00
Intra Legal Entity Purchase	01/11/2017	43814GAC4	274,148.76	Honda Auto Receivables 2014-2 A3 0.77% Due: 03/19/2018	99.974		274,077.63	0.00	274,077.63	0.00
Intra Legal Entity Purchase	01/11/2017	43814HAC2	393,358.39	Honda Auto Receivables 2014-3 A3 0.88% Due: 06/15/2018	99.990		393,319.50	0.00	393,319.50	0.00
Intra Legal Entity Purchase	01/11/2017	477877AD6	657,536.05	John Deere Owner Trust 2014-B A3 1.07% Due: 11/15/2018	100.068		657,985.19	0.00	657,985.19	0.00
Intra Legal Entity Purchase	01/11/2017	47787VAC5	366,758.93	John Deere Owner Trust 2014-A A3 0.92% Due: 04/16/2018	100.028		366,861.22	0.00	366,861.22	0.00
Intra Legal Entity Purchase	01/11/2017	880591CU4	1,590,000.00	Tennessee Valley Authority Note 6.25% Due: 12/15/2017	105.358		1,675,192.64	0.00	1,675,192.64	0.00
Intra Legal Entity Purchase	01/11/2017	89231MAC9	111,900.27	Toyota Auto Receivables Owner 2014-A 0.67% Due: 12/15/2017	100.015		111,916.52	0.00	111,916.52	0.00
Intra Legal Entity Purchase	01/11/2017	913017BU2	115,000.00	United Tech Corp Note 1.8% Due: 06/01/2017	100.484		115,556.60	0.00	115,556.60	0.00
	Subtotal		11,643,702.40				11,970,675.85	0.00	11,970,675.85	0.00
TOTAL ACQUISITIONS			11,643,702.40				11,970,675.85	0.00	11,970,675.85	0.00

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#4.



Transaction Ledger

Moulton Niguel Water District Limited Maturity - Account #42

December 31, 2016 through March 31, 2017

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Maturity	01/27/2017	3137EADU0	625,000.00	FHLMC Note 0.5% Due: 01/27/2017	100.000		625,000.00	0.00	625,000.00	1656.25
Maturity	01/31/2017	912828H78	600,000.00	US Treasury Note 0.5% Due: 01/31/2017	100.000		600,000.00	0.00	600,000.00	1380.80
Maturity	03/01/2017	06417GNP9	925,000.00	Bank of Nova Scotia Yankee CD 1.26% Due: 03/01/2017	100.000		925,000.00	5,924.63	930,924.63	0.20
Maturity	03/06/2017	06538BQ63	1,900,000.00	Bank of Tokyo Mitsubishi NY Discount CP 1.03% Due: 03/06/2017	99.628		1,900,000.00	0.00	1,900,000.00	0.00
	Subtotal		4,050,000.00				4,050,000.00	5,924.63	4,055,924.63	3,037.25
TOTAL DISPOSITIONS			5,065,996.35				5,065,996.35	15,046.64	5,081,042.99	3,223.10



Transaction Ledger

Moulton Niguel Water District Operating Reserve - Account #40

December 31, 2016 through March 31, 2017

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/18/2017	4581X0CW6	1,870,000.00	Inter-American Dev Bank Note 2.125% Due: 01/18/2022	99.877	2.15%	1,867,699.90	0.00	1,867,699.90	0.00
Purchase	01/24/2017	91159HHP8	575,000.00	US Bancorp Note 2.625% Due: 01/24/2022	99.828	2.66%	574,011.00	0.00	574,011.00	0.00
Purchase	03/07/2017	06538BU76	610,000.00	Bank of Tokyo Mitsubishi NY Discount CP 1.18% Due: 07/07/2017	99.600	1.20%	607,560.68	0.00	607,560.68	0.00
	Subtotal		3,055,000.00				3,049,271.58	0.00	3,049,271.58	0.00
TOTAL ACQUISITIONS			3,055,000.00				3,049,271.58	0.00	3,049,271.58	0.00
DISPOSITIONS										
-49- Sale	01/11/2017	3137EADG1	1,200,000.00	FHLMC Note 1.75% Due: 05/30/2019	100.931	1.35%	1,211,172.00	2,391.67	1,213,563.67	4130.40
Sale	01/24/2017	458140AL4	750,000.00	Intel Corp Note 1.35% Due: 12/15/2017	100.101	1.24%	750,757.50	1,096.88	751,854.38	-1516.95
	Subtotal		1,950,000.00				1,961,929.50	3,488.55	1,965,418.05	2,613.45
Intra Legal Entity Sale	01/11/2017	06417GNP9	925,000.00	Bank of Nova Scotia Yankee CD 1.26% Due: 03/01/2017	100.469		929,338.25	0.00	929,338.25	0.00
Intra Legal Entity Sale	01/11/2017	06538BQ63	1,900,000.00	Bank of Tokyo Mitsubishi NY Discount CP 1.03% Due: 03/06/2017	99.777		1,895,766.66	0.00	1,895,766.66	0.00
Intra Legal Entity Sale	01/11/2017	161571GY4	1,240,000.00	Chase CHAIT Pool #2015-A5 1.36% Due: 04/15/2020	100.031		1,240,389.91	0.00	1,240,389.91	0.00
Intra Legal Entity Sale	01/11/2017	31331YF21	650,000.00	FFCB Note 4.25% Due: 04/16/2018	104.826		681,366.83	0.00	681,366.83	0.00
Intra Legal Entity Sale	01/11/2017	3133X8AS1	1,700,000.00	FHLB Note 5.125% Due: 08/15/2019	111.437		1,894,433.01	0.00	1,894,433.01	0.00
Intra Legal Entity Sale	01/11/2017	36962G5W0	1,720,000.00	General Electric Capital Corp Note 2.3% Due: 04/27/2017	100.841		1,734,471.89	0.00	1,734,471.89	0.00
Intra Legal Entity Sale	01/11/2017	43814GAC4	274,148.76	Honda Auto Receivables 2014-2 A3 0.77% Due: 03/19/2018	99.974		274,077.63	0.00	274,077.63	0.00



Transaction Ledger

Moulton Niguel Water District Operating Reserve - Account #40

December 31, 2016 through March 31, 2017

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Intra Legal Entity Sale	01/11/2017	43814HAC2	393,358.39	Honda Auto Receivables 2014-3 A3 0.88% Due: 06/15/2018	99.990		393,319.50	0.00	393,319.50	0.00
Intra Legal Entity Sale	01/11/2017	477877AD6	657,536.05	John Deere Owner Trust 2014-B A3 1.07% Due: 11/15/2018	100.068		657,985.19	0.00	657,985.19	0.00
Intra Legal Entity Sale	01/11/2017	47787VAC5	366,758.93	John Deere Owner Trust 2014-A A3 0.92% Due: 04/16/2018	100.028		366,861.22	0.00	366,861.22	0.00
Intra Legal Entity Sale	01/11/2017	880591CU4	1,590,000.00	Tennessee Valley Authority Note 6.25% Due: 12/15/2017	105.358		1,675,192.64	0.00	1,675,192.64	0.00
Intra Legal Entity Sale	01/11/2017	89231MAC9	111,900.27	Toyota Auto Receivables Owner 2014-A 0.67% Due: 12/15/2017	100.015		111,916.52	0.00	111,916.52	0.00
Intra Legal Entity Sale	01/11/2017	913017BU2	115,000.00	United Tech Corp Note 1.8% Due: 06/01/2017	100.484		115,556.60	0.00	115,556.60	0.00
Subtotal			11,643,702.40				11,970,675.85	0.00	11,970,675.85	0.00
TOTAL DISPOSITIONS			13,602,823.08				13,941,726.03	13,842.58	13,955,568.61	2,333.42

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Transaction Ledger

Moulton Niguel Water District 2009 COP Rsv Fund - Account #44

December 31, 2016 through March 31, 2017

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/03/2017	90CASH\$00	5.21	Cash Custodial Cash Account	1.000		5.21	0.00	5.21	0.00
Purchase	01/14/2017	90CASH\$00	2,812.50	Cash Custodial Cash Account	1.000		2,812.50	0.00	2,812.50	0.00
Purchase	01/19/2017	90CASH\$00	1,788.11	Cash Custodial Cash Account	1.000		1,788.11	0.00	1,788.11	0.00
Purchase	01/19/2017	912828G53	475,000.00	US Treasury Note 1.875% Due: 11/30/2021	99.926	1.89%	474,649.05	1,223.38	475,872.43	0.00
Purchase	01/31/2017	90CASH\$00	2,078.13	Cash Custodial Cash Account	1.000		2,078.13	0.00	2,078.13	0.00
Purchase	02/01/2017	90CASH\$00	22.41	Cash Custodial Cash Account	1.000		22.41	0.00	22.41	0.00
Purchase	02/18/2017	90CASH\$00	3,678.13	Cash Custodial Cash Account	1.000		3,678.13	0.00	3,678.13	0.00
Purchase	02/28/2017	90CASH\$00	7,718.75	Cash Custodial Cash Account	1.000		7,718.75	0.00	7,718.75	0.00
Purchase	03/01/2017	90CASH\$00	21.37	Cash Custodial Cash Account	1.000		21.37	0.00	21.37	0.00
Purchase	03/09/2017	90CASH\$00	3,643.75	Cash Custodial Cash Account	1.000		3,643.75	0.00	3,643.75	0.00
Purchase	03/13/2017	90CASH\$00	4,875.00	Cash Custodial Cash Account	1.000		4,875.00	0.00	4,875.00	0.00
Purchase	03/31/2017	90CASH\$00	2,671.88	Cash Custodial Cash Account	1.000		2,671.88	0.00	2,671.88	0.00
	Subtotal		504,315.24				503,964.29	1,223.38	505,187.67	0.00
TOTAL ACQUISITIONS			504,315.24				503,964.29	1,223.38	505,187.67	0.00
DISPOSITIONS										
Sale	01/19/2017	912828VK3	475,000.00	US Treasury Note 1.375% Due: 06/30/2018	100.488	1.03%	477,317.74	342.80	477,660.54	-4011.00
	Subtotal		475,000.00				477,317.74	342.80	477,660.54	-4,011.00
TOTAL DISPOSITIONS			475,000.00				477,317.74	342.80	477,660.54	-4,011.00

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Transaction Ledger

Moulton Niguel Water District 10 COP Reserve Fund - Account #45

December 31, 2016 through March 31, 2017

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/03/2017	90CASH\$00	8.74	Cash Custodial Cash Account	1.000		8.74	0.00	8.74	0.00
Purchase	02/01/2017	90CASH\$00	12.87	Cash Custodial Cash Account	1.000		12.87	0.00	12.87	0.00
Purchase	02/28/2017	90CASH\$00	859.38	Cash Custodial Cash Account	1.000		859.38	0.00	859.38	0.00
Purchase	03/01/2017	90CASH\$00	11.88	Cash Custodial Cash Account	1.000		11.88	0.00	11.88	0.00
	Subtotal		892.87				892.87	0.00	892.87	0.00
TOTAL ACQUISITIONS			892.87				892.87	0.00	892.87	0.00



Transaction Ledger

Moulton Niguel Water District 2015 REV REF RSV - Account #46

December 31, 2016 through March 31, 2017

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/03/2017	90CASH\$00	1.28	Cash Custodial Cash Account	1.000		1.28	0.00	1.28	0.00
Purchase	01/19/2017	912828G53	100,000.00	US Treasury Note 1.875% Due: 11/30/2021	99.926	1.89%	99,926.12	257.56	100,183.68	0.00
Purchase	02/01/2017	90CASH\$00	625.00	Cash Custodial Cash Account	1.000		625.00	0.00	625.00	0.00
Purchase	02/01/2017	90CASH\$00	4.47	Cash Custodial Cash Account	1.000		4.47	0.00	4.47	0.00
Purchase	02/18/2017	90CASH\$00	653.13	Cash Custodial Cash Account	1.000		653.13	0.00	653.13	0.00
Purchase	02/19/2017	90CASH\$00	890.63	Cash Custodial Cash Account	1.000		890.63	0.00	890.63	0.00
Purchase	02/28/2017	90CASH\$00	625.00	Cash Custodial Cash Account	1.000		625.00	0.00	625.00	0.00
Purchase	03/01/2017	90CASH\$00	3.96	Cash Custodial Cash Account	1.000		3.96	0.00	3.96	0.00
Purchase	03/12/2017	90CASH\$00	831.25	Cash Custodial Cash Account	1.000		831.25	0.00	831.25	0.00
Purchase	03/13/2017	90CASH\$00	890.63	Cash Custodial Cash Account	1.000		890.63	0.00	890.63	0.00
Purchase	03/31/2017	90CASH\$00	562.50	Cash Custodial Cash Account	1.000		562.50	0.00	562.50	0.00
Subtotal			105,087.85				105,013.97	257.56	105,271.53	0.00
TOTAL ACQUISITIONS			105,087.85				105,013.97	257.56	105,271.53	0.00
DISPOSITIONS										
Sale	01/19/2017	313378A43	95,000.00	FHLB Note 1.375% Due: 03/09/2018	100.414	1.01%	95,393.30	471.70	95,865.00	-610.85
Sale	01/19/2017	90CASH\$00	4,318.68	Cash Custodial Cash Account	1.000		4,318.68	0.00	4,318.68	0.00
Subtotal			99,318.68				99,711.98	471.70	100,183.68	-610.85
TOTAL DISPOSITIONS			99,318.68				99,711.98	471.70	100,183.68	-610.85

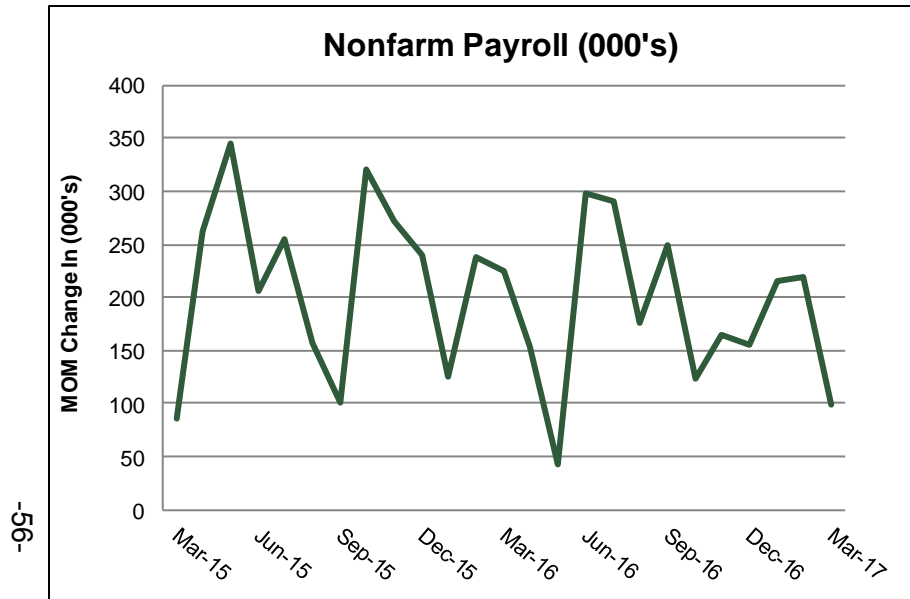
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SECTION 5

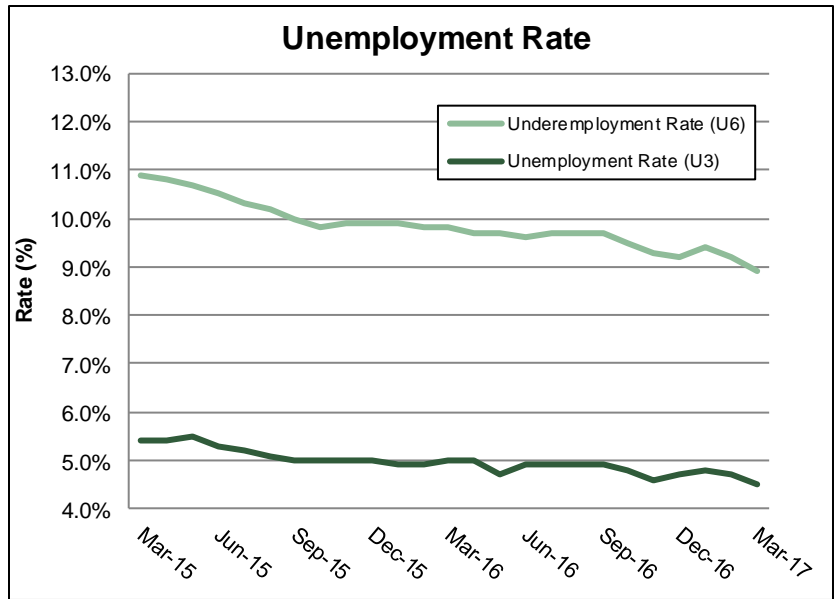
Economic Update



- The Federal Open Market Committee (FOMC) raised the fed funds target rate by 25 basis points to a range of 0.75%-1.00% in March. There was one dissenting vote from Minneapolis Fed President Neel Kashkari who preferred no rate hike. The Fed noted economic activity expanded at a moderate pace, labor market gains remain solid, and inflation is moving close to the Fed's 2.0% target. The Fed is still projecting a 1.4% fed funds rate by the end of this year, which implies two more 25 basis point hikes. The long-run fed funds rate projection was also unchanged at 3.0%. Notably, the Fed anticipates the longer-run neutral level of the fed funds rate (the level of the fed funds rate that is neither stimulative to the economy nor contractionary) is likely to remain relatively low which should warrant a gradual pace of rate hikes. Fed Chair Yellen indicated the current level of the fed funds rate is below the neutral rate, but not significantly lower. The FOMC did not make any decisions about their balance sheet reinvestment plans and will continue that discussion during future meetings.
- Domestic economic data remains indicative of slow growth. The economy is likely at or near full employment, consumer confidence is strong, manufacturing indicators have improved, and housing trends remain favorable. Looking further ahead, a potential boost in fiscal stimulus could provide a further tailwind to economic growth. GDP grew by 2.1% in the fourth quarter. We expect GDP growth of 2.0%-2.5% in 2017.
- The Treasury yield curve continued to flatten modestly in March. Short-term Treasury yields (under 2-year maturities) increased while the rest of Treasury yield curve was essentially unchanged. Meanwhile sovereign yields in Germany increased in March, and yields in Japan were little changed. At the end of 2016, following the election, US Treasury yields increased meaningfully driven by heightened expectations for fiscal stimulus and growth under the Trump administration and Republican-controlled Congress. Some of the post-election exuberance regarding fiscal spending, tax reform, and healthcare reform has started to wane, as market participants begin to sense the timeline and magnitude of such policies may be delayed or potentially less robust than previously hoped.

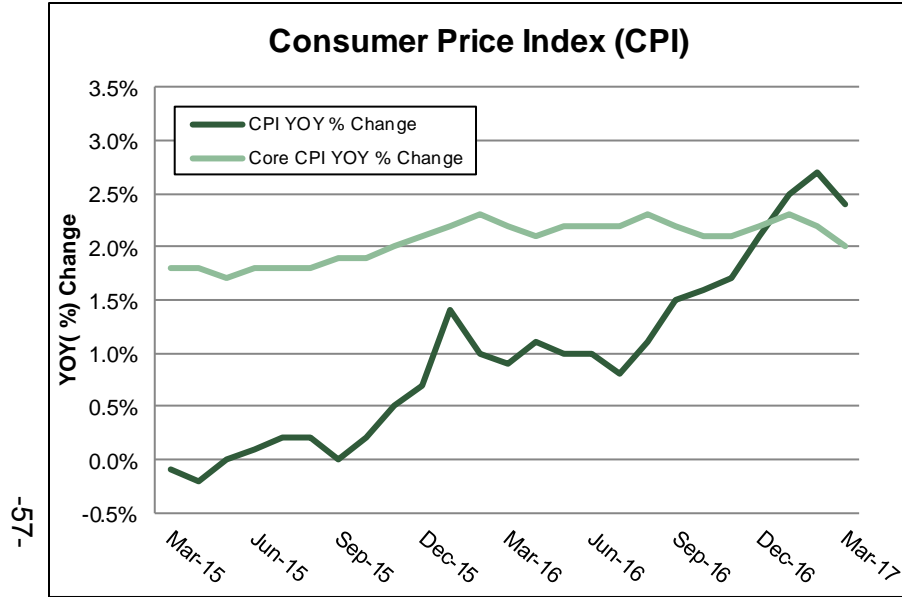


Source: US Department of Labor

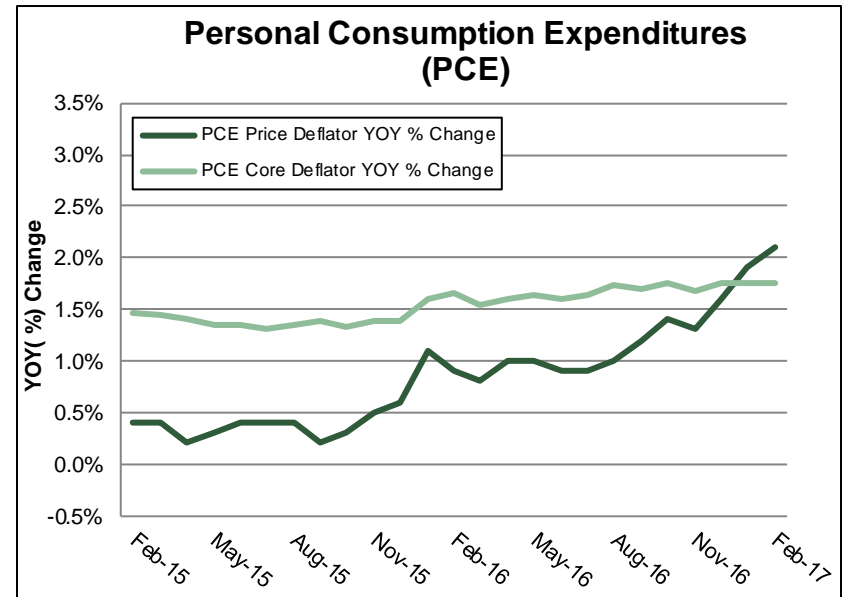


Source: US Department of Labor

Nonfarm payrolls were significantly lower than expected in March, up 98,000 versus the consensus forecast of 175,000. January and February payrolls were revised down by 38,000. On a trailing 3-month and 6-month basis, payrolls increased by an average of 178,000 and 163,000 per month, respectively. The unemployment rate fell to 4.5% in March from 4.7% in February. The participation rate was unchanged at 63.0%. 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, decreased to 8.9% in March from 9.2% in February. Wage growth rose 0.2% in March, versus expectations for a 0.3% increase. This follows an upwardly revised gain of 0.3% in February (previously 0.2%). On a year-over-year basis, wages were up 2.7% in March, vs. 2.8% in February.



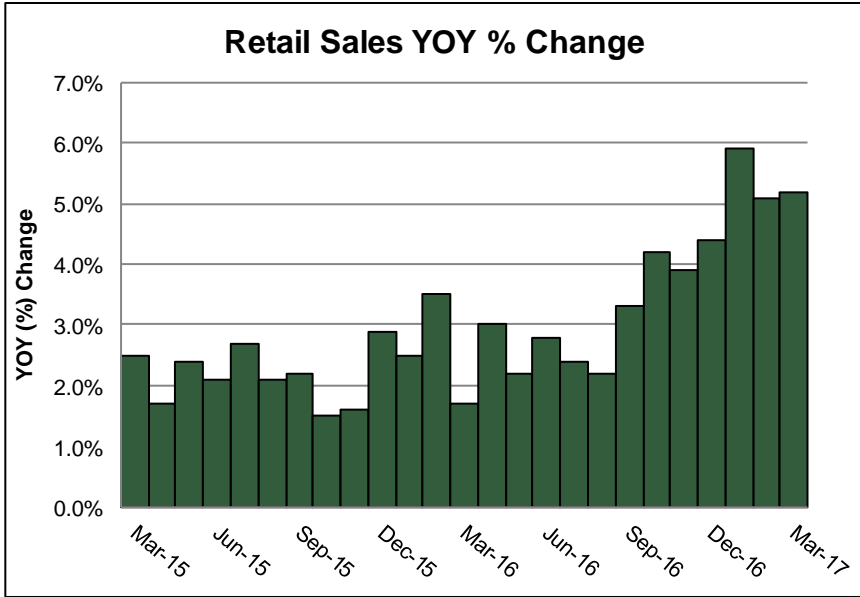
Source: US Department of Labor



Source: US Department of Labor

The Consumer Price Index (CPI) was up 2.4% year-over-year in March, versus up 2.7% year-over-year in February. Core CPI (CPI less food and energy) was up 2.0% year-over-year in March, versus up 2.2% year-over-year in February. The Personal Consumption Expenditures (PCE) index was up 2.1% year-over-year in February, versus up 1.9% year-over-year in January. Core PCE (excluding food and energy) was up 1.8% year-over-year in February, versus up 1.7% year-over-year in January. Core CPI is in line with the Fed's 2.0% target, and the Fed's primary inflation gauge (PCE) may be approaching the Fed's 2.0% target.

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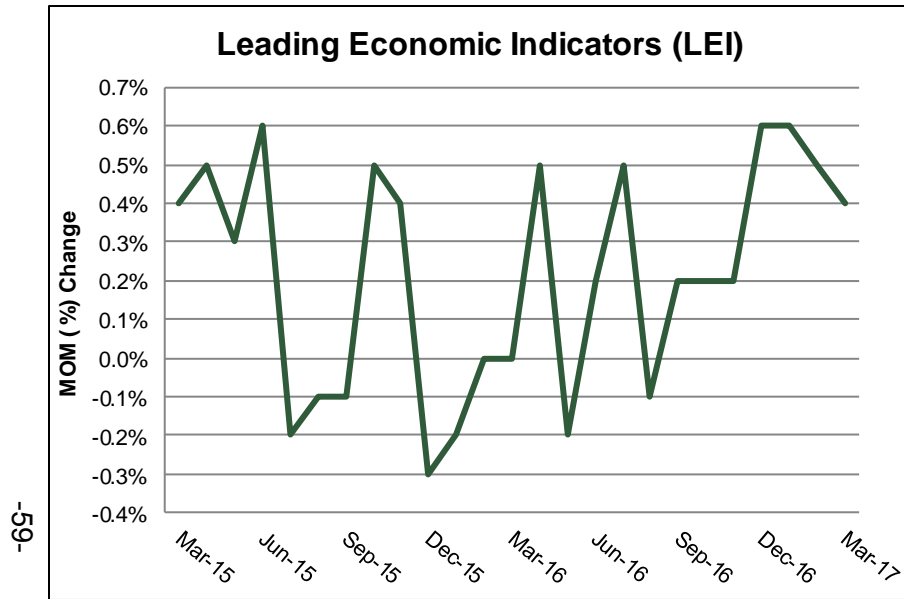


Source: US Department of Commerce

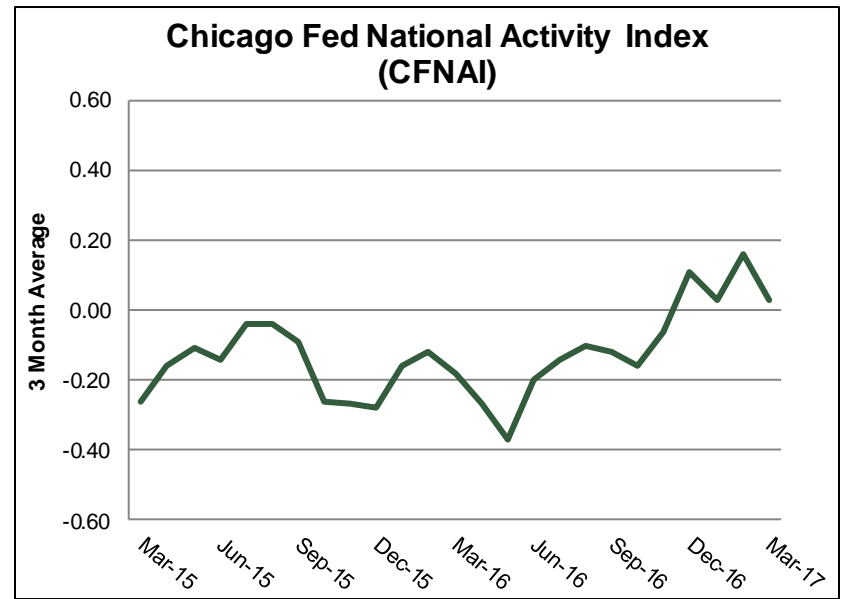


Source: Federal Reserve

On a year-over-year basis, total retail sales were up 5.2% in March compared with a 5.1% increase in February. On a month-over-month basis, retail sales declined 0.2% in March, following a downwardly revised 0.3% decrease in February (previously reported up 0.1%). Excluding autos and gas, retail sales increased 0.1% in March, following a 0.1% gain in February. Overall, March retail sales trends and the downward revisions to February sales results were disappointing. Meanwhile, the consumer confidence index remained robust in March at 125.6 versus 116.1 in February.

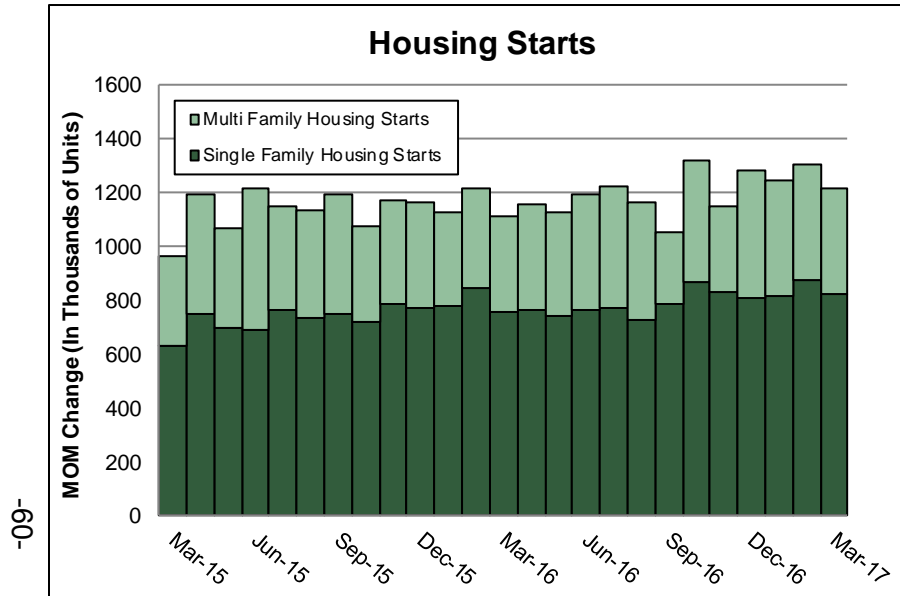


Source: The Conference Board

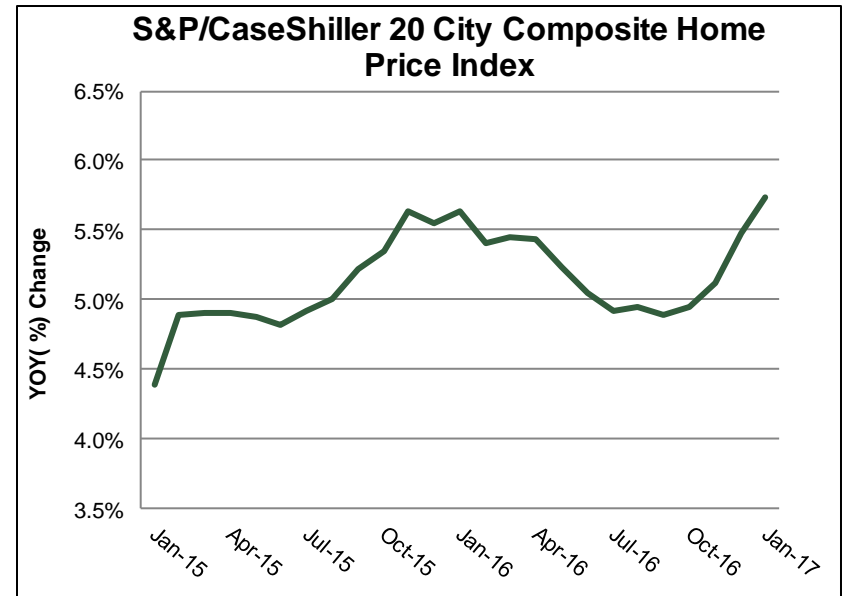


Source: Federal Reserve Bank of Chicago

The Index of Leading Economic Indicators (LEI) rose 0.4% in March, exceeding expectations of 0.2%, following a 0.5% increase in February. Eight out of ten components in the index were positive contributors in March. According to the Conference Board, the LEI suggests economic growth may accelerate later this year if consumer spending and investment pick up. Meanwhile, the Chicago Fed National Activity Index (CFNAI) decreased to 0.03 in March on a 3-month moving average basis from 0.16 in February. The CFNAI suggests that the economy is growing at a slow pace.

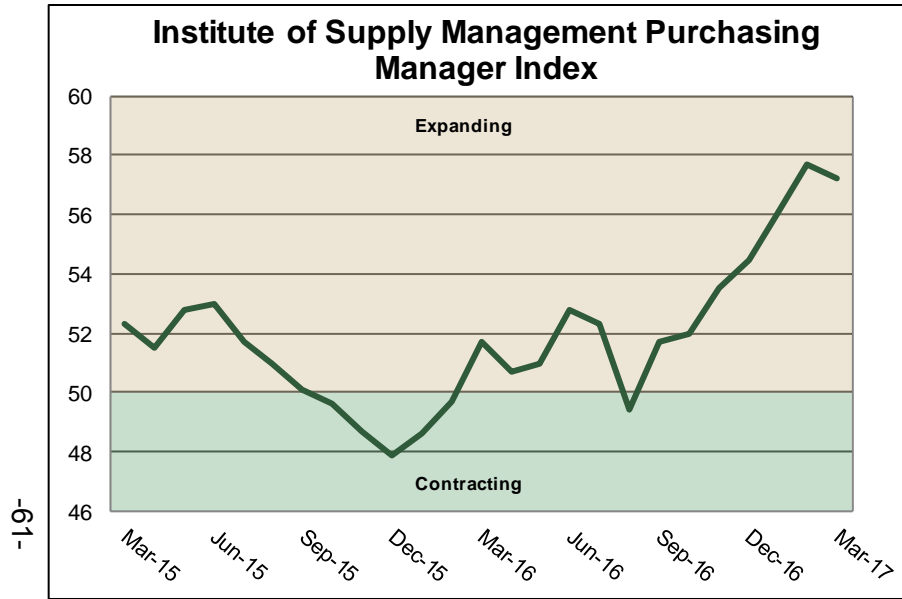


Source: US Census Bureau

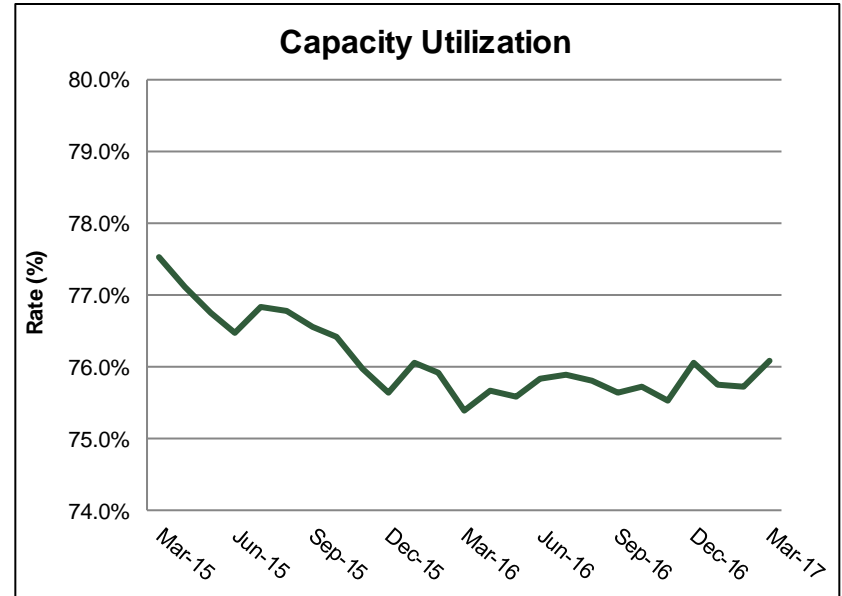


Source: S&P

Total housing starts fell 6.8% in March, following a 5.0% increase in February. Single-family starts fell 6.2% in March, and multi-family starts declined 7.9%. However, both single- and multi-family starts are up on a year-over-year basis. Permits were slightly stronger than expected in March, due to a 14.0% gain in multi-family permits. According to the Case-Shiller 20-City home price index, home prices were up 5.7% year-over-year in January, compared to 5.5% in December.



Source: Institute for Supply Management



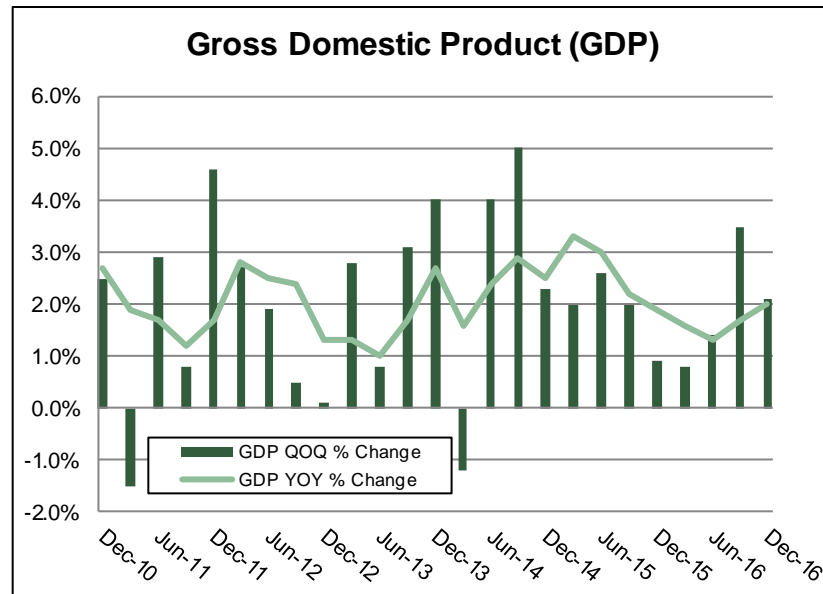
Source: Federal Reserve

The Institute for Supply Management (ISM) manufacturing index decreased to 57.2 in March from 57.7 in February, suggesting that manufacturing activity remains above trend. Notably, a reading above 50.0 suggests the manufacturing sector is expanding. Meanwhile, capacity utilization, which is production divided by capacity, increased to 76.1% in March from 75.7% in February. The capacity utilization rate remains below the long-run average of 79.9% (1972-2016), suggesting there is still excess capacity in the industrial sector.



Components of GDP	3/16	6/16	9/16	12/16
Personal Consumption Expenditures	1.1%	2.9%	2.0%	2.4%
Gross Private Domestic Investment	-0.6%	-1.3%	0.5%	1.5%
Net Exports and Imports	0.0%	0.2%	0.9%	-1.8%
Federal Government Expenditures	-0.1%	0.0%	0.2%	-0.1%
State and Local (Consumption and Gross Investment)	0.4%	-0.3%	0.0%	0.1%
Total	0.8%	1.4%	3.5%	2.1%

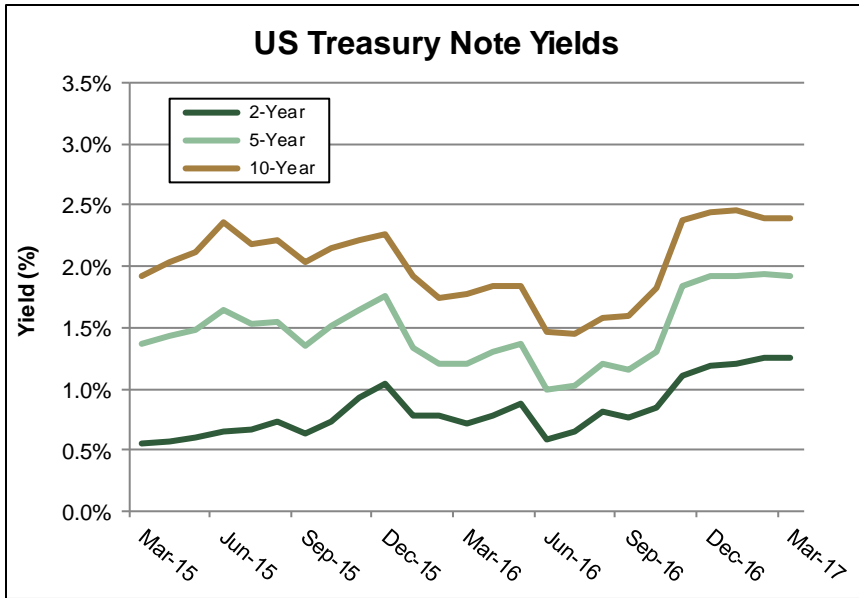
Source: US Department of Commerce



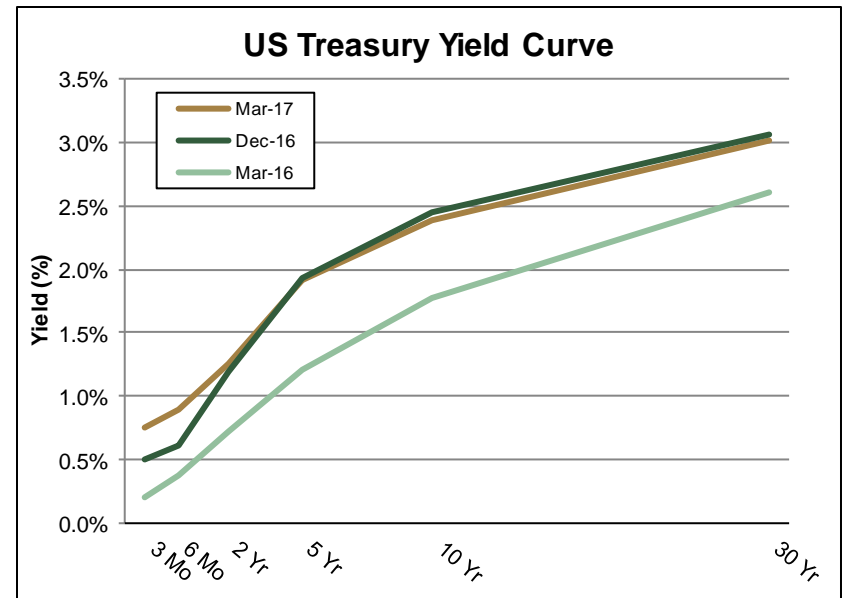
Source: US Department of Commerce

According to the third estimate, fourth quarter real GDP grew at an annualized rate of 2.1%, 0.2% higher compared to the prior estimate. This compares to growth of 3.5% in the third quarter of 2016. Personal consumption expenditures continued to fuel GDP growth in the fourth quarter, while net exports detracted from growth. The consensus forecast for first quarter GDP growth has been trending downward. Market participants are currently forecasting GDP growth of just 1.4% in the first quarter of 2017.

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Source: Bloomberg



Source: Bloomberg

Over the past three months, the yield curve flattened, following a dramatic post-election curve steepener. In the past three months, the 2-year Treasury yield is up about 7 basis points and the 10-year Treasury yield is down about 6 basis points. Notably, shorter-term yields (1-year and under) are up more than 20 basis points during that time period. On a year-over-year basis the 2-year Treasury yield has increased 53 basis points and 10-year Treasury yield is up about 62 basis points.



Information contained herein is confidential. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** May 15, 2017

FROM: Johnathan Cruz, Manager of Financial Planning
Doug Zytkevicz, Superintendent of Customer Service

SUBJECT: Bill Print, Mail, and Payment Processing Services

DIVISION: District-wide

SUMMARY:

Issue: Board action is required to execute two agreements to provide Bill Print and Mail Services and Electronic Payment Processing Services for the preparation, presentment, and processing of the District's monthly customer bills.

Recommendation: It is recommended that the Board of Directors authorize the General Manager or designee to execute the following agreements:

1. Five-year Professional Services Agreement with Infosend, Inc. for the design, preparation, distribution, and archiving of its monthly customer bills and marketing material, subject to the attached rate schedule; with an option to extend the agreement for an additional five-year term; and
2. Five-year Professional Services Agreement with Paymentus for services related to the processing of electronic customer bills and payments; with an option to extend the agreement for an additional five-year term

Fiscal Impact: Annual costs related to the service provided by both vendors are estimated at \$265,880 based on District customers' current utilization of these services. Potential implementation cost impacts have been incorporated into the draft FY 2017-18 Operating and Maintenance Budget.

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Bill Print, Mail, and Payment Processing Services

May 15, 2017

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Background:

On August 31, 2009, the District entered into an agreement with Infosend, Inc. (“Infosend”) for bill printing and mailing services. Since the agreement was first entered into, Infosend’s services have expanded to include online bill payment and electronic bill presentment. The District’s existing agreement will expire on August 31, 2017.

Currently, District customers receive monthly bill statements in one of two formats: either hard-copy through US mail, or electronically through an online portal hosted by Infosend. The District presently offers several electronic bill payment methods to its customers: third-party hosted recurring electronic check payment (ACH) processing and E-Billing, provided by Infosend; recurring ACH processing, provided by District Staff; telephone-based one-time credit/debit card payments and internet-based one-time credit/debit card and ACH payments, provided by Official Payments; and one-time credit/debit card and ACH payments through the District’s customer portal, provided by Smart Utility Systems. Each of the bill payment methods requires a unique process to post payments to customer accounts in the District’s enterprise system, and the transaction fees assessed to either the District or to customers vary across payment providers. The options are summarized in Table 1 below:

Table 1: Customer Bill Pay Options

Method	Type	Auto Pay	Access	Customer Cost	Paperless Billing
Official Payments	Credit Card	No	Phone or Internet: 1-877-853-1057 www.officialpayments.com	\$3.95 Per Payment	#N/A
e.Bill	ACH/Checking Acct	Yes - not required	e.Bill enrollment (Infosend)	None	Automatically enrolled
AutoPay	ACH/Checking Acct	Yes - not required	Authorization Form (District)	None	No
MyWater MNWD Customer Portal	Check/Credit Card	No	Customer Portal	Credit/Debit o \$2.50 Non-AMEX (2.5% for transactions above \$200) o \$3.00 AMEX(3% for transactions above \$200) ACH o \$0.99 (1% for transactions above \$500)	No
In Office	Checks/Cash	See AutoPay Above	In Office	None	#N/A

On March 17, 2017, District staff sent out a Request-for-Proposal (RFP) for Bill Print, Mail, and Payment Processing Services. Given the expansive scope of the RFP and specialized services contained therein, vendors were invited to propose on a subset or all of the component services outlined in the RFP.

Discussion:

Staff issued a Request-for-Proposal to six (6) firms and received four (4) proposals. Table 2 below summarizes the proposals received:

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Bill Print, Mail, and Payment Processing Services

May 15, 2017

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Table 2: Summary of Vendor Responses

Vendor	Services Proposed	Print Cost/Bill (All-In: Incl. Postage and Newsletter Insert)	E-Bill Cost/Transaction (All-In: Bill Presentment and Payment Processing)	Implementation Timeline
Infosend, Inc.	Bill Print, Mail, and Electronic Billing	\$0.475/Bill	District Cost: \$0.433 ACH (Payments processed by Third-Party)	Subject to bill redesign schedule
Paymentus	Electronic Billing	N/A	District Cost: \$0.35 ACH (Capped at \$10,000 per transaction) Customer Cost: \$2.95 Credit/Debit (Capped at \$600 per transaction)	6-8 weeks
KUBRA	Bill Print, Mail, and Electronic Billing	\$0.4734/Bill	\$0.08-\$2.50 based on transaction type (Credit/debit capped at \$1,000 for non-rewards cards, ACH capped at \$100,000)	3-5 months
Smart Utility Systems	Bill Print, Mail, and Electronic Billing	\$0.493/Bill	District Cost: \$0.08/Bill Customer Cost: <ul style="list-style-type: none"> • Credit/Debit <ul style="list-style-type: none"> ○ \$2.50 Non-AMEX (2.5% for transactions above \$200) ○ \$3.00 AMEX(3% for transactions above \$200) • ACH \$0.99 (1% for transactions above \$500) (Payments processed by Third-Party)	14-16 weeks

The rates shown are inclusive of one-time implementation costs as well as any ongoing service fees. Each of the firms provided comprehensive solutions for the proposed services. For bill print and mail services, each of the proposing firms

included bill redesign services that would incorporate color and selective messaging into the customer bill, which in most cases would also result in small cost savings to the District for each bill mailed. For electronic bill presentment and payment processing, each firm is capable of providing a variety of payment options to customers through their respective payment portals as well as providing a Utility portal for managing bill and marketing material distribution. Of the responding vendors, KUBRA and Paymentus both indicated their ability to provide a “single sign-on” experience for customers by integrating with the District’s existing customer portal; however, Paymentus was the only vendor who has integrated with SUS previously.

Staff performed a thorough review of the proposals received to determine the best value provided for the services required. Given the specialized production capabilities and flexible low-cost payment options the District requires, Staff is recommending that specific component services be provided by two vendors. Based on the vendor’s existing understanding of District billing workflow, long-standing ability to meet District specific operations requirements, negligible implementation impact to existing customer bill production, feasible timeline, and cost, Staff recommends that Infosend, Inc. be awarded the Bill Print and Mail Services Agreement. Based on the vendor’s extensive municipal and utility payment processing experience, comprehensive customer service (both for the District and the District’s customers), flexible transaction fee structure, expeditious implementation timeline, prior integration with both Infosend and SUS, and cost, Staff recommends Paymentus be awarded the Electronic Payment Processing Services Agreement.

Total costs related to the services provided by both firms are dependent on adoption of paperless and electronic billing by customers, subject to the negotiated rates shown in the attached fee schedules. District Staff anticipates a net savings to the District due to operational efficiency gains and reduced banking fees that are expected as a result of consolidating the District’s existing payment processing methods.

The proposed agreements, which have been reviewed and approved by the District’s legal representatives, are provided in Exhibits A and B.

Attachments:

1. Exhibit A – Infosend, Inc. Agreement
2. Exhibit B – Paymentus Agreement

**AGREEMENT FOR SERVICES BETWEEN
MOULTON NIGUEL WATER DISTRICT AND
INFOSEND, INC.
MNWD PROJECT: BILL PRINT, MAIL AND PAYMENT PROCESSING SERVICES
CONTRACT NO. [REDACTED]**

THIS AGREEMENT (the "Agreement") is dated as of [REDACTED], 2017 ("Effective Date"), by and between InfoSend, Inc., 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 bill print, mail, and electronic payment processing services to MNWD. The scope of services to be performed by CONSULTANT under this Agreement is described in **Exhibit A** hereto, which is incorporated herein (the "Scope of Services").

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

AGREEMENT

SECTION I – SCOPE OF SERVICES

Section 1.1 Scope of Services. CONSULTANT shall furnish all necessary management, supervision, labor, materials, tools, supplies, equipment, services, engineering, testing and/or any other act or thing required to diligently and fully provide bill print, mail, and electronic payment process services ("Services") in accordance with the Contract Documents and as described in the Scope of Services 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 Services, or delete services from the Scope of Services. 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 Services, 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 Services 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 Term; Schedule of Services. This Agreement shall commence as of the Effective Date and continue in effect for five (5) years from the Effective Date unless otherwise terminated by either party pursuant to Section VI. At the end of the term of this Agreement, MNWD shall have the option, at its discretion, to extend the term for an additional period of five (5) years. If MNWD

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elects to renew the Agreement, it shall provide notice to CONSULTANT prior to the expiration of the initial term.

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

Section 1.3 Consultant's Representative. CONSULTANT hereby designates [REDACTED] 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 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 subconsultant/subcontractor and MNWD. CONSULTANT shall not allow any subconsultant/subcontractor to commence work or services under any subcontract until all insurance required of CONSULTANT has been obtained for the subconsultant/subcontractor.

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 maps, past reports, prior studies, prior plan operating data, and other information reasonably required by CONSULTANT and relating to the work to be performed under this Agreement.

Section 1.5 Licenses and Permits. CONSULTANT represents that it, its employees and subconsultants, 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 In consideration for providing the scope of services referred to in SECTION I herein, MNWD agrees to compensate CONSULTANT in accordance with the Schedule of Charges/Payments contained in **Exhibit B** attached hereto and incorporated herein.

Section 2.2 Monthly payments will be made based on submittal of invoices by CONSULTANT which reflect the work performed. Only one bill per month shall be submitted by CONSULTANT,

showing invoices for CONSULTANT and each subconsultant utilized during the monthly billing period.

Section 2.3 MNWD reserves the right to withhold payment from CONSULTANT on account of Services not performed satisfactorily, unexcused delays in CONSULTANT’S performance of Services, 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 2.4 CONSULTANT must maintain adequate records to permit inspection and audit of CONSULTANT’S time and material charges under this Agreement. CONSULTANT will make such records available to MNWD during normal business hours upon reasonable notice.

SECTION III - WARRANTY/DISCLAIMER

Section 3.1 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 Services. 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 subconsultants 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 subconsultants who is determined by MNWD to be uncooperative, incompetent, a threat to the adequate or timely completion of the Services, 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 performance of these Services by CONSULTANT and shall not be re-employed to perform any of the Services.

Section 3.2 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 IV – INSURANCE; INDEMNIFICATION

Section 4.1 General/ Automobile Liability Insurance. CONSULTANT and each of its sub-consultants/subcontractors shall maintain throughout the term of this Agreement a general liability policy of insurance for bodily injury and/or death, personal injury and property damage claims which may arise from or in connection with the performance of the work under this Agreement by CONSULTANT and its sub-consultants/subcontractors, and each of their agents, representatives, or employees. Such public liability and property damage insurance (which shall cover claims, injury, death, loss or damage or accidents from the use or operation of any automobiles, trucks and/or other mobile or stationary equipment, whether owned, non-owned or hired) shall be comprehensive in form and shall be on a “per occurrence” basis in a minimum amount of One Million Dollars (\$1,000,000) per occurrence and an annual aggregate limit in a minimum amount at least twice the per occurrence limit specified in this section.

All insurance provided under this Section shall name MNWD and its directors, officers, employees and representatives as additional insureds under each such policy (“additional insureds”) and an

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additional insured endorsement shall be provided in form acceptable to MNWD.

Section 4.2 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 subconsultants/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 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 4.3 Requirements of All Policies. All policies of insurance required under this Section 4 shall be from insurance providers who are either admitted or licensed to do business in California, or are Surplus Lines Carriers authorized to do business in California, and who have financial size and ratings of no less than A-, Class XIII, and in either case are otherwise acceptable to MNWD. All such policies shall include a provision and executed endorsement for thirty (30) days prior written notice by certified mail, return receipt requested, to MNWD of any cancellation or material alteration of such insurance. CONSULTANT shall provide original certificates and endorsements for all such insurance on forms approved by MNWD in conformity with all requirements of this Agreement prior to commencement of any work or professional services. The policies required hereunder shall be endorsed to include contractual liability.

In the case of additional insured provisions, any insurance afforded the additional insureds by this Agreement is primary insurance as to the additional insureds. Any insurance or self-insurance maintained by the additional insureds shall be excess of the CONSULTANT'S (and its subconsultant's/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 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 4.4 Additional Insurance Provisions. The foregoing requirements as to the types and limits of insurance coverage to be maintained by CONSULTANT, and any approval of said insurance by MNWD, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by CONSULTANT pursuant to this Agreement, including but not limited to the provisions concerning indemnification

(a) If at any time during the term of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, MNWD has the right but not the duty to obtain the insurance it deems necessary and any premium paid by MNWD will be promptly reimbursed by CONSULTANT or MNWD will withhold amounts sufficient to pay premium from CONSULTANT payments. In the alternative, MNWD may cancel this Agreement.

(b) MNWD may require CONSULTANT to provide complete copies of all insurance policies in effect for the duration of the Agreement.

(c) Neither MNWD nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

Section 4.5 Indemnity.

To the fullest extent permitted by law, CONSULTANT shall defend (with counsel reasonably approved by MNWD), indemnify and hold MNWD, its officials, officers, employees, agents and volunteers free and harmless from and against all claims, damages, causes of action, suits, actions, proceedings, costs, expenses, liability, judgments, awards, decrees, settlements, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death (collectively, "Claims") in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of CONSULTANT, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the CONSULTANT's services or this Agreement, including without limitation the payment of all direct damages, expert witness fees and attorneys' fees and other related costs and expenses. Notwithstanding the foregoing, to the extent CONSULTANT's services are subject to Civil Code section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code section 2782.8, to Claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the CONSULTANT. CONSULTANT's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by MNWD, its officials, officers, employees, agents or volunteers.

SECTION V - TERMINATION OR ABANDONMENT

Section 5.1 This Agreement may be terminated in whole or in part in writing by MNWD, and MNWD shall give not less than ninety (90) calendar day's written notice (deliver by certified mail, return receipt requested) of intent to terminate. Additionally, MNWD may suspend performance by CONSULTANT of any or all services listed in the Scope of Services 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 5.2 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 II of this Agreement.

Section 5.3 In the event of any suspension or termination herein, MNWD shall have the right to take possession and shall immediately own all original drawings and other documents developed for that portion of the work completed and/or being suspended or abandoned.

SECTION VI – OWNERSHIP OF MATERIALS AND CONFIDENTIALITY

Section 6.1 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

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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 (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 6.2 Subconsultants. CONSULTANT shall require all subconsultants, if any, to agree in writing to provide any intellectual property rights that are necessary for CONSULTANT to provide to MNWD the ownership and license rights set forth in Sections 6.1 above with respect to any Documents & Data the subconsultant prepares under this Agreement. CONSULTANT represents and warrants that CONSULTANT has the legal right to license any and all Documents & Data prepared by CONSULTANT or its subconsultants. CONSULTANT makes no such representation and warranty in regard to documents and data which were prepared by design professionals other than CONSULTANT or its subconsultants, or those provided to CONSULTANT by MNWD.

Section 6.3 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. If MNWD uses or reuses the Documents & Data on any project other than this Project, it shall remove CONSULTANT'S seal from the Documents & Data and indemnify and hold harmless CONSULTANT and its officers, directors, agents and employees from claims arising out of the negligent use or re-use of the Documents & Data on such other project. CONSULTANT shall be responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to MNWD upon completion, suspension, abandonment or termination. CONSULTANT shall not be responsible or liable for any revisions to the Documents & Data made by any party other than CONSULTANT, a party for whom CONSULTANT is legally responsible or liable, or anyone approved by CONSULTANT.

Section 6.4 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 4.5, 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 6.5 Personally Identifiable Information. Any personally identifiable information relating to MNWD customers obtained as a result of CONSULTANT’S Services provided pursuant to this Agreement is confidential and shall be maintained with reasonable care, subject to and in accordance with applicable law.

Section 6.6 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. 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. Notwithstanding the foregoing, Documents & Data and any other information from MNWD shall not be deemed confidential if within any of the following exceptions: (i) information furnished to CONSULTANT that is otherwise known to CONSULTANT or is generally known, or has become known, to the related industry or public; (ii) information CONSULTANT can demonstrate was independently developed by it or a third party and that was not obtained, in whole or in part, from MNWD; or (iii) information that CONSULTANT is legally required or compelled by a court to disclose.

SECTION VII – GENERAL

Section 7.1 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 7.2 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:**
Moulton Niguel Water District
27500 La Paz Road
Laguna Niguel, CA 92677-3489

To CONSULTANT - **Attn:**

Section 7.3 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 7.4 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 7.5 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

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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 7.6 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.

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 7.7 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 7.8 This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this _____ day of _____ 2017.

Moulton Niguel Water District

By: _____
[Name]
[Title]

CONSULTANT – InfoSend, Inc.

By: _____
Title: _____

EXHIBIT A**SCOPE OF SERVICES**

Infosend, Inc. shall provide the District with the following services

A. Bill Presentment Services

- a. Infosend will provide programming and bill design services as required in order to develop an informative and easily understood utility bill for the District's customers. Infosend has allocated 25 hours to this task at no additional cost to the District.
- b. Both hard-copy and electronic bill statements will be generated based on customer preference as indicated in the "flat-file" provided by the District.

B. Print Image Archiving

- a. Each bill is stored as a PDF and indexed in a database. Search by account number or other key fields. The District will be charged one up-front fee per document to process it, index it, and store it for a period of 18 months. The PDFs are accessed using a browser-based application that is accessed by logging in to the InfoSend website, or through a third party application via a lightweight API with no cost increase to the unit fees.

C. Bill Print and Mail Services

- a. Monthly bill statements will be digitally printed on the plain white paper in black, black plus one color, or full color per the printing option from the District selects as a result of the bill redesign prior to implementation. Paper is 8.5x11" and 24lb. Bills will be mailed in #10 Infosend standard double window outgoing envelopes and include a #9 Infosend standard single window return envelope.

EXHIBIT B

PAYMENT AND FEE SCHEDULE

A.	Initial programming setup fee MNWD is a current client, there are no setup fees.	\$0.00
B.	Software usage and support fee	\$0.00
C.	Additional programming (if necessary) fee	\$175.00 per hour
D.	Document tracking fee: Print Image Archive Each bill is stored as a PDF and indexed in a database. Search by account number or other key fields. You are charged one up-front fee per document to process it, index it, and store it for a set number of months. The PDFs are accessed using a browser-based application that is accessed by logging in to the InfoSend website. Third party applications can also access the PDFs via a lightweight API with no cost increase to the unit fees. Setup fees may apply depending on your configuration needs. <i>This service includes outbound mail tracking at no additional cost.</i> You can view USPS-provided mail tracking data from the same interface that you use to view PDFs of the printed bills. <i>Only available with mail sent using 1st Class Postage, and not available in some cases with postcard mailings.</i> Electronic Inserts PDF copies of your physical inserts can be included in the Print Image Archive at an additional cost. This will let your team see exactly which inserts were delivered with each mail piece. This will also allow you to include the inserts in the eBill PDFs that are presented and/or emailed to customers if you use an InfoSend eBusiness service that delivers eBills to your customers or if you use a third-party application that pulls the PDFs from InfoSend's Print Image Archive API to present to your customers.	\$0.01 - For 12 Months of Retention \$0.017 - For 18 Months of Retention \$0.022 - For 24 Months of Retention \$0.027 - For 36 Months of Retention
E.	Data storage fee: Included in InfoSend's Print Image Archive explained and priced above.	See above
F.	Returns and Forwards Fee	Included with NCOALink
G.	Data storage fee: Included in InfoSend's Print Image Archive explained and priced above.	See above
H.	Selective Messaging setup fee Message Manager This free account management tool is a custom-built web-based application that allows you to control the messages that print on your documents. <i>See Exhibit 1 for more details.</i>	\$0.00
I.	Selective insert setup fee:	\$0.00
J.	Additional insert setup fee	\$0.00
K.	E-Billing setup fee: InfoSend's EBPP is already implemented	\$0.00
L.	E-Billing processing fee	
	Monthly Support:	\$150.00
	Enrolled users fee	\$0.065
	e-Bill loading and storage fee	\$0.015
	Initiated Payments	\$0.05
	e-Insert: InfoSend can also optionally include PDF images of your inserts in the Print Image Archive and/or in the eBills created by InfoSend's eBusiness products.	\$0.0025
M.	IVR setup fee	TBD
N.	IVR Software usage and support fee	\$0.00
O.	Special handling fee	
P.	Job cancellation fee	\$0.00
Q.	Offline folding (inserts provided by customer) fee Typically inserts provided are folded and would incur no folding fee.	\$0.01 per piece

R.	Cutting fee	\$0.00
S.	Sorting fee	\$0.00
T.	Date entry fee	\$0.00
U.	Scanning fee	\$0.00
	The above services (R through U) require more scope to determine pricing. These are currently items that don't apply to the current processing of Moulton Niguel's jobs.	
V.	National Change of Address (NCOA) processing fee: Per reported update. InfoSend electronically reports the addresses it received in your data that need to be updated because the customer filed a Change of Address Report with the USPS. Cost is per update	\$0.35
W.	Insert Stocking fee	\$0.00
X.	USPS postal statement scan and archive fee	\$0.00
Y.	USPS postal documentation fee	\$0.00
Z.	Physical returned mail services fee	\$0.00
	9.7.2 Additional Pricing	
A.	Price per notice including paper, security, and return envelope, based on current configuration.	\$0.115
B.	Vendor charge for item design as currently configured.	\$0.00
C.	Vendor charge for multi-color text.	
	The Package price above includes 4 colors on the front of the sheet and 1 color on the back of the sheet (4/1 printing) – <i>This upgrade at a discounted rate for services is our appreciation of our longstanding relationship with Moulton Niguel Water District!</i>	Included
	4/4 printing – additional fee: The package price above included Each additional spot color	\$0.005
E.	Vendor charge for multiple bills in one security envelope.	\$0.00
E.	Vendor must indicate postage discount available: You will be invoiced for the exact postage used. You must use one of the two USPS approved Move Update methods to get the presort discounts	\$0.37 per piece
F.	Vendor additional charge for job under certain number minimum? What is the minimum	No minimum fee.
G.	Additional Charges, if any. List charge amount.	
	Inline Inserts (Per Sheet) Price depends on the ink coverage in the insert artwork file. Price is quoted upon request for each insert	TBD
	Multiple Page Mail Piece Surcharge – Handwork: This surcharge is assessed per mail piece (not per page). This surcharge only applies to multiple page bills that have too many pages to be inserted into the #10 envelope by machine. This surcharge covers the necessary manual labor required to process these mail pieces.	\$0.35
	All Documents: white paper stock with or without perforation: Paper is 8.5x11" and 24lb. Price includes all inventory costs. The larger 8.5x14" format is supported at a higher material cost and higher printing cost. All of your content will be digitally printed on the plain white paper in black, black plus one color, or full color per the printing option from the prior table that you select before implementation. Standard Window Envelopes: These envelopes include security tint printed on the inside of the paper stock and clear film that prevent the contents of the envelope from being viewed. These envelopes also use sustainably logged paper (SFI) .	\$0.015
	#10 InfoSend Standard Double Window Outgoing Envelope	\$0.016
	#9 InfoSend Standard Single Window Return Envelope	\$0.014
	Flat Single Window Envelope: only used for multiple page statements that do not fit in the #10 envelope.	\$0.16

**AGREEMENT FOR SERVICES BETWEEN
MOULTON NIGUEL WATER DISTRICT AND
PAYMENTUS CORPORATION
MNWD PROJECT: BILL PRINT, MAIL AND PAYMENT PROCESSING SERVICES
CONTRACT NO. _____**

THIS AGREEMENT (the "Agreement") is dated as of _____, 2017 ("Effective Date"), by and between Paymentus Corporation, 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 bill print, mail, and electronic payment processing services to MNWD. The scope of services to be performed by CONSULTANT under this Agreement is described in **Exhibit A** hereto, which is incorporated herein (the "Scope of Services").

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

AGREEMENT

SECTION I – SCOPE OF SERVICES

Section 1.1 Scope of Services. CONSULTANT shall furnish all necessary management, supervision, labor, materials, tools, supplies, equipment, services, engineering, testing and/or any other act or thing required to diligently and fully provide bill print, mail, and electronic payment process services ("Services") in accordance with the Contract Documents and as described in the Scope of Services attached hereto as **Exhibit A**. To the extent that any conflict exists between this Agreement and **Exhibit A**, the terms of this Agreement shall govern.

MNWD may request or CONSULTANT may recommend, that CONSULTANT perform work in addition to or different from that delineated in the original Scope of Services, or delete services from the Scope of Services. Upon MNWD's request for additional or changed 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 Services, 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 Services 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 Term; Schedule of Services. CONSULTANT shall perform its work hereunder in a prompt and timely manner. This Agreement shall commence as of the Effective Date and continue in effect for five (5) years from the Effective Date unless otherwise terminated by either

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party pursuant to Section VI. At the end of the term of this Agreement, MNWD shall have the option, at its discretion, to extend the term for an additional period of five (5) years. If MNWD elects to renew the Agreement, it shall provide notice to CONSULTANT prior to the expiration of the initial term.

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

Section 1.3 Consultant's Representative. CONSULTANT hereby designates [REDACTED] 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 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 subconsultant/subcontractor and MNWD. CONSULTANT shall not allow any subconsultant/subcontractor to commence work or services under any subcontract until all insurance required of CONSULTANT has been obtained for the subconsultant/subcontractor.

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 maps, past reports, prior studies, prior plan operating data, and other information reasonably required by CONSULTANT and relating to the work to be performed under this Agreement.

Section 1.5 Licenses and Permits. CONSULTANT represents that it, its employees and subconsultants, 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 In consideration for providing the scope of services referred to in SECTION I herein, MNWD agrees to compensate CONSULTANT in accordance with the Fee Schedule included in **Exhibit A** attached hereto and incorporated herein.

Section 2.2 Monthly payments will be made based on submittal of invoices by CONSULTANT which reflect the work performed. Only one bill per month shall be submitted by CONSULTANT, showing invoices for CONSULTANT and each subconsultant utilized during the monthly billing period.

Section 2.3 MNWD reserves the right to withhold payment from CONSULTANT on account of Services not performed satisfactorily, unexcused delays in CONSULTANT'S performance of Services, 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 2.4 CONSULTANT must maintain adequate records to permit inspection and audit of CONSULTANT's time and material charges under this Agreement. CONSULTANT will make such records available to MNWD during normal business hours upon reasonable notice.

SECTION III - WARRANTY/DISCLAIMER

Section 3.1 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 Services. 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 subconsultants 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 subconsultants who is determined by MNWD to be uncooperative, incompetent, a threat to the adequate or timely completion of the Services, 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 performance of these Services by CONSULTANT and shall not be re-employed to perform any of the Services.

Section 3.2 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 IV – INSURANCE; INDEMNIFICATION

Section 4.1 General/ Automobile Liability Insurance. CONSULTANT and each of its subconsultants/subcontractors shall maintain throughout the term of this Agreement a general liability policy of insurance for bodily injury and/or death, personal injury and property damage claims which may arise from or in connection with the performance of the work under this Agreement by CONSULTANT and its sub-consultants/subcontractors, and each of their agents, representatives, or employees. Such public liability and property damage insurance (which shall cover claims, injury, death, loss or damage or accidents from the use or operation of any automobiles, trucks and/or other mobile or stationary equipment, whether owned, non-owned or hired) shall be comprehensive in form and shall be on a "per occurrence" basis in a minimum amount of One Million Dollars (\$1,000,000) per occurrence and an annual aggregate limit in a minimum amount at least twice the per occurrence limit specified in this section.

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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.

Section 4.2 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 subconsultants/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 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 4.3 Requirements of All Policies. All policies of insurance required under this Section 4 shall be from insurance providers who are either admitted or licensed to do business in California, or are Surplus Lines Carriers authorized to do business in California, and who have financial size and ratings of no less than A-, Class XIII, and in either case are otherwise acceptable to MNWD. All such policies shall include a provision and executed endorsement for thirty (30) days prior written notice by certified mail, return receipt requested, to MNWD of any cancellation or material alteration of such insurance. CONSULTANT shall provide original certificates and endorsements for all such insurance on forms approved by MNWD in conformity with all requirements of this Agreement prior to commencement of any work or professional services. The policies required hereunder shall be endorsed to include contractual liability.

In the case of additional insured provisions, any insurance afforded the additional insureds by this Agreement is primary insurance as to the additional insureds. Any insurance or self-insurance maintained by the additional insureds shall be excess of the CONSULTANT'S (and its subconsultant's/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 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 4.4 Additional Insurance Provisions. The foregoing requirements as to the types and limits of insurance coverage to be maintained by CONSULTANT, and any approval of said insurance by MNWD, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by CONSULTANT pursuant to this Agreement, including but not limited to the provisions concerning indemnification

(a) If at any time during the term of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, MNWD has the right but not the duty to obtain the insurance it deems necessary and any premium paid by MNWD will be promptly reimbursed by CONSULTANT or MNWD will withhold amounts sufficient to pay premium from CONSULTANT payments. In the alternative, MNWD may cancel this

Agreement.

(b) MNWD may require CONSULTANT to provide complete copies of all insurance policies in effect for the duration of the Agreement.

(c) Neither MNWD nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

Section 4.5 Indemnity.

To the fullest extent permitted by law, CONSULTANT shall defend (with counsel reasonably approved by MNWD), indemnify and hold MNWD, its officials, officers, employees, agents and volunteers free and harmless from and against all claims, damages, causes of action, suits, actions, proceedings, costs, expenses, liability, judgments, awards, decrees, settlements, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death (collectively, "Claims") in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of CONSULTANT, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the CONSULTANT's services or this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses. Notwithstanding the foregoing, to the extent CONSULTANT's services are subject to Civil Code section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code section 2782.8, to Claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the CONSULTANT. CONSULTANT's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by MNWD, its officials, officers, employees, agents or volunteers.

SECTION V - TERMINATION OR ABANDONMENT

Section 5.1 This Agreement may be terminated in whole or in part by MNWD or CONSULTANT in the event of a material breach of the Agreement. In the event that either party is in material breach of the Agreement, the non-breaching party shall give notice of such breach, and the material breach shall be cured within ninety (90) days of the notice ("Cure Period"). In the event such material breach has not been cured within the Cure Period, the non-breaching party may terminate this Agreement by providing the breaching party with thirty (30) days' notice of the termination. 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 5.2 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 II of this Agreement.

Section 5.3 In the event of any suspension or termination herein, MNWD shall have the right to take possession and shall immediately own all original drawings and other documents developed for that portion of the work completed and/or being suspended or abandoned.

SECTION VI – OWNERSHIP OF MATERIALS AND CONFIDENTIALITY

Section 6.1 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 (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 6.2 Subconsultants. CONSULTANT shall require all subconsultants, if any, to agree in writing to provide any intellectual property rights that are necessary for CONSULTANT to provide to MNWD the ownership and license rights set forth in Sections 6.1 above with respect to any Documents & Data the subconsultant prepares under this Agreement. CONSULTANT represents and warrants that CONSULTANT has the legal right to license any and all Documents & Data prepared by CONSULTANT or its subconsultants. CONSULTANT makes no such representation and warranty in regard to documents and data which were prepared by design professionals other than CONSULTANT or its subconsultants, or those provided to CONSULTANT by MNWD.

Section 6.3 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. If MNWD uses or reuses the Documents & Data on any project other than this Project, it shall remove CONSULTANT’S seal from the Documents & Data and indemnify and hold harmless CONSULTANT and its officers, directors, agents and employees from claims arising out of the negligent use or re-use of the Documents & Data on such other project. CONSULTANT shall be responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to MNWD upon completion, suspension, abandonment or termination. CONSULTANT shall not be responsible or liable for any revisions to the Documents & Data made by any party other than CONSULTANT, a party for whom CONSULTANT is legally responsible or liable, or anyone approved by CONSULTANT.

Section 6.4 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 4.5, 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 6.5 Personally Identifiable Information. Any personally identifiable information relating to MNWD customers obtained as a result of CONSULTANT’S Services provided pursuant to this Agreement is confidential and shall be maintained with reasonable care, subject to and in accordance with applicable law.

Section 6.6 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. 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. Notwithstanding the foregoing, Documents & Data and any other information from MNWD shall not be deemed confidential if within any of the following exceptions: (i) information furnished to CONSULTANT that is otherwise known to CONSULTANT or is generally known, or has become known, to the related industry or public; (ii) information CONSULTANT can demonstrate was independently developed by it or a third party and that was not obtained, in whole or in part, from MNWD; or (iii) information that CONSULTANT is legally required or compelled by a court to disclose.

SECTION VII – GENERAL

Section 7.1 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 7.2 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:**
Moulton Niguel Water District
27500 La Paz Road
Laguna Niguel, CA 92677-3489

To CONSULTANT - **Attn:**

Section 7.3 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 7.4 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

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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 7.5 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 7.6 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.

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 7.7 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 7.8 This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this _____ day of _____ 2017.

Moulton Niguel Water District

By: _____
[Name]
[Title]

CONSULTANT – Paymentus Corporation

By: _____
Title: _____

Paymentus

EXHIBIT A

SCOPE OF SERVICES

MASTER SERVICES AGREEMENT

Client:	Moulton Niguel Water District - CA
Client Address:	27500 La Paz Road Laguna Niguel, CA 92677-3489
Contact for Notices to Client:	Johnathan Cruz
Estimated Yearly Bills / Invoices:	660,000

This Master Services Agreement (“Master Agreement”) is entered into as of the Effective Date below, by and between the Client (“Client”) identified above and **Paymentus Corporation**, a Delaware Corporation (“Paymentus”).

WHEREAS Paymentus desires to provide and the Client desires to receive certain services under the terms and conditions set forth in this Agreement. Paymentus provides electronic bill payment services to utilities, municipalities, insurance and other businesses.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby covenant and agree as follows. This Agreement consists of this signature page, General Terms and Conditions, and the attachments (“**Attachments**”) with schedules (“**Schedules**”) listed below:

Schedule A: Paymentus Service Fee Schedule

This Agreement represents the entire understanding between the parties hereto with respect to its subject matter and supersedes all other written or oral agreements heretofore made by or on behalf of Paymentus or Client with respect to the subject matter hereof and may be changed only by agreements in writing signed by the authorized representatives of the parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives

Client:

By: _____

Name: _____

Title: _____

Date: _____

Paymentus:

By: _____

Name: _____

Title: _____

Date: _____

Paymentus

GENERAL TERMS AND CONDITIONS

1 Definitions:

For the purposes of this Agreement, the following terms and words shall have the meaning ascribed to them, unless the context clearly indicates otherwise.

- 1.1 “**Agreement**” or “**Contract**” shall refer to this Agreement, as amended from time to time, which shall constitute an authorization for the term of this contract for Paymentus to be the exclusive provider of services, stated herein, to the Client
- 1.2 “**User**” shall mean the users of the Client’s services
- 1.3 “**Effective Date**” shall be the last date upon which the parties signed this Agreement. The Agreement will not be effective against any party until the said date
- 1.4 “**Launch Date**” shall be the date on which Client launches this service to the Users
- 1.5 “**Payment**” shall mean Users to make payments for Client’s services or Client’s bills
- 1.6 “**Payment Amount**” shall mean the bill amount User wants to pay to the Client.
- 1.7 “**Non-consumer Cards**” shall mean credit cards which are issued for business use. These high-cost cards may include corporate cards, purchase cards, business cards, travel and entertainment cards.
- 1.8 “**Services**” shall include the performance of the Services outlined in section 2 of this Agreement
- 1.9 “**Paymentus Authorized Processor**” shall mean a Paymentus authorized merchant account provider and payment processing gateway
- 1.10 “**Reversed or Charged-back Transactions**” shall mean cancelled transactions due to User error, or a User’s challenge to Payment authenticity.

- 1.11 “**Average Bill Amount**” shall mean the total amount of Payments collected through Paymentus system in a given month divided by the number of the Payments for the same month.

2 Description of Services to be Performed

2.1 **Scope of Services**

Paymentus shall provide Users the opportunity to make Payments by Visa, MasterCard, Discover, E-check and other payment methods as deemed necessary by Paymentus. Payments may be made by Interactive Telephone Voice Response System (“IVR”) or secure Internet interface provided at the Paymentus Corporation’s web site or other websites part of Paymentus’ Instant Payment Network (“WebSites”), collectively referred to as the (“System” or “Platform”).

2.2 **Professionalism**

Paymentus shall perform in a professional manner all Services required to be performed under this Agreement.

3 Compensation

3.1 **No Cost Installation**

Paymentus will charge no fees related to the initial setup and personalization of its standard service for both Web and IVR interfaces.

3.2 **Paymentus Service Fee**

System will charge each User a Service fee for each transaction processed (hereinafter called “Paymentus Service Fee”). Such Paymentus Service Fee is to be collected in addition to the corresponding Payment as part of the transaction.

For each payment, the Paymentus Service Fee collected will be used to pay the corresponding Credit Card transaction fees or transaction fees associated with Debit Cards or eChecks (hereinafter called “Transaction Fees”) except for the return items (eCheck returns or Credit/Debit Card chargebacks).

A schedule of Paymentus Service Fee is attached hereto as Schedule A. The Paymentus

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Service Fee is based on the Average Bill Amount, current payment method mix. Paymentus can amend this schedule upon prior written notice to the Client, if such change is required due to changes in the Visa and MasterCard regulations or changes in Credit Card fees or changes in the Average Bill Amount or changes in Fee Assumptions.

4 Payment Processing

4.1 Integration with Client's Billing System

At no cost to Client, Paymentus will develop one (1) file format interface with Client's billing system using Client's existing text file format currently used to post payments to Client's billing system. Client will be responsible to provide Paymentus with the one file format specification and will fully cooperate with Paymentus during the development of the said interface. If Client chooses to create an automated file integration process to download the posting file, due to Paymentus security requirements, Client will use Paymentus specified integration process. Paymentus platform is an independent full service fully hosted platform per PCI-DSS requirements for a fully hosted solution. As such, Paymentus platform does and can function independent of any billing system integration. A payment posting file can be emailed or downloaded from Paymentus Agent Dashboard. If Client chooses to have Paymentus platform integrated with its billing system, Paymentus offers two options:

- (i) Paymentus standard integration specification that Client can use to integrate its billing systems with Paymentus platform ("Standard Integration"); (or)
- (ii) Paymentus to either customize or configure its platform to integrate with Client using file specification or APIs supported by Client's billing system ("Client Specific Integration")

If Client chooses Standard Integration, Paymentus agrees to fully cooperate with Client and provide its specification to Client. Paymentus also agrees to participate in meetings with Client's software vendor to provide any information or clarifications needed to understand Standard Integration. Time is of the essence and Paymentus agrees to provide all integration/interface specifications within 30 days from the Effective Date. Client will take commercially reasonable steps to develop the integration within 60 days from the date on which Client has received all integration specifications from Paymentus. Parties agree that if Paymentus does not cooperate fully, it can lead to

Client being unable to perform its duties to deliver the integration in time.

If Client chooses Client Specific Integration, Paymentus agrees to develop such integration at no cost to Client, provided however, Client agrees to fully cooperate with Paymentus and cause its software vendors to fully cooperate with Paymentus. Client agrees to provide all specification required for Client specific integration. Client further agrees to participate in testing with Paymentus and if needed, cause its billing software vendors to participate in testing. Time is of the essence and Client agrees to provide or make available all integration/interface specifications within 30 days from the Effective Date. Paymentus will take commercially reasonable steps to develop the integration within 60 days from the date on which Paymentus has received all the integration specifications from Client or its vendors. Parties agree that if Client does not cooperate fully or is unable to cause its software vendors to cooperate fully with Paymentus, it can lead to Paymentus being unable to perform its duties to deliver the integration in time.

Based on Client's use of Paymentus platform and respective modules selected under this Agreement, Paymentus will require the following integration points:

- (i) For one-time Payment Module:
 - a. Customer Information – Text File or Real-time
 - b. Payment Posting – Text File or Real-time
- (ii) For Recurring Payment Module
 - a. Text File
- (iii) For E-billing Module
 - a. Billing Data - Text File or Real-time link to billing data
- (iv) For Outbound Notification
 - a. Audience File – Text File for customer engagement messages

Each of these can be based on Standard Integration or Client Specific Integration.

4.2 PCI Compliance and Client Liability

For PCI Compliance, Client has two options for using Paymentus platform:

- (i) Paymentus Fully Hosted Solution; or
- (ii) Any other configuration

To substantially reduce or eliminate any PCI compliance risks and to render all Client systems out

Paymentus

of scope from PCI compliance requirements, Client agrees to use Paymentus' fully hosted service where Paymentus uses its own platform to capture Payments and to manage the entire (end to end) user experience from all channels for Payment acceptance: Web, Mobile, IVR, POS devices (per Paymentus recommended setup), recurring payments, Ebill Presentment ("Paymentus Fully Hosted Solution"). If Client chooses any other integration such as third party web pages integrated with Paymentus APIs, third party gateway pages, or its own IVR systems or POS solution not recommended by Paymentus, or a cashiering module from third party, Client expressly agrees that Client shall not be exempt from PCI requirements and shall be liable for any data breaches occurring on its own systems as Client's recognizes that Client systems are participating in the transactions and are in scope for PCI compliance. Under such circumstances, Paymentus shall not be responsible for any PCI obligations outside of Paymentus own platform and Paymentus expressly disclaims any PCI or security obligations related to Client systems or any third party systems that participate in the payment transactions that are outside of Paymentus Platform.

Paymentus highly recommends that Client uses Paymentus Fully Hosted Solution to substantially reduce its PCI compliance and data breach risks.

If Client chooses to use any other option other than Paymentus Fully Hosted Solution, Client agrees and warrants that Client shall remain PCI compliant throughout the term of this Agreement. For clarity, just because Client uses PCI compliant applications such as its billing software, it does not eliminate the need for Client to be PCI compliant. Per PCI requirements, if a party's systems participate in processing, or accepting or storing card transactions, such party is required to be PCI compliant as the systems are in scope.

4.3 Explicit User Confirmation

Paymentus shall confirm the dollar amount of all Payments and the corresponding Paymentus Service Fee to be charged to a Card and electronically obtain the User approval of such charges prior to initiating Card authorizations transaction. Paymentus will provide User with electronic confirmation of all transactions.

4.4 Merchant Account

Paymentus will arrange for the Client to have a merchant account with the Paymentus Authorized Processor for processing and settlement of the credit card transactions.

4.5 Card Authorization

For authorization purposes, Paymentus will electronically transmit all Card transactions to the appropriate Card-processing center, in real time as the transactions occur.

4.6 Settlement

Paymentus together with its authorized Card processor shall forward the payment transactions and corresponding Paymentus Service Fee to the appropriate card organizations for settlement directly to the Client's depository bank account previously designated by the Client (hereinafter the "Client Bank Account").

Paymentus together with Paymentus Authorized Processor will continuously review its settlement and direct debit processes for its simplicity and efficiencies. Client and Paymentus agree to fully co-operate with each other if Paymentus were to change its settlement and invoicing processes.

4.7 Reversed or Chargeback Transactions

With respect to all Reversed or Chargeback Transactions the Client authorizes Paymentus and Paymentus Authorized Processor (and/or the respective card organization) to debit the Client Bank Account for the Payment Amount and Paymentus shall refund to the Card organization for credit back to the User the corresponding Paymentus Service Fees.

Paymentus together with Paymentus Authorized Processor will continuously review its processes for Reversed or Chargeback transactions, for simplicity and efficiencies. Client and Paymentus agree to reasonably co-operate with each other if Paymentus requires any change its settlement and invoicing processes for such transactions.

5 General Conditions of Services

5.1 Service Reports

Paymentus shall provide Client with reports

Paymentus

summarizing use of the Services by Users for a given reporting period.

5.2 User Adoption Communication by Client

Client will make Paymentus' Services available to its residential and commercial Clients by different means of Client communication including but not required with a) through bills, invoices and other notices; b) by providing IVR and Web payment details on the Client's website including a "Pay Now" or similar link on a mutually agreed prominent place on the web site; c) through Client's general IVR/Phone system; and d) other channels deemed appropriate by the Client.

Paymentus shall provide Client with logos, graphics and other marketing materials for Client's use in its communications with its users regarding the Services and/or Paymentus.

Both parties agree that Paymentus will be presented as a payment method option. Client will communicate Paymentus option to its end residential and commercial Clients wherever Client usually communicates its other payment methods.

5.3 Independent Contractor

Client and Paymentus agree and understand that the relationship between both parties is that of an independent contractor.

5.4 Client's Responsibilities

In order for Paymentus to provide Services outlined in this Agreement, the Client shall cooperate with Paymentus by:

- (i) Client will enter into all applicable merchant Card or cash management agreements.
- (ii) For the duration of this Agreement, Client will keep a bill payment link connecting to Paymentus System at a prominent and mutually agreed location on the Client website. The phone number for the IVR payment will also be added to the web site. Client will also add the IVR payment option as part of the Client's general phone system.
- (iii) User Adoption marketing as described in 5.2.

- (iv) Within 30 days of the merchant account setup, Client will launch the service to the Users.
- (v) For the purpose of providing Client a posting file for posting to Client's billing system, Client will provide the file format specification currently used to post its payments to the billing system. Client will fully cooperate with Paymentus and provide the information required to integrate with Client's billing system.

6 Governing Laws

This Agreement shall be governed by the laws of the state of California.

7 Communications

7.1 Authorized Representative

Each party shall designate an individual to act as a representative for the respective party, with the authority to transmit instructions and receive information. The parties may from time to time designate other individuals or change the individuals.

7.2 Notices

All notices of any type hereunder shall be in writing and shall be given by Certified Post or a national Courier or by hand delivery to an individual authorized to receive mail for the below listed individuals, all to the following individuals at the following locations:

To Client

C/O:
Address:
Email:

To Paymentus

C/O: President and CEO
Address: 13024 Ballantyne Corporate Place
Suite 450
Charlotte, NC 28277
Email: ceo@paymentus.com

Notices shall be declared to have been given or received on the date the notice is physically received

Paymentus

if given by hand delivery, or if notices given by US Post, then notice shall be deemed to have been given upon on date said notice was deposited in the mail addressed in the manner set forth above. Any party hereto by giving notice in the manner set forth herein may unilaterally change the name of the person to whom notice is to be given or the address at which the notice is to be received.

7.3 Interpretation

It is the intent of the parties that no portion of this Agreement shall be interpreted more harshly against either of the parties as the drafter.

7.4 Amendment of Agreement

Modifications or changes in this Agreement must be in writing and executed by the parties bound to this Agreement.

7.5 Severability

If a word, sentence or paragraph herein shall be declared illegal, unenforceable, or unconstitutional, the said word, sentence or paragraph shall be severed from this Agreement, and this Agreement shall be read as if said word, sentence or paragraph did not exist.

7.6 Attorney's Fees

Should any litigation arise concerning this Agreement between the parties hereto, the parties agree to bear their own costs and attorney's fees.

7.7 Confidentiality

Client will not disclose to any third party or use for any purpose inconsistent with this Agreement any confidential or proprietary non-public information it obtains during the term of this Agreement about Paymentus' business, operations, financial condition, technology, systems, no-how, products, services, suppliers, Clients, marketing data, plans, and models, and personnel. Paymentus will not disclose to any third party or use for any purpose inconsistent with this Agreement any confidential User information it receives in connection with its performance of the services.

7.8 Intellectual Property

In order that the Client may promote the Services and Paymentus' role in providing the Services, Paymentus grants to Client a revocable,

non-exclusive, royalty-free, license to use Paymentus' logo and other service marks (the "Paymentus Marks") for such purpose only. Client does not have any right, title, license or interest, express or implied in and to any object code, software, hardware, trademarks, service mark, trade name, formula, system, know-how, telephone number, telephone line, domain name, URL, copyright image, text, script (including, without limitation, any script used by Paymentus on the IVR or the WebSite) or other intellectual property right of Paymentus ("Paymentus Intellectual Property"). All Paymentus Marks, Paymentus Intellectual Property, and the System and all rights therein (other than rights expressly granted herein) and goodwill pertain thereto belong exclusively to Paymentus.

7.9 Force Majeure

Paymentus will be excused from performing the Services as contemplated by this Agreement to the extent its performance is delayed, impaired or rendered impossible by acts of God or other events that are beyond Paymentus' reasonable control and without its fault or judgment, including without limitation, natural disasters, war, terrorist acts, riots, acts of a governmental entity (in a sovereign or contractual capacity), fire, storms, quarantine restrictions, floods, explosions, labor strikes, labor walk-outs, extra-ordinary losses utilities (including telecommunications services), external computer "hacker" attacks, and/or delays of common carrier.

7.10 Time of the Essence

Paymentus and Client acknowledge and agree that time is of the essence for the completion of the Services to be performed and each party's respective obligations under this Agreement.

8 Indemnification

8.1 Paymentus Indemnification and Hold Harmless

Paymentus agrees to the fullest extent permitted by law, to indemnify and hold harmless the Client and its governing officials, agents, employees, and attorneys (collectively, the "Client Indemnitees") from and against all liabilities, demands, losses, damages, costs or expenses (including reasonable attorney's fees and costs), incurred by any Client Indemnitee as a result or arising out of (i) the willful misconduct or negligence of Paymentus in performing the Services or (ii) a material breach by

Paymentus

Paymentus of its covenants.

8.2 Client Indemnification and Hold Harmless

Client agrees to the fullest extent permitted by law, to indemnify and hold harmless Paymentus, its affiliates, officers, directors, stockholders, agents, employees, and representatives, (collectively, the "Paymentus Indemnitees") from and against all liabilities, demands, losses, damages, costs or expenses (including without limitation reasonable attorney's fees and expenses) incurred by any Paymentus Indemnitee as a result or arising out of (i) the willful misconduct or negligence of Client related to the Services or (ii) a material breach of Client's covenants.

8.3 Warranty Disclaimer

Except as expressly set forth in this Agreement, Paymentus disclaims all other representations or warranties, express or implied, made to the Client or any other person, including without limitation, any warranties regarding quality, suitability, merchantability, fitness, for a particular purpose or otherwise of any services or any good provided incidental to the Services provided under this Agreement.

8.4 Limitation of Liability

Notwithstanding the foregoing, the parties agree that neither party shall be liable to the other for any lost profits, lost savings or other special, indirect or consequential damages, even if the party has been advised of or could have foreseen the possibility of such damages. Paymentus' total liability for damages for any and all actions associated with this Agreement or the Services shall in no event exceed the specific dollar amount of the Paymentus Service Fee paid to Paymentus for the particular payment transaction which is the subject matter of the claim of damage.

9 Term and Termination

9.1 Term

The term of this Agreement shall commence on the effective date of this Agreement and continue for a period of 5 (five) years ("Initial Term") from the Launch Date. Services under this Agreement shall begin within 30 days of the merchant account setup.

At the end of the Initial Term, Client shall have the option, at its discretion, to extend the term

of this Agreement for an additional period of 5 (five) years ("Renewal Term"). If Client elects to renew the Agreement, it shall provide notice to Paymentus prior to the expiration of the Initial Term.

9.2 Material Breach

A material breach of this Agreement shall be cured within 90 (ninety) days ("Cure Period") after a party notifies the other of such breach. In the event, such material breach has not been cured within the Cure Period, the non-breaching party can terminate this Agreement by providing the other party with a 30 (thirty) days notice.

9.3 Upon Termination

Upon termination of this Agreement, the parties agree to cooperate with one another to ensure that all Payments are accounted for and all refundable transactions have been completed. Upon termination, Paymentus shall cease all Services being provided hereunder unless otherwise directed by the Client in writing.

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Schedule A – Paymentus Service Fee Schedule for both absorb and convenience fee models to support the preferred choice of Moulton Niguel

Paymentus Service Fee charged to the User will be based on the following table:

User Fee Model	
<input type="checkbox"/>	Average Bill Amount: \$225.00
<input type="checkbox"/>	Paymentus Service Fee
<input type="checkbox"/>	Credit/Debit Card \$2.95 (Visa, MasterCard, Discover)
<input type="checkbox"/>	ACH/ eCheck \$2.95

Absorbed Fee Model	
<input type="checkbox"/>	Average Bill Amount: \$99.00
<input type="checkbox"/>	Paymentus Service Fee per transaction
<input type="checkbox"/>	Credit/Debit Card \$1.55 (Visa, MasterCard, Discover utility Program Rate)
<input type="checkbox"/>	ACH/ eCheck \$0.35

- Maximum Amount per payment by Credit Card in a convenience fee model channel is \$600.00. Multiple payments can be made.
- Maximum Amount per payment in the absorbed model channels is \$10,000.00 by eCheck or Credit Card .Multiple payments can be made.
- The Paymentus Service Fee will be collected in addition to the end-user bill payment total. Paymentus may apply different limits per transactions for user adoption or to mitigate risks.
- Paymentus agrees to provide integration by batch process to JD Edwards for payments made
- Paymentus agrees to work with other web portals as needed to assist in providing payment services and to provide IVR services as needed.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** May 15, 2017

FROM: Joone Lopez, General Manager
Drew Atwater, Director of Planning

SUBJECT: California Data Collaborative Fiscal Year 2017-18 Participation

DIVISION: District-wide

SUMMARY:

Issue: MNWD is one of the founding members of the California Data Collaborative (CaDC) and provides administration services for the CaDC. The District's proposed participation for the next fiscal year requires Board approval.

Recommendation: It is recommended that the Board of Directors authorize the General Manager or designee to execute an agreement for an additional \$35,000 with the National Center for Civic Innovation to support the analytics work with the California Data Collaborative.

Fiscal Impact: The funds for this project are included in the proposed Fiscal Year (FY) 2017-18 Water Efficiency Fund Operating Budget.

Reviewed by Legal: Yes

Background:

The CaDC is a first-of-its kind, diverse partnership representing 21 million Californians, initiated by water managers who identified a need to provide agencies throughout California with access to data in a transparent, secure, and efficient manner. With the support from cities, water, and land planning agencies, and other project collaborators and in-kind services from the public and private sectors, these organizations have come together to ensure California has reliable water today and

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California Data Collaborative Fiscal Year 2017-18 Participation

May 15, 2017

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into the future. Ingesting data from individual agencies and standardizing them into a centralized, open platform allows for enhanced sharing and understanding of how different policies and demand management strategies work, and recognizes the unique conditions of each geographic area.

Recognizing an undertaking this large could only be efficiently implemented through collaboration, several agencies including MNWD helped coordinate an effort to get others throughout the State involved. As the “collaborative” continues to grow, the opportunity increases to gather more accurate data to help manage water demands through economies of scale. Current agencies involved with the CaDC include:

1. City of Sacramento
2. City of Santa Rosa
3. East Bay Municipal Utilities District
4. Eastern Municipal Water District
5. El Toro Water District
6. Inland Empire Utilities Agency
7. Irvine Ranch Water District
8. Las Virgenes Municipal Water District
9. Metropolitan Water District of Southern California
10. Monte Vista Water District
11. Moulton Niguel Water District
12. Santa Ana Watershed Project Authority
13. Santa Margarita Water District

The California Data Collaborative operates as an inter-sectoral Memorandum of Understanding run through the National Center for Civic Innovation (a non-profit governed by the Fund for the City of New York for work done outside New York) as a fiscally sponsored non-profit. To date, MNWD has contributed \$50,000 towards the work of the CaDC through Phase 1A and Phase 1B with the total revenues and expenses below:

Phase 1A	1/21/16 to 9/30/17
Revenues	\$150,000
Expenses	\$149,278

Phase 1B	10/1/16 to 6/30/17
Revenues	\$277,300
Expenses (through 3/30/2017)	\$163,685

The CaDC has won multiple accolades including recognition from the White House in March 2016, best urban tool in the Joint State of CA and Whitehouse Hackathon, and

California Data Collaborative Fiscal Year 2017-18 Participation

May 15, 2017

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nomination for the Golden Hub of Innovation Award from ACC-OC this spring. CaDC member agencies met in March 2017 to discuss the proposed budget and fees for the upcoming fiscal year. The CaDC operates under a consensus model with all member agencies.

Discussion:

District staff currently collaborate with the California Data Collaborative staff on numerous projects including:

- Rate modeling to support the 2018 rate study
- Evaluating water savings from efficiency programs in conjunction with other agencies
- Orange County Public Works collaboration on dry-weather runoff data integration
- Evaluation of state-wide agency-wide water budgets to determine impacts of the Governor's Long Term Efficiency Framework
- Fall Water Data Summit, which draws talent from the water, tech, and academic sectors, and provides a collaborative forum for innovation and development.

Additionally, the demand forecasting work done jointly with the Data Collaborative and volunteer data scientists from Netflix for DataKind, supported the recycled water masterplan analysis to ensure recycled water infrastructure wasn't oversized, ultimately resulting in savings of almost \$20 million. The project is sole source as no private or public entity currently provides the same services as the California Data Collaborative.

District staff recommends the Board authorize the General Manager to execute the agreement for FY 2017-18. The proposed agreement, which has been reviewed and approved by legal, is provided in Exhibit A.

Attachment: Exhibit A – California Data Collaborative Analytics Agreement

THIS DRAFT ANALYTICS AGREEMENT IS PROVIDED FOR INFORMATION ONLY. THE NATIONAL CENTER FOR CIVIC INNOVATION IS NOT OBLIGATED IN ANY MANNER BY VIRTUE OF YOUR RECEIPT OF THIS INFORMATION. ALL TERMS AND CONDITIONS OF ANY ACTUAL AGREEMENT REMAIN NEGOTIABLE UNTIL THE EXECUTION OF A WRITTEN AGREEMENT BY THE PARTIES.

ANALYTICS AGREEMENT

THIS ANALYTICS AGREEMENT (hereinafter "Agreement"), is made and entered into by and between MOULTON NIGUEL WATER DISTRICT, a California public agency, having its principal place of business at 27500 La Paz Road, Laguna Niguel, CA 92677 (hereinafter "MNWD") and THE NATIONAL CENTER FOR CIVIC INNOVATION having offices at 121 Avenue of the Americas, 6th Floor New York, NY 10013-1590 (hereinafter "NCCI").

WHEREAS, Patrick Atwater serves as project manager for the California Data Collaborative ("CaDC") per a Memorandum of Understanding between CaDC participating agencies dated January 21, 2016. The CaDC is an inter-sectoral partnership bringing together water agencies with leading academic, technology and nongovernmental institutions which was originally formed by some of said participating agencies. MNWD was one of the founding agencies of the CaDC and has an interest in further participation in the CaDC project in anticipation of potential benefits to CaDC members, MNWD and the people of California from such analytics. In addition to his activities as a project manager to CaDC, the parties to this Agreement desire to have Patrick Atwater serve as project manager ("Project Manager") on behalf of NCCI in connection with performance of the analytics under this Agreement; and

WHEREAS, NCCI is a 501(c)(3) nonprofit corporation that enters into agreements with sponsors to provide project staff the opportunity to develop useful analytics for municipal managers as an appropriate public service. ARGO Labs is a Project of NCCI that has developed data infrastructure that powers valuable analytics for the CaDC and other municipalities; and

WHEREAS, MNWD desires to provide some financial support toward the development of such analytics per its role as a member of the CaDC; and, NCCI desires to conduct such analytics on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the terms and conditions set forth below, the parties agree as follows:

Section 1

ANALYTICS

1.1 Scope of Analytics. Subject to the terms and conditions of this Agreement, NCCI will use reasonable efforts to perform analytics in accordance with the "CaDC Phase 1B Scope of Work Common Across Participating Agencies" ("Analytics"), which is attached as Exhibit A, and incorporated herein solely for the purpose of describing the Analytics.

1.2 Implementation of Analytics. NCCI's relationship to MNWD in the performance of Analytics is that of an independent contractor. NCCI shall have the right to identify and

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implement the method, details, and means of performing the Analytics for MNWD.

1.3 Project Manager. NCCI's performance of the Analytics shall be under the direction of Project Manager, who shall be responsible for the administration and direction of the Analytics and for providing the content which will be the subject of the Analytics. In the event that the Project Manager becomes unable or unwilling to continue work under the Analytics, NCCI will use reasonable effort to name an alternate Project Manager to perform the Analytics, subject to MNWD's consent. If the NCCI is unable to identify an alternate Project Manager or if MNWD does not provide consent to such named alternate, then MNWD may terminate this Agreement in accordance with Section 7 below.

1.4 Technical Contact of MNWD. MNWD shall designate an individual who shall coordinate with the Project Manager and each shall have the responsibility in respect to the Analytics to: (i) serve as the interface between the parties regarding the conduct of the Analytics; (ii) obtain and provide technical information, data, decisions or approvals; and (iii) resolve deviations in information and data provided for the Analytics, and assist in resolving issues either party may have in connection with the terms of this Agreement and the Analytics.

Section 2

ANALYTICS FUNDS

2.1 Analytics Funds. This Agreement is a cost-reimbursement contract with a fixed payment schedule. In accordance with Section 2, Paragraph 2.2 of this Agreement, MNWD shall pay NCCI the applicable funds and expenses for performing the Analytics set forth in Exhibit B "Budget", which funds shall include, without limitation, the direct and indirect costs of the Analytics, supplies, equipment, and a proportionate share of the compensation to be paid to Project Manager (hereinafter, "Funds"). The Project Manager shall have the authority to reallocate any portion of the Funds, in furtherance of the Analytics, in accordance with the Budget and this Agreement. During the term of the performance of the Analytics, if NCCI determines there are changed conditions which require an adjustment to the Budget and additional Funds, NCCI may request additional Funds from MNWD, which request shall not be unreasonably withheld.

2.2 Payment Method.

The total estimated cost of this Agreement for MNWD is \$35,000. MNWD shall pay NCCI in accordance with the following schedule and upon thirty (30) days' receipt of NCCI's invoice:

Upon full execution of this Agreement \$35,000 for fiscal year 2017-18 costs.

Payment must be made payable to "The National Center for Civic Innovation", reference the name of its project ARGO, and be sent to:

NCCI/ARGO
121 Avenue of the Americas, 6th Floor
New York, NY 10013

2.3 Accounting. Notwithstanding the foregoing, the Project Manager shall have the right to rebudget expenses and carry forward unexpended Funds to the following year. In addition, upon the expiration or termination of this Agreement, NCCI may submit to MNWD a statement of actual expenditures for any services performed under this Agreement prior to the effective date of termination. MNWD shall pay any such Funds due within sixty (60) days from receipt of such statement, or if in the case of a balance of Funds, NCCI shall refund any such amounts.

2.4 Supplies and Equipment. In the event that NCCI purchases supplies and equipment under this Agreement, title to such supplies and equipment shall vest in NCCI.

Section 3

RIGHTS IN DATA

3.1 Data. NCCI shall, in accordance with established NCCI policies and practice, keep notes and records of data and information shared by MNWD and generated in the performance of the Analytics under this Agreement (hereinafter "Data").

3.2 NCCI Rights to Data. NCCI shall steward and secure any data provided by MNWD according to the terms outlined in Section 5 "CONFIDENTIAL INFORMATION."

3.3 MNWD Rights to Data. Subject to the provisions of Sections 4 and 6 below, MNWD shall have the right to use all written Summary Reports provided to MNWD and shall have the right to obtain and use any and all scientific publications and communications developed by NCCI, as set forth below, at no cost additional cost.

Section 4

PUBLICATION

4.1 NCCI Rights to Publish. MNWD acknowledges and agrees that NCCI's fundamental consideration in performing the Analytics under this Agreement shall be NCCI's right to first publish the results of such Analytics for academic and scientific purposes. NCCI shall submit any proposed manuscript for publication to the Technical Working Group thirty (30) days prior to the submission for publication, and any proposed abstract to the Technical Working Group seven (7) days prior to submission for publication ("Review Period"). The Technical Working Group shall be comprised of the following one designated person from each fully participating CaDC agency. In the event the Technical Working Group or MNWD staff in the Technical Working Group identifies any Confidential Information (as defined in Section 5 below) contained in such proposed publication or abstract, MNWD shall notify NCCI during the applicable Review Period and specifically identify the Confidential Information. NCCI shall delete such Confidential Information from the proposed publication or abstract. In the event

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MNWD identifies any patentable subject matter contained in the proposed publication, MNWD shall notify NCCI of such matter during the Review Period and NCCI shall either (i) delay the proposed publication for a period of up to sixty (60) days from the date of receipt of MNWD's notification in order to provide time for MNWD to obtain appropriate patent protection thereon, or (ii) delete the enabling portion from the proposed publication and proceed with publication. NCCI shall acknowledge MNWD's support of the Analytics performed under this Agreement in scientific publications and other scientific communications.

Section 5

CONFIDENTIAL INFORMATION

5.1 Definition of Confidential Information. For purposes of this Agreement, the term "Confidential Information" shall be deemed to be used in the most comprehensive and broadest sense and shall mean all information generated and/or provided by MNWD, that is confidential and/or proprietary in nature, including without limitation, MNWD's customer information, including without limitation, names, meter numbers, utility usage data, addresses, telephone numbers, facsimile numbers and/or e-mail addresses.

5.2 Exclusions. Notwithstanding the foregoing, Confidential Information shall not include any information which is: a) published or otherwise available to the public other than by breach of this Agreement by NCCI; b) rightfully received by NCCI from a third party without confidential limitations; c) independently developed by NCCI; d) known to NCCI prior to its first receipt from MNWD; e) hereinafter disclosed by MNWD to a third party without restriction on disclosure; f) approved for release by written authorization of MNWD; or (g) required to be disclosed to the extent mandated by legal, accounting or regulatory requirements.

5.3 Standard of Care. NCCI shall use reasonable efforts, in accordance with NCCI's treatment of its own confidential information to maintain its confidentiality, to prevent the disclosure of Confidential Information to third parties during the term of this Agreement and for three (3) years thereafter.

5.4 No Disclosure

(a) NCCI agrees to hold and maintain the Confidential Information in the strictest confidence and shall not disclose all or any portion of the Confidential Information to any other party without MNWD's prior written consent. NCCI shall not disclose or permit the disclosure of all or any portion of the Confidential Information to any employee, agent, or other representative of such party and/or its affiliate(s) other than those with a need to know who have been advised of this Agreement and such party's obligations hereunder and who represent and warrant to such party in writing that they agree to be bound by the terms of this Agreement.

(b) Notwithstanding anything set forth herein or elsewhere in this Agreement to the contrary, NCCI may disclose Confidential Information if required to do so by applicable law,

order or regulation; provided, however, that it shall not so disclose any Confidential Information pursuant to this sentence without first giving MNWD at least five (5) business days' prior written notice of NCCI's intention to make such disclosure to allow MNWD to seek a protective order or other judicial relief or otherwise have an opportunity to prevent the disclosure.

(i) For example, and not by way of limitation, the parties agree, within the requirements of the Public Records Act and any other applicable State or federal law, to protect all Confidential Information from disclosure and preserve any and all applicable exemptions under the Public Records Act and any applicable legal privileges for such Confidential Information, to the same degree of care and legal responsibility as each party protects their own confidential and proprietary information from disclosure.

5.5 Term The rights and obligations in regard to Confidential Information shall survive the expiration or termination of this Agreement and shall remain in effect unless or until all Confidential Information that has been provided to NCCI has been returned to MNWD or otherwise deleted or removed from the possession of NCCI in the manner as determined in MNWD's sole discretion.

Section 6

INTELLECTUAL PROPERTY RIGHTS

6.1 No implied licenses. Nothing contained in this Agreement shall be deemed to grant either directly or by implication, estoppel, or otherwise any rights under any patents, patent applications or other proprietary interests, whether dominant or subordinate, of any other invention, discovery or improvement of either party, other than the specific patent rights covering inventions arising under this Agreement.

6.2 Publication. Notwithstanding any other provision of this Agreement, the right of publication on the part of NCCI personnel shall not be affected by any license to any patentable or non-patentable inventions or discoveries except as provided for in Section 4 above.

Section 7

TERM AND TERMINATION

7.1 Term. The term of this Agreement shall commence on July 1, 2017 ("Effective Date") and shall continue through June 30, 2018. At the end of such term, this Agreement may be renewed upon mutual written agreement of the parties.

7.2 Termination for Cause. This Agreement may be terminated by either party, if the other party breaches any material obligation provided hereunder and the breaching party fails to cure

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such breach within thirty (30) days from receipt of notice outlining the nature of the breach. In the event such material breach is not cured within the applicable period of time noted above, then the non-breaching party may immediately terminate this Agreement by providing written notice to the other party. Reconciliation of Analytics expenditures and MNWD's payments shall be in accordance with Section 2, Paragraph 2.3 of this Agreement. NCCI shall make good faith efforts to avoid incurring additional costs following either party's notice of termination.

7.3 Termination for Convenience. This Agreement may be terminated by either party with sixty (60) days written notice to the other party for any reason or no reason. Reconciliation of Analytics expenditures and MNWD's payments shall be in accordance with Section 2, Paragraph 2.3 of this Agreement. Such reconciliation shall also take into account NCCI's non-cancellable obligations incurred prior to the effective date of termination of the Agreement, including without limitation, any support for any student of NCCI for the duration of the then current academic quarter.

7.4 Survival. The following provisions shall survive any expiration or termination of this Agreement: Sections 3, 4, 5, 6, 8, 9, 10 and 11.

Section 8

NOTICES

8.1 Notices. All notices or reports permitted or required under this Agreement shall be in writing and shall be delivered by email or personal delivery or by certified or registered mail, return receipt requested, and shall be deemed given upon actual receipt. Notices shall be sent to the parties at the physical and / or email addresses described below or such other address as either party may designate for itself in writing.

For Scientific/Technical Matters:

NCCI

Attn: Patrick Atwater
Project Manager

MNWD Moulton Niguel Water District

Attn:
27500 La Paz Road

Laguna Niguel, CA 92677
Phone:

For Contractual/Agreement Matters:

NCCI

Attn: Michael Napolitano
Portfolio Manager
121 Ave. of the Americas

MNWD Moulton Niguel Water District

Attn:
27500 La Paz Road
Laguna Niguel, CA 92677

6th Floor
New York, NY 10013
Phone: 212-925-6675
Email:
PortfolioManagers@NCCI.org

Phone:
Fax:

Section 9

LIMITATION OF LIABILITY

9.1 Consequential Damages. In no event shall either party be liable to the other party for any loss of use, interruption of business, or any indirect, special, incidental, exemplary, or consequential damages of any kind (including lost profits) regardless of the form of action whether in contract, tort, (including negligence), strict product liability, or otherwise, even if such party has been advised of the possibility of such damages.

9.2 Limit on Direct Damages. Excluding each party's indemnity obligations under section 10 below, in no event shall each party's liability to the other party under this agreement exceed the amount of funds hereunder.

9.3 No Warranties. Any and all data, materials, technology, inventions, discoveries, and tangible analytics products developed by NCCI under the Analytics are provided "as is" and NCCI makes no warranties, express, implied or statutory, and expressly disclaims any and all implied warranties of merchantability, fitness for a particular purpose, title and noninfringement. Any and all data, materials, and information provided by MNWD under this agreement are provided "as is" and MNWD makes no warranties, express, implied or statutory, and expressly disclaims any and all implied warranties of merchantability, fitness for a particular purpose, title and noninfringement.

Section 10

INDEMNIFICATION

10.1 NCCI Indemnification. NCCI agrees to indemnify, defend, and hold MNWD, its officers, employees and agents, harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of the performance of this Agreement, but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of NCCI, its officers, agents, or employees.

10.2 MNWD Indemnification. MNWD agrees to indemnify, defend, and hold NCCI, its officers, employees and agents, harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of the performance of this Agreement, but only in proportion to and to the extent such liability, loss,

expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of MNWD, its officers, agents, or employees.

Section 11

MISCELLANEOUS

11.1 Governing Law and Forum. This Agreement shall be governed in all respects by the laws of the State of California without regard to conflicts of law principles. All disputes arising under this Agreement shall be brought, as permitted by law, in the state courts in the State of California. Such courts shall have exclusive jurisdiction over disputes under this Agreement. Each party consents to the personal jurisdiction of the above courts.

11.2 Force Majeure. NCCI shall be excused from performance required under this Agreement if such performance is rendered impossible or unfeasible due to any events beyond its reasonable control, including without limitation to: war, riot, natural disasters, weather, labor disputes or strike, acts of governmental officials or agencies, or any other cause beyond the reasonable control of NCCI. The excusable delay is allowed for the period of time affected by the delay, and the parties will revise the Analytics performance or other provisions hereunder as appropriate.

11.3 Severability. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole.

11.4 Headings. The section headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or extent of such section or in any way affect this Agreement.

11.5 Assignment. Neither party may delegate, assign or transfer this Agreement, the rights or duties hereunder without the other party's express prior written consent. Notwithstanding the foregoing, MNWD may assign this Agreement without NCCI's prior written consent in the event of a merger, reorganization or acquisition of MNWD in which MNWD is the surviving entity.

11.6 Entire Agreement and Modification. This Agreement constitutes the entire agreement between MNWD and NCCI and supersedes in their entirety any and all oral or written agreements previously existing between MNWD and NCCI with respect to the subject matter. The terms and conditions of any purchase order or other instrument issued by MNWD in connection with this Agreement which add to or differ from the terms and conditions of this Agreement shall be of no force or effect. This Agreement may only be amended or supplemented by a writing that refers explicitly to this Agreement and that is signed by duly authorized representatives of MNWD and NCCI. In the event of any conflict between the terms and conditions set forth in this Agreement and the Exhibits, the parties agree that the terms and conditions of the Agreement shall take precedence.

11.7 No Third Party Beneficiaries. The parties do not intend to create rights in, or to grant remedies to, any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established in this Agreement.

11.8 Counterparts This Agreement may be executed in counterparts, each of which shall be deemed an original. The signature of a Party by facsimile will be effective provided that an original is concurrently sent to all other Parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

NCCI

By:

Name: Mary McCormick

Title: President

Date:

Moulton Niguel Water District

By:

Name:

Title:

Date:

#7.

EXHIBIT A

CaDC Fiscal Year 2017-2018 Common Scope of Analytics

CaDC Fiscal Year 2017 - 2018 Scope of Work

July 1, 2017 through June 30, 2018

Summary of successes to date

Since launching in January of 2016, the California Data Collaborative partnership has grown from seven to fourteen water agencies and developed a broad network of academic, technology and industry collaborations. This visionary investment from leading water utilities has already shown results. Key successes are summarized below.

1. CaDC staff has completed a rapid assessment of Governor Brown's statewide water use efficiency targets in partnership with Claremont Graduate University.
2. Working in deep collaboration with members of the technical working group, CaDC staff has implemented the requested feature improvements to the rate comparison tool.
 - a. In addition, CaDC staff has developed a new open water rate specification to deploy tool more efficiently.
3. CaDC staff has also ongoing evaluation of outdoor water use efficiency programs.
 - a. Statistical analysis of water savings
 - b. CGU collaboration on remote sensing to measure changes in photosynthetically active turf to estimate the peer effect associated with turf rebate programs.
 - c. Civic Spark Survey of Outdoor water use attitudes

Perhaps of most long term value is the underlying investment in new 501(c)3 nonprofit data infrastructure and the ability to leverage that data to support water managers in ensuring water reliability for years to come.

CaDC Staffing

The CaDC project has been staffed cost effectively through ARGO Labs, a 501(c)3 civic data science nonprofit. This data team will work closely with the new data action teams in the coming fiscal year to improve how CaDC analytics are operationalized to support participating water utilities.

Position	Description	Current	Proposed FY 17-18
CaDC Project Manager	Ensure analytics support water managers	Full Time	Full Time
CaDC Data Scientist x2	Integrate data and develop analytics	Full Time x 2	Full Time x 2
Program Coordinator (Part time contractual)	Streamline integrating data, managing CaDC events, supporting deployment of tools	60 estimated hours a month	Full Time
Backend Engineering (Part time contractual)	Build underlying data infrastructure	100 estimated hours a month	Utility growth or expansion projects
Administrative Assistant (Part time)	Scheduling, invoicing, and other administrative tasks as necessary	N/A	40
TOTAL		3.5 FTE	4.5 FTE

The CaDC partnership has also benefited from its diverse network of academic and technological talent, enjoying low cost and pro bono internship and volunteer projects as detailed below.

Position	Description	Estimated Total Hours for Phase 1B
Research Fellows x3	<ul style="list-style-type: none"> • Redeploying demand forecasting tool for EMWD • Developed AB 1755 feasibility study • Conduct open accuracy assessment with remote sensing vendors 	400 total or 40 hours a month
Analytics Interns x2 (In California)	Support core CaDC analytics development	400
CUSP Winter Internship (6x in NYC)	<ul style="list-style-type: none"> • Inventory and develop metadata for every dataset in AB 1755 • Supplement CIMIS evapotranspiration data with additional sources • Standardize utility water rates across California 	240

The core CaDC budget for the next fiscal year focuses on funding staffing to support utilities in operationalizing CaDC analytics deployed for participating retailers including the CaDC efficiency explorer tool, rate comparison tool and demand forecasting tool.¹

FY 2017 - 2018 Core Dues Structure

¹ Note the demand forecasting tool is a tailored collaboration working to pilot the approach with specific agencies. This pilot is staffed primarily through a CaDC research fellow and the tool was initially developed by a DataKind volunteer team.

The following diagram details core CaDC revenue for the scope of work common across agencies.

Jan 2016	Sep 2016	July 2017	June 2018
Phase 1A	Phase 1B	FY 2017-18	
Budget: \$150k	Revenue to date: \$284.8k	Proposed core budget: \$402k	

At the March 10, 2017 CaDC Administrative meeting, staff across participating utilities discussed annualizing and expanding membership to fund additional staffing. The resulting fee structure is broken down by the number of retail metered connections that a utility serves:

1. Utility cost for full metered use data integration
 - a. Less than 15,000 meters = \$17,500
 - b. Between 15,000 – 150,000 meters = \$35,000
 - c. More than 150k = \$70,000

These resources will empower increased staffing to support CaDC utilities in operationalizing CaDC analytics. This plan is being implemented in collaboration with the technical working group through the targeted CaDC data action teams.

Participating wholesalers can sponsor retailers in their service with full metered use data integration fees determined as above. In addition, CaDC staff can develop customized open source analytics solutions for participating wholesalers using system operations data as detailed in the “potential additional work with system operations data” section.

In addition, utilities may elect to participate as a CaDC knowledge sharing member in order to participate in technical working group workshops, collaborate with other CaDC data action team members in monthly webinars, two tickets to the annual CaDC water data summit and have input into CaDC initiatives to set new data standards. That fee is a flat \$5,000 for member participation.

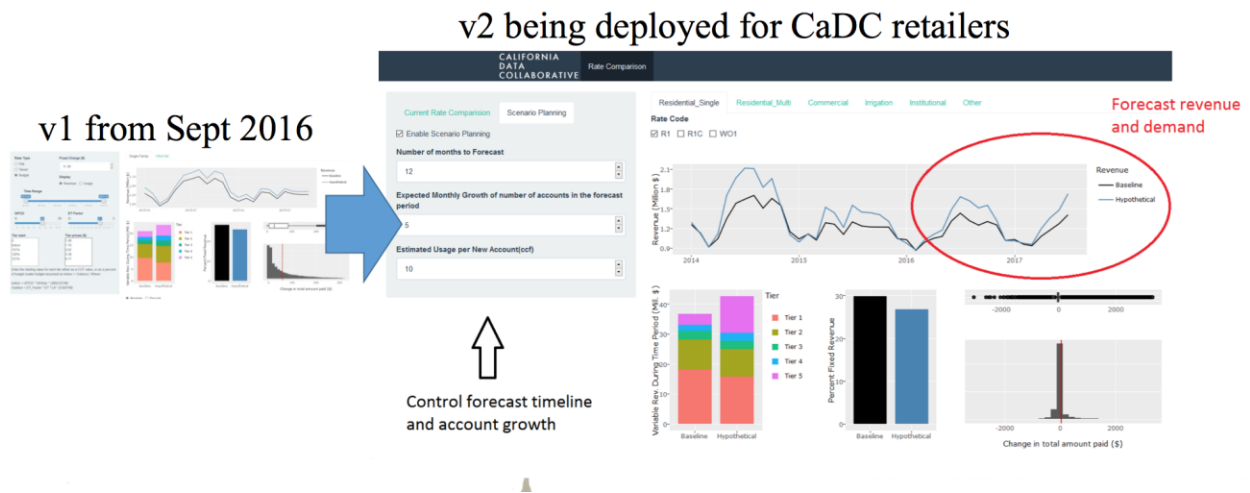
FY 2017-18 Focus: Operationalizing CaDC Analytics

CaDC staff has developed new cutting edge open source analytics to benefit participating utilities. These tools are described briefly below and the focus of the 2017-18 fiscal year is

expanding the impact and usefulness of these tools through targeted CaDC data action teams. These five teams coordinate CaDC work in 1) statewide efficiency targets 2) water use efficiency evaluation 3) rate modeling 4) demand forecasting and 5) events and communications.

Rate Comparison

The CaDC Rate Comparison tool is an open source software tool developed by the California Data Collaborative (CaDC) designed to estimate the impact of a water rate shift. Open source means the tool benefits from in-kind academic and other technology collaborations, as well as review and comments from other individuals and organizations. This tool has matured greatly in the past six months and has expanded to incorporate all customer classes and enhanced scenario planning functionality to project growth in accounts broken out by each customer class.



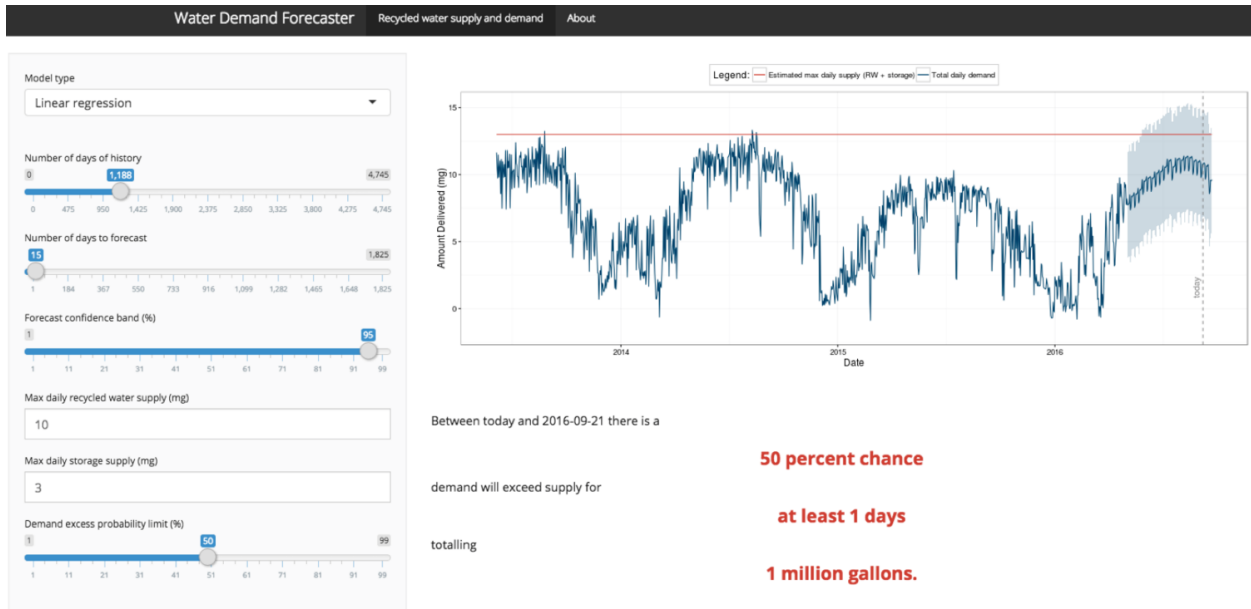
Efficiency Explorer

The efficiency explorer tool has a statewide and neighborhood level component. These interactive dashboards are supplemented by deeper analyses by CaDC staff responding to participating agency data action team member requests.

- *Statewide efficiency explorer*
- *Neighborhood level efficiency explorer*
- *CaDC staff analyses responding to agencies' requests*
 - These efficiency explorer tools are aimed to provide a simple, easy to navigate picture of water efficiency across a utility's service area. That simple water efficiency benchmarking exercise will be supplemented by CaDC staff responding to water use efficiency evaluation data action team member requests. Common requests across utilities will be formalized into a reusable report generated by a CaDC programming tool.

Demand forecaster

Faced with a historic drought and future uncertainty, California water managers need all the tools they can get to ensure water reliability. Short term demand forecasting has a long track record of helping manage peak loads in energy, and this new tool created by DataKind brings that approach to help manage recycled water demand peak loads and reduce the need for potable makeup water for irrigation watering. The CaDC water demand forecasting tool allows users to select the number of days of history to use for the forecast and how long into the future to forecast. In addition, it shows the uncertainty with the forecast and calculates the probability that outdoor irrigation demand will exceed recycled water supply. This tool will be deployed for agencies with recycled water and outdoor irrigation demand optimization needs. The results of the pilot will be shared with CaDC members and the underlying demand forecasting technology improvements will be recorded so that they can be deployed for other agencies.



The foundation of the core CaDC project deliverables for FY 17-18 involves improving these CaDC analytics and operationalizing them with partner CaDC utilities via data action teams.

FY 2017-18 Core CaDC Project Deliverables

Over FY 2017-18 the CaDC will work with the CaDC data action teams to operationalize CaDC analytics. These data action teams will meet monthly and will work collaboratively to integrate these tools into ongoing CaDC utility workflows to benefit their utilities. In addition, the full technical working group will continue to meet quarterly to find common points of collaboration. Lastly CaDC staff will work with the Outreach / Events Data Action Team to put on the 2017 CaDC water data summit in September. Furthermore, CaDC staff will develop feature

improvements to CaDC analytics as described below to expand the value of the project for participating utilities.

There has been discussion of piloting a new system operations data integration project to explore in particular the nexus between indoor water use and recycled water flows. That work is currently being planned and would be covered by a separate scope of work.

Rate Comparison Feature Upgrades: Estimate the demand effects of price changes
(Rate Comparison Data Action Team)

Currently, Rate Comparison assumes constant demand based on historical water use. After this work, the tool will update demand estimates based on change in price from a historical baseline and a user-provided price elasticity.

This involves the following functionality:

1. Allow users to specify a price elasticity, but provide a default from the literature.
 - a. The initial default for utilities can be the price elasticity developed² by USBR Economist Steven Piper in the 2014 study “The Influence of Conservation Pricing and Other Non-Price Factors on Residential Water Demand”, or another requested study.
2. Estimate hypothetical water demand given change in price and user-provided elasticity.
 - a. This will be implemented as the impact of a change in nominal average price on average demand in line with the methodology and data aggregation used in Steven Piper’s study. Potential methodological improvements will be discussed by the CaDC research committee and upon recommendation by said Committee, incorporated into the CaDC rate comparison tool.

This functionality will improve the CaDC rate comparison tool to support water managers in dynamic and industry leading “what if” analysis to understand and plan for the impact of prospective rate changes.

Statewide Efficiency Targets: Supporting Water Utilities in Planning for the Future
(Statewide efficiency target data action team)

The CaDC powered by ARGO Labs has conducted a first assessment of statewide efficiency targets described in Governor Brown’s May 2016 Executive Order on “Making Conservation a California Way of Life” (EO).³

The CaDC statewide efficiency explorer tool allows users to navigate statewide residential water efficiency targets. The key excerpt from the EO is copied below:

² <http://www.usbr.gov/research/projects/detail.cfm?id=414>

³ https://www.gov.ca.gov/docs/5.9.16_Attested_Drought_Order.pdf

“These water use targets shall be customized to the unique conditions of each water agency, shall generate more statewide water conservation than existing requirements, and shall be based on strengthened standards for:

- A. Indoor residential per capita water use;*
- B. Outdoor irrigation, in a manner that incorporates landscape area, local climate, and new satellite imagery data;*
- C. Commercial, industrial, and institutional water use; and*
- D. Water lost through leaks.”*

This high level executive order is further specified in the draft report from the Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB).⁴ This initial iteration funded by the Water Foundation focuses on residential water efficiency.

In particular, the CaDC Efficiency Explorer focuses on residential indoor and residential outdoor water use to set an initial target. The CaDC Efficiency Explorer tool incorporates this target calculation for any user-selected time period.

In addition, the CaDC Efficiency Explorer tool is policy-neutral and enables users to input an indoor GPCD and/or outdoor ET adjustment factor of their choosing. In each user-defined scenario, the aggregate statewide residential target for the previous twelve months is shown against the existing SBx7-7 target and the total residential usage for that same period.⁵

In FY 17-18, CaDC staff will maintain this tool for the benefit of CaDC member utilities to plan for future potential policy changes. In addition, staff will work collaboratively with other participating utilities to scope the data requirements to expand outdoor irrigation from residential to all customer types.

CaDC staff has also developed an applied research and development partnership with NYU CUSP to benchmark CII water use as called for by section 2C of the executive order. Working with Professor Constantine Kontokosta of NYU's Center for Urban Science and Progress, the CaDC is benchmarking efficient water use across Commercial, Industrial, Institutional and Multifamily Residential customer classes using our standardized data. This approach has been pioneered by CaDC staff for NYC, resulting in an award-winning Energy & Water Performance Map and associated journal paper. Lastly, CaDC staff looks forward to working with partner utility staff to scope the data requirements to improve leak loss detection.

Water Use Efficiency Report: Supplementing the Interactive Efficiency Explorer Dashboard

(Water Use Efficiency Evaluation Data Action Team)

⁴ http://www.water.ca.gov/wateruseefficiency/conservation/docs/EO_B-37-16_Report.pdf

⁵ Note the SBx7-7 target is an aggregate utility wide number that is adjusted by the percent of residential usage for the utility service area obtained from the monthly supplier report.

The Phase 1A Scope of Work involves integrating metered customer use data from participating agencies into the standardized “Strategic California Urban Water Use Data Waterhouse” (“SCUBA”) schema. In addition the Phase 1A Scope involves analyzing water use patterns by customer demographics, geographic, temporal and hydrologic factors.

Based on a request from WMWD for a Water Use Efficiency Master Planning Report, CaDC staff will stratify participating retailer customers by:

- Customer class
- Customer factors (household size and landscape area)
- Seasonal consumption trends
- Observed changes in water use due to policy factors (drought, rates, programs)
- Ranking of customers from least efficient to most efficient
- Water savings potential

This work will be developed through automated reporting code so that it benefits all CaDC participating agencies.

Streamlining participation in research projects and setting a new standard for statistical excellence in the water industry

(Research Committee and Water Use Efficiency Evaluation Data Action Team)

As part of the Phase 1B NDA, CaDC utilities can share data subject to written permission from the requisite utility management. Core metered use data can be leveraged for additional projects. One of these is the aforementioned applied research project in partnership with NYU CUSP on CII water use. In addition, CaDC staff can share this data with other academic research projects subject to written permission from the respective utility management. That process has been legally incorporated into the CaDC non-disclosure agreement and CaDC staff has been collaborating with UC Davis on their trust framework, NYU CUSP on its data facility “safe data” protocols, and researching global best practices. Those will be operationalized with the CaDC Research Committee composed of technical working group staff and academic collaborators.

In addition, CaDC staff has developed open source statistical packages as part of its work measuring the water savings of turf removal. CaDC staff will work with researchers to publish the statistical analysis as part of their research as part of the “open science” trend in academia to make research replicable and reproducible.

Pilot demand forecasting tool and share results with other CaDC members

(Demand Forecasting Data Action Team)

CaDC staff has developed prototype demand forecasting tools for several CaDC agencies. These tools will be integrated into those CaDC partner utility operations in FY 17-18 and

iteratively improved. Lessons learned from this pilot will be disseminated and discussed with the larger group of CaDC members.

Potential additional work

(Would involve integrating additional data)

The CaDC project to date has focused on integrated metered water use data to support water managers in achieving water reliability. That data has been invaluable in highlighting the unique local circumstances of California's water utilities and supporting agencies in navigating the rapidly evolving statewide landscape through new open source analytics.

Additionally, there has been some interested for the CaDC project to broaden to supplemental data streams. Those are listed below and would require a specific work plan and budget to adequately resource that new work.

1. Storm water data collaboration (pilot with OC Public Works and MWND)
2. SCADA Flow Data
 - a. Analyzing indoor water use, sewer flows, and recycled water capacity
 - b. Energy water nexus optimization
3. Collaborating with the state on AB 1755 implementation

Appendix 1 -- CaDC Data Action Teams and Committee Structure

CaDC Data Action Teams

The big bullets list the CaDC data action teams with participating agency staff. The sub-bullets list the items the data action team will address. Links provide context on the team projects.

1. [Statewide Efficiency Targets team](#)
 - o Statewide Efficiency Explorer
 - o Landscape area
 - o CII
 - o Leak loss
2. [Water Efficiency Evaluation team](#) (Water Resources)
 - o Statistical Methods
 - o WUE Summary Report
 - o Civic Spark Survey
 - o Neighborhood-level Efficiency Explorer
3. [Rate Comparison team](#) (Finance)
 - o Statistical Methods

- [OWRS](#)
- Rate comparison tool
- User guide development
- 4. [Demand Forecasting team](#) (Planning / Operations)
 - Statistical methods
 - Tool deployment
- 5. Outreach / Event team (Public Relations)
 - Data Summit Planning
 - Workshop Planning
 - Marketing / Case Studies/ Press Releases

Other CaDC Committees

1. Research Committee
 - Topics
 - i. Statistical methods
 - ii. QA / QC data sharing procedures
 - iii. Discuss potential new research projects
 1. Rotating academic presentations / webinars
2. Administrative Committee
 - Responsibilities
 - i. Approve membership fees
 - ii. Ensure quality and timely completion of work
 - iii. Approve new data action teams
 - iv. Review project budget

Appendix 2 -- Phase 1B Progress Report

(March 2017)

Data-driven demand management

Phase 1B Task 2.0	Status	Staffing
Develop rate modeling tool	Deployed as part of MNWD 2017 budget	<u>CaDC</u> core data team and MNWD collaboration
Second iteration of water savings statistics (including additional rebates)	In progress – ETA Summer 2017	<u>CaDC</u> core data team and part-time project statistician
Demand forecasting	In progress	UCLA Research Fellow and EMWD collaboration
Survey outdoor water use attitudes	Survey begins 4/1	Civic Spark Fellows

Statewide efficiency targets (top priority in June 2016 meeting)

Phase 1B Task 1.0	Status	Staffing
Develop interactive web visualization of efficiency targets	Substantial back end improvements from prototype shown at Stanford	<u>CaDC</u> core data team
Improve landscape area measurements	First iteration complete with Andrew Marx	CGU Collaboration and engagement with TWG
(Supplemental) Land use data development to integrate landscape area into efficiency explorer tool	Complete	<u>CaDC</u> core data team

Building water data infrastructure

Phase 1B Task 3.0	Status	Staffing
Internal automation of data ingestion	Completed internal infrastructure upgrade	<u>CaDC</u> core data team
Enable data sharing with utility permission -- Part of Phase 1B NDA	Complete	MNWD In-Kind Legal Support
Support effective implementation of the Open and Transparent Water Data Act	Completed feasibility study Completed inventory Developing draft protocols	Interns and UCLA research fellow

Appendix 3 -- Phase 1A Original Scope of Work

Title: Measuring the effectiveness of various conservation programs through a new inter-utility, customer-level water usage dataset

Overall Project Objectives

A statewide data collaborative is currently underway involving water agencies throughout California, working in partnership with UC Davis, to collect and share data among utilities to improve efficiencies, refine demand management strategies and promote long-term sustainable solutions that build on the water/energy nexus. A secure, cloud-based platform will be built through a non-profit mechanism (CAWaterData.org) to house water utility data statewide and to facilitate analyses. This effort is a three-phased, “bottom-up” approach to providing meaningful input and recommendations that will help shape future water management decisions that have statewide impact. The goal is to facilitate informed decisions and aid agencies in meeting the State’s goal of demand management through improved understanding of unique characteristics of our communities.

The Phase One Pilot of the project brings together water retailers to consolidate customer level water usage data to proactively share information, ideas, tools, solutions and challenges in an effort to provide a collective input that can showcase how California can achieve water efficiency statewide through smart, bottom up collaborative mechanisms. The purpose is to demonstrate the benefits of a statewide data collaborative in assisting the agencies and decision makers statewide. The Phase Two Pilot of the

project will demonstrate a secure, cloud-based platform for sharing water utility data and performing analytics. Upon completion of Phase One and Two Pilot, the Phase Three will be ready for launch, offering a positive, proactive approach to work collaboratively together as a water community across California to achieve water efficiency smartly statewide.

California’s worst drought in recorded history demands visionary leadership. Throughout our state’s history, water utilities have come together to pioneer new physical infrastructure to ensure a safe and reliable supply for the people of California. This project will honor that tradition and California’s world renowned “pioneering spirit” by boldly building the world’s first data utility to manage cutting edge data infrastructure. Climate change, demographics, and thousand year hydrological records suggest water scarcity will be the new normal in twenty first century. Yet while the future is ultimately uncertain, by working smartly and collaboratively, we can prepare to adapt to whatever the future holds.

Project Task 1: Statewide analysis of conservation program effectiveness

The goals of this component of the project include:

1.1 Analyze unique characteristics of different parts of California and its diverse communities

1.1.1 Collect, organize, clean, and generate a statistical dataset from the sources listed below this task specification.

1.1.2 Develop analyses of various conservation programs effectiveness on reducing water usage. Aggregate impact of individual water conservation programs on agency water demand and revenues

1.1.3 District-level averages as well as results for various socio-economic and demographic groupings, environmental characteristics, and neighborhood characteristics.

1.2 Learn from successes and challenges of different demand management programs

1.2.1 Write a summary report and present results to agency personnel and board members. Report articulating statewide water efficiency benefits and succinct value proposition of robust granular water data. This report is anticipated to include the following key sections incorporating analyses developed in project task one:

- Baselineing water usage trends and patterns:
- Water usage trajectory quantiles by customer segment for each participating utility from as long as is feasibly available and including at least 2013 – 2015.
- Those trajectories will be overlaid with conservation actions taken by utilities (dates of public education campaigns, rate shifts, etc.) to better understand “what works” to achieve water efficiency.
- Those trajectories will be compared that with what the state "sees" in residential gallons per capita per day and other statewide metrics.
- Scope how smart “bottom up” water efficiency projects enabled by this data infrastructure can scale statewide.

- Discuss lessons learned for future demand management and potential statewide water efficiency targets.

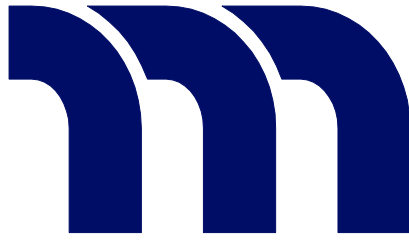
1.3 Conducting preliminary statistical analysis into the effectiveness of turf rebates by expanding the MNWD Turf Rebate Study published by Bloomberg Data for Good.

Each financially contributing retail water agency will be responsible for providing customer-level water usage data. Participating wholesale water agencies may provide this conservation analytics service at no charge to up to one retail agencies in their service area. Further wholesale agencies with parcel-level irrigable area will provide said data along with as granular water usage data as is available.

Contingency: In the event that the State Water Resources Control Board elects to provide statewide Clean Drinking Water metered usage data at the customer class level, the Phase One Pilot team will include said data in their analysis of statewide conservation programs.

In addition, Phase One Pilot staff will work with the analytical point persons on the technical working group to provide contextual data sources with clear spatial, temporal and quantitative characteristics to inform inter-utility, customer-level water usage data when available:

- Agency-level factors (Data Sources: participating water agencies)
 - Water pricing policy (i.e., structure and level)
 - Rebate levels
 - Conservation program participation
 - Outreach / media efforts
 - Conservation BMP Reporting (Data Sources:
- Household-level factors (Data Sources: Participating utilities and US Census)
 - Socio-economic factors (e.g., income, education)
 - Demographic factors (e.g., ethnicity, household size)
 - Property characteristics (e.g., lot size, age of house, irrigated area)
 - Customer awareness (through identifying district-level awareness campaigns)
- Community / Environmental Factors (Data Sources: Participating utilities, CIMIS)
 - Neighborhood program participation levels, if available
 - Outreach efforts from other agencies (wholesale and neighboring), if available
 - Methods of community outreach and engagement (e.g., newspapers, agency website, social media, community newsletters, HOA meetings, Chamber of Commerce events, etc.)
 - Biophysical factors (e.g., precipitation, temperature, evapotranspiration)



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** May 15, 2017

FROM: Drew Atwater, Director of Planning
Johnathan Cruz, Financial Planning Manager

SUBJECT: Debt Management Policy

DIVISION: District-Wide

SUMMARY:

Issue: Moulton Niguel Water District is required to implement a debt management policy per SB 1029 in order to issue new money bonds.

Recommendation: It is recommended that the Board of Directors discuss the proposed Debt Management Policy and provide comments to incorporate for adoption in June.

Fiscal Impact: None.

Reviewed by Legal: Yes

BACKGROUND:

SB 1029 was chaptered September 12, 2016 and is a new requirement that public agencies in California adopt a debt management policy as a prerequisite for a new bond issuance. The debt policy shall include at a minimum:

- The purposes for which the debt proceeds may be used.
- The types of debt which may be issued.
- The relationship of the debt to, and integration with, the issuer's capital improvement program or budget.
- Policy goals related to the issuer's planning goals and objectives.

#9.

Debt Management Policy

May 15, 2017

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- The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

The District has moved to annually review the District's financial policies and Staff propose to include the Debt Management Policy as part of the annual review as government code changes occur.

DISCUSSION:

Staff worked with the District's Financial Advisor, PFM and its financial consultant, Michael Bell to codify current debt management practices and anticipate potential future needs consistent with the requirements of SB 1029. The policy provides general direction to staff and codifies current internal controls. The policy does not authorize staff to issue debt, or obligate the District to issue new debt. Any new debt issuance or refunding of existing bonds would require Board authorization. The proposed policy is for discussion in May. Based on feedback in May, the final updated policy will be brought to the Board for adoption in June.

Attachment: 2017 Debt Management Policy

MOULTON NIGUEL WATER DISTRICT DEBT MANAGEMENT POLICY

June 2017

Policy Statement

This policy documents Moulton Niguel Water District's (the "District" or "MNWD") goals and guidelines for the use of debt instruments for financing District water, recycled water, and wastewater infrastructure, projects, and other financing needs. The District recognizes the need to invest in ongoing capital replacement and rehabilitation of its facilities as well as new infrastructure to ensure future viability of services, and that the appropriate use of debt can facilitate the timely construction of such facilities.

The District expects to pay for infrastructure and other projects (e.g., water supply) from a combination of current revenues, available reserves, and prudently issued debt. MNWD recognizes that debt can provide an equitable means of financing projects for its customers and provide access to new capital needed for infrastructure and project needs. Debt will be used to meet financing needs (i) if it meets the goals of equitable treatment of all customers, both current and future; (ii) if it is cost-effective and fiscally prudent, responsible, and diligent under the prevailing economic conditions; and (iii) if there are other important policy reasons therefor. All District debt must be approved by the Board of Directors ("Board").

To endorse prudent financial management and achieve the highest practical credit ratings, the District is committed to systematic capital planning, and long-term financial planning. Evidence of this commitment to long term capital planning is demonstrated through adoption and periodic adjustment of the District's Capital Improvement Plan (CIP) identifying the benefits, costs and method of funding capital improvement projects over the planning horizon.

Purpose of Policy

The purpose of this debt management policy is to:

- To establish parameters for issuing debt, including the purposes for which debt can be issued
- Describe how debt and debt proceeds will be managed
- Provide guidance as to the type of debt to be issued
- Provide guidance as to the relationship between the capital improvement plan and debt issuance

Purpose and Use of Debt

The District will utilize reasonable debt financing to fund long-term improvements and thus ensure that existing and future users pay their fair share. Long-term improvements may include the acquisition of land, facilities, infrastructure, and supplies of water; and enhancements or expansions to existing water, recycled water, and wastewater capacity and facilities. Debt can be issued to fund the planning, pre-design, design, land and/or easement acquisition, construction,

MOULTON NIGUEL WATER DISTRICT DEBT MANAGEMENT POLICY

June 2017

and related fixtures, equipment and other costs as permitted by law. The District will not issue debt to cover operating needs.

The District may utilize short term financing (including leases) to finance certain essential equipment and vehicles. These assets can range from service vehicles to equipment. The underlying asset must have a minimum useful life of one year or more. Short-term financings, including loans, on bill financing and capital lease purchase agreements, are executed to meet such needs.

The Treasurer, Director of Planning and Financial Planning Manager will periodically evaluate the District's existing debt and recommend re-financings or prepayment (refunding) when economically beneficial. A refinancing may include the issuance of bonds to refund existing bonds or the issuance of bonds in order to refund other obligations, such as commercial paper or loans.

The General Manager, Treasurer, Director of Planning and Financial Planning Manager shall be responsible for analyzing any debt financing proposal to determine if it is beneficial to the District and if it complies with the District's long-term financial planning objectives, including maintaining or improving the current credit ratings assigned to outstanding debt by the major credit rating agencies.

The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized. Debt may only be issued upon Board authorization. No debt shall be issued with a maturity date greater than the expected weighted average useful life of the facilities or improvements being financed. The final maturity of bonds or state or federal loan debt shall be limited to 30 years after the date of issuance.

Debt Management

The District will provide for a periodic review of its financial performance and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting, and rate setting process. Necessary appropriations for annual debt service requirements will be routinely included in the District's annual budget. The District will maintain proactive communication with the investment community, including rating agencies, credit enhancers and investors, to ensure future capital market access at the lowest possible interest rates.

The District's Debt Management Policy, Reserve Policy and Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such, the following principles outline the District's approach to debt management:

- The District will issue debt only in the case where there is an identified source of repayment. Debt will be issued to the extent that (i) projected existing revenues are sufficient to pay for the proposed debt service together with existing debt service

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covered by such existing revenues, (ii) additional revenues, as necessary, have been identified as a source of repayment in an amount sufficient to pay for the proposed debt, and (iii) bond covenants will be maintained.

- Debt will be structured for the shortest period possible, consistent with a fair allocation of costs to current and future users. Borrowings by the District should be of a duration that does not exceed the useful life of the improvement that it finances and where feasible, should be shorter than the projected economic life. The standard term of long-term borrowing is typically 20-30 years.
- The District may issue bonds on a fixed or variable interest rate basis. Fixed rate securities ensure budget certainty through the life of the securities and can be advantageous in a low interest rate environment. When appropriate, the District may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities. Such variable rate bonds will be limited to no more than 20% of outstanding debt.

The proceeds of the bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made to obtain the highest level of safety. The District's Investment Policy and the specific bond indentures govern objectives and criteria for investment of bond proceeds. The Treasurer, Director of Planning and Financial Planning Manager will oversee the investment of bond proceeds in a manner to avoid, if possible, and minimize any potential negative arbitrage over the life of the bond issuance, while complying with arbitrage and tax provisions.

Bond proceeds will be deposited and recorded in separate accounts to ensure funds are not comingled with other forms of District cash. The District's trustee will administer the disbursement of bond proceeds pursuant to an Indenture of Trust. Requisition for the disbursement of bonds funds must be approved by the District's General Manager or Treasurer.

The Financial Planning Manager and Controller will monitor dedicated debt reserve fund balances and periodically review the advisability of prepayment or refunding of related debt. The financial advantages of a current refunding must outweigh the cost of reissuing new debt. A potential refunding will be assessed in combination with any new capital projects requiring financing, and the benefits of the refunding will be evaluated in relation to its costs and risks.

Debt can be refunded to achieve one or more of the following objectives:

- Reduce future interest costs;
- Restructure future debt service in response to evolving conditions regarding anticipated revenue sources;
 - Current refundings (that is, refinancings within 90 days of the call date) must meet a minimum net present value savings target of 3% of refunded bonds, while advance refundings (those refinancings executed more than 90 days prior to the call

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date) must meet a net present value savings target of at least 5% of refunded bonds and an escrow efficiency of 70%:

- Restructure the legal requirements, termed covenants of the original issue to reflect more closely the changing conditions of the District or the type of debt.

Debt Service Coverage Target

The District will not engage in debt financing unless the proposed obligation, when combined with all existing debts, will result in acceptable debt service coverage ratios. In determining the affordability of proposed revenue bonds, the District will perform an analysis comparing projected annual net revenues (after payment of operating and maintenance (O&M expense) to estimated annual debt service and estimated debt service coverage ratio (DCR). DCR is the amount of cash flow available to meet annual interest and principal payment on debt.

The District's objective is to maintain a DCR at or above 1.75 times to maintain its high quality credit rating.

Debt Instrument Rating

The General Manager, Director of Planning and Financial Planning Manager, with a financial advisor if appropriate, will assess whether a credit rating should be obtained for an issuance and make a recommendation to the Board. If it is determined that a credit rating is desirable, the probable rating of the proposed debt issuance is assessed before its issuance, and necessary steps are taken in structuring the debt issuance to ensure that the best possible rating is achieved.

Debt Structuring

In structuring a debt issuance, the district will manage the amortization of debt, and to the extent possible, match its cash flow to the anticipated debt service payments. The District will seek to structure debt with aggregate level principal and interest payments over the life of the borrowing. "Backloading" of debt service will be considered only when such structuring is beneficial to the District's aggregate overall debt payment schedule.

The Financial Planning Manager, Director of Planning and General Manager, with the advice of the District's financial advisor, will evaluate and recommend to the Board the use of a call option, if any, and call protection period for each issuance. A call option, or optional redemption provision, gives the District the right to prepay or retire debt prior to its stated maturity. This option may permit the District to achieve interest savings in the future through refunding of the bonds. Because the cost of call options can vary widely, depending on market conditions, an evaluation of factors, such as the call premium, time until the bonds may be called at a premium or at par, and interest

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rate volatility will guide the decision to issue bonds with a call option. Generally, 30-year tax exempt municipal borrowings are structured with a 10-year call. From time to time, shorter call options (5-9 years) may also be used.

Types of Debt

Revenue bonds, Certificates of Participation (COPs), variable rate bonds, state revolving fund (SRF) loans, federal loans, bank loans, notes, commercial paper, direct placements, capital leases, lease-purchase financing, and on bill financing. The weighted average useful life of the asset(s) or project shall exceed the payout schedule of any debt the District assumes. A definition on each type of debt is provided in Appendix A.

In addition to the aforementioned long and short term financing instruments, the District may also consider joint arrangements with other governmental agencies. Communication and coordination will be made with local governments regarding cost sharing in potential joint projects, including leveraging grants and funding sources.

The District is authorized to join with other special districts and/or municipal agencies to create a separate entity, a Joint Powers Authority (JPA), to issue debt on behalf of the District, the special district or municipality. The District will only be liable for its share of debt service, as specified in a contract executed in connection with the joint venture debt.

Credit Enhancement

Credit enhancement may be used to improve or establish a credit rating on District debt obligation. Types of credit enhancement include Letters of Credit, bond insurance or surety policies. The Treasurer and General Manager will recommend to the Board the use of credit enhancement if it reduces the overall cost of the proposed financing or if, in the opinion of the General Manager and/or Treasurer (with the advice of counsel and the District's Financial Advisor), the use of such credit enhancement furthers the District's overall financial objectives.

Debt Service Reserve Fund/Surety Policy

Unless there are market requirements or it is important to increase credit ratings, the District will not fund a debt service reserve fund as part of its debt issuance. To the extent the Treasurer, and/or Financial Planning Manager determine that a debt service reserve fund is advantageous, the debt reserves will be maintained in accordance with the District's Reserve Policy.

Capitalized Interest

Generally, interest shall be capitalized for the construction period of a revenue-producing project, that debt service expense does not begin until the project is expected to be operational and

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producing revenues. In addition, for lease back arrangements, such as those used for lease revenue bond transactions interest may be capitalized for the construction period, until the asset is operational. Only under extraordinary circumstances, interest may be capitalized for a period longer than the construction period.

Credit Ratings

The District will seek to maintain the highest possible credit ratings that can be achieved for debt instruments without compromising the District's policy objectives. Ratings are a reflection of the general fiscal health of the District. By maintaining the highest possible credit ratings, the District can issue its debt at a lower interest cost. To enhance creditworthiness, the District is committed to prudent financial management, systematic capital planning, and long-term financial planning.

The District recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Each proposal for additional debt will be analyzed for its impact upon the District's debt rating on outstanding debt.

Rating Agency Relationships

The District may seek credit ratings from any or all of the major credit rating agencies - Standard & Poor's, Moody's Investors Service, and Fitch Investors Service, as appropriate. In addition, the District will evaluate the value of additional ratings on a case by case basis (e.g., Kroll Rating Services). District staff will provide periodic updates to the rating agencies, both formal and informal, on the District's general financial condition and coordinate meetings and presentations in conjunction with a new debt issuance when determined necessary.

The retention of a rating agency relationship will be based on a determination of the potential for more favorable interest costs as compared to the direct and indirect cost of maintaining that relationship.

Bond Ratings

The General Manager, Director of Planning, and Financial Planning Manager, working with the District's financial advisor, shall be responsible for determining whether a rating shall be requested on a particular financing, and which of the major rating agencies shall be asked to provide such a rating.

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Method of Sale

The District will select the method of sale, which best fits the type of bonds being sold, market conditions, and the desire to structure bond maturities to enhance the overall performance of the entire debt portfolio. Three general methods exist for the sale of municipal bonds:

- I. Competitive sale. Bonds will be marketed to a wide audience of investment banking (underwriting) firms. The underwriter is selected based on its best bid for its securities. The District will award the sale of the competitively sold bonds on a true interest cost (TIC) basis. Pursuant to this policy, the General Manager is hereby authorized to sign the bid form on behalf of the District fixing the interest rates on bonds sold on a competitive basis.
- II. Negotiated sale. The General Manager, Director of Planning and Financial Planning Manager select the underwriter, or team of underwriters, of its securities in advance of the bond sale, subject to Board approval. The District works with the underwriter to bring the issue to market and negotiates all rates and terms of the sale. In advance of the sale, the General Manager after approval from the Board of Directors, with advice from the District's financial advisor, will determine compensation for and liability of each underwriter employed and the designation rules and priority of orders under which the sale itself will be conducted. Pursuant to this policy, the General Manager is hereby authorized to sign the bond purchase agreement on behalf of the District fixing the interest rates on bonds sold on a negotiated basis.
- III. Private placement. The District may elect to issue debt on a private placement bases. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or of it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

Roles and Responsibility

The primary responsibility for developing debt financing recommendations rests with the Financial Planning Manager. In developing such recommendations, the Financial Planning Manager shall consider the need for debt financing and assess progress on the current capital improvement program or plan (CIP) and any other program/improvement deemed necessary by the District. The Board authorizes and approves debt financing and/or debt service related recommendations and proposals.

All proposed debt financings shall be approved by the Board.

Debt is to be issued pursuant to the authority of and in full compliance with provisions, restrictions and limitations of the Constitution and laws of the State of California Government Code (CGC) §54300 et seq.

MOULTON NIGUEL WATER DISTRICT DEBT MANAGEMENT POLICY

June 2017

Bond Counsel

The District will retain external bond counsel for all debt issues. As part of its responsibility to oversee and coordinate the marketing of all District indebtedness, the General Manager, Director of Planning, and Financial Planning Manager shall make recommendations for approval by the Board on the retention of bond counsel.

Bond counsel will prepare the necessary authorizing resolutions, agreements and other documents necessary to execute the financing. All debt issued by the District will include a written opinion by bond counsel affirming that the District is authorized to issue the debt, stating that the District has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status.

Financial Advisors

The District will select independent registered municipal advisors (financial advisor) who may assist in planning and executing all bond and debt transactions. To avoid any appearance of conflict of interest, a financial advisor may not also engage in the underwriting of the District's bonds. Financial advisors shall be selected through a competitive process after a review of proposals by the staff and approved by the Board.

The financial advisor will advise the District on refunding opportunities for current outstanding debt, as well as assist in evaluating the merits of competitive, negotiated or private placement of new debt, and determining the most appropriate structure to ensure effective pricing that meets the District's near-term and long term cash flow needs. The financial advisor will work with all parties involved in the financing transaction, including the District's bond counsel, trustee, underwriters, credit liquidity providers, to develop and monitor the financing schedule and preparation of the Official Statement. The financial advisor will assist the District in developing and distributing bid specifications for desired services as, trustee and paying agents, printing, remarketing and credit liquidity service providers, and assist the District in its review process. The District also expects that its financial advisor will provide objective advice and analysis, maintain confidentiality of the District's financial plans, and be free from any conflict of interest.

Underwriters

For negotiated sales, the District will generally select or pre-qualify underwriters through a competitive process. This process may include a request for proposal or qualifications to all firms considered appropriate for the underwriting of a particular issue or type of bonds. The Financial Planning Manager, in consultation with the District's financial advisor, will determine the appropriate method to evaluate the underwriter submittals and then recommend or qualify firms on that basis. The District will not be bound by the terms and conditions of any underwriting agreement; oral or written, to which it was not a party.

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DEBT MANAGEMENT POLICY**

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Federal Arbitrage and Rebate Compliance

The District will fully comply with federal arbitrage and rebate regulations. Concurrent with this policy, the Financial Planning Manager and Controller will take all permitted steps to minimize any rebate liability through proactive management in the structuring and oversight of its individual debt issues. All of the District's tax-exempt issues, including lease purchase agreements, are subject to arbitrage compliance regulations.

The Controller and Financial Planning Manager shall be responsible for the following:

- I. Monitoring the expenditure of bond proceeds to ensure they are used only for the purpose and authority for which the bonds were issued and exercising best efforts to spend bond proceeds in such a manner that the District shall meet one of the spend-down exemptions from arbitrage rebate. Tax-exempt bonds will not be issued unless it can be reasonably expected that 85% of the proceeds will be expended within the three-year temporary period.
- II. Monitoring the investment of bond proceeds with awareness of rules pertaining to yield restrictions. Maintaining detailed investment records, including purchase prices, sale prices and comparable market prices for all securities.
- III. Contracting the services of outside arbitrage consultants to establish and maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of federal tax code.

To the extent any arbitrage rebate liability exists, the District will report such liability in its annual Comprehensive Annual Financial Report (CAFR).

Continuing Disclosure

The District will meet secondary disclosure requirements in a timely and comprehensive manner, as stipulated by the Securities Exchange Commission (SEC) Rule 15c2-12 and consistent with the District's Disclosure Procedures Policy. The Financial Planning Manager shall be responsible for providing ongoing disclosure information to the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access (EMMA) system, the central depository designated by the SEC for ongoing disclosures by municipal issuers. The District will provide financial information and operating data no later than 270 days following the end of the District's fiscal year each year, and will provide notice of certain enumerated events with respect to the bonds, if material, as defined in the District's bond covenants and as required by the SEC.

The District will keep current with any changes in both the administrative aspects of its filing requirements and the national repositories responsible for ensuring issuer compliance with the

**MOULTON NIGUEL WATER DISTRICT
DEBT MANAGEMENT POLICY
June 2017**

continuing disclosure regulations. In the event a ‘material event’ occurs requiring immediate disclosure, the Financial Planning Manager and Controller will ensure information flows to the appropriate disclosure notification parties.

Compliance with Bond Covenants

In addition to financial disclosure and arbitrage compliance, once the bonds are issued, the District is responsible for verifying compliance with all undertakings, covenants, and agreements of each bond issuance on an ongoing basis. This typically includes ensuring:

- Annual appropriation of revenues to meet debt service payments
- Timely transfer of debt service payments to the trustee or paying agent
- Compliance with insurance requirements
- Compliance with rate covenants where applicable
- Compliance with all other bond covenants

On an annual basis, the Controller will prepare all required debt related schedules and footnotes for inclusion in the District’s CAFR. The CAFR shall describe in detail all funds and fund balances established as part of any direct debt financing of the District.

The CAFR may also contain a report detailing any material or rate covenants contained in any direct offering of the District and whether or not such covenants have been satisfied.

Policy Review

On an as needed basis, the General Manager will be responsible for updating and revising this Policy which shall be reviewed at the Board meeting and adopted by the Board of Directors.

MOULTON NIGUEL WATER DISTRICT
DEBT MANAGEMENT POLICY
June 2017

APPENDIX “A”

Definitions of Types of Debt

Bank Loans and Notes

Use of short-term borrowing, such as bank loans and notes, will be undertaken only if available cash or reserves are insufficient to meet both project needs and current obligations.

Capital Lease

Capital lease debt may be considered to finance capital improvements, including vehicles and equipment with an expected useful life of less than ten years. A capital lease is a lease in which the lessor finances the lease and all other rights of ownership transfer to the District.

Derivatives

The District may choose to enter into contracts and financing agreements involving interest rate swaps, floating/fixed rate auction or reset securities, or other forms of debt bearing synthetically determined interest rates as authorized under the applicable statutes. The District will only consider the use of derivative products on a case-by-case basis and consistent with state statute and financial prudence. Before entering into such contracts or agreements, the District will review the risks and benefits of such financing techniques and expected impacts on the District’s long-term financial operations and credit ratings. The District shall not execute derivative contracts with terms exceeding 10 years.

Lease-Purchase Financing

The use of lease-purchase agreements in the acquisition of vehicles, equipment and other capital assets shall be considered carefully relative to any other financing option. The lifetime cost of a lease may be higher than other financing options or pay-go purchases. Nevertheless, lease-purchase agreements may be used by the District as funding options for capital acquisitions if circumstances warrant.

On Bill Financing

The District may choose to enter into low or zero interest financing agreements with utility providers who offer On Bill Financing. This type of financing offers financing of business improvements at little to no interest and no fees or costs to the District. Repayment amounts will be based on projected savings associated with the project and will be part of the monthly bill received from the issuer. Financing terms can range from three to ten years depending on the project to be financed.

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June 2017

Revenue Bonds

Revenue bonds issued by the District are long term obligations issued to fund a specific project or purpose. The District will generally issue revenue bonds on a fixed interest rate basis, wherein at the time of the bond sale all interest rates are known and do not change while those bonds are outstanding. Particular conditions may arise where the District would consider the use of variable interest rate bonds. Variable interest rate bonds have interest rates that reset on a periodic basis (e.g. daily, weekly, monthly, etc.). Revenue bonds are payable solely from District revenues in accordance with the agreed upon bond covenants.

Variable Rate Debt

Variable rate debt is an alternative to fixed rate debt. It may be appropriate to issue short-term or long-term variable rate debt to diversify the District's debt portfolio, reduce interest costs, provide interim funding for capital projects and improve the match of assets to liabilities.

Variable rate debt typically has a lower cost of borrowing than fixed rate financing and shorter maturities in the range of 7 to 35 days. The District may consider variable rate debt in certain instances. The District will maintain a conservative level of outstanding variable debt not exceeding 20% of outstanding debt. Under no circumstances will the District issue variable rate debt solely for the purpose of earning arbitrage.

Short Term Debt

Pending the issuance of bonds the Board may authorize the issuance of short term debt. The Financial Planning Manager will determine and utilize the least costly method for short-term borrowing. Such debt shall be authorized by resolution of the Board.

These short term notes may be structured as:

- Bond Anticipation Notes (BANs) - BANs are short term obligations that will be repaid by proceeds of a subsequent long-term bond issue. The District may choose to issue Bond Anticipation Notes as a source of interim construction financing. Before issuing such notes, financing for such notes must be planned for and determined to be feasible by the General Manager and Financial Planning Manager, in consultation with the District's financial advisor.
- Commercial Paper (CP) - CP is a form of debt that has maturities up to 270 days although it may be rolled to a subsequent maturity date. Tax Exempt Commercial Paper shall not be issued for District for capital programs unless it is of sufficient economic size, as determined by the General Manager and Financial Planning Manager, in consultation with the District's Financial Advisor.

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- Tax and Revenue Anticipation Notes (TRANs) - TRANs are short term notes secured by a pledge of taxes and other revenues in the current fiscal year. TRANs, if issued, will constitute direct obligations of the District. All TRANs will be redeemed in the same fiscal year in which they are issued.

State Revolving Funds

A State Revolving Fund (SRF) loan is a low or zero interest loan program for the construction of wastewater treatment and sewage collection systems, water recycling facilities, storm water projects, implementation of nonpoint source and storm drainage pollution control management programs, and for the development and implementation of estuary conservation and management programs. SRF debt service payments are factored into debt service coverage ratios as defined by applicable water and wastewater indentures.

SRF loans are generally structured such that the District is required to contribute a percentage of the total project cost and receives loan proceeds from the State for the balance. The SRF loan interest rate is calculated by taking half of the True Interest Cost (TIC) of the most recent State of California General Obligation Bonds sale. The term of the loans can be 20 to 30 years. When compared to traditional bond financing, the District may realize substantial savings through the use of SRF loans.

SRF Loans may provide additional assistance in the form of principal forgiveness. Principal forgiveness must be specified at the execution of the loan agreement for the amount forgiven to be counted against the total loan required to be provided by the SRF.

Letters of Credit

The District shall have the ability to enter into a letter-of-credit agreement when such an agreement is deemed prudent and advantageous. Only those financial institutions with short-term credit ratings of VMIG 1/A-1, F1 by Moody's Investor Services, Standard & Poor's and Fitch IBCA, may participate in the District's letter of credit agreements.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** May 15, 2017

FROM: Drew Atwater, Director of Planning
Johnathan Cruz, Financial Planning Manager

SUBJECT: Updated Investment Policy

DIVISION: District-Wide

SUMMARY:

Issue: The Moulton Niguel Water District's (District) current investment policy has been updated to match current financial operating conditions.

Recommendation: It is recommended that the Board of Directors discuss the proposed changes to the investment policy for consideration in June.

Fiscal Impact: Potentially increase investment returns.

Reviewed by Legal: Yes

BACKGROUND:

The District's current investment policy was last updated in June of 2016. The District's Investment Policy identifies the permitted investments, controls and procedures for the investment of District funds and identifies the responsible agents. District staff will review and recommend updates to the Investment Policy periodically to ensure that it is consistent with state law, permitted investments and industry standards. The District last updated the investment policy to include restricted bond reserves and update the benchmark for the Limited Maturity Reserve. The District has moved to annually review the District's financial policies to provide timely updates as government code changes occur.

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Updated Investment Policy

May 15, 2017

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DISCUSSION:

Staff worked with the District's Investment Advisor, Chandler Asset Management, as well as the District's Financial Advisor, PFM and its financial consultant, Michael Bell to update the policy consistent with current financial operating conditions. The substantive proposed changes to the policy are to:

- Update the policy consistent with changes to the government code
- Allow the purchase of high rated mutual funds as a permitted investment as permitted by the government code
- Allow the purchase of Asset Backed and Mortgage Backed securities as permitted by the government code.
- Added a glossary to clarify terms.

The proposed changes are for discussion in May. Based on feedback in May, the final updated policy will be brought to the Board for adoption in June.

Attachment: 2017 Investment Policy Redline

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF INVESTMENT POLICY

ADOPTED: ~~June 16, 2016~~ June 15, 2017

I. BACKGROUND

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

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

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

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

II. PURPOSE

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

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

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

3. To establish a basis for evaluating investment results.

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

III. INVESTMENT AUTHORITY

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

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

IV. PRUDENCE

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

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

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

V. STATEMENT OF OBJECTIVES

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

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

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

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

3. RETURN ON INVESTMENTS. The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.

C. Funds are divided into six categories:

1. Funds needed for current operating expenses and capital requirements, known as the "Liquid Fund,"

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

3. Funds not currently needed, known as the "Operating Reserve Fund."

4. Funds required per bond trust indentures of the 2009 COPs, known as the "Debt Service Restricted 2009 COP Reserve Fund."

5. Funds required per bond trust indentures of the 2010 COPs, known as the "Debt Service Restricted 2010 COP Reserve Fund."

6. Funds required per bond trust indentures of the 2015 Revenue Refunding Bond, known as the "Debt Service Restricted 2015 Revenue Refunding Reserve Fund."

D. The District shall inform the investment adviser from time to time of amounts to be allocated to each of the six categories.

E. The investment goals of the Liquid Fund shall be:

1. To preserve principal,

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

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

F. The investment goals of the Limited Maturity Fund shall be:

1. To preserve principal,

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

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

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

1. To preserve principal and

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

H. The investment goal of the Debt Service Restricted 2009 COP Reserve Fund shall be:

1. To preserve principal

2. To provide liquidity for debt service payments in the event of defaulting, and

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

I. The investment goal of the Debt Service Restricted 2010 COP Reserve Fund shall be:

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1. To preserve principal
2. To provide liquidity for debt service payments in the event of defaulting, and
3. To earn a total rate of return commensurate with the first two goals.

J. The investment goal of the Debt Service Restricted 2015 Revenue Refunding Reserve Fund shall be:

1. To preserve principal
2. To provide liquidity for debt service payments in the event of defaulting, and
3. To earn a total rate of return commensurate with the first two goals.

VI. INVESTMENT PERFORMANCE OBJECTIVES AND GUIDELINES

A. Liquid Fund

1. The investment performance objectives for the Liquid Fund shall be to earn a return over a market cycle, which equals or exceeds the return on 90-day Treasury Bills.
2. The average maturity of the Liquid Fund shall not exceed 90 days, and the maximum final stated maturity of individual securities in the Liquid Fund may not exceed one year.
3. The District's ~~Finance Director~~/Treasurer shall communicate periodically with the investment adviser in order to keep the adviser informed as to the District's specific short-term liquidity requirements.
4. The Liquid Fund shall maintain a minimum fund balance sufficient to provide adequate cash reserves to pay current operating expenses.

B. Limited Maturity Fund

1. The investment performance objective of the Limited Maturity Fund is to earn a return that equals or exceeds the return of the Bank of America Merrill Lynch 0-3 Year Treasury Index.

C. Operating Reserve Fund

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

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

D. Debt Service Restricted 2009 COP Reserve Fund

1. The investment performance objectives for the Debt Service Restricted 2009 COP Reserve Fund shall be to earn a return over a market cycle, which equals or exceeds the return on Bank of America Merrill Lynch 3-5 Year US Treasury & Agency Index.

E. Debt Service Restricted 2010 COP Reserve Fund

1. The investment performance objectives for the Debt Service Restricted 2010 COP Reserve Fund shall be to earn a return over a market cycle, which equals or exceeds the return on Bank of America Merrill Lynch 3-month US Treasury Bill Index.

F. Debt Service Restricted 2015 Revenue Refunding Reserve Fund

1. The investment performance objectives for the Debt Service Restricted 2015 Revenue Refunding Reserve Fund shall be to earn a return over a market cycle, which equals or exceeds the return on Bank of America Merrill Lynch 3-5 Year US Treasury & Agency Index.

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VII. INVESTMENT POLICIES

- A. Investment of District funds is governed by California Government Code Section 53601 et seq., a copy of which is attached to this policy as Exhibit B. A Summary of Permitted Investments, prepared by District's current investment adviser is attached as Exhibit A.
- B. The District manages its investments under the prudent investor standard.
- C. The District's ~~Finance Director~~/Treasurer is designated by the Board of Directors as the officer responsible for the investment of District funds; provided, the Board may designate such responsibility to investment advisers pursuant to Section VII.D. below. The investment function shall be overseen by the Finance and Information Technology Committee of the Board of Directors.
- D. Because the Operating Reserve Fund has the specific purpose of providing for long-term growth, and because cash flow requirements of the District are met through other investments, the Board of Directors hereby grants authority for the purchase of securities with maturities in excess of five years in the Operating Reserve Fund only.
- E. The maximum stated final maturity of individual investments in the Operating Reserve Fund is be ten years.
- F. No more than 40% of the Operating Reserve Fund may be invested in securities with maturities in excess of five years.
- G. Investment securities and cash shall be held in a bank custody account in the name of the District
- H. All investments shall be made as "delivery vs. payment" transactions.
- I. The Debt Service Restricted 2009 COP Reserve Fund, Debt Service Restricted 2010 COP Reserve Fund, and Debt Service Restricted 2015 Revenue Refunding Reserve Fund will be compliant with each of their respective bond trust indenture investment requirements.

VIII. Authorized Financial Institutions, Broker/Dealers, Depositories

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

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

1. Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
2. Nationally or state-chartered banks.
3. The Federal Reserve Bank.
4. Direct issuers of securities eligible for purchase.

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

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

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

IX. RISK MANAGEMENT AND DIVERSIFICATION

A. Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The District will mitigate credit risk by adopting the following strategies:

- a) The diversification requirements included in the “Authorized Investments” section of this policy are designed to mitigate credit risk in the portfolio.
- b) No more than 5% of the total portfolio may be invested in securities of any single issuer, except where the issuer is the US Government, its Agencies and Government-Sponsored Enterprises (GSEs), an authorized Supranational issuer or where the security is a Money Market Mutual Fund, Local Agency Investment Fund (LAIF) or other Local Government Investment Pool.
- c) The District may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or District’s risk preferences.
- d) If securities owned by the District are downgraded by a nationally recognized statistical rating organization (NRSRO) to a level below the quality required by this investment policy, it will be the District’s policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
 - (i) If a security is downgraded, the Treasurer will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
 - (ii) If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board of Directors.

B. Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The District recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The

District will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The District further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The District, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- a) The District will maintain a minimum of six months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements.
- b) The maximum percent of callable securities (does not include “make whole call” securities as defined in the Glossary) in the portfolio will be 20%.
- c) The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- d) The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the District based on the District’s investment objectives, constraints and risk tolerances.

IX.X. AUTHORIZED INVESTMENTS

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

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

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

D. The authorized investments are as listed below:

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

a) *The securities are rated in a rating category of "A" or higher by at least one nationally recognized statistical rating organization ("NRSRO").*

b) *No more than 5% of the portfolio may be invested in any single issuer.*

c) *No more than 30% of the portfolio may be in Municipal Securities.*

d) *The maximum stated maturity does not exceed five (5) years, with the exception of securities that have a "put" feature of five years or less.*

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

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

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

- a) *No more than 25% of the portfolio may be invested in any single District/GSE issuer.*
- b) *The maximum maturity does not exceed five (5) years, with the exception of securities held in the Operating Reserve, which may have a stated maturity of 10 years.*

4. BANKER'S ACCEPTANCES, provided that:

- a) *They are issued by institutions which have short-term debt obligations rated in a rating category of "A-1" or higher by at least one NRSRO; or long-term debt obligations which are rated in a rating category of "A" or higher by at least one NRSRO.*
- b) *No more than 40% of the portfolio may be invested in Banker's Acceptances.*
- c) *No more than 5% of the portfolio may be invested in any single issuer.*
- d) *The maximum maturity does not exceed 180 days.*

5. COMMERCIAL PAPER, provided that:

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- a) *The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million.*
- b) *The securities are rated in a rating category of "A-1" or higher by at least one NRSRO.*
- c) *The securities are issued by corporations which have long-term obligations rated in a rating category of "A" or higher by at least one NRSRO.*
- d) *The District may purchase no more than 10% of the outstanding commercial paper of any single issuer.*
- e) *No more than 25% of the portfolio may be invested in Commercial Paper.*
- f) *No more than 5% of the portfolio may be invested in any single issuer.*
- g) *The maximum maturity does not exceed 270 days.*

6. NEGOTIABLE CERTIFICATES OF DEPOSIT (NCDS), issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

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

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

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

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

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

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

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

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

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

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

12. LOCAL GOVERNMENT INVESTMENT POOLS

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

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

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

14. Mutual Funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940 that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:

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

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

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

~~15-16.~~ 16. SUPRANATIONALS, provided that:

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

17. ASSET-BACKED, MORTGAGE-BACKED. MORTGAGE PASS-THROUGH SECURITIES, AND COLLATERALIZED MORTGAGE OBLIGATIONS, provided that:

- a) The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO.
- b) They are issued by an issuer having long-term debt obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
- c) No more than 20% of the total portfolio may be invested in these securities.
- d) No more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer. There is no issuer limitation on any Mortgage security where the issuer is the US Treasury or a Federal Agency/GSE.
- e) The maximum legal final maturity does not exceed five (5) years.

~~16-18.~~ Prohibited Investment Vehicles and Practices

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

~~X-XI.~~ Collateralization

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

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

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

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

~~XI~~.XII. Delivery, Safekeeping and Custody

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

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

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

~~XII.~~XIII. Maximum Maturity

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

~~XIII.~~XIV. REPORTING AND REVIEWS

A. Transactions and portfolio holdings

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

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

B. Investment performance

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

XIV.XV. AMENDMENTS

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

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

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

XVI. GLOSSARY

AGENCIES. Shorthand market terminology for any obligation issued by a government-sponsored entity (GSE), or a federally related institution. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

AVERAGE LIFE. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

BANKER'S ACCEPTANCE. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BID. The price at which a buyer offers to buy a security.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

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CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS). A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

CURRENT YIELD. The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VS. PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DERIVATIVE. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and

banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

FEDERAL FUNDS RATE. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

FEDERAL OPEN MARKET COMMITTEE. A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

LIQUIDITY. The speed and ease with which an asset can be converted to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF). A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL. Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MAKE WHOLE CALL. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

MARGIN. The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE. The price at which a security can be traded.

MARKING TO MARKET. The process of posting current market values for securities in a portfolio.

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MATURITY. The final date upon which the principal of a security becomes due and payable.

MEDIUM TERM NOTES. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION. The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUNDS. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATINGS ORGANIZATION (NRSRO). A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CD. A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

PREMIUM. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

PREPAYMENT SPEED. A measure of how quickly principal is repaid to investors in mortgage securities.

PREPAYMENT WINDOW. The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

PRIMARY DEALER. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

PRUDENT PERSON (PRUDENT INVESTOR) RULE. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

REALIZED YIELD. The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

REGIONAL DEALER. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

REPURCHASE AGREEMENT. Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

STRUCTURED NOTE. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

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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.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

VOLATILITY. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

YIELD TO MATURITY. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

C.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** May 17, 2017
FROM: Jake Vollebregt, Director of Regional & Legal Affairs
SUBJECT: Updated Purchasing Policy
DIVISION: District-Wide

SUMMARY:

Issue: Staff is proposing amendments to the District's current purchasing policy.

Recommendation: It is recommended that the Board of Directors discuss the proposed changes to the purchasing policy for consideration in June.

Fiscal Impact: Increases to staff purchasing authorities.

Reviewed by Legal: Yes.

BACKGROUND:

The District's current purchasing policy was updated in September 2014. The policy delegates authority to and outlines the conditions under which the General Manager and District staff may make purchases and obligate District funds.

DISCUSSION:

Staff has reviewed the policy and is proposing changes in the following areas:

- Procurement Limits and Contract Signature Authority (page 2).
- Treatment of renewals for software licenses and cloud-based services for critical business services as "non-discretionary purchases" (pages 3 and 6).
- Use of Cal Card as a Procurement Method (page 5).
- Competitive Solicitation Process – Requirements (page 6)

#11.

Update Purchasing Policy

May 17, 2017

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The proposed changes are offered for the Board's review and discussion in May. Based on the Board's feedback in May, the draft amendments to the policy will be finalized and brought to the Board for adoption in June, with an anticipated effective date of July 1, 2017.

Attachment: 2017 Purchasing Policy Redline

Moulton Niguel Water District
Purchasing Policy (Effective ~~September 17, 2014~~ July 1, 2017)

I. PURPOSE OF POLICY

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

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

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

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

II. AUTHORIZATION

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

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

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

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

Table 1

Procurement Limits and Contract Signature Authority		
Title	Expenditures	Contract Signature Authority
<i>General Manager</i>	up to \$75,000	\$75,001 and over with Board authorization Up to \$75,000 without Board authorization
<i>Assistant General Manager</i>	up to \$50,000	Up to \$50,000
<i>Staff Directors, Division Heads, Assistant Directors of Operations, Assistant Director of Engineering of Human Resources, Director of Engineering and Operations, Director of Finance</i>	up to \$25,000	Up to \$25,000
<i>Assistant Director of Operations, Assistant Director of Engineering Board Secretary</i>	up to \$10 20,000	Up to \$10,000 None
<i>Superintendents, Managers, Controller, Principal Engineers</i>	up to \$ 5 10,000	None
<i>Supervisors, Assistant to the General Manager Coordinators, Administrative Personnel, Board Secretary</i>	up to \$2,500 5,000	None
<i>Purchasing Agent, Administrative Personnel</i>	up to \$1,000	None

III. DEFINITIONS

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

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

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

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

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

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

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

Contract - Written agreement authorizing a contractor, Consultant, supplier or service provider to provide materials or services, or Public Works, in accordance with the material requirements, conditions or scope of work stated in the Contract.

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

District –Moulton Niguel Water District.

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

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

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

Multiple Year Contract - A Contract for the purchase of services or materials, or for Public Works for a multiple year term or that may contain provisions to extend performance by exercising optional renewal periods. A Multiple Year Contract does not obligate the District beyond the initial award period and shall not provide for a cancellation payment to the contractor if options are not exercised.

Non-Discretionary Purchases – Payments to utilities, license renewals for software and cloud-based services that support critical business services, temporary employment services, insurance providers, healthcare providers and national, state or local agencies that relate to routine obligations and expenses essential to the District's ability to provide service to customers and that have been approved in fiscal year operating or capital budgets.

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

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

Professional Services – Any type of special service or advice in financial, economic, accounting, engineering, legal or administrative matters by persons specially trained and experienced and competent to perform the special services required. (Gov't Code § 53060.) Such services include but are not limited to architectural; engineering; environmental; financial; land surveying; construction management; audits; training services; legal services; preparation of planning or studies; technology application development; and personnel, job classification and benefit studies.

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

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

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

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

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

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

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

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

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

Staff Directors – District employees with the title of “Director.”

IV. GENERAL PROCUREMENT POLICIES

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

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

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

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

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

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

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

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

V. PROCUREMENT METHODS

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

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

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

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

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

5.5 Contracts: Provisions shall be made, either through specifications or procedures established by the District, for verification of the references and financial responsibility of the contracting parties prior to the award of a Contract. After award, all Contracts shall be executed on behalf of the District by the appropriate authorized signatory indicated in Table 1. In no case shall any Contract be made if sufficient

funds are not budgeted and appropriated and not available to make payment promptly upon delivery or completion, or in accordance with a progress payment schedule, unless otherwise authorized and approved by the Board or approved by the General Manager as provided for in Section 6.2 (Emergency).

5.5.1 Contracts for Non-Professional Services, Professional Services and Public Works shall be executed when an expenditure exceeds \$5,000 (except in the event of an Emergency).

5.5.2 Multiple Year Contracts are allowed when in the best interests of the District as determined, and executed by the General Manager.

a. For purposes of procurement authorization, the dollar value of a Multiple Year Contract shall be the total contract value, including optional renewal periods. Once initially approved in accordance with the Policy requirements, any optional renewals may then be authorized by the General Manager at the time of renewal, regardless of the dollar amount, provided the pre-priced option is consistent with the terms of the contract as initially approved.

VI. EXCEPTIONS TO PRE-AUTHORIZATION

6.1 Non-Discretionary Purchases do not require Board approval for payment, including those that exceed the General Manager limit of \$75,000. Initial engagement in all software license agreements and cloud-based service agreements are subject to the purchasing limitations as set forth in Table 1. Purchase Orders are not required for Non-Discretionary Purchases.

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

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

VII. COMPETITIVE SELECTION PROCESS

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

Table 2

Competitive Solicitation Process - Requirements	
Purchase Amount	Solicitation Requirement
\$ 5 <u>10</u> ,000 and under	<i>One Quote</i>
\$ 5 <u>10</u> ,001-\$75,000	<i>Three Quotes</i>
\$75,001 and over	<i>RFP or RFQ or Invitation to Bid Process Required</i>

7.1.2 Competitive Solicitation - Submission.

- i) All quotes, bids and proposals must be in writing. Email is acceptable for expenditures under \$75,000.
- ii) RFP, RFQ, and Invitation to Bid submissions must be in writing and be in substantial compliance with terms in the solicitation, or as otherwise required by law, or may be disqualified.
- iii) Quotes, bids and proposal documentation shall be retained pursuant to the District's record retention policy.

7.1.3 Exceptions from Competitive Solicitation Process - Generally. Solicitation of bids or proposals is preferable whenever practicable. In addition, to the exceptions stated under Section 7.3.2, the competitive solicitation requirements set forth under Table 2 may be waived when any of the following is applicable:

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

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

7.2 Public Works. Contracts for Public Works projects shall conform to applicable requirements for Public Works contracts under State law, including but not limited to requirements relating to listing of subcontractors, posting of a payment bond in an amount not less than 100% of the total contract amount (for all Public Works contracts over \$25,000) and payment of prevailing wages (for all contracts for Public Works exceeding \$1,000), or as otherwise required by statute. Unless specifically waived by the District with the approval of the General Manager and District's legal counsel, the District shall require performance bonds for all Public Works Contracts in an amount not less than 100% of the total contract amount. Public Works Contracts let by an Invitation to Bid shall be awarded to the lowest responsive, responsible bidder in accordance with State law and the District's standard Public Works contract documents.

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

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

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

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

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

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

VIII. CHANGE ORDERS

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

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

8.1.2 Change Orders – Formal Contracts and Amendments.

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

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

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

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

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

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

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

IX. ETHICAL PROCUREMENT- CONFLICT OF INTEREST

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

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

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

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

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

X. CALIFORNIA WATER DISTRICT STATUS

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

XI. POLICY REVISIONS

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

XII. POLICY APPROVAL AND ADOPTION

This Policy has been reviewed by the Moulton Niguel Water District Board of Directors and adopted by Resolution No. ~~14~~ ~~-12~~ on ~~September~~ June 17, ~~2014~~ 2017.

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
May 18, 2017

Unaudited results of operations for the nine months ended March 31, 2017, are summarized below.

Total operating revenues were \$43.1 million through March 2017, which is tracking at 76% of the budget. Total operating expenses were \$45.5 million through the month of March, which amounted to 65% of the approved budget. Total Net Income for the nine months ended is at \$1.5 million.

Investment income is at (\$1.2) million for the year, which has been impacted by an unrealized loss (change in market value) of (\$2.5) million. Excluding the market fluctuations, the District has realized gains of \$1.3 million, which remains consistent with the District projections.

The District currently has \$6.0 million available in the Water Efficiency Fund for new projects, rebate applications or additional programs. The remaining fund balance takes into account \$2.0 million in water efficiency program commitments already approved by the Board. The Mission Viejo Country Club project was recently completed, however the completion occurred in April 2017, so this report includes the \$670,000 commitment.

The District's total cash balance has experienced a planned decrease by approximately \$14 million since June 30, 2016. The expended funds have been used to advance the Capital Improvement Plan per the Long Range Financial Plan.

Total liabilities have decreased by \$17.0 million (14%) since June 30, 2016. \$10.0 million of that change is related to Debt Service payments, which are scheduled payments.

All District fiscal agent reserves are properly funded and meet the reserve requirements in the bond indentures. As of April 30, 2017, the monies invested in the reserve accounts received approximately \$97,000 in interest, which amounts to 1.48% of the outstanding balances. This income is restricted as well and will reduce future debt service payments. This interest is not included in the investment income totals included in the summary report, above.

The Board has established a target reserve level of \$64.8 million, and as of March 31, 2017, the District held \$71.5 million in reserves.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Nine Months Ended March 31, 2017

	1	2	3	=3-1	=1/3
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	\$ 19,340,707	\$ 18,763,352	\$ 28,338,290	\$ 8,997,583	68%
Recycled Water Sales	3,545,355	3,334,273	5,489,814	1,944,459	65%
Sewer Sales	14,954,911	14,046,615	18,911,865	3,956,954	79%
Water Efficiency	5,015,043	3,152,585	3,303,844	(1,711,199)	152%
Other Operating Income	276,406	285,416	491,585	215,179	56%
A Total Operating Revenue	43,132,423	39,582,240	56,535,398	13,402,975	76%
Operating Expenses					
Salaries	8,529,603	7,608,384	11,950,943	3,421,340	71%
PERs Employer Contributions	1,150,875	1,082,253	1,564,665	413,790	74%
Defined Contribution 401A	127,670	122,456	281,004	153,335	45%
Educational Courses	20,921	17,265	54,080	33,159	39%
Travel & Meetings	158,066	137,956	278,020	119,954	57%
Recruitment & Employee Relations	15,411	13,837	78,397	62,986	20%
General Services	245,184	232,049	394,750	149,566	62%
Annual Audit	20,873	44,667	53,000	32,127	39%
Member Agencies O&M	278,386	693,330	692,228	413,842	40%
Dues & Memberships	79,791	95,294	101,745	21,954	78%
Election Expenses	12,707	-	83,000	70,293	15%
Consulting Services	1,298,172	1,735,455	2,615,400	1,317,228	50%
Equipment Rental	10,101	43,330	69,000	58,899	15%
District Fuel	160,777	137,438	340,000	179,223	47%
Insurance - District	276,160	283,141	443,170	167,010	62%
Insurance - Personnel	234,577	275,193	480,546	245,969	49%
Insurance - Benefits	1,787,905	1,846,610	3,106,144	1,318,239	58%
Legal Services - Personnel	24,317	-	50,000	25,683	49%
Legal Services - General ¹	139,699	143,517	430,000	290,301	32%
District Office Supplies	414,127	608,333	853,750	439,623	49%
District Operating Supplies	287,255	300,936	390,450	103,195	74%
Repairs & Maintenance - Equipment	516,142	556,048	628,769	112,627	82%
Repairs & Maintenance - Facilities	2,695,959	2,197,712	3,447,205	751,246	78%
Safety Program & Compliance Requirements	174,670	168,184	191,650	16,981	91%
Wastewater Treatment	7,365,354	6,858,792	9,480,876	2,115,522	78%
Special Outside Assessments	26,282	24,292	240,000	213,718	11%
Utilities	1,358,713	1,607,110	2,373,260	1,014,547	57%
Water Purchases	16,766,356	17,487,450	25,826,808	9,060,452	65%
Meter / Vault Purchases	111,974	384,647	615,000	503,026	18%
Water Efficiency	913,182	2,247,433	2,898,457	1,985,275	32%
Other Operating Expenses ²	345,502	1,874	-	(345,502)	n/a
B Total Operating Expenses	45,546,711	46,954,987	70,012,317	24,811,109	65%
A-B Operating Income (Loss)	(2,414,288)	(7,372,747)	(13,476,919)	(11,408,134)	18%
Non-Operating Revenues (Expenses)					
Property Tax Revenue	16,676,735	15,892,876	27,069,573	10,392,838	62%
Investment Income ³	(1,228,052)	2,926,608	2,348,860	3,576,912	-52%
Property Lease Income	1,313,089	1,314,875	1,569,878	256,789	84%
Interest Expense	(3,929,419)	(4,198,475)	(5,466,157)	(1,536,738)	72%
Misc. Non-Operating Income	3,983,662	5,377,592	3,718,464	(265,198)	107%
Capacity fees	272,309	1,046,336	468,818	196,509	58%
C Total Non-Operating Revenue (Expenses)	17,088,324	22,359,811	29,240,618	12,152,294	58%
A-B+C Change in All Funds	\$ 14,674,037	\$ 14,987,065	\$ 15,763,699	\$ 744,160	
Other Non Cash Expenses					
Depreciation	13,137,988	12,776,978	-	(13,137,988)	n/a
D Total Change in Net Position	\$ 1,536,049	\$ 2,210,087	\$ 15,763,699	\$ 13,882,148	

Note: Totals may not sum due to rounding.

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

2. The District performed an inventory inspection and removed approximately \$200k of obsolete equipment and supplies.

3. Investment income is comprised of realized income of \$1,341,812 and unrealized income (loss) of (\$2,569,864).

#12.b.

**Moulton Niguel Water District
All Funds - Budget Comparison Report
Nine Months Ended March 31, 2017
Legal Services - General**

Firm	Water Use		Capital ⁵	Total
	General ⁴	Efficiency ⁴		
Best Best & Krieger LLP	\$ 126,167	\$ 13,532	\$ (29,177)	\$ 110,523
Budget Amount	420,000	10,000	-	430,000
Budget Balance	\$ 293,833	\$ (3,532)	\$ 29,177	\$ 319,477

Note: Totals may not sum due to rounding.

4. Legal Services - General on the previous page is made up of the General balance of \$126,167 and the \$13,532 Water Use Efficiency balance, for a total of \$139,699.

5. Capital legal services represent legal services rendered during construction and are capitalized by the District as part of the project. Each project budgets for legal expenses separately and are not included as part of this schedule.

Consulting Services - Grant Administration

Firm	Spent YTD	Spent Overall	Grants Received
Nossaman LLP	\$ -	\$ -	\$ -
West Yost Associates	-	-	-

Moulton Niguel Water District
General Fund - Budget Comparison Report
Nine Months Ended March 31, 2017

	1	2	=1-2	=2/1
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	\$ 19,340,707	\$ 8,997,583	68%
Recycled Water Sales	5,489,814	3,545,355	1,944,459	65%
Sewer Sales	18,911,865	14,954,911	3,956,954	79%
Other Operating Income	491,585	276,406	215,179	56%
A Total Operating Revenue	53,231,554	38,117,379	15,114,175	72%
<u>Operating Expenses</u>				
Salaries	11,181,396	7,949,458	3,231,938	71%
PERs Employer Contributions	1,480,783	1,085,760	395,023	73%
Defined Contribution 401A	267,655	119,398	148,257	45%
Educational Courses	51,580	19,058	32,522	37%
Travel & Meetings	253,320	148,979	104,341	59%
Recruitment & Employee Relations	78,397	15,411	62,986	20%
General Services	394,750	245,184	149,566	62%
Annual Audit	53,000	20,873	32,127	39%
Member Agencies O&M	692,228	278,386	413,842	40%
Dues & Memberships	101,245	79,791	21,454	79%
Election Expenses	83,000	12,707	70,293	15%
Consulting Services	1,315,400	779,190	536,210	59%
Equipment Rental	69,000	10,101	58,899	15%
District Fuel	340,000	160,777	179,223	47%
Insurance - District	443,170	276,160	167,010	62%
Insurance - Personnel	460,266	222,652	237,614	48%
Insurance - Benefits	2,924,922	1,666,172	1,258,750	57%
Legal Services - Personnel	50,000	24,317	25,683	49%
Legal Services - General	420,000	126,167	293,833	30%
District Office Supplies	473,250	359,102	114,148	76%
District Operating Supplies	390,450	287,255	103,195	74%
Repairs & Maintenance - Equipment	626,269	515,920	110,349	82%
Repairs & Maintenance - Facilities	3,447,205	2,695,959	751,246	78%
Safety Program & Compliance Requirements	191,650	173,180	18,470	90%
Wastewater Treatment	9,480,876	7,365,354	2,115,522	78%
Special Outside Assessments	240,000	26,282	213,718	11%
Utilities	2,373,260	1,358,713	1,014,547	57%
Water Purchases	25,826,808	16,766,356	9,060,452	65%
Meter / Vault Purchases	615,000	111,974	503,026	18%
Other Operating Expenses	-	345,502	(345,502)	n/a
B Total Operating Expenses	64,324,880	42,900,637	21,424,243	67%
A-B Operating Income (Loss)	(11,093,326)	(4,783,257)	(6,310,069)	43%
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	27,069,573	16,676,735	10,392,838	62%
Investment Income	2,242,424	(1,186,136)	3,428,560	-53%
Property Lease Income	1,569,878	1,313,089	256,789	84%
Misc. Non-Operating Income (Expense)	3,718,464	86,645	3,631,819	2%
C Total Non-Operating Revenue (Expenses)	34,600,339	16,890,334	17,710,005	49%
A-B+C Change in General Fund	\$ 23,507,013	\$ 12,107,076	\$ 11,399,937	54%
<u>Other Non Cash Expenses</u>				
Depreciation	-	13,137,988	(13,137,988)	n/a
D Total Change in Net Position	\$ 23,507,013	\$ (1,030,912)	\$ (1,738,051)	\$ 13,137,988

Note: Totals may not sum due to rounding.

#12.b.

**Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Nine Months Ended March 31, 2017**

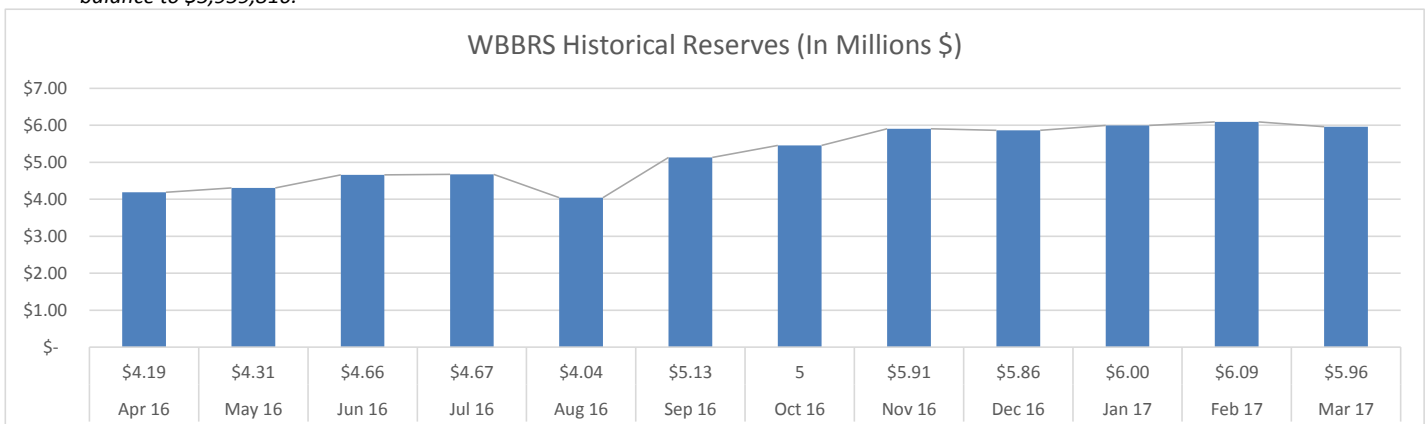
Description	1 Approved Budget	2 Fiscal Year to Date Actuals	=1-2 Budget Balance	=2/1 % of Actuals to Budget
WATER EFFICIENCY FUND				
Projected Operating Revenue				
Water Efficiency	\$ 3,303,844	\$ 5,015,043	\$ (1,711,199)	152%
A	3,303,844	5,015,043	(1,711,199)	152%
Projected Operating Expenses				
Labor	1,068,280	787,190	281,091	74%
Educational Courses	2,500	1,863	637	75%
Travel & Meetings	24,700	9,087	15,613	37%
Dues & Memberships	500	-	500	0%
Consulting Services	1,300,000	518,982	781,018	40%
Legal Services	10,000	13,532	(3,532)	135%
Conservation supplies	380,500	55,025	325,475	14%
Repairs and Maintenance - Equipment	2,500	222	2,278	9%
Safety Program & Compliance Requirements	-	1,489	(1,489)	n/a
Water Efficiency	2,898,457	913,182	1,985,275	32%
B	5,687,437	2,300,572	3,386,865	40%
A-B	(2,383,593)	2,714,472	(5,098,065)	-114%
Projected Non-Operating Revenue				
Demand offset fees	-	26,564	(26,564)	n/a
C	106,436	(16,043)	122,479	-15%
A-B+C	106,436	10,521	95,915	10%
Projected Change in Water Efficiency Fund	\$ (2,277,157)	\$ 2,724,993	\$ (5,002,150)	

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)	2,724,993	(5,002,150)
Project Commitments		(1,923,497)	
Fund Net Position, Nine Months Ended March 31, 2017	\$ 2,881,163	\$ 5,959,816	

1. In addition to realized expenditures, there is approximately \$1,923,497 in project commitments, reducing the available WBBRS reserve balance to \$5,959,816.



MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited)	
	March 31, 2017	June 30, 2016
CURRENT ASSETS:		
Cash and investments	\$ 31,102,083	\$ 21,149,580
Restricted cash and investments with fiscal agent	7,856,091	8,086,043
Accounts receivables:		
Water and sanitation charges	2,560,706	4,023,360
Taxes and acreage assessments	-	255,190
Grant Reimbursements	179,628	1,771,918
Other accounts receivable	243,237	347,088
Interest receivable	510,855	589,339
AMP receivable	-	656
Inventory	1,128,073	1,322,755
Prepaid expenses	1,114,809	566,095
	<u>44,695,482</u>	<u>38,112,024</u>
TOTAL CURRENT ASSETS	<u>44,695,482</u>	<u>38,112,024</u>
NONCURRENT ASSETS:		
Investments	85,642,273	109,982,071
Retrofit loans receivable	546,278	561,582
Capital assets, net of accumulated depreciation	333,211,617	344,747,326
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	59,233,687	45,135,106
	<u>479,725,765</u>	<u>501,517,995</u>
TOTAL NONCURRENT ASSETS	<u>479,725,765</u>	<u>501,517,995</u>
TOTAL ASSETS	<u>524,421,247</u>	<u>539,630,019</u>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	713,127	937,158
Deferred Items related to Pension	1,419,676	1,419,676
	<u>2,132,803</u>	<u>2,356,834</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>2,132,803</u>	<u>2,356,834</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$	<u><u>526,554,050</u></u>	<u><u>541,986,853</u></u>

#12.c.

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

	(Unaudited)	
	March 31, 2017	June 30, 2016
CURRENT LIABILITIES:		
Accounts payable	\$ 3,842,351	\$ 9,107,383
Interest payable	479,936	1,880,732
Unearned Revenue	-	45,572
Compensated absences	728,213	618,807
Current portion of long-term debt:		
Bonds payable	1,275,000	6,060,000
Loans Payable	2,032,109	1,994,998
Certificates of participation	1,925,000	1,855,000
	10,282,609	21,562,492
 LONG-TERM LIABILITIES		
Compensated absences	242,738	206,269
Long-term debt:		
Bonds payable	15,095,000	16,370,000
Loans payable	6,660,907	8,693,015
Certificates of participation	60,000,000	61,925,000
Net Pension Liability	12,934,337	12,934,337
	94,932,981	100,128,621
 Bond Discount/Premium	2,116,099	2,609,427
	107,331,689	124,300,540
 DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	3,530,389	3,530,389
	3,530,389	3,530,389
 NET POSITION:		
Net investment in capital assets	305,146,227	292,404,060
Restricted for capital projects	267,368	2,632,947
Unrestricted	110,278,377	119,118,917
	415,691,972	414,155,924
 TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 526,554,050	\$ 541,986,853

Note: Totals may not sum due to rounding.

**MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
As of March 31, 2017**

	Reserve Requirement	(Unaudited) Balance 3/31/2017	Over (Under) Requirement	Balance 6/30/2016
<u>Restricted Cash and Investments:</u>				
2009 COPS Trust Reserve	\$ 6,000,000	\$ 6,091,133	\$ 91,133	\$ 6,033,813
2009 COPS Installment	-	59	59	39
2010 Installment Payment	-	140,942	140,942	264,609
2010 COPS Trust Reserves	192,500	378,813	186,313	555,767
2014 Consolidated Ref Bonds	-	2	2	4
2015 Refunding Bonds	-	9	9	8
2015 Refunding Reserve	1,226,500	1,245,133	18,633	1,231,804
Total Restricted Trust Accounts	\$ 7,419,000	\$ 7,856,091	\$ 437,091	\$ 8,086,043

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited)	
	March 31, 2017	June 30, 2016
CURRENT ASSETS:		
Cash and investments	\$ 31,102,083	\$ 21,149,580
Restricted cash and investments with fiscal agent	7,856,091	8,086,043
Accounts receivables:		
Water and sanitation charges	2,560,706	4,023,360
Taxes and acreage assessments	-	255,190
Grant Reimbursements	179,628	1,771,918
Other accounts receivable	243,237	347,088
Interest receivable	510,855	589,339
AMP receivable	-	656
Inventory	1,128,073	1,322,755
Prepaid expenses	1,114,809	566,095
	44,695,482	38,112,024
TOTAL CURRENT ASSETS	44,695,482	38,112,024
NONCURRENT ASSETS:		
Investments	85,642,273	109,982,071
Retrofit loans receivable	546,278	561,582
Capital assets, net of accumulated depreciation	333,211,617	344,747,326
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	59,233,687	45,135,106
	479,725,765	501,517,995
TOTAL NONCURRENT ASSETS	479,725,765	501,517,995
TOTAL ASSETS	524,421,247	539,630,019
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	713,127	937,158
Deferred Items related to Pension	1,419,676	1,419,676
	2,132,803	2,356,834
TOTAL DEFERRED OUTFLOW OF RESOURCES	2,132,803	2,356,834
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$	526,554,050	\$ 541,986,853

#12.e.

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

	(Unaudited)	
	March 31, 2017	June 30, 2016
CURRENT LIABILITIES:		
Accounts payable	\$ 3,842,351	\$ 9,107,383
Interest payable	479,936	1,880,732
Unearned Revenue	-	45,572
Compensated absences	728,213	618,807
Current portion of long-term debt:		
Bonds payable	1,275,000	6,060,000
Loans Payable	2,032,109	1,994,998
Certificates of participation	1,925,000	1,855,000
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	10,282,609	21,562,492
	<hr/>	<hr/>
LONG-TERM LIABILITIES		
Compensated absences	242,738	206,269
Long-term debt:		
Bonds payable	15,095,000	16,370,000
Loans payable	6,660,907	8,693,015
Certificates of participation	60,000,000	61,925,000
Net Pension Liability	12,934,337	12,934,337
	<hr/>	<hr/>
TOTAL LONG-TERM LIABILITIES	94,932,981	100,128,621
	<hr/>	<hr/>
Bond Discount/Premium	2,116,099	2,609,427
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TOTAL LIABILITIES	107,331,689	124,300,540
	<hr/>	<hr/>
DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	3,530,389	3,530,389
	<hr/>	<hr/>
TOTAL DEFERRED INFLOW OF RESOURCES	3,530,389	3,530,389
	<hr/>	<hr/>
NET POSITION:		
Net investment in capital assets	305,146,227	292,404,060
Restricted for capital projects	267,368	2,632,947
Unrestricted	110,278,377	119,118,917
	<hr/>	<hr/>
TOTAL NET POSITION	415,691,972	414,155,924
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 526,554,050	\$ 541,986,853
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Note: Totals may not sum due to rounding.

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF APRIL 2017**

#12.f.

Summary of Disbursements in April 2017:

General Fund Disbursements		5,813,485
<u>Restricted Fund Disbursements:</u>		
Self Insurance Fund	268	
Water Efficiency Fund	921,270	
Replacement & Refurbishment Fund	2,404,760	
Planning & Construction Fund	106,066	3,432,365
Total Disbursements for all Funds		\$ 9,245,850

Detail of Major Expenditures in April 2017:

1. South Orange County Wastewater Authority (SOCWA)		
FY 16/17 Q4 O&M Budget Deposits	2,085,311	
FY 16/17 Q4 Capital Project Billings	1,626,606	3,711,917
<hr/>		
2. Municipal Water District of Orange County (MWDOC)		
February Water Purchases 948.9 AF	819,955.20	
February Readiness To Serve	110,730	
February Capacity Charge	30,934	
February Turf, Nozzles, and Smart Timer Rebates	20,605	
February SoCal WaterSmart Residential Rebates	17,000	
February SCP Operation Surcharge	7,829	
January Reclaimed Rebate 18.6 AF	(2,864)	1,004,189
<hr/>		
3. Integrity Golf, Inc. (Mission Viejo Country Club)		
Turf Rebate		665,014
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4. Haaker Equipment Company		
2017 Hydro Excavator	428,756	
Auto parts	5,615	434,371
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5. J. Colon Coatings, Inc.		
C# 2015004 Crown Valley RW Reservoir, progress payment #5		301,180
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6. Ferreira Construction Co., Inc.		
C# 2011012 Largo PRS Replacement, progress payment #1	169,655	
Emergency Water Line repair at Crown Valley Parkway	73,344	242,999
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7. A & Y Company Inc.		
Concrete and Asphalt Services		164,213
<hr/>		
6. South Coast Water District (SCWD)/Joint Regional Water Supply System (JRWSS)		
FY 16/17 Q4 O&M Charges	112,509	
FY 16/17 Capital Project Costs	35,722	148,231
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8. Aqua-Metric Sales, Co		
Meters		114,809

