



moulton niguel water district

**BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
26880 Aliso Viejo Pkwy, Suite 150, Aliso Viejo
September 26, 2019
CLOSED SESSION – 5:00 PM
OPEN SESSION – 6:00 PM
Approximate Meeting Time: 2 Hours**

1. CALL MEETING TO ORDER:

CLOSED SESSION:

2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8
Property: 27500 La Paz Road, Laguna Niguel, CA
Agency Negotiator: Rod Woods, Director of Engineering
Negotiating Parties: TBD – Initiate listing of property
Under Negotiation: Price and terms of payment for a potential sale or lease

3. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code section 54957.6
Agency designated representatives: Joone Lopez, General Manager
Employee organization: Moulton Niguel Water District Employee Association (MNWDEA)

OPEN SESSION - 6:00 PM

4. REPORT OUT OF CLOSED SESSION:

5. PLEDGE OF ALLEGIANCE:

6. 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.

ADMINISTRATIVE MATTERS:

7. LISTING AGREEMENT FOR 27500 LA PAZ ROAD

It is recommended that the Board of Directors authorize the General Manager or Assistant General Manager to execute the Listing Agreement with Colliers International Greater Los Angeles (“Colliers”).

INFORMATION ITEMS:

8. PFAS UPDATE FROM ORANGE COUNTY WATER DISTRICT

9. MONTHLY FINANCIAL REPORT

10. CALSCAPE NURSERY PROGRAM UPDATE

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

BOARD REPORTS:

PRESIDENT'S REPORT:

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.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** September 26, 2019

FROM: Matt Collings, Assistant General Manager
Rod Woods, Director of Engineering

SUBJECT: Listing Agreement for 27500 La Paz Road

SUMMARY:

Issue: Board action is required to approve a Listing Agreement for the District's property at 27500 La Paz Road.

Recommendation:

It is recommended that the Board of Directors authorize the General Manager or Assistant General Manager to execute the Listing Agreement with Colliers International Greater Los Angeles, Inc. ("Colliers").

Fiscal Impact: All costs associated with the proposed agreement are contingent upon the sale or lease of the District's property at 27500 La Paz Road and would be funded from the proceeds.

Reviewed by Committee: Yes. The agreement was reviewed with the Ad-hoc Committee.

Reviewed by Legal: Yes.

Background:

Earlier this month, the District began operating from temporary office location; and no longer requires the use of the Main Office on La Paz Road. In order to determine the best financial value for the District, staff is proposing to either sell or lease the property; and would require the services of a well-qualified real estate broker to thoroughly evaluate the District's options.

#7.

Listing Agreement for 27500 La Paz Road

September 26, 2019

Page 2 of 2

Discussion:

Previously, the District utilized real estate broker services from Voit Real Estate Services, who provided excellent services to support the District's business. District staff, following discussion with the Ad-Hoc Committee, solicited a proposal from Colliers, where the District's previous real estate brokers are now employed.

District staff has reviewed the proposal, in conjunction with our consultant, Starpointe Ventures. The terms of the proposal are consistent with the marketplace. As such, staff is recommending that the District's Board of Directors approve executing a Listing Agreement with Colliers for the District's property at 27500 La Paz Road.

Attachment: Listing Agreement with Colliers International Greater Los Angeles, Inc.

EXCLUSIVE LISTING AGREEMENT

THIS EXCLUSIVE LISTING AGREEMENT (the “**Agreement**”), made as of _____, 2019 and is entered into by and between Moulton Niguel Water District, a California Water District duly formed and operating under the California Water District Law set forth in the California Water Code (“**Owner**”), and Colliers International Greater Los Angeles, Inc., (Robert G. Caudill) (“**Broker**”).

RECITALS

THIS AGREEMENT IS ENTERED into on the basis of the following facts, intentions and understandings of the parties:

A. Owner is the owner of the real property (“**Real Property**”) located at 27500 La Paz Road, Laguna Niguel, in Orange County California. The Real Property and any buildings or improvements that are owned by Owner and that are located on the Real Property are collectively referred herein to as “**Property**.”

B. Broker represents that it is a real estate broker licensed in the State of California and has fulfilled all licensing requirements in connection with performing all the services described in this Agreement.

C. Owner desires to hire Broker as Owner’s exclusive representative to either sell or lease the Property and Broker desires to accept said hiring on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual undertakings, terms and conditions set forth in this Agreement, Owner and Broker agree as follows:

ARTICLE 1
SUMMARY OF BASIC TERMS

The basic terms of this Agreement are summarized as follows:

- 1.1 Owner: Moulton Niguel Water District
- 1.2 Broker: Colliers International Greater Los Angeles, Inc.
- 1.3 Property: 27500 La Paz Road, Laguna Niguel, CA 92677
- 1.4 Term: 36 Months, or upon completion of sale or execution of a lease agreement, whichever comes first
- 1.5 Commission: Sales - all commissions will be paid upon closing as further set forth in Section 5.2;

Leases - commissions paid according to lease term structure as further set forth in Section 5.2.

1.6 Scope of Work: The “**Scope of Work**” is set forth in Exhibit “A”.

In the event of any inconsistency between the summary of basic terms contained in this Article 1 and the remainder of this Agreement, the terms set forth in the remainder of this Agreement shall control.

ARTICLE 2
BROKER’S STATUS

2.1 Owner and Broker expressly understand and agree that Broker shall perform all services under this Agreement as an independent contractor in the business of real estate brokerage and not as an employee or agent of Owner. Therefore, Broker shall be responsible for complying with all applicable laws and regulations with respect to its employees, including but not limited to, licensing, worker’s compensation, hours of work, wages, Social Security, vacation time, sick leave and working conditions. Owner hereby grants Broker an exclusive listing to sell or lease the Property for the price and on the terms and conditions set forth in this Agreement, or as otherwise agreed in writing by Owner.

2.2 Broker is a real estate broker licensed by the state of California and has fulfilled all licensing requirements in connection with performing all the services described in this Agreement. Throughout the term of this Agreement, Broker and all employees and officers of Broker who are performing Broker’s duties under this Agreement shall maintain their licenses as real estate brokers and shall fulfill all licensing requirements.

ARTICLE 3
BROKER’S DUTIES AND RESPONSIBILITIES

3.1 Subject to the Scope of Work, during the term of this Agreement, Broker shall:

a. diligently investigate, analyze and disclose to Owner all offers and/or inquiries to purchase or lease the Property which are received by Broker or are referred to Broker by third parties, including other brokers;

b. obtain all references reasonably required by Owner (including at least one bank reference) and a financial statement from each prospective purchaser or lessee of the Property;

c. cause cooperating brokers to execute a written acknowledgement of the commission schedule for outside brokers on a form reasonably satisfactory to Owner. It is understood that Owner shall have no responsibility for commissions which exceed those calculated as set forth in this Agreement or to any cooperating or outside broker unless agreed to in writing by Owner, in advance, prior to entering into any letter of intent, purchase and sale agreement, or lease agreement;

d. cooperate fully with Owner’s Property Manager, if any, who is responsible for managing, operating and maintaining the Property;

- e. cooperate fully with Owner and outside brokers in the sale or lease of the Property; and
- f. perform other similar sales functions or functions associated with leasing the Property upon Owner's reasonable request.

ARTICLE 4
TERM OF THIS AGREEMENT; TERMINATION

4.1 The term of this Agreement shall be for 36 months commencing October 1, 2019 and expiring September 30, 2022, or upon a completed sale or execution of a lease agreement, whichever comes first. Notwithstanding the foregoing, either party may elect to terminate this Agreement without cause upon thirty (30) days' prior written notice to the other party. Broker acknowledges that Owner shall have the right to terminate this Agreement immediately for cause, including but not limited to Broker's failure to perform hereunder, Broker's breach of duty, Broker's failure to use its best efforts to diligently market the Property and pursuant to Section 11.4 herein.

4.2 Subject to Section 4.3 below, if, prior to termination of this Agreement, Broker is involved in pending and active negotiations for the purchase and sale of the Property or the leasing of the property and such purchase and sale or lease is consummated within thirty (30) days after termination of this Agreement, as evidenced by the recordation of the deed to such purchaser and receipt by Owner of the Purchase Price (defined below), or of an executed lease agreement and the first month's Rent for the Property (defined below), Owner shall pay to Broker a commission as stipulated in Article 5. This provision shall not apply if Owner terminates this Agreement for cause.

4.3 Prior to termination, Broker shall submit to Owner a list of prospective purchasers or lessees with whom Broker claims to have pending and active negotiations. As used in this Agreement, pending and active negotiations shall mean that the potential purchaser or lessee and Owner have either executed a purchase and sale agreement or intent to lease, that has not been terminated or Owner and purchaser have executed a letter of intent in a form approved by Owner in its sole discretion. Broker shall, upon Owner's request, provide reasonable descriptions and documentation regarding pending and active negotiations with prospective purchasers or lessees.

4.4 If, within thirty (30) days after the termination of this Agreement, a sale of any of the Property is not closed as evidenced by recordation of the deed to such prospective purchaser and receipt of the Purchase Price by Owner or a lease agreement is not executed, then Owner shall have no obligation to pay Broker a commission with respect to such transaction or prospective purchaser or lessee on its own behalf or through another broker free of any obligation to Broker for a commission.

4.5 In the event Owner terminates this agreement and a commission is not paid, the parties shall have no further obligation to each other (except for any obligation which expressly survive).

ARTICLE 5
SALES COMMISSIONS

5.1 For the purpose of this Agreement, the term “**Purchase Price**” shall mean the amount received or to be received by Owner in connection with the sale of the Property; or alternatively, in the event the Property is leased, the term “**Rent**” shall mean the amount to be received from lessee pursuant to the Lease Term schedule.

5.2 With respect to sale or lease of the Property during the term hereof, Owner will pay a commission as more particularly described below. Owner hereby agrees to pay Broker said commission from funds available in the sales escrow or as per the applicable lease term schedule below. All commissions due under this Agreement shall be paid to Broker via wire transfer in immediately available funds to a bank account designated by Broker.

(a) Sale: If buyer is represented by outside broker 1.5% of the total sales price plus 3.5% to Broker; or if buyer is represented by Broker or unrepresented, 4.0% of total sales price.

(b) Lease Term Schedule for Landlord’s Broker only (no tenant broker).
1st through 5th year: 5.5% of Rent
6th through 10th year: 2.75% of Rent
11th through 15th year: 1.375% of Rent
16th through 20th year: 0.6875% of Rent

Lease Term Schedule for Landlord’s Broker and Tenant Broker. Landlord’s Broker to receive 2/3 of the below schedule and Tenant broker to receive 1/3 of the below schedule:

1st through 5th Year: 7.5% of Rent
6th through 10th Year: 3.75 of Rent
11th through 15th year: 1.875% of Rent
16th through 20th year: 0.9375% of Rent

5.3 Provided Owner pays Broker the commission set forth in Section 5.2 of this Agreement, Broker shall be responsible for paying the outside or cooperating broker its commission within three (3) days after Broker’s receipt of its commission in accordance with Section 5.2 of this Agreement.

ARTICLE 6
AUTHORITY OF OWNER AND BROKER

6.1 Owner shall have the exclusive right and authority to execute and deliver letters of intent, purchase and sale agreements, lease agreements, modifications and amendments thereto, and all other agreements with respect to the Property.

6.2 Broker shall have no authority to bind Owner to any offer, purchase and sale agreement, lease agreement or other contract and Owner has no obligation to sell or lease the Property or enter into any purchase and sale agreement or other contract with any party. Broker shall only have authority to meet with prospective purchasers or lessees and, subject to Owner’s

approval, negotiate the terms and conditions of a proposed sale or lease in accordance with the Scope of Work and Owner's instructions from time to time. The proposed terms and conditions of any proposed sale or lease must be stated in a written proposal which shall expressly recite that the terms and conditions are subject to Owner's approval and which shall contain such other conditions and acknowledgements as Owner may require.

6.3 Broker acknowledges that Owner intends to sell the Property "as-is," except for any specific representation and warranty that Owner may specifically agree to in a purchase and sale agreement with a particular purchaser. Broker shall not have authority to make any representations or warranties regarding the condition of the Property without the prior written consent of Owner.

6.4 In the event Owner elects to lease the Property, Broker acknowledges that Owner may negotiate certain terms with respect to modification of the Property to accommodate a lessee. Broker shall not have authority to make any representations or warranties regarding the condition or potential modification of the Property without the prior written consent of Owner.

ARTICLE 7 **INDEMNIFICATION**

7.1 Broker shall protect, indemnify, and hold Owner harmless from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including attorneys' fees and court costs, sustained and incurred by or asserted against Owner by reason of or arising out of Broker's breach of or failure to perform properly the duties and obligations required under this Agreement or Broker's misrepresentations or activities outside the scope of this Agreement, including, without limitation, claims for commissions by outside or cooperating brokers.

7.2 Should any claims, demands, suits or other legal proceedings be made or instituted against Owner with respect to the sale of the Property, Broker agrees to give Owner all necessary information and assistance in the defense or other disposition thereof.

7.3 Owner agrees to disclose to Broker and to prospective purchasers or lessees any and all material information which Owner has actual knowledge regarding the condition of Property. As used herein, actual knowledge of Owner means the actual knowledge of the asset management team of Owner assigned or previously assigned to the Property or Property in question without any duty of inquiry or investigation.

ARTICLE 8 **ASSIGNMENT**

8.1 Broker shall not have the right to assign its rights under this Agreement or delegate its duties under this Agreement to any person or entity (whether voluntarily, involuntarily or by operation of law) without the prior written consent of Owner, which may be withheld in Owner's sole and absolute discretion.

ARTICLE 9
BOOKS AND RECORDS

9.1 Broker shall keep adequate books and records of all matters contemplated by this Agreement and shall also allow a representative of Owner, during normal business hours, to examine said books and records and any relevant correspondence pertaining to this Agreement.

9.2 In the event of termination of this Agreement, Broker agrees to deliver to Owner copies of all such books, records and correspondence pertaining to the Property or this Agreement immediately upon request of Owner.

ARTICLE 10
NOTICES

10.1 All notices under this Agreement shall be in writing and shall be served either personally, by overnight delivery service, or by registered or certified mail, return receipt requested, addressed to Owner and Broker as follows:

To Owner: Moulton Niguel Water District
 Attn: Director of Engineering
 P.O. Box 30203
 Laguna Niguel, CA 92607
 Phone: (949) 831-2500
 Email: RWoods@mnwd.com

To Broker: Colliers International Greater Los Angeles, Inc.
 Attn: Robert G. Caudill, designated broker State of
 California
 Address: 3 Park Plaza, Suite 1200
 City/State/Zip: Irvine, CA 92614
 Phone: (949) 724-5550
 Email: bob.caudill@colliers.com
 California Real Estate License: 00813140

10.2 All notices shall be deemed delivered upon the earliest of (a) receipt thereof by Owner and Broker, as the case may be, or (b) three (3) business days after posting in accordance with Section 10.1. If the date on which any notice to be given hereunder falls on a Saturday, Sunday or legal holiday, then such date shall automatically be extended to the next business day immediately following such Saturday, Sunday or legal holiday. The addresses of the parties set forth in Section 10.1 above may be changed by written notice given in accordance with this Article 10.

ARTICLE 11
MISCELLANEOUS PROVISIONS

11.1 This Agreement represents the entire understanding between Owner and Broker and supersedes all prior negotiations, representations and agreements between them, both written and oral. This Agreement may only be modified pursuant to a written agreement.

11.2 This Agreement and the rights and obligations of Owner and Broker shall be interpreted, construed and enforced in accordance with the laws of the State of California.

11.3 If either party files an action or brings any proceeding against the other arising out of this Agreement, the prevailing party shall be entitled to recover, as costs of suit and not damages, reasonable attorneys' fees as fixed by the court or other arbiter. The "prevailing party" shall be the party entitled to recover its costs of suit, whether or not suit proceeds to final judgment. No sum for attorneys' fees shall be considered in calculating the amount of a judgment for purposes of determining whether a party is entitled to its cost of suit.

11.4 Broker shall immediately notify Owner in the event Broker or any of its licensed agents becomes the subject of any investigation or proceeding brought by any applicable licensing agency having jurisdiction over Broker in matters adversely affecting Broker's or any of its agent's license or its ability to perform any of its obligations under this Agreement. Broker acknowledges that Owner is entering this Agreement in reliance on Broker's reputation for ethical and professional conduct, Broker's experience and Broker's past performance. In the event that any such licensing agency determines that Broker has acted unprofessionally or unethically in regards to its licensing activities, Owner shall be entitled to terminate this Agreement for cause, in addition to any other remedies available to Owner.

11.5 The Property is offered without regard to race, creed, color, sex, national origin, or religion.

11.6 Owner acknowledges receipt of a copy of this Exclusive Listing Agreement which Owner has read and understands.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

OWNER:

BROKER:

Moulton Niguel Water District,
a California Water District duly formed and
operating under the California Water District
Law set forth in the California Water Code

Colliers International Greater Los Angeles,
Inc.

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT “A”
SCOPE OF WORK

Broker’s Services under this Agreement shall include, but not be limited to the following:

Project Management & Administration

- Conduct/attend meetings as required
- Coordinate with District, Starpointe Ventures, and others
- Perform quality assurance/quality control
- Prepare and maintain project schedule
- Perform other related duties as requested by District

Strategic Planning & Underwriting

- Establish objectives and start financial modeling
- Execute listing agreement
- Property recommendations
- Conduct initial physical inspection and evaluate property condition
- Compile due diligence
- Review building plans/demo plans
- Create property description, focus on unique re-positioning new development concepts
- Compile targeted investor & developer lists
- Schedule photographs, aerials, and drone
- Highest and best analysis
- Void analysis–when needed
- Install signage
- Create property collateral
- Develop owner’s preferred reporting system (template)
- Schedule reporting calls/meetings

Pre-Marketing

- Send offering brochure to approved list of investors/developer/retailers (and post to website), with request for buyer qualifications and signed confidentiality agreements
- Present ownership with draft of offering memorandum
- Finalize offering materials
- Contact investors promoting the offering and request qualifications and confidentiality agreement

Marketing

- Develop target buyers
- Send offering memorandum
- Utilize social media marketing to include Twitter, Facebook, and LinkedIn
- Deliver professional marketing brochures and discuss property advantages with prospects

- Send direct mail announcements announcing availability and property highlights and advantages
- Respond to all broker inquiries quickly and accurately with professional marketing materials.
- Contact all credible prospects by phone
- Conduct on-site presentations and property tours
- Distribute weekly activity reports to District
- Follow-up with prospective buyers

Bid Analysis and Buyer Notification

- Call for offers
- Investor & user/buyer bids are due/date/deadline
- Analyze individual offers
- Interview top bidders
- Distribute due diligence materials
- Call for best and final offers from top bidders
- Request contract mark-ups
- Select primary and back-up offers
- Negotiate terms of purchase/lease

Negotiations

- Finalize contract(s)
- Coordinate appraisal package and inspections for buyer
- Coordinate all due diligence tours
- Negotiate purchase/lease agreement
- Monitor purchaser's commitment to closing
- Coordinate escrow and prepare escrow tracker
- Respond to all issues that arise from purchase due diligence

Closing

- Finalize closing documents
- Prepare final closing summary to District

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
September 26, 2019

Year to date unaudited results of operations as of July 31, 2019, are summarized below.

Total operating revenues were \$5.6 million for the month ended, which came in at 8% of the budget. Total operating expenses ended at \$7.4 million, which amounted to 9% of the approved budget. Total Net Loss for the month ended was (\$3.8) million.

The net loss is not unusual at this time of the year. The District expects to receive \$28.6 million in property tax revenues during the fiscal year, and those revenues are typically received in December and April each fiscal year.

The District currently has \$6.0 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.

The District has a total of \$116.3 million in available Cash and Investments as of July 31, 2019, down approximately \$2.1 million from June 30, 2019. This change was anticipated in the Ten-Year Cash Flow and is related to executing the District's capital improvement program. So far in Fiscal Year 2019-20, \$3.6 million has been spent on the District's CIP program, and \$0.3 million has been spent on scheduled debt service payments.

Additionally, the District holds \$5.9 million invested in trustee accounts to satisfy covenants associated with outstanding debt issuances. The 2019 Revenue Refunding Bonds balance has temporarily decreased below the reserve requirement due to market decreases in the value of the investments held.

Based on the approved FY 19/20 Budget, the Board has established a target reserve level of \$69.7 million, and as of July 31, 2019, the District held \$69.7 million in reserves. Additionally, there is \$19.2 million available in the funds designated for capital projects. As the District receives additional monies from property taxes, additional funds will become available in the capital project funds.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Year To Date Totals July 31, 2019

	1	2	3	=3-1	=1/3
Description	Fiscal Year to Date Actuals	Prior Fiscal Year to Date Actuals	Current Year Approved Budget	Current Year Budget Balance	% of Actuals to Budget
ALL FUNDS					
Operating Revenues					
Water Sales	\$ 2,476,184	\$ 2,606,867	\$ 31,512,227	\$ 29,036,043	8%
Recycled Water Sales	563,434	661,737	6,438,316	5,874,882	9%
Sewer Sales	2,181,569	2,079,974	24,065,352	21,883,783	9%
Water Efficiency	300,731	323,852	4,764,604	4,463,873	6%
Other Operating Income	37,651	38,363	911,436	873,785	4%
A Total Operating Revenue	5,559,569	5,710,792	67,691,935	62,132,366	8%
Operating Expenses					
Salaries	1,379,787	1,093,710	14,413,800	13,034,013	10%
PERs Employer Contributions	231,909	184,085	2,547,924	2,316,015	9%
Defined Contribution 401A	23,833	18,943	265,601	241,768	9%
Educational Courses	449	445	80,934	80,485	1%
Travel & Meetings	10,046	19,262	387,140	377,094	3%
Recruitment & Employee Relations	355	5,660	93,813	93,459	0%
General Services	12,758	12,380	490,292	477,534	3%
Annual Audit	-	-	62,500	62,500	0%
Member Agencies O&M	-	89,923	541,714	541,714	0%
Dues & Memberships	10,819	23,688	203,082	192,262	5%
Consulting Services	59,626	10,374	3,543,300	3,483,674	2%
Equipment Rental	930	611	66,500	65,570	1%
District Fuel	26,389	7,944	315,000	288,611	8%
Insurance - District	43,204	36,854	532,850	489,646	8%
Insurance - Personnel	39,480	31,112	369,692	330,212	11%
Insurance - Benefits	433,315	408,577	3,799,415	3,366,100	11%
Legal Services - Personnel	-	-	50,000	50,000	0%
Legal Services - General	-	-	1,020,000	1,020,000	0%
District Office Supplies	31,819	16,584	840,305	808,486	4%
District Operating Supplies	56,553	17,196	1,045,269	988,716	5%
Repairs & Maintenance - Equipment	78,694	52,479	1,074,550	995,856	7%
Repairs & Maintenance - Facilities	82,230	111,097	3,950,249	3,868,019	2%
Safety Program & Compliance Requirements	14,693	2,624	366,898	352,205	4%
Wastewater Treatment ¹	2,287,385	2,339,764	9,471,915	7,184,530	24%
Special Outside Assessments ²	27,233	27,356	33,600	6,367	81%
Utilities	267,514	89,290	2,992,102	2,724,588	9%
Water Purchases	2,305,726	2,614,295	28,997,811	26,692,085	8%
Meter / Vault Purchases	599	265	-	(599)	n/a
Water Efficiency	-	-	1,883,000	1,883,000	0%
Other Operating Expenses	-	1,752	-	-	n/a
B Total Operating Expenses	7,425,346	7,216,271	79,439,255	72,013,909	9%
A-B Operating Income (Loss)	(1,865,777)	(1,505,478)	(11,747,320)	(9,881,543)	16%
Non-Operating Revenues (Expenses)					
Property Tax Revenue	-	-	28,599,883	28,599,883	0%
Investment Income ³	(117,680)	(36,525)	2,108,233	2,225,913	-6%
Property Lease Income	150,701	145,542	1,800,265	1,649,564	8%
Interest Expense	(293,180)	(413,090)	(3,027,210)	(2,734,030)	10%
Misc. Non-Operating Income (Expense)	66,179	40,594	933,435	867,256	n/a
Capacity Fees	-	37,621	384,339	384,339	0%
Demand Offset Fees	-	-	36,000	36,000	0%
C Total Non-Operating Revenue (Expenses)	(193,981)	(225,857)	30,414,606	30,608,587	-1%
A-B+C Change in All Funds	\$ (2,059,757)	\$ (1,731,335)	\$ 18,667,286	\$ 20,727,044	
Other Non Cash Expenses					
Depreciation	1,719,284	1,628,780	-	(1,719,284)	n/a
D Total Change in Net Position	\$ (3,779,041)	\$ (3,360,115)	\$ 18,667,286	\$ 22,446,327	

Note: Totals may not sum due to rounding.

1. The District paid the 1st Quarter invoice to SOCWA for O&M charges, covering the months of July, August, and September.

2. The District paid the FY 19-20 LAFCO fees to the County of Orange.

3. Investment income is comprised of realized income of \$130,214 and unrealized income of (\$247,894).

Moulton Niguel Water District
 All Funds - Budget Comparison Report
 Year To Date Totals July 31, 2019
 Legal Services - General

Firm	Water Use		Capital	Total
	General	Efficiency		
Alvarado Smith APC	\$ -	\$ -	\$ -	\$ -
Best Best & Krieger LLP	-	-	-	-
Downey Brand, Attorneys	-	-	-	-
Total	-	-	-	-
Budget Amount	1,000,000	20,000	-	1,020,000
Budget Balance	\$ 1,000,000	\$ 20,000	n/a	\$ 1,020,000

Note: Totals may not sum due to rounding.

Consulting Services - Grant Administration

Firm	YTD	Overall
Nossaman LLP	\$ 2,750	\$ 74,250
West Yost Associates ¹	9,053	148,962
Grants Received ²	(2,000,000)	(2,000,000)
Totals	\$ (1,988,198)	\$ (1,776,788)

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

2. The District has received two grants from the US Bureau of Reclamation, totalling \$1.8 million. Additionally, the District has received a \$0.2 million grant from Metropolitan Water District of Southern California.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Year To Date Totals July 31, 2019

	1	2	=1-2	=2/1
Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND				
<u>Operating Revenues</u>				
Water Sales	\$ 31,512,227	\$ 2,476,184	\$ 29,036,043	8%
Recycled Water Sales	6,438,316	563,434	5,874,882	9%
Sewer Sales	24,065,352	2,181,569	21,883,783	9%
Other Operating Income	911,436	37,651	873,785	4%
A Total Operating Revenue	62,927,331	5,258,838	57,668,493	8%
<u>Operating Expenses</u>				
Salaries	13,073,384	1,299,387	11,773,996	10%
PERs Employer Contributions	2,374,048	217,633	2,156,415	9%
Defined Contribution 401A	240,739	22,319	218,421	9%
Educational Courses	79,934	449	79,485	1%
Travel & Meetings	347,140	9,262	337,878	3%
Recruitment & Employee Relations	93,813	355	93,459	0%
General Services	490,292	12,758	477,534	3%
Annual Audit	62,500	-	62,500	0%
Member Agencies O&M	541,714	-	541,714	0%
Dues & Memberships	139,857	5,819	134,037	4%
Consulting Services	1,603,300	26,431	1,576,869	2%
Equipment Rental	66,500	930	65,570	1%
District Fuel	315,000	26,389	288,611	8%
Insurance - District	532,850	43,204	489,646	8%
Insurance - Personnel	339,306	37,712	301,595	11%
Insurance - Benefits	3,267,475	405,655	2,861,820	12%
Legal Services - Personnel	50,000	-	50,000	0%
Legal Services - General	1,000,000	-	1,000,000	0%
District Office Supplies	493,680	20,681	472,999	4%
District Operating Supplies	1,044,654	56,553	988,102	5%
Repairs & Maintenance - Equipment	969,300	78,694	890,606	8%
Repairs & Maintenance - Facilities	3,950,249	82,230	3,868,019	2%
Safety Program & Compliance Requirements	364,548	14,560	349,987	4%
Wastewater Treatment	9,471,915	2,287,385	7,184,530	24%
Special Outside Assessments	33,600	27,233	6,367	81%
Utilities	2,992,102	267,514	2,724,588	9%
Water Purchases	28,997,811	2,305,726	26,692,085	8%
Meter / Vault Purchases	-	599	(599)	n/a
B Total Operating Expenses	72,935,710	7,249,478	65,686,232	10%
A-B Operating Income (Loss)	(10,008,379)	(1,990,640)	(8,017,739)	20%
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	28,599,883	-	28,599,883	0%
Investment Income	2,076,671	(68,114)	2,144,785	-3%
Property Lease Income	1,800,265	150,701	1,649,564	8%
Misc. Non-Operating Income (Expense)	250,812	11,067	239,745	n/a
C Total Non-Operating Revenue (Expenses)	32,727,631	93,654	32,633,977	0%
A-B+C Change in General Fund	\$ 22,719,252	\$ (1,896,986)	\$ 24,616,238	-1%
<u>Other Non Cash Expenses</u>				
Depreciation	-	1,719,284	(1,719,284)	n/a
D Total Change in Net Position	\$ 22,719,252	\$ (3,616,269)	\$ 26,335,521	

Note: Totals may not sum due to rounding.

Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Year To Date Totals July 31, 2019

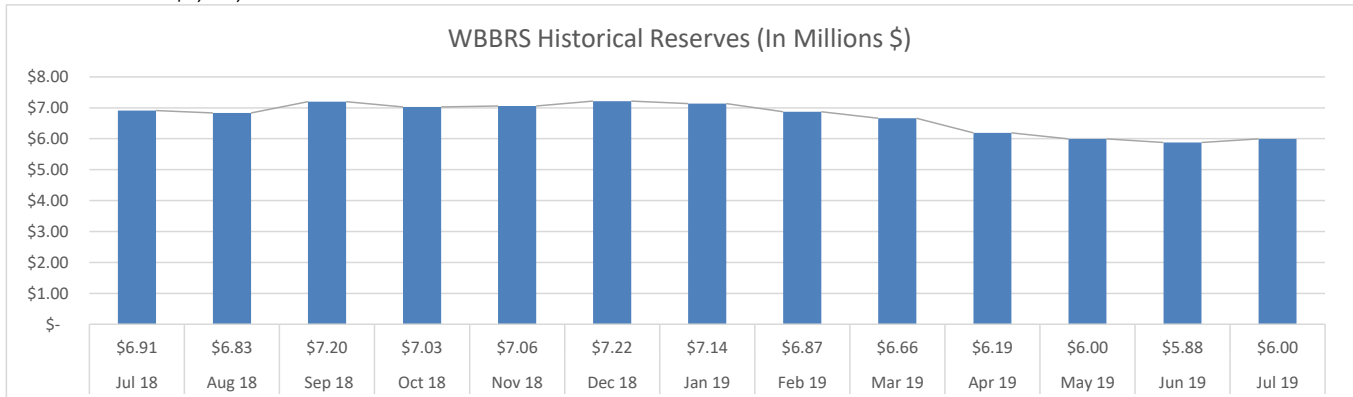
	1	2	=1-2	=2/1
Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND				
<u>Projected Operating Revenue</u>				
Water Efficiency	\$ 4,764,604	\$ 300,731	\$ 4,463,873	6%
A	4,764,604	300,731	4,463,873	6%
<u>Projected Operating Expenses</u>				
Labor	2,101,479	125,618	1,975,861	6%
Educational Courses	1,000	-	1,000	0%
Travel & Meetings	40,000	784	39,216	2%
Dues & Memberships	63,225	5,000	58,225	8%
Consulting Services	1,940,000	33,195	1,906,805	2%
Legal Services	20,000	-	20,000	0%
Conservation supplies	347,240	11,138	336,102	3%
Repairs and Maintenance - Equipment	105,250	-	105,250	0%
Safety Program & Compliance Requirements	-	133	(133)	n/a
Water Efficiency	1,883,000	-	1,883,000	0%
B	6,501,194	175,868	6,325,326	3%
A-B	(1,736,590)	124,863	(1,861,453)	-7%
<u>Projected Non-Operating Revenue</u>				
Demand offset fees	36,000	-	36,000	0%
Investment Income	31,562	(6,589)	38,151	-21%
C	67,562	(6,589)	74,151	-10%
A-B+C	\$ (1,669,028)	\$ 118,275	\$ (1,787,302)	

Note: Totals may not sum due to rounding.

Water Efficiency Available Net Position¹

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance
Fund Net Position, Beginning of Year	\$ 7,166,522	\$ 7,166,522	\$ 7,166,522
Projected Change in Water Efficiency Fund	(1,669,028)	118,275	(1,787,302)
Project Commitments		\$ (1,288,225)	
Capital Spending	(4,742,500)	-	
Fund Net Position, Year To Date Totals July 31, 2019	\$ 754,994	\$ 5,996,572	

1. In addition to realized expenditures, there is approximately \$1,288,225 in project commitments, reducing the available WBBRS reserve balance to \$5,996,572.



MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	<u>(Unaudited)</u> <u>July 31, 2019</u>	<u>(Unaudited)</u> <u>June 30, 2019</u>
CURRENT ASSETS:		
Cash and investments ¹	\$ 24,605,666	\$ 26,076,111
Accounts receivables:		
Water and sanitation charges	3,219,743	3,761,531
Property taxes	-	309,158
Other accounts receivable	1,826,285	1,851,349
Interest receivable	621,036	802,267
Inventory	995,716	1,054,341
Prepaid expenses	1,763,201	750,393
TOTAL CURRENT ASSETS	33,031,647	34,605,150
NONCURRENT ASSETS:		
Investments ¹	91,670,954	92,291,667
Restricted cash and investments with fiscal agent	5,875,031	5,888,857
Retrofit loans receivable	488,853	490,468
Capital assets, net of accumulated depreciation	379,652,640	381,319,918
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress ¹	17,034,407	13,508,235
TOTAL NONCURRENT ASSETS	495,813,795	494,591,055
TOTAL ASSETS	528,845,442	529,196,205
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	407,354	415,501
Deferred Items related to Pension	5,122,331	5,122,331
Deferred Items related to OPEB	479,511	479,511
TOTAL DEFERRED OUTFLOW OF RESOURCES	6,009,196	6,017,343
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$	534,854,638	\$ 535,213,548

1. Total cash and investments has changed (\$2,091,158) during this fiscal year. \$3,579,103 has been spent on capital projects and \$293,180 has been spent on debt service.

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited)	(Unaudited)
	July 31, 2019	June 30, 2019
	<hr/>	<hr/>
CURRENT LIABILITIES:		
Accounts payable	\$ 14,593,826	\$ 11,498,184
Interest payable	1,327,385	1,069,055
Compensated absences	958,330	861,269
Current portion of long-term debt:		
Bonds payable	3,360,000	3,360,000
Loans Payable	1,283,260	1,283,260
Certificates of participation	-	-
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	21,522,801	18,071,767
	<hr/>	<hr/>
LONG-TERM LIABILITIES		
Compensated absences	319,443	287,090
Long-term debt:		
Bonds payable	57,170,000	57,170,000
Loans payable	3,805,058	3,805,058
Certificates of participation	-	-
Net Pension Liability	20,386,747	20,386,747
Net OPEB Liability	1,540,822	1,540,822
	<hr/>	<hr/>
TOTAL LONG-TERM LIABILITIES	83,222,070	83,189,716
	<hr/>	<hr/>
Bond Discount/Premium	11,052,844	11,116,102
	<hr/>	<hr/>
TOTAL LIABILITIES	115,797,715	112,377,586
	<hr/>	<hr/>
DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	1,184,247	1,184,247
Deferred items related to OPEB	14,312	33,395
	<hr/>	<hr/>
TOTAL DEFERRED INFLOW OF RESOURCES	1,198,559	1,217,642
	<hr/>	<hr/>
NET POSITION:		
Net investment in capital assets	321,515,150	319,601,144
Restricted for capital projects	177,406	375,294
Unrestricted	96,165,809	101,641,882
	<hr/>	<hr/>
TOTAL NET POSITION	417,858,364	421,618,320
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 534,854,638	\$ 535,213,548
	<hr/> <hr/>	<hr/> <hr/>

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
As of July 31, 2019

	Reserve Requirement	(Unaudited) Balance 7/31/2019	Over (Under) Requirement	(Unaudited) Balance 6/30/2019	Outstanding Debt Balance 7/31/2019
Restricted Cash and Investments:					
2014 Consolidated Ref Bonds	\$ -	\$ 2	\$ 2	\$ 2	\$ 1,465,000
2015 Refunding Bonds	-	15	15	15	-
2015 Refunding Reserve	1,226,500	1,303,277	76,777	1,305,064	10,460,000
2019 Revenue Bonds Reserve	4,487,500	4,478,846	(8,654)	4,490,894	48,605,000
2019 Revenue Bonds	-	92,891	92,891	92,882	-
CIEDB Loans	-	-	-	-	551,499
SRF Loans	-	-	-	-	4,536,819
Total Restricted Trust Accounts	\$ 5,714,000	\$ 5,875,031	\$ 161,031	\$ 5,888,857	\$ 65,618,318

Note: Totals may not sum due to rounding.

FY	Payoff Schedule			
	Principal*	Interest	Fees	Totals
2020	\$ 4,643,260	\$ 3,027,210	\$ 1,655	\$ 7,672,124
2021	3,297,912	2,880,057	1,119	6,179,088
2022	3,418,059	2,753,035	229	6,171,323
2023	3,354,087	2,620,508	-	5,974,595
2024	2,300,000	2,487,750	-	4,787,750
2025 ¹	2,055,000	2,378,875	-	4,433,875
2026	2,155,000	2,273,625	-	4,428,625
2027	2,265,000	2,163,125	-	4,428,125
2028	2,380,000	2,046,100	-	4,426,100
2029	2,500,000	1,925,000	-	4,425,000
2030	2,620,000	1,797,000	-	4,417,000
2031	2,755,000	1,662,625	-	4,417,625
2032	2,890,000	1,521,500	-	4,411,500
2033	3,035,000	1,373,375	-	4,408,375
2034	3,185,000	1,217,875	-	4,402,875
2035	3,345,000	1,054,625	-	4,399,625
2036	3,515,000	883,125	-	4,398,125
2037	3,690,000	703,000	-	4,393,000
2038	3,875,000	513,875	-	4,388,875
2039	4,070,000	315,250	-	4,385,250
2040	4,270,000	106,750	-	4,376,750
	\$ 65,618,318	\$ 35,704,285	\$ 3,002	\$ 101,325,605

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

1. Principal payments starting in FY 2025 all relate to the 2019 Revenue Refunding Bonds.

MOULTON NIGUEL WATER DISTRICT
NET POSITION
As of July 31, 2019

	<u>Reserve Target</u>	<u>(Unaudited) Balance 7/31/2019</u>	<u>Net Change</u>	<u>(Unaudited) Balance 6/30/2019</u>
Adopted Reserve Targets ¹				
Designated for Self Insurance Reserve	\$ 250,000	\$ 249,775	\$ 8,351	\$ 241,424
Designated for Rate Stabilization	14,299,942	14,299,942	(526,838)	14,826,780
Designated for Emergency Reserves	35,300,000	35,300,000	-	35,300,000
Designated for Operating Reserves ²	19,859,814	19,860,038	(4,341,743)	24,201,781
Total Adopted Reserve Targets	\$ 69,709,755	\$ 69,709,755	\$ (4,860,230)	\$ 74,569,985
	FY Capital Budget ⁴			
Designated for Capital Projects ³				
Designated for Replacement and Refurbishment	\$ 43,624,388	12,859,245	\$ 9,833,481	\$ 3,025,764
Designated for Water Supply Reliability	-	-	(346,493)	346,493
Designated for Planning and Construction	21,413,204	6,312,011	(10,240,193)	16,552,204
Total Designated for Capital Projects	\$ 65,037,592	\$ 19,171,256	\$ (753,205)	\$ 19,924,461
Other amounts				
Designated for Water Efficiency (WBBRS) ⁵		\$ 7,284,797	\$ 118,275	\$ 7,166,522
Restricted for Capital Facilities (Projects)		177,406	(197,888)	375,294
Net Investment in Capital Assets ⁶		321,515,150	1,914,006	319,601,144
Total Other amounts		\$ 328,977,352	\$ 1,834,392	\$ 327,142,960
Total Net Position		\$ 417,858,364	\$ (3,779,042)	\$ 421,637,406

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 \$38,353,115.
3. Balances in the Capital Project Funds represent available and designated cash to fund identified CIP projects.
4. FY Budget also includes capital expenses of \$1,949,601 and \$4,742,500 in Funds 1 and 6, respectively, bringing the total CIP budget to \$1,949,601.
5. In addition to realized expenditures, there is approximately \$1,288,225 in project commitments, reducing the available WBBRS reserve balance to \$5,996,572.
6. Net Investment in Capital Assets calculated as follows:

Total capital assets	\$ 397,778,957
Less capital related debt	(76,671,161)
Add deferred charges related to debt	407,354
Total Net Investment in Capital Assets	\$ 321,515,150

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF AUGUST**

Summary of Disbursements in August:

General Fund Disbursements		9,463,860
<u>Restricted Fund Disbursements:</u>		
Water Efficiency Fund	216,305	
Replacement & Refurbishment Fund	5,020,105	
Planning & Construction Fund	637,851	
CIEDB Loan	8,016	
1998 SRF Loan	1,184,595	
2014 GOB ('03 Refunding)	1,490,374	
2015 COP ('03 Refunding)	2,156,485	
2019 COP ('09 Refunding)	1,122,234	11,835,964
Total Disbursements for all Funds		\$ 21,299,825

Detail of Major Expenditures in August:

1. South Orange County Wastewater Authority (SOCWA) FY 19/20 Q1 Deposit		5,805,520
2. Municipal Water District of Orange County (MWD OC)		
June Water Purchases 1882.6 AF	1,976,730	
FY 19/20 Annual Retail Service Connection Charge	653,579	
June Readiness to Serve	103,757	
June Capacity Charge	27,463	
June Turf Removal, Smart Timer Rebates, and Rotating Nozzles	25,128	
June SCP and SAC Operation Surcharges	4,616	
#REF!	<u>#REF!</u>	#REF!
3. Irvine Ranch Water District (IRWD)		
May & Jun'19 Untreated MWD Water from Irvine Lake	621,917	
FY 18/19 Q4 Baker Water Treatment Plant O&M	<u>428,980</u>	1,050,897
4. Ferreira Construction Co., Inc.		
C #2016022 Camino Capistrano Yard Improvement, progress payments #5 & #6	516,073	
C #2017006 Valve Replacements, progress payments #4 & #5	404,752	
Emergency Water Service Repairs at multiple locations	<u>25,258</u>	946,083
5. Trautwein Construction, Inc.		
C #2016007 54-Inch Intertie Pipeline Improvements, progress payment #3		420,755
6. J. Colon Coatings, Inc.		
C #2018019 Rehabilitation of the Bear Brand Reservoir, progress payment #3		132,654
4. South Coast Water District (SCWD)/JRWSS		
FY 19/20 Q1 Fixed O&M Charges		128,543
8. Gateway Pacific Contractors, Inc.		
C #2017003 Reservoir Management Systems Replacement, progress payment #2		101,650