

BOARD OF DIRECTORS

July 16, 2018

Douglass S. Davert
President

Richard B. Bell
Vice President

John Dulebohn
Director

Seymour (Sy) Everett
Director

John L. Sears
Director

Lisa Ohlund
General Manager

**Board of Directors
East Orange County Water District
185 N. McPherson Road
Orange, CA 92869**

Dear Members of the Board:

Please be advised that the regular meeting of the Board of Directors of the East Orange County Water District will be held on Thursday, July 19, 2018, at 5:00 p.m. in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Enclosed please find the agenda for the meeting.

Sincerely,

EAST ORANGE COUNTY WATER DISTRICT

By: 
**Jeff Hoskinson
District Secretary**

JAH:ad

Enclosures

cc: Mailing List

AGENDA

JOINT MEETING OF THE
EAST ORANGE COUNTY WATER DISTRICT (EOCWD) AND
CFD 2018-1 OF THE EAST ORANGE COUNTY WATER DISTRICT

Thursday,
July 19, 2018
185 N. McPherson Road, Orange, California

5:00 p.m.

1. **Call Meeting to Order; Pledge of Allegiance – Director Everett**
2. **Public Communications to the Board**
3. **Addition of Items Arising After Posting of Agenda Requiring Immediate Action**
(Requires 2/3 vote or unanimous vote if less than 2/3 of members are present)

Recommended Motion: “THAT IT BE DETERMINED THAT THE NEED TO TAKE IMMEDIATE ACTION ON [SPECIFY ITEM(S)] CAME TO THE DISTRICT’S ATTENTION AFTER POSTING OF THE AGENDA AND THAT SUCH ITEM(S) BE ADDED TO THE AGENDA”

4. **Consent Calendar** (all matters listed are recommended for enactment without discussion by a single motion; a member of the Board may request that any item be removed for discussion)

Recommended Motion: “THAT THE CONSENT CALENDAR ACTIONS BE ADOPTED AS FOLLOWS:”

- A. Minutes (Exhibit “A”): “THAT THE MINUTES OF THE JUNE 21, 2018 REGULAR MEETING OF THE BOARD AND JULY 9, 2018 SPECIAL MEETING OF THE BOARD BE APPROVED AS SUBMITTED.”
 - B. General Manager’s Report (Exhibit “B”): “THAT THE GENERAL MANAGER’S REPORT BE RECEIVED AND FILED.”
5. **Community Facilities District (“CFD”) 2018-1 of EOCWD** – For Item Nos. 5(A) and (B), the Board will be meeting and acting as the Legislative Body of CFD 2018-1 of the EOCWD
 - A. Ordinance No. 2018-1 (Second Reading and Adoption) - Authorizing the Levy of Special Tax Within EOCWD (Exhibit “C”):

Recommended Motion: THAT ORDINANCE NO. 2018-1 BE PRESENTED FOR SECOND READING BY READING OF TITLE ONLY AND THAT THE CLERK FOREGO THE READING OF THE ENTIRE ORDINANCE NO. 2018-1, AND THAT THE BOARD THEREAFTER ADOPT ORDINANCE NO. 2018-1 AS PRESENTED.

- B. Presentation of Trust Indenture Agreements for Series 2018A and 2018B, and Consideration of Resolution No. ____ - Authorizing the Issuance of 2018 Special Tax Bonds in a Principal Aggregate Principal Amount Not to Exceed of \$700,000 and Approving Certain Documents and Taking Certain Other Actions in Actions in Connection Therewith (Exhibit “D”):

Recommended Motion: “THAT THE BOARD ADOPT RESOLUTON NO. ____, ENTITLED, ‘RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF THE EAST ORANGE COUNTY WATER DISTRICT, AUTHORIZING THE ISSUANCE OF ITS 2018 SPECIAL TAX BONDS IN A PRINCIPAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED SEVEN HUNDRED THOUSAND DOLLARS (\$700,000) AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.’”

6. Operation, Management and Construction Matters

- A. Improvement District No. 1 (ID1) (Sewer) Master Plan and Condition Assessment Study (Exhibit “E”):

Recommended Motion: “THAT THE BOARD ACCEPT THE ID1 SEWER MASTER PLAN AND CONDITION ASSESSMENT AND DIRECT STAFF TO IMPLEMENT IT’S RECOMMENDATIONS SUBJECT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA).”

7. Financial Matters

- A. Approval of schedules of disbursements (Exhibit “F”)
- B. Report on investments / ratification of investment activity (Exhibit “G”)
- C. Receipt and filing of financial statements (May 31, 2018) – (Exhibit “H”)

Recommended Motion: “THAT THE SCHEDULES OF DISBURSEMENTS FOR CONSIDERATION BE APPROVED AS SUBMITTED, THAT THE SCHEDULES OF INVESTMENTS BE RATIFIED AND APPROVED, AND THAT THE FINANCIAL STATEMENTS AND REPORTS BE RECEIVED AND FILED”

- D. Investment Activity Review (“Exhibit “I”):

Recommended Motion: “THAT THE BOARD RECEIVE AND FILE THE REPORT.”

8. Miscellaneous Matters

- A. Wholesale and retail water usage report – June 2018 (Exhibit “J”)

Recommended Motion: “THAT THE WHOLESALE AND RETAIL WATER USAGE REPORT BE RECEIVED AND FILED”

- B. Conference and Meeting Attendance Requests (Exhibit “K”)
- C. Directors’ reports on meetings attended at District expense (Government Code Section 53232.3) and Directors’ comments. Directors or staff may ask questions for clarification, make brief announcements, and make brief reports on their own activities. Directors may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning a matter, or direct staff to place a matter on a future agenda (Government Code § 54954.2)
- D. Regional/State Issues (Exhibit “L”)

9. Informational Items

- A. General interest publications (Attachment “1”)

10. Adjournment

The scheduled date of the next Regular Meeting of the Board of Directors is **August 16, 2018**, at 5:00 p.m., in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the East Orange County Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board are available for public inspection in the District’s office, 185 N. McPherson Road, Orange, California (“District Office”). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available at the reception desk of the District Office during business hours at the same time as they are distributed to the Board members, except that if such writings are distributed less than one hour prior to, or during, the meeting, they will be available in the meeting room of the District Office.

Disability-related accommodations: The East Orange County Water District Board of Directors meeting room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.) please contact Sylvia Prado in the District Office at (714) 538-5815 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to Sylvia Prado in the District Office, at least seventy-two (72) hours prior to the scheduled meeting.

June 21, 2018 Regular Meeting Minutes

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
EAST ORANGE COUNTY WATER DISTRICT

June 21, 2018

1. Call to Order. A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by DOUGLASS DAVERT, Director, at 5:00 p.m. on Thursday, April 19, 2018, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California, with Director RICHARD BELL leading the Pledge of Allegiance. JEFF HOSKINSON, Secretary, recorded the minutes of the meeting.

The following Directors were present: RICHARD BELL, DOUGLASS DAVERT, and JOHN SEARS. Director SEYMOUR EVERETT joined the meeting late, at the time indicated below, but was not in attendance at the beginning of the meeting. Director JOHN DULEBOHN was absent from the meeting. Also present were:

LISA OHLUND	General Manager
SYLVIA PRADO	District Administrative Assistant
JERRY MENDZER	Operations Manager
JEFF HOSKINSON	District Secretary and Legal Counsel
FRANK CAHILL	RCE Consultants
JOHN LEWIS	Lewis Consulting
MARILYN THOMS	Project Management Solutions
NICHOLAS ARMONTES	Consultant
STEVE ANDREWS	SAE

2. Public Communications to the Board. None.

3. Items Arising After Posting of Agenda. None.

4. Consent Calendar.

At the request of President DAVERT, Item 4(E) was pulled from the Consent Calendar. The Board, on a motion by BELL, seconded by SEARS, adopted by affirmative votes from BELL, DAVERT, and SEARS, the balance the balance of consent calendar items as follows:

- A.** Minutes: "THE MINUTES OF THE MAY 17, 2018 REGULAR MEETING OF THE BOARD AND THE JUNE 5, 2018 SPECIAL MEETING OF THE BOARD WERE APPROVED AS SUBMITTED."
- B.** General Manager's Report: "THE GENERAL MANAGER'S REPORT WAS RECEIVED AND FILED."
- C.** Appointment of Paul J. Kaymark of Platinum Consulting as Assistant Treasurer and Authorization of Signatures for All Accounts: "THE BOARD APPROVED RESOLUTION NO. 824, ENTITLED 'RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT APPOINTING AN

ASSISTANT TREASURER, AUTHORIZING SIGNATURES FOR ALL ACCOUNTS, AND RESCINDING PRIOR RESOLUTION.”

- D. 2018 Water Quality Report: “THE 2018 WATER QUALITY REPORT WAS RECEIVED AND FILED, AND WAS POSTED BY THE GENERAL MANAGER AS REQUIRED”; and
- F. Amendment No. 2 to Townsend & Associates Contract: “THE BOARD APPROVED AMENDMENT NO. 2 TO THE TOWNSEND & ASSOCIATES CONTRACT, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE SAID CONTRACT IN AN AMOUNT NOT TO EXCEED \$30,000.”

The Board then considered Item 4(E):

E. Resolution of Appreciation for Frank Cahill: General Manager Ohlund presented the item, detailing the service of Mr. Frank Cahill, of RCE Consultants to the District over the last several years. Mr. Cahill was presented with a copy of Resolution No. 825, and thank for his service to the District.

ACTION TAKEN:

The Board, on a motion by BELL, seconded by SEARS, on affirmative votes from BELL, DAVERT, and SEARS, adopted Resolution No. 825, entitled “RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT COMMENDING FRANK CAHILL FOR HIS LOYALTY AND DEDICATED SERVICE TO THE DISTRICT.”

**** Item 7(D) was heard out of order, before returning the regular Agenda**

7. Miscellaneous Matters.

D. Regional and State Issues: Mr. John Lewis made a brief presentation relative to the status of major contested elections in Orange County this Fall, as well as to articles relative to the changing political demographics of Orange County. An overview of items considered at the June Local Agency Formation Commission (“OC LAFCO”) meeting was discussed.

ACTION TAKEN:

None.

**** Director EVERETT joined the meeting at 5:23 p.m., and remained present for the remainder of the meeting documented below.**

5. Operation, Management and Construction Matters.

A. Browning Avenue/Irvine Boulevard Open Trench Sewer Project – Award of Contract to W.A. Rasic Construction Co.: Ms. Ohlund made a brief presentation on the project.

ACTION TAKEN:

The Board, on a motion by BELL, seconded by SEARS, which carried unanimously among those members present, awarded a contract to W.A. Rasic Construction Company in the amount not-to-exceed \$134,000 for the completion of the Browning Avenue/Irvine Boulevard Open Trench Sewer Project.

**** Item 6(D) was heard after Item 5(A), and before the remainder of the Agenda**

6. Financial Matters.

D. Amendment to 2018-2019 Budgets (Wholesale, Retail, Retail Capital Projects, and Sewer Systems): Ms. Ohlund presented on the amended 2018-2019 Budgets, and noted certain corrections for errors.

ACTION TAKEN:

The Board, on motion duly seconded, approved by unanimous vote of those members present Resolution Nos. 826, 827, and 828, entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT ADOPTING OPERATING BUDGET AND MAKING DETERMINATION RELATIVE TO APPROPRIATIONS SUBJECT TO LIMITATION FOR 2018/2019 FISCAL YEAR (OVERALL DISTRICT);

RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT ADOPTING OPERATING AND CAPITAL PROJECTS BUDGETS AND MAKING DETERMINATION RELATIVE TO APPROPRIATIONS SUBJECT TO LIMITATION FOR 2018/2019 FISCAL YEAR (RETAIL ZONE); AND

RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT ADOPTING OPERATING AND CAPITAL PROJECTS BUDGETS AND MAKING DETERMINATION RELATIVE TO APPROPRIATIONS SUBJECT TO LIMITATION FOR 2018/2019 FISCAL YEAR (IMPROVEMENT DISTRICT 1);

with Section 3 of Resolution No. 826 amended to refer to the amended two-year budget document presented at this meeting.

**** The Remainder of the Agenda Was Considered in Order, Commencing with Item 5(B)**

5. Operation, Management and Construction Matters.

B. Indefinite Engineering Services – Award of Contract to Steven Andrews Engineering.

ACTION TAKEN:

The Board, on a motion by SEARS, seconded by BELL, which carried unanimously among those members present, approved a contract for indefinite engineering services to Steven Andrews Engineering, as presented..

C. Report on the Status of the Water Treatment Plant Construction. Ms. Ohlund presented on the current status of the evaluation and review of the viability of the Water Treatment Plant, reporting that she was not yet prepared to present a Go/No Go update. Interested parties in water from the plant are currently agencies outside the boundaries of the District. Additional opportunities exist relative to the capture of stormwater, and opportunity are being evaluated with the U.S. Bureau of Reclamation. Recommendations relative to moving forward would be anticipated towards the end of the year.

ACTION TAKEN: None.

6. Financial Matters.

A. Approval of schedules of disbursements.

B. Report on investments/ratification of investment activity.

C. Receipt and filing of financial statements (April 30, 2018).

ACTION TAKEN:

The Board, on motion by SEARS, seconded by EVERETT, which carried unanimously among those Board members present, (1) approved the schedules of disbursements as submitted; (2) ratified and approved the schedule of investments, as presented; and (3) received and filed the financial statements.

E. Adoption of Wholesale Rates and Charges: Brief presentation by Ms. Ohlund on purpose of the Resolution.

ACTION TAKEN:

The Board, on motion by DAVERT, seconded by SEARS, which carried unanimously among those Board members present, adopted Resolution No. 829, entitled, "RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT ESTABLISHING RATES AND CHARGES FOR THE SALE OF WATER ON A WHOLESALE BASIS WITHIN THE DISTRICT."

F. Authorization of Sanitary Sewer Service Charges for Fiscal Year 2018/2019:
Brief presentation by Ms. Ohlund on purpose of the Resolution.

ACTION TAKEN:

The Board, on motion by BELL, seconded by DAVERT, which carried unanimously among those Board members present, adopted Resolution No. 830, entitled, "RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT AUTHORIZING CERTAIN SANITARY SEWER CHARGES AND DIRECTING THE COUNTY TAX COLLECTOR TO INCLUDE SANITARY SEWER SERVICE CHARGES ON THE FISCAL YEAR 2018/2019 PROPERTY TAX BILLS.."

7. Miscellaneous Matters.

A. Wholesale and Retail Water Usage Report – May 2018. Ms. Ohlund presented the retail water usage report.

ACTION TAKEN:

Upon motion by BELL, seconded by SEARS, which carried unanimously among those members present, the Board received and filed the wholesale and retail water usage report.

B. Conference and Meeting Attendance Requests. Board discussed attendance at the Urban Water Institute conference in San Diego.

ACTION TAKEN:

Upon motion by BELL, seconded by EVERETT, which carried unanimously among those members present, the Board authorized Directors SEARS and, if interested, DULEBOHN to attend the Urban Water Institute Conference in San Diego, along with Ms. Ohlund.

C. Director's Reports on Meetings Attended at District Expense (Govt. Code § 53232.3.) and Director's Comments. Directors SEARS, DAVERT, and BELL attended the OC Water Summit. Director SEARS also reported attendance at WACO on June 8, 2018, and Tustin on June 12, 2018. Director DAVERT attended multiple special district meetings relative to OC-LAFCO elections.

8. Informational Items

A. General interest publications.

ACTION TAKEN:

None.

9. Closed Sessions.

- A. Conference with Labor Negotiators – Government Code § 54957.6

Agency Designated Representatives: Lisa Ohlund, General Manager

Unrepresented Employee: Operations Manager, Administrative Assistant – 2 positions; Water Operator III, Wastewater Superintendent, Water Operator I (2 positions); Wastewater Operator I, Part-Time Office Assistant, Part-Time Management Analyst

- B. Conference with Legal Counsel – existing litigation pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9 – *Irvine Ranch Water District v. Orange County Water District*, Case No. 30-2016-00858584-CU-WMCJC.

- C. Open Session: The Board reported out of closed session that, relative to Item 9(A), the Board on unanimous vote of those members present, approved salary increases to designated unrepresented employees pursuant to the Schedule presented to the Board, amended to reflect (1) the 3.47% cost of living increase established by the State of California as opposed to the contemplated 3% cost of living increase, and (2) ranges amended in an amount sufficient to accommodate said salary increases, as necessary, as necessary; all of which will be recorded in the minutes of this meeting (attached hereto as Exhibit 1) and made available to any member of the public upon request.

10. Adjournment.

ACTION TAKEN:

The meeting was adjourned at 6:40 p.m., to a special meeting to be held on July 9, 2018, at 5:00 p.m., at the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,

Jeff Hoskinson

July 9, 2018 Special Meeting Minutes

MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
EAST ORANGE COUNTY WATER DISTRICT

July 9, 2018

1. **Call to Order.** A Special Meeting of the Board of Directors of the East Orange County Water District was called to order by DOUGLASS DAVERT, President of the Board of Directors, at 5:00 p.m. on Monday, July 9, 2018, at the DISTRICT OFFICE, located at 185 N. McPherson Road, Orange, California. District Secretary JEFFREY A. HOSKINSON, recorded the minutes of the meeting.

The following Directors were present: DOUGLASS DAVERT, JOHN DULEBOHN, SEYMOUR EVERETT and JOHN SEARS. Director RICHARD BELL was absent.

Also present, in addition to members of the public, were:

LISA OHLUND	General Manager
SYLVIA PRADO	District Administrative Assistant
JEFFREY HOSKINSON	District Secretary and Legal Counsel
BRAD NEAL	Stradling
ANNA SARABIAN	Field, Rolapp & Associates
MARILYN THOMS	Solutions Project Management

2. **Public Communications to the Board.** None.

3. **PUBLIC HEARING:** Director Davert opened a combined noticed public hearing regarding the formation of the proposed Community Facilities District 2018-1 of the East Orange County Water District, the Proposed Levy of Special Taxes, and the Authorization to Incur Bonded Indebtedness. No written protests were received. No oral comments were presented or made. Director Davert closed the public hearing.

4. **Resolution No. 831 - Establishment Community Facilities District ("CFD") 2018-1 of East Orange County Water District, Authorizaton of the Levy of Special Taxes, and Calling an Election Therein.**

ACTION TAKEN: The Board, on motion duly seconded, unanimously among those members present approved Resolution No. 831, entitled, "RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF EAST ORANGE COUNTY WATER DISTRICT, AUTHORIZING THE LEVY OF SPECIAL TAXES AND CALLING AN ELECTION THEREIN."

Item Nos. 5 through 8 were thereafter considered with the Board acting as the legislative body of CFD 2018-1 of the East Orange County Water District

5. Resolution No. 832 - Determination of Necessity to Incur Bonded Indebtedness Not-To-Exceed \$700,000 within CFD 2018-1 and Calling Election Therein.

ACTION TAKEN: The Board, on motion duly seconded, unanimously among those members present approved Resolution No. 832, entitled, "RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF EAST ORANGE COUNTY WATER DISTRICT, DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS WITHIN SAID COMMUNITY FACILITIES DISTRICT AND CALLING AN ELECTION THEREIN."

6. Conducted Special Tax and Bond Election and Receive Results of Election for CFD No. 2018-1 of the East Orange County Water District. Mr. Hoskinson opened the sealed ballots and declared the votes, tallying the votes in favor and against Propositions A, B, and C. Based on such tally, votes cast reflected:

	Yes	No
Proposition A	16	0
Proposition B	15	1
Proposition C	16	0

ACTION TAKEN: None

7. Resolution No. 833 – Certification of Results of the July 9, 2018 Special Tax and Bond Elections.

ACTION TAKEN: The Board, on motion duly seconded, unanimously among those members present approved Resolution No. 833, entitled, "RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF EAST ORANGE COUNTY WATER DISTRICT, CERTIFYING THE RESULTS OF THE JULY 9, 2018 SPECIAL TAX AND BOND ELECTIONS."

8. Ordinance No. 2018-1 (First Reading) – Authorizing the Levy of Special Tax Within EOCWD. Ordinance No. 2018-1 of the Board of Directors of the East Orange County Water District, Acting in its Capacity as the Legislative Body of CFD 2018-1 of East Orange County Water District, Authorizing the Levy of a Special Tax within the District was introduced by President Davert.

ACTION TAKEN: The Board, on motion duly seconded, unanimously among those members present waived a reading of the proposed ordinance, introduced and to be brought back for consideration at the July 19, 2018 meeting of the Board.

9. **Adjournment**

ACTION TAKEN: The meeting was adjourned at 5:12 p.m., to a regular meeting of the Board, to be held on July 19, 2018, at 5:00 p.m., at the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,

Jeffrey A. Hoskinson

DRAFT

EAST ORANGE COUNTY WATER DISTRICT GENERAL MANAGER'S REPORT

June 2018

The following report is a summary of the District's activities over the past month.

GENERAL MATTERS

Reviewed correspondence, conferred with customers regarding billing issues and vendors/other interested parties regarding business with the District, and met with staff members regarding daily activities and on-going projects.

Please note that **highlighted** areas denote current month updates for issues that span long time periods.

SEWER

A. ID1 Update

Activities & Accomplishments for May include:

Personnel

- Held three Sewer Management, Operations & Engineering (MOE) meetings
- Contractor Performance Pipeline completed Group 6 (of 12 Groups) for routine cleaning of the system and is currently working through Group 7.
- Sewer Staff attended one day CWEA conference in Orange.
- Held one SSMP Monthly Meeting

Activities

- Feet of sewer main cleaned in May – 125,923
- Number of manholes inspected in May – 428
- Reviewed applications for sewer permits.
- Completed monthly siphon cleaning.
- Staff performed FOG inspection on 24 FSEs (food service establishments).
- Responded to sewer call – Wedgewood Circle - roaches.
- Respond to sewer call – C St. – customer had question about his septic tank.
- Respond to sewer call – Amaganset Way – odor and toilet backup.
- Responded to sewer call – Main st. – roaches.
- Completed scheduled hot spot cleanings.
- Ordered misc. sewer supplies and tools.
- Completed USA locations
- Attended Pre-construction meeting for Dig and Replace Project.
- Set door tag notifications for Dig and Replace project.
- Worked on encroachment permits for Dig and replace project.
- Reviewed SSMP for updates/conducted training on Emergency Response Plan
- Reviewed and followed up on cleaning notes from contractor.
- Met with ID Modeling to review SEDARU Sewer updates.
- Assisted AKM Engineering with identification of private sewer pipelines & lateral connections for Sewer Master Plan
- Contractor (Ayala Engineering) completed 16 manhole repairs.
- Filed and certified No Spill CIWQS SSO report.

Engineering & Construction

- Continued work on Master Plan/Condition Assessment: Manhole assessment is almost complete, however more manholes may be identified for inspection. A 60-65 ft sag has been identified near the end of the Browning sewer; AKM is recommending that a preliminary design report be prepared due to the very difficult access issues (railroad and storm channel) associated with the repair. Update: AKM is also working on a recommendation for another repair on the Browning line underneath the 5 FWY. There is a significant offset in the pipe which we are not able to repair using a liner. **Update: AKM will present the draft Master Plan/Condition Assessment to the Engineering & Operations Committee at their July 5th Meeting.**
- Full-Length CIPP: Work scheduled to commence by the end of February 2018. Update: Contractor Sancon was unable to start work until the end of April. The contractor began CIPP installation on Monday, May 7th. Work was stopped on Wednesday, May 9th due to a contractual dispute relating to requests by the contractor for additional fees to remove roots and prepare the sewer pipe for lining. Five (5) line segments were completed before work was stopped. Staff has requested the contractor to provide justification for the change order requests. **Update: Contractor submitted an email explanation of their position; the General Manager has submitted an alternative proposal and is awaiting their response.**

Permits

- 1 permit was issued in June for a property in North Tustin.

WHOLESALE ZONE

A. WZ Water Quality

Update: Demand has declined significantly since the suspension of in-lieu. No flushing was required during the month of June. Sales in the upper and lower zones for June were 232.6 AF and 12.7 AF respectively. Combined upper and lower zone water purchased was 245.3 AF for the month of June.

Installation of flow/pressure monitors required for the Water Quality Study were scheduled to be completed by August 18, 2017. However, there have been some technical issues which staff has been working with the vendor to resolve. We expect to have all sites working this week. Due to the need for this data, the study has been delayed by several months and will likely be completed by early 2018.

Background: The District has retained ID Modeling/AQUALity Engineering to address short- and long-term water quality/low demand issues. A Kick-off Meeting was held on March 30th; current

pressure and flow information is needed; staff will be coordinating collection of this data with ID Modeling.

Staff has been reviewing available options for collecting the flow and pressure data and identified a company called Ayekka as offering the best solution. At the March 11th E&O Committee meeting, staff made the recommendation to purchase 15 data logging units which will allow us to capture the metering, flow, and pressure data. One of the unique aspects of these devices is that they are setup to use any of the available cell carriers in the area latching on to the one with the strongest signal.

At the April 20th Board Meeting, the Board approved the purchase of the 15 data logging units. Prior to ordering all 15 units, Ayyeka provided 1 unit to allow staff to perform field testing at various locations and on different meter manufacturers; this test was successful. Staff purchased the units and are currently installing them. Staff has also been working with ID Modeling and AQUAly in gathering historical data as well as having weekly progress meetings.

Staff is continuing to work with Ayyeka to resolve the meter totalization data discrepancies. At this time, we do not have a date that resolution will occur for this problem; alternative providers are being examined.

Staff has identified another metering/pressure reading alternative and is preparing to test these other units. This testing will occur during the first 2 weeks of January 2018.

Staff has successfully performed testing of the alternative metering/pressure units. Ayyeka has been notified of non-performance.

A single purpose data logger has been purchased to test; if successful would enable logging of meter reads and manual download.

The data logger test was not successful. Staff is ready to proceed with the Ayyeka alternative; Ayyeka has been notified of non-performance and a refund requested.

No Update.

B. In-Lieu Program

The wet winter has caused MET to authorize in-lieu (recharge of the basin will occur by taking imported treated water “in-lieu” of pumping) deliveries of water under the Cyclic Storage Program. OCWD will be purchasing 100,000 AF of water this year, in addition to the 65,000 AF that is being recharged through OCWD’s spreading grounds. It is anticipated that it will take the entire year to deliver this water, so groundwater wells will be turned off and the WZ system will be delivering most of the water that our retail customers will use to meet their demands. Staff worked with ID Modeling to review the hydraulic model for the WZ and examine any issues that may occur due to high demands after the extended period of low demands (see also discussion under OC-43/Walnut Takeout Vault below).

Update: MWD has suspended the In-Lieu program effective February 1st due to below normal rainfall. WZ water deliveries through June 30th totaled 7,415.7 AF for the year.

C. OC-43/Walnut Takeout Vault Rehabilitation/Replacement

Staff met on May 18, 2017 with Public Works Director Doug Stack and Water Manager Art Valenzuela and presented our proposal to construct a new Walnut Turnout and abandon the old one, leaving it to the City of Tustin for their vault and appurtenances. Tustin was concerned about two meters and two Cla-Val's being so close to each other that it would create turbulence and erroneous reads, but the area where these are located space constrained. We are awaiting Tustin's comments on our proposal.

Due to the availability of In-Lieu water and Tustin's desire to take 9 cfs of flow through the Walnut takeout (it has been averaging between 2 and 4 cfs for the last three years, staff has sent a letter documenting a recent inspection of the vault and the Tustin valves and asked Tustin to certify their confidence in the performance of the valves. In the event there are concerns about running high flows through this takeout, staff will work with Tustin to deliver the water through alternate takeouts.

Staff will be submitting a request to meet during the first part of December with MWD staff to inspect the OC-43 turnout to determine the potential impacts of EOCWD installing a flow control / isolation valve immediately downstream of the MWD facility.

On December 13th, a meeting was held with MWD staff, MWODC staff, and EOCWD staff to inspect the MWD OC-43 turnout. The District's engineer is evaluating potential options for the installation of an isolation valve downstream of the MWD facility.

RCE will be meeting with Tustin on 5/14/18 to discuss EOCWD's proposed installation of a new Walnut turnout; funding for the turnout will be included in the WZ FY 18-19 budget. **Update: On June 13, Engineer Frank Cahill sent Water Manager Art Valenzuela a letter memorializing their meeting where EOCWD's proposal to combine/coordinate the two construction projects to minimize cost, time and disruption to the public (traffic). Tustin declined the proposal.**

D. Treatment Plant Feasibility Study Update

Staff will be participating in the OWOW (One Water One Watershed Program conducted by the Santa Ana Watershed Project Authority – SAWPA) Pillar and Stakeholder Meetings to ascertain opportunities to pursue funding through Prop. 1 and/or other sources. Staff will also be working with Townsend and Associates to arrange meetings with City of Santa Ana representatives to discuss the results of the Feasibility Study. Outreach is also underway regarding stormwater treatment opportunities that may be present at Peters Canyon Lake Reservoir with the County of Orange.

A second meeting was held with City of Santa Ana to discuss their interest in participating in the treatment plant project. Santa Ana has agreed to examine their imported water demands (both contractual and system needs) and provide the baseload demand that they would anticipate needing. Both parties understand that the project feasibility is heavily influenced by the price of the water and that there are also opportunities for increased reliability.

Update: Funding opportunities for additional engineering and environmental work are being pursued by consultant project manager.

E. OC-70 Meter Test Comparison

Background: An ongoing issue in the Wholesale Zone has been “unaccounted-for water.” For several years, staff has been investigating the seeming “loss” of millions of gallons of water each month – so much water in fact, that it would be creating large lakes somewhere if it was entering and escaping our system.

Over the past several years, staff has conducted many analyses and failed to find a cause or a pattern of loss that yielded clues as to the cause. After meeting with MET/MWDOC, it was determined that EOCWD would provide a water balance for our side of the meter by installing a new meter on this inlet pipeline to the Peters Canyon Reservoir, and placing AMI on each of the takeouts so they can be balanced to the MET meters.

Staff has completed the electrical work required for the meter and for AMI at the various meters. Staff is working with ID Modeling and Ayyeka to install remote monitoring (including remote meter reading) at the takeouts.

The Ayyeka flow/pressure data loggers installed for the Water Quality Study will also be useful in addressing this issue. Installation is scheduled to be completed by August 18th.

All of the data loggers were installed as of last week. However, there has been some calibration issues which we expect to be resolved by September 20th.

Staff had to return 2 non-functioning Ayyeka units for replacement. Staff is also continuing to work through inaccurate meter totalization data from the existing Ayyeka units.

This item is related to the WZ Water Quality Study as the remote metering devices are used to address the OC-70 metering issues also. As noted previously, staff has identified an alternative unit and is in the process of conducting testing.

Staff met with Karl Seckel of MWDOC on April 5th to discuss the outcome of his meeting with MET last month regarding the metering issue at OC-70 and the criteria being evaluated with regard to metering accuracy and what an acceptable percentile would be for water loss between meters. MWDOC staff will be meeting with MET staff later this month to continue the discussion.

EOCWD staff has provided historical import data to MWDOC who has offered to take the data and create a report that shows the discrepancy between METs meter and EOCWDs meters. MWDOC staff will be meeting with MET staff on June 18th to discuss.

Update: MWDOC met with MET staff on June 18th and has scheduled a meeting with EOCWD staff on July 20th to discuss the outcome of that meeting.

F. Corrosion Protection

Corrpro completed the anode installation work on the Andres (11.5 MG) Reservoir's cathodic protection system on March 29th and inspection by V&A Engineering was completed in June with the project accepted at the July 20th Board Meeting.

Staff is currently working with V&A to schedule some additional testing at the Newport reservoir that was recommended in the report. Staff will also be requesting a proposal from Corrpro for

the installation of new sacrificial anodes at the Chandler and Ethelbee takeouts. Replacement anodes were recommended at these locations.

Additional testing of the cathodic protection system at the Newport reservoir was completed on August 29th. The system is working properly and no adjustments were needed. V&A Engineering submitted a report on September 8th.

The V&A report noted 2 locations that need to have sacrificial anodes replaced – Ethelbee and Chandler vaults. Corrpro will be providing a proposal to perform this work after conducting a site visit in December.

Due to the current work load, staff will be arranging the site visits in March 2018. RCE has been tasked with developing a summary of the Corrosion Control Plan and providing a spreadsheet listing annual preventative measures needed for both the WZ and RZ.

This work has been delayed into April due to work load combined with being short of one field staff employee.

Update: Staff has developed a prioritized plan to address corrosion issues identified in the master plan and will begin work to complete the repairs and preventative measures over the course of this summer.

G. Handy Creek Road

District engineers RCE Consultants are working with the City of Orange and The Irvine Company to resolve issues related to: relocation of the Jamboree Connection and Jamboree gate at the entrance to Handy Creek Road, improvements to Handy Creek Road and protection of our facilities during construction, inundation impacts if there was a leak in the reservoir and access and construction impacts while the Santiago Hills II project is under construction.

Update: TIC and ATT have resolved the issue of the fiberline relocation; EOCWD's pipeline issue is still pending.

H. New 16" Newport Magnetic Flow Meter

Staff is in the process of installing another 16" magnetic flow meter behind the Newport reservoir. This meter will be used to measure all import water coming from the Upper Zone to the retail zone and 11.5 MG reservoir.

The District's engineer is working through MWDOC to request approval from MWD of the piping configuration for the new meter. This is necessary to ensure that the designed installation of the meter does not invalidate the accuracy of the meter.

Update: This issue will be discussed with MWDOC at the upcoming July 20th meeting.

I. WZ Connection Permits

None to report.

RETAIL ZONE

1) In-Lieu Water

The MWDOC Board approved the In-Lieu program through June 2017. This means that our Retail Zone will be taking imported water for the remaining part of 2017 and into 2018, however we will pay the same for 75% of the water as if we were pumping it from the groundwater basin. For the most part, we will idle our wells with the exception of periods where water quality sampling is required, or we determine that periodic flushing of the wells should be done to maintain water quality.

Update: The retail zone is now receiving imported water. 15.5% of water supplied to the RZ during the month of June was ground water. The remaining 84.5% was treated import water. Total retail water production for FY 2017-2018 was 842.3 AF. Groundwater accounted for 240.2 AF, In-lieu water accounted for 391.3 AF, and import water for 210.8 AF. The District's basin pumping percentage (BPP) for 2017-2018 is 75%.

2) OCWD Proposed South Orange County Pilot Water Storage & Exchange Program

At the December 13, 2017 OCWD Water Issues Committee Meeting, OCWD staff recommended that the Committee enter into a Memorandum of Understanding with Moulton Niguel Water District that would allow them to establish a non-emergency water storage account. Director Bell was present at the meeting and submitted comments as a private citizen; the District has not taken a formal position on the issue. Several speakers were present and like Director Bell, urged the Committee to remand this to the Groundwater Producer's Committee for further study and review.

The issue of storage in the OC Groundwater Basin is under study by OCWD; a report is expected sometime before September 2018.

Update: No report.

3) East Orange DroughtReach™ Program

The conservation reduction for December was only 4.6 % (from 2013) which is 10% less than our 15% mandatory requirement for December. Heat, wind and lack of precipitation combined to reduce conservation in December for the first time since 2014; however, overall, residents continue to respond well to calls for conservation. Revisions to the Conservation Ordinance were suggested at the May 11th E&O Committee meeting, however the Committee requested further discussion on revisions to the Conservation Ordinance take place after the legislature takes action on long-term conservation regulations.

Update: RZ Demand is trending slightly higher (6%) in June than in 2016/17, but is still 20% below FY 2013 for the month. Water efficiency messaging is continuing through social media and print media (Foothill Sentry).

4) Well / Booster Station Operations

East Well and West Well – For June, 15.5% of Retail Zone demand was met using ground water.

Update: Total retail demand for June was 84 AF.

Well Levels - Well water levels in June trended downward as shown on the attached graph due to the end of in-lieu and to the resumed usage of our wells. Please note at the beginning of June water levels went up due to operational changes – turning off the wells and purchasing import water. However, levels are continuing to drop even while our wells are off. This is to be expected due to the increased pumping by the surrounding agencies.

Update: The static water level for the East Well is currently at 239.5 feet BGS (below ground surface). Staff will continue to closely monitor the levels. Note that pumping water levels have been as low as 297 feet BGS back in July 2014.

5) **Vista Panorama Reservoir**

Staff has been working with RCE and AKD Consulting to develop plans to improve the reservoir and pump station as well as the overall site layout. Improvements being evaluated include variable speed pumps and backup power options that include solar and battery options that could provide reduced energy costs as well as a more environmentally friendly and reliable operation; this is consistent with our Strategic Plan goals.

This project has been delayed due to other priorities; work continues on determining an optimal generator/battery/solar combination for pump station reliability at a reasonable price.

Staff is looking into solar/battery backup combinations that could help reduce the size of the generator needed for the site; there may be funding available for this type of backup power combination.

Update: Staff is assessing a phased approach to the backup power issue and recommending that work on the reservoir proceed in advance of resolving the backup power issue due to cost issues.

6) **System Leaks**

None to report.

7) **Water Availability Request/Connection Permits**

None to report.

8) **Monthly WZ & RZ Operations Activities**

- Meeting with Carollo Engineering to review RZ and WZ Master Plans.
- Meeting with OCFA to review facilities and operations.
- Completed annual reports to SWRCB for RZ and WZ systems.
- Meeting with AKD Consulting for Vista Panorama Reservoir.
- Hired new employee for Water Distribution Worker I position.
- Clean up at McPherson Yard.
- Reviewed Distribution water quality data for Annual Consumer Confidence Report (Ops. Mngr.)
- Meeting with Trimble representative (Ops. Mngr.)
- RZ meter reading.

General Manager's Report - June 2018

- Sent our RFQ and issued contract for Chandler Ranch power pedestal replacement. (Ops Mngr.)
- Sent out RFPs for asphalt / concrete patch repairs (Ops. Mngr.)
- Meeting with Helio Energy Solutions (staff).
- Ordered water quality supplies.
- Met with ID Modeling on SEDARU water updates.
- Submitted Annual Reports to DDW – Retail and Wholesale (Ops. Mngr).
- Worked on service lateral inventory (staff).
- Attended WEROC meeting (Ops. Mngr.)

Weekly Tasks

- Attend weekly safety meetings (All field staff)
- Reviewed sewer cleaning operations with OCSD
- Performed weekly water quality sampling
- Measure static and pumping water levels in wells.
- Performed USA locations
- Responded to utility requests from the County and City of Orange
- Picked up water quality supplies and changed reagent bottles
- Clean-up, organize and restock service trucks
- Clean-up and organized shop
- Vehicle maintenance

Monthly Tasks

- Attend monthly staff meeting with General Manager (all employees)
- Attend committee meetings – Operations and Engineering (Ops Mgr)
- Prepared monthly CDPH water quality reports
- Prepared monthly CRWQCB report for well discharge
- Report retail water system production to State
- Performed dead-end flushing
- Read WZ meters
- Check WZ meter data; assist with preparation of WZ Billing
- Participated in WEROC radio test

JOINT SYSTEM (WZ & RZ) ACTIVITIES

Water Loss Audit

On May 1st and 2nd, staff met with WSO to perform volumetric meter testing of the well meters. WSO is reviewing the data that was collected and will provide a report by the end of May. Staff is coordinating with WSO for an additional date to test the Retail Zone input meters and residential meters. Staff will be attending workshops on May 18th and August 22nd respectively. These workshops are designed to assist with the submission of the final water audit due in October 2017.

Staff will be changing out 25 meters the week of July 17 which will be tested so that the data can be incorporated into the water loss report.

On August 29th, Jerry Mendzer participated in the Water Loss TAP Wave 4 Water Audit. The validated audit should be available the week of September 18th and needs to be submitted to DWR by October 1.

The water loss audit was submitted to DWR by October 1st; staff is working with consultant WSO to identify ongoing work to reduce water loss – recommendations will be incorporated into the FY 2018/19 Budget Revision Recommendations.

Staff will be meeting with WSO/MWDOC on March 13th to discuss the program for next year, and will discuss budgeting and metering issues.

Update: Staff will be commencing participation in Phase III of the MWDOC Water Loss Program that includes further water loss analysis and meter accuracy testing.

SEDARU

Please see the attached SEDARU water work and sewer work reports which provide information on work staff is performing and the types of customer interactions that staff are having.

Electronic Records Management System

All water and sewer paper records of the District have been assembled in boxes with each file recorded on a chain-of-custody memo to enable electronic scanning by AMI; delivery of the first half of the boxes to the scanning center was completed in late July. The new computer server that will house the records and the records management software (Laserfiche) was delivered and installed in late August. The Laserfiche software and first series of scanned documents have been installed and it is working very well. Staff is working on the next set of records to be sent for scanning; a total of 275 boxes of documents representing over 250,000 documents will be scanned and archived electronically into our system. Over the next several months, documents that don't require retention under our document management policy will be brought to the Board for destruction.

The sewer documentation scanning is complete; staff is working with contractor AMI (Laserfiche) to audit records to determine reliability that all documents are accessible and readable. This work will continue prior to destruction of any records.

Update: Document scanning for 75% of the records is complete and the system has been tested to ensure that documents can be located and retrieved. Some document destruction (shredding) will begin in March. The balance of the records will be scanned in FY 2018/19 due to budgetary limitations.

Safety

The District experienced the first lost time accidents we have had since 2014 during the past month. One employee suffered a back injury after working on a pipeline excavation/relocation on the Alexander/Stoller project and the other employee experienced a head injury when they walked into the marquee in the front of the office. Both employee's injuries have healed and both employees have worked with the Operations Manager to identify the way they could avoid further injury. A general safety meeting will be held on Wednesday, November 21 to reinforce general safety practices and the importance of overall safety hygiene.

General Manager's Report - June 2018

The District held its first wellness workshop with all employees on October 27th. A speaker was brought in to discuss stress and its physiological effects on the body and mind, as well as methods to minimize it. Healthy eating was also discussed and lunch was provided from a local fast food restaurant that showed healthy options that could be selected. Employee feedback was positive about the workshop; future sessions will focus on stretching exercises and incorporating more movement into the workday and limiting extended periods of sitting.

Staff reviewed information regarding the California Division of Dams request for information regarding the status of the Santiago Dam (at Irvine Lake). The Administrative Office is within the inundation zone in the event of a dam failure; staff will be seeking further information.

All staff completed their crystalline silica training in March. For the month of June staff, was focused on respiratory protection and are refining procedures to ensure compliance with respiratory protection requirements. May's focus will be on prevention of heat illness as we head into warmer weather. Staff will also be attending the annual SafetyFest program offered by the Orange County Water Association on May 24th. Upcoming training in June will focus on fall protection.

In May, Staff attended the annual SafetyFest program and completed Heat Illness training. In June we are focused on completing fall protection training. **Update: Upcoming training in July will focus on confined spaces.**

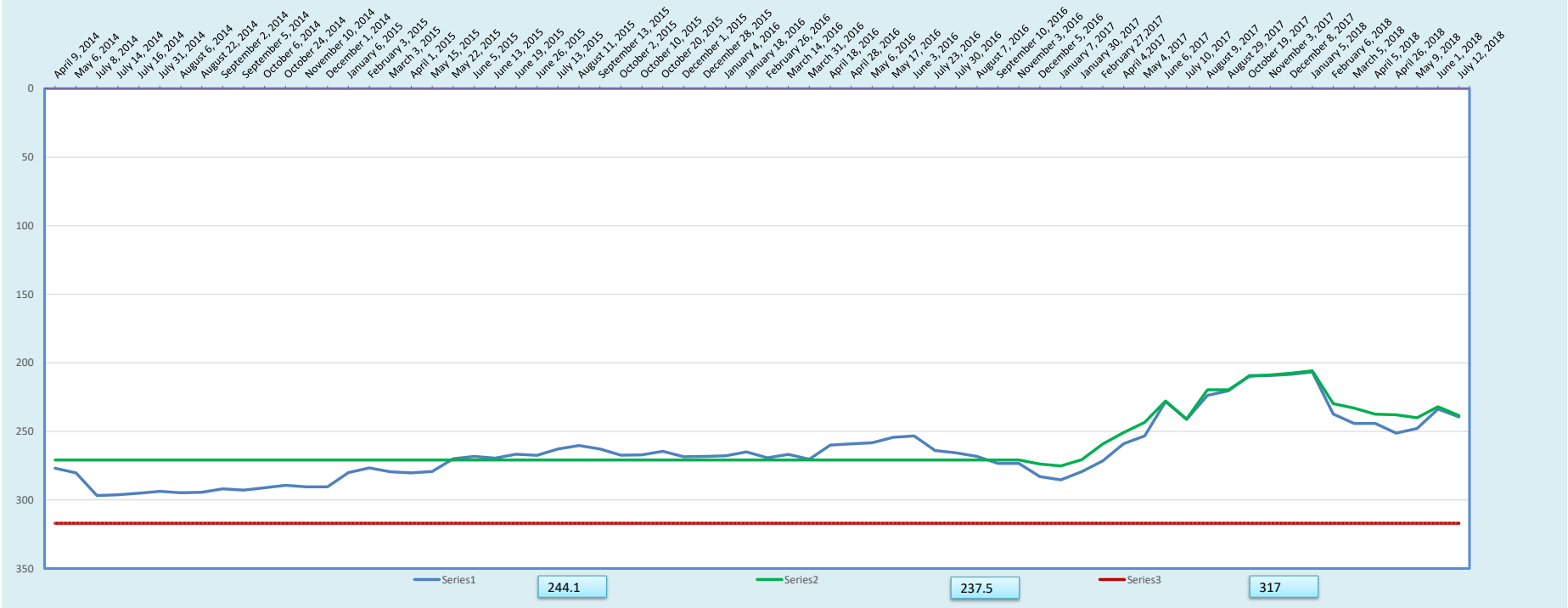
Finance Committee

The Finance Committee Meeting Minutes for June 14, 2018

Engineering & Operations Committee

Minutes of the June 14, 2018 Engineering & Operations Committee Meeting are attached to this report.

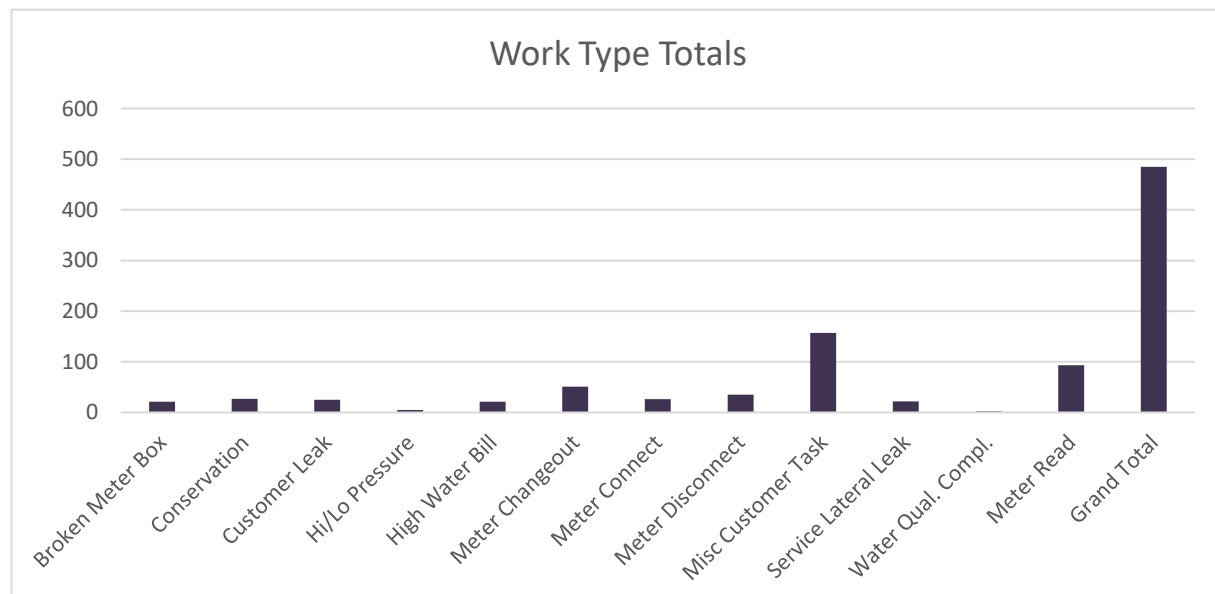
East Well & West Well Pumping Water Levels



EOCWD Customer Work

Count														Grand Total
by Employee	2017						2018							
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
jmendzer	1	11	1	11	2	7	13	3	2	15	1	6	73	
mplummer	23	33	21	45	21	5	26	40	18	91	31	32	386	
mcardenas		5	8	1	2	1							17	
Grand Total	24	49	30	57	25	13	39	43	20	106	32	38	476	

Count														
	2017	2018											Grand Total	
Type/Month Matrix	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Broken Meter Box	2			1	1			4		12	1		21	
Conservation	1	1	2	3	5	2	8			1	4		27	
Customer Leak	2	6	3	4		1	3	2	2		2		25	
Hi/Lo Pressure						1	1	2			1		5	
High Water Bill	2				3		1		3	6	4	2	21	
Meter Changeout	4	23	6	1	2	2	6	1	2	2	2		51	
Meter Connect		3	4	3	1	1		2	1	10		1	26	
Meter Disconnect		4	2	10	2	4	1	3		6		3	35	
Misc Customer Task	4	1	1	29	3	1	6	10	5	56	9	32	157	
Service Lateral Leak	2	4	2	3	1		4	3		3			22	
Water Qual. Compl.								2					2	
Meter Read	7	7	10	3	7	1	9	14	7	7	10	11	93	
Grand Total	24	49	30	57	25	13	39	43	20	103	33	49	485	





Sewer Asset Report

June-2018

EOCWD Line Cleaning					
Cleaning by Staff					
	Contractor	jabeyta	jdavis	mcardenas	Grand Total
Cleaning Runs	388	15	19	103	525
Feet of Pipe	88,386	4,815	7,524	25,198	125,923

EOCWD Manhole Inspections					
Inspections by Staff					
	Contractor	jabeyta	jdavis	mcardenas	Grand Total
Jun	301	3	99	25	428

SSO Events	
Date	SSO Events

EOCWD FOG Inspections				
FOG Inspections by Staff				
	jabeyta	jdavis	mcardenas	Grand Total
Inspections	20	3	1	24

June 2018 - Sewer Connection & Wholesale Connection Permits

Applicant Name	Connection Address	Type of Development	Issued Permit No	APN	Date Issued	Regional CFCC (OCSD) Fees	Local Capacity Chage Fees	Inspection Fees	Total Sewer Fees	Wholesale Connection Meter Fees	Water District
Kathy Stoffer	10632 Crawford Canyon Rd.	SFR	18-32	393-121-01	6/11/2018	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	EOCWD



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: DROUGHT RESPONSE REPORT – June 2018
DATE: July 15, 2018

Meetings

- Lisa attended meetings of the Urban Water Institute to organize a panel presentation on Statewide Drought Resiliency for the August-2018 conference on April 12 & 27, 2018.

Water Waste/High Water Bill Phone Calls

- Matt assisted customer at Fowler Avenue with water conservation on June 29, 2018.

WUE Materials

- N/A.

Drought Social Media/Print Messaging Efforts

- EOCWD Facebook page is updated by Communications Lab and EOCWD Staff.
- EOCWD Twitter page is updated by Communications Lab and EOCWD Staff.
- EOCWD Website page is updated by Communications Lab and EOCWD. The 3 days a week new schedule was updated in our website on April 2018.
- Foothill Sentry Ad: An Ad was published in June 2018 - "Fix Sprinkler Leaks. Save 6,300 gallons of water each month!"

Customer Rebate Activities

- None to report.

Groundwater Replenishment System (GWRS) Credits

The GWRS production allocated to EOCWD can be reported as Indirect Potable Reuse (IPR). For the month of June 2018, EOCWD showed an IPR credit of 4.6 acre feet (equivalent to 1.5 million gallons or 5.5 % the RZ's June demand) that was sent to GWRS by sewer customers in the RZ for eventual reuse through the groundwater wells. This number represents "new" water that wasn't imported.

Finance Committee

Minutes of the June 14, 2018 Meeting

Present: Lisa Ohlund, Doug Davert, John Sears

1. The Meeting was called to order at 8:30 a.m.
2. No public communications were received by the Committee.
3. No additional items arising after posting the agenda.
4. Designation of Paul Kaymark as Assistant Treasurer – Staff reported that Treasurer Cindy Byerrum has relocated to High Desert and is focused primarily on PCG's Inland Empire clients; Paul Kaymark will be handling the Coastal clients. Staff requested adding him as Assistant Treasurer to assist with those duties. The Committee concurred and recommended his appointment to the Board.
5. Vista del Lago Septic-to-Sewer Conversion – Vista Del Lago – Staff noted the June 12th meeting with the property owners to review the terms of the financing, the annual estimated cost per property and the voting process that will occur prior to the July 9th Special Board Meeting.
6. Write-Off of Uncollectable Accounts – Staff reviewed the uncollectable accounts with the Committee and recommended their write-off; the Committee concurred.
7. FY 17/18 Audit – Fraud Questionnaire from Auditor David/Farr – Staff reviewed the questionnaire with the Committee and obtained their responses. She noted that she will compile the responses into the form and submit it to the Auditor.
8. Web/Email Vendor Change – Staff reported that a new email/website vendor has been contracted; the current vendor is unable to maintain email and website records in a manner that conforms to our records management program and public records requirements. The transfer will occur during the last week of June into July. She noted that the files are very large and the process will take some time; the IT consultant will coordinate with Board Members to ensure their email is running correctly.
9. Proposed FY 2019-23 Capital Improvement Budgets – The proposed CIP budgets for all three enterprise entities were reviewed with the Committee. Staff noted that it will be the "Year of the Valve" for the WZ and RZ, while Browning Avenue and the purchase of a new combination truck will be the primary focus for ID1. The Committee recommended their adoption by the Board.
10. Budget Reports – April 30, 2018 – Staff noted that all three enterprises were still projected to end the year with a surplus.
11. Personnel Changes – Staff reported that Administrative Assistant Reyna Ayala had resigned her position; staff were currently advertising for her position and estimated it

would be filled by mid-August. General Manager Ohlund also reported that the position of Operator I, which has been vacant for one year pending determination of the need for filling the position, has been filled. Jason Thorsell was hired as of June 1, 2018.

12. FY 18/19 Salary Schedule & Recommended Adjustments – Staff reviewed the proposal that would be submitted to the Board at their upcoming meeting; the Committee recommended approval by the Board.
13. The meeting adjourned at 10:32 a.m.

Engineering & Operations Committee

Minutes of the June 14, 2018 Meeting

Present: Richard Bell, John Dulebohn, Lisa Ohlund, Jerry Mendzer, Nick Arhontes, Frank Cahill

Called to order at 4:30 p.m.

Added Items: Orange County Water District Desal Plant Term Sheet

1. Vista Panorama Reservoir – Staff reported that we have incorporated the back-up generator at the Sidehill Booster Station and backup power for the Vista Panorama Pump Station into an overall Energy Management Plan; we are developing a scope of work and identifying potential consultants for the preparation.
2. Lead Service Line Inventory Report – Staff reported that this report has been submitted to the SWRCB indicating that we have no lead service lines.
3. 2018 Consumer Confidence Report – The Committee reviewed the 2018 CCR; staff noted that Communications LAB was also involved in the graphic production of the report. The Committee recommended acceptance of the report to the Board.
4. East & West Well – Well levels remain at approximately 244 ft bgs; well levels have dropped about 20 ft since January 2018.
5. RZ Water Use – RZ water use totaled 71 AF for May; demand was 10 AF lower than last year (this May was cool and overcast); we are down 34% over FY 13/14 demands.
6. WZ Low Demand Operations Plan – Demands are high enough that Low Demand purchases are not necessary; staff will be returning with a proposed Low Demand policy in August or September.
7. Peters Canyon Treatment Plant Reconstruction – Staff noted that the Bureau of Reclamation is open to our submitting a request for shared funding of an analysis of stormwater and runoff water quality as a water supply for the treatment plant.
8. OC-70 Meter Issue – MWDOC Assistant General Manager Karl Seckel indicated that he will be meeting with MET staff within the month to discuss the meter issue. Staff reported that we experienced a problem with the OC-70 pump station being unable to deliver the demand requested; MET is investigating the problem.
9. OC-43 Turnout/Tustin – Engineer Frank Cahill met with Tustin Water Manager Art

Valenzuela to request that our Walnut vault construction and their new construction be coordinated to minimize cost impacts and disruption to traffic and the surrounding businesses and neighborhood; Tustin declined. Staff will work on an alternative solution.

10. WZ Water Use – The WZ deliveries for February totaled 141.7 AF. Water quality was maintained without any need for flushing to maintain water quality.
11. Browning Avenue/El Camino Real Offset Issue – Staff reviewed the bid process for this project and noted that only one bid was received; W.A. Rasic Construction bid \$134,000 to complete the project. Engineer Cahill reviewed the bid and determined that it was competitive. Staff recommended award of the project to Rasic Construction; the Committee agreed and recommended that the Board approve the contract. Target construction start date is July 9th with completion by August 10th.
12. Master Plan/Condition Assessment – Staff noted that the draft report was received and under review by staff. It was noted that Director Bell would be gone during the next regularly scheduled E&O Meeting; to accommodate the draft report presentation, the meeting was moved to July 5th. It was noted that most of the meeting would be taken up with this subject.
13. Septi2Sewer Conversion – Vista Del Lago – Staff noted that a meeting was held on June 12th with the property owners to review the terms of the financing, the annual estimated cost per property and the voting process that will occur prior to the July 9th Special Board Meeting.
14. System Rehabilitation and Replacement Project –
 - a. Full length CIPP – Work on this contract has stopped pending a contract dispute. The Contractor, Sancon, has requested additional pay for “extra” root cleaning; the contract doesn’t include a provision for this. Staff has asked Sancon to provide justification for their request.
 - b. UV CIPP Demonstration – Performance Pipe demonstrated their UV cured CIPP (a German process) by lining a portion of Hyde Street (Full-length). The process was slower than regular CIPP, but appears to provide a better product. Cost is approximately \$12-\$14/ft more than steam-cured CIPP (current process). Staff is discussing this product with other agencies (including the City of Los Angeles, which is giving preference to this product).
15. Sewer Permits –
 - a. Six permits were issued in May. EOCWD staff is processing about 97% of the permits.
16. Spill Report – No spills occurred in May, 2018.
17. Joint Administration –
 - a. General Engineering Services – Contract with Steven Andrews Engineering – General Manager Ohlund announced that Frank Cahill was leaving RCE for a sabbatical and noted EOCWD’s appreciation for all of his work. Staff indicated that in examining firms that could provide the same level of service provided by RCE, they spoke with Steve Andrews and he indicated that he could provide that level of

service personally and through others in his firm. Mr. Andrews has performed work for the district before and has significant historical knowledge about the District, as well as over 40 years of engineering experience, and many years as District Engineer for several Inland Empire agencies. Staff recommended that the District retain him to provide district engineering services; the Committee recommended that the Board approve the contract with Steven Andrews Engineering.

- b. Proposed FYs 2018-2022 Capital Improvement Program – The proposed CIP budgets for all three enterprise entities were reviewed with the Committee. Staff noted that it will be the “Year of the Valve” for the WZ and RZ, while Browning Avenue and the purchase of a new combination truck will be the primary focus for ID1. The Committee recommended their adoption by the Board.
- c. Personnel Changes – General Manager Ohlund reported that Administrative Assistant Reyna Ayala had resigned her position; staff were currently advertising for her position and estimated it would be filled by mid-August. General Manager Ohlund also reported that the position of Operator I, which has been vacant for one year pending determination of the need for filling the position, has been filled. Jason Thorsell was hired as of June 1, 2018.

18. Adjournment – 6:20 p.m.

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: **COMMUNITY FACILITIES DISTRICT (CFD 2018-1): SECOND READING – ORDINANCE NO. 2018-1, AUTHORIZING THE LEVY OF A SPECIAL TAX**
DATE: JULY 19, 2018

Background

At the July 9, 2018 Meeting, the Board held the first reading of proposed Ordinance No. 2018-1; this Ordinance would authorize the levy of a special tax to repay the bonds issued to finance improvements to the sewer system that will enable the nine (9) Vista del Lago property owners to connect to the District's sewer system.

Tonight, a second reading of Ordinance 2018-1 is scheduled to occur. Final publication of the Ordinance would occur on August 4, 2018. Assuming the Board approves the subsequent resolution approving the issuance of the 2018 Special Tax Bonds, the bonds could be issued after August 19th, the date the Ordinance becomes effective.

Fiscal Impact

There is no discernable financial impact on the District from this action; the bonds that will be issued are not obligations of the District, but rather they are obligations of the properties upon which the special tax will be levied.

Recommendation

The Board conduct a second reading of Ordinance No. 2018-1, and adopt the Ordinance.

ORDINANCE NO. 2018-1

ORDINANCE OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF EAST ORANGE COUNTY WATER DISTRICT, AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN THE DISTRICT

WHEREAS, on June 5, 2018, the Board of Directors (the "Board of Directors") of East Orange County Water District (the "Water District") adopted Resolution No. 822 declaring its intention to form Community Facilities District No. 2018-1 of East Orange County Water District (the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), and adopted Resolution No. 823 declaring its intention to incur bonded indebtedness of the District; and

WHEREAS, on July 9, 2018, after providing all notice required by the Act, the Board of Directors opened a public hearing required by the Act relative to the formation of the District, the proposed levy of a special tax within the District to finance certain public improvements described in Resolution No. 822 and to secure the payment of any bonded indebtedness of the District, and the proposed issuance of up to \$700,000 of bonded indebtedness; and

WHEREAS, at the July 9, 2018 public hearing, all persons desiring to be heard on all matters pertaining to the formation of the District, the proposed levy of the special tax within the District to finance the improvements and the payment of a special tax lien described in Resolution No. 822 and the proposed issuance of bonded indebtedness of the District were heard and a full and fair hearing was held; and

WHEREAS, on July 9, 2018, following the close of the public hearing, the Board of Directors adopted a resolution establishing the District (the "Resolution of Formation") and a resolution determining the necessity to incur bonded indebtedness of the District (the "Resolution to Incur Bonded Indebtedness") each of which called a consolidated special election on July 9, 2018 within the District on three propositions relating to the levying of a special tax, the incurring of bonded indebtedness and the establishment of an appropriations limit for the District; and

WHEREAS, on July 9, 2018, a special election was held within the District at which the qualified electors approved by more than a two-thirds vote Propositions A, B and C authorizing the levy of a special tax within the District for the purposes described in the Resolution of Formation and the issuance of bonded indebtedness for the District as described in the Resolution to Incur Bonded Indebtedness.

NOW, THEREFORE, THE BOARD OF DIRECTORS, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF EAST ORANGE COUNTY WATER DISTRICT, ORDAINS AS FOLLOWS:

1. The above recitals are all true and correct.
2. By the passage of this Ordinance, the Board of Directors authorizes the levy of a special tax within the District at the maximum rates and in accordance with the rates and method of apportionment set forth in Attachment "C" to Resolution No. 822, which rate and method of apportionment is incorporated by reference herein (the "Rate and Method").
3. The Board of Directors is hereby further authorized to determine in each subsequent fiscal year, by ordinance, or by resolution if permitted by then applicable law, on or before August 10 of each year, or such later date as is permitted by law, the specific special tax rate and amount to be levied on each parcel of land in the District pursuant to the Rate and Method. The special tax rate to be levied pursuant to the Rate and Method shall not exceed the applicable maximum rates set forth therein, but the special tax may be levied at a lower rate.
4. Properties or entities of the state, federal or other local governments shall be exempt from the special tax, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act and the Rate and Method. No other properties or entities are exempt from the special tax unless the properties or entities are expressly exempted in the Resolution of Formation, or in a resolution of consideration to levy a new special tax or special taxes or to alter the Rate or Method of an existing special tax as provided in Section 53334 of the Act.
5. All of the collections of the special tax pursuant to the Rate and Method shall be used as provided for in the Act and the Resolution of Formation. The special tax shall be levied within the District only so long as needed for the purposes described in the Resolution of Formation.
6. The special tax levied pursuant to the Rate and Method shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem taxes (which such procedures include the exercise of all rights and remedies permitted by law to make corrections, including, but not limited to, the issuance of amended or supplemental tax bills), as such procedure may be modified by law or by this Board of Directors from time to time.
7. As a cumulative remedy, if any amount levied as a special tax for payment of the interest or principal of any bonded indebtedness of the District, together with any penalties and other charges accruing under this Ordinance, are not paid when due, the Board of Directors may, not later than four years after the due date of the last installment of principal on the Bonds, order that the same be collected by an action brought in the superior court to foreclose the lien of such special tax.

8. The President shall sign this Ordinance and the Secretary shall attest to the President's signature and then cause the same to be published within fifteen (15) days after its passage at least once in a newspaper of general circulation published and circulated in East Orange County Water District.

9. This Ordinance relating to the levy of the special tax within the District shall take effect 30 days following its final passage, and the specific authorization for adoption is pursuant to the provisions of Section 53340 of the Act.

10. The Secretary is hereby authorized to transmit a certified copy of this ordinance to the Orange County Assessor and Treasurer-Tax Collector, and to perform all other acts which are required by the Act, this Ordinance or by law in order to accomplish the purpose of this Ordinance.

INTRODUCED ON the 9th day of July, 2018 and adopted on the 19th day of July, 2018.

Douglass S. Davert, President

I hereby certify that the foregoing is a full, true and correct copy of the Ordinance approved by the Board of Directors of East Orange County Water District at its meeting held on July 19, 2018.

ATTEST:

Jeff Hoskinson, Board Secretary

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: **COMMUNITY FACILITIES DISTRICT (CFD 2018-1): RESOLUTION NO. ____**
AUTHORIZING ISSUANCE OF 2018 SPECIAL TAX BONDS
DATE: JULY 19, 2018

Background

At the July 9, 2018 Meeting, the Board formed CFD 2018-1 for the purpose of assisting with the financing of improvements that will allow nine Vista del Lago property owners to abandon their septic systems and connect to the EOCWD sewer system. A subsequent election was held that same night wherein the property owners voted to tax themselves for up to \$700,000 of the cost of the improvements.

Resolution No. ____ would authorize issuance of both the 2018 Series A Special Tax Bonds ("Series 2018A Bonds" or "Non-Taxable") and 2018 Series B Special Tax Bonds ("Series 2018B" or "Taxable").

Government Code Section 5852.1 requires that the Board obtain from an underwriter, financial advisor or private lender and disclose, prior to the authorization of the issuance of bonds with a term greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds. The required good faith estimates are included in the Resolution and the Indenture Agreement attached to this staff report.

The Indenture Agreement is a contract between the District and U.S. Bank (as the "Fiscal Agent") details the terms and conditions upon which the bonds are to be issued and other issues such as how the funds will be held, the redemption provisions and other required covenants. These conditions were reviewed with the property owners at the June 5, 2018 meeting.

Fiscal Impact

There is no discernable financial impact on the District from this action; the bonds that will be issued are not obligations of the District, but rather they are obligations of the properties upon which the special tax will be levied.

Recommendation

The Board adopt Resolution No. ____authorizing the issuance of the 2018 Special Tax Bonds.

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE
COUNTY WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF
COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF THE EAST
ORANGE COUNTY WATER DISTRICT, AUTHORIZING THE
ISSUANCE OF ITS 2018 SPECIAL TAX BONDS IN A PRINCIPAL
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED SEVEN
HUNDRED THOUSAND DOLLARS (\$700,000) AND APPROVING
CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN
CONNECTION THEREWITH**

WHEREAS, the Board of Directors of East Orange County Water District (the "Water District"), located in Orange County, California (hereinafter sometimes referred to as the "legislative body of the District"), has heretofore undertaken proceedings to form Community Facilities District No. 2018-1 of East Orange County Water District (the "District") pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"); and

WHEREAS, pursuant to a resolution adopted by the legislative body of the District on July 9, 2018, a bond proposition was submitted to the qualified electors within the District to authorize the District to issue bonds pursuant to the Act in an aggregate principal amount not to exceed \$700,000, and such proposition was approved by more than two-thirds of the votes cast at the election held within the District on July 9, 2018; and

WHEREAS, based upon the aforesaid resolutions and elections, the District is now authorized pursuant to the Act to issue bonds in an aggregate principal amount not to exceed \$700,000; and

WHEREAS, the District desires to finance certain authorized facilities (the "Project") for the District through the issuance of bonds in an aggregate principal amount not to exceed \$700,000 in one or more series designated as the "Community Facilities District No. 2018-1 of East Orange County Water District 2018A Special Tax Bonds" (the "Series 2018A Bonds") and the "Community Facilities District No. 2018-1 of East Orange County Water District 2018B Special Tax Bonds (Taxable)" (the "Series 2018B Bonds," and, together with the 2018A Bonds, the "Bonds"); and

WHEREAS, in order to effect the issuance of the Bonds, the legislative body of the District desires to enter into a Trust Indenture, dated as of August 1, 2018, with respect to the 2018A Bonds (the "2018A Indenture") and a Trust Indenture, dated as of August 1, 2018, with respect to the 2018B Bonds (the "2018B Indenture," and together with the 2018A Indenture, the "Indentures"), each with U.S. Bank National Association, as Fiscal Agent, in substantially the forms presented herewith; and

WHEREAS, the legislative body of the District has determined in accordance with Section 53360.4 of the Code that a negotiated sale of the Bonds to a qualified institutional buyer to be selected by the District (the "Purchaser") will result in a lower overall cost to the District than a public sale; and

WHEREAS, set forth below are good faith estimates of Fieldman, Rolapp & Associates, Inc., the municipal advisor, as required under Section 5852.1 of the California Government Code (the "Code"). The following estimates have no bearing on, and should not be misconstrued as, any not to exceed financial parameters authorized by this resolution.

(a) The true interest cost of the bonds is estimated at 4.56% calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the Bonds, including all fees and charges paid to third parties, is estimated at \$52,000.

(c) Proceeds of the Bonds received by the District for the sale of the Bonds are equal to \$547,732.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$1,159,945.

The foregoing estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

WHEREAS, the legislative body of the District has determined that it is prudent in the management of its fiscal affairs to issue the Bonds; and

NOW, THEREFORE, THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF THE DISTRICT, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

1. Each of the above recitals is true and correct.
2. The legislative body of the District is authorized pursuant to the Act to issue the Bonds for the benefit of the District for purposes set forth herein and to take the necessary steps to finance the Project.
3. The issuance of the Bonds in an aggregate principal amount not to exceed \$700,000 and an interest rate not to exceed 4.50% per annum with respect to the Series 2018A Bonds 6.04% per annum with respect to the Series 2018B Bonds is hereby authorized with the exact principal amount to be determined by the official signing the Indentures as described below. The legislative body of the District hereby determines that it is prudent in the management of its fiscal affairs to issue the Bonds. Each series of Bonds shall mature on the dates and pay interest at the rates set forth in the Indenture applicable to such series to be executed on behalf of the District. Each series of Bonds shall be governed by the terms and conditions of the Indenture applicable to such series presented at this meeting. The Indentures shall be prepared by Bond Counsel to the District and executed by one or more of the President or Secretary of the legislative body of the District, or the General Manager, of the Water District (collectively, the "Authorized Officers") substantially in the forms presented at this meeting, with such additions thereto and changes therein as the officer or officers executing the same deem necessary to cure any ambiguity or defect therein, to insert the offering price(s), interest

rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions in accordance with the limitations set forth in this Resolution. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Indentures by one or more Authorized Officers. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Indentures.

4. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the President of the legislative body of the District, and the seal of the District, or a facsimile thereof, shall be impressed or imprinted thereon and attested with the manual or facsimile signature of the Secretary of the legislative body of the District. U.S. Bank National Association is hereby appointed to act as Fiscal Agent for the Bonds.

5. The covenants set forth in the Indentures to be executed in accordance with Section 3 above are hereby approved, shall be deemed to be covenants of the Board of Directors in its capacity as the legislative body of the District and shall be complied with by the District and its officers.

6. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the value of the real property in the District subject to the special tax to pay debt service on the Bonds is at least three times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within the District.

7. The Authorized Officers are each authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, obtaining legal services, municipal advisor services, fiscal agent services and any other services deemed appropriate as set forth in a certificate of an Authorized Officer. The Authorized Officers are authorized to pay for the cost of such services, together with other Costs of Issuance from Bond proceeds.

8. The President and Secretary of the legislative body of the District, the Authorized Officers and the other officers and staff of the Water District and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions, including the selection of the Purchaser, and execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Indentures. In the event that the President of the legislative body of the District is unavailable to sign any document authorized for execution herein, any other member of the legislative body of the District, or his designee, may sign such document. Any document authorized herein to be signed by the Secretary of the legislative body of the District may be signed by a duly-appointed deputy secretary.

9. This Resolution shall take effect immediately upon its adoption.

Dated: July 19, 2018

Douglass S. Davert, President

I hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Directors of the East Orange County Water District at its meeting held on July 19, 2018.

ATTEST:

Jeff Hoskinson, Board Secretary

TRUST INDENTURE

Between

**COMMUNITY FACILITIES DISTRICT NO. 2018-1
OF EAST ORANGE COUNTY WATER DISTRICT**

And

**U.S. BANK NATIONAL ASSOCIATION
as Fiscal Agent**

**COMMUNITY FACILITIES DISTRICT NO. 2018-1
OF EAST ORANGE COUNTY WATER DISTRICT
2018A SPECIAL TAX BONDS**

Dated as of August 1, 2018

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TRUST INDENTURE

This TRUST INDENTURE, by and between Community Facilities District No. 2018-1 of East Orange County Water District (the "District") and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"), dated as of August 1, 2018 (the "Indenture"), governs the terms of the Community Facilities District No. 2018-1 of East Orange County Water District 2018 Special Tax Bonds and any Parity Bonds issued in accordance herewith from time to time.

RECITALS:

WHEREAS, the Board of Directors of East Orange County Water District, located in Orange County, California (hereinafter sometimes referred to as the "legislative body of the District"), has heretofore undertaken proceedings and declared the necessity to issue bonds pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the "Act"); and

WHEREAS, based upon Resolution Nos. ___ and ___ adopted by the legislative body of the District on July 9, 2018, and the elections held July 9, 2018 authorizing the levy of a special tax and the issuance of bonds, the District is now authorized to issue bonds in an aggregate principal amount not to exceed \$1,000,000; and

WHEREAS, the legislative body of the District now intends to finance certain public facilities through the issuance of bonds designated as the "Community Facilities District No. 2018-1 of the East Orange County Water District 2018A Special Tax Bonds" (the "Bonds") in the collective aggregate principal amount of \$_____ (the "Bonds"), pursuant to this Indenture and Resolution No. 2018-___ adopted by the legislative body of the District on July 19, 2018 authorizing the issuance of the Bonds (the "Resolution of Issuance"); and

WHEREAS, the District has determined that all requirements of the Act for the issuance of the Bonds have been satisfied;

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Bonds and any Parity Bonds (as defined herein) which may be issued hereunder from time to time, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 et seq. of the California Government Code.

"Administrative Expense Fund" means the fund by that name established pursuant to Section 3.1.

“Administrative Expense Requirement” means \$_____, provided that at its option, the District may establish the Administrative Expense Requirement for any Bond Year subsequent to the initial Bond Year at any amount larger than \$_____ that is not in excess of the lesser of (a) 102% of the Administrative Expense Requirement applicable in the immediately preceding Bond Year or (b) the remainder of (i) the sum of the Maximum Special Tax applicable to each Parcel of Taxable Property in the District in the Fiscal Year that ends in such Bond Year minus (ii) 110% of Annual Debt Service for such Bond Year.

“Administrative Expenses” means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Fiscal Agent, any fees and related costs for credit enhancement for Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and/or the District, if any, and any other costs otherwise incurred by the Water District on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District hereunder.

“Affiliate” of another Person means (i) a Person directly or indirectly owning, controlling, or holding with power of vote, 25% or more of the outstanding voting securities of such other Person, (ii) any Person 25% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person, and (iii) any Person directly or indirectly controlling, controlled by, or under common control with, such other Person; for purposes hereof, control means the power to exercise a controlling influence over the management or policies of Person, unless such power is solely the result of an official position with such Person.

“Annual Debt Service” means, for any Bond Year, the sum of (i) the interest payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Payment redemption in such Bond Year), and (ii) the principal amount of all Outstanding Bonds due in such Bond Year (including any Sinking Fund Payment redemptions due in such Bond Year).

“Authorized Investments” means any of the following investments, if and to the extent the same are at the time legal for investment of the District’s funds (the Fiscal Agent is entitled to rely upon investment direction from the District as a certification that such investment is an Authorized Investment):

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.
3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
 - Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Senior Debt obligations
 - Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
Consolidated system-wide bonds and notes
 - Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations
 - Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - Financing Corporation (FICO)
Debt obligations
 - Resolution Funding Corporation (REFCORP)
Debt obligations
4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Fiscal Agent and any affiliate) the short-term obligations of which are rated "A-1" or better by S&P.
5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Fiscal Agent and any affiliate) which have capital and surplus of at least \$5 million.
6. Commercial paper (having original maturities of not more than 270 days rated "A-1+" by S&P and "Prime-1" by Moody's).
7. Money market funds rated "AAm" or "AAm-G" by S&P, or better (including those of the Fiscal Agent or its affiliates).
8. "State Obligations," which means:
 - (a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by S&P and "Prime-I" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the paying agent for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or paying agent in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the paying agent or escrow agent.

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and "A3" by Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and "A3" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Fiscal Agent or the District to the provider of the

repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) The Fiscal Agent or a third party acting solely as agent therefor or for the District (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of Fiscal Agent or the District, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Fiscal Agent or the District.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and "A3" by Moody's, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(a) interest payments are to be made to the Fiscal Agent or the District at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Improvement Fund, construction draws) on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Fiscal Agent or the District hereby agrees to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks pari passu with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(d) the Fiscal Agent or the District receives the opinion of domestic counsel (which opinion shall be addressed to Fiscal Agent or the District) that such investment

agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Fiscal Agent or the District;

(e) the investment agreement shall provide that if during its term

(i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (y) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Fiscal Agent or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (z) repay the principal of and accrued but unpaid interest on the investment; and

(ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Fiscal Agent or the District, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Fiscal Agent or District; and

(f) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(g) the investment agreement must provide that if during its term

(i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Fiscal Agent or the District, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Fiscal Agent or the District, and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Fiscal Agent or the District.

12. The State of California Local Agency Investment Fund.

"Authorized Representative of the Water District" and/or "Community Facilities District" means the General Manager of the Water District, or his or her designee, or any other person or persons designated by the Board of Directors of the Water District and authorized to act on behalf of the Water District by a written certificate signed on behalf of the Water District by the

President of the Board of Directors of the Water District and containing the specimen signature of each such person.

“Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

“Board of Directors” means the Board of Directors of the Water District acting as the legislative body of the District.

“Bond Counsel” means an attorney at law or a firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Register” means the books which the Fiscal Agent shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

“Bond Year” means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds shall begin on the Delivery Date thereof and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Bondowner” or “Owner” means, with respect to any Bond or Parity Bond, the Person or Persons in whose name or names such Bond or Parity Bond is registered, as shown on the Bond Register. Initially, the Bondowner shall be the Original Purchaser.

“Bonds” means the Community Facilities District No. 2018-1 of East Orange County Water District 2018A Special Tax Bonds, issued pursuant to this Indenture.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Fiscal Agent is located, are not required or authorized to remain closed.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the Water District or Community Facilities District.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Costs of Issuance” means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Fiscal Agent, legal fees and expenses, costs of printing the Bonds or any Parity Bonds, Original Purchaser’s counsel fees, fees of the appraiser, the Special Tax Administrator, the placement agent, and financial consultants, fees of the California Debt Investment Advisory Commission and all other related fees and expenses.

“Costs of Issuance Account” means the account by that name established in the Improvement Fund pursuant to Section 3.1.

“County” means the County of Orange, California.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the Bonds of such issue were issued and delivered to the initial purchasers thereof.

“Depository” means The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Bonds, to the extent eligible for book-entry registration as provided herein, or any other securities depository acting as Depository under Article II.

“Developed Property” has the meaning ascribed thereto in the Rate and Method of Apportionment.

“District” means Community Facilities District No. 2018-1 of East Orange County Water District established pursuant to the Act and the Resolution of Formation.

“Federal Securities” means, subject to applicable law, United States Treasury notes, bonds, bills or certificates of indebtedness, including United States Treasury Obligations, State and Local Government Series (“SLGS”) or other direct obligations issued by the United States Treasury for which the faith and credit of the United States are pledged for the payment of principal and interest; and obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or other federal agencies or United States Government-sponsored enterprises.

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Gross Special Taxes” means the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property in the District pursuant to the foreclosure provisions of this Indenture for the delinquency of such Special Taxes after payment of administrative costs and attorney’s fees payable from such proceeds to the extent not previously paid from the Administrative Expense Fund.

“Improvement Fund” means the fund by that name established pursuant to Section 3.1

“Indenture” means this Trust Indenture dated as of August 1, 2018, by and between the District and the Fiscal Agent.

“Independent Financial Consultant” means a financial consultant or special tax consultant or firm of such consultants generally recognized to be well qualified in the financial consulting or special tax consulting field, appointed and paid by the District, who, or each of whom:

(1) is in fact independent and not under the domination of the District or Water District;

(2) does not have any substantial interest, direct or indirect, in the District or Water District; and

(3) is not connected with the District as a member, officer or employee of the District or Water District, but who may be regularly retained to make annual or other reports to the District or Water District.

“Interest Account” means the account by that name in the Special Tax Fund.

“Interest Payment Date” means each March 1 and September 1, commencing September 1, 2018.

“Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in Subsection (11) of the definition of Authorized Investments herein.

“Letter of Representations” means a letter substantially in the form attached hereto as Exhibit B delivered by each purchaser of the Bonds to the District to the effect, among other things, that such purchaser (a) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Bonds, (b) is acquiring the Bonds for its own account for the purpose of investment and not with a view to the distribution thereof, and (c) has no present intention of selling, negotiating, transferring, or otherwise disposing of the Bonds so purchased.

“Maximum Annual Debt Service” means, at any point in time, with respect to the Bonds then Outstanding, the greatest amount of Annual Debt Service on the Bonds in the then current or any succeeding Bond Year prior to the final maturity of the Bonds.

“Maximum Special Tax” has the meaning ascribed to it in the Rate and Method of Apportionment.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

“Net Special Taxes” means Gross Special Taxes minus the amount (not in excess of the then applicable Administrative Expense Requirement) deposited in the Administrative Expense Fund pursuant to Section 3.2(b).

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.16.

“Ordinance” means Ordinance No. ___ adopted by the legislative body of the District on July 19, 2018, providing for the levying of the Special Tax.

“Original Purchaser” means Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank, an Arizona corporation, as the initial purchaser and its successors and assigns.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds issued by the District, except:

(1) Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 10.1;

(2) Bonds and Parity Bonds for payment or redemption of which moneys shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(3) Bonds and Parity Bonds which have been surrendered to the Fiscal Agent for transfer or exchange pursuant to Section 2.9 or for which a replacement has been issued pursuant to Section 2.10.

“Parcel” has the meaning ascribed to it in the Rate and Method of Apportionment.

“Parity Bonds” means all bonds, notes or other similar evidences of indebtedness thereafter issued, payable out of Net Special Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

“Participant” means each of the broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

“Person” means natural persons, firms, corporations, partnerships, associations, joint ventures, trusts, public bodies and other entities.

“Prepayments” means any amounts paid by the District to the Fiscal Agent and designated by the District as a prepayment of Special Taxes for one or more Parcels in the District made in accordance with the Rate and Method of Apportionment.

“Principal Account” means the account by that name in the Special Tax Fund.

“Principal Office of the Fiscal Agent” means the corporate trust office of the Fiscal Agent located in Los Angeles, California, provided that for purposes of redemption, payment, exchange, transfer or surrender of Bonds such term shall mean the corporate trust office of the Fiscal Agent located in St. Paul, Minnesota, or such other office or offices as the Fiscal Agent may designate from time to time, or the office of any successor Fiscal Agent where it principally conducts its corporate trust and agency business.

“Project” means those public facilities described in the Resolution of Formation which are to be acquired or constructed within and outside of the District, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds, including, but not limited to, remarketing, credit enhancement, Fiscal Agent and other fees and expenses relating to the issuance of the Bonds or any Parity

Bonds or the formation of the District, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Rate and Method of Apportionment” means that certain Rate and Method of Apportionment of Special Tax approved pursuant to the Resolution of Formation, as such Rate and Method of Apportionment may be amended in accordance with the Act and this Indenture.

“Rebate Fund” means the fund by that name established pursuant to Section 3.1 in which there are established the accounts described in Section 3.1.

“Rebate Regulations” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Account” means the account by that name in the Special Tax Fund.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Representation Letter” means the Blanket Letter of Representations from the District and the Fiscal Agent to the Depository as described in Section 2.13.

“Reserve Account” means the account by that name in the Special Tax Fund.

“Reserve Account Requirement” means 50% of the Maximum Annual Debt Service on the Bonds; provided, however, that the Reserve Account Requirement shall not increase from year to year.

“Residential Property” has the meaning ascribed thereto in the Rate and Method of Apportionment.

“Resolution of Formation” means Resolution No. 831 adopted by the Board of Directors of the Water District on July 9, 2018, pursuant to which the Water District formed the District.

“Resolution of Issuance” means Resolution No. _____ of the District, approving among other things this Indenture and any supplemental indenture approved pursuant to Article VI.

“S&P” means S&P Global Ratings, its successors and assigns.

“Sinking Fund Payment” means the annual payment to be deposited in the Principal Account to redeem a portion of the Term Bonds in accordance with the schedule set forth in Section 4.1(b) hereof and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

“Special Tax Administrator” means Albert A. Webb Associates in its capacity as the consultant engaged by the District to administer the calculation and collection of the Special Taxes, or any successor or replacement entity acting in such capacity.

“Special Tax Fund” means the fund by that name created and established pursuant to Section 3.1.

“Special Tax Holding Fund” means the fund by that name created and established pursuant to Section 3.1.

“Special Taxes” means the Special Tax A (as defined in the Rate and Method) authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the July 9, 2018 election in the District. Special Tax B (as defined in the Rate and Method) is neither pledged nor available to pay debt service on the Bonds.

“Supplemental Indenture” means any supplemental indenture amending or supplementing this Indenture.

“Tax Certificate” means the certificate by that name to be executed by the District on the Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Taxable Property” has the meaning ascribed to it in the Rate and Method of Apportionment.

“Term Bonds” means the Bonds maturing on September 1, 2043, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“Water District” means East Orange County Water District.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds. Under and pursuant to the Act, Bonds in the aggregate principal amount of \$_____ shall be issued for the purposes of financing the Project, funding the Reserve Account and paying Costs of Issuance, provided the aggregate principal amount of the Bonds and any Parity Bonds shall not exceed the total indebtedness authorized in accordance with the Act. The Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Special Taxes and the other amounts in the Special Tax Fund, but not from amounts in the Administrative Expense Fund, the Improvement Fund, the Rebate Fund and the Special Tax Holding Fund.

Section 2.2. Type and Nature of Bonds. Neither the faith and credit nor the taxing power of the Water District, the State of California or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the Water District nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund, as more fully described herein. The District’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund is absolute and

unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the Water District or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the Water District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District's property, or upon any of its income, receipts or revenues, except the Net Special Taxes and other amounts in the Special Tax Fund which are, under the terms of this Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon and neither the members of the legislative body of the District nor any persons executing the Bonds or any Parity Bonds, are liable personally on the Bonds by reason of their issuance.

Notwithstanding anything to the contrary contained in this Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Special Taxes for the payment of the interest on or the principal of or premium on the Bonds or any Parity Bonds or for the performance of any covenants contained herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3. Equality of Bonds and Parity Bonds and Pledge of Net Special Taxes. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, in order to secure the payment of the principal of and interest on the Bonds and any Parity Bonds in accordance with their terms, the provisions of this Indenture and the Act, the District hereby pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Taxes and any other amounts held in the Special Tax Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, this Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act. Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be equally payable from the Net Special Taxes and other amounts in the Special Tax Fund, without priority for number, date of the Bonds or any Parity Bonds, date of sale, date of execution, or date of delivery; and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, shall be made exclusively from the Net Special Taxes and other amounts in the Special Tax Fund, which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, Net Special Taxes deposited in the Rebate Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds; and none of the Rebate Fund, the Improvement Fund, the Administrative Expense Fund or the Special Tax Holding Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude, subject to the limitations contained hereunder, the redemption prior to maturity of any Bonds or Parity Bonds

subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California.

Section 2.4. Description of Bonds; Interest Rates. The Bonds shall be issued in denominations of \$250,000 or any dollar integral in excess thereof and shall consist of one Term Bond, which shall be issued in the form of a single fully registered Bond. The ownership of such Bond shall be registered in the Bond Register in the name of the Original Purchaser, and shall be numbered as desired by the Fiscal Agent. Any Parity Bonds shall be issued in the authorized denominations set forth in the Supplemental Indenture authorizing the issuance thereof.

The Series Bonds shall be designated "COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF EAST ORANGE COUNTY WATER DISTRICT 2018A SPECIAL TAX BONDS." The Series Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1, 2043 and shall bear interest at a rate of [_____] % per annum payable on each Interest Payment Date.

Interest shall be payable on each Bond and Parity Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date until the principal sum of that Bond or Parity Bond has been paid; provided, however, that if at the maturity date of any Bond or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds and Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.5. Place and Form of Payment. The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Fiscal Agent. The Fiscal Agent shall note on its Bond Register the remaining outstanding principal amount of each Bond subsequent to each Sinking Fund Payment, which, absent manifest error, shall be binding and conclusive as to the outstanding principal amount of such Bond. Notwithstanding any provision in this Indenture to the contrary, so long as the Bonds are owned by the Original Purchaser, (i) the Fiscal Agent shall pay principal of and interest and redemption premium, if any, on the Bonds when due by wire transfer in immediately available funds to the Original Purchaser in accordance with such wire transfer instructions as shall be filed by the Original Purchaser with the Fiscal Agent from time to time, (ii) payments of principal on the Bonds shall be made without the requirement for presentation and surrender by the Original Purchaser, provided that principal which is payable at maturity shall be made only upon presentation and surrender at the Principal Office of the Fiscal Agent, and (iii) the Fiscal Agent shall not be required to give notice to the Original Purchaser of the Sinking Fund Payments described in Section 4.1(b). Notwithstanding anything in this Indenture or the Bond to the contrary, presentation of the Bond is not required for the payment thereof other than for final payment at maturity or otherwise hereunder.

Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest

Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond, in which event interest shall be payable from the dated date of such Bond, provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond, interest on that Bond shall be payable from its dated date. Interest on any Bond shall be paid to the Person whose name shall appear in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Fiscal Agent on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner.

Section 2.6. Form of Bonds and Parity Bonds. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of such Bonds and of the certificate of authentication. In no event shall the Bonds be eligible for book-entry registration, unless requested by the Owners of all of the Bonds then Outstanding. Each series of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Section 2.7. Execution and Authentication. The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the President of the Board of Directors and by the manual or facsimile signature of the Secretary of the Board of Directors, or any duly appointed deputy Secretary, in their capacity as officers of the District. In case any one or more of the officers who shall have signed or sealed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed and sealed have been authenticated and delivered by the Fiscal Agent (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds and Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds or Parity Bonds had not ceased to hold such office.

Only the Bonds bearing thereon such certificate of authentication in the form set forth in Exhibit A attached hereto shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Fiscal Agent.

Section 2.8. Bond Register. The Fiscal Agent will keep or cause to be kept, at the Principal Office of the Fiscal Agent, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as herein provided.

The District and the Fiscal Agent may treat the Person whose name appears on the Bond Register as the absolute Owner of that Bond for any and all purposes, and the District and the Fiscal Agent shall not be affected by any notice to the contrary. The District and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Fiscal Agent of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

Section 2.9. Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph with respect to the Bonds and limitations set forth in any Supplemental Indenture with respect to any Parity Bonds, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the Principal Office of the Fiscal Agent, accompanied by delivery of written instrument of transfer in a form acceptable to the Fiscal Agent and duly executed by the Bondowner or his or her duly authorized attorney.

Notwithstanding the foregoing, a Bondowner may only transfer the Bonds so long as the Bonds are transferred to a new Bondowner who has delivered a Letter of Representations (in the form attached as Exhibit B hereto) to the District. An Owner of the Bonds may only transfer Bonds in aggregate principal amounts of not less than \$250,000 to an "accredited investor" within the meaning of Section 2(a)(15) of the Securities Act of 1933, as amended (the "Securities Act") or a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act; provided that such transferee executes a Letter of Representations in the form attached as Exhibit B hereto) to the District. Any transfer of Bonds that is not made in accordance with this Section 2.9 shall be null and void.

Bonds or Parity Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of Bonds or Parity Bonds of other authorized denominations of the same maturity and issue. The Fiscal Agent shall not collect from the Owner any charge for any new Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds shall be surrendered for registration of transfer or exchange, the District shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds of the same issue and maturity, for a like aggregate principal amount; provided that the Fiscal Agent shall not be required to register transfers or make exchanges of (i) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be cancelled by the Fiscal Agent pursuant to Section 10.1. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to the Fiscal Agent and, if any indemnity satisfactory to the Fiscal Agent shall be given, the District shall execute and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor, maturity and issue, numbered and dated as the Fiscal Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued in lieu of any Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately

entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Fiscal Agent shall not treat both the original Bond or Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond or Parity Bond to replace a Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Fiscal Agent may make payment with respect to such Bond or Parity Bond upon receipt of indemnity satisfactory to the Fiscal Agent.

Section 2.11. Validity of Bonds. The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District for the financing of the Project, or by the invalidity, in whole or in part, of any contracts made by the District in connection therewith, and shall not be dependent upon the completion of the financing of the Project or upon the performance by any Person of his obligation with respect to the Project, and the recital contained in the Bonds or Parity Bonds or that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12. Book-Entry System. The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten). The Bonds shall be registered in the Bond Register in the name of the Original Purchaser of the Bonds and shall not be delivered in book-entry form. Upon the request of the Owners of all Outstanding Bonds, the District may elect to convert the Bonds to book-entry Bonds and such Bonds shall become subject to the provisions of Sections 2.12 through 2.15. At the election of the District, any Parity Bonds may be issued as book-entry bonds registered in the name of the Nominee as provided herein, in which case the references in Sections 2.12 through 2.15 to "Bonds" shall be applicable to such Parity Bonds.

With respect to book-entry Bonds registered in the Bond Register in the name of the Nominee, the District and the Fiscal Agent shall have no responsibility or obligation to any Participant or to any Person on behalf of which such Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the District and the Fiscal Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The District and the Fiscal Agent may treat and consider the Person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such book-entry Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Fiscal Agent shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the District's obligations with respect to payment of the

principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Fiscal Agent and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

Section 2.13. Representation Letter. In order to qualify the Bonds which the District elects to register in the name of the Nominee for the Depository's book-entry system, an authorized representative of the District may execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 5.1 or in any other way impose upon the District or the Fiscal Agent any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown in the Bond Register. The Fiscal Agent agrees to take all action necessary to continuously comply with all representations made by it in the Representation Letter. In addition to the execution and delivery of the Representation Letter, the President of the Board of Directors and the Authorized Representatives of the Water District are hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

Section 2.14. Transfers Outside Book-Entry System. The Bonds shall be initially issued as provided in Section 2.1 hereof. If the Bonds are held in book-entry form and in the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.9 hereof.

Section 2.15. Payments to the Nominee. Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Section 2.16. Initial Depository and Nominee. Upon an election by the District in accordance with Section 2.12 hereof to register the Bonds as book-entry Bonds, the initial Depository under this Article shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

Section 2.17. Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Special Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture. The District shall not incur any additional bonded indebtedness payable from Net Special Taxes, including any additional bonded indebtedness subordinate to the Bonds, except for Parity Bonds which satisfy the requirements

of this Section 2.17. Parity Bonds shall be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Fiscal Agent; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(i) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited;

(ii) the authorized principal amount of such Parity Bonds;

(iii) the date, the interest payment dates, and the maturity date or dates of such Parity Bonds; provided that (i) each interest payment date shall fall on a March 1 or September 1 and (ii) each maturity date shall fall on a September 1;

(iv) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(v) the denominations and method of numbering of such Parity Bonds;

(vi) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(vii) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement, provided that if the interest on such Parity Bonds is intended by the District to be excluded from the gross income of the recipients thereof for federal income tax purposes, such amount shall not exceed the maximum amount of proceeds that, in the opinion of Bond Counsel, can be so deposited without causing the interest on such Parity Bonds to be included in the gross income of the recipients thereof for federal income tax;

(viii) the form of such Parity Bonds; and

(ix) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The Fiscal Agent shall have received the following documents, all dated or certified, as the case may be, as of the date of delivery of such Parity Bonds:

(i) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(ii) a written request of the District as to the delivery of such Parity Bonds;

(iii) an opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Supplemental Indenture relating to such Parity Bonds, and the Supplemental Indenture has been duly and lawfully adopted by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms (subject to the usual and customary exceptions); (ii) the Indenture creates the valid pledge which it purports to create of the Net Special Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (subject to the usual and customary exceptions) and the terms of the Indenture and all Supplemental Indentures thereto and are entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(iv) for Parity Bonds not refunding Bonds or other Parity Bonds, a certificate of the Special Tax Administrator that additional parcels of Taxable Property have been annexed into the District and the Special Taxes from such parcels when combined with the Special Taxes from the Taxable Property already in the District will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all Bonds and the Parity Bonds to be issued;

(v) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture;

(vi) for Parity Bonds refunding Bonds or other Parity Bonds, a certificate from an Independent Financial Consultant to the effect that Annual Debt Service after the issuance of such Parity Bonds will be no larger than Annual Debt Service would have been prior to the issuance of such Parity Bonds in each Fiscal Year in which Bonds or Parity Bonds (other than the refunding Parity Bonds) will remain Outstanding; and

(vii) such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

ARTICLE III

CREATION OF FUNDS; APPLICATION OF PROCEEDS; AND SPECIAL TAXES

Section 3.1. Creation of Funds and Application of Proceeds.

(a) There are hereby created and established and shall be maintained by the Fiscal Agent the following funds and accounts:

(1) The Community Facilities District No. 2018-1 Special Tax Fund (the "Special Tax Fund"), in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account, and a Reserve Account;

(2) The Community Facilities District No. 2018-1 Rebate Fund (the "Rebate Fund"), in which there shall be established a Rebate Account and an Alternative Penalty Account; and

(3) The Community Facilities District No. 2018-1 Improvement Fund (the "Improvement Fund"), in which there shall be established the Costs of Issuance Account and the Improvement Account.

The amount on deposit in the foregoing funds and accounts shall be held by the Fiscal Agent, and the Fiscal Agent shall invest and disburse such amounts in accordance with the provisions of this Article III.

In connection with the issuance of any Parity Bonds, the Fiscal Agent, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) There are hereby created and established and shall be maintained by the District the following funds and accounts:

(1) The Community Facilities District No. 2018-1 Administrative Expense Fund (the "Administrative Expense Fund"); and

(2) The Community Facilities District No. 2018-1 Special Tax Holding Fund (the "Special Tax Holding Fund").

The amounts on deposit in the foregoing funds and accounts shall be held by the District, and the District shall invest and disburse such amounts in accordance with the provisions of this Article III.

(c) The proceeds of the sale of the Bonds and other funds on hand held by the District and transferred to the Fiscal Agent shall be received by the Fiscal Agent and deposited and transferred as follows:

(1) \$_____ shall be deposited in the Costs of Issuance Account of the Improvement Fund;

(2) \$_____ shall be deposited in the Reserve Account of the Special Tax Fund; and

(3) \$_____ shall be deposited in the Improvement Account of the Improvement Fund; and

(4) \$_____ representing interest due on the Bonds through March 1, 2019 shall be deposited in the Interest Account of the Special Tax Fund.

Each of the Fiscal Agent and the District may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers. The amounts on deposit in the foregoing funds and accounts shall be held by the Fiscal Agent and the District, as applicable, and the Fiscal Agent and the District, as applicable, shall invest and disburse the amounts in such funds and accounts in accordance with the provisions of this Article III and shall disburse investment earnings thereon in accordance with the provisions of Section 3.11 hereof.

Section 3.2. Special Taxes and Deposits to and Disbursements from Special Tax Fund.

(a) The District shall hold in trust, for the benefit of the Bondowners, all Special Taxes received by it and shall apply them as set forth herein; and, pending such application, such Special Taxes shall be pledged to, and shall be subject to a lien in favor of the Bondowners.

(b) The District shall deposit in its Administrative Expense Fund from time to time Special Taxes levied in an amount equal to the Administrative Expense Requirement for the next succeeding Fiscal Year or, if the District determines to transfer a lesser amount, then such lesser amount, provided that not more than one half of the Administrative Expense Requirement shall be so deposited in any Fiscal Year prior to the date on which the balance on deposit in the Interest Account of the Special Tax Fund is at least equal to the interest payable on the Bonds on March 1.

(c) The portion of any Prepayment received by the District that is the "Future Facilities Amount" thereof (as defined in the Rate and Method of Apportionment), if any, shall be identified as such by the District and deposited in such fund as shall be specified in a Certificate of an Authorized Representative of the District. The portion of any Prepayment received by the District that is to be applied to the redemption of Bonds or Parity Bonds shall be identified as such by the District and transferred to the Fiscal Agent for deposit in the Redemption Account.

(d) After making the aforesaid deposits and transfers, at least one Business Day before each Interest Payment Date, the District shall transfer to the Fiscal Agent for deposit in the Special Tax Fund, Special Taxes (to the extent Special Taxes are available therefor) in an amount equal to: the sum of (i) the interest and any principal payment coming due on Bonds and Parity Bonds on such Interest Payment Date, (ii) the amount required to pay principal of and interest on Bonds or Parity Bonds in connection with an optional redemption of Bonds or Parity Bonds as described in Section 4.1(a) (but only if so directed by an Authorized Representative of the District), (iii) the amount required to cause the balance on deposit in the Reserve Account to equal the Reserve Requirement, and (iv) the amount required to make the necessary deposits in the Rebate Fund pursuant to Section 3.7. The Fiscal Agent shall use the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

(1) Deposit in the Interest Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to equal the interest coming due on the Bonds on the next succeeding Interest Payment Date;

(2) Deposit in the Principal Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to be equal to the principal amount of the Bonds and/or the Sinking Fund Payment payable on the next succeeding September 1;

(3) Deposit in the Redemption Account of the Special Tax Fund the amount necessary to pay any optional redemption of the Bonds as provided in Section 4.1(a);

(4) Deposit in the Reserve Account of the Special Tax Fund the amount, if any, necessary to cause the balance on deposit in the Reserve Account to equal the Reserve Requirement; and

(5) After the District has deposited any Administrative Expenses in excess of the Administrative Expense Requirement that the District has requested be paid or reimbursed to it, deposit in the Rebate Fund the amounts required to be deposited therein pursuant to Section 3.7.

The District shall deposit in the Special Tax Holding Fund any amount remaining after all of the foregoing deposits and transfers and all of the deposits and transfers required under Section 3.7 hereof have been completed. At maturity of all of the Bonds and Parity Bonds and after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for, Special Taxes held by the District and moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

Section 3.3. Administrative Expense Fund. Amounts on deposit in the Administrative Expense Fund may be applied by the District from time to time to pay Administrative Expenses.

Section 3.4. Interest Account and Principal Account of the Special Tax Fund. The scheduled principal or Sinking Fund Payments of, and interest on, the Bonds and any Parity Bonds shall be paid by the Fiscal Agent from amounts transferred to the Interest Account and the Principal Account of the Special Tax Fund. For the purpose of assuring that the payment of principal or Sinking Fund Payment of, and interest on, the Bonds and any Parity Bonds will be made when due, after the deposit is made as required by Section 3.3, at least one

Business Day prior to each Interest Payment Date, the Fiscal Agent shall make the following transfers first to the Interest Account and then to the Principal Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account one (1) Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one (1) Business Day prior to September 1 of each year, shall equal the principal payment and Sinking Fund Payment of the Bonds and any Parity Bonds due on such September 1. Moneys in the Principal Account shall be used for the payment of the principal and Sinking Fund Payment of the Bonds and any Parity Bonds as the same become due.

However, notwithstanding the above, to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of the Bonds, or otherwise, or to the extent that a transfer will be made from the Reserve Account to the Interest Account in accordance with the last paragraph of Section 3.6, the transfers from the Special Tax Fund described above shall be reduced by a like amount.

Section 3.5. Redemption Account of the Special Tax Fund.

(a) After making the transfers and deposits required by Sections 3.3 and 3.4 above, and in accordance with the District's election to call Bonds for optional redemption as set forth in Section 4.1(a), or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Fiscal Agent shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund may be applied to optionally redeem Bonds or Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(b) Prepayments deposited to the Redemption Account shall be applied on the redemption date established pursuant to Section 4.1(c) for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds and any Parity Bonds to be redeemed with such Prepayments.

(c) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds and, in the case of an optional redemption or a special mandatory redemption from Prepayments, to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account, other than Prepayments (which shall be used to redeem Bonds and Parity Bonds on the redemption date established pursuant to Section 4.1(c)), may be used to purchase Outstanding Bonds or Parity Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption, the premium

applicable at the next following call date according to the premium schedule established pursuant to Section 4.1(a), or in the case of Parity Bonds the premium schedule established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds may be paid from the amount reserved in the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Section 3.6. Reserve Account of the Special Tax Fund. Amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due or in the event that the balance on deposit in the Interest Account or the Principal Account, as the case may be, is insufficient for such purpose and for the purpose of making any required transfer to the Rebate Fund pursuant to Section 3.7 upon written direction from the District or any required transfer to the Redemption Account as described below. If the amounts in the Interest Account or Principal Account, as the case may be, are insufficient to pay the principal of, including Sinking Fund Payments, or interest on the Bonds and Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Fiscal Agent shall withdraw from the Reserve Account for deposit in the Interest Account or the Principal Account, as the case may be, or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5 above, the Fiscal Agent shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of the Reserve Account to the Reserve Requirement. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District shall include the amount necessary to fully restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the Maximum Special Taxes.

(c) In connection with a redemption of Bonds pursuant to Section 4.1(a) or (c) or Parity Bonds in accordance with this Indenture or any Supplemental Indenture or a partial defeasance of Bonds or Parity Bonds in accordance with Section 9.1 hereof, amounts in the Reserve Account may be applied to such redemption or partial defeasance if so provided in a Certificate of an Authorized Representative, so long as the amount on deposit in the Reserve Account following such optional redemption or partial defeasance equals the Reserve Requirement following such optional redemption or partial defeasance.

(d) To the extent that the sum of the amounts on deposit in the Reserve Account as of the first day of the penultimate Bond Year equals or exceeds the sum of Annual Debt Service in each of the final two Bond Years, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds in such Bond Years, if so provided in a Certificate of an Authorized Representative.

(e) To the extent that the amount on deposit in the Reserve Account as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds equals or exceeds Annual Debt Service for that Bond Year, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue, if so provided in a Certificate of an Authorized Representative.

(f) The Fiscal Agent shall withdraw from the Reserve Account moneys in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this Section one Business Day before each March 1 and September 1, and transfer such moneys to the Interest Account of the Special Tax Fund, unless prior to such date the Fiscal Agent is directed in a Certificate of an Authorized Representative to transfer such moneys to a different fund or account specified in such certificate.

Section 3.7. Rebate Fund.

(a) All money at any time deposited in the Rebate Account of the Rebate Fund shall be held by the Fiscal Agent in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds shall be governed by this Section and the Tax Certificate, unless the District delivers to the Fiscal Agent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and any Parity Bonds issued on a tax exempt basis will not be adversely affected if such requirements are not satisfied. The Fiscal Agent shall not be responsible for calculating rebatable arbitrage or for the adequacy or correctness or any rebate report or rebate calculations. The Fiscal Agent shall be deemed conclusively to have complied with the provisions of this Indenture regarding calculation and payment of the rebatable arbitrage if the Fiscal Agent follows the directions of the District and the Fiscal Agent shall have no independent duty to review such calculations or enforce the compliance with such rebate requirements.

(1) Rebate Account. The following requirements shall be satisfied with respect to each subaccount of the Rebate Account:

(i) Annual Computation. Within 55 days of the end of each Bond Year, the District shall calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds and each issue of Parity Bonds in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage described in the Tax Certificate for each issue (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the "Rebatable Arbitrage"). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatable Arbitrage must be calculated as required by the Tax Certificate the District shall transfer to the Fiscal Agent an amount to be deposited in the Rebate Account if and to the extent required, so that the balance in the Rebate Account shall equal the amount of Rebatable Arbitrage so calculated by or on behalf of the District in accordance with (i) of this Subsection (a)(1) with respect to the Bonds and each issue of Parity Bonds to which this Section is applicable. In the event that immediately following any transfer required by the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit in the Rebate Account exceeds the amount required to be on deposit therein, the Fiscal Agent shall withdraw the excess from the Rebate Account and then credit the excess to the Administrative Expense Fund.

(iii) Payment to the Treasury. The District shall direct the Fiscal Agent to pay to the United States Treasury out of amounts in the Rebate Account,

(X) Not later than 60 days after the end of (A) the fifth Bond Year for the Bonds and each issue of Parity Bonds to which this Section is applicable, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year for the Bonds and each issue of Parity Bonds; and

(Y) Not later than 60 days after the payment or redemption of all of the Bonds or each issue of Parity Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Account, the amount in the Rebate Account is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (a)(1) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the accounts of the Rebate Fund after redemption and payment of the Bonds or an issue of Parity Bonds and after making the payments described in Subsection (a)(1)(iii) may be withdrawn by the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance and final payment of the Bonds and any Parity Bonds with respect to which an account has been created in the Rebate Fund.

(d) Amendment Without Consent of Owners. This Section may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any issue of Parity Bonds issued on a tax-exempt basis.

Section 3.8. Surplus Money in the Special Tax Fund. After making the transfers required by Sections 3.2, 3.3, 3.4, 3.5, 3.6 and 3.7 hereof, as soon as practicable after each September 1, the excess amounts in the Special Tax Fund may, (i) prior to the earlier of (A) the third anniversary of the Delivery Date or (B) the date on which the Fiscal Agent receives a Certificate of an Authorized Representative stating that the Project has been acquired or constructed, the excess amounts in the Special Tax Fund shall be transferred as directed in a Certificate of an Authorized Representative, to one or more accounts in the Improvement Fund as specified in such Certificate of an Authorized Representative, and (ii) on and after the date described in clause (i), the excess amounts in the Special Tax Fund may, at the written direction of the District, be (a) retained in the Special Tax Fund to pay interest and principal on the

Bonds, (b) transferred to the Administrative Expense Fund if the amount therein is insufficient to pay Administrative Expenses, or (c) transferred to the Redemption Account. In the absence of any such written direction of the District, such excess amounts shall be transferred to the Special Tax Holding Fund.

Section 3.9. Special Tax Holding Fund. Moneys deposited in the Special Tax Holding Fund are not pledged to the repayment of the Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Special Tax Holding Fund to pay debt service on any Outstanding Bonds, the District shall transfer such amounts to the Fiscal Agent and instruct in writing the Fiscal Agent to segregate such amount into a separate subaccount; and the moneys on deposit in such subaccount of the Special Tax Holding Fund shall be invested in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a Yield not in excess of the Yield on the Bonds, unless, in the opinion of Bond Counsel, investment at a higher Yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds then Outstanding.

Section 3.10. Improvement Fund.

(a) The moneys in the Costs of Issuance Account in the Improvement Fund shall be disbursed by the Fiscal Agent at the written direction of the District for the payment of Costs of Issuance. Any balance remaining in the Costs of Issuance Account on December 31, 2018 shall be transferred as directed in a Certificate of an Authorized Representative, to one or more other accounts in the Improvement Fund as specified in such Certificate of an Authorized Representative and the Costs of Issuance Account shall be closed.

(b) The moneys in the Improvement Account in the Improvement Fund shall be disbursed by the Fiscal Agent to the Water District from time to time upon the written direction of the District.

(c) If the District shall determine that all or a specified portion of the amount remaining in any account in the Improvement Fund is no longer needed to pay the costs otherwise payable from such account, the District may cause the transfer of all or such specified portion, as applicable, of the moneys remaining on deposit in such account to any other of such accounts and after all amounts to be paid from such accounts are satisfied for deposit in the Special Tax Fund.

Section 3.11. Investments. Moneys held in any of the funds, accounts and subaccounts under this Indenture shall be invested by the District or the Fiscal Agent, as applicable, in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such funds, accounts and subaccounts. Any loss resulting from such Authorized Investments shall be credited or charged to the fund, account or subaccount from which such investment was made, and any investment earnings on all amounts deposited in the Special Tax Fund and the Rebate Fund and each account therein shall be deposited in those respective funds and accounts. Moneys in the funds, accounts and subaccounts held under this Indenture may be invested by the District or the Fiscal Agent as directed by the District, as applicable, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Improvement Fund shall be invested in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Improvement Fund. Notwithstanding anything herein to the contrary, amounts in the Improvement Fund three years after the Delivery Date for the Bonds and the proceeds of each issue of Parity Bonds issued on a tax-exempt basis which are remaining on deposit in the Improvement Fund on the date which is three years following the date of issuance of such issue of Parity Bonds shall be invested by the Fiscal Agent only in Authorized Investments the interest on which is excluded from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds from which such proceeds were derived, unless in the opinion of Bond Counsel such restriction is not necessary to prevent interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes from being included in gross income for federal income tax purposes.

(b) Moneys in the Special Tax Fund and the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement, be available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) Subject to the following sentence, moneys in the Reserve Account of the Special Tax Fund may be invested only in (i) Authorized Investments not less than 50% of which must mature within 6 months and all of which must mature within 1 year, (ii) Authorized Investments of the type defined in clause (7) of the definition of said term or (iii) one or more Investment Agreements. Moneys in the Reserve Account of the Special Tax Fund shall not be invested in Authorized Investments of the type described in clause (12) of the definition thereof.

(d) Moneys in the Rebate Fund shall be invested only in Authorized Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to Section 3.7 hereof or in Authorized Investments of the type described in clause (7) of the definition thereof.

(e) In the absence of written direction from the District, the Fiscal Agent shall invest any money held by it in Authorized Investments of the type described in clause (7) of the definition thereof.

The District or the Fiscal Agent, as applicable, shall sell or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any such funds and accounts, any such investments constituting a part of such funds and accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the market value thereof at least semiannually on or before each Interest Payment Date. In making any valuations hereunder, the District or the Fiscal Agent, as applicable, may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything

herein to the contrary, the District or the Fiscal Agent, as applicable, shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Indenture.

The District or the Fiscal Agent, as applicable, may sell, or present for redemption any Authorized Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of Section 7.4, the District or the Fiscal Agent, as applicable, shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the District or the Fiscal Agent, as applicable, may commingle the funds and accounts established hereunder, but shall account for each separately.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District or the Water District the right to receive brokerage confirmations of securities transactions as they occur, the District will not receive such confirmations to the extent permitted by law. The Fiscal Agent shall furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder. The Fiscal Agent and its affiliates may act as sponsor, advisor, depository, principal or agent in the holding, acquisition or disposition of any investment.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1. Redemption of Bonds.

(a) Optional Redemption. The Bonds maturing on or before September 1, 2025 may not be optionally redeemed. The Bonds maturing on or after September 1, 2026 may be redeemed, at the option of the District, from any source of funds, other than Prepayments, on any date on or after September 1, 2025 in whole, or in part (in such amounts as may be designated by the District, with the particular Bonds within the maturity of the Bonds to be selected by the Fiscal Agent by lot), at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 2025 through March 1, 2026	103%
September 1, 2026 and March 1, 2027	102
September 1, 2027 and March 1, 2028	101
September 1, 2028 and any Interest Payment Date thereafter	100

In the event the District elects to redeem Bonds as provided above, the District shall give written notice to the Fiscal Agent of its election to so redeem, the redemption date and the maturity dates of the Bonds to be redeemed. The notice to the Fiscal Agent shall be given at least 45 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Fiscal Agent, in its sole discretion.

(b) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 2043 shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 2019, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Fiscal Agent by lot and shall be redeemed at a redemption price for each redeemed Term Bonds equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

BONDS MATURING SEPTEMBER 1, 2043

<i>Redemption Dates (September 1)</i>	<i>Principal Amount</i>
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043 (Maturity)	

If the District purchases Term Bonds and delivers them to the Fiscal Agent at least 45 days prior to an applicable redemption date, the principal amount of the Term Bonds so purchased shall be credited to reduce the Sinking Fund Payment due on such redemption date for the applicable maturity of the Term Bonds. All Term Bonds purchased by the District and delivered to the Fiscal Agent pursuant to this subsection shall be cancelled pursuant to Section 10.1.

In the event of a partial optional redemption or special mandatory redemption of Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis.

(c) Special Mandatory Redemption from Prepayments. The Bonds are subject to redemption as a whole, or in part (on a pro rata basis among maturities of the Bonds), on any Interest Payment Date prior to maturity from the proceeds of the prepayment of the Special Taxes deposited in the Redemption Account pursuant to this Indenture and amounts transferred from the Reserve Account in connection with such prepayment. Such special mandatory redemption of the Bonds shall be at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 2018 through March 1, 2026	103%
September 1, 2026 and March 1, 2027	102
September 1, 2027 and March 1, 2028	101
September 1, 2028 and any Interest Payment Date thereafter	100

(d) Redemption of Parity Bonds. The redemption provisions for Parity Bonds shall be set forth in a Supplemental Indenture.

Section 4.2. Notice of Redemption. When Bonds are to be redeemed under Section 4.1(a) or (c) above, or under another redemption provision set forth in a Supplemental Indenture relating to any Parity Bonds, the Fiscal Agent shall give notice, in the name of the District, of the redemption of such Bonds or Parity Bonds. Such notice of redemption shall (a) specify the CUSIP numbers (if any), the numbers and the maturity date or dates of the Bonds or Parity Bonds selected for redemption, except that where all of the Bonds or an issue of Parity Bonds are subject to redemption, or all the Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the Bonds or Parity Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds or Parity Bonds are to be redeemed; (e) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond which is to be redeemed; (f) state the date of issue of the Bonds or Parity Bonds as originally issued; (g) state the rate of interest borne by each Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the District. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Fiscal Agent shall mail a copy of such notice, by first class mail, postage prepaid, to the respective registered Owners thereof at their addresses appearing on the Bond Register, and to the Original Purchaser of the Bonds or Parity Bonds, as applicable, or electronically in accordance with the procedures of the Depository with respect to Bonds or Parity Bonds that the District has elected to register as book-entry Bonds or Parity Bonds. The actual receipt by the Owner of any Bond or Parity Bond or the original purchaser of any Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Fiscal Agent on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Fiscal Agent shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Fiscal Agent shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Upon the payment of the redemption price of any Bonds and Parity Bonds being redeemed, each check or other transfer of funds issued for such purpose shall to the extent practicable bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds and Parity Bonds being redeemed with the proceeds of such check or other transfer.

Notwithstanding anything in this Indenture or the Bond to the contrary, notice of redemption shall not be required for regularly-scheduled mandatory sinking fund payments pursuant to Section 4.1(b) of this Indenture.

Section 4.3. Partial Redemption of Bonds. Upon surrender of any Bond or Parity Bond to be redeemed in part only under Section 4.1(a) or (c), the District shall execute and the Fiscal Agent shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity, or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations.

Section 4.4. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.2, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(a) The Bonds and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture, or in any Supplemental Indenture with respect to any Parity Bonds, anything in this Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding;

(b) Upon presentation and surrender thereof at the office of the Fiscal Agent, the redemption price of such Bonds and Parity Bonds shall be paid to the Owners thereof;

(c) As of the redemption date the Bonds or Parity Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, shall cease to bear further interest; and

(d) As of the date fixed for redemption no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. Warranty. The District shall preserve and protect the security pledged hereunder to the Bonds and any Parity Bonds against all claims and demands of all persons.

Section 5.2. Covenants. So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and this Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and any Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund or Administrative Expense Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners (other than the Special Taxes to be deposited in the Administrative Expense Fund or other funds held by the District) and will deposit Special Taxes in the Special Tax Fund as provided herein, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District further covenants that, in connection with the delivery of any Prepayment to the Fiscal Agent, the District will also deliver to the Fiscal Agent a certificate of the Special Tax Administrator identifying with respect to the Prepayment: (i) the "Future Facilities Costs" (as defined in the Rate and Method of Apportionment), if any, with instructions that said amount be deposited in a fund or account designated in writing by an Authorized Representative of the Water District, (ii) the "Administrative Fees and Expenses" (as defined in the Rate and Method of Apportionment), with instructions that said amount shall be deposited in the Administrative Expense Fund, (iii) the amount that represents the Special Taxes levied in the current Fiscal Year on the subject Parcel which had not been paid, with instructions to deposit portions of said amount in the Interest Account and the Principal Account of the Special Tax Fund, (iv) the amount of the "Reserve Fund Credit" (as defined in the Rate and Method of Apportionment), with instructions to withdraw said amount from the Reserve Account and transfer it to the Redemption Account in connection with the redemption of Bonds, and (v) the amount to be deposited in the Redemption Account.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and Parity Bonds and in accordance with this Indenture to the extent that Net Special Taxes and other amounts pledged hereunder are available therefor, and that the payments into the funds and accounts created hereunder will be made, all in strict conformity with the terms of the Bonds, the Parity Bonds and this Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Special Taxes except as provided in this Indenture, and will not issue any obligation or security having a lien or charge upon the Net Special Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing or incurring indebtedness which is payable from a pledge of Net Special Taxes which is subordinate in all respects to the pledge of Net Special Taxes to repay the Bonds and the Parity Bonds.

(b) Levy and Collection of Special Tax. On or before each August 1, commencing August 1, 2018, the Fiscal Agent shall provide a written notice to the District stating the amounts then on deposit in the various funds and accounts established by the Fiscal Agent pursuant to this Indenture. The receipt of such notice by the District shall in no way affect the obligations of the District under the following paragraphs. Upon receipt of a copy of such notice, the District shall communicate with the Treasurer or other appropriate official of the County to ascertain the relevant Parcels on which the Special Taxes are to be levied, taking into account any Parcel splits during the preceding and then current year.

The District may retain an Independent Financial Consultant to assist in the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance such that the computation of the levy is complete before the final date on which the Treasurer of the County will accept the transmission of the Special Tax amounts for the Parcels within the District for inclusion on the next secured tax roll. Upon the completion of the computation of the amounts of the levy, and approval by the legislative body of the District, the District shall prepare or cause to be prepared, and shall transmit to the Treasurer of the County, such data as the Treasurer of the County requires to include the levy of the Special Taxes on the next secured tax roll.

The District shall fix and levy the amount of Special Taxes required for the payment of principal of and interest on Outstanding Bonds becoming due and payable during the ensuing year including any necessary replenishment or expenditure of the Reserve Account for the Bonds, an amount equal to the estimated Administrative Expenses and any additional amounts necessary for expenses incurred in connection with administration or enforcement of delinquent Special Taxes. The District further covenants, to the maximum extent permitted by law, that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds are Outstanding.

The Special Taxes shall be payable and collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property; provided, the legislative body of the District may provide for direct collection of the Special Taxes in certain circumstances.

The fees and expenses of the Independent Financial Consultant retained by the District to assist in computing the levy of the Special Taxes hereunder and any reconciliation of amounts levied to amounts received, as well as the costs and expenses of the District (including a charge for District staff time) in conducting its duties hereunder, shall be an Administrative Expense hereunder.

(c) Commence Foreclosure Proceedings. Pursuant to Section 53356.1 of the Act, the District hereby covenants with and for the benefit of the Bondowners that it will order, and cause to be commenced, on or before October 1 of the Fiscal Year immediately following the Fiscal Year in which a delinquency in the payment of a Special Tax occurs, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due, provided that the District need not commence or pursue such proceedings with respect to any property owned by a single property owner who is delinquent in the payment of Special Taxes in an amount less than \$5,000 if both (i) the aggregate amount of such delinquent Special Taxes does not exceed 5% of the total Special Taxes due and payable for the Fiscal Year in question and (ii) the balance on deposit in the Reserve Account of the Special Tax Fund is not less than the Reserve Requirement.

Special Taxes collected as a result of a foreclosure proceeding shall be deposited in the Special Tax Fund and only inure to the benefit of the Bonds or Parity Bonds in the manner provided in Section 3.2.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Special Taxes or other funds in the Special Tax Fund or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection by the Owners of not less than 10% of the principal amount of the Bonds then Outstanding or the Owners of not less than 10% of the principal amount of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be "private activity bonds" within the meaning of Section 141 of the Code;

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds issued on a tax-exempt basis or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds issued on a tax-exempt basis;

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with the expectations stated in the Tax Certificate in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein; and

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(g) Reduction of Maximum Special Taxes. The District hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on Parcels in the District below the levels provided in this Section would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, (i) the District receives a certification from one or more Independent Financial Consultants which, when taken together, concludes that, on the basis of the Parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property in each Bond Year for any Bonds Outstanding will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultants shall compute the Administrative Expenses for the current Fiscal Year and escalate that amount by two percent (2%) in each subsequent Fiscal Year.

The District further covenants that in the event an ordinance is adopted by initiative pursuant to Section 3 of Article XIII C of the California Constitution, which purports to reduce or otherwise alter the maximum Special Tax rates, it will commence and pursue legal action seeking to preserve its ability to comply with its covenant contained in the preceding paragraph.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the minimum or the maximum Special Tax below the levels specified in Section 5.2(g) above or to limit the power of the District to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District hereby covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

(j) Further Assurances. The District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided herein.

(k) Opinions. In the event that an opinion is rendered by Bond Counsel as provided herein from a firm other than the firm which rendered the Bond Counsel opinion at closing, such subsequent opinion by Bond Counsel shall also include the conclusions set forth in the original Bond Counsel opinion relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(l) Continuing Disclosure. So long as the Bonds remain Outstanding, within 270 days of the end of each Fiscal Year, the District shall provide the Bondowner with: (1), an annual audited financial statement prepared in accordance with generally accepted accounting principles as promulgated to apply to government entities from time to time by the Governmental Accounting Standards Board, if any are prepared; (2) a table presenting the number of parcels, secured assessed values (land and structure values) and value to lien ratios within the Improvement Area; (3) a table listing the total amount of assessment installments levied and total delinquencies within the Improvement Area in the current fiscal year and all prior fiscal years with delinquencies; (4) a statement as to any parcel in the Improvement Area for which the delinquent assessment installments represent more than 10% of the aggregate assessment installments levy: the identity of the parcel, the identity of the owner(s) of the parcel, and the aggregate amount of delinquent property and assessment installments within the Improvement Area, including accrued penalties and interest; (5) a statement as to the status of any judicial foreclosure proceedings within the Improvement Area, including such proceedings initiated by the District as a result of the delinquency in the payment of assessment installments; (6) timely notice to the Original Purchaser of any material impact to the District's financial position and/or the receipt or collection of the Special Taxes, and (7) such additional information as the Original Purchaser shall reasonably request from time to time pursuant to written notice to the District. Notwithstanding any other provision

of this Indenture, failure of the District to comply with this Section 5.2(l) shall not be considered an Event of Default; however, any Bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section 5.2(l). For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

ARTICLE VI

AMENDMENTS TO INDENTURE

Section 6.1. Supplemental Indentures or Orders Not Requiring Bondowner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any Supplemental Indenture or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect or which further secure Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of this Indenture;

(d) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding;

(e) to modify, alter or amend the Rate and Method of Apportionment in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondowners.

Notwithstanding the foregoing, no Supplemental Indenture may modify any of the duties or responsibilities of the Fiscal Agent without the written consent of the Fiscal Agent.

Section 6.2. Supplemental Indentures or Orders Requiring Bondowner Consent.

Exclusive of the Supplemental Indentures described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, (c) a preference or priority of any Bond over any other Bond, or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplemental Indenture. The Fiscal Agent shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Fiscal Agent for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding if and as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Fiscal Agent, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any Person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 6.3. Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds. After the effective date of any action taken as hereinabove provided, the District

may determine that the Bonds or Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action; and in that case, upon demand of the Owner of any Outstanding Bond at such effective date and presentation of his Bond for the purpose at the Principal Office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds or Parity Bonds. If the District shall so determine, new Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

ARTICLE VII

FISCAL AGENT

Section 7.1. Fiscal Agent. U.S. Bank National Association, having a corporate trust office in Los Angeles, California, is hereby appointed Fiscal Agent for the District for the purpose of receiving all money which the District is required to deposit with the Fiscal Agent hereunder and to allocate, use and apply the same as provided in this Indenture. In the event that the District fails to deposit with the Fiscal Agent any amount due hereunder when due, the Fiscal Agent shall provide telephonic notice to the District and shall confirm the amount of such shortfall in writing.

The Fiscal Agent is hereby authorized to and shall mail by first class mail, postage prepaid, interest payments to the Bondowners, to select Bonds and Parity Bonds for redemption, and to maintain the Bond Register. The Fiscal Agent is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in this Indenture, and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it. The Fiscal Agent shall deliver to the District a monthly accounting of the funds and accounts it holds under this Indenture; provided, however, that the Fiscal Agent shall not be obligated to deliver such accounting for any fund or account that has a balance of zero. The Fiscal Agent may establish such funds and accounts as it deems necessary or appropriate to perform its obligations hereunder.

The Fiscal Agent is hereby authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Fiscal Agent shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of Section 10.1 hereof.

The District shall from time to time, subject to any agreement between the District and the Fiscal Agent then in force, pay to the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Fiscal Agent,

its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The obligations of the District under this Section shall survive the discharge of the Bonds and the resignation or removal of the Fiscal Agent.

Section 7.2. Removal of Fiscal Agent. The District may, with the prior written consent of the Original Purchaser (so long as the Original Purchaser is the Owner of all of the Outstanding Bonds), at any time at its sole discretion remove the Fiscal Agent initially appointed, and any successor thereto, by delivering to the Fiscal Agent a written notice of its decision to remove the Fiscal Agent and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Fiscal Agent. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 7.3. Resignation of Fiscal Agent. The Fiscal Agent may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the Bond Register. Upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section 7.3 or Section 7.2 within forty-five (45) days after the Fiscal Agent shall have received written notice from the District of its removal as Fiscal Agent or given to the District written notice of its resignation as Fiscal Agent, the Fiscal Agent, at the expense of the District, or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

Section 7.4. Liability of Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture, the Bonds, or any Parity Bonds and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth herein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond or other paper or document believed by it to be genuine

and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any Person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

No provision of this Indenture or any other document related hereto shall require the Fiscal Agent to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

The immunities extended to the Fiscal Agent also extend to its directors, officers, employees and agents.

Section 7.5. Interested Transactions. The Fiscal Agent and its officers and employees may acquire and hold Bonds with the same effect as if it were not Fiscal Agent. The Fiscal Agent, either as principal or agent, may engage in or be interested in any financial or other transaction with the District.

Section 7.6. Agents. The Fiscal Agent may execute any of its trusts or powers or perform its duties through attorneys, agents or receivers and the Fiscal Agent shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default. Any one or more of the following events shall constitute an "event of default":

- (a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or

(c) Except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Indenture, any Supplemental Indenture, the Bonds, or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Fiscal Agent or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

Section 8.2. Remedies of Owners. Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) By a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

Nothing in this Article or in any other provision of this Indenture or in the Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners thereof at the respective dates of maturity, as herein provided, out of the Net Special Taxes pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in this Indenture. The principal of the Bonds shall not be subject to acceleration hereunder.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

In case the moneys held by the Fiscal Agent after an event of default pursuant to Section 8.1(a) or (b) shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then all available amounts shall be applied in accordance with Section 8.3.

Section 8.3. Application of Revenues and Other Funds After Default. All amounts received by the District pursuant to any right given or action taken by the Owners under the provisions of this Indenture relating to the Bonds and Parity Bonds shall be applied by the District in the following order upon presentation of the Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Owner in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Owner; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing,

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing, and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Section 8.4. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as herein provided, out of the Net Special Taxes and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Owners by the Act or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners, as the case may be.

ARTICLE IX

DEFEASANCE

Section 9.1. Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the

principal thereof, at the times and in the manner stipulated in this Indenture, then the Owner of such Bond shall cease to be entitled to the pledge of Net Special Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond under this Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Fiscal Agent shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall, after payment of amounts payable to the Fiscal Agent hereunder, pay over or deliver to the District's general fund all money or securities held by it pursuant to this Indenture which are not required for the payment of the interest due on and the principal of such Bonds and Parity Bonds.

Any Outstanding Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this section if such Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent, or another escrow bank appointed by the District, in trust, direct, non-callable, non-prepayable Federal Securities, of the type defined in the definition thereof set forth in Section 1.1 hereof, in which the District may lawfully invest its money, in such amount as an Independent Financial Consultant shall determine will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable;

then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) relating to compliance with the Code. Notice of such election shall be filed with the Fiscal Agent not less than thirty (30) days prior to the proposed defeasance date. In connection with a defeasance under (b) or (c) above, there shall be provided to the Fiscal Agent a certificate of a certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the principal of and interest on all Outstanding Bonds or Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds being defeased have been legally defeased in accordance with this Indenture and any applicable Supplemental Indenture. Upon a defeasance, the Fiscal Agent, upon request of the District, shall release the rights of the Owners of such Bonds which have been defeased under this Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and

satisfaction. The Fiscal Agent shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

ARTICLE X

MISCELLANEOUS

Section 10.1. Cancellation of Bonds or Parity Bonds. All Bonds and Parity Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption shall be upon payment therefor, and any Bond purchased by the District as authorized herein and delivered to the Fiscal Agent for such purpose shall be, cancelled forthwith and shall not be reissued. The Fiscal Agent shall destroy such Bonds and Parity Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

Section 10.2. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association on behalf of such corporation or association or by a member of a partnership on behalf of such partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the Person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Fiscal Agent shall be affected by any notice to the contrary.

Nothing contained in this Indenture shall be construed as limiting the Fiscal Agent or the District to such proof, it being intended that the Fiscal Agent or the District may accept any other evidence of the matters herein stated which the Fiscal Agent or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Fiscal Agent or the District in pursuance of such request or consent.

Section 10.3. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any money held by the Fiscal Agent or the District in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two

years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Fiscal Agent or the District at such date, or for two years after the date of deposit of such money if deposited with the Fiscal Agent or the District after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Fiscal Agent to the District or retained by the District, as its absolute property and free from trust, and the Fiscal Agent or the District shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Fiscal Agent shall, upon the written request and at the expense of the District, cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear in the Bond Register a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Section 10.4. Provisions Constitute Contract. The provisions of this Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Fiscal Agent, then the District, the Fiscal Agent and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

Section 10.5. Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Special Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Special Taxes and other amounts pledged hereunder.

Section 10.6. Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in this Indenture.

Section 10.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture and the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 10.8. Notices. Any notices required to be given with respect to the Bonds or this Indenture shall be mailed, first class, postage prepaid, or personally delivered to (1) the District: East Orange County Water District, 185 North McPherson Road, Orange, California 92869-3720, Attention: General Manager (2) to the Fiscal Agent in its capacity as Fiscal Agent: U.S. Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Global Trust Services and (3) to the Original Purchaser: Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank, an Arizona corporation, c/o Western Alliance Bank, ATTN: Municipal Finance, One E Washington Street, Suite 1400, Phoenix, Arizona 85004, email address: MunicipalFinanceGroup@westernalliancebank.com.

Section 10.9. Waiver of Jury Trial; Agreement For Judicial Reference; No Sovereign Immunity. To the fullest extent permitted by law, the District hereby waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, the Bonds, this Indenture or any documents relating to the Bonds or this Indenture, or the enforcement of any remedy under any law, statute, or regulation. To the extent such waiver is not enforceable, the District hereby consents to the adjudication of any and all such matters pursuant to Judicial Reference as provided in Section 638 of the California Code of Civil Procedure, and the judicial referee shall be empowered to hear and determine any and all issues in such Reference whether fact or law. The District hereby represents that it does not possess and will not invoke a claim of sovereign immunity for disputes arising out of contractual claims relating to the Bonds or this Indenture.

Section 10.10. Additional Rights of Sole Owner. So long as there is a single Owner of all Bonds the provisions of this Section 10.10 shall apply.

(a) Notwithstanding any other provision of this Indenture, the Owner shall have the right to consent to any amendment to this Indenture and to the appointment of a successor Fiscal Agent appointed by the District after the resignation or removal of the Fiscal Agent hereunder.

(b) The District shall provide notice to the Owner of any material impact to the District's financial position and/or the receipt or collection of the Special Taxes and such additional information as the Owner shall reasonably request from time to time pursuant to written notice to the District.

(c) The Owner is hereby expressly made a third party beneficiary of this Indenture.

(d) The Fiscal Agent or the District, as applicable, shall notify the Owner of any failure of the District to provide relevant notices, certificates or other similar documents hereunder.

(e) The District shall pay or reimburse the Bondowner, but only from surplus Special Taxes available after fully funding the priorities set forth in Section 3.2(b) and Section 3.2(d)(1) through (5), for any and all charges, fees, costs and expenses that the Bondowner may reasonably pay or incur in connection with the following: (i) the administration, enforcement, defense, or preservation of any rights or security hereunder or under this Indenture; (ii) the pursuit of any remedies under this Indenture, or otherwise afforded by law or equity; (iii) any amendment, waiver, or other action with respect to or related to this Indenture whether or not executed or completed; (iv) the violation by the District of any law, rule, or

regulation or any judgment, order or decree applicable to it; or (v) any litigation or other dispute in connection with this Indenture.

[Rest of This Page Intentionally Left Blank]

IN WITNESS WHEREOF, the District and the Fiscal Agent have executed this Indenture, effective the date first written above.

COMMUNITY FACILITIES DISTRICT NO. 2018-1
OF THE EAST ORANGE COUNTY WATER
DISTRICT

By: _____
Its: President of the Board of Directors of East
Orange County Water District, acting as the
legislative body of Community Facilities District
No. 2018-1 of East Orange County Water
District

ATTEST:

Secretary of the Board of Directors of East
Orange County Water District, acting as the
legislative body of Community Facilities
District No. 2018-1 of East Orange County
Water District

The terms of this Indenture relating to the Fiscal Agent are accepted by U.S. Bank National Association, as Fiscal Agent.

U.S. BANK NATIONAL ASSOCIATION, as Fiscal
Agent

By: _____
Its: Authorized Officer

EXHIBIT A

FORM OF 2018 SPECIAL TAX BOND

R-1

\$

THIS BOND MAY ONLY BE TRANSFERRED TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF SECTION 2(A)(15) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR A "QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A(a)(1) PROMULGATED UNDER THE SECURITIES ACT, SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE.

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE**

**COMMUNITY FACILITIES DISTRICT NO. 2018-1
OF EAST ORANGE COUNTY WATER DISTRICT
2018A SPECIAL TAX BOND**

<i>INTEREST RATE:</i>	<i>MATURITY DATE:</i>	<i>DATED DATE:</i>
%	September 1, 2043	August __, 2018

REGISTERED OWNER: Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank, an Arizona corporation

PRINCIPAL AMOUNT:

COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF EAST ORANGE COUNTY WATER DISTRICT (the "District"), situated in the County of Orange, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and

September 1 (each an "Interest Payment Date"), commencing _____, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Fiscal Agent (as such term is defined in the Indenture), initially U.S. Bank National Association, (the "Fiscal Agent"). Interest on this Bond shall be paid by check of the Fiscal Agent mailed, by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Registered Owner hereof as of the close of business on the fifteenth day of the month preceding the month in which the Interest Payment Date occurs (the "Record Date") at such Registered Owner's address as it appears on the registration books maintained by the Fiscal Agent. Notwithstanding any provision herein or in the Indenture to the contrary, so long as this Bond is owned by the Original Purchaser (as defined in the Indenture), (i) the Fiscal Agent shall pay principal of and interest and redemption premium, if any, on the Bonds when due by wire transfer in immediately available funds to the Original Purchaser in accordance with such wire transfer instructions as shall be filed by the Original Purchaser with the Fiscal Agent from time to time, (ii) payments of principal on the Bonds shall be made without the requirement for presentation and surrender by the Original Purchaser, provided that principal which is payable at maturity shall be made only upon presentation and surrender at the Principal Office of the Fiscal Agent, and (iii) the Fiscal Agent shall not be required to give notice to the Original Purchaser of the sinking fund payments as described in the Indenture.

This Bond is one of a duly authorized issue of "Community Facilities District No. 2018-1 of East Orange County Water District 2018A Special Tax Bonds" (the "Bonds") issued in the aggregate principal amount of \$_____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, et seq., of the California Government Code (the "Act") for the purpose of (i) financing the construction of certain public facilities within the District, (ii) funding a reserve account and (iii) paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the Board of Directors of East Orange County Water District, acting in its capacity as the legislative body of the District (the "Legislative Body") on July 19, 2018, Resolution No. _____ (the "Resolution of Issuance"), and a Trust Indenture dated as of August 1, 2018 by and between the District and Fiscal Agent executed in connection therewith (the "Indenture"), and this reference incorporates the Indenture herein; and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Resolution and the Indenture are adopted under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within the District (the "Net Special Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Net Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Net Special Taxes and other amounts deposited to the Special Tax Fund established under the Indenture, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Net Special Tax installments levied for payment of principal and interest on the Bonds.

(a) The Bonds maturing on or before September 1, 2025 are not subject to optional redemption. The Bonds maturing on or after September 1, 2026 may be redeemed, at the option of the District, from any source of funds, other than Prepayments, on any date on or after September 1, 2025 in whole, or in part (in such amounts as may be designated by the District, with the particular Bonds within the maturity of the Bonds to be selected by the Fiscal Agent by lot), at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 2025 through March 1, 2026	103%
September 1, 2026 and March 1, 2027	102
September 1, 2027 and March 1, 2028	101
September 1, 2028 and any Interest Payment Date thereafter	100

The Term Bonds maturing on September 1, 2043 are subject to mandatory sinking fund redemption, in part, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 2019, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Indenture. The Term Bonds so called for redemption shall be selected by the Fiscal Agent by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

(a) The Bonds are subject to redemption as a whole, or in part (in such amounts as may be designated by the District, with the particular Bonds within the maturity of the Bonds to be selected by the Fiscal Agent by lot), on any date prior to maturity from the proceeds of the prepayment of the Special Taxes deposited in the Redemption Account pursuant to the Indenture and amounts transferred from the Reserve Account in connection with such prepayment. Such special mandatory redemption of the Bonds shall be at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 2018 through March 1, 2026	103%
September 1, 2026 and March 1, 2027	102
September 1, 2027 and March 1, 2028	101
September 1, 2028 and any Interest Payment Date thereafter	100

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date; provided that funds for the redemption are on deposit with the Fiscal Agent on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the District and the Fiscal Agent may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in denominations of \$250,000 or any dollar integral in excess thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Fiscal Agent shall not be required to register transfers or make exchanges of (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF EAST ORANGE COUNTY WATER DISTRICT OR OF THE DISTRICT FOR WHICH EAST ORANGE COUNTY WATER DISTRICT OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR NET SPECIAL TAXES, OTHER THAN THE NET SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE NET SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF EAST ORANGE COUNTY WATER DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, Community Facilities District No. 2018-1 of East Orange County Water District has caused this Bond to be dated as of August __, 2018, to be signed on behalf of the District by the President of the Board of Directors of East Orange County Water District by his facsimile signature and attested by the facsimile signature of the Secretary of the Board of Directors hereon.

President of the Board of Directors of East Orange County Water District, acting as the legislative body of Community Facilities District No. 2018-1 of East Orange County Water District

ATTEST:

Secretary of the Board of Directors of the East Orange County Water District, acting as the legislative body of Community Facilities District No. 2018-1 of East Orange County Water District

**[FORM OF FISCAL AGENT'S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]**

This is one of the Bonds described in the within-defined Indenture.

Dated: _____, 2018

U.S. Bank National Association, as Fiscal Agent

By: _____
Its: Authorized Officer

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Secretary of the Board of Directors of East Orange
County Water District, acting in its capacity as the
legislative body of Community Facilities District No.
2018-1 of East Orange County Water District

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto

whose tax identification number is _____,
the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)

attorney to transfer the same on the books of the Fiscal Agent with full power of substitution in
the premises.

Dated: _____

Signature guaranteed:

NOTE: Signature(s) must be guaranteed by
an eligible guarantor institution.

NOTE: The signatures(s) on this Assignment
must correspond with the name(s) as written
on the face of the within Bond in every
particular without alteration or enlargement or
any change whatsoever.

EXHIBIT B

FORM OF LETTER OF REPRESENTATIONS

[Date]

East Orange County Water District
185 N McPherson Road
Orange, California 92869
Attention: General Manager

Re: Community Facilities District No. 2018-1 of East Orange County Water
District 2018A Special Tax Bonds

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby acknowledges receipt of the above-referenced bonds (the "Bonds"), dated August __, 2018, in fully registered form and in the aggregate principal amount of \$_____, constituting all of the Bonds currently outstanding. The Bonds have been checked, inspected and approved by the Purchaser.

The undersigned acknowledges that the Bonds have been issued for the purpose of financing certain public facilities within Community Facilities District No. 2018-1 of East Orange County Water District. The undersigned further acknowledges that the Bonds are secured by a certain Trust Indenture dated as of August 1, 2018 (the "Indenture"), between Community Facilities District No. 2018-1 of East Orange County Water District (the "District"), and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent").

In connection with the sale of the Bonds to the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser hereby certifies that it is [an "accredited investor" within the meaning of Section 2(a)(15) of the Securities Act of 1933 as amended (the "Act")][a "qualified institutional buyer" within the meaning of Rule 144A(a)(1) promulgated under the Act] and applicable state securities laws (a "Qualified Investor").

2. The Bonds are being acquired by the Purchaser for its own account only and not with a present intent for any resale or distribution thereof, in whole or in part, to others; provided, however, that the Purchaser shall not be precluded from transferring or assigning its interest in the Bonds in accordance with the terms and conditions set forth in the Indenture. The Purchaser is not participating, directly or indirectly, in a distribution of the Bonds and will not take, or cause to be taken, any action that would cause the Purchaser to be deemed an "underwriter" of such Bonds as defined in Section 2(a)(11) of the Act. The Purchaser understands that the District has no obligation to register the Bonds for resale under the Act. The Purchaser further understands that the Bonds are being sold in a transaction that is exempt from the registration requirements of the Act. The Purchaser acknowledges that the District will not be entering into a continuing disclosure agreement for the

Bonds pursuant to Section 15c2-12 of the Securities Exchange Act of 1934, as amended.

3. The Purchaser has received and carefully read all information and other items of disclosure relating to the District and the Bonds that the Purchaser has deemed material (the "Disclosure Items") for it to make an informed investment decision with respect to its purchase of the Bonds and, in connection therewith, has had access to all other materials, books, records, documents, and information relating to the District and the Bonds, and has been able to verify the accuracy of, and supplement, the information contained therein.

4. The Purchaser has had an opportunity to ask questions of, and receive satisfactory answers from, duly designated representatives of the District concerning the terms and conditions pursuant to which the offer to purchase the Bonds is being made, and is satisfied with the information provided in response to its requests, and is satisfied that its request for such information has been fully complied with by the District. The Purchaser further acknowledges that the District requires that, if the Bonds are disposed of by it, current information which meets the disclosure requirements of any applicable state and federal securities laws then in effect, concerning the Bonds must be furnished to any prospective purchaser, and that any disclosure document must be delivered to the District before the Bonds are offered for sale to any prospective purchaser, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

5. The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of making a loan of the proceeds of the Bond based upon (i) the information (including the information set forth in the Disclosure Items) furnished to it by the District; (ii) its or such representative's personal knowledge of the business and affairs of the District; (iii) the records, files, and plans of the District, to all of which it or such representative has had full access; (iv) such additional information as it or such representative may have requested and have received from the District; and (v) the independent inquiries and investigations undertaken by it or such representative.

6. The Purchaser represents that it can bear the economic risk of loss of its entire investment; it has adequate means for providing for its current needs and personal contingencies; and it has no need for liquidity with respect to its investment in the Bonds.

7. The purchase of the Bonds is not disproportionate to the Purchaser's net worth, and its purchase of the Bonds will not cause such overall commitment to become excessive.

8. No person has given any information or made any representation not contained in any Disclosure Items referred to above or otherwise provided to the Purchaser in writing by a person employed or authorized in writing by the District. The Purchaser understands and agrees that any information or representation not

contained therein must not, and will not, be relied upon and that nothing contained therein should be construed as legal or tax advice to the Purchaser.

9. No person has made any direct or indirect representation or warranty of any kind to the Purchaser with respect to the economic return which may accrue to the Purchaser. The Purchaser has consulted with its own tax counsel and other advisors with respect to an investment in the Bonds.

10. The signatory of this letter is a duly authorized officer of the Purchaser with the authority to sign this letter on behalf of the Purchaser, and this letter has been duly authorized, executed, and delivered by the Purchaser.

11. The Purchaser acknowledges that it has the right to sell and transfer the Bonds to another Qualified Investor in a minimum denomination of \$250,000, subject to the delivery to the Fiscal Agent of a letter from the transferee to the same effect as this Letter of Representations, with no revisions except as may be approved in writing by the District. The Purchaser understands that the Fiscal Agent will not be required to accept for registration of transfer any Bonds unless such transferee is an Qualified Investor and the letter is delivered to the Fiscal Agent, and failure to deliver such letter shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the District, the East Orange County Water District (the "Water District") and the Fiscal Agent with respect to any claim asserted against the District, the Water District or the Fiscal Agent that is based upon a sale, transfer or other disposition of the Bonds in violation of the provisions of the Indenture.

12. The Purchaser agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Act, (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bonds and the Indenture. The Purchaser further agrees that it will not transfer the Bonds to be held in a pool, trust or similar arrangement.

13. The Purchaser understands that the purchase of the Bonds involves significant investment risks.

14. The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange and (iii) will carry no rating from any rating service.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

By:_____

TRUST INDENTURE

Between

**COMMUNITY FACILITIES DISTRICT NO. 2018-1
OF EAST ORANGE COUNTY WATER DISTRICT**

And

**U.S. BANK NATIONAL ASSOCIATION
as Fiscal Agent**

**COMMUNITY FACILITIES DISTRICT NO. 2018-1
OF EAST ORANGE COUNTY WATER DISTRICT
2018B SPECIAL TAX BONDS (TAXABLE)**

Dated as of August 1, 2018

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TRUST INDENTURE

This TRUST INDENTURE, by and between Community Facilities District No. 2018-1 of East Orange County Water District (the "District") and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"), dated as of August 1, 2018 (the "Indenture"), governs the terms of the Community Facilities District No. 2018-1 of East Orange County Water District 2018 Special Tax Bonds and any Parity Bonds issued in accordance herewith from time to time.

RECITALS:

WHEREAS, the Board of Directors of East Orange County Water District, located in Orange County, California (hereinafter sometimes referred to as the "legislative body of the District"), has heretofore undertaken proceedings and declared the necessity to issue bonds pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the "Act"); and

WHEREAS, based upon Resolution Nos. ___ and ___ adopted by the legislative body of the District on July 9, 2018, and the elections held July 9, 2018 authorizing the levy of a special tax and the issuance of bonds, the District is now authorized to issue bonds in an aggregate principal amount not to exceed \$1,000,000; and

WHEREAS, the legislative body of the District now intends to finance certain public facilities through the issuance of bonds designated as the "Community Facilities District No. 2018-1 of the East Orange County Water District 2018B Special Tax Bonds (Taxable)" (the "Bonds") in the collective aggregate principal amount of \$_____ (the "Bonds"), pursuant to this Indenture and Resolution No. 2018-___ adopted by the legislative body of the District on July 19, 2018 authorizing the issuance of the Bonds (the "Resolution of Issuance"); and

WHEREAS, the District has determined that all requirements of the Act for the issuance of the Bonds have been satisfied;

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Bonds and any Parity Bonds (as defined herein) which may be issued hereunder from time to time, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 et seq. of the California Government Code.

"Administrative Expense Fund" means the fund by that name established pursuant to Section 3.1.

“Administrative Expense Requirement” means \$_____, provided that at its option, the District may establish the Administrative Expense Requirement for any Bond Year subsequent to the initial Bond Year at any amount larger than \$_____ that is not in excess of the lesser of (a) 102% of the Administrative Expense Requirement applicable in the immediately preceding Bond Year or (b) the remainder of (i) the sum of the Maximum Special Tax applicable to each Parcel of Taxable Property in the District in the Fiscal Year that ends in such Bond Year minus (ii) 110% of Annual Debt Service for such Bond Year.

“Administrative Expenses” means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Fiscal Agent, any fees and related costs for credit enhancement for Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and/or the District, if any, and any other costs otherwise incurred by the Water District on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District hereunder.

“Affiliate” of another Person means (i) a Person directly or indirectly owning, controlling, or holding with power of vote, 25% or more of the outstanding voting securities of such other Person, (ii) any Person 25% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person, and (iii) any Person directly or indirectly controlling, controlled by, or under common control with, such other Person; for purposes hereof, control means the power to exercise a controlling influence over the management or policies of Person, unless such power is solely the result of an official position with such Person.

“Annual Debt Service” means, for any Bond Year, the sum of (i) the interest payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Payment redemption in such Bond Year), and (ii) the principal amount of all Outstanding Bonds due in such Bond Year (including any Sinking Fund Payment redemptions due in such Bond Year).

“Authorized Investments” means any of the following investments, if and to the extent the same are at the time legal for investment of the District’s funds (the Fiscal Agent is entitled to rely upon investment direction from the District as a certification that such investment is an Authorized Investment):

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.
3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
 - Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Senior Debt obligations
 - Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
Consolidated system-wide bonds and notes
 - Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations
 - Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - Financing Corporation (FICO)
Debt obligations
 - Resolution Funding Corporation (REFCORP)
Debt obligations
4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Fiscal Agent and any affiliate) the short-term obligations of which are rated "A-1" or better by S&P.
5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Fiscal Agent and any affiliate) which have capital and surplus of at least \$5 million.
6. Commercial paper (having original maturities of not more than 270 days rated "A-1+" by S&P and "Prime-1" by Moody's.
7. Money market funds rated "AAm" or "AAm-G" by S&P, or better (including those of the Fiscal Agent or its affiliates).
8. "State Obligations," which means:
 - (a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by S&P and "Prime-I" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the paying agent for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or paying agent in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the paying agent or escrow agent.

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and "A3" by Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and "A3" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Fiscal Agent or the District to the provider of the

repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) The Fiscal Agent or a third party acting solely as agent therefor or for the District (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of Fiscal Agent or the District, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Fiscal Agent or the District.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and "A3" by Moody's, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(a) interest payments are to be made to the Fiscal Agent or the District at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Improvement Fund, construction draws) on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Fiscal Agent or the District hereby agrees to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks pari passu with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(d) the Fiscal Agent or the District receives the opinion of domestic counsel (which opinion shall be addressed to Fiscal Agent or the District) that such investment

agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Fiscal Agent or the District;

(e) the investment agreement shall provide that if during its term

(i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (y) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Fiscal Agent or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (z) repay the principal of and accrued but unpaid interest on the investment; and

(ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Fiscal Agent or the District, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Fiscal Agent or District; and

(f) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(g) the investment agreement must provide that if during its term

(i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Fiscal Agent or the District, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Fiscal Agent or the District, and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Fiscal Agent or the District.

12. The State of California Local Agency Investment Fund.

"Authorized Representative of the Water District" and/or "Community Facilities District" means the General Manager of the Water District, or his or her designee, or any other person or persons designated by the Board of Directors of the Water District and authorized to act on behalf of the Water District by a written certificate signed on behalf of the Water District by the

President of the Board of Directors of the Water District and containing the specimen signature of each such person.

“Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

“Board of Directors” means the Board of Directors of the Water District acting as the legislative body of the District.

“Bond Counsel” means an attorney at law or a firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Register” means the books which the Fiscal Agent shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

“Bond Year” means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds shall begin on the Delivery Date thereof and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Bondowner” or “Owner” means, with respect to any Bond or Parity Bond, the Person or Persons in whose name or names such Bond or Parity Bond is registered, as shown on the Bond Register. Initially, the Bondowner shall be the Original Purchaser.

“Bonds” means the Community Facilities District No. 2018-1 of East Orange County Water District 2018B Special Tax Bonds (Taxable), issued pursuant to this Indenture.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Fiscal Agent is located, are not required or authorized to remain closed.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the Water District or Community Facilities District.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Costs of Issuance” means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Fiscal Agent, legal fees and expenses, costs of printing the Bonds or any Parity Bonds, Original Purchaser’s counsel fees, fees of the appraiser, the Special Tax Administrator, the placement agent, and financial consultants, fees of the California Debt Investment Advisory Commission and all other related fees and expenses.

“Costs of Issuance Account” means the account by that name established in the Improvement Fund pursuant to Section 3.1.

“County” means the County of Orange, California.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the Bonds of such issue were issued and delivered to the initial purchasers thereof.

“Depository” means The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Bonds, to the extent eligible for book-entry registration as provided herein, or any other securities depository acting as Depository under Article II.

“Developed Property” has the meaning ascribed thereto in the Rate and Method of Apportionment.

“District” means Community Facilities District No. 2018-1 of East Orange County Water District established pursuant to the Act and the Resolution of Formation.

“Federal Securities” means, subject to applicable law, United States Treasury notes, bonds, bills or certificates of indebtedness, including United States Treasury Obligations, State and Local Government Series (“SLGS”) or other direct obligations issued by the United States Treasury for which the faith and credit of the United States are pledged for the payment of principal and interest; and obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or other federal agencies or United States Government-sponsored enterprises.

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Gross Special Taxes” means the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property in the District pursuant to the foreclosure provisions of this Indenture for the delinquency of such Special Taxes after payment of administrative costs and attorney’s fees payable from such proceeds to the extent not previously paid from the Administrative Expense Fund.

“Improvement Fund” means the fund by that name established pursuant to Section 3.1.

“Indenture” means this Trust Indenture dated as of August 1, 2018, by and between the District and the Fiscal Agent.

“Independent Financial Consultant” means a financial consultant or special tax consultant or firm of such consultants generally recognized to be well qualified in the financial consulting or special tax consulting field, appointed and paid by the District, who, or each of whom:

(1) is in fact independent and not under the domination of the District or Water District;

(2) does not have any substantial interest, direct or indirect, in the District or Water District; and

(3) is not connected with the District as a member, officer or employee of the District or Water District, but who may be regularly retained to make annual or other reports to the District or Water District.

“Interest Account” means the account by that name in the Special Tax Fund.

“Interest Payment Date” means each March 1 and September 1, commencing September 1, 2018.

“Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in Subsection (11) of the definition of Authorized Investments herein.

“Letter of Representations” means a letter substantially in the form attached hereto as Exhibit B delivered by each purchaser of the Bonds to the District to the effect, among other things, that such purchaser (a) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Bonds, (b) is acquiring the Bonds for its own account for the purpose of investment and not with a view to the distribution thereof, and (c) has no present intention of selling, negotiating, transferring, or otherwise disposing of the Bonds so purchased.

“Maximum Annual Debt Service” means, at any point in time, with respect to the Bonds then Outstanding, the greatest amount of Annual Debt Service on the Bonds in the then current or any succeeding Bond Year prior to the final maturity of the Bonds.

“Maximum Special Tax” has the meaning ascribed to it in the Rate and Method of Apportionment.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

“Net Special Taxes” means Gross Special Taxes minus the amount (not in excess of the then applicable Administrative Expense Requirement) deposited in the Administrative Expense Fund pursuant to Section 3.2(b).

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.16.

“Ordinance” means Ordinance No. ___ adopted by the legislative body of the District on July 19, 2018, providing for the levying of the Special Tax.

“Original Purchaser” means Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank, an Arizona corporation, as the initial purchaser and its successors and assigns.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds issued by the District, except:

(1) Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 10.1;

(2) Bonds and Parity Bonds for payment or redemption of which moneys shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(3) Bonds and Parity Bonds which have been surrendered to the Fiscal Agent for transfer or exchange pursuant to Section 2.9 or for which a replacement has been issued pursuant to Section 2.10.

“Parcel” has the meaning ascribed to it in the Rate and Method of Apportionment.

“Parity Bonds” means all bonds, notes or other similar evidences of indebtedness thereafter issued, payable out of Net Special Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

“Participant” means each of the broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

“Person” means natural persons, firms, corporations, partnerships, associations, joint ventures, trusts, public bodies and other entities.

“Prepayments” means any amounts paid by the District to the Fiscal Agent and designated by the District as a prepayment of Special Taxes for one or more Parcels in the District made in accordance with the Rate and Method of Apportionment.

“Principal Account” means the account by that name in the Special Tax Fund.

“Principal Office of the Fiscal Agent” means the corporate trust office of the Fiscal Agent located in Los Angeles, California, provided that for purposes of redemption, payment, exchange, transfer or surrender of Bonds such term shall mean the corporate trust office of the Fiscal Agent located in St. Paul, Minnesota, or such other office or offices as the Fiscal Agent may designate from time to time, or the office of any successor Fiscal Agent where it principally conducts its corporate trust and agency business.

“Project” means those public facilities described in the Resolution of Formation which are to be acquired or constructed within and outside of the District, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds, including, but not limited to, remarketing, credit enhancement, Fiscal Agent and other fees and expenses relating to the issuance of the Bonds or any Parity

Bonds or the formation of the District, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Rate and Method of Apportionment” means that certain Rate and Method of Apportionment of Special Tax approved pursuant to the Resolution of Formation, as such Rate and Method of Apportionment may be amended in accordance with the Act and this Indenture.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Account” means the account by that name in the Special Tax Fund.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Representation Letter” means the Blanket Letter of Representations from the District and the Fiscal Agent to the Depository as described in Section 2.13.

“Reserve Account” means the account by that name in the Special Tax Fund.

“Reserve Account Requirement” means 50% of the Maximum Annual Debt Service on the Bonds; provided, however, that the Reserve Account Requirement shall not increase from year to year.

“Residential Property” has the meaning ascribed thereto in the Rate and Method of Apportionment.

“Resolution of Formation” means Resolution No. 831 adopted by the Board of Directors of the Water District on July 9, 2018, pursuant to which the Water District formed the District.

“Resolution of Issuance” means Resolution No. _____ of the District, approving among other things this Indenture and any supplemental indenture approved pursuant to Article VI.

“S&P” means S&P Global Ratings, its successors and assigns.

“Sinking Fund Payment” means the annual payment to be deposited in the Principal Account to redeem a portion of the Term Bonds in accordance with the schedule set forth in Section 4.1(b) hereof and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

“Special Tax Administrator” means Albert A. Webb Associates in its capacity as the consultant engaged by the District to administer the calculation and collection of the Special Taxes, or any successor or replacement entity acting in such capacity.

“Special Tax Fund” means the fund by that name created and established pursuant to Section 3.1.

“Special Tax Holding Fund” means the fund by that name created and established pursuant to Section 3.1.

“Special Taxes” means the Special Tax B (as defined in the Rate and Method) authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the July 9, 2018 election in the District. Special Tax A (as defined in the Rate and Method) is neither pledged nor available to pay debt service on the Bonds.

“Supplemental Indenture” means any supplemental indenture amending or supplementing this Indenture.

“Tax Certificate” means the certificate by that name to be executed by the District on the Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Taxable Property” has the meaning ascribed to it in the Rate and Method of Apportionment.

“Term Bonds” means the Bonds maturing on September 1, 2043, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“Water District” means East Orange County Water District.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds.

Under and pursuant to the Act, Bonds in the aggregate principal amount of \$_____ shall be issued for the purposes of financing the Project, funding the Reserve Account and paying Costs of Issuance, provided the aggregate principal amount of the Bonds and any Parity Bonds shall not exceed the total indebtedness authorized in accordance with the Act. The Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Special Taxes and the other amounts in the Special Tax Fund, but not from amounts in the Administrative Expense Fund, the Improvement Fund and the Special Tax Holding Fund.

Section 2.2. Type and Nature of Bonds. Neither the faith and credit nor the taxing power of the Water District, the State of California or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the Water District nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund, as more fully described herein. The District’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the Water District or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the Water District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or

equitable pledge, charge, lien, or encumbrance upon any of the District's property, or upon any of its income, receipts or revenues, except the Net Special Taxes and other amounts in the Special Tax Fund which are, under the terms of this Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon and neither the members of the legislative body of the District nor any persons executing the Bonds or any Parity Bonds, are liable personally on the Bonds by reason of their issuance.

Notwithstanding anything to the contrary contained in this Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Special Taxes for the payment of the interest on or the principal of or premium on the Bonds or any Parity Bonds or for the performance of any covenants contained herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3. Equality of Bonds and Parity Bonds and Pledge of Net Special Taxes. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, in order to secure the payment of the principal of and interest on the Bonds and any Parity Bonds in accordance with their terms, the provisions of this Indenture and the Act, the District hereby pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Taxes and any other amounts held in the Special Tax Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, this Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act. Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be equally payable from the Net Special Taxes and other amounts in the Special Tax Fund, without priority for number, date of the Bonds or any Parity Bonds, date of sale, date of execution, or date of delivery; and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, shall be made exclusively from the Net Special Taxes and other amounts in the Special Tax Fund, which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, none of the Improvement Fund, the Administrative Expense Fund or the Special Tax Holding Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude, subject to the limitations contained hereunder, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California.

Section 2.4. Description of Bonds; Interest Rates. The Bonds shall be issued in denominations of \$250,000 or any dollar integral in excess thereof and shall consist of one Term Bond, which shall be issued in the form of a single fully registered Bond. The ownership of such Bond shall be registered in the Bond Register in the name of the Original Purchaser,

and shall be numbered as desired by the Fiscal Agent. Any Parity Bonds shall be issued in the authorized denominations set forth in the Supplemental Indenture authorizing the issuance thereof.

The Series Bonds shall be designated "COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF EAST ORANGE COUNTY WATER DISTRICT 2018B SPECIAL TAX BONDS (TAXABLE)." The Series Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1, 2043 and shall bear interest at a rate of [_____] % per annum payable on each Interest Payment Date.

Interest shall be payable on each Bond and Parity Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date until the principal sum of that Bond or Parity Bond has been paid; provided, however, that if at the maturity date of any Bond or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds and Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.5. Place and Form of Payment. The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Fiscal Agent. The Fiscal Agent shall note on its Bond Register the remaining outstanding principal amount of each Bond subsequent to each Sinking Fund Payment, which, absent manifest error, shall be binding and conclusive as to the outstanding principal amount of such Bond. Notwithstanding any provision in this Indenture to the contrary, so long as the Bonds are owned by the Original Purchaser, (i) the Fiscal Agent shall pay principal of and interest and redemption premium, if any, on the Bonds when due by wire transfer in immediately available funds to the Original Purchaser in accordance with such wire transfer instructions as shall be filed by the Original Purchaser with the Fiscal Agent from time to time, (ii) payments of principal on the Bonds shall be made without the requirement for presentation and surrender by the Original Purchaser, provided that principal which is payable at maturity shall be made only upon presentation and surrender at the Principal Office of the Fiscal Agent, and (iii) the Fiscal Agent shall not be required to give notice to the Original Purchaser of the Sinking Fund Payments described in Section 4.1(b). Notwithstanding anything in this Indenture or the Bond to the contrary, presentation of the Bond is not required for the payment thereof other than for final payment at maturity or otherwise hereunder.

Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond, in which event interest shall be payable from the dated date of such Bond, provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond, interest on that Bond shall be payable from its dated date. Interest on any Bond shall be

paid to the Person whose name shall appear in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Fiscal Agent on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner.

Section 2.6. Form of Bonds and Parity Bonds. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of such Bonds and of the certificate of authentication. In no event shall the Bonds be eligible for book-entry registration, unless requested by the Owners of all of the Bonds then Outstanding. Each series of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Section 2.7. Execution and Authentication. The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the President of the Board of Directors and by the manual or facsimile signature of the Secretary of the Board of Directors, or any duly appointed deputy Secretary, in their capacity as officers of the District. In case any one or more of the officers who shall have signed or sealed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed and sealed have been authenticated and delivered by the Fiscal Agent (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds and Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds or Parity Bonds had not ceased to hold such office.

Only the Bonds bearing thereon such certificate of authentication in the form set forth in Exhibit A attached hereto shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Fiscal Agent.

Section 2.8. Bond Register. The Fiscal Agent will keep or cause to be kept, at the Principal Office of the Fiscal Agent, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as herein provided.

The District and the Fiscal Agent may treat the Person whose name appears on the Bond Register as the absolute Owner of that Bond for any and all purposes, and the District and the Fiscal Agent shall not be affected by any notice to the contrary. The District and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Fiscal Agent of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

Section 2.9. Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph with respect to the Bonds and limitations set forth in any Supplemental Indenture with respect to any Parity Bonds, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the Principal Office of the Fiscal Agent, accompanied by delivery of written instrument of transfer in a form acceptable to the Fiscal Agent and duly executed by the Bondowner or his or her duly authorized attorney.

Notwithstanding the foregoing, a Bondowner may only transfer the Bonds so long as the Bonds are transferred to a new Bondowner who has delivered a Letter of Representations (in the form attached as Exhibit B hereto) to the District. An Owner of the Bonds may only transfer Bonds in aggregate principal amounts of not less than \$250,000 to an "accredited investor" within the meaning of Section 2(a)(15) of the Securities Act of 1933, as amended (the "Securities Act") or a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act; provided that such transferee executes a Letter of Representations in the form attached as Exhibit B hereto) to the District. Any transfer of Bonds that is not made in accordance with this Section 2.9 shall be null and void.

Bonds or Parity Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of Bonds or Parity Bonds of other authorized denominations of the same maturity and issue. The Fiscal Agent shall not collect from the Owner any charge for any new Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds shall be surrendered for registration of transfer or exchange, the District shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds of the same issue and maturity, for a like aggregate principal amount; provided that the Fiscal Agent shall not be required to register transfers or make exchanges of (i) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be cancelled by the Fiscal Agent pursuant to Section 10.1. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to the Fiscal Agent and, if any indemnity satisfactory to the Fiscal Agent shall be given, the District shall execute and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor, maturity and issue, numbered and dated as the Fiscal Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued in lieu of any Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Fiscal Agent shall not treat both the original Bond or Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond or Parity

Bond to replace a Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Fiscal Agent may make payment with respect to such Bond or Parity Bond upon receipt of indemnity satisfactory to the Fiscal Agent.

Section 2.11. Validity of Bonds. The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District for the financing of the Project, or by the invalidity, in whole or in part, of any contracts made by the District in connection therewith, and shall not be dependent upon the completion of the financing of the Project or upon the performance by any Person of his obligation with respect to the Project, and the recital contained in the Bonds or Parity Bonds or that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12. Book-Entry System. The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten). The Bonds shall be registered in the Bond Register in the name of the Original Purchaser of the Bonds and shall not be delivered in book-entry form. Upon the request of the Owners of all Outstanding Bonds, the District may elect to convert the Bonds to book-entry Bonds and such Bonds shall become subject to the provisions of Sections 2.12 through 2.15. At the election of the District, any Parity Bonds may be issued as book-entry bonds registered in the name of the Nominee as provided herein, in which case the references in Sections 2.12 through 2.15 to "Bonds" shall be applicable to such Parity Bonds.

With respect to book-entry Bonds registered in the Bond Register in the name of the Nominee, the District and the Fiscal Agent shall have no responsibility or obligation to any Participant or to any Person on behalf of which such Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the District and the Fiscal Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The District and the Fiscal Agent may treat and consider the Person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such book-entry Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Fiscal Agent shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the District's obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Fiscal Agent and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

Section 2.13. Representation Letter. In order to qualify the Bonds which the District elects to register in the name of the Nominee for the Depository's book-entry system, an authorized representative of the District may execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 5.1 or in any other way impose upon the District or the Fiscal Agent any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown in the Bond Register. The Fiscal Agent agrees to take all action necessary to continuously comply with all representations made by it in the Representation Letter. In addition to the execution and delivery of the Representation Letter, the President of the Board of Directors and the Authorized Representatives of the Water District are hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

Section 2.14. Transfers Outside Book-Entry System. The Bonds shall be initially issued as provided in Section 2.1 hereof. If the Bonds are held in book-entry form and in the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.9 hereof.

Section 2.15. Payments to the Nominee. Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Section 2.16. Initial Depository and Nominee. Upon an election by the District in accordance with Section 2.12 hereof to register the Bonds as book-entry Bonds, the initial Depository under this Article shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

Section 2.17. Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Special Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture. The District shall not incur any additional bonded indebtedness payable from Net Special Taxes, including any additional bonded indebtedness subordinate to the Bonds, except for Parity Bonds which satisfy the requirements of this Section 2.17. Parity Bonds shall be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Fiscal Agent; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as

immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(i) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited;

(ii) the authorized principal amount of such Parity Bonds;

(iii) the date, the interest payment dates, and the maturity date or dates of such Parity Bonds; provided that (i) each interest payment date shall fall on a March 1 or September 1 and (ii) each maturity date shall fall on a September 1;

(iv) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(v) the denominations and method of numbering of such Parity Bonds;

(vi) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(vii) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

(viii) the form of such Parity Bonds; and

(ix) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The Fiscal Agent shall have received the following documents, all dated or certified, as the case may be, as of the date of delivery of such Parity Bonds:

(i) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(ii) a written request of the District as to the delivery of such Parity Bonds;

(iii) an opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Supplemental Indenture relating to such Parity Bonds, and the Supplemental Indenture has been duly and lawfully adopted by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms (subject to the usual and customary exceptions); (ii) the Indenture creates the valid pledge which it purports to create of the Net Special Taxes and other amounts as provided in the Indenture, subject to the application thereof

to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (subject to the usual and customary exceptions) and the terms of the Indenture and all Supplemental Indentures thereto and are entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(iv) for Parity Bonds not refunding Bonds or other Parity Bonds, a certificate of the Special Tax Administrator that additional parcels of Taxable Property have been annexed into the District and the Special Taxes from such parcels when combined with the Special Taxes from the Taxable Property already in the District will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all Bonds and the Parity Bonds to be issued;

(v) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture;

(vi) for Parity Bonds refunding Bonds or other Parity Bonds, a certificate from an Independent Financial Consultant to the effect that Annual Debt Service after the issuance of such Parity Bonds will be no larger than Annual Debt Service would have been prior to the issuance of such Parity Bonds in each Fiscal Year in which Bonds or Parity Bonds (other than the refunding Parity Bonds) will remain Outstanding; and

(vii) such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

ARTICLE III

CREATION OF FUNDS; APPLICATION OF PROCEEDS; AND SPECIAL TAXES

Section 3.1. Creation of Funds and Application of Proceeds.

(a) There are hereby created and established and shall be maintained by the Fiscal Agent the following funds and accounts:

(1) The Community Facilities District No. 2018-1 Special Tax Fund (the "Special Tax Fund"), in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account, and a Reserve Account;

(2) The Community Facilities District No. 2018-1 Improvement Fund (the "Improvement Fund"), in which there shall be established the Costs of Issuance Account and the Improvement Account.

The amount on deposit in the foregoing funds and accounts shall be held by the Fiscal Agent, and the Fiscal Agent shall invest and disburse such amounts in accordance with the provisions of this Article III.

In connection with the issuance of any Parity Bonds, the Fiscal Agent, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) There are hereby created and established and shall be maintained by the District the following funds and accounts:

(1) The Community Facilities District No. 2018-1 Administrative Expense Fund (the "Administrative Expense Fund"); and

(2) The Community Facilities District No. 2018-1 Special Tax Holding Fund (the "Special Tax Holding Fund").

The amounts on deposit in the foregoing funds and accounts shall be held by the District, and the District shall invest and disburse such amounts in accordance with the provisions of this Article III.

(c) The proceeds of the sale of the Bonds and other funds on hand held by the District and transferred to the Fiscal Agent shall be received by the Fiscal Agent and deposited and transferred as follows:

(1) \$_____ shall be deposited in the Costs of Issuance Account of the Improvement Fund;

(2) \$_____ shall be deposited in the Reserve Account of the Special Tax Fund; and

(3) \$_____ shall be deposited in the Improvement Account of the Improvement Fund; and

(4) \$_____ representing interest due on the Bonds through March 1, 2019 shall be deposited in the Interest Account of the Special Tax Fund.

Each of the Fiscal Agent and the District may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers. The amounts on deposit in the foregoing funds and accounts shall be held by the Fiscal Agent and the District, as applicable, and the Fiscal Agent and the District, as applicable, shall invest and disburse the amounts in such funds and accounts in accordance with the provisions of this Article III and shall disburse investment earnings thereon in accordance with the provisions of Section 3.10 hereof.

Section 3.2. Special Taxes and Deposits to and Disbursements from Special Tax Fund.

(a) The District shall hold in trust, for the benefit of the Bondowners, all Special Taxes received by it and shall apply them as set forth herein; and, pending such application, such Special Taxes shall be pledged to, and shall be subject to a lien in favor of the Bondowners.

(b) The District shall deposit in its Administrative Expense Fund from time to time Special Taxes levied in an amount equal to the Administrative Expense Requirement for the next succeeding Fiscal Year or, if the District determines to transfer a lesser amount, then such lesser amount, provided that not more than one half of the Administrative Expense Requirement shall be so deposited in any Fiscal Year prior to the date on which the balance on deposit in the Interest Account of the Special Tax Fund is at least equal to the interest payable on the Bonds on March 1.

(c) The portion of any Prepayment received by the District that is the "Future Facilities Amount" thereof (as defined in the Rate and Method of Apportionment), if any, shall be identified as such by the District and deposited in such fund as shall be specified in a Certificate of an Authorized Representative of the District. The portion of any Prepayment received by the District that is to be applied to the redemption of Bonds or Parity Bonds shall be identified as such by the District and transferred to the Fiscal Agent for deposit in the Redemption Account.

(d) After making the aforesaid deposits and transfers, at least one Business Day before each Interest Payment Date, the District shall transfer to the Fiscal Agent for deposit in the Special Tax Fund, Special Taxes (to the extent Special Taxes are available therefor) in an amount equal to: the sum of (i) the interest and any principal payment coming due on Bonds and Parity Bonds on such Interest Payment Date, (ii) the amount required to pay principal of and interest on Bonds or Parity Bonds in connection with an optional redemption of Bonds or Parity Bonds as described in Section 4.1(a) (but only if so directed by an Authorized Representative of the District), and (iii) the amount required to cause the balance on deposit in the Reserve Account to equal the Reserve Requirement. The Fiscal Agent shall use the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

(1) Deposit in the Interest Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to equal the interest coming due on the Bonds on the next succeeding Interest Payment Date;

(2) Deposit in the Principal Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to be equal to the principal amount of the Bonds and/or the Sinking Fund Payment payable on the next succeeding September 1;

(3) Deposit in the Redemption Account of the Special Tax Fund the amount necessary to pay any optional redemption of the Bonds as provided in Section 4.1(a); and

(4) Deposit in the Reserve Account of the Special Tax Fund the amount, if any, necessary to cause the balance on deposit in the Reserve Account to equal the Reserve Requirement.

The District shall deposit in the Special Tax Holding Fund any amount remaining after all of the foregoing deposits and transfers have been completed. At maturity of all of the Bonds and Parity Bonds and after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for, Special Taxes held by the District and moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

Section 3.3. Administrative Expense Fund. Amounts on deposit in the Administrative Expense Fund may be applied by the District from time to time to pay Administrative Expenses.

Section 3.4. Interest Account and Principal Account of the Special Tax Fund. The scheduled principal or Sinking Fund Payments of, and interest on, the Bonds and any Parity Bonds shall be paid by the Fiscal Agent from amounts transferred to the Interest Account and the Principal Account of the Special Tax Fund. For the purpose of assuring that the payment of principal or Sinking Fund Payment of, and interest on, the Bonds and any Parity Bonds will be made when due, after the deposit is made as required by Section 3.3, at least one Business Day prior to each Interest Payment Date, the Fiscal Agent shall make the following transfers first to the Interest Account and then to the Principal Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account one (1) Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one (1) Business Day prior to September 1 of each year, shall equal the principal payment and Sinking Fund Payment of the Bonds and any Parity Bonds due on such September 1. Moneys in the Principal Account shall be used for the payment of the principal and Sinking Fund Payment of the Bonds and any Parity Bonds as the same become due.

However, notwithstanding the above, to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of the Bonds, or otherwise, or to the extent that a transfer will be made from the Reserve Account to the Interest Account in accordance with the last paragraph of Section 3.6, the transfers from the Special Tax Fund described above shall be reduced by a like amount.

Section 3.5. Redemption Account of the Special Tax Fund.

(a) After making the transfers and deposits required by Sections 3.3 and 3.4 above, and in accordance with the District's election to call Bonds for optional redemption as set forth in Section 4.1(a), or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Fiscal Agent shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund may be applied to optionally redeem Bonds or Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(b) Prepayments deposited to the Redemption Account shall be applied on the redemption date established pursuant to Section 4.1(c) for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds and any Parity Bonds to be redeemed with such Prepayments.

(c) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be

redeemed upon presentation and surrender of such Bonds or Parity Bonds and, in the case of an optional redemption or a special mandatory redemption from Prepayments, to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account, other than Prepayments (which shall be used to redeem Bonds and Parity Bonds on the redemption date established pursuant to Section 4.1(c)), may be used to purchase Outstanding Bonds or Parity Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to Section 4.1(a), or in the case of Parity Bonds the premium schedule established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds may be paid from the amount reserved in the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Section 3.6. Reserve Account of the Special Tax Fund. Amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due or in the event that the balance on deposit in the Interest Account or the Principal Account, as the case may be, is insufficient for such purpose and for the purpose of making any transfer to the Redemption Account as described below. If the amounts in the Interest Account or Principal Account, as the case may be, are insufficient to pay the principal of, including Sinking Fund Payments, or interest on the Bonds and Parity Bonds when due, the Fiscal Agent shall withdraw from the Reserve Account for deposit in the Interest Account or the Principal Account, as the case may be, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5 above, the Fiscal Agent shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of the Reserve Account to the Reserve Requirement. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District shall include the amount necessary to fully restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the Maximum Special Taxes.

(c) In connection with a redemption of Bonds pursuant to Section 4.1(a) or (c) or Parity Bonds in accordance with this Indenture or any Supplemental Indenture or a partial defeasance of Bonds or Parity Bonds in accordance with Section 9.1 hereof, amounts in the Reserve Account may be applied to such redemption or partial defeasance if so provided in a Certificate of an Authorized Representative, so long as the amount on deposit in the Reserve Account following such optional redemption or partial defeasance equals the Reserve Requirement following such optional redemption or partial defeasance.

(d) To the extent that the sum of the amounts on deposit in the Reserve Account as of the first day of the penultimate Bond Year equals or exceeds the sum of Annual Debt Service in each of the final two Bond Years, amounts in the Reserve Account may be

applied to pay the principal of and interest due on the Bonds in such Bond Years, if so provided in a Certificate of an Authorized Representative.

(e) To the extent that the amount on deposit in the Reserve Account as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds equals or exceeds Annual Debt Service for that Bond Year, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue, if so provided in a Certificate of an Authorized Representative.

(f) The Fiscal Agent shall withdraw from the Reserve Account moneys in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this Section one Business Day before each March 1 and September 1, and transfer such moneys to the Interest Account of the Special Tax Fund, unless prior to such date the Fiscal Agent is directed in a Certificate of an Authorized Representative to transfer such moneys to a different fund or account specified in such certificate.

Section 3.7. Surplus Money in the Special Tax Fund. After making the transfers required by Sections 3.2, 3.3, 3.4, 3.5, and 3.6 hereof, as soon as practicable after each September 1, the excess amounts in the Special Tax Fund may, (i) prior to the earlier of (A) the third anniversary of the Delivery Date or (B) the date on which the Fiscal Agent receives a Certificate of an Authorized Representative stating that the Project has been acquired or constructed, the excess amounts in the Special Tax Fund shall be transferred as directed in a Certificate of an Authorized Representative, to one or more accounts in the Improvement Fund as specified in such Certificate of an Authorized Representative, and (ii) on and after the date described in clause (i), the excess amounts in the Special Tax Fund may, at the written direction of the District, be (a) retained in the Special Tax Fund to pay interest and principal on the Bonds, (b) transferred to the Administrative Expense Fund if the amount therein is insufficient to pay Administrative Expenses, or (c) transferred to the Redemption Account. In the absence of any such written direction of the District, such excess amounts shall be transferred to the Special Tax Holding Fund.

Section 3.8. Special Tax Holding Fund. Moneys deposited in the Special Tax Holding Fund are not pledged to the repayment of the Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Special Tax Holding Fund to pay debt service on any Outstanding Bonds, the District shall transfer such amounts to the Fiscal Agent and instruct in writing the Fiscal Agent to segregate such amount into a separate subaccount.

Section 3.9. Improvement Fund.

(a) The moneys in the Costs of Issuance Account in the Improvement Fund shall be disbursed by the Fiscal Agent at the written direction of the District for the payment of Costs of Issuance. Any balance remaining in the Costs of Issuance Account on December 31, 2018 shall be transferred as directed in a Certificate of an Authorized Representative, to one or more other accounts in the Improvement Fund as specified in such Certificate of an Authorized Representative and the Costs of Issuance Account shall be closed.

(b) The moneys in the Improvement Account in the Improvement Fund shall be disbursed by the Fiscal Agent to the Water District from time to time upon the written direction of the District.

(c) If the District shall determine that all or a specified portion of the amount remaining in any account in the Improvement Fund is no longer needed to pay the costs otherwise payable from such account, the District may cause the transfer of all or such specified portion, as applicable, of the moneys remaining on deposit in such account to any other of such accounts and after all amounts to be paid from such accounts are satisfied for deposit in the Special Tax Fund.

Section 3.10. Investments. Moneys held in any of the funds, accounts and subaccounts under this Indenture shall be invested by the District or the Fiscal Agent, as applicable, in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such funds, accounts and subaccounts. Any loss resulting from such Authorized Investments shall be credited or charged to the fund, account or subaccount from which such investment was made, and any investment earnings on all amounts deposited in the Special Tax Fund and each account therein shall be deposited in those respective funds and accounts. Moneys in the funds, accounts and subaccounts held under this Indenture may be invested by the District or the Fiscal Agent as directed by the District, as applicable, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Improvement Fund shall be invested in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Improvement Fund. Notwithstanding anything herein to the contrary, amounts in the Improvement Fund three years after the Delivery Date for the Bonds and the proceeds of each issue of Parity Bonds issued on a tax-exempt basis which are remaining on deposit in the Improvement Fund on the date which is three years following the date of issuance of such issue of Parity Bonds shall be invested by the Fiscal Agent only in Authorized Investments.

(b) Moneys in the Special Tax Fund and the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement, be available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) Subject to the following sentence, moneys in the Reserve Account of the Special Tax Fund may be invested only in (i) Authorized Investments not less than 50% of which must mature within 6 months and all of which must mature within 1 year, (ii) Authorized Investments of the type defined in clause (7) of the definition of said term or (iii) one or more Investment Agreements. Moneys in the Reserve Account of the Special Tax Fund shall not be invested in Authorized Investments of the type described in clause (12) of the definition thereof.

(d) In the absence of written direction from the District, the Fiscal Agent shall invest any money held by it in Authorized Investments of the type described in clause (7) of the definition thereof.

The District or the Fiscal Agent, as applicable, shall sell or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any such funds and accounts,

any such investments constituting a part of such funds and accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the market value thereof at least semiannually on or before each Interest Payment Date. In making any valuations hereunder, the District or the Fiscal Agent, as applicable, may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything herein to the contrary, the District or the Fiscal Agent, as applicable, shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Indenture.

The District or the Fiscal Agent, as applicable, may sell, or present for redemption any Authorized Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of Section 7.4, the District or the Fiscal Agent, as applicable, shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the District or the Fiscal Agent, as applicable, may commingle the funds and accounts established hereunder, but shall account for each separately.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District or the Water District the right to receive brokerage confirmations of securities transactions as they occur, the District will not receive such confirmations to the extent permitted by law. The Fiscal Agent shall furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder. The Fiscal Agent and its affiliates may act as sponsor, advisor, depository, principal or agent in the holding, acquisition or disposition of any investment.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1. Redemption of Bonds.

(a) Optional Redemption. The Bonds maturing on or before September 1, 2025 may not be optionally redeemed. The Bonds maturing on or after September 1, 2026 may be redeemed, at the option of the District, from any source of funds, other than Prepayments, on any date on or after September 1, 2025 in whole, or in part (in such amounts as may be designated by the District, with the particular Bonds within the maturity of the Bonds to be selected by the Fiscal Agent by lot), at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 2025 through March 1, 2026	103%
September 1, 2026 and March 1, 2027	102
September 1, 2027 and March 1, 2028	101
September 1, 2028 and any Interest Payment Date thereafter	100

In the event the District elects to redeem Bonds as provided above, the District shall give written notice to the Fiscal Agent of its election to so redeem, the redemption date and the maturity dates of the Bonds to be redeemed. The notice to the Fiscal Agent shall be given at least 45 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Fiscal Agent, in its sole discretion.

(b) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 2043 shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 2019, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Fiscal Agent by lot and shall be redeemed at a redemption price for each redeemed Term Bonds equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

BONDS MATURING SEPTEMBER 1, 2043

<i>Redemption Dates (September 1)</i>	<i>Principal Amount</i>
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043 (Maturity)	

If the District purchases Term Bonds and delivers them to the Fiscal Agent at least 45 days prior to an applicable redemption date, the principal amount of the Term Bonds so purchased shall be credited to reduce the Sinking Fund Payment due on such redemption date for the applicable maturity of the Term Bonds. All Term Bonds purchased by the District and

delivered to the Fiscal Agent pursuant to this subsection shall be cancelled pursuant to Section 10.1.

In the event of a partial optional redemption or special mandatory redemption of Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds, as described above, will be reduced, as nearly as practicable, on a pro rata basis.

(c) Special Mandatory Redemption from Prepayments. The Bonds are subject to redemption as a whole, or in part (on a pro rata basis among maturities of the Bonds), on any Interest Payment Date prior to maturity from the proceeds of the prepayment of the Special Taxes deposited in the Redemption Account pursuant to this Indenture and amounts transferred from the Reserve Account in connection with such prepayment. Such special mandatory redemption of the Bonds shall be at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 2018 through March 1, 2026	103%
September 1, 2026 and March 1, 2027	102
September 1, 2027 and March 1, 2028	101
September 1, 2028 and any Interest Payment Date thereafter	100

(d) Redemption of Parity Bonds. The redemption provisions for Parity Bonds shall be set forth in a Supplemental Indenture.

Section 4.2. Notice of Redemption. When Bonds are to be redeemed under Section 4.1(a) or (c) above, or under another redemption provision set forth in a Supplemental Indenture relating to any Parity Bonds, the Fiscal Agent shall give notice, in the name of the District, of the redemption of such Bonds or Parity Bonds. Such notice of redemption shall (a) specify the CUSIP numbers (if any), the numbers and the maturity date or dates of the Bonds or Parity Bonds selected for redemption, except that where all of the Bonds or an issue of Parity Bonds are subject to redemption, or all the Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the Bonds or Parity Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds or Parity Bonds are to be redeemed; (e) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond which is to be redeemed; (f) state the date of issue of the Bonds or Parity Bonds as originally issued; (g) state the rate of interest borne by each Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the District. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Fiscal Agent shall mail a copy of such notice, by first class mail, postage prepaid, to the respective registered Owners thereof at their addresses appearing on the Bond Register, and to the Original Purchaser of the Bonds or Parity Bonds, as applicable, or electronically in accordance with the procedures of the Depository with respect to Bonds or Parity Bonds that the District has elected to register as book-entry Bonds or Parity Bonds. The

actual receipt by the Owner of any Bond or Parity Bond or the original purchaser of any Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Fiscal Agent on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Fiscal Agent shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Fiscal Agent shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Upon the payment of the redemption price of any Bonds and Parity Bonds being redeemed, each check or other transfer of funds issued for such purpose shall to the extent practicable bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds and Parity Bonds being redeemed with the proceeds of such check or other transfer.

Notwithstanding anything in this Indenture or the Bond to the contrary, notice of redemption shall not be required for regularly-scheduled mandatory sinking fund payments pursuant to Section 4.1(b) of this Indenture.

Section 4.3. Partial Redemption of Bonds. Upon surrender of any Bond or Parity Bond to be redeemed in part only under Section 4.1(a) or (c), the District shall execute and the Fiscal Agent shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity, or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations.

Section 4.4. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.2, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(a) The Bonds and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture, or in any Supplemental Indenture with respect to any Parity Bonds, anything in this Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding;

(b) Upon presentation and surrender thereof at the office of the Fiscal Agent, the redemption price of such Bonds and Parity Bonds shall be paid to the Owners thereof;

(c) As of the redemption date the Bonds or Parity Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, shall cease to bear further interest; and

(d) As of the date fixed for redemption no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. Warranty. The District shall preserve and protect the security pledged hereunder to the Bonds and any Parity Bonds against all claims and demands of all persons.

Section 5.2. Covenants. So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and this Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and any Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund or Administrative Expense Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners (other than the Special Taxes to be deposited in the Administrative Expense Fund or other funds held by the District) and will deposit Special Taxes in the Special Tax Fund as provided herein, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District further covenants that, in connection with the delivery of any Prepayment to the Fiscal Agent, the District will also deliver to the Fiscal Agent a certificate of the Special Tax Administrator identifying with respect to the Prepayment: (i) the "Future Facilities Costs" (as defined in the Rate and Method of Apportionment), if any, with instructions that said amount be deposited in a fund or account designated in writing by an Authorized Representative of the Water District, (ii) the "Administrative Fees and Expenses" (as defined in the Rate and Method of Apportionment), with instructions that said amount shall be deposited in the Administrative Expense Fund, (iii) the amount that represents the Special Taxes levied in the current Fiscal Year on the subject Parcel which had not been paid, with instructions to deposit portions of said amount in the Interest Account and the Principal Account of the Special Tax Fund, (iv) the amount of the "Reserve Fund Credit" (as defined in the Rate and Method of Apportionment), with instructions to withdraw said amount from the Reserve Account and transfer it to the Redemption Account in connection with the redemption of Bonds, and (v) the amount to be deposited in the Redemption Account.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and Parity Bonds and in accordance with this Indenture to the extent that Net Special Taxes and other amounts pledged hereunder are available therefor, and that the payments into the funds and accounts created hereunder will be made, all in strict conformity with the terms of the Bonds, the Parity Bonds and this Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Special Taxes except as provided in this Indenture, and will not issue any obligation or security having a lien or charge upon the Net Special Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing or incurring indebtedness which is payable from a pledge of Net Special Taxes which is subordinate in all respects to the pledge of Net Special Taxes to repay the Bonds and the Parity Bonds.

(b) Levy and Collection of Special Tax. On or before each August 1, commencing August 1, 2018, the Fiscal Agent shall provide a written notice to the District stating the amounts then on deposit in the various funds and accounts established by the Fiscal Agent pursuant to this Indenture. The receipt of such notice by the District shall in no way affect the obligations of the District under the following paragraphs. Upon receipt of a copy of such notice, the District shall communicate with the Treasurer or other appropriate official of the County to ascertain the relevant Parcels on which the Special Taxes are to be levied, taking into account any Parcel splits during the preceding and then current year.

The District may retain an Independent Financial Consultant to assist in the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance such that the computation of the levy is complete before the final date on which the Treasurer of the County will accept the transmission of the Special Tax amounts for the Parcels within the District for inclusion on the next secured tax roll. Upon the completion of the computation of the amounts of the levy, and approval by the legislative body of the District, the District shall prepare or cause to be prepared, and shall transmit to the Treasurer of the County, such data as the Treasurer of the County requires to include the levy of the Special Taxes on the next secured tax roll.

The District shall fix and levy the amount of Special Taxes required for the payment of principal of and interest on Outstanding Bonds becoming due and payable during the ensuing year including any necessary replenishment or expenditure of the Reserve Account for the Bonds, an amount equal to the estimated Administrative Expenses and any additional amounts necessary for expenses incurred in connection with administration or enforcement of delinquent Special Taxes. The District further covenants, to the maximum extent permitted by law, that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds are Outstanding.

The Special Taxes shall be payable and collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the

general taxes on real property; provided, the legislative body of the District may provide for direct collection of the Special Taxes in certain circumstances.

The fees and expenses of the Independent Financial Consultant retained by the District to assist in computing the levy of the Special Taxes hereunder and any reconciliation of amounts levied to amounts received, as well as the costs and expenses of the District (including a charge for District staff time) in conducting its duties hereunder, shall be an Administrative Expense hereunder.

(c) Commence Foreclosure Proceedings. Pursuant to Section 53356.1 of the Act, the District hereby covenants with and for the benefit of the Bondowners that it will order, and cause to be commenced, on or before October 1 of the Fiscal Year immediately following the Fiscal Year in which a delinquency in the payment of a Special Tax occurs, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due, provided that the District need not commence or pursue such proceedings with respect to any property owned by a single property owner who is delinquent in the payment of Special Taxes in an amount less than \$5,000 if both (i) the aggregate amount of such delinquent Special Taxes does not exceed 5% of the total Special Taxes due and payable for the Fiscal Year in question and (ii) the balance on deposit in the Reserve Account of the Special Tax Fund is not less than the Reserve Requirement.

Special Taxes collected as a result of a foreclosure proceeding shall be deposited in the Special Tax Fund and only inure to the benefit of the Bonds or Parity Bonds in the manner provided in Section 3.2.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Special Taxes or other funds in the Special Tax Fund or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection by the Owners of not less than 10% of the principal amount of the Bonds then Outstanding or the Owners of not less than 10% of the principal amount of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Reduction of Maximum Special Taxes. The District hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on Parcels in the District below the levels provided in this Section would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the

Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, (i) the District receives a certification from one or more Independent Financial Consultants which, when taken together, concludes that, on the basis of the Parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property in each Bond Year for any Bonds Outstanding will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultants shall compute the Administrative Expenses for the current Fiscal Year and escalate that amount by two percent (2%) in each subsequent Fiscal Year.

The District further covenants that in the event an ordinance is adopted by initiative pursuant to Section 3 of Article XIII C of the California Constitution, which purports to reduce or otherwise alter the maximum Special Tax rates, it will commence and pursue legal action seeking to preserve its ability to comply with its covenant contained in the preceding paragraph.

(g) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the minimum or the maximum Special Tax below the levels specified in Section 5.2(g) above or to limit the power of the District to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(h) Limitation on Right to Tender Bonds. The District hereby covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

(i) Further Assurances. The District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided herein.

(j) Continuing Disclosure. So long as the Bonds remain Outstanding, within 270 days of the end of each Fiscal Year, the District shall provide the Bondowner with: (1), an annual audited financial statement prepared in accordance with generally accepted accounting principles as promulgated to apply to government entities from time to time by the Governmental Accounting Standards Board, if any are prepared; (2) a table presenting the number of parcels, secured assessed values (land and structure values) and value to lien ratios within the Improvement Area; (3) a table listing the total amount of assessment installments levied and total delinquencies within the Improvement Area in the current fiscal year and all prior fiscal years with delinquencies; (4) a statement as to any parcel in the

Improvement Area for which the delinquent assessment installments represent more than 10% of the aggregate assessment installments levy: the identity of the parcel, the identity of the owner(s) of the parcel, and the aggregate amount of delinquent property and assessment installments within the Improvement Area, including accrued penalties and interest; (5) a statement as to the status of any judicial foreclosure proceedings within the Improvement Area, including such proceedings initiated by the District as a result of the delinquency in the payment of assessment installments; (6) timely notice to the Original Purchaser of any material impact to the District's financial position and/or the receipt or collection of the Special Taxes, and (7) such additional information as the Original Purchaser shall reasonably request from time to time pursuant to written notice to the District. Notwithstanding any other provision of this Indenture, failure of the District to comply with this Section 5.2(l) shall not be considered an Event of Default; however, any Bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section 5.2(l). For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

ARTICLE VI

AMENDMENTS TO INDENTURE

Section 6.1. Supplemental Indentures or Orders Not Requiring Bondowner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any Supplemental Indenture or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect or which further secure Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of this Indenture;

(d) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding;

(e) to modify, alter or amend the Rate and Method of Apportionment in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year to an amount which is less than 110% of the principal and interest due in

each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondowners.

Notwithstanding the foregoing, no Supplemental Indenture may modify any of the duties or responsibilities of the Fiscal Agent without the written consent of the Fiscal Agent.

Section 6.2. Supplemental Indentures or Orders Requiring Bondowner Consent.

Exclusive of the Supplemental Indentures described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, (c) a preference or priority of any Bond over any other Bond, or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplemental Indenture. The Fiscal Agent shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Fiscal Agent for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding if and as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Fiscal Agent, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any Person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal

amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 6.3. Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds. After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds or Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action; and in that case, upon demand of the Owner of any Outstanding Bond at such effective date and presentation of his Bond for the purpose at the Principal Office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds or Parity Bonds. If the District shall so determine, new Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

ARTICLE VII

FISCAL AGENT

Section 7.1. Fiscal Agent. U.S. Bank National Association, having a corporate trust office in Los Angeles, California, is hereby appointed Fiscal Agent for the District for the purpose of receiving all money which the District is required to deposit with the Fiscal Agent hereunder and to allocate, use and apply the same as provided in this Indenture. In the event that the District fails to deposit with the Fiscal Agent any amount due hereunder when due, the Fiscal Agent shall provide telephonic notice to the District and shall confirm the amount of such shortfall in writing.

The Fiscal Agent is hereby authorized to and shall mail by first class mail, postage prepaid, interest payments to the Bondowners, to select Bonds and Parity Bonds for redemption, and to maintain the Bond Register. The Fiscal Agent is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in this Indenture, and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it. The Fiscal Agent shall deliver to the District a monthly accounting of the funds and accounts it holds under this Indenture; provided, however, that the Fiscal Agent shall not be obligated to deliver such accounting for any fund or account that has a balance of zero. The Fiscal Agent may establish such funds and accounts as it deems necessary or appropriate to perform its obligations hereunder.

The Fiscal Agent is hereby authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Fiscal Agent shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of Section 10.1 hereof.

The District shall from time to time, subject to any agreement between the District and the Fiscal Agent then in force, pay to the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Fiscal Agent, its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The obligations of the District under this Section shall survive the discharge of the Bonds and the resignation or removal of the Fiscal Agent.

Section 7.2. Removal of Fiscal Agent. The District may, with the prior written consent of the Original Purchaser (so long as the Original Purchaser is the Owner of all of the Outstanding Bonds), at any time at its sole discretion remove the Fiscal Agent initially appointed, and any successor thereto, by delivering to the Fiscal Agent a written notice of its decision to remove the Fiscal Agent and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Fiscal Agent. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 7.3. Resignation of Fiscal Agent. The Fiscal Agent may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the Bond Register. Upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section 7.3 or Section 7.2 within forty-five (45) days after the Fiscal Agent shall have received written notice from the District of its removal as Fiscal Agent or given to the District written notice of its resignation as Fiscal Agent, the Fiscal Agent, at the expense of the District, or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

Section 7.4. Liability of Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to

the validity or sufficiency of this Indenture, the Bonds, or any Parity Bonds and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth herein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any Person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

No provision of this Indenture or any other document related hereto shall require the Fiscal Agent to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

The immunities extended to the Fiscal Agent also extend to its directors, officers, employees and agents.

Section 7.5. Interested Transactions. The Fiscal Agent and its officers and employees may acquire and hold Bonds with the same effect as if it were not Fiscal Agent. The Fiscal Agent, either as principal or agent, may engage in or be interested in any financial or other transaction with the District.

Section 7.6. Agents. The Fiscal Agent may execute any of its trusts or powers or perform its duties through attorneys, agents or receivers and the Fiscal Agent shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default. Any one or more of the following events shall constitute an “event of default”:

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or

(c) Except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Indenture, any Supplemental Indenture, the Bonds, or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Fiscal Agent or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

Section 8.2. Remedies of Owners. Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) By a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

Nothing in this Article or in any other provision of this Indenture or in the Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners thereof at the respective dates of maturity, as herein provided, out of the Net Special Taxes pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in this Indenture. The principal of the Bonds shall not be subject to acceleration hereunder.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

In case the moneys held by the Fiscal Agent after an event of default pursuant to Section 8.1(a) or (b) shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then all available amounts shall be applied in accordance with Section 8.3.

Section 8.3. Application of Revenues and Other Funds After Default. All amounts received by the District pursuant to any right given or action taken by the Owners under the provisions of this Indenture relating to the Bonds and Parity Bonds shall be applied by the District in the following order upon presentation of the Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Owner in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Owner; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing,

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing, and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Section 8.4. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as herein provided, out of the Net Special Taxes and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default shall impair any such

right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Owners by the Act or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners, as the case may be.

ARTICLE IX

DEFEASANCE

Section 9.1. Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Indenture, then the Owner of such Bond shall cease to be entitled to the pledge of Net Special Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond under this Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Fiscal Agent shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall, after payment of amounts payable to the Fiscal Agent hereunder, pay over or deliver to the District's general fund all money or securities held by it pursuant to this Indenture which are not required for the payment of the interest due on and the principal of such Bonds and Parity Bonds.

Any Outstanding Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this section if such Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent, or another escrow bank appointed by the District, in trust, direct, non-callable, non-prepayable Federal Securities, of the type defined in the definition thereof set forth in Section 1.1 hereof, in which the District may lawfully invest its money, in such amount as an Independent Financial Consultant shall determine will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable;

then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) relating to compliance with the Code. Notice of such election shall be filed with the Fiscal Agent not less than thirty (30) days prior to the proposed

defeasance date. In connection with a defeasance under (b) or (c) above, there shall be provided to the Fiscal Agent a certificate of a certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the principal of and interest on all Outstanding Bonds or Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds being defeased have been legally defeased in accordance with this Indenture and any applicable Supplemental Indenture. Upon a defeasance, the Fiscal Agent, upon request of the District, shall release the rights of the Owners of such Bonds which have been defeased under this Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. The Fiscal Agent shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

ARTICLE X

MISCELLANEOUS

Section 10.1. Cancellation of Bonds or Parity Bonds. All Bonds and Parity Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption shall be upon payment therefor, and any Bond purchased by the District as authorized herein and delivered to the Fiscal Agent for such purpose shall be, cancelled forthwith and shall not be reissued. The Fiscal Agent shall destroy such Bonds and Parity Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

Section 10.2. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association on behalf of such corporation or association or by a member of a partnership on behalf of such partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the Person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Fiscal Agent shall be affected by any notice to the contrary.

Nothing contained in this Indenture shall be construed as limiting the Fiscal Agent or the District to such proof, it being intended that the Fiscal Agent or the District may accept any other evidence of the matters herein stated which the Fiscal Agent or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Fiscal Agent or the District in pursuance of such request or consent.

Section 10.3. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any money held by the Fiscal Agent or the District in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Fiscal Agent or the District at such date, or for two years after the date of deposit of such money if deposited with the Fiscal Agent or the District after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Fiscal Agent to the District or retained by the District, as its absolute property and free from trust, and the Fiscal Agent or the District shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Fiscal Agent shall, upon the written request and at the expense of the District, cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear in the Bond Register a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Section 10.4. Provisions Constitute Contract. The provisions of this Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Fiscal Agent, then the District, the Fiscal Agent and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

Section 10.5. Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Special Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Special Taxes and other amounts pledged hereunder.

Section 10.6. Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in this Indenture.

Section 10.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture and the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 10.8. Notices. Any notices required to be given with respect to the Bonds or this Indenture shall be mailed, first class, postage prepaid, or personally delivered to (1) the District: East Orange County Water District, 185 North McPherson Road, Orange, California 92869-3720, Attention: General Manager (2) to the Fiscal Agent in its capacity as Fiscal Agent: U.S. Bank National Association, 633 West Fifth Street, Los Angeles, California 90071, Attention: Global Trust Services and (3) to the Original Purchaser: Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank, an Arizona corporation, c/o Western Alliance Bank, ATTN: Municipal Finance, One E Washington Street, Suite 1400, Phoenix, Arizona 85004, email address: MunicipalFinanceGroup@westernalliancebank.com.

Section 10.9. Waiver of Jury Trial; Agreement For Judicial Reference; No Sovereign Immunity. To the fullest extent permitted by law, the District hereby waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, the Bonds, this Indenture or any documents relating to the Bonds or this Indenture, or the enforcement of any remedy under any law, statute, or regulation. To the extent such waiver is not enforceable, the District hereby consents to the adjudication of any and all such matters pursuant to Judicial Reference as provided in Section 638 of the California Code of Civil Procedure, and the judicial referee shall be empowered to hear and determine any and all issues in such Reference whether fact or law. The District hereby represents that it does not possess and will not invoke a claim of sovereign immunity for disputes arising out of contractual claims relating to the Bonds or this Indenture.

Section 10.10. Additional Rights of Sole Owner. So long as there is a single Owner of all Bonds the provisions of this Section 10.10 shall apply.

(a) Notwithstanding any other provision of this Indenture, the Owner shall have the right to consent to any amendment to this Indenture and to the appointment of a successor Fiscal Agent appointed by the District after the resignation or removal of the Fiscal Agent hereunder.

(b) The District shall provide notice to the Owner of any material impact to the District's financial position and/or the receipt or collection of the Special Taxes and such additional information as the Owner shall reasonably request from time to time pursuant to written notice to the District.

(c) The Owner is hereby expressly made a third party beneficiary of this Indenture.

(d) The Fiscal Agent or the District, as applicable, shall notify the Owner of any failure of the District to provide relevant notices, certificates or other similar documents hereunder.

(e) The District shall pay or reimburse the Bondowner, but only from surplus Special Taxes available after fully funding the priorities set forth in Section 3.2(b) and Section 3.2(d)(1) through (5), for any and all charges, fees, costs and expenses that the Bondowner may reasonably pay or incur in connection with the following: (i) the administration, enforcement, defense, or preservation of any rights or security hereunder or under this Indenture; (ii) the pursuit of any remedies under this Indenture, or otherwise afforded by law or equity; (iii) any amendment, waiver, or other action with respect to or related to this Indenture whether or not executed or completed; (iv) the violation by the District of any law, rule, or regulation or any judgment, order or decree applicable to it; or (v) any litigation or other dispute in connection with this Indenture.

[Rest of This Page Intentionally Left Blank]

IN WITNESS WHEREOF, the District and the Fiscal Agent have executed this Indenture, effective the date first written above.

COMMUNITY FACILITIES DISTRICT NO. 2018-1
OF THE EAST ORANGE COUNTY WATER
DISTRICT

By: _____
Its: President of the Board of Directors of East
Orange County Water District, acting as the
legislative body of Community Facilities District
No. 2018-1 of East Orange County Water
District

ATTEST:

Secretary of the Board of Directors of East
Orange County Water District, acting as the
legislative body of Community Facilities
District No. 2018-1 of East Orange County
Water District

The terms of this Indenture relating to the Fiscal Agent are accepted by U.S. Bank National Association, as Fiscal Agent.

U.S. BANK NATIONAL ASSOCIATION, as Fiscal
Agent

By: _____
Its: Authorized Officer

EXHIBIT A

FORM OF 2018 SPECIAL TAX BOND

R-1

\$

THIS BOND MAY ONLY BE TRANSFERRED TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF SECTION 2(A)(15) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR A "QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A(a)(1) PROMULGATED UNDER THE SECURITIES ACT, SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE.

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE**

**COMMUNITY FACILITIES DISTRICT NO. 2018-1
OF EAST ORANGE COUNTY WATER DISTRICT
2018B SPECIAL TAX BOND (TAXABLE)**

<i>INTEREST RATE:</i>	<i>MATURITY DATE:</i>	<i>DATED DATE:</i>
%	September 1, 2043	August __, 2018

REGISTERED OWNER: Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank, an Arizona corporation

PRINCIPAL AMOUNT:

COMMUNITY FACILITIES DISTRICT NO. 2018-1 OF EAST ORANGE COUNTY WATER DISTRICT (the "District"), situated in the County of Orange, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and

September 1 (each an "Interest Payment Date"), commencing _____, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Fiscal Agent (as such term is defined in the Indenture), initially U.S. Bank National Association, (the "Fiscal Agent"). Interest on this Bond shall be paid by check of the Fiscal Agent mailed, by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Registered Owner hereof as of the close of business on the fifteenth day of the month preceding the month in which the Interest Payment Date occurs (the "Record Date") at such Registered Owner's address as it appears on the registration books maintained by the Fiscal Agent. Notwithstanding any provision herein or in the Indenture to the contrary, so long as this Bond is owned by the Original Purchaser (as defined in the Indenture), (i) the Fiscal Agent shall pay principal of and interest and redemption premium, if any, on the Bonds when due by wire transfer in immediately available funds to the Original Purchaser in accordance with such wire transfer instructions as shall be filed by the Original Purchaser with the Fiscal Agent from time to time, (ii) payments of principal on the Bonds shall be made without the requirement for presentation and surrender by the Original Purchaser, provided that principal which is payable at maturity shall be made only upon presentation and surrender at the Principal Office of the Fiscal Agent, and (iii) the Fiscal Agent shall not be required to give notice to the Original Purchaser of the sinking fund payments as described in the Indenture.

This Bond is one of a duly authorized issue of "Community Facilities District No. 2018-1 of East Orange County Water District 2018B Special Tax Bonds (Taxable)" (the "Bonds") issued in the aggregate principal amount of \$_____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, et seq., of the California Government Code (the "Act") for the purpose of (i) financing the construction of certain public facilities within the District, (ii) funding a reserve account and (iii) paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the Board of Directors of East Orange County Water District, acting in its capacity as the legislative body of the District (the "Legislative Body") on July 19, 2018, Resolution No. _____ (the "Resolution of Issuance"), and a Trust Indenture dated as of August 1, 2018 by and between the District and Fiscal Agent executed in connection therewith (the "Indenture"), and this reference incorporates the Indenture herein; and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Resolution and the Indenture are adopted under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within the District (the "Net Special Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Net Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Net Special Taxes and other amounts deposited to the Special Tax Fund established under the Indenture, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Net Special Tax installments levied for payment of principal and interest on the Bonds.

(a) The Bonds maturing on or before September 1, 2025 are not subject to optional redemption. The Bonds maturing on or after September 1, 2026 may be redeemed, at the option of the District, from any source of funds, other than Prepayments, on any date on or after September 1, 2025 in whole, or in part (in such amounts as may be designated by the District, with the particular Bonds within the maturity of the Bonds to be selected by the Fiscal Agent by lot), at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 2025 through March 1, 2026	103%
September 1, 2026 and March 1, 2027	102
September 1, 2027 and March 1, 2028	101
September 1, 2028 and any Interest Payment Date thereafter	100

The Term Bonds maturing on September 1, 2043 are subject to mandatory sinking fund redemption, in part, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 2019, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Indenture. The Term Bonds so called for redemption shall be selected by the Fiscal Agent by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

(a) The Bonds are subject to redemption as a whole, or in part (in such amounts as may be designated by the District, with the particular Bonds within the maturity of the Bonds to be selected by the Fiscal Agent by lot), on any date prior to maturity from the proceeds of the prepayment of the Special Taxes deposited in the Redemption Account pursuant to the Indenture and amounts transferred from the Reserve Account in connection with such prepayment. Such special mandatory redemption of the Bonds shall be at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 2018 through March 1, 2026	103%
September 1, 2026 and March 1, 2027	102
September 1, 2027 and March 1, 2028	101
September 1, 2028 and any Interest Payment Date thereafter	100

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date; provided that funds for the redemption are on deposit with the Fiscal Agent on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the District and the Fiscal Agent may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in denominations of \$250,000 or any dollar integral in excess thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Fiscal Agent shall not be required to register transfers or make exchanges of (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF EAST ORANGE COUNTY WATER DISTRICT OR OF THE DISTRICT FOR WHICH EAST ORANGE COUNTY WATER DISTRICT OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR NET SPECIAL TAXES, OTHER THAN THE NET SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE NET SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF EAST ORANGE COUNTY WATER DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, Community Facilities District No. 2018-1 of East Orange County Water District has caused this Bond to be dated as of August __, 2018, to be signed on behalf of the District by the President of the Board of Directors of East Orange County Water District by his facsimile signature and attested by the facsimile signature of the Secretary of the Board of Directors hereon.

President of the Board of Directors of East Orange County Water District, acting as the legislative body of Community Facilities District No. 2018-1 of East Orange County Water District

ATTEST:

Secretary of the Board of Directors of the East Orange County Water District, acting as the legislative body of Community Facilities District No. 2018-1 of East Orange County Water District

**[FORM OF FISCAL AGENT'S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]**

This is one of the Bonds described in the within-defined Indenture.

Dated: _____, 2018

U.S. Bank National Association, as Fiscal Agent

By: _____
Its: Authorized Officer

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Secretary of the Board of Directors of East Orange
County Water District, acting in its capacity as the
legislative body of Community Facilities District No.
2018-1 of East Orange County Water District

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto

whose tax identification number is _____,
the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)

attorney to transfer the same on the books of the Fiscal Agent with full power of substitution in
the premises.

Dated: _____

Signature guaranteed:

NOTE: Signature(s) must be guaranteed by
an eligible guarantor institution.

NOTE: The signatures(s) on this Assignment
must correspond with the name(s) as written
on the face of the within Bond in every
particular without alteration or enlargement or
any change whatsoever.

EXHIBIT B

FORM OF LETTER OF REPRESENTATIONS

[Date]

East Orange County Water District
185 North McPherson
Orange, California 92869-3720
Attention: General Manager

Re: Community Facilities District No. 2018-1 of East Orange County Water
District 2018B Special Tax Bonds (Taxable)

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby acknowledges receipt of the above-referenced bonds (the "Bonds"), dated August __, 2018, in fully registered form and in the aggregate principal amount of \$_____, constituting all of the Bonds currently outstanding. The Bonds have been checked, inspected and approved by the Purchaser.

The undersigned acknowledges that the Bonds have been issued for the purpose of financing certain public facilities within Community Facilities District No. 2018-1 of East Orange County Water District. The undersigned further acknowledges that the Bonds are secured by a certain Trust Indenture dated as of August 1, 2018 (the "Indenture"), between Community Facilities District No. 2018-1 of East Orange County Water District (the "District"), and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent").

In connection with the sale of the Bonds to the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser hereby certifies that it is [an "accredited investor" within the meaning of Section 2(a)(15) of the Securities Act of 1933 as amended (the "Act")][a "qualified institutional buyer" within the meaning of Rule 144A(a)(1) promulgated under the Act] and applicable state securities laws (a "Qualified Investor").

2. The Bonds are being acquired by the Purchaser for its own account only and not with a present intent for any resale or distribution thereof, in whole or in part, to others; provided, however, that the Purchaser shall not be precluded from transferring or assigning its interest in the Bonds in accordance with the terms and conditions set forth in the Indenture. The Purchaser is not participating, directly or indirectly, in a distribution of the Bonds and will not take, or cause to be taken, any action that would cause the Purchaser to be deemed an "underwriter" of such Bonds as defined in Section 2(a)(11) of the Act. The Purchaser understands that the District has no obligation to register the Bonds for resale under the Act. The Purchaser further understands that the Bonds are being sold in a transaction that is exempt from the registration requirements of the Act. The Purchaser acknowledges that the District will not be entering into a continuing disclosure agreement for the

Bonds pursuant to Section 15c2-12 of the Securities Exchange Act of 1934, as amended.

3. The Purchaser has received and carefully read all information and other items of disclosure relating to the District and the Bonds that the Purchaser has deemed material (the "Disclosure Items") for it to make an informed investment decision with respect to its purchase of the Bonds and, in connection therewith, has had access to all other materials, books, records, documents, and information relating to the District and the Bonds, and has been able to verify the accuracy of, and supplement, the information contained therein.

4. The Purchaser has had an opportunity to ask questions of, and receive satisfactory answers from, duly designated representatives of the District concerning the terms and conditions pursuant to which the offer to purchase the Bonds is being made, and is satisfied with the information provided in response to its requests, and is satisfied that its request for such information has been fully complied with by the District. The Purchaser further acknowledges that the District requires that, if the Bonds are disposed of by it, current information which meets the disclosure requirements of any applicable state and federal securities laws then in effect, concerning the Bonds must be furnished to any prospective purchaser, and that any disclosure document must be delivered to the District before the Bonds are offered for sale to any prospective purchaser, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

5. The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of making a loan of the proceeds of the Bond based upon (i) the information (including the information set forth in the Disclosure Items) furnished to it by the District; (ii) its or such representative's personal knowledge of the business and affairs of the District; (iii) the records, files, and plans of the District, to all of which it or such representative has had full access; (iv) such additional information as it or such representative may have requested and have received from the District; and (v) the independent inquiries and investigations undertaken by it or such representative.

6. The Purchaser represents that it can bear the economic risk of loss of its entire investment; it has adequate means for providing for its current needs and personal contingencies; and it has no need for liquidity with respect to its investment in the Bonds.

7. The purchase of the Bonds is not disproportionate to the Purchaser's net worth, and its purchase of the Bonds will not cause such overall commitment to become excessive.

8. No person has given any information or made any representation not contained in any Disclosure Items referred to above or otherwise provided to the Purchaser in writing by a person employed or authorized in writing by the District. The Purchaser understands and agrees that any information or representation not

contained therein must not, and will not, be relied upon and that nothing contained therein should be construed as legal or tax advice to the Purchaser.

9. No person has made any direct or indirect representation or warranty of any kind to the Purchaser with respect to the economic return which may accrue to the Purchaser. The Purchaser has consulted with its own tax counsel and other advisors with respect to an investment in the Bonds.

10. The signatory of this letter is a duly authorized officer of the Purchaser with the authority to sign this letter on behalf of the Purchaser, and this letter has been duly authorized, executed, and delivered by the Purchaser.

11. The Purchaser acknowledges that it has the right to sell and transfer the Bonds to another Qualified Investor in a minimum denomination of \$250,000, subject to the delivery to the Fiscal Agent of a letter from the transferee to the same effect as this Letter of Representations, with no revisions except as may be approved in writing by the District. The Purchaser understands that the Fiscal Agent will not be required to accept for registration of transfer any Bonds unless such transferee is an Qualified Investor and the letter is delivered to the Fiscal Agent, and failure to deliver such letter shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the District, the East Orange County Water District (the "Water District") and the Fiscal Agent with respect to any claim asserted against the District, the Water District or the Fiscal Agent that is based upon a sale, transfer or other disposition of the Bonds in violation of the provisions of the Indenture.

12. The Purchaser agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Act, (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bonds and the Indenture. The Purchaser further agrees that it will not transfer the Bonds to be held in a pool, trust or similar arrangement.

13. The Purchaser understands that the purchase of the Bonds involves significant investment risks.

14. The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange and (iii) will carry no rating from any rating service.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

By:_____

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: **IMPROVEMENT DISTRICT 1 (SEWER) MASTER PLAN AND CONDITION ASSESSMENT STUDY – DRAFT REPORT AND PRESENTATION**
DATE: JULY 19, 2018

Background

On August 1, 2018, two years will have passed since the District acquired the Area 7 sewer system (now ID1) from the Orange County Sanitation District. The system had never had a master plan or condition assessment conducted. Completion of this study is an important part of our compliance with regulatory requirements, including the Sewer System Management Plan (SSMP), and was a requirement included in the LAFCO resolution that approved the transfer. (Section 5.h). A copy of the final report is required to be transmitted to LAFCO.

As you will recall, after solicitation of proposals, AKM Engineering was retained in April, 2017 at an initial cost of \$556,992 to perform this study. Tasks included in the Scope of Work for the study included:

- Capacity Evaluation
- Condition Assessment
- Identification of Septic System Areas
- Assess Rehabilitation Projects
- Assess Densification Impacts
- Assess Manhole Condition
- Develop Hydraulic Model
- Perform Risk Analysis
- Develop 20-Year Sewer Capital Improvement Program

During the study, two addenda were added to the initial contract: GIS correction or establishment was required to more than half of the data received from OCSD (invert, slope); this addendum was \$45,360. The second addendum includes the development of a Septic System Subarea Master Plan at a cost of \$157,760 – this work includes providing a recommended layout for the remaining sewer system that would serve the large unsewered portion of Cowan Heights and Lemon Heights.

AKM will be present at the meeting to provide an overview of the report findings, the most significant of which are that there are areas with capacity deficiency concerns, and the Browning Avenue sewer line has significant problems that will require immediate attention and will be expensive to resolve.

It is staff's intention that the Master Plan & Condition Assessment be a "living" document that is updated on a periodic basis (every 2-3 years) that will provide a repository for the analysis of the operations data collected in Sedaru, as well as the rehabilitation/replacement work completed through the CIP.

At their July 5, 2018 Meeting, the Engineering & Operations Committee recommended that the Board accept the Study and direct staff to develop a plan to implement the recommendations.

2

Fiscal Impact

The Study identifies a 20-year Capital Improvement Program totaling \$28,155,764 (see attached Table 11-4 from the Study).

Recommendation

The Board accept the Study and direct staff to develop a plan to implement the recommendations.

Table 11-4
Capital Improvement Program Summary

CIP Project	Location/Description	Upstream Manhole ID	Downstream Manhole ID	Dia-meter (in)	Qty	Unit Basis	Unit Cost (\$/LF) ¹	Const. Cost (\$) ²	Eng, Admin, Cont. Cost (\$) ³	Total Cost (\$) ⁴	Comments
1	Preliminary Design Report for Browning Trunk Sewer at the Railroad and I-5 Fwy									275,000	
2	Browning Rd at I-5 Fwy	HAT0175-0000	HAT0170-0000	18	300 ⁵	ft	3,000 ⁶	900,000	585,000	1,485,000 ⁷	Existing Condition Issue and Future Capacity Improvement (same as Table 11-1). Capacity Improvement Project A on Figure 11-1.
3	Design and Construction of Browning Trunk Sewer at the Railroad									5,000,000	Cost is dependent on selected alternative.
4	Manhole Inspection and Evaluation									644,000	Remaining 3,179 manholes
5a	Manhole Rehabilitation Projects ("Major" and "Moderate" Priority)									486,000	Existing Condition Issues at 81 manholes. See Table 11-2 for details.
6a	Gravity Pipe Rehabilitation Projects									428,328	Existing Condition Issues in 7 reaches of pipe. See Table 11-3 for details
7a	Wet Weather Flow Monitoring and Evaluation									100,000	Cost for 10 sites for approximately 12 weeks
Capital Improvement Projects (2018-2022)										8,418,328	
5b	Manhole Rehabilitation Projects (future)									1,908,000	Projects to be defined by future manhole inspections.
6b	Gravity Pipe Rehabilitation Projects (future)									2,876,400	Projects to be defined by future CCTV inspections.
8	Browning Rd btw Bryan Av and San Juan St	HAT0205-0000	HAT0200-0000	18	401	ft	720	288,590	144,295	432,886	Future Capacity Improvement (same as Table 11-1). Capacity Improvement Project B on Figure 11-1.
		HAT0200-0000	HAT0195-0000	18	450	ft	720	324,000	162,000	486,000	
		HAT0195-0000	HAT0190-0000	18	450	ft	720	324,000	162,000	486,000	
	Browning Rd btw San Juan St and I-5 Fwy	HAT0190-0000	HAT0185-0000	18	495	ft	720	356,400	178,200	534,600	
		HAT0185-0000	HAT0180-0000	18	445	ft	720	320,400	160,200	480,600	
		HAT0180-0000	HAT0175-0000	18	230	ft	720	165,600	82,800	248,400	
	Total				2,471			1,778,990	889,495	2,668,486	
9	Browning Rd btw I-5 Fwy and Mitchell Av	HAT0170-0000	HAT0165-0000	18	345	ft	720	248,400	124,200	372,600	Future Capacity Improvement (same as Table 11-1). Capacity Improvement Project C on Figure 11-1.
		HAT0165-0000	HAT0160-0000	18	359	ft	720	258,178	129,089	387,266	
		HAT0160-0000	HAT0155-0000	18	91	ft	720	65,822	32,911	98,734	
		HAT0155-0000	HAT0150-0000	18	176	ft	720	126,778	63,389	190,166	
		HAT0150-0000	HAT0145-0000	18	262	ft	720	188,582	94,291	282,874	
	Total				1,233			887,760	443,880	1,331,640	
Capital Improvement Projects (2023-2027)										8,784,526	
5c	Manhole Rehabilitation Projects (future)									1,908,000	Projects to be defined by future manhole inspections.
6c	Gravity Pipe Rehabilitation Projects (future)									2,876,400	Projects to be defined by future CCTV inspections.
10	B St north of I-5 Fwy	RED0215-0025	RED0215-0020	15	295	ft	600	176,748	88,374	265,122	Future Capacity Improvement (same as Table 11-1). Capacity Improvement Project D on Figure 11-1.
	Easement north of I-5 Fwy, between B Street and El Camino Real	RED0215-0020	RED0215-0016	15	210	ft	600	126,000	63,000	189,000	
		RED0215-0016	RED0215-0014	15	124	ft	600	74,400	37,200	111,600	
		RED0215-0014	RED0215-0012	15	86	ft	600	51,600	25,800	77,400	
		RED0215-0012	RED0215-0010	15	107	ft	600	64,200	32,100	96,300	
		RED0215-0010	RED0215-0005	15	267	ft	600	160,200	80,100	240,300	
	Total				1,089			653,148	326,574	979,722	
11	Crawford Cyn north of Brae Glen	RED0625-0040	RED0625-0035	12	89	ft	480	42,552	21,276	63,828	Future Capacity Improvement (same as Table 11-1). Capacity Improvement Project E on Figure 11-1.
		RED0625-0035	RED0625-0030	12	473	ft	480	227,040	113,520	340,560	
	Total				562			269,592	134,796	404,388	
Capital Improvement Projects (2028-2032)										6,168,510	
5d	Manhole Rehabilitation Projects (future)									1,908,000	Projects to be defined by future manhole inspections.
6d	Gravity Pipe Rehabilitation Projects (future)									2,876,400	Projects to be defined by future CCTV inspections.
Capital Improvement Projects (2033-2037)										4,784,400	
Total Capital Improvement Projects										28,155,764	

¹ Unit Cost is based on \$40/diameter-inch and replacement diameter or proposed diameter ⁵ The total length of pipe was estimated based off of aerial photography; Original plans do not show the relocation of the manholes due to freeway widening.

² Construction Cost = Unit Cost* Pipe Length

⁶ This reach of pipe lies under I-5 Freeway and will require a jack and bore operation to construct.

³ Engineering, Administration, Contingencies = 50% of Constructuion Cost

⁷ Engineering, Administration, Contingencies = 65% of Constructuion Cost

⁴ Total Cost= Construction Cost + Engineering, Administration, Contingencies

EAST ORANGE COUNTY WATER DISTRICT

DISBURSEMENT SUMMARY

July 19, 2018

WHOLESALE AND RETAIL BILLS	\$972,408.03
DIRECTOR'S PAYROLL	\$1,291.80
EMPLOYEE'S PAYROLL	\$72,142.01
DISBURSEMENT TOTAL	<u><u>\$1,045,841.84</u></u>

TRANSFER SUMMARY

TRANSFERS	\$ -
TRANSFER TOTAL	<u><u>\$0.00</u></u>

NOTE: THE EXPLANATION OF FUNDS TRANSFERRED IS SHOWN ON THE FUNDS TRANSFERRED SHEET ATTACHED.

EAST ORANGE COUNTY WATER DISTRICT
CITIZENS BUSINESS BANK
Prior Month's Checks To Ratify
DIRECTORS' PAYROLL *
19-Jul-18

PAYMENT FOR BOARD AND COMMITTEE MEETINGS IN THE MONTH OF
1-May-18

DATE	CHECK NO	AMOUNT	PAYABLE TO
6/21/2018	162	\$ 277.05	BOARD DIRECTOR
6/21/2018	163	\$ 277.05	BOARD DIRECTOR
6/21/2018	164	\$ 161.61	BOARD DIRECTOR
6/21/2018	165	\$ 392.49	BOARD DIRECTOR
		<u>\$ 1,108.20</u>	TOTAL PAYROLL CHECKS

PAYROLL TAXES, ADP CHARGE EFT

\$183.60	ADP TAXES
<u>\$183.60</u>	TOTAL CHARGES & TRANSFER
<u><u>\$1,291.80</u></u>	

***** NOTE: DOUG DAVERT DECLINES PAYMENT FOR ALL MEETINGS**

*Note: Payroll is processed by ADP (Automatic Data Processing)

East Orange County Water District

Bills For Consideration

As of May 14, 2018

Type	Date	Num	Name	Credit
1011-10 · Checking Citizens-WZ				
1011-30 · Checking Citizens-ID1				
Total 1011-30 · Checking Citizens-ID1				
1011-10 · Checking Citizens-WZ - Other				
Bill Pmt -Check	05/14/2018	2524	ACWA-JPIA (EMP INSURANCE)	14,370.23
Bill Pmt -Check	05/14/2018	2525	ARAMARK UNIFORM SERVICES	36.12
Bill Pmt -Check	05/14/2018	2526	AT&T	462.69
Bill Pmt -Check	05/14/2018	2527	AT&T LONG DISTANCE	18.49
Bill Pmt -Check	05/14/2018	2528	COMMUNICATIONS LAB	5,000.00
Bill Pmt -Check	05/14/2018	2529	CORE & MAIN LP	2,208.24
Bill Pmt -Check	05/14/2018	2530	CR&R INC.	105.94
Bill Pmt -Check	05/14/2018	2531	DKF SOLUTIONS GROUP, LLC	395.00
Bill Pmt -Check	05/14/2018	2532	EAST ORANGE COUNTY WATER DI...	295.68
Bill Pmt -Check	05/14/2018	2533	EISEL ENTERPRISES, INC	1,789.73
Bill Pmt -Check	05/14/2018	2534	GALLADE CHEMICAL	214.70
Bill Pmt -Check	05/14/2018	2535	HACH COMPANY	261.56
Bill Pmt -Check	05/14/2018	2536	ID MODELING, INC.	1,440.00
Bill Pmt -Check	05/14/2018	2537	LEWIS CONSULTING GROUP	1,500.00
Bill Pmt -Check	05/14/2018	2538	MATRIX COMPUTER SERVICE	4,560.00
Bill Pmt -Check	05/14/2018	2539	NICHOLAS J. ARHONTES	898.80
Bill Pmt -Check	05/14/2018	2540	Orange County Sanitation District	15,611.69
Bill Pmt -Check	05/14/2018	2541	ORANGE COUNTY WATER ASSOC.	135.00
Bill Pmt -Check	05/14/2018	2542	PETTY CASH	146.18
Bill Pmt -Check	05/14/2018	2543	PLATINUM CONSULTING GROUP	4,137.50
Bill Pmt -Check	05/14/2018	2544	SOLUTIONS PROJECT MANAGEME...	5,610.00
Bill Pmt -Check	05/14/2018	2545	SOUTHERN CALIFORNIA EDISON	4,727.72
Bill Pmt -Check	05/14/2018	2546	SPECTRUM BUSINESS	15.58
Bill Pmt -Check	05/14/2018	2547	TAB ANSWER NETWORK	31.00
Bill Pmt -Check	05/14/2018	2548	THE PM GROUP	1,976.67
Bill Pmt -Check	05/14/2018	2549	TRUESDAIL LABORATORIES, INC	672.00
Bill Pmt -Check	05/14/2018	2550	UNDERGROUND SERVICE ALERT	272.35
Bill Pmt -Check	05/14/2018	2551	VERIZON WIRELESS	546.90
Bill Pmt -Check	05/14/2018	2552	XEROX CORPORATION	113.74
Total 1011-10 · Checking Citizens-WZ - Other				67,553.51
Total 1011-10 · Checking Citizens-WZ				67,553.51
TOTAL				67,553.51

12:06 PM

05/21/18

East Orange County Water District
Bills For Consideration
As of May 14, 2018

Type	Date	Num	Name	Memo
1011-10 · Checking Citizens-WZ				
Check	05/14/2018	2553	EAST ORANGE COUNTY WATER DI...	VOID:
Total 1011-10 · Checking Citizens-WZ				
TOTAL				

9:01 AM

05/18/18

East Orange County Water District
Bills For Consideration
As of May 18, 2018

Type	Date	Num	Name	Credit
1011-10 · Checking Citizens-WZ				
1011-30 · Checking Citizens-ID1				
Total 1011-30 · Checking Citizens-ID1				
1011-10 · Checking Citizens-WZ - Other				
Bill Pmt -Check	05/18/2018	2554	AKM CONSULTING ENGINEERS	30,347.50
Bill Pmt -Check	05/18/2018	2555	AMERICAN MICROIMAGING INC.	800.00
Bill Pmt -Check	05/18/2018	2556	ARAMARK UNIFORM SERVICES	36.12
Bill Pmt -Check	05/18/2018	2557	AT&T	35.04
Bill Pmt -Check	05/18/2018	2558	BEADOR CONSTRUCTION COMPAN...	17,100.00
Bill Pmt -Check	05/18/2018	2559	CA BANK & TRUST	5,872.31
Bill Pmt -Check	05/18/2018	2560	CORE & MAIN LP	534.44
Bill Pmt -Check	05/18/2018	2561	HOME DEPOT CREDIT SERVICES	381.95
Bill Pmt -Check	05/18/2018	2562	SOUTHERN CALIFORNIA EDISON	257.90
Bill Pmt -Check	05/18/2018	2563	TRUESDAIL LABORATORIES, INC	465.50
Total 1011-10 · Checking Citizens-WZ - Other				55,830.76
Total 1011-10 · Checking Citizens-WZ				55,830.76
TOTAL				55,830.76

East Orange County Water District
Bills For Consideration
As of May 25, 2018

Type	Date	Num	Name	Credit
1011-10 · Checking Citizens-WZ				
1011-30 · Checking Citizens-ID1				
Total 1011-30 · Checking Citizens-ID1				
1011-10 · Checking Citizens-WZ - Other				
Bill Pmt -Check	05/25/2018	2564	AT&T	35.22
Bill Pmt -Check	05/25/2018	2565	SC FUELS	1,498.85
Bill Pmt -Check	05/25/2018	2566	SOUTHERN CALIFORNIA EDISON	148.92
Bill Pmt -Check	05/25/2018	2567	TOTAL EXTERMINATING INC	275.00
Total 1011-10 · Checking Citizens-WZ - Other				1,957.99
Total 1011-10 · Checking Citizens-WZ				1,957.99
TOTAL				1,957.99

East Orange County Water District
Bills For Consideration
As of May 31, 2018

Type	Date	Num	Name	Credit
1011-10 · Checking Citizens-WZ				
1011-30 · Checking Citizens-ID1				
Total 1011-30 · Checking Citizens-ID1				
1011-10 · Checking Citizens-WZ - Other				
Bill Pmt -Check	05/31/2018	2568	PERFORMANCE PIPELINE TECHNO...	29,000.41
Total 1011-10 · Checking Citizens-WZ - Other				29,000.41
Total 1011-10 · Checking Citizens-WZ				29,000.41
TOTAL				29,000.41

East Orange County Water District

Bills For Consideration

As of June 13, 2018

	Type	Date	Num	Name	Memo	Credit
1011-10 · Checking Citizens-WZ						
1011-30 · Checking Citizens-ID1						
Total 1011-30 · Checking Citizens-ID1						
1011-10 · Checking Citizens-WZ - Other						
	Bill Pmt -Check	06/12/2018	2569	HOME DEPOT CREDIT SERVICES	VOID	
	Bill Pmt -Check	06/13/2018	2570	ACWA-JPIA (EMP INSURANCE)		10,582.69
	Bill Pmt -Check	06/13/2018	2571	AKM CONSULTING ENGINEERS		48,122.50
	Bill Pmt -Check	06/13/2018	2572	ALHAMBRA FOUNDRY CO. LTD		10,074.63
	Bill Pmt -Check	06/13/2018	2573	ALLCOM		360.00
	Bill Pmt -Check	06/13/2018	2574	ALLEN INSTRUMENTS & SUPPLIES		756.49
	Bill Pmt -Check	06/13/2018	2575	ATKINSON, ANDELSON, LOYA, RUUD & ROMO		6,459.11
	Bill Pmt -Check	06/13/2018	2576	BAY ALARM		336.88
	Bill Pmt -Check	06/13/2018	2577	CITY OF ORANGE		82.00
	Bill Pmt -Check	06/13/2018	2578	CONVERSE CONSULTANTS		6,980.00
	Bill Pmt -Check	06/13/2018	2579	DKF SOLUTIONS GROUP, LLC		395.00
	Bill Pmt -Check	06/13/2018	2580	EAST ORANGE COUNTY WATER DIST.		8,000.01
	Bill Pmt -Check	06/13/2018	2581	FIELDMAN ROLAPP & ASSOCIATES		7,609.80
	Bill Pmt -Check	06/13/2018	2582	G O RODRIGUEZ TRUCKING, INC		974.51
	Bill Pmt -Check	06/13/2018	2583	GENERATOR SERVICES CO, INC		4,501.88
	Bill Pmt -Check	06/13/2018	2584	HACH COMPANY		261.56
	Bill Pmt -Check	06/13/2018	2585	LEWIS CONSULTING GROUP		1,500.00
	Bill Pmt -Check	06/13/2018	2586	MESA WATER DISTRICT		218.31
	Bill Pmt -Check	06/13/2018	2587	MEYERS NAVE		9,371.98
	Bill Pmt -Check	06/13/2018	2588	MWDOC		193,226.83
	Bill Pmt -Check	06/13/2018	2589	NICHOLAS J. ARHONTES		1,626.40
	Bill Pmt -Check	06/13/2018	2590	Orange County Sanitation District		4,029.90
	Bill Pmt -Check	06/13/2018	2591	PARADISE DRINKING WATERS		41.75
	Bill Pmt -Check	06/13/2018	2592	PERFORMANCE PIPELINE TECHNOLOGIES		31,103.89
	Bill Pmt -Check	06/13/2018	2593	RAFTELIS FINANCIAL CONSULTANTS		1,010.00
	Bill Pmt -Check	06/13/2018	2594	RCE CONSULTANTS, INC		10,747.39
	Bill Pmt -Check	06/13/2018	2595	SANCON ENGINEERING		43,418.69
	Bill Pmt -Check	06/13/2018	2596	SC FUELS		1,961.50
	Bill Pmt -Check	06/13/2018	2597	SOLUTIONS PROJECT MANAGEMENT, LLC		8,580.00
	Bill Pmt -Check	06/13/2018	2598	SOUTHERN CALIFORNIA EDISON		9,901.25
	Bill Pmt -Check	06/13/2018	2599	SPECTRUM BUSINESS		129.97
	Bill Pmt -Check	06/13/2018	2600	TAB ANSWER NETWORK		31.00
	Bill Pmt -Check	06/13/2018	2601	VERIZON WIRELESS		1,082.94
	Bill Pmt -Check	06/13/2018	2602	XEROX CORPORATION		152.30
	Bill Pmt -Check	06/13/2018	2603	YO FIRE		420.73
Total 1011-10 · Checking Citizens-WZ - Other						<u>424,051.89</u>
Total 1011-10 · Checking Citizens-WZ						<u>424,051.89</u>
						<u>424,051.89</u>

East Orange County Water District
Bills For Consideration
As of June 15, 2018

Type	Date	Num	Name	Credit
1011-10 · Checking Citizens-WZ				
1011-30 · Checking Citizens-ID1				
Total 1011-30 · Checking Citizens-ID1				
1011-10 · Checking Citizens-WZ - Other				
Bill Pmt -Check	06/15/2018	2604	CA BANK & TRUST	6,895.02
Total 1011-10 · Checking Citizens-WZ - Other				6,895.02
Total 1011-10 · Checking Citizens-WZ				6,895.02
TOTAL				<u>6,895.02</u>

East Orange County Water District
Bills For Consideration
 As of June 21, 2018

Type	Date	Num	Name	Credit
1011-10 · Checking Citizens-WZ				
1011-30 · Checking Citizens-ID1				
Total 1011-30 · Checking Citizens-ID1				
1011-10 · Checking Citizens-WZ - Other				
Bill Pmt -Check	06/21/2018	2605	ARAMARK UNIFORM SERVICES	485.73
Bill Pmt -Check	06/21/2018	2606	AT&T	784.09
Bill Pmt -Check	06/21/2018	2607	AT&T LONG DISTANCE	42.71
Bill Pmt -Check	06/21/2018	2608	ATKINSON, ANDELSON, LOYA, RUU...	13,561.50
Bill Pmt -Check	06/21/2018	2609	CITY OF ORANGE	1,226.27
Bill Pmt -Check	06/21/2018	2610	CONVERSE CONSULTANTS	6,175.00
Bill Pmt -Check	06/21/2018	2611	CR&R INC.	160.13
Bill Pmt -Check	06/21/2018	2612	FIELDMAN ROLAPP & ASSOCIATES	9,691.12
Bill Pmt -Check	06/21/2018	2613	HOME DEPOT CREDIT SERVICES	715.16
Bill Pmt -Check	06/21/2018	2614	MWDOC	35,832.17
Bill Pmt -Check	06/21/2018	2615	OCCU-MED LTD	472.00
Bill Pmt -Check	06/21/2018	2616	ORANGE COUNTY TREASURER	16,494.44
Bill Pmt -Check	06/21/2018	2617	PLATINUM CONSULTING GROUP	6,870.00
Bill Pmt -Check	06/21/2018	2618	RCE CONSULTANTS, INC	25,448.87
Bill Pmt -Check	06/21/2018	2619	TOTAL EXTERMINATING INC	275.00
Bill Pmt -Check	06/21/2018	2620	TRUESDAIL LABORATORIES, INC	849.50
Bill Pmt -Check	06/21/2018	2621	UNDERGROUND SERVICE ALERT	293.80
Total 1011-10 · Checking Citizens-WZ - Other				119,377.49
Total 1011-10 · Checking Citizens-WZ				119,377.49
TOTAL				119,377.49

**East Orange County Water District
Bills For Consideration**

Type	Date	Num	As of June 29, 2018	Name	Credit
1011-10 · Checking Citizens-WZ					
1011-30 · Checking Citizens-ID1					
Total 1011-30 · Checking Citizens-ID1					
1011-10 · Checking Citizens-WZ - Other					
Check	06/27/2018	2622	RICHARD HERRIN		28.32
Check	06/27/2018	2623	ROBOTIC SEWER SOLUTIONS, INC		2,200.00
Check	06/27/2018	2624	WILLIAM YOUNG		256.19
Bill Pmt -Check	06/29/2018	2625	AT&T		73.65
Bill Pmt -Check	06/29/2018	2626	AYALA ENGINEERING		9,750.00
Bill Pmt -Check	06/29/2018	2627	BEE REMOVERS		115.00
Bill Pmt -Check	06/29/2018	2628	Brier Haycox		76.56
Bill Pmt -Check	06/29/2018	2629	CALIFORNIA WATER EFFICIENCY PARTN		1,626.88
Bill Pmt -Check	06/29/2018	2630	California Water Environment Association		170.00
Bill Pmt -Check	06/29/2018	2631	Cara Waller		250.00
Bill Pmt -Check	06/29/2018	2632	CITY OF ORANGE		1,204.25
Bill Pmt -Check	06/29/2018	2633	COMMUNICATIONS LAB		5,000.00
Bill Pmt -Check	06/29/2018	2634	CR&R INC.		52.97
Bill Pmt -Check	06/29/2018	2635	CUSI		2,000.00
Bill Pmt -Check	06/29/2018	2636	EAST ORANGE COUNTY WATER DIST.		6,402.00
Bill Pmt -Check	06/29/2018	2637	GENERATOR SERVICES CO, INC		2,250.94
Bill Pmt -Check	06/29/2018	2638	HAAKER EQUIPMENT COMPANY		297.31
Bill Pmt -Check	06/29/2018	2639	HOME DEPOT CREDIT SERVICES		715.16
Bill Pmt -Check	06/29/2018	2640	JOSEPH ABEYTA		180.00
Bill Pmt -Check	06/29/2018	2641	Kimberly Phillips		196.92
Bill Pmt -Check	06/29/2018	2642	LEWIS CONSULTING GROUP		1,500.00
Bill Pmt -Check	06/29/2018	2643	MAIN GRAPHICS		974.81
Bill Pmt -Check	06/29/2018	2644	Margarita Ongsansoy		395.38
Bill Pmt -Check	06/29/2018	2645	MARK M. CARDENAS		105.00
Bill Pmt -Check	06/29/2018	2646	MATT PLUMMER		200.00
Bill Pmt -Check	06/29/2018	2647	MEYERS NAVE		18,301.50
Bill Pmt -Check	06/29/2018	2648	MWDOC		168,830.83
Bill Pmt -Check	06/29/2018	2649	Orange County Sanitation District		188.44
Bill Pmt -Check	06/29/2018	2650	ORANGE COUNTY TREASURER		2,853.10
Bill Pmt -Check	06/29/2018	2651	PARCELQUEST		1,799.00
Bill Pmt -Check	06/29/2018	2652	PERFORMANCE PIPELINE TECHNOLOGII		24,470.50
Bill Pmt -Check	06/29/2018	2653	REBECCA LEE JULIANO		3,200.00
Bill Pmt -Check	06/29/2018	2654	TAB ANSWER NETWORK		31.00
Bill Pmt -Check	06/29/2018	2655	TIM HOGAN		942.81
Bill Pmt -Check	06/29/2018	2656	Travis McClure		200.79
Bill Pmt -Check	06/29/2018	2657	TRUESDAIL LABORATORIES, INC		1,969.50
Bill Pmt -Check	06/29/2018	2658	WEATHERITE CORPORATION		512.35
Total 1011-10 · Checking Citizens-WZ - Other					<u>259,321.16</u>
Total 1011-10 · Checking Citizens-WZ					<u>259,321.16</u>
TOTAL					<u>259,321.16</u>

4:52 PM

07/13/18

East Orange County Water District
Bills For Consideration
As of July 13, 2018

Type	Date	Num	Name	Credit
1011-10 · Checking Citizens-WZ				
1011-30 · Checking Citizens-ID1				
Total 1011-30 · Checking Citizens-ID1				
1011-10 · Checking Citizens-WZ - Other				
Bill Pmt -Check	07/13/2018	2659	SOUTHERN CALIFORNIA EDISON	8,419.80
Total 1011-10 · Checking Citizens-WZ - Other				8,419.80
Total 1011-10 · Checking Citizens-WZ				8,419.80
TOTAL				8,419.80

EAST ORANGE COUNTY WATER DISTRICT
CITIZENS BUSINESS BANK
Prior Month's Checks To Ratify
EMPLOYEES' PAYROLL*
Month of June 2018

	CHECK DATE	CHECK AMOUNT	PAYABLE TO
AUTO DEPOSIT	6/6/2018	\$ 3,774.57	GENERAL MANAGER
AUTO DEPOSIT	6/6/2018	\$ 3,788.92	OPERATIONS MANAGER
AUTO DEPOSIT	6/6/2018	\$ 2,624.21	WASTEWATER SUPERVISOR
AUTO DEPOSIT	6/6/2018	\$ 1,981.31	WATER DISTRIBUTION III
AUTO DEPOSIT	6/6/2018	\$ 1,415.71	WATER DISTRIBUTION I
AUTO DEPOSIT	6/6/2018	\$ 1,041.14	INTERN WATER DISTRIBUTION
AUTO DEPOSIT	6/6/2018	\$ 1,617.29	WASTEWATER COLLECTION OPERATOR I
AUTO DEPOSIT	6/6/2018	\$ 2,144.74	ADMINISTRATIVE ASSISTANT
AUTO DEPOSIT	6/6/2018	\$ 984.57	PART TIME MANAGEMENT ANALYST
AUTO DEPOSIT	6/6/2018	\$ 803.81	PART TIME OFFICE ASSISTANT
AUTO DEPOSIT	6/6/2018	\$ 194.11	TEMPORARY INSPECTOR
		<u>\$ 20,370.38</u>	SUB TOTAL
AUTO DEPOSIT	6/20/2018	\$ 3,743.69	GENERAL MANAGER
AUTO DEPOSIT	6/20/2018	\$ 3,461.68	OPERATIONS MANAGER
AUTO DEPOSIT	6/20/2018	\$ 2,617.91	WASTEWATER SUPERVISOR
AUTO DEPOSIT	6/20/2018	\$ 1,451.94	WATER DISTRIBUTION III
AUTO DEPOSIT	6/20/2018	\$ 1,415.70	WATER DISTRIBUTION I
AUTO DEPOSIT	6/20/2018	\$ 1,396.92	WATER DISTRIBUTION I
AUTO DEPOSIT	6/20/2018	\$ 1,617.27	WASTEWATER COLLECTION OPERATOR I
AUTO DEPOSIT	6/20/2018	\$ 2,245.90	ADMINISTRATIVE ASSISTANT
AUTO DEPOSIT	6/20/2018	\$ 973.10	PART TIME MANAGEMENT ANALYST
AUTO DEPOSIT	6/20/2018	\$ 846.69	PART TIME OFFICE ASSISTANT
AUTO DEPOSIT	6/20/2018	\$ -	TEMPORARY INSPECTOR
		<u>\$ 19,770.80</u>	SUB TOTAL
		<u>\$ 40,141.18</u>	TOTAL PAYROLL CHECKS

6/6/2018	\$10,597.07	ADP TAXES
6/6/2018	\$861.12	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
6/6/2018	\$2,195.86	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
6/6/2018	\$262.00	EMPLOYEE PERS PEPPRA TRANSFER
6/6/2018	\$273.86	EMPLOYER PERS PEPPRA MEMBER TRANSFER
6/6/2018	\$1,827.18	CAL PERS 457 - ING BANK
6/20/2018	\$10,370.69	ADP TAXES
6/20/2018	\$880.14	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
6/20/2018	\$2,244.36	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
6/20/2018	\$361.00	EMPLOYEE PERS PEPPRA TRANSFER
6/20/2018	\$377.35	EMPLOYER PERS PEPPRA MEMBER TRANSFER
6/20/2018	\$1,750.20	CAL PERS 457 - ING BANK
	<u>\$32,000.83</u>	TOTAL TRANSFERS
	<u>\$72,142.01</u>	GRAND TOTAL PAYROLL

PAYROLL	PAYROLL
6/6/2018	6/20/2018
\$20,370.38	\$19,770.80
\$16,017.09	\$15,983.74
\$36,387.47	\$35,754.53

*Note: Payroll is processed by ADP (Automatic Data Processing)

CERTIFICATION

I CERTIFY THAT (1) ALL INVESTMENT ACTIONS EXECUTED SINCE THE LAST REPORT HAVE BEEN MADE IN FULL COMPLIANCE WITH THE DISTRICT'S INVESTMENT POLICY AND, (2) THE DISTRICT WILL MEET ITS EXPENDITURE OBLIGATIONS FOR THE NEXT SIX MONTHS AS REQUIRED BY CALIFORNIA GOVERNMENT CODE SECTIONS 53646(b)(2) AND (3), RESPECTIVELY.

Cindy Byerrum, Treasurer

CINDY BYERRUM, TREASURER
EAST ORANGE COUNTY WATER DISTRICT

Monthly Account Statement

East Orange County Water District Consolidated Por

June 1, 2018 through June 30, 2018

Chandler Team

For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian

US Bank
Christopher Isles
(503) 464-3685

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. 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.



PORTFOLIO CHARACTERISTICS

Average Duration	0.79
Average Coupon	1.81 %
Average Purchase YTM	1.79 %
Average Market YTM	2.15 %
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	0.84 yrs
Average Life	0.79 yrs

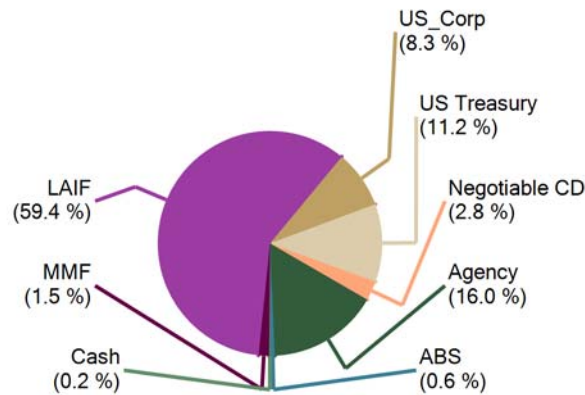
ACCOUNT SUMMARY

	Beg. Values as of 5/31/18	End Values as of 6/30/18
Market Value	53,132,295	53,146,194
Accrued Interest	182,958	221,171
Total Market Value	53,315,253	53,367,365
Income Earned	75,718	77,226
Cont/WD		-1,837
Par	53,438,490	53,476,548
Book Value	53,443,662	53,480,875
Cost Value	53,469,301	53,506,745

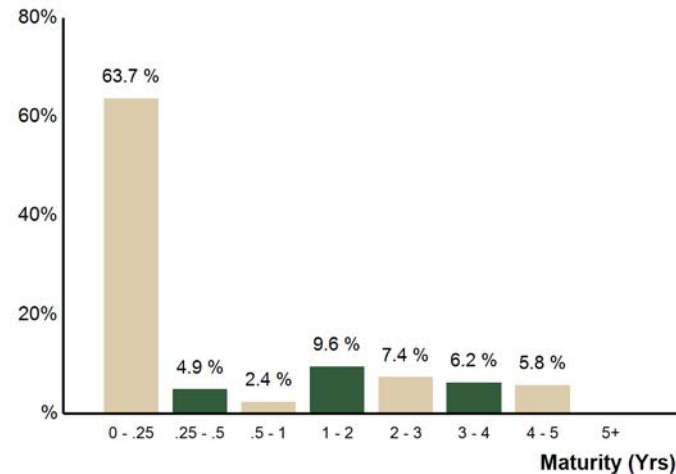
TOP ISSUERS

Issuer	% Portfolio
Local Agency Investment Fund	59.4 %
Government of United States	11.2 %
Federal Home Loan Bank	9.7 %
Federal Farm Credit Bank	6.3 %
First American Govt Oblig Fund	1.5 %
Costco Wholesale Corporation	0.7 %
Capital One	0.6 %
US Bancorp	0.6 %
	90.0 %

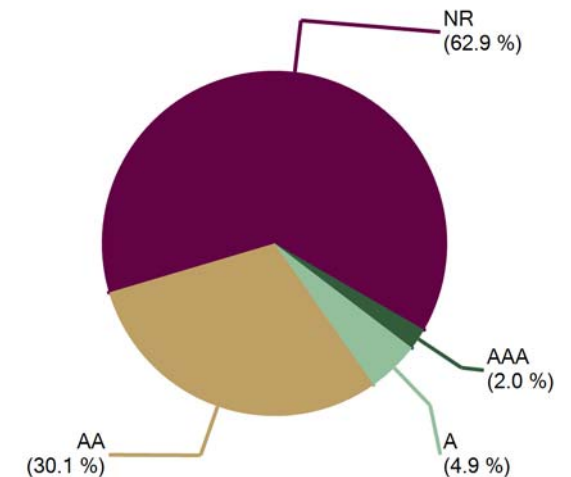
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 6/30/2018	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 10/31/2016
					3 Yrs	5 Yrs	10 Yrs	10/31/2016
East Orange County Water District Consolidated Por	0.02 %	0.31 %	0.10 %	0.25 %	N/A	N/A	N/A	0.38 %
								0.64 %



East Orange County Water District Consolidated Portfolio

June 30, 2018

COMPLIANCE WITH INVESTMENT POLICY

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

Category	Standard	Comment
Treasury Issues	No limitations	Complies
Federal Agencies	No limitations	Complies
Municipal Securities	No limitations	Complies
Medium Term Notes	"A" or higher by a NRSRO; 30% maximum	Complies
Certificates of Deposit (CDs)/ Time Deposits (TDs)	30% maximum (combined total with NCDs); If issued in excess of the FDIC insurance limit, must be Collateralized by U.S. Treasury obligations.	Complies
Negotiable Certificates of Deposit (NCDs)	30% maximum (combined total with CDs); Subject to FDIC limits	Complies
Banker's Acceptances	40% maximum; 30% per issuer; 180 days max maturity	Complies
Commercial Paper	"A-1" or higher short term rating by a NRSRO; "A" rated issuer by a NRSRO; 25% maximum; Local agency may purchase no more than 10% of the commercial paper of a single issuer; 270 days max maturity	Complies
Asset Backed	"AA" or higher by a NRSRO; "A" rated issuer of higher by a NRSRO; 20% maximum	Complies
Money Market Mutual Funds	"AAA" rated or highest rating by two NRSROs; 20% maximum	Complies
Mutual Funds Diversified Management Co	20% maximum; 10% max per issuer	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
Rev. Repo Agreements	20% maximum; 92 days max maturity; Not used by Investment Adviser	Complies
LAIF	Not used by Investment Adviser	Complies
Prohibited	Inverse floaters; Ranges notes, Interest-only strips from mortgaged pools; Zero interest accrual securities	Complies
Prohibited (per Client Directive)	Supranationals, Mortgage Backed Securities, and Collateralized Mortgage Obligations	Complies
Maximum Maturity	5 years	Complies



**East Orange County Water District Consolidated Por
Account #10491**

Holdings Report

As of 6/30/18

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									
43814RAB2	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	10,489.11	10/18/2016 1.05 %	10,488.82 10,489.02	99.93 3.11 %	10,481.39 3.94	0.02 % (7.63)	NR / AAA AAA	0.80 0.04
43814RAB2	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	10,489.11	10/18/2016 1.05 %	10,488.82 10,489.02	99.93 3.11 %	10,481.39 3.94	0.02 % (7.63)	NR / AAA AAA	0.80 0.04
65478VAD9	NAROT 2016-B A3 1.32% Due 1/15/2021	299,068.36	Various 1.91 %	296,513.28 296,829.88	99.07 2.74 %	296,297.76 43.86	0.56 % (532.12)	Aaa / NR AAA	2.55 0.66
Total ABS		320,046.58	1.85 %	317,490.92 317,807.92	2.76 %	317,260.54 51.74	0.59 % (547.38)	Aaa / AAA AAA	2.43 0.62
AGENCY									
3133EGJS5	FFCB Note 0.7% Due 7/5/2018	200,000.00	10/25/2016 0.91 %	199,288.00 199,995.38	99.99 1.38 %	199,981.00 684.44	0.38 % (14.38)	Aaa / AA+ AAA	0.01 0.01
3133EGJS5	FFCB Note 0.7% Due 7/5/2018	200,000.00	11/01/2016 0.92 %	199,284.00 199,995.30	99.99 1.38 %	199,981.00 684.44	0.38 % (14.30)	Aaa / AA+ AAA	0.01 0.01
3133EGFQ3	FFCB Note 0.875% Due 9/14/2018	200,000.00	10/20/2016 0.88 %	199,978.00 199,997.62	99.78 1.94 %	199,561.00 520.14	0.37 % (436.62)	Aaa / AA+ AAA	0.21 0.20
3133EGFQ3	FFCB Note 0.875% Due 9/14/2018	200,000.00	10/20/2016 0.88 %	199,978.00 199,997.62	99.78 1.94 %	199,561.00 520.14	0.37 % (436.62)	Aaa / AA+ AAA	0.21 0.20
3133EGUY9	FFCB Note 0.875% Due 9/20/2018	200,000.00	10/26/2016 0.93 %	199,780.00 199,974.29	99.75 1.98 %	199,508.20 490.97	0.37 % (466.09)	Aaa / AA+ AAA	0.22 0.22
3133EGUY9	FFCB Note 0.875% Due 9/20/2018	200,000.00	10/26/2016 0.93 %	199,780.00 199,974.29	99.75 1.98 %	199,508.20 490.97	0.37 % (466.09)	Aaa / AA+ AAA	0.22 0.22
3130A9AE1	FHLB Note 0.875% Due 10/1/2018	200,000.00	10/26/2016 0.91 %	199,858.00 199,981.44	99.71 2.01 %	199,428.40 437.50	0.37 % (553.04)	Aaa / AA+ AAA	0.25 0.25
3130A9AE1	FHLB Note 0.875% Due 10/1/2018	200,000.00	10/26/2016 0.91 %	199,858.00 199,981.44	99.71 2.01 %	199,428.40 437.50	0.37 % (553.04)	Aaa / AA+ AAA	0.25 0.25
3133EGJ48	FFCB Note 0.89% Due 11/16/2018	200,000.00	11/15/2016 1.09 %	199,224.00 199,853.30	99.54 2.12 %	199,079.60 222.50	0.37 % (773.70)	Aaa / AA+ AAA	0.38 0.37
3133EGJ48	FFCB Note 0.89% Due 11/16/2018	200,000.00	11/15/2016 1.09 %	199,224.00 199,853.30	99.54 2.12 %	199,079.60 222.50	0.37 % (773.70)	Aaa / AA+ AAA	0.38 0.37
3133EFRQ2	FFCB Note 1.3% Due 12/3/2018	200,000.00	10/20/2016 0.94 %	201,502.00 200,301.18	99.69 2.03 %	199,379.20 202.22	0.37 % (921.98)	Aaa / AA+ AAA	0.43 0.42
313376BR5	FHLB Note 1.75% Due 12/14/2018	200,000.00	11/30/2016 1.21 %	202,158.00 200,481.49	99.80 2.20 %	199,592.40 165.28	0.37 % (889.09)	Aaa / AA+ AAA	0.46 0.45
313376BR5	FHLB Note 1.75% Due 12/14/2018	200,000.00	11/30/2016 1.21 %	202,158.00 200,481.49	99.80 2.20 %	199,592.40 165.28	0.37 % (889.09)	Aaa / AA+ AAA	0.46 0.45
3130AAE46	FHLB Note 1.25% Due 1/16/2019	200,000.00	12/29/2016 1.31 %	199,754.00 199,934.55	99.48 2.22 %	198,958.80 1,145.83	0.37 % (975.75)	Aaa / AA+ AAA	0.55 0.54
313379EE5	FHLB Note 1.625% Due 6/14/2019	200,000.00	12/21/2016 1.44 %	200,920.00 200,354.16	99.27 2.40 %	198,548.40 153.47	0.37 % (1,805.76)	Aaa / AA+ AAA	0.96 0.94



Holdings Report

As of 6/30/18

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									
3130A8NN9	FHLB Note 0.8% Due 6/28/2019	250,000.00	10/27/2016 1.13 %	247,855.00 249,201.96	98.48 2.35 %	246,209.50 16.67	0.46 % (2,992.46)	NR / AA+ NR	0.99 0.98
3133EFW52	FFCB Note 1.15% Due 7/1/2019	200,000.00	10/20/2016 1.02 %	200,712.00 200,264.37	98.81 2.36 %	197,623.40 1,150.00	0.37 % (2,640.97)	Aaa / AA+ AAA	1.00 0.98
3130A8Y72	FHLB Note 0.875% Due 8/5/2019	200,000.00	10/21/2016 1.03 %	199,148.00 199,664.24	98.32 2.44 %	196,636.60 709.72	0.37 % (3,027.64)	Aaa / AA+ AAA	1.10 1.08
3130A9EP2	FHLB Note 1% Due 9/26/2019	200,000.00	11/17/2016 1.33 %	198,180.00 199,210.52	98.27 2.43 %	196,537.20 527.78	0.37 % (2,673.32)	Aaa / AA+ AAA	1.24 1.22
3130A9EP2	FHLB Note 1% Due 9/26/2019	200,000.00	11/17/2016 1.33 %	198,180.00 199,210.52	98.27 2.43 %	196,537.20 527.78	0.37 % (2,673.32)	Aaa / AA+ AAA	1.24 1.22
3133EGYP4	FFCB Note 1.05% Due 10/17/2019	200,000.00	11/17/2016 1.34 %	198,346.00 199,264.02	98.19 2.48 %	196,374.80 431.67	0.37 % (2,889.22)	Aaa / AA+ AAA	1.30 1.27
3130AA3R7	FHLB Note 1.375% Due 11/15/2019	200,000.00	11/17/2016 1.39 %	199,940.00 199,972.42	98.51 2.48 %	197,023.60 351.39	0.37 % (2,948.82)	Aaa / AA+ AAA	1.38 1.35
3130AA3R7	FHLB Note 1.375% Due 11/15/2019	200,000.00	11/17/2016 1.39 %	199,940.00 199,972.42	98.51 2.48 %	197,023.60 351.39	0.37 % (2,948.82)	Aaa / AA+ AAA	1.38 1.35
3133EG3J2	FFCB Note 1.55% Due 1/10/2020	160,000.00	01/27/2017 1.56 %	159,968.00 159,983.39	98.56 2.52 %	157,691.20 1,178.00	0.30 % (2,292.19)	Aaa / AA+ AAA	1.53 1.49
3133EG3J2	FFCB Note 1.55% Due 1/10/2020	145,000.00	01/27/2017 1.56 %	144,971.00 144,984.95	98.56 2.52 %	142,907.65 1,067.56	0.27 % (2,077.30)	Aaa / AA+ AAA	1.53 1.49
313378J77	FHLB Note 1.875% Due 3/13/2020	200,000.00	11/29/2016 1.50 %	202,388.00 201,236.82	98.88 2.55 %	197,750.20 1,125.00	0.37 % (3,486.62)	Aaa / AA+ NR	1.70 1.65
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	200,000.00	10/26/2016 1.33 %	200,338.00 200,206.66	96.80 2.64 %	193,607.20 1,015.97	0.36 % (6,599.46)	Aaa / AA+ AAA	2.64 2.55
313382K69	FHLB Note 1.75% Due 3/12/2021	130,000.00	10/25/2016 1.34 %	132,262.00 131,394.29	97.59 2.68 %	126,861.02 688.82	0.24 % (4,533.27)	Aaa / AA+ AAA	2.70 2.60
3130A1W95	FHLB Note 2.25% Due 6/11/2021	200,000.00	11/25/2016 1.85 %	203,478.00 202,259.86	98.52 2.78 %	197,041.20 250.00	0.37 % (5,218.66)	Aaa / AA+ AAA	2.95 2.82
313379RB7	FHLB Note 1.875% Due 6/11/2021	260,000.00	04/27/2017 1.76 %	261,146.60 260,819.76	97.65 2.71 %	253,884.02 270.83	0.48 % (6,935.74)	Aaa / AA+ AAA	2.95 2.84
3133EHP31	FFCB Note 1.95% Due 11/2/2021	150,000.00	12/18/2017 2.14 %	148,967.25 149,108.94	97.49 2.74 %	146,233.95 479.38	0.27 % (2,874.99)	Aaa / AA+ AAA	3.35 3.19
3133EHP31	FFCB Note 1.95% Due 11/2/2021	130,000.00	12/18/2017 2.14 %	129,104.95 129,227.75	97.49 2.74 %	126,736.09 415.46	0.24 % (2,491.66)	Aaa / AA+ AAA	3.35 3.19
313378CR0	FHLB Note 2.25% Due 3/11/2022	220,000.00	03/13/2017 2.20 %	220,525.80 220,389.09	98.21 2.76 %	216,059.14 1,512.50	0.41 % (4,329.95)	Aaa / AA+ NR	3.70 3.49
313378CR0	FHLB Note 2.25% Due 3/11/2022	250,000.00	05/03/2017 1.92 %	253,742.50 252,850.72	98.21 2.76 %	245,521.75 1,718.75	0.46 % (7,328.97)	Aaa / AA+ NR	3.70 3.49
313379Q69	FHLB Note 2.125% Due 6/10/2022	170,000.00	07/19/2017 1.87 %	172,050.20 171,653.02	97.45 2.81 %	165,669.08 210.73	0.31 % (5,983.94)	Aaa / AA+ AAA	3.95 3.75



Holdings Report

As of 6/30/18

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									
313379Q69	FHLB Note 2.125% Due 6/10/2022	310,000.00	Various 1.87 %	313,703.95 312,961.20	97.45 2.81 %	302,102.44 384.27	0.57 % (10,858.76)	Aaa / AA+ AAA	3.95 3.75
3133EEY20	FFCB Note 2.4% Due 6/17/2022	130,000.00	10/17/2017 1.99 %	132,381.60 132,023.59	98.65 2.76 %	128,247.86 121.33	0.24 % (3,775.73)	Aaa / AA+ AAA	3.97 3.75
3133EEY20	FFCB Note 2.4% Due 6/17/2022	130,000.00	10/17/2017 1.99 %	132,381.60 132,023.59	98.65 2.76 %	128,247.86 121.33	0.24 % (3,775.73)	Aaa / AA+ AAA	3.97 3.75
313380GJ0	FHLB Note 2% Due 9/9/2022	200,000.00	09/21/2017 1.96 %	200,402.00 200,339.47	96.93 2.78 %	193,850.40 1,244.44	0.37 % (6,489.07)	Aaa / AA+ NR	4.20 3.96
313380GJ0	FHLB Note 2% Due 9/9/2022	245,000.00	09/21/2017 1.96 %	245,492.45 245,415.85	96.93 2.78 %	237,466.74 1,524.44	0.45 % (7,949.11)	Aaa / AA+ NR	4.20 3.96
3130A3KM5	FHLB Note 2.5% Due 12/9/2022	210,000.00	03/08/2018 2.70 %	208,173.00 208,292.98	98.65 2.82 %	207,172.35 320.83	0.39 % (1,120.63)	Aaa / AA+ NR	4.45 4.16
3130A3KM5	FHLB Note 2.5% Due 12/9/2022	210,000.00	03/08/2018 2.70 %	208,173.00 208,292.98	98.65 2.82 %	207,172.35 320.83	0.39 % (1,120.63)	Aaa / AA+ NR	4.45 4.16
3133EJBP3	FFCB Note 2.5% Due 2/2/2023	325,000.00	02/26/2018 2.66 %	322,536.50 322,706.11	98.65 2.82 %	320,606.98 3,362.85	0.61 % (2,099.13)	NR / AA+ AAA	4.60 4.26
Total Agency		8,625,000.00	1.51 %	8,637,231.40 8,634,088.34	2.42 %	8,509,982.98 27,942.90	16.00 % (124,105.36)	Aaa / AA+ AAA	1.94 1.85
CASH									
90CASH\$00	Cash Custodial Cash Account	106,669.53	Various 0.00 %	106,669.53 106,669.53	1.00 0.00 %	106,669.53 0.00	0.20 % 0.00	NR / NR NR	0.00 0.00
Total Cash		106,669.53	N/A	106,669.53 106,669.53	0.00 %	106,669.53 0.00	0.20 % 0.00	NR / NR NR	0.00 0.00
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	31,551,359.90	Various 1.90 %	31,551,359.90 31,551,359.90	1.00 1.90 %	31,551,359.90 135,363.67	59.37 % 0.00	NR / NR NR	0.00 0.00
Total LAIF		31,551,359.90	1.90 %	31,551,359.90 31,551,359.90	1.90 %	31,551,359.90 135,363.67	59.37 % 0.00	NR / NR NR	0.00 0.00
MONEY MARKET FUND FI									
31846V203	First American Govt Obligation Fund	555,722.53	Various 1.50 %	555,722.53 555,722.53	1.00 1.50 %	555,722.53 0.00	1.04 % 0.00	Aaa / AAA AAA	0.00 0.00
31846V203	First American Govt Obligation Fund	252,749.01	Various 1.50 %	252,749.01 252,749.01	1.00 1.50 %	252,749.01 0.00	0.47 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		808,471.54	1.50 %	808,471.54 808,471.54	1.50 %	808,471.54 0.00	1.51 % 0.00	Aaa / AAA AAA	0.00 0.00



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
NEGOTIABLE CD									
29976DPF1	Everbank Negotiable CD 1.5% Due 11/15/2019	150,000.00	01/30/2015 1.67 %	148,818.00 149,660.93	98.58 2.55 %	147,875.40 289.73	0.28 % (1,785.53)	NR / NR NR	1.38 1.35
87164WFD5	Synchrony Bank Negotiable CD 1.8% Due 1/30/2020	150,000.00	01/30/2015 1.80 %	150,000.00 150,000.00	99.16 2.34 %	148,732.65 1,124.38	0.28 % (1,267.35)	NR / NR NR	1.59 1.54
140420UF5	Capital One Bank USA NA Negotiable CD 2.3% Due 8/12/2020	100,000.00	08/17/2015 2.30 %	100,000.00 100,000.00	98.90 2.83 %	98,904.90 875.89	0.19 % (1,095.10)	NR / NR NR	2.12 2.04
02587DJ90	American Express Centurion Negotiable CD 2.25% Due 12/9/2020	110,000.00	12/09/2015 2.25 %	110,000.00 110,000.00	98.02 3.10 %	107,817.82 149.18	0.20 % (2,182.18)	NR / NR NR	2.45 2.35
94986T4N4	Wells Fargo Callable Note Qtrly 9/16/2019 2.5% Due 9/16/2021	100,000.00	03/16/2018 3.02 %	100,000.00 100,000.00	99.57 3.21 %	99,568.30 732.88	0.19 % (431.70)	NR / NR NR	3.22 3.03
05581WWZ4	BMO Harris Bank Callable CD Qtrly 11/16/2018 2.6% Due 11/16/2021	200,000.00	05/16/2018 3.14 %	200,000.00 200,000.00	100.00 3.14 %	200,000.00 650.00	0.38 % 0.00	NR / NR NR	3.38 3.18
14042RGG0	CAPITAL ONE Negotiable CD 2.35% Due 6/14/2022	250,000.00	06/14/2017 2.35 %	250,000.00 250,000.00	97.15 3.12 %	242,877.75 273.63	0.46 % (7,122.25)	NR / NR NR	3.96 3.74
06740KKY2	Barclays Bank Delaware Negotiable CD 2.25% Due 9/27/2022	130,000.00	09/22/2017 2.25 %	130,000.00 130,000.00	96.37 3.17 %	125,283.08 769.32	0.24 % (4,716.92)	NR / NR NR	4.25 3.98
795450K53	Sallie Mae Bank Negotiable CD 2.65% Due 2/8/2023	110,000.00	02/08/2018 2.65 %	110,000.00 110,000.00	100.00 2.65 %	110,000.00 1,142.04	0.21 % 0.00	NR / NR NR	4.61 4.27
48126YN58	JP Morgan Chase Bank Callable CD S/A 3/16/2019 2.9% Due 3/16/2023	200,000.00	03/16/2018 2.90 %	200,000.00 200,000.00	100.00 2.90 %	200,000.00 1,700.27	0.38 % 0.00	NR / NR NR	4.71 4.34
Total Negotiable CD		1,500,000.00	2.45 %	1,498,818.00 1,499,660.93	2.91 %	1,481,059.90 7,707.32	2.79 % (18,601.03)	NR / NR NR	3.28 3.09
US CORPORATE									
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	125,000.00	10/19/2016 1.22 %	127,185.00 125,308.22	99.91 2.43 %	124,890.13 597.66	0.24 % (418.09)	A2 / A+ NR	0.28 0.28
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	125,000.00	10/19/2016 1.22 %	127,185.00 125,308.22	99.91 2.43 %	124,890.13 597.66	0.24 % (418.09)	A2 / A+ NR	0.28 0.28
74005PBH6	Praxair Note 1.25% Due 11/7/2018	125,000.00	10/21/2016 1.21 %	125,090.00 125,015.65	99.53 2.59 %	124,411.38 234.38	0.23 % (604.27)	A2 / A NR	0.36 0.35
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	125,000.00	10/24/2016 1.32 %	126,653.75 125,351.18	99.69 2.64 %	124,613.50 121.88	0.23 % (737.68)	A2 / A A	0.45 0.45
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	125,000.00	10/24/2016 1.32 %	126,653.75 125,351.18	99.69 2.64 %	124,613.50 121.88	0.23 % (737.68)	A2 / A A	0.45 0.45
17275RAR3	Cisco Systems Note 2.125% Due 3/1/2019	125,000.00	10/20/2016 1.27 %	127,480.00 125,703.20	99.75 2.50 %	124,687.13 885.42	0.24 % (1,016.07)	A1 / AA- NR	0.67 0.66



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
30231GAD4	Exxon Mobil Corp Callable Note Cont 2/15/2019 1.819% Due 3/15/2019	125,000.00	10/21/2016 1.27 %	126,597.50 125,471.91	99.50 2.64 %	124,370.38 669.49	0.23 % (1,101.53)	Aaa / AA+ NR	0.71 0.61
91159HHH6	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	125,000.00	10/12/2016 1.49 %	127,178.75 125,705.73	99.62 2.67 %	124,519.88 504.17	0.23 % (1,185.85)	A1 / A+ AA-	0.82 0.80
91159HHH6	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	125,000.00	10/12/2016 1.49 %	127,178.75 125,705.73	99.62 2.67 %	124,519.88 504.17	0.23 % (1,185.85)	A1 / A+ AA-	0.82 0.80
89236TDE2	Toyota Motor Credit Corp Note 1.4% Due 5/20/2019	125,000.00	10/12/2016 1.48 %	124,746.25 124,913.27	98.91 2.64 %	123,642.50 199.31	0.23 % (1,270.77)	Aa3 / AA- A	0.89 0.87
89236TBP9	Toyota Motor Credit Corp Note 2.125% Due 7/18/2019	125,000.00	10/24/2016 1.46 %	127,221.25 125,853.64	99.39 2.72 %	124,238.75 1,202.69	0.24 % (1,614.89)	Aa3 / AA- A	1.05 1.02
594918BN3	Microsoft Note 1.1% Due 8/8/2019	125,000.00	10/24/2016 1.24 %	124,526.25 124,811.90	98.43 2.55 %	123,039.00 546.18	0.23 % (1,772.90)	Aaa / AAA AA+	1.11 1.08
084664CK5	Berkshire Hathaway Note 1.3% Due 8/15/2019	125,000.00	10/26/2016 1.37 %	124,767.50 124,906.36	98.50 2.67 %	123,119.13 613.89	0.23 % (1,787.23)	Aa2 / AA A+	1.13 1.10
084664CK5	Berkshire Hathaway Note 1.3% Due 8/15/2019	125,000.00	10/26/2016 1.37 %	124,767.50 124,906.36	98.50 2.67 %	123,119.13 613.89	0.23 % (1,787.23)	Aa2 / AA A+	1.13 1.10
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	125,000.00	10/19/2016 1.50 %	127,818.75 126,170.91	99.46 2.80 %	124,323.50 878.47	0.23 % (1,847.41)	A1 / A AA-	1.20 1.08
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	125,000.00	10/19/2016 1.50 %	127,818.75 126,170.91	99.46 2.80 %	124,323.50 878.47	0.23 % (1,847.41)	A1 / A AA-	1.20 1.08
17275RBG6	Cisco Systems Note 1.4% Due 9/20/2019	125,000.00	10/12/2016 1.43 %	124,875.00 124,947.80	98.59 2.58 %	123,239.38 490.97	0.23 % (1,708.42)	A1 / AA- NR	1.22 1.20
717081EB5	Pfizer Inc. Note 1.7% Due 12/15/2019	125,000.00	01/27/2017 1.70 %	125,005.00 125,002.54	98.55 2.72 %	123,190.25 94.44	0.23 % (1,812.29)	A1 / AA A+	1.46 1.43
94974BGF1	Wells Fargo Corp Note 2.15% Due 1/30/2020	125,000.00	10/24/2016 1.95 %	125,800.00 125,388.57	98.60 3.06 %	123,246.38 1,127.26	0.23 % (2,142.19)	A2 / A- A+	1.59 1.53
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	250,000.00	Various 1.53 %	251,777.50 250,879.60	98.42 2.75 %	246,055.50 1,652.78	0.46 % (4,824.10)	A1 / A+ A+	1.63 1.58
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	125,000.00	11/01/2016 1.57 %	125,727.50 125,360.71	98.42 2.75 %	123,027.75 826.39	0.23 % (2,332.96)	A1 / A+ A+	1.63 1.58
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	125,000.00	10/19/2016 1.63 %	127,703.75 126,425.31	98.53 3.06 %	123,157.13 320.31	0.23 % (3,268.18)	A1 / A NR	1.89 1.83
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	125,000.00	10/19/2016 1.63 %	127,703.75 126,425.31	98.53 3.06 %	123,157.13 320.31	0.23 % (3,268.18)	A1 / A NR	1.89 1.83
40428HPV8	HSBC USA Inc Note 2.75% Due 8/7/2020	160,000.00	11/15/2017 2.25 %	162,097.60 161,620.68	99.08 3.21 %	158,527.84 1,760.00	0.30 % (3,092.84)	A2 / A AA-	2.11 2.00



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
857477AS2	State Street Bank Note 2.55% Due 8/18/2020	125,000.00	09/21/2017 1.91 %	127,250.00 126,656.66	99.19 2.95 %	123,982.00 1,177.60	0.23 % (2,674.66)	A1 / A AA-	2.14 2.04
594918BG8	Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020	125,000.00	10/24/2016 1.50 %	127,446.25 126,426.42	98.42 2.72 %	123,029.13 402.78	0.23 % (3,397.29)	Aaa / AAA AA+	2.35 2.18
459200JF9	IBM Corp Note 2.25% Due 2/19/2021	150,000.00	05/07/2018 3.00 %	147,036.00 147,190.47	97.85 3.11 %	146,768.25 1,237.50	0.28 % (422.22)	A1 / A+ A+	2.64 2.51
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	125,000.00	10/21/2016 1.69 %	127,796.25 126,716.16	98.16 2.94 %	122,699.38 925.83	0.23 % (4,016.78)	Aaa / AA+ NR	2.67 2.55
037833AR1	Apple Inc Note 2.85% Due 5/6/2021	200,000.00	05/09/2018 2.88 %	199,828.00 199,836.04	99.76 2.94 %	199,520.40 870.83	0.38 % (315.64)	Aa1 / AA+ NR	2.85 2.71
166764BG4	Chevron Corp Callable Note Cont 4/15/2021 2.1% Due 5/16/2021	125,000.00	10/20/2016 1.77 %	126,805.00 126,138.97	97.66 2.95 %	122,075.00 328.13	0.23 % (4,063.97)	Aa2 / AA- NR	2.88 2.76
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	125,000.00	10/12/2016 1.89 %	125,338.75 125,212.96	96.88 3.09 %	121,097.63 284.38	0.23 % (4,115.33)	A1 / A AA-	2.89 2.77
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	125,000.00	11/29/2016 2.40 %	122,201.25 123,123.49	95.24 3.48 %	119,052.38 699.31	0.22 % (4,071.11)	A1 / AA- A+	3.21 3.05
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	60,000.00	01/19/2017 2.66 %	59,896.80 59,926.36	97.84 3.27 %	58,704.66 686.88	0.11 % (1,221.70)	A1 / A+ AA-	3.57 3.33
44932HAH6	IBM Credit Corp Note 3% Due 2/6/2023	150,000.00	05/07/2018 3.38 %	147,498.00 147,574.47	97.79 3.52 %	146,683.65 1,812.50	0.28 % (890.82)	A1 / A+ A+	4.61 4.20
Total US Corporate		4,470,000.00	1.74 %	4,504,655.15 4,481,506.89	2.83 %	4,414,535.26 24,187.81	8.32 % (66,971.63)	A1 / AA- A+	1.65 1.57
US TREASURY									
9128282C3	US Treasury Note 0.75% Due 8/31/2018	200,000.00	11/01/2016 0.86 %	199,602.23 199,963.62	99.81 1.87 %	199,621.40 501.36	0.37 % (342.22)	Aaa / AA+ AAA	0.17 0.17
912828T42	US Treasury Note 0.75% Due 9/30/2018	200,000.00	10/26/2016 0.88 %	199,516.29 199,937.39	99.70 1.96 %	199,391.20 377.05	0.37 % (546.19)	Aaa / AA+ AAA	0.25 0.25
912828A34	US Treasury Note 1.25% Due 11/30/2018	200,000.00	10/26/2016 0.92 %	201,352.23 200,269.03	99.66 2.08 %	199,312.40 211.75	0.37 % (956.63)	Aaa / AA+ AAA	0.42 0.41
912828A34	US Treasury Note 1.25% Due 11/30/2018	200,000.00	10/26/2016 0.92 %	201,352.23 200,269.03	99.66 2.08 %	199,312.40 211.75	0.37 % (956.63)	Aaa / AA+ AAA	0.42 0.41
912828TH3	US Treasury Note 0.875% Due 7/31/2019	200,000.00	10/25/2016 0.99 %	199,391.29 199,761.47	98.39 2.39 %	196,781.20 729.97	0.37 % (2,980.27)	Aaa / AA+ AAA	1.08 1.07
912828UB4	US Treasury Note 1% Due 11/30/2019	200,000.00	10/12/2016 1.08 %	199,500.67 199,774.14	97.97 2.46 %	195,945.40 169.40	0.37 % (3,828.74)	Aaa / AA+ AAA	1.42 1.39
912828UB4	US Treasury Note 1% Due 11/30/2019	200,000.00	10/12/2016 1.08 %	199,500.67 199,774.14	97.97 2.46 %	195,945.40 169.40	0.37 % (3,828.74)	Aaa / AA+ AAA	1.42 1.39



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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828UF5	US Treasury Note 1.125% Due 12/31/2019	200,000.00	10/25/2016 1.05 %	200,469.42 200,221.57	98.02 2.48 %	196,039.00 6.11	0.37 % (4,182.57)	Aaa / AA+ AAA	1.50 1.47
912828J50	US Treasury Note 1.375% Due 2/29/2020	200,000.00	10/25/2016 1.09 %	201,891.30 200,941.78	98.15 2.51 %	196,304.60 919.16	0.37 % (4,637.18)	Aaa / AA+ AAA	1.67 1.63
912828VA5	US Treasury Note 1.125% Due 4/30/2020	200,000.00	10/25/2016 1.11 %	200,094.42 200,049.27	97.51 2.52 %	195,023.40 381.25	0.37 % (5,025.87)	Aaa / AA+ AAA	1.84 1.79
912828XH8	US Treasury Note 1.625% Due 6/30/2020	200,000.00	11/02/2016 1.12 %	203,617.86 201,978.31	98.22 2.54 %	196,445.40 8.83	0.37 % (5,532.91)	Aaa / AA+ AAA	2.00 1.95
912828XM7	US Treasury Note 1.625% Due 7/31/2020	200,000.00	10/25/2016 1.14 %	203,539.73 201,960.51	98.12 2.56 %	196,234.40 1,355.66	0.37 % (5,726.11)	Aaa / AA+ AAA	2.09 2.02
912828L65	US Treasury Note 1.375% Due 9/30/2020	200,000.00	10/26/2016 1.20 %	201,375.67 200,788.56	97.40 2.57 %	194,804.60 691.26	0.37 % (5,983.96)	Aaa / AA+ AAA	2.25 2.19
912828L99	US Treasury Note 1.375% Due 10/31/2020	200,000.00	10/25/2016 1.19 %	201,430.36 200,832.26	97.28 2.58 %	194,562.40 463.32	0.37 % (6,269.86)	Aaa / AA+ AAA	2.34 2.27
912828N89	US Treasury Note 1.375% Due 1/31/2021	200,000.00	10/17/2016 1.22 %	201,313.17 200,792.43	96.95 2.60 %	193,898.40 1,147.10	0.37 % (6,894.03)	Aaa / AA+ AAA	2.59 2.50
912828N89	US Treasury Note 1.375% Due 1/31/2021	200,000.00	02/16/2017 1.80 %	196,805.36 197,909.32	96.95 2.60 %	193,898.40 1,147.10	0.37 % (4,010.92)	Aaa / AA+ AAA	2.59 2.50
912828P87	US Treasury Note 1.125% Due 2/28/2021	200,000.00	10/25/2016 1.22 %	199,164.73 199,487.57	96.21 2.60 %	192,429.60 752.04	0.36 % (7,057.97)	Aaa / AA+ AAA	2.67 2.59
912828C57	US Treasury Note 2.25% Due 3/31/2021	175,000.00	01/24/2018 2.24 %	175,061.52 175,053.20	99.04 2.62 %	173,311.60 989.75	0.33 % (1,741.60)	Aaa / AA+ AAA	2.75 2.63
912828WY2	US Treasury Note 2.25% Due 7/31/2021	200,000.00	01/30/2018 2.35 %	199,351.56 199,428.24	98.87 2.63 %	197,734.40 1,877.07	0.37 % (1,693.84)	Aaa / AA+ AAA	3.09 2.93
912828T34	US Treasury Note 1.125% Due 9/30/2021	200,000.00	11/09/2016 1.48 %	196,617.86 197,750.92	95.28 2.65 %	190,554.60 565.57	0.36 % (7,196.32)	Aaa / AA+ AAA	3.25 3.15
912828T34	US Treasury Note 1.125% Due 9/30/2021	215,000.00	03/07/2017 2.01 %	206,770.25 209,139.94	95.28 2.65 %	204,846.20 607.99	0.38 % (4,293.74)	Aaa / AA+ AAA	3.25 3.15
912828U65	US Treasury Note 1.75% Due 11/30/2021	140,000.00	09/21/2017 1.80 %	139,721.56 139,772.88	97.05 2.66 %	135,865.66 207.51	0.25 % (3,907.22)	Aaa / AA+ AAA	3.42 3.28
912828V72	US Treasury Note 1.875% Due 1/31/2022	200,000.00	02/16/2017 1.95 %	199,305.36 199,496.97	97.28 2.67 %	194,562.40 1,564.23	0.37 % (4,934.57)	Aaa / AA+ AAA	3.59 3.41
912828V72	US Treasury Note 1.875% Due 1/31/2022	220,000.00	11/07/2017 1.91 %	219,673.44 219,723.11	97.28 2.67 %	214,018.64 1,720.65	0.40 % (5,704.47)	Aaa / AA+ AAA	3.59 3.41
912828L24	US Treasury Note 1.875% Due 8/31/2022	240,000.00	09/21/2017 1.89 %	239,822.68 239,850.40	96.74 2.71 %	232,171.92 1,504.08	0.44 % (7,678.48)	Aaa / AA+ AAA	4.17 3.95
912828L24	US Treasury Note 1.875% Due 8/31/2022	200,000.00	10/04/2017 1.92 %	199,586.61 199,648.70	96.74 2.71 %	193,476.60 1,253.40	0.36 % (6,172.10)	Aaa / AA+ AAA	4.17 3.95



Holdings Report

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US TREASURY									
9128282W9	US Treasury Note 1.875% Due 9/30/2022	220,000.00	Various 2.11 %	217,617.58 217,879.04	96.68 2.71 %	212,686.76 1,036.89	0.40 % (5,192.28)	Aaa / AA+ AAA	4.25 4.03
9128283C2	US Treasury Note 2% Due 10/31/2022	220,000.00	11/07/2017 1.98 %	220,232.03 220,202.04	97.10 2.71 %	213,614.94 741.30	0.40 % (6,587.10)	Aaa / AA+ AAA	4.34 4.10
9128283U2	US Treasury Note 2.375% Due 1/31/2023	235,000.00	04/16/2018 2.69 %	231,649.41 231,793.01	98.51 2.72 %	231,493.33 2,328.09	0.44 % (299.68)	Aaa / AA+ AAA	4.59 4.27
9128283U2	US Treasury Note 2.375% Due 1/31/2023	230,000.00	04/16/2018 2.69 %	226,720.70 226,861.24	98.51 2.72 %	226,567.94 2,278.56	0.43 % (293.30)	Aaa / AA+ AAA	4.59 4.27
Total US Treasury		6,095,000.00	1.54 %	6,082,048.19 6,081,310.09	2.53 %	5,956,854.59 25,917.60	11.21 % (124,455.50)	Aaa / AA+ AAA	2.56 2.45
TOTAL PORTFOLIO		53,476,547.55	1.79 %	53,506,744.63 53,480,875.14	2.15 %	53,146,194.24 221,171.04	100.00 % (334,680.90)	Aa1 / AA+ AAA	0.84 0.79
TOTAL MARKET VALUE PLUS ACCRUED						53,367,365.28			



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	06/01/2018	31846V203	56.50	First American Govt Obligation Fund	1.000	1.32 %	56.50	0.00	56.50	0.00
Purchase	06/01/2018	31846V203	56.51	First American Govt Obligation Fund	1.000	1.32 %	56.51	0.00	56.51	0.00
Purchase	06/03/2018	31846V203	1,300.00	First American Govt Obligation Fund	1.000	1.32 %	1,300.00	0.00	1,300.00	0.00
Purchase	06/09/2018	31846V203	2,625.00	First American Govt Obligation Fund	1.000	1.32 %	2,625.00	0.00	2,625.00	0.00
Purchase	06/09/2018	31846V203	2,625.00	First American Govt Obligation Fund	1.000	1.32 %	2,625.00	0.00	2,625.00	0.00
Purchase	06/10/2018	31846V203	1,806.25	First American Govt Obligation Fund	1.000	1.32 %	1,806.25	0.00	1,806.25	0.00
Purchase	06/10/2018	31846V203	3,293.75	First American Govt Obligation Fund	1.000	1.32 %	3,293.75	0.00	3,293.75	0.00
Purchase	06/11/2018	31846V203	2,437.50	First American Govt Obligation Fund	1.000	1.32 %	2,437.50	0.00	2,437.50	0.00
Purchase	06/11/2018	31846V203	2,250.00	First American Govt Obligation Fund	1.000	1.32 %	2,250.00	0.00	2,250.00	0.00
Purchase	06/13/2018	31846V203	1,218.75	First American Govt Obligation Fund	1.000	1.32 %	1,218.75	0.00	1,218.75	0.00
Purchase	06/13/2018	31846V203	1,218.75	First American Govt Obligation Fund	1.000	1.32 %	1,218.75	0.00	1,218.75	0.00
Purchase	06/14/2018	31846V203	1,750.00	First American Govt Obligation Fund	1.000	1.32 %	1,750.00	0.00	1,750.00	0.00
Purchase	06/14/2018	31846V203	3,375.00	First American Govt Obligation Fund	1.000	1.32 %	3,375.00	0.00	3,375.00	0.00
Purchase	06/15/2018	31846V203	2,093.75	First American Govt Obligation Fund	1.000	1.32 %	2,093.75	0.00	2,093.75	0.00
Purchase	06/15/2018	31846V203	125,000.00	First American Govt Obligation Fund	1.000	1.32 %	125,000.00	0.00	125,000.00	0.00
Purchase	06/15/2018	31846V203	21,351.12	First American Govt Obligation Fund	1.000	1.32 %	21,351.12	0.00	21,351.12	0.00
Purchase	06/17/2018	31846V203	1,560.00	First American Govt Obligation Fund	1.000	1.32 %	1,560.00	0.00	1,560.00	0.00
Purchase	06/17/2018	31846V203	1,560.00	First American Govt Obligation Fund	1.000	1.32 %	1,560.00	0.00	1,560.00	0.00
Purchase	06/18/2018	31846V203	12,847.30	First American Govt Obligation Fund	1.000	1.32 %	12,847.30	0.00	12,847.30	0.00
Purchase	06/18/2018	31846V203	12,847.30	First American Govt Obligation Fund	1.000	1.32 %	12,847.30	0.00	12,847.30	0.00
Purchase	06/24/2018	31846V203	1,073.75	First American Govt Obligation Fund	1.000	1.32 %	1,073.75	0.00	1,073.75	0.00
Purchase	06/24/2018	31846V203	125,000.00	First American Govt Obligation Fund	1.000	1.32 %	125,000.00	0.00	125,000.00	0.00
Purchase	06/28/2018	31846V203	1,000.00	First American Govt Obligation Fund	1.000	1.32 %	1,000.00	0.00	1,000.00	0.00
Purchase	06/30/2018	31846V203	200,000.00	First American Govt Obligation Fund	1.000	1.50 %	200,000.00	0.00	200,000.00	0.00
Purchase	06/30/2018	31846V203	200,000.00	First American Govt Obligation Fund	1.000	1.50 %	200,000.00	0.00	200,000.00	0.00
Purchase	06/30/2018	31846V203	1,750.00	First American Govt Obligation Fund	1.000	1.50 %	1,750.00	0.00	1,750.00	0.00
Purchase	06/30/2018	31846V203	2,250.00	First American Govt Obligation Fund	1.000	1.50 %	2,250.00	0.00	2,250.00	0.00
Subtotal			732,346.23				732,346.23	0.00	732,346.23	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Security Contribution	06/30/2018	90CASH\$00	4,201.43	Cash Custodial Cash Account	1.000		4,201.43	0.00	4,201.43	0.00
	Subtotal		4,201.43				4,201.43	0.00	4,201.43	0.00
TOTAL ACQUISITIONS			736,547.66				736,547.66	0.00	736,547.66	0.00
DISPOSITIONS										
Paydown	06/15/2018	65478VAD9	20,999.04	NAROT 2016-B A3 1.32% Due 1/15/2021	100.000		20,999.04	352.08	21,351.12	0.00
Paydown	06/18/2018	43814RAB2	12,827.09	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	100.000		12,827.09	20.21	12,847.30	0.00
Paydown	06/18/2018	43814RAB2	12,827.09	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	100.000		12,827.09	20.21	12,847.30	0.00
	Subtotal		46,653.22				46,653.22	392.50	47,045.72	0.00
Maturity	06/15/2018	17275RAU6	125,000.00	Cisco Systems Note 1.65% Due 6/15/2018	100.000		125,000.00	0.00	125,000.00	0.00
Maturity	06/24/2018	166764AE0	125,000.00	Chevron Corp Callable Note Cont 5/24/2018 1.718% Due 6/24/2018	100.000		125,000.00	0.00	125,000.00	0.00
Maturity	06/30/2018	912828R93	200,000.00	US Treasury Note 0.625% Due 6/30/2018	100.000		200,000.00	0.00	200,000.00	0.00
Maturity	06/30/2018	912828R93	200,000.00	US Treasury Note 0.625% Due 6/30/2018	100.000		200,000.00	0.00	200,000.00	0.00
	Subtotal		650,000.00				650,000.00	0.00	650,000.00	0.00
Security Withdrawal	06/05/2018	31846V203	835.12	First American Govt Obligation Fund	1.000		835.12	0.00	835.12	0.00
Security Withdrawal	06/05/2018	31846V203	835.11	First American Govt Obligation Fund	1.000		835.11	0.00	835.11	0.00
Security Withdrawal	06/26/2018	31846V203	83.32	First American Govt Obligation Fund	1.000		83.32	0.00	83.32	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Security Withdrawal	06/26/2018	31846V203	83.32	First American Govt Obligation Fund	1.000		83.32	0.00	83.32	0.00
Subtotal			1,836.87				1,836.87	0.00	1,836.87	0.00
TOTAL DISPOSITIONS			698,490.09				698,490.09	392.50	698,882.59	0.00

OTHER TRANSACTIONS										
Interest	06/03/2018	3133EFRQ2	200,000.00	FFCB Note 1.3% Due 12/3/2018	0.000		1,300.00	0.00	1,300.00	0.00
Interest	06/09/2018	02587DJ90	110,000.00	American Express Centurion Negotiable CD 2.25% Due 12/9/2020	0.000		1,234.11	0.00	1,234.11	0.00
Interest	06/09/2018	3130A3KM5	210,000.00	FHLB Note 2.5% Due 12/9/2022	0.000		2,625.00	0.00	2,625.00	0.00
Interest	06/09/2018	3130A3KM5	210,000.00	FHLB Note 2.5% Due 12/9/2022	0.000		2,625.00	0.00	2,625.00	0.00
Interest	06/10/2018	313379Q69	170,000.00	FHLB Note 2.125% Due 6/10/2022	0.000		1,806.25	0.00	1,806.25	0.00
Interest	06/10/2018	313379Q69	310,000.00	FHLB Note 2.125% Due 6/10/2022	0.000		3,293.75	0.00	3,293.75	0.00
Interest	06/11/2018	3130A1W95	200,000.00	FHLB Note 2.25% Due 6/11/2021	0.000		2,250.00	0.00	2,250.00	0.00
Interest	06/11/2018	313379RB7	260,000.00	FHLB Note 1.875% Due 6/11/2021	0.000		2,437.50	0.00	2,437.50	0.00
Interest	06/13/2018	24422ESF7	125,000.00	John Deere Capital Corp Note 1.95% Due 12/13/2018	0.000		1,218.75	0.00	1,218.75	0.00
Interest	06/13/2018	24422ESF7	125,000.00	John Deere Capital Corp Note 1.95% Due 12/13/2018	0.000		1,218.75	0.00	1,218.75	0.00
Interest	06/14/2018	14042RGG0	250,000.00	CAPITAL ONE Negotiable CD 2.35% Due 6/14/2022	0.000		2,929.45	0.00	2,929.45	0.00
Interest	06/14/2018	313376BR5	200,000.00	FHLB Note 1.75% Due 12/14/2018	0.000		1,750.00	0.00	1,750.00	0.00
Interest	06/14/2018	313376BR5	200,000.00	FHLB Note 1.75% Due 12/14/2018	0.000		1,750.00	0.00	1,750.00	0.00
Interest	06/14/2018	313379EE5	200,000.00	FHLB Note 1.625% Due 6/14/2019	0.000		1,625.00	0.00	1,625.00	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	06/15/2018	17275RAU6	125,000.00	Cisco Systems Note 1.65% Due 6/15/2018	0.000		1,031.25	0.00	1,031.25	0.00
Interest	06/15/2018	717081EB5	125,000.00	Pfizer Inc. Note 1.7% Due 12/15/2019	0.000		1,062.50	0.00	1,062.50	0.00
Interest	06/17/2018	3133EEY20	130,000.00	FFCB Note 2.4% Due 6/17/2022	0.000		1,560.00	0.00	1,560.00	0.00
Interest	06/17/2018	3133EEY20	130,000.00	FFCB Note 2.4% Due 6/17/2022	0.000		1,560.00	0.00	1,560.00	0.00
Interest	06/24/2018	166764AE0	125,000.00	Chevron Corp Callable Note Cont 5/24/2018 1.718% Due 6/24/2018	0.000		1,073.75	0.00	1,073.75	0.00
Interest	06/28/2018	3130A8NN9	250,000.00	FHLB Note 0.8% Due 6/28/2019	0.000		1,000.00	0.00	1,000.00	0.00
Interest	06/30/2018	912828R93	200,000.00	US Treasury Note 0.625% Due 6/30/2018	0.000		625.00	0.00	625.00	0.00
Interest	06/30/2018	912828R93	200,000.00	US Treasury Note 0.625% Due 6/30/2018	0.000		625.00	0.00	625.00	0.00
Interest	06/30/2018	912828UF5	200,000.00	US Treasury Note 1.125% Due 12/31/2019	0.000		1,125.00	0.00	1,125.00	0.00
Interest	06/30/2018	912828XH8	200,000.00	US Treasury Note 1.625% Due 6/30/2020	0.000		1,625.00	0.00	1,625.00	0.00
Subtotal			4,455,000.00				39,351.06	0.00	39,351.06	0.00
Dividend	06/01/2018	31846V203	602,657.62	First American Govt Obligation Fund	0.000		56.50	0.00	56.50	0.00
Dividend	06/01/2018	31846V203	578,629.40	First American Govt Obligation Fund	0.000		56.51	0.00	56.51	0.00
Subtotal			1,181,287.02				113.01	0.00	113.01	0.00
TOTAL OTHER TRANSACTIONS			5,636,287.02				39,464.07	0.00	39,464.07	0.00



Income Earned

5/31/18 Thru 6/30/18

CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
Fixed Income						
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	10/19/2016 10/24/2016 250,000.00	250,799.54 0.00 0.00 250,616.44	752.60 0.00 1,195.32 442.72	0.00 183.10 (183.10) 259.62	0.00 259.62
037833AR1	Apple Inc Note 2.85% Due 05/06/2021	05/09/2018 05/11/2018 200,000.00	199,831.31 0.00 0.00 199,836.04	395.83 0.00 870.83 475.00	4.73 0.00 4.73 479.73	0.00 479.73
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 09/11/2019	10/19/2016 10/24/2016 250,000.00	252,502.58 0.00 0.00 252,341.82	1,277.78 0.00 1,756.94 479.16	0.00 160.76 (160.76) 318.40	0.00 318.40
084664CK5	Berkshire Hathaway Note 1.3% Due 08/15/2019	10/26/2016 10/31/2016 250,000.00	249,799.02 0.00 0.00 249,812.72	956.94 0.00 1,227.78 270.84	13.70 0.00 13.70 284.54	0.00 284.54
166764AE0	Chevron Corp Callable Note Cont 5/24/2018 Due 06/24/2018	10/20/2016 10/25/2016 0.00	125,037.99 0.00 125,000.00 0.00	936.55 1,073.75 0.00 137.20	0.00 37.99 (37.99) 99.21	0.00 99.21
166764BG4	Chevron Corp Callable Note Cont 4/15/2021 2.1% Due 05/16/2021	10/20/2016 10/25/2016 125,000.00	126,171.51 0.00 0.00 126,138.97	109.38 0.00 328.13 218.75	0.00 32.54 (32.54) 186.21	0.00 186.21
17275RAR3	Cisco Systems Note 2.125% Due 03/01/2019	10/20/2016 10/25/2016 125,000.00	125,790.01 0.00 0.00 125,703.20	664.06 0.00 885.42 221.36	0.00 86.81 (86.81) 134.55	0.00 134.55
17275RAU6	Cisco Systems Note Due 06/15/2018	10/20/2016 10/25/2016 0.00	125,024.35 0.00 125,000.00 0.00	951.04 1,031.25 0.00 80.21	0.00 24.35 (24.35) 55.86	0.00 55.86
17275RBG6	Cisco Systems Note 1.4% Due 09/20/2019	10/12/2016 10/17/2016 125,000.00	124,944.29 0.00 0.00 124,947.80	345.14 0.00 490.97 145.83	3.51 0.00 3.51 149.34	0.00 149.34
22160KAG0	Costco Wholesale Corp Note 1.75% Due 02/15/2020	Various Various 375,000.00	376,302.95 0.00 0.00 376,240.31	1,932.30 0.00 2,479.17 546.87	0.00 62.64 (62.64) 484.23	0.00 484.23



**East Orange County Water District Consolidated Por
Account #10491**

Income Earned

5/31/18 Thru 6/30/18

CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	10/24/2016 10/27/2016 250,000.00	250,830.06 0.00 0.00 250,702.36	2,275.00 2,437.50 243.76 406.26	0.00 127.70 (127.70) 278.56	0.00 278.56
30231GAD4	Exxon Mobil Corp Callable Note Cont 2/15/2019 1.819% Due 03/15/2019	10/21/2016 10/26/2016 125,000.00	125,526.99 0.00 0.00 125,471.91	480.01 0.00 669.49 189.48	0.00 55.08 (55.08) 134.40	0.00 134.40
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 03/01/2021	10/21/2016 10/26/2016 125,000.00	126,769.02 0.00 0.00 126,716.16	694.38 0.00 925.83 231.45	0.00 52.86 (52.86) 178.59	0.00 178.59
3130A1W95	FHLB Note 2.25% Due 06/11/2021	11/25/2016 11/28/2016 200,000.00	202,322.87 0.00 0.00 202,259.86	2,125.00 2,250.00 250.00 375.00	0.00 63.01 (63.01) 311.99	0.00 311.99
3130A3KM5	FHLB Note 2.5% Due 12/09/2022	03/08/2018 03/09/2018 420,000.00	416,522.80 0.00 0.00 416,585.96	5,016.66 5,250.00 641.66 875.00	63.16 0.00 63.16 938.16	0.00 938.16
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	10/26/2016 10/27/2016 200,000.00	200,213.10 0.00 0.00 200,206.66	786.81 0.00 1,015.97 229.16	0.00 6.44 (6.44) 222.72	0.00 222.72
3130A8NN9	FHLB Note 0.8% Due 06/28/2019	10/27/2016 10/28/2016 250,000.00	249,135.83 0.00 0.00 249,201.96	850.00 1,000.00 16.67 166.67	66.13 0.00 66.13 232.80	0.00 232.80
3130A8Y72	FHLB Note 0.875% Due 08/05/2019	10/21/2016 10/24/2016 200,000.00	199,639.05 0.00 0.00 199,664.24	563.89 0.00 709.72 145.83	25.19 0.00 25.19 171.02	0.00 171.02
3130A9AE1	FHLB Note 0.875% Due 10/01/2018	10/26/2016 10/27/2016 400,000.00	399,950.78 0.00 0.00 399,962.88	583.34 0.00 875.00 291.66	12.10 0.00 12.10 303.76	0.00 303.76
3130A9EP2	FHLB Note 1% Due 09/26/2019	11/17/2016 11/18/2016 400,000.00	398,316.24 0.00 0.00 398,421.04	722.22 0.00 1,055.56 333.34	104.80 0.00 104.80 438.14	0.00 438.14
3130AA3R7	FHLB Note 1.375% Due 11/15/2019	11/17/2016 11/18/2016 400,000.00	399,941.54 0.00 0.00 399,944.84	244.44 0.00 702.78 458.34	3.30 0.00 3.30 461.64	0.00 461.64



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Income Earned

5/31/18 Thru 6/30/18

CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
3130AAE46	FHLB Note 1.25% Due 01/16/2019	12/29/2016 12/29/2016 200,000.00	199,924.69 0.00 0.00 199,934.55	937.50 0.00 1,145.83 208.33	9.86 0.00 9.86 218.19	0.00 218.19
313376BR5	FHLB Note 1.75% Due 12/14/2018	11/30/2016 11/30/2016 400,000.00	401,137.02 0.00 0.00 400,962.98	3,247.22 3,500.00 330.56 583.34	0.00 174.04 (174.04) 409.30	0.00 409.30
313378CR0	FHLB Note 2.25% Due 03/11/2022	Various Various 470,000.00	473,311.86 0.00 0.00 473,239.81	2,350.00 0.00 3,231.25 881.25	0.00 72.05 (72.05) 809.20	0.00 809.20
313378J77	FHLB Note 1.875% Due 03/13/2020	11/29/2016 11/30/2016 200,000.00	201,296.57 0.00 0.00 201,236.82	812.50 0.00 1,125.00 312.50	0.00 59.75 (59.75) 252.75	0.00 252.75
313379EE5	FHLB Note 1.625% Due 06/14/2019	12/21/2016 12/22/2016 200,000.00	200,384.69 0.00 0.00 200,354.16	1,507.64 1,625.00 153.47 270.83	0.00 30.53 (30.53) 240.30	0.00 240.30
313379Q69	FHLB Note 2.125% Due 06/10/2022	07/19/2017 07/20/2017 480,000.00	484,710.34 0.00 0.00 484,614.22	4,845.00 5,100.00 595.00 850.00	0.00 96.12 (96.12) 753.88	0.00 753.88
313379RB7	FHLB Note 1.875% Due 06/11/2021	04/27/2017 04/28/2017 260,000.00	260,842.62 0.00 0.00 260,819.76	2,302.08 2,437.50 270.83 406.25	0.00 22.86 (22.86) 383.39	0.00 383.39
313380GJ0	FHLB Note 2% Due 09/09/2022	09/21/2017 09/22/2017 445,000.00	445,770.12 0.00 0.00 445,755.32	2,027.22 0.00 2,768.88 741.66	0.00 14.80 (14.80) 726.86	0.00 726.86
313382K69	FHLB Note 1.75% Due 03/12/2021	10/25/2016 10/26/2016 130,000.00	131,436.75 0.00 0.00 131,394.29	499.24 0.00 688.82 189.58	0.00 42.46 (42.46) 147.12	0.00 147.12
3133EEY20	FFCB Note 2.4% Due 06/17/2022	10/17/2017 10/18/2017 260,000.00	264,131.10 0.00 0.00 264,047.18	2,842.66 3,120.00 242.66 520.00	0.00 83.92 (83.92) 436.08	0.00 436.08
3133EFRQ2	FFCB Note 1.3% Due 12/03/2018	10/20/2016 10/21/2016 200,000.00	200,359.47 0.00 0.00 200,301.18	1,285.56 1,300.00 202.22 216.66	0.00 58.29 (58.29) 158.37	0.00 158.37



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Account #10491**

Income Earned

5/31/18 Thru 6/30/18

CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
3133EFW52	FFCB Note 1.15% Due 07/01/2019	10/20/2016 10/21/2016 200,000.00	200,286.10 0.00 0.00 200,264.37	958.33 0.00 1,150.00 191.67	0.00 21.73 (21.73) 169.94	0.00 169.94
3133EG3J2	FFCB Note 1.55% Due 01/10/2020	01/27/2017 01/30/2017 305,000.00	304,966.64 0.00 0.00 304,968.34	1,851.60 0.00 2,245.56 393.96	1.70 0.00 1.70 395.66	0.00 395.66
3133EGFQ3	FFCB Note 0.875% Due 09/14/2018	10/20/2016 10/21/2016 400,000.00	399,993.34 0.00 0.00 399,995.24	748.62 0.00 1,040.28 291.66	1.90 0.00 1.90 293.56	0.00 293.56
3133EGJ48	FFCB Note 0.89% Due 11/16/2018	11/15/2016 11/16/2016 400,000.00	399,642.82 0.00 0.00 399,706.60	148.34 0.00 445.00 296.66	63.78 0.00 63.78 360.44	0.00 360.44
3133EGJS5	FFCB Note 0.7% Due 07/05/2018	Various Various 400,000.00	399,920.85 0.00 0.00 399,990.68	1,135.56 0.00 1,368.88 233.32	69.83 0.00 69.83 303.15	0.00 303.15
3133EGUY9	FFCB Note 0.875% Due 09/20/2018	10/26/2016 10/27/2016 400,000.00	399,929.52 0.00 0.00 399,948.58	690.28 0.00 981.94 291.66	19.06 0.00 19.06 310.72	0.00 310.72
3133EGYP4	FFCB Note 1.05% Due 10/17/2019	11/17/2016 11/18/2016 200,000.00	199,217.35 0.00 0.00 199,264.02	256.67 0.00 431.67 175.00	46.67 0.00 46.67 221.67	0.00 221.67
3133EHP31	FFCB Note 1.95% Due 11/02/2021	12/18/2017 12/19/2017 280,000.00	278,295.79 0.00 0.00 278,336.69	439.84 0.00 894.84 455.00	40.90 0.00 40.90 495.90	0.00 495.90
3133EJBP3	FFCB Note 2.5% Due 02/02/2023	02/26/2018 02/27/2018 325,000.00	322,665.08 0.00 0.00 322,706.11	2,685.76 0.00 3,362.85 677.09	41.03 0.00 41.03 718.12	0.00 718.12
40428HPV8	HSBC USA Inc Note 2.75% Due 08/07/2020	11/15/2017 11/17/2017 160,000.00	161,683.99 0.00 0.00 161,620.68	1,393.33 0.00 1,760.00 366.67	0.00 63.31 (63.31) 303.36	0.00 303.36
43814RAB2	Honda Auto Receivables 2016-4 A2 1.04% Due 04/18/2019	10/18/2016 10/25/2016 20,978.22	46,631.94 0.00 25,654.18 20,978.04	17.52 40.42 7.88 30.78	0.28 0.00 0.28 31.06	0.00 31.06



**East Orange County Water District Consolidated Por
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Income Earned

5/31/18 Thru 6/30/18

CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
44932HAH6	IBM Credit Corp Note 3% Due 02/06/2023	05/07/2018 05/09/2018 150,000.00	147,531.19 0.00 0.00 147,574.47	1,437.50 0.00 1,812.50 375.00	43.28 0.00 43.28 418.28	0.00 418.28
459200JF9	IBM Corp Note 2.25% Due 02/19/2021	05/07/2018 05/09/2018 150,000.00	147,103.03 0.00 0.00 147,190.47	956.25 0.00 1,237.50 281.25	87.44 0.00 87.44 368.69	0.00 368.69
594918BG8	Microsoft Callable Note Cont. 10/03/20 2% Due 11/03/2020	10/24/2016 10/27/2016 125,000.00	126,476.42 0.00 0.00 126,426.42	194.44 0.00 402.78 208.34	0.00 50.00 (50.00) 158.34	0.00 158.34
594918BN3	Microsoft Note 1.1% Due 08/08/2019	10/24/2016 10/27/2016 125,000.00	124,797.90 0.00 0.00 124,811.90	431.60 0.00 546.18 114.58	14.00 0.00 14.00 128.58	0.00 128.58
65478VAD9	NAROT 2016-B A3 1.32% Due 01/15/2021	Various Various 299,068.36	317,594.38 0.00 20,999.04 296,829.88	46.94 352.08 43.86 349.00	234.54 0.00 234.54 583.54	0.00 583.54
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 09/15/2021	11/29/2016 12/02/2016 125,000.00	123,075.46 0.00 0.00 123,123.49	501.39 0.00 699.31 197.92	48.03 0.00 48.03 245.95	0.00 245.95
717081EB5	Pfizer Inc. Note 1.7% Due 12/15/2019	01/27/2017 01/30/2017 125,000.00	125,002.68 0.00 0.00 125,002.54	979.86 1,062.50 94.44 177.08	0.00 0.14 (0.14) 176.94	0.00 176.94
74005PBH6	Praxair Note 1.25% Due 11/07/2018	10/21/2016 10/26/2016 125,000.00	125,019.29 0.00 0.00 125,015.65	104.17 0.00 234.38 130.21	0.00 3.64 (3.64) 126.57	0.00 126.57
747525AD5	Qualcomm Inc Note 2.25% Due 05/20/2020	10/19/2016 10/21/2016 250,000.00	252,974.74 0.00 0.00 252,850.62	171.88 0.00 640.62 468.74	0.00 124.12 (124.12) 344.62	0.00 344.62
857477AS2	State Street Bank Note 2.55% Due 08/18/2020	09/21/2017 09/25/2017 125,000.00	126,720.46 0.00 0.00 126,656.66	911.98 0.00 1,177.60 265.62	0.00 63.80 (63.80) 201.82	0.00 201.82
857477AV5	State Street Bank Note 1.95% Due 05/19/2021	10/12/2016 10/17/2016 125,000.00	125,219.02 0.00 0.00 125,212.96	81.25 0.00 284.38 203.13	0.00 6.06 (6.06) 197.07	0.00 197.07



**East Orange County Water District Consolidated Por
Account #10491**

Income Earned

5/31/18 Thru 6/30/18

CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
89236TBP9	Toyota Motor Credit Corp Note 2.125% Due 07/18/2019	10/24/2016 10/27/2016 125,000.00	125,920.68 0.00 0.00 125,853.64	981.34 0.00 1,202.69 221.35	0.00 67.04 (67.04) 154.31	0.00 154.31
89236TDE2	Toyota Motor Credit Corp Note 1.4% Due 05/20/2019	10/12/2016 10/17/2016 125,000.00	124,905.21 0.00 0.00 124,913.27	53.47 0.00 199.31 145.84	8.06 0.00 8.06 153.90	0.00 153.90
91159HHH6	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 04/25/2019	10/12/2016 10/17/2016 250,000.00	251,553.54 0.00 0.00 251,411.46	550.00 0.00 1,008.34 458.34	0.00 142.08 (142.08) 316.26	0.00 316.26
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 01/24/2022	01/19/2017 01/24/2017 60,000.00	59,924.66 0.00 0.00 59,926.36	555.63 0.00 686.88 131.25	1.70 0.00 1.70 132.95	0.00 132.95
9128282C3	US Treasury Note 0.75% Due 08/31/2018	11/01/2016 11/02/2016 200,000.00	199,945.73 0.00 0.00 199,963.62	379.08 0.00 501.36 122.28	17.89 0.00 17.89 140.17	0.00 140.17
9128282W9	US Treasury Note 1.875% Due 09/30/2022	Various Various 220,000.00	217,838.04 0.00 0.00 217,879.04	698.77 0.00 1,036.89 338.12	41.00 0.00 41.00 379.12	0.00 379.12
9128283C2	US Treasury Note 2% Due 10/31/2022	11/07/2017 11/08/2017 220,000.00	220,205.87 0.00 0.00 220,202.04	382.61 0.00 741.30 358.69	0.00 3.83 (3.83) 354.86	0.00 354.86
9128283U2	US Treasury Note 2.375% Due 01/31/2023	04/16/2018 04/17/2018 465,000.00	458,540.59 0.00 0.00 458,654.25	3,691.42 0.00 4,606.65 915.23	113.66 0.00 113.66 1,028.89	0.00 1,028.89
912828A34	US Treasury Note 1.25% Due 11/30/2018	10/26/2016 10/27/2016 400,000.00	400,644.26 0.00 0.00 400,538.06	13.66 0.00 423.50 409.84	0.00 106.20 (106.20) 303.64	0.00 303.64
912828C57	US Treasury Note 2.25% Due 03/31/2021	01/24/2018 01/25/2018 175,000.00	175,054.79 0.00 0.00 175,053.20	667.01 0.00 989.75 322.74	0.00 1.59 (1.59) 321.15	0.00 321.15
912828J50	US Treasury Note 1.375% Due 02/29/2020	10/25/2016 10/26/2016 200,000.00	200,988.25 0.00 0.00 200,941.78	694.97 0.00 919.16 224.19	0.00 46.47 (46.47) 177.72	0.00 177.72



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CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
912828L24	US Treasury Note 1.875% Due 08/31/2022	Various Various 440,000.00	439,489.22 0.00 0.00 439,499.10	2,084.92 0.00 2,757.48 672.56	9.88 0.00 9.88 682.44	0.00 682.44
912828L65	US Treasury Note 1.375% Due 09/30/2020	10/26/2016 10/27/2016 200,000.00	200,817.34 0.00 0.00 200,788.56	465.85 0.00 691.26 225.41	0.00 28.78 (28.78) 196.63	0.00 196.63
912828L99	US Treasury Note 1.375% Due 10/31/2020	10/25/2016 10/26/2016 200,000.00	200,861.53 0.00 0.00 200,832.26	239.13 0.00 463.32 224.19	0.00 29.27 (29.27) 194.92	0.00 194.92
912828N89	US Treasury Note 1.375% Due 01/31/2021	Various Various 400,000.00	398,660.54 0.00 0.00 398,701.75	1,838.40 0.00 2,294.20 455.80	66.37 25.16 41.21 497.01	0.00 497.01
912828P87	US Treasury Note 1.125% Due 02/28/2021	10/25/2016 10/26/2016 200,000.00	199,471.77 0.00 0.00 199,487.57	568.61 0.00 752.04 183.43	15.80 0.00 15.80 199.23	0.00 199.23
912828R93	US Treasury Note Due 06/30/2018	10/17/2016 10/18/2016 0.00	399,941.60 0.00 400,000.00 0.00	1,049.72 1,250.00 0.00 200.28	58.40 0.00 58.40 258.68	0.00 258.68
912828T34	US Treasury Note 1.125% Due 09/30/2021	Various Various 415,000.00	406,685.92 0.00 0.00 406,890.86	790.88 0.00 1,173.56 382.68	204.94 0.00 204.94 587.62	0.00 587.62
912828T42	US Treasury Note 0.75% Due 09/30/2018	10/26/2016 10/27/2016 200,000.00	199,916.74 0.00 0.00 199,937.39	254.10 0.00 377.05 122.95	20.65 0.00 20.65 143.60	0.00 143.60
912828TH3	US Treasury Note 0.875% Due 07/31/2019	10/25/2016 10/26/2016 200,000.00	199,743.35 0.00 0.00 199,761.47	584.94 0.00 729.97 145.03	18.12 0.00 18.12 163.15	0.00 163.15
912828U65	US Treasury Note 1.75% Due 11/30/2021	09/21/2017 09/22/2017 140,000.00	139,767.42 0.00 0.00 139,772.88	6.69 0.00 207.51 200.82	5.46 0.00 5.46 206.28	0.00 206.28
912828UB4	US Treasury Note 1% Due 11/30/2019	10/12/2016 10/13/2016 400,000.00	399,522.08 0.00 0.00 399,548.28	10.92 0.00 338.80 327.88	26.20 0.00 26.20 354.08	0.00 354.08



Income Earned

5/31/18 Thru 6/30/18

CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
912828UF5	US Treasury Note 1.125% Due 12/31/2019	10/25/2016 10/26/2016 200,000.00	200,233.70 0.00 0.00 200,221.57	944.75 1,125.00 6.11 186.36	0.00 12.13 (12.13) 174.23	0.00 174.23
912828V72	US Treasury Note 1.875% Due 01/31/2022	Various Various 420,000.00	419,202.22 0.00 0.00 419,220.08	2,632.25 0.00 3,284.88 652.63	17.86 0.00 17.86 670.49	0.00 670.49
912828VA5	US Treasury Note 1.125% Due 04/30/2020	10/25/2016 10/26/2016 200,000.00	200,051.48 0.00 0.00 200,049.27	193.75 0.00 381.25 187.50	0.00 2.21 (2.21) 185.29	0.00 185.29
912828WY2	US Treasury Note 2.25% Due 07/31/2021	01/30/2018 01/31/2018 200,000.00	199,413.00 0.00 0.00 199,428.24	1,504.14 0.00 1,877.07 372.93	15.24 0.00 15.24 388.17	0.00 388.17
912828XH8	US Treasury Note 1.625% Due 06/30/2020	11/02/2016 11/03/2016 200,000.00	202,059.61 0.00 0.00 201,978.31	1,364.64 1,625.00 8.83 269.19	0.00 81.30 (81.30) 187.89	0.00 187.89
912828XM7	US Treasury Note 1.625% Due 07/31/2020	10/25/2016 10/26/2016 200,000.00	202,037.79 0.00 0.00 201,960.51	1,086.33 0.00 1,355.66 269.33	0.00 77.28 (77.28) 192.05	0.00 192.05
94974BGF1	Wells Fargo Corp Note 2.15% Due 01/30/2020	10/24/2016 10/27/2016 125,000.00	125,408.74 0.00 0.00 125,388.57	903.30 0.00 1,127.26 223.96	0.00 20.17 (20.17) 203.79	0.00 203.79
			20,212,230.72 0.00 696,653.22 19,514,713.24	86,654.38 35,580.00 78,100.05 27,025.67	1,660.15 2,524.41 (864.26) 26,161.41	0.00 26,161.41
TOTAL Fixed Income		19,510,046.58				

Cash & Equivalent

02587DJ90	American Express Centurion Negotiable CD 2.25% Due 12/09/2020	12/09/2015 12/09/2015 110,000.00	110,000.00 0.00 0.00 110,000.00	1,179.86 1,234.11 149.18 203.43	0.00 0.00 0.00 203.43	0.00 203.43
05581WWZ4	BMO Harris Bank Callable CD Qtrly 11/16/2018 2.6% Due 11/16/2021	05/16/2018 05/16/2018 200,000.00	200,000.00 0.00 0.00 200,000.00	216.67 0.00 650.00 433.33	0.00 0.00 0.00 433.33	0.00 433.33



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Income Earned

5/31/18 Thru 6/30/18

CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
06740KKY2	Barclays Bank Delaware Negotiable CD 2.25% Due 09/27/2022	09/22/2017 09/27/2017 130,000.00	130,000.00 0.00 0.00 130,000.00	528.90 0.00 769.32 240.42	0.00 0.00 0.00 240.42	0.00 240.42
140420UF5	Capital One Bank USA NA Negotiable CD 2.3% Due 08/12/2020	08/17/2015 08/17/2015 100,000.00	100,000.00 0.00 0.00 100,000.00	686.85 0.00 875.89 189.04	0.00 0.00 0.00 189.04	0.00 189.04
14042RGG0	CAPITAL ONE Negotiable CD 2.35% Due 06/14/2022	06/14/2017 06/14/2017 250,000.00	250,000.00 0.00 0.00 250,000.00	2,720.21 2,929.45 273.63 482.87	0.00 0.00 0.00 482.87	0.00 482.87
29976DPF1	Everbank Negotiable CD 1.5% Due 11/15/2019	01/30/2015 01/30/2015 150,000.00	149,640.67 0.00 0.00 149,660.93	104.79 0.00 289.73 184.94	20.26 0.00 20.26 205.20	0.00 205.20
31846V203	First American Govt Obligation Fund	Various Various 808,471.54	77,962.18 732,346.23 1,836.87 808,471.54	0.00 113.01 0.00 113.01	0.00 0.00 0.00 113.01	0.00 113.01
48126YN58	JP Morgan Chase Bank Callable CD S/A 3/16/2019 2.9% Due 03/16/2023	03/16/2018 03/16/2018 200,000.00	200,000.00 0.00 0.00 200,000.00	1,223.56 0.00 1,700.27 476.71	0.00 0.00 0.00 476.71	0.00 476.71
795450K53	Sallie Mae Bank Negotiable CD 2.65% Due 02/08/2023	02/08/2018 02/08/2018 110,000.00	110,000.00 0.00 0.00 110,000.00	902.45 0.00 1,142.04 239.59	0.00 0.00 0.00 239.59	0.00 239.59
87164WFD5	Synchrony Bank Negotiable CD 1.8% Due 01/30/2020	01/30/2015 01/30/2015 150,000.00	150,000.00 0.00 0.00 150,000.00	902.47 0.00 1,124.38 221.91	0.00 0.00 0.00 221.91	0.00 221.91
90CASH\$00	Cash Custodial Cash Account	Various Various 106,669.53	102,468.10 4,201.43 0.00 106,669.53	0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00 0.00
94986T4N4	Wells Fargo Callable Note Qtrly 9/16/2019 2.5% Due 09/16/2021	03/16/2018 03/16/2018 100,000.00	100,000.00 0.00 0.00 100,000.00	527.40 0.00 732.88 205.48	0.00 0.00 0.00 205.48	0.00 205.48
			1,680,070.95	8,993.16	20.26	
			736,547.66	4,276.57	0.00	
			1,836.87	7,707.32	20.26	0.00
TOTAL Cash & Equivalent		2,415,141.07	2,414,802.00	2,990.73	3,010.99	3,010.99



CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
Local Agency Investment Fund						
90LAIF\$00	Local Agency Investment Fund		31,551,359.90	87,310.51	0.00	
	State Pool	Various	0.00	0.00	0.00	
		Various	0.00	135,363.67	0.00	0.00
		31,551,359.90	31,551,359.90	48,053.16	48,053.16	48,053.16
			31,551,359.90	87,310.51	0.00	
			0.00	0.00	0.00	
			0.00	135,363.67	0.00	0.00
TOTAL Local Agency Investment Fund		31,551,359.90	31,551,359.90	48,053.16	48,053.16	48,053.16
			53,443,661.57	182,958.05	1,680.41	
			736,547.66	39,856.57	2,524.41	
			698,490.09	221,171.04	(844.00)	
TOTAL PORTFOLIO		53,476,547.55	53,480,875.14	78,069.56	77,225.56	0.00
						77,225.56



Cash Flow Report

From 06/30/2018

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
07/01/2018	Interest	3133EFW52	200,000.00	FFCB Note 1.15% Due 7/1/2019	0.00	1,150.00	1,150.00
07/05/2018	Maturity	3133EGJS5	200,000.00	FFCB Note	200,000.00	700.00	200,700.00
07/05/2018	Maturity	3133EGJS5	200,000.00	FFCB Note	200,000.00	700.00	200,700.00
07/10/2018	Interest	3133EG3J2	160,000.00	FFCB Note 1.55% Due 1/10/2020	0.00	1,240.00	1,240.00
07/10/2018	Interest	3133EG3J2	145,000.00	FFCB Note 1.55% Due 1/10/2020	0.00	1,123.75	1,123.75
07/16/2018	Dividend	90LAIF\$00	2,808,718,545.30	Local Agency Investment Fund State Pool	0.00	135,282.42	135,282.42
07/16/2018	Interest	3130AAE46	200,000.00	FHLB Note 1.25% Due 1/16/2019	0.00	1,250.00	1,250.00
07/18/2018	Interest	89236TBP9	125,000.00	Toyota Motor Credit Corp Note 2.125% Due 7/18/2019	0.00	1,328.13	1,328.13
07/18/2018	Paydown	43814RAB2	10,489.11	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	5,766.58	9.09	5,775.67
07/18/2018	Paydown	43814RAB2	10,489.11	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	5,766.58	9.09	5,775.67
07/24/2018	Interest	91159HHP8	60,000.00	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	0.00	787.50	787.50
07/27/2018	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,395.42	328.98	9,724.40
07/30/2018	Interest	94974BGF1	125,000.00	Wells Fargo Corp Note 2.15% Due 1/30/2020	0.00	1,343.75	1,343.75
07/30/2018	Interest	87164WFD5	150,000.00	Synchrony Bank Negotiable CD 1.8% Due 1/30/2020	0.00	1,338.90	1,338.90
07/31/2018	Interest	912828N89	200,000.00	US Treasury Note 1.375% Due 1/31/2021	0.00	1,375.00	1,375.00
07/31/2018	Interest	912828U2	230,000.00	US Treasury Note 2.375% Due 1/31/2023	0.00	2,731.25	2,731.25
07/31/2018	Interest	912828U2	235,000.00	US Treasury Note 2.375% Due 1/31/2023	0.00	2,790.63	2,790.63
07/31/2018	Interest	912828N89	200,000.00	US Treasury Note 1.375% Due 1/31/2021	0.00	1,375.00	1,375.00
07/31/2018	Interest	912828XM7	200,000.00	US Treasury Note 1.625% Due 7/31/2020	0.00	1,625.00	1,625.00
07/31/2018	Interest	912828V72	200,000.00	US Treasury Note 1.875% Due 1/31/2022	0.00	1,875.00	1,875.00



Cash Flow Report

From 06/30/2018

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
07/31/2018	Interest	912828TH3	200,000.00	US Treasury Note 0.875% Due 7/31/2019	0.00	875.00	875.00
07/31/2018	Interest	912828V72	220,000.00	US Treasury Note 1.875% Due 1/31/2022	0.00	2,062.50	2,062.50
07/31/2018	Interest	912828WY2	200,000.00	US Treasury Note 2.25% Due 7/31/2021	0.00	2,250.00	2,250.00
Jul 2018					420,928.58	163,550.99	584,479.57
08/02/2018	Interest	3133EJBP3	325,000.00	FFCB Note 2.5% Due 2/2/2023	0.00	4,062.50	4,062.50
08/05/2018	Interest	3130A8Y72	200,000.00	FHLB Note 0.875% Due 8/5/2019	0.00	875.00	875.00
08/06/2018	Interest	44932HAH6	150,000.00	IBM Credit Corp Note 3% Due 2/6/2023	0.00	2,250.00	2,250.00
08/07/2018	Interest	40428HPV8	160,000.00	HSBC USA Inc Note 2.75% Due 8/7/2020	0.00	2,200.00	2,200.00
08/08/2018	Interest	594918BN3	125,000.00	Microsoft Note 1.1% Due 8/8/2019	0.00	687.50	687.50
08/08/2018	Interest	795450K53	110,000.00	Sallie Mae Bank Negotiable CD 2.65% Due 2/8/2023	0.00	1,445.52	1,445.52
08/12/2018	Interest	140420UF5	100,000.00	Capital One Bank USA NA Negotiable CD 2.3% Due 8/12/2020	0.00	1,140.55	1,140.55
08/15/2018	Interest	084664CK5	125,000.00	Berkshire Hathaway Note 1.3% Due 8/15/2019	0.00	812.50	812.50
08/15/2018	Interest	084664CK5	125,000.00	Berkshire Hathaway Note 1.3% Due 8/15/2019	0.00	812.50	812.50
08/15/2018	Interest	22160KAG0	125,000.00	Costco Wholesale Corp Note 1.75% Due 2/15/2020	0.00	1,093.75	1,093.75
08/15/2018	Interest	22160KAG0	250,000.00	Costco Wholesale Corp Note 1.75% Due 2/15/2020	0.00	2,187.50	2,187.50
08/16/2018	Interest	05581WWZ4	200,000.00	BMO Harris Bank Callable CD Qtrly 11/16/2018 2.6% Due 11/16/2021	0.00	1,300.00	1,300.00
08/18/2018	Interest	3130A7CV5	200,000.00	FHLB Note 1.375% Due 2/18/2021	0.00	1,375.00	1,375.00
08/18/2018	Interest	857477AS2	125,000.00	State Street Bank Note 2.55% Due 8/18/2020	0.00	1,593.75	1,593.75
08/18/2018	Paydown	43814RAB2	10,489.11	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	4,722.54	4.09	4,726.63
08/18/2018	Paydown	43814RAB2	10,489.11	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	4,722.54	4.09	4,726.63
08/19/2018	Interest	459200JF9	150,000.00	IBM Corp Note 2.25% Due 2/19/2021	0.00	1,687.50	1,687.50



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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
08/27/2018	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,411.94	318.64	9,730.58
08/31/2018	Interest	912828L24	200,000.00	US Treasury Note 1.875% Due 8/31/2022	0.00	1,875.00	1,875.00
08/31/2018	Interest	912828L24	240,000.00	US Treasury Note 1.875% Due 8/31/2022	0.00	2,250.00	2,250.00
08/31/2018	Interest	912828P87	200,000.00	US Treasury Note 1.125% Due 2/28/2021	0.00	1,125.00	1,125.00
08/31/2018	Interest	912828J50	200,000.00	US Treasury Note 1.375% Due 2/29/2020	0.00	1,375.00	1,375.00
08/31/2018	Maturity	912828C3	200,000.00	US Treasury Note 0.75% Due 8/31/2018	200,000.00	750.00	200,750.00
Aug 2018					218,857.02	31,225.39	250,082.41
09/01/2018	Interest	17275RAR3	125,000.00	Cisco Systems Note 2.125% Due 3/1/2019	0.00	1,328.13	1,328.13
09/01/2018	Interest	30231GAV4	125,000.00	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	0.00	1,388.75	1,388.75
09/09/2018	Interest	313380GJ0	245,000.00	FHLB Note 2% Due 9/9/2022	0.00	2,450.00	2,450.00
09/09/2018	Interest	313380GJ0	200,000.00	FHLB Note 2% Due 9/9/2022	0.00	2,000.00	2,000.00
09/11/2018	Interest	06406HCW7	125,000.00	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	0.00	1,437.50	1,437.50
09/11/2018	Interest	313378CR0	250,000.00	FHLB Note 2.25% Due 3/11/2022	0.00	2,812.50	2,812.50
09/11/2018	Interest	06406HCW7	125,000.00	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	0.00	1,437.50	1,437.50
09/11/2018	Interest	313378CR0	220,000.00	FHLB Note 2.25% Due 3/11/2022	0.00	2,475.00	2,475.00
09/12/2018	Interest	313382K69	130,000.00	FHLB Note 1.75% Due 3/12/2021	0.00	1,137.50	1,137.50
09/13/2018	Interest	313378J77	200,000.00	FHLB Note 1.875% Due 3/13/2020	0.00	1,875.00	1,875.00
09/14/2018	Maturity	3133EGFQ3	200,000.00	FFCB Note 0.875% Due 9/14/2018	200,000.00	875.00	200,875.00
09/14/2018	Maturity	3133EGFQ3	200,000.00	FFCB Note 0.875% Due 9/14/2018	200,000.00	875.00	200,875.00
09/15/2018	Interest	68389XBK0	125,000.00	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	0.00	1,187.50	1,187.50
09/15/2018	Interest	30231GAD4	125,000.00	Exxon Mobil Corp Callable Note Cont 2/15/2019 1.819% Due 3/15/2019	0.00	1,136.88	1,136.88



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09/16/2018	Interest	94986T4N4	100,000.00	Wells Fargo Callable Note Qtrly 9/16/2019 2.5% Due 9/16/2021	0.00	1,260.27	1,260.27
09/16/2018	Interest	48126YN58	200,000.00	JP Morgan Chase Bank Callable CD S/A 3/16/2019 2.9% Due 3/16/2023	0.00	2,923.84	2,923.84
09/20/2018	Interest	17275RBG6	125,000.00	Cisco Systems Note 1.4% Due 9/20/2019	0.00	875.00	875.00
09/20/2018	Maturity	3133EGUY9	200,000.00	FFCB Note 0.875% Due 9/20/2018	200,000.00	875.00	200,875.00
09/20/2018	Maturity	3133EGUY9	200,000.00	FFCB Note 0.875% Due 9/20/2018	200,000.00	875.00	200,875.00
09/26/2018	Interest	3130A9EP2	200,000.00	FHLB Note 1% Due 9/26/2019	0.00	1,000.00	1,000.00
09/26/2018	Interest	3130A9EP2	200,000.00	FHLB Note 1% Due 9/26/2019	0.00	1,000.00	1,000.00
09/27/2018	Interest	06740KKY2	130,000.00	Barclays Bank Delaware Negotiable CD 2.25% Due 9/27/2022	0.00	1,474.52	1,474.52
09/27/2018	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,428.48	308.28	9,736.76
09/30/2018	Interest	912828C57	175,000.00	US Treasury Note 2.25% Due 3/31/2021	0.00	1,968.75	1,968.75
09/30/2018	Interest	912828T34	200,000.00	US Treasury Note 1.125% Due 9/30/2021	0.00	1,125.00	1,125.00
09/30/2018	Interest	912828T34	215,000.00	US Treasury Note 1.125% Due 9/30/2021	0.00	1,209.38	1,209.38
09/30/2018	Interest	912828W9	220,000.00	US Treasury Note 1.875% Due 9/30/2022	0.00	2,062.50	2,062.50
09/30/2018	Interest	912828L65	200,000.00	US Treasury Note 1.375% Due 9/30/2020	0.00	1,375.00	1,375.00
09/30/2018	Maturity	912828T42	200,000.00	US Treasury Note 0.75% Due 9/30/2018	200,000.00	750.00	200,750.00
Sep 2018					1,009,428.48	41,498.80	1,050,927.28
10/01/2018	Maturity	3130A9AE1	200,000.00	FHLB Note 0.875% Due 10/1/2018	200,000.00	875.00	200,875.00
10/01/2018	Maturity	3130A9AE1	200,000.00	FHLB Note 0.875% Due 10/1/2018	200,000.00	875.00	200,875.00
10/10/2018	Maturity	02665WAC5	125,000.00	American Honda Finance Note 2.125% Due 10/10/2018	125,000.00	1,328.13	126,328.13
10/10/2018	Maturity	02665WAC5	125,000.00	American Honda Finance Note 2.125% Due 10/10/2018	125,000.00	1,328.13	126,328.13



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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
10/17/2018	Interest	3133EGYP4	200,000.00	FFCB Note 1.05% Due 10/17/2019	0.00	1,050.00	1,050.00
10/25/2018	Interest	91159HHH6	125,000.00	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	0.00	1,375.00	1,375.00
10/25/2018	Interest	91159HHH6	125,000.00	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	0.00	1,375.00	1,375.00
10/27/2018	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,445.04	297.92	9,742.96
10/31/2018	Interest	912828VA5	200,000.00	US Treasury Note 1.125% Due 4/30/2020	0.00	1,125.00	1,125.00
10/31/2018	Interest	9128283C2	220,000.00	US Treasury Note 2% Due 10/31/2022	0.00	2,200.00	2,200.00
10/31/2018	Interest	912828L99	200,000.00	US Treasury Note 1.375% Due 10/31/2020	0.00	1,375.00	1,375.00
Oct 2018					659,445.04	13,204.18	672,649.22
11/02/2018	Interest	3133EHP31	130,000.00	FFCB Note 1.95% Due 11/2/2021	0.00	1,267.50	1,267.50
11/02/2018	Interest	3133EHP31	150,000.00	FFCB Note 1.95% Due 11/2/2021	0.00	1,462.50	1,462.50
11/03/2018	Interest	594918BG8	125,000.00	Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020	0.00	1,250.00	1,250.00
11/06/2018	Interest	037833AR1	200,000.00	Apple Inc Note 2.85% Due 5/6/2021	0.00	2,850.00	2,850.00
11/07/2018	Maturity	74005PBH6	125,000.00	Praxair Note 1.25% Due 11/7/2018	125,000.00	781.25	125,781.25
11/15/2018	Interest	3130AA3R7	200,000.00	FHLB Note 1.375% Due 11/15/2019	0.00	1,375.00	1,375.00
11/15/2018	Interest	3130AA3R7	200,000.00	FHLB Note 1.375% Due 11/15/2019	0.00	1,375.00	1,375.00
11/15/2018	Interest	29976DPF1	150,000.00	Everbank Negotiable CD 1.5% Due 11/15/2019	0.00	1,134.25	1,134.25
11/16/2018	Interest	05581WWZ4	200,000.00	BMO Harris Bank Callable CD Qtrly 11/16/2018 2.6% Due 11/16/2021	0.00	1,300.00	1,300.00
11/16/2018	Interest	166764BG4	125,000.00	Chevron Corp Callable Note Cont 4/15/2021 2.1% Due 5/16/2021	0.00	1,312.50	1,312.50
11/16/2018	Maturity	3133EGJ48	200,000.00	FFCB Note 0.89% Due 11/16/2018	200,000.00	890.00	200,890.00
11/16/2018	Maturity	3133EGJ48	200,000.00	FFCB Note 0.89% Due 11/16/2018	200,000.00	890.00	200,890.00
11/19/2018	Interest	857477AV5	125,000.00	State Street Bank Note 1.95% Due 5/19/2021	0.00	1,218.75	1,218.75



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11/20/2018	Interest	747525AD5	125,000.00	Qualcomm Inc Note 2.25% Due 5/20/2020	0.00	1,406.25	1,406.25
11/20/2018	Interest	747525AD5	125,000.00	Qualcomm Inc Note 2.25% Due 5/20/2020	0.00	1,406.25	1,406.25
11/20/2018	Interest	89236TDE2	125,000.00	Toyota Motor Credit Corp Note 1.4% Due 5/20/2019	0.00	875.00	875.00
11/27/2018	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,461.64	287.53	9,749.17
11/30/2018	Interest	912828UB4	200,000.00	US Treasury Note 1% Due 11/30/2019	0.00	1,000.00	1,000.00
11/30/2018	Interest	912828U65	140,000.00	US Treasury Note 1.75% Due 11/30/2021	0.00	1,225.00	1,225.00
11/30/2018	Interest	912828UB4	200,000.00	US Treasury Note 1% Due 11/30/2019	0.00	1,000.00	1,000.00
11/30/2018	Maturity	912828A34	200,000.00	US Treasury Note 1.25% Due 11/30/2018	200,000.00	1,250.00	201,250.00
11/30/2018	Maturity	912828A34	200,000.00	US Treasury Note 1.25% Due 11/30/2018	200,000.00	1,250.00	201,250.00
Nov 2018					934,461.64	26,806.78	961,268.42
12/03/2018	Maturity	3133EFRQ2	200,000.00	FFCB Note 1.3% Due 12/3/2018	200,000.00	1,300.00	201,300.00
12/09/2018	Interest	3130A3KM5	210,000.00	FHLB Note 2.5% Due 12/9/2022	0.00	2,625.00	2,625.00
12/09/2018	Interest	3130A3KM5	210,000.00	FHLB Note 2.5% Due 12/9/2022	0.00	2,625.00	2,625.00
12/09/2018	Interest	02587DJ90	110,000.00	American Express Centurion Negotiable CD 2.25% Due 12/9/2020	0.00	1,240.89	1,240.89
12/10/2018	Interest	313379Q69	310,000.00	FHLB Note 2.125% Due 6/10/2022	0.00	3,293.76	3,293.76
12/10/2018	Interest	313379Q69	170,000.00	FHLB Note 2.125% Due 6/10/2022	0.00	1,806.25	1,806.25
12/11/2018	Interest	313379RB7	260,000.00	FHLB Note 1.875% Due 6/11/2021	0.00	2,437.50	2,437.50
12/11/2018	Interest	3130A1W95	200,000.00	FHLB Note 2.25% Due 6/11/2021	0.00	2,250.00	2,250.00
12/13/2018	Maturity	24422ESF7	125,000.00	John Deere Capital Corp Note 1.95% Due 12/13/2018	125,000.00	1,218.75	126,218.75
12/13/2018	Maturity	24422ESF7	125,000.00	John Deere Capital Corp Note 1.95% Due 12/13/2018	125,000.00	1,218.75	126,218.75
12/14/2018	Interest	313379EE5	200,000.00	FHLB Note 1.625% Due 6/14/2019	0.00	1,625.00	1,625.00



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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
12/14/2018	Interest	14042RGG0	250,000.00	CAPITAL ONE Negotiable CD 2.35% Due 6/14/2022	0.00	2,945.55	2,945.55
12/14/2018	Maturity	313376BR5	200,000.00	FHLB Note 1.75% Due 12/14/2018	200,000.00	1,750.00	201,750.00
12/14/2018	Maturity	313376BR5	200,000.00	FHLB Note 1.75% Due 12/14/2018	200,000.00	1,750.00	201,750.00
12/15/2018	Interest	717081EB5	125,000.00	Pfizer Inc. Note 1.7% Due 12/15/2019	0.00	1,062.50	1,062.50
12/17/2018	Interest	3133EEY20	130,000.00	FFCB Note 2.4% Due 6/17/2022	0.00	1,560.00	1,560.00
12/17/2018	Interest	3133EEY20	130,000.00	FFCB Note 2.4% Due 6/17/2022	0.00	1,560.00	1,560.00
12/27/2018	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,478.27	277.12	9,755.39
12/28/2018	Interest	3130A8NN9	250,000.00	FHLB Note 0.8% Due 6/28/2019	0.00	1,000.00	1,000.00
12/31/2018	Interest	912828XH8	200,000.00	US Treasury Note 1.625% Due 6/30/2020	0.00	1,625.00	1,625.00
12/31/2018	Interest	912828UF5	200,000.00	US Treasury Note 1.125% Due 12/31/2019	0.00	1,125.00	1,125.00
Dec 2018					859,478.27	36,296.07	895,774.34
01/01/2019	Interest	3133EFW52	200,000.00	FFCB Note 1.15% Due 7/1/2019	0.00	1,150.00	1,150.00
01/10/2019	Interest	3133EG3J2	160,000.00	FFCB Note 1.55% Due 1/10/2020	0.00	1,240.00	1,240.00
01/10/2019	Interest	3133EG3J2	145,000.00	FFCB Note 1.55% Due 1/10/2020	0.00	1,123.75	1,123.75
01/16/2019	Maturity	3130AAE46	200,000.00	FHLB Note 1.25% Due 1/16/2019	200,000.00	1,250.00	201,250.00
01/18/2019	Interest	89236TBP9	125,000.00	Toyota Motor Credit Corp Note 2.125% Due 7/18/2019	0.00	1,328.13	1,328.13
01/24/2019	Interest	91159HHP8	60,000.00	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	0.00	787.50	787.50
01/27/2019	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,494.92	266.70	9,761.62
01/30/2019	Interest	94974BGF1	125,000.00	Wells Fargo Corp Note 2.15% Due 1/30/2020	0.00	1,343.75	1,343.75
01/30/2019	Interest	87164WFD5	150,000.00	Synchrony Bank Negotiable CD 1.8% Due 1/30/2020	0.00	1,361.10	1,361.10
01/31/2019	Interest	912828V72	200,000.00	US Treasury Note 1.875% Due 1/31/2022	0.00	1,875.00	1,875.00



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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
01/31/2019	Interest	912828TH3	200,000.00	US Treasury Note 0.875% Due 7/31/2019	0.00	875.00	875.00
01/31/2019	Interest	912828V72	220,000.00	US Treasury Note 1.875% Due 1/31/2022	0.00	2,062.50	2,062.50
01/31/2019	Interest	912828WY2	200,000.00	US Treasury Note 2.25% Due 7/31/2021	0.00	2,250.00	2,250.00
01/31/2019	Interest	9128283U2	230,000.00	US Treasury Note 2.375% Due 1/31/2023	0.00	2,731.25	2,731.25
01/31/2019	Interest	912828N89	200,000.00	US Treasury Note 1.375% Due 1/31/2021	0.00	1,375.00	1,375.00
01/31/2019	Interest	9128283U2	235,000.00	US Treasury Note 2.375% Due 1/31/2023	0.00	2,790.63	2,790.63
01/31/2019	Interest	912828N89	200,000.00	US Treasury Note 1.375% Due 1/31/2021	0.00	1,375.00	1,375.00
01/31/2019	Interest	912828XM7	200,000.00	US Treasury Note 1.625% Due 7/31/2020	0.00	1,625.00	1,625.00
Jan 2019					209,494.92	26,810.31	236,305.23
02/02/2019	Interest	3133EJBP3	325,000.00	FFCB Note 2.5% Due 2/2/2023	0.00	4,062.50	4,062.50
02/05/2019	Interest	3130A8Y72	200,000.00	FHLB Note 0.875% Due 8/5/2019	0.00	875.00	875.00
02/06/2019	Interest	44932HAH6	150,000.00	IBM Credit Corp Note 3% Due 2/6/2023	0.00	2,250.00	2,250.00
02/07/2019	Interest	40428HPV8	160,000.00	HSBC USA Inc Note 2.75% Due 8/7/2020	0.00	2,200.00	2,200.00
02/08/2019	Interest	594918BN3	125,000.00	Microsoft Note 1.1% Due 8/8/2019	0.00	687.50	687.50
02/08/2019	Interest	795450K53	110,000.00	Sallie Mae Bank Negotiable CD 2.65% Due 2/8/2023	0.00	1,469.48	1,469.48
02/12/2019	Interest	140420UF5	100,000.00	Capital One Bank USA NA Negotiable CD 2.3% Due 8/12/2020	0.00	1,159.45	1,159.45
02/15/2019	Interest	084664CK5	125,000.00	Berkshire Hathaway Note 1.3% Due 8/15/2019	0.00	812.50	812.50
02/15/2019	Interest	22160KAG0	250,000.00	Costco Wholesale Corp Note 1.75% Due 2/15/2020	0.00	2,187.50	2,187.50
02/15/2019	Interest	22160KAG0	125,000.00	Costco Wholesale Corp Note 1.75% Due 2/15/2020	0.00	1,093.75	1,093.75
02/15/2019	Interest	084664CK5	125,000.00	Berkshire Hathaway Note 1.3% Due 8/15/2019	0.00	812.50	812.50
02/16/2019	Interest	05581WWZ4	200,000.00	BMO Harris Bank Callable CD Qtrly 11/16/2018 2.6% Due 11/16/2021	0.00	1,300.00	1,300.00



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02/18/2019	Interest	857477AS2	125,000.00	State Street Bank Note 2.55% Due 8/18/2020	0.00	1,593.75	1,593.75
02/18/2019	Interest	3130A7CV5	200,000.00	FHLB Note 1.375% Due 2/18/2021	0.00	1,375.00	1,375.00
02/19/2019	Interest	459200JF9	150,000.00	IBM Corp Note 2.25% Due 2/19/2021	0.00	1,687.50	1,687.50
02/27/2019	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,511.62	256.25	9,767.87
02/28/2019	Interest	912828J50	200,000.00	US Treasury Note 1.375% Due 2/29/2020	0.00	1,375.00	1,375.00
02/28/2019	Interest	912828L24	200,000.00	US Treasury Note 1.875% Due 8/31/2022	0.00	1,875.00	1,875.00
02/28/2019	Interest	912828L24	240,000.00	US Treasury Note 1.875% Due 8/31/2022	0.00	2,250.00	2,250.00
02/28/2019	Interest	912828P87	200,000.00	US Treasury Note 1.125% Due 2/28/2021	0.00	1,125.00	1,125.00
Feb 2019					9,511.62	30,447.68	39,959.30
03/01/2019	Interest	30231GAV4	125,000.00	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	0.00	1,388.75	1,388.75
03/01/2019	Maturity	17275RAR3	125,000.00	Cisco Systems Note 2.125% Due 3/1/2019	125,000.00	1,328.13	126,328.13
03/09/2019	Interest	313380GJ0	245,000.00	FHLB Note 2% Due 9/9/2022	0.00	2,450.00	2,450.00
03/09/2019	Interest	313380GJ0	200,000.00	FHLB Note 2% Due 9/9/2022	0.00	2,000.00	2,000.00
03/11/2019	Interest	06406HCW7	125,000.00	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	0.00	1,437.50	1,437.50
03/11/2019	Interest	313378CR0	220,000.00	FHLB Note 2.25% Due 3/11/2022	0.00	2,475.00	2,475.00
03/11/2019	Interest	06406HCW7	125,000.00	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	0.00	1,437.50	1,437.50
03/11/2019	Interest	313378CR0	250,000.00	FHLB Note 2.25% Due 3/11/2022	0.00	2,812.50	2,812.50
03/12/2019	Interest	313382K69	130,000.00	FHLB Note 1.75% Due 3/12/2021	0.00	1,137.50	1,137.50
03/13/2019	Interest	313378J77	200,000.00	FHLB Note 1.875% Due 3/13/2020	0.00	1,875.00	1,875.00
03/15/2019	Interest	68389XBK0	125,000.00	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	0.00	1,187.50	1,187.50
03/15/2019	Maturity	30231GAD4	125,000.00	Exxon Mobil Corp Callable Note Cont 2/15/2019 1.819% Due 3/15/2019	125,000.00	1,136.88	126,136.88



**East Orange County Water District Consolidated Por
Account #10491**

Cash Flow Report

From 06/30/2018

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
03/16/2019	Interest	48126YN58	200,000.00	JP Morgan Chase Bank Callable CD S/A 3/16/2019 2.9% Due 3/16/2023	0.00	2,876.16	2,876.16
03/16/2019	Interest	94986T4N4	100,000.00	Wells Fargo Callable Note Qtrly 9/16/2019 2.5% Due 9/16/2021	0.00	1,239.73	1,239.73
03/20/2019	Interest	17275RBG6	125,000.00	Cisco Systems Note 1.4% Due 9/20/2019	0.00	875.00	875.00
03/26/2019	Interest	3130A9EP2	200,000.00	FHLB Note 1% Due 9/26/2019	0.00	1,000.00	1,000.00
03/26/2019	Interest	3130A9EP2	200,000.00	FHLB Note 1% Due 9/26/2019	0.00	1,000.00	1,000.00
03/27/2019	Interest	06740KKY2	130,000.00	Barclays Bank Delaware Negotiable CD 2.25% Due 9/27/2022	0.00	1,450.48	1,450.48
03/27/2019	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,528.33	245.79	9,774.12
03/31/2019	Interest	912828T34	215,000.00	US Treasury Note 1.125% Due 9/30/2021	0.00	1,209.38	1,209.38
03/31/2019	Interest	912828W9	220,000.00	US Treasury Note 1.875% Due 9/30/2022	0.00	2,062.50	2,062.50
03/31/2019	Interest	912828C57	175,000.00	US Treasury Note 2.25% Due 3/31/2021	0.00	1,968.75	1,968.75
03/31/2019	Interest	912828T34	200,000.00	US Treasury Note 1.125% Due 9/30/2021	0.00	1,125.00	1,125.00
03/31/2019	Interest	912828L65	200,000.00	US Treasury Note 1.375% Due 9/30/2020	0.00	1,375.00	1,375.00
Mar 2019					259,528.33	37,094.05	296,622.38
04/17/2019	Interest	3133EGYP4	200,000.00	FFCB Note 1.05% Due 10/17/2019	0.00	1,050.00	1,050.00
04/25/2019	Maturity	91159HHH6	125,000.00	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	125,000.00	1,375.00	126,375.00
04/25/2019	Maturity	91159HHH6	125,000.00	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	125,000.00	1,375.00	126,375.00
04/27/2019	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,545.08	235.30	9,780.38
04/30/2019	Interest	912828L99	200,000.00	US Treasury Note 1.375% Due 10/31/2020	0.00	1,375.00	1,375.00
04/30/2019	Interest	912828VA5	200,000.00	US Treasury Note 1.125% Due 4/30/2020	0.00	1,125.00	1,125.00
04/30/2019	Interest	9128283C2	220,000.00	US Treasury Note 2% Due 10/31/2022	0.00	2,200.00	2,200.00
Apr 2019					259,545.08	8,735.30	268,280.38



**East Orange County Water District Consolidated Por
Account #10491**

Cash Flow Report

From 06/30/2018

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
05/02/2019	Interest	3133EHP31	130,000.00	FFCB Note 1.95% Due 11/2/2021	0.00	1,267.50	1,267.50
05/02/2019	Interest	3133EHP31	150,000.00	FFCB Note 1.95% Due 11/2/2021	0.00	1,462.50	1,462.50
05/03/2019	Interest	594918BG8	125,000.00	Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020	0.00	1,250.00	1,250.00
05/06/2019	Interest	037833AR1	200,000.00	Apple Inc Note 2.85% Due 5/6/2021	0.00	2,850.00	2,850.00
05/15/2019	Interest	3130AA3R7	200,000.00	FHLB Note 1.375% Due 11/15/2019	0.00	1,375.00	1,375.00
05/15/2019	Interest	3130AA3R7	200,000.00	FHLB Note 1.375% Due 11/15/2019	0.00	1,375.00	1,375.00
05/15/2019	Interest	29976DPF1	150,000.00	Everbank Negotiable CD 1.5% Due 11/15/2019	0.00	1,115.75	1,115.75
05/16/2019	Interest	05581WWZ4	200,000.00	BMO Harris Bank Callable CD Qtrly 11/16/2018 2.6% Due 11/16/2021	0.00	1,300.00	1,300.00
05/16/2019	Interest	166764BG4	125,000.00	Chevron Corp Callable Note Cont 4/15/2021 2.1% Due 5/16/2021	0.00	1,312.50	1,312.50
05/19/2019	Interest	857477AV5	125,000.00	State Street Bank Note 1.95% Due 5/19/2021	0.00	1,218.75	1,218.75
05/20/2019	Interest	747525AD5	125,000.00	Qualcomm Inc Note 2.25% Due 5/20/2020	0.00	1,406.25	1,406.25
05/20/2019	Interest	747525AD5	125,000.00	Qualcomm Inc Note 2.25% Due 5/20/2020	0.00	1,406.25	1,406.25
05/20/2019	Maturity	89236TDE2	125,000.00	Toyota Motor Credit Corp Note 1.4% Due 5/20/2019	125,000.00	875.00	125,875.00
05/27/2019	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,561.86	224.80	9,786.66
05/31/2019	Interest	912828UB4	200,000.00	US Treasury Note 1% Due 11/30/2019	0.00	1,000.00	1,000.00
05/31/2019	Interest	912828UB4	200,000.00	US Treasury Note 1% Due 11/30/2019	0.00	1,000.00	1,000.00
05/31/2019	Interest	912828U65	140,000.00	US Treasury Note 1.75% Due 11/30/2021	0.00	1,225.00	1,225.00
May 2019					134,561.86	21,664.30	156,226.16
06/09/2019	Interest	3130A3KM5	210,000.00	FHLB Note 2.5% Due 12/9/2022	0.00	2,625.00	2,625.00
06/09/2019	Interest	3130A3KM5	210,000.00	FHLB Note 2.5% Due 12/9/2022	0.00	2,625.00	2,625.00
06/09/2019	Interest	02587DJ90	110,000.00	American Express Centurion Negotiable CD 2.25% Due 12/9/2020	0.00	1,234.11	1,234.11



Cash Flow Report

From 06/30/2018

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
06/10/2019	Interest	313379Q69	170,000.00	FHLB Note 2.125% Due 6/10/2022	0.00	1,806.25	1,806.25
06/10/2019	Interest	313379Q69	310,000.00	FHLB Note 2.125% Due 6/10/2022	0.00	3,293.76	3,293.76
06/11/2019	Interest	313379RB7	260,000.00	FHLB Note 1.875% Due 6/11/2021	0.00	2,437.50	2,437.50
06/11/2019	Interest	3130A1W95	200,000.00	FHLB Note 2.25% Due 6/11/2021	0.00	2,250.00	2,250.00
06/14/2019	Interest	14042RGG0	250,000.00	CAPITAL ONE Negotiable CD 2.35% Due 6/14/2022	0.00	2,929.45	2,929.45
06/14/2019	Maturity	313379EE5	200,000.00	FHLB Note 1.625% Due 6/14/2019	200,000.00	1,625.00	201,625.00
06/15/2019	Interest	717081EB5	125,000.00	Pfizer Inc. Note 1.7% Due 12/15/2019	0.00	1,062.50	1,062.50
06/17/2019	Interest	3133EEY20	130,000.00	FFCB Note 2.4% Due 6/17/2022	0.00	1,560.00	1,560.00
06/17/2019	Interest	3133EEY20	130,000.00	FFCB Note 2.4% Due 6/17/2022	0.00	1,560.00	1,560.00
06/27/2019	Paydown	65478VAD9	299,068.36	NAROT 2016-B A3 1.32% Due 1/15/2021	9,578.66	214.29	9,792.95
06/28/2019	Maturity	3130A8NN9	250,000.00	FHLB Note 0.8% Due 6/28/2019	250,000.00	1,000.00	251,000.00
06/30/2019	Interest	912828UF5	200,000.00	US Treasury Note 1.125% Due 12/31/2019	0.00	1,125.00	1,125.00
06/30/2019	Interest	912828XH8	200,000.00	US Treasury Note 1.625% Due 6/30/2020	0.00	1,625.00	1,625.00
Jun 2019					459,578.66	28,972.86	488,551.52
Total					5,434,819.50	466,306.71	5,901,126.21

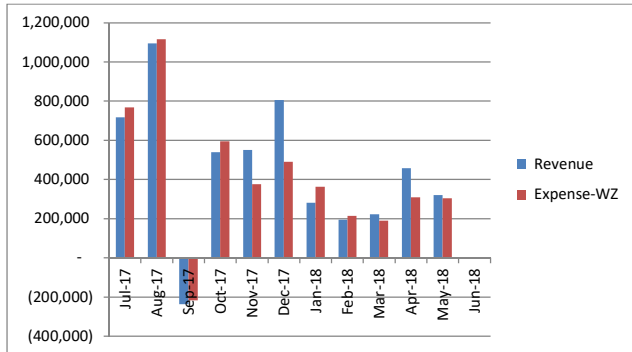
Wholesale Zone Financial Summary

For Period Ending May 31, 2018

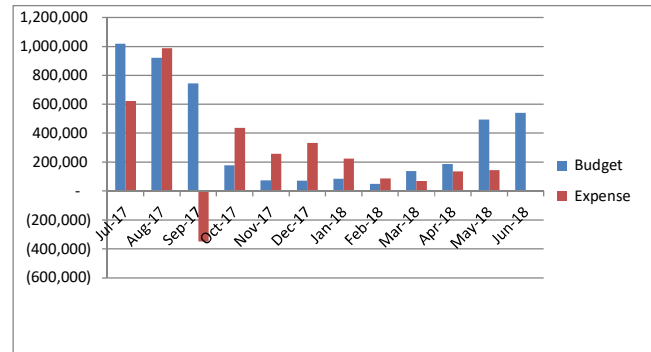
YTD Operating Income \$ 4,945,431

YTD Operating Expense \$ 4,507,782

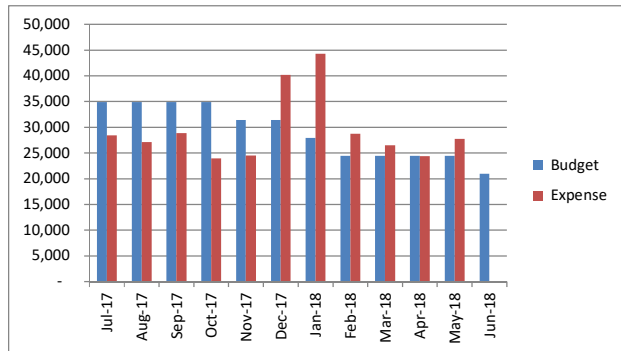
Revenue vs. Expenses



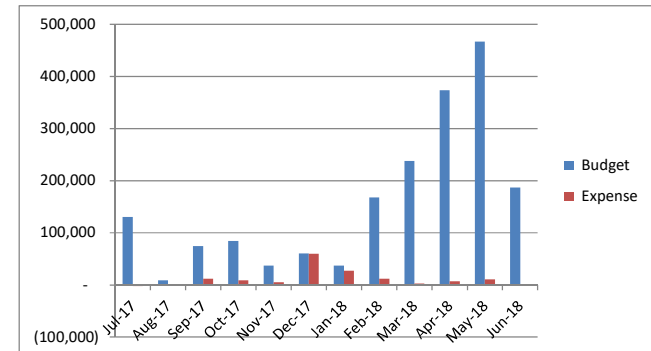
Water Purchased Budget vs. Actual



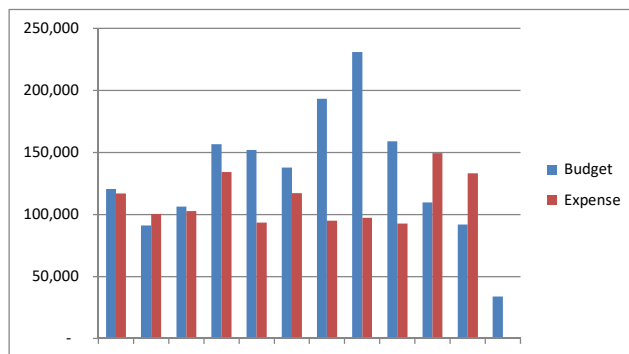
Salaries & Benefits Budget vs. Actual



CIP Budget & Actual



O&M Budget vs. Actual



WHOLESALE ZONE

EAST ORANGE COUNTY WATER DISTRICT

2017-2018 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

MONTH: May 2018

	REVENUE	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
1	OPERATING REVENUE:					
2	WATER SALES	143,819	2,951,601	4,505,000	(1,553,399)	66%
3	MET/MWDOC FIXED CHARGES	46,217	501,871	580,000	(78,129)	87%
4	EOCWD FIXED CHARGES	42,878	477,255	490,000	(12,745)	97%
5	OTHER CHARGES	184	7,174	7,100	74	101%
6	TOTAL OPERATING REVENUE:	233,098	3,937,901	5,582,100	(1,644,199)	71%
7	NON-OPERATING REVENUES (EXPENSES):					
8	PROPERTY TAXES*	75,903	874,888	720,565	154,323	121%
9	RENTAL INCOME - CELLULAR ANTENNAS	9,976	93,254	105,000	(11,746)	89%
10	INTEREST & INVESTMENT EARNINGS	1,185	36,507	29,000	7,507	126%
11	MISCELLENOUS INCOME (EXPENSE)	50	2,880	600	2,280	480%
12	TOTAL NON-OPERATING REVENUES, NET	87,114	1,007,530	855,165	152,365	118%
13	TOTAL REVENUES	320,213	4,945,431	6,437,265	(1,491,834)	77%

* The majority of property taxes are received in December and April, causing budget percentages to be uneven.

	EXPENSES	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
14	OPERATING EXPENSE:					
15	SOURCE OF SUPPLY	143,724	2,950,624	4,505,000	(1,554,376)	65%
16	MET/MWDOC FIXED CHARGE	46,217	501,871	585,000	(83,129)	86%
17	ENERGY	172	1,842	2,650	(808)	70%
18	OPERATIONS & MAINTENANCE	56,455	494,039	663,195	(169,156)	74%
19	GENERAL & ADMINISTRATIVE	25,442	257,830	380,439	(122,609)	68%
20	TRANSFER TO CAPITAL PROJECTS EXPENSE & RESERVES	25,082	275,899	300,981	(25,082)	92%
21	DEPRECIATION & AMORTIZATION	-	-	-	-	0%
22	MARKET VALUE ADJUSTMENT ON INVESTMENTS	7,459	28,580	-	28,580	0%
23	TOTAL OPERATING EXPENSE	304,551	4,510,685	6,437,265	(1,926,580)	70%
24	NET INCOME (LOSS) FROM OPERATIONS	15,662	434,746	-	434,746	
25	PRIOR YEARS INCOME (EXPENSES)	-	2,903	-	-	0%
26	NET INCOME (LOSS)	15,662	437,650	-	434,746	

WHOLESALE ZONE

May 2018 Variance Report - 92% of Budget Year

Account Name	Line #	Income(I) Expense (E)	YTD Amount (\$)	% Received or Spent	Comments
Operating					
New					
Ongoing					
INTEREST EARNED - RAYMOND JAMES	15	I	21,586	98%	YTD is at 98% due to more interest received than anticipated.
INTEREST EARNED-LAIF	14	I	14,922	213%	YTD is over budget due to more interest received than anticipated.
REGULATORY PERMITS	40	E	8,323	116%	YTD is over budget due to the unexpected nature of the SWRCB fees paid in December. These fees are on a cash basis due to their unpredictability.
METER TESTING	52	E	3,485	112%	YTD is over budget due various meter replacements and a new meter for the newport reservoir.
VEHICLE MAINTENANCE	56	E	3,932	136%	YTD is over budget due to work on the 2005 Chevrolet Silverado transmission.
LEGAL	103	E	128,899	286%	YTD is over budget due to litigation regarding the dispute with Crown Castle.
PRIOR YEARS INCOME (EXPENSES)	124	I	2,903	0%	MWDOC issued the District a refund due to adjusted charges related to the 2016-17 fiscal year school
Capital Projects					
New					
Ongoing					
PROJECTED CONNECTION FEES	2	I	171,377	1143%	YTD exceeds budget due to the vintage project connection fees for 140 units (\$129K).
INTEREST-LAIF-CAP	4	I	29,379	173%	YTD is over budget due to more interest received than anticipated.
FLOW METERING - ENGINEERING	26	E	4,328	216%	YTD is over budget due to more engineering hours spent during Flow Meter design than expected.
SEDARU IMPROVEMENTS	51	E	6,987	140%	YTD is over budget in order to offset SCADA improvements so these funds are not utilized.

EAST ORANGE COUNTY WATER DISTRICT

WHOLESALE ZONE

MONTH: May 2018

DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
REVENUE					
1 WATER SALES	143,819	2,951,601	4,505,000	(1,553,399)	66%
2 METER CHARGE	184	1,776	1,000	776	178%
3 LATE CHARGE	-	5,079	100	4,979	5079%
4 CONNECTION FEES	-	320	1,000	(680)	32%
5 EOCWD RESERVE FUND CHARGE	28,080	312,792	315,000	(2,208)	99%
6 EOCWD READINESS TO SERVE CHARGE	14,798	164,463	175,000	(10,537)	94%
7 RETAIL SERVICE CONNECTIONS	21,111	232,217	255,000	(22,783)	91%
8 MET-MWDOC READINESS TO SERVE	13,935	144,013	175,000	(30,987)	82%
9 MET-MWDOC CAPACITY CHARGE	11,172	125,641	150,000	(24,359)	84%
10 MET-MWDOC CHOICE-WS	-	-	5,000	(5,000)	0%
11 REFUNDS	-	-	-	-	0%
12 TOTAL OPERATING REVENUE:	233,098	3,937,901	5,582,100	(1,644,199)	71%
13 NON OPERATING INCOME					
14 INTEREST EARNED-LAIF	-	14,922	7,000	7,922	213%
15 INTEREST EARNED - RAYMOND JAMES	1,185	21,586	22,000	(414)	98%
16 TAXES-SECURED*	7,620	698,521	630,000	68,521	111%
17 TAXES-UNSECURED	-	18,669	20,910	(2,241)	89%
18 TAXES SUPPLEMENTAL ROLL	2,254	18,446	10,455	7,991	176%
19 TAXES PRIOR YEARS	362	4,741	7,000	(2,259)	68%
20 TAXES HOMEOWNER'S SUBVENTION	2,063	5,011	3,500	1,511	143%
21 TAXES PUBLIC UTILITY	6,289	13,242	8,700	4,542	152%
22 TAXES TUSTIN RDA	55,612	112,699	40,000	72,699	282%
23 TAXES MISC	1,703	3,559	-	3,559	0%
24 RENT INCOME- AT&T	4,844	44,661	55,000	(10,339)	81%
25 RENT INCOME- CROWN CASTLE	5,132	48,593	50,000	(1,407)	97%
26 AMP SALE INSTALLMENTS	-	-	-	-	0%
27 MISCELLANEOUS INCOME	50	2,880	600	2,280	480%
28 Total NON OPERATING INCOME:	87,114	1,007,530	855,165	152,365	118%
29 TOTAL REVENUES	320,213	4,945,431	6,437,265	(1,491,834)	77%

* The majority of property taxes are received in December and April, causing budget percentages to be uneven.

EXPENSES

30 WATER PURCHASED OC-70 (AMP)	130,732	2,388,989	3,375,000	(986,011)	71%
31 EOCF #2 NONINTERR OC 43	609	320,078	840,000	(519,922)	38%
32 EOCF #2 NONINTERR OC 48	12,383	241,557	290,000	(48,443)	83%
33 MET-MWDOC CHOICE BUDGET	-	-	5,000	(5,000)	0%
34 MET-MWDOC READINESS TO SERVE	13,935	144,013	175,000	(30,987)	82%
35 MET-MWDOC CAPACITY FEES	11,172	125,641	150,000	(24,359)	84%
36 MWDOC RETAIL SERVICE CONNECT	21,111	232,217	255,000	(22,783)	91%
37 UTILITY- SCADA RTU	172	1,842	2,650	(808)	70%
38 SMALL TOOLS	27	3,600	3,600	-	100%
39 GASOLINE, OIL & DIESEL FUEL	338	4,215	5,500	(1,285)	77%
40 REGULATORY PERMITS	-	8,323	7,150	1,173	116%
41 PROF SERV WATER QUAL. CONTROL	742	17,179	26,000	(8,821)	66%
42 SCADA REPLACEMENTS / UPGRADES	-	-	10,000	(10,000)	0%
43 OPERATIONS REPORTING SOFTWARE	768	8,448	18,000	(9,552)	47%
44 METER PURCHASE/REPAIR	-	10,818	15,000	(4,182)	72%

EAST ORANGE COUNTY WATER DISTRICT**WHOLESALE ZONE****MONTH: May 2018**

DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
45 PRESSURE REGULATORS R&M	-	2,500	5,100	(2,600)	49%
46 R/M- MAINS	-	10,050	25,500	(15,450)	39%
47 SERVICE CONNECTIONS R&M	-	1,250	1,550	(300)	81%
48 RESERVOIRS R&M	275	2,130	15,000	(12,870)	14%
49 R/M- VAULTS	436	7,199	10,200	(3,001)	71%
50 R/M- CATHODIC PROTECTION	184	2,124	25,300	(23,176)	8%
51 MAINTAIN & OPERATE EOCF#2	23,816	42,850	50,000	(7,150)	86%
52 METER TESTING	-	3,485	3,100	385	112%
53 SAC LINE R&M	143	1,578	25,000	(23,422)	6%
54 EQUIPMENT RENTAL	965	19,777	25,000	(5,223)	79%
55 EQUIPMENT MAINTENANCE	-	3,600	3,600	-	100%
56 VEHICLE MAINTENANCE	543	3,932	2,900	1,032	136%
57 MAINTENANCE-BUILDINGS AND GROUNDS	130	792	5,000	(4,208)	16%
58 WAGES	22,253	239,506	232,001	7,505	103%
59 PAYROLL TAXES- FICA & MEDICARE	1,733	17,514	18,612	(1,098)	94%
60 PERS CLASSIC (ER PAID)	330	12,874	23,296	(10,422)	55%
61 PERS PEPPRA (ER PAID)	3	2,522	4,000	(1,478)	63%
62 PERS UNFUNDED	818	9,034	6,000	3,034	151%
63 PAYROLL TAXES- SUI & ETT	20	777	1,000	(223)	78%
64 HEALTH & ACCIDENT INSURANCE	1,872	32,949	50,000	(17,051)	66%
65 DENTAL INSURANCE	97	2,030	4,000	(1,970)	51%
66 VISION INSURANCE	30	501	700	(199)	72%
67 LIFE INSURANCE	16	211	290	(79)	73%
68 WORKER'S COMP INSURANCE	494	6,373	6,000	373	106%
69 EDUCATIONAL REIMBURSEMENTS	-	-	5,000	(5,000)	0%
70 UNIFORMS	87	501	2,500	(1,999)	20%
71 UTILITIES- OFFICE- ELECT & WTR	133	1,651	3,500	(1,849)	47%
72 UTILITIES-DUMPSTER	13	426	500	(74)	85%
73 MCPHERSON FAX	18	88	600	(512)	15%
74 MCPHERSON INTERNET	4	429	2,500	(2,071)	17%
75 MCPHERSON OFFICE PHONES	-	521	4,000	(3,479)	13%
76 DISTRICT WEBSITE	34	462	3,000	(2,538)	15%
77 ANSWERING SERVICE	8	93	200	(107)	47%
78 CELLPHONES	151	1,531	2,000	(469)	77%
79 PHONE CIRCUITS TO CTRL EQUIP	477	3,405	7,000	(3,595)	49%
80 TRAINING/SCHOOLS	31	3,744	7,000	(3,256)	53%
81 CONSERVATION EDUCATION	507	4,825	15,500	(10,675)	31%
82 TRAVEL- CONF/SEMINARS	175	4,297	10,000	(5,703)	43%
83 MILEAGE	-	152	700	(548)	22%
84 BOARD MEETING EXPENSE	95	1,004	2,300	(1,296)	44%
85 DUES & MEMBERSHIP-ACWA	438	7,183	7,000	183	103%
86 DUES & MEMBERSHIPS-OCWA	-	35	50	(15)	70%
87 DUES & MEMBERSHIPS-AWWA	18	273	250	23	109%
88 DUES & MEMBERSHIP-FCA	-	-	50	(50)	0%
89 DUES & MEMBERSHIP-CSDA	143	941	4,000	(3,059)	24%
90 DUES - ISDOC/URBAN WTR	25	580	1,000	(420)	58%
91 DUES - SOCIAL WATER COMMITTEE	-	-	500	(500)	0%
92 ACC-OC	-	2,000	2,000	-	100%
93 POSTAGE	48	444	2,000	(1,556)	22%
94 OFFICE SUPPLY/FURN/SMALL EQUIP	173	10,000	10,000	-	100%
95 PUBLIC INFORMATION & LEGAL NOTICES	44	11,794	35,000	(23,206)	34%
96 RECORDS MANAGEMENT	269	1,439	3,000	(1,561)	48%
97 OFFICE EQUIPMENT R&M	314	1,724	2,000	(276)	86%

EAST ORANGE COUNTY WATER DISTRICT

WHOLESALE ZONE

MONTH: May 2018

DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
98 OUTSIDE SERVICES	685	14,020	45,000	(30,980)	31%
99 AUDITING	-	2,925	11,900	(8,975)	25%
100 TAX COLLECTION FEES	36	4,795	7,000	(2,205)	68%
101 TREASURER	328	3,609	7,150	(3,541)	50%
102 ACCOUNTING	1,389	14,115	25,500	(11,385)	55%
103 LEGAL	9,873	128,899	45,000	83,899	286%
104 COMPUTER CONSULTING	-	5,426	15,000	(9,574)	36%
105 ENGINEERING-WS	9,193	24,361	45,000	(20,639)	54%
106 LAFCO	-	3,699	8,000	(4,301)	46%
107 UNDERGROUND SERVICE ALERT	27	355	600	(245)	59%
108 BANK CHARGES	-	341	2,000	(1,659)	17%
109 INSURANCE-AUTO & GEN LIABILITY	485	5,105	12,500	(7,395)	41%
110 INSURANCE-PROPERTY	169	2,041	3,750	(1,709)	54%
111 INSURANCE-EMP. FIDELITY BOND	-	-	300	(300)	0%
112 SECURITY	129	447	2,885	(2,438)	16%
113 ELECTION EXPENSE	-	-	40,000	(40,000)	0%
114 MISCELLANEOUS EXP	-	412	500	(88)	82%
115 DIRECTOR- DULEBOHN	100	1,300	2,500	(1,200)	52%
116 DIRECTOR- BELL	100	1,075	2,500	(1,425)	43%
117 DIRECTOR- EVERETT	-	525	2,500	(1,975)	21%
118 DIRECTOR- SEARS	142	733	2,500	(1,767)	29%
119 TRANS TO CAPITAL PROJECTS	23,822	262,043	285,865	(23,822)	92%
120 FUNDED TO (BY) RESERVES	1,260	13,856	15,116	(1,260)	92%
121 MARKET VALUE ADJUST-INVESTMENT (OP)	7,459	28,580	-	28,580	0%
122 TOTAL EXPENSES	304,551	4,510,685	6,437,265	(1,926,580)	70%
123 NET INCOME (LOSS) FROM OPERATIONS:	15,662	434,746	-	434,746	-
124 PRIOR YEARS INCOME (EXPENSES)	-	2,903	-	-	-
125 NET INCOME (LOSS)	15,662	437,650	-	434,746	-

No assurance is provided on these financial statements.

The financial statements do not include a statement of cash flows.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

WHOLESALE ZONE CAPITAL PROJECTS

EAST ORANGE COUNTY WATER DISTRICT

2017-2018 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

MONTH: May 2018

	REVENUE	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
1	FUNDS PROVIDED BY RESERVE	-	-	6,300,000	(6,300,000)	0%
2	CAPITAL PROJECTS REVENUE					
3	PROJECTED CONNECTION FEES	3,559	171,377	15,000	156,377	1143%
4	CAPITAL REIMBURSEMENTS	24	121,462	-	121,462	0%
5	INTEREST EARNINGS	-	29,379	17,000	12,379	173%
6	TRANSFER FROM OPERATING EXPENSES	23,822	262,043	285,865	(23,821)	92%
7	TOTAL CAPITAL PROJECTS REVENUE	27,406	584,262	6,617,865	(6,033,602)	-

	EXPENSES	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
8	CAPITAL PROJECTS EXPENSE					
9	185 N. McPHERSON SITE IMPROVEMENTS	-	1,920	259,167	(257,247)	1%
10	WATER LOSS ANALYSIS/RECOVERY	-	1,566	20,000	(18,434)	8%
11	SECURITY GATE @ 6 MG SITE	-	-	22,000	(22,000)	0%
12	SECURITY SYSTEM @ PETER'S CANYON RESERVOIR	-	-	22,000	(22,000)	0%
13	6 MG RESERVOIR ROOF REPAIRS	-	45,252	700,000	(654,748)	6%
14	CATHODIC PROTECTION-PIPELINES	-	4,824	50,000	(45,177)	10%
15	MCPHERSON OFFICE/YARD IMPROVEMENTS	2,475	2,475	25,000	(22,525)	10%
16	11.5 MG RESERVOIR CATHODIC PROTECTION SYSTEM	-	14,375	-	14,375	0%
17	FLOW METERING	-	4,476	8,000	(3,524)	56%
18	NEW FIELD TRUCK FOR OPERATIONS	-	-	20,000	(20,000)	0%
19	6 MG LEAK DETECTION SYSTEM	-	-	6,500	(6,500)	0%
20	6 MG RESERVOIR REPLACEMENT	-	-	75,000	(75,000)	0%
21	6 MG TREATMENT PLANT	7,142	19,980	142,500	(122,520)	14%
22	SECURITY-ANDRES RESERVOIR	-	110	-	110	0%
23	ISOLATION VALVES-11.5 & 1 MG	-	-	35,000	(35,000)	0%
24	SECURITY/REHABILITATION-TURNOUTS	-	-	40,000	(40,000)	0%
25	PIPELINE TESTING	-	-	25,000	(25,000)	0%
26	TURNOUT REPAIRS (WALNUT)	-	-	260,000	(260,000)	0%
27	LOW DEMAND WATER QUALITY STUDY	1,010	30,033	130,000	(99,967)	23%
28	SEDARU IMPROVEMENTS	-	6,987	5,000	1,987	140%
29	SCADA SYSTEM IMPROVEMENTS	-	-	15,000	(15,000)	0%
30	RECORDS MANAGEMENT	-	5,553	8,000	(2,447)	69%
31	METER REPLACEMENTS	-	8,078	-	8,078	0%
31	TOTAL CAPITAL PROJECTS EXPENSE	10,627	145,628	1,868,167	(1,722,539)	8%
32	NET INCOME (LOSS) FROM CAPITAL PROJECTS	16,778	438,634	4,749,698	(4,311,063)	9%
33	PRIOR YEARS INCOME (EXPENSES)	-	-	-	-	-
34	NET INCOME (LOSS) FROM CAPITAL PROJECTS	16,778	438,634	4,749,698	(4,311,063)	-

EAST ORANGE COUNTY WATER DISTRICT

WHOLESALE ZONE

Capital Projects Detail

MONTH: May 2018

DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
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REVENUE

1 FUNDED BY RESERVES	-	-	6,300,000	(6,300,000)	0%
2 PROJECTED CONNECTION FEES	3,559	171,377	15,000	156,377	1143%
3 CAPITAL REIMBURSEMENTS	24	121,462	-	121,462	0%
4 INTEREST-LAIF-CAP	-	29,379	17,000	12,379	173%
5 TRANSFER FROM WZ OPERATIONS EXPENSES	7,155	78,710	85,865	(7,155)	92%
6 TRANSFER FROM CAPITAL RESERVES	16,667	183,333	200,000	(16,667)	92%
7 TOTAL CAPITAL PROJECTS REVENUE:	27,406	584,262	6,617,865	(6,033,603)	-

EXPENSES

8 185 N. McPHERSON SITE PLANNING/ENG.	-	-	54,167	(54,167)	0%
9 185 N. McPHERSON SITE IMPROVE - CONSTR.	-	1,920	200,000	(198,080)	1%
10 185 N. McPHERSON SITE IMPROVE - LABOR	-	-	5,000	(5,000)	0%
11 WATER LOSS ANALYSIS/RECOVERY	-	1,566	20,000	(18,434)	8%
12 SECURITY GATE AT 6 MG SITE - CONSTR.	-	-	20,000	(20,000)	0%
13 SECURITY GATE AT 6 MG SITE - LABOR	-	-	2,000	(2,000)	0%
14 SECURITY SYSTEM @ PETERS CANYON RES. - CONSTR.	-	-	20,000	(20,000)	0%
15 SECURITY SYSTEM @ PETERS CANYON RES. - LABOR	-	-	2,000	(2,000)	0%
16 6 MG RESERVOIR ROOF REPAIRS-ENG	-	11,002	75,000	(63,998)	15%
17 6 MG RESERVOIR ROOF REPAIRS-CON	-	34,250	600,000	(565,750)	6%
18 6 MG RESERVOIR ROOF REPAIRS-LABOR	-	-	25,000	(25,000)	0%
19 CATHODIC PROTECTION-PIPELINES-ENG	-	4,824	15,000	(10,177)	32%
20 CATHODIC PROTECTION-PIPELINES-CON	-	-	30,000	(30,000)	0%
21 CATHODIC PROTECTION-PIPELINES-LABOR	-	-	5,000	(5,000)	0%
22 MCPHERSON OFFICE/YARD IMPROVEMENTS-CONSTR.	-	-	20,000	(20,000)	0%
23 MCPHERSON OFFICE/YARD IMPROVEMENTS-LABOR	2,475	2,475	5,000	(2,525)	50%
24 11.5 MG RES. CATHODIC PROTECT SYSTEM-ENG.	-	550	-	550	0%
25 11.5 MG RES. CATHODIC PROTECT SYSTEM-CONSTR.	-	13,825	-	13,825	0%
26 FLOW METERING - ENGINEERING	-	4,328	2,000	2,328	216%
27 FLOW METERING - CONSTRUCTION	-	148	5,000	(4,852)	3%
28 FLOW METERING - LABOR	-	-	1,000	(1,000)	0%
29 NEW TRUCK FOR FIELD OPERATIONS	-	-	20,000	(20,000)	0%
30 6 MG RESERVOIR LEAK DETECT SYSTEM - ENG.	-	-	1,000	(1,000)	0%
31 6 MG RESERVOIR LEAK DETECT SYSTEM - CONSTR.	-	-	5,000	(5,000)	0%
32 6 MG RESERVOIR LEAK DETECT SYSTEM - LABOR	-	-	500	(500)	0%
33 6 MG RESERVOIR REPLACEMENT - ENG.	-	-	75,000	(75,000)	0%
34 6 MG TREATMENT PLANT - ENGINEERING/INSTUTIONAL	-	-	62,500	(62,500)	0%
35 6 MG TREATMENT PLANT - CEQA	-	-	75,000	(75,000)	0%
36 6 MG TREATMENT PLANT - PRELIMINARY DESIGN	3,630	8,430	-	8,430	0%
37 6 MG TREATMENT PLANT - CONSTRUCTION	3,512	10,815	-	10,815	0%
38 6 MG TREATMENT PLANT - LABOR	-	735	5,000	(4,265)	15%
39 SECURITY-ANDRES RESERVOIR-ENG.	-	110	-	110	0%
40 ISOLATION VALVES-11.5 & 1 MG-ENG.	-	-	5,000	(5,000)	0%
41 ISOLATION VALVES-11.5 & 1 MG-CONSTR.	-	-	20,000	(20,000)	0%
42 ISOLATION VALVES-11.5 & 1 MG-LABOR	-	-	10,000	(10,000)	0%
43 SECURITY/REHABILITATION-TURNOUTS-ENG.	-	-	10,000	(10,000)	0%
44 SECURITY/REHABILITATION-TURNOUTS-CONSTR.	-	-	20,000	(20,000)	0%
45 SECURITY/REHABILITATION-TURNOUTS-LABOR	-	-	10,000	(10,000)	0%
46 PIPELINE TESTING	-	-	25,000	(25,000)	0%
47 TURNOUT REPAIRS (WALNUT) - CONSTR.	-	-	200,000	(200,000)	0%
48 TURNOUT REPAIRS (WALNUT) - LABOR	-	-	10,000	(10,000)	0%
49 TURNOUT REPAIRS (WALNUT) - ENG.	-	-	50,000	(50,000)	0%

EAST ORANGE COUNTY WATER DISTRICT

WHOLESALE ZONE

Capital Projects Detail

MONTH: May 2018

DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
50 WZ LOW DEMAND WATER QUALITY STUDY	1,010	30,033	130,000	(99,967)	23%
51 SEDARU IMPROVEMENTS	-	6,987	5,000	1,987	140%
52 SCADA SYSTEM IMPROVEMENTS	-	-	15,000	(15,000)	0%
53 RECORDS MANAGEMENT	-	5,553	8,000	(2,447)	69%
54 METER REPLACEMENT	-	8,078	-	8,078	0%
55 TOTAL CAPITAL PROJECTS EXPENSE:	10,627	145,628	1,868,167	(1,722,539)	8%
56 NET INCOME (LOSS) FROM CAPITAL PROJECTS	16,778	438,634	4,749,698	(4,311,064)	-

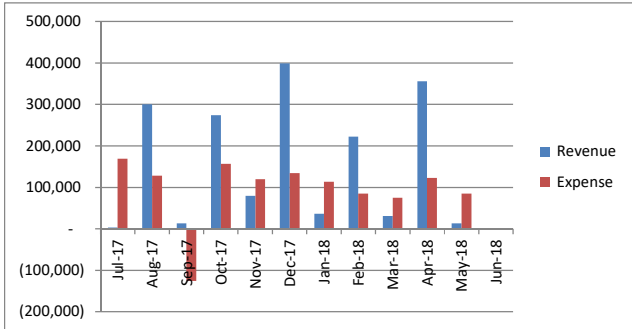
Retail Zone Financial Summary

For Period Ending May 31, 2018

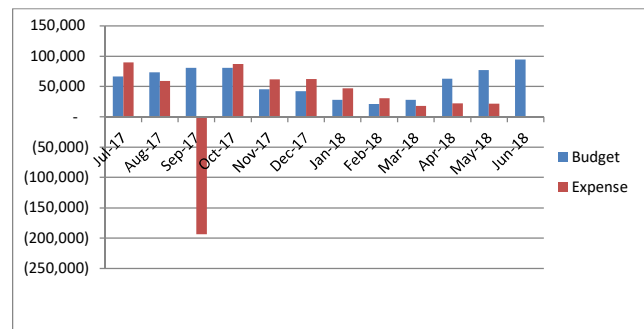
YTD Operating Income \$ 1,728,640

YTD Operating Expense \$ 1,065,509

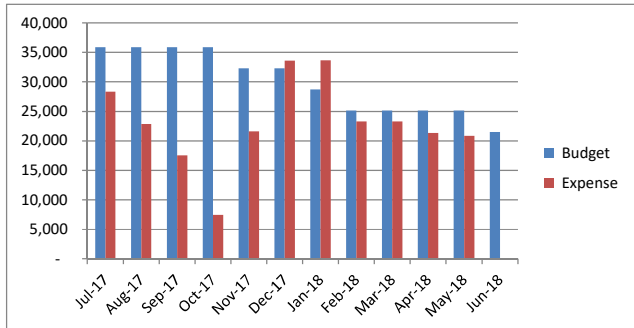
Revenue vs Expenses



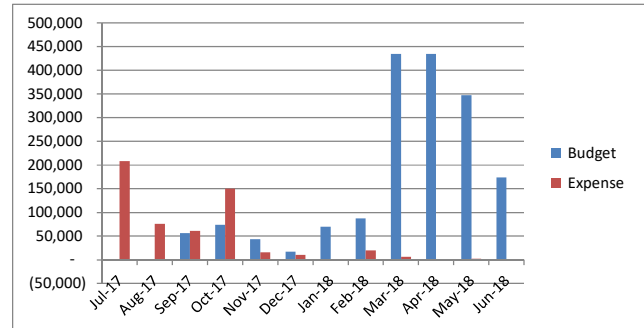
Water Purchased Budget vs. Actual



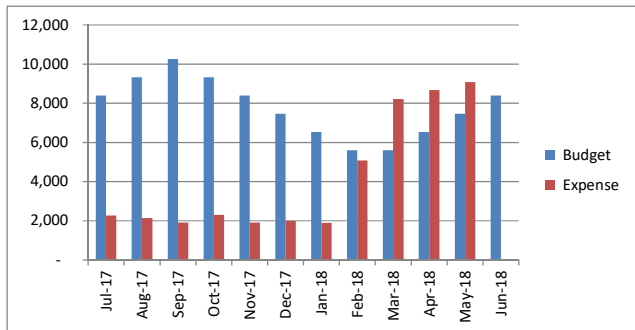
Salaries & Benefits Budget vs. Actual



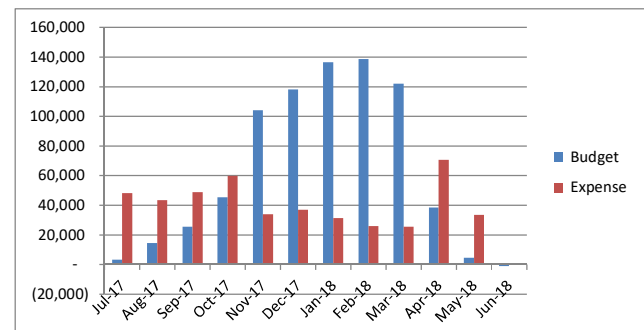
CIP Budget vs. Actual



Electrical Budget vs. Actual



O&M Budget vs. Actual



RETAIL ZONE

EAST ORANGE COUNTY WATER DISTRICT
2017-2018 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MONTH: May 2018

	REVENUE	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
1	OPERATING REVENUE:					
2	WATER SALES	1,570	912,460	1,050,000	(137,540)	87%
3	METER CHARGE	248	353,747	409,000	(55,253)	86%
4	OTHER CHARGES	1,455	11,560	10,600	960	109%
5	TOTAL OPERATING REVENUE:	3,272	1,277,767	1,469,600	(191,833)	87%
6	NON-OPERATING REVENUE:					
7	PROPERTY TAXES*	9,834	422,403	430,100	(7,697)	98%
8	INTEREST & INVESTMENT EARNINGS	62	18,591	4,100	14,491	453%
9	MISCELLANEOUS INCOME	-	9,879	500	9,379	1976%
10	DISPOSAL OF ASSET GAIN (LOSS)	-	-	-	-	0%
11	TOTAL NON-OPERATING REVENUES, NET	9,897	450,873	434,700	16,173	104%
12	TOTAL REVENUES	13,169	1,728,640	1,904,300	(175,660)	91%

* The majority of property taxes are received in December and April, causing budget percentages to be uneven.

	EXPENSES	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
13	OPERATING EXPENSE:					
14	SOURCE OF SUPPLY	16,639	249,792	572,200	(322,408)	44%
15	MET/MWDOC PIPELINE CAPACITY LEASE	1,615	17,916	60,000	(42,084)	30%
16	MET/MWDOC FIXED CHARGE	1,219	12,968	13,635	(667)	95%
17	MET/MWDOC CHOICE	-	-	25,625	(25,625)	0%
18	WZ FIXED CHARGE	2,462	27,060	30,450	(3,390)	89%
19	ENERGY	8,951	43,915	88,850	(44,935)	49%
20	OPERATIONS & MAINTENANCE	29,803	436,378	665,425	(229,047)	66%
21	GENERAL & ADMINISTRATIVE	15,592	176,875	338,364	(161,489)	52%
22	TRANSFER TO CAPITAL PROJECTS EXPENSE	5,295	58,250	63,545	(5,295)	92%
23	RETAIL OPERATIONS CONTINGENCY FUND	3,017	33,189	36,206	(3,017)	92%
24	FUNDED TO/BY RESERVE	833	9,167	10,000	(833)	92%
25	DEPRECIATION & AMORTIZATION	-	-	-	-	0%
26	TOTAL OPERATING EXPENSE	85,427	1,065,509	1,904,300	(838,791)	56%
27	NET INCOME (LOSS) FROM OPERATIONS	(72,258)	663,131	-	663,131	-
28	PRIOR YEARS INCOME (EXPENSES)	-	-	-	-	-
29	NET INCOME (LOSS)	(72,258)	663,131	-	663,131	-

RETAIL ZONE

May 2018 Variance Report - 92% of Budget

Account Name	Line #	Income(I) Expense (E)	YTD Amount (\$)	% Received or Spent	Comments
Operating					
<i>New</i>					
<i>Ongoing</i>					
INTEREST INCOME-MM	9	I	641	641%	YTD is over budget due to receiving more interest than anticipated.
MISCELLANEOUS INCOME	19	I	9,879	1976%	YTD is over budget due to refunds received from MWDOC for the budget based tiered rate grant admissions and the Urban Water Management Plan (2015).
HYDRANT REPAIR & REPLACEMENTS	46	E	16,494	102%	YTD is over budget due to the fire hydrant purchased and installed on Fisher Lane.
METER TESTING	54	E	1,970	197%	YTD is over budget due to higher than expected costs for various meter testing.
LEGAL	110	E	43,357	124%	YTD is over budget due to a legal dispute for Petition for Writ of Mandate complaint, the disputes involving the AT&T lease, and the dispute with retail zone customer Nguyen.
Capital Projects					
<i>New</i>					
<i>Ongoing</i>					
CONNECTION FEES	3	I	20,918	105%	YTD is over budget due to new connections at 12302 Baja Panorama and 12889 Old Foothill Blvd.
INTEREST-LAIF-CAP	4	I	12,809	2562%	YTD is over budget due to more interest received than anticipated.
STOLLER LANE PIPELINE REPLACEMENT-ENG.	33	E	24,585	123%	YTD is over budget due to higher than expected engineering costs, and the timing of these services provided for the Stoller Lane project.
SEDARU IMPROVEMENTS	42	E	20,962	210%	YTD is over budget in order to offset SCADA improvements so these funds are not utilized.

EAST ORANGE COUNTY WATER DISTRICT

RETAIL ZONE
MONTH: May 2018

DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
REVENUE					
1 WATER SALES	1,570	912,460	1,050,000	(137,540)	87%
2 METER CHARGE	248	353,747	409,000	(55,253)	86%
3 LATE CHARGE	1,395	9,990	11,000	(1,010)	91%
4 RETURNED CHECK CHARGE	60	270	1,000	(730)	27%
5 TURN OFF CHARGE	-	300	600	(300)	50%
6 OTHER CHARGES	-	1,000	-	1,000	0%
7 UNCOLLECTIBLE ACCOUNTS	-	-	(2,000)	2,000	0%
8 TOTAL OPERATING REVENUE	3,272	1,277,767	1,469,600	(191,833)	87%
NON-OPERATING INCOME					
9 INTEREST INCOME-MM	62	641	100	541	641%
10 INTEREST-LAIF-OP	-	17,950	4,000	13,950	449%
11 TAXES SECURED*	4,250	389,851	375,000	14,851	104%
12 TAXES UNSECURED	-	10,394	15,100	(4,706)	69%
13 TAXES SUPPLEMENTAL ROLL	1,257	10,305	9,900	405	104%
14 TAXES PRIOR YEARS	203	2,664	3,900	(1,236)	68%
15 TAXES HOMEOWNER'S SUBVENTION	814	1,977	1,900	77	104%
16 TAXES PUBLIC UTILITY	3,309	6,969	4,300	2,669	162%
17 TAXES TUSTIN RDA	-	-	20,000	(20,000)	0%
18 TAXES MISC	-	242	-	242	0%
19 MISCELLANEOUS INCOME	-	9,879	500	9,379	1976%
20 TOTAL NON-OPERATING INCOME	9,897	450,873	434,700	16,173	104%
21 TOTAL REVENUE	13,169	1,728,640	1,904,300	(175,660)	91%

* The majority of property taxes are received in December and April, causing budget percentages to be uneven.

EXPENSES

22 WATER PURCHASED	1,106	24,563	230,000	(205,437)	11%
23 OCWD- REPLENISH ASSESSMENT	15,533	225,229	342,200	(116,971)	66%
24 MET-MWDOC READINESS TO SERVE	451	4,822	40,000	(35,178)	12%
25 MET-MWDOC CAPACITY FEES	1,164	13,094	20,000	(6,906)	65%
26 MWDOC RETAIL SERVICE CONNECT	1,219	12,968	13,635	(667)	95%
27 MET-MWDOC CHOICE	-	-	25,625	(25,625)	0%
28 EOCWD WR RESERVE FUND CHARGE	854	9,388	10,560	(1,172)	89%
29 EOCWD WR READINESS TO SERVE	1,608	17,672	19,890	(2,218)	89%
30 UTILITY BARRETT RESERVOIR	4,607	16,845	52,325	(35,480)	32%
31 UTILITY VISTA PANORAMA BOOSTER	248	3,387	9,225	(5,838)	37%
32 UTILITIES- WELLS- EAST/WEST	4,097	23,682	27,300	(3,618)	87%
33 SMALL TOOLS	27	4,100	4,100	-	100%
34 GASOLINE, OIL & DIESEL FUEL	328	4,848	6,800	(1,952)	71%
35 REGULATORY PERMITS	-	6,937	7,690	(753)	90%
36 PROF SERV WATER QUAL. CONTROL	476	7,200	21,020	(13,820)	34%
37 CHLORINE GENERATOR/SALT PURCH	-	-	1,230	(1,230)	0%
38 WEST WELL MAINTENANCE	-	227	5,125	(4,898)	4%
39 EAST WELL MAINTENANCE	-	454	10,250	(9,796)	4%
40 BARRETT RESERVOIR/BOOSTER R&M	20	20	9,225	(9,205)	0%
41 VISTA PANORAMA BOOSTER R&M	-	-	4,305	(4,305)	0%
42 R&M VISTA PANORAMA RESERVOIR	-	1,126	10,000	(8,874)	11%
43 CHLORINE GENERATOR	356	570	6,000	(5,430)	10%
44 SCADA REPAIR/UPGRADE	-	-	12,300	(12,300)	0%
45 OPERATIONS REPORTING SOFTWARE	432	4,752	18,000	(13,248)	26%
46 HYDRANT REPAIR & REPLACEMENTS	-	16,494	16,100	394	102%
47 METER PURCHASE REPAIR	491	17,338	21,000	(3,662)	83%
48 PRV- R & M	-	-	2,000	(2,000)	0%
49 R/M- MAINS	975	16,594	30,500	(13,906)	54%

EAST ORANGE COUNTY WATER DISTRICT

RETAIL ZONE
MONTH: May 2018

DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
50 SERVICE LATERALS R&M	-	9,843	25,500	(15,657)	39%
51 RESERVOIRS R&M	-	736	10,250	(9,514)	7%
52 R/M- VAULTS	-	-	1,500	(1,500)	0%
53 R/M- CATHODIC PROTECTION	-	-	5,100	(5,100)	0%
54 METER TESTING	-	1,970	1,000	970	197%
55 EQUIPMENT RENTAL	3,537	21,063	22,450	(1,387)	94%
56 EQUIPMENT MAINTENANCE	-	4,067	4,500	(433)	90%
57 VEHICLES R&M	540	4,121	5,000	(879)	82%
58 BUILDING/GROUNDS R&M	130	831	4,500	(3,669)	18%
59 WAGES	16,970	213,508	233,001	(19,493)	92%
60 PAYROLL TAXES- FICA & MEDICARE	1,329	15,257	16,312	(1,055)	94%
61 PERS Classic (ER PAID)	346	13,515	28,296	(14,781)	48%
62 PERS PEPRRA (ER PAID)	3	2,509	4,000	(1,491)	63%
63 PERS Unfunded	818	9,034	5,700	3,334	158%
64 PAYROLL TAXES- SUI & ETT	22	473	3,000	(2,527)	16%
65 HEALTH & ACCIDENT INSURANCE	1,872	32,949	58,000	(25,051)	57%
66 DENTAL INSURANCE	97	2,030	4,500	(2,470)	45%
67 VISION INSURANCE	30	501	1,000	(499)	50%
68 LIFE INSURANCE	16	211	500	(289)	42%
69 WORKER'S COMP INSURANCE	554	6,296	7,500	(1,204)	84%
70 EDUCATIONAL REIMBURSEMENTS	-	271	3,075	(2,804)	9%
71 UNIFORMS	87	506	2,800	(2,294)	18%
72 DISTRICT WEBSITE	34	462	10,000	(9,538)	5%
73 MCPHERSON FAX	18	88	300	(212)	29%
74 MCPHERSON INTERNET	4	429	3,000	(2,571)	14%
75 MCPHERSON OFFICE PHONES	-	499	3,800	(3,301)	13%
76 ANSWERING SERVICE	8	93	200	(107)	47%
77 PHONE CIRCUITS TO CTRL EQUIP	279	1,917	4,000	(2,083)	48%
78 CELLPHONES	151	1,531	1,900	(369)	81%
79 UNDERGROUND SERVICE ALERT	27	364	600	(236)	61%
80 TRAINING/SCHOOLS	31	4,070	10,000	(5,930)	41%
81 CONSERVATION EDUCATION	507	9,709	30,000	(20,291)	32%
82 TRAVEL-CONF/SEMINARS	175	4,331	13,325	(8,994)	33%
83 MILEAGE	-	152	2,000	(1,848)	8%
84 DUES & MEMBERSHIPS- ACWA	438	7,183	6,800	383	106%
85 DUES & MEMBERSHIPS- OCWA	-	35	100	(65)	35%
86 DUES & MEMBERSHIPS- AWWA	18	273	500	(228)	55%
87 DUES & MEMBERSHIP- FCA	-	-	100	(100)	0%
88 DUES & MEMBERSHIP-CSDA	143	941	3,600	(2,659)	26%
89 DUES- ISDOC/URBAN WTR	25	563	1,000	(437)	56%
90 URBAN WATER INSTITUTE	-	-	350	(350)	0%
91 ACC-OC	-	500	500	-	100%
92 MISCELLANEOUS EXP	-	-	1,000	(1,000)	0%
93 DIRECTOR- DULEBOHN	100	1,300	2,500	(1,200)	52%
94 DIRECTOR- BELL	100	1,075	2,500	(1,425)	43%
95 DIRECTOR- EVERETT	-	525	2,500	(1,975)	21%
96 DIRECTOR- SEARS	142	733	2,500	(1,767)	29%
97 BOARD MEETING EXPENSE	95	971	2,100	(1,129)	46%
98 POSTAGE	94	3,560	5,100	(1,540)	70%
99 OFFICE SUPPLY/FURN/SMALL EQUIP	173	3,913	10,000	(6,087)	39%
100 PUBLIC INFORMATION & LEGAL NOTICES	44	11,794	20,000	(8,206)	59%
101 RECORDS MANAGEMENT	269	1,439	3,000	(1,561)	48%
102 VERSATERM CONTRACT (RZ BILLS)	-	636	5,100	(4,464)	12%
103 BANK CHARGES	156	7,736	8,200	(464)	94%
104 OUTSIDE SERVICES	487	14,017	30,000	(15,983)	47%
105 AUDITING	-	2,925	12,000	(9,075)	24%
106 TAX COLLECTION FEES	20	3,981	7,500	(3,519)	53%

EAST ORANGE COUNTY WATER DISTRICT

RETAIL ZONE
MONTH: May 2018

DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
107 COMPUTER BILLING (RZ BILLS)	365	6,256	8,500	(2,244)	74%
108 TREASURER	328	3,609	5,000	(1,391)	72%
109 ACCOUNTING	1,389	14,115	27,000	(12,885)	52%
110 LEGAL	4,995	43,357	35,000	8,357	124%
111 COMPUTER CONSULTING	-	5,426	7,500	(2,074)	72%
112 ENGINEERING-RZ	4,083	17,595	45,000	(27,405)	39%
113 LAFCO	-	3,699	5,000	(1,301)	74%
114 INSURANCE-AUTO & GEN LIABILITY	485	5,105	9,000	(3,895)	57%
115 INSURANCE-PROPERTY	169	2,041	2,000	41	102%
116 INSURANCE-EMP. FIDELITY BOND	-	-	700	(700)	0%
117 OFFICE EQUIPMENT R&M	314	1,706	1,500	206	114%
118 UTILITIES-DUMPSTER	13	146	500	(354)	29%
119 UTILITIES- OFFICE- ELECT & WTR	133	1,651	4,500	(2,849)	37%
120 SECURITY/SAFETY	129	447	3,385	(2,938)	13%
121 ELECTION EXPENSE	-	-	10,000	(10,000)	0%
122 TRANS TO CAPITAL PROJECTS	5,295	58,250	63,545	(5,295)	92%
123 RZ- CONTINGENCY FUND	3,017	33,189	36,206	(3,017)	92%
124 FUNDED TO/BY RESERVE-RZ	833	9,167	10,000	(833)	92%
125 TOTAL OPERATING EXPENSES	85,427	1,065,509	1,904,300	(838,791)	56%
126 NET INCOME (LOSS) FROM OPERATIONS	(72,258)	663,131	-	663,131	-
127 PRIOR YEARS INCOME (EXPENSES)	-	-	-	-	-
128 NET INCOME (LOSS)	(72,258)	663,131	-	663,131	-

No assurance is provided on these financial statements.

The financial statements do not include a statement of cash flows.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

RETAIL ZONE CAPITAL PROJECTS

EAST ORANGE COUNTY WATER DISTRICT

2017-2018 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

MONTH: May 2018

REVENUE		MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
1	FUNDS PROVIDED BY RESERVE	-	-	2,683,950	(2,683,950)	0%
2	CAPITAL PROJECTS REVENUE					
3	CAPITAL IMPROVEMENT CHARGE	152	272,090	310,000	(37,910)	88%
4	CONNECTION FEES	-	20,918	20,000	918	105%
5	INTEREST EARNINGS	-	12,809	500	12,309	2562%
6	TRANSFER FROM OPERATING EXPENSES	6,129	67,416	73,545	(6,129)	92%
7	TOTAL CAPITAL PROJECTS REVENUE	6,281	373,233	3,087,995	(2,714,762)	-

EXPENSES		MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
8	CAPITAL PROJECTS EXPENSES					
9	WATER LOSS RECOVERY PROGRAM (WSO)	-	1,565.60	20,000.00	(18,434.40)	8%
10	185 MCPHERSON IMPROVEMENTS-ENG.	1,238	3,158	160,167	(157,009)	2%
11	NEW VEHICLE FOR FIELD OPERATIONS	-	-	20,000	(20,000)	0%
12	VISTA PANORAMA RESERVOIR REPAIR	825	7,216	535,000	(527,784)	1%
13	VALVE RAISING-CRAWFORD CANYON	-	-	26,000	(26,000)	0%
14	VALVE REPLACEMENTS	-	267	20,000	(19,733)	1%
15	ALLOWANCE FOR SYSTEM RELOCATIONS	-	-	210,000	(210,000)	0%
16	BACKUP GENERATOR FOR VP BOOSTER STATION	-	-	90,500	(90,500)	0%
17	GENERATOR TRANSFER SWITCH @ EAST/WEST WELL	-	-	15,000	(15,000)	0%
18	GENERATOR TRANSFER SWITCH @ BARRETT BOOSTER STATION	-	-	15,000	(15,000)	0%
19	6" MAG METERS @ BARRET PRVS	-	-	15,000	(15,000)	0%
20	BARRETT RES. 75HP/150HP BOOSTER PUMP REPLACEMENTS	-	-	45,000	(45,000)	0%
21	STOLLER LANE PIPELINE REPLACEMENT	-	293,677	310,000	(16,323)	95%
22	CRAWFORD CANYON PIPELINE RELOCATION	39	176,896	210,000	(33,104)	84%
23	SYSTEM PRV-CIRCULA PANORAMA/ORANGE KNOLL	-	39,770	-	39,770	0%
24	SCADA SYS. SITE ADDS - VP SIDEHILL AND RZ FIRE PUMP	-	-	30,000	(30,000)	0%
25	SEDARU IMPROVEMENTS	-	20,962	10,000	10,962	210%
26	RECORDS MANAGEMENT	-	5,553	6,000	(447)	93%
27	TOTAL CAPITAL PROJECTS EXPENSE	2,101	549,064	1,737,667	(1,188,603)	32%
28	NET INCOME (LOSS) FROM CAPITAL PROJECTS	4,180	(175,831)	1,350,328	(1,526,159)	-
29	PRIOR YEARS EXPENSES	-	-	-	-	-
30	NET INCOME (LOSS) FROM CAPITAL PROJECTS	4,180	(175,831)	1,350,328	(1,526,159)	-

EAST ORANGE COUNTY WATER DISTRICT

Capital Projects Detail

RETAIL ZONE

MONTH: May 2018

DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
REVENUE					
1 FUNDED BY RESERVES	-	-	2,683,950	(2,683,950)	0%
2 CAPITAL IMPROVEMENT CHARGE	152	272,090	310,000	(37,910)	88%
3 CONNECTION FEES	-	20,918	20,000	918	105%
4 INTEREST-LAIF-CAP	-	12,809	500	12,309	2562%
5 TRANSFER IN CAPITAL PROJECTS	5,295	58,250	63,545	(5,295)	92%
6 TRANSFER IN CAPITAL RESERVES	833	9,167	10,000	(833)	92%
7 TOTAL CAPITAL PROJECTS REVENUE:	6,281	373,233	3,087,995	(2,714,762)	-
EXPENSES					
8 WATER LOSS RECOVERY PROGRAM (WSO)	-	1,566	20,000	(18,434)	8%
9 185 MCPHERSON IMPROVEMENTS-ENG.	-	-	54,167	(54,167)	0%
10 185 MCPHERSON IMPROVEMENTS-CONSTR.	-	1,920	100,000	(98,080)	2%
11 185 MCPHERSON IMPROVEMENTS-LABOR	1,238	1,238	6,000	(4,763)	21%
12 NEW VEHICLE FOR FIELD OPERATIONS	-	-	20,000	(20,000)	0%
13 VP RESERVOIR REHAB/POWER SUPPLY-ENG.	825	6,901	75,000	(68,099)	9%
14 VISTA PANORAMA RESERVOIR REHAB/POWER SUPPLY	-	-	450,000	(450,000)	0%
15 VISTA PANORAMA RESERVOIR REHAB/POWER SUPPLY	-	315	10,000	(9,685)	3%
16 VALVE RAISING - CRAWFORD CANYON-ENG.	-	-	1,500	(1,500)	0%
17 VALVE RAISING - CRAWFORD CANYON-CONSTR.	-	-	23,000	(23,000)	0%
18 VALVE RAISING - CRAWFORD CANYON-LABOR	-	-	1,500	(1,500)	0%
19 VALVE REPLACEMENTS-SYSTEM-CONSTR.	-	267	15,000	(14,733)	2%
20 VALVE REPLACEMENTS-SYSTEM-LABOR	-	-	5,000	(5,000)	0%
21 ALLOWANCE FOR SYSTEM RELOCATIONS-ENG.	-	-	20,000	(20,000)	0%
22 ALLOWANCE FOR SYSTEM RELOCATIONS-CONSTR.	-	-	180,000	(180,000)	0%
23 ALLOWANCE FOR SYSTEM RELOCATIONS-LABOR	-	-	10,000	(10,000)	0%
24 BACKUP GENERATOR FOR VP BOOSTER STATION-ENG.	-	-	20,000	(20,000)	0%
25 BACKUP GENERATOR FOR VP BOOSTER STATION-CONSTR.	-	-	70,000	(70,000)	0%
26 BACKUP GENERATOR FOR VP BOOSTER STATION-LABOR	-	-	500	(500)	0%
27 GEN. TRANSFER SWITCH-EAST/WEST WELL	-	-	15,000	(15,000)	0%
28 GEN. TRANSFER SWITCH-BARRETT STATION	-	-	15,000	(15,000)	0%
29 6" MAG METERS @ BARRETT PRVS-CONSTR.	-	-	10,000	(10,000)	0%
30 6" MAG METERS @ BARRETT PRVS-LABOR	-	-	5,000	(5,000)	0%
31 BARRETT RES. 75/150HP PUMP REPLACE-CONSTR.	-	-	40,000	(40,000)	0%
32 BARRETT RES. 75/150HP PUMP REPLACE-LABOR	-	-	5,000	(5,000)	0%
33 STOLLER LANE PIPELINE REPLACEMENT-ENG.	-	24,585	20,000	4,585	123%
34 STOLLER LANE PIPELINE REPLACEMENT-CONSTR.	-	269,092	270,000	(908)	100%
35 STOLLER LANE PIPELINE REPLACEMENT-LABOR	-	-	20,000	(20,000)	0%
36 CRAWFORD PIPELINE RELOCATION-ENG.	39	7,736	10,000	(2,264)	77%
37 CRAWFORD PIPELINE RELOCATION-CONSTR.	-	169,160	192,000	(22,840)	88%
38 CRAWFORD PIPELINE RELOCATION-LABOR	-	-	8,000	(8,000)	0%
39 PRV-CIRCULA PANORAMA/ORANGE KNOLL-ENG.	-	4,147	-	4,147	0%
40 PRV-CIRCULA PANORAMA/ORANGE KNOLL-CONSTR.	-	35,623	-	35,623	0%
41 SCADA SYS. SITE ADD'S-VP SIDEHILL/RZ FIRE PUMP	-	-	30,000	(30,000)	0%
42 SEDARU IMPROVEMENTS	-	20,962	10,000	10,962	210%
43 RECORDS MANAGEMENT	-	5,553	6,000	(447)	93%
44 TOTAL CAPITAL PROJECTS EXPENSE:	2,101	549,064	1,737,667	(1,188,603)	-
45 NET INCOME (LOSS) FROM CAPITAL PROJECTS:	4,180	(175,831)	1,350,328	(1,526,159)	-

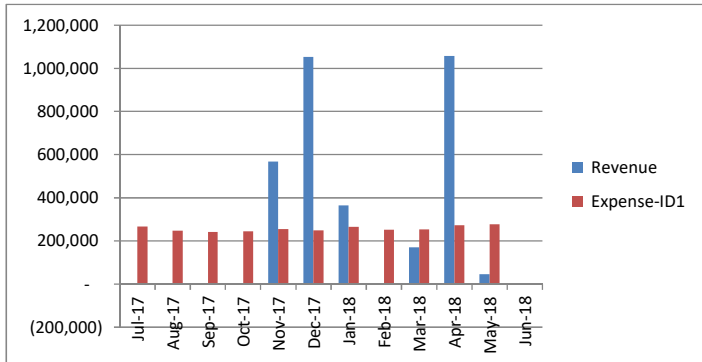
Sewer Financial Summary

For Period Ending May 31, 2018

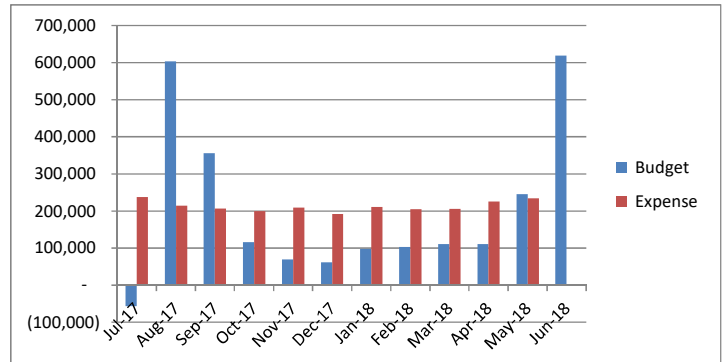
YTD Operating Income \$ 3,259,751

YTD Operating Expense \$ 2,821,790

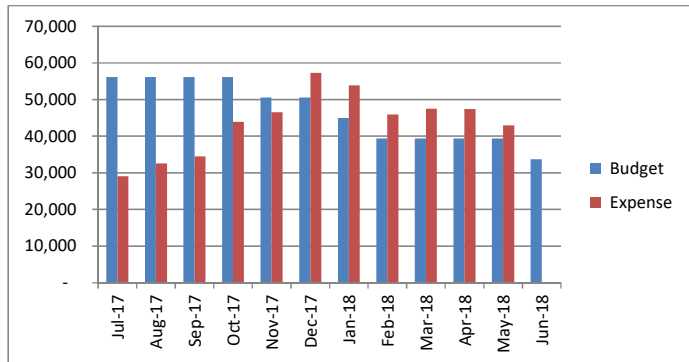
Revenue vs. Expenses



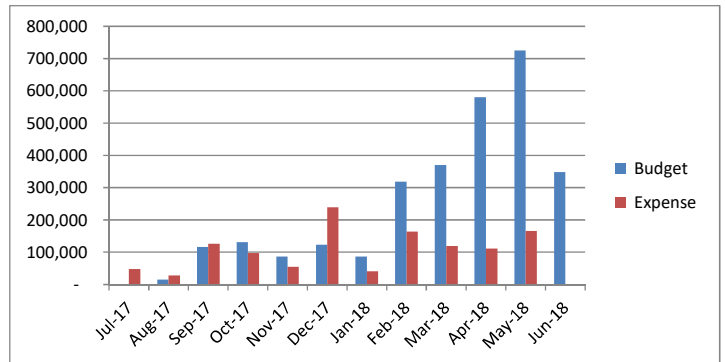
O&M Budget vs. Actual



Salaries & Benefits Budget vs. Actual



CIP Budget & Actual



SEWER OPERATING

EAST ORANGE COUNTY WATER DISTRICT
2017-2018 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MONTH: May 2018

	REVENUE	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
1	OPERATING REVENUE:					
2	SEWER SERVICE FEES	41,043	2,915,737	2,680,000	235,737	109%
3	FOG RENEWAL FEE	-	28,016	-	28,016	0%
4	OTHER CHARGES	-	4,000	-	4,000	0%
5	UNCOLLECTIBLE ACCOUNTS	-	-	(2,000)	2,000	0%
6	SYSTEM SEPTIC FEES	-	-	-	-	0%
7	TOTAL OPERATING REVENUE:	41,043	2,947,753	2,678,000	269,753	110%
8	NON-OPERATING REVENUES (EXPENSES):					
9	PROPERTY TAXES*	4,085	306,908	310,000	(3,092)	99%
10	INTEREST & INVESTMENT EARNINGS	-	-	12,000	(12,000)	0%
11	MISCELLENOUS INCOME (EXPENSE)	-	5,090	-	5,090	0%
12	TOTAL NON-OPERATING REVENUES, NET	4,085	311,998	322,000	(10,002)	97%
13	TOTAL REVENUES	45,128	3,259,751	3,000,000	259,751	109%

* The majority of property taxes and sewer service fees are received in December and April, causing the budget percentages to be uneven

	EXPENSES	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
14	OPERATING EXPENSE:					
15	SALARIES	32,893	350,876	404,202	(53,326)	87%
16	TAXES AND BENEFITS	10,553	157,024	193,610	(36,586)	81%
17	OPERATIONS & MAINTENANCE	6,799	126,498	119,300	7,198	106%
18	GENERAL & ADMINISTRATIVE	86,587	643,670	598,827	44,843	107%
19	TRANSFER TO CAPITAL PROJECTS EXPENSE & RESERVES	128,297	1,411,264	1,539,561	(128,297)	92%
20	DEPRECIATION & AMORTIZATION	12,042	132,458	144,500	(12,042)	92%
21	MARKET VALUE ADJUSTMENT ON INVESTMENTS	-	-	-	-	0%
22	TOTAL OPERATING EXPENSE	277,171	2,821,790	3,000,000	(178,210)	94%
23	NET INCOME (LOSS) FROM OPERATIONS	(232,043)	437,961	-	437,961	-
24	PRIOR YEARS INCOME (EXPENSES)	-	-	-	-	-
25	NET INCOME (LOSS)	(232,043)	437,961	-	437,961	-

SEWERS

May 2018 Variance Report - 92% of Budget Year

Account Name	Line #	Income(I) Expense (E)	YTD Amount (\$)	% Received or Spent	Comments
Operating					
New					
INSURANCE-PROPERTY	70	E	4,083	163%	YTD is over budget due to budgeted fund amount being 30% of total Property Insurance budget, but is allocated at 50%.
Ongoing					
SEWER SERVICE FEES	1	I	2,915,737	109%	YTD is over budget due to more Sewer Service Fees received than anticipated.
EQUIPMENT MAINTENANCE	27	E	14,053	104%	YTD is over budget due to a rebuilt rodder pump on the jetter truck in March.
SMALL TOOLS	31	E	16,555	166%	YTD is over budget due to the replacement of the rodder hose in the Vactor truck. In April, inventory was written off for new accounting procedures. A portion of inventory was expensed to Small Tools.
REGULATORY PERMITS	33	E	18,299	183%	YTD is over budget due to annual SWRCB permit fees for the fiscal year 2017-18 (\$15K for threat/complexity 2C and \$2K for NPDES drinking water purveyors).
UTILITIES-OFFICE-ELECTRIC AND WATER	37	E	4,271	112%	YTD is over budget due to higher utility bills than expected.
OFFICE EQUIPMENT REPAIR AND MAINT	57	E	4,870	487%	YTD is over budget due to an iPad upgrade and new computer for the office.
TAX COLLECTION FEES	60	E	12,634	180%	YTD is over budget due to increased tax collection fees from the OC Auditor Controller, and a higher than expected annual Property Tax Administrative Charge.
LEGAL	63	E	39,579	264%	YTD is over budget due to more general legal services rendered for the sewers than expected.
ENGINEERING	65	E	115,271	256%	YTD is over budget due to an unexpected amount of general engineering services required for the sewers.
INSURANCE AUTO AND GEN LIABILITY	69	E	10,210	128%	YTD is at over budget due to allocations being higher than budget
INSURANCE-PROPERTY	70	E	4,083	163%	YTD is over budget due to budgeted fund amount being 30% of total Property Insurance budget, but is allocated at 50%.
INSURANCE CLAIMS	71	E	5,757	N/A	Claims were not budgeted for in FY 17/18
Capital Projects					
New					
Ongoing					
SEWER PERMIT CAPACITY CHARGES	6	I	333,407	0%	\$290K for the vintage project capacity charges with Matt Land of Taylor Morrison in January; other system hook ups.
OCSD PERMIT PROCESSING FEES	7	I	25,190	0%	This revenue includes revenues EOCWD earns on sewer permits submitted through the District. The District retains 5% of the total sewer permit revenue, in which the other 95% is paid to OCSD.
CIPP - LABOR	15	E	16,956	491%	YTD is over budget due to labor services for CIPP sectional liners rehabilitation service and installation of new CIPP sectional liners.
MANHOLE REPLACEMENT - LABOR	22	E	14,530	291%	YTD is over budget due to replacements of manhole covers and traffic control services.
RECORDS MANAGEMENT	31	E	24,268	121%	YTD is over budget due to the purchase and installation of a new data server and copier, and the scanning and management of District records.
MANHOLE PEST CONTROL COATING	33	E	44,000	100%	YTD is at 100% of budget for the bug latex coating project of the sewer lines.

EAST ORANGE COUNTY WATER DISTRICT

SEWERS

MONTH: May 2018

	DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
REVENUE						
1	SEWER SERVICE FEES	41,043	2,915,737	2,680,000	235,737	109%
2	FOG RENEWAL FEE	-	28,016	-	28,016	0%
3	OTHER CHARGES	-	4,000	-	4,000	0%
4	UNCOLLECTIBLE ACCOUNTS	-	-	(2,000)	2,000	0%
5	SYSTEM SEPTIC FEES	-	-	-	-	0%
6	TOTAL OPERATING REVENUE:	41,043	2,947,753	2,678,000	269,753	110%
NON-OPERATING INCOME						
7	INTEREST EARNED - INVESTMENTS	-	-	12,000	(12,000)	0%
8	MISCELLANEOUS INCOME	-	5,090	-	5,090	0%
9	TAXES-SECURED	3,153	289,564	310,000	(20,436)	93%
10	TAXES-UNSECURED	-	9,614	-	9,614	0%
11	TAXES SUPPLEMENTAL ROLL	933	7,730	-	7,730	0%
12	TOTAL NON OPERATING INCOME:	4,085	311,998	322,000	(10,002)	97%
13	TOTAL REVENUES:	45,128	3,259,751	3,000,000	259,751	109%

* The majority of property taxes and sewer service fees are received in December and April, causing the budget percentages to be uneven

EXPENSES

14	WAGES	32,893	350,876	404,202	(53,326)	87%
15	PAYROLL TAXES-FICA & MED	2,552	25,182	27,524	(2,342)	91%
16	PAYROLL TAXES-SUI &ETT	6	820	1,500	(680)	55%
17	HEALTH AND ACCIDENT INSURANCE	5,000	60,946	66,000	(5,054)	92%
18	DENTAL INSURANCE	331	4,022	4,500	(478)	89%
19	VISION INSURANCE	80	953	1,000	(47)	95%
20	LIFE INSURANCE	37	403	4,500	(4,097)	9%
21	WORKERS COMP INSURANCE	1,215	10,457	12,000	(1,543)	87%
22	EDUCATIONAL REIMBURSEMENT	-	492	1,000	(508)	49%
23	PERS CLASSIC (ER PAID)	659	22,808	28,693	(5,885)	79%
24	PERS PEPRA (ER PAID)	7	4,067	9,100	(5,033)	45%
25	PERS UNFUNDED	-	-	-	-	0%
26	GASOLINE, OIL, & DIESEL	1,296	9,939	10,000	(61)	99%
27	EQUIPMENT MAINTENANCE	-	14,053	13,500	553	104%
28	VEHICLES - REPAIR/MAINTENANCE	2,314	15,000	15,000	-	100%
29	BUILDING/GROUND-REPAIR/MAINTENANCE	286	1,426	2,000	(574)	71%
30	EQUIPMENT RENTAL	600	8,192	-	8,192	0%
31	SMALL TOOLS	186	16,555	10,000	6,555	166%
32	OPERATION REPORTING SOFTWARE	1,425	16,375	17,000	(625)	96%
33	REGULATORY PERMITS	2	18,299	10,000	8,299	183%
34	ROOT CONTROL	125	125	10,000	(9,876)	1%
35	EQUIPMENT-SUPPLIES	-	14,925	25,000	(10,075)	60%
36	UNIFORMS	208	1,194	3,000	(1,806)	40%
37	UTILITIES-OFFICE-ELECTRIC AND WATER	359	4,271	3,800	471	112%
38	UTILITIES-DUMPSTER	187	706	500	206	141%
39	MCPHERSON FAX	35	175	500	(325)	35%
40	MCPHERSON INTERNET	8	857	1,500	(643)	57%
41	MCPHERSON OFFICE PHONES	-	1,011	3,800	(2,789)	27%
42	DISTRICT WEBSITE	67	924	2,000	(1,076)	46%
43	ANSWERING SERVICE	16	187	200	(13)	93%
44	CELLPHONES	302	3,062	2,300	762	133%
45	TRAINING/SCHOOLS	152	2,629	3,000	(371)	88%
46	TRAVEL-CONFERENCE/SEMINARS	350	350	3,000	(2,650)	12%
47	MILEAGE	-	167	1,000	(833)	17%
48	MEETING EXPENSE	224	2,802	1,000	1,802	280%
49	SCAP	-	-	550	(550)	0%

EAST ORANGE COUNTY WATER DISTRICT

SEWERS

MONTH: May 2018

	DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
50	DUES & MEMBERSHIPS-CSDA	285	1,618	3,500	(1,882)	46%
51	ACC-OC	-	2,500	2,500	-	100%
52	FOG Services	-	4,205	-	4,205	0%
53	POSTAGE	121	995	1,000	(5)	99%
54	OFFICE SUPPLY/FURNISHING	399	3,971	3,000	971	132%
55	PUBLIC INFORMATION & LEGAL NOTICES	88	25,624	40,000	(14,376)	64%
56	RECORDS MANAGEMENT	539	2,878	3,500	(622)	82%
57	OFFICE EQUIPMENT REPAIR AND MAINT	628	4,870	1,000	3,870	487%
58	OUTSIDE SERVICES	2,976	37,008	40,000	(2,992)	93%
59	AUDITING	-	5,850	28,500	(22,650)	21%
60	TAX COLLECTION FEES	8	12,634	7,000	5,634	180%
61	TREASURER	656	7,219	3,600	3,619	201%
62	ACCOUNTING CONSULTANT	2,779	28,231	15,000	13,231	188%
63	LEGAL	8,072	39,579	15,000	24,579	264%
64	COMPUTER CONSULTING	-	10,852	10,000	852	109%
65	ENGINEERING	9,694	115,271	45,000	70,271	256%
66	LAFCO	-	7,397	10,000	(2,603)	74%
67	UNDERGROUND SERVICE ALERT	250	2,571	4,000	(1,429)	64%
68	BANK CHARGES	-	681	5,000	(4,319)	14%
69	INSURANCE AUTO AND GEN LIABILITY	970	10,210	8,000	2,210	128%
70	INSURANCE-PROPERTY	339	4,083	2,500	1,583	163%
71	INSURANCE CLAIMS	-	5,757	-	5,757	0%
72	INSURANCE-EMPLOYEE FIDELITY BO	-	-	300	(300)	0%
73	SECURITY	213	1,858	6,370	(4,512)	29%
74	ELECTION EXPENSE	-	-	20,000	(20,000)	0%
75	DIRECTOR-J. DULEBOHN	100	1,300	2,250	(950)	58%
76	DIRECTOR-R. BELL	100	1,075	2,250	(1,175)	48%
77	DIRECTOR-EVERETT	-	525	2,250	(1,725)	23%
78	DIRECTOR-SEARS	142	733	2,250	(1,517)	33%
79	CONTRACT CLEANING SERVICES	57,554	318,163	325,000	(6,837)	98%
80	QUALITY & TESTING	-	-	1,000	(1,000)	0%
81	ODOR CONTROL	-	-	5,000	(5,000)	0%
82	GRIT DISPOSAL FEES	-	-	2,500	(2,500)	0%
83	TRANSFER TO CAP PROJECTS	12,042	132,458	144,500	(12,042)	92%
84	CONTINGENCY FUND	859	9,452	10,311	(859)	92%
85	FUNDED TO/BY RESERVE	127,438	1,401,813	1,529,250	(127,438)	92%
86	TOTAL EXPENSES	277,171	2,821,790	3,000,000	(178,210)	94%
87	NET INCOME (LOSS) FROM OPERATIONS:	(232,043)	437,961	-	437,961	-
88	PRIOR YEARS INCOME (EXPENSES)	-	-	-	-	-
89	NET INCOME (LOSS)	(232,043)	437,961	-	437,961	-

No assurance is provided on these financial statements.

The financial statements do not include a statement of cash flows.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

SEWERS CAPITAL PROJECTS

EAST ORANGE COUNTY WATER DISTRICT

2017-2018 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

MONTH: May 2018

	REVENUE	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
1	CAPITAL PROJECTS REVENUE					
2	CAPITAL CONTRIBUTIONS	-	-	-	-	0%
3	TRANSFER TO RESERVES FROM OPERATIONS	127,438	1,401,813	1,529,250	(127,438)	92%
4	CONNECTION FEES	-	-	30,000	(30,000)	0%
5	SEWER PERMIT CAPACITY CHARGES	-	333,407	-	333,407	0%
6	OCSD PERMIT PROCESSING FEES	212	25,190	-	25,190	0%
7	INTEREST EARNINGS	22,035	441,867	380,000	61,867	116%
8	TRANSFERS FROM OPERATIONS	12,042	132,458	144,500	(12,042)	92%
9	MARKET VALUE ADJUSTMENTS	55,332	(227,038)	-	(227,038)	0%
10	NET OPERATING INCOME	217,058	2,107,697	2,083,750	23,947	101%

	EXPENSES	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET EXPENDED
11	CAPITAL PROJECTS EXPENSES					
12	ONE-TIME ACQUISITION COSTS	-	2,200	25,000	(22,800)	9%
13	CIPP	45,856	146,049	625,000	(478,951)	23%
14	CCTV	2,550	31,239	100,000	(68,761)	31%
15	SEWER REPLACEMENT	26,237	452,276	500,000	(47,724)	90%
16	MANHOLE REPLACEMENT	-	48,304	75,000	(26,696)	64%
17	FOG CONTROL	-	1,665	60,000	(58,335)	3%
18	MASTER PLAN/CONDITION ASSESSMENT	48,910	385,183	700,760	(315,577)	55%
19	EQUIPMENT ACQUISITION	-	-	25,000	(25,000)	0%
20	210 N. MCPHERSON	1,238	1,428	671,666	(670,238)	0%
21	MANHOLE RAISING	-	63	30,000	(29,937)	0%
22	RECORDS MANAGEMENT IMPLEMENTATION	-	24,268	20,000	4,268	121%
23	SEPTIC SYSTEM CONVERSIONS	38,741	38,836	25,000	13,836	155%
24	MANHOLE PEST CONTROL COATING	-	44,000	44,000	-	100%
25	US BANK FEES	1,834	20,228	-	20,228	0%
26	TOTAL OPERATING EXPENSE	165,366	1,195,740	2,901,426	(1,705,686)	41%
27	NET INCOME (LOSS) FROM OPERATIONS	51,692	911,957	(817,676)	1,729,633	-112%
28	PRIOR YEARS INCOME (EXPENSES)	-	-	-	-	-
29	NET INCOME (LOSS)	51,692	911,957	(817,676)	1,729,633	-112%

EAST ORANGE COUNTY WATER DISTRICT

SEWERS

Capital Projects Detail

MONTH: May 2018

DESCRIPTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2017-18 BUDGET	BUDGET \$ OVER (UNDER)	% OF BUDGET EXPENDED
REVENUE					
1 CAPITAL CONTRIBUTIONS	-	-	-	-	0%
2 TRANSFER TO CAPITAL RESERVES	127,438	1,401,813	1,529,250	(127,438)	92%
3 INTEREST EARNINGS-LAIF	-	197,095	190,000	7,095	104%
4 INTEREST EARNINGS-US BANK	22,035	244,772	190,000	54,772	129%
5 CONNECTION FEES	-	-	30,000	(30,000)	0%
6 SEWER PERMIT CAPACITY CHARGES	-	333,407	-	333,407	0%
7 OCSD PERMIT PROCESSING FEES	212	25,190	-	25,190	0%
8 TRANSFERS FROM OPERATIONS	12,042	132,458	144,500	(12,042)	92%
9 REALIZED GAIN/(LOSS) ON INVESTMENTS	552	(4,881)	-	(4,881)	0%
10 MARKET VALUE ADJUSTMENTS	54,780	(222,157)	-	(222,157)	0%
11 TOTAL CAPITAL PROJECTS REVENUE:	217,058	2,107,697	2,083,750	23,947	101%
EXPENSES					
12 ONE-TIME ACQUISITION COSTS	-	2,200	25,000	(22,800)	9%
13 CIPP - ENGINEERING	2,438	16,956	15,000	1,956	113%
14 CIPP - CONSTRUCTION	43,419	79,969	600,000	(520,031)	13%
15 CIPP - LABOR	-	49,125	10,000	39,125	491%
16 CCTV	2,550	31,239	100,000	(68,761)	31%
17 SEWER REPLACEMENT - ENG.	9,137	22,530	50,000	(27,470)	45%
18 SEWER REPLACEMENT - CONSTR.	17,100	429,746	440,000	(10,254)	98%
19 SEWER REPLACEMENT - LABOR	-	-	10,000	(10,000)	0%
20 MANHOLE REPLACEMENT - ENG.	-	20,666	30,000	(9,334)	69%
21 MANHOLE REPLACEMENT - CONSTR.	-	13,108	40,000	(26,892)	33%
22 MANHOLE REPLACEMENT - LABOR	-	14,530	5,000	9,530	291%
23 FOG CONTROL - ENGINEERING	-	556	35,000	(34,444)	2%
24 FOG CONTROL - EQUIPMENT	-	1,109	25,000	(23,891)	4%
25 MASTER PLAN/CONDITION ASSESS. - ENG.	48,910	385,183	700,760	(315,577)	55%
26 EQUIPMENT ACQUISITION	-	-	25,000	(25,000)	0%
27 210 N. MCPHERSON - ENG.	-	-	141,666	(141,666)	0%
28 210 N. MCPHERSON - ACQUISITION/CONSTR.	-	191	500,000	(499,809)	0%
29 210 N. MCPHERSON - LABOR	1,238	1,238	30,000	(28,763)	4%
30 MANHOLE RAISING	-	63	30,000	(29,937)	0%
31 RECORDS MANAGEMENT	-	24,268	20,000	4,268	121%
32 SEPTIC SYSTEM CONVERSIONS	38,741	38,836	25,000	13,836	155%
33 MANHOLE PEST CONTROL COATING	-	44,000	44,000	-	100%
34 US BANK FEES	1,834	20,228	-	20,228	0%
35 TOTAL CAPITAL PROJECTS EXPENSE:	165,366	1,195,740	2,901,426	(1,705,686)	41%
36 NET INCOME (LOSS) FROM CAPITAL PROJECTS:	51,692	911,957	(817,676)	1,729,633	-112%

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: INVESTMENT ACTIVITY REVIEW – RAYMOND JAMES
DATE: July 19, 2018

BACKGROUND

Shawn Dewane of Raymond James Financial Services, Inc. was retained on July 19, 2012 to provide investment services to the District. The District initially invested \$1,500,000 with Raymond James under a ladder Certificate of Deposit (CD) structure, with an initial average portfolio maturity of 3.0 to 3.5 years and a target Yield to Maturity of 1.2%.

This portfolio has performed well over the past 3.5 years (currently yielding 2.91% with an average Yield to Maturity of 3.09 years. Mr. Dewane will be present at the Board Meeting to review the current status of the Portfolio and provide insight into what may be happening with interest rates and fixed income investments in 2018/19.

FINANCIAL IMPACT

There is no direct financial impact from this report; investment earnings from this portfolio are used for Wholesale Zone and Retail Zone water system capital improvements.

RECOMMENDATION

The Board receive and file the report.

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: WHOLESALE AND RETAIL ZONE WATER DEMANDS – June 2018
DATE: July 19, 2018

Wholesale Zone Water Demands

Attached is a graphical representation of the Wholesale Zone water demand through June 30, 2018. **Water sales for the month of June totaled 246.1 AF.** This is a 80 AF decrease (24.5%) in demand from June 2017.

Retail Zone Water Demands

Page 1 of the attached report is an overview of the sources of water supply and our monthly production. For June 2018, 15.5% of total Retail Zone demand was met using groundwater produced from our East Well & West Well (13 AF), 84.5 % was using imported water (71 AF). There is no "In-Lieu" water currently available.

Page 2 of the report depicts our 10-year total water usage. As shown on this graph, drought allocations begun in 2014/15 have reduced total demand below the 10-year average of 972 AF.

Page 3 provides a comparison of water demand versus precipitation, water demand versus average high temperature and water demand versus unemployment rates. As would be expected, generally in wet years, demand is lower than in dry years, whereas average temperature doesn't have as much of a cause/effect relationship. There does appear to be a slight relationship between unemployment rates and water demand, with increasing demand occurring as unemployment rates decrease.

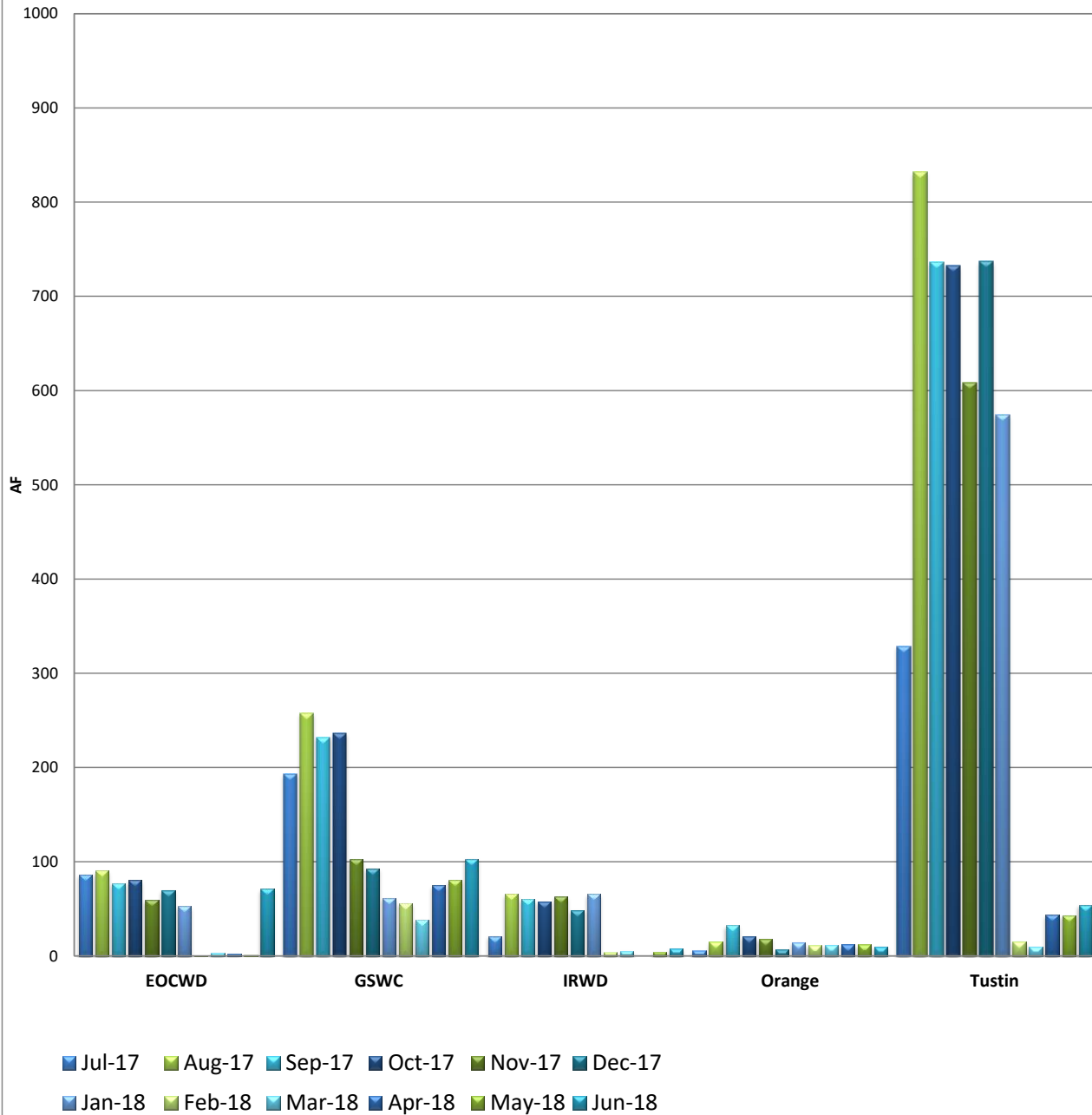
As shown on Page 4, **total production for the month of June 2018 was 84 AF**; June's production is 5 AF (6 %) higher than our production during June 2017, and 4 AF (4.5%) lower than our average production for the last 6 years.

Also attached are graphs depicting the Retail Zone's water production, including a table that shows "gallons per capita per day" or GPCD. Per capita water consumption for the month of **June 2018 was 279 GPCD** compared to **June 2017 (265 GPCD)**. **Comparatively, per capita water consumption for June 2013 was 339 GPCD (22% higher than present)**. These numbers are derived by dividing the total amount of water used by the population (a number calculated by the Center for Demographics at Cal State Fullerton). For comparison, the average GPCD for the South Coast area of California is 202 GPCD (Source: Department of Water Resources). The average GPCD for RZ customers for FY 2016/17 was 202 GPCD.

Wholesale Zone Water Demand

Total Monthly Sales for June 2018 = 246.1 AF

Total YTD Sales for July 2017 - June 2018 = 7,415.7 AF



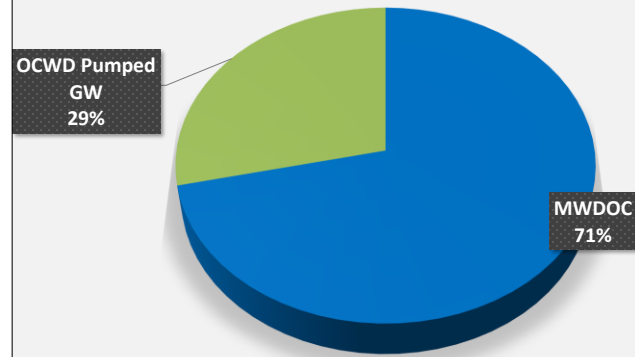
East Orange County Retail Zone Water Usage Report

East Orange County Retail Zone Overview of Usage FY 2017-18 Monthly Water Use

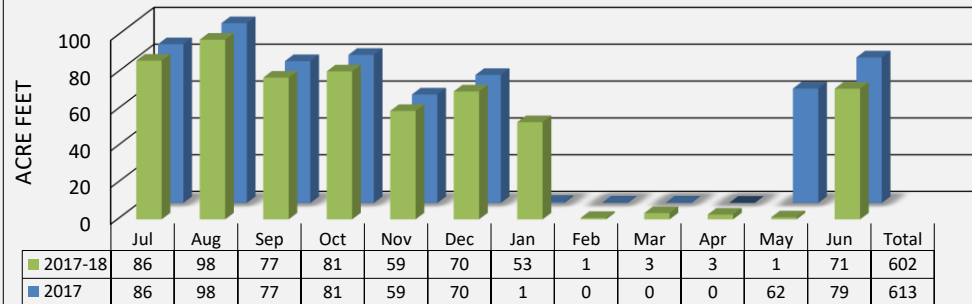
Type of Supply	July	August	September	October	November	December	January	February	March	April	May	June	Total
MWDOC	86	98	77	81	59	70	53	1	3	3	1	71	602
OCWD Pumped GW	0	1	-	1	1	0	0	48	42	64	70	13	240
Total	87	99	77	82	60	70	53	49	45	67	71	84	842

2017 MWDOC Usage	86	98	77	81	59	70	1	0	0	0	62	79	613
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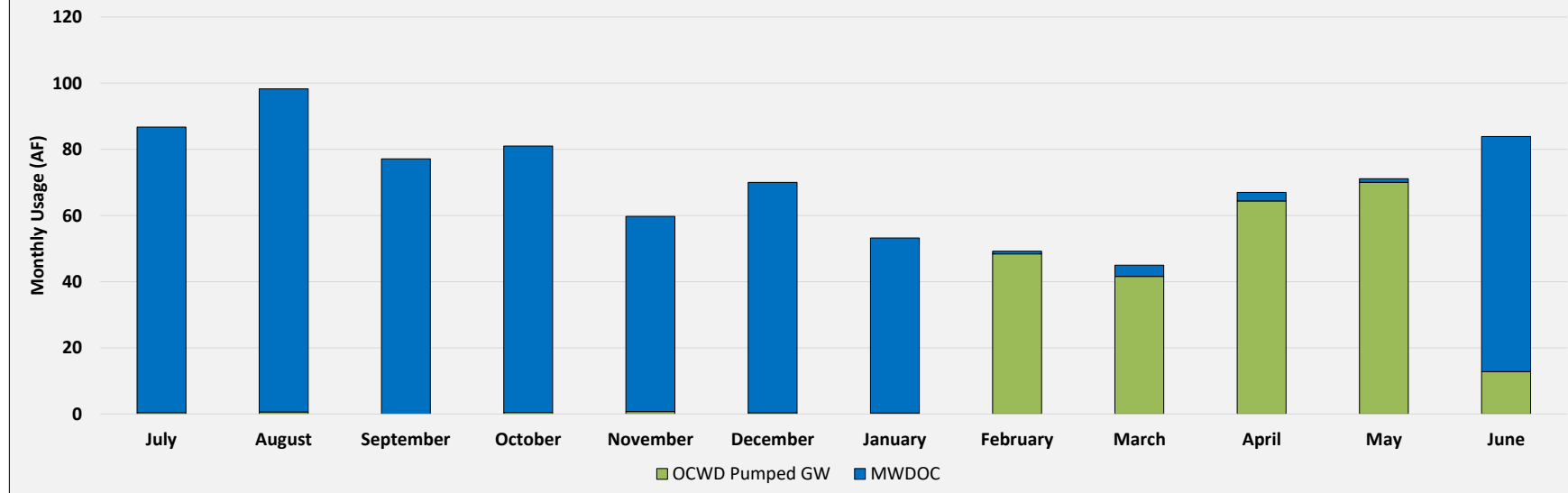
2017-18 Sources of Water



MWDOC Calendar Year and Fiscal Year Purchases



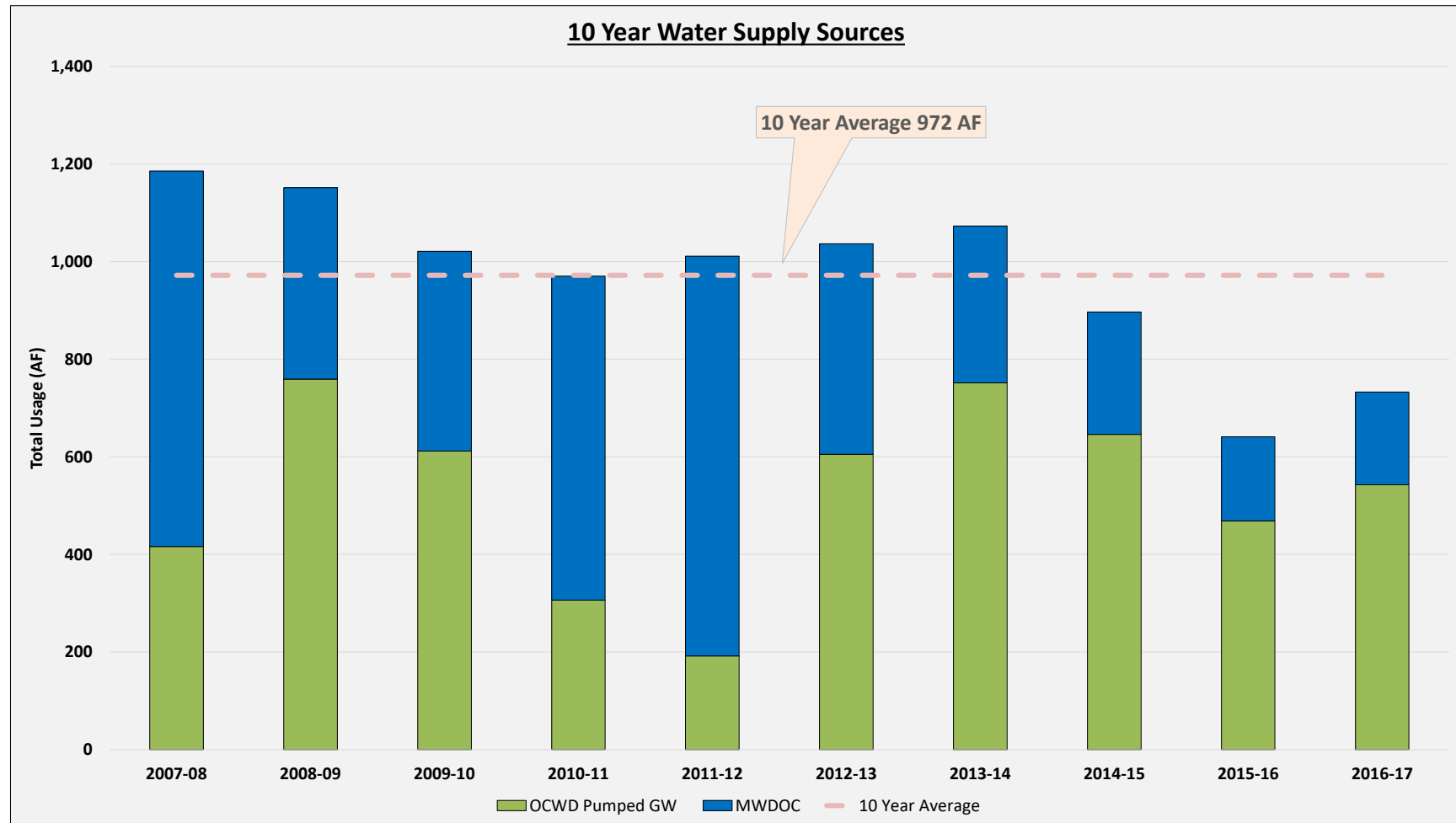
2017-18 Monthly Water Supply Sources



East Orange County Retail Zone Water Usage Report

Annual Water Usage

Type of Supply	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Average
MWDOC	770.0	392.3	409.3	663.8	819.1	431.3	322.0	250.7	172.1	190.2	442.1
OCWD Pumped GW	416.0	759.1	612.0	306.5	192.1	605.2	751.3	646.3	468.9	542.7	530.0
Total	1,186	1,151	1,021	970	1,011	1,037	1,073	897	641	733	972

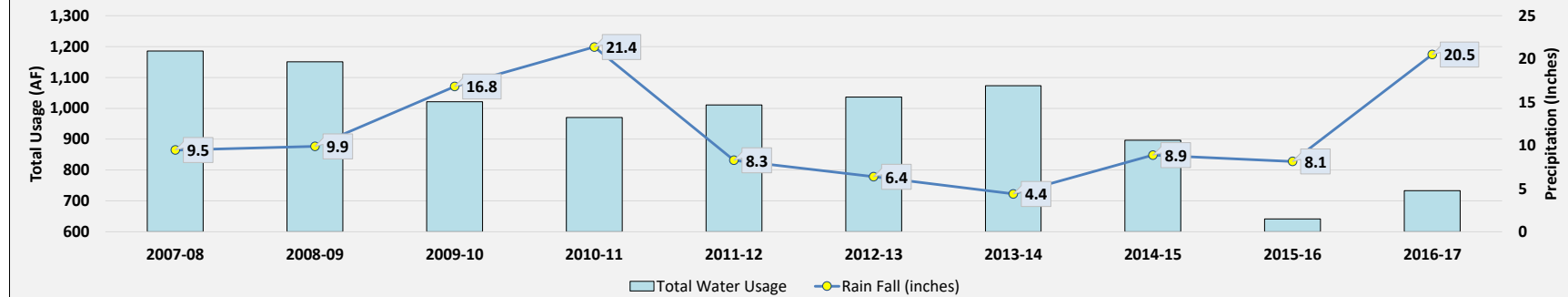


East Orange County Retail Zone Water Usage Report

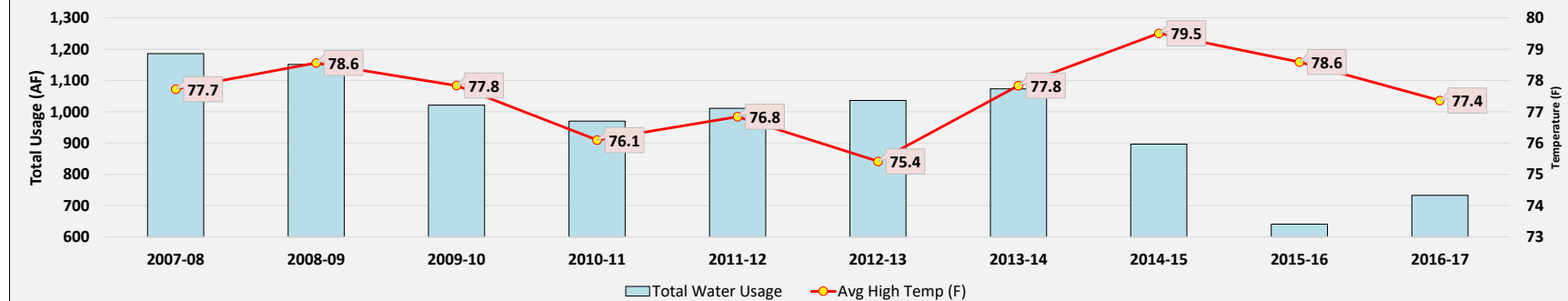
Water Usage Variables

Type of Supply	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Average
Rain Fall (inches)	9.5	9.9	16.8	21.4	8.3	6.4	4.4	8.9	8.1	20.5	11.4
Avg High Temp (F)	77.7	78.6	77.8	76.1	76.8	75.4	77.8	79.5	78.6	77.4	77.6
LA Unemployment %	5.5%	9.2%	11.6%	11.7%	10.9%	9.6%	8.2%	7.1%	5.4%	4.6%	8.4%
Total Water Usage	1,186	1,151	1,021	970	1,011	1,037	1,073	897	641	733	972

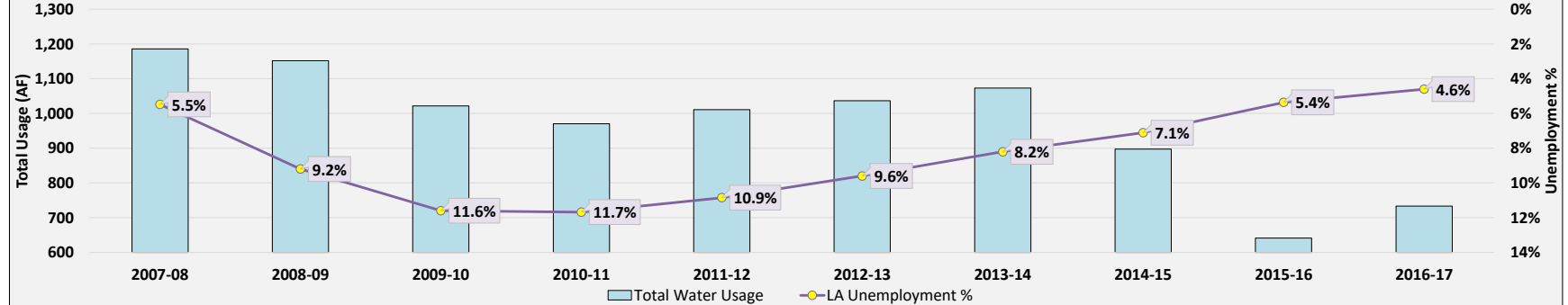
10 Year Water Usage VS Precipitation (SNA #121 Station)



10 Year Water Usage VS Average High Temperature (Santa Ana Fire Station)



10 Year Water Usage VS L.A. Metro Annual Average Unemployment Percentages



East Orange County Retail Zone Water Usage Report

East Orange County Retail Zone Detailed Usage Historical Monthly Potable Usage (Fiscal Year, July-June)

Fiscal Year	July	August	September	October	November	December	January	February	March	April	May	June	Total
2009-10 Usage	123	124	112	97	86	55	52	35	59	74	96	110	1,021
2010-11 Usage	112	118	109	76	73	49	58	55	54	78	92	98	970
2011-12 Usage	120	119	98	88	63	68	71	58	67	65	95	100	1,011
2012-13 Usage	114	118	107	99	75	42	58	62	73	85	101	103	1,037
2013-14 Usage	104	108	111	94	87	66	81	63	69	80	108	103	1,073
2014-15 Usage	100	104	102	93	74	41	59	53	72	73	52	74	897
2015-16 Usage	54	69	60	46	61	45	29	46	64	35	63	69	641
2016-17 Usage	82	87	70	68	58	44	31	32	43	70	70	79	733
Average of Last 6 FYs	95	101	91	81	70	51	55	52	65	68	81	88	899
Monthly Usage Percentage	11%	11%	10%	9%	8%	6%	6%	6%	7%	8%	9%	10%	100%

Water Usage By Source

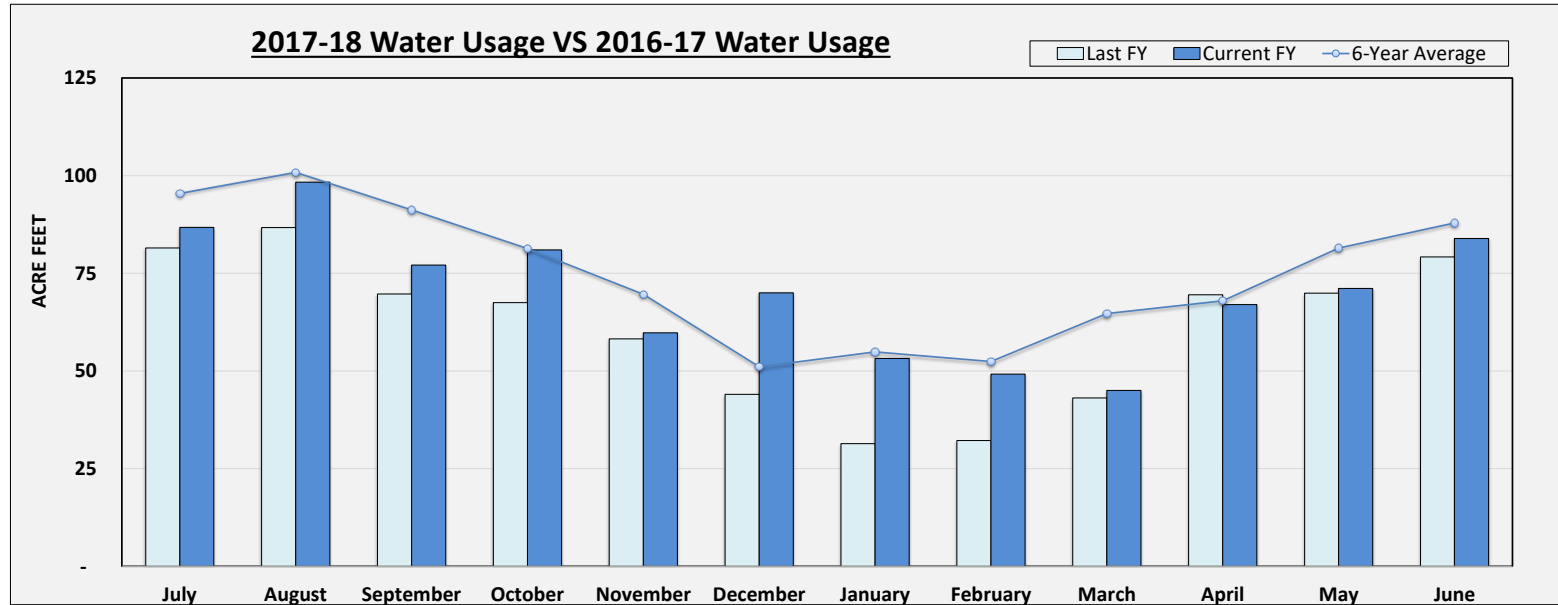
Imported	July	August	September	October	November	December	January	February	March	April	May	June	Total
MWD via EO Wholesale	9.1	17.0	8.2	9.1	22.0	44.6	21.8	0.8	3.4	2.6	1.1	71.1	210.8
CPTP	-	-	-	-	-	-	-	-	-	-	-	-	-
MWD In-Lieu*	77.2	80.7	68.9	71.4	37.0	25.0	31.1	-	-	-	-	-	391.3
Imported Total	86	98	77	81	59	70	53	1	3	3	1	71	602.1

*In-lieu totals are subtracted from imported totals

Local	July	August	September	October	November	December	January	February	March	April	May	June	Total
OCWD Pumped GW	0.4	0.6	-	0.5	0.7	0.4	0.3	48.4	41.6	64.4	70.0	12.8	240.2
Less Fill up Reservoir	-	-	-	-	-	-	-	-	-	-	-	-	-
Less CPTP	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Total	0.4	0.6	-	1	1	0	0	48	42	64	70	13	240.2

Total Usage 2017-18	87	98	77	81	60	70	53	49	45	67	71	84	842
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FY 17-18 versus FY 16-17 +6% +13% +11% +20% +3% +59% +69% +53% +4% -4% +2% +6%

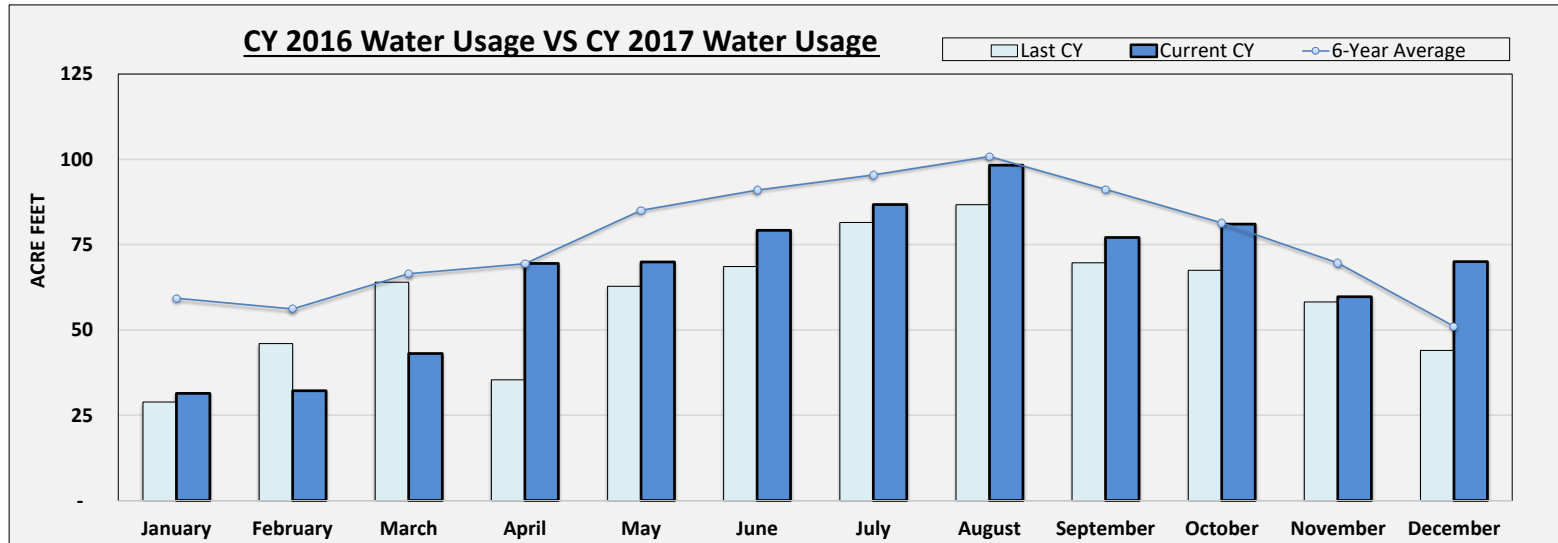


East Orange County Retail Zone Water Usage Report

Historical Monthly Potable Usage (Calendar Year)

Calendar Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
2011	58	55	54	78	92	98	120	119	98	88	63	68	990
2012	71	58	67	65	95	100	114	118	107	99	75	42	1,010
2013	58	62	73	85	101	103	104	108	111	94	87	66	1,052
2014	81	63	69	80	108	103	100	104	102	93	74	41	1,017
2015	59	53	72	73	52	74	54	69	60	46	61	45	718
2016	29	46	64	35	63	69	82	87	70	68	58	44	713
6 year Average	59	56	66	69	85	91	95	101	91	81	70	51	917

Total Water Usage 2017	31	32	43	70	70	79	87	98	77	81	60	70	798
2017 VS 2016 Usage	+9%	-30%	-33%	+96%	+11%	+15%	+6%	+13%	+11%	+20%	+3%	+59%	+12%



	Population	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2016 Usage (AF)	3,243	29	46	64	35	63	69	82	87	70	68	58	44	713
2016 GPCD		94	165	207	119	204	230	264	281	233	219	195	143	196
2017 Usage (AF)	3,268	31	32	43	70	70	79	87	98	77	81	60	70	798
2017 GPCD		101	115	139	231	225	263	279	316	256	261	199	225	218
CY over CY change in GPCD		+7	-50	-69	+112	+21	+33	+15	+35	+23	+42	+4	+83	+22

	Population	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2016-17 Usage (AF)	3,243	82	87	70	68	58	44	31	32	43	70	70	79	733
2016-17 GPCD		264	281	233	219	195	143	102	116	140	233	227	265	202
2017-18 Usage (AF)	3,268	87	98	77	81	60	70	53	49	45	67	71	84	842
2017-18 GPCD		279	316	256	261	199	225	171	175	145	223	229	279	230
FY over FY change in GPCD		+15	+35	+23	+42	+4	+83	+69	+60	+5	-10	+2	+14	+28

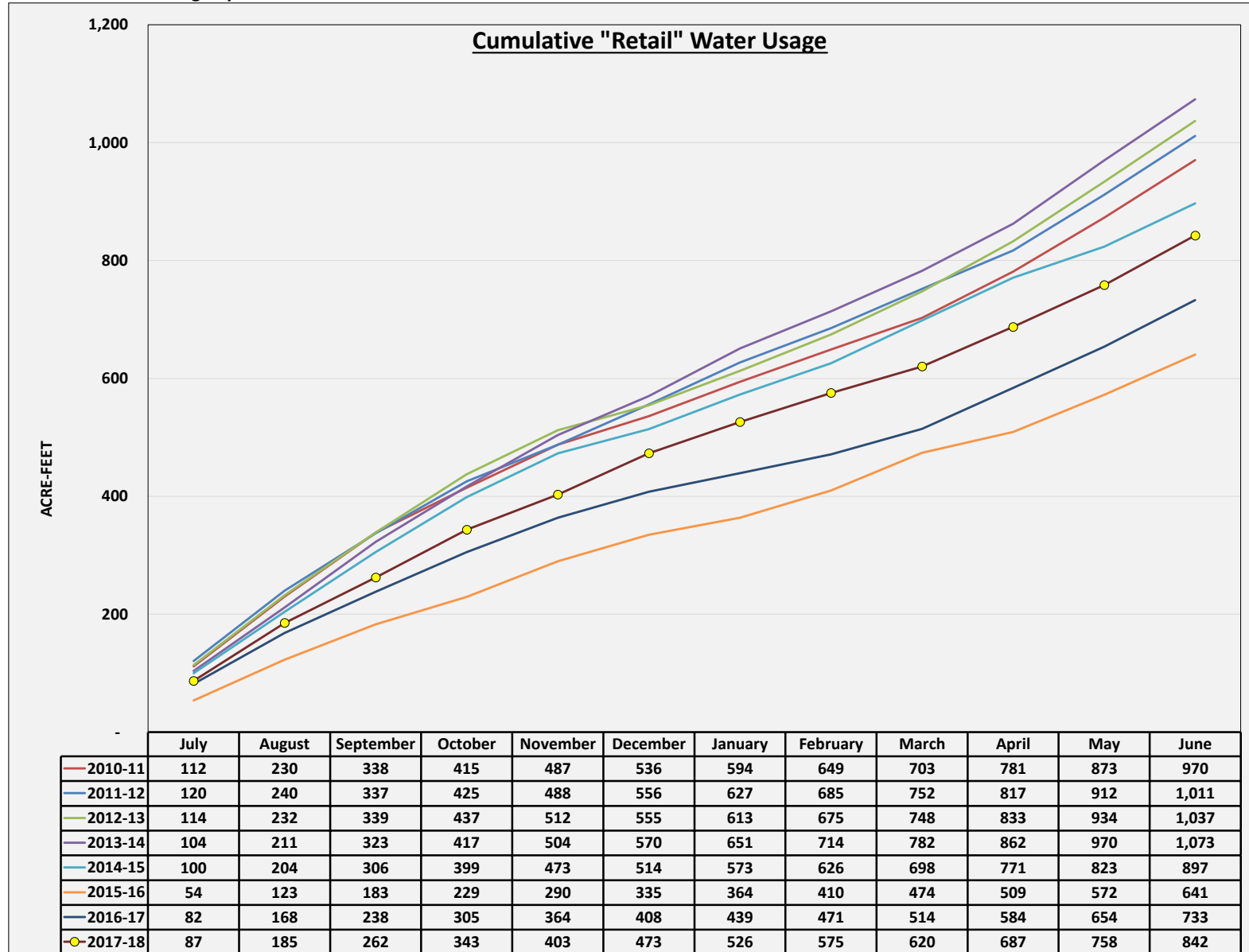
*Cumulative through the end of the last month shown

*GPCD = Total Monthly Production/ Population/days in the month



East Orange County Retail Zone Water Usage Report

Cumulative Water Usage by Fiscal Year



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
Subject: **CONFERENCE & MEETING REQUEST**
DATE: JULY 19, 2018

BACKGROUND

Pursuant to District Resolution No. 658, prior authorization for Board Member conference/meeting attendance and travel is required. There are two upcoming events that Board Members may wish to attend:

- California Special Districts Association – Annual Conference, Indian Wells, 9/25-9/27
Registration: \$600 per person; Hotel - \$169/night.

FINANCIAL IMPACT

Funds are available in Account #'s 5222-10 and 5222-20.

RECOMMENDATION

The Board authorize attendance at meetings as they desire.



**California Special
Districts Association**

Districts Stronger Together

Sept. 24 - 27, 2018

2018 CSDA Annual Conference & Exhibitor Showcase

Renaissance Indian Wells
Resort & Spa



Explore



The one conference for you!

The CSDA Annual Conference & Exhibitor Showcase is the one conference special district leaders can't afford to miss! Cultivate new connections this September in Indian Wells.

Join 800-plus special district professionals and industry experts for a three day, must-attend education and networking event. Develop new partnerships. Participate in inspiring and motivating keynote sessions. Walk away with strategies, new connections, and innovative ideas to move your district forward.

- Explore new ideas and best practices
- Learn about the latest in special district technology, management practices, and legal trends
- Discover new products and services to make your district more efficient



What to Do?

With more than 300 days of sunshine each year, it's no wonder attendees love meeting in Greater Palm Springs. With nine cities in one beautiful oasis, Greater Palm Springs is rich in visitor experiences, from outdoor adventure, shopping and art to world-class events like Coachella Valley Music & Arts Festival and Modernism Week. Whether you spend a sun-soaked afternoon by the pool, play a round of golf or soak in healing mineral water, this Southern California destination knows how to chill.



Renaissance Indian Wells Resort & Spa

44400 Indian Wells Lane
Indian Wells, CA 92210

Room reservations for the CSDA Annual Conference and Exhibitor Showcase begin at \$169 plus tax and are based on availability. There is a \$5 resort fee (normally \$30) added to the CSDA rate. This fee includes self-parking and guestroom high speed internet access. In order to book a hotel room, you must first register for the conference to obtain a CSDA room reservation link.



Attendance at the CSDA Annual Conference Qualifies for CIPs

Special District Risk Management Authority (SDRMA) is committed to establishing a strategic partnership with our members to provide maximum protection, help control losses, and positively impact the overall cost of property/liability and workers' compensation coverage through the Credit Incentive Program. Credit incentive points (CIPs) can be earned based on an agency's attendance at the CSDA Annual Conference & Exhibitor Showcase, reducing SDRMA members' annual contribution amounts.

Conference Schedule

Monday, September 24, 2018

8:00 a.m. Shotgun Start

SDLF Scramble for Scholarships Golf Tournament:
Indian Wells Golf Resort*

9:00 a.m. - 3:30 p.m.

Pre-Conference Workshop: Special District Leadership
Academy: Governance Foundations*

9:00 a.m. - 3:30 p.m.

Pre-Conference Workshop: Policy and Procedure Writing*

9:00 a.m. - 3:30 p.m.

Pre-Conference Workshop: So, You Want to Be a General
Manager?*

10:15 a.m. - 3:00 p.m.

Pre-Conference Tour: Salton Sea Authority Tour*

12:30 - 3:30 p.m.

Pre-Conference Workshop: The Strategies of a Special District
Strategic Plan*

1:30 - 3:30 p.m.

Special District Leadership Foundation:
Special District Administrator (SDA) Exam

3:45 - 5:15 p.m.

Chapter Roundtable Discussion

5:30 - 7:30 p.m.

Conference Begins! President's Reception with the Exhibitors

Tuesday, September 25, 2018

7:30 - 8:45 a.m.

Continental Breakfast with the Exhibitors

9:00 - 10:45 a.m.

Opening General Session: Connie Podesta "Standout
Leadership...Lead Like You Mean It!"

11:00 a.m. - 12:15 p.m.

Breakout Sessions

12:15 - 1:45 p.m.

Lunch with the Exhibitors

Tuesday, September 25, 2018 (continued)

2:00 - 3:15 p.m.

Breakout Sessions

3:30 - 4:30 p.m.

Breakout Sessions

4:30 - 6:00 p.m.

Mix & Mingle in the Exhibit Hall

Wednesday, September 26, 2018

8:15 - 9:00 a.m.

SDRMA Full Plated Breakfast

9:00 - 10:45 a.m.

SDRMA General Session/Safety Awards/Keynote:
Derreck Kayongo "Harnessing Your Power to Create Change"

11:00 a.m. - 12:15 p.m.

Breakout Sessions

12:30 - 1:45 p.m.

Awards Luncheon

2:00 - 3:30 p.m.

Breakout Sessions

3:45 - 5:00 p.m.

Breakout Sessions

5:30 - 7:30 p.m.

SDLF Taste of the City: Casino Night

Thursday, September 27, 2018

8:30 - 10:30 a.m.

CSDA Closing Breakfast: 2018 Legislative Impacts on Special
Districts

* = optional, advanced registration, additional fee

Monday, September 24, 2018



Pre-conference Workshops

(pre-registration/payment required)

9:00 a.m. – 3:30 p.m.

So, You Want to Be a General Manager?

A practical career development workshop for senior executives and emerging leaders in special districts. This action-oriented workshop includes group and panel discussions on the journey, roles and skill sets of a general manager; identifying general manager opportunities including positioning yourself for executive recruitment; developing positive relations with the board, staff and peer agency executives; and leadership practices.

\$100 includes continental breakfast and lunch. Limited class size, register early!



**SPECIAL DISTRICT
LEADERSHIP FOUNDATION**

9:00 a.m. – 3:30 p.m.

Special District Leadership Academy Module 1: Governance Foundations

As the core curriculum of CSDA's Special District Leadership Academy, this workshop serves as the "foundation" for the series on effective governance of special districts. It is specifically designed for special district board members and meets the requirement for six hours of governance training for Special District Leadership Foundation programs.

\$225 Member, \$340 Non-member

EARN SDRMA CIPS

9:00 a.m. – 3:30 p.m.

Policy and Procedure Writing

This course for managers, supervisors, and analysts will prepare you to plan and organize highly effective work systems through policy, procedure, and task development. Participants will learn and practice policy and procedure writing skills, and how to apply them in their workplace. Attendees are asked to bring a policy/procedure they are working on, with, or that is currently under their review, for classroom discussion and analysis. Course materials include templates for development of policy, procedure, and task descriptions in the future, and a textbook as a continuing framework for their development.

\$225 Member, \$340 Non-member

12:30 – 3:30 p.m.

The Strategies of a Special District Strategic Plan

All public agencies should have a strategy that moves them in a certain direction into the future. While there are many ways to develop a strategic plan, there is also a strategy in the actual planning process as well. This important pre-conference workshop will examine the how and why for a properly conducted strategy planning effort. Each part of the process should be strategic in its own; come discover this and how to do it right.

\$150 Member, \$225 Non-member

1:30 – 3:30 p.m.

Special District Administrator (SDA) Certification Exam, Special District Leadership Foundation

(Optional – must be scheduled prior to conference).

Golf Tournament

(pre-registration/payment required)



SDLF Scramble for Scholarships Golf Tournament

8:00 a.m. Shotgun Start

Indian Wells Golf Resort

(pre-registration / payment required)

Join special district elected officials, staff, and business affiliates at this optional fun event. Great golf skills are not necessary! Proceeds benefit the Special District Leadership Foundation scholarship fund.

\$115 includes golf with cart, lunch, and prizes!





Pre-conference tour & more!

(pre-registration/payment required)

10:15 a.m. – 3:00 p.m.

Salton Sea Authority Tour

Tour of the northern part of the Salton Sea: North Shore Yacht Club, State Recreation Area

On this tour you will learn how special districts, counties, and a Native American tribe are working together in partnership with the state and federal agencies to reverse the tragic decline of the Salton Sea, transforming the watershed to establish a healthy and prosperous future.

\$48 per person includes transportation to/from the hotel, lunch, and tour

Early registration is encouraged. Limited to 48 attendees!

3:45 p.m. – 5:15 p.m.

Chapter Roundtable Discussion

Join CSDA board members and local chapter leaders from across the state to share best practices and discuss issues and opportunities. All attendees welcome.

“The informational and educational level of the materials and presentations are very appropriate for seasoned veterans, as well as new and emerging leaders.”

KARA RALSTON

CAMARILLO HEALTH CARE DISTRICT

Conference Begins!

5:30 – 7:30 p.m.

President's Reception with the Exhibitors

Join us in the exhibit hall as we network with business professionals who provide all types of goods and services to special districts. Appetizers, refreshments, and entertainment provided.

(all registered attendees welcome)



Tuesday, September 25, 2018



7:30 a.m. – 6:00 p.m.
Exhibitor Showcase Open



7:30 – 8:45 a.m.
Continental Breakfast with the
Exhibitors (Raffle)

// The staff from CSDA did an outstanding job, during the conference they were highly visible, friendly, knowledgeable and professional. I attend conferences sponsored by other groups and CSDA continues to “set the bar” by consistently delivering a high-quality conference! //

TIM SHACKELFORD

FIRE CHIEF, CHINO VALLEY
INDEPENDENT FIRE DISTRICT

Keynote Speaker



11:00 a.m. – 12:15 p.m.

OPENING KEYNOTE PRESENTATION

Connie Podesta

Stand Out Leadership...Lead Like You Mean it!

In a perfect world all employees would be: high achieving, self-motivated, engaging, team players who see the big picture and always strive to do their best to get the job done on time without complaining. Does that sound like the Twilight Zone? Bottom Line: In the real world many employees: simply “meet expectations,” lack initiative, bring their personal life to work, stress over every change and whine about having to WORK....on the job! “Enough!” says Human Behavior and Leadership Development expert Connie Podesta, who has empowered thousands of leaders worldwide with the attitudes, mindsets and strategies necessary to create a team that’s willing, able and excited to get the job done THE RIGHT WAY! With her signature blend of comedy and “tell-it-like-it-is” delivery, Connie takes you inside the minds of even your most difficult employees so you can turn negative attitudes into positive, entitlement into accountability, complacency into productivity, complaining into solutions and “that’s not my job” into ownership.



11:00 a.m. – 12:15 p.m.

CSDA Finance Corporation Board and
Annual Meeting

BREAKOUT SESSIONS 9:00 – 10:45 A.M.

5 Things You Can Do to Build an Awesome Personal Brand

CPS HR Consulting

Branding on a business-level is common, but today branding is becoming just as important on a personal level. Not many of us have consciously cultivated these brands, but they exist nonetheless. Developing your personal brand is the proactive way of controlling your career development and how you are perceived in the marketplace. The question is no longer IF you have a personal brand, but if you choose to guide and cultivate the brand or to let it be defined on your behalf. This session will focus on five things you can do to start building an awesome personal brand.

Devices, Data, and Privacy: Legal Concerns, Risks, and Best Practices

Nossaman, LLP

Now is the time for agencies to learn their rights under California and federal law when it comes to electronic devices, monitoring, and privacy concerning work-related data.

You're Out of Order! Meeting Protocols that Best Serve the Public

BHI Management Consulting

As we serve the public, little is more important and focused than the meetings we hold with our public. As such, it is important that we keep the public in mind as we construct and conduct our meetings and that we establish the how and why of each meeting element. This session will discuss meeting protocols and policy, the construct of our meeting agendas as well as our conduct in meetings with the public.

Public Agency Advocacy: The Rules Regarding Lobbying and Ballot Measures

Richards Watson & Gershon

Increasingly, public agencies need to influence legislative policy decisions to effectively carry out their missions. Lobbying and educating voters about critical issues are important tasks, but the laws and regulations that govern public agency activity in those areas are complex. This session will provide an overview of the most important areas of the law and help public agency employees know when to ask for legal advice.

Up in the Air: Drones for Special Districts

Aleshire & Wynder LLP

A presentation and follow up Q&A on drone technology, the current state of drone regulations, and steps special districts should consider before allocating funding.

Welcome to the Fishbowl: Government Ethics Overview

Hanson Bridgett, LLP

Come take a turn in the hot seat, try to stump your friends or just watch the show as we take a trip through Ethicsland and the unpredictability of local government. Join us as we practice applying rules concerning conflicts of interest, government transparency and more! This is not your grandma's ethics training. Does not meet the requirement for AB1234.

Who Ya Gonna Call? Preparedness During an Emergency and in the Aftermath

Panel Discussion: Sonoma County Water Agency, Casitas Water District, Montecito Fire Protection District

Moderated by: Rincon Consultants

A panel discussion with three special district representatives who have the responsibility of reaching out to constituents during an emergency, organize clean up in the aftermath, and who have to prepare to avoid future disasters.

Lunch



12:15 – 1:45 p.m.

Lunch with the Exhibitors

All conference attendees are welcome to attend lunch in the exhibit hall. Enjoy your lunch while taking time to learn more about our exhibitors and the valuable services they provide. From risk management, accounting, HR, legal, banking services, and more – our exhibitors have some of the best of what you're looking for!

Lunch is included in conference registration.



BREAKOUT SESSIONS 2:00 – 3:15 P.M.

Converting from At-Large to By-District Elections Under the California Voting Rights Act: Understanding the “Safe Harbor” Process from Start to Finish

Cota Cole & Huber, LLP

This session is intended to help attendees understand their district's options and be prepared in the event that their district receives a demand letter relating to their district's voting system. It describes the key features and standards of the CVRA as well as the (very tight) timelines that apply for considering whether to convert to a by-district election system and the process for doing so. This session offers practical guidance regarding the safe-harbor process from start to finish.

“Dear Ratepayer:” Messaging for Rate Increase and Other Bummer News

Communication Advantage

This interactive session is designed to refresh and elevate your talent for crafting great messages for tough issues -- especially focused on financial bad news for customers, such as: rate increases, new fees or assessments, and/or reduced services. The presenter has helped dozens of special districts, counties, cities and other local agencies develop messaging and communications strategies to cope with these and many related issues. Following a brief presentation, attendees will participate in developing messages for a sampling of their real such issues ahead, such as rate hikes, budget deficits, service reductions, and some of the organizational changes that might require such unpopular actions.

More Bytes for Your Buck – Getting the Most Value from Your District's Technology Investment

Panel Discussion

Information Technology (IT) is traditionally seen as a necessary evil in municipal government. IT often gets a bad rap with seemingly insatiable user expectations, ever-increasing budget and staff requests, exorbitant maintenance agreements, project backlogs, and questionable results. Learn about technology strategy, citizen engagement, the power of mobile, smart communities, Internet of Things, Geographic Information Systems, records and email retention and more. Experienced General Managers and CIOs share advice and experiences on how to make the most of technology investments.

Required Ethics AB1234 Compliance Training (Part 1)

Meyers Nave

AB1234 mandates that local agency officials receive two hours of ethics training every two years. This two part training covers all the required topics, including laws relating to: (1) personal financial gain by public servants (conflict-of-interest, bribery), (2) claiming perquisites of office (gift, travel and mass mailing restrictions, use of public resources for personal or political purposes, free or discounted transportation), (3) government transparency (financial interest disclosure requirements, open meeting laws), and (4) fair process (incompatible offices, competitive bidding, nepotism).

The Brown Act in Action: Navigating Pitfalls

Renne Public Law Group, LLP

Brown Act issues frequently arise without warning during public meetings. Join this lively discussion of important Brown Act updates, and sharpen your skills in spotting and navigating Brown Act pitfalls as they arise during special district board meetings.

Up in Smoke – Proposition 64 in the Workplace

Lozano Smith

This presentation will cover the important aspects of Proposition 64 and the current state of legalization of marijuana in California. It will cover the impact of this legislation on the workplace as well as policy and safety considerations for public agencies.

Setting the Stage for Success: How to Prepare for Capital Improvement Financing

CSDA Finance Corporation

You may be ready to expand that facility, purchase that property, install those solar panels, or replace those pipes. But are you ready to access financing? If your district is planning to use debt to fund all or part of a mission-critical capital project, it is important to know what investors and lenders are looking for and what your options are. Join the expert consultants from the CSDA Finance Corporation in a discussion of funding structures, sources of repayment, credit analysis, and more.

// Good presentations of current problem areas by a special district. //

ROBERT SILANO

DIRECTOR, MENLO PARK FIRE PROTECTION DISTRICT



BREAKOUT SESSIONS 3:30 – 4:30 p.m.

Beyond Post and Pray – How to Recruit the Right Pool of Candidates

CPS HR Consulting

Recruiting the best talent is getting more and more challenging. Postings are producing pools of candidates that don't have the right skills or those that do have the right skills comprise a group that can hardly be called a pool, meaning we don't have enough good choices. This session will explore ways to tap into passive candidates and do more active outreach to broaden the pool of qualified and attractive candidates.

Beyond the Basics: Advanced Harassment Prevention Training

Burke, Williams & Sorensen, LLP

California law requires basic workplace harassment prevention training for managers and supervisors. This is not that training. In this session, we will take a deep dive into the more complicated and advanced questions employers face when dealing with workplace harassment issues, including: promoting a culture that focuses on the prevention of harassment; conducting or overseeing an investigation; proper interim measures and implementing effective remedial action; and privacy and confidentiality concerns.

Gifts and Gifts for Travel: Navigating Through the Jungle of FPPC Rules and Regulations

Churchwell White, LLP

The FPPC gift rules are designed to let 3rd parties help pay for your services and travel. But FPPC fines in this area are increasing. Join presenter Steven G. Churchwell, Former FPPC General Counsel to find out how to be a "gift guru" at your agency.

Is Your District Engaged Effectively with Social Media? It is a Must These Days for Every District!

Rauch Communication Consultants, Inc. and Hess Connect

Every District needs to be engaged where its public is – and in 2018 that is often on social media. Are you uncertain about how to use Facebook, Twitter or Instagram? This seminar will help. It will also provide tips and insights to districts on everything from: how to get started in social media to advanced techniques for gaining information and feedback from constituents; transforming public perception; driving citizen engagement with limited resources and budget. It will also discuss the importance of establishing a social media policy to guide implementation and keep your district out of trouble. We will share real-life examples and case studies, and there will be time for questions and answers.

It CAN Be Easy Being Green – Sustainability Best Practices

Institute for Local Government

Achieving financial stability and delivering excellent services starts with being a sustainable district. In this session we will discuss local roles, innovative collaborations and new funding opportunities specifically for special districts. Learn how your district can save money, resources, and green your operations.

Prevailing Wage Updates: New Penalties Imposed on Public Agencies

Contractor Compliance and Monitoring, Inc.

Prevailing wage continues to change each year. However, this year, the DIR has imposed fines on Public Agencies who are untimely in filing their PWC-100 forms or who hire unregistered contractors. Learn about this and other new laws impacting your agency.

Required Ethics AB1234 Compliance Training (Part 2)

Meyers Nave

See previous session description.

Networking Reception



4:30 – 6:00 p.m.

Mix & Mingle in the Exhibit Hall: Grand Prize Drawings

Connect with exhibitors in the exhibit hall for a cocktail and appetizer before you go out on the town for dinner. Be sure to enter for one last chance to win one of our fabulous prizes!

Exhibit hall closes on Tuesday, September 25 at 6:00 p.m.

Wednesday, September 26, 2018



Keynote Speaker

“ It was a great conference overall. Great information and great energy, good people dedicated to making a difference. I feel much more prepared to function well as a board member and have a greater understanding of districts functioning throughout California. I really enjoyed it and look forward to more. Thank you! ”

SARAH COOLIDGE

DIRECTOR, NORTH TAHOE PUBLIC UTILITY DISTRICT



8:15 – 9:00 a.m.

SDRMA Sponsored Full Plated Breakfast

All registered attendees and exhibitors welcome.

9:00 – 10:45 a.m.

SDRMA GENERAL SESSION, SAFETY AWARDS, KEYNOTE

Derreck Kayongo

Harnessing Your Power to Create Change



As Founder of the Global Soap Project, Kayongo has built a multi-million-dollar venture which takes recycled soap and distributes it through global health programs to people who lack access to it around the world. He breaks down the key factors that have led to his personal success: (S.E.L.F.) Service, Education, Leadership and Faith and shares his account of life as a Ugandan refugee and the turning point which lead him to a brilliant transformation as a social entrepreneur. He calls upon audiences to stop complaining and to start taking responsibility, to consistently seek opportunities to improve, and most importantly, to maintain faith in yourself and your team to create an environment where everyone is empowered to thrive. He brings you on an emotional journey –there will be tears of joy; most of the time, laughter. But every time, the story is real.

.....
BREAKOUT SESSIONS 11:00 a.m. – 12:15 p.m.

Back to Basics: Public Contracting

Kronick, Moskovitz, Tiedemann & Girard

Review the legal requirements for the four standard procurement areas including goods, non-professional services, professional services and public projects. Learn how to avoid common purchasing pitfalls, and learn tips to protect your district from liability.

Best Practices for Recruiting, Hiring, Negotiating, and Evaluating the Board's General Manager

Richard Pio Roda, Meyers Nave

The General Manager's performance is critical to the success of every special district. The selection, development and retention of the right GM charged with leading the organization toward its strategic goals is of primary importance to the Board. Every governing body has among its primary responsibilities a thorough and professional evaluation of its GM through the use of effective tools that enable honest feedback and incorporate performance objectives and measures. The performance review process can be most effective when it goes beyond measuring performance and incorporates goal setting, sets expectations, provides for open dialogue, and has in place defined accountability standards. This session will give participants the tools to recruit, hire, negotiate with, and evaluate their General Manager that will help ensure that both the Board and the GM are aligned on the direction and goals of their organization.

BREAKOUT SESSIONS 11:00 a.m. – 12:15 p.m.

Cannabis Use and Local Governments

Schlossberg & Umholtz and SDRMA

Can a public entity employer allow employees to use or be under the influence of marijuana in the workplace? Isn't the possession and use of marijuana legal in California? Should your agency review/revise its Cannabis policy?

Effective Strategies to Reduce and Address OPEB and Pension Costs

PARS

This session will discuss the latest funding strategies and trends to reduce OPEB liabilities and address rising pension costs.

How to Write for the Web (or for the Newspaper, or for an Email Blast, or Even a Billboard!)

Streamline

If you care about speaking to your "audience" in a form they will pay attention to, attend this talk! We'll go over various mediums and why different styles work for each, and talk about some of the best practices for writing in a way your readers will be willing to ... well ... read! Website content, email announcements, bill stuffers, press releases for the newspaper, advertising and billboards all have different "rules" that you can follow to help ensure your readers pay attention to what you have to say.

Nightmare on Board Night

Atkinson, Andelson, Loya, Ruud & Romo

You are at the board meeting and things are not going right. A quorum of board members is present, but one of the board members wants to conference call into the meeting. Also, the general manager is asking to add a new item to the agenda. To top all of this off, there is a member of the public who has exceeded his allotted time during public comment and won't yield the podium. When public meetings become challenging, you need to know how to respond. Come to this presentation and learn how the Brown Act, Robert's Rules of Order, and meeting decorum standards apply to these issues and others.

Town Hall – Legal Eagles

Liebert Cassidy Whitmore

Do you have questions? Well, we've got answers. Come get your questions answered while learning how to deal with legal issues important to your district in the ever-changing areas of labor, employment and governance. Special districts deal with a number of issues on a daily basis and it's best to be prepared. Share your questions with others who probably have the same problems, concerns and issues. This is a great opportunity to get some great legal answers - without those pesky billable hours!

12:30 – 1:45 p.m.

CSDA Annual Awards Luncheon

Recognize and celebrate your peers! Join us as we celebrate the best of special districts with awards including: Board Member of the Year, General Manager of the Year, Staff Member of the Year, Special District Leadership Foundation (SDLF) awards, and more!

CSDA Recognizes the Best Among Special Districts

Do you have a board member, staff member, local chapter, or district program that you feel deserves recognition?

Each year, CSDA presents various awards during the CSDA Annual Conference and Exhibitor Showcase. There are several different categories. Please consider outstanding individuals within your districts for individual awards. Chapter awards and district awards are also open for nominations.

Visit the awards section of our conference website at conference.csdanet.net for more information.

CSDA Awards Luncheon (Guest Only, without a conference registration): \$45

If you have any questions regarding the awards or the awards process, please contact Vanessa Gonzales at 877.924.2732 or by email at vanessag@csdanet.net.

Deadline for submissions is Friday, July 20, 2018. All applicants will be notified prior to the Annual Conference as to the winner.

Awards Luncheon



Wednesday, September 26, 2018

BREAKOUT SESSIONS 2:00 – 3:30 p.m.

Be a Cyber-Sleuth: Current Fraud Trends and Preventing Cybercrime in Special Districts

CliftonLarsonAllen, LLP

Cybercrime is a threat to every organization and fraud remains a prevalent issue as well. This presentation discusses current trends in online crime and how to protect your special district.

Can't We All Just Get Along? Improving Board/Manager and Staff Roles and Relationships

Rauch Communication Consultants, Inc.

No area is more fraught with downsides or full of potential for mutual success than board and manager roles and relationships. This session provides a structured opportunity for expert presentation and review of case studies, questions and answers, and sharing of experiences on this important topic. You will take home ideas for change and improvement, including: how to evaluate whether to have committee meetings and if so, how to structure them; tips on how to ensure your board is focusing on the right information and issues, and how to provide clear policy direction to the manager; and a pain free and productive method for evaluating the manager's performance. This is an interactive session full of examples and real-world ideas.

CEQA for Board Members and Staff: Basics and Hot Topics

Best Best & Krieger, LLP and Albert A. Webb Associates

Special District actions must comply with fast-changing CEQA law. This panel will provide an overview of the CEQA process, provide an update related to the new CEQA Guidelines updates as well as break down the implications of recent legislation and court opinions for your agency.

Required Harassment Prevention Training (Part 1)

Burke, Williams & Sorensen, LLP

Presented by two dynamic employment attorneys, this fun, informational, and interactive workplace harassment prevention training will teach Special District officials and supervisors how to identify, prevent, and properly respond to workplace harassment, discrimination, retaliation and abusive conduct in order to avoid personal and agency liability in compliance with AB 1825/2053/1661.

How to Survive in a Unionized World

Atkinson, Andelson, Loya, Ruud & Romo

The grievances are piling up, the unfair labor practice charges keep coming in, and the union shop steward is back on the phone. With a unionized workforce, public agencies are faced with a litany of obligations, including: meet and confer requirements, union access rights, requests for information, and employee representation issues. Join us for a lively discussion on the labor relations issues your agency needs to understand to survive in a unionized world.

Trial and Error: FEHA Litigation Pitfalls

SDRMA and Devaney, Pate, Morris & Cameron

What are the protected classes under the Fair Employment & Housing Act (FEHA)? What is the critical exposure, general damages or attorney fees? We will discuss several cases in which the award of attorney fees exceeded the damages awarded to the plaintiff.

Virtual Leadership Academy: Providing a Training Alternative for Leadership Development

Placer County Water Agency

This presentation will showcase Placer County Water Agency's recently launched Virtual Leadership Academy, a self-paced, self-managed training curriculum for leaders and aspiring leaders.

SPECIAL DISTRICT LEADERSHIP FOUNDATION (SDLF)

♦♦♦♥
TASTE

**CASINO
- NIGHT -**
OF THE CITY

(All registered attendees welcome)

5:30 – 7:30 p.m. Casino Night

Sample local food and beverages while enjoying casino games, music from our DJ, and a silent auction.

This party has a purpose. Attendees at this reception will have the opportunity to participate in the Special District Leadership Foundation (SDLF) silent auction to raise funds for scholarships. A special wine raffle will also be held at 6:30 p.m. Be sure to purchase tickets throughout the conference for the chance to win a deluxe 35-bottle wine cellar fully stocked. You must be present to win!

SDLF is an independent, non-profit organization formed to promote good governance and best practices among California's special districts through certification, accreditation, and other recognition programs. The SDLF and its activities are supported through the California Special Districts Association and Special District Risk Management Authority.

.....

BREAKOUT SESSIONS 3:45 – 5:00 p.m.

Best Practices for a Successful Proposition 218 Rate Hearing

Best Best & Krieger, LLP, Fallbrook Public Utility District, and Raftelis Financial Consultants

Proposition 218 gives the minimum legal requirements for adopting new or increased property related fees and charges. This session will provide tips and best practices for a successful rate hearing.

Dangerous Condition of Public Property

SDRMA

How to protect your agency from the most common claim being filed against public entities today.

Don't Break the ICE (Internal Control Environment)

Maze and Associates

Beware of thin ICE (Internal Control Environment)! This session will discuss the structure of a well-designed internal control structure. This includes not only operations, but also reporting and compliance. We will touch on COSO's five integrated components. The session will conclude with some real examples and some common areas of "thin ICE" and how you can navigate around it.

From Managing Risk to Managing Reputation

Hermocillo-Azevedo Strategic Communications

Effective communication during times of crisis is vital for special districts to protect public safety, build trust and protect reputation. How can special districts – especially districts without full-time spokespersons – best prepare themselves to manage communications in a crisis? In this session, consultants will discuss how a risk management approach to crisis communications planning can create the right team, process and tool for effectively managing threats to the operations and reputations of special districts.



**7:30 – 9:00 p.m.
VIP After Party**

New this year, conference attendees can earn their way into our VIP After Party – immediately following the "Taste of the City." Don't let the party stop – enjoy dessert and more entertainment while mingling with your fellow VIPs. Check your pre-conference information for more details!

Governments Engaging Youth

Institute for Local Government

Engaging today's youth in local government offers a variety of benefits for both the youth and local government staff involved. Youth-civic engagement programs offer youth real life civic learning opportunities, teach 21st century skills and expose them to public sector careers. This workshop will highlight successful youth-civic engagement programs and offer insight on how local governments can partner with their local school districts to replicate similar programs that actively engage youth.

Required Harassment Prevention Training (Part 2)

Burke, Williams & Sorensen, LLP

See previous session description.

The Top Missteps Special Districts Should Avoid to Comply with Wage & Hour Laws

Liebert Cassidy Whitmore

Understanding some of the most common issues agencies are facing with wage and hour law is critical to minimizing your risk. We will discuss common missteps that we see and the means by which you can identify and work to alleviate your liability. Special areas of focus include overtime calculations, work periods, off-the-clock work, and exemption analysis.

Program Events

Thursday, September 27, 2018

8:30 – 10:30 a.m.

Closing Breakfast: 2018 Legislative Impacts on Special Districts

CSDA's lobbying team will present attendees with the most up-to-date information on the outcome of the biggest state budget and legislative issues impacting special districts in 2018, as well as a sneak peak of what to expect in 2019. Get all the latest legislative results and learn what they mean for special districts going forward.

10:30 a.m.

Conference ends



TASTE

CASINO - NIGHT -

OF THE CITY

**WEDNESDAY, SEPTEMBER 26, 2018
5:30 – 7:30 p.m.**

Sample local food and beverages while enjoying casino games,
music from our DJ, and a silent auction.



2018 CSDA ANNUAL CONFERENCE & EXHIBITOR SHOWCASE • INDIAN WELLS, CA

Attendee Registration Form

Three Ways to Register:

1. ONLINE by visiting the CSDA Annual Conference website at conference.csdanet.net.
2. FAX your registration form to 916-520-2465. All faxed forms must include payment.
3. MAIL to CSDA, 1112 I Street, Suite 200, Sacramento, CA 95814, please include registration form along with payment. Check should be made payable to: California Special Districts Association.

Not sure if you are a member?

Contact the CSDA office at 877-924-2732 to find out if your agency or company is already a member. To learn more about the benefits of membership, contact Member Services Director Cathrine Lemaire at cathrinel@csda.net or call toll-free 877-924-2732.

Full conference registration fee includes:

- President's Reception with the Exhibitors Monday Evening
- Keynote Sessions and Breakout Sessions
- Continental Breakfast with the Exhibitors on Tuesday
- Lunch with the Exhibitors on Tuesday
- Mix and Mingle in the Exhibit Hall on Tuesday
- SDRMA Full Plated Breakfast on Wednesday
- Awards Luncheon on Wednesday
- SDF "Taste of the City" Reception on Wednesday
- Closing Breakfast on Thursday

Name:		Title:	
District:			
Address:			
City:	State:	Zip:	
Phone:	Fax:		
Email:	Website:		
Member status: <input type="checkbox"/> Member <input type="checkbox"/> Non-member			
Special Needs (include dietary):			
Emergency Contact:			
Conference Registration Fees		Early Bird (on /before Aug. 24, 2018)	Regular (after Aug. 24, 2018)
<input type="checkbox"/> CSDA Member - Full Conference		\$600.00	\$650.00
<input type="checkbox"/> Non-member - Full Conference		\$900.00	\$975.00
<input type="checkbox"/> Guest - Full Conference (Cannot be from a district/company) <input type="checkbox"/> Vegetarian		\$300.00	\$325.00
<input type="checkbox"/> CSDA Member - One-day registration <input type="checkbox"/> Tuesday <input type="checkbox"/> Wednesday <input type="checkbox"/> Thursday		\$325.00 each day	\$350.00 each day
<input type="checkbox"/> Non-member - One-day registration <input type="checkbox"/> Tuesday <input type="checkbox"/> Wednesday <input type="checkbox"/> Thursday		\$485.00 each day	\$525.00 each day
Separate Registration Fees		Member	Non-member
<input type="checkbox"/> Pre-Conference Workshop: SDLA Module 1: Governance Foundations - Sept. 24		\$225.00	\$340.00
<input type="checkbox"/> Pre-Conference Workshop: Policy and Procedure - Sept. 24		\$225.00	\$340.00
<input type="checkbox"/> Pre-Conference Workshop: So, You Want to Be a General Manager - Sept. 24		\$100.00	\$100.00
<input type="checkbox"/> Pre-Conference Workshop: The Strategies of a Special District Strategic Plan - Sept. 24		\$150.00	\$225.00
<input type="checkbox"/> Pre-Conference Tour: Salton Sea Authority Tour - Sept. 24		\$ 48.00 (includes transportation and lunch) (limited to 45 attendees)	
<input type="checkbox"/> SDF Scramble for Scholarships Golf Tournament - Sept. 24		\$ 115.00 (includes lunch)	
<input type="checkbox"/> CSDA Awards Luncheon (Guests only) - Sept. 26		\$ 45.00	
<input type="checkbox"/> SDF "Taste of the City" Reception (Guests only) - Sept. 26		\$ 65.00 CSDA Member Guest	\$ 98.00 Non-member Guest
		TOTAL	
Payment type: <input type="checkbox"/> Check <input type="checkbox"/> Visa <input type="checkbox"/> MasterCard <input type="checkbox"/> AMEX <input type="checkbox"/> Discover			
Account name:		Account Number:	
Expiration date:		Authorized Signature:	

Cancellations/Substitution Policy: Cancellations must be in writing and received by CSDA no later than Friday, August 31, 2018. All cancellations received by this date will be refunded less a \$75 processing fee. There will be no refunds for cancellations made after August 31, 2018. Substitutions are acceptable and must be done in writing no later than September 14, 2018 at 5:00 p.m. Please submit any cancellation notice or substitution request to emilyc@csda.net or fax to 916-520-2465.

Consent to Use Photographic Images: Registration and attendance at, or participation in, CSDA meeting and other activities constitutes an agreement by the registrant to CSDA's use and distribution (both now and in the future) of the registrant or attendee's image or voice in photographs, videotapes, electronic reproductions, and audiotapes of such events and activities.

Anti-Discrimination and Harassment Policy: CSDA is dedicated to a harassment-free event experience for everyone. Our Anti-Discrimination and Harassment Policy can be found under "CSDA Transparency" at www.csdanet.net/about-csda/who-we-are.

Sept. 24 - 27, 2018

**2018 CSDA Annual Conference
& Exhibitor Showcase**

Renaissance Indian Wells
Resort & Spa

In order to reduce waste and control costs - you may be the only person at your organization receiving this printed brochure. To request additional copies call 877-924-2732 or visit conference.csda.net to download a PDF of the brochure."

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: REGIONAL/STATE ISSUES
DATE: JULY 19, 2018

Background

Attached are the monthly reports from Lewis & Consulting Group and Townsend & Associates regarding local, regional and state issues and legislation of interest to the District.

On July 11, 2018, President Davert was sworn in as the Special District LAFCO Commissioner. LAFCO has a very full agenda pending with proposed changes to their Policies & Guidelines, a proposed Workplan and (as part of the Workplan) the possible transfer of the Water and Sewer enterprises from the City of San Juan Capistrano to a south Orange County water/sewer special district.

The California Legislative Counsel has produced an opinion that, SB 998, Senator Dodd's Bill that would restrict water agencies' from shutting off a customer's water for non-payment was found not to violate Proposition 218. (see attached analysis). The bill is making its way through the Legislature.

Financial Impact

There is no direct financial impact to the District from this item.

Recommendation

The Board receive and file the reports.

The County of Orange Report

July 10, 2018
by Lewis Consulting Group



- The July 11, 2018 LAFCO meeting is after our print deadline, so matters of consequence will be briefed at the July 16th PAL meeting.

On the Agenda. . .

OATHS OF OFFICE - Commissioner-elect Doug Davert will be sworn in along with oaths being administered for new terms for Commissioners Brothers, Fisler, McGregor and Spitzer.

FINAL COMPLIANCE QUARTERLY REPORT - a look back at both 2017-2018 work plan accomplishments plus an updated financial report.

ADOPTION OF THE LAFCO FINAL BUDGET FOR FISCAL YEAR 2018-2019

CONTRACT EXTENSION WITH EXECUTIVE OFFICER CAROLYN EMORY - Emory is receiving a three year extension with a salary of \$156,696 rising to \$163, 752 effective January 1, 2019. She remains eligible for performance bonus as well.

FOCUSED MUNICIPAL SERVICE REVIEW FOR CITY OF SAN JUAN CAPISTRANO WATER AND WASTEWATER UTILITY SYSTEMS - a study prepared by Policy consultants Associates for an infrastructure assessment and Berkson & Associates for fiscal assessment studied the potential transfer to three different districts: Moulton Niguel, Santa Margarita and South Coast.

The assessment concludes that South Coast is too small to provide sufficient efficiencies “although SCWD has the most commonalities with the City’s operations and service, their comparable sizes may be a hindrance to consolidation as it would double the demand on SCWD. Becoming a part of a larger well-managed organization with additional capacity has a higher potential of benefitting city residents. An agency, such as MNWD or SMWD will be able to extend its operational and service efficiencies to cover the much smaller San Juan Capistrano Service Area without sacrificing much of its own capacity.”

CITY & SPECIAL DISTRICT SUGGESTED REVIEWS TO OC LAFCO POLICIES, PROCEDURES AND GUIDELINES AND PROPOSED WORK PLAN - this item is proving to be the most contentious on the agenda. A large number of MWDOC member agencies are objecting to some of

the language which appears to be both expanding OC LAFCO's mission and laying the groundwork for more local agency consolidation.

County Adopts 2018-2019 Budget

Heading into the July 1 fiscal new year, the Board of Supervisors adopted a budget of just less than \$6.5 billion. Of this, nearly \$3.5 billion is the county general fund, augmented by nearly \$3 billion in special funds.



The amount of funding is enough to employ 18,300 county employees. Of this, 6,500 employees are dedicated to public safety and 8,700 to community services. The balance are broken down in categories of infrastructure & environmental, general government and miscellaneous.

40% of the county budget is spent on community services. 22% is spent on public protection and 18% is spent on infrastructure and environmental resources. The balance is categorized as general government, capital improvement, debt services and insurance, reserves and miscellaneous.

One highlight of the budget is that it contains the last \$55 million a year payment owed to the State brought about by botching a local bond refinancing relative to the vehicle license fee set aside related to the Orange County bankruptcy of 1994.

The most controversial item associated with the new budget is the bludgeoning of the office of the Auditor-Controller. The countywide elected Auditor-Controller, Eric Wollery, angered members of the Board by criticizing their newsletter program and pensions among other things.

The Boards retaliation was swift and merciless. The Board voted to immediately transfer the 14 budget staff members of the Internal Audit Division from Woolery's shop to the Board of Supervisors authority. In addition, another \$1 million supporting 12 positions was eliminated. This is an attempt to cripple the political/public relations arm of the department. If that wasn't enough, the Board ordered a study on how to transfer 287 accounting and financial control staff positions from the Auditor-Controller office. Of the county's 23 departments, only the office of the Auditor-Controller received cutbacks.

Somewhere in here there is a message about not annoying a majority of the people who control your budget.

Key Orange County November Races

JRL PREDICTIONS RANKED BY COMPETITIVENESS

District Attorney	Rackauckas vs. Spitzer	photo finish
4 th Supervisorial	Shaw vs. Chaffee	photo finish
48 th C.D.	Rohrabacher vs. Roude	photo finish
45 th C.D.	Walters vs. Porter	Walters by a head
74 th A.D.	Harper vs. Petrie-Norris	Harper by a length
39 th C.D.	Kim vs. Cisneros	Kim by 2 lengths
65 th A.D.	Quirk-Silva vs. Coronado	Quirk-Silva by 3 lengths
49 th C.D.	Harkey vs. Levin	Levin by 4 lengths
Sheriff	Barnes vs. Nguyen	Barnes - cruising



Election Turmoil Surprise

Confounding the experts who had predicted a relatively low June voter turnout, Californians set a new state record for turnout in a non-Presidential primary.

Experts had first predicted a turnout in the high 20%, later changed to low-mid 30% but were shocked when a shade under 7 million Californians cast their primary ballots. The previous number in a similar primary was 6.2 million voters. In the comparable 2014 primary, only 4.3 million Californians voted. In Orange County a whopping 43% voted in the primary.



First General Election Poll

Courtesy of the USC-L.A. Times Dornslife poll, we have our first general election match-ups for California's Governor and U.S. Senate races.

<i>Governor</i>	
Gavin Newsome	42%
John Cox	26%
Undecided	25%
Other	7%

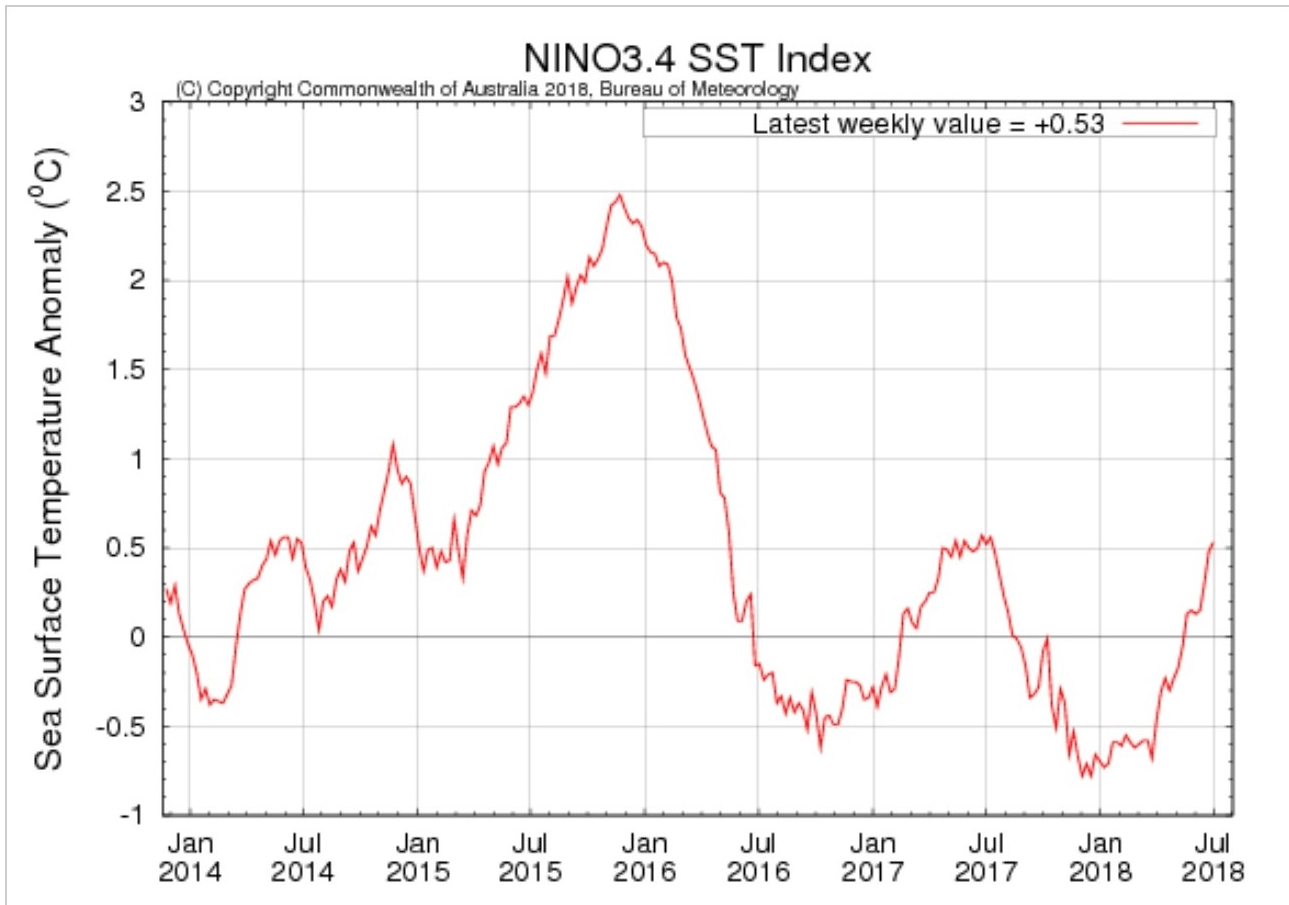
<i>U.S. Senate</i>	
Dianne Feinstein	36%
Kevin De Leon	18%
Undecided	46%

The large undecided in the U.S. Senate race shows a race very much in flux. Another non-Sacramento challenger might have given Senator Feinstein an even tougher race!

Hurry Up El Niño

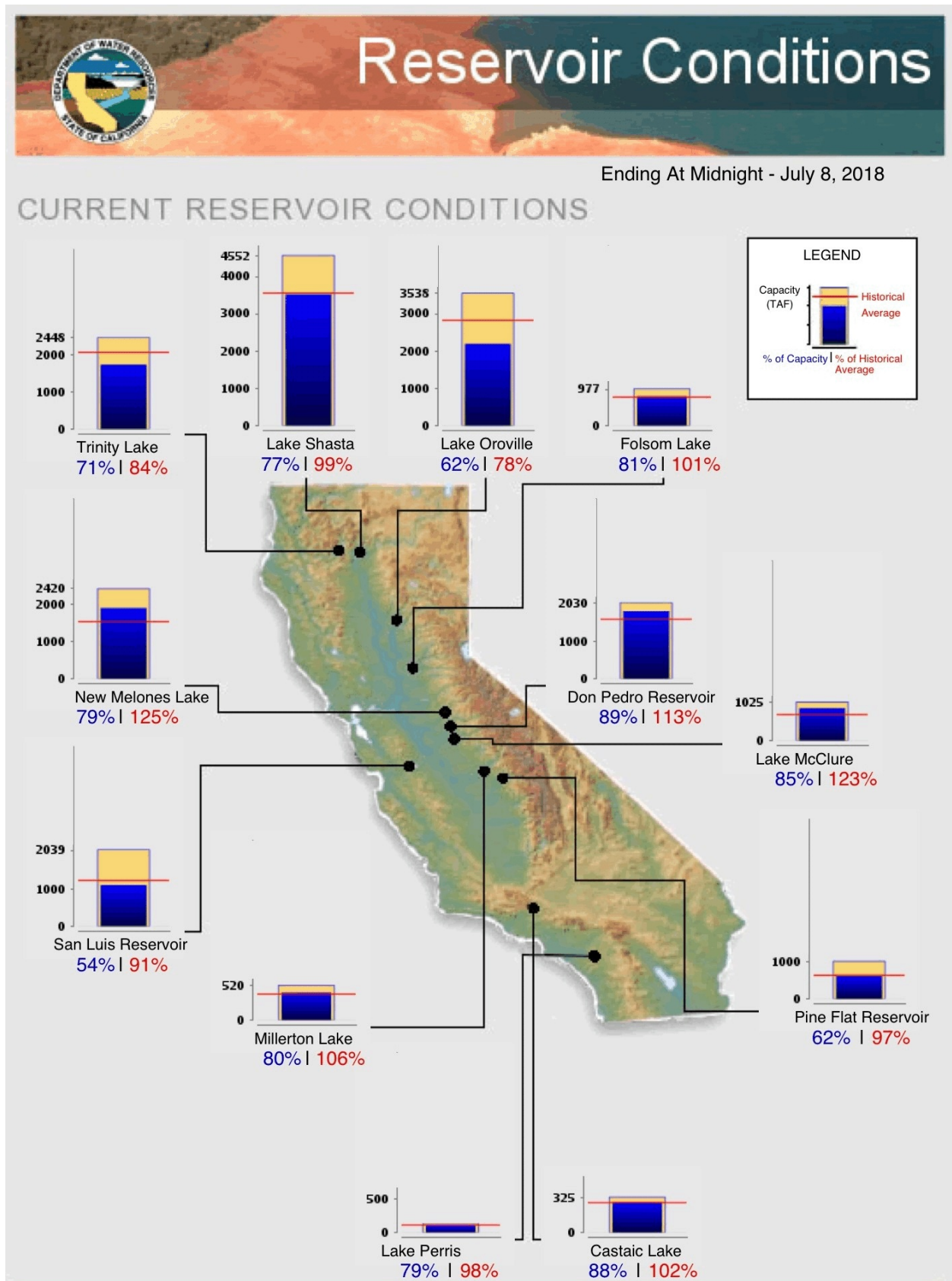
At a time when California reservoirs are beginning their draw down and Colorado River flows are challenged, we could use a healthy dose of El Niño inspired rains in the 2018/2019 rainy season.

Help on the way??



"The odds for El Niño are running at 58%. Stakeholders, place your bets!"

Current Reservoir Conditions



Lake Mead as of July 8, 2018 is down 2.82 feet from one year previously. Lake Mead's level is 13 feet below the ten year July 9th average.

Last 10 July 9th's data records

DATE MEASURED	ELEVATION	CHANGE	CONTENT	INFLOW (cfs)	OUTFLOW (cfs)	HIGH TEMP	LOW TEMP
Sun, Jul 09, 2017	1079.42	0.05	9963000	n/a	10000	106.0	89.0
Sat, Jul 09, 2016	1071.79	-0.10	9342000	n/a	18300	102.0	80.0
Thu, Jul 09, 2015	1075.64	0.03	9653000	n/a	14400	91.0	72.0
Wed, Jul 09, 2014	1081.85	-0.05	10164860	n/a	15533	97.0	74.0
Tue, Jul 09, 2013	1105.33	-0.20	12216180	13812	21293	108.0	81.0
Mon, Jul 09, 2012	1115.44	-0.08	13161530	15064	18145	113.0	84.9
Sat, Jul 09, 2011	1103.75	0.18	11829250	28152	17976	104.0	72.9
Fri, Jul 09, 2010	1088.90	-0.12	10522000	13353	17066	106.0	79.9
Thu, Jul 09, 2009	1095.21	-0.07	11066000	14619	13731	104.9	75.9
Wed, Jul 09, 2008	1104.65	-0.01	11911000	14534	11710	111.9	81.9
Averages of List	1092.20	-0.04	10982882.00	16589.00	15815.40	104.38	79.15

To: East Orange County Water District

From: Townsend Public Affairs, Inc.

Date: July 3, 2018

Subject: Monthly Political and Activity Report

State Political Update

In the month of June, the Legislature focused on passing bills out of their respective policy committees as well as finalizing the 2018-2019 Budget in preparation for the June 15 Budget deadline. There are approximately 1400 bills still alive in the Legislature. All bills will need to be addressed before the Legislature adjourns on August 31.

Below is a list of upcoming dates in the Legislature:

- **July 6 – Last day for policy committees to pass bills**
- **July 6 – Summer Recess begins on adjournment**
- **August 6 – Legislature reconvenes from Summer Recess**
- **August 17 – Last day for fiscal committees to pass bills**

On June 5 voters participated in the Statewide Primary Election. Assembly Democrats retained their two-thirds majority by electing Luz Rivas (D-North Hollywood) and Jesse Gabriel (D-Northridge). Additionally, it was confirmed that Senate Democrats lost their two-thirds majority when Senator Josh Newman (D-Diamond Bar) was recalled. Senator Ling-Ling Chiang (R-Diamond Bar) was sworn in on June 25 to replace Senator Newman. Furthermore, a special election for Senate District 32, which was vacated by Senator Tony Mendoza, will be held on August 7. If Democrats retain their control of this Senate seat, they will still be one vote shy from a two-thirds majority. Any legislation requiring a two-thirds vote for the rest of this legislative year will require Republican support.

Fiscal Year 2018-2019 Enacted Budget

The Legislature passed the 2018-2019 Budget (SB 840) on June 14, one day before the constitutional deadline of June 15. The enacted budget includes \$201.4 billion in both general and special funds. Additionally, the 2018-2019 budget is the third consecutive budget that includes a notably higher-than-expected tax revenue. The Governor and Legislature used this budget surplus to invest in the State's Rainy-Day Fund as well as other one-time expenditures.

The Budget also represents the first full year of funding under SB 1 (2017) with \$4.6 billion in new transportation funding allocated to state agencies and local governments. The funding will repair local roads, State highways and bridges, potholes, passenger rail, public transit, and ease congestion in busy trade and travel corridors throughout the State.

Another key item in this year's budget is the State's expanding efforts to combat poverty and homelessness. The budget invests \$5 billion to provide affordable housing, including \$500 million to assist local governments in their immediate efforts to help homeless Californians.

Building on the Legislature's desire to curb higher education costs to students, the enacted Budget also continues to increase funding for the State's education system, including university and community colleges. The Budget increases per-student funding more than \$4,600 over 2011-2012 levels and allocates \$78.4 billion in funding to K-14 schools, representing a 66 percent increase in annual funding from seven years ago. The Budget also establishes the State's first-ever online community college system and will increase higher education spending by over \$600 million compared to fiscal year 2017-2018.

The Budget was signed by the Governor on June 27. The Governor did not exercise any line item vetoes in signing the budget package.

Park and Water Bonds

Proposition 68

On June 5, California voters approved Proposition 68 which authorized \$4 billion in general obligation bonds for state and local parks, environmental protection projects, water infrastructure projects, and flood protection projects. Approximately \$1.6 billion is set aside for water-related projects and programs including safe drinking water, sustainable groundwater management, flood control, and drought preparedness. \$1.2 billion of the \$4 billion was included in the 2018-2019 Budget that was signed by the Governor.

TPA will continue to track the roll-out of Proposition 68 funds and keep the District informed.

Proposition 3

The November 6 ballot will officially include Proposition 3, Jerry Meral's initiative driven water bond. The Water Supply and Water Quality Act of 2018 authorizes \$8.9 billion in general obligation bonds to fund safe drinking water, Sustainable Groundwater Management (SGMA) implementation, watershed restoration, fish and wildlife habitat conservation, and infrastructure repair. Should Proposition 3 pass, the money will be appropriated continuously to the relevant State agencies and will not have to be appropriated through the budget process.

TPA will continue to track Proposition 3 and keep the District informed.

Tax Fairness, Transparency and Accountability Act of 2018

In early 2018, California Business Roundtable, with major funding from the American Beverage Association, sponsored the Tax Fairness, Transparency and Accountability Act of 2018 as a result of recent fees on soda administered by various cities. This ballot measure would have required a two-thirds vote on all local tax measures (both general taxes and special taxes), repealed local taxes approved in 2018 by majority vote, and imposed restrictions on local fee adoption.

In an effort to convince the proponents to rescind the ballot initiative, the Legislature and Governor negotiated a deal that prevents cities and other local agencies from levying any new tax, fee or assessment on groceries, including soda, for twelve years. The legislative vehicle for the negotiated compromise, SB 872 (Budget), was introduced on June 25 and signed into law on June 28. The signing of this legislation successfully persuaded the ballot measure proponents to pull their initiative from the November 6 ballot.

Priority Legislation

SB 623 (Monning) – Water quality: Safe and Affordable Drinking Water Fund

SB 623 aims to create the Safe and Affordable Drinking Water Fund to help ensure the long-term sustainability of drinking water service and infrastructure for communities that do not have access to safe drinking water. One of the funding components of this bill is a proposed fee on each customer of a public water system. The rest of the fees proposed are targeted at the agricultural community through the taxation of fertilizer and milk. Although the bill failed to pass the Legislature in 2017, bill sponsors (Community Water Center and Western Growers Association) are committed to the passage of SB 623 in 2018. **SB 623 is still being held in the Assembly Rules Committee.**

Federal Legislative Update

In June, Congress continued to work to advance the reauthorization of the Water Resources Development Act (WRDA) and additional bills to appropriate funding in Fiscal Year (FY) 2019 for federal energy, environment, and water programs. As we move into the final full month of the legislative calendar for both chambers before the midterm election, progress during the next month on legislation will be critical.

House Passes WRDA Reauthorization

On June 6, the House overwhelmingly passed its version of WRDA, H.R. 8, by a vote of 408 to 2. The House bill is a relatively narrow in nature and primarily focuses on authorizing Army Corps of Engineers projects.

While the Senate Committee on Environment and Public Works approved its version of the bill, S. 2800, it has not yet considered by the full Senate. If adopted, the Senate bill provides for a more comprehensive approach intended to bolster water infrastructure, including:

- Authorizing low-interest and high-subsidized loans to help clear out State Revolving Fund backlogs;
- Establishing a water infrastructure workforce development program; and
- Creating a grant program to support climate resiliency projects.

If the Senate passes its own version of WRDA or amends the House version, those differences must be resolved and approved by both chambers before reaching the President's desk. If the Senate considers WRDA in July, that should provide sufficient time during the month of August, when the House will be out of session, to reconcile those differences.

House and Senate Pass Energy and Water Appropriations Bill



The House and Senate both approved a “minibus” appropriations package, which includes funding for energy and water development, military construction, veterans affairs, and legislative branch programs in FY 2019. Congressional leaders must reconcile differences between the versions passed by the House and Senate before President Trump can sign the bill into law.

TPA continues to advocate for your funding priorities to urge legislators to appropriate robust funding to the District’s priority programs.

- **Our below spotlight system shows in green all the areas in which both Senate and House appropriators proposed the funding levels we requested.** Yellow indicates that one of the two chambers recommended our requested levels, and red indicates a proposed cut in both chambers. Some levels will be detailed in additional documentation not yet released. TPA continues to focus on programs in yellow and red to ensure adequate funding in FY19.
- **Thanks to continued advocacy, we are seeing many of the proposed funding levels for FY 2019 to be about the same as the FY 2018 levels, most of which also saw increases in the District’s priority areas.**
- Many funding increases trigger better chances of receiving grant funding, both through federal programs and state programs that receive federal dollars. Keep an eye open for these priority grant cycles over the coming year.

Next Steps

Congress will continue to debate these bills before FY 2019 begins on October 1, 2018. TPA is monitoring any potential roadblocks to the passage of all appropriations bills prior to September 30, which Congress has only been able to do without an extension four times in the last 40 years. If history is any indication, and with a Congress this dysfunctional, we may see similar delays this September.

As always, TPA is happy to engage further on ways to take advantage of these opportunities. Let us know if you have any questions. In the meantime, we will continue to keep you updated on our advocacy efforts on your FY 2019 funding priorities. Below are some programmatic highlights and status reports:



Program	FY 2018 enacted	FY 2019 President's Request	FY 2019 House proposed	FY 2019 Senate proposed
Clean Water State Revolving Fund	\$1.39 billion	\$1.39 billion	\$1.54 billion	\$1.69 billion
Drinking Water State Revolving Fund	\$863 million	\$863 million	\$1.01 billion	\$1.16 billion
WIFIA	\$63 million	\$20 million	\$75 million	\$63 million
FEMA Pre-Disaster Mitigation Grant Program	\$249 million	\$39 million	Not yet available	Not yet available

Additional Legislation

- **S. 3015, Water Affordability Act (Harris, D-CA)**
 - **Status:** New to report. Introduced on June 6, 2018. The legislation has yet to gain any cosponsors. Senator Harris is a former member of the Environment and Public Works Committee.
 - **Summary:** This bill would create an EPA pilot grant program to support public water utility companies to assist low-income households maintain access to sanitation services and drinking water.
- **H.R. 5726, Non-Federal Reservoir Operations Improvement Act (Costa, D-CA)**
 - **Status:** No change since introduction on April 25, 2018. This bill enjoys bipartisan support from Congressmen Jeff Denham (R-CA), John Garamendi (D-CA), and Tom McClintock (R-CA).
 - **Summary:** This bill would make a technical change to allow for the use of certain funds to formulate, review, or revise operational documents for any non-federal reservoir for which the Army Corps of Engineers is authorized to prescribe regulations for the use of storage allocated for flood risk management or navigation.
- **H.R. 5609, Water Affordability, Transparency, Equity and Reliability (WATER) Act of 2018 (Ellison, D-MN)**
 - **Status:** No change since introduction on April 25, 2018. Although the House is unlikely to vote on it this Congress, this bill is supported by many interest groups as a mechanism to provide federal funding to ensure clean and safe drinking water.
 - **Summary:** This bill would establish a trust fund to provide for adequate funding for water and sewer infrastructure.



East Orange County Water District

Priority Legislation

July 3, 2018

[AB 196](#)

([Bigelow R](#)) Greenhouse Gas Reduction Fund: water supply and wastewater systems.

Current Text: Amended: 3/6/2017 [html](#) [pdf](#)

Introduced: 1/19/2017

Last Amend: 3/6/2017

Location: 9/1/2017-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires moneys from the Greenhouse Gas Reduction Fund to be allocated for the purpose of reducing greenhouse gas emissions in this state and satisfying other purposes. Current law authorizes specified investments, including water use and supply, if the investment furthers the regulatory purposes of the California Global Warming Solutions Act of 2006 and is consistent with law. This bill would authorize the use of the moneys in the fund for electric pump efficiency, water and wastewater systems, pump and pump motor efficiency improvements, and drinking water transmission and distribution systems' water loss if the investment furthers the regulatory purposes of the act and is consistent with law.

Position

[AB 327](#)

([Gipson D](#)) South Coast Air Quality Management District: fleets.

Current Text: Amended: 6/4/2018 [html](#) [pdf](#)

Introduced: 2/7/2017

Last Amend: 6/4/2018

Location: 6/21/2018-S. T. & H.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 7/3/2018 1:30 p.m. - John L. Burton Hearing Room (4203) SENATE TRANSPORTATION AND HOUSING, BEALL, Chair

Summary: Would authorize the governing board of the south coast district to adopt rules and regulations that require specified operators of public and commercial fleet vehicles consisting of 15 or more vehicles to purchase the cleanest commercially available vehicles, as defined, that will meet the operator's operational needs; to require the replacement of no more than 15% of existing vehicles per calendar year, as specified; and to require those cleanest commercially available vehicles to be operated, to the maximum extent feasible, in the south coast district.

Position

[AB 732](#)

([Frazier D](#)) Delta levee maintenance.

Current Text: Amended: 5/30/2017 [html](#) [pdf](#)

Introduced: 2/15/2017

Last Amend: 5/30/2017

Location: 9/1/2017-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law establishes a delta levee maintenance program pursuant to which a local agency may request reimbursement for costs incurred in connection with the maintenance or improvement of project or nonproject levees in the Sacramento-San Joaquin Delta. Current law declares legislative intent to reimburse eligible local agencies

under this program, until July 1, 2018, in an amount not to exceed 75% of those costs that are incurred in excess of \$1,000 per mile of levee. Current law, until July 1, 2018, authorizes the board to provide funds to an eligible local agency under this program in the form of an advance in an amount that does not exceed 75% of the estimated state share. This bill would extend until July 1, 2020, the operation of that declaration of legislative intent and the authorization to advance funds.

Position
Spot

AB 869

(**Rubio** D) Sustainable water use and demand reduction: recycled water.

Current Text: Amended: 8/24/2017 [html](#) [pdf](#)

Introduced: 2/16/2017

Last Amend: 8/24/2017

Location: 9/1/2017-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law imposes various water use reduction requirements that apply to urban retail water suppliers, including a requirement that the state achieve a 20% reduction in urban per capita water use by December 31, 2020. This bill would require long-term standards for urban water conservation and water use to include a credit for recycled water, as specified.

Position

AB 1000

(**Friedman** D) Water conveyance: use of facility with unused capacity.

Current Text: Amended: 7/3/2017 [html](#) [pdf](#)

Introduced: 2/16/2017

Last Amend: 7/3/2017

Location: 9/1/2017-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law prohibits the state or a regional or local public agency from denying a bona fide transferor of water from using a water conveyance facility that has unused capacity for the period of time for which that capacity is available, if fair compensation is paid for that use and other requirements are met. This bill would, notwithstanding that provision, prohibit a transferor of water from using a water conveyance facility that has unused capacity to transfer water from a groundwater basin underlying desert lands, as defined, that is in the vicinity of specified federal lands or state lands to outside of the groundwater basin unless the State Lands Commission, in consultation with the Department of Fish and Wildlife, finds that the transfer of the water will not adversely affect the natural or cultural resources of those federal and state lands.

Position

AB 1273

(**Gallagher** R) California Environmental Quality Act: exemption: levee repairs.

Current Text: Amended: 5/2/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amend: 5/2/2017

Location: 7/14/2017-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, until July 1, 2023, exempt from the requirements of CEQA repairs of critical levees of the State Plan of Flood Control within an existing levee footprint to meet standards of public health and safety, except as otherwise provided in a specified regulation. The bill would require the lead agency to take certain actions regarding the repairs. This bill contains other existing laws.

Position

[AB 1323](#)**(Weber D)** Sustainable water use and demand reduction: stakeholder workgroup.Current Text: Amended: 5/30/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amend: 5/30/2017

Location: 9/1/2017-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, with a specified exception, require the Department of Water Resources to convene a stakeholder workgroup with prescribed representatives invited to participate, including, among others, representatives of the department and the State Water Resources Control Board, no later than February 1, 2019. The bill would require the stakeholder workgroup to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers and to examine and report to the Governor and the Legislature by December 31, 2019, as specified.

Position

[AB 1667](#)**(Friedman D)** Water management planning.Current Text: Amended: 7/3/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amend: 7/3/2017

Location: 7/14/2017-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Water Resources Control Board, in consultation with the Department of Water Resources, to adopt long-term standards for urban water conservation and water use on or before May 20, 2021. The bill would also require the board, in consultation with the department, to adopt performance measures for commercial, industrial, and institutional water use on or before that date.

Position

[AB 1989](#)**(Mathis R)** Water and Wastewater Loan and Grant Program.Current Text: Amended: 3/15/2018 [html](#) [pdf](#)

Introduced: 2/1/2018

Last Amend: 3/15/2018

Location: 4/18/2018-A. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law authorizes the State Water Resources Control Board to establish the Water and Wastewater Loan and Grant Program, to the extent funding is made available, to provide funding to eligible applicants for specified purposes relating to drinking water and wastewater treatment. This bill would appropriate \$50,000,000 from the General Fund to the board for the program.

Position

[AB 2050](#)**(Caballero D)** Small System Water Authority Act of 2018.Current Text: Amended: 6/11/2018 [html](#) [pdf](#)

Introduced: 2/6/2018

Last Amend: 6/11/2018

Location: 6/28/2018-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: This bill would create the Small System Water Authority Act of 2018 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2019, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves

less than 10,000 people, and are not in compliance with one or more state or federal primary drinking water standard maximum contaminant levels as of December 31, 2018, and for 4 consecutive quarters, as specified.

Position

[AB 2064](#)

(Gloria D) Integrated regional water management plans: grants: advanced payment.

Current Text: Amended: 6/27/2018 [html](#) [pdf](#)

Introduced: 2/7/2018

Last Amend: 6/27/2018

Location: 6/27/2018-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law, until January 1, 2025, requires a regional water management group, within 90 days of notice that a grant has been awarded, to provide the Department of Water Resources with a list of projects to be funded by the grant funds if the project proponent is a nonprofit organization or a disadvantaged community or the project benefits a disadvantaged community. Current law requires the department, within 60 days of receiving this project information, to provide advanced payment of 50% of the grant award for those projects that satisfy specified criteria. The bill, until January 1, 2025, would require the department to provide a project proponent that requests advanced payment and satisfies certain criteria with advanced payment for those projects of \$500,000 or 50% of the grant award, whichever is less.

Position

[AB 2258](#)

(Caballero D) Local agency formation commissions: grant program.

Current Text: Amended: 7/2/2018 [html](#) [pdf](#)

Introduced: 2/13/2018

Last Amend: 7/2/2018

Location: 6/26/2018-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law establishes the Strategic Growth Council in state government and assigns to the council certain duties, including providing, funding, and distributing data and information to local governments and regional agencies that will assist in the development and planning of sustainable communities. This bill would require the Strategic Growth Council, until January 1, 2024, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of districts listed as inactive, the payment of costs associated with a study of the services provided within a county by a public agency, and for other specified purposes, including the initiation of an action, based on determinations found in the study, as approved by the commission.

Position

[AB 2371](#)

(Carrillo D) Water use efficiency: landscape irrigation.

Current Text: Amended: 6/28/2018 [html](#) [pdf](#)

Introduced: 2/14/2018

Last Amend: 6/28/2018

Location: 6/26/2018-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Contractors' State License Law provides for the licensing by written examination and regulation of contractors by the Contractors' State License Board in the Department of Consumer Affairs. Current law requires the Contractors' State License Board to periodically review and, if needed, revise the contents of qualifying examinations to insure that the examination questions are timely and relevant to the business of contracting. This bill, before revision of the landscaping contractor examination, would require the Contractors' State License Board to confer with specified entities to determine whether any updates or revisions to the examination are needed to reflect new and emerging landscape irrigation efficiency practices, as specified.

Position

[SB 519](#)

([Beall D](#)) Santa Clara Valley Water District.

Current Text: Amended: 1/3/2018 [html](#) [pdf](#)

Introduced: 2/16/2017

Last Amend: 1/3/2018

Location: 6/25/2018-A. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 7/5/2018 #56 ASSEMBLY THIRD READING FILE - SENATE BILLS

Summary: The district Santa Clara Valley Water District Act requires a candidate for the board of directors to be a resident in the electoral district for which he or she is a candidate and to continue to reside within the electoral district during his or her term of office. The district act requires a vacancy in the office of any director to be filled, as specified. This bill would require any director appointed or elected to fill a vacancy to represent the electoral district in which the vacancy occurred and to be a qualified elector residing in the electoral district in which the vacancy occurred.

Position

[SB 623](#)

([Monning D](#)) Water quality: Safe and Affordable Drinking Water Fund.

Current Text: Amended: 8/21/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amend: 8/21/2017

Location: 9/1/2017-A. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board. The bill would require the board to administer the fund to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. The bill would authorize the state board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, bequests, and settlements from parties responsible for contamination of drinking water supplies.

Position

Oppose

[SB 778](#)

([Hertzberg D](#)) Water systems: consolidations: administrative and managerial services.

Current Text: Amended: 7/13/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amend: 7/13/2017

Location: 9/1/2017-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require, on or before March 1, 2018, and regularly thereafter, as specified, the State Water Resources Control Board to track and publish on its Internet Web site an analysis of all voluntary and ordered consolidations of water systems that have occurred on or after July 1, 2014. The bill would require the published information to include the resulting outcomes of the consolidations and whether the consolidations have succeeded or failed in providing an adequate supply of safe drinking water to the communities served by the consolidated water systems.

Position

[SB 831](#)

([Wieckowski D](#)) Land use: accessory dwelling units.

Current Text: Amended: 6/21/2018 [html](#) [pdf](#)

Introduced: 1/4/2018

Last Amend: 6/21/2018

Location: 6/20/2018-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the ordinance for the creation of accessory dwelling units to designate areas where accessory dwelling units may be excluded for health and safety purposes, as specified. The bill would revise the standards for the local ordinance to, among other things, delete the authority to include lot coverage standards, and include a prohibition on considering the square footage of a proposed accessory dwelling unit when calculating an allowable floor-to-area ratio or lot coverage ratio for the lot.

Position
Oppose

[SB 919](#)

([Dodd D](#)) Water resources: stream gages.

Current Text: Amended: 6/27/2018 [html](#) [pdf](#)

Introduced: 1/22/2018

Last Amend: 6/27/2018

Location: 6/27/2018-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Department of Water Resources and the State Water Resources Control Board, upon appropriation by the Legislature, to develop a plan to deploy a network of stream gages that includes a determination of funding needs and opportunities for modernizing and reactivating existing gages and deploying new gages, as specified. The bill would require the department and the board, in consultation with the Department of Fish and Wildlife, the Department of Conservation, the Central Valley Flood Protection Board, interested stakeholders, and, to the extent they wish to consult, local agencies, to develop the plan to address significant gaps in information necessary for water management and the conservation of freshwater species.

Position

[SB 952](#)

([Anderson R](#)) Water conservation: local water supplies.

Current Text: Introduced: 1/30/2018 [html](#) [pdf](#)

Introduced: 1/30/2018

Location: 1/30/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation that would require the State Water Resources Control Board to recognize local water agency investment in water supply and will ensure that local agencies receive sufficient credit for these investments in meeting any water conservation or efficiency mandates.

Position

[SB 959](#)

([Beall D](#)) Water corporation: advice letters.

Current Text: Amended: 6/13/2018 [html](#) [pdf](#)

Introduced: 1/31/2018

Last Amend: 6/13/2018

Location: 4/26/2018-A. U. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 7/3/2018 9 a.m. - State Capitol, Room 447 ASSEMBLY UTILITIES AND ENERGY, HOLDEN, Chair

Summary: Under current law, the Public Utilities Commission has regulatory authority over public utilities, including water corporations, as defined. This bill would require a water corporation with more than 10,000 service connections to maintain, for a certain period, on its Internet Web site an archive of all advice letters that are pending, approved, or rejected on or after January 1, 2019, in a specified manner.

Position

[SB 966](#)

([Wiener D](#)) Onsite treated nonpotable water systems.

Current Text: Amended: 6/19/2018 [html](#) [pdf](#)

Introduced: 1/31/2018

Last Amend: 6/19/2018

Location: 6/26/2018-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, on or before December 1, 2022, require the State Water Resources Control Board, in consultation with the California Building Standards Commission, to adopt regulations for risk-based water quality standards for the onsite treatment and reuse of nonpotable water, as provided. The bill would authorize the state board to contract with public or private entities regarding the content of the standards. The bill would require a local jurisdiction, as defined, that elects to establish a program for onsite treated nonpotable water systems to, among other things, adopt, through ordinance, a local program that includes the risk-based water quality standards established by the state board.

Position

[SB 979](#)

([Cannella R](#)) Water Quality, Supply, and Infrastructure Improvement Act of 2014.

Current Text: Introduced: 2/1/2018 [html](#) [pdf](#)

Introduced: 2/1/2018

Location: 2/1/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Water Quality, Supply, and Infrastructure Improvement Act of 2014 provides that the sum of \$810,000,000 is to be available, upon appropriation by the Legislature, for expenditures on, and competitive grants and loans to, projects that are included in and implemented in an adopted integrated regional water management plan and respond to climate change and contribute to regional water security. The bond act requires \$200,000,000 of that amount to be available for grants for multibenefit stormwater management projects. This bill would make a nonsubstantive change in those grant provisions.

Position

[SB 998](#)

([Dodd D](#)) Discontinuation of residential water service: urban and community water systems.

Current Text: Amended: 6/14/2018 [html](#) [pdf](#)

Introduced: 2/5/2018

Last Amend: 6/14/2018

Location: 6/26/2018-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, to have a written policy on discontinuation of water service to certain types of residences for nonpayment available in prescribed languages. The bill would require the policy to include certain components, be available on the system's Internet Web site, and be provided to customers in writing, upon request. The bill would provide for enforcement of these provisions, including making a violation of these provisions punishable by a civil penalty issued by the board.

Position

Oppose

[SB 1215](#)

([Hertzberg D](#)) Provision of sewer service: disadvantaged communities.

Current Text: Amended: 7/2/2018 [html](#) [pdf](#)

Introduced: 2/15/2018

Last Amend: 7/2/2018

Location: 6/28/2018-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *The Porter-Cologne Water Quality Control Act requires each California regional water quality control board to adopt water quality control plans and to establish water quality objectives in those plans, considering certain factors, to ensure the reasonable protection of beneficial uses and the prevention of nuisance. This bill would authorize the regional board to order the provision of sewer service by a special district, city, or county to a disadvantaged community, as defined, under specified circumstances. By authorizing the regional board to require a special district, city, or county to provide sewer service, this bill would impose a state-mandated local program.*

Position

SCA 4

([Hertzberg](#) D) Water conservation.

Current Text: Introduced: 2/2/2017 [html](#) [pdf](#)

Introduced: 2/2/2017

Location: 2/2/2017-S. RLS.

<i>Desk</i>	<i>Policy</i>	<i>Fiscal</i>	<i>Floor</i>	<i>Desk</i>	<i>Policy</i>	<i>Fiscal</i>	<i>Floor</i>	<i>Conf.</i>	<i>Enrolled</i>	<i>Vetoed</i>	<i>Chaptered</i>
<i>1st House</i>				<i>2nd House</i>				<i>Conc.</i>			

Summary: *The California Constitution requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable and that the waste or unreasonable use or unreasonable method of use of water be prevented. This measure would declare the intent of the Legislature to amend the California Constitution to provide a program that would ensure that affordable water is available to all Californians and to ensure that water conservation is given a permanent role in California's future.*

Position



CHIEF DEPUTY
Aaron D. Silva

PRINCIPAL DEPUTIES

Joe Ayala
Sergio E. Carpio
Amy Jean Haydt
Thomas J. Kerbs
Kirk S. Louie
Fred A. Messerer
Lara Bierman Nelson
Robert A. Pratt

Stephen G. Dehrer
Lisa C. Goldkuhl
L. Erik Lange
William E. Moddelmog
Sheila R. Mohan
Gerardo Partida
Robert D. Roth
Michelle L. Samore
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DEPUTIES

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Paul Arata
Jennifer Klein Baldwin
Jeanette Barnard
Jennifer M. Barry
Vanessa S. Bedford
Robert C. Binning
Brian Bitzer
Rebecca Bitzer
Brian Bobb
Ann M. Burastero
William Chan
Elaine Chu
Paul Coaxum
Byron D. Damiani, Jr.
Thomas Dombrowski
Roman A. Edwards
Sharon L. Everett
Krista M. Ferns
Jessica S. Gosney
Nathaniel W. Grader
Ryan Greenlaw
Mari C. Guzman
Ronny Hamed-Troyansky
Jacob D. Heninger
Alex Hirsch
Stephanie Elaine Hoehn
Russell H. Holder
Cara L. Jenkins
Valerie R. Jones
Lori Ann Joseph
Dave Judson
Alyssa Kaplan
Amanda C. Kelly
Christina M. Kenzie
Michael J. Kerins
Deborah Kiley
Mariko Kotani
Felicia A. Lee
Kathryn W. Londenberg
Richard Mafra
Anthony P. Márquez
Aimee Martin
Francisco Martin
Amanda Mattson
Abigail Maurer
Natalie R. Moore
Lindsey S. Nakano
Yooli Choi O'Brien
Christine Paxinos
Sue-Ann Peterson
Lisa M. Plummer
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June 7, 2018

Honorable Bill Dodd
Room 5064, State Capitol

**WATER SHUTOFFS: URBAN AND COMMUNITY
WATER SYSTEMS - #1809763**

Dear Senator Dodd:

California Constitution, article XIID, section 6, subdivision (b)(3) prohibits a charge imposed upon any parcel or person as an incident of property ownership from exceeding the proportional cost of the service attributable to the parcel. You have asked us whether proposed Health and Safety Code section 116908 in Senate Bill No. 998 (2017-2018 Reg. Sess.) as amended May 7, 2018 (hereafter S.B. 998), would violate that prohibition.

Article XIID was added to the California Constitution¹ by Proposition 218, which was approved by the voters at the November 5, 1996, statewide general election. Proposition 218 imposes "certain substantive and procedural restrictions on taxes, assessments, fees, and charges 'assessed by any agency upon any parcel of property or upon any person as an incident of property ownership.'"² Article XIID, section 6 specifies the procedures applicable to imposing or increasing a "property-related fee or charge." Subdivision (b) of that section provides, in pertinent part:

"(b) Requirements for Existing, New or Increased Fees and Charges. A fee or charge³ shall not be extended, imposed, or increased by any agency⁴ unless it meets all of the following requirements:

¹ All further article and section references are to the California Constitution, unless otherwise indicated.

² *City of San Buenaventura v. United Water Conservation Dist.* (2017) 3 Cal.5th 1191, 1200.

³ "Fee" or "charge" is defined for these purposes as "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." (Art. XIID, § 2, subd. (e).)

“(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.”^[5]

“(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

“(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.”

Thus, under the language quoted above, charges imposed for a property-related service must meet certain requirements, including the requirement that the amount of a charge imposed as an incident of property ownership “not exceed the proportional cost of the service attributable to the parcel.” (Art. XIID, § 6, subd. (b)(3); hereafter the proportionality requirement.)

S.B. 998 would add section 116908 to the Health and Safety Code (hereafter section 116908) to prohibit an urban and community water system from discontinuing residential service for nonpayment in certain circumstances. That section would provide:

“116908. (a) An urban and community water system^[6] shall not discontinue residential service^[7] for nonpayment if all of the following conditions are met:

“(1) The customer, or a tenant of the customer, submits to the urban and community water system the certification of a licensed medical professional that discontinuation of residential service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises where residential service is provided.

“(2) The customer demonstrates that he or she is financially unable to pay for residential service within the normal payment period. The customer shall

(...continued)

⁴ “Agency” is defined for these purposes as “any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.” (Art. XIID, § 2, subd. (a); art. XIIC, § 1, subd. (b).)

⁵ “Property-related service” is defined for these purposes as “a public service having a direct relationship to property ownership.” (Art. XIID, § 2, subd. (h).)

⁶ “Urban and community water system” for this purpose would be defined as “a public water system that supplies water to more than 200 service connections.” (S.B. 998, § 2, proposed Health & Saf. Code, § 116900, subd. (d).) “Public water system” would have the same meaning as defined in Health and Safety Code section 116275, subdivision (h). (S.B. 998, § 2, proposed Health & Saf. Code, § 116900, subd. (b).)

⁷ “Residential service” for this purpose would be defined as “water service to a residential connection that includes single-family residences, individually metered multifamily residences, mobilehome parks, or farmworker housing.” (S.B. 998, § 2, proposed Health & Saf. Code, § 116900, subd. (c).)

be deemed financially unable to pay for residential service within the normal payment period if any member of the customer's household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or the customer declares that the household's annual income is less than 200 percent of the federal poverty level.

"(3) The customer is willing to enter into an amortization agreement, alternative payment schedule, or a plan for deferred or reduced payment with respect to all delinquent charges.

"(b) (1) If the conditions listed in subdivision (a) are met, the urban and community water system shall offer the customer one or more of the following options:

"(A) Amortization of the unpaid balance.

"(B) Participation in an alternative payment schedule.

"(C) A partial or full reduction of the unpaid balance financed without additional charges to other ratepayers.

"(D) Temporary deferral of payment.

"(2) The urban and community water system may choose which of the payment options described in paragraph (1) the customer undertakes and may set the parameters of that payment option. Ordinarily, the repayment option offered should result in repayment of any remaining outstanding balance within 12 months. An urban and community water system may grant a longer repayment period if it finds the longer period is necessary to avoid undue hardship to the customer based on the circumstances of the individual case.

"(3) Residential service may be discontinued no sooner than 5 business days after the urban and community water system posts a final notice of intent to disconnect service in a prominent and conspicuous location at the property under either of the following circumstances:

"(A) The customer fails to comply with an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges for 60 days or more.

"(B) While undertaking an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges, the customer does not pay his or her current residential service charges for 60 days or more."

Thus, under section 116908, when an eligible customer is delinquent in making payments to an urban and community water system, the water system must offer that customer one or more specific types of payment arrangements, including a "partial or full reduction of the unpaid balance financed without additional charges to other ratepayers." (§ 116908, subd.(b)(1)(C).) In order to determine whether section 116908 would violate the proportionality requirement, we must determine whether that section would require the

water rates paid by another ratepayer to exceed the proportional cost of service attributable to his or her parcel.

The proportionality requirement applies to a fee or charge that is imposed “as an incident to property ownership.” A charge is imposed “as an incident of property ownership” and subject to the constitutional strictures when it burdens landowners as landowners.⁸ Courts have held that a charge for ongoing water delivery is imposed “as an incident of property ownership” within the meaning of the proportionality requirement.⁹ Thus, because section 116908 deals generally with ongoing water delivery, the fee addressed by that provision is subject to the proportionality requirement.

A fee or charge that is subject to the proportionality requirement may not exceed the proportional cost of the service attributable to the payer’s parcel. To comply with the proportionality requirement, an agency must do more than merely balance its total costs of service with its total revenues; it must correlate its prices with the actual cost of providing the service at those levels.¹⁰ Thus, where a city failed to calculate the actual costs of service for a tiered structure, the rates were invalid even though the court found that tiered rate structures on their face do not violate the proportionality requirement.¹¹ And where an agency intentionally sought to recoup most of its costs from a certain group of users so as to keep charges imposed on the vast majority of the agency’s customers disproportionately low, that rate structure was held impermissible under the proportionality requirement.¹²

Because courts have construed the proportionality requirement to require a correlation between the cost of providing service to a parcel and the rate charged for that service, we must determine whether section 116908 authorizes an urban and community water system to reduce the rate charged to certain customers. Although section 116908, subdivision (a) (hereafter subdivision (a)) would prohibit an urban and community water system from discontinuing residential service to a customer in certain instances, that prohibition does not address the rate that such a customer would pay while his or her service is prohibited from being terminated. Because a court considers statutory language in the context of the entire statute and the statutory scheme of which it is a part,¹³ the remainder of section 116908 and the proposed chapter are relevant in determining whether the prohibition is intended to affect the water rates paid by individuals who fall within its protections.

⁸ *Apartment Ass’n. of Los Angeles County, Inc. v. City of Los Angeles* (2001) 24 Cal.4th 830, 842.

⁹ *Bighorn-Desert View Water Agency v. Virjil* (2006) 39 Cal.4th 205, 216; see also *Richmond v. Shasta Community Services Dist.* (2004) 32 Cal.4th 409, 426-427; *City of San Buenaventura v. United Water Conservation Dist.*, *supra*, 3 Cal.5th at p. 1206.

¹⁰ *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano* (2015) 235 Cal.App.4th 1493, 1506; hereafter *Capistrano*.

¹¹ *Capistrano*, *supra*, 235 Cal.App.4th at p. 1506.

¹² *City of Palmdale v. Palmdale Water Dist.* (2011) 198 Cal.App.4th 926, 934 & 937-938.

¹³ *In re J.F.* (2011) 196 Cal.App.4th 321, 331.

In that regard, other portions of section 116908 and the chapter in which it would be included describe repayment or resolution of the customer's unpaid bill and not the rate that customer would be charged during or after the period in which the customer's service is prohibited from being suspended. For example, most of the options available under section 116908, subdivision (b)(1), like amortization of the unpaid balance, participation in an alternative payment schedule, and temporary deferral of payment, involve repayment of the customer's delinquent balance. Section 116908, subdivision (b)(2) provides that "Ordinarily, the repayment option offered should result in repayment of any remaining outstanding balance within 12 months." And other provisions of the proposed chapter containing section 116908 describe repayment of a delinquent balance. For instance, an urban and community water system would be required to have a written policy on discontinuation of residential service for nonpayment that includes, among other things, a plan for deferred or reduced payments and alternative payment schedules.¹⁴ And prior to discontinuing residential service for nonpayment, an urban and community water system would be required to contact the customer named on the account and offer to discuss options to avert discontinuation of residential service for nonpayment, including, among others, alternative payment schedules, deferred payments, minimum payments, and procedures for requesting amortization of the unpaid balance.¹⁵

Because the subject matter of section 116908 and its surrounding statutory scheme is repayment of a delinquent balance, it is our view that the prohibition in subdivision (a) does not indicate a legislative intent to authorize a reduction in the ongoing rate any ratepayer is required to pay or require an urban and community water system to charge different rates to different customers for water delivery. Therefore, as a prohibition on the discontinuance of residential service, subdivision (a) would not on its face extend, impose, or increase a rate or charge within the meaning of the proportionality requirement.

Section 116908, subdivision (b) (hereafter subdivision (b)), meanwhile, would require an urban and community water system to allow certain types of payment arrangements for customers who are protected under subdivision (a). For instance, subdivision (b) would authorize an urban and community water system to offer a customer whose bill is delinquent a partial or full reduction of the unpaid balance. Arguably, then, one way to read this subdivision is that it would authorize an urban and community water system to allow a customer to pay a smaller amount than that paid by other ratepayers for the same past water delivery service. It can be argued that this would cause the rates paid by other ratepayers for past water service to "exceed the proportional cost of the service attributable to the parcel" in violation of the proportionality requirement.

But other language contained in subdivision (b) undercuts an argument that this subdivision would violate the proportionality requirement, as does the absence of language regarding the ongoing rates to be charged to a customer whose bill is delinquent.

¹⁴ S.B. 998, § 2, proposed Health & Saf. Code, § 116904, subd. (a).

¹⁵ S.B. 998, § 2, proposed Health & Saf. Code, § 116906, subd. (a)(1)(B).

Subdivision (b) would authorize forgiveness of an unpaid balance “without additional charges to other ratepayers.” (§ 116908, subd. (b)(1)(C).) So although the provision would authorize an urban and community water system to forgive an unpaid balance, that authorization would apply only to the extent it would not result in additional charges to other ratepayers. Further, subdivision (b) would authorize the water system to choose among the authorized payment arrangements. (§ 116908, subd. (b)(2).) Therefore, if an urban and community water system, by operation of any other provision of law or its own policy, would be required to raise rates on other ratepayers as a result of reducing or eliminating the unpaid delinquent balances of customers, it would not be authorized to take those actions regarding delinquent balances. Instead, subdivision (b) would require the water system to offer customers with delinquent balances one of the other repayment options listed in that subdivision.

Additionally, while a customer whose delinquent balance is reduced or eliminated could pay less for past service than a customer whose bill is not delinquent, that circumstance would not by itself result in a violation of the proportionality requirement. In a case addressing an analogous circumstance, the court considered whether a regulatory fee imposed on holders of water rights violated a similar constitutional requirement of proportionality.¹⁶ In that case, certain entities possessed water rights without paying the fee. The non-fee-paying entities benefitted from the regulatory activities that were funded by the fees, so a question arose as to whether the fees were imposed proportionally. The court, conducting an analysis under former article XIII A, section 3,¹⁷ noted that the benefit received from the non-fee-paying entities “is relevant only if the regulatory costs attributable to [non-fee-paying entities] necessarily were allocated to the affected fee payors.”¹⁸ The court stated that “If other sources of funding, such as the state’s general fund, were sufficient to cover the regulatory costs attributable to [non-fee-paying entities], it does not matter that [those entities] were not charged a fee.”¹⁹ Although the case addressed a different constitutional provision, it nonetheless suggests that, in determining whether a fee is allocated in a proportional manner, a court will not find a constitutional violation when certain entities are exempted from the fee unless the fiscal burdens attributable to those exemptions are passed on to other ratepayers. As indicated above, section 116908 would specifically prohibit passing on additional costs to other ratepayers if an urban and community water system reduces or eliminates a delinquent balance.

Furthermore, a statute should be construed whenever possible to preserve its constitutionality.²⁰ Subdivision (b) would authorize an urban and community water system

¹⁶ *Northern California Water Association v. State Water Resources Control Board* (2018) 20 Cal.App.5th 1204; hereafter *Northern California Water Association*.

¹⁷ The court addressed this provision as originally enacted as part of Proposition 13 in 1978. The provision was later amended by Proposition 26 in 2010.

¹⁸ *Northern California Water Association*, *supra*, 20 Cal.App.5th at p. 1221.

¹⁹ *Northern California Water Association*, *supra*, 20 Cal.App.5th at p. 1221.

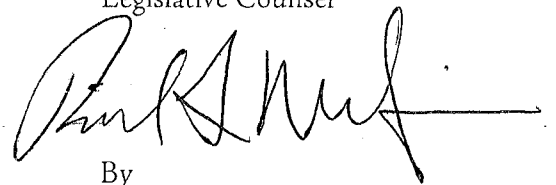
²⁰ *Walnut Creek Manor v. Fair Employment & Housing Com.* (1991) 54 Cal.3d 245, 268.

to choose among several options for repayment or resolution of a delinquent bill, only one of which would involve the reduction or elimination of an unpaid balance. A court addressing the constitutionality of subdivision (b) would presume that an urban and community water system would exercise that authority in a manner that does not violate the proportionality requirement. In our view, therefore, neither subdivision (a) nor subdivision (b) would violate the proportionality requirement.

Accordingly, it is our opinion that proposed Health and Safety Code section 116908 in Senate Bill No. 998 (2017-2018 Reg. Sess.) as amended May 7, 2018, would not violate California Constitution, article XIID, section 6, subdivision (b)(3).

Very truly yours,

Diane F. Boyer-Vine
Legislative Counsel

A handwritten signature in black ink, appearing to read "Richard L. Mafrica", with a long horizontal line extending to the right.

By
Richard L. Mafrica
Deputy Legislative Counsel

RLM:kam

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
Subject: **PUBLICATIONS**
DATE: JULY 19, 2018

Background

Attached to this memo is a copy of information pertinent to current events in the water industry:

- “Metropolitan Board Agrees to Fund Two-Tunnel California WaterFix” July 10, 2018, Rebecca Kimitch and Bob Muir, Metropolitan Water District of Southern California, News Release
- “State Water Board releases plan to increase flows in San Joaquin River and tributaries” July 9, 2018, Dan Bacher, Open-Publishing Newswire.

Financial Impact

None.

Recommendation

The Board receive and file.



The Metropolitan Water District of Southern California

NEWS RELEASE

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July 10, 2018

METROPOLITAN BOARD AGREES TO FUND TWO-TUNNEL CALIFORNIA WATERFIX Board authorizes \$10.8 billion for project to modernize state water delivery system

The board of directors of the Metropolitan Water District of Southern California voted today to provide the additional financing needed for the full construction of the California WaterFix project to modernize the state's badly outdated and increasingly vulnerable water delivery system.

The board authorized \$10.8 billion for the project to build two tunnels under the Sacramento-San Joaquin Delta. The vote makes Metropolitan the primary investor in the project, which has a total estimated cost of \$16.7 billion.

Metropolitan's board took a similar vote in April. However following that action, two organizations sent a notice alleging violations of the Brown Act in connection with that meeting. Metropolitan responded to the notice disagreeing with its legal conclusion and provided documents in response to a related California Public Records Act request. But to ensure there is no question concerning the validity of the board's consideration of, and its vote on, whether to authorize increased funding of California WaterFix, the board voted on the matter again today.

Metropolitan board Chairman Randy Record said the action was taken in an abundance of caution to ensure full public transparency. "California's water delivery system is broken. After years of study, planning and environmental review, we finally have the solution. I am thrilled this project continues to move forward," he said.

Today's vote more than doubles Metropolitan's initially planned WaterFix investment in WaterFix. In October 2017, Metropolitan's board initially voted to participate in WaterFix and contribute up to 26 percent of its \$17 billion cost, or about \$4.3 billion. But the majority of federal agricultural contractors who also import supplies via the Delta have yet to commit to investing in the project, leaving part of the project's costs unfunded. In today's action, Metropolitan's board chose to help finance the full 9,000 cubic feet per second project, with the plan of recouping a portion of that investment from agricultural interests and possibly others once the project is completed.

more

“The board today recognized the environmental and water supply reliability benefits to Metropolitan’s service area of building California WaterFix. Now we will move forward to build the project on time and on budget to provide our region and much of the state with reliable and cost-effective water,” said Metropolitan General Manager Jeffrey Kightlinger.

California WaterFix will be paid for by the people and businesses that use the water it helps deliver via the retail water agencies and cities that serve those customers. Metropolitan’s financing of the full project is expected to cost Southland households on average up to \$4.80 a month, though that average cost would be reduced to the extent that Metropolitan recoups some of that investment. Metropolitan will be selling or leasing capacity in the tunnels to allow water deliveries, transfers or exchanges for other parties.

About 30 percent of the water that flows out of taps in Southern California comes from Northern California via the Sacramento-San Joaquin Delta. But the Delta’s delivery system is outdated, its ecosystem is in decline, and its 1,100-mile levee system is increasingly vulnerable to earthquakes, flooding, saltwater intrusion, sea level rise and environmental degradation.

“The added challenge of dealing with climate change underscores the need to have more operational flexibility in the Delta,” Record said.

Attempts to help the Delta have led to regulatory restrictions that have reduced water exports from the region while the ecosystem continues to decline. California WaterFix will modernize the state’s water delivery system by building three new water intakes in the northern Delta and two tunnels that will provide high quality water and reduce impacts to fish. It also will contribute to the restoration and protection of up to 15,600 acres of critical Delta habitat as mitigation for ongoing construction and operational impacts.

Investing in WaterFix is consistent with Metropolitan’s strong commitment to local supply development and conservation. Imported water from the State Water Project helps replenish local groundwater basins, meet water quality standards and facilitate water recycling projects.

On Monday (June 9), Metropolitan launched a new Landscape Transformation Program through which residents and businesses can get cash rebates for replacing their thirsty grass with more water-efficient plants. Metropolitan also kicked off a multi-million dollar advertising and outreach campaign urging Southern Californians to conserve water 365 days a year.

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The Metropolitan Water District of Southern California is a state-established cooperative of 26 cities and water agencies serving nearly 19 million people in six counties. The district imports water from the Colorado River and Northern California to supplement local supplies, and helps its members to develop increased water conservation, recycling, storage and other resource-management programs.

State Water Board releases plan to increase flows in San Joaquin River and tributaries

by Dan Bacher

Monday Jul 9th, 2018 9:15 AM



The State Water Resources Control Board on July 6 released its final draft plan to increase water flows through the Lower San Joaquin River and its tributaries — the Stanislaus, Tuolumne and Merced rivers — a move praised by fishermen and environmentalists, but criticized by agribusiness representatives.

Citing nine years of research and extensive public outreach, the Board announced the increased water flows were designed to “prevent an

ecological crisis, including the total collapse of fisheries,” according to a statement from the Board.

“The San Francisco Bay-Delta is an ecosystem in crisis. The Board’s challenge is to balance multiple valuable uses of water—for fish and wildlife, agriculture, urban, recreation, and other uses,” said State Water Board Chair Felicia Marcus. “Californians want a healthy environment, healthy agriculture, and healthy communities, not one at the expense of the others. That requires the water wars to yield to collective efforts to help fish and wildlife through voluntary action, which the proposed plan seeks to reward.”

Ironically, the same board that released the draft plan to increase water flows thorough the Lower San Joaquin River and its tributaries is also continuing with the evidentiary hearings for the change in point of diversion petitions by the California Department of Water Resources and the Bureau of Reclamation to build Governor Jerry Brown’s Delta Tunnels.

If these tunnels are built, tunnels opponents say they would greatly counteract the fishery and ecosystem benefits resulting from the draft plan released today because they would divert more Sacramento River from flowing into the San Francisco Bay-Delta Estuary.

The Board said the release of the third and final draft of the Bay-Delta Water Quality Control Plan update for the Lower San Joaquin River and Southern Delta, and an accompanying Substitute Environmental Document, “comes after a nine-year process during which the Board

studied and analyzed options, conducted extensive public outreach, including public hearings in the area, and reviewed more than 1,400 comment letters.”

On the same day, the State Water Board also announced “further progress” on its effort to update flow requirements for the Sacramento River, its tributaries, and the Delta and its tributaries, including the Calaveras, Cosumnes and Mokelumne rivers. This update is at an earlier stage procedurally than the Lower San Joaquin River/Southern Delta plan update; a draft proposed plan and staff report analyzing alternatives will be released later this year for public review and comment, according to the Board.

“The two Bay-Delta Plan updates are aimed at addressing an ecological crisis in the Delta and preventing further collapse of Bay-Delta fisheries,” the Board stated. “A dramatic decline in the populations of native fish species that migrate through and inhabit the Delta has brought some species to the brink of extinction.”

Approximately 70,000 fall-run Chinook salmon adults returned to the San Joaquin Basin in 1984. The number of returning adults dropped to approximately 40,000 in 2010 and again to 8,000 returning adults in 2014, the Board noted.

“While multiple factors are to blame for the decline, the magnitude of diversions out of the Sacramento, San Joaquin, and other rivers feeding into the Bay-Delta is a major factor in the ecosystem decline,” the Board added.

The draft final Lower San Joaquin River/Southern Delta update includes improved instream flows February through June, the critical months for protecting migrating fish on the Stanislaus, Tuolumne and Merced rivers, according to the Board. These flows are measured as a percentage of “unimpaired flow,” the amount of water that would come down the river if there were no dams or other diversions.

Here are some of the specifics of the draft plan:

- A 40 percent of unimpaired flow requirement, within a range of 30 to 50 percent, is proposed as an appropriate balance for this plan update because it can improve conditions for fish and wildlife considerably without more challenging impacts on other waterusers.

The Board said currently, flows remaining in the rivers can run as low as 10 to 20 percent of unimpaired flow at critical times of the year and range from 21 to 40 percent on average for the three tributaries.

“The unimpaired flow requirement is not intended to be a rigid and fixed percent of flow. The proposal provides for and encourages collaboration to use the flows as a block of water or ‘water budget’ that can be allocated to “shape” or shift flows in time to better achieve ecological functions such as increased habitat, more optimal temperatures, or migration cues,” the Board said.

- The draft plan recognizes that other “non-flow” factors, such as habitat loss, predation and pollution, affect survival rates of fish and other species. The plan would allow reduced river flows if stakeholders step up to pursue non-flow measures to improve conditions for fish and wildlife. Negotiations for voluntary agreements are taking place between stakeholders and the California Natural Resources Agency and its departments.

- The draft final update also includes a revision of the salinity standard for the southern Delta. Maintaining an adequate amount of fresh water in the southern Delta is critical to protecting agriculture in the region. The year-round salinity standard in the draft final update increases slightly from the current seasonal standards, based on salinity tolerance studies of sensitive crops.

John McManus, president of the Golden Gate Salmon Association, welcomed the board’s release of the plan.

"No one can deny we've heavily damaged the natural function and benefits of the rivers by over-diversion. Salmon runs in the three major San Joaquin River tributaries have fallen from 70,000 in 1984 to 8,000 in 2014. This has hurt fishing families and coastal communities," said McManus.

“Any proposal to increase water for fish is really a proposal to increase water for fishing families and communities downstream that

rely on salmon,” he said. “Most Californians don’t want to see our state rivers dammed and diverted to the point where everyone else downstream is left high and dry and driven out of business. Basic fairness requires the upstream dam operators to share with others downstream that rely on the state's natural resources historically provided by these rivers. The State Water Board has taken a historic first step to address this problem.”

Doug Obegi, lawyer for the Natural Resources Defense Council (NRDC), noted that the Board’s recommendation that winter-spring Delta outflow should be 55% of unimpaired flow, is “significantly less than what the best available science shows is needed.” Unimpaired flow is what would flow naturally in the absence of dams and diversions.

“The Board also recommends incorporating existing federal restrictions on the operations of the Central Valley Project and State Water Project, to ensure that fish and wildlife – and the thousands of fishing jobs that depend on them – are protected. These recommendations come just as the Trump Administration seeks to weaken those federal protections in the Delta,” he stated.

Obegi also said this State Water Board framework “also has important implications for the California WaterFix, including the re-vote next week by the Board of Directors of the Metropolitan Water District of Southern California (MWD).”

“MWD staff have sold the tunnels as a way to maintain or increase water diversions from the estuary, despite the fact that WaterFix would worsen Delta outflows compared to today and worsens conditions for native fish and wildlife. However, by proposing significant increases in Delta outflow and reduced diversions from the estuary, the State Water Board’s framework provides a clear signal that WaterFix will not maintain current levels of diversions, and MWD Board members should not be surprised when WaterFix yields significantly less water supply than MWD staff has claimed,” said Obegi. For more information, go to: <http://www.nrdc.org/...>

The Farm Water Coalition responded to the board’s decision by claiming that it “will leave thousands of acres of farmland with zero surface supply in certain water year types, stripping the Central Valley of over 6,500 jobs and \$1.6 billion in economic output.”

“Despite dozens of meetings, testimony from experts representing public water agencies, cities, farms, school districts and more, as well as mounting scientific proof that their approach is wrong, the State Water Board has not budged an inch, said Mike Wade, executive director of the California Farm Water Coalition.

“The State Water Board’s unimpaired flow strategy does nothing to address major stressors in the system, such as the loss of habitat for native species and overwhelming predators that have gained a

problematic foothold on the Delta. What is needed, instead, are functional flows, which can meet multiple needs from farming to habitat protection, recreation, and urban water supply needs,” said Wade.