moulton niguel water district

BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
May 9, 2019
6:00 PM
Approximate Meeting Time: 2 Hours

THIS BOARD MEETING WILL INCLUDE TELECONFERENCING AT THE FOLLOWING LOCATION: PORTOLA HOTEL & SPA AT MONTEREY BAY, 2 PORTOLA PLAZA, MONTEREY BAY, CA 93940

1. CALL MEETING TO ORDER:

2. PLEDGE OF ALLEGIANCE:

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 ITEM:

4. Quarterly Investment Report - Chandler Asset Management

CONSENT CALENDAR ITEMS:(Items on the Consent Calendar have been discussed at the regularly scheduled Administrative and Technical Committee meetings)

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

5. MINUTES OF THE APRIL 11, 2019 BOARD OF DIRECTORS' MEETING

6. MINUTES OF THE APRIL 25, 2019 SPECIAL BOARD OF DIRECTORS' MEETING

7. CONSTRUCTION CONTRACT AWARD FOR CABOT CIP FLOW CONTROL FACILITY – FLOW CONTROL VALVE #1 UPGRADE

It is recommended that the Board of Directors award the construction services contract to SS Mechanical Construction Corp. in the amount of $225,425; authorize the General Manager or Assistant General Manager to execute the contract; and to approve change orders up to 10% of the contract value.

8. CONSTRUCTION CONTRACT AWARD FOR CASA DEL OSO PUMP STATION – PUMP NO. 1 REPLACEMENT

It is recommended that the Board of Directors award the construction services contract to SS Mechanical Construction Corp. in the amount of $205,625; authorize the General Manager or Assistant General Manager to execute the contract; and to approve change orders up to 10% of the contract value.

9. AMENDMENT NO. 1 TO THE JANITORIAL SERVICES AGREEMENT – OMNI ENTERPRISE, INC.

It is recommended that the Board of Directors approve Amendment No. 1 to the Janitorial Services Agreement with Omni Enterprise, Inc. in the amount of $72,600, for a total not-to-exceed contract value of $127,200; authorize the General Manager or Assistant General Manager to execute the amendment; and to approve amendments up to 10% of the total contract value.

10. AMENDMENT NO. 1 TO THE PUMP REFURBISHMENT AGREEMENT – POWERS BROS. MACHINE, INC.

It is recommended that the Board of Directors approve Amendment No. 1 to the Pump Refurbishment Agreement with Powers Bros. Machine, Inc. in the amount of $78,000 for a total not-to-exceed contract value of $143,000; authorize the General Manager or Assistant General Manager to execute the amendment; and to approved amendments up to 10% of the total contract value.

11. MONTHLY FINANCIAL REPORT

It is recommended that the Board of Directors receive and file the monthly financial report for the month ending February 2019.

TECHNICAL MATTERS:

12. PLANT 2A UPGRADES

It is recommended that the Board of Directors authorize construction of the Plant 2A Upgrades as a part of the Layton CMAR Contract for a not-to-exceed value of $29,709,651; authorize the General Manager or Assistant General Manager to issue a Notice-to-Proceed; and to approve change orders up to 2.5% of this amount.

INFORMATION ITEMS:

13. Investment Policy Annual Review

14. Purchasing Policy Annual Review

15. Federal Grants Management Policy

16. Reserve Policy

17. Debt Management Policy

18. Fiscal Year 2019-20 Proposed Budget

GENERAL MANAGER MATTERS:(Brief general updates on District matters and/or brief general updates from staff - Informational purposes only.)

PRESIDENT'S REPORT:

BOARD REPORTS:

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

LATE ITEMS: (Appropriate Findings to be Made)

a. Need to take immediate action; and

b. Need for action came to District's attention after Agenda Posting. [Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

ADJOURNMENT:

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

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

CHANDLER ASSET MANAGEMENT

Moulton Niguel Water District

Period Ending March 31, 2019

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | www.chandlerasset.com

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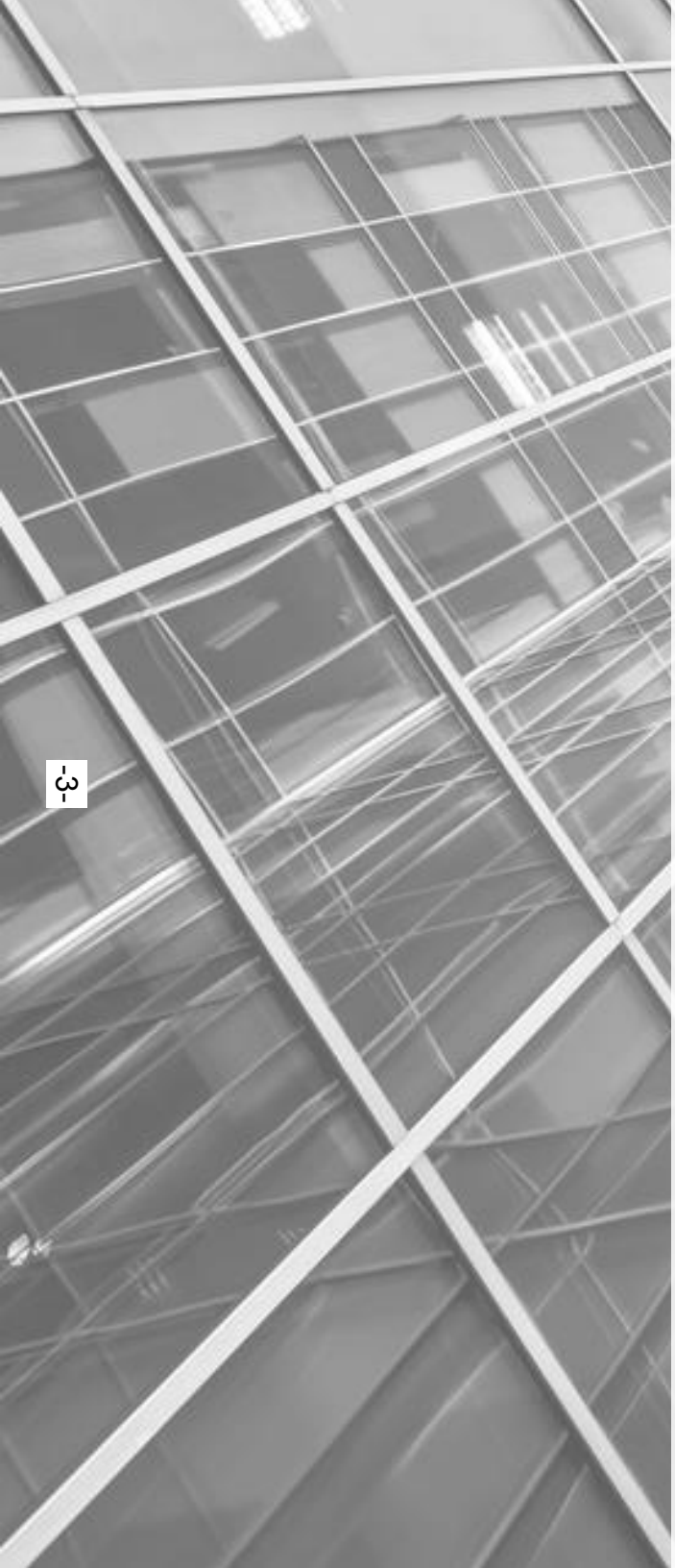


Section 1 | Consolidated Information

Objectives

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 of the ICE BAML 3-Month US Treasury Bill Index..

The performance objective of the Limited Maturity Fund is to earn a return that equals or exceeds the return of the ICE BAML 0-3 Yr US Treasury Index.

The performance 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 (ICE BAML 1-10 Yr Treasury/Agency 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 if 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.

Portfolio Characteristics

As of March 31, 2019

Moulton Niguel Water District Bond Reserves

	3/31/2019 Portfolio	12/31/2018 Portfolio
Average Maturity (yrs)	2.73	2.61
Modified Duration	2.59	2.50
Average Purchase Yield	1.85%	1.65%
Average Market Yield	2.31%	2.50%
Average Quality*	AA+/Aaa	AA+/Aaa
Total Market Value	1,288,088	7,365,011

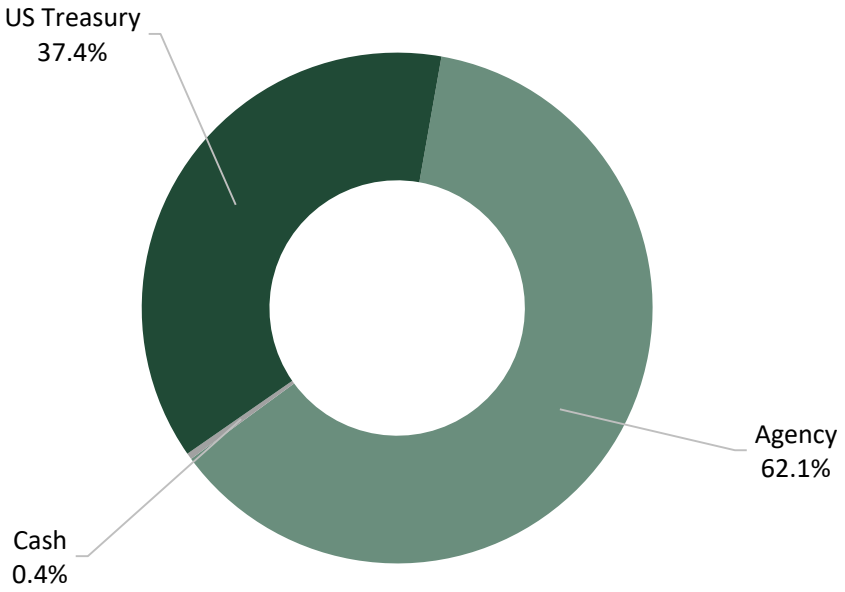
**Portfolio is S&P and Moody's, respectively.*

Sector Distribution

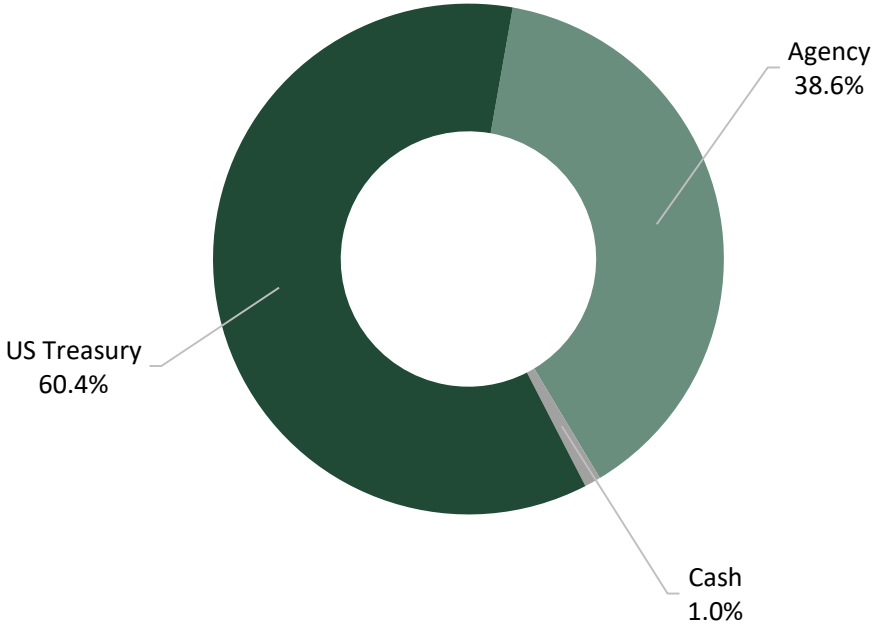
As of March 31, 2019

Moulton Niguel Water District Bond Reserves

March 31, 2019



December 31, 2018



Portfolio Characteristics

As of March 31, 2019

Moulton Niguel Water District Consolidated

	3/31/2019 Portfolio	12/31/2018 Portfolio
Average Maturity (yrs)	2.84	2.74
Modified Duration	2.47	2.38
Average Purchase Yield	2.49%	2.40%
Average Market Yield	2.47%	2.73%
Average Quality*	AA+/Aa1	AA+/Aa1
Total Market Value	116,706,615	127,164,393

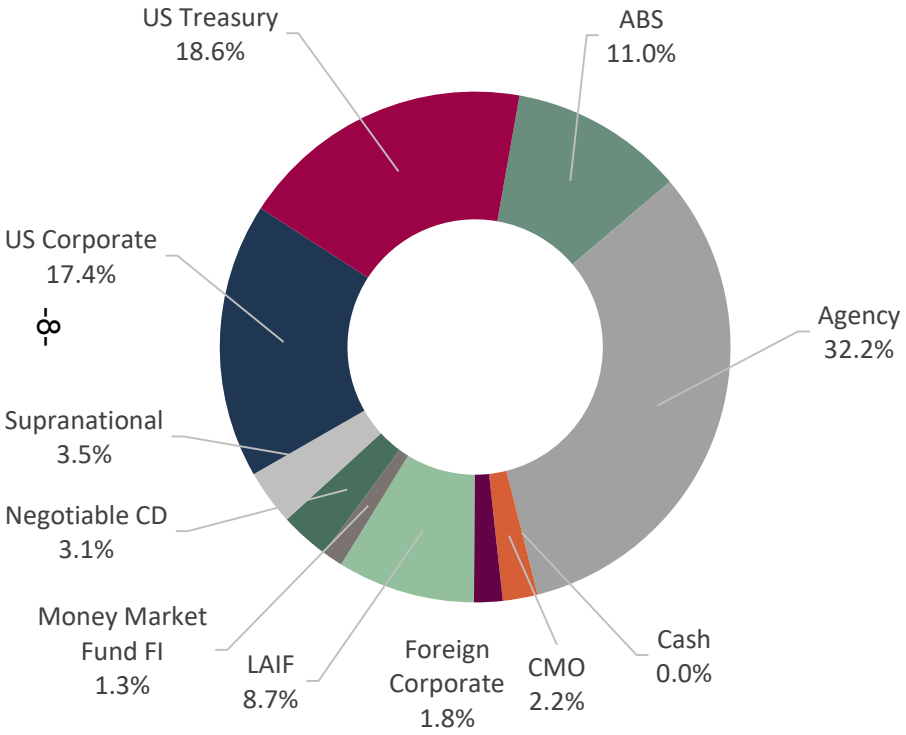
** Portfolio is S&P and Moody's respectively.*

Sector Distribution

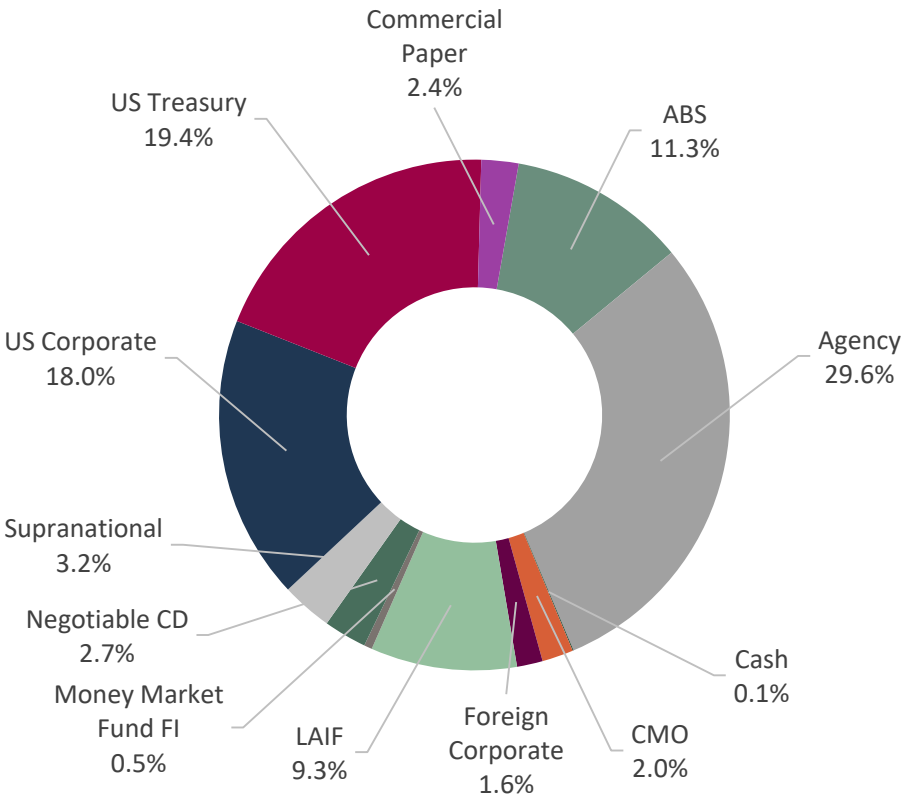
As of March 31, 2019

Moulton Niguel Water District Consolidated

March 31, 2019



December 31, 2018



Issuers

As of March 31, 2019

Moulton Niguel Water District Consolidated – Account #43

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	2.27%	3.58	18.57%
Federal Home Loan Bank	Agency	2.43%	3.67	12.63%
Federal National Mortgage Association	Agency	2.37%	3.94	9.91%
Local Agency Investment Fund	LAIF	2.44%	0.00	8.72%
Tennessee Valley Authority	Agency	2.39%	3.37	5.38%
Federal Home Loan Mortgage Corp	Agency	2.30%	2.50	3.62%
Inter-American Dev Bank	Supranational	2.32%	3.10	2.95%
Toyota ABS	ABS	2.67%	1.76	2.34%
John Deere ABS	ABS	2.77%	2.37	2.24%
Federal Home Loan Mortgage Corp	CMO	2.58%	4.32	2.18%
American Express ABS	ABS	2.66%	3.46	1.70%
JP Morgan ABS	ABS	2.54%	3.29	1.69%
Bank of Montreal Chicago	Negotiable CD	2.75%	0.08	1.47%
Citibank ABS	ABS	2.65%	2.54	1.44%
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	2.18%	0.00	1.34%
Qualcomm Inc	US Corporate	2.63%	1.14	1.15%
Oracle Corp	US Corporate	2.59%	2.46	1.14%
State Street Bank	US Corporate	2.59%	2.14	1.07%
Exxon Mobil Corp	US Corporate	2.47%	1.92	1.05%
Westpac Banking Corp NY	Negotiable CD	2.97%	0.45	1.04%
Honda Motor Corporation	US Corporate	2.78%	4.46	1.00%
Deere & Company	US Corporate	2.68%	3.83	0.95%
Charles Schwab Corp/The	US Corporate	2.65%	3.82	0.95%
HSBC Holdings PLC	Foreign Corporate	3.15%	4.15	0.93%
Paccar Financial	US Corporate	2.79%	2.37	0.92%
Toronto Dominion Holdings	Foreign Corporate	2.81%	4.30	0.89%
Apple Inc	US Corporate	2.59%	3.45	0.89%
Toyota Motor Corp	US Corporate	2.63%	2.79	0.88%
Bank of America Corp	US Corporate	2.94%	3.79	0.87%
PNC Financial Services Group	US Corporate	2.67%	2.89	0.87%
Nissan ABS	ABS	2.70%	2.55	0.85%
Pepsico Inc	US Corporate	2.44%	1.08	0.83%
Berkshire Hathaway	US Corporate	2.58%	3.96	0.78%
IBM Corp	US Corporate	2.80%	3.44	0.77%
Honda ABS	ABS	2.68%	2.38	0.76%
Microsoft	US Corporate	2.60%	2.36	0.73%
Federal Farm Credit Bank	Agency	2.39%	1.12	0.69%
HSBC Holdings PLC	US Corporate	2.76%	0.23	0.65%

Issuers

As of March 31, 2019

Moulton Niguel Water District Consolidated – Account #43

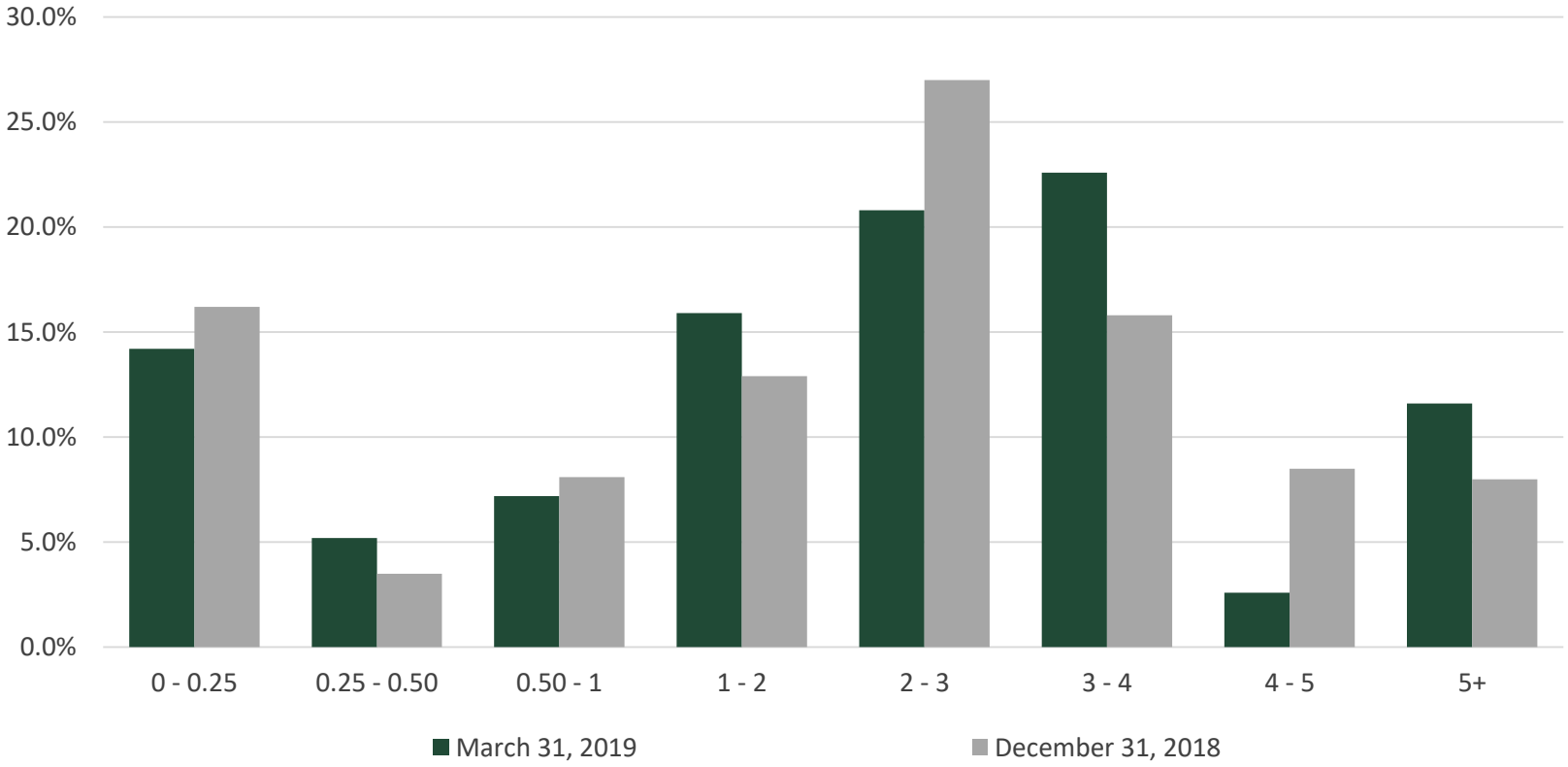
Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Cooperatieve Rabobank UA	Negotiable CD	2.66%	0.01	0.65%
Wal-Mart Stores	US Corporate	2.64%	4.24	0.64%
International Finance Corp	Supranational	2.38%	1.82	0.57%
US Bancorp	US Corporate	2.58%	2.82	0.50%
Occidental Petroleum Corporation	US Corporate	2.62%	3.04	0.43%
Bank of New York	US Corporate	2.64%	0.45	0.39%
Bank Cash Account	Cash	0.00%	0.00	0.00%
TOTAL		**2.47%**	**2.84**	**100%**

Duration Distribution

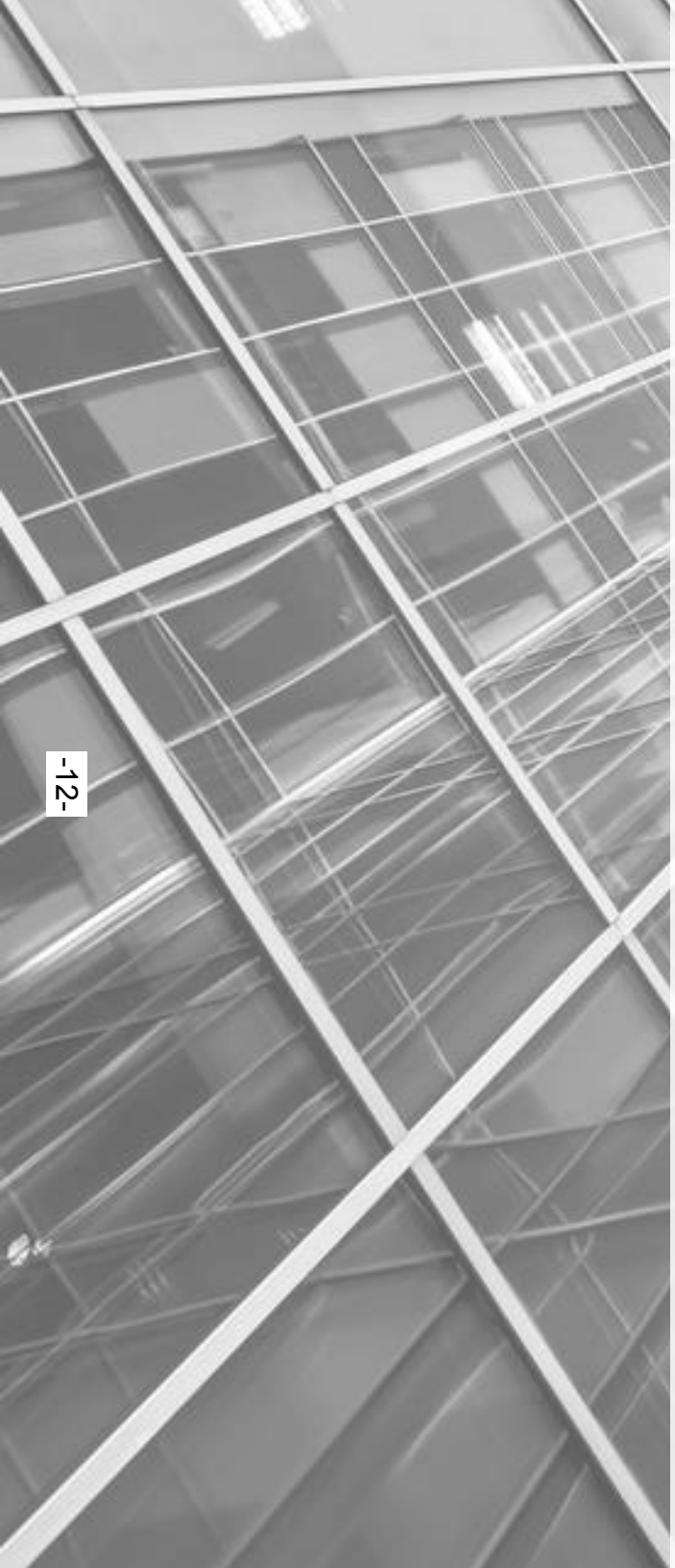
As of March 31, 2019

Moulton Niguel Water District Consolidated

March 31, 2019 vs. December 31, 2018



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
03/31/19	14.2%	5.2%	7.2%	15.9%	20.8%	22.6%	2.6%	11.6%
12/31/18	16.2%	3.5%	8.1%	12.9%	27.0%	15.8%	8.5%	8.0%



Section 2 | Account Profile

Portfolio Characteristics

As of March 31, 2019

Moulton Niguel Water District Bond Reserves

	Bond Reserves	
	3/31/2019	12/31/2018
Portfolio book value	$7,380,271	$7,489,161
Market value	$7,376,536	$7,365,011
Net Contribution/Withdrawal for the Period	($6,089,849)	--
Average book yield	0.32%	1.66%
Average maturity (yrs)	0.48	2.61
Modified duration	0.45	2.50
$ change in value for 1% change in rates	$33,361	$184,025
% maturing within two years	5.5%	28.3%
Average credit quality	AA+/Aaa	AA+/Aaa

Portfolio Characteristics

As of March 31, 2019

Moulton Niguel Water District Liquid Fund

	ICE BAML 3-Month US Treasury Bill Index	Liquid Fund	
	3/31/2019	3/31/2019	12/31/2018
Portfolio book value	--	$10,116,873	$11,757,317
Market value	--	$10,117,266	$11,775,815
Net Contribution/Withdrawal for the Period	--	($1,660,000)	--
Average book yield	--	2.44%	2.31%
Average maturity (yrs)	0.16	0.00	0.00
Modified duration	0.16	0.00	0.00
$ change in value for 1% change in rates	--	$0	$0
% maturing within one year	100%	100%	100%
Average credit quality	AAA	Not Rated	Not Rated

Portfolio Characteristics

As of March 31, 2019

Moulton Niguel Water District Limited Maturity Fund

	ICE BAML 0-3 Yr US Treasury Index	Limited Maturity Fund	
	3/31/2019	3/31/2019	12/31/2018
Portfolio book value	--	$20,086,397	$24,450,362
Market value	--	$19,955,715	$24,279,572
Net Contribution/Withdrawal for the Period	--	($4,515,000)	--
Average book yield	--	2.65%	2.58%
Average maturity (yrs)	1.42	1.60	1.56
Modified duration	1.37	0.57	0.64
$ change in value for 1% change in rates	--	$113,748	$155,389
% maturing within two years	68.1%	51.5%	59.5%
Average credit quality	AAA	AAA/Aaa	AAA/Aa1

Portfolio Characteristics

As of March 31, 2019

Moulton Niguel Water District Operating Reserve Fund

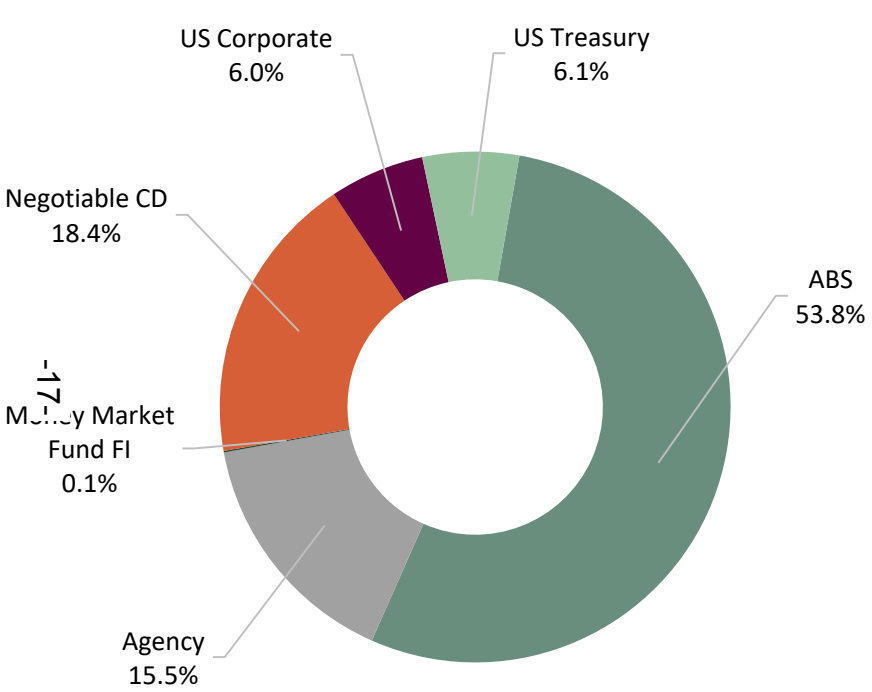
	ICE BAML 1-10 Yr US Treasury/Agency Index	Operating Reserve Fund	
	3/31/2019	3/31/2019	12/31/2018
Portfolio book value	--	$84,701,030	$84,086,030
Market value	--	$85,285,547	$83,743,995
Net Contribution/Withdrawal for the Period	--	($1,875)	--
Average book yield	--	2.47%	2.43%
Average maturity (yrs)	3.88	3.47	3.48
Modified duration	3.59	3.20	3.20
$ change in value for 1% change in rates	--	$2,729,138	$2,679,808
% maturing within two years	23.6%	20.5%	13.5%
Average credit quality	AAA	AA/Aa1	AA/Aa1

Sector Distribution

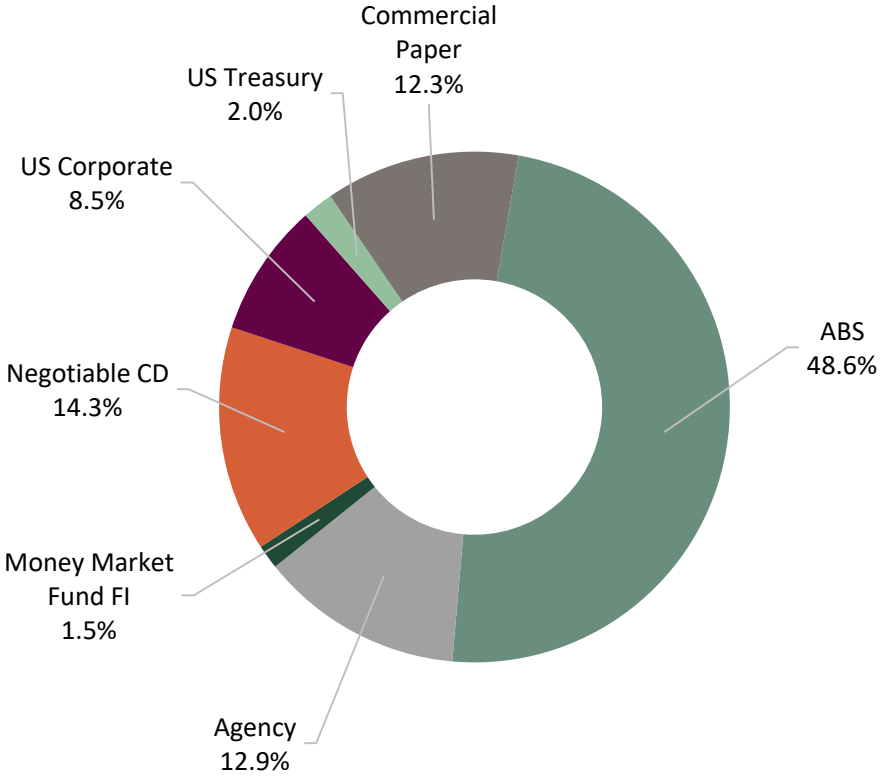
As of March 31, 2019

Moulton Niguel Water District Limited Maturity

March 31, 2019



December 31, 2018



Issuers

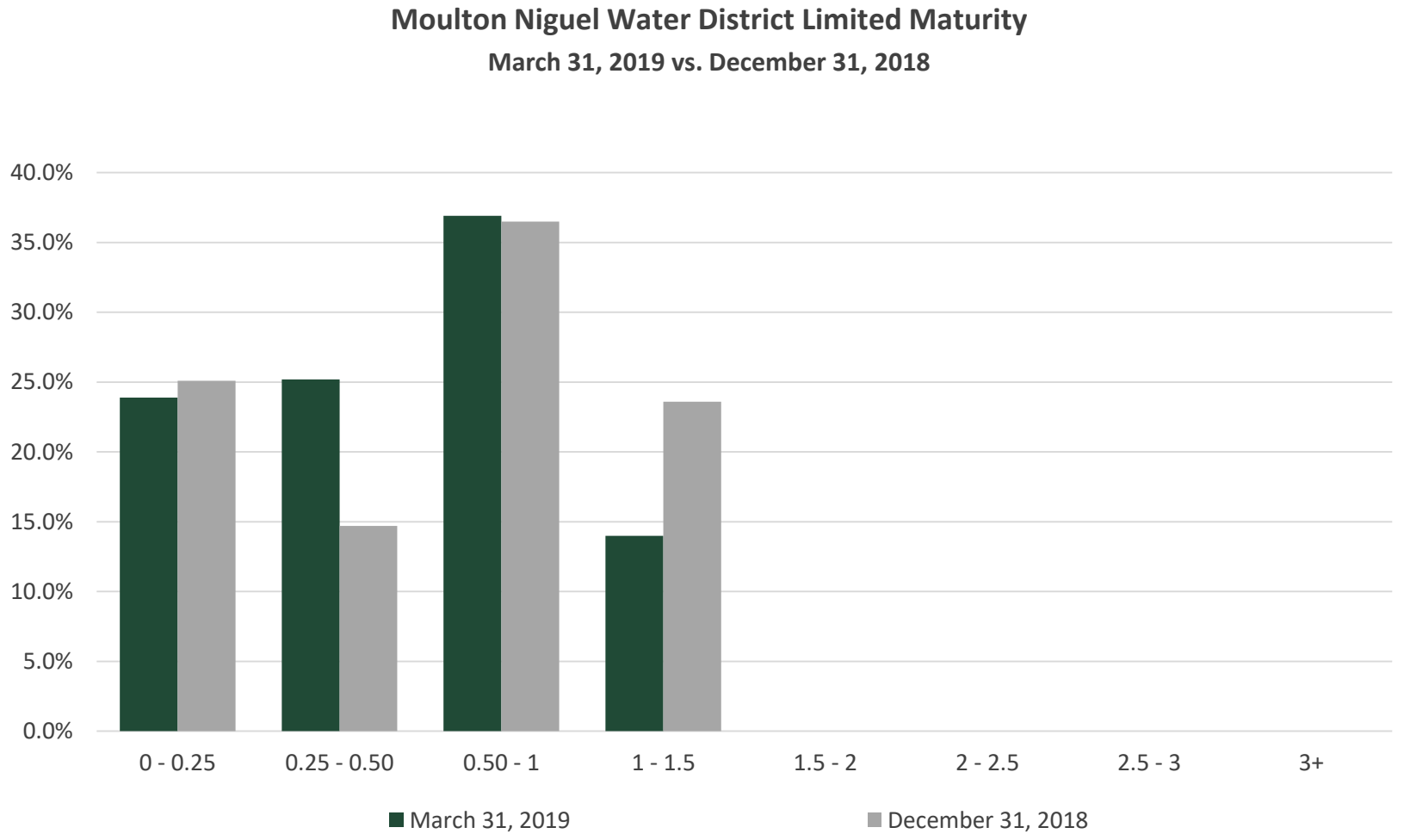
As of March 31, 2019

Moulton Niguel Water District Limited Maturity – Account #42

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Toyota ABS	ABS	2.64%	1.82	10.48%
Federal Home Loan Bank	Agency	2.41%	0.38	10.19%
American Express ABS	ABS	2.66%	3.46	9.97%
JP Morgan ABS	ABS	2.54%	3.29	9.90%
Bank of Montreal Chicago	Negotiable CD	2.75%	0.08	8.58%
Citibank ABS	ABS	2.65%	2.54	8.40%
Government of United States	US Treasury	2.44%	0.50	6.13%
Westpac Banking Corp NY	Negotiable CD	2.97%	0.45	6.07%
John Deere ABS	ABS	2.81%	2.21	5.70%
Nissan ABS	ABS	2.70%	2.55	4.98%
Honda ABS	ABS	2.68%	2.38	4.42%
Federal Farm Credit Bank	Agency	2.39%	1.12	4.06%
HSBC Holdings PLC	US Corporate	2.76%	0.23	3.78%
Cooperatieve Rabobank UA	Negotiable CD	2.66%	0.01	3.78%
Bank of New York	US Corporate	2.64%	0.45	2.25%
Federal Home Loan Mortgage Corp	Agency	2.46%	0.34	1.25%
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	2.18%	0.00	0.07%
TOTAL		**2.63%**	**1.60**	**100%**

Duration Distribution

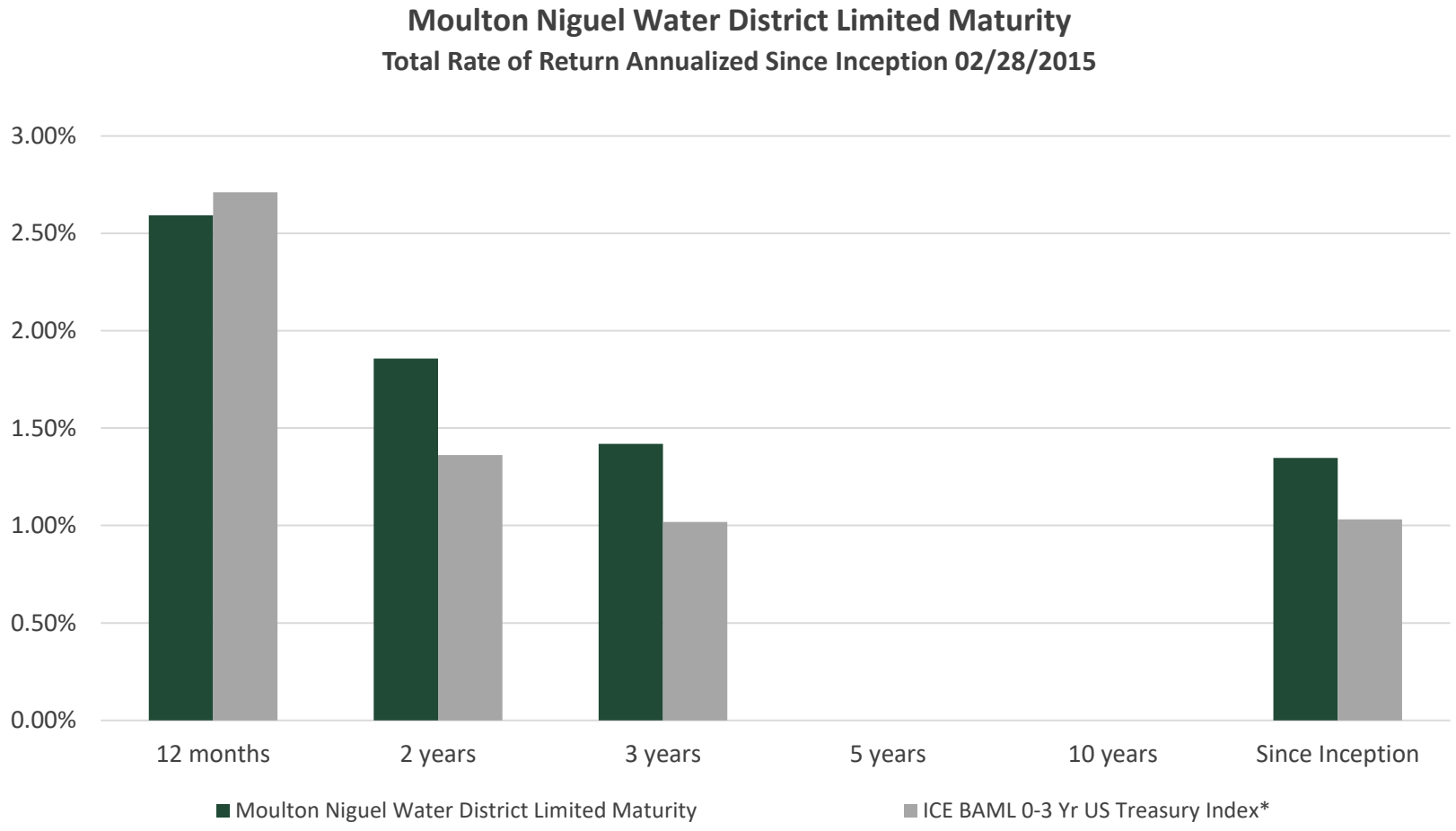
As of March 31, 2019



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 1.5	1.5 - 2	2 - 2.5	2.5 - 3	3+
03/31/19	23.9%	25.2%	36.9%	14.0%	0.0%	0.0%	0.0%	0.0%
12/31/18	25.1%	14.7%	36.5%	23.6%	0.0%	0.0%	0.0%	0.0%

Investment Performance

As of March 31, 2019



			Annualized				
TOTAL RATE OF RETURN	**3 months**	**12 months**	**2 years**	**3 years**	**5 years**	**10 years**	**Since Inception**
Moulton Niguel Water District Limited Maturity	0.83%	2.59%	1.86%	1.42%	N/A	N/A	1.35%
ICE BAML 0-3 Yr US Treasury Index	0.98%	2.71%	1.36%	1.02%	N/A	N/A	1.03%

**ICE BAML 1-3 Yr US Treasury Index until 6/30/16; Then 0-3 ICE BAML US Treasuries*

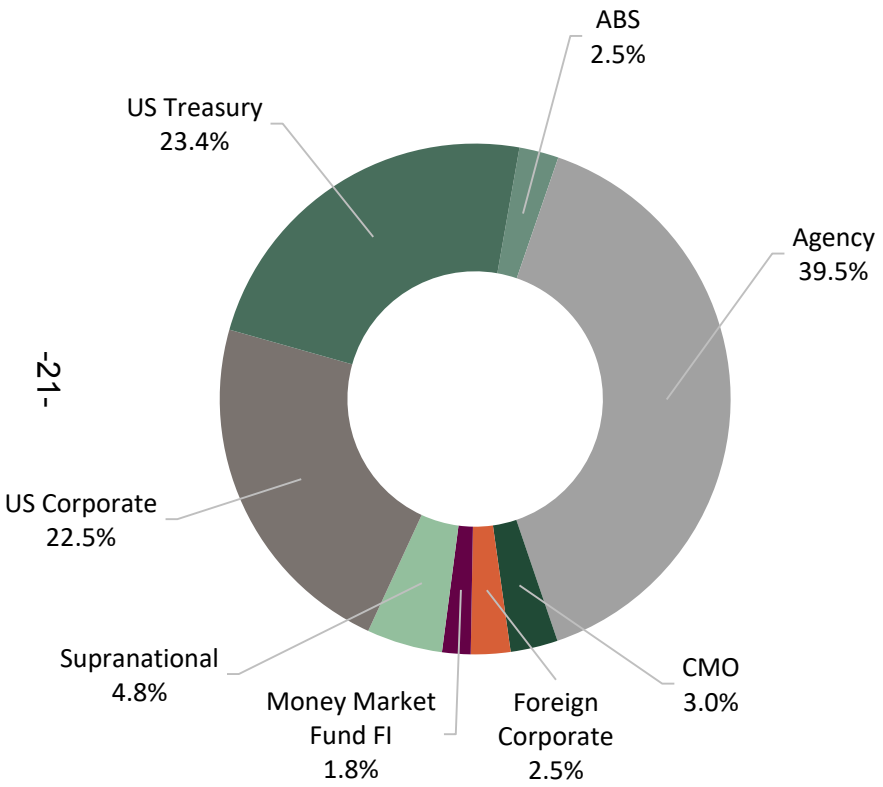
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Sector Distribution

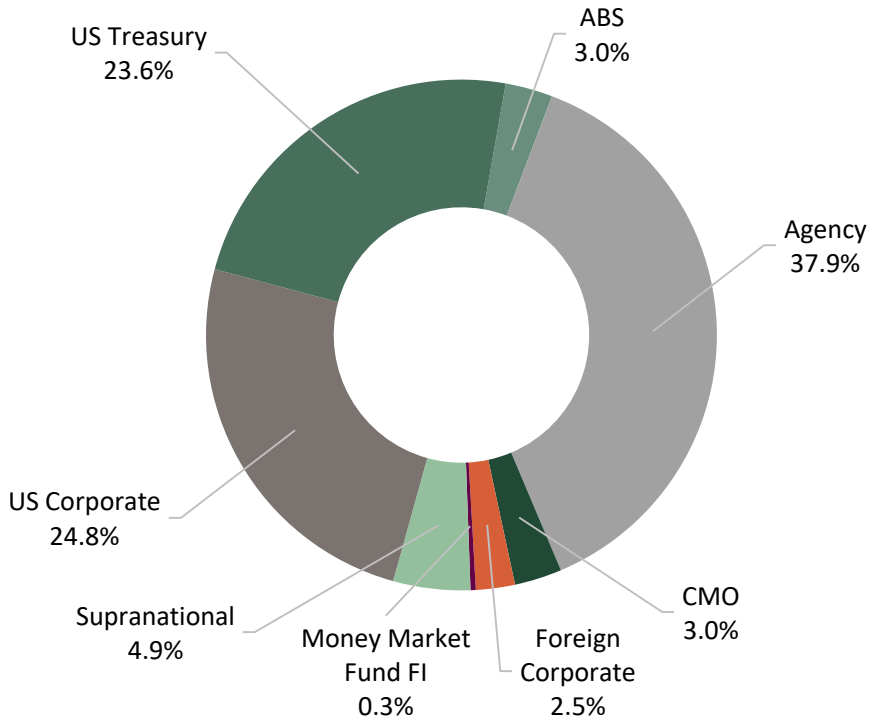
As of March 31, 2019

Moulton Niguel Water District Operating Reserve

March 31, 2019



December 31, 2018



Issuers

As of March 31, 2019

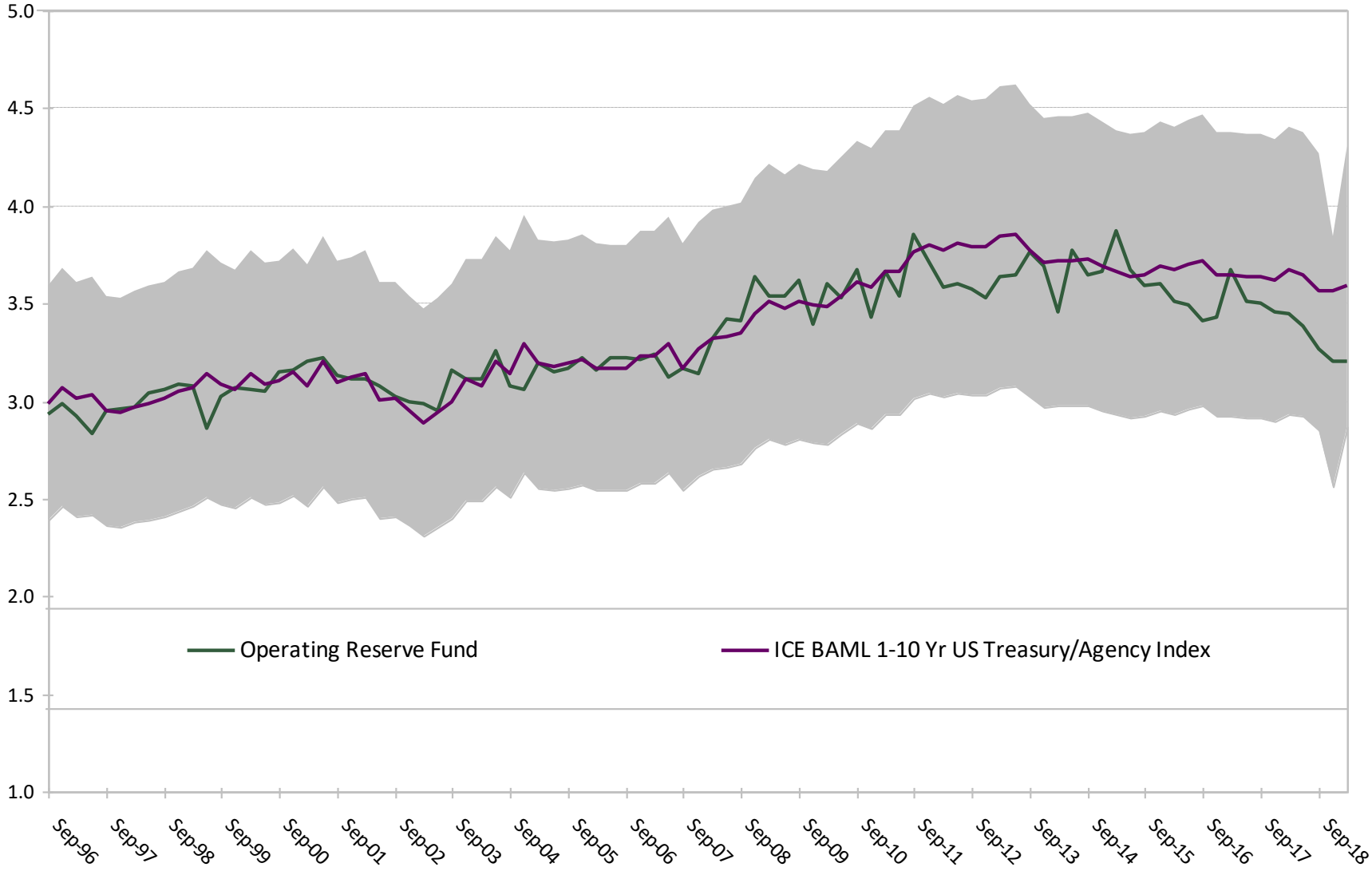
Moulton Niguel Water District Operating Reserve – Account #40

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	2.26%	3.80	23.41%
Federal Home Loan Bank	Agency	2.44%	4.24	14.56%
Federal National Mortgage Association	Agency	2.37%	3.96	13.09%
Tennessee Valley Authority	Agency	2.39%	3.37	7.36%
Federal Home Loan Mortgage Corp	Agency	2.29%	2.59	4.53%
Inter-American Dev Bank	Supranational	2.32%	3.10	4.03%
Federal Home Loan Mortgage Corp	CMO	2.58%	4.32	2.99%
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	2.18%	0.00	1.82%
John Deere ABS	ABS	2.74%	2.49	1.74%
Qualcomm Inc	US Corporate	2.63%	1.14	1.58%
Oracle Corp	US Corporate	2.59%	2.46	1.56%
State Street Bank	US Corporate	2.59%	2.14	1.46%
Exxon Mobil Corp	US Corporate	2.47%	1.92	1.44%
Honda Motor Corporation	US Corporate	2.78%	4.46	1.37%
Deere & Company	US Corporate	2.68%	3.83	1.30%
Charles Schwab Corp/The	US Corporate	2.65%	3.82	1.30%
HSBC Holdings PLC	Foreign Corporate	3.15%	4.15	1.27%
Paccar Financial	US Corporate	2.79%	2.37	1.26%
Toronto Dominion Holdings	Foreign Corporate	2.81%	4.30	1.21%
Apple Inc	US Corporate	2.59%	3.45	1.21%
Toyota Motor Corp	US Corporate	2.63%	2.79	1.20%
Bank of America Corp	US Corporate	2.94%	3.79	1.20%
PNC Financial Services Group	US Corporate	2.67%	2.89	1.19%
Pepsico Inc	US Corporate	2.44%	1.08	1.14%
Berkshire Hathaway	US Corporate	2.58%	3.96	1.06%
IBM Corp	US Corporate	2.80%	3.44	1.05%
Microsoft	US Corporate	2.60%	2.36	1.00%
Wal-Mart Stores	US Corporate	2.64%	4.24	0.87%
International Finance Corp	Supranational	2.38%	1.82	0.78%
Toyota ABS	ABS	2.78%	1.55	0.74%
US Bancorp	US Corporate	2.58%	2.82	0.68%
Occidental Petroleum Corporation	US Corporate	2.62%	3.04	0.59%
TOTAL		**2.44%**	**3.47**	**100%**

Exposure to Market Risk

As of March 31, 2019

Operating Reserve Fund Duration Compared to ICE BAML 1-10 Yr US Treasury/Agency Index Duration

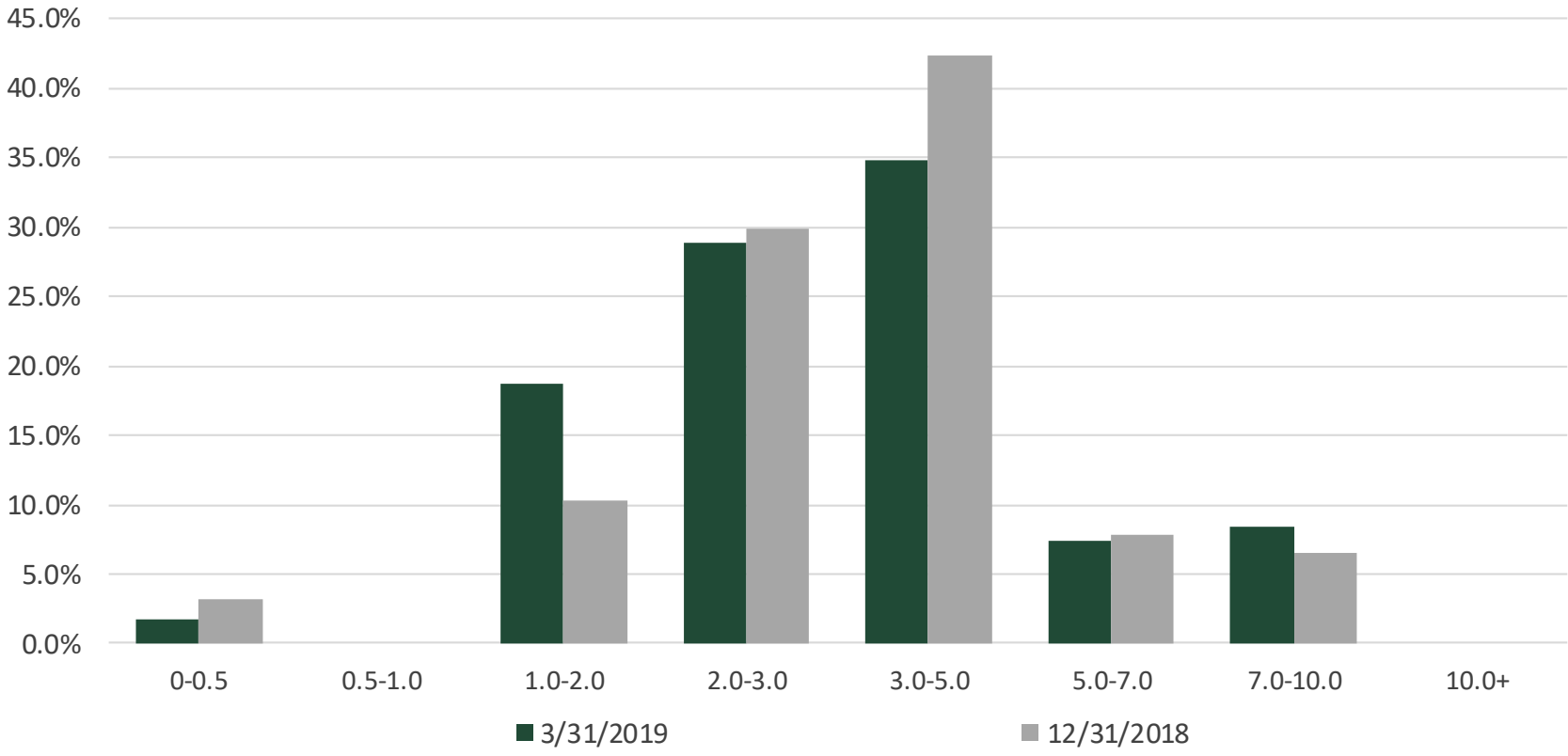


Maturity Distribution

As of March 31, 2019

Moulton Niguel Water District Operating Reserve Fund

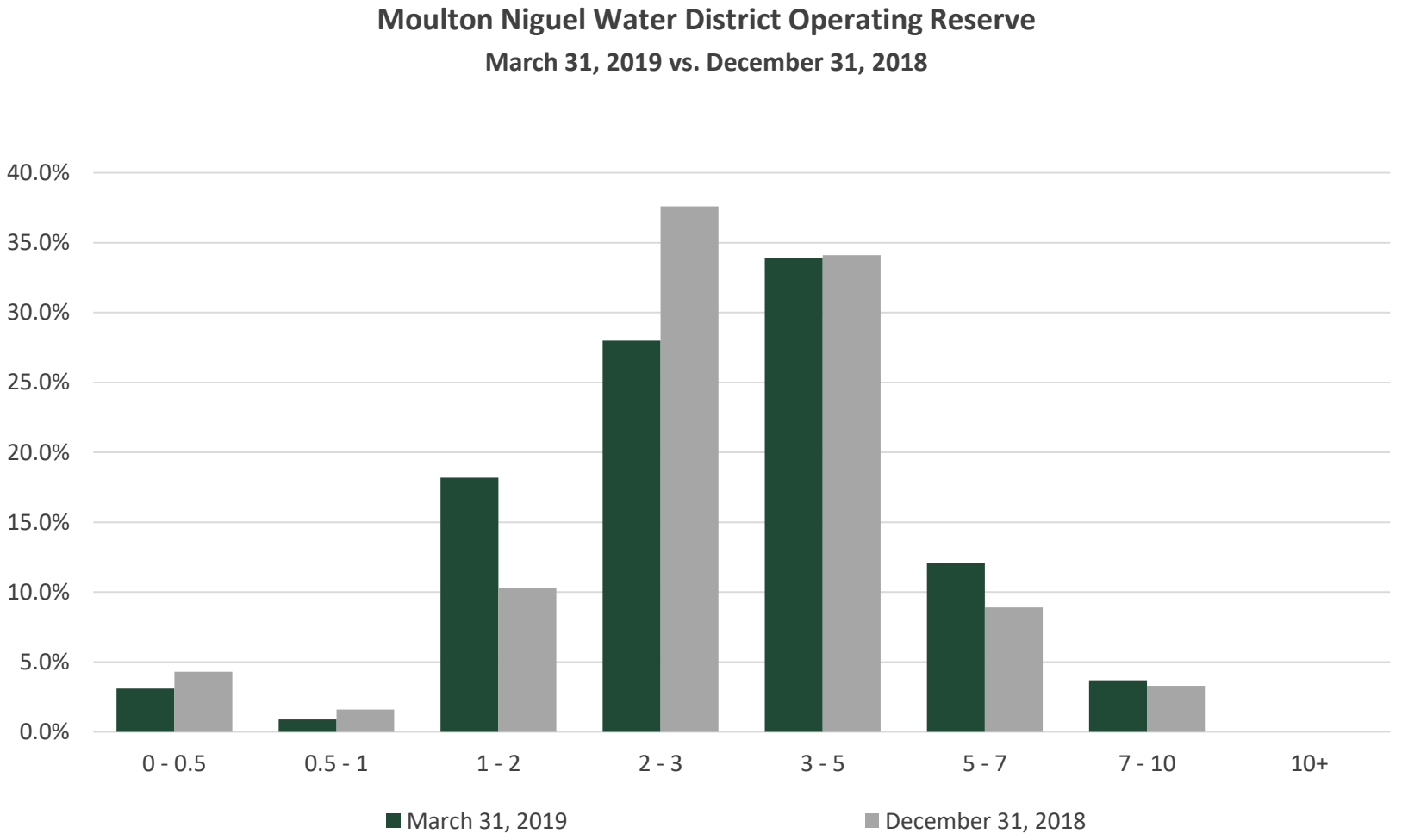
March 31, 2019 vs. December 31, 2018



	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+
3/31/2019	1.8%	0.0%	18.7%	28.8%	34.8%	7.4%	8.4%	0.0%
12/31/2018	3.2%	0.0%	10.3%	29.9%	42.4%	7.8%	6.5%	0.0%

Duration Distribution

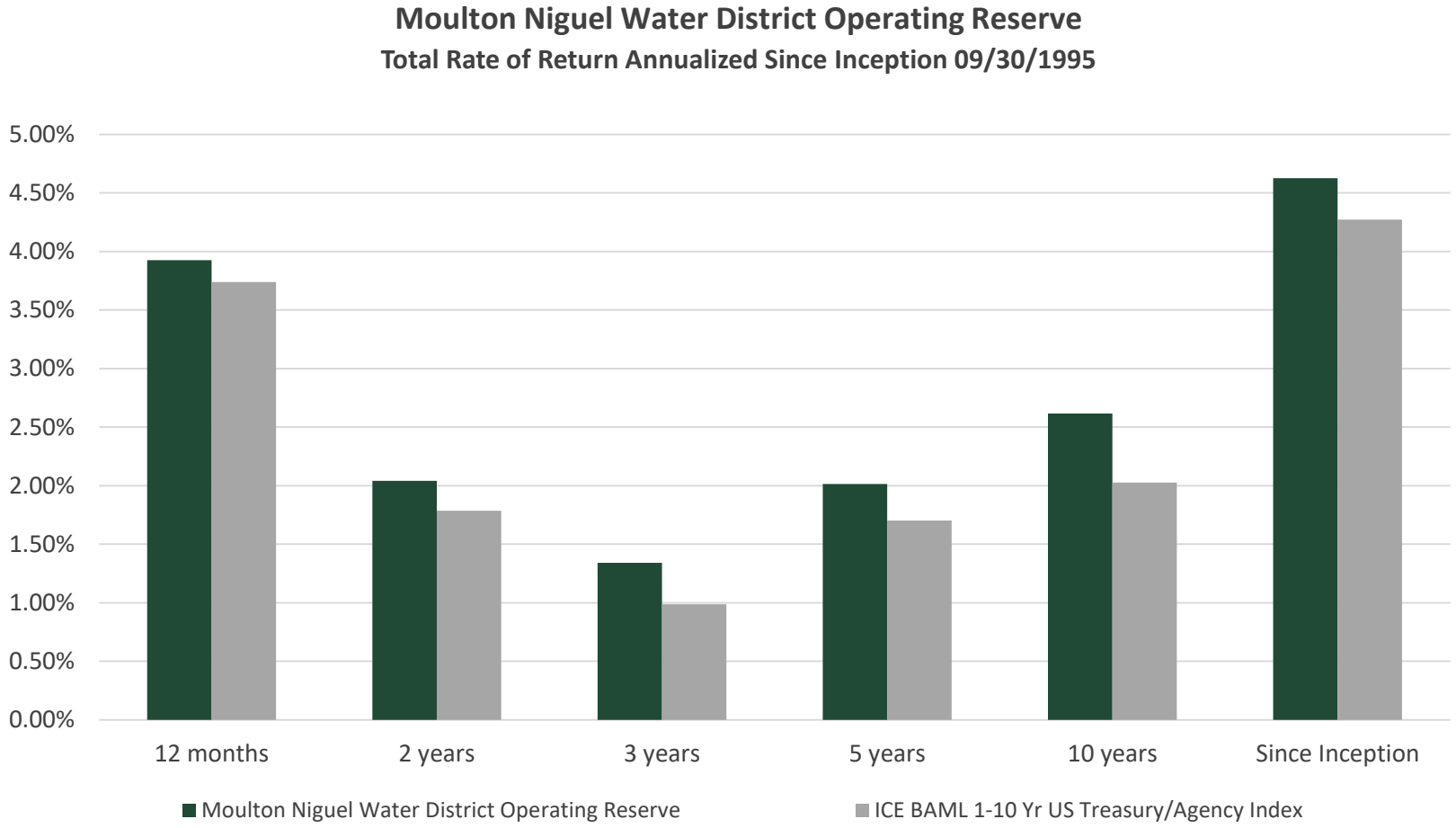
As of March 31, 2019



	0 - 0.5	0.5 - 1	1 - 2	2 - 3	3 - 5	5 - 7	7 - 10	10+
03/31/19	3.1%	0.9%	18.2%	28.0%	33.9%	12.1%	3.7%	0.0%
12/31/18	4.3%	1.6%	10.3%	37.6%	34.1%	8.9%	3.3%	0.0%

Investment Performance

As of March 31, 2019

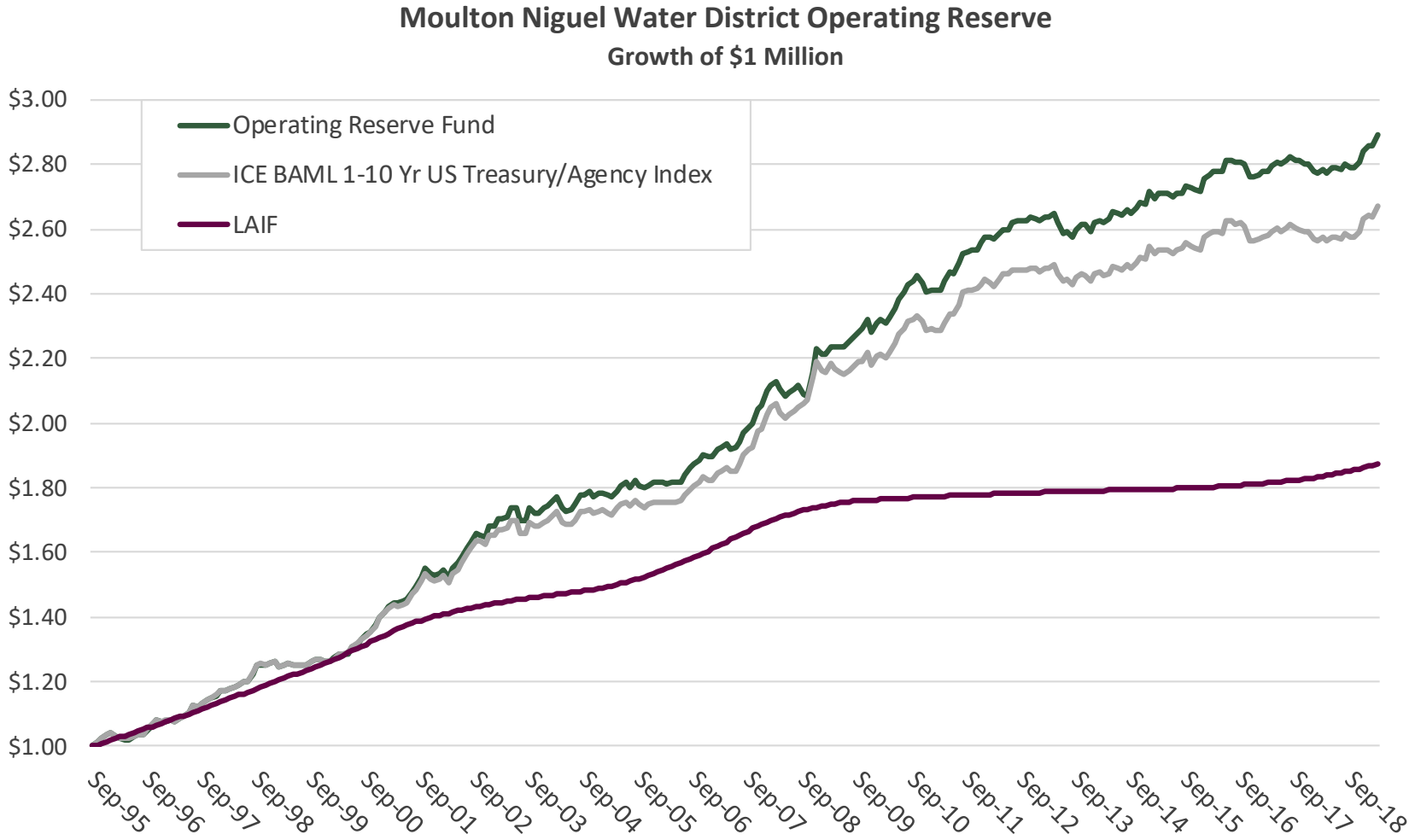


			Annualized				
TOTAL RATE OF RETURN	**3 months**	**12 months**	**2 years**	**3 years**	**5 years**	**10 years**	**Since Inception**
Moulton Niguel Water District Operating Reserve	1.84%	3.93%	2.04%	1.34%	2.01%	2.62%	4.63%
ICE BAML 1-10 Yr US Treasury/Agency Index	1.56%	3.74%	1.79%	0.99%	1.70%	2.03%	4.27%

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.

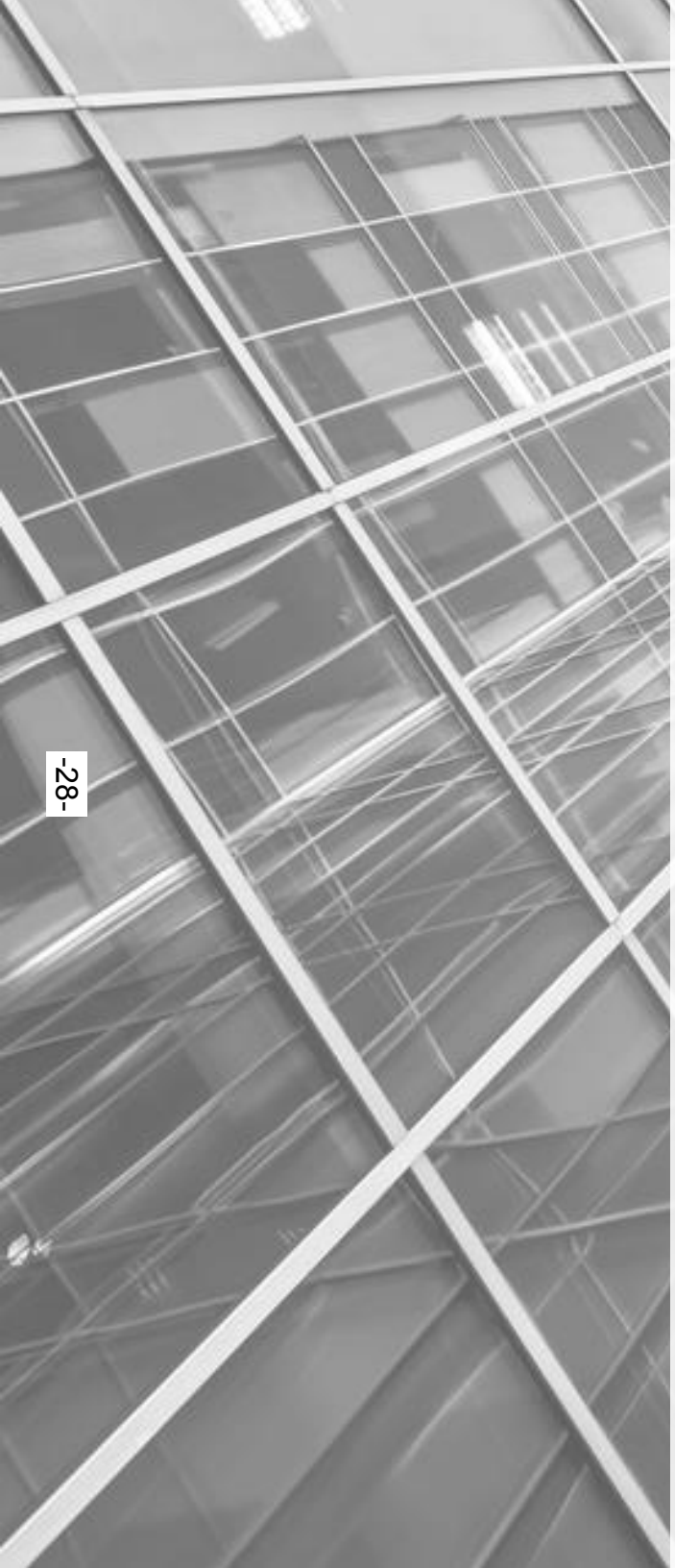
Growth Over Time

As of March 31, 2019



Historical return on $1 million invested in September 1995

	3/31/2019	Return
Operating Reserve Fund	$2,894,045	4.63%
ICE BAML 1-10 Yr US Treasury/Agency Index	$2,672,132	4.27%
LAIF	$1,873,900	2.71%



Section 3 | Portfolio Holdings

Holdings Report

As of March 31, 2019

Moulton Niguel Water District Liquid Fund - Account #41

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF$00	Local Agency Investment Fund State Pool	10,116,873.08	Various 2.44%	10,116,873.08 10,116,873.08	1.00 2.44%	10,116,873.08 60,392.92	100.00% 0.00	NR / NR NR	0.00 0.00
				10,116,873.08		**10,116,873.08**	**100.00%**	**NR / NR**	**0.00**
TOTAL LAIF		**10,116,873.08**	**2.44%**	**10,116,873.08**	**2.44%**	**60,392.92**	**0.00**	**NR**	**0.00**
				10,116,873.08		**10,116,873.08**	**100.00%**	**NR / NR**	**0.00**
TOTAL PORTFOLIO		**10,116,873.08**	**2.44%**	**10,116,873.08**	**2.44%**	**60,392.92**	**0.00**	**NR**	**0.00**
TOTAL MARKET VALUE PLUS ACCRUALS						**10,177,266.00**			

Holdings Report

As of March 31, 2019

Moulton Niguel Water District Limited Maturity - Account #42

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									
47788MAC4	John Deere Owner Trust 2016-A A3	84,047.57	04/24/2018	83,578.09	99.93	83,991.82	0.42%	Aaa / NR	1.04
	1.360% Due 04/15/2020		2.17%	83,578.09	3.54%	50.80	413.73	AAA	0.04
89237RAB4	Toyota Auto Receivable 2017-C A2A	987,013.78	07/27/2018	982,194.38	99.80	985,028.44	4.94%	Aaa / AAA	1.29
	1.580% Due 07/15/2020		2.13%	982,194.38	2.66%	693.10	2,834.06	NR	0.19
47788EAB4	John Deere Owner Trust 2018-B A2	515,000.00	07/18/2018	514,978.89	100.03	515,148.32	2.58%	Aaa / NR	2.04
	2.830% Due 04/15/2021		2.84%	514,978.89	2.80%	647.76	169.43	AAA	0.56
89190BAD0	Toyota Auto Receivables Owner 2017-B A3	1,111,141.99	09/25/2018	1,098,251.01	99.46	1,105,179.59	5.54%	Aaa / AAA	2.29
	1.760% Due 07/15/2021		2.77%	1,098,251.01	2.62%	869.16	6,928.58	NR	0.63
43811BAC8	Honda Auto Receivables 2017-2 A3	888,088.49	10/18/2018	876,050.73	99.30	881,886.83	4.42%	Aaa / AAA	2.38
	1.680% Due 08/16/2021		2.63%	876,050.73	2.68%	663.11	5,836.10	NR	0.70
17305EGH2	Citibank Credit Card Issuance 2017-A9 A9	1,080,000.00	10/18/2018	1,068,862.50	99.61	1,075,740.48	5.39%	NR / AAA	2.48
	1.800% Due 09/20/2021		2.44%	1,068,862.50	2.66%	594.00	6,877.98	AAA	0.46
47788BAD6	John Deere Owner Trust 2017-B A3	540,000.00	07/17/2018	531,667.97	99.36	536,569.89	2.69%	Aaa / NR	2.55
	1.820% Due 10/15/2021		3.17%	531,667.97	2.72%	436.80	4,901.92	AAA	0.71
78GAD2	Nissan Auto Receivables Owner 2017-B A3	1,000,000.00	11/06/2018	984,492.19	99.21	992,057.00	4.98%	Aaa / NR	2.55
	1.750% Due 10/15/2021		3.10%	984,492.19	2.70%	777.78	7,564.81	AAA	0.84
17305EFW0	Citibank Credit Card Issuance 2016-A1 A1	600,000.00	11/29/2018	592,640.63	99.45	596,673.00	3.01%	Aaa / AAA	2.64
	1.750% Due 11/19/2021		2.48%	592,640.63	2.64%	3,850.00	4,032.37	AAA	0.62
161571HE7	Chase CHAIT Pool # 2016-A4	2,000,000.00	09/07/2018	1,947,578.13	98.69	1,973,820.00	9.90%	NR / AAA	3.29
	1.490% Due 07/15/2022		2.91%	1,947,578.13	2.54%	1,324.44	26,241.87	AAA	1.25
02587AAJ3	American Express Credit 2017-1	2,000,000.00	07/16/2018	1,969,921.88	99.39	1,987,833.98	9.97%	Aaa / NR	3.46
	1.930% Due 09/15/2022		2.93%	1,969,921.88	2.66%	1,715.56	17,912.10	AAA	0.85
				10,650,216.40		**10,733,929.35**	**53.85%**	**Aaa / AAA**	**2.66**
TOTAL ABS		**10,805,291.83**	**2.75%**	**10,650,216.40**	**2.65%**	**11,622.51**	**83,712.95**	**Aaa**	**0.75**
Agency									
3137EADK2	FHLMC Note	250,000.00	01/04/2013	248,450.00	99.60	248,995.00	1.25%	Aaa / AA+	0.34
	1.250% Due 08/01/2019		1.35%	248,450.00	2.46%	520.83	545.00	AAA	0.33
3133X8AS1	FHLB Note	2,000,000.00	06/07/2011	2,303,860.00	101.00	2,019,928.00	10.19%	Aaa / AA+	0.38
	5.125% Due 08/15/2019		3.02%	2,303,860.00	2.41%	13,097.22	(283,932.00)	AAA	0.37
3133ECPD0	FFCB Note	815,000.00	05/22/2013	803,500.35	98.93	806,295.80	4.06%	Aaa / AA+	1.12
	1.420% Due 05/13/2020		1.63%	803,500.35	2.39%	4,436.32	2,795.45	AAA	1.09
				3,355,810.35		**3,075,218.80**	**15.50%**	**Aaa / AA+**	**0.57**
TOTAL Agency		**3,065,000.00**	**2.52%**	**3,355,810.35**	**2.41%**	**18,054.37**	**(280,591.55)**	**Aaa**	**0.56**

Holdings Report

As of March 31, 2019

Moulton Niguel Water District Limited Maturity - Account #42

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	14,068.25	Various 2.18%	14,068.25 14,068.25	1.00 2.18%	14,068.25 0.00	0.07% 0.00	Aaa / AAA NR	0.00 0.00
				14,068.25		**14,068.25**	**0.07%**	**Aaa / AAA**	**0.00**
TOTAL Money Market Fund FI		**14,068.25**	**2.18%**	**14,068.25**	**2.18%**	**0.00**	**0.00**	**NR**	**0.00**
Negotiable CD									
21684B3H5	RaboBank Nederland NV NY Yankee CD 1.780% Due 04/03/2019	750,000.00	10/15/2018 2.66%	746,961.75 746,961.75	99.59 2.66%	746,961.75 6,583.56	3.78% 0.00	NR / NR NR	0.01 0.01
06370RTS8	Bank of Montreal Chicago Yankee CD 2.800% Due 04/29/2019	1,700,000.00	01/04/2019 2.75%	1,700,269.16 1,700,269.16	100.02 2.75%	1,700,269.16 11,503.33	8.58% 0.00	P-1 / A-1 F-1+	0.08 0.08
96130ABJ6	Westpac Banking Corp NY Yankee CD 2.970% Due 09/13/2019	1,200,000.00	12/13/2018 2.97%	1,200,000.00 1,200,000.00	100.00 2.97%	1,200,000.00 10,692.00	6.07% 0.00	P-1 / A-1+ F-1+	0.45 0.45
				3,647,230.91		**3,647,230.91**	**18.42%**	**Aaa / AA+**	**0.19**
TAL Negotiable CD		**3,650,000.00**	**2.80%**	**3,647,230.91**	**2.80%**	**28,778.89**	**0.00**	**Aaa**	**0.19**
US Corporate									
40434CAC9	HSBC USA Inc Note 2.250% Due 06/23/2019	750,000.00	06/20/2017 1.99%	753,832.50 753,832.50	99.88 2.76%	749,109.75 4,593.75	3.78% (4,722.75)	A2 / A AA-	0.23 0.23
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	99.85 2.64%	449,325.90 575.00	2.25% (1,691.10)	A1 / A AA-	0.45 0.44
				1,204,849.50		**1,198,435.65**	**6.03%**	**A2 / A**	**0.31**
TOTAL US Corporate		**1,200,000.00**	**2.09%**	**1,204,849.50**	**2.71%**	**5,168.75**	**(6,413.85)**	**AA-**	**0.31**
US Treasury									
912828SX9	US Treasury Note 1.125% Due 05/31/2019	475,000.00	01/30/2013 1.23%	472,014.60 472,014.60	99.78 2.44%	473,951.68 1,791.04	2.38% 1,937.08	Aaa / AA+ AAA	0.17 0.17
912828U73	US Treasury Note 1.375% Due 12/15/2019	750,000.00	01/24/2019 2.57%	742,207.03 742,207.03	99.26 2.44%	744,433.50 3,031.42	3.75% 2,226.47	Aaa / AA+ AAA	0.71 0.70
				1,214,221.63		**1,218,385.18**	**6.13%**	**Aaa / AA+**	**0.50**
TOTAL US Treasury		**1,225,000.00**	**2.05%**	**1,214,221.63**	**2.44%**	**4,822.46**	**4,163.55**	**Aaa**	**0.49**
				20,086,397.04		**19,887,268.14**	**100.00%**	**Aaa / AAA**	**1.60**
TOTAL PORTFOLIO		**19,959,360.08**	**2.64%**	**20,086,397.04**	**2.63%**	**68,446.98**	**(199,128.90)**	**Aaa**	**0.57**
TOTAL MARKET VALUE PLUS ACCRUALS						**19,955,715.12**			

Holdings Report

As of March 31, 2019

Moulton Niguel Water District Operating Reserve - Account #40

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									
89238BAB8	Toyota Auto Receivables Owner 2018-A A2A	635,262.89	01/23/2018	635,197.97	99.82	634,092.69	0.74%	Aaa / AAA	1.55
	2.100% Due 10/15/2020		2.12%	635,197.97	2.78%	592.91	(1,105.28)	NR	0.30
47787XAC1	John Deere Owner Trust 2017-A A3	433,569.71	06/01/2018	429,267.89	99.52	431,493.28	0.51%	Aaa / NR	2.04
	1.780% Due 04/15/2021		2.65%	429,267.89	2.83%	343.00	2,225.39	AAA	0.46
47788BAD6	John Deere Owner Trust 2017-B A3	790,000.00	Various	783,576.67	99.36	784,981.88	0.92%	Aaa / NR	2.55
	1.820% Due 10/15/2021		2.48%	783,576.67	2.72%	639.02	1,405.21	AAA	0.71
47788CAC6	John Deere Owner Trust 2016-B A4	265,000.00	02/21/2018	264,980.95	100.04	265,117.13	0.31%	Aaa / NR	3.05
	2.660% Due 04/18/2022		2.68%	264,980.95	2.64%	313.29	136.18	AAA	1.19
				2,113,023.48		**2,115,684.98**	**2.48%**	**Aaa / AAA**	**2.21**
TOTAL ABS		**2,123,832.60**	**2.43%**	**2,113,023.48**	**2.75%**	**1,888.22**	**2,661.50**	**Aaa**	**0.60**
Agency									
3135G0F73	FNMA Note	500,000.00	10/28/2015	498,280.00	98.57	492,874.50	0.58%	Aaa / AA+	1.67
	1.500% Due 11/30/2020		1.57%	498,280.00	2.38%	2,520.83	(5,405.50)	AAA	1.62
3XDVS7	FHLB Note	1,825,000.00	07/07/2011	2,073,346.00	104.72	1,911,180.15	2.28%	Aaa / AA+	1.70
	5.250% Due 12/11/2020		3.54%	2,073,346.00	2.39%	29,276.04	(162,165.85)	AAA	1.60
3135G0H55	FNMA Note	1,665,000.00	11/13/2015	1,664,850.15	99.27	1,652,787.23	1.95%	Aaa / AA+	1.75
	1.875% Due 12/28/2020		1.88%	1,664,850.15	2.31%	8,064.84	(12,062.92)	AAA	1.69
880591EL2	Tennessee Valley Authority Note	2,120,000.00	04/06/2011	2,121,611.20	102.70	2,177,187.00	2.57%	Aaa / AA+	1.88
	3.875% Due 02/15/2021		3.87%	2,121,611.20	2.39%	10,496.94	55,575.80	AAA	1.80
3130A7CV5	FHLB Note	1,580,000.00	02/17/2016	1,573,616.80	98.25	1,552,297.86	1.82%	Aaa / AA+	1.89
	1.375% Due 02/18/2021		1.46%	1,573,616.80	2.33%	2,594.93	(21,318.94)	AAA	1.84
3135G0J20	FNMA Note	1,800,000.00	04/21/2016	1,793,466.00	98.24	1,768,237.20	2.08%	Aaa / AA+	1.91
	1.375% Due 02/26/2021		1.45%	1,793,466.00	2.33%	2,406.25	(25,228.80)	AAA	1.86
3135G0K69	FNMA Note	1,850,000.00	07/22/2016	1,848,649.50	97.84	1,810,064.05	2.13%	Aaa / AA+	2.10
	1.250% Due 05/06/2021		1.27%	1,848,649.50	2.31%	9,314.24	(38,585.45)	AAA	2.04
3133752P1	FHLB Note	2,925,000.00	08/03/2011	3,003,185.25	102.64	3,002,351.63	3.54%	Aaa / AA+	2.33
	3.500% Due 07/29/2021		3.19%	3,003,185.25	2.33%	17,631.25	(833.62)	AAA	2.22
3137EAEC9	FHLMC Note	1,900,000.00	08/16/2016	1,881,855.00	97.28	1,848,367.50	2.17%	Aaa / AA+	2.37
	1.125% Due 08/12/2021		1.32%	1,881,855.00	2.31%	2,909.38	(33,487.50)	AAA	2.31
3137EADB2	FHLMC Note	2,000,000.00	01/27/2016	2,066,660.00	100.28	2,005,562.00	2.36%	Aaa / AA+	2.79
	2.375% Due 01/13/2022		1.78%	2,066,660.00	2.27%	10,291.67	(61,098.00)	AAA	2.67
3130A5P45	FHLB Note	1,850,000.00	07/24/2015	1,857,751.50	100.25	1,854,636.10	2.19%	Aaa / AA+	3.20
	2.375% Due 06/10/2022		2.31%	1,857,751.50	2.29%	13,547.40	(3,115.40)	AAA	3.04

Holdings Report

As of March 31, 2019

Moulton Niguel Water District Operating Reserve - Account #40

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
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	98.37 2.38%	2,542,856.75 6,193.23	2.99% (7,904.05)	Aaa / AA+ AAA	3.38 3.24
3135G0T78	FNMA Note 2.000% Due 10/05/2022	900,000.00	10/05/2017 2.01%	899,406.00 899,406.00	99.06 2.28%	891,513.00 8,800.00	1.06% (7,893.00)	Aaa / AA+ AAA	3.52 3.34
313383YJ4	FHLB Note 3.375% Due 09/08/2023	325,000.00	11/29/2018 3.00%	330,401.50 330,401.50	104.61 2.28%	339,966.58 700.78	0.40% 9,565.08	Aaa / AA+ NR	4.44 4.11
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	101.46 2.34%	1,420,420.40 2,552.08	1.67% 26,524.40	Aaa / AA+ AAA	5.44 5.03
880591ER9	Tennessee Valley Authority Note 2.875% Due 09/15/2024	1,500,000.00	02/27/2019 2.65%	1,517,325.00 1,517,325.00	102.34 2.41%	1,535,164.50 1,916.67	1.80% 17,839.50	Aaa / AA+ AAA	5.47 5.03
3135G0K36	FNMA Note 2.125% Due 04/24/2026	1,900,000.00	Various 2.16%	1,893,849.00 1,893,849.00	97.66 2.49%	1,855,528.60 17,607.99	2.20% (38,320.40)	Aaa / AA+ AAA	7.07 6.45
3130A2VE3	FHLB Note 3.000% Due 09/11/2026	500,000.00	05/25/2017 2.61%	516,110.00 516,110.00	102.57 2.62%	512,826.00 833.33	0.60% (3,284.00)	Aaa / AA+ NR	7.45 6.64
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	95.65 2.52%	1,219,538.78 464.84	1.43% 62,348.78	Aaa / AA+ AAA	7.49 6.91
0ACKB9	FHLB Note 2.625% Due 09/10/2027	1,600,000.00	11/20/2017 2.68%	1,592,032.00 1,592,032.00	99.42 2.70%	1,590,713.60 2,450.00	1.87% (1,318.40)	Aaa / AA+ NR	8.45 7.51
3130AEB25	FHLB Note 3.250% Due 06/09/2028	1,500,000.00	01/29/2019 3.13%	1,514,355.00 1,514,355.00	104.56 2.69%	1,568,346.00 15,166.67	1.86% 53,991.00	Aaa / AA+ NR	9.20 7.87
				33,748,596.70		**33,552,419.43**	**39.54%**	**Aaa / AA+**	**3.80**
TOTAL Agency		**33,500,000.00**	**2.39%**	**33,748,596.70**	**2.39%**	**165,739.36**	**(196,177.27)**	**Aaa**	**3.51**
CMO									
3137B5JM6	FHLMC K034 A2 3.531% Due 07/25/2023	1,275,000.00	08/28/2018 3.03%	1,302,043.95 1,302,043.95	103.57 2.59%	1,320,517.50 3,751.69	1.55% 18,473.55	NR / NR AAA	4.32 3.89
3137B4WB8	FHLMC K033 A2 3.060% Due 07/25/2023	1,200,000.00	10/19/2018 3.64%	1,184,718.75 1,184,718.75	101.78 2.57%	1,221,344.40 612.00	1.43% 36,625.65	Aaa / NR NR	4.32 3.89
				2,486,762.70		**2,541,861.90**	**2.99%**	**Aaa / NR**	**4.32**
TOTAL CMO		**2,475,000.00**	**3.32%**	**2,486,762.70**	**2.58%**	**4,363.69**	**55,099.20**	**Aaa**	**3.89**
Foreign Corporate									
404280BA6	HSBC Holdings PLC Note 3.600% Due 05/25/2023	1,050,000.00	10/18/2018 4.00%	1,032,465.00 1,032,465.00	101.75 3.15%	1,068,399.15 13,230.00	1.27% 35,934.15	A2 / A AA-	4.15 3.79

Holdings Report

As of March 31, 2023

Moulton Niguel Water District Operating Reserve - Account #40

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
89114QC48	Toronto Dominion Bank Note	1,000,000.00	07/27/2018	997,100.00	102.78	1,027,841.00	1.21%	Aa1 / AA-	4.30
	3.500% Due 07/19/2023		3.56%	997,100.00	2.81%	7,000.00	30,741.00	AA-	3.95
				2,029,565.00		**2,096,240.15**	**2.48%**	**A1 / A+**	**4.23**
TOTAL Foreign Corporate		**2,050,000.00**	**3.79%**	**2,029,565.00**	**2.98%**	**20,230.00**	**66,675.15**	**AA-**	**3.87**
Money Market Fund FI									
94975J466	Wells Fargo Advantage Government MMF	1,554,069.17	Various	1,554,069.17	1.00	1,554,069.17	1.82%	Aaa / AAA	0.00
			2.18%	1,554,069.17	2.18%	0.00	0.00	NR	0.00
				1,554,069.17		**1,554,069.17**	**1.82%**	**Aaa / AAA**	**0.00**
TOTAL Money Market Fund FI		**1,554,069.17**	**2.18%**	**1,554,069.17**	**2.18%**	**0.00**	**0.00**	**NR**	**0.00**
Supranational									
45950KCM0	International Finance Corp Note	665,000.00	01/18/2018	663,044.90	99.77	663,457.20	0.78%	Aaa / AAA	1.82
	2.250% Due 01/25/2021		2.35%	663,044.90	2.38%	2,743.13	412.30	NR	1.76
1X0CW6	Inter-American Dev Bank Note	1,870,000.00	01/10/2017	1,867,699.90	99.51	1,860,853.83	2.19%	Aaa / NR	2.81
	2.125% Due 01/18/2022		2.15%	1,867,699.90	2.31%	8,057.88	(6,846.07)	AAA	2.69
4581X0CZ9	Inter-American Dev Bank Note	1,600,000.00	Various	1,548,050.00	98.10	1,569,532.80	1.84%	NR / NR	3.46
	1.750% Due 09/14/2022		2.50%	1,548,050.00	2.33%	1,322.22	21,482.80	AAA	3.32
				4,078,794.80		**4,093,843.83**	**4.81%**	**Aaa / AAA**	**2.90**
TOTAL Supranational		**4,135,000.00**	**2.32%**	**4,078,794.80**	**2.33%**	**12,123.23**	**15,049.03**	**Aaa**	**2.78**
US Corporate									
713448CS5	PepsiCo Inc Callable Note Cont 3/30/2020	970,000.00	04/27/2015	969,447.10	99.37	963,931.68	1.14%	A1 / A+	1.08
	1.850% Due 04/30/2020		1.86%	969,447.10	2.44%	7,526.93	(5,515.42)	A	1.06
747525AD5	Qualcomm Inc Note	1,340,000.00	05/13/2015	1,340,302.10	99.58	1,334,350.56	1.58%	A2 / A-	1.14
	2.250% Due 05/20/2020		2.25%	1,340,302.10	2.63%	10,971.26	(5,951.54)	NR	1.10
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021	1,230,000.00	05/16/2016	1,251,561.90	99.55	1,224,415.80	1.44%	Aaa / AA+	1.92
	2.222% Due 03/01/2021		1.84%	1,251,561.90	2.47%	2,277.55	(27,146.10)	NR	1.86
857477AV5	State Street Bank Note	1,255,000.00	05/18/2016	1,250,557.30	98.68	1,238,380.04	1.46%	A1 / A	2.14
	1.950% Due 05/19/2021		2.02%	1,250,557.30	2.59%	8,973.25	(12,177.26)	AA-	2.06
594918BP8	Microsoft Callable Note Cont 7/8/21	870,000.00	Various	868,966.50	97.61	849,218.31	1.00%	Aaa / AAA	2.36
	1.550% Due 08/08/2021		1.57%	868,966.50	2.60%	1,985.30	(19,748.19)	AA+	2.28
69371RN44	Paccar Financial Corp Note	1,102,000.00	Various	1,075,704.67	97.42	1,073,533.14	1.26%	A1 / A+	2.37
	1.650% Due 08/11/2021		2.39%	1,075,704.67	2.79%	2,525.41	(2,171.53)	NR	2.29
68389XBK0	Oracle Corp Callable Note Cont 8/01/21	1,350,000.00	10/05/2016	1,347,988.50	98.36	1,327,799.25	1.56%	A1 / AA-	2.46
	1.900% Due 09/15/2021		1.93%	1,347,988.50	2.59%	1,140.00	(20,189.25)	A	2.38

Holdings Report

As of March 31, 2019

Moulton Niguel Water District Operating Reserve - Account #40

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
89233P5T9	Toyota Motor Credit Corp Note 3.300% Due 01/12/2022	1,000,000.00	05/16/2018 3.35%	998,429.70 998,429.70	101.79 2.63%	1,017,875.00 7,241.67	1.20% 19,445.30	Aa3 / AA- A+	2.79 2.63
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 01/24/2022	575,000.00	01/19/2017 2.66%	574,011.00 574,011.00	100.11 2.58%	575,631.35 2,809.11	0.68% 1,620.35	A1 / A+ AA-	2.82 2.61
69353RFB9	PNC Bank Callable Note Cont 1/18/2022 2.625% Due 02/17/2022	1,015,000.00	Various 2.53%	1,020,132.25 1,020,132.25	99.86 2.67%	1,013,628.74 3,256.46	1.19% (6,503.51)	A2 / A A+	2.89 2.75
674599CK9	Occidental Petroleum Callable Note Cont 3/15/2022 2.600% Due 04/15/2022	500,000.00	02/19/2019 2.92%	495,165.00 495,165.00	99.94 2.62%	499,693.00 5,994.44	0.59% 4,528.00	A3 / A A	3.04 2.87
44932HAC7	IBM Credit Corp Note 2.200% Due 09/08/2022	915,000.00	11/29/2017 2.58%	899,518.20 899,518.20	98.06 2.80%	897,252.66 1,286.08	1.05% (2,265.54)	A1 / A A	3.44 3.28
037833DC1	Apple Inc Callable Note Cont 08/12/2022 2.100% Due 09/12/2022	1,050,000.00	09/12/2017 2.23%	1,043,626.50 1,043,626.50	98.39 2.59%	1,033,109.70 1,163.75	1.21% (10,516.80)	Aa1 / AA+ NR	3.45 3.30
06051GEU9	Bank of America Corp Note 3.300% Due 01/11/2023	1,000,000.00	03/09/2018 3.44%	993,910.00 993,910.00	101.27 2.94%	1,012,696.00 7,333.33	1.20% 18,786.00	A2 / A- A+	3.79 3.51
808513AT2	Charles Schwab Corp Callable Note Cont 12/25/2022 2.650% Due 01/25/2023	1,100,000.00	04/13/2018 3.24%	1,071,411.00 1,071,411.00	100.01 2.65%	1,100,062.70 5,344.17	1.30% 28,651.70	A2 / A A	3.82 3.52
22ERT8	John Deere Capital Corp Note 2.800% Due 01/27/2023	1,100,000.00	05/22/2018 3.47%	1,068,551.00 1,068,551.00	100.43 2.68%	1,104,705.80 5,475.56	1.30% 36,154.80	A2 / A A	3.83 3.59
084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.750% Due 03/15/2023	900,000.00	07/13/2018 3.23%	881,460.00 881,460.00	100.60 2.58%	905,371.20 1,100.00	1.06% 23,911.20	Aa2 / AA A+	3.96 3.58
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.400% Due 06/26/2023	715,000.00	Various 3.41%	714,814.15 714,814.15	102.96 2.64%	736,185.45 6,415.14	0.87% 21,371.30	Aa2 / AA AA	4.24 3.83
02665WCJ8	American Honda Finance Note 3.450% Due 07/14/2023	325,000.00	07/11/2018 3.49%	324,437.75 324,437.75	102.76 2.76%	333,964.15 2,398.23	0.39% 9,526.40	A2 / A NR	4.29 3.94
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	790,000.00	10/03/2018 3.64%	789,352.20 789,352.20	103.55 2.79%	818,021.30 13,602.81	0.98% 28,669.10	A2 / A NR	4.53 4.09
				18,979,346.82		**19,059,825.83**	**22.46%**	**A1 / A+**	**2.89**
TOTAL US Corporate		**19,102,000.00**	**2.63%**	**18,979,346.82**	**2.65%**	**98,820.45**	**80,479.01**	**A+**	**2.71**
US Treasury									
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	102.39 2.31%	1,459,121.63 6,421.36	1.72% (46,541.29)	Aaa / AA+ AAA	1.88 1.81
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	99.66 2.27%	1,644,457.65 4,358.60	1.93% 6,503.79	Aaa / AA+ AAA	2.38 2.30

Holdings Report

As of March 31, 2019

Moulton Niguel Water District Operating Reserve - Account #40

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
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	99.38 2.24%	1,987,656.00 15,138.12	2.35% (30,008.26)	Aaa / AA+ AAA	2.63 2.52
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	99.37 2.23%	2,012,185.80 5,034.53	2.37% 33,214.81	Aaa / AA+ AAA	2.88 2.77
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	98.54 2.24%	1,970,704.00 13,245.86	2.33% 74,758.50	Aaa / AA+ AAA	3.13 3.00
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	98.02 2.24%	1,960,468.00 4,040.06	2.30% 49,905.30	Aaa / AA+ AAA	3.38 3.26
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	97.90 2.23%	1,566,374.40 9,839.78	1.85% 57,055.50	Aaa / AA+ AAA	3.63 3.47
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	98.07 2.24%	1,765,195.20 11,921.27	2.08% 51,770.02	Aaa / AA+ AAA	4.13 3.93
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	102.29 2.25%	1,764,554.25 5,896.93	2.08% (54,537.62)	Aaa / AA+ AAA	4.88 4.54
912828J27	US Treasury Note 2.000% Due 02/15/2025	2,000,000.00	08/15/2017 2.15%	1,979,929.88 1,979,929.88	98.36 2.30%	1,967,266.00 4,972.38	2.31% (12,663.88)	Aaa / AA+ AAA	5.88 5.50
828M56	US Treasury Note 2.250% Due 11/15/2025	1,400,000.00	01/25/2018 2.64%	1,361,828.13 1,361,828.13	99.55 2.32%	1,393,656.60 11,921.27	1.65% 31,828.47	Aaa / AA+ AAA	6.63 6.07
912828R36	US Treasury Note 1.625% Due 05/15/2026	400,000.00	08/15/2017 2.24%	380,517.22 380,517.22	95.39 2.33%	381,546.80 2,459.94	0.45% 1,029.58	Aaa / AA+ AAA	7.13 6.63
				19,710,871.41		**19,873,186.33**	**23.41%**	**Aaa / AA+**	**3.80**
TOTAL US Treasury		**20,025,000.00**	**2.29%**	**19,710,871.41**	**2.26%**	**95,250.10**	**162,314.92**	**Aaa**	**3.60**
				84,701,030.08		**84,887,131.62**	**100.00%**	**Aa1 / AA**	**3.47**
TOTAL PORTFOLIO		**84,964,901.77**	**2.48%**	**84,701,030.08**	**2.44%**	**398,415.05**	**186,101.54**	**Aaa**	**3.20**
TOTAL MARKET VALUE PLUS ACCRUALS						**85,285,546.67**			

Holdings Report

As of March 31, 2019

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

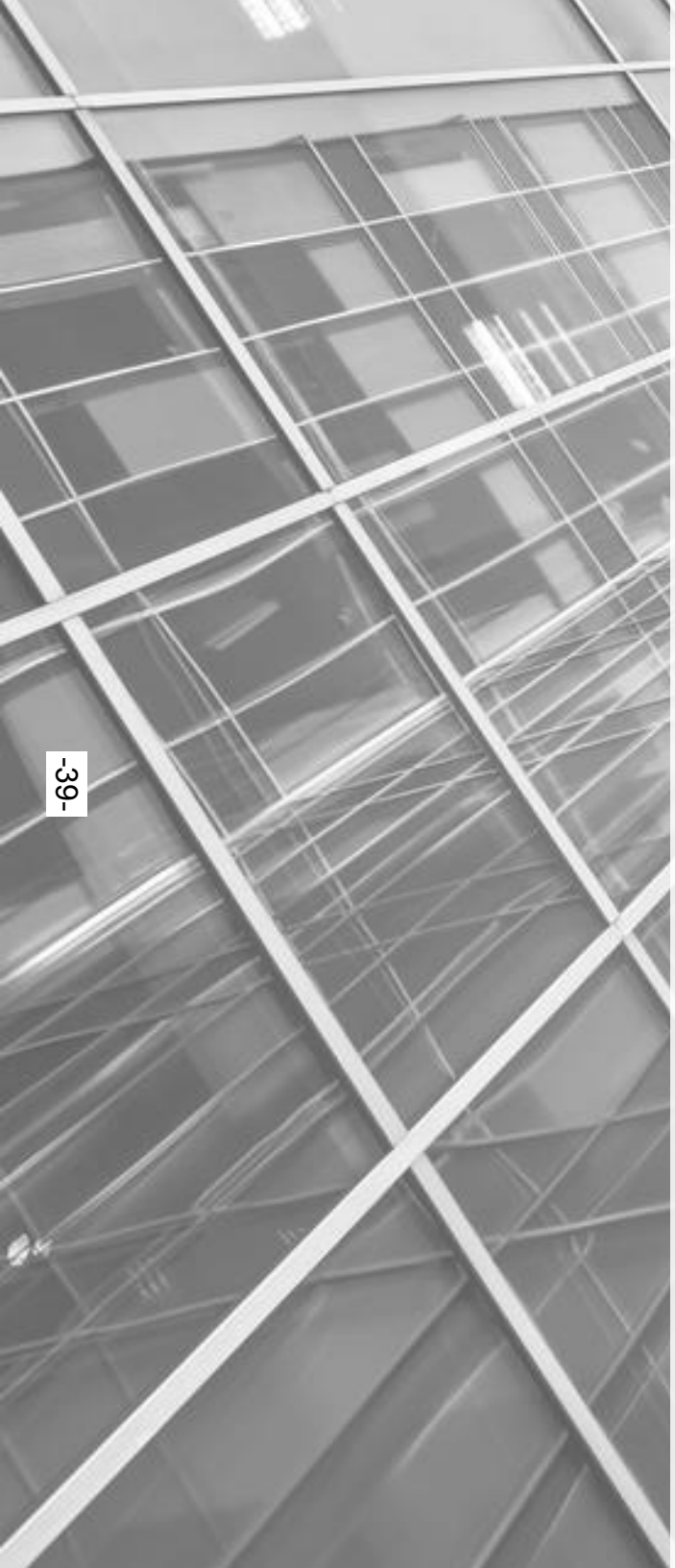
CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Agency									
313378J77	FHLB Note	95,000.00	04/19/2016	97,449.10	99.45	94,479.21	7.34%	Aaa / AA+	0.95
	1.875% Due 03/13/2020		1.20%	97,449.10	2.46%	89.06	(2,969.89)	NR	0.93
3130A7CV5	FHLB Note	95,000.00	04/12/2016	95,171.00	98.25	93,334.37	7.26%	Aaa / AA+	1.89
	1.375% Due 02/18/2021		1.34%	95,171.00	2.33%	156.02	(1,836.63)	AAA	1.84
3135G0Q89	FNMA Note	95,000.00	Various	94,023.65	97.79	92,900.79	7.26%	Aaa / AA+	2.52
	1.375% Due 10/07/2021		1.61%	94,023.65	2.28%	631.36	(1,122.86)	AAA	2.44
3135G0S38	FNMA Note	90,000.00	04/24/2017	90,320.40	99.22	89,301.87	6.97%	Aaa / AA+	2.77
	2.000% Due 01/05/2022		1.92%	90,320.40	2.29%	430.00	(1,018.53)	AAA	2.66
3135G0T78	FNMA Note	120,000.00	01/09/2018	118,074.00	99.06	118,868.40	9.32%	Aaa / AA+	3.52
	2.000% Due 10/05/2022		2.36%	118,074.00	2.28%	1,173.33	794.40	AAA	3.34
3135G0T94	FNMA Note	100,000.00	06/13/2018	97,733.00	100.27	100,269.30	7.82%	Aaa / AA+	3.81
	2.375% Due 01/19/2023		2.91%	97,733.00	2.30%	475.00	2,536.30	AAA	3.60
3137EAEN5	FHLMC Note	100,000.00	09/14/2018	99,024.00	101.74	101,744.30	7.96%	Aaa / AA+	4.22
	2.750% Due 06/19/2023		2.97%	99,024.00	2.31%	779.17	2,720.30	AAA	3.94
0A0F70	FHLB Note	100,000.00	02/21/2019	103,378.00	104.55	104,548.30	8.20%	Aaa / AA+	4.69
	3.375% Due 12/08/2023		2.62%	103,378.00	2.34%	1,059.38	1,170.30	AAA	4.29
				795,173.15		**795,446.54**	**62.13%**	**Aaa / AA+**	**3.11**
TOTAL Agency		**795,000.00**	**2.15%**	**795,173.15**	**2.32%**	**4,793.32**	**273.39**	**Aaa**	**2.93**
Cash									
90CASH$00	Cash Custodial Cash Account	5,784.06	Various	5,784.06	1.00	5,784.06	0.45%	NR / NR	0.00
			0.00%	5,784.06	0.00%	0.00	0.00	NR	0.00
				5,784.06		**5,784.06**	**0.45%**	**NR / NR**	**0.00**
TOTAL Cash		**5,784.06**	**0.00%**	**5,784.06**	**0.00%**	**0.00**	**0.00**	**NR**	**0.00**
US Treasury									
912828UQ1	US Treasury Note	20,000.00	04/14/2016	20,116.47	98.95	19,789.84	1.54%	Aaa / AA+	0.92
	1.250% Due 02/29/2020		1.10%	20,116.47	2.42%	21.74	(326.63)	AAA	0.90
912828UV0	US Treasury Note	100,000.00	04/14/2016	100,105.80	98.76	98,761.70	7.67%	Aaa / AA+	1.00
	1.125% Due 03/31/2020		1.10%	100,105.80	2.39%	3.07	(1,344.10)	AAA	0.99
912828WC0	US Treasury Note	95,000.00	04/14/2016	97,263.99	99.06	94,109.38	7.36%	Aaa / AA+	1.59
	1.750% Due 10/31/2020		1.21%	97,263.99	2.36%	698.07	(3,154.61)	AAA	1.54
912828WN6	US Treasury Note	70,000.00	07/11/2016	73,281.48	99.41	69,587.14	5.44%	Aaa / AA+	2.17
	2.000% Due 05/31/2021		1.01%	73,281.48	2.28%	469.23	(3,694.34)	AAA	2.09

Holdings Report

As of March 31, 2019

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

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	99.02 2.26%	99,019.50 628.43	7.74% (906.62)	Aaa / AA+ AAA	2.67 2.57
912828L24	US Treasury Note 1.875% Due 08/31/2022	100,000.00	09/18/2017 1.84%	100,172.21 100,172.21	98.81 2.24%	98,812.50 163.04	7.68% (1,359.71)	Aaa / AA+ AAA	3.42 3.28
TOTAL US Treasury		**485,000.00**	**1.42%**	**490,866.07** **490,866.07**	**2.31%**	**480,080.06** **1,983.58**	**37.42%** **(10,786.01)**	**Aaa / AA+** **Aaa**	**2.13** **2.05**
TOTAL PORTFOLIO		**1,285,784.06**	**1.87%**	**1,291,823.28** **1,291,823.28**	**2.31%**	**1,281,310.66** **6,776.90**	**100.00%** **(10,512.62)**	**Aaa / AA+** **Aaa**	**2.73** **2.59**
TOTAL MARKET VALUE PLUS ACCRUALS						**1,288,087.56**			



Section 4 | Transactions

Transaction Ledger

Moulton Niguel Water District Liquid Fund - Account #41

December 31, 2018 through March 31, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/15/2019	90LAIF$00	19,556.32	Local Agency Investment Fund State Pool	1.000	2.31%	19,556.32	0.00	19,556.32	0.00
Subtotal			**19,556.32**				**19,556.32**	**0.00**	**19,556.32**	**0.00**
Security Contribution	01/03/2019	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	01/15/2019	90LAIF$00	900,000.00	Local Agency Investment Fund State Pool	1.000		900,000.00	0.00	900,000.00	0.00
Security Contribution	03/07/2019	90LAIF$00	2,000,000.00	Local Agency Investment Fund State Pool	1.000		2,000,000.00	0.00	2,000,000.00	0.00
Security Contribution	03/08/2019	90LAIF$00	3,800,000.00	Local Agency Investment Fund State Pool	1.000		3,800,000.00	0.00	3,800,000.00	0.00
Security ntribution	03/25/2019	90LAIF$00	800,000.00	Local Agency Investment Fund State Pool	1.000		800,000.00	0.00	800,000.00	0.00
total			**8,500,000.00**				**8,500,000.00**	**0.00**	**8,500,000.00**	**0.00**
TOTAL ACQUISITIONS			**8,519,556.32**				**8,519,556.32**	**0.00**	**8,519,556.32**	**0.00**
DISPOSITIONS										
Security Withdrawal	01/25/2019	90LAIF$00	1,950,000.00	Local Agency Investment Fund State Pool	1.000		1,950,000.00	0.00	1,950,000.00	0.00
Security Withdrawal	02/14/2019	90LAIF$00	3,950,000.00	Local Agency Investment Fund State Pool	1.000		3,950,000.00	0.00	3,950,000.00	0.00
Security Withdrawal	02/22/2019	90LAIF$00	2,400,000.00	Local Agency Investment Fund State Pool	1.000		2,400,000.00	0.00	2,400,000.00	0.00

Transaction Ledger

As of March 31, 2019

Moulton Niguel Water District Liquid Fund - Account #41

December 31, 2018 through March 31, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Security Withdrawal	02/27/2019	90LAIF$00	360,000.00	Local Agency Investment Fund State Pool	1.000		360,000.00	0.00	360,000.00	0.00
Security Withdrawal	03/04/2019	90LAIF$00	200,000.00	Local Agency Investment Fund State Pool	1.000		200,000.00	0.00	200,000.00	0.00
Security Withdrawal	03/14/2019	90LAIF$00	1,300,000.00	Local Agency Investment Fund State Pool	1.000		1,300,000.00	0.00	1,300,000.00	0.00
Subtotal			**10,160,000.00**				**10,160,000.00**	**0.00**	**10,160,000.00**	**0.00**
TOTAL DISPOSITIONS			**10,160,000.00**				**10,160,000.00**	**0.00**	**10,160,000.00**	**0.00**

-41-

Transaction Ledger

Moulton Niguel Water District Limited Maturity - Account #42

December 31, 2018 through March 31, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/04/2019	06370RTS8	1,700,000.00	Bank of Montreal Chicago Yankee CD 2.8% Due: 04/29/2019	100.016	2.75%	1,700,269.16	0.00	1,700,269.16	0.00
Purchase	01/25/2019	912828U73	750,000.00	US Treasury Note 1.375% Due: 12/15/2019	98.961	2.57%	742,207.03	1,161.57	743,368.60	0.00
Subtotal			**2,450,000.00**				**2,442,476.19**	**1,161.57**	**2,443,637.76**	**0.00**
TOTAL ACQUISITIONS			**2,450,000.00**				**2,442,476.19**	**1,161.57**	**2,443,637.76**	**0.00**
DISPOSITIONS										
Maturity	01/04/2019	89233HN42	1,400,000.00	Toyota Motor Credit Discount CP 2.38% Due: 01/04/2019	98.975		1,400,000.00	0.00	1,400,000.00	0.00
turity	01/14/2019	36962G7G3	380,000.00	General Electric Capital Corp Note 2.3% Due: 01/14/2019	100.000		380,000.00	0.00	380,000.00	-6,087.60
Maturity	02/25/2019	69371RM86	270,000.00	Paccar Financial Corp Note 1.65% Due: 02/25/2019	100.000		270,000.00	0.00	270,000.00	1,949.40
Maturity	02/28/2019	89114MCU9	1,500,000.00	Toronto Dominion Bank Yankee CD 2.46% Due: 02/28/2019	100.000		1,500,000.00	18,757.50	1,518,757.50	-54.78
Maturity	03/05/2019	62479MQ55	1,600,000.00	MUFG Bank Ltd/NY Discount CP 2.69% Due: 03/05/2019	99.290		1,600,000.00	0.00	1,600,000.00	0.00
Maturity	03/15/2019	084664CG4	200,000.00	Berkshire Hathaway Note 1.7% Due: 03/15/2019	100.000		200,000.00	0.00	200,000.00	1,300.00
Subtotal			**5,350,000.00**				**5,350,000.00**	**18,757.50**	**5,368,757.50**	**-2,892.98**
TOTAL DISPOSITIONS			**5,350,000.00**				**5,350,000.00**	**18,757.50**	**5,368,757.50**	**-2,892.98**

Transaction Ledger

As of March 31, 2019

Moulton Niguel Water District Operating Reserve - Account #40

December 31, 2018 through March 31, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/30/2019	3130AEB25	1,500,000.00	FHLB Note 3.25% Due: 06/09/2028	100.957	3.13%	1,514,355.00	6,906.25	1,521,261.25	0.00
Purchase	02/21/2019	674599CK9	500,000.00	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due: 04/15/2022	99.033	2.92%	495,165.00	4,550.00	499,715.00	0.00
Purchase	02/28/2019	880591ER9	1,500,000.00	Tennessee Valley Authority Note 2.875% Due: 09/15/2024	101.155	2.65%	1,517,325.00	19,526.04	1,536,851.04	0.00
Subtotal			**3,500,000.00**				**3,526,845.00**	**30,982.29**	**3,557,827.29**	**0.00**
TOTAL ACQUISITIONS			**3,500,000.00**				**3,526,845.00**	**30,982.29**	**3,557,827.29**	**0.00**
DISPOSITIONS										
e	02/28/2019	3135G0F73	1,400,000.00	FNMA Note 1.5% Due: 11/30/2020	98.211	2.55%	1,374,954.00	5,133.33	1,380,087.33	-20,230.00
Subtotal			**1,400,000.00**				**1,374,954.00**	**5,133.33**	**1,380,087.33**	**-20,230.00**
Maturity	01/28/2019	46625HJR2	1,200,000.00	JP Morgan Chase Note 2.35% Due: 01/28/2019	100.000		1,200,000.00	0.00	1,200,000.00	-1,392.00
Maturity	03/01/2019	17275RAR3	1,200,000.00	Cisco Systems Note 2.125% Due: 03/01/2019	100.000		1,200,000.00	0.00	1,200,000.00	-5,740.50
Subtotal			**2,400,000.00**				**2,400,000.00**	**0.00**	**2,400,000.00**	**-7,132.50**
TOTAL DISPOSITIONS			**3,800,000.00**				**3,774,954.00**	**5,133.33**	**3,780,087.33**	**-27,362.50**

Transaction Ledger

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

December 31, 2018 through March 31, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Sale	01/22/2019	3130A7CV5	535,000.00	FHLB Note 1.375% Due: 02/18/2021	97.475	2.63%	521,491.25	3,146.84	524,638.09	-14,471.75
Sale	01/22/2019	3130A8QS5	500,000.00	FHLB Note 1.125% Due: 07/14/2021	96.560	2.57%	482,800.00	125.00	482,925.00	-10,710.00
Sale	01/22/2019	313378J77	520,000.00	FHLB Note 1.875% Due: 03/13/2020	99.126	2.66%	515,455.20	3,493.75	518,948.95	-17,950.40
Sale	01/22/2019	313383HU8	150,000.00	FHLB Note 1.75% Due: 06/12/2020	98.752	2.67%	148,128.00	291.67	148,419.67	-795.00
Sale	01/22/2019	313383QR5	450,000.00	FHLB Note 3.25% Due: 06/09/2023	102.100	2.74%	459,450.00	1,746.88	461,196.88	4,171.50
Sale	01/22/2019	9128284D9	500,000.00	US Treasury Note 2.5% Due: 03/31/2023	99.660	2.59%	498,300.78	3,914.84	502,215.62	5,820.31
Sale	01/22/2019	912828B90	475,000.00	US Treasury Note 2% Due: 02/28/2021	98.781	2.60%	469,210.94	3,779.01	472,989.95	-22,304.33
Sale	01/22/2019	912828G53	475,000.00	US Treasury Note 1.875% Due: 11/30/2021	98.098	2.57%	465,963.87	1,296.79	467,260.66	-8,685.18
Sale	01/22/2019	912828J43	500,000.00	US Treasury Note 1.75% Due: 02/28/2022	97.582	2.57%	487,910.16	3,480.66	491,390.82	-10,118.86
Sale	01/22/2019	912828L24	525,000.00	US Treasury Note 1.875% Due: 08/31/2022	97.578	2.58%	512,285.16	3,915.75	516,200.91	-13,618.94
Sale	01/22/2019	912828UV0	475,000.00	US Treasury Note 1.125% Due: 03/31/2020	98.289	2.60%	466,873.05	1,673.59	468,546.64	-8,629.52
Sale	01/22/2019	912828WC0	475,000.00	US Treasury Note 1.75% Due: 10/31/2020	98.512	2.61%	467,930.67	1,905.90	469,836.57	-18,389.28
Sale	01/22/2019	912828WN6	500,000.00	US Treasury Note 2% Due: 05/31/2021	98.656	2.59%	493,281.25	1,456.04	494,737.29	-30,157.93
Subtotal			**6,080,000.00**				**5,989,080.33**	**30,226.72**	**6,019,307.05**	**-145,839.38**
TOTAL DISPOSITIONS			**6,080,000.00**				**5,989,080.33**	**30,226.72**	**6,019,307.05**	**-145,839.38**

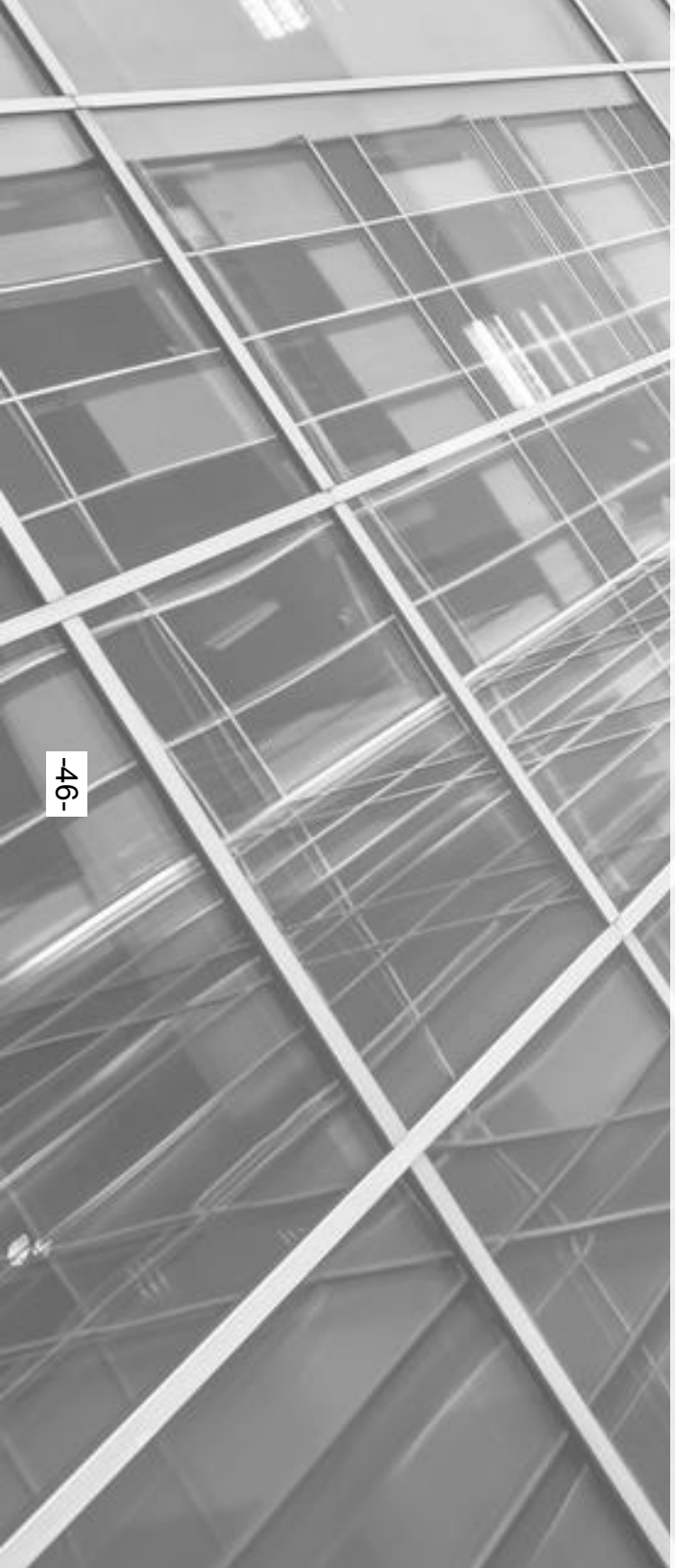
Transaction Ledger

As of March 31, 2019

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

December 31, 2018 through March 31, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	02/22/2019	3130A0F70	100,000.00	FHLB Note 3.375% Due: 12/08/2023	103.378	2.62%	103,378.00	693.75	104,071.75	0.00
Subtotal			**100,000.00**				**103,378.00**	**693.75**	**104,071.75**	**0.00**
TOTAL ACQUISITIONS			**100,000.00**				**103,378.00**	**693.75**	**104,071.75**	**0.00**
DISPOSITIONS										
Sale	02/22/2019	3137EADM8	15,000.00	FHLMC Note 1.25% Due: 10/02/2019	99.219	2.54%	14,882.85	72.92	14,955.77	-235.80
Sale	02/22/2019	912828UQ1	80,000.00	US Treasury Note 1.25% Due: 02/29/2020	98.703	2.55%	78,962.50	483.43	79,445.93	-1,503.40
Subtotal			**95,000.00**				**93,845.35**	**556.35**	**94,401.70**	**-1,739.20**
TOTAL DISPOSITIONS			**95,000.00**				**93,845.35**	**556.35**	**94,401.70**	**-1,739.20**



Section 5 | Economic Update

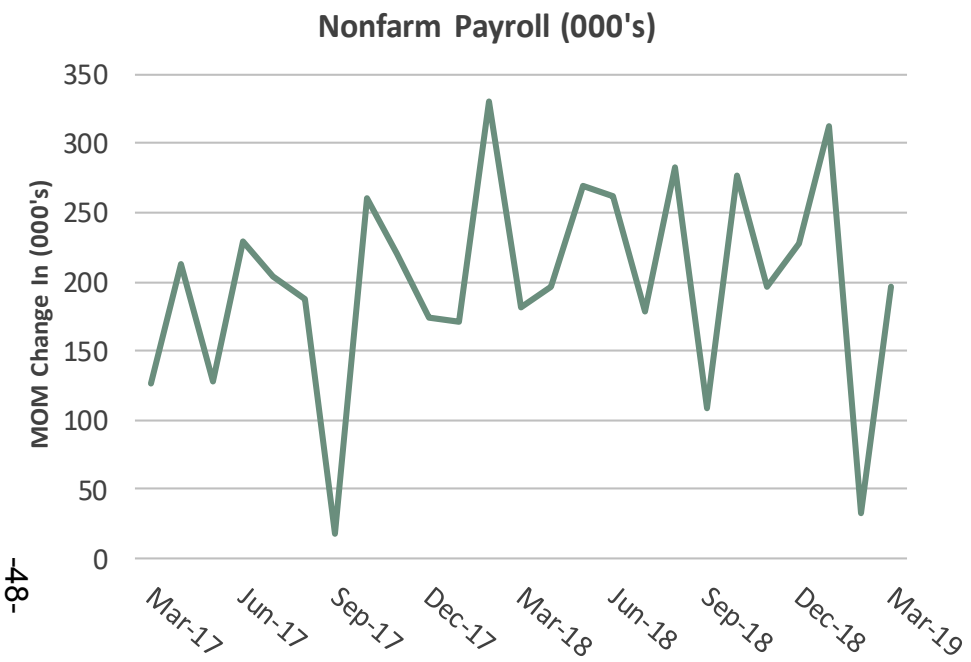
Economic Update

- The Federal Open Market Committee kept the target fed funds rate unchanged in March at a range of 2.25%-2.50%. However, the Fed's economic projections, along with the tone of the policy statement and the Fed Chair's press conference, were more dovish than expected. The Fed's median forecast now calls for a target fed funds rate of 2.4% at year-end, which implies that there will be no further rate hikes this year. The Fed is projecting one rate hike in 2020 (to and effective rate of 2.6%) and then expects to keep policy on hold in 2021. The Fed's longer-run fed funds rate target is still 2.8%. This implies that the Fed intends to keep the target fed funds rate below the neutral rate for the foreseeable future. Furthermore, the Fed announced that they will begin slowing down the reduction of their balance sheet and conclude their balance sheet reduction program at the end of September 2019. This will leave the Fed with a larger balance sheet (slightly higher than $3.5 trillion) than they originally expected.

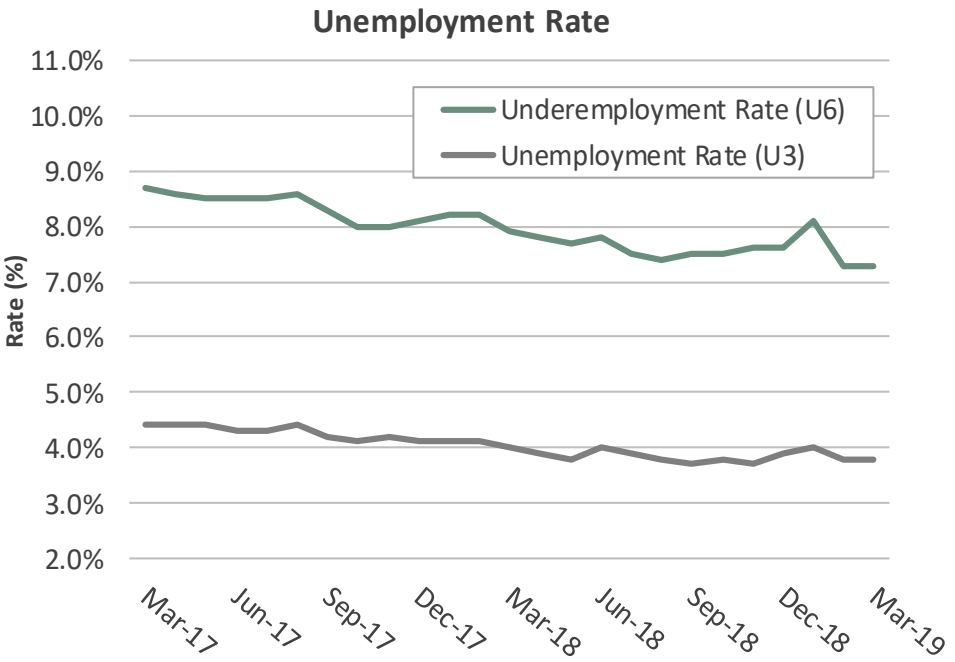
- Domestic and global economic growth has slowed and inflation pressures remain muted. However, the labor market remains a bright spot in the US economy. We believe some of the factors hindering current economic growth (trade disputes, recent government shutdown, Brexit uncertainty) may be somewhat transitory. While economic growth is likely to remain under pressure over the near-term, we believe a strong labor market coupled with an increasingly dovish Fed may lead to better than expected economic growth later this year. Overall, the economy is expected to grow 2.0%-2.5% this year versus 2.9% in 2018.

- The yield curve inverted in March with the 10-year Treasury yield temporarily falling below the 3-month T-bill yield. At month-end, the 3-month T-bill yield was down 5 basis points to 2.38%, the 2-year Treasury yield was down about 25 basis points to 2.26%, and the 10-year Treasury yield was down 31 basis points to 2.41%. The spread between 2- and 10-year Treasury yields was less than 15 basis points at March month-end. An inversion of the yield curve in which the 10-year Treasury yield is lower than the 3-month T-bill is generally viewed as a powerful predictive signal of an upcoming recession. However, our 6-month economic forecast does not call for a recession.

Employment



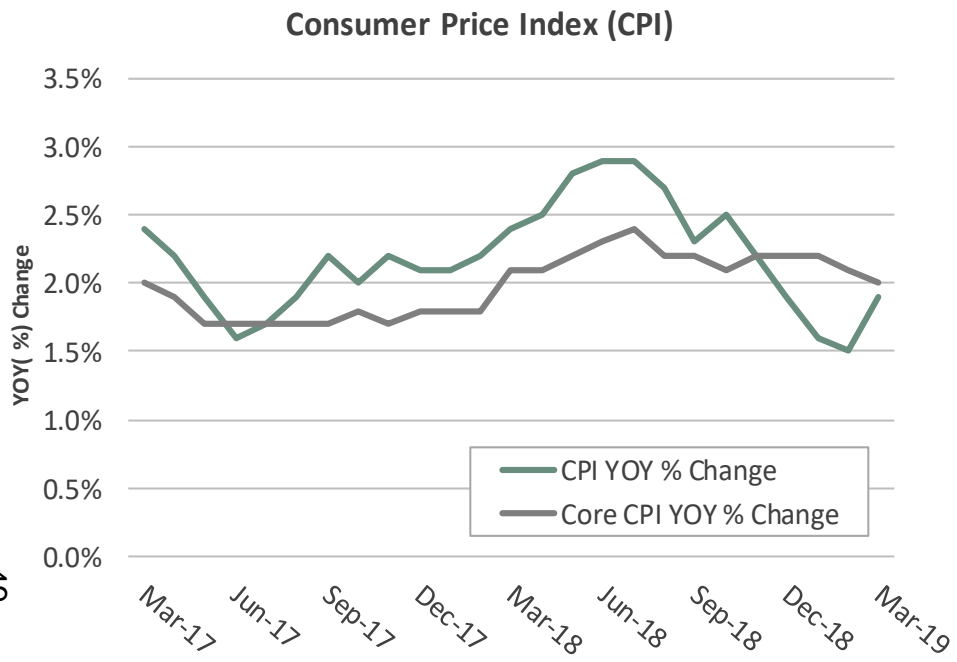
Source: US Department of Labor



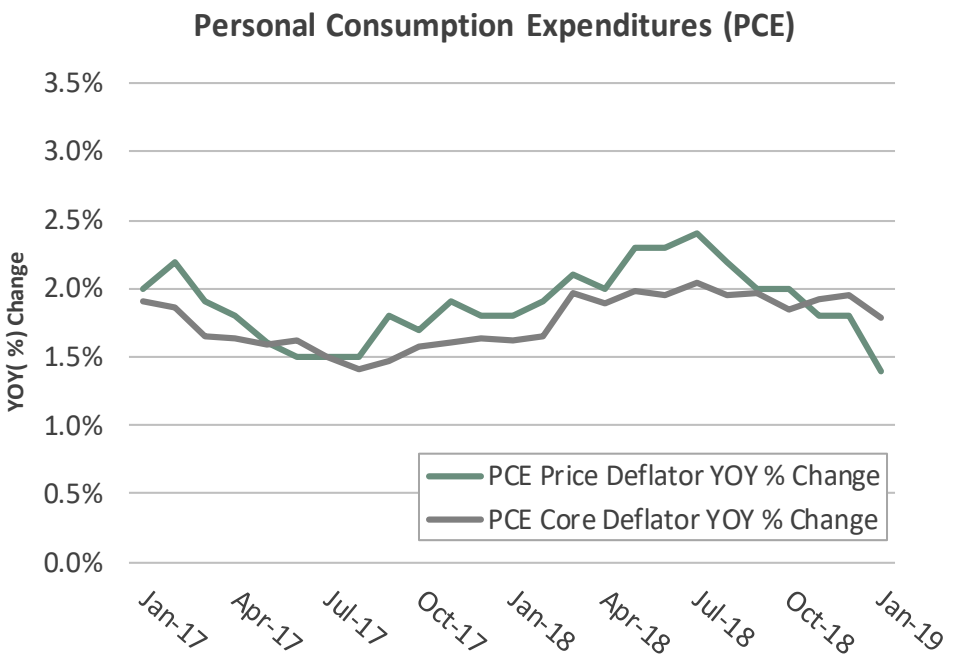
Source: US Department of Labor

U.S. payrolls rose by 196,000 in March, exceeding the consensus forecast of 177,000. February payrolls were revised up modestly to 33,000 from 20,000. On a trailing 3-month and 6-month basis payrolls increased an average of 180,000 and 207,000 per month, respectively. The unemployment rate was unchanged at 3.8% in March, as expected. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, was also unchanged at 7.3%. The labor participation rate edged down to 63.0% from 63.2%. The weakest aspect of the employment report was wages which rose just 0.1% in March (slightly below expectations of 0.2%), following a 0.4% increase in February. On a year-over-year basis, wages were up 3.2% in March, versus up 3.4% in February.

Inflation



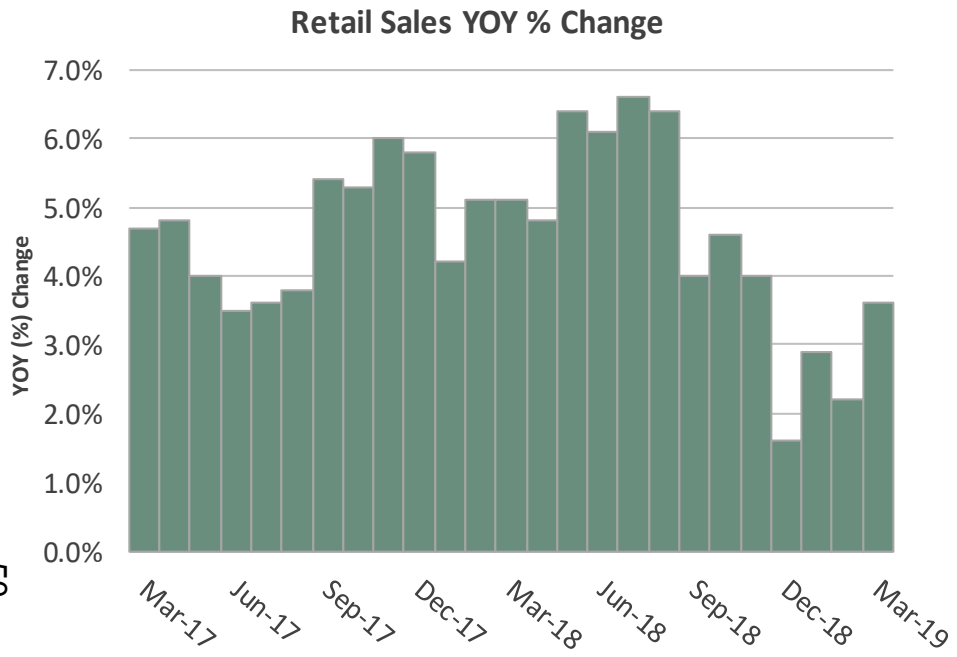
Source: US Department of Labor



Source: US Department of Commerce

Headline inflation picked up in March fueled by higher energy prices, but core data remains at or slightly below the Fed's target. The Consumer Price Index (CPI) was up 1.9% year-over-year in March, versus up 1.5% year-over-year in February. Core CPI (CPI less food and energy) was up 2.0% year-over-year in March, versus up 2.1% year-over-year in February. The Personal Consumption Expenditures (PCE) index was up just 1.4% year-over-year in January, versus up 1.8% year-over-year in December. Core PCE eased to 1.8% year-over-year in January from 2.0% in December, falling below the Fed's 2.0% inflation target.

Consumer

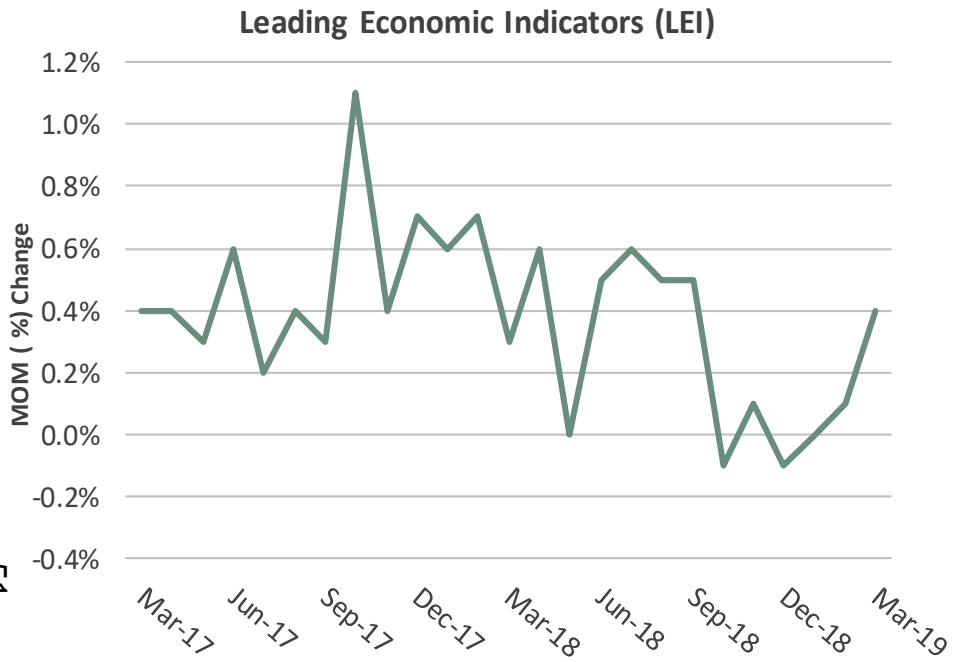


Source: US Department of Commerce

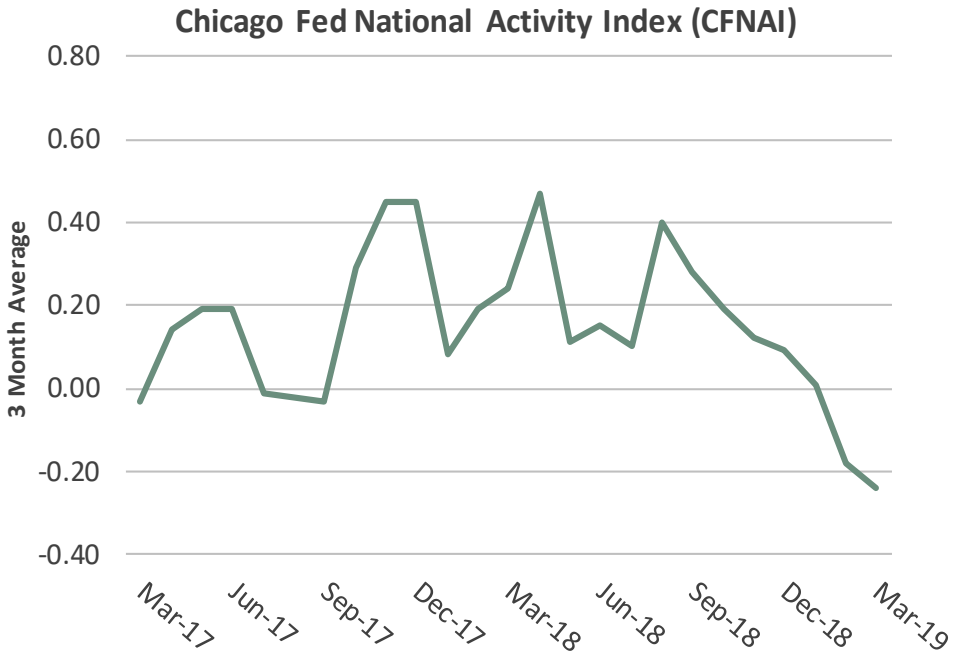
Source: The Conference Board

Consumer spending accelerated in March. On a year-over-year basis, retail sales were up 3.6% in March, versus up 2.2% year-over-year in February. On a month-over-month basis, retail sales jumped 1.6% in March, exceeding expectations for 0.8% growth, following a 0.2% decline in February. Excluding autos and gas, retail sales grew 0.9% in March, month-over-month, above the 0.4% growth expectation. The Consumer Confidence Index eased to 124.1 in March from a very strong level of 131.4 in February, missing expectations. Consumers were less upbeat about the labor market in the latest survey, potentially because of the weak headline non-farm payrolls report in February.

Economic Activity



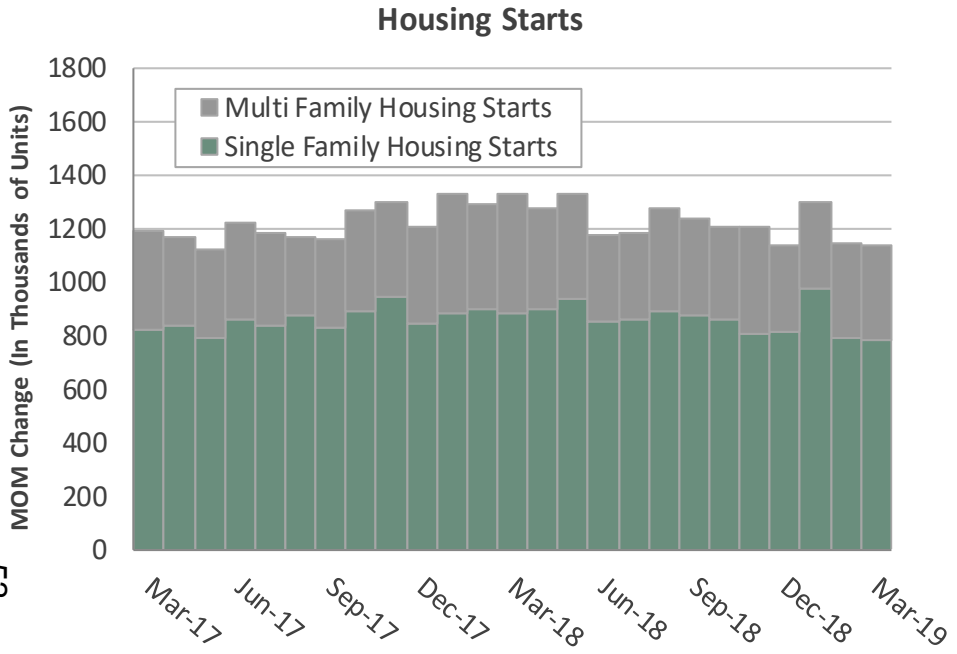
Source: The Conference Board



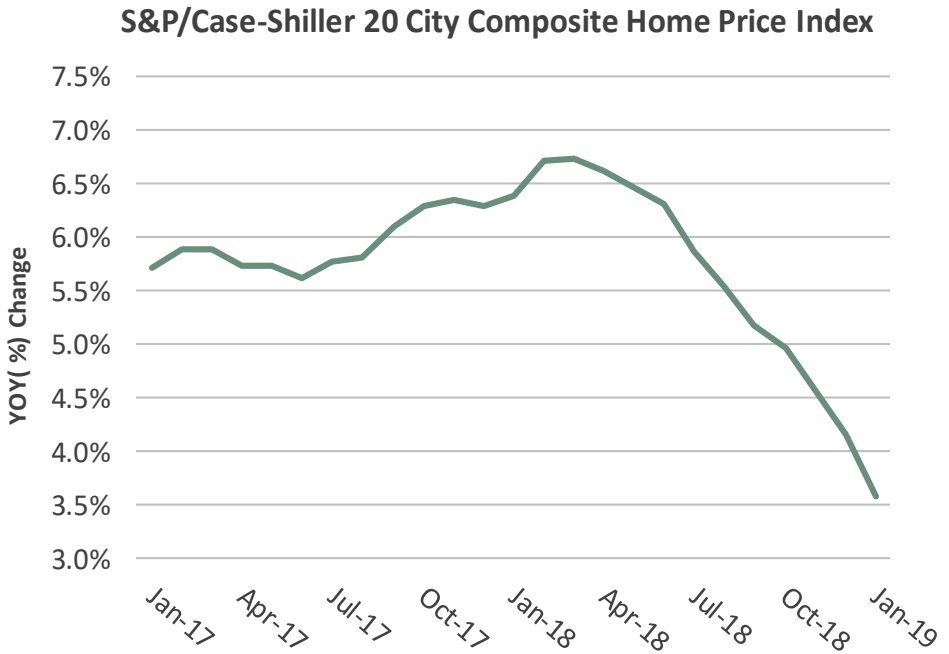
Source: Federal Reserve Bank of Chicago

The Leading Economic Index (LEI) rose 0.4% in March, on a month-over-month basis, following a 0.1% increase in February. The Conference Board believes that the economy will continue to grow but the pace of growth is likely to decelerate toward 2% by year-end. The Chicago Fed National Activity Index (CFNAI) remained negative at -0.15 in March versus -0.31 in February. On a 3-month moving average basis, the index declined to -0.24 from -0.18. The CFNAI suggests that the economy is slowing but is not indicative of a recession. Periods of economic contraction have historically been associated with values below -0.70 on a 3-month moving average basis.

Housing



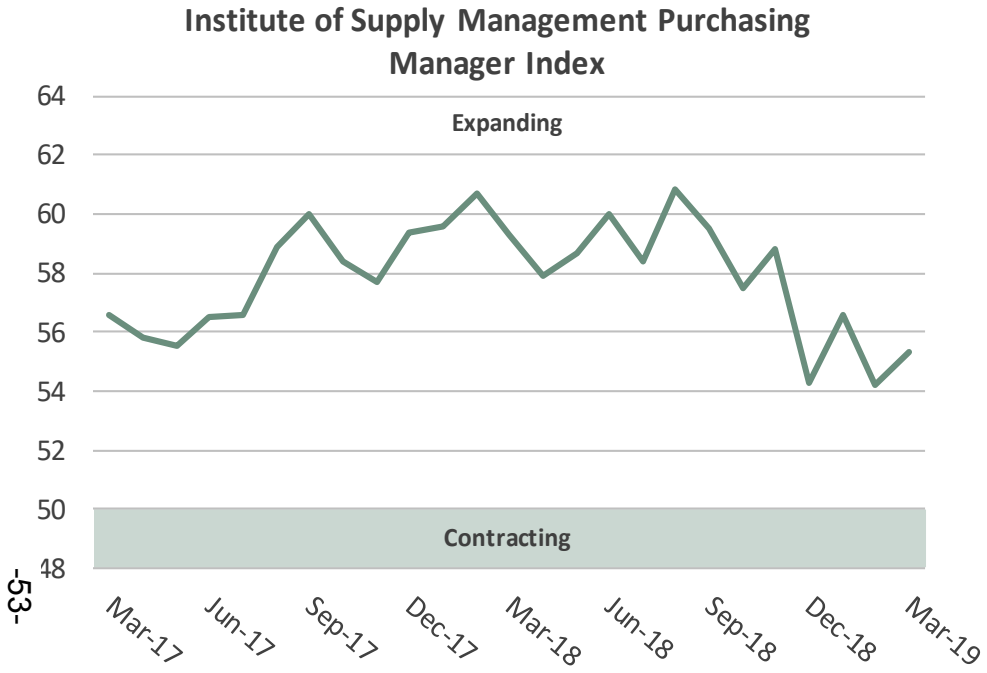
Source: US Department of Commerce



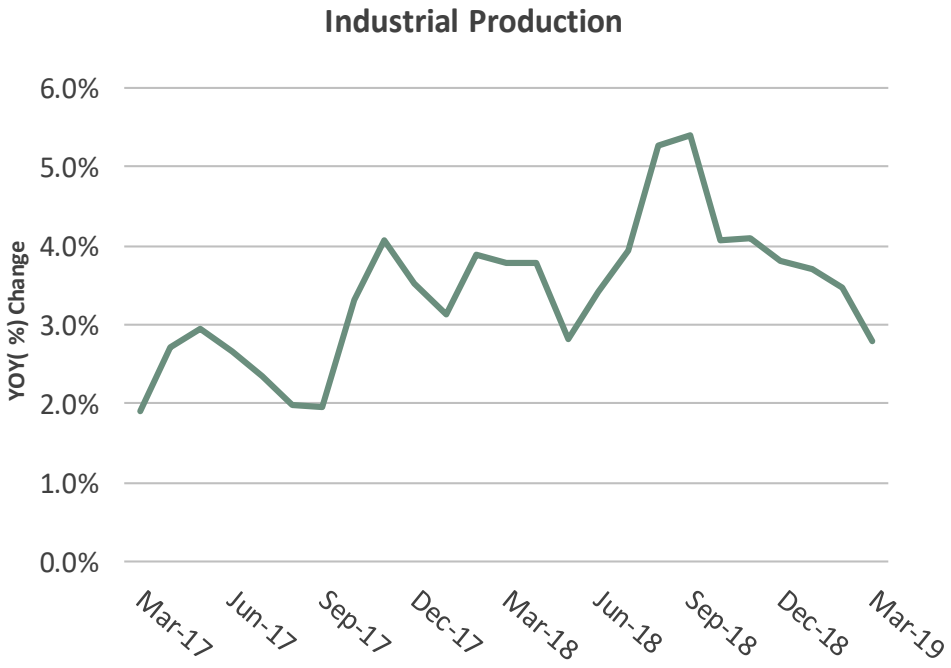
Source: S&P

In March, total housing starts were much weaker than expected, roughly flat with the prior month at a 1.139 million annualized rate. Multi-family starts came in at an annualized rate of 354,000, and single-family starts came in at an annualized rate of 785,000. Year-over-year, total housing starts were down 14.2% in March. According to the Case-Shiller 20-City home price index, home prices were up just 3.6% year-over-year in January, versus up 4.1% in December. Home price appreciation has slowed over the past year.

Manufacturing



Source: Institute for Supply Management



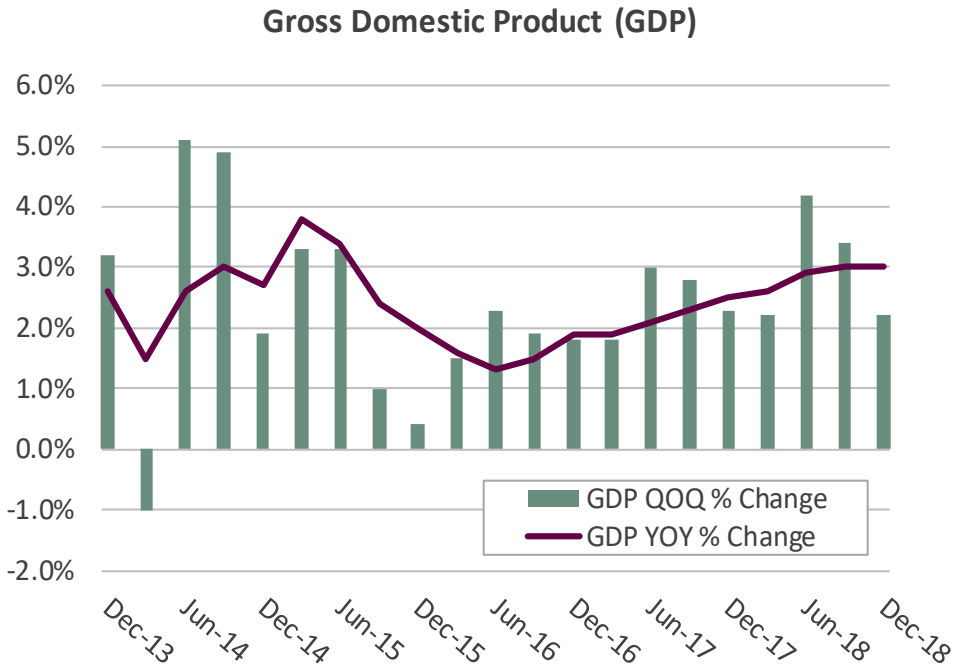
Source: Federal Reserve

The Institute for Supply Management (ISM) manufacturing index increased to 55.3 in March from 54.2 in February. A reading above 50.0 suggests the manufacturing sector is expanding. The Industrial Production index was up 2.8% year-over-year in March versus up 3.5% year-over-year in February. On a month-over-month basis, the manufacturing component of the index was flat in March versus expectations for a 0.3% gain, following a 0.3% decrease in February. Capacity Utilization declined to 78.8% in March from 79.0% in February, and remains below the long-run average of 79.8% indicating there is still excess capacity for growth.

Gross Domestic Product (GDP)

Components of GDP	3/18	6/18	9/18	12/18
Personal Consumption Expenditures	0.4%	2.6%	2.4%	1.7%
Gross Private Domestic Investment	1.6%	-0.1%	2.5%	0.7%
Net Exports and Imports	0.0%	1.2%	-2.0%	-0.1%
Federal Government Expenditures	0.2%	0.2%	0.2%	0.1%
State and Local (Consumption and Gross Investment)	0.1%	0.2%	0.2%	-0.1%
Total	**2.2%**	**4.2%**	**3.4%**	**2.2%**

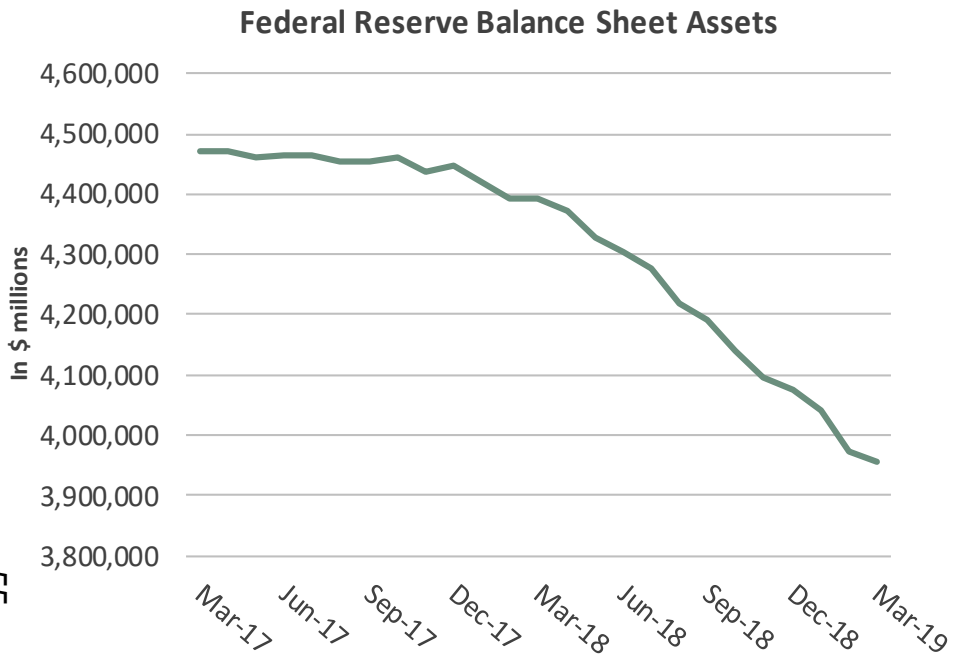
Source: US Department of Commerce



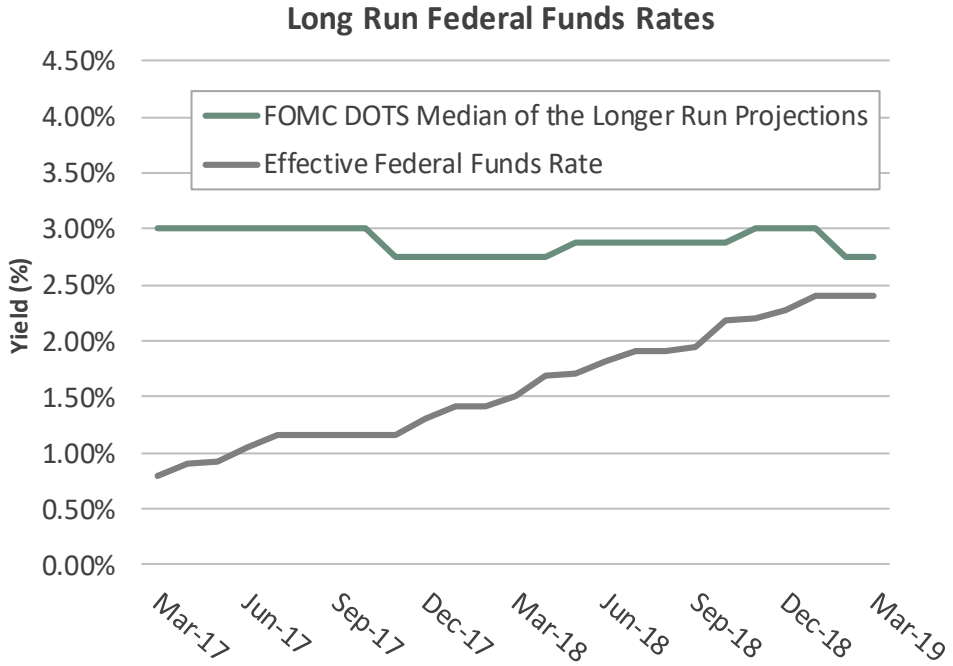
Source: US Department of Commerce

Fourth quarter GDP growth was revised down as expected to an annualized rate of 2.2%, from the advance estimate of 2.6%. This follows GDP growth of 3.4% in the third quarter and 4.2% in the second quarter. Although consumer spending was less robust than the previous two quarters, it continued to fuel overall economic growth in the fourth quarter. The consensus estimate for first quarter 2019 GDP growth is just 1.8%. The consensus forecast for growth in the current quarter is 2.5%. Overall, GDP growth is expected to slow this year to 2.0%-2.5% from 2.9% last year.

Federal Reserve



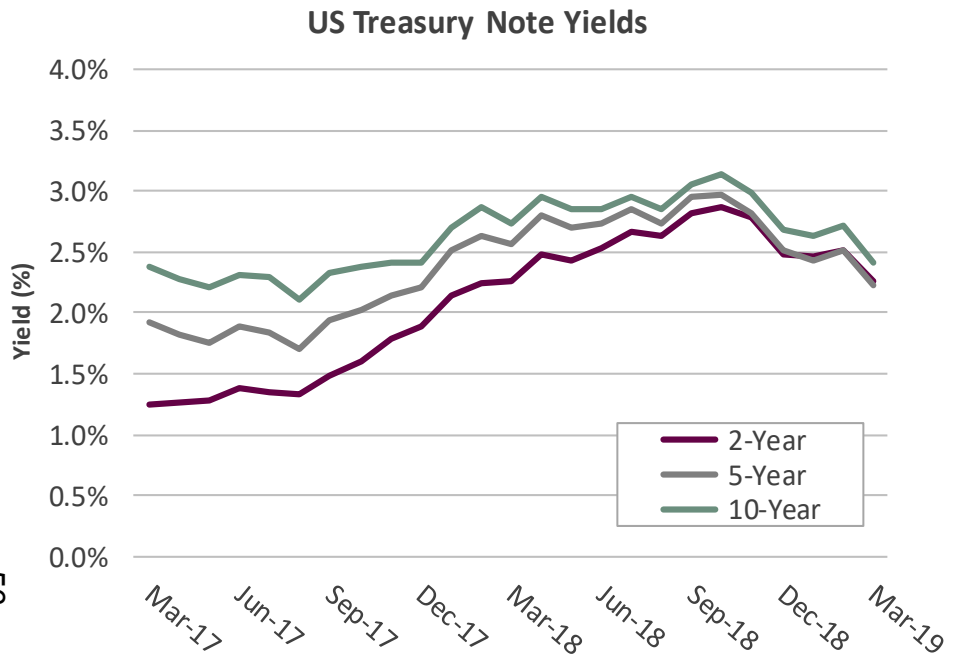
Source: Federal Reserve



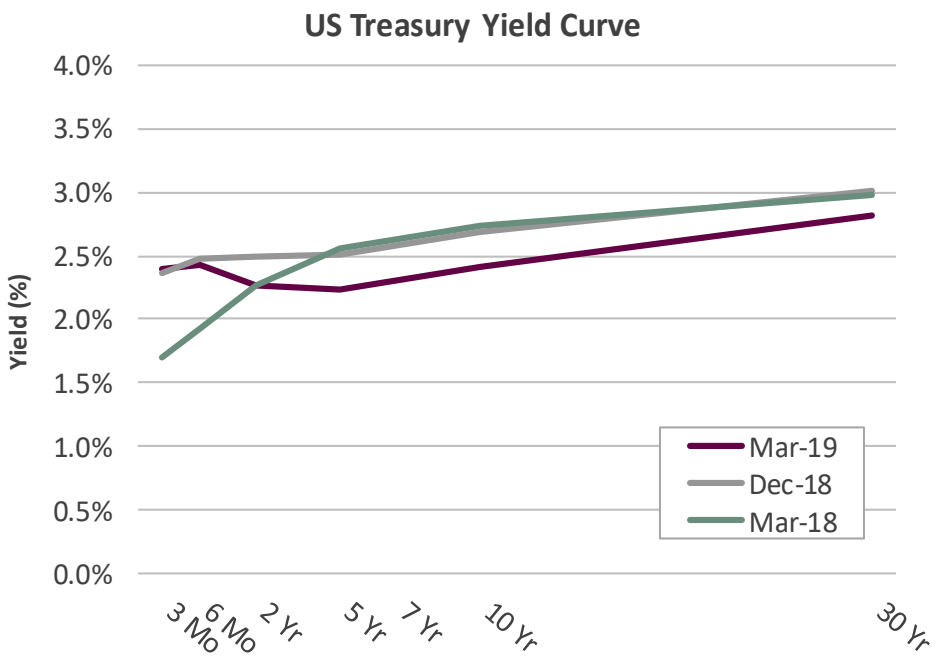
Source: Bloomberg

The Fed signaled that it plans to keep the federal funds target rate unchanged at a range of 2.25%-2.50% for the near-term. The Fed's long-run median federal funds rate target is 2.8%. The Fed has been normalizing the size of its balance sheet since October 2017, by allowing a specified amount of Treasury, mortgage-backed, and agency securities to roll off each month. In March 2019, the Fed announced plans to begin slowing down the reduction of their balance sheet and conclude their balance sheet reduction program at the end of September 2019. This will leave the Fed with a larger balance sheet (slightly higher than $3.5 trillion) than they originally expected.

Bond Yields



Source: Bloomberg



Source: Bloomberg

On a year-over-year basis at the end of March, the Treasury yield curve flattened with short-term rates higher and long-term rates lower on a year-over-year basis. The yield on 3-month T-bills rose nearly 70 basis points year-over-year, 2-Year Treasury yields were essentially flat, and the yield on 10-Year Treasuries declined more than 33 basis points. The spread between 2-Year and 10-year Treasury yields narrowed from 47 basis points to less than 15 basis points, year-over-year. Rate hikes by the Federal Reserve have put upward pressure on shorter-term rates, while slower global economic growth, subdued inflation expectations, and a flight to quality have put downward pressure on longer-term rates.

Important Disclosures

As of March 31, 2019

2019 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

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.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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This report is provided for informational purposes only and should not be construed as a specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of publication, but may become outdated or superseded at any time without notice. Any opinions or views expressed are based on current market conditions and are subject to change. This report may contain forecasts and forward-looking statements which are inherently limited and should not be relied upon as indicator of future results. Past performance is not indicative of future results. This report is not intended to constitute an offer, solicitation, recommendation or advice regarding any securities or investment strategy and should not be regarded by recipients as a substitute for the exercise of their own judgment.

Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

Benchmark Disclosures

ICE BAML 3-Month US Treasury Bill Index

The ICE BAML US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. (Index: G0O1. Please visit www.mlindex.ml.com for more information)

ICE BAML 1-10 Yr US Treasury/Agency Index

The ICE BAML 1-10 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than ten years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule and a minimum amount outstanding of $1 billion for sovereigns and $250 million for agencies. (Index: G5A0. Please visit www.mlindex.ml.com for more information)

ICE BAML 1-10 Yr US Corporate/Govt Rated AAA-A Idx

The ICE BAML 1-10 AAA-AA Year US Corporate & Government Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, foreign government, supranational and corporate securities. Qualifying securities must be rated AAA through AA3 (based on an average of Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity and less than ten years remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule and a minimum amount outstanding of $1 billion for US Treasuries and $250 million for all other securities. (Index: B5B0. Please visit www.mlindex.ml.com for more information)

ICE BAML 3-5 Yr US Treasury/Agency Index

The ICE BAML 3-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least three years remaining term to final maturity and less than five years remaining term to final maturity, at least three years to maturity at time of issuance, a fixed coupon schedule and a minimum amount outstanding of $1 billion for sovereigns and $250 million for agencies. (Index: G2A0. Please visit www.mlindex.ml.com for more information)

ICE BAML 0-3 Yr US Treasury Index*

The ICE BAML 0-3 Year US Treasury Index tracks the performance of US Dollar denominated Sovereign debt publically issued by the US government in its domestic market with maturities less than three years. Qualifying securities must have at least 18 months to maturity at point of issuance, at least one month and less than three years remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of $1 billion. (Index: G1QA. Please visit www.mlindex.ml.com for more information)

The ICE BAML 1-3 Year US Treasury Index tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. Qualifying securities must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of $1 billion. Qualifying securities must have at least 18 months to final maturity at the time of issuance. (Index: G1O2. Please visit www.mlindex.ml.com for more information)

moulton niguel water district

DRAFT
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT

April 11, 2019

A Regular Meeting of the Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 6:00 PM on April 11, 2019. There were present and participating:

DIRECTORS

Duane Cave	Vice President
Richard Fiore	Director
Donald Froelich	Vice President
Kelly Jennings	Director
Gary Kurtz	Director
Bill Moorhead	Director
Brian Probolsky	President

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Rod Woods	Director of Engineering
Drew Atwater	Director of Finance & Water Resources
Gina Hillary	Director of Human Resources
Todd Novacek	Director of Operations
Jose Solorio	Government Affairs Officer
Jeff Ferre	Best, Best, & Krieger (General Counsel)
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Trevor Agrelius	MNWD
Matthew Brown	MNWD
Lindsey Stuvick	MNWD
Adrian Tasso	MNWD

Ruben Smith	Alvarado Smith
Sherry Wanninger	CAC Member

1. CALL MEETING TO ORDER:

The meeting was called to order by Brian Probolsky at 6:00 p.m.

2. PLEDGE OF ALLEGIANCE:

The Pledge of Allegiance was led by Gary Kurtz.

3. PUBLIC COMMENTS:

None.

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

4. MINUTES OF THE MARCH 1, 2019 SPECIAL BOARD OF DIRECTORS' MEETING

5. MINUTES OF THE MARCH 4, 2019 SPECIAL BOARD OF DIRECTORS' MEETING

6. MINUTES OF THE MARCH 14, 2019 SPECIAL BOARD OF DIRECTORS' MEETING

8. MINUTES OF THE MARCH 21, 2019 BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY GARY KURTZ AND SECONDED BY DUANE CAVE, CONSENT ITEMS 4, 5, 6, 8 WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

7. MINUTES OF THE MARCH 20, 2019 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

This item was pulled from consent. Richard Fiore requested that the minutes from the March 20, 2019 meeting be updated to reflect more details about the discussion related to the adoption of the new Board meeting schedule.

MOTION DULY MADE BY GARY KURTZ AND SECONDED BY BILL MOORHEAD, ITEM 7 WAS APPROVED WITH THE REVISIONS DISCUSSED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

DRAFT

9. AMENDMENT NO. 2 FOR PLANT 3A ENGINEERING SUPPORT SERVICES

It is recommended that the Board of Directors approve Amendment No. 2 to the Agreement for Plant 3A Engineering Support Services with GHD, Inc. in the amount of $25,000 for a total not-to-exceed agreement amount of $250,000; authorize the General Manager or Assistant General Manager to execute the amendment; and to approve amendments up to 10% of the total contract value.

This item was pulled from consent. Joone Lopez provided a brief summary of the item.

MOTION DULY MADE BY GARY KURTZ AND SECONDED BY DUANE CAVE, ITEM 9 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

10. ELECTRICAL DISTRIBUTION EQUIPMENT PURCHASE

It is recommended that the Board of Directors authorize the purchase of new electrical distribution equipment from OneSource Distributors for an amount of $159,985; and to approve change orders up to 10% of the total contract value.

This item was pulled from consent. Discussion ensued regarding the item.

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY DONALD FROELICH, ITEM 10 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

11. PUMP REFURBISHMENT SERVICE AGREEMENT CONTRACT AMENDMENT

It is recommended that the Board of Directors approve an amendment to the Pump Refurbishment Services Agreement with Evans Hydro, Inc. in the amount of $40,000 for a total not-to-exceed agreement amount of $165,000 for FY 2018-19; authorize the General Manager or Assistant General Manager to execute the amendment; and to approve amendments up to 10% of the total contract value.

This item was pulled from consent. Joone Lopez provided information on the item.

MOTION DULY MADE BY GARY KURTZ AND SECONDED BY DONALD FROELICH, ITEM 11 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

DRAFT

ENGINEERING & OPERATIONS MATTERS:

12. CONSTRUCTION CONTRACT AWARD FOR PIPELINE REPLACEMENTS AT I-5 AND OSO CREEK CROSSINGS

It is recommended that the Board of Directors award the construction services contract to Vadnais Corporation in the amount of $6,990,000; authorize the General Manager or Assistant General Manager to execute the contract; and to approve change orders up to 10% of the contract value.

Rod Woods provided information on the item. Discussion ensued regarding the project.

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY GARY KURTZ, ITEM 12 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

13. CONSTRUCTION MANAGEMENT AND INSPECTION SUPPORT FOR PIPELINE REPLACEMENTS AT I-5 AND OSO CREEK CROSSINGS

It is recommended that the Board of Directors approve the Professional Services Agreement with Dudek in the amount of $495,000; authorize the General Manager or Assistant General Manager to execute the agreement; and to approve amendments up to 10% of the contract value.

Joone Lopez provided details on the item. Discussion ensued regarding the project.

MOTION DULY MADE BY BILL MOORHEAD AND SECONDED BY DUANE CAVE, ITEM 13 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

14. ON-CALL ASPHALT AND CONCRETE REPAIR SERVICES AGREEMENT

It is recommended that the Board of Directors authorize the General Manager or Assistant General Manager to execute the On-Call Asphalt and Concrete Repair Agreement with Hardy and Harper for a three-year, not-to-exceed total of $4,800,000 to perform the subject services during Fiscal Year (FY) 2019-20, FY 2020-21 and FY 2021-22, with the option to renew for two additional one-year terms.

Joone Lopez provided information on the item. Discussion ensued regarding the agreement.

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY BILL MOORHEAD,

DRAFT

ITEM 14 WAS APROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

GENERAL MANAGER MATTERS:(Brief general updates on District matters and/or brief general updates from staff - Informational purposes only.)

Joone Lopez stated that Technical and Administrative meetings went well and that due to the timing of the Board meetings, the Monthly Financial Report will be included in the Board packets and will be added to the consent calendar for Board approval. Joone also stated that the NatureScape tour will be happening Saturday, April 4, 2019; and that the District received a rate pass for healthcare costs this year.

PRESIDENT'S REPORT:

President Probolsky stated that he attended the ISDOC Quarterly Luncheon and was very interested in the presentation. He also requested that staff reach out to CSDA and invite them to present to the Board. President Probolsky also addressed a couple of social media posts.

BOARD REPORTS:

Richard Fiore stated that he attended the ISDOC Quarterly Luncheon and the Mission Viejo Chamber of Commerce tour of the City Hall. Both events were excellent. Director Fiore also stated that he attended Supervisor Wagner's installation.

Donald Froelich stated that he attended the MWDOC Elected Officials Forum.

Kelly Jennings stated that Councilmember Fred Minigar was very impressed with the project at Highlands Avenue and the work of staff.

Duane Cave stated that the Aliso Viejo Chamber of Commerce had a networking breakfast where he was able to provide a presentation.

Bill Moorhead stated that he was at the April WACO meeting and the WaterNow Summit in Austin, Texas in March.

CLOSED SESSION:

15. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Paragraph (1) of subdivision (d) of Government Code Section 54956.9)

Name of case: SOCWA, City of Laguna Beach, South Coast Water District and Emerald

DRAFT

Bay Service District v. Moulton Niguel Water District

Case number 30-2017-00923143-CU-BC-CJC

The Board entered closed session at 7:39p.m. and exited at 7:46p.m. There was no reportable action.

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

None.

LATE ITEMS: (Appropriate Findings to be Made)

None.

ADJOURNMENT:

The meeting was adjourned at 7:47 p.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

DRAFT

moulton niguel water district

DRAFT
MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT

April 25, 2019

A Special Meeting of the Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 5:00 PM on April 25, 2019. There were present and participating:

DIRECTORS

Duane Cave	Vice President
Donald Froelich	Vice President
Kelly Jennings	Director
Gary Kurtz	Director
Bill Moorhead	Director
Brian Probolsky	President

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Rod Woods	Director of Engineering
Drew Atwater	Director of Finance & Water Resources
Jeff Ferre	Best, Best, & Krieger (General Counsel)
Paige Gulck	Board Secretary
Trevor Agrelius	MNWD
Matthew Brown	MNWD
Medha Patel	MNWD

1. CALL MEETING TO ORDER

The meeting was called to order by Brian Probolsky at 5:03 p.m.

2. PUBLIC COMMENTS

None.

CLOSED SESSION

3. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Paragraph (1) of subdivision (d) of Government Code Section 54956.9)

Name of case: SOCWA, City of Laguna Beach, South Coast Water District and Emerald Bay Service District v. Moulton Niguel Water District

Case number 30-2017-00923143-CU-BC-CJC

The Board entered closed session at 5:05 p.m. and exited at 5:27 p.m. Jeff Ferre stated that there was no reportable action.

ADJOURNMENT

The meeting was adjourned at 5:38 p.m.

Respectfully submitted,

Paige Gulck
Board Secretary

DRAFT

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STAFF REPORT

TO: **Board of Directors** **MEETING DATE: May 9, 2019**

FROM: **Rod Woods, Director of Engineering**
Todd Dmytryshyn, Principal Engineer

SUBJECT: **Construction Contract Award for Cabot CIP Flow Control Facility – Flow Control Valve #1 Upgrade**

SUMMARY:

Issue: Board action is required for the Notice Inviting Sealed Bids for the Cabot CIP Flow Control Facility – Flow Control Valve No. 1 Upgrade, Project No. 2018.013.

Recommendation: It is recommended that the Board of Directors award the construction services contract to SS Mechanical Construction Corp. in the amount of $225,425; authorize the General Manager or Assistant General Manager to execute the contract; and to approve change orders up to 10% of the contract value.

Fiscal Impact: Project No. 2018.013 is budgeted in Fund 7, Rehabilitation and Replacement. The proposed project budget is $297,968. The project will be constructed next fiscal year. Adequate funds are included in the proposed FY 2019-20 Capital Improvement Program budget.

Reviewed by Committee: Yes, recommended for approval at the Technical Committee Meeting on May 6, 2019.

Reviewed by Legal: Yes

BACKGROUND:

The Cabot CIP Flow Control Facility is located near the intersection of Cabot Road and Oso Parkway in the City of Mission Viejo. The facility was constructed in 1999 and contains 8-inch and 12-inch flow control valves and associated piping and appurtenances. The existing 8-inch flow control valve is non-operable and needs to be upsized to accommodate flow requirements and to provide redundancy at the facility.

This project will replace the existing 8-inch flow control valve, pressure reducing and sustaining valve, flow meter, isolation valves, and associated piping with new 12-inch facilities.

Construction documents for the project were prepared by LEE & RO, Inc. utilizing the on-call engineering services agreement. A categorical exemption was prepared in accordance with State CEQA Guidelines and a Notice of Exemption was filed with Orange County on November 30, 2018.

DISCUSSION:

A request for bids was issued to seven qualified contractors. The District received five sealed bids for subject contract on April 23, 2019. The table below summarizes the bids received:

Firm	Bid
SS Mechanical Construction Corp.	$225,425
Schuler Constructors, Inc.	$238,000
Pacific Hydrotech Corporation	$275,400
RC Foster Corporation	$354,900
Gateway Pacific Contractors, Inc.	$359,807
Engineer's Estimate	**$330,000**

Staff has determined that the lowest responsible and responsive bidder was SS Mechanical Construction Corp. Staff has completed its review of the contract documents and has determined that they are in order. SS Mechanical has performed quality work for the District in the past and is well-qualified to perform this type of work.

SUMMARY OF PROJECT BUDGET:

	Proposed FY 2019-20 Total Project Budget*	Proposed / Approved Contract	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items				
Engineering	$45,000	$45,000	$0	$45,000
Construction Contract	$250,000	$225,425	$22,543	$247,968
Legal, Permits, District Labor	$5,000	$5,000	$0	$5,000
Totals	$300,000	$275,425	$22,543	$297,968

*$29,907.71 has been expended to date.
Currently Proposed Amount

Attachment: Exhibit A – Location Map

N

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0 50 100 200 300 400 Feet

Scale = 1:2,000

Exhibit "A" Location Map
Cabot CIP Flow Control Facility
Flow Control Valve No. 1 Upgrade
Contract No. 2018.013

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moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: May 9, 2019**

FROM: **Rod Woods, Director of Engineering**
Todd Dmytryshyn, Principal Engineer

SUBJECT: **Construction Contract Award for Casa del Oso Pump Station – Pump No. 1 Replacement**

SUMMARY:

Issue: Board action is required for the Notice Inviting Sealed Bids for the Casa del Oso Pump Station – Pump No. 1 Replacement, Project No. 2018.015.

Recommendation: It is recommended that the Board of Directors award the construction services contract to SS Mechanical Construction Corp. in the amount of $205,625; authorize the General Manager or Assistant General Manager to execute the contract; and to approve change orders up to 10% of the contract value.

Fiscal Impact: Project No. 2018.015 is budgeted in Fund 7, Rehabilitation and Replacement. The proposed project budget is $301,188. The project will be constructed next fiscal year. Adequate funds are included in the proposed FY 2019-20 Capital Improvement Program budget.

Reviewed by Committee: Yes, recommended for approval at the Technical Committee Meeting on May 6, 2019.

Reviewed by Legal: Yes

BACKGROUND:

The Casa del Oso Pump Station is located near the intersection of Bridlewood Drive and Meadow Crest Drive in the City of Laguna Hills. The pump station was constructed in 1988. The existing Pump No. 2 supplies the 750 pressure zone in the potable water distribution system during high demand periods. The existing Pump No. 1 is too small to supply the zone during high demand periods and needs to be upsized to match the performance of Pump No. 2 to provide redundancy at the facility.

This project will replace the existing Pump No. 1 and associated piping, valves, and appurtenances.

Construction documents for the project were prepared by LEE & RO, Inc. utilizing the on-call engineering services agreement. A categorical exemption was prepared in accordance with State CEQA Guidelines and a Notice of Exemption was filed with Orange County on November 30, 2018.

DISCUSSION:

A request for bids was issued to seven qualified contractors. The District received five sealed bids for subject contract on April 23, 2019. The table below summarizes the bids received:

Firm	Bid
SS Mechanical Construction Corp.	$205,625
Schuler Constructors, Inc.	$240,500
Pacific Hydrotech Corporation	$240,600
Gateway Pacific Contractors, Inc.	$295,921
RC Foster Corporation	$310,400
Engineer's Estimate	**$380,000**

Staff has determined that the lowest responsible and responsive bidder was SS Mechanical Construction Corp. Staff has completed its review of the contract documents and has determined that they are in order. SS Mechanical has performed quality work for the District in the past and is well-qualified to perform this type of work.

SUMMARY OF PROJECT BUDGET:

	Proposed FY 2019-20 Total Project Budget*	Proposed / Approved Contract	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items				
Engineering	$70,000	$70,000	$0	$70,000
Construction Contract	$230,000	$205,625	$20,563	$226,188
Legal, Permits, District Labor	$5,000	$5,000	$0	$5,000
Totals	$305,000	$280,625	$20,563	$301,188

*$48,758.27 has been expended to date.
Currently Proposed Amount

Attachment: Exhibit A – Location Map

N

moulton niguel water district

0 50 100 200 300 400 Feet

Scale = 1:2,000

Exhibit "A" Location Map
Casa del Oso Pump Station
Pump No. 1 Replacement
Contract No. 2018.015

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moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: May 9, 2019**

FROM: **Todd Novacek, Director of Operations**
Ronin Goodall, Superintendent of Operations

SUBJECT: **Amendment No. 1 to the Janitorial Services Agreement – Omni Enterprise, Inc.**

SUMMARY:

Issue: The District's current contract with Omni Enterprise, Inc. DBA Omniclean, will expire on June 30, 2019.

Recommendation: It is recommended that the Board of Directors approve Amendment No. 1 to the Janitorial Services Agreement with Omni Enterprise, Inc. in the amount of $72,600, for a total not-to-exceed contract value of $127,200; authorize the General Manager or Assistant General Manager to execute the amendment; and to approve amendments up to 10% of the total contract value.

Fiscal Impact: Sufficient funds are included in the FY 2019-20 Operating Budget to support the amendment.

Reviewed by Committee: Yes, recommended for approval at Administrative Committee Meeting on May 1, 2019.

Reviewed by Legal: Yes

BACKGROUND:

Following a procurement process, Omni Enterprise Inc. has provided the District with daily janitorial services at its Main Administrative Building and Plant 2A since July 1st, 2018. The original contract was for a one-year term of performance for an annual amount not to exceed $54,600 in FY 2018-19 with two one-year options to extend with annual amounts not to exceed $59,400 per year.

DISCUSSION:

Amendment No. 1 will extend the term for another year in FY 2019-20. Amendment No. 1 will also add the 3A Treatment Plant to the scope of services for an amount not-to-exceed $13,200. The total contract for FY 2019-20 after adding all three facilities onto one contract would not exceed $72,600. The scope and fee is based on service performed at each facility. If the scope were to change during the term of the contract to reduce or eliminate services, the cost would be adjusted accordingly.

Based on Omni's cost-effectiveness and quality of service over the past year, staff recommends approval of Amendment No. 1 in order to continue janitorial services and allow the General Manager or Assistant General Manager to exercise Amendment No.1 for FY 2019-20.

Attachments:

1. Janitorial Services Agreement with Omni Enterprise, Inc.
2. Amendment No. 1 to the Agreement

MOULTON NIGUEL WATER DISTRICT
AGREEMENT FOR JANITORIAL SERVICES
OM18-19.003

1. PARTIES AND DATE.

This Agreement for Janitorial Services ("Agreement") is made and entered into this 1st day of July, 2018, by and between the **Moulton Niguel Water District**, ("District") and **Omni Enterprise, Inc. DBA Omniclean**, with its principal place of business at **1420 E. Edinger Avenue, Suite 225, Santa Ana, CA 92705** ("Contractor"). District and Contractor are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Contractor.

Contractor desires to perform and assume responsibility for the provision of janitorial services required by District on the terms and conditions set forth in this Agreement. Contractor represents that it is experienced in providing janitorial services to public clients, is licensed in the State of California, and is familiar with the plans of District.

2.2 Project.

District desires to engage Contractor to render such janitorial services for the District's Main and 2A facilities ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Contractor promises and agrees to furnish to District all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the services and advice on various issues affecting the decisions of District regarding the Project and on other programs and matters affecting District ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from the date first specified above to June 30, 2019, unless earlier terminated as provided herein. District shall have the unilateral option, at its sole discretion, to renew this Agreement annually for no more than two (2) additional one-year terms. Contractor shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Contractor.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Contractor or under its supervision. Contractor will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. District retains Contractor on an independent contractor basis and not as an employee of District. Contractor retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Contractor shall also not be employees of District and shall at all times be under Contractor's exclusive direction and control. Contractor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Contractor shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "A" attached hereto and incorporated herein by reference. Contractor represents that it has the skilled personnel required to perform the Services in conformance with such conditions. In order to facilitate Contractor's conformance with the Schedule, District shall respond to Contractor's submittals in a timely manner. Upon request of District, Contractor shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Contractor shall be subject to the approval of District.

3.2.4 Substitution of Key Personnel. Contractor has represented to District that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Contractor may substitute other personnel of at least equal competence and experience upon written approval of District. In the event that District and Contractor cannot agree as to the substitution of key personnel, District shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to District, or who are determined by District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by Contractor at the request of District. The key personnel for performance of this Agreement is as follows: Dante Perez.

3.2.5 District's Representative. District hereby designates Ronin Goodall, Superintendent of Operations, or his or her designee, to act as its representative for the performance of this Agreement ("District's Representative"). District's Representative shall have the power to act on behalf of District for all purposes under this Agreement. Contractor shall not accept direction or orders from any person other than District's Representative or his or her designee.

3.2.6 Contractor's Representative. Contractor hereby designates Dante Perez, or his or her designee, to act as its representative for the performance of this Agreement ("Contractor's

Representative"). Contractor's Representative shall have full authority to represent and act on behalf of Contractor for all purposes under this Agreement. Contractor's Representative shall supervise and direct the Services, 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 under this Agreement.

3.2.7 Coordination of Services. Contractor agrees to work closely with District staff in the performance of Services and shall be available to District's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Contractor shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by contractors in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the calling necessary to perform the Services. Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a business license, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Contractor shall perform, at its own cost and expense and without reimbursement from District, any services necessary to correct errors or omissions which are caused by Contractor's failure to comply with the standard of care provided for herein, and shall be fully responsible to District for all damages and other liabilities provided for in the indemnification provisions of this Agreement arising from the Contractor's errors and omissions.. Any employee of Contractor or its subcontractors who is determined by District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to District, shall be promptly removed from the Project by Contractor and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Contractor shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Services. If Contractor performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to District, Contractor shall be solely responsible for all costs arising therefrom. Contractor shall defend, indemnify and hold District, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

(a) Time for Compliance. Contractor shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Contractor, its agents, representatives, employees or subcontractors. Contractor

shall not commence work under this Agreement until it has provided evidence satisfactory to District that it has secured all insurance required under this section. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to District that the subcontractor has secured all insurance required under this section.

(b) Types of Required Coverages. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder and without limiting the indemnity provisions of the Agreement, Contractor in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance.

(i) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as the latest version of the Insurance Services Office "occurrence" form CG 0001, with minimum limits of at least $1,000,000 per occurrence. Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions limiting coverage for (1) products and completed operations; (2) contractual liability; (3) third party action over claims; or (4) cross liability exclusion for claims or suits by one insured against another.

(ii) Automobile Liability Insurance: Automobile Liability Insurance with coverage at least as broad as the latest version of Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with minimum limits of $1,000,000 each accident.

(iii) Workers' Compensation and Employer's Liability: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than $1,000,000 per accident for bodily injury and disease.

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(c) Endorsements.

(i) The policy or policies of insurance required by Section 3.2.10(b) (i) Commercial General Liability and (ii) Automobile Liability Insurance shall be endorsed to provide the following:

(1) Additional Insured: District, its directors, members, officials, officers, employees and agents shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement. Endorsements shall be issued on a combination of ISO CG 20 10 and CG 20 37 or exact equivalents. Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Contractor; or (4) contain any other exclusions contrary to the Agreement.

(2) Primary Insurance and Non-Contributing Insurance: This insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the District, its directors, members, officials, officers, employees and agents shall not contribute with this primary insurance.

(3) Severability: In the event of one insured, whether named or additional, incurs liability to any other of the insureds, whether named or additional, the policy shall cover the insured against whom claim is or may be made in the same manner as if separate policies had been issued to each insured, except that the limits of insurance shall not be increased thereby.

(4) Cancellation: The policy shall not be canceled or the coverage suspended, voided, reduced or allowed to expire until a thirty (30) day prior written notice of cancellation has been served upon District except ten (10) days prior written notice shall be allowed for non-payment of premium.

(5) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the District, its directors, members, officials, officers, employees and agents.

(6) Duties: Any failure by the named insured to comply with reporting provisions of the policy or breaches or violations of warranties shall not affect coverage provided to the District, its directors, members, officials, officers, employees and agents.

(7) Applicability: That the coverage provided therein shall apply to the obligations assumed by Contractor under the indemnity provisions of the Agreement, unless the policy or policies contain a blanket form of contractual liability coverage.

(ii) The policy or policies of insurance required by Section 3.2.10(b) (iii) Workers' Compensation shall be endorsed, as follows:

(1) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the District, its directors, members, officials, officers, employees and agents.

(2) Cancellation: The policy shall not be canceled or the coverage suspended, voided, reduced or allowed to expire until a thirty (30) day prior written notice of cancellation has been served upon District except ten (10) days prior written notice shall be allowed for non-payment of premium.

(d) Deductible. Any deductible or self-insured retention must be approved in writing by District and shall protect the District, its directors, members, officials, officers, employees and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

(e) Evidence of Insurance. Contractor, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates and endorsements on forms approved by District. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with District. If such coverage is cancelled or reduced, Contractor shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with District evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

(f) Failure to Maintain Coverage. Contractor agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to District. District shall have the right to withhold any payment due Contractor until Contractor has fully complied with the insurance provisions of this Agreement.

In the event that Contractor's operations are suspended for failure to maintain required insurance coverage, Contractor shall not be entitled to an extension of time for completion of the work because of production lost during suspension.

(g) Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A-:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

(h) Insurance for Subcontractors. Contractor shall be responsible for causing subcontractors to purchase the appropriate insurance in compliance with the terms of this Agreement, including adding District as an Additional Insured to the subcontractor's policies.

3.2.11 Safety. Contractor shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, Contractor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Contractor shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "A" attached hereto and incorporated herein by reference. The total compensation shall not exceed Fifty-Four Thousand, Six Hundred Dollars ($54,600.00) without prior written approval of District. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Contractor shall submit to District a monthly itemized statement which indicates work completed and hours of Services rendered by Contractor. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. District shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Contractor shall not be reimbursed for any expenses unless authorized in writing by District.

3.3.4 Extra Work. At any time during the term of this Agreement, District may request that Contractor perform Extra Work. As used herein, "Extra Work" means any work which is determined by District to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Contractor shall not perform, nor be compensated for, Extra Work without written authorization from District's Representative.

3.3.5 Rate Increases. In the event that this Agreement is renewed pursuant to Section 3.1.2, the rates set forth in Exhibit "A" shall be adjusted each year at the time of renewal in accordance with the rates set forth in Exhibit "A".

3.3.6 Reserved.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Contractor shall maintain complete and accurate records with respect to all costs and expenses incurred and fees charged under this Agreement. All such records shall be clearly identifiable. Contractor shall allow a representative of District during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Contractor shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

(a) Grounds for Termination. District may, by written notice to Contractor, terminate the whole or any part of this Agreement at any time and without cause by

giving written notice to Contractor of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Contractor shall be compensated only for those services which have been fully and adequately rendered to District through the effective date of the termination, and Contractor shall be entitled to no further compensation. Contractor may not terminate this Agreement except for cause.

(b) Effect of Termination. If this Agreement is terminated as provided herein, District may require Contractor to provide all finished or unfinished Documents and Data, as defined below, and other information of any kind prepared by Contractor in connection with the performance of Services under this Agreement. Contractor shall be required to provide such document and other information within fifteen (15) days of the request.

(c) Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Contractor:

Omni Enterprise, Inc. DBA Omniclean
1420 E. Edinger Avenue, Suite 225
Santa Ana, CA 92705
Attn: Dante N. Perez

District:

Moulton Niguel Water District
27500 La Paz Road
Laguna Niguel, CA 92677
Attn: **Contracts Department**

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.4 Attorneys' Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all costs of such action.

3.5.5 Indemnification. To the fullest extent permitted by law, Contractor shall defend, indemnify and hold District, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged negligent acts, omissions or willful misconduct of Contractor, its officials, officers, employees, agents, subcontractors and subcontractors arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages, attorneys' fees and other related costs and expenses. Contractor shall defend, at Contractor's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against District, its directors, officials, officers, employees, agents or volunteers. Contractor shall pay and satisfy any judgment, award or decree that may be rendered against District or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Contractor shall reimburse District and its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs, including reasonable attorneys' fees, incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Contractor's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by District or its directors, officials, officers, employees, agents or volunteers. Notwithstanding the foregoing, to the extent Contractor'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 Contractor. This Section 3.5.5 shall survive any expiration or termination of this Agreement.

3.5.6 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be supplemented, amended or modified by a writing signed by both Parties.

3.5.7 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.5.8 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.9 District's Right to Employ Other Contractors. District reserves the right to employ other Contractors in connection with this Project.

3.5.10 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.5.11 Assignment or Transfer. Contractor shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.12 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Contractor include all personnel, employees, agents, and subcontractors of Contractor, except as otherwise specified in this Agreement. All references to District include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.5.13 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.14 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.5.15 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.16 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.17 Prohibited Interests. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Agreement. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, District shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.18 Equal Opportunity Employment. Contractor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Contractor shall also comply with all relevant provisions of any minority business enterprise program, affirmative action plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.5.19 Labor Certification. By its signature hereunder, Contractor certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.20 Authority to Enter Agreement. Contractor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.21 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.5.22 Employment Adverse to District. Contractor shall notify District, and shall obtain District's written consent, prior to accepting work to assist with or participate in a third-party lawsuit or other legal or administrative proceeding against District during the term of this Agreement.

3.5.23 Conflict of Employment. Employment by Contractor of personnel currently on the payroll of District shall not be permitted in the performance of this Agreement, even though such employment may occur outside of the employee's regular working hours or on weekends, holidays or vacation time. Further, the employment by Contractor of personnel who have been on District's payroll within one year prior to the date of execution of this Agreement, where this employment is caused by and or dependent upon Contractor securing this or related Agreements with District, is prohibited.

3.5.24 Survival. All rights and obligations hereunder that by their nature are to continue after any expiration or termination of this Agreement, including, but not limited to, the indemnification and confidentiality obligations, and the obligations related to receipt of subpoenas or court orders, shall survive any such expiration or termination.

3.5.25 Subcontracting. Contractor shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of District. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

SIGNATURES ON FOLLOWING PAGE

SIGNATURE PAGE FOR AGREEMENT FOR JANITORIAL SERVICES

IN WITNESS WHEREOF, this Agreement was executed on the date first written above.

MOULTON NIGUEL WATER DISTRICT

Approved By:

Joone Lopez, General Manager

6/27/18

Date

OMNI ENTERPRISE, INC. DBA OMNICLEAN

Signature

Dante N. Perez

Name

CEO

Title

6-21-2018

Date

EXHIBIT "A"
SCOPE OF SERVICES, SCHEDULE OF SERVICES, AND COMPENSATION

In the event that this Agreement is renewed pursuant to Section 3.1.2, the first renewal period shall be from July 1, 2019 to June 30, 2020. The second renewal period shall be from July 1, 2020 to June 30, 2021. The rates set forth above shall be adjusted each year at the time of renewal at the rates set forth below.

ATTACHMENT 3: FEE SCHEDULE

BASE TERM – FISCAL YEAR 2018-2019

FACILITY 1 MAIN OFFICE – 27500 La Paz Rd., Laguna Niguel, CA 92677		
AREA	DUTY	SCHEDULE
Entrance, Lobby, Reception, General Offices, Cubicles, Conference Rooms, Copy Rooms, File Rooms, Common Areas, Supply and Storage Areas	Wastebaskets (including recycled): Empty, disinfect & re-line as needed	DAILY
	Dust: Furniture, counters, cabinets, remove cobwebs	DAILY
	Telephones: Clean and sanitize	DAILY
	Carpeted Floors: Vacuum all accessible carpeted areas	DAILY
	Tile/Linoleum Floors: Sweep & mop	DAILY
	Metal/Glass: Clean & polish metal, glass, mirrors	DAILY
	Drinking Fountain: Clean/disinfect drinking fountain	DAILY
	Spot clean doors, frames, walls & switches	DAILY
Executive Offices (4)	Carpeted Floors: Vacuum, spot clean	DAILY
	Dust furniture, counters, cabinets, windowsills, blinds, pictures, TV, A/C registers, remove cobwebs	DAILY
	Telephones: Clean and sanitize	DAILY
	Desks/Furniture: Clean & polish wood & glass surfaces	DAILY
	Metal/Glass: Clean & polish metal, glass mirrors	DAILY
	Wastebaskets (including recycled): Empty/disinfect, re-line	DAILY
Restrooms	Sinks/Counter: Clean/disinfect & polish hardware	DAILY
	Toilets: Clean/ disinfect toilets, polish hardware	DAILY
	Clean tile wall inside stall, stall partitions & door handles	DAILY
	Clean/disinfect urinals & tiled area, polish hardware	DAILY
	Wastebaskets (including recycled): Empty trash. Wipe clean/re-line as needed	DAILY
	Empty/disinfect sanitary napkin receptacle	DAILY
	Dispensers: Refill paper & soap products & wipe down	DAILY
	Metal/Mirrors: Clean & polish / free of spots and streaks	DAILY
	Floors: Sweep & mop floors with germicidal cleaner	DAILY
	Clean & disinfect door handles, light switches	DAILY
Kitchen	Table/Chairs: Clean table and chairs	DAILY
	Wastebaskets (including recycled): Empty trash, wipe can clean, re-line	DAILY
	Floor: Sweep & mop floors with disinfectant cleaner	DAILY
	Dust: Windowsills, ledges, blinds, cabinets, TV, cobwebs	DAILY

BASE TERM – FISCAL YEAR 2018-2019

AREA	DUTY	SCHEDULE
Board Room	Dust/Clean: Windowsills, ledges, pictures, TV, cobwebs	DAILY
	Linoleum/Tile Floor: Sweep & mop	DAILY
	Carpet: Vacuum, spot clean as necessary	DAILY
	Wipe & Disinfect dais, lectern & desk	DAILY
	Clean/disinfect sink & countertop, polish hardware	DAILY
	Wastebaskets (including recycled): Empty trash. Wipe clean/re-line as needed	DAILY
	Dispensers: Refill all paper & soap products	DAILY
	Spot clean doors, frames, walls & switches	DAILY
	TOTAL MONTHLY FEE FOR ABOVE SERVICES	$ 1800

FACILITY 2
2A Offices - 26161 Gordon Rd., Laguna Hills, CA 92653

AREA	DUTY	SCHEDULE
Buildings 1, 3 and 4 Entrance, Lobby, Offices, Cubicles, Conference Rooms, Copy Rooms, File Rooms, Common Areas, Supply and Storage Areas	Wastebaskets (including recycled): Empty, disinfect & re-line as needed	DAILY
	Dust: Furniture, counters, cabinets, remove cobwebs	DAILY
	Telephones: Clean and sanitize	DAILY
	Vacuum all accessible carpeted areas	DAILY
	Tile/Linoleum Floors: Sweep & mop	DAILY
	Clean & polish metal, glass, mirrors	DAILY
	Clean/disinfect drinking fountain	DAILY
	Spot clean doors, frames, walls & switches	DAILY
Restrooms	Clean/disinfect sinks, counter & polish hardware	DAILY
	Toilets: Clean & disinfect, polish hardware	DAILY
	Clean/disinfect partition & tile, dispensers, stall handle	DAILY
	Urinals: Clean & disinfect, polish hardware	DAILY
	Wastebaskets (including recycled): Empty/disinfect, re-line	DAILY
	Empty/disinfect sanitary napkin receptacle	DAILY
	Refill paper & soap products & wipe dispenser	DAILY
	Mirrors: Clean, free of spots and streaks	DAILY
	Sweep & mop floors with disinfectant cleaner	DAILY
	Spot clean doors, frames, walls & switches	DAILY

BASE TERM – FISCAL YEAR 2018-2019

AREA	DUTY	SCHEDULE	
Kitchen	Clean table and chairs	DAILY	
	Wastebaskets (including recycled): Empty, wipe clean, re-line	DAILY	
	Sweep & mop floors	DAILY	
	Dusting: Ledges, visible surfaces, TV, cobwebs	DAILY	
	Clean/disinfect sink, counter & polish hardware	DAILY	
	Refill all paper & soap products	DAILY	
	Refrigerator: Wipe down front	DAILY	
	Coffee Area: Wipe down counter	DAILY	
	Microwave: Wipe front and interior	DAILY	
	Stove: Wipe front and top exterior	DAILY	
	Spot clean doors, frames, walls & switches	DAILY	
	Empty & clean inside refrigerator, defrost if necessary	MONTHLY	
Locker Room	Clean/disinfect sink & polish hardware	DAILY	
	Urinals: Clean/disinfect, polish hardware	DAILY	
	Clean/disinfect walls adjacent to urinals	DAILY	
	Wipe down/disinfect showers, soap dish, fixtures	DAILY	
	Wastebaskets (including recycled): Empty, wipe clean, re-line	DAILY	
	Mirrors: Clean, free of spots and streaks	DAILY	
	Refill paper & soap products & wipe dispenser	DAILY	
	Benches: Wipe/disinfect	DAILY	
	Floors: Sweep & mop	DAILY	
	Spot clean doors, frames, walls & switches	DAILY	
	Dust locker tops	MONTHLY	
	Clean & disinfect showers, remove mold, residue from tile	MONTHLY	
Training Trailer	Vacuum carpet	MONTHLY	
	TOTAL MONTHLY FEE FOR ABOVE SERVICES		$210

BASE TERM – FISCAL YEAR 2018-2019

FACILITY 1 QUARTERLY SERVICES – MAIN BUILDING, 27500 LA PAZ RD., LAGUNA NIGUEL, CA 92677		
Service	**Schedule**	**QUARTERLY FEE**
Strip, wax & buff linoleum floors	QUARTERLY	$ 400
Empty & clean refrigerator, excluding condiments	QUARTERLY	50
	TOTAL	450

FACILITY 2 QUARTERLY SERVICES – 2A FIELD OFFICE, 26161 GORDON RD., LAGUNA HILLS, CA 92653		
Service	**Schedule**	**QUARTERLY FEE**
Strip, wax & buff linoleum/tile floors	QUARTERLY	550
Empty & clean refrigerator, excluding condiments	QUARTERLY	50
	TOTAL	$ 600

BASE TERM – FISCAL YEAR 2018-2019

MONTHLY JANITORIAL SERVICES TOTAL

JANITORIAL SERVICES, MAIN BUILDING, MONTHLY FEE	$ 1800
JANITORIAL SERVICES, 2A FIELD OFFICE, MONTHLY FEE	$ 2100
TOTAL MONTHLY	$ 3900

QUARTERLY JANITORIAL SERVICES TOTAL

QUARTERLY SERVICES – MAIN BUILDING, QUARTERLY FEE	$ 450
QUARTERLY SERVICES – 2A FIELD OFFICE, QUARTERLY FEE	$ 600
TOTAL QUARTERLY FEE	$ 1050

SEMI-ANNUAL JANITORIAL SERVICES TOTAL

SEMI-ANNUAL SERVICES – MAIN BUILDING, SEMI-ANNUAL FEE	$ 800
SEMI-ANNUAL SERVICES – 2A FIELD OFFICE, SEMI-ANNUAL FEE	$ 1000
TOTAL SEMI-ANNUAL FEE	$ 1800

TOTAL AMOUNT FOR BASE TERM FISCAL YEAR 2018-2019	$ 54,600

AMENDMENT NO. 01 TO THE JANITORIAL SERVICES AGREEMENT BETWEEN MOULTON NIGUEL WATER DISTRICT AND OMNI ENTERPRISE, INC. DBA OMNICLEAN CONTRACT NO. OM18-19.003

This Amendment No. 01 (this "Amendment") is entered into and effective as of July 1, 2019, amending the Janitorial Services Agreement dated July 1, 2018 (the "Agreement"), by and between Moulton Niguel Water District ("MNWD"), and Omni Enterprise, Inc. dba Omniclean ("Contractor") (collectively, the "Parties"). Any capitalized terms used but not defined herein shall have the meaning assigned to them in the Agreement.

RECITALS

A. WHEREAS, on July 1, 2018, the Parties entered into the Agreement for janitorial services through June 30, 2019 for a total not-to-exceed amount $54,600; and

B. WHEREAS, the Agreement provided that the Agreement may be extended, at MNWD's option, for an additional two (2) one-year extension with the scope listed in Exhibit "A"; and

C. WHEREAS, the Parties have negotiated and agree to include additional services at MNWD's 3A facility as described in Exhibit "B".

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

1. The term of the Agreement is hear by extended through June 30, 2020.

2. The Services to be provided by Contractor shall be revised to include the Services set forth in Exhibit "A" and Exhibit "B" attached hereto and incorporated by this reference.

3. All payments and services associated with this Amendment shall not exceed Seventy-Two Thousand Six Hundred Dollars ($72,600)

4. The Parties agree that the total Agreement amount, including this Amendment, shall not exceed One Hundred Twenty-Seven Thousand Two Hundred Dollars ($127,200).

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

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

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

-Signatures on following page-

MOULTON NIGUEL WATER DISTRICT:	OMNI ENTERPRISE, INC. DBA OMNICLEAN:
By: _____	By: _____ (Authorized Representative of Contractor)
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

Exhibit A

ONE-YEAR OPTION TERM – FISCAL YEAR 2019-2020

FACILITY 1 MAIN OFFICE – 27500 La Paz Rd., Laguna Niguel, CA 92677		
AREA	DUTY	SCHEDULE
Entrance, Lobby, Reception, General Offices, Cubicles, Conference Rooms, Copy Rooms, File Rooms, Common Areas, Supply and Storage Areas	Wastebaskets (including recycled): Empty, disinfect & re-line as needed	DAILY
	Dust: Furniture, counters, cabinets, remove cobwebs	DAILY
	Telephones: Clean and sanitize	DAILY
	Carpeted Floors: Vacuum all accessible carpeted areas	DAILY
	Tile/Linoleum Floors: Sweep & mop	DAILY
	Metal/Glass: Clean & polish metal, glass, mirrors	DAILY
	Drinking Fountain: Clean/disinfect drinking fountain	DAILY
	Spot clean doors, frames, walls & switches	DAILY
Executive Offices (4)	Carpeted Floors: Vacuum, spot clean	DAILY
	Dust furniture, counters, cabinets, windowsills, blinds, pictures, TV, A/C registers, remove cobwebs	DAILY
	Telephones: Clean and sanitize	DAILY
	Desks/Furniture: Clean & polish wood & glass surfaces	DAILY
	Metal/Glass: Clean & polish metal, glass mirrors	DAILY
	Wastebaskets (including recycled): Empty/disinfect, re-line	DAILY
Restrooms	Sinks/Counter: Clean/disinfect & polish hardware	DAILY
	Toilets: Clean/ disinfect toilets, polish hardware	DAILY
	Clean tile wall inside stall, stall partitions & door handles	DAILY
	Clean/disinfect urinals & tiled area, polish hardware	DAILY
	Wastebaskets (including recycled): Empty trash. Wipe clean/re-line as needed	DAILY
	Empty/disinfect sanitary napkin receptacle	DAILY
	Dispensers: Refill paper & soap products & wipe down	DAILY
	Metal/Mirrors: Clean & polish / free of spots and streaks	DAILY
	Floors: Sweep & mop floors with germicidal cleaner	DAILY
	Clean & disinfect door handles, light switches	DAILY
Kitchen	Table/Chairs: Clean table and chairs	DAILY
	Wastebaskets (including recycled): Empty trash, wipe can clean, re-line	DAILY
	Floor: Sweep & mop floors with disinfectant cleaner	DAILY
	Dust: Windowsills, ledges, blinds, cabinets, TV, cobwebs	DAILY

#9.

ONE-YEAR OPTION TERM – FISCAL YEAR 2019-2020

AREA	DUTY	SCHEDULE	
Board Room	Dust/Clean: Windowsills, ledges, pictures, TV, cobwebs	DAILY	
	Linoleum/Tile Floor: Sweep & mop	DAILY	
	Carpet: Vacuum, spot clean as necessary	DAILY	
	Wipe & Disinfect dais, lectern & desk	DAILY	
	Clean/disinfect sink & countertop, polish hardware	DAILY	
	Wastebaskets (including recycled): Empty trash. Wipe clean/re-line as needed	DAILY	
	Dispensers: Refill all paper & soap products	DAILY	
	Spot clean doors, frames, walls & switches	DAILY	
	TOTAL MONTHLY FEE FOR ABOVE SERVICES		$1884

FACILITY 2
2A Offices - 26161 Gordon Rd., Laguna Hills, CA 92653

AREA	DUTY	SCHEDULE
Buildings 1, 3 and 4 Entrance, Lobby, Offices, Cubicles, Conference Rooms, Copy Rooms, File Rooms, Common Areas, Supply and Storage Areas	Wastebaskets (including recycled): Empty, disinfect & re-line as needed	DAILY
	Dust: Furniture, counters, cabinets, remove cobwebs	DAILY
	Telephones: Clean and sanitize	DAILY
	Vacuum all accessible carpeted areas	DAILY
	Tile/Linoleum Floors: Sweep & mop	DAILY
	Clean & polish metal, glass, mirrors	DAILY
	Clean/disinfect drinking fountain	DAILY
	Spot clean doors, frames, walls & switches	DAILY
Restrooms	Clean/disinfect sinks, counter & polish hardware	DAILY
	Toilets: Clean & disinfect, polish hardware	DAILY
	Clean/disinfect partition & tile, dispensers, stall handle	DAILY
	Urinals: Clean & disinfect, polish hardware	DAILY
	Wastebaskets (including recycled): Empty/disinfect, re-line	DAILY
	Empty/disinfect sanitary napkin receptacle	DAILY
	Refill paper & soap products & wipe dispenser	DAILY
	Mirrors: Clean, free of spots and streaks	DAILY
	Sweep & mop floors with disinfectant cleaner	DAILY
	Spot clean doors, frames, walls & switches	DAILY

ONE-YEAR OPTION TERM – FISCAL YEAR 2019-2020

AREA	DUTY	SCHEDULE	
Kitchen	Clean table and chairs	DAILY	
	Wastebaskets (including recycled): Empty, wipe clean, re-line	DAILY	
	Sweep & mop floors	DAILY	
	Dusting: Ledges, visible surfaces, TV, cobwebs	DAILY	
	Clean/disinfect sink, counter & polish hardware	DAILY	
	Refill all paper & soap products	DAILY	
	Refrigerator: Wipe down front	DAILY	
	Coffee Area: Wipe down counter	DAILY	
	Microwave: Wipe front and interior	DAILY	
	Stove: Wipe front and top exterior	DAILY	
	Spot clean doors, frames, walls & switches	DAILY	
	Empty & clean inside refrigerator, defrost if necessary	MONTHLY	
Locker Room	Clean/disinfect sink & polish hardware	DAILY	
	Urinals: Clean/disinfect, polish hardware	DAILY	
	Clean/disinfect walls adjacent to urinals	DAILY	
	Wipe down/disinfect showers, soap dish, fixtures	DAILY	
	Wastebaskets (including recycled): Empty, wipe clean, re-line	DAILY	
	Mirrors: Clean, free of spots and streaks	DAILY	
	Refill paper & soap products & wipe dispenser	DAILY	
	Benches: Wipe/disinfect	DAILY	
	Floors: Sweep & mop	DAILY	
	Spot clean doors, frames, walls & switches	DAILY	
	Dust locker tops	MONTHLY	
	Clean & disinfect showers, remove mold, residue from tile	MONTHLY	
Training Trailer	Vacuum carpet	MONTHLY	
	TOTAL MONTHLY FEE FOR ABOVE SERVICES		$ 320

ONE-YEAR OPTION TERM – FISCAL YEAR 2019-2020

FACILITY 1 QUARTERLY SERVICES – MAIN BUILDING, 27500 LA PAZ RD., LAGUNA NIGUEL, CA 92677		
Service	**Schedule**	**QUARTERLY FEE**
Strip, wax & buff linoleum floors	QUARTERLY	$ 400
Empty & clean refrigerator, excluding condiments	QUARTERLY	50
	TOTAL	450

FACILITY 2 QUARTERLY SERVICES – 2A FIELD OFFICE, 26161 GORDON RD., LAGUNA HILLS, CA 92653		
Service	**Schedule**	**QUARTERLY FEE**
Strip, wax & buff linoleum/tile floors	QUARTERLY	550
Empty & clean refrigerator, excluding condiments	QUARTERLY	50
	TOTAL	$ 600

ONE-YEAR OPTION TERM – FISCAL YEAR 2019-2020

FACILITY 1 SEMI-ANNUAL SERVICES – MAIN BUILDING, 27500 LA PAZ RD., LAGUNA NIGUEL, CA 92677		
Service	**Schedule**	**SEMI-ANNUAL FEE**
Carpet Steam Clean	SEMI-ANNUALLY	$ 800
	TOTAL	800

FACILITY 2 SEMI-ANNUAL SERVICES – 2A FIELD OFFICE, 26161 GORDON RD., LAGUNA HILLS, CA 92653		
Service	**Schedule**	**SEMI-ANNUAL FEE**
Carpet Steam Cleaning	SEMI-ANNUALLY	1000
	TOTAL	$ 1000

#9.

ONE-YEAR OPTION TERM – FISCAL YEAR 2019-2020

MONTHLY JANITORIAL SERVICES TOTAL

JANITORIAL SERVICES, MAIN BUILDING, MONTHLY FEE	$ 1980
JANITORIAL SERVICES, 2A FIELD OFFICE, MONTHLY FEE	$ 2320
TOTAL MONTHLY	$ 4300 ✓

QUARTERLY JANITORIAL SERVICES TOTAL

QUARTERLY SERVICES – MAIN BUILDING, QUARTERLY FEE	$ 450
QUARTERLY SERVICES – 2A FIELD OFFICE, QUARTERLY FEE	$ 600
TOTAL QUARTERLY FEE	$ 1050.

SEMI-ANNUAL JANITORIAL SERVICES TOTAL

SEMI-ANNUAL SERVICES – MAIN BUILDING, SEMI-ANNUAL FEE	$ 800
SEMI-ANNUAL SERVICES – 2A FIELD OFFICE, SEMI-ANNUAL FEE	$ 1000
TOTAL SEMI-ANNUAL FEE	$ 1800

TOTAL AMOUNT FOR ONE-YEAR OPTION TERM FISCAL YEAR 2019-2020	$ 54000

Exhibit B

OMNI ENTERPRISE, INC

PROFESSIONAL MAINTENANCE SERVICES

Dante N. Perez **04/10/2019**
President
OMNI ENTERPRISE, INC.
1420 E Edinger Ave.
Ste. # 225, Santa Ana CA
92705

Ronin Goodall| Superintendent of Operations.
Moulton Niguel Water District.

Omni Clean proposes to furnish all the equipment and cleaning supplies (except paper supplies) at the addition of the Plant 3A to the existing Contract of Moulton Niguel Water District, for one year of service from July 1st 2019 to June 30th 2020.

Daily Service

1. Empty trash can, change liners as needed.
2. Dusting all the furniture.
3. Spot clean all walls, light switches and doors.
4. Clean all the restrooms features and mop the floors.
5. Mop all the floors in the hall way, offices and brake room.
6. Clean Mirrors.

Monthly Service

1. High dust and low dust.

Quarterly service

1. Wash windows in and out.

for the Monthly price of $1,100

Thank you,
Dante Perez
Omni Enterprise Inc.

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: May 9, 2019**

FROM: **Todd Novacek, Director of Operations**
Ronin Goodall, Superintendent of Operations

SUBJECT: **Amendment No. 1 to the Pump Refurbishment Agreement – Powers Bros. Machine, Inc.**

SUMMARY:

Issue: The current Pump Refurbishment Service Agreement with Powers Bros. Machine, Inc., Agreement No. OM18-19.013, will expire on June 30, 2019.

Recommendation: It is recommended that the Board of Directors approve Amendment No. 1 to the Pump Refurbishment Agreement with Powers Bros. Machine, Inc. in the amount of $78,000 for a total not-to-exceed contract value of $143,000; authorize the General Manager or Assistant General Manager to execute the amendment; and to approved amendments up to 10% of the total contract value.

Fiscal Impact: Sufficient funds are included in the FY 2019-20 Budget.

Reviewed by Committee: Yes, recommended for approval at the Technical Committee Meeting on May 6, 2019.

Reviewed by Legal: Yes

BACKGROUND:

The Moulton Niguel Water District (District) operates 158 pumps within various pump and lift stations for potable water, recycled water, and wastewater operations. Staff performs routine maintenance of the pumps on an on-going basis. During the maintenance process, staff inspects and evaluates the condition of the pumps for wear

on the bearings, shafts, rings and other signs of potential pump failure. Pumps determined to be in need of repair are removed from the facilities and sent out for refurbishment services that cannot be performed while the pumps are operating or on-site. Services provided during this type of refurbishment include fabricating new shaft sleeves, wear rings, pressed bearings, and impeller balancing.

DISCUSSION:

Due to the time sensitivity of taking the District's pumps offline for service, staff has determined it is in the best interest of the District to contract with multiple service providers for pump refurbishment in order to account for provider availability and to enable multiple pump refurbishment, when needed.

Last year, the Board of Directors approved contracts with Evans-Hydro and Weber Water Resources following a procurement process for pump refurbishment services. The contracts were for one year with an optional one-year extension. During the year, the contract with Weber Water Resources was cancelled and Power Bros. Machine, Inc. was contracted to provide a second service provider. The District wishes to extend the contract for an additional one-year term to be consistent with the Evans-Hydro, Inc. contract.

Staff is recommending the Board authorize the General Manager or Assistant General Manager to extend the agreement with Powers Bros. Machine, Inc., for an additional $78,000 for pump refurbishment services for Fiscal Year 2019-20. Powers Bros. Machine, Inc. has provided high-quality and reliable service to the District.

Attachments:

1. Pump Refurbishment Services Agreement with Powers Bros. Machine, Inc.
2. Amendment No. 1 to the Agreement

MOULTON NIGUEL WATER DISTRICT
PUMP REFURBISHMENT SERVICES AGREEMENT
BETWEEN MOULTON NIGUEL WATER DISTRCT AND
POWERS BROS. MACHINE, INC.
CONTRACT NO. OM18-19.013

1. PARTIES AND DATE.

This Agreement for Pump Refurbishment Services ("Agreement") is made and entered into this 1st day of July, 2018, by and between the **Moulton Niguel Water District**, ("District") and **Powers Bros. Machine, Inc.**, a corporation, with its principal place of business at 8100 Slauson Avenue, Montebello, CA 90640 ("Contractor"). District and Contractor are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Contractor.

Contractor desires to perform and assume responsibility for the provision of certain pump refurbishment services required by District on the terms and conditions set forth in this Agreement. Contractor represents that it is experienced in providing such services to public clients, is licensed in the State of California, and is familiar with the plans of District.

2.2 Project.

District desires to engage Contractor to render such services for Pump Refurbishment Services, Contract No. OM18-19.013 ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Contractor promises and agrees to furnish to District all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the services and advice on various issues affecting the decisions of District regarding the Project and on other programs and matters affecting District ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from the date first specified above to June 30, 2019, unless earlier terminated as provided herein. District shall have the unilateral option, at its sole discretion, to renew this Agreement annually for no more than one additional one-year term. Contractor shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Contractor.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Contractor or under its supervision. Contractor will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. District retains Contractor on an independent contractor basis and not as an employee of District. Contractor retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Contractor shall also not be employees of District and shall at all times be under Contractor's exclusive direction and control. Contractor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Contractor shall perform the Services expeditiously, within the term of this Agreement, and at the times scheduled by District. Contractor represents that it has the skilled personnel required to perform the Services in conformance with such conditions. In order to facilitate Contractor's conformance with the Schedule, District shall respond to Contractor's submittals in a timely manner. Upon request of District, Contractor shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Contractor shall be subject to the approval of District.

3.2.4 Substitution of Key Personnel. Contractor has represented to District that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Contractor may substitute other personnel of at least equal competence and experience upon written approval of District. In the event that District and Contractor cannot agree as to the substitution of key personnel, District shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to District, or who are determined by District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by Contractor at the request of District.

3.2.5 District's Representative. District hereby designates Larry Ballew, or his designee, to act as its representative for the performance of this Agreement ("District's Representative"). District's Representative shall have the power to act on behalf of District for all purposes under this Agreement. Contractor shall not accept direction or orders from any person other than District's Representative or his or her designee.

3.2.6 Contractor's Representative. Contractor hereby designates Casey Powers, or his or her designee, to act as its representative for the performance of this Agreement ("Contractor's Representative"). Contractor's Representative shall have full authority to represent and act on behalf of Contractor for all purposes under this Agreement. Contractor's Representative

shall supervise and direct the Services, 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 under this Agreement.

3.2.7 Coordination of Services. Contractor agrees to work closely with District staff in the performance of Services and shall be available to District's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Contractor shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by contractors in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the calling necessary to perform the Services. Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a business license, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Contractor shall perform, at its own cost and expense and without reimbursement from District, any services necessary to correct errors or omissions which are caused by Contractor's failure to comply with the standard of care provided for herein, and shall be fully responsible to District for all damages and other liabilities provided for in the indemnification provisions of this Agreement arising from the Contractor's errors and omissions.. Any employee of Contractor or its subcontractors who is determined by District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to District, shall be promptly removed from the Project by Contractor and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Contractor shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Services. If Contractor performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to District, Contractor shall be solely responsible for all costs arising therefrom. Contractor shall defend, indemnify and hold District, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

(a) Time for Compliance. Contractor shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Contractor, its agents, representatives, employees or subcontractors. Contractor shall not commence work under this Agreement until it has provided evidence satisfactory to District that it has secured all insurance required under this section. In addition, Contractor shall

not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to District that the subcontractor has secured all insurance required under this section.

(b) Types of Required Coverages. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder and without limiting the indemnity provisions of the Agreement, Contractor in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance.

(i) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as the latest version of the Insurance Services Office "occurrence" form CG 0001, with minimum limits of at least $1,000,000 per occurrence. Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions limiting coverage for (1) products and completed operations; (2) contractual liability; (3) third party action over claims; or (4) cross liability exclusion for claims or suits by one insured against another.

(ii) Automobile Liability Insurance: Automobile Liability Insurance with coverage at least as broad as the latest version of Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with minimum limits of $1,000,000 each accident.

(iii) Workers' Compensation and Employer's Liability: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than $1,000,000 per accident for bodily injury and disease.

(iv) Contractors Pollution Liability: Contractors Pollution Liability Insurance covering all of Contractor's operations to include onsite and offsite coverage for bodily injury (including death and mental anguish), property damage, defense costs and cleanup costs with minimum limits of $5 million per loss and $10 million total all losses. Non-owned disposal site coverage shall be provided if handling, storing or generating hazardous materials or any material/substance otherwise regulated under environmental laws/regulations.

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(c) Endorsements.

(i) The policy or policies of insurance required by Section 3.2.10(b) (i) Commercial General Liability and (ii) Automobile Liability Insurance shall be endorsed to provide the following:

(1) Additional Insured: District, its directors, members, officials, officers, employees and agents shall be additional insureds with regard to liability and defense of suits or claims arising out of the

performance of the Agreement. Endorsements shall be issued on a combination of ISO CG 20 10 and CG 20 37 or exact equivalents. Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Contractor; or (4) contain any other exclusions contrary to the Agreement.

(2) Primary Insurance and Non-Contributing Insurance: This insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the District, its directors, members, officials, officers, employees and agents shall not contribute with this primary insurance.

(3) Severability: In the event of one insured, whether named or additional, incurs liability to any other of the insureds, whether named or additional, the policy shall cover the insured against whom claim is or may be made in the same manner as if separate policies had been issued to each insured, except that the limits of insurance shall not be increased thereby.

(4) Cancellation: The policy shall not be canceled or the coverage suspended, voided, reduced or allowed to expire until a thirty (30) day prior written notice of cancellation has been served upon District except ten (10) days prior written notice shall be allowed for non-payment of premium.

(5) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the District, its directors, members, officials, officers, employees and agents.

(6) Duties: Any failure by the named insured to comply with reporting provisions of the policy or breaches or violations of warranties shall not affect coverage provided to the District, its directors, members, officials, officers, employees and agents.

(7) Applicability: That the coverage provided therein shall apply to the obligations assumed by Contractor under the indemnity provisions of the Agreement, unless the policy or policies contain a blanket form of contractual liability coverage.

(ii) The policy or policies of insurance required by Section 3.2.10(b) (iii) Workers' Compensation shall be endorsed, as follows:

(1) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the District, its directors, members, officials, officers, employees and agents.

(2) Cancellation: The policy shall not be canceled or the coverage suspended, voided, reduced or allowed to expire until a thirty (30) day prior written notice of cancellation has been served upon District except ten (10) days prior written notice shall be allowed for non-payment of premium.

(d) Deductible. Any deductible or self-insured retention must be approved in writing by District and shall protect the District, its directors, members, officials, officers, employees and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

(e) Evidence of Insurance. Contractor, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates and endorsements on forms approved by District. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with District. If such coverage is cancelled or reduced, Contractor shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with District evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

(f) Failure to Maintain Coverage. Contractor agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to District. District shall have the right to withhold any payment due Contractor until Contractor has fully complied with the insurance provisions of this Agreement.

In the event that Contractor's operations are suspended for failure to maintain required insurance coverage, Contractor shall not be entitled to an extension of time for completion of the work because of production lost during suspension.

(g) Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A-:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

(h) Insurance for Subcontractors. Contractor shall be responsible for causing subcontractors to purchase the appropriate insurance in compliance with the terms of this Agreement, including adding District as an Additional Insured to the subcontractor's policies.

3.2.11 Safety. Contractor shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, Contractor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall

include, but shall not be limited to: (A) adequate life protection and lifesaving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Contractor shall perform Services pursuant to this Agreement on a time and material basis, based on the rates set forth in Exhibit "B", attached hereto and incorporated herein by reference. The total compensation shall not exceed **Sixty-Five Thousand Dollars ($65,000)** without written approval of District. Contractor is responsible for, and shat pay all sales, consumer, use, and other taxes in connection with materials for the Service.

3.3.2 Payment of Compensation. Contractor shall submit to District a monthly itemized statement which indicates work completed and hours of Services rendered by Contractor. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. District shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Contractor shall not be reimbursed for any expenses unless authorized in writing by District.

3.3.4 Extra Work. At any time during the term of this Agreement, District may request that Contractor perform Extra Work. As used herein, "Extra Work" means any work which is determined by District to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Contractor shall not perform, nor be compensated for, Extra Work without written authorization from District's Representative.

3.3.5 Reserved.

3.3.6 California Labor Code Requirements

(a) Contractor is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. District shall provide Contractor with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Contractor shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at Contractor's principal place of business and at the project site. Contractor shall

defend, indemnify and hold District, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Contractor and all subcontractors to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Section 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Sections 1777.1).

(b) If the Services are being performed as part of an applicable "public works" or "maintenance" project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Contractor and all subcontractors performing such Services must be registered with the Department of Industrial Relations. Contractor shall maintain registration for the duration of the Project and require the same of any subcontractors, as applicable. This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Contractor's sole responsibility to comply with all applicable registration and labor compliance requirements.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Contractor shall maintain complete and accurate records with respect to all costs and expenses incurred and fees charged under this Agreement. All such records shall be clearly identifiable. Contractor shall allow a representative of District during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Contractor shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

(a) Grounds for Termination. District may, by written notice to Contractor, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Contractor of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Contractor shall be compensated only for those services which have been fully and adequately rendered to District through the effective date of the termination, and Contractor shall be entitled to no further compensation. Contractor may not terminate this Agreement except for cause.

(b) Effect of Termination. If this Agreement is terminated as provided herein, District may require Contractor to provide all finished or unfinished Documents and Data, as defined below, and other information of any kind prepared by Contractor in connection with the performance of Services under this Agreement. Contractor shall be required to provide such document and other information within fifteen (15) days of the request.

(c) Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Contractor:

Powers Bros. Machine, Inc.
8100 Slauson Avenue
Montebello, CA 90640
Attn: Casey Powers

District:

Moulton Niguel Water District
27500 La Paz Road
Laguna Niguel, CA 92677
Attn: Contracts Department

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.4 Attorneys' Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all costs of such action.

3.5.5 Indemnification. To the fullest extent permitted by law, Contractor shall defend, indemnify and hold District, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged negligent acts, omissions or willful misconduct of Contractor, its officials, officers, employees, agents, subcontractors and subcontractors arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages, attorneys' fees and other related costs and expenses. Contractor shall defend, at Contractor's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against District, its directors, officials, officers, employees, agents or volunteers. Contractor shall pay and satisfy any judgment, award or decree that may be rendered against District or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal

proceeding. Contractor shall reimburse District and its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs, including reasonable attorneys' fees, incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Contractor's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by District or its directors, officials, officers, employees, agents or volunteers. Notwithstanding the foregoing, to the extent Contractor'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 Contractor. This Section 3.5.5 shall survive any expiration or termination of this Agreement.

3.5.6 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be supplemented, amended or modified by a writing signed by both Parties.

3.5.7 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.5.8 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.9 District's Right to Employ Other Contractors. District reserves the right to employ other Contractors in connection with this Project.

3.5.10 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.5.11 Assignment or Transfer. Contractor shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.12 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Contractor include all personnel, employees, agents, and subcontractors of Contractor, except as otherwise specified in this Agreement. All references to District include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.5.13 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.14 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.5.15 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.16 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.17 Prohibited Interests. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Agreement. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, District shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.18 Equal Opportunity Employment. Contractor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Contractor shall also comply with all relevant provisions of any minority business enterprise program, affirmative action plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.5.19 Labor Certification. By its signature hereunder, Contractor certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.20 Authority to Enter Agreement. Contractor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.21 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.5.22 Employment Adverse to District. Contractor shall notify District, and shall obtain District's written consent, prior to accepting work to assist with or participate in a third-party lawsuit or other legal or administrative proceeding against District during the term of this Agreement.

3.5.23 Conflict of Employment. Employment by Contractor of personnel currently on the payroll of District shall not be permitted in the performance of this Agreement, even though such employment may occur outside of the employee's regular working hours or on weekends, holidays or vacation time. Further, the employment by Contractor of personnel who have been on District's payroll within one year prior to the date of execution of this Agreement, where this employment is caused by and or dependent upon Contractor securing this or related Agreements with District, is prohibited.

3.5.24 Survival. All rights and obligations hereunder that by their nature are to continue after any expiration or termination of this Agreement, including, but not limited to, the indemnification and confidentiality obligations, and the obligations related to receipt of subpoenas or court orders, shall survive any such expiration or termination.

3.5.25 Subcontracting. Contractor shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of District. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

SIGNATURES ON FOLLOWING PAGE

SIGNATURE PAGE FOR AGREEMENT
FOR POWERS BROS. MACHINE, INC.

IN WITNESS WHEREOF, this Agreement was executed on the date first written above.

MOULTON NIGUEL WATER DISTRICT

Approved By:

Joone Lopez

8/29/18
Date

POWERS BROS. MACHINE, INC.

Casey Powers
Signature

CASEY Powers
Name

General Manager
Title

Aug 21, 2018
Date

EXHIBIT "A"

SCOPE OF WORK

Purpose:
CONTRACTOR shall provide pump refurbishment services to DISTRICT for the repair of its pumps on an as-needed basis.

Services Detail:
Services to include fabricating new shaft sleeves, wear rings, pressed bearings, impeller balancing, and modifications. CONTRACTOR shall provide, at its expense, the facility, equipment and labor necessary to complete the Services. Services shall take place during regular business hours only.

Services may include but are not limited to the following, based on specific repair needs for each pump to be determined at the time of service:

- Disassemble and inspection of pump
- Sandblast all applicable parts
- Shaft polish and straight
- Replace thrust and radial bearings, and lip seals
- Manufacture (2) new sleeves packing bronze
- Center sleeve manufacture new bronze
- Impeller wear ring journal machine to install new ring
- Impeller ring manufacture new bronze
- Center bushing skim cut to clean 100% ID.
- Case wear ring skim cut to clean 100% ID
- Balance the impeller 4w/n
- Replace gasket, packing, and lantern ring
- Reassemble rotating element
- Paint and prep for shipment

Exhibit B

POWERS BROS. MACHINE, INC.

8100 Slauson Ave
Montebello, CA 90640

323-728-2010 Phone
323-728-5403 Fax

Estimate	
Date	Estimate #
4/24/2018	2344

Name / Address
Moulton Niguel Water District 26161 Gordon Rd. Laguna Hills, CA 92653

www.PowersBros.com
CSLB# 1021366

Acct. Mgr
KM

Description	Total
Aurora Axial Split Case 421BF, size 6x8x17A Quote Due May 9 before 5:00pm to Larry Ballew Work Scope •Receive pump at your shop •Perform dimensional inspection of all critical components an document •Disassemble •Clean and blast •Inspect rotor •Check and record all fits and clearances Shaft •Manufacture new 410SS •Straighten to TIR .001-.002 Max. •Inspect •Prep for assembly Impeller QTY 2 •Clean •Remove rings •Manufacture new bronze rings •Install rings and secure •Machine wear rings to proper clearance fit and concentricity and perpendicularly within .001 •Inspect	9,946.00

	Subtotal
Casey Powers Powers Bros. Machine (323) 216-6164 mobile Casey@PowersBros.com	**Sales Tax (9.5%)**
	Total

Exhibit B

POWERS BROS. MACHINE, INC.

8100 Slauson Ave
Montebello, CA 90640

323-728-2010 Phone
323-728-5403 Fax

Estimate	
Date	Estimate #
4/24/2018	2344

Name / Address
Moulton Niguel Water District 26161 Gordon Rd. Laguna Hills, CA 92653

www.PowersBros.com
CSLB# 1021366

Acct. Mgr
KM

Description	Total
•Prep for assembly Shaft sleeves QTY 2 •Manufacture new bronze •Inspect •Prep for assembly Case wears rings QTY 2 •Skim cut to clean up 100% •Inspect •Prep for assembly Center Bushing •Skim cut to clean up 100% •Inspect •Prep for assembly Center sleeve/spacer impeller •Manufacture new bronze •Inspect •Prep for assembly Casing •Clean •Set on machine and face off mating faces to convert to mechanical seal •Inspect •Prep for assembly Bearing Housings •Clean	

	Subtotal
Casey Powers Powers Bros. Machine (323) 216-6164 mobile Casey@PowersBros.com	**Sales Tax (9.5%)**
	Total

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8100 Slauson Ave
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Estimate	
Date	Estimate #
4/24/2018	2344

Name / Address
Moulton Niguel Water District 26161 Gordon Rd. Laguna Hills, CA 92653

www.PowersBros.com
CSLB# 1021366

Acct. Mgr
KM

Description	Total
•DE bore out and bush •NDE clean up •Inspect •Prep for assembly Rotor assembly •Stack impeller •Install new sleeves •Install on rollers and Inspect TIR •Balance to 4W/N •Prep for final assembly Assembly •Install rotor into casing •Install gasket, upper half and torque •Check total float •Install packing •Install bearing housings and bearings •Align rotor and set end play •Check and record running position •Inspect •Air test mechanical seal •Paint and complete pump •Prep for shipment Miscellaneous •Supply new gaskets	

	Subtotal
Casey Powers Powers Bros. Machine (323) 216-6164 mobile Casey@PowersBros.com	**Sales Tax (9.5%)**
	Total

Exhibit B

POWERS BROS. MACHINE, INC.

8100 Slauson Ave
Montebello, CA 90640

323-728-2010 Phone
323-728-5403 Fax

Estimate	
Date	Estimate #
4/24/2018	2344

Name / Address
Moulton Niguel Water District 26161 Gordon Rd. Laguna Hills, CA 92653

www.PowersBros.com
CSLB# 1021366

Acct. Mgr
KM

Description	Total
•New thrust and radial bearings •Supply tow new mechanical seals •Supply lip seals •Supply as Build report Lead time 4-5 week ARO.	

	Subtotal
Casey Powers Powers Bros. Machine (323) 216-6164 mobile Casey@PowersBros.com	**Sales Tax (9.5%)**
	Total

Exhibit B

POWERS BROS. MACHINE, INC.

8100 Slauson Ave
Montebello, CA 90640

323-728-2010 Phone
323-728-5403 Fax

Estimate	
Date	Estimate #
4/24/2018	2344

Name / Address
Moulton Niguel Water District 26161 Gordon Rd. Laguna Hills, CA 92653

www.PowersBros.com
CSLB# 1021366

Acct. Mgr
KM

Description	Total

Terms:
Quoted price does not include applicable taxes or environmental fees. Quotation good for 30 days, payment terms are Net 30 on approved credit. There is a 2% fee on invoices paid with credit card. Shipping is F.O.B. Powers Bros, unless stated otherwise. For complete Terms and Conditions, please see www.PowersBros.com.

	Subtotal	$9,946.00
Casey Powers Powers Bros. Machine (323) 216-6164 mobile Casey@PowersBros.com	**Sales Tax (9.5%)**	$0.00
	Total	$9,946.00

**AMENDMENT NO. 01 TO THE SERVICE AGREEMENT
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
POWERS BROS. MACHINE, INC. FOR
PUMP REFURBISHMENT SERVICES
CONTRACT NO. OM18-19.013**

This Amendment No. 01 (this "Amendment") is entered into and effective as of July 1, 2019, amending the service agreement dated July 1, 2018 (the "Agreement"), by and between Moulton Niguel Water District ("MNWD"), and Powers Bros. Machine, Inc. ("Contractor") (collectively, the "Parties"). Any capitalized terms used but not defined herein shall have the meaning assigned to them in the Agreement.

RECITALS

A. WHEREAS, on July 1, 2018, the Parties entered into the Agreement for pump refurbishment services through June 30, 2019 for a total not-to-exceed amount $65,000 with an optional one-year extension; and

B. WHEREAS, the Parties desire to extend the Agreement for the optional one-year term through June 30, 2020 for an additional $78,000.

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

1. The term of the Agreement is hear by extended through June 30, 2020

2. All payments and services associated with this Amendment shall not exceed 78,000.

3. The Parties agree that the total Agreement amount, including this Amendment, shall not exceed One Hundred Forty-Three Thousand Dollars ($143,000).

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

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

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

-Signatures on following page-

#10.

MOULTON NIGUEL WATER DISTRICT:	**POWERS BROS. MACHINE, INC.:**
By: _____	By: _____ (Authorized Representative of Contractor)
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: May 9, 2019**

FROM: **Trevor Agrelius, Controller**

SUBJECT: **Monthly Financial Report**

SUMMARY:

Issue: The monthly financial report for the month ending February 28, 2019, has been completed.

Recommendation: It is recommended that the Board of Directors receive and file the monthly financial report for the month ending February 2019.

Fiscal Impact: None

Reviewed by Committee: Yes, reviewed at the Administrative Committee Meeting on May 1, 2019.

Reviewed by Legal: No

BACKGROUND/DISCUSSION:

The monthly financial report for the month ending February 2019, was reviewed by the Administrative Committee on May 1, 2019. The Administrative Committee Chair asked that District staff provided any noteworthy updates to the Committee that had taken place after February 28, 2019. The following were updates provided to the Administrative Committee:

- The District received approximately $12.0 million in property taxes since February 2019, as expected. The District will be very close to the total property taxes budget of $26.8 million for fiscal year 2018-19.
- The District's cash held with fiscal agent have decreased to $5.8 million since February 2019 due to the 2019 Revenue Refunding Bonds. The required

reserve for that issuance is $4.5 million as opposed to the $6.0 million requirement for the now refunded 2009 Certificates of Participation.

- The District also made $2.5 million in scheduled debt service payments during the month of March 2019.
- Total long-term debt has decreased to $66.0 million, down from $82.0 million at June 30, 2018, representing a 20% reduction. This reduction occurred because of refunding the 2009 Certificates of Participation with the 2019 Revenue Refunding Bonds, accounting for an $11.3 million decrease, and scheduled debt service payments of $4.7 million.
    - Remaining outstanding debt:
        - 2019 Revenue Refunding Bonds - $48.6 million
        - 2015 Revenue Bonds - $10.6 million
        - 2014 General Obligation Bonds - $ 1.5 million
        - SRF Loans - $ 4.6 million
        - CIEDB Loans - $ 0.7 million

Attachment: Monthly Financial Report

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
May 1, 2019

Year to date unaudited results of operations as of February 28, 2019, are summarized below.

Total operating revenues were $44.0 million for the eight months ended, which came in at 70% of the budget. Total operating expenses ended at $48.2 million, which amounted to 62% of the approved budget. Total Net Income for the eight months ended was $2.4 million, up from $0.4 million from this same period in the prior year.

Investment income is trending higher at 160% of the budget this year at $2.8 million, but $1.0 million of that amount is related to the fair market value adjustments of investments held. However, the remaining $1.8 million in realized gains this year is still outpacing the $1.7 million the District received at this point last year.

As we near the completion of Fiscal Year 2018-19, several individual line items are anticipated to exceed their respective budget allocation, but overall, we anticipate the General Fund and Water Efficiency Fund to be under budget at the end of the Fiscal Year. As of February 28, 2019, the General Fund Budget is at 63%, while the Water Efficiency Fund is at 40% of the approved budget. The overall actual results are within staff's expectations and are within the Ten-Year Cash Flow projections.

The District currently has $6.9 million available in the Water Efficiency Fund for new projects, rebate applications or additional programs. The remaining balance considers $1.3 million in approved water efficiency program commitments and $0.5 million for new radios as part of the Phase II AMI Project. The District is awaiting notification from the US Bureau of Reclamation for a grant application for more than $1 million in funding to apply towards the full rollout of AMI.

The District has a total of $117.2 million in available Cash and Investments as of February 28, 2019, down approximately $5.7 million from June 30, 2018, based on planned spending for capital projects and debt service payments made during the fiscal year.

Additionally, the District holds $7.4 million invested in reserve accounts to satisfy covenants associated with outstanding debt issuances. In the March 2019 report, the Fiscal agent cash will decrease to approximately $5.8 million as the Trustee will release $1.6 million to the District because of the successful 2019 Revenue Refunding Bonds.

We have provided a summary of the differences in expected debt service payments between the 2009 COPs and the 2019 Revenue Refunding Bonds. Total debt service payments will decrease by $35.0 million through 2040. That balance does not consider the effect of the Federal subsidy payments that the District received related to the 2009 COPs. The actual cash flow savings from the refunding was $14.5 million with a Net Present Value gain of $9.2 million.

Based on the approved FY 18/19 Budget, the Board has established a target reserve level of $67.6 million, and as of February 28, 2019, the District held $67.9 million in reserves. Additionally, there is $28.2 million available in the funds designated for capital projects.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Year To Date Totals February 28, 2019

	Description	1 Fiscal Year to Date Actuals	2 Prior Fiscal Year to Date Actuals	3 Current Year Approved Budget	=3-1 Current Year Budget Balance	=1/3 % of Actuals to Budget
	ALL FUNDS					
	Operating Revenues					
	Water Sales	$ 19,862,408	$ 20,347,114	$ 29,719,565	$ 9,857,157	67%
	Recycled Water Sales	3,733,298	3,865,664	6,126,568	2,393,270	61%
	Sewer Sales	16,727,718	14,271,982	22,677,534	5,949,816	74%
	Water Efficiency	3,412,606	2,399,833	3,835,379	422,772	89%
	Other Operating Income	284,220	293,680	643,065	358,845	44%
A	**Total Operating Revenue**	**44,020,251**	**41,178,274**	**63,002,110**	**18,981,859**	**70%**
	Operating Expenses					
	Salaries	8,618,234	8,015,844	14,190,862	5,572,628	61%
	PERs Employer Contributions	1,477,178	1,204,398	2,259,904	782,726	65%
	Defined Contribution 401A	153,891	136,976	251,587	97,696	61%
	Educational Courses	24,772	23,970	78,920	54,148	31%
	Travel & Meetings	181,569	109,934	328,210	146,641	55%
	Recruitment & Employee Relations	18,127	14,515	93,343	75,216	19%
	General Services	232,719	201,640	488,149	255,430	48%
	Annual Audit	22,963	26,080	54,000	31,037	43%
	Member Agencies O&M [1]	307,334	132,963	319,266	11,932	96%
	Dues & Memberships [2]	157,361	111,054	160,899	3,538	98%
	Consulting Services	1,370,371	1,132,015	2,067,200	696,829	66%
	Equipment Rental	32,955	39,342	61,500	28,545	54%
	District Fuel	179,231	146,744	260,000	80,769	69%
	Insurance - District	206,908	276,515	507,850	300,942	41%
	Insurance - Personnel	255,017	224,855	395,425	140,408	64%
	Insurance - Benefits	2,590,640	2,305,952	3,941,106	1,350,466	66%
	Legal Services - Personnel	17,849	1,867	50,000	32,151	36%
	Legal Services - General	1,373,669	677,437	1,670,000	296,331	82%
	District Office Supplies	400,685	355,779	703,975	303,290	57%
	District Operating Supplies	310,406	253,785	522,904	212,498	59%
	Repairs & Maintenance - Equipment	455,053	528,667	756,362	301,309	60%
	Repairs & Maintenance - Facilities [3]	3,274,282	2,141,803	4,170,831	896,549	79%
	Safety Program & Compliance Requirements [4]	322,404	234,361	324,725	2,321	99%
	Wastewater Treatment	7,001,859	6,697,152	11,454,088	4,452,229	61%
	Special Outside Assessments	27,412	27,976	114,500	87,088	24%
	Utilities	1,412,451	1,605,511	2,359,573	947,121	60%
	Water Purchases	17,061,300	17,902,786	27,333,491	10,272,191	62%
	Meter / Vault Purchases	107,315	165,529	441,000	333,685	24%
	Water Efficiency	586,690	609,756	2,750,000	2,163,310	21%
	Other Operating Expenses	-	(4,942)	-	-	n/a
B	**Total Operating Expenses**	**48,180,648**	**45,300,264**	**78,244,670**	**30,064,022**	**62%**
A-B	**Operating Income (Loss)**	**(4,160,397)**	**(4,121,989)**	**(15,242,560)**	**(11,082,162)**	**27%**
	Non-Operating Revenues (Expenses)					
	Property Tax Revenue	16,469,488	17,183,306	28,194,179	11,724,691	58%
	Investment Income [5]	2,819,111	(755,798)	1,758,346	(1,060,765)	160%
	Property Lease Income	1,178,250	1,228,244	1,732,671	554,421	68%
	Interest Expense	(3,219,209)	(3,340,232)	(4,877,827)	(1,658,618)	66%
	Misc. Non-Operating Income (Expense)	2,169,825	2,309,054	3,034,711	864,886	72%
	Capacity Fees	96,854	636,721	614,970	518,116	16%
	Demand Offset Fees	36,047	-	65,000	28,953	55%
C	**Total Non-Operating Revenue (Expenses)**	**19,550,366**	**17,261,296**	**29,842,080**	**10,291,713**	**66%**
A-B+C	**Change in All Funds**	**$ 15,389,969**	**$ 13,139,306**	**$ 14,599,520**	**$ (790,449)**	
	Other Non Cash Expenses					
	Depreciation	13,029,000	12,788,325	-	(13,029,000)	n/a
D	**Total Change in Net Position**	**$ 2,360,969**	**$ 350,981**	**$ 14,599,520**	**$ 12,238,551**	

Note: Totals may not sum due to rounding.

1. The District made approximately $160k in payments to SMWD in February for the SJBA O&M and other jointly owned facilities.
2. The District began working with the Building Industry Association to participate in the Water Forum this year. In FY 19-20, those costs will be included as part of the budget.
3. The Golden Lantern Reservoir Roof Repair project has incurred over $300k and is recorded in the repairs and maintenance - facilities line item.
4. The $90k SWRCB FY 18-19 fee was paid in January 2019.
5. Investment income is comprised of realized income of $1,777,493 and unrealized income of $1,041,618.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Year To Date Totals February 28, 2019
Legal Services - General

Firm	General [6]	Water Use Efficiency [6]	Capital [7]	Total
Alvarado Smith APC	$ 581,128	$ -	$ -	$ 581,128
Best Best & Krieger LLP	774,399	17,487	52,780	844,665
Total	1,355,527	18,143	52,780	1,425,793
Budget Amount	1,650,000	20,000	-	1,670,000
Budget Balance	$ 294,473	$ 1,858	n/a	$ 296,331

Note: Totals may not sum due to rounding.

6. Legal Services - General on the previous page is made up of the General balance of $1,355,527 and the $18,143 Water Use Efficiency balance, for a total of $1,373,669.

7. Capital legal services represent legal services rendered during construction and are capitalized by the District as part of the project. Each project has a separate budget for legal expenses and those individual budgets are not included as part of this schedule.

Consulting Services - Grant Administration

Firm	YTD	Overall
Nossaman LLP [8]	$ 22,000	$ 60,500
West Yost Associates [9]	53,747	134,742
Grants Received [10]	(300,000)	(300,000)
Totals	$ (224,253)	$ (104,758)

8. Nossaman receives a fixed monthly retainer for general grant services, including identification, tracking, and administering of grants.

9. West Yost compiled the AMI WaterSmart final closeout documents and prepared documents for additional grant applications, including the AMI Phase II project.

10. The District received a $300k grant through the U.S. Bureau of Reclamation for the AMI Phase II project.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Year To Date Totals February 28, 2019

		1	2	=1-2	=2/1
	Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
	GENERAL FUND				
	Operating Revenues				
	Water Sales	$ 29,719,565	$ 19,862,408	$ 9,857,157	67%
	Recycled Water Sales	6,126,568	3,733,298	2,393,270	61%
	Sewer Sales	22,677,534	16,727,718	5,949,816	74%
	Other Operating Income	643,065	284,220	358,845	44%
A	**Total Operating Revenue**	**59,166,732**	**40,607,644**	**18,559,088**	**69%**
	Operating Expenses				
	Salaries	13,164,836	8,016,876	5,147,960	61%
	PERs Employer Contributions	2,204,117	1,384,335	819,782	63%
	Defined Contribution 401A	240,620	143,147	97,473	59%
	Educational Courses	76,420	24,026	52,394	31%
	Travel & Meetings	299,710	165,007	134,703	55%
	Employee Relations	93,343	18,127	75,216	19%
	General Services	488,149	232,719	255,430	48%
	Annual Audit	54,000	22,963	31,037	43%
	Member Agencies O&M	319,266	307,334	11,932	96%
	Dues & Memberships	134,415	140,139	(5,724)	104%
	Election Expenses	135,000	-	135,000	0%
	Consulting Services	1,167,200	817,264	349,936	70%
	Equipment Rental	61,500	32,955	28,545	54%
	District Fuel	260,000	179,231	80,769	69%
	Insurance - District	507,850	206,908	300,942	41%
	Insurance - Personnel	373,746	243,506	130,240	65%
	Insurance - Benefits	3,433,156	2,441,404	991,752	71%
	Legal Services - Personnel	50,000	17,849	32,151	36%
	Legal Services - General	1,650,000	1,355,527	294,473	82%
	District Office Supplies	511,475	305,384	206,091	60%
	District Operating Supplies	522,304	307,697	214,607	59%
	Repairs & Maintenance - Equipment	743,362	452,373	290,989	61%
	Repairs & Maintenance - Facilities	4,170,831	3,274,282	896,549	79%
	Safety Program & Compliance Requirements	322,975	321,230	1,745	99%
	Wastewater Treatment	11,454,088	7,001,859	4,452,229	61%
	Special Outside Assessments	114,500	27,412	87,088	24%
	Utilities	2,359,573	1,412,451	947,121	60%
	Water Purchases	27,333,491	17,061,300	10,272,191	62%
	Meter / Vault Purchases	441,000	107,315	333,685	24%
B	**Total Operating Expenses**	**72,686,927**	**46,020,623**	**26,666,304**	**63%**
A-B	**Operating Income (Loss)**	**(13,520,195)**	**(5,412,978)**	**(8,107,216)**	**40%**
	Non-Operating Revenues (Expenses)				
	Property Tax Revenue	28,194,179	16,469,488	11,724,691	58%
	Investment Income	1,667,272	1,622,111	45,161	97%
	Property Lease Income	1,732,671	1,178,250	554,421	68%
	Misc. Non-Operating Income (Expense)	250,812	7,368	243,444	3%
C	**Total Non-Operating Revenue (Expenses)**	**31,844,934**	**19,277,217**	**12,567,717**	**61%**
A-B+C	**Change in General Fund**	**$ 18,324,739**	**$ 13,864,239**	**$ 4,460,501**	**66%**
	Other Non Cash Expenses				
	Depreciation	-	13,029,000	(13,029,000)	n/a
D	**Total Change in Net Position**	**$ 18,324,739**	**$ 835,239**	**$ 17,489,500**	

Note: Totals may not sum due to rounding.

Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Year To Date Totals February 28, 2019

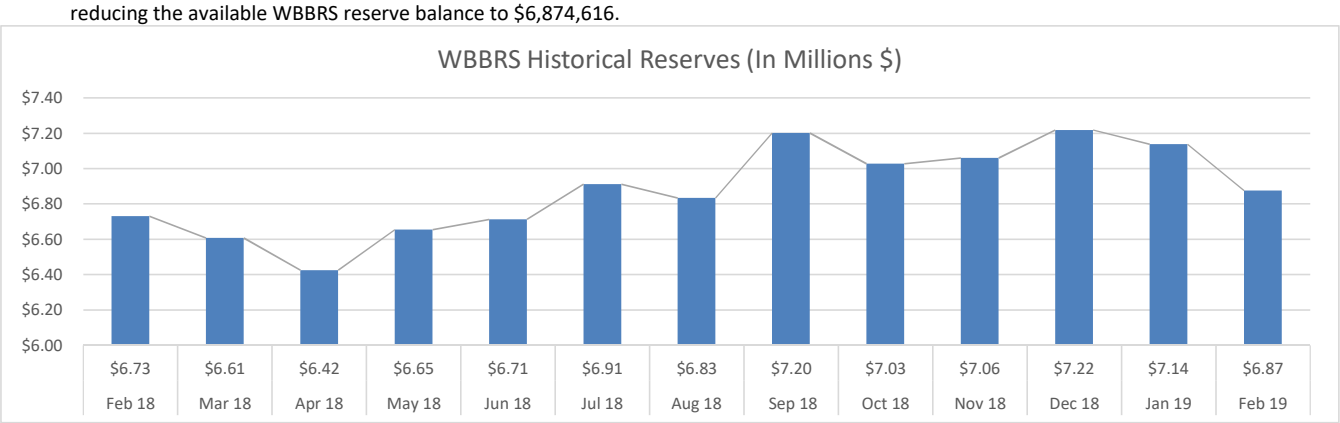
	Description	1 Approved Budget	2 Fiscal Year to Date Actuals	=1-2 Budget Balance	=2/1 % of Actuals to Budget
	WATER EFFICIENCY FUND				
	Projected Operating Revenue				
	Water Efficiency [1]	$ 3,835,379	$ 3,412,606	$ 422,772	89%
A	**Projected Total Operating Revenue**	**3,835,379**	**3,412,606**	**422,772**	**89%**
	Projected Operating Expenses				
	Labor	1,514,774	865,692	649,083	57%
	Educational Courses	2,500	747	1,753	30%
	Travel & Meetings	28,500	16,562	11,938	58%
	Dues & Memberships	26,484	17,222	9,262	65%
	Consulting Services	900,000	553,107	346,893	61%
	Legal Services	20,000	18,143	1,858	91%
	Conservation supplies	193,100	98,010	95,090	51%
	Repairs and Maintenance - Equipment	13,000	2,679	10,321	21%
	Safety Program & Compliance Requirements	-	1,174	(1,174)	n/a
	Water Efficiency	2,750,000	586,690	2,163,310	21%
B	**Projected Total Operating Expenses**	**5,448,359**	**2,160,026**	**3,288,333**	**40%**
A-B	**Projected Operating Income (Loss)**	**(1,612,980)**	**1,252,581**	**(2,865,561)**	**-78%**
	Projected Non-Operating Revenue				
	Demand offset fees	65,000	36,047	28,953	55%
	Investment Income	91,074	155,327	(64,253)	171%
C	**Projected Total Non-Operating Revenue**	**156,074**	**191,374**	**(35,301)**	**123%**
A-B+C	**Projected Change in Water Efficiency Fund**	**$ (1,456,906)**	**$ 1,443,955**	**$ (2,900,861)**	

Note: Totals may not sum due to rounding.

Water Efficiency Available Net Position [1]

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance
Fund Net Position, Beginning of Year	$ 7,191,459	$ 7,191,459	$ 7,191,459
Projected Change in Water Efficiency Fund	(1,456,906)	1,443,955	(2,900,861)
Project Commitments		$ (1,281,664)	
Capital Spending	(950,000)	(479,134)	
Fund Net Position, Year To Date Totals February 28, 2019	$ 4,784,553	$ 6,874,616	

1. In addition to realized expenditures, including capital spending of $479,134, there is approximately $1,281,664 in project commitments, reducing the available WBBRS reserve balance to $6,874,616.



MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited) February 28, 2019	June 30, 2018
CURRENT ASSETS:		
Cash and investments [1]	$ 22,602,591	$ 42,456,222
Accounts receivables:		
Water and sanitation charges	3,354,456	4,114,801
Property taxes	-	280,221
Other accounts receivable	424,273	687,336
Interest receivable	521,272	825,763
Inventory	1,299,747	1,110,856
Prepaid expenses	1,025,378	562,137
TOTAL CURRENT ASSETS	29,227,717	50,037,336
NONCURRENT ASSETS:		
Investments [1]	94,581,001	80,422,057
Restricted cash and investments with fiscal agent	7,359,579	7,257,989
Retrofit loans receivable	494,065	506,303
Capital assets, net of accumulated depreciation	367,154,945	379,040,946
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress [1]	20,532,134	7,455,835
TOTAL NONCURRENT ASSETS	491,213,634	475,775,041
TOTAL ASSETS	520,441,351	525,812,377
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	452,016	527,664
Deferred Items related to Pension	6,316,056	6,316,056
Deferred Items related to OPEB	477,082	477,082
TOTAL DEFERRED OUTFLOW OF RESOURCES	7,245,154	7,320,802
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 527,686,505	$ 533,133,179

1. Total cash and investments has changed ($5,694,687) during this fiscal year. $14,217,836 has been spent on capital projects and $4,569,041 has been spent on debt service.

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited) February 28, 2019	June 30, 2018
CURRENT LIABILITIES:		
Accounts payable	$ 5,743,006	$ 9,432,089
Interest payable	2,382,636	1,694,354
Compensated absences	778,213	746,465
Current portion of long-term debt:		
Bonds payable	1,465,000	1,365,000
Loans Payable	173,548	1,399,041
Certificates of participation	1,895,000	1,805,000
TOTAL CURRENT LIABILITIES	12,437,404	16,441,949
LONG-TERM LIABILITIES		
Compensated absences	259,404	248,822
Long-term debt:		
Bonds payable	8,565,000	11,925,000
Loans payable	5,088,318	5,261,865
Certificates of participation	60,000,000	60,000,000
Net Pension Liability	20,711,604	20,711,604
Net OPEB Liability	1,781,885	1,781,885
TOTAL LONG-TERM LIABILITIES	96,406,211	99,929,176
Bond Discount/Premium	1,257,638	1,537,769
TOTAL LIABILITIES	110,101,253	117,908,894
DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	2,163,337	2,163,337
Deferred items related to OPEB	19,083	19,083
TOTAL DEFERRED INFLOW OF RESOURCES	2,182,420	2,182,420
NET POSITION:		
Net investment in capital assets	310,786,501	304,822,680
Restricted for capital projects	297,728	604,783
Unrestricted	104,318,602	107,614,402
TOTAL NET POSITION	415,402,832	413,041,865
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 527,686,505	$ 533,133,179

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
As of February 28, 2019

	Reserve Requirement	(Unaudited) Balance 2/28/2019	Over (Under) Requirement	Balance 6/30/2018	Outstanding Debt Balance 2/28/2019	Net Change
Restricted Cash and Investments:						
2009 COPS Trust Reserve	$ 6,000,000	$ 6,088,448	$ 88,448	$ 6,014,569	$ 60,000,000	$ 73,879
2009 COPs Installment	-		-	79	-	(79)
2010 Installment Payment	-		-	-	-	-
2010 COPS Trust Reserves	-		-	-	-	-
2014 Consolidated Ref Bonds	-		-	2	1,465,000	(2)
2015 Refunding Bonds	-		-	12	-	(12)
2015 Refunding Reserve	1,226,500	1,271,131	44,631	1,243,327	10,460,000	27,803
CIEDB Loans	-		-	-	725,047	-
SRF Loans	-		-	-	4,536,819	-
Total Restricted Trust Accounts	**$ 7,226,500**	**$ 7,359,579**	**$ 133,079**	**$ 7,257,989**	**$ 77,186,865**	**$ 101,590**

Note: Totals may not sum due to rounding.

	Payoff Schedule Pre 2009 COP Refunding [1]			Updated Debt Service Schedule after Refunding			
FY	**Principal***	**Interest**	**Fees**	**Principal***	**Interest**	**Fees**	**Difference [3]**
2019	$ 4,742,589	$ 4,877,827	$ 2,175	$ 4,742,589	$ 4,877,827	$ 2,175	$ -
2020	4,643,260	4,695,935	1,655	4,643,260	3,027,210	1,655	(1,668,726)
2021	3,297,912	4,548,783	1,119	3,297,912	2,880,057	1,119	(1,668,726)
2022	3,418,059	4,421,761	229	3,418,059	2,753,035	229	(1,668,726)
2023	3,354,087	4,289,234	-	3,354,087	2,620,508	-	(1,668,726)
2024	2,300,000	4,156,476	-	2,300,000	2,487,750	-	(1,668,726)
2025 [2]	2,645,000	4,019,864	-	2,055,000	2,378,875	-	(2,230,989)
2026	2,750,000	3,855,749	-	2,155,000	2,273,625	-	(2,177,124)
2027	2,870,000	3,679,883	-	2,265,000	2,163,125	-	(2,121,758)
2028	2,995,000	3,487,338	-	2,380,000	2,046,100	-	(2,056,238)
2029	3,130,000	3,279,395	-	2,500,000	1,925,000	-	(1,984,395)
2030	3,270,000	3,062,115	-	2,620,000	1,797,000	-	(1,915,115)
2031	3,425,000	2,831,737	-	2,755,000	1,662,625	-	(1,839,112)
2032	3,580,000	2,587,613	-	2,890,000	1,521,500	-	(1,756,113)
2033	3,750,000	2,332,162	-	3,035,000	1,373,375	-	(1,673,787)
2034	3,920,000	2,064,863	-	3,185,000	1,217,875	-	(1,581,988)
2035	4,105,000	1,785,191	-	3,345,000	1,054,625	-	(1,490,566)
2036	4,295,000	1,492,451	-	3,515,000	883,125	-	(1,389,326)
2037	4,495,000	1,186,120	-	3,690,000	703,000	-	(1,288,120)
2038	4,700,000	865,674	-	3,875,000	513,875	-	(1,176,799)
2039	4,920,000	530,417	-	4,070,000	315,250	-	(1,065,167)
2040	5,150,000	179,478	-	4,270,000	106,750	-	(952,728)
	$ 81,755,907	$ 64,230,064	$ 5,177	$ 70,360,907	$ 40,582,112	$ 5,177	$ (35,042,952)

**Note: Total outstanding balance reconciles to balance as of the most recent audited fiscal year.*

1. The District has made $4,569,042 in principal payments to date this fiscal year.
2. Principal payments starting in FY 2025 all relate to the 2019 Revenue Refunding Bonds.
3. The Difference column does not consider the Federal subsidy receipts related to the 2009 BABs issuance. In FY 18-19, the District received $1.3 million in subsidy payments.

MOULTON NIGUEL WATER DISTRICT
NET POSITION
As of February 28, 2019

Adopted Reserve Targets [1]	Reserve Target	(Unaudited) Balance 2/28/2019	Net Change	(Unaudited) Balance 6/30/2018
Designated for Self Insurance Reserve	$ 250,000	$ 251,312	$ 6,977	$ 244,335
Designated for Rate Stabilization	14,097,089	14,422,770	(77,775)	14,500,545
Designated for Emergency Reserves	35,300,000	35,300,000	-	35,300,000
Designated for Operating Reserves [2]	17,963,332	17,963,332	1,073,850	16,889,482
Total Adopted Reserve Targets	**$ 67,610,421**	**$ 67,937,413**	**$ 1,003,051**	**$ 66,934,362**

Designated for Capital Projects [3]	FY Capital Budget [4]			
Designated for Replacement and Refurbishment	$ 43,107,654	$ 8,639,404	$ (8,179,363)	$ 16,818,768
Designated for Water Supply Reliability	-	352,650	7,899	344,751
Designated for Planning and Construction	4,900,382	19,232,854	2,907,792	16,325,061
Total Designated for Capital Projects	**$ 48,008,036**	**$ 28,224,908**	**$ (5,263,672)**	**$ 33,488,580**

Other amounts			
Designated for Water Efficiency (WBBRS) [5]	$ 8,156,280	$ 964,821	$ 7,191,459
Restricted for Capital Facilities (Projects)	297,728	(307,055)	604,783
Net Investment in Capital Assets [6]	-	(304,822,680)	304,822,680
Total Other amounts	**$ 8,454,008**	**$ (304,164,914)**	**$ 312,618,923**
Total Net Position	**$ 104,616,330**	**$ (308,425,535)**	**$ 413,041,865**

Note: Totals may not sum due to rounding.

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

2. General Operating Reserves include the unrestricted, undesignated balance, and other general District accrued cash flows. This amount includes the remaining total cash balance of $27,331,704.

3. Balances in the Capital Project Funds represent available and designated cash to fund identified CIP projects.

4. FY Budget also includes $950,000 for capital expenses in Fund 6, bringing the total CIP budget to $48,958,036.

5. In addition to realized expenditures, there is approximately $1,281,664 in project commitments, reducing the available WBBRS reserve balance to $6,874,616.

6. Net Investment in Capital Assets calculated as follows:

Total capital assets	$ 388,778,989
Less capital related debt	(15,291,865)
Add deferred charges related to debt	452,016
Total Net Investment in Capital Assets	$ 373,939,140

MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF MARCH

Summary of Disbursements in March:

General Fund Disbursements		**5,187,337.93**
Restricted Fund Disbursements:		
Water Efficiency Fund	344,936	
Replacement & Refurbishment Fund	1,207,732	
Water Supply Reliability Fund	346	
Planning & Construction Fund	57,881	
CIEDB Loan	186,261	**1,797,157**
Total Disbursements for all Funds		**$ 6,984,495**

Detail of Major Expenditures in March:

1. Municipal Water District of Orange County (MWDOC)		
January Water Purchases 1568.4 AF	1,433,856	
January Readiness to Serve	103,757	
December and January Turf Removal, Smart Timer Rebates, and Rotating Nozzles	41,856	
January Capacity Charge	27,463	
December, January, and February SoCal Water$mart Residential Rebate Program	17,350	
January SCP Operation Surcharge	6,904	
January SAC Operation Surcharge	748	**1,631,932**
2. South Orange County Wastewater Authority (SOCWA)		
FY 17/18 Large Capital Use Audit Settlement		**359,363**
3. Paulus Engineering, Inc.		
C#2016021 Valve Removals, progress payments #6 & #7	204,777	
Valve replacement service	55,759	**260,536**
4. Bixby Land Company		
Temporary Location security deposit		**202,054**
5. South Coast Water District (SCWD)/JRWSS		
January and February 2019 Capital Project Costs		**166,118**
6. Ferreira Construction Co., Inc.		
Emergency Water Services and Mainline Repairs at multiple locations		**145,207**
7. Saddleback Valley Unified School District		
High-Efficiency Fixture Replacement Project		**125,250**
8. OC Treasurer-Tax Collector		
November 2018 General Election Costs		**101,675**

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: May 9, 2019**

FROM: **Rod Woods, Director of Engineering**
David Larsen, Engineering Manager

SUBJECT: **Plant 2A Upgrades**

SUMMARY:

Issue: Layton Construction Company, LLC (Layton) is currently serving as the Construction-Manager-at-Risk (CMAR) for the District. Board action is required to authorize construction of the Plant 2A Upgrades.

Recommendation: It is recommended that the Board of Directors authorize construction of the Plant 2A Upgrades as a part of the Layton CMAR Contract for a not-to-exceed value of $29,709,651; authorize the General Manager or Assistant General Manager to issue a Notice-to-Proceed; and to approve change orders up to 2.5% of this amount.

Fiscal Impact: The Plant 2A Upgrades projects are budgeted in Fund 7, Rehabilitation and Replacement, and Fund 14, Planning and Construction. The combined budget of the proposed ten projects is $33,431,380, which includes construction, contingency, and other related costs for each of the projects. Adequate funds are included in the proposed FY 2019-20 budget.

Reviewed by Committee: Yes, recommended for Board approval at the Technical Committee Meeting on May 6, 2019.

Reviewed by Legal: Yes

BACKGROUND:

Plant 2A has served as an operations facility for the District for more than 50 years, originally developed as a wastewater treatment plant in 1965. The treatment plant was decommissioned in the early 1970s, and the site began to be used for various operations activities over the next 32 years. Since that time, only minimal improvements have been made to the facility despite an increased customer base and growing infrastructure and operational needs associated with providing water,

recycled water, and wastewater collection and treatment services to the communities served by the District.

Today, Plant 2A and its many facilities provide a number of critical functions that ensure the District's staff and equipment are able to provide essential services to the public. The following is a summary of several of the activities that occur at Plant 2A on a daily basis:

- Fleet Maintenance services for the District's vehicles and rolling equipment;
- Maintenance services of the District's emergency generators and compressors;
- Pump and motor maintenance services;
- Meter maintenance and testing;
- Construction of valve and piping for system repairs and rehabilitation;
- Construction of Programmable Logic Control (PLC) systems;
- Storage of parts, materials and equipment necessary for the repair and maintenance of the District's infrastructure; and
- Communication with the District's various remote sites to manage the operation of the District's infrastructure.

The District staff utilize various existing facilities to accomplish the above tasks. The existing facilities are generally undersized for their current uses, and no longer sufficient to meet the changing and developing operational requirements. The existing operation shops consist of a cluster of small, outdated facilities that do not provide efficient functionality for the District's Operations crews. The current emergency standby generator is functionally obsolete and is undersized for the current electrical loads. The existing fleet services building is also small and inadequate for the current functions. Certain District fleet vehicles cannot be maintained within the building, which necessitates servicing those vehicles outdoors. The existing warehouse facilities are congested with parts and equipment necessary for the operation and maintenance of the District's infrastructure and are not climate controlled as required for the sensitive electronic equipment currently utilized by the District. Furthermore, the existing fuel facility is approaching the end of its useful life, is insufficient for the District's current fleet of vehicles, and does not meet the District's goal of emergency operational self-sufficiency. Lastly, the existing storm water system does require modifications to be consistent with current water quality management provisions.

As a result of the operational requirements of the District and based on the condition of the existing facilities, Staff determined that several improvements were required to support the needs of operations and maintenance functions. These upgrades consist of the following ten projects, collectively called the Plant 2A Upgrades:

- Field Maintenance Facility
- Emergency Generator
- Fleet Services Building
- Equipment Storage
- Warehouse Improvements
- Fueling Station
- Site Reconfiguration and Geopiers
- Site Utilities
- Site Improvements
- Landscape & Irrigation

The proposed Field Maintenance Facility consists of a new consolidated maintenance shops building that includes a training room, emergency response facilities, an instrumentation shop, a maintenance shop, a valve and pipe repair shop, a wastewater collections equipment shop, and a meter testing shop. The shops will support the individual operations crews based on their specific functionality and operation, and include provisions for:

- Cleaning and maintenance of tools and equipment;
- Pre-fabrication of valve clusters and pipe assemblies for field installations;
- Repair and maintenance of pump seals and impellers;
- Material and equipment staging;
- PLC equipment re-construction;
- Calibration of instruments;
- Bench-testing of flow meters; and
- Training.

The proposed Emergency Generator consists of a new 1-Megawatt diesel engine driven generator, particulate filter assembly, exhaust silencer assembly, diesel storage tank, concrete masonry unit building structure, acoustic paneling and louvers. The generator will support the District's operations by providing electrical power to all Plant 2A facilities in the event of a loss of utility power in emergencies or during planned outages. This new generator is necessary to support District facilities in its function as a 24-hour emergency operations center.

The proposed Fleet Services Building includes three equipment service bays, a fluids storage room, a general parts and supply storage room, and a fabrication / welding shop. The facility will support the fleet services staff that maintains 14 heavy equipment, 86 fleet vehicles, 41 rolling stock, and 37 stationary generators throughout the District.

The proposed Equipment Storage consists of the rehabilitation of the exterior surfaces of the existing warehouse facility to support storage of materials and equipment. The increase in equipment storage will allow many materials and supplies currently stored outside to be moved into an enclosed facility to meet the requirements of the District's stormwater management plan.

The proposed Warehouse Improvements consist of the rehabilitation of the existing Field Operations Building to include code-compliance upgrades, reconfiguration of some office spaces, and the conversion of the remaining spaces to climate-controlled warehouse functions. The facility will provide additional storage space to support the District's operations and maintenance functions.

The proposed Fueling Station consists of the demolition and disposal of the existing underground 10,000-gallon storage tank, product/vapor/vent piping, dispenser island, and canopy, along with the construction of a new fueling system with a 12,000-gallon diesel and 8,000-gallon gasoline underground storage tanks, a new fuel dispensing island and all supporting power and controls for an operable facility. The increase of 10,000-gallons of fuel storage will increase the District's system reliability during emergency power outages.

The proposed Site Reconfiguration and Geopiers consists of the demolition of the existing pavement surfacing and mechanical appurtenances, and the completion of ground improvements to maximize the available space and stabilize the soft, native soils as necessary for new facilities.

The proposed Site Utilities consists of new potable, recycled, wastewater, stormwater, natural gas, power and communications infrastructure throughout the site to be consistent with current District standards and support the new facilities.

The proposed Site Improvements include site paving and hardscapes throughout the facility to provide adequate parking for the District's fleet and employee vehicles, and installation of covered parking to increase the useful life of the District's large equipment and vehicles, and to comply with current building code provisions. New fencing and access gates to the public and private spaces of the facility are also planned.

The proposed Landscape & Irrigation includes a comprehensive planting and supporting irrigation system to provide a cohesive landscaped facility that aligns with the District's goals in the use of more native, drought-tolerant plantings. The proposed landscaping plan includes the installation of a demonstration garden to allow the public a visual representation of the California Native plants.

To support these efforts, the District entered into a Consulting Services Agreement with Ware Malcomb to prepare construction documents and provide support during bidding and construction phases of the Plant 2A Upgrades. The Board also adopted a Mitigated Negative Declaration for the project on July 13, 2018 by Resolution 18-12; Staff filed a Notice of Determination with the County of Orange on July 13, 2018.

In February 2019, the Board of Directors approved a CMAR Services Agreement with Layton and authorized the commencement of the Pre-Construction Phase 1 services. These services included completing constructability and value engineering reviews, and preparing a Guaranteed Maximum Construction Cost (GMCC) for the Plant 2A Upgrades.

DISCUSSION:

At this time, the Pre-Construction Phase 1 services for the Plant 2A Upgrades have been completed by Layton. The constructability and value engineering review services identified that the construction documents were in good order. Pursuant to the CMAR agreement, Layton has submitted the following GMCC for the Plant 2A Upgrade projects:

- Field Maintenance Facility - $5,819,477
- Emergency Generator - $1,314,063
- Fleet Services Building - $4,010,844
- Equipment Storage - $12,142
- Warehouse Improvements - $1,169,575
- Fueling Station - $1,433,544
- Site Reconfiguration and Geopiers - $3,701,413
- Site Utilities - $1,927,347
- Site Improvements - $9,455,962
- Landscape & Irrigation - $865,284

Staff and the District's project manager, Newport Real Estate Services, performed a thorough review and evaluation of the detailed cost breakdown provided in support of the GMCC. Based on the status of the construction documents and the GMCC established, Staff is requesting authorization to proceed with the construction of the Plant 2A Upgrades.

SUMMARY OF PROJECT BUDGETS:

Field Maintenance Facility

	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items			
Design Engineering	$204,823	$0	$204,823
Environmental/CEQA	$61,852	$0	$61,852
Construction	$5,819,477	$145,487	$5,964,964
Legal, Permits, Other	$229,822	$0	$229,822
Totals	$6,315,974	$145,487	$6,461,461

*$285,231 has been expended to date.

Emergency Generator

	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items			
Design Engineering	$81,929	$0	$81,929
Environmental/CEQA	$24,741	$0	$24,741
Construction	$1,314,063	$32,852	$1,346,915
Legal, Permits, Other	$91,929	$0	$91,929
Totals	$1,512,662	$32,852	$1,545,514

*$68,224 has been expended to date.

Fleet Services Building

	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items			
Design Engineering	$163,859	$0	$163,859
Environmental/CEQA	$49,482	$0	$49,482
Construction	$4,010,844	$100,271	$4,111,115
Legal, Permits, Other	$183,858	$0	$183,858
Totals	$4,408,043	$100,271	$4,508,314

*$199,012 has been expended to date.

Equipment Storage

	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items			
Design Engineering	$40,965	$0	$40,965
Environmental/CEQA	$12,370	$0	$12,370
Construction	$12,142	$304	$12,446
Legal, Permits, Other	$45,964	$0	$45,964
Totals	$111,441	$304	$111,745

*$4,933 has been expended to date.

Warehouse Improvements

	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items			
Design Engineering	$65,544	$0	$65,544
Environmental/CEQA	$19,793	$0	$19,793
Construction	$1,169,575	$29,239	$1,198,814
Legal, Permits, Other	$73,543	$0	$73,543
Totals	$1,328,455	$29,239	$1,357,694

*$59,933 has been expended to date.

Fueling Station

	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items			
Design Engineering	$65,544	$0	$65,544
Environmental/CEQA	$19,793	$0	$19,793
Construction	$1,433,544	$35,839	$1,469,383
Legal, Permits, Other	$73,543	$0	$73,543
Totals	$1,592,424	$35,839	$1,628,263

*$71,877 has been expended to date.

Site Reconfiguration and Geopiers

	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items			
Design Engineering	$163,859	$0	$163,859
Environmental/CEQA	$49,482	$0	$49,482
Construction	$3,701,413	$92,535	$3,793,948
Legal, Permits, Other	$183,858	$0	$183,858
Totals	$4,098,612	$92,535	$4,191,147

*$185,011 has been expended to date.

Site Utilities

	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items			
Design Engineering	$81,929	$0	$81,929
Environmental/CEQA	$24,741	$0	$24,741
Construction	$1,927,347	$48,184	$1,975,531
Legal, Permits, Other	$91,929	$0	$91,929
Totals	$2,125,946	$48,184	$2,174,130

*$95,973 has been expended to date.

Site Improvements

	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items			
Design Engineering	$327,718	$0	$327,718
Environmental/CEQA	$98,964	$0	$98,964
Construction	$9,455,962	$236,399	$9,692,361
Legal, Permits, Other	$367,716	$0	$367,716
Totals	$10,250,360	$236,399	$10,486,759

*$462,921 has been expended to date.

Landscape and Irrigation

	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items			
Design Engineering	$32,772	$0	$32,772
Environmental/CEQA	$9,896	$0	$9,896
Construction	$865,284	$21,632	$886,916
Legal, Permits, Other	$36,772	$0	$36,772
Totals	$944,724	$21,632	$966,356

*$42,658 has been expended to date.

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: May 9, 2019**

FROM: **Drew Atwater, Director of Finance & Water Resources**
Johnathan Cruz, Financial Planning Manager

SUBJECT: **Investment Policy Annual Review**

SUMMARY:

Issue: The Moulton Niguel Water District's (District) investment policy is reviewed and presented for Board consideration as part of the annual budget approval.

Recommendation: Information only. The revised policy will be presented for consideration in June as part of the budget approval.

Fiscal Impact: None.

Reviewed by Committee: No review by committee.

Reviewed by Legal: Yes

BACKGROUND:

The District's current investment policy was last updated in June of 2018. 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 conducts an annual review of its financial policies to provide timely updates as government code changes occur and align with best practices which are viewed favorably from a bond rating perspective.

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 review the policy and ensure its consistency with current financial operating conditions and government code. Three minor modifications are proposed for Board consideration:

- Provides a general classification of bond reserves as the District refunds existing bonds or issues new bonds.
- Updates the name of the benchmark for the Limited Maturity Fund
- Updates the rating requirements for asset back securities consistent with recent legislation.

The changes are presented initially as an information item for Board feedback and proposed for adoption at the June 13, 2019 Board Meeting along with the District's Annual Budget for FY 2019-20.

Attachment: Redline of 2018 Investment Policy with Proposed Changes

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF INVESTMENT POLICY

Effective: July 1, ~~2018~~2019

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.

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.

C. This policy covers all funds and investment activities under the direct authority of the District, as set forth in the State Government Code, Sections 53600 et seq., with the following exceptions:

1. Proceeds of debt issuance shall be invested in accordance with the District's general investment philosophy as set forth in this policy; however, such proceeds are to be invested pursuant to the permitted investment provisions of their specific bond indentures.

~~B.~~2. Any other funds specifically exempted by the District.

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.

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~~ three categories:

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

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

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

~~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~~ three categories.

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

1. To preserve principal,

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

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

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

1. To preserve principal,

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

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

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

1. To preserve principal and

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

~~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:~~

~~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 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 ICE 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 ICE Bank of America Merrill Lynch 1-10 Year US Treasury and 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 ICE Bank of America Merrill Lynch 3-5 Year US Treasury & Agency Index.~~

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 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.

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.

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 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:

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:

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.

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

a) Such Funds meet either of the following criteria:

(1) *Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or*

(2) *Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of $500 million.*

(3) *No more than 20% of the total portfolio may be invested in a combination of Mutual Funds and Money Market Mutual Funds.*

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 MORTAGE OBLIGATIONS from issuers not defined in sections 2 and 3 of the Authorized Investments section of this policy, 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)*~~*b) No more than 20% of the total portfolio may be invested in these securities.*

~~*d)*~~*c) 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)*~~*d) The maximum legal final maturity does not exceed five (5) years.*

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.

XI. Collateralization

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

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

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

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

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.

XIII. Maximum Maturity

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

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 Treasurer. The bank custodian shall also provide such information to the District's Investment Adviser(s).

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

B. Investment performance

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

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 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.

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.

COMMERICAL 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 MAREKT 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.

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.

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.

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: May 9, 2019**

FROM: **Trevor Agrelius, Controller**

SUBJECT: **Purchasing Policy Annual Review**

SUMMARY:

Issue: The Moulton Niguel Water District's (District) Purchasing policy is reviewed and presented for Board consideration as part of the annual budget approval.

Recommendation: Information only. The revised policy will be presented for consideration in June as part of the budget approval.

Fiscal Impact: None

Reviewed by Committee: No review by committee.

Reviewed by Legal: Yes

BACKGROUND:

The District's current Purchasing policy was last updated in June of 2018. In accordance with other financial policies such as the Reserve, Debt Management and Investment policies, the District presents the Purchasing policy to the Board for review and approval annually as part of the budget process.

DISCUSSION:

Staff reviewed the prior Purchasing policy and worked with the District's financial consultants to update this policy. Additionally, all proposed changes were discussed with the District's General Counsel at Best Best and Krieger.

The proposed changes are intended to clarify prior language included in last year's policy:

- Section 19 – Added reference to Section 53060 of the California Government Code to be consistent with the definition section on page 11.
- Section 21 – Clarifying language regarding change orders.
- Added Sr. Wastewater Treatment Plant Operators to Table 2, procurement authority.

Attachment: Redline of 2018 Purchasing Policy with Proposed Changes

moulton niguel water district

POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

This policy applies to the purchase of services and materials, equipment, supplies (referred to collectively as "materials"), and Public Works projects for the Moulton Niguel Water District ("District") as required by California State law (Code Sections 54201, 54202 and 54204) and the Office of Management and Budget Uniform Grants Guidance Title 2, Subtitle A, Chapter II, Part 200, Subpart D (UGG 2 CFR 200).

All purchases of services or materials and Public Works projects paid for by the District must adhere to the authority level and dollar limits set in this Policy.

1. Delegation of Purchasing Authority

The Board has authorized the General Manager, or assigned representatives, to perform essential duties for District operations, including purchase authority.

The General Manager may delegate purchasing authority to others who may use purchasing cards, purchase orders, check requests, or other written authorization.

Board-established purchasing limits and contract signatory authority are listed in Table 2. These limits apply on a per-purchase/per-contract basis, not on an aggregated basis, for unrelated activities.

Purchases and Contract awards must be authorized by the appropriate authority in Table 2.

If an authorized signatory (other than the General Manager) for a given request is absent, the next highest authority in Table 2 may provide the purchase authority.

2. Unauthorized Purchasing is Prohibited and Subject to Penalties

Anyone making purchases outside this Policy and without General Manager or Board authorization, will be subject to disciplinary action and/or termination as outlined in the District Personnel and Salary Policy.

3. Division of Contracts

The District prohibits separating or dividing Contracts, reducing its cost below a specified sum to avoid the requirements of this or any related policy. But Contracts may be divided to meet unique scheduling needs of a project or to meet necessary time frames. Also, no Contract shall include language to limit competitive bidding or solicitation to any one specific vendor, brand, product, thing, or service, except for the exempt items listed in this policy. (See Item #14)

4. Purchase Amounts Include Taxes and Shipping

Purchase amounts include taxes and the cost of shipping, freight fees, and any other charges billed by the supplier or contractor within the authorized limits in this Policy.

5. Online Purchases and Utilization of Electronic Signatures

The District may use electronic commerce whenever reasonable or cost-effective. The District may accept electronic signatures and records for District procurement.

6. Requisitions for Purchasing Materials and Services

District staff who 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. The Purchasing Department will generate a Purchase Order (PO) from the Requisition.

7. Check Requests

A check request can be used for certain limited materials or services without a PO. Check requests may be used to request payment for Non-Discretionary Purchases, such as services rendered, subscriptions, membership dues, workshop/seminar/conference registrations, and use of facilities. Check requests are subject to the authorization limits established in Table 2.

8. Purchasing Cards

Authorized District staff may be assigned Cal Cards to make miscellaneous purchases within the limits of Table 2. Cal Card purchases are subject to the terms and conditions of the District Cardholder Acceptance Agreement.

Services may not be purchased with Cal Cards due to lack of insurance and indemnification language associated with these purchases. District staff using Cal Cards are subject to the terms of this Policy and all related Cal Card usage terms or amendments. A Cal Card should not be used if a Purchase Order or other procurement method would be appropriate.

9. Blanket Purchase Orders

A Blanket Purchase Order is issued to cover all amounts expected to be paid to the supplier/contractor/Consultant for the fiscal year or through a Contract term. Blanket Purchase Orders expire at the end of the fiscal year or as soon as a Contract ends, whichever comes first.

For Blanket Purchase Orders exceeding $75,000, the District will utilize work order forms to initiate work with the supplier/contractor/Consultant. The work order forms will indicate the estimated cost for the work order, and must be signed by a Staff Director or Staff Officer prior to initiating the work with the supplier/contractor/Consultant. If the Director or Officer for a given work order is absent, the next highest authority in Table 2 may provide the authorization.

10. References and Financial Responsibility Before Awarding Contracts

Before awarding any Contract, the District will verify the references and financial responsibility of the contracting parties. After award, all Contracts shall be executed on behalf of the District by the appropriate authorized signatory indicated in Table 2.

No Contract will be awarded if funds are not available to make payment upon delivery or completion, or by payment schedule, unless authorized and approved by the Board or General Manager.

11. Contracts are Required for Any Services and Public Works Projects over $5,000

Contracts for Non-Professional Services, Professional Services and Public Works shall be executed when the cost exceeds $5,000 (except for an Emergency as defined in this policy).

12. Authorization of Multi-Year Contracts in the District's Best Interest

Multiple Year Contracts are allowed when they are in the best interest of the District as determined by the General Manager.

The dollar value of a Multiple Year Contract shall be the total contract value, including optional renewal periods. Once initially approved, any contract renewals may be authorized by the General Manager, regardless of dollar amount, if the pre-priced option is consistent with the terms of the initial Contract.

13. Non-Discretionary Purchases

Non-Discretionary Purchases do not require Board approval for payment, including those over the General Manager limit of $75,000. Initial software license agreements and cloud-based services are subject to the purchase limits in Table 2. Purchase Orders are not required for Non-Discretionary Purchases.

14. Emergency Services Above $75,000

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 pursuant to Board policy. 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.

15. District Warehouse Inventory

Purchase requests to replenish the District's warehouse inventory within established inventory re-order levels require no prior authorization or signatory approval under Table 2.

16. Non-Professional Services and Materials Procurement

The District requires a competitive bid or selection process for purchasing non-professional services and materials, and for Public Works projects.

For non-professional services and materials estimated to cost $10,000 or less, District staff may request a proposal from one qualified Consultant or Vendor.

District staff will request a minimum of three bids or proposals for non-professional services and materials when the contract amount is expected to cost between $10,001 and $75,000.

For a non-professional services and materials contract expected to cost more than $75,000, the District will initiate an RFP or RFQ.

- All quotes, bids and proposals must be in writing. Email is acceptable.
- RFP, RFQ, and Invitation to Bid submissions must comply with all terms of the solicitation, or any related laws. Submissions that fail to comply may be disqualified.

17. Exceptions to Competitive Solicitations

- 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
- Purchases made after a reasonable attempt to obtain competitive bids and:
    - No additional suppliers/providers/contractors/Consultants can be located.
    - The District receives no response from suppliers/providers/contractors/Consultants to a competitive bid.
    - No other satisfactory bids/proposals are received.

Except for purchases greater than $75,000 and requiring Board authorization, the General Manager or Assistant General Manager may decide whether a purchase meets the criteria above to be exempt from competitive solicitation.

18. Public Works Contracts

Contracts for Public Works projects shall comply with all requirements for Public Works contracts under State law, including rules for:

- Listing subcontractors.
- Posting payment bonds equal to no less than 100 percent of the total contract amount (for all Public Works contracts over $25,000).
- Paying prevailing wages (for all contracts for Public Works exceeding $1,000), or as otherwise required by law.

Unless the General Manager and legal counsel approve a waiver, the District requires performance bonds for all Public Works Contracts equal to no less than 100 percent of the total contract amount. Public Works Contracts let by an Invitation to Bid will be awarded to the lowest responsive, responsible bidder as allowed by State law and the District's standard Public Works contract documents.

19. Professional Services Procurement

Professional Services Contracts must meet the terms of California Government Code §4525 et seq., and §53060, based on proof of competence and qualifications for the types of services to be performed at fair and reasonable prices, as determined by the District.

For Professional Services estimated to cost $25,000 or less, District staff may request a proposal from one qualified Consultant.

District staff will request three proposals for Professional Services when the contract amount is expected to cost between $25,001 and $75,000.

For a Professional Services Contract expected to cost more than $75,000, the District will initiate an RFP.

The following criteria shall apply as exceptions to the competitive solicitation requirements as indicated for Professional Services where such requirements would otherwise apply:

- In the case of sole or single source procurements of Professional Services, only one proposal from a qualified firm is required.

- For Professional Services in which it is infeasible to comply with the selection process because of the unique, exploratory or experimental nature of the project, District staff may request a proposal from one qualified Consultant.

20. Nonresponsive or Unqualified Bid or Response

In response to any Invitation to Bid, RFQ, or RFP, the District may reject any unqualified bid or other response that is 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 District's best interest, and in accordance with law.

Rejection of all bids or responses or cancellation of competitive solicitations, including determinations to re-bid, or re-solicit is subject to the same authority level required to award a Contract in Table 2, and as required by law.

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.

21. Change Orders for Goods and Services

The District may issue Change Orders, as required by changes in the specifications or conditions of a project, services performed, or materials issued.

Change orders or amendments that extend the ~~term of the~~expiration date of the original Board approved contract by no more than 12 months, but do not affect the total contract price can be approved subject to the contract signing authority indicated in Table 2.

The Purchasing department may issue Change Orders up to 10 percent over the original PO without further approvals if the original purchase amount was $10,000 or less. For any Change Order request over the original PO by more than 10 percent or the $1,000

limit, the requesting department will complete a revised Purchase Order Requisition (approved at the levels in Table 2.)

- For Contracts and Amendments up to $75,000:

    - Change Orders can be approved by the total appropriate authorization levels as outlined in Table 2 up to a total Contract amount of $75,000 without Board approval.
    - Board approval is required for a Change Order if the proposed Change Order would cause the total Contract amount to exceed $75,000.

- For Contracts and Amendments over $75,000:

    - ~~Change Orders up to 10 percent over the original Contract amount may be approved as outlined in Table 2 without Board approval.~~
    - Board approval is required for Change Order requests which increase the ~~original c~~Contract amount ~~by more than 10 percent~~, unless sufficient contract contingency was previously approved by the Board. ~~approved a different percent as part of the original Contract.~~

A Change Order above the Change Order limits set forth in this policy may be authorized by the General Manager or Assistant General Manager prior to Board approval if:

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

The Board shall be notified by the General Manager of any Change Order above the General Manager's authorized limit at the next Board meeting.

22. Personal Financial Interest in District Contract

Board members and District staff, spouses, or dependent children shall not be financially interested in any contract made by them in their official capacity. (Government Code Section 1090).

Board Members and District staff, spouses, or dependent children shall not participate in any way to influence a governmental decision in which they have a financial interest. (Government Code Section 87100).

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

Confidential or proprietary information must be handled with due care and proper consideration of ethical and legal ramifications and governmental regulations. Purchasing activities must be performed in accordance with all applicable laws and this policy. Employees/individuals who violate the standards set forth in this Section are subject to disciplinary action consistent with District Personnel and Salary Policy.

23. This District Makes Purchases as a California Water District

As a California Water District, the District is not required by State law to competitively bid any purchases, unless otherwise stated in this policy.

The District may:

- Enter into non-bid contracts for Public Works.
- Purchase materials, services and supplies.
- Contract for design-build work.
- Job-order contracting.
- Enter into Cooperative Purchasing contracts to plan, build, and maintain Public Works.
- Undertake any other form of contract found to be in the District's lawful best interest.

24. Maintenance of this Policy

The General Manager and assigned representatives, working with the District's legal counsel, will maintain and propose revisions to this policy as needed. All changes to this policy shall require the approval of the Board of Directors. In all cases, the District shall implement this policy in a manner that is consistent with Federal, State or local regulations.

TABLE 1: Definitions

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 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.

Blanket Purchase Orders - Used for payment to the same supplier/contractor/Consultant multiple times, or for ongoing monthly purchases/expenses.

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 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, and for the purposes of this policy, shall also include expenses previously approved by the Board, which would require significant advanced planning to change service providers, such as software license agreement renewal/ cloud based services renewal, insurance providers, and healthcare providers.

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. (California Governmen'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 Contract 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 and~~,~~ 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 Enterprise Resource Planning 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.

Work Order – Request and approval for services or performances of specific tasks to be completed, and placed against a pre-established contract. Vendors may also use the terms "task order" and "statement of work". For District purposes, these items will be treated as "work orders". (These typically apply to on call or as needed contracts or Blanket Purchase Orders).

TABLE 2: Procurement Limits and Contract Signature Authority

Procurement Limits and Contract Signature Authority		
Title	**Expenditures**	**Contract Signature Authority**
General Manager	up to $75,000	$75,001 and over with Board authorization up to $75,000 without Board authorization
Assistant General Manager	up to $50,000	up to $50,000
Staff Directors, Government Affairs Officer, Information Systems Officer	up to $25,000	up to $25,000
Board Secretary, Staff Assistant Directors	up to $20,000	None
Superintendents, Managers, Controller, Principal Engineers, Coordinators	up to $10,000	None
Supervisors, Purchasing Agent, Administrative Personnel, Sr. Water Efficiency Specialist, Sr. Wastewater Treatment Plant Operators	up to $5,000	None

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: May 9, 2019**

FROM: **Trevor Agrelius, Controller**

SUBJECT: **Federal Grant Management Policy**

SUMMARY:

Issue: The District is required to adopt a policy that establishes guidelines for receipt of Federal grants.

Recommendation: Information only. The policy will be presented for consideration in June as part of the budget approval.

Fiscal Impact: None

Reviewed by Committee: No review by committee.

Reviewed by Legal: Yes

BACKGROUND:

In December 2014, the Federal Office of Management and Budget (OMB) issued guidance regarding the procurement procedures for local agencies that receive federal grants and funds. This was a major initiative intended to streamline and consolidate government requirements related to the use, monitoring, and auditing of federal funds. MNWD, and all other non-federal agencies received a grace period to implement the procurement standards as established as part of the Uniform Guidance.

DISCUSSION:

To be eligible to receive federal awards in the future, it is recommended that the District adopt policies that comply with the requirements of the Uniform Guidance. District staff reviewed the Uniform Guidance requirements and other policies that have been adopted by other agencies and worked with the District's financial

consultants Public Financial Management (PFM) and Michael Bell to develop this policy. Additionally, this policy was reviewed by the District's legal counsel, Best Best and Krieger. Furthermore, to ensure that this policy complies with all aspects of the Uniform Guidance, the District has engaged its external auditing firm, Vavrinek, Trine, Day and Company, LLP, to review this policy.

It is worth noting that the District was not required to adjust any internal procedures or controls while creating this policy. With the new guidance however, the District is required to formally record those procedures in a policy.

The following sections of the policy are most noteworthy:

- Sections 2 and 3– Cash management – The OMB wants to ensure non-federal agencies have proper controls in place to prevent and detect fraud that involves federal funds.
- Section 4 – Allowability of Costs – The Uniform Guidance requires agencies to have procedures in place to determine if costs are allowable per the terms of the grant agreement and the non-federal agencies adopted procurement policy.
- Sections 15 and 16 – Procurement and Open Competition – This is the most comprehensive update as part of the Uniform Guidance. The OMB requires non-federal agencies to adopt a policy specifically using terminology such as micro-purchases, small purchases, sealed bids, competitive proposals, and noncompetitive proposals, and associate dollar amounts to those terms.
    - District staff utilized the current adopted procurement limits established in Table 2 of the Purchasing Policy to align the terms.

Attachment: 2019 Draft Federal Grants Management Policy

moulton niguel water district

POLICY A-X: Federal Grant Management

INTRODUCTION

This policy applies to management and fiscal accountability of federal grants for the Moulton Niguel Water District (District). This policy is intended to supplement, not supplant the District's employee/organizational policies and procedures.

As a recipient of federal grants, the District will adhere to the regulations contained at 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* in addition to other applicable federal statutes, guidelines and directives.

1. Primary Point of Contact

A designated project manager shall serve as the primary contact between the District and the federal funding agency and any external consultants.

2. **Cash Management** - *Legal requirement: 2 CFR 200.305*

Requests for reimbursement of expenses or advance payments must be consistent and fully compliant with the terms of the grant. The District must also comply with Federal regulations.

a. The District will maintain effective internal controls for federal grant funds.
b. The District must protect federal grant cash and other assets and must assure that grant monies are only used for authorized purposes.
c. The District will maintain adequate records which identify the source and application of funds for federally-funded activities. These records must include source documents of Federal awards, authorizations, obligations, unobligated balances, revenue and expenses.
d. Office of Management and Budget (OMB) cost principles, program regulations, and terms of the grant agreement will determine if the cost is allowable, allocable and reasonable to the award.
e. Federal expenditures will be compared with budgeted amounts for each grant.

3. Procedures for Cash Management- *Legal requirement: 2 CFR 200.305*

The project manager will approve allowable grant expenditures in accordance with Table 2 of the District's Purchasing Policy. The District pays for the approved expenditures through the District's normal accounting processes.

a. The Controller initiates reimbursement requests per the stipulations of the grant award after review of federal expenditure activity.
b. Reimbursement is made via ACH wire directly into the District's bank account.
c. The cash receipt is entered into the financial system.
d. A copy of the ACH confirmation will be maintained with the cash receipt. The cash receipt is reviewed and approved in the financial system. Cash receipts are recorded

in the "Grant funding" object account within the same fund used for the project business unit.

e. If the District receives an advance, per Federal requirement, any interest earned more than $500 will be returned to the awarding agency.

4. **Allowability of Costs** - *Legal requirement: 2 CFR 200.302(b)(7), 2 CFR 200.309, and 2 CFR 200.403 - 2 CFR 200.405*

Except where otherwise authorized by statute, costs must meet the following general criteria to be allowable under Federal awards:

a. Must be necessary and reasonable for the performance of the Federal award or sponsored agreement and does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
b. Must be allocable to a project if it is considered a direct cost of that project.
c. Must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District.
d. Consistently treated when used in like circumstances and adequately documented.
e. Must be allowed by the District's approved policy and procedures and conform to any limitations or exclusions set forth by §200.403 principles or identified in the award.
f. Determined in accordance with Generally Accepted Accounting Principles (GAAP).
g. Has not been included or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or prior period.

In the event a special or unusual cost arises, the project manager should attempt to receive prior written approval from the Federal awarding agency to avoid any unreasonableness or non-allocability. If prior approval is not obtained, it does not mean those costs will not be allowed.

Direct costs can be identified specifically with a Federal award or other program or activity or can be charged directly to the account assigned to that program or activity. Direct costs include salaries, wages, and proportional fringe benefits of staff directly engaged in the program and only if they are included in the grant agreement. Direct costs also include the cost of equipment, materials, supplies, and services, consultant fees subcontracts, or other allowable costs per the terms of the agreement.

A direct cost can benefit more than one program or function and can be allocated to the benefiting programs or functions on a reasonable or equitable basis.

Any expenditure that is not allowed to be charged to the award by the agreement, federal agency regulations, or the Uniform Guidance for Federal Awards shall not be charged to the award.

5. **Cost Share/Matching Funds** - *Legal requirement: 2 CFR 200.306*

All cost sharing/matching expenses shall be documented in the same manner as regular program expenses. Contributions must meet all the following criteria to be included as matching funds:

a. Verifiable from the contributor's records;
b. Not included as contributions for any other federal grant project or program;
c. Necessary and reasonable to complete project or program objectives;
d. Allowable under the applicable Federal Cost Principles;
e. Not paid by the federal government under another award;
f. Provided for in the approved budget when required by the federal awarding agency;

6. **Program and Budget Revisions** - *Legal requirement: 2 CFR 200.308*

The project manager is responsible for obtaining written approvals for program or budget revisions.

7. **Lobbying** - *Legal requirement: 2 CFR 200.450*

Federal grant funds will not be used for lobbying activities or other influencing activities associated with obtaining grants, contracts, or agreements.

8. **Reporting** - *Legal requirement: 2 CFR 200.327, 2 CFR 200.328 and 2 CFR 200.329*

a. Grant expenditures are coded by the project manager to the project business unit, separating Federal grant expenditures from other expenditures.
b. The Controller reviews the financial statements and general ledger activity for accuracy, completeness, proper coding, and general adherence to award terms and conditions.
c. The project manager submits financial status reports to awarding agency, if required.
d. The Controller presents monthly financial status reports to the District Administrative Committee.
e. The Controller maintains the Schedule of Federal Expenditures of Awards.

9. **Monitoring Grant Program** - *Legal requirement: 2 CFR 200.328 and 2 CFR 200.331*

The District will monitor the activities and progress of its federal grants and any problems, delays or adverse conditions that will materially impact the ability to meet a grant's objectives will be reported to the federal funding agency by the project manager. This will include making sure activities follow laws, regulations and the provisions of the grant agreements; and that performance goals are achieved.

10. **Timesheets** - *Legal requirement: 2 CFR 200.430(i) and 2 CFR 200.306*

All District employees that work on projects funded through federal grants, are responsible for completing their timesheets on a bi-weekly basis. Employees must record all time spent on grant and non-grant activities. Grant activities will be monitored by a unique identifier in the time sheets, and the actual cost of those hours will be allocated to the project business unit.

The payroll department will maintain a file with all timesheets, and the project manager will maintain a file that documents hours charged to the project.

11. **Contract Administration and Payment** - *Legal requirement: 2 CFR 200.318(b)*

The project manager and Contracts Analyst shall be responsible for monitoring administration of the contract and shall ensure the fulfillment of all written requirements. Disbursement of federal funds will follow the same accounts payable process as nonfederal payments.

12. **Standards of Conduct** - *Legal requirement: 2 CFR 200.318(c)(1) and 2 CFR 200.318(c)(2)*

District employees and members of the Board of Directors must comply with the District's conflict of interest policy. The Board Secretary shall maintain conflict of interest statements for all employees and Board members.

13. **Procurement Records and Files** - *Legal requirement: 2 CFR 200.318(i)*

The District will retain historical records of federal procurements in accordance with the District's records retention policy.

14. **Suspension/Debarment** - *Legal requirement: 2 CFR 200.213*

No procurement will be made using a contractor that has been suspended or debarred from receiving federal funds. Prior to awarding any contract, District staff will search the federal *Excluded Parties List System* (www.sam.gov) to determine that the contractor is not suspended or debarred. Documentation of this search will be maintained in the grant procurement file.

15. **Open and Free Competition** - *Legal requirement: 2 CFR 200.319*

Proposal selection shall be based on responsiveness to the solicitation, price, quality, deadlines of delivery, warranties, accountability and fulfillment of the service and other relevant factors.

To ensure full and open competition, the District will abide by the following guidelines:

Procurement Amount	Action

Greater than $75,000	Formal solicitations shall be conducted, and a cost/price analysis shall be conducted
$10,001 - $75,000	Cost/price analysis shall be conducted
$1 - $10,000	Formal solicitations or cost/price analysis are not required

The District reserves the right to award purchase orders, consultant agreements or project contracts on a sole source/noncompetitive basis when one or more of the following circumstances apply: (1) the item or service is available only from a single source that has predominate capability; (2) there is a public emergency that will not permit a delay from competitive solicitations; (3) The District received prior approval from the awarding agency; or (4) competition is determined to be inadequate after solicitation from a number of sources. A written justification will be prepared and kept on file for any noncompetitive procurement.

16. **Procurement Procedures** - *Legal requirement: 2 CFR 200.320*

A. **Methods of Procurement.** One of the following procurement methods must be used:

Procurement Method	Purpose
Micro-purchases	For supplies or services when the aggregate dollar amount does not exceed $10,000 Solicitation of price quotations is not required.
Small purchases	For supplies, services or other property that do not exceed $75,000. A cost/price analysis must be conducted. A minimum of three written price quotes shall be obtained.
Sealed bids	The preferred procurement method for construction projects. Formal advertising required. A minimum of three responsible bidders must be considered. Public works contracts will be awarded to the lowest responsive bidder.
Competitive proposals	For supplies and services of more than $75,000 when the use of sealed bids is not appropriate. Requests for proposals must be formally advertised and solicited from a minimum of three qualified sources. Formal solicitations shall be conducted.
Noncompetitive proposals	Authorized only by the General Manager.

B. **Procurement Authority for Operating Expenses.** The individuals with purchasing authority and the ability to sign contracts is listed in Table 2 of the Purchasing Policy.

RFPs must be publicized and identify all evaluation factors and their relative importance. All proposals will be reviewed by the project manager and the contracts department using similar evaluation criteria for nonfederal awards.

17. **Use of Small Businesses, Minority-owned Firms and Women's Business Enterprises** - *Legal requirement: 2 CFR 200.321*

The District will make positive efforts to utilize small businesses, minority-owned firms, women's business enterprises, wherever fully practicable. To further this goal, the District will:

a. Place qualified small and minority businesses and women's business enterprises on solicitation lists to encourage and facilitate their participation;
b. Solicit small and minority businesses and women's business enterprises when they are identified as potential sources;
c. When feasible, divide larger projects into smaller components to permit maximum participation by small and minority businesses and women's business enterprises;
d. Establish delivery schedules, when permissible, that encourages participation by small and minority businesses and women's business enterprises;
e. Use the services of organizations such as local Chambers of Commerce, the Small Business Administration and the Minority Business Development Agency of the Department of Commerce;
f. Require prime contractors to take the same affirmative steps if subcontracts are awarded.

18. **Cost or Price Analysis** - *Legal requirement: 2 CFR 200.323*

A cost or price analysis shall be conducted for every procurement action **greater than $10,000**. The cost or price analysis shall be performed **prior to** receiving bids or proposals. A cost analysis shall consist of a review and evaluation of each element of cost to determine reasonableness, allocability and allowability. A price analysis shall consist of comparing price quotations, market prices and similar information.

19. **Required Contract Provisions** - *Legal requirement: 2 CFR 200.326*

The District shall include all provisions required by the Federal funding agency and applicable provisions found in *Appendix II of the Uniform Guidance (2 CFR Part 200).*

20. **Equipment Records** - *Legal requirement: 2 CFR 200.313(d)(1)*

A. For all equipment purchased with federal grant funds, the District will maintain accurate information about the equipment including the following:

i. A description and serial number or other identification number;
ii. Source of funding, including the Federal Award Information Number (FAIN);
iii. Whether title vests in the recipient or the federal government;
iv. Acquisition or received date and cost;
v. Percentage of federal participation in the cost;
vi. Location use, condition, and the date the information was reported;
vii. Ultimate disposition data, including date of disposal and sales price.

B. Equipment owned by the federal government shall be identified as such.

21. **Inventory** - *Legal requirement: 2 CFR 200.313(d)(2)*

The District will conduct a physical inventory at least once each year. Any differences between quantities between the inspection and the accounting records shall be investigated. The District will verify the existence, current utilization and continued need for the equipment.

22. **Disposition of Equipment** - *Legal requirement: 2 CFR 200.311(c) 2 CFR 200.313(d)(5) and 2 CFR 200.313(e)*

When equipment purchased with federal funds is no longer needed for the original project or program, District staff will consult the grant's terms and conditions, and the federal program officer for disposition instructions.

23. **Financial and Program Records** - *Legal requirement: 2 CFR 200.333*

All records will be retained in accordance with the District's records retention policy and retained for at least three years. The only exceptions are the following:

a. Litigation, claims, or audits - records shall be retained until all litigation, claims or audit findings involving the records have been resolved;
b. If the District is notified by the granting agency that records must be retained beyond the three-year period;
c. Records for disposition of equipment shall be retained for three years after disposition;

24. **Access to Records** - *Legal requirement: 2 CFR 200.336*

The District will grant personnel from the federal awarding agency, Inspectors General, the Comptroller General of the United States and the pass-through entity, or any of their authorized representatives, access to any documents, papers, or other records which are pertinent to the federal grant. District staff will be available to answer questions related to such documents.

25. **Safeguarding Sensitive Information** - *Legal requirement: 2 CFR 200.303(e)*

The District will take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or District considers sensitive consistent with laws regarding privacy and obligations of confidentiality.