AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, NOVEMBER 21, 2018, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT HERNANDEZ

PLEDGE OF ALLEGIANCE

ROLL CALL

In the case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage; a crippling disaster; or other activity which severely imperils public health, safety, or both. Also, items which arise after the posting of the Agenda may be added by a two-thirds vote of the Board of Directors.

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 21, 2018

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Executive Secretary prior to the start of the meeting, if possible. Public comment should start by stating name, address and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

NOTICE TO THE PUBLIC

All matters listed under the Consent Calendar will be voted upon by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.

CONSENT CALENDAR

1.1 APPROVAL OF MINUTES (pp. 4-16)

A. FINANCE/INVESTMENT COMMITTEE MEETING – OCTOBER 30, 2018
B. CLOSED SESSION BOARD MEETING – NOVEMBER 7, 2018
C. REGULAR BOARD MEETING – NOVEMBER 7, 2018

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes
1.2 WARRANT LIST THROUGH NOVEMBER 21, 2018 – $1,068,304.23 (pp. 17-20)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 21-39)

   A. WATER METER COUNT – OCTOBER 31, 2018
   B. WATER PRODUCTION/SALES REPORT – 2018/2019
   C. PER CAPITA WATER CONSUMPTION – OCTOBER 31, 2018
   D. WATER REVENUE AND EXPENSE REPORT – OCTOBER 31, 2018
   E. SEWER REVENUE AND EXPENSE REPORT – OCTOBER 31, 2018
   F. RESERVE FUNDS ACTIVITY – OCTOBER 31, 2018
   G. INVESTMENT REPORT – OCTOBER 31, 2018

*****END OF CONSENT CALENDAR*****

ACTION ITEMS

2.1 TEMPORARY EXTENSION OF EMPLOYMENT AGREEMENT BETWEEN VALLECITOS WATER DISTRICT AND GENERAL MANAGER (pp. 40-41)

   The Board desires to retain employee to act as its General Manager and desires to continue the terms of the original agreement until a new agreement has been reached and approved by the Board of Directors.

   Recommendation: Approve Temporary Extension of Employment Agreement

*****END OF ACTION ITEMS*****

REPORTS

3.1 GENERAL MANAGER

3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY

3.4 ENCINA WASTEWATER AUTHORITY
   - Capital Improvement Committee
   - Policy and Finance Committee

3.5 STANDING COMMITTEES

3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

*****END OF REPORTS*****
OTHER BUSINESS

4.1 MEETINGS (pp. 42)

CASA Winter Conference
January 23 – 25, 2019 – Renaissance Indian Wells, Indian Wells, CA

*****END OF OTHER BUSINESS*****

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

*****END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS*****

6.1 ADJOURNMENT

*****END OF AGENDA*****

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Executive Secretary at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

Audio and video recordings of all Board meetings are available to the public at the District website www.vwd.org

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 5:00 p.m., Friday, November 16, 2018.

Diane Posvar
Director Martin called the meeting to order at the hour of 3:01 p.m.

Present: Director Martin  
General Manager Pruim  
Finance Manager Owen  
Accounting Supervisor Glenn  
Financial Analyst Arthur  
Administrative Secretary Johnson

Absent: Director Sannella

Others Present: Jayson Schmitt, Chandler Asset Management  
Kara Raynor-Sanchez, Chandler Asset Management  
Mia Corral, Chandler Asset Management

General Manager Pruim stated this meeting would be informational only due to the lack of a quorum as Director Sannella was unable to attend.

ITEM(S) FOR DISCUSSION

INVESTMENT REPORT

Finance Manager Owen introduced Jayson Schmitt, Mia Corral, and Kara Raynor-Sanchez of Chandler Asset Management (CAM), the firm that was hired by the District in March 2018 to manage the District’s investment portfolio. Mr. Schmitt, Portfolio Manager for the District, provided a presentation on the District’s quarterly investment report for the period ending September 30, 2018 as follows:

- Economic Update  
  - Employment  
  - Inflation  
  - Consumer  
  - Economic Activity  
  - Housing  
  - Manufacturing  
  - Gross Domestic Product (GDP)  
  - Bond Yields

- Account Profile  
  - Objectives
General question and answer took place during the presentation.

Mike Hunsaker, member of the public, inquired if the reported portfolio incomes included CAM’s fees and what CAM’s fees are. Mr. Schmitt responded that the incomes are gross amounts and that CAM’s fees adjust based on the amount of the portfolio. Mr. Hunsaker commented about reports of another possible recession in 2020-2021, bonds, long and short-term rate inversions, and inflation rates.

RESERVE LEVELS REPORT

General Manager Pruim stated the Board receives a monthly reserve report. Staff has been working to create a reserve report that would encompass a longer period of time and be more useful to show trending.

Finance Manager Owen presented two different versions of a reserve report to be included in the Board agenda packet on a quarterly basis. One version covers the quarter ending September 30, 2018 and illustrates trending for years 2013 through 2018 as well as data for water and wastewater replacement reserves and capacity reserves. The second version of the report is similar to the first version except that it shows data for the past five quarters.

Director Martin stated he liked both versions of the report but thought the report showing annual trending may be more useful.

Mike Hunsaker, member of the public, stated he recalled VWD staff saying that in the past some of the reserves were used to modify rate structures to keep them down and that was not a proper use of reserves. He asked if capacity reserves included deferred fees and if they are included in the deficit. Finance Manager Owen stated that only once during the time he’s been with the District have rate stabilization funds been rolled into replacement funds and used for rate stabilization in the budgeting period. He explained that deferred fees are recorded as they are received on a cash basis and are not included in the deficit.
ELECTRIC COSTS FOR DISTRICT FACILITIES

General Manager Pruim addressed a question he’d received about the District’s electrical costs. He reviewed a handout which detailed SDG&E expenses for the District’s major electric meters: pump stations in the pump zones (higher elevations), sewer lift stations, pumps (non-elevated), and administration (MRF and the District Headquarters). He noted that SDG&E’s commodity, fixed, ready-to-serve, and stand-by charges are reflected in the total charges. Total electrical costs for July 2017 to June 2018 were $1,471,499.39.

Director Martin inquired about the District’s cost of operating MRF compared to how much is received from Olivenhain and Carlsbad. General Manager Pruim stated staff is currently analyzing this issue; however, MRF only has one electrical meter for the two different processes, secondary and tertiary treatment. Without a submeter, it is difficult to calculate how much energy is used in the tertiary treatment process. Staff is considering proposing funds in next year’s budget to install a submeter to be read only by the District so that energy costs for secondary and tertiary treatment can be separated. General Manager Pruim anticipates the cost analysis currently being performed will be completed in about a month and will be used in negotiations with Olivenhain and Carlsbad concerning the existing agreement with those agencies. Similar information has been shared with the consultant for the District-wide solar project to assist them in sizing the facilities for the study.

General discussion took place regarding the District-wide solar project.

Mike Hunsaker, member of the public, complimented the District on the recent Water Academy which he found to be very comprehensive and informative. He commented that the current market value of water treated at MRF and sold to Olivenhain is a little less than the cost to produce it, the water received from Olivenhain is not drought-proof, and that he is an advocate for power storage.

OTHER BUSINESS

General Manager Pruim stated the PERS actuarial report will be presented at the next Committee meeting.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:11 p.m.
President Hernandez called the Closed Session meeting to order at the hour of 3:02 p.m.

Director Martin led the pledge of allegiance.

Present: Director Elitharp
Director Evans (3:06 pm)
Director Martin
Director Sannella
Director Hernandez

Staff Present: General Manager Pruim
Legal Counsel Gilpin
Executive Secretary Posvar

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF NOVEMBER 7, 2018

18-11-01 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to adopt the agenda for the Closed Session Meeting of November 7, 2018.

PUBLIC COMMENT

None.

CLOSED SESSION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATOR
Agency designated representative: General Manager
Employee Organization: Vallecitos Employee’s Association

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957 – PUBLIC EMPLOYEE PERFORMANCE EVALUATION – GENERAL MANAGER

18-11-02 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to move into Closed Session pursuant to Government Code Sections 54957.6 and 54957.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 4:22 p.m. There was no reportable action from the Closed Session meeting.
ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Closed Session Meeting of the Board of Directors at the hour of 4:23 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, November 7, 2018 at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

________________________________________
James Hernandez, President
Board of Directors
Vallecitos Water District

ATTEST:

________________________________________
Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District
President Hernandez called the Regular meeting to order at the hour of 5:00 p.m.

Director Evans led the pledge of allegiance.

Present: Director Elitharp  
          Director Evans  
          Director Martin  
          Director Sannella  
          Director Hernandez

Staff Present: General Manager Pruim  
               Legal Counsel Gilpin  
               Administrative Services Manager Emmanuel  
               District Engineer Gumpel  
               Finance Manager Owen  
               Operations & Maintenance Manager Pedrazzi  
               Capital Facilities Senior Engineer Hubbard  
               Development Services Senior Engineer Scholl  
               Information Technology Supervisor Labarrere  
               Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 7, 2018

18-11-03  MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to adopt the agenda for the Regular Board Meeting of November 7, 2018.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board stating he is the president of the Twin Oaks Valley Property Owners Association. He expressed his concerns of the growing water shortage created by drought and over development, and the need for individual metering for every apartment to ensure appropriate tracking of usage and leaks. The state has indicated it wants to ration indoor residential use first. SB 814 allows you to apply whatever conservation measures you believe are necessary. He believes the District has a duty to make sure that tier structure is in place, water waste is avoided by tracking use properly, and that water meters are appropriately sized. He thanked the Board.
CONSENT CALENDAR

1.1 Approval of Minutes

A. Regular Board Meeting – October 17, 2018

1.2 Warrant List through November 7, 2018 - $5,488,638.89

1.3 Construction Contract Acceptance of Fulton Road, NCTD Easement, Laurels Subdivision – Sewer Lining and Repairs

1.4 Final Acceptance of Water and Sewer Improvements for Borden Road 22 (Borden Road 22, LLC)

18-11-04 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to approve the Consent Calendar as presented.

ACTION ITEMS

EMERALD HEIGHTS HOMEOWNERS ASSOCIATION WATER SERVICE CONCERNS

General Manager Pruim stated representatives of the Emerald Heights Homeowners Association (EHHA) addressed the Board during Public Comments at the October 17 Board meeting expressing their concerns about water costs and maintenance responsibilities and asked for the District’s assistance. This item was placed on the agenda for discussion. He further stated staff met with Dan Cannon and Tesla DuBois of EHHA last week.

Development Services Senior Engineer Scholl stated staff discussed four issues with Mr. Cannon and Ms. DuBois:

- Water meters – EHHA requested the District swap some of their existing 1½ and 2-inch meters around their property so that the larger meters are positioned in areas of high demand and the smaller meters are in areas of lower demand. This could potentially reduce the amount of water being charged at the highest tier 3 rates. Staff was agreeable to swap the meters; however, the water service lines that run from the main to the meter need to be evaluated by a private contractor to determine if they are sized properly. If not, EHHA’s contractor could upsize the service lines and make the necessary meter exchanges.
- Road maintenance responsibilities – an existing easement utilized by District staff to access the Richland potable water tanks is also used by EHHA’s landscape contractors and cellular companies that have equipment at the
District's Richland tank as well as EHHA properties. EHHA asked if the District was willing to participate in slurry sealing of the road. Staff indicated they would consider participating in a one-time slurry sealing.

- Brush maintenance responsibilities – EHHA asked if the District would be willing to participate in brush maintenance along the access easement. The District performs brush abatement as needed for access to all of its easements. Staff indicated they may be willing to perform brush maintenance along the access easement within the next few months.
- Maintenance and repair of access gate – EHHA asked if the District would be willing to participate in the maintenance and repair of an access gate on the northern side of the EHHA development. The gate is not necessary to secure District facilities as the Palos Vista tank property is already secured; therefore, staff would not be interested in assisting with the maintenance of the gate.

General Manager Pruim stated that some of EHHA’s requests are reasonable on a one-time basis but did not recommend the Board agree to permanent maintenance responsibilities.

General discussion took place regarding the easement, road, and access gate.

Dan Cannon, representative of EHHA, stated his concerns about the high water bills the association has been experiencing due to the tier 3 water rate increase last year. Their primary concern is swapping the meters. He is waiting for a decision as to whether the District is willing to exchange the meters as they have requested. EHHA’s requests pertaining to the maintenance of the easement road, gate, and brush abatement are due to fire concerns.

General discussion took place regarding swapping the meters. If the service lines are appropriately sized, it would not be a big project; however, if the service lines/parts are inadequate, upsizing the lines would be a big expense to the District.

The consensus of the Board was to direct staff to evaluate and give EHHA an estimate of the cost to swap out the meters they have requested, determine the cost sharing for a one-time slurry of the road, and determine how staff could add brush abatement of the easement to their regular schedule of brush maintenance. Staff will report back to the Board at the December 5 Board meeting.

**UPDATE ON THE CONSTRUCTION OF BOARDROOM AUDIOVISUAL AND LIGHTING UPGRADES PROJECT**

Information Technology Supervisor Labarrere provided a brief update on the construction of the Boardroom audiovisual and lighting upgrades project to date. Construction commenced on August 2, is approximately 90% complete, and is
scheduled for completion on November 12. Pending items include installation of ceiling
speakers, programming such as camera pre-sets, and end-user training.

General discussion took place regarding how the new microphones function, the voting
system and programming that needs to be completed.

This item was for information only.

REVISIONS TO EMPLOYEE RECOGNITION PROGRAM

Administrative Services Manager Emmanuel outlined revisions to the District’s
Employee Recognition Program that were previously discussed with the Board in closed
session, representatives of the Employee’s Association, and attorneys from Best Best &
Krieger to develop a comprehensive program in compliance with various regulations
including the California Constitution’s prohibition for gifts of public funds. The current
program includes limited individual and team awards, but no forms of recognition for
District-wide performance. The proposed changes include minor revisions to the
existing awards and new peer awards, organizational achievement awards, and
individual achievement awards.

Administrative Services Manager Emmanuel further stated organizational and individual
achievement awards would be monetary in the form of lump sum bonuses and would be
awarded to employees either by the Board or General Manager per policy. The General
Manager would award only the individual achievement awards which would be limited to
a maximum of $500 per employee. Types of organizational achievement awards are
when the District receives state or local awards and a Gainsharing Incentive Plan when
the District receives a refund check as a result of cost-saving measures by employees.
The Board would have discretion to designate funds for a gainsharing award depending
on factors such as the financial condition of the District. Gainsharing funds would be
divided equally between the District and the employees. The Employee Recognition
Program would also include individual achievement awards for employees with
significant personal accomplishments and would be presented at Board meetings to
recognize staff for their new job-related certifications as is the current practice.

Administrative Services Manager Emmanuel outlined other proposed changes to the
program which include quarterly raffles for employees who receive either Aqualades
(acknowledgment from the public for going above and beyond their job duties), Waves
(peer awards) and Ripples (previously called Spot Awards given by supervisors and
managers). These awards would be nominal such as donuts or small gift cards for
coffee, etc. The proposed changes will encourage more participation in the program
and help to promote efficiency, initiative, and morale with a maximum cost of $8,000.00
per year.
Staff recommended the Board adopt the resolution approving the Gainsharing Incentive Plan and approve the proposed revisions to the Employee Recognition Program as outlined in the Employee Handbook.

General discussion took place regarding details of the Gainsharing Incentive Plan, particularly the percentage of the award, and clarification of the proposed resolution.

18-11-05 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to adopt the proposed resolution approving a Gainsharing Incentive Plan with amendments to Section 4 to reflect that the 50/50 percentage is changed to “at the Board’s discretion.”

Resolution No. 1544 – the roll call vote was as follows:

AYES: Elitharp, Evans, Martin, Sannella, Hernandez
NOES:
ABSTAIN:
ABSENT:

18-11-06 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, to approve revisions to the Employee Recognition Program in the Employee Handbook as presented with the addition of an $8,000.00 maximum per year on individual awards.

CONSTRUCTION CONTRACT AWARD FOR PALOS VISTA PUMP STATION ELECTRIC GENERATOR

Capital Facilities Senior Engineer Hubbard stated the Palos Vista Pump Station lifts water up to the Palos Vista tank which supplies water to the Emerald Heights community. The pump station currently does not have a generator backup for emergency power. This project is to ensure reliability to the Emerald Heights community and to install a permanent on-site generator and associated equipment which meets state requirements.

Capital Facilities Senior Engineer Hubbard further stated bids were received on October 16 and reviewed by staff and Counsel. Baker Electric submitted a protest letter on October 19 which staff and Counsel found to be without merit as the bid irregularities noted were minor and waivable. Bergelectric was determined to be the lowest responsive, responsible bidder.

Staff recommended the Board reject the protest letter from Baker Electric as without merit and authorize the General Manager to execute a construction contract with Bergelectric in the amount of $180,321.00, subject to the provisions of the contract.
General discussion took place regarding the necessity of a permanent backup generator for the Emerald Heights community and the estimated cost and budget for the project.

18-11-07 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to award the construction contract to Bergelectric.

PROJECT ACCEPTANCE OF STARGAZE COURT AND RIVER RUN CIRCLE WATER LINE REHABILITATION

Capital Facilities Senior Engineer Hubbard provided background on the project to rehabilitate water lines on Stargaze Court and River Run Circle, both of which had numerous failures in recent years. The original construction estimate to replace both lines using traditional open-cut methods was $701,600.00. Sanexen Water, Inc. (Sanexen) proposed an alternative method utilizing a composite structural liner product, Aqua Pipe. The cost for both lines was quoted at $383,500.00. The Board awarded the contract to Sanexen on March 21, 2018. Construction began in June and was completed on September 6 with two change orders and much more staff time than estimated which resulted in a budget increase of $56,740.00. Due to deficiencies in the temporary highline, numerous customer complaints regarding irrigation systems were received during construction. To protect the District, Sanexen and staff agreed to withhold $20,000 in disputed funds for 90 days following the date construction was completed to resolve any potential claims from customers for landscape replacement. To date, no claims have been filed with the District.

Staff recommended the Board increase the budget by $56,740.00, accept the project and authorize the filing of a Notice of Completion, release of retention funds to the contractor following the 60-day notice period, and release of disputed funds to the contractor following a 90-day review period, provided no claims are filed.

General discussion took place regarding the Aqua Pipe product and its possible use in future projects, a critique of Sanexen, and the great efforts staff made in accommodating customers’ needs during the construction process.

18-11-08 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to increase the budget by $56,740.00, accept the project and authorize the filing of a Notice of Completion, release of retention funds to the contractor following the 60-day notice period, and release of disputed funds to the contractor following a 90-day review period, provided no claims are filed.
REPORTS

GENERAL MANAGER

None.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated he has received questions about committee meetings and lack of quorums. He requested this topic be placed on a future agenda for discussion.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated a special meeting of the Engineering and Operations Committee will be held tomorrow to discuss pump storage at San Vicente Reservoir as well as an Audit Committee meeting regarding final review.

ENCINA WASTEWATER AUTHORITY

President Hernandez reported on his attendance to the Capital Improvement Committee meeting this morning at which discussion took place regarding food waste entering the system. A workshop on this subject will be held in February.

Director Elitharp reported on his attendance to the Policy and Finance Committee meeting on November 6 at which the Committee reviewed the Other Post Employment Benefits Plan status update. The next Committee meeting is scheduled on December 4.

STANDING COMMITTEES

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Martin stated the District has received the Special District Leadership Foundation District of Distinction Silver Re-accreditation.

Director Martin reported on his attendance to the District’s Water Academy on October 25.

Director Evans and Martin reported on their attendance to the ACWA Region 10 Program on October 18.
OTHER BUSINESS

QUARTERLY BOARD EXPENSES

This information was provided per Ordinance No. 203; no action required.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

President Hernandez requested a review of the District’s leak policy.

Director Sannella inquired about the status of the District’s adjacent property. General Manager Pruim stated he hopes to provide an update in December.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 7:24 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, November 21, 2018, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

__________________________
James Hernandez, President
Board of Directors
Vallecitos Water District

ATTEST:

__________________________
Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District
VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
October 31, 2018

Summary
- October Disbursements: $5,171,729
- YTD Disbursements: $20,677,417
- FY2019 Budget: $74,880,200
* Excludes Debt Service

October
- 7% 2019 Budget

FYTD
- 28% 2019 Budget

Disbursements by Month
- Water Purchases
- Other Disbursements

Invoices Processed
- Current 29% 470
- July 1-to-Oct 31 71% 1,637

Top 10 Vendors - FYTD
- SAN DIEGO COUNTY WATER AUTH. $11.9M
- ENCINA WASTEWATER AUTHORITY $2.5M
- PUBLIC EMPLOYEES RETIRE SYSTM $1.6M
- ACWA/JOINT POWERS INSURANCE $1.1M
- SAN DIEGO GAS & ELECTRIC $644K
- OLIVENHAIN MWD $272K
- CREW BUILDERS, INC. $269K
- CASS CONSTRUCTION INC. $228K
- PENCCO, INC. $203K
- BURTECH PIPELINE INCORPORATED $176K
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<td>DirecTV Inc</td>
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<td>Duy Tran</td>
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<td>Parkhouse Tire Inc</td>
<td>Tires 2 -Veh 262, Fleet F150 &amp; F250 Tires 24</td>
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<td>Penco, Inc.</td>
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<td>Rich Vallee</td>
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<td>Rose &amp; John Zarcaro</td>
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<td>Elevator Maintenance, Nov-Jan</td>
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<td>Meters 66, Command Link Replacements - 2 (Wireless Interface)</td>
<td>115079</td>
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<td>Burtech Pipeline Incorporated</td>
<td>Rock Springs Sewer Prj 90003</td>
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<td>California Public Employers</td>
<td>Conference 12-3-18, B Anderson &amp; R Emmanuel</td>
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<td>Membership Renewal Prj 20191-31</td>
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<td>Quarterly Sewer Service</td>
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<td>Jeffrey Cotwell</td>
<td>Video Production Svcs Prj 20191-27</td>
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<td>Electrical Sales Inc</td>
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<td>Grainger Inc</td>
<td>Shelving, Hardware Supplies, Cabinets 5</td>
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<td>Composite Samplers 3, Bottle Kits 3 - MRF</td>
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<td>20,558.80</td>
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<td>Industrial Electric Machinery</td>
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<td>11,366.29</td>
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<td>Mallory Safety &amp; Supply, LLC</td>
<td>Safety Supplies</td>
<td>115091</td>
<td>70.58</td>
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<td>MGM Plastics Inc</td>
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<td>273.74</td>
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<td>Mission Resource Conservation District</td>
<td>Water Use Evaluations 13 - Prj 20191-29</td>
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<td>432.00</td>
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<td>Olivenhain MWD</td>
<td>Treated Water Oct</td>
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<td>96,073.00</td>
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<td>Pacific Pipeline Supply</td>
<td>Blow Off Valves 10, Hardware Supplies</td>
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<td>4,262.86</td>
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<td>Ponton Industries, Inc.</td>
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<td>Redback USA Inc.</td>
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<td>T.S. Industrial Supply</td>
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<td>Unifirst Corporation</td>
<td>Uniform Delivery</td>
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<td>1,334.35</td>
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<td>Total Disbursements (123 Checks)</td>
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**WIRES**

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<td>Wire</td>
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**PAYROLL**

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<td>Wire</td>
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<td>VWD Employee Association</td>
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<td>612.00</td>
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<td>Garnishments</td>
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<td>114977</td>
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<td>IRS</td>
<td>Federal payroll tax deposits</td>
<td>Wire</td>
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<td>Employment Development Department</td>
<td>California payroll tax deposit</td>
<td>Wire</td>
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<td>CalPERS</td>
<td>Deferred compensation withheld</td>
<td>Wire</td>
<td>14,114.65</td>
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<td>VOYA</td>
<td>Deferred compensation withheld</td>
<td>Wire</td>
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<td>Total November 7, 2018 Payroll Disbursements</td>
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<td>366,041.15</td>
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**TOTAL DISBURSEMENTS**

|                                                    |                                                                             |         | 1,068,304.23 |

Item 1.2
Vallecitos Water District
Active Water Meters
October 31, 2018

Active Meters by Size as of October 31, 2018

- 5/8" 18,163 83%
- 3/4" 1,231 6%
- 1" 1,064 5%
- 1 1/2" 726 3%
- 2" 530 3%
- 3" & larger 66 0.3%

Total Active Meters 21,780

Active Meters by Type as of October 31, 2018

- Residential 19,221 88%
- Multi-Family 538 3%
- Comm/Indust 950 4%
- Irrigation 862 4%
- Agricultural 116 1%
- Other 93 0.4%

Total Active Meters 21,780
Vallecitos Water District
Water Production/Sales
October 31, 2018

Water Sales FY 16-17, FY 17-18 and FY 18-19 (FYTD) (in Acre Feet)

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Irrigation</th>
<th>Agricultural</th>
<th>Commer/ Indust/ Construct/ Other</th>
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<td>FY 2016-17</td>
<td>3,302</td>
<td>1,182</td>
<td>409</td>
<td>704</td>
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<tr>
<td>FY 2017-18</td>
<td>3,509</td>
<td>1,357</td>
<td>435</td>
<td>666</td>
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<tr>
<td>FY 2018-19</td>
<td>3,554</td>
<td>1,567</td>
<td>419</td>
<td>692</td>
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FY 2016-17 YTD Total = 5,598 AF
FY 2017-18 YTD Total = 5,967 AF + 6.6% *
FY 2018-19 YTD Total = 6,231 AF + 4.4% *

* Compared to the previous fiscal year

Water Production Budget vs. Actual
Fiscal Year 2017-18 and 2018-19 (In Acre Feet)
Gallons per Capita per Day
12-Month Rolling Average

2020 Target, 159.4

Oct 2014: 152.8
Oct 2015: 114.9
Oct 2016: 119.5
Oct 2017: 123.9
Oct 2018: 133.4
BACKGROUND:
The Monthly Revenue and Expense Reports and the Reserve Report for the four months ended October 31, 2018 are presented.

DISCUSSION:
The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 4-month period. Comparisons to prior year actual and current year budget amounts are also presented. Each statement contains footnotes regarding significant variances exceeding predetermined dollar and percentage amounts. Any excess of revenues over expenses are transferred to reserves and reflected in the Reserve Report. Any excess of expenses above revenues are paid for out of reserves in the current fiscal year.

The Monthly Reserve Report presents the balances in each of the District’s reserve funds. The report summarizes all sources and uses of reserves. Sources consist of operating transfers, capital facility fees, property taxes, dissolved RDA distributions, investment earnings and annexation fees. Uses are distributions for capital projects and debt service.

RECOMMENDATION:
For information only.
Vallecitos Water District

Water Revenue and Expense Report

For the Four Months Ended October 31, 2018

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<tr>
<th>Current Year Actual</th>
<th>Prior Year Actual</th>
<th>Variance</th>
<th>Current Year Budget</th>
<th>Variance</th>
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<td>Water Sales</td>
<td>$13,480,547</td>
<td>$11,188,497</td>
<td>$2,292,050</td>
<td>20.5%</td>
</tr>
<tr>
<td>Ready-to-serve</td>
<td>4,515,986</td>
<td>4,652,948</td>
<td>(136,962)</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Pumping cost recovery</td>
<td>142,925</td>
<td>118,778</td>
<td>24,147</td>
<td>20.3%</td>
</tr>
<tr>
<td>Late &amp; lock charges</td>
<td>155,211</td>
<td>153,903</td>
<td>1,308</td>
<td>0.8%</td>
</tr>
<tr>
<td>Backflow fees</td>
<td>30,541</td>
<td>30,192</td>
<td>349</td>
<td>1.2%</td>
</tr>
<tr>
<td>Other revenue</td>
<td>49,303</td>
<td>64,537</td>
<td>(15,234)</td>
<td>-23.6%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>18,374,513</td>
<td>16,208,855</td>
<td>2,165,658</td>
<td>13.4%</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water costs</td>
<td>11,901,247</td>
<td>11,488,226</td>
<td>413,021</td>
<td>3.6%</td>
</tr>
<tr>
<td>Pumping costs</td>
<td>304,262</td>
<td>245,896</td>
<td>58,366</td>
<td>23.7%</td>
</tr>
<tr>
<td>Water quality</td>
<td>41,133</td>
<td>42,565</td>
<td>(1,432)</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Water treatment</td>
<td>149,932</td>
<td>153,652</td>
<td>(3,720)</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Tanks &amp; reservoirs</td>
<td>108,118</td>
<td>81,022</td>
<td>27,096</td>
<td>33.4%</td>
</tr>
<tr>
<td>Trans &amp; distribution</td>
<td>732,723</td>
<td>468,969</td>
<td>263,754</td>
<td>56.2%</td>
</tr>
<tr>
<td>Services</td>
<td>31,598</td>
<td>50,882</td>
<td>(19,284)</td>
<td>-37.9%</td>
</tr>
<tr>
<td>Meters</td>
<td>198,636</td>
<td>215,858</td>
<td>(17,222)</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Backflow prevention</td>
<td>14,656</td>
<td>13,397</td>
<td>2,259</td>
<td>9.4%</td>
</tr>
<tr>
<td>Customer accounts</td>
<td>202,933</td>
<td>154,908</td>
<td>48,025</td>
<td>31.0%</td>
</tr>
<tr>
<td>Building &amp; grounds</td>
<td>134,497</td>
<td>127,076</td>
<td>7,421</td>
<td>5.8%</td>
</tr>
<tr>
<td>Equipment &amp; vehicles</td>
<td>67,920</td>
<td>76,920</td>
<td>(9,000)</td>
<td>-11.7%</td>
</tr>
<tr>
<td>Engineering</td>
<td>482,645</td>
<td>431,365</td>
<td>51,280</td>
<td>11.9%</td>
</tr>
<tr>
<td>Safety &amp; compliance</td>
<td>82,602</td>
<td>72,488</td>
<td>10,114</td>
<td>14.0%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>246,106</td>
<td>223,720</td>
<td>22,386</td>
<td>10.0%</td>
</tr>
<tr>
<td>General &amp; administrative</td>
<td>809,959</td>
<td>926,552</td>
<td>(116,593)</td>
<td>-12.6%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>15,508,967</td>
<td>14,773,496</td>
<td>735,471</td>
<td>5.0%</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>$ 2,865,546</td>
<td>$ 1,435,359</td>
<td>1,430,187</td>
<td>99.6%</td>
</tr>
</tbody>
</table>

Explanation of Significant Variances

**Water Sales** has a favorable prior year variance as a result of anticipated increases in demand.

The **Pumping costs** unfavorable variance to prior year is a result of increased power costs which were anticipated due to rate increases.

The **Tanks and reservoirs** favorable budget variance is due to timing of outside services being performed and materials purchased. This variance should smooth over time.

**Transmission and distribution** has an unfavorable prior year and budget variance as a result of higher than anticipated repairs due to main breaks during the year thus far.

The **Equipment and Vehicles** favorable budget variance is due to less than anticipated materials and services purchased to date.

The favorable budget variance in **Information technology** is a result of timing of budgeted expenditures for hardware upgrades.

Variances are considered significant if they exceed $33333 and 20%.
Vallecitos Water District  
Sewer Revenue and Expense Report  
For the Four Months Ended October 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Current Year Actual</th>
<th>Prior Year Actual</th>
<th>Variance</th>
<th>Current Year Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>$</td>
<td>%</td>
<td>Amount</td>
<td>$</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer service charges</td>
<td>$6,187,590</td>
<td>$6,031,445</td>
<td>$156,145</td>
<td>2.6%</td>
<td>$5,944,000</td>
</tr>
<tr>
<td>Reclaimed water sales</td>
<td>658,000</td>
<td>685,000</td>
<td>(27,000)</td>
<td>-3.9%</td>
<td>659,000</td>
</tr>
<tr>
<td>Other revenue</td>
<td>660,827</td>
<td>23,295</td>
<td>637,532</td>
<td>2736.8%</td>
<td>24,000</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>7,506,417</td>
<td>6,739,740</td>
<td>766,677</td>
<td>11.4%</td>
<td>6,627,000</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collection &amp; conveyance</td>
<td>634,689</td>
<td>548,074</td>
<td>86,615</td>
<td>15.8%</td>
<td>768,000</td>
</tr>
<tr>
<td>Lift stations</td>
<td>58,224</td>
<td>61,994</td>
<td>(3,770)</td>
<td>-6.1%</td>
<td>98,000</td>
</tr>
<tr>
<td>Source control</td>
<td>63,009</td>
<td>45,166</td>
<td>17,843</td>
<td>39.5%</td>
<td>63,000</td>
</tr>
<tr>
<td>Effluent disposal</td>
<td>925,667</td>
<td>986,682</td>
<td>(61,015)</td>
<td>-6.2%</td>
<td>926,000</td>
</tr>
<tr>
<td>Meadowlark</td>
<td>1,072,563</td>
<td>849,553</td>
<td>223,010</td>
<td>26.3%</td>
<td>1,132,000</td>
</tr>
<tr>
<td>Customer Accounts</td>
<td>142,370</td>
<td>104,241</td>
<td>38,129</td>
<td>36.6%</td>
<td>156,000</td>
</tr>
<tr>
<td>Building &amp; grounds</td>
<td>92,443</td>
<td>84,529</td>
<td>7,914</td>
<td>9.4%</td>
<td>87,000</td>
</tr>
<tr>
<td>Equipment &amp; vehicles</td>
<td>55,492</td>
<td>58,681</td>
<td>(3,189)</td>
<td>-5.4%</td>
<td>80,000</td>
</tr>
<tr>
<td>Engineering</td>
<td>186,739</td>
<td>171,350</td>
<td>15,389</td>
<td>9.0%</td>
<td>227,000</td>
</tr>
<tr>
<td>Safety &amp; compliance</td>
<td>51,915</td>
<td>46,953</td>
<td>4,962</td>
<td>10.6%</td>
<td>67,000</td>
</tr>
<tr>
<td>Information technology</td>
<td>201,398</td>
<td>190,547</td>
<td>10,851</td>
<td>5.7%</td>
<td>282,000</td>
</tr>
<tr>
<td>General &amp; administrative</td>
<td>417,986</td>
<td>409,386</td>
<td>8,600</td>
<td>2.1%</td>
<td>484,000</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>3,902,495</td>
<td>3,558,194</td>
<td>344,301</td>
<td>9.7%</td>
<td>4,370,000</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td><strong>$3,603,922</strong></td>
<td><strong>$3,181,546</strong></td>
<td><strong>422,376</strong></td>
<td><strong>13.3%</strong></td>
<td><strong>$2,257,000</strong></td>
</tr>
</tbody>
</table>

Explanation of Significant Variances

Other revenues are high from the litigation settlement related to illegal dumping in the Encina disposal system.

Lift stations has a favorable budget variance resulting less than anticipated materials used during the year thus far.

The Meadowlark Plant has an unfavorable prior year variance as a result of anticipated increases in labor, supplies, and outside services.

The Customer Accounts unfavorable prior year variance is due anticipated increases in outside services.

The favorable budget variance in Information technology is due to the timing of budgeted expenditures for hardware upgrades.

Variance are considered significant if they exceed $33333 and 20%.
REPLACEMENT RESERVES
The District maintains two replacement reserves in cash equivalents and investments: One for the District’s water system, and the other for the District’s wastewater system. The District’s reserve policy establishes a floor of the sum of the next three years of projected system replacement costs, and a ceiling of the sum of the next ten years of system replacement costs. As of October 31, 2018, the total water and wastewater replacement reserve balance was $76.7 million, 17 percent greater than October 31, 2017.

WATER REPLACEMENT RESERVE
As of October 31, 2018, the District’s water replacement reserve totaled $29.4 million, an increase of 15 percent, or $3.8 million, from the same month of the prior year. The month-end balance is within the floor and ceiling established by the reserve policy, leaving the District with sufficient reserves to meet infrastructure replacement needs.

WASTEWATER REPLACEMENT RESERVE
As of October 31, 2018, the District maintained a balance in the wastewater replacement reserve of $47.3 million, just below the established ceiling of $48.1 million.

CAPACITY RESERVES
The District collects capital facility fees from new development and increased demands from existing customers, maintains the collected fees in separate funds (one for water and one for wastewater), and uses the funds exclusively to provide capacity to serve new development and fund future construction of facilities identified in the District’s Master Plan and capital budget. As of October 31, 2018, the water capacity fund had a deficit of $8.2 million and the sewer capacity fund had a deficit of $5.2 million. The District’s capital facility fees situation is expected to improve with the adoption of the new Master Plan and the corresponding capacity fee study.
RESERVE ACTIVITY FOR THE FOUR MONTHS ENDED OCTOBER 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>110 Water</th>
<th>120</th>
<th>210 Wastewater</th>
<th>220</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEGINNING BALANCE</strong></td>
<td>$32,797,105</td>
<td>$ (9,161,412)</td>
<td>$51,677,556</td>
<td>$(6,820,836)</td>
<td>$68,492,413</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 18/19 Operating Transfers</td>
<td>2,865,546</td>
<td></td>
<td>3,603,922</td>
<td></td>
<td>6,469,468</td>
</tr>
<tr>
<td>Capital Facility Fees</td>
<td>-</td>
<td>1,078,069</td>
<td>-</td>
<td>2,037,353</td>
<td>3,115,422</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>176,180</td>
<td></td>
<td>217,703</td>
<td>-</td>
<td>393,883</td>
</tr>
<tr>
<td>Property Tax</td>
<td>114,348</td>
<td></td>
<td>86,033</td>
<td>-</td>
<td>200,382</td>
</tr>
<tr>
<td>RDA pass-through</td>
<td>13,196</td>
<td></td>
<td>13,196</td>
<td>-</td>
<td>26,391</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>3,169,270</td>
<td>1,078,069</td>
<td>3,920,853</td>
<td>2,037,353</td>
<td>10,205,546</td>
</tr>
<tr>
<td><strong>LESS DISTRIBUTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Encina Wastewater Authority Five Year Plan</td>
<td>154,994</td>
<td></td>
<td>148,918</td>
<td>-</td>
<td>303,912</td>
</tr>
<tr>
<td>Expansion of the Men's Locker Room in Building B</td>
<td>-</td>
<td></td>
<td>135,001</td>
<td>-</td>
<td>135,001</td>
</tr>
<tr>
<td>Audiovisual Upgrade</td>
<td>64,140</td>
<td></td>
<td>61,625</td>
<td>-</td>
<td>125,765</td>
</tr>
<tr>
<td>Stargaze Court Water Line Replacement</td>
<td>109,958</td>
<td></td>
<td>-</td>
<td>-</td>
<td>109,958</td>
</tr>
<tr>
<td>South Lake - Facility Upgrades</td>
<td>86,808</td>
<td></td>
<td>-</td>
<td>-</td>
<td>86,808</td>
</tr>
<tr>
<td>Solar Panel Inverter Replacement</td>
<td>41,966</td>
<td></td>
<td>40,319</td>
<td>-</td>
<td>82,285</td>
</tr>
<tr>
<td>Fulton Road And Nctd Sewer Line Rehabilitation</td>
<td>-</td>
<td></td>
<td>79,236</td>
<td>-</td>
<td>79,236</td>
</tr>
<tr>
<td>Rock Springs Sewer Replacement</td>
<td>-</td>
<td></td>
<td>32,115</td>
<td>39,253</td>
<td>71,368</td>
</tr>
<tr>
<td>Ultrasonic Algae Control System</td>
<td>-</td>
<td></td>
<td>57,040</td>
<td>-</td>
<td>57,040</td>
</tr>
<tr>
<td>District Wide Valve Replacement</td>
<td>52,568</td>
<td></td>
<td>-</td>
<td>-</td>
<td>52,568</td>
</tr>
<tr>
<td>South Vista Pressure Reducing Station Upgrade</td>
<td>48,883</td>
<td></td>
<td>-</td>
<td>-</td>
<td>48,883</td>
</tr>
<tr>
<td>San Marcos interceptor sewer</td>
<td>-</td>
<td></td>
<td>9,592</td>
<td>21,349</td>
<td>30,941</td>
</tr>
<tr>
<td>Replace Roofs On Equipment Storages</td>
<td>14,881</td>
<td></td>
<td>14,298</td>
<td>-</td>
<td>29,179</td>
</tr>
<tr>
<td>Vulnerability assessment improvements</td>
<td>-</td>
<td>16,970</td>
<td>-</td>
<td>11,313</td>
<td>28,283</td>
</tr>
<tr>
<td>Water &amp; Sewer Master Plan</td>
<td>-</td>
<td>12,543</td>
<td>-</td>
<td>12,545</td>
<td>25,088</td>
</tr>
<tr>
<td>Mountain Belle Tank Chorine System</td>
<td>24,453</td>
<td></td>
<td>-</td>
<td>-</td>
<td>24,453</td>
</tr>
<tr>
<td>Admin Emergency Generator - Auto Transfer Switch</td>
<td>11,882</td>
<td></td>
<td>11,881</td>
<td>-</td>
<td>23,763</td>
</tr>
<tr>
<td>MRF - Influent Pumps &amp; Motors</td>
<td>-</td>
<td></td>
<td>23,644</td>
<td>-</td>
<td>23,644</td>
</tr>
<tr>
<td>Palos Vista Pump Station Motor Replacement</td>
<td>22,903</td>
<td></td>
<td>-</td>
<td>-</td>
<td>22,903</td>
</tr>
<tr>
<td>Palos Vista Pump Station Generator</td>
<td>22,359</td>
<td></td>
<td>-</td>
<td>-</td>
<td>22,359</td>
</tr>
<tr>
<td>North Vista Pressure Reducing Station Upgrade</td>
<td>17,371</td>
<td></td>
<td>-</td>
<td>-</td>
<td>17,371</td>
</tr>
<tr>
<td>Refurbish Pumps At North Twin Oaks Pump Station</td>
<td>15,355</td>
<td></td>
<td>-</td>
<td>-</td>
<td>15,355</td>
</tr>
<tr>
<td>Coronado Hills Chlorine Injection System</td>
<td>14,965</td>
<td></td>
<td>-</td>
<td>-</td>
<td>14,965</td>
</tr>
<tr>
<td>Via Vera Cruz Tank Hill Stabilization</td>
<td>14,493</td>
<td></td>
<td>-</td>
<td>-</td>
<td>14,493</td>
</tr>
<tr>
<td>Wulff Pump Station Pumps &amp; Motors</td>
<td>12,873</td>
<td></td>
<td>-</td>
<td>-</td>
<td>12,873</td>
</tr>
<tr>
<td>Encina Land Parallel Outfall</td>
<td>-</td>
<td></td>
<td>-</td>
<td>12,271</td>
<td>12,271</td>
</tr>
<tr>
<td>South Lake Pump Station Valves</td>
<td>11,151</td>
<td></td>
<td>-</td>
<td>-</td>
<td>11,151</td>
</tr>
<tr>
<td>All other capital projects</td>
<td>5,331</td>
<td></td>
<td>13,301</td>
<td>3,492</td>
<td>22,124</td>
</tr>
<tr>
<td>Capital Budget - Vehicles/Mobile Equipment</td>
<td>53,236</td>
<td></td>
<td>1,609</td>
<td>-</td>
<td>54,846</td>
</tr>
<tr>
<td>Debt Service</td>
<td>-</td>
<td></td>
<td>-</td>
<td>250,361</td>
<td>250,361</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>-</td>
<td>39,253</td>
<td>-</td>
<td>27,166</td>
<td>66,419</td>
</tr>
<tr>
<td><strong>TOTAL DISTRIBUTIONS</strong></td>
<td>800,569</td>
<td>68,766</td>
<td>1,835,315</td>
<td>377,750</td>
<td>3,082,400</td>
</tr>
<tr>
<td><strong>ENDING BALANCE</strong></td>
<td>$35,165,806</td>
<td>$(8,152,110)</td>
<td>$53,763,095</td>
<td>$(5,161,233)</td>
<td>$75,615,558</td>
</tr>
<tr>
<td>Less: Operating Reserves</td>
<td>5,748,700</td>
<td></td>
<td>6,468,600</td>
<td>-</td>
<td>12,217,300</td>
</tr>
<tr>
<td>Replacement Reserves/Restricted Funds</td>
<td>$29,417,106</td>
<td>$(8,152,110)</td>
<td>$47,294,495</td>
<td>$(5,161,233)</td>
<td>$63,398,258</td>
</tr>
<tr>
<td>Replacement reserve floor</td>
<td>$7,428,200</td>
<td></td>
<td>$15,665,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement reserve ceiling</td>
<td>$32,224,700</td>
<td></td>
<td>$48,081,900</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR OCTOBER 2018

Attached is a detailed list of investments for all District funds that are not needed to meet current obligations. In accordance with Government Code Section 53646, the information is presented to the Board on a monthly basis and includes a breakdown by fund, financial institution, settlement and maturity date, yield, and investment amount. In addition, the report indicates the various percentages of investments in each type of institution.

The process and the presentation of the information to the Board are in compliance with requirements outlined in the District Investment Policy adopted on an annual basis. In addition to the investment portfolio, there are sufficient funds in the Operating Account to meet District obligations for the next 30 days. Maturity dates on investments are structured to meet the future financial obligations of the District (i.e., bond payments and construction projections). In that regard, the District will be able to meet expenditure requirements for the next six months without a need to liquidate an investment earlier than scheduled maturity dates.

Investment activity for the month of October follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
<th>Investment</th>
<th>Amount</th>
<th>Maturity</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/01/18</td>
<td>Withdrawal</td>
<td>LAIF</td>
<td>(250,000)</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/02/18</td>
<td>Matured</td>
<td>MUFG Bank LTD</td>
<td>(596,189)</td>
<td>10/02/18</td>
<td>0.00%</td>
</tr>
<tr>
<td>10/03/18</td>
<td>Deposit</td>
<td>LAIF</td>
<td>700,000</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/09/18</td>
<td>Matured</td>
<td>Capital One Bank CD</td>
<td>(179,000)</td>
<td>10/09/18</td>
<td>1.65%</td>
</tr>
<tr>
<td>10/10/18</td>
<td>Deposit</td>
<td>LAIF</td>
<td>600,000</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/12/18</td>
<td>Purchase</td>
<td>HSBC BDS</td>
<td>247,773</td>
<td>08/07/20</td>
<td>2.75%</td>
</tr>
<tr>
<td>10/15/18</td>
<td>Interest Earned</td>
<td>LAIF</td>
<td>131,599</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/15/18</td>
<td>Withdrawal</td>
<td>LAIF</td>
<td>(2,100,000)</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/16/18</td>
<td>Purchase</td>
<td>State Street Corp</td>
<td>483,360</td>
<td>05/19/21</td>
<td>1.95%</td>
</tr>
<tr>
<td>10/18/18</td>
<td>Deposit</td>
<td>LAIF</td>
<td>450,000</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/22/18</td>
<td>Deposit</td>
<td>LAIF</td>
<td>450,000</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/23/18</td>
<td>Withdrawal</td>
<td>LAIF</td>
<td>(2,850,000)</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/24/18</td>
<td>Deposit</td>
<td>LAIF</td>
<td>450,000</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/26/18</td>
<td>Deposit</td>
<td>LAIF</td>
<td>500,000</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/29/18</td>
<td>Matured</td>
<td>Ally Bank Midvale CD</td>
<td>(245,000)</td>
<td>10/29/18</td>
<td>1.60%</td>
</tr>
<tr>
<td>10/30/18</td>
<td>Deposit</td>
<td>LAIF</td>
<td>500,000</td>
<td>Open</td>
<td>2.14%</td>
</tr>
<tr>
<td>10/31/18</td>
<td>Purchase</td>
<td>US Treasury</td>
<td>725,895</td>
<td>01/31/21</td>
<td>1.38%</td>
</tr>
<tr>
<td>10/31/18</td>
<td>Purchase</td>
<td>US Treasury</td>
<td>746,895</td>
<td>07/31/20</td>
<td>2.63%</td>
</tr>
</tbody>
</table>

Change in investments during the month $ (234,703)

Weighted average annual yield for total Vallecitos investments 2.140%
Weighted average days to maturity 391

The State Treasurer’s Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of September 30, 2018. The San Diego County Treasurer provides the fair values for the County investment pool. The most recent values and returns, which are used for this report, are for September 30, 2018. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting.
Safety

Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. To meet the objective of safety and avert credit risk, the District acquires only those investments permitted by the Board adopted investment policy and within the limits established by the policy. Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. The District also limits risk by investing in a range of investments to ensure diversification as indicated in the graph below.

Liquidity

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District averts interest rate risk by limiting terms of investments in accordance with the Investment Policy. Maturity in days is a measure of liquidity. The next graph compares the District’s liquidity to other managed portfolios. The District’s liquidity is graphed with and without LAIF. With LAIF the District is in fact very liquid with $19.8 million available the same day. But for comparative purposes LAIF is eliminated from the District’s portfolio and shown separately.
Yield

The next graph compares the District’s effective yield to LAIF, SDCIP, San Diego County Water Authority (SDCWA), and the average 91-day Treasury bill rate.

Investment/Debt Management

On March 7, 2018 the District entered into a contract with Chandler Asset Management to provide professional investment management and advisory services. Chandler manages the District’s investments in accordance with the District’s policy of safety, liquidity, and yield and continues to maintain investments of varying types within limits allowed by the investment policy (100% in federal agency obligations, 100% in LAIF, 100% in other local government investment pools, 25% in FDIC-backed corporate notes, 25% in commercial paper, 20% in certificates of deposit). Chandler’s portfolio summary is attached.
## Portfolio Summary

**As of October 31, 2018**

### Portfolio Characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Modified Duration</td>
<td>1.07</td>
</tr>
<tr>
<td>Average Coupon</td>
<td>1.95%</td>
</tr>
<tr>
<td>Average Purchase YTM</td>
<td>2.14%</td>
</tr>
<tr>
<td>Average Market YTM</td>
<td>2.61%</td>
</tr>
<tr>
<td>Average S&amp;P/Moody Rating</td>
<td>AA+/Aa1</td>
</tr>
<tr>
<td>Average Final Maturity</td>
<td>1.18 yrs</td>
</tr>
<tr>
<td>Average Life</td>
<td>1.12 yrs</td>
</tr>
</tbody>
</table>

### Sector Allocation

<table>
<thead>
<tr>
<th>Sector</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAIF</td>
<td>29.5%</td>
</tr>
<tr>
<td>Agency</td>
<td>27.8%</td>
</tr>
<tr>
<td>US Treasury</td>
<td>14.5%</td>
</tr>
<tr>
<td>US Corp</td>
<td>8.3%</td>
</tr>
<tr>
<td>LGIP</td>
<td>7.8%</td>
</tr>
<tr>
<td>Neg CD</td>
<td>5.8%</td>
</tr>
<tr>
<td>Money Mktd Fd</td>
<td>3.0%</td>
</tr>
<tr>
<td>Supra</td>
<td>2.2%</td>
</tr>
<tr>
<td>ABS</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

### Account Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Beg. Value as of 9/30/18</th>
<th>End Value as of 10/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value</td>
<td>65,510,984</td>
<td>67,124,873</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>271,145</td>
<td>210,172</td>
</tr>
<tr>
<td>Total Market Value</td>
<td><strong>65,782,129</strong></td>
<td><strong>67,335,044</strong></td>
</tr>
<tr>
<td>Income Earned</td>
<td>99,947</td>
<td>118,136</td>
</tr>
<tr>
<td>Cont/WD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Par</td>
<td>66,256,789</td>
<td>67,949,804</td>
</tr>
<tr>
<td>Book Value</td>
<td>66,002,257</td>
<td>67,649,616</td>
</tr>
<tr>
<td>Cost Value</td>
<td>65,973,863</td>
<td>67,615,497</td>
</tr>
</tbody>
</table>

### Maturation Distribution

- Maturity (Yrs)
  - 0 - 25: 42.1%
  - 25.1 - 5: 2.0%
  - 5.1 - 10: 8.3%
  - 10.1 - 20: 16.1%
  - 20.1 - 30: 24.2%
  - 30.1 - 50: 7.3%
  - 50+: 2.2%

### Credit Quality (S&P)

- AA (44.0%)
- A (6.6%)
- AAA (7.6%)
- NR (41.8%)

### Top Issuers

- Local Agency Investment Fund: 29.5%
- Government of United States: 14.5%
- Federal Home Loan Mortgage Corp: 8.8%
- County of San Diego Pooled Inve: 7.8%
- Federal National Mortgage Assoc: 7.6%
- Federal Home Loan Bank: 5.9%
- Federal Farm Credit Bank: 5.5%
- Dreyfus Treasury and Agency: 3.0%
- Total: 82.5%
### Holdings Report

**Vallecitos Water District Consolidated Account**

**Account #10594**

**As of October 31, 2018**

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Security Description</th>
<th>Par Value/Units</th>
<th>Purchase Date</th>
<th>Cost Value Book Value</th>
<th>Market Value</th>
<th>% of Port. Gain/Loss</th>
<th>Moody/S&amp;P</th>
<th>Fitch</th>
<th>Maturity</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>89190BAD0</td>
<td>Toyota Auto Receivables Owner 2017-B A3 1.76% Due 7/15/2021</td>
<td>500,000.00</td>
<td>09/26/2018</td>
<td>494,160.16</td>
<td>494,197.50</td>
<td>0.73%</td>
<td>(157.13)</td>
<td>Aaa / AAA</td>
<td>NR</td>
<td>2.71</td>
</tr>
<tr>
<td>43814UAG4</td>
<td>Honda Auto Receivables 2018-2 A3 3.01% Due 5/18/2022</td>
<td>105,000.00</td>
<td>05/22/2018</td>
<td>104,997.71</td>
<td>104,669.04</td>
<td>0.16%</td>
<td>(328.91)</td>
<td>NR / AAA</td>
<td>AAA</td>
<td>3.55</td>
</tr>
<tr>
<td>43815HAC1</td>
<td>Honda Auto Receivables Owner 2018-3 A3 2.95% Due 8/22/2022</td>
<td>205,000.00</td>
<td>08/21/2018</td>
<td>204,971.87</td>
<td>204,018.87</td>
<td>0.30%</td>
<td>(954.26)</td>
<td>Aaa / NR</td>
<td>AAA</td>
<td>3.81</td>
</tr>
<tr>
<td></td>
<td><strong>Total ABS</strong></td>
<td><strong>810,000.00</strong></td>
<td></td>
<td><strong>804,129.74</strong></td>
<td><strong>802,885.41</strong></td>
<td><strong>3.08%</strong></td>
<td><strong>673.23</strong></td>
<td><strong>Aaa / AAA</strong></td>
<td><strong>AAA</strong></td>
<td><strong>3.10</strong></td>
</tr>
<tr>
<td>3130AAN20</td>
<td>FHLB Callable Note Cont 1/23/2018 1.24% Due 1/23/2019</td>
<td>500,000.00</td>
<td>02/08/2017</td>
<td>500,000.00</td>
<td>498,706.00</td>
<td>0.74%</td>
<td>(1,294.00)</td>
<td>Aaa / AA+</td>
<td>NR</td>
<td>0.23</td>
</tr>
<tr>
<td>3136G3YA7</td>
<td>FNMA Callable Note Qtrly 10/25/2016 1% Due 1/25/2019</td>
<td>500,000.00</td>
<td>07/25/2016</td>
<td>499,900.00</td>
<td>498,363.00</td>
<td>0.74%</td>
<td>(1,627.70)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>0.24</td>
</tr>
<tr>
<td>3133EFYS0</td>
<td>FFCB Callable Note Cont 02/22/17 1.15% Due 2/22/2019</td>
<td>367,000.00</td>
<td>03/07/2017</td>
<td>365,260.42</td>
<td>365,644.30</td>
<td>0.54%</td>
<td>(1,081.54)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>0.31</td>
</tr>
<tr>
<td>3133EGEF8</td>
<td>FFCB Callable Note Cont 6/13/2017 1.18% Due 6/13/2019</td>
<td>500,000.00</td>
<td>05/26/2017</td>
<td>497,500.00</td>
<td>495,858.00</td>
<td>0.74%</td>
<td>(3,393.34)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>0.62</td>
</tr>
<tr>
<td>3134G9YQ4</td>
<td>FHLMC Callable Note Qtrly 12/28/2016 2% Due 6/28/2019</td>
<td>750,000.00</td>
<td>06/28/2016</td>
<td>749,162.25</td>
<td>749,136.75</td>
<td>1.12%</td>
<td>(837.75)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>0.66</td>
</tr>
<tr>
<td>3130ABJS6</td>
<td>FHLB Callable Note Qtrly 9/28/2017 1.75% Due 6/28/2019</td>
<td>500,000.00</td>
<td>07/07/2017</td>
<td>500,000.00</td>
<td>498,229.00</td>
<td>0.74%</td>
<td>(1,771.00)</td>
<td>Aaa / AA+</td>
<td>NR</td>
<td>0.66</td>
</tr>
<tr>
<td>3133EGLC7</td>
<td>FFCB Callable Note Cont 10/12/2016 1.08% Due 7/12/2019</td>
<td>500,000.00</td>
<td>07/12/2016</td>
<td>499,675.00</td>
<td>493,223.50</td>
<td>0.74%</td>
<td>(5,106.91)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>0.70</td>
</tr>
<tr>
<td>3134GAEV2</td>
<td>FHLMC Callable Note Qtrly 2/28/2017 2% Due 8/28/2019</td>
<td>750,000.00</td>
<td>06/30/2016</td>
<td>749,136.75</td>
<td>749,162.25</td>
<td>1.12%</td>
<td>(863.25)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>0.82</td>
</tr>
<tr>
<td>3137EADM8</td>
<td>FHLMC Note 1.25% Due 10/2/2019</td>
<td>500,000.00</td>
<td>09/25/2015</td>
<td>498,665.00</td>
<td>493,223.50</td>
<td>0.73%</td>
<td>(6,471.85)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>0.92</td>
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<tr>
<td>3130A9UP4</td>
<td>FHLB Callable Note Cont 4/28/2017 1.19% Due 10/28/2019</td>
<td>500,000.00</td>
<td>10/28/2018</td>
<td>491,791.50</td>
<td>491,791.50</td>
<td>0.73%</td>
<td>(8,208.50)</td>
<td>Aaa / AA+</td>
<td>NR</td>
<td>0.99</td>
</tr>
</tbody>
</table>
### Holdings Report

**Vallecitos Water District Consolidated Account**

**Account #10594**

**As of October 31, 2018**

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Security Description</th>
<th>Par Value/Units</th>
<th>Purchase Date Book Yield</th>
<th>Cost Value Book Value</th>
<th>Mkt Price Mkt YTM</th>
<th>Market Value Accrued Int.</th>
<th>% of Port. Gain/Loss</th>
<th>Moody/S&amp;P Fitch</th>
<th>Aaa / AA+</th>
<th>Duration</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>3134G9V95</td>
<td>FHLMC Callable Note Qtrly 2/22/2017 1.5% Due 11/22/2019</td>
<td>750,000.00</td>
<td>08/22/2016</td>
<td>750,000.00</td>
<td>99.16</td>
<td>743,713.50</td>
<td>1.11% (6,286.50)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.06</td>
<td>34</td>
</tr>
<tr>
<td>3136G3VH5</td>
<td>FNMA Callable Note Qtrly 12/30/2016 1.35% Due 12/30/2019</td>
<td>500,000.00</td>
<td>06/30/2016</td>
<td>500,000.00</td>
<td>98.35</td>
<td>491,754.00</td>
<td>0.73% (8,246.00)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.16</td>
<td>34</td>
</tr>
<tr>
<td>3135G0Q63</td>
<td>FNMA Callable Note Qtrly 3/30/2017 1.3% Due 3/30/2020</td>
<td>500,000.00</td>
<td>10/19/2016</td>
<td>500,000.00</td>
<td>97.91</td>
<td>489,552.00</td>
<td>0.73% (10,448.00)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.41</td>
<td>34</td>
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<tr>
<td>3130ABAY2</td>
<td>FHLB Callable Note Cont 7/28/2017 1.67% Due 4/28/2020</td>
<td>750,000.00</td>
<td>04/28/2017</td>
<td>750,000.00</td>
<td>98.29</td>
<td>737,160.75</td>
<td>1.09% (12,839.25)</td>
<td>Aaa / AA+</td>
<td>NR</td>
<td>1.49</td>
<td>34</td>
</tr>
<tr>
<td>3136G3NZ4</td>
<td>FNMA Callable Note Qtrly 11/29/2016 1.5% Due 5/29/2020</td>
<td>750,000.00</td>
<td>05/27/2016</td>
<td>750,000.00</td>
<td>97.95</td>
<td>734,626.50</td>
<td>1.10% (15,373.50)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.58</td>
<td>34</td>
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<tr>
<td>3130A8M67</td>
<td>FHLB Callable Note Cont 7/13/2017 1.2% Due 7/13/2020</td>
<td>500,000.00</td>
<td>11/22/2016</td>
<td>492,970.00</td>
<td>97.22</td>
<td>486,105.00</td>
<td>0.72% (10,615.39)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.70</td>
<td>34</td>
</tr>
<tr>
<td>3135G0N66</td>
<td>FNMA Callable Note Qtrly 2/24/2017 1.4% Due 8/24/2020</td>
<td>1,000,000.00</td>
<td>08/24/2016</td>
<td>1,000,000.00</td>
<td>97.24</td>
<td>972,433.00</td>
<td>1.45% (27,567.00)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.82</td>
<td>34</td>
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<tr>
<td>3133EGC94</td>
<td>FFCB Callable Note Cont 2/2/2017 1.38% Due 11/2/2020</td>
<td>500,000.00</td>
<td>11/04/2016</td>
<td>499,600.00</td>
<td>96.96</td>
<td>484,821.00</td>
<td>0.73% (14,978.31)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>2.01</td>
<td>34</td>
</tr>
<tr>
<td>3133EGR49</td>
<td>FFCB Callable Note Cont 12/7/2017 1.77% Due 12/7/2020</td>
<td>250,000.00</td>
<td>12/07/2016</td>
<td>249,437.50</td>
<td>97.58</td>
<td>243,960.00</td>
<td>0.36% (5,744.70)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>2.10</td>
<td>34</td>
</tr>
<tr>
<td>3134GBT0</td>
<td>FHLMC Callable Note Qtrly 9/22/2017 1.8% Due 12/22/2020</td>
<td>750,000.00</td>
<td>06/27/2017</td>
<td>750,000.00</td>
<td>98.90</td>
<td>741,773.25</td>
<td>1.10% (8,226.75)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>2.15</td>
<td>34</td>
</tr>
<tr>
<td>3136G4GA5</td>
<td>FNMA Callable Note Qtrly 4/28/2017 1.4% Due 1/28/2021</td>
<td>500,000.00</td>
<td>10/28/2016</td>
<td>500,000.00</td>
<td>96.73</td>
<td>483,636.00</td>
<td>0.72% (16,364.00)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>2.25</td>
<td>34</td>
</tr>
<tr>
<td>3133EFC54</td>
<td>FFCB Callable Note Cont 2/17/2017 1.62% Due 2/17/2021</td>
<td>150,000.00</td>
<td>11/18/2016</td>
<td>149,667.00</td>
<td>97.00</td>
<td>145,506.30</td>
<td>0.22% (4,313.68)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>2.30</td>
<td>34</td>
</tr>
<tr>
<td>3134G8LH0</td>
<td>FHLMC Callable Note Qtrly 8/26/2016 1.5% Due 2/26/2021</td>
<td>514,000.00</td>
<td>02/26/2016</td>
<td>514,000.00</td>
<td>98.93</td>
<td>508,483.75</td>
<td>0.76% (5,516.25)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
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<tr>
<td>3130A7E50</td>
<td>FHLB Callable Note Qtrly 6/22/2016 1.75% Due 3/22/2021</td>
<td>275,000.00</td>
<td>04/06/2017</td>
<td>274,381.25</td>
<td>98.39</td>
<td>270,567.28</td>
<td>0.40% (4,059.59)</td>
<td>Aaa / AA+</td>
<td>NR</td>
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<td>3133EFZ91</td>
<td>FFCB Callable Note Cont 4/12/2017 1.62% Due 4/12/2021</td>
<td>750,000.00</td>
<td>04/12/2016</td>
<td>749,925.00</td>
<td>96.79</td>
<td>725,916.00</td>
<td>1.08% (24,047.32)</td>
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<td>AAA</td>
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<td>3133EHHM8</td>
<td>FFCB Callable Note Cont 8/3/2017 1.99% Due 5/3/2021</td>
<td>750,000.00</td>
<td>05/03/2017</td>
<td>750,000.00</td>
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<td>731,497.75</td>
<td>1.10% (18,050.25)</td>
<td>Aaa / AA+</td>
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## Holdings Report

**As of October 31, 2018**

### Vallecitos Water District Consolidated Account

#### Account #10594

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<tr>
<th>CUSIP</th>
<th>Security Description</th>
<th>Par Value/Units</th>
<th>Purchase Date Book Yld</th>
<th>Cost Value Book Value</th>
<th>Mkt Price Mkt YTM</th>
<th>Market Value</th>
<th>% of Port. Gain/Loss</th>
<th>Moody/S&amp;P</th>
<th>Fitch</th>
<th>Maturity</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>3136G3A70</td>
<td>FNMA Callable Note Qtrly 1/27/2017 1.5% Due 7/27/2021</td>
<td>500,000.00</td>
<td>07/27/2016 1.50%</td>
<td>500,000.00</td>
<td>95.82</td>
<td>479,123.00</td>
<td>0.71% (20,877.00)</td>
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<tr>
<td>3134G9SL7</td>
<td>FHLMC Callable Note Qtrly 11/25/2016 1.6% Due 8/25/2021</td>
<td>1,000,000.00</td>
<td>08/25/2016 1.60%</td>
<td>1,000,000.00</td>
<td>95.50</td>
<td>954,962.00</td>
<td>1.42% (45,038.00)</td>
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<td>AAA</td>
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<td>2.71</td>
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<td>3130A9F89</td>
<td>FHLB Callable Note Qtrly 12/30/2016 1.625% Due 9/30/2021</td>
<td>1,000,000.00</td>
<td>09/30/2016 1.63%</td>
<td>1,000,000.00</td>
<td>96.30</td>
<td>962,965.00</td>
<td>1.43% (37,035.00)</td>
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<td>3136G4G47</td>
<td>FNMA Callable Note Qtrly 4/28/2017 1.55% Due 10/28/2021</td>
<td>1,000,000.00</td>
<td>10/31/2016 1.55%</td>
<td>1,000,000.00</td>
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<td>953,385.00</td>
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<td>2.89</td>
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<td>3134GAYX6</td>
<td>FHLMC Callable Note Qtrly 5/26/2017 1.875% Due 11/26/2021</td>
<td>1,000,000.00</td>
<td>11/30/2016 1.88%</td>
<td>1,000,000.00</td>
<td>96.14</td>
<td>961,418.00</td>
<td>1.44% (38,582.00)</td>
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**Total Agency**

19,056,000.00 1.57% 19,040,981.17 27.78% Aaa / AA+ 1.76 1.54

### LAIF

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<tr>
<th>CUSIP</th>
<th>Security Description</th>
<th>Par Value/Units</th>
<th>Purchase Date Book Yld</th>
<th>Cost Value Book Value</th>
<th>Mkt Price Mkt YTM</th>
<th>Market Value</th>
<th>% of Port. Gain/Loss</th>
<th>Moody/S&amp;P</th>
<th>Fitch</th>
<th>Maturity</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>90LAIF$00</td>
<td>Local Agency Investment Fund State Pool</td>
<td>19,803,171.90</td>
<td>Various 2.17%</td>
<td>19,803,171.90</td>
<td>1.00</td>
<td>19,803,171.90</td>
<td>29.47% NR / NR</td>
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**Total LAIF**

19,803,171.90 2.17% 19,803,171.90 29.47% NR / NR 0.00 0.00

### LOCAL GOV INVESTMENT POOL

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<thead>
<tr>
<th>CUSIP</th>
<th>Security Description</th>
<th>Par Value/Units</th>
<th>Purchase Date Book Yld</th>
<th>Cost Value Book Value</th>
<th>Mkt Price Mkt YTM</th>
<th>Market Value</th>
<th>% of Port. Gain/Loss</th>
<th>Moody/S&amp;P</th>
<th>Fitch</th>
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<th>Duration</th>
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<tbody>
<tr>
<td>90SDCP$00</td>
<td>County of San Diego Pooled Investment Pool</td>
<td>5,235,000.00</td>
<td>Various 2.07%</td>
<td>5,235,000.00</td>
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<td>5,235,000.00</td>
<td>7.77% NR / NR</td>
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**Total Local Gov Investment Pool**

5,235,000.00 2.07% 5,235,000.00 7.77% NR / NR 0.00 0.00

### MONEY MARKET FUND FI

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Security Description</th>
<th>Par Value/Units</th>
<th>Purchase Date Book Yld</th>
<th>Cost Value Book Value</th>
<th>Mkt Price Mkt YTM</th>
<th>Market Value</th>
<th>% of Port. Gain/Loss</th>
<th>Moody/S&amp;P</th>
<th>Fitch</th>
<th>Maturity</th>
<th>Duration</th>
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</thead>
<tbody>
<tr>
<td>261908206</td>
<td>Dreyfus Treasury Money Market Fund</td>
<td>2,009,632.39</td>
<td>Various 1.83%</td>
<td>2,009,632.39</td>
<td>1.00</td>
<td>2,009,632.39</td>
<td>2.98% NR / NR</td>
<td>AAA / NR</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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</tbody>
</table>

**Total Money Market Fund FI**

2,009,632.39 1.83% 2,009,632.39 2.98% NR / NR 0.00 0.00
## Holdings Report

**As of October 31, 2018**

### Vallecitos Water District Consolidated Account

**Account #10594**

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Security Description</th>
<th>Par Value/Units</th>
<th>Purchase Date</th>
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<th>Cost Value</th>
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<th>Market Value</th>
<th>% of Port. Gain/Loss</th>
<th>Moody/S&amp;P</th>
<th>Fitch</th>
<th>Maturity</th>
<th>Duration</th>
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<tr>
<td><strong>NEGOTIABLE CD</strong></td>
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<tr>
<td>795450XC4</td>
<td>Sallie Mae Bank Negotiable CD 1.6% Due 12/10/2018</td>
<td>245,000.00</td>
<td>12/09/2015</td>
<td>1.60%</td>
<td>245,000.00</td>
<td>99.95</td>
<td>244,889.51</td>
<td>0.37% (110.49)</td>
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<tr>
<td>05580AGN8</td>
<td>BMW Corp Negotiable CD 1.35% Due 3/11/2019</td>
<td>245,000.00</td>
<td>03/10/2017</td>
<td>1.35%</td>
<td>245,000.00</td>
<td>99.67</td>
<td>244,203.51</td>
<td>0.36% (796.49)</td>
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<td>78012UEY7</td>
<td>Royal Bank of Canada Yankee CD 2.6% Due 4/8/2019</td>
<td>500,000.00</td>
<td>08/24/2018</td>
<td>2.55%</td>
<td>500,130.05</td>
<td>100.02</td>
<td>500,090.52</td>
<td>0.75% P-1 / A-1+</td>
<td>NR / NR</td>
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<td>0.44</td>
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<tr>
<td>966594AY9</td>
<td>Whitney Bank Negotiable CD 1.65% Due 4/22/2019</td>
<td>245,000.00</td>
<td>04/20/2017</td>
<td>1.65%</td>
<td>245,000.00</td>
<td>99.68</td>
<td>244,216.00</td>
<td>0.36% (784.00)</td>
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<tr>
<td>29266NK97</td>
<td>Enerbank USA Negotiable CD 1.5% Due 5/15/2019</td>
<td>233,000.00</td>
<td>06/18/2015</td>
<td>1.58%</td>
<td>232,301.00</td>
<td>99.54</td>
<td>231,934.49</td>
<td>0.34% (969.99)</td>
<td>NR / NR</td>
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<td>0.54</td>
<td>0.53</td>
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<tr>
<td>89113XX33</td>
<td>Toronto Dominion NY Yankee CD 2.68% Due 5/24/2019</td>
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<td>05/23/2018</td>
<td>2.68%</td>
<td>500,000.00</td>
<td>100.00</td>
<td>500,000.00</td>
<td>0.75% P-1 / A-1+</td>
<td>NR / NR</td>
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<td>Barclays Bank Delaware Negotiable CD 1.9% Due 9/16/2019</td>
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<td>09/16/2015</td>
<td>1.90%</td>
<td>245,000.00</td>
<td>99.57</td>
<td>243,949.69</td>
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<td>03/08/2017</td>
<td>1.70%</td>
<td>245,000.00</td>
<td>98.58</td>
<td>241,531.54</td>
<td>0.36% (3,468.46)</td>
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<td>1.33</td>
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<td>40434AZ44</td>
<td>HSBC Bank USA NA Callable Neg. CD 7/8/2018</td>
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<td>1.45%</td>
<td>245,510.00</td>
<td>97.48</td>
<td>238,823.80</td>
<td>0.36% (5,959.56)</td>
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<td>1.69</td>
<td>1.64</td>
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<td>254672L89</td>
<td>Discover Bank Negotiable CD 1.5% Due 10/26/2020</td>
<td>245,000.00</td>
<td>10/26/2016</td>
<td>1.50%</td>
<td>245,000.00</td>
<td>96.60</td>
<td>236,679.31</td>
<td>0.35% (8,320.69)</td>
<td>NR / NR</td>
<td>NR</td>
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<td>1.93</td>
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<td>Northern Nevada Bank Callable Neg CD Qtrly 6/29/18</td>
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<td>06/29/2017</td>
<td>1.85%</td>
<td>245,000.00</td>
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<td>238,776.76</td>
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<td>241,969.19</td>
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<td>245,000.00</td>
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<td>1.65%</td>
<td>245,000.00</td>
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<td>235,376.40</td>
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<td>Market Value</td>
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<td>% of Port. Gain/Loss</td>
<td>Moody/S&amp;P</td>
<td>Fitch</td>
<td>Maturity</td>
<td>Duration</td>
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<td>08/16/2016</td>
<td>245,000.00</td>
<td>95.49</td>
<td>233,956.87</td>
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<tr>
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<td><strong>08/16/2016</strong></td>
<td><strong>3,925,778.36</strong></td>
<td><strong>2.67%</strong></td>
<td><strong>3,876,397.59</strong></td>
<td><strong>(49,380.77)</strong></td>
<td><strong>5.78%</strong></td>
<td><strong>Aaa / AAA</strong></td>
<td><strong>AAA</strong></td>
<td><strong>1.19</strong></td>
<td><strong>2.38</strong></td>
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<tr>
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<td>Inter-American Dev Bank Note 2.125% Due 11/9/2020</td>
<td>750,000.00</td>
<td>05/22/2018</td>
<td>737,865.00</td>
<td>98.33</td>
<td>737,490.75</td>
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<td>1.94</td>
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<td>459058GH0</td>
<td>Intl. Bank Recon &amp; Development Note 2.75% Due 7/23/2021</td>
<td>750,000.00</td>
<td>07/24/2018</td>
<td>747,607.50</td>
<td>99.23</td>
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<td>1.11%</td>
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<td><strong>Total Supranational</strong></td>
<td><strong>1,500,000.00</strong></td>
<td><strong>07/24/2018</strong></td>
<td><strong>1,487,857.84</strong></td>
<td><strong>3.01%</strong></td>
<td><strong>1,481,718.75</strong></td>
<td><strong>(6,139.09)</strong></td>
<td><strong>2.22%</strong></td>
<td><strong>Aaa / AAA</strong></td>
<td><strong>AAA</strong></td>
<td><strong>3.83</strong></td>
<td><strong>2.38</strong></td>
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<tr>
<td>40428HPV8</td>
<td>HSBC USA Inc Note 2.75% Due 8/7/2020</td>
<td>250,000.00</td>
<td>10/10/2018</td>
<td>247,772.50</td>
<td>99.10</td>
<td>247,748.50</td>
<td>(90.99)</td>
<td>0.37%</td>
<td>A2 / A</td>
<td>1.77</td>
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<tr>
<td>00440EAT4</td>
<td>Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020</td>
<td>500,000.00</td>
<td>09/27/2018</td>
<td>490,920.00</td>
<td>98.07</td>
<td>490,358.50</td>
<td>(929.93)</td>
<td>0.74%</td>
<td>A3 / A</td>
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<td>459200JF9</td>
<td>IBM Corp Note 2.25% Due 2/19/2021</td>
<td>500,000.00</td>
<td>06/26/2018</td>
<td>489,640.00</td>
<td>97.55</td>
<td>487,733.00</td>
<td>(3,256.91)</td>
<td>0.73%</td>
<td>A1 / A+</td>
<td>2.31</td>
<td>2.23</td>
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<tr>
<td>69371RN93</td>
<td>Paccar Financial Corp Note 2.8% Due 3/1/2021</td>
<td>300,000.00</td>
<td>07/23/2018</td>
<td>297,585.00</td>
<td>98.73</td>
<td>296,200.20</td>
<td>(1,636.47)</td>
<td>0.44%</td>
<td>A1 / A</td>
<td>2.33</td>
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<tr>
<td>06406FAA1</td>
<td>Bank of NY Mellon Corp Callable Note Cont 03/15/2021 2.5% Due 4/15/2021</td>
<td>500,000.00</td>
<td>08/24/2018</td>
<td>493,125.00</td>
<td>98.00</td>
<td>489,981.50</td>
<td>(3,608.51)</td>
<td>0.73%</td>
<td>A1 / A</td>
<td>2.46</td>
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<tr>
<td>369550BE7</td>
<td>General Dynamics Corp Note 3% Due 5/11/2021</td>
<td>350,000.00</td>
<td>06/28/2018</td>
<td>349,247.50</td>
<td>99.30</td>
<td>347,532.50</td>
<td>(1,804.84)</td>
<td>0.52%</td>
<td>A2 / A</td>
<td>2.53</td>
<td>2.38</td>
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<td>Book Yld</td>
<td>Cost Value Book Value</td>
<td>Mkt Price</td>
<td>Mkt YTM</td>
<td>Market Value</td>
<td>% of Port. Gain/Loss</td>
<td>Moody/S&amp;P</td>
<td>Fitch</td>
<td>Maturity</td>
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<tr>
<td>857477AV5</td>
<td>State Street Bank Note 1.95% Due 5/19/2021</td>
<td>500,000.00</td>
<td>10/12/2018</td>
<td>3.30%</td>
<td>483,360.00</td>
<td>3.38%</td>
<td>482,608.50</td>
<td>0.72%</td>
<td>1,032.94</td>
<td>A1 / A</td>
<td>AA-</td>
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<tr>
<td>808513AW5</td>
<td>Charles Schwab Corp Callable Note Cont 4/21/2021</td>
<td>320,000.00</td>
<td>Various</td>
<td>3.09%</td>
<td>321,372.10</td>
<td>3.39%</td>
<td>318,931.53</td>
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<td>(2,240.48)</td>
<td>A2 / A</td>
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<tr>
<td>931142EJ8</td>
<td>Wal-Mart Stores Note 3.125% Due 6/23/2021</td>
<td>290,000.00</td>
<td>06/20/2018</td>
<td>3.13%</td>
<td>289,985.50</td>
<td>3.14%</td>
<td>289,844.00</td>
<td>0.44%</td>
<td>(103.19)</td>
<td>Aa2 / AA</td>
<td>AA</td>
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<tr>
<td>02665WBG5</td>
<td>American Honda Finance Note 1.7% Due 9/9/2021</td>
<td>500,000.00</td>
<td>07/20/2018</td>
<td>3.19%</td>
<td>478,045.00</td>
<td>3.28%</td>
<td>478,645.00</td>
<td>0.71%</td>
<td>(1,320.82)</td>
<td>A2 / A+</td>
<td>NR</td>
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<tr>
<td>89233P5F9</td>
<td>Toyota Motor Credit Corp Note 3.4% Due 9/15/2021</td>
<td>500,000.00</td>
<td>05/31/2018</td>
<td>3.03%</td>
<td>505,785.00</td>
<td>3.27%</td>
<td>501,766.50</td>
<td>0.75%</td>
<td>(3,294.77)</td>
<td>Aa3 / AA-</td>
<td>A+</td>
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<td>24422ETL3</td>
<td>John Deere Capital Corp Note 2.65% Due 1/6/2022</td>
<td>500,000.00</td>
<td>Various</td>
<td>3.29%</td>
<td>489,627.50</td>
<td>3.41%</td>
<td>488,603.50</td>
<td>0.73%</td>
<td>(1,837.17)</td>
<td>A2 / A</td>
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<tr>
<td>74005PBA1</td>
<td>Praxair Callable Note Cont 11/15/2021</td>
<td>300,000.00</td>
<td>06/27/2018</td>
<td>3.15%</td>
<td>292,848.00</td>
<td>3.42%</td>
<td>290,997.90</td>
<td>0.43%</td>
<td>(2,523.80)</td>
<td>A2 / A</td>
<td>NR</td>
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<tr>
<td>68389XBB0</td>
<td>Oracle Corp Callable Note Cont 3/15/2022</td>
<td>350,000.00</td>
<td>06/13/2018</td>
<td>3.21%</td>
<td>340,868.50</td>
<td>3.47%</td>
<td>338,767.80</td>
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<td>(2,988.31)</td>
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<tr>
<td></td>
<td>Total US Corporate</td>
<td>5,660,000.00</td>
<td></td>
<td>3.15%</td>
<td>5,570,181.60</td>
<td>3.34%</td>
<td>5,549,758.93</td>
<td>8.30%</td>
<td>(26,669.13)</td>
<td>A1 / A+</td>
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<tr>
<th>CUSIP</th>
<th>Security Description</th>
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<th>Purchase Date</th>
<th>Book Yld</th>
<th>Cost Value Book Value</th>
<th>Mkt Price</th>
<th>Mkt YTM</th>
<th>Market Value</th>
<th>% of Port. Gain/Loss</th>
<th>Moody/S&amp;P</th>
<th>Fitch</th>
<th>Maturity</th>
<th>Duration</th>
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<tbody>
<tr>
<td>912828WW6</td>
<td>US Treasury Note 1.625% Due 7/31/2019</td>
<td>600,000.00</td>
<td>08/29/2018</td>
<td>2.44%</td>
<td>595,593.75</td>
<td>2.62%</td>
<td>595,570.20</td>
<td>0.89%</td>
<td>(852.19)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>0.75</td>
<td>0.74</td>
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<tr>
<td>9128283S7</td>
<td>US Treasury Note 2% Due 1/31/2020</td>
<td>750,000.00</td>
<td>08/24/2018</td>
<td>2.57%</td>
<td>744,082.03</td>
<td>2.78%</td>
<td>742,822.50</td>
<td>1.11%</td>
<td>(2,007.78)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.25</td>
<td>1.22</td>
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<tr>
<td>912828Y4</td>
<td>US Treasury Note 2.25% Due 2/29/2020</td>
<td>750,000.00</td>
<td>06/25/2018</td>
<td>2.51%</td>
<td>746,835.94</td>
<td>2.81%</td>
<td>744,521.25</td>
<td>1.11%</td>
<td>(2,975.37)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.33</td>
<td>1.30</td>
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<tr>
<td>912828X21</td>
<td>US Treasury Note 1.5% Due 4/15/2020</td>
<td>750,000.00</td>
<td>07/23/2018</td>
<td>2.62%</td>
<td>735,937.50</td>
<td>2.83%</td>
<td>735,908.25</td>
<td>1.09%</td>
<td>(2,257.86)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.46</td>
<td>1.42</td>
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<tr>
<td>912828XH8</td>
<td>US Treasury Note 1.625% Due 6/30/2020</td>
<td>750,000.00</td>
<td>05/31/2018</td>
<td>2.43%</td>
<td>737,753.91</td>
<td>2.85%</td>
<td>735,117.00</td>
<td>1.10%</td>
<td>(5,115.09)</td>
<td>Aaa / AA+</td>
<td>AAA</td>
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<td>1.62</td>
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<tr>
<td>CUSIP</td>
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<td>Book Yield</td>
<td>Cost Value</td>
<td>Market Value</td>
<td>% of Port. Gain/Loss</td>
<td>Moody/S&amp;P</td>
<td>Fitch</td>
<td>Maturity</td>
<td>Duration</td>
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<tr>
<td>US TREASURY</td>
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<tr>
<td>912828Y46</td>
<td>US Treasury Note 2.625% Due 7/31/2020</td>
<td>750,000.00</td>
<td>10/31/2018</td>
<td>2.87%</td>
<td>746,894.53</td>
<td>746,953.50</td>
<td>1.12%</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.75</td>
<td>1.69</td>
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<td>912828VV9</td>
<td>US Treasury Note 2.125% Due 8/31/2020</td>
<td>750,000.00</td>
<td>08/28/2018</td>
<td>2.66%</td>
<td>742,236.33</td>
<td>739,921.50</td>
<td>1.10%</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.84</td>
<td>1.77</td>
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<td>912828L65</td>
<td>US Treasury Note 1.375% Due 9/30/2020</td>
<td>750,000.00</td>
<td>06/27/2018</td>
<td>2.53%</td>
<td>731,044.92</td>
<td>729,228.75</td>
<td>1.08%</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>1.92</td>
<td>1.87</td>
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<tr>
<td>912828WC0</td>
<td>US Treasury Note 1.75% Due 10/31/2020</td>
<td>750,000.00</td>
<td>07/20/2018</td>
<td>2.64%</td>
<td>753,292.97</td>
<td>733,593.75</td>
<td>1.09%</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>2.00</td>
<td>1.95</td>
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<td>912828N89</td>
<td>US Treasury Note 1.375% Due 1/31/2021</td>
<td>750,000.00</td>
<td>10/30/2018</td>
<td>2.86%</td>
<td>725,859.38</td>
<td>725,244.00</td>
<td>1.08%</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>2.25</td>
<td>2.18</td>
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<tr>
<td>912828W89</td>
<td>US Treasury Note 1.875% Due 3/31/2022</td>
<td>750,000.00</td>
<td>09/27/2018</td>
<td>2.92%</td>
<td>724,013.67</td>
<td>723,750.00</td>
<td>1.08%</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>3.42</td>
<td>3.27</td>
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<td>912828XR6</td>
<td>US Treasury Note 1.75% Due 5/31/2022</td>
<td>750,000.00</td>
<td>09/24/2018</td>
<td>2.93%</td>
<td>719,208.98</td>
<td>719,296.50</td>
<td>1.08%</td>
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<td>AAA</td>
<td>3.58</td>
<td>3.41</td>
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<td>912828XW5</td>
<td>US Treasury Note 1.75% Due 6/30/2022</td>
<td>350,000.00</td>
<td>09/07/2018</td>
<td>2.80%</td>
<td>336,792.97</td>
<td>335,343.75</td>
<td>0.50%</td>
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<td>3.67</td>
<td>3.49</td>
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<tr>
<td>912828L24</td>
<td>US Treasury Note 1.875% Due 8/31/2022</td>
<td>750,000.00</td>
<td>09/20/2018</td>
<td>2.94%</td>
<td>720,439.45</td>
<td>720,293.25</td>
<td>1.07%</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>3.84</td>
<td>3.65</td>
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<tr>
<td>Total US Treasury</td>
<td></td>
<td>9,950,000.00</td>
<td></td>
<td>2.69%</td>
<td>9,741,986.33</td>
<td>9,757,199.21</td>
<td>2.87%</td>
<td>Aaa / AA+</td>
<td>AAA</td>
<td>2.15</td>
<td>2.07</td>
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<td>TOTAL PORTFOLIO</td>
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<td>67,949,804.29</td>
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<td>2.14%</td>
<td>67,615,496.68</td>
<td>67,649,616.18</td>
<td>2.61%</td>
<td>Aa1 / AA+</td>
<td>AAA</td>
<td>1.18</td>
<td>1.07</td>
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<td>TOTAL MARKET VALUE PLUS ACCRUED</td>
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BACKGROUND:
On November 21, 2016, the District entered into an employment agreement (Agreement) with Glenn Pruim for the position of General Manager. Among other provisions, the Agreement specified a term of two years, with an expiration date of November 21, 2018. The Agreement was amended on April 5, 2017, and December 20, 2017, but those amendments did not change the expiration date of the Agreement.

DISCUSSION:
The District’s Board of Directors and the General Manager are in the process of negotiating terms for a new/amended employment agreement. It is anticipated a new agreement between the General Manager and the District will not be presented to the Board for consideration until after the expiration date of the original Agreement.

In order to allow for the completion of negotiations and a new agreement to be placed on a Board agenda, it is recommended that the Board and the General Manager amend the existing Agreement to extend the expiration date. All other terms of the Agreement, including the two previous amendments, will remain the same during the period of the extension.

FISCAL IMPACT:
There are no fiscal impacts associated with extending the term of the Agreement.

RECOMMENDATION:
Approve an extension to the General Manager’s Employment Agreement until December 19, 2018, to allow for the successful completion of contract negotiations.

ATTACHMENT:
Extension of Employment Agreement Between Vallecitos Water District and Glenn Pruim
EXTENSION OF EMPLOYMENT AGREEMENT
BETWEEN VALLECITOS WATER DISTRICT AND GLENN PRUIM

This Extension of Employment Agreement (hereinafter “Extension”) is entered into by and between the VALLECITOS WATER DISTRICT, a California water district organized and operating pursuant to Water Code section 30000 et seq. (hereinafter “District”), and Glenn Pruim (“Employee”). This Extension shall be effective as of November 21, 2018 upon approval of the District Board of Directors and execution by the parties.

R-E-C-I-T-A-L-S

A. Glenn Pruim has been serving as the General Manager of the District under an Employment Agreement, as amended by the First and Second Amendments to the Employment Agreement, the term of which is set to expire November 21, 2018.

B. The District desires to retain Employee to act as its General Manager and is currently in the process of negotiating the terms for a new employment agreement.

C. Therefore, the parties desire to continue the terms of the original agreement, until a new agreement has been reached and approved by the District Board of Directors.

C-O-V-E-N-A-N-T-S

1. The term of the November 21, 2016 Employment Agreement as provided in Section 2 of the Agreement, is extended to January 16, 2019.

2. Except as expressly stated herein, the terms and conditions of the November 21, 2016 Employment Agreement, as amended by the April 5, 2017 and December 20, 2017 Amendments to Employment Agreement remain in full force and effect.

Dated: November 21, 2018

VALLECITOS WATER DISTRICT

By ____________________

James Hernandez, President

Employee

Dated: November 21, 2018

________________________

Glenn Pruim, General Manager
## Schedule At-A-Glance | Subject to Change

<table>
<thead>
<tr>
<th>DATE</th>
<th>TIME</th>
<th>MEETING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wednesday, January 23</td>
<td><strong>7:30 - 12:00 p.m.</strong></td>
<td>CSRMA BKFT &amp; Training Seminar</td>
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<tr>
<td></td>
<td>9:00 - 5:00 p.m.</td>
<td>Registration</td>
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<tr>
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<td>10:30 - 12:00 p.m.</td>
<td>CASA Board Meeting</td>
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<tr>
<td></td>
<td>11:30 - 1:30 p.m.</td>
<td>Communications Committee Meeting</td>
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<td>12:00 - 1:30 p.m.</td>
<td>Associates Committee Meeting</td>
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<td>12:00 - 1:30 p.m.</td>
<td>LUNCH on your own</td>
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<tr>
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<td>1:30 - 4:00 p.m.</td>
<td>Roundtable Series</td>
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<tr>
<td></td>
<td>2:30 - 3:00 p.m.</td>
<td>Networking Break</td>
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<td><strong>4:15 - 5:30 p.m.</strong></td>
<td><strong>CSRMA Executive Board Meeting</strong></td>
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<tr>
<td>Thursday, January 24</td>
<td>4:15 - 5:15 p.m.</td>
<td>Federal Legislative Committee</td>
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<td>5:30 - 6:30 p.m.</td>
<td>Welcome Reception</td>
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<tr>
<td></td>
<td><strong>7:30 - 4:30 p.m.</strong></td>
<td>Registration</td>
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<tr>
<td></td>
<td>8:00 - 9:30 a.m.</td>
<td>Continental Breakfast</td>
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<tr>
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<td>8:00 - 9:00 a.m.</td>
<td>CASA Education Foundation Board Meeting</td>
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<tr>
<td></td>
<td><strong>8:00 - 9:00 a.m.</strong></td>
<td><strong>CSRMA Board of Directors Meeting</strong></td>
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<td>9:15 - 11:45 a.m.</td>
<td>Morning Sessions</td>
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<tr>
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<td>12:00 - 1:30 p.m.</td>
<td>Conference Luncheon</td>
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<td>2:00 - 4:00 p.m.</td>
<td>Afternoon Session</td>
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<tr>
<td></td>
<td><strong>4:30 - 5:30 p.m.</strong></td>
<td><strong>Bay Area Biosolids Coalition Meeting</strong></td>
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<td>5:30 - 6:30 p.m.</td>
<td>Reception sponsored by the Associates</td>
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<tr>
<td>Friday, January 25</td>
<td><strong>8:00 - 11:00 a.m.</strong></td>
<td>Registration</td>
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<tr>
<td></td>
<td>8:00 - 9:30 a.m.</td>
<td>Breakfast</td>
</tr>
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<td></td>
<td>8:15 - 9:15 a.m.</td>
<td>State Legislative Committee Meeting</td>
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<tr>
<td></td>
<td>9:30 - 11:00 a.m.</td>
<td>Closing Session</td>
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<tr>
<td></td>
<td>11:00 - 3:00 p.m.</td>
<td>Attorneys Committee Meeting</td>
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