

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

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
TUESDAY, OCTOBER 30, 2018 AT 3:00 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

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

- Compliance
- Portfolio Characteristics
- Sector Distribution
- Issuers
- Quality Distribution
- Duration Distribution
- Investment Performance
- Portfolio Characteristics
- Sector Distribution
- Consolidated Information
 - Portfolio Characteristics
 - Sector Distribution
- Portfolio Holdings
 - Holdings Report

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.

MINUTES OF A CLOSED SESSION MEETING
OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, NOVEMBER 7, 2018, AT 3:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, NOVEMBER 7, 2018, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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 Pruum 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:

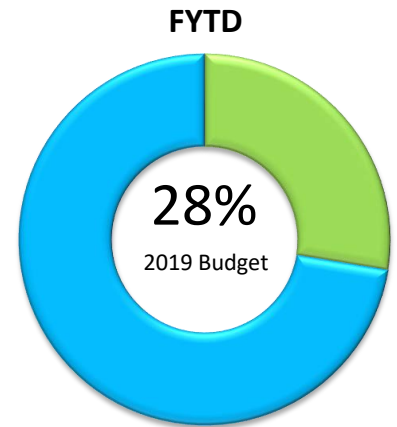
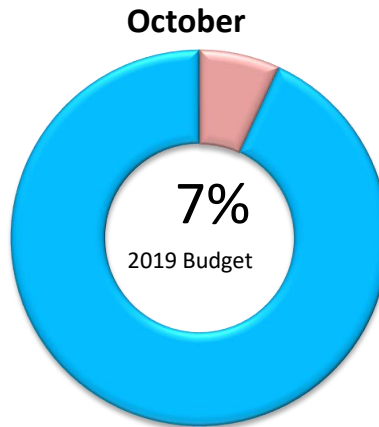
Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District

**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
October 31, 2018**

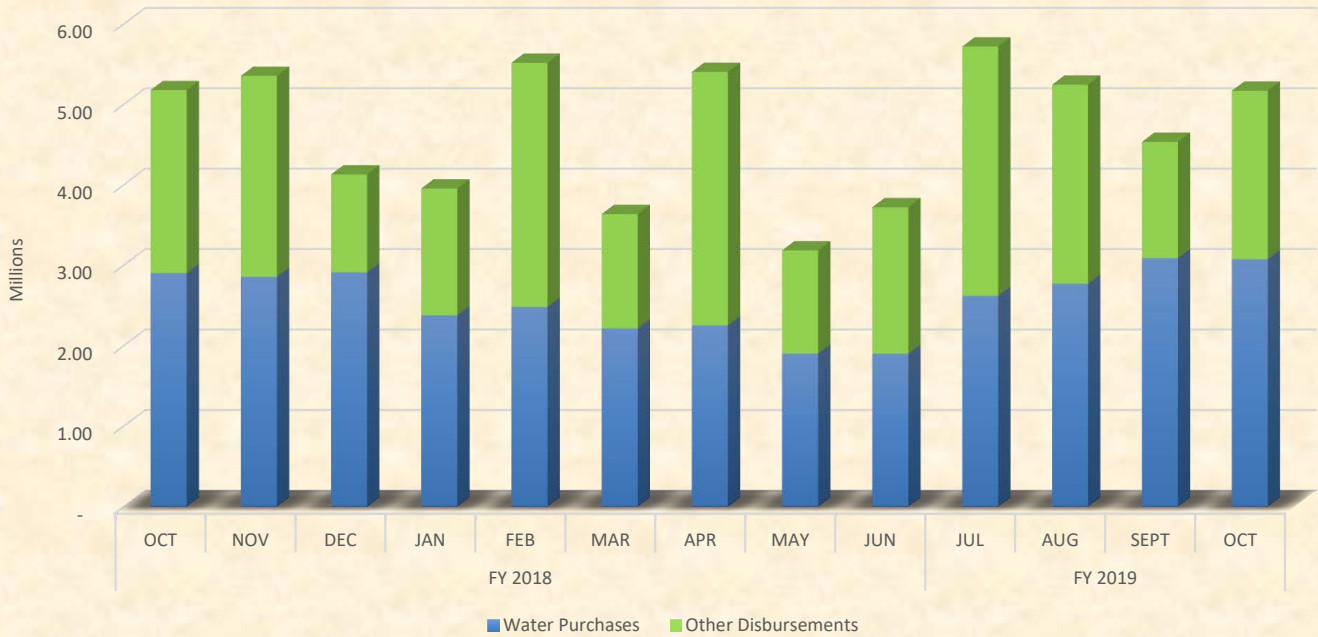
Summary

October Disbursements	\$	5,171,729 *
YTD Disbursements	\$	20,677,417 *
FY2019 Budget	\$	74,880,200

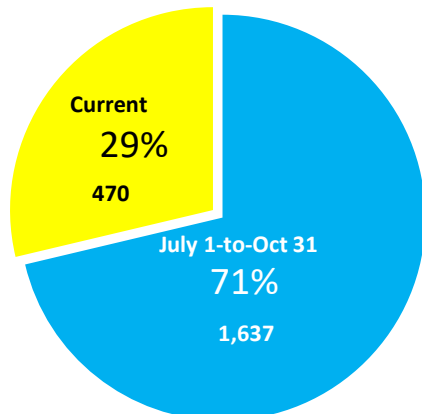
* Excludes Debt Service



Disbursements by Month



Invoices Processed



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

VALLECITOS WATER DISTRICT
WARRANTS LIST
November 21, 2018

PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments 114975 through	114977	-
Alan Deremo	Closed Account Refund	114978	204.01
Ambius	Plant Maintenance Nov	114979	263.00
Bridget Anderson	CalPERS Conference 10-22-18	114980	124.43
Asap Drain Guys & Plumbing	Plumbing Svcs - 3 Toilet Replacements & Valve Leak - HQ	114981	2,200.00
AT&T	Phone Svc Oct - SCADA	114982	303.31
AT&T	Phone Svc Sept	114983	41.70
Atom Engineering Construction, Inc.	North/South Pressure Reducing Stations Prj 20141-7 & Prj 20141-8	114984	19,127.95
B & C Crane Service Inc	Crane Rental	114985	435.00
Beata Stroz	Closed Account Refund	114986	32.99
Bernard M & Alice Hart	Closed Account Refund	114987	128.44
Boot World Inc	Safety Boots	114988	150.00
Brookfield Residential	Closed Account Refund	114989	626.50
Burtech Pipeline Inc.	Closed Account Refund	114990	2,575.62
CA Dept of Forestry/Fire Protection	Crew Work Sept	114991	2,042.46
California Special Dist Assn.	Meeting 11-15-18, Evans, Hernandez, Martin, Sannella	114992	120.00
California Water Efficiency Partnership	Plumbing Handbook Prj 20191-28	114993	341.65
Carrie & Michael Hutchings	Closed Account Refund	114994	24.37
Carson's Custom Concrete	Paver Repair - Water Main Break	114995	1,250.00
CDW Government Inc	UPS Battery, Cables	114996	518.24
Christina Rojas	Closed Account Refund	114997	150.00
City of San Marcos	Reimbursement - North Twin Oaks Valley Urban Trail Prj 20171-256	114998	9,500.00
Coastal Active Living LLC	Closed Account Refund	114999	38.21
Construction Diamond Products Inc	Saw Blades - 2	115000	387.90
County of San Diego	Facility Permit - HQ	115001	2,471.00
Craig Landon	Closed Account Refund	115002	66.02
Crystal Gutierrez	Closed Account Refund	115003	321.95
CWC Rancho Coronado 71, LLC	Closed Account Refund	115004	217.68
CWEA	Membership Renewal - J Halbig	115005	188.00
Doane & Hartwig Water Systems Inc	Acetate Buffer	115006	497.55
Deep Mainline Tools	Debris Baskets 6 - For Vactors	115007	1,777.88
Dell Computers	Computer, Laptop, & Docking Station Prj 20191-22	115008	6,592.73
Diane Posvar	Board Secretary Conference 10-22-18	115009	546.73
DirecTV Inc	Satellite Svc Nov	115010	71.54
Duy Tran	Closed Account Refund	115011	93.65
EDCO Waste & Recycling Serv	Trash Svc - Oct	115012	873.64
Edna Looman	Closed Account Refund	115013	23.31
Emcor Service	HVAC Preventative Maintenance, Repair Supply Fan Motor Bldg B	115014	4,723.31
Fisher Scientific LLC	Lab Supplies	115015	247.17
Free Builders Supply	Concrete Mix	115016	223.58
Fry's Electronics	IT Supplies	115017	53.85
Haaker Equipment Co.	Vactor 240 Repairs	115018	5,985.70
Hallmark Communities	Closed Account Refund	115019	652.80
Harrington Industrial	60 Gallon Tank Prj 20191-10	115020	381.50
Harris	North Star Upgrade	115021	9,925.00
Hawthorne Machinery Co.	Hardware Supplies	115022	393.53
Helen Torphy	Closed Account Refund	115023	95.08
Home Depot Credit Services	Hardware Supplies - Oct	115024	1,445.63
Hunter Industries	Refund Prj Balance 20181-406	115025	1,479.15
The Irrigation Association	Cert Renewal - A Yerman Prj 20191-31	115026	100.00
Jamie Prevost	Closed Account Refund	115027	64.71
JB Safety Services Inc	Harzardous Response Class - 14 Employees	115028	1,200.00
JCI Jones Chemicals Inc	Chlorine	115029	2,043.21
Kaman Industrial Technologies	Hardware Supplies	115030	376.24
Katea Henderson	Closed Account Refund	115031	25.40

VALLECITOS WATER DISTRICT
WARRANTS LIST
November 21, 2018

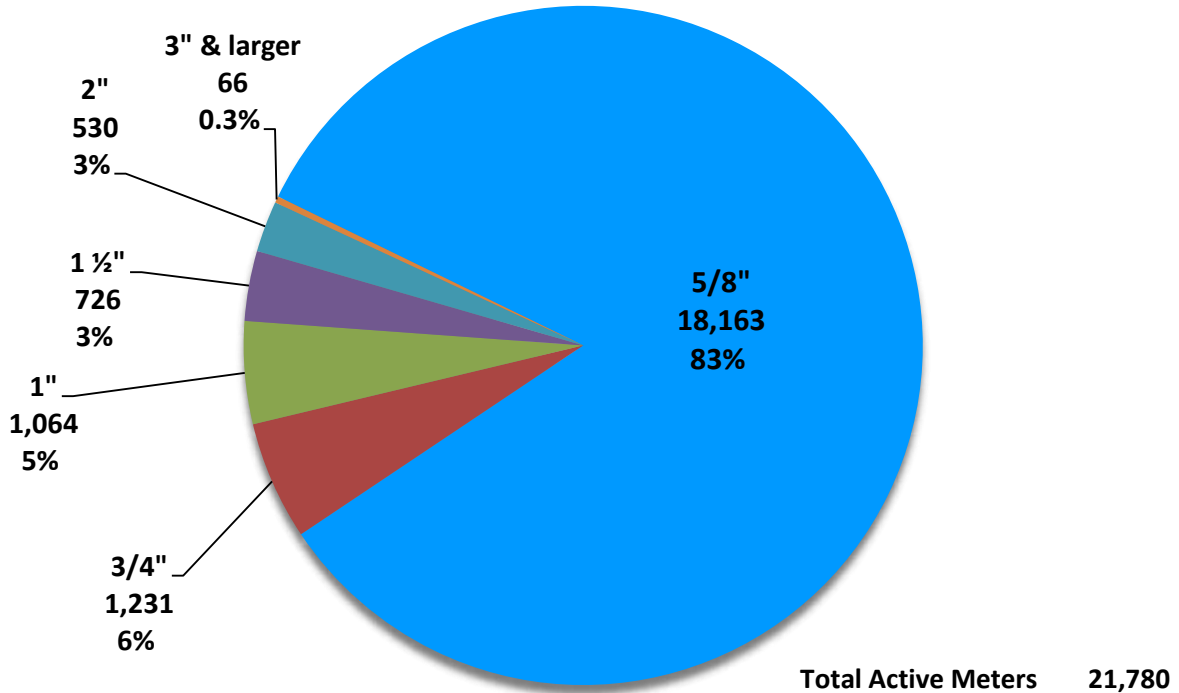
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Knight Security & Fire Systems	Answering & Patrol Svc - Nov	115032	588.19
Lawnmowers Plus Inc	Brush Cutter Replacement, Brush Cutter Starter Repair	115033	636.29
Left Coast Window Cleaning	Cleaning Svcs Nov	115034	553.13
Lennar Homes	Deposit Refund Prj 20171-255	115035	255.85
Level 10 Construction	Closed Account Refund	115036	646.67
Mary Baker	Closed Account Refund	115037	42.10
Matthew Chapman	Closed Account Refund	115038	75.50
Medina Construction	Asphalt Svcs - 1,130 Sq. Ft	115039	22,395.00
Michael Baker International, Inc.	Montiel Gravity Outfall Prj 20161-3, Apr, June, July	115040	28,908.05
Nations Roof of California Inc	Closed Account Refund	115041	163.82
North County Auto Parts	Fleet Supplies Oct	115042	617.42
Parkhouse Tire Inc	Tires 2 -Veh 262, Fleet F150 & F250 Tires 24	115043	3,853.08
Patrick Mcintosh	Closed Account Refund	115044	44.97
Pencoco, Inc.	Sulfend RT	115045	4,508.45
Pintar Investments Company Res. LP	Closed Account Refund	115046	57.52
Pro Tool & Equipment	Closed Account Refund	115047	96.63
Rich Vallee	Closed Account Refund	115048	28.19
Rose & John Zarcaro	Closed Account Refund	115049	6.92
Ryan Herco Products Corp.	Chemical Injection Quills 2 - Prj 20181-15	115050	794.00
S & J Supply Company, Inc.	Blow Off Adapters 40 - Inventory	115051	1,637.80
S. J. Asset Management	Refund Balance Prj 20151-894	115052	240.10
SDG&E	Power Oct	115053	86,216.88
SDG&E	Svc/New Meter - 360 S Twin Oaks Rd	115054	398.00
San Marcos Chamber of Commerce	Membership Dues 18-19	115055	712.50
Sharon Green	Closed Account Refund	115056	71.52
Smart & Final	Office Supplies Oct	115057	65.40
Staples Advantage	Office Supplies Oct	115058	1,389.83
State of California	Annual EPA - Hazardous Waste Regulatory Fee	115059	407.50
State Water Resources Control	Cert Renewal - T Moritz	115060	80.00
Cyber Marketing Network, Inc	Safety Boots	115061	131.99
Terry Moritz	CWEA Membership	115062	200.00
Test America Laboratories Inc	Water Testing	115063	940.00
Thyssen Krupp Elevator	Elevator Maintenance, Nov-Jan	115064	994.28
Total Resource Mgt Inc	Maximo Support Sept	115065	81.50
Underground Service Alert	Dig Alert Svc	115066	307.00
Union Bank FKA 1st Bank Card	Meetings & Travel Oct	115067	955.01
Union Bank FKA 1st Bank Card	Meetings & Travel Oct	115068	5,113.95
Union Bank FKA 1st Bank Card	Meetings & Travel Oct	115069	3,058.08
Unitis, Inc.	Sand Bags - MRF	115070	298.47
UPS	Shipping Svcs - Oct	115071	25.67
Valley Chain & Gear Inc	Fan Belt - MRF	115072	175.39
Vanessa Lozano	Closed Account Refund	115073	60.86
Verizon Wireless	Ipad & Cell Phone Svc - Oct	115074	3,510.70
Vicky L Johnson	Closed Account Refund	115075	110.24
Waxie Sanitary Supply	Cleaning Supplies	115076	862.13
AGB	2018 Seismic Preventative Maintenance - 8 Sites	115077	5,037.46
Universal Protection Service LP	Weekly Deposit Svc, May - Sept	115078	326.48
Aqua-Metric Sales Co	Meters 66, Command Link Replacements - 2 (Wireless Interface)	115079	15,223.09
Burtech Pipeline Incorporated	Rock Springs Sewer Prj 90003	115080	96,258.75
California Public Employers	Conference 12-3-18, B Anderson & R Emmanuel	115081	2,246.00
CAPIO	Membership Renewal Prj 20191-31	115082	225.00
City of Carlsbad	Quarterly Sewer Service	115083	6,674.40
Chandler Asset Management, Inc.	Investment Management Svcs - Oct	115084	3,132.73
Jeffrey Colwell	Video Production Svcs Prj 20191-27	115085	358.75
Electrical Sales Inc	Hardware Supplies	115086	34.03
Grainger Inc	Shelving, Hardware Supplies, Cabinets 5	115087	514.88

VALLECITOS WATER DISTRICT
WARRANTS LIST
November 21, 2018

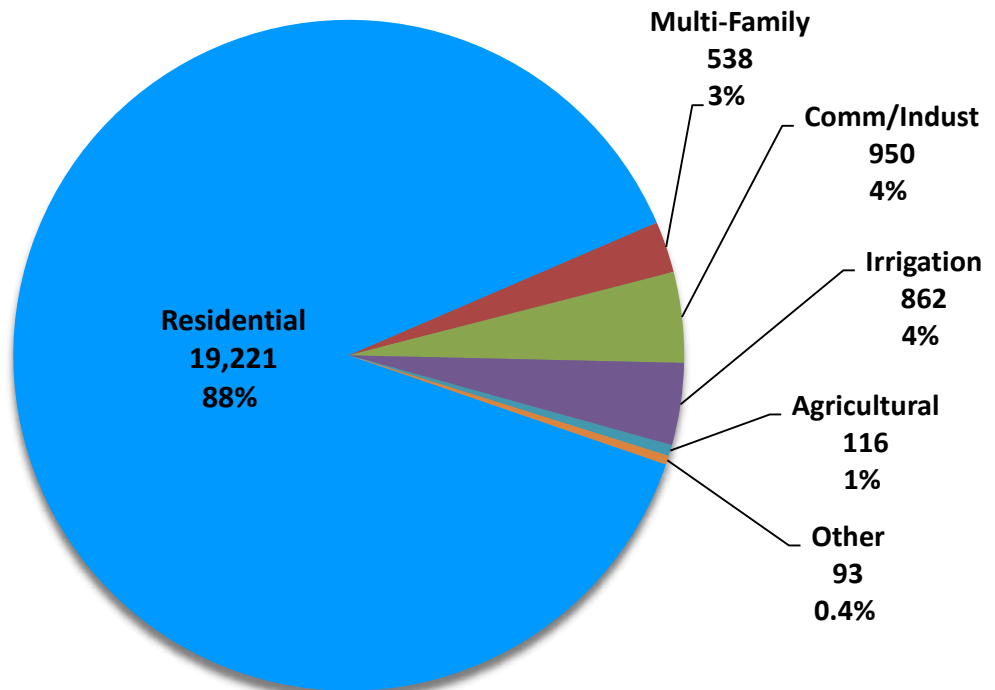
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Hach Company	Composite Samplers 3, Bottle Kits 3 - MRF	115088	20,558.80
Industrial Electric Machinery	Grinder Motor #1 - MRF	115089	1,224.71
Infosend Inc	Support Fee, Postage, Printing, Door Hangers, Processing - Oct	115090	11,366.29
Mallory Safety & Supply, LLC	Safety Supplies	115091	70.58
MGM Plastics Inc	Hardware Supplies	115092	273.74
Mission Resource Conservation District	Water Use Evaluations 13 - Prj 20191-29	115093	432.00
Olivenhain MWD	Treated Water Oct	115094	96,073.00
Pacific Pipeline Supply	Blow Off Valves 10, Hardware Supplies	115095	4,262.86
Ponton Industries, Inc.	Hand Programmer - MRF	115096	101.50
Redback USA Inc.	Safety Boots	115097	299.88
Sanexen Water, Inc.	Water Line Rehab - Stargaze Ct. & River Run Circle Prj 20181-5	115098	108,246.44
T.S. Industrial Supply	Hardware Supplies	115099	220.30
Unifirst Corporation	Uniform Delivery	115100	1,334.35
Total Disbursements (123 Checks)			<u>630,555.92</u>
WIRES			
Public Employees Retirement System	Retirement Contribution - November 7, 2018 Payroll	Wire	<u>71,707.16</u>
Total Wires			<u>71,707.16</u>
PAYROLL			
Total direct deposits		Wire	240,058.71
VWD Employee Association		114975	612.00
Garnishments	114976 through	114977	607.83
IRS	Federal payroll tax deposits	Wire	88,728.95
Employment Development Department	California payroll tax deposit	Wire	16,860.54
CalPERS	Deferred compensation withheld	Wire	14,114.65
VOYA	Deferred compensation withheld	Wire	5,058.47
Total November 7, 2018 Payroll Disbursements			<u>366,041.15</u>
TOTAL DISBURSEMENTS			<u><u>1,068,304.23</u></u>

Vallecitos Water District
 Active Water Meters
 October 31, 2018

Active Meters by Size as of October 31, 2018

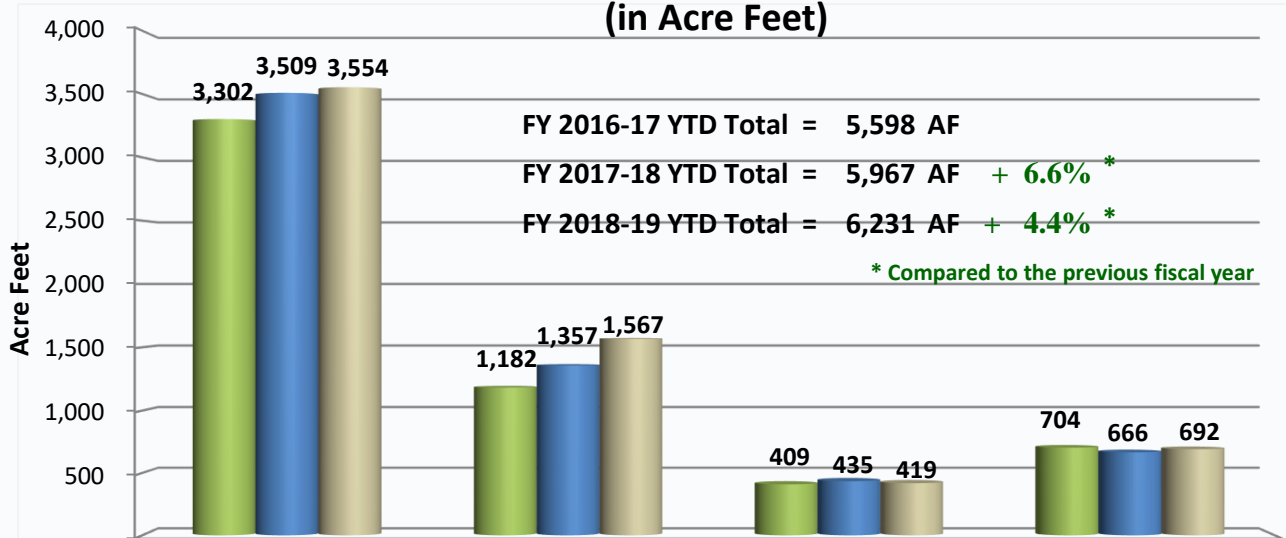


Active Meters by Type as of October 31, 2018



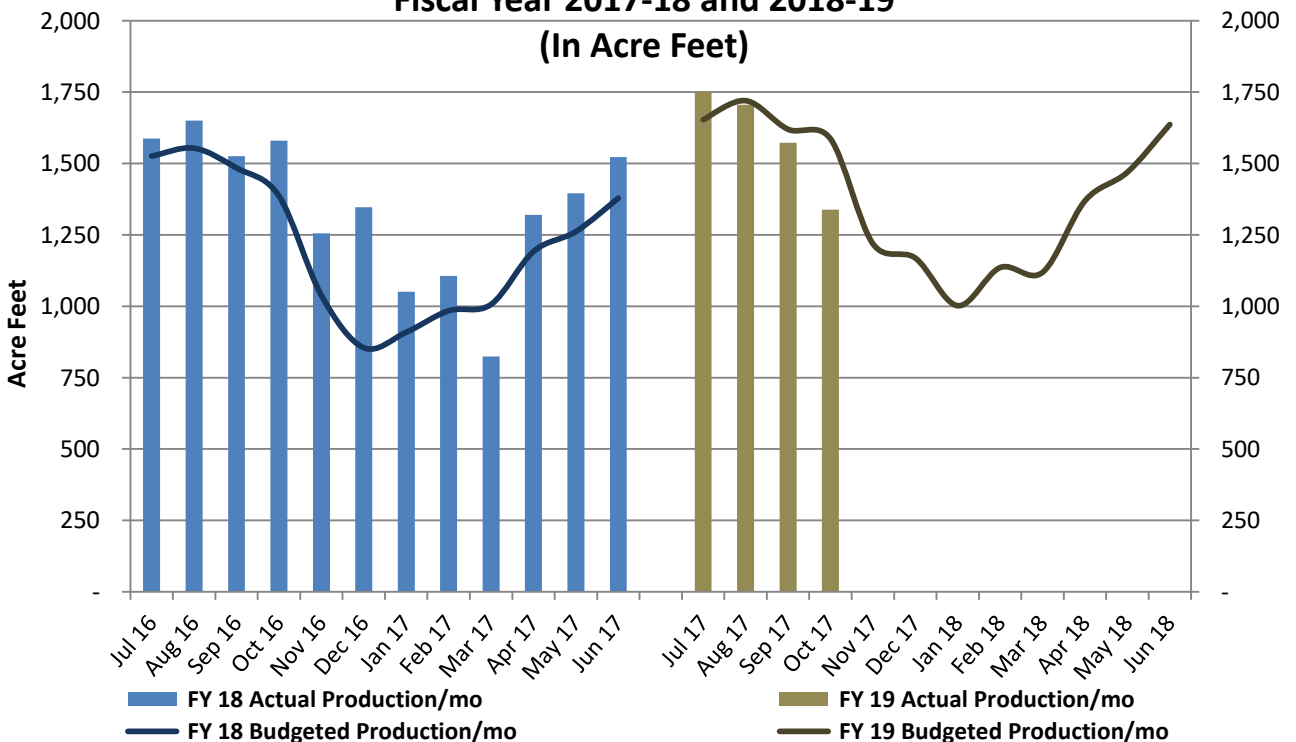
Vallecitos Water District
 Water Production/Sales
 October 31, 2018

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

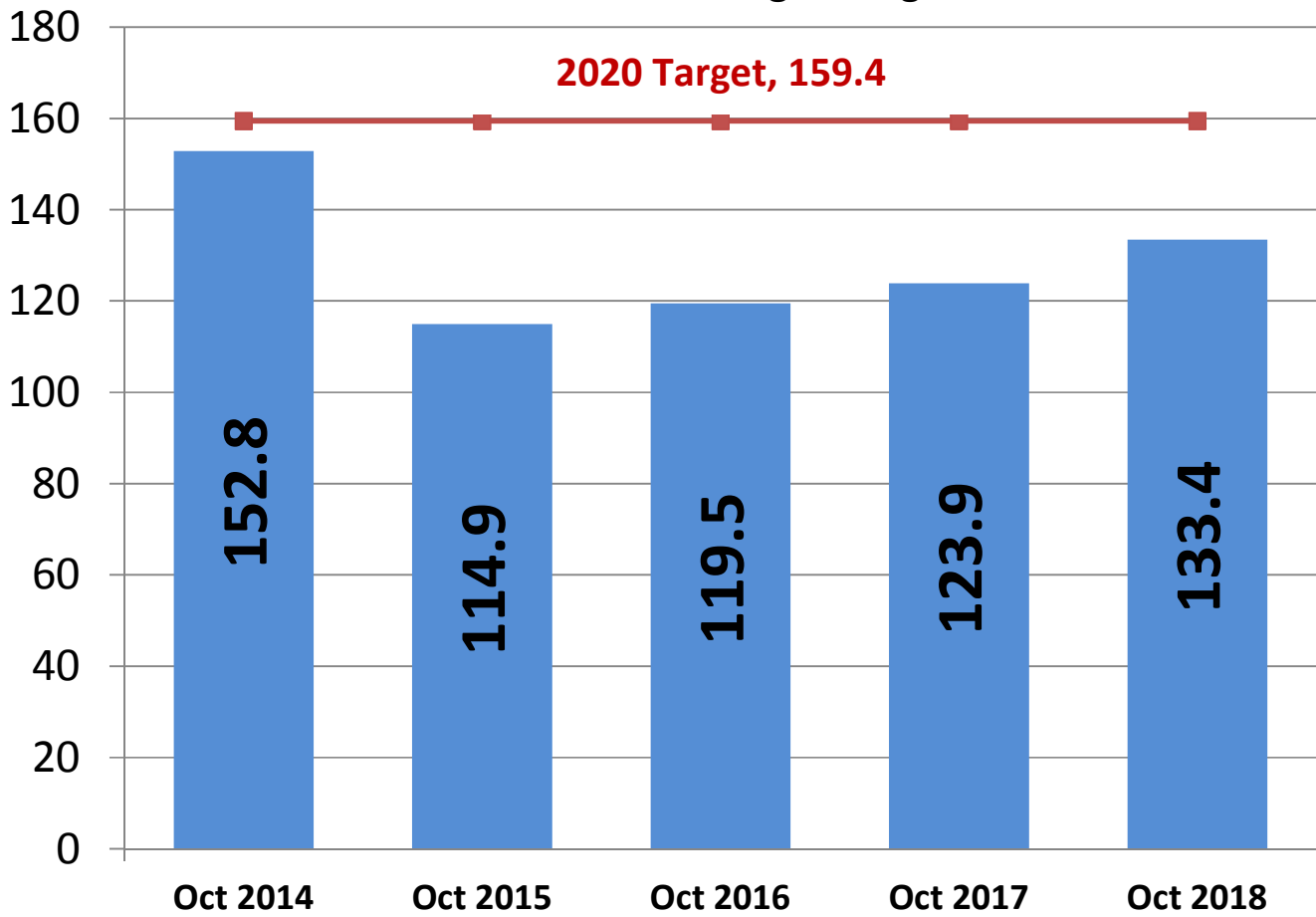


	Residential	Irrigation	Agricultural	Commer/ Indust/ Construct/ Other
FY 2016-17	3,302	1,182	409	704
FY 2017-18	3,509	1,357	435	666
FY 2018-19	3,554	1,567	419	692

Water Production Budget vs. Actual
Fiscal Year 2017-18 and 2018-19
(In Acre Feet)



Gallons per Capita per Day 12-Month Rolling Average



DATE: NOVEMBER 21, 2018
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

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

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Water Sales	\$13,480,547	\$11,188,497	\$ 2,292,050	20.5%	\$13,398,000	\$ 82,547	0.6%
Ready-to-serve	4,515,986	4,652,948	(136,962)	-2.9%	4,434,000	81,986	1.8%
Pumping cost recovery	142,925	118,778	24,147	20.3%	144,000	(1,075)	-0.7%
Late & lock charges	155,211	153,903	1,308	0.8%	154,000	1,211	0.8%
Backflow fees	30,541	30,192	349	1.2%	32,000	(1,459)	-4.6%
Other revenue	49,303	64,537	(15,234)	-23.6%	41,700	7,603	18.2%
Total Revenue	<u>18,374,513</u>	<u>16,208,855</u>	2,165,658	13.4%	<u>18,203,700</u>	170,813	0.9%
Expenses							
Water costs	11,901,247	11,488,226	413,021	3.6%	12,170,000	(268,753)	-2.2%
Pumping costs	304,262	245,896	58,366	23.7%	353,000	(48,738)	-13.8%
Water quality	41,133	42,565	(1,432)	-3.4%	50,000	(8,867)	-17.7%
Water treatment	149,932	153,652	(3,720)	-2.4%	159,000	(9,068)	-5.7%
Tanks & reservoirs	108,118	81,022	27,096	33.4%	151,000	(42,882)	-28.4%
Trans & distribution	732,723	468,969	263,754	56.2%	573,000	159,723	27.9%
Services	31,598	50,882	(19,284)	-37.9%	46,000	(14,402)	-31.3%
Meters	198,636	215,858	(17,222)	-8.0%	226,000	(27,364)	-12.1%
Backflow prevention	14,656	13,397	1,259	9.4%	22,000	(7,344)	-33.4%
Customer accounts	202,933	154,908	48,025	31.0%	211,000	(8,067)	-3.8%
Building & grounds	134,497	127,076	7,421	5.8%	126,000	8,497	6.7%
Equipment & vehicles	67,920	76,920	(9,000)	-11.7%	106,000	(38,080)	-35.9%
Engineering	482,645	431,365	51,280	11.9%	528,000	(45,355)	-8.6%
Safety & compliance	82,602	72,488	10,114	14.0%	88,000	(5,398)	-6.1%
Information Technology	246,106	223,720	22,386	10.0%	326,000	(79,894)	-24.5%
General & administrative	809,959	926,552	(116,593)	-12.6%	995,000	(185,041)	-18.6%
Total Expenses	<u>15,508,967</u>	<u>14,773,496</u>	735,471	5.0%	<u>16,130,000</u>	(621,033)	-3.9%
Net Operating Income	<u>\$ 2,865,546</u>	<u>\$ 1,435,359</u>	1,430,187	99.6%	<u>\$ 2,073,700</u>	791,846	38.2%

Explanation of Significant Variances

The **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.

The **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

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Sewer service charges	\$6,187,590	\$6,031,445	\$ 156,145	2.6%	\$5,944,000	\$ 243,590	4.1%
Reclaimed water sales	658,000	685,000	(27,000)	-3.9%	659,000	(1,000)	-0.2%
Other revenue	660,827	23,295	637,532	2736.8%	24,000	636,827	2653.4%
Total Revenue	<u>7,506,417</u>	<u>6,739,740</u>	766,677	11.4%	<u>6,627,000</u>	879,417	13.3%
Expenses							
Collection & conveyance	634,689	548,074	86,615	15.8%	768,000	(133,311)	-17.4%
Lift stations	58,224	61,994	(3,770)	-6.1%	98,000	(39,776)	-40.6%
Source control	63,009	45,166	17,843	39.5%	63,000	9	0.0%
Effluent disposal	925,667	986,682	(61,015)	-6.2%	926,000	(333)	0.0%
Meadowlark	1,072,563	849,553	223,010	26.3%	1,132,000	(59,437)	-5.3%
Customer Accounts	142,370	104,241	38,129	36.6%	156,000	(13,630)	-8.7%
Building & grounds	92,443	84,529	7,914	9.4%	87,000	5,443	6.3%
Equipment & vehicles	55,492	58,681	(3,189)	-5.4%	80,000	(24,508)	-30.6%
Engineering	186,739	171,350	15,389	9.0%	227,000	(40,261)	-17.7%
Safety & compliance	51,915	46,953	4,962	10.6%	67,000	(15,085)	-22.5%
Information technology	201,398	190,547	10,851	5.7%	282,000	(80,602)	-28.6%
General & administrative	417,986	409,386	8,600	2.1%	484,000	(66,014)	-13.6%
Total Expenses	<u>3,902,495</u>	<u>3,558,194</u>	344,301	9.7%	<u>4,370,000</u>	(467,505)	-10.7%
Net Operating Income	<u>\$3,603,922</u>	<u>\$3,181,546</u>	422,376	13.3%	<u>\$2,257,000</u>	1,346,922	59.7%

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.

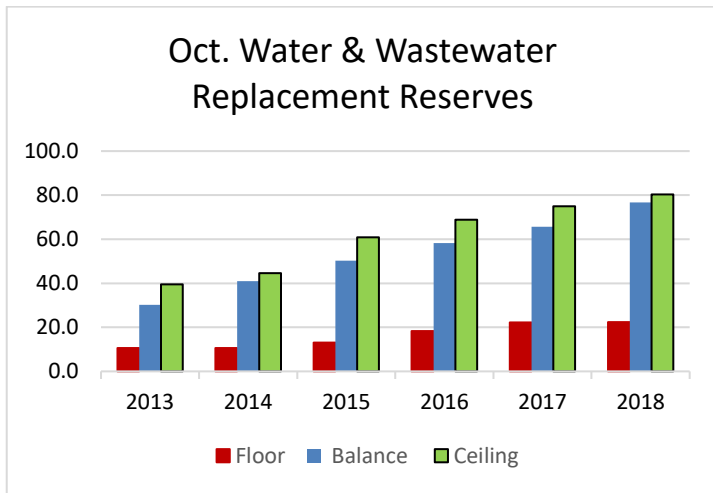
The *Customer Accounts* unfavorable prior year variance is due anticipated increases in outside services.

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

Variances are considered significant if they exceed \$33333 and 20%.

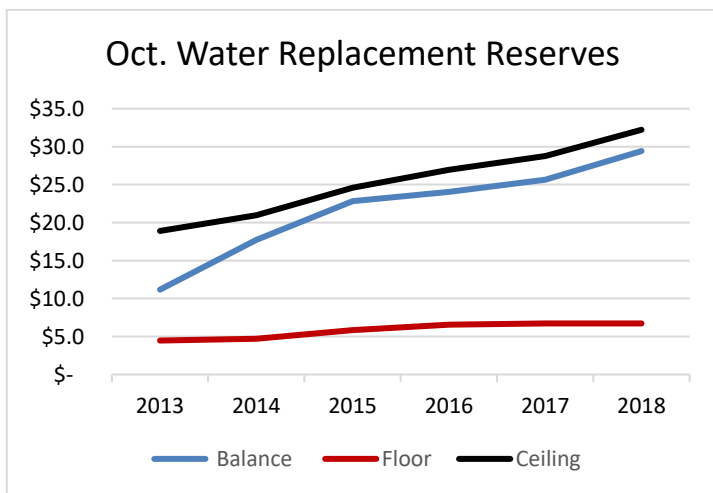
REPLACEMENT RESERVES

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.



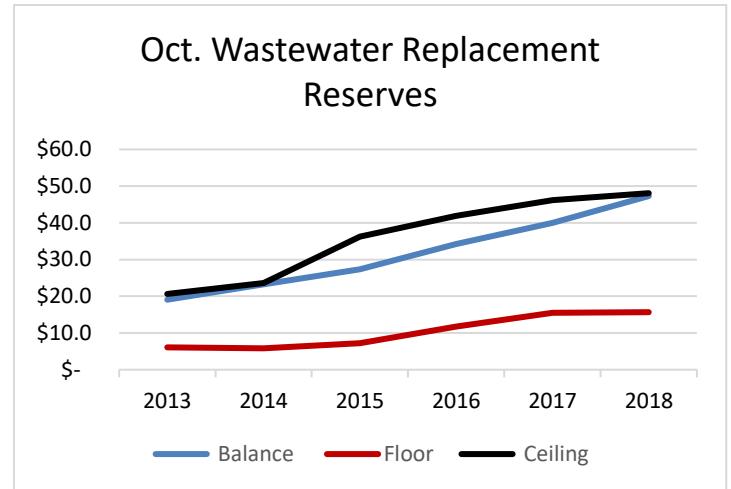
WATER REPLACEMENT RESERVE

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.



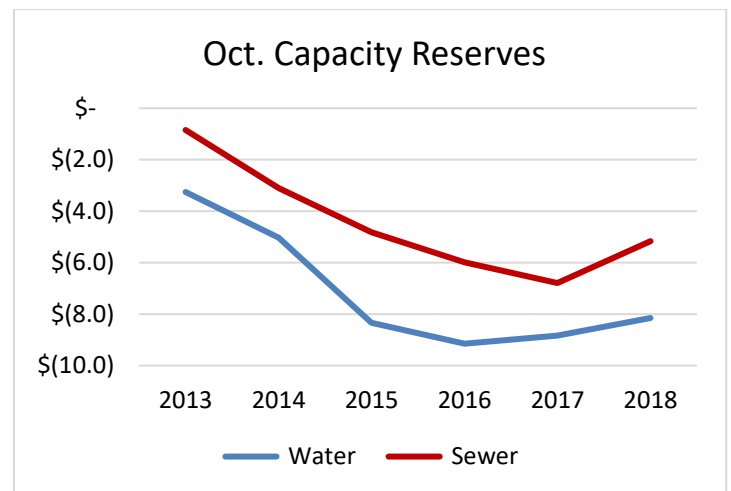
WASTEWATER REPLACEMENT RESERVE

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.



VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE FOUR MONTHS ENDED OCTOBER 31, 2018

	110 Water 120		210 Wastewater 220		Total
	Replacement	Capacity	Replacement	Capacity	
BEGINNING BALANCE	\$ 32,797,105	\$ (9,161,412)	\$ 51,677,556	\$ (6,820,836)	\$ 68,492,413
REVENUES					
FY 18/19 Operating Transfers	2,865,546		3,603,922		6,469,468
Capital Facility Fees	-	1,078,069	-	2,037,353	3,115,422
Investment Earnings	176,180	-	217,703	-	393,883
Property Tax	114,348	-	86,033	-	200,382
RDA pass-through	13,196	-	13,196	-	26,391
TOTAL REVENUES	<u>3,169,270</u>	<u>1,078,069</u>	<u>3,920,853</u>	<u>2,037,353</u>	<u>10,205,546</u>
LESS DISTRIBUTIONS					
Capital Projects					
Encina Wastewater Authority Five Year Plan	-	-	1,206,736	-	1,206,736
Expansion of the Men's Locker Room in Building B	154,994	-	148,918	-	303,912
Laurels Sewer Lining	-	-	135,001	-	135,001
Audiovisual Upgrade	64,140	-	61,625	-	125,765
Stargaze Court Water Line Replacement	109,958	-	-	-	109,958
South Lake - Facility Upgrades	86,808	-	-	-	86,808
Solar Panel Inverter Replacement	41,966	-	40,319	-	82,285
Fulton Road And Nctd Sewer Line Rehabilitation	-	-	79,236	-	79,236
Rock Springs Sewer Replacement	-	-	32,115	39,253	71,368
Ultrasonic Algae Control System	-	-	57,040	-	57,040
District Wide Valve Replacement	52,568	-	-	-	52,568
South Vista Pressure Reducing Station Upgrade	48,883	-	-	-	48,883
San Marcos interceptor sewer	-	-	9,592	21,349	30,941
Replace Roofs On Equipment Storages	14,881	-	14,298	-	29,179
Vulnerability assessment improvements	-	16,970	-	11,313	28,283
Water & Sewer Master Plan	-	12,543	-	12,545	25,088
Mountain Belle Tank Chorine System	24,453	-	-	-	24,453
Admin Emergency Generator - Auto Transfer Switch	11,882	-	11,881	-	23,763
MRF - Influent Pumps & Motors	-	-	23,644	-	23,644
Palos Vista Pump Station Motor Replacement	22,903	-	-	-	22,903
Palos Vista Pump Station Generator	22,359	-	-	-	22,359
North Vista Pressure Reducing Station Upgrade	17,371	-	-	-	17,371
Refurbish Pumps At North Twin Oaks Pump Station	15,355	-	-	-	15,355
Coronado Hills Chlorine Injection System	14,965	-	-	-	14,965
Via Vera Cruz Tank Hill Stabilization	14,493	-	-	-	14,493
Wulff Pump Station Pumps & Motors	12,873	-	-	-	12,873
Encina Land Parallel Outfall	-	-	-	12,271	12,271
South Lake Pump Station Valves	11,151	-	-	-	11,151
All other capital projects	5,331	-	13,301	3,492	22,124
Capital Budget - Vehicles/Mobile Equipmnt	53,236	-	1,609	-	54,846
Debt Service	-	-	-	250,361	250,361
Interest Expense	-	39,253	-	27,166	66,419
TOTAL DISTRIBUTIONS	<u>800,569</u>	<u>68,766</u>	<u>1,835,315</u>	<u>377,750</u>	<u>3,082,400</u>
ENDING BALANCE	\$ 35,165,806	\$ (8,152,110)	\$ 53,763,095	\$ (5,161,233)	\$ 75,615,558
Less: Operating Reserves	<u>5,748,700</u>	<u>-</u>	<u>6,468,600</u>	<u>-</u>	<u>12,217,300</u>
Replacement Reserves/Restricted Funds	<u>\$ 29,417,106</u>	<u>\$ (8,152,110)</u>	<u>\$ 47,294,495</u>	<u>\$ (5,161,233)</u>	<u>\$ 63,398,258</u>
Replacement reserve floor	<u>\$ 7,428,200</u>		<u>\$ 15,665,900</u>		
Replacement reserve ceiling	<u>\$ 32,224,700</u>		<u>\$ 48,081,900</u>		

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:

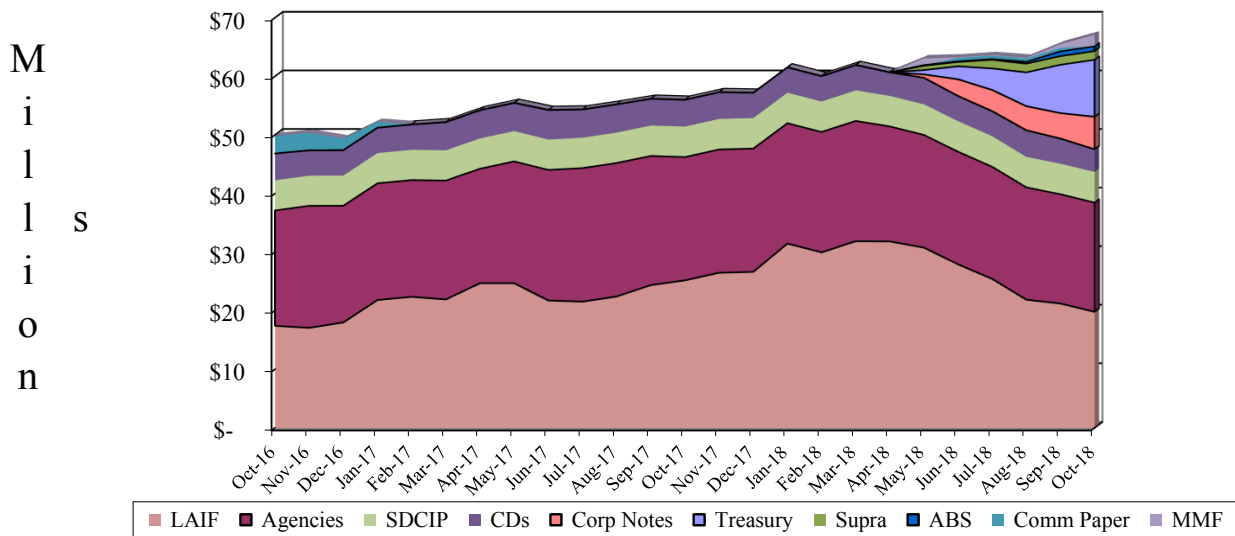
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
10/01/18	Withdrawal	LAIF	(250,000)	Open	2.14%
10/02/18	Matured	MUFG Bank LTD	(596,189)	10/02/18	0.00%
10/03/18	Deposit	LAIF	700,000	Open	2.14%
10/09/18	Matured	Capital One Bank CD	(179,000)	10/09/18	1.65%
10/10/18	Deposit	LAIF	600,000	Open	2.14%
10/12/18	Purchase	HSBC BDS	247,773	08/07/20	2.75%
10/15/18	Interest Earned	LAIF	131,599	Open	2.14%
10/15/18	Withdrawal	LAIF	(2,100,000)	Open	2.14%
10/16/18	Purchase	State Street Corp	483,360	05/19/21	1.95%
10/18/18	Deposit	LAIF	450,000	Open	2.14%
10/22/18	Deposit	LAIF	450,000	Open	2.14%
10/23/18	Withdrawal	LAIF	(2,850,000)	Open	2.14%
10/24/18	Deposit	LAIF	450,000	Open	2.14%
10/26/18	Deposit	LAIF	500,000	Open	2.14%
10/29/18	Matured	Ally Bank Midvale CD	(245,000)	10/29/18	1.60%
10/30/18	Deposit	LAIF	500,000	Open	2.14%
10/31/18	Purchase	US Treasury	725,859	01/31/21	1.38%
10/31/18	Purchase	US Treasury	746,895	07/31/20	2.63%
Change in investments during the month			<u>\$ (234,703)</u>		

	<u>Current</u>
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

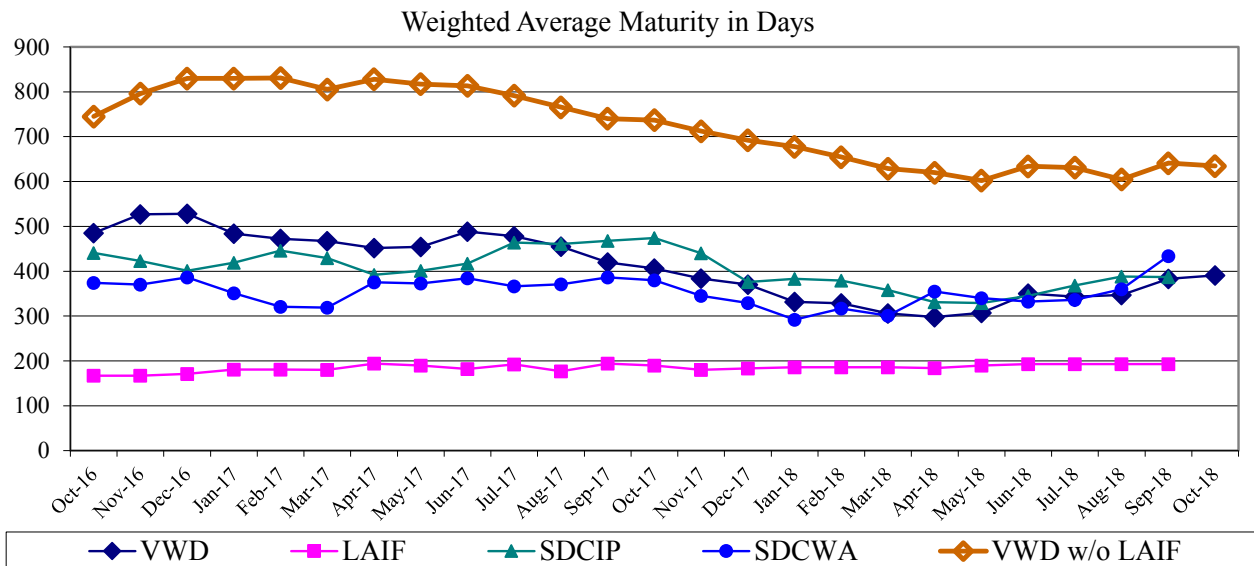
Safety

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.



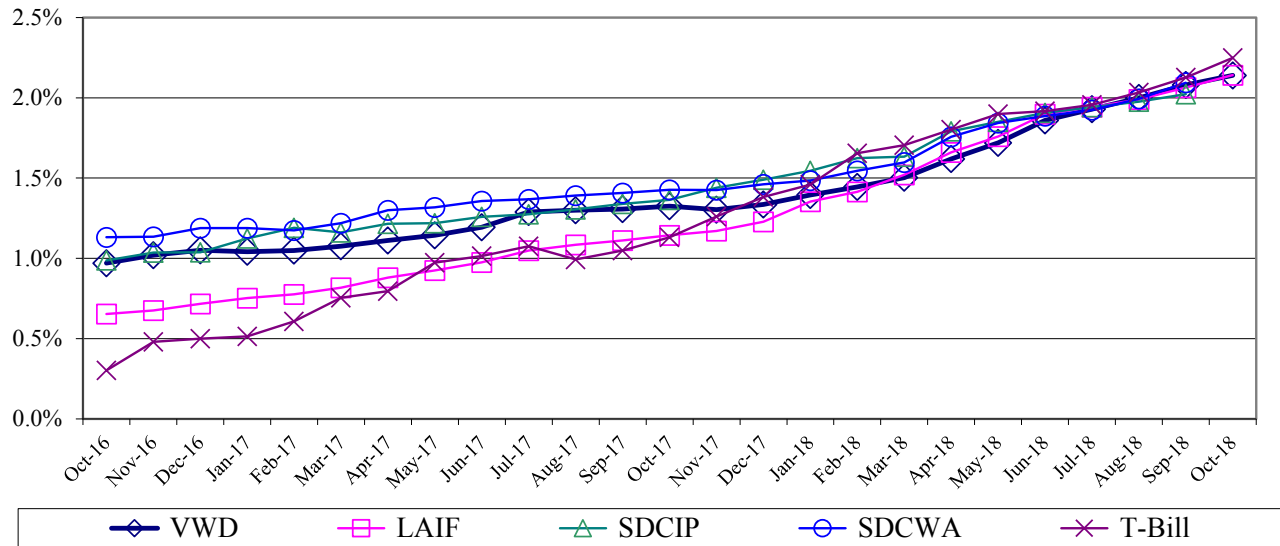
Liquidity

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 CHARACTERISTICS

Average Modified Duration	1.07
Average Coupon	1.95%
Average Purchase YTM	2.14%
Average Market YTM	2.61%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	1.18 yrs
Average Life	1.12 yrs

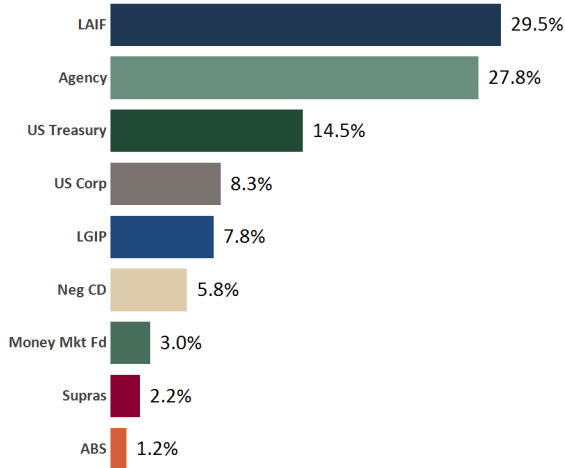
ACCOUNT SUMMARY

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

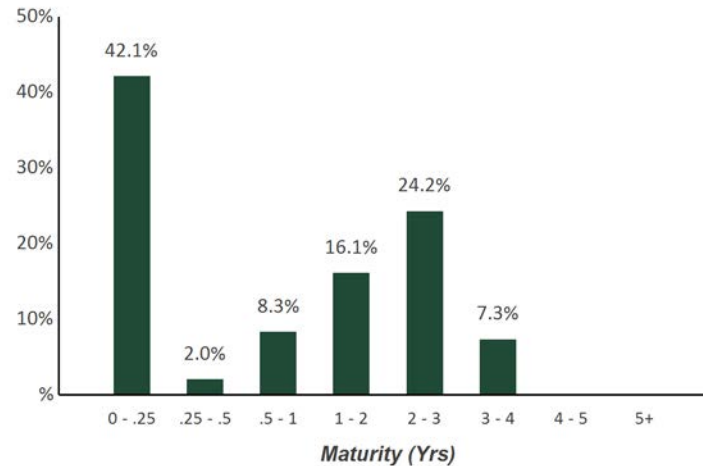
TOP ISSUERS

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%

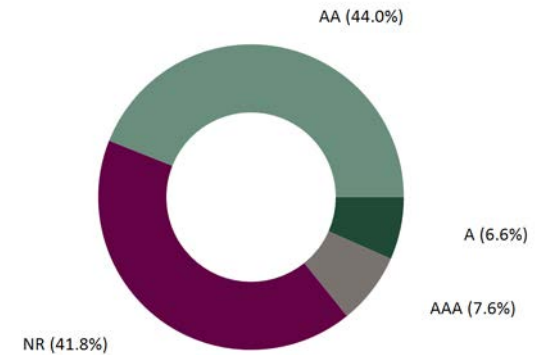
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)





CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
89190BAD0	Toyota Auto Receivables Owner 2017-B A3 1.76% Due 7/15/2021	500,000.00	09/26/2018 2.78%	494,160.16 494,354.63	98.84 3.01%	494,197.50 391.11	0.73% (157.13)	Aaa / AAA NR	2.71 0.93
43814UAG4	Honda Auto Receivables 2018-2 A3 3.01% Due 5/18/2022	105,000.00	05/22/2018 3.03%	104,997.71 104,997.95	99.68 3.19%	104,669.04 114.13	0.16% (328.91)	NR / AAA AAA	3.55 1.99
43815HAC1	Honda Auto Receivables Owner 2018-3 A3 2.95% Due 8/22/2022	205,000.00	08/21/2018 2.98%	204,971.87 204,973.13	99.52 3.19%	204,018.87 167.99	0.30% (954.26)	Aaa / NR AAA	3.81 2.13
Total ABS		810,000.00	2.86%	804,129.74 804,325.71	3.08%	802,885.41 673.23	1.19% (1,440.30)	Aaa / AAA AAA	3.10 1.37

AGENCY									
3130AAN20	FHLB Callable Note Cont 1/23/2018 1.24% Due 1/23/2019	500,000.00	02/08/2017 1.24%	500,000.00 500,000.00	99.74 2.37%	498,706.00 1,687.78	0.74% (1,294.00)	Aaa / AA+ NR	0.23 0.23
3136G3YA7	FNMA Callable Note Qtrly 10/25/2016 1% Due 1/25/2019	500,000.00	07/25/2016 1.01%	499,900.00 499,990.70	99.67 2.40%	498,363.00 1,333.33	0.74% (1,627.70)	Aaa / AA+ AAA	0.24 0.23
3133EFYS0	FFCB Callable Note Cont 02/22/17 1.15% Due 2/22/2019	367,000.00	03/07/2017 1.40%	365,260.42 366,725.84	99.63 2.35%	365,644.30 808.93	0.54% (1,081.54)	Aaa / AA+ AAA	0.31 0.30
3133EGEF8	FFCB Callable Note Cont 6/13/2017 1.18% Due 6/13/2019	500,000.00	05/26/2017 1.43%	497,500.00 499,251.34	99.17 2.54%	495,858.00 2,261.67	0.74% (3,393.34)	Aaa / AA+ AAA	0.62 0.61
3134G9YQ4	FHLMC Callable Note Qtrly 12/28/2016 2% Due 6/28/2019	750,000.00	06/28/2016 2.00%	750,000.00 750,000.00	99.89 2.66%	749,162.25 5,114.58	1.12% (837.75)	Aaa / AA+ AAA	0.66 0.16
3130ABJS6	FHLB Callable Note Qtrly 9/28/2017 1.75% Due 6/28/2019	500,000.00	07/07/2017 1.75%	500,000.00 500,000.00	99.65 2.67%	498,229.00 798.61	0.74% (1,771.00)	Aaa / AA+ NR	0.66 0.65
3133EGLC7	FFCB Callable Note Cont 10/12/2016 1.08% Due 7/12/2019	500,000.00	07/12/2016 1.10%	499,675.00 499,924.91	98.96 2.59%	494,818.00 1,635.00	0.74% (5,106.91)	Aaa / AA+ AAA	0.70 0.69
3134GAEV2	FHLMC Callable Note Qtrly 2/28/2017 2% Due 8/28/2019	750,000.00	08/30/2016 2.01%	750,000.00 750,000.00	99.88 2.69%	749,136.75 2,619.79	1.12% (863.25)	Aaa / AA+ AAA	0.82 0.33
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	500,000.00	09/25/2015 1.32%	498,665.00 499,695.35	98.64 2.75%	493,223.50 503.47	0.73% (6,471.85)	Aaa / AA+ AAA	0.92 0.90
3130A9UP4	FHLB Callable Note Cont 4/28/2017 1.19% Due 10/28/2019	500,000.00	10/28/2016 1.19%	500,000.00 500,000.00	98.36 2.88%	491,791.50 49.58	0.73% (8,208.50)	Aaa / AA+ NR	0.99 0.97



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3134G9V95	FHLMC Callable Note Qtrly 2/22/2017 1.5% Due 11/22/2019	750,000.00	08/22/2016 1.50%	750,000.00 750,000.00	99.16 2.85%	743,713.50 2,156.25	1.11% (6,286.50)	Aaa / AA+ AAA	1.06 0.80
3136G3VH5	FNMA Callable Note Qtrly 12/30/2016 1.35% Due 12/30/2019	500,000.00	06/30/2016 1.35%	500,000.00 500,000.00	98.35 2.80%	491,754.00 2,268.75	0.73% (8,246.00)	Aaa / AA+ AAA	1.16 1.14
3135G0Q63	FNMA Callable Note Qtrly 3/30/2017 1.3% Due 3/30/2020	500,000.00	10/19/2016 1.30%	500,000.00 500,000.00	97.91 2.81%	489,552.00 559.72	0.73% (10,448.00)	Aaa / AA+ AAA	1.41 1.39
3130ABAY2	FHLB Callable Note Cont 7/28/2017 1.67% Due 4/28/2020	750,000.00	04/28/2017 1.67%	750,000.00 750,000.00	98.29 2.85%	737,160.75 104.38	1.09% (12,839.25)	Aaa / AA+ NR	1.49 1.46
3136G3NZ4	FNMA Callable Note Qtrly 11/29/2016 1.5% Due 5/29/2020	750,000.00	05/27/2016 1.50%	750,000.00 750,000.00	97.95 2.84%	734,626.50 4,750.00	1.10% (15,373.50)	Aaa / AA+ AAA	1.58 1.53
3130A8M67	FHLB Callable Note Cont 7/13/2017 1.2% Due 7/13/2020	500,000.00	11/22/2016 1.60%	492,970.00 496,720.39	97.22 2.89%	486,105.00 1,800.00	0.72% (10,615.39)	Aaa / AA+ NR	1.70 1.66
3135G0N66	FNMA Callable Note Qtrly 2/24/2017 1.4% Due 8/24/2020	1,000,000.00	08/24/2016 1.40%	1,000,000.00 1,000,000.00	97.24 2.97%	972,433.00 2,605.56	1.45% (27,567.00)	Aaa / AA+ AAA	1.82 1.77
3133EGC94	FFCB Callable Note Cont 2/2/2017 1.38% Due 11/2/2020	500,000.00	11/04/2016 1.40%	499,600.00 499,799.31	96.96 2.95%	484,821.00 3,430.83	0.73% (14,978.31)	Aaa / AA+ AAA	2.01 1.94
3133EGR49	FFCB Callable Note Cont 12/7/2017 1.77% Due 12/7/2020	250,000.00	12/07/2016 1.83%	249,437.50 249,704.70	97.58 2.96%	243,960.00 1,770.00	0.36% (5,744.70)	Aaa / AA+ AAA	2.10 2.03
3134GBTA0	FHLMC Callable Note Qtrly 9/22/2017 1.8% Due 12/22/2020	750,000.00	06/27/2017 1.80%	750,000.00 750,000.00	98.90 2.81%	741,773.25 1,460.42	1.10% (8,226.75)	Aaa / AA+ AAA	2.15 1.46
3136G4GA5	FNMA Callable Note Qtrly 4/28/2017 1.4% Due 1/28/2021	500,000.00	10/28/2016 1.40%	500,000.00 500,000.00	96.73 2.92%	483,636.00 1,808.33	0.72% (16,364.00)	Aaa / AA+ AAA	2.25 2.17
3133EFC54	FFCB Callable Note Cont 2/17/2017 1.62% Due 2/17/2021	150,000.00	11/18/2016 1.67%	149,667.00 149,819.98	97.00 2.98%	145,506.30 499.50	0.22% (4,313.68)	Aaa / AA+ AAA	2.30 2.22
3134G8LH0	FHLMC Callable Note Qtrly 8/26/2016 1.5% Due 2/26/2021	514,000.00	02/26/2016 1.50%	514,000.00 514,000.00	98.93 3.08%	508,483.75 1,392.08	0.76% (5,516.25)	Aaa / AA+ AAA	2.33 1.29
3130A7ES0	FHLB Callable Note Qtrly 6/22/2016 1.75% Due 3/22/2021	275,000.00	04/06/2017 2.11%	274,381.25 274,626.87	98.39 3.07%	270,567.28 521.35	0.40% (4,059.59)	Aaa / AA+ NR	2.39 1.61
3133EFZ91	FFCB Callable Note Cont 4/12/2017 1.62% Due 4/12/2021	750,000.00	04/12/2016 1.62%	749,925.00 749,963.32	96.79 2.99%	725,916.00 641.25	1.08% (24,047.32)	Aaa / AA+ AAA	2.45 2.37
3133EHHM8	FFCB Callable Note Cont 8/3/2017 1.99% Due 5/3/2021	750,000.00	05/03/2017 1.99%	750,000.00 750,000.00	97.59 2.99%	731,949.75 7,379.58	1.10% (18,050.25)	Aaa / AA+ AAA	2.51 1.97

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of October 31, 2018



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3136G3A70	FNMA Callable Note Qtrly 1/27/2017 1.5% Due 7/27/2021	500,000.00	07/27/2016 1.50%	500,000.00 500,000.00	95.82 3.10%	479,123.00 1,958.33	0.71% (20,877.00)	Aaa / AA+ AAA	2.74 2.64
3134G95L7	FHLMC Callable Note Qtrly 11/25/2016 1.6% Due 8/25/2021	1,000,000.00	08/25/2016 1.60%	1,000,000.00 1,000,000.00	95.50 3.29%	954,962.00 2,933.33	1.42% (45,038.00)	Aaa / AA+ AAA	2.82 2.71
3130A9F89	FHLB Callable Note Qtrly 12/30/2016 1.625% Due 9/30/2021	1,000,000.00	09/30/2016 1.63%	1,000,000.00 1,000,000.00	96.30 2.96%	962,965.00 1,399.31	1.43% (37,035.00)	Aaa / AA+ NR	2.92 2.50
3136G4GF4	FNMA Callable Note Qtrly 4/28/2017 1.55% Due 10/28/2021	1,000,000.00	10/31/2016 1.55%	1,000,000.00 1,000,000.00	95.34 3.20%	953,385.00 129.17	1.42% (46,615.00)	Aaa / AA+ AAA	2.99 2.89
3134GAYX6	FHLMC Callable Note Qtrly 5/26/2017 1.875% Due 11/26/2021	1,000,000.00	11/30/2016 1.88%	1,000,000.00 1,000,000.00	96.14 3.20%	961,418.00 8,072.92	1.44% (38,582.00)	Aaa / AA+ AAA	3.07 2.47
Total Agency		19,056,000.00	1.57%	19,040,981.17 19,050,222.71	2.88%	18,638,743.38 64,453.80	27.78% (411,479.33)	Aaa / AA+ AAA	1.76 1.54
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	19,803,171.90	Various 2.17%	19,803,171.90 19,803,171.90	1.00 2.17%	19,803,171.90 37,748.99	29.47% 0.00	NR / NR NR	0.00 0.00
Total LAIF		19,803,171.90	2.17%	19,803,171.90	2.17%	19,803,171.90 37,748.99	29.47% 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,235,000.00	Various 2.07%	5,235,000.00 5,235,000.00	1.00 2.07%	5,235,000.00 0.00	7.77% 0.00	NR / NR AAA	0.00 0.00
Total Local Gov Investment Pool		5,235,000.00	2.07%	5,235,000.00	2.07%	5,235,000.00 0.00	7.77% 0.00	NR / NR AAA	0.00 0.00
MONEY MARKET FUND FI									
261908206	Dreyfus Treasury Money Market Fund	2,009,632.39	Various 1.83%	2,009,632.39 2,009,632.39	1.00 1.83%	2,009,632.39 0.00	2.98% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		2,009,632.39	1.83%	2,009,632.39	1.83%	2,009,632.39 0.00	2.98% 0.00	Aaa / AAA NR	0.00 0.00



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
NEGOTIABLE CD									
795450XC4	Sallie Mae Bank Negotiable CD 1.6% Due 12/10/2018	245,000.00	12/09/2015 1.60%	245,000.00 245,000.00	99.95 2.01%	244,889.51 1,557.26	0.37% (110.49)	NR / NR NR	0.11 0.11
05580AGN8	BMW Corp Negotiable CD 1.35% Due 3/11/2019	245,000.00	03/10/2017 1.35%	245,000.00 245,000.00	99.67 2.26%	244,203.51 471.21	0.36% (796.49)	NR / NR NR	0.36 0.35
78012UEY7	Royal Bank of Canada Yankee CD 2.6% Due 4/8/2019	500,000.00	08/24/2018 2.55%	500,130.05 500,090.52	100.02 2.55%	500,090.52 4,116.67	0.75% 0.00	P-1 / A-1+ F-1+	0.44 0.43
966594AY9	Whitney Bank Negotiable CD 1.65% Due 4/22/2019	245,000.00	04/20/2017 1.65%	245,000.00 245,000.00	99.68 2.33%	244,216.00 132.90	0.36% (784.00)	NR / NR NR	0.47 0.47
29266NK97	Enerbank USA Negotiable CD 1.5% Due 5/15/2019	233,000.00	06/18/2015 1.58%	232,301.00 232,904.48	99.54 2.36%	231,934.49 162.78	0.34% (969.99)	NR / NR NR	0.54 0.53
89113XX33	Toronto Dominion NY Yankee CD 2.68% Due 5/24/2019	500,000.00	05/23/2018 2.68%	500,000.00 500,000.00	100.00 2.68%	500,000.00 5,992.78	0.75% 0.00	P-1 / A-1+ F-1+	0.56 0.55
06740KJ7	Barclays Bank Delaware Negotiable CD 1.9% Due 9/16/2019	245,000.00	09/16/2015 1.90%	245,000.00 245,000.00	99.57 2.39%	243,949.69 586.66	0.36% (1,050.31)	NR / NR NR	0.88 0.86
49306SXX7	Key Bank Negotiable CD 1.7% Due 3/9/2020	245,000.00	03/08/2017 1.70%	245,000.00 245,000.00	98.58 2.77%	241,531.54 616.19	0.36% (3,468.46)	NR / NR NR	1.36 1.33
40434AZ44	HSBC Bank USA NA Callable Neg. CD S/A 7/8/2018 1.4% Due 7/8/2020	245,000.00	09/16/2016 1.45%	244,510.00 244,783.36	97.48 2.94%	238,823.80 1,090.08	0.36% (5,959.56)	NR / NR NR	1.69 1.64
254672L89	Discover Bank Negotiable CD 1.5% Due 10/26/2020	245,000.00	10/26/2016 1.50%	245,000.00 245,000.00	96.60 3.28%	236,679.31 60.41	0.35% (8,320.69)	NR / NR NR	1.99 1.93
66476QBW7	Northern Nevada Bank Callable Neg CD Qtrly 6/29/18 1.85% Due 12/29/2020	245,000.00	06/29/2017 1.85%	245,000.00 245,000.00	97.46 3.06%	238,776.76 37.25	0.35% (6,223.24)	NR / NR NR	2.16 2.12
94986TXN2	Wells Fargo Callable Neg CD Qtrly 9/4/18 1.15% Due 3/4/2021	243,000.00	03/04/2016 1.15%	243,000.00 243,000.00	99.58 2.33%	241,969.19 444.06	0.36% (1,030.81)	NR / NR NR	2.34 1.32
20033AQU3	Comenity Capital Bank Negotiable CD 1.65% Due 6/30/2021	245,000.00	06/30/2016 1.65%	245,000.00 245,000.00	96.07 3.19%	235,376.40 22.15	0.35% (9,623.60)	NR / NR NR	2.67 2.60

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of October 31, 2018



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
NEGOTIABLE CD									
48126XAH8	JP Morgan Chase Bank NA Callable Neg. CD Qtrly 8/16/17 1.65% Due 8/16/2021	245,000.00	08/16/2016 1.65%	245,000.00 245,000.00	95.49 3.35%	233,956.87 852.80	0.35% (11,043.13)	NR / NR NR	2.79 2.70
Total Negotiable CD		3,926,000.00	1.85%	3,924,941.05 3,925,778.36	2.67%	3,876,397.59 16,143.20	5.78% (49,380.77)	Aaa / AAA AAA	1.19 1.11
SUPRANATIONAL									
4581X0CD8	Inter-American Dev Bank Note 2.125% Due 11/9/2020	750,000.00	05/22/2018 2.81%	737,865.00 740,035.82	98.33 2.98%	737,490.75 7,614.58	1.11% (2,545.07)	Aaa / AAA AAA	2.03 1.94
459058GH0	Intl. Bank Recon & Development Note 2.75% Due 7/23/2021	750,000.00	07/24/2018 2.86%	747,607.50 747,822.02	99.23 3.05%	744,228.00 5,500.00	1.11% (3,594.02)	Aaa / AAA NR	2.73 2.59
Total Supranational		1,500,000.00	2.84%	1,485,472.50 1,487,857.84	3.01%	1,481,718.75 13,114.58	2.22% (6,139.09)	Aaa / AAA AAA	2.38 2.27
US CORPORATE									
40428HPV8	HSBC USA Inc Note 2.75% Due 8/7/2020	250,000.00	10/10/2018 3.26%	247,772.50 247,839.49	99.10 3.28%	247,748.50 1,604.17	0.37% (90.99)	A2 / A AA-	1.77 1.70
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020	500,000.00	09/27/2018 3.21%	490,920.00 491,288.43	98.07 3.30%	490,358.50 5,686.11	0.74% (929.93)	A3 / A A	2.01 1.92
459200JF9	IBM Corp Note 2.25% Due 2/19/2021	500,000.00	06/26/2018 3.07%	489,640.00 490,989.91	97.55 3.37%	487,733.00 2,250.00	0.73% (3,256.91)	A1 / A A	2.31 2.21
69371RN93	Paccar Financial Corp Note 2.8% Due 3/1/2021	300,000.00	07/23/2018 3.12%	297,585.00 297,836.67	98.73 3.37%	296,200.20 1,400.00	0.44% (1,636.47)	A1 / A+ NR	2.33 2.23
06406FAA1	Bank of NY Mellon Corp Callable Note Cont 03/15/2021 2.5% Due 4/15/2021	500,000.00	08/24/2018 3.05%	493,125.00 493,590.01	98.00 3.35%	489,981.50 555.56	0.73% (3,608.51)	A1 / A AA-	2.46 2.35
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	350,000.00	06/28/2018 3.08%	349,247.50 349,337.34	99.30 3.29%	347,532.50 4,958.33	0.52% (1,804.84)	A2 / A+ NR	2.53 2.38



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	500,000.00	10/12/2018 3.30%	483,360.00 483,641.44	96.52 3.38%	482,608.50 4,387.50	0.72% (1,032.94)	A1 / A AA-	2.55 2.44
808513AW5	Charles Schwab Corp Callable Note Cont 4/21/2021 3.25% Due 5/21/2021	320,000.00	Various 3.09%	321,372.10 321,172.01	99.67 3.39%	318,931.53 4,593.33	0.48% (2,240.48)	A2 / A A	2.56 2.40
931142EJ8	Wal-Mart Stores Note 3.125% Due 6/23/2021	290,000.00	06/20/2018 3.13%	289,985.50 289,987.19	99.96 3.14%	289,884.00 3,121.53	0.44% (103.19)	Aa2 / AA AA	2.65 2.49
02665WBG5	American Honda Finance Note 1.7% Due 9/9/2021	500,000.00	07/20/2018 3.19%	478,045.00 479,965.82	95.73 3.28%	478,645.00 1,227.78	0.71% (1,320.82)	A2 / A+ NR	2.86 2.75
89233P5F9	Toyota Motor Credit Corp Note 3.4% Due 9/15/2021	500,000.00	05/31/2018 3.03%	505,785.00 505,061.27	100.35 3.27%	501,766.50 2,172.22	0.75% (3,294.77)	Aa3 / AA- A+	2.88 2.71
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	500,000.00	Various 3.29%	489,627.50 490,440.67	97.72 3.41%	488,603.50 4,232.64	0.73% (1,837.17)	A2 / A A	3.19 2.99
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022	300,000.00	06/27/2018 3.15%	292,848.00 293,521.70	97.00 3.42%	290,997.90 1,551.67	0.43% (2,523.80)	A2 / A NR	3.30 3.11
68389XBB0	Oracle Corp Callable Note Cont 3/15/2022 2.5% Due 5/15/2022	350,000.00	06/13/2018 3.21%	340,868.50 341,756.11	96.79 3.47%	338,767.80 4,034.72	0.51% (2,988.31)	A1 / AA- A	3.54 3.31
Total US Corporate		5,660,000.00	3.15%	5,570,181.60 5,576,428.06	3.34%	5,549,758.93 41,775.56	8.30% (26,669.13)	A1 / A+ A+	2.64 2.50
US TREASURY									
912828WW6	US Treasury Note 1.625% Due 7/31/2019	600,000.00	08/29/2018 2.44%	595,593.75 596,422.39	99.26 2.62%	595,570.20 2,463.99	0.89% (852.19)	Aaa / AA+ AAA	0.75 0.74
9128283S7	US Treasury Note 2% Due 1/31/2020	750,000.00	08/24/2018 2.57%	744,082.03 744,830.28	99.04 2.78%	742,822.50 3,790.76	1.11% (2,007.78)	Aaa / AA+ AAA	1.25 1.22
9128283Y4	US Treasury Note 2.25% Due 2/29/2020	750,000.00	06/25/2018 2.51%	746,835.94 747,496.62	99.27 2.81%	744,521.25 2,890.19	1.11% (2,975.37)	Aaa / AA+ AAA	1.33 1.30
912828X21	US Treasury Note 1.5% Due 4/15/2020	750,000.00	07/23/2018 2.62%	735,937.50 738,166.11	98.12 2.83%	735,908.25 525.41	1.09% (2,257.86)	Aaa / AA+ AAA	1.46 1.42
912828XH8	US Treasury Note 1.625% Due 6/30/2020	750,000.00	05/31/2018 2.43%	737,753.91 740,232.09	98.02 2.85%	735,117.00 4,106.66	1.10% (5,115.09)	Aaa / AA+ AAA	1.67 1.62



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828Y46	US Treasury Note 2.625% Due 7/31/2020	750,000.00	10/31/2018 2.87%	746,894.53 746,899.39	99.59 2.86%	746,953.50 4,975.37	1.12% 54.11	Aaa / AA+ AAA	1.75 1.69
912828VV9	US Treasury Note 2.125% Due 8/31/2020	750,000.00	08/28/2018 2.66%	742,236.33 742,914.19	98.66 2.88%	739,921.50 2,729.63	1.10% (2,992.69)	Aaa / AA+ AAA	1.84 1.77
912828L65	US Treasury Note 1.375% Due 9/30/2020	750,000.00	06/27/2018 2.53%	731,044.92 733,939.88	97.23 2.87%	729,228.75 906.59	1.08% (4,711.13)	Aaa / AA+ AAA	1.92 1.87
912828WCO	US Treasury Note 1.75% Due 10/31/2020	750,000.00	07/20/2018 2.64%	735,292.97 737,080.47	97.81 2.88%	733,593.75 36.26	1.09% (3,486.72)	Aaa / AA+ AAA	2.00 1.95
912828N89	US Treasury Note 1.375% Due 1/31/2021	750,000.00	10/30/2018 2.86%	725,859.38 725,888.71	96.70 2.90%	725,244.00 2,606.15	1.08% (644.71)	Aaa / AA+ AAA	2.25 2.18
912828W89	US Treasury Note 1.875% Due 3/31/2022	750,000.00	09/27/2018 2.92%	724,013.67 724,703.93	96.50 2.96%	723,750.00 1,236.26	1.08% (953.93)	Aaa / AA+ AAA	3.42 3.27
912828XR6	US Treasury Note 1.75% Due 5/31/2022	750,000.00	09/24/2018 2.93%	719,208.98 720,056.65	95.91 2.96%	719,296.50 5,522.54	1.08% (760.15)	Aaa / AA+ AAA	3.58 3.41
912828XW5	US Treasury Note 1.75% Due 6/30/2022	350,000.00	09/07/2018 2.80%	336,792.97 337,287.40	95.81 2.96%	335,343.75 2,063.86	0.50% (1,943.65)	Aaa / AA+ AAA	3.67 3.49
912828L24	US Treasury Note 1.875% Due 8/31/2022	750,000.00	09/20/2018 2.94%	720,439.45 721,281.10	96.04 2.98%	720,293.25 2,408.49	1.07% (987.85)	Aaa / AA+ AAA	3.84 3.65
Total US Treasury		9,950,000.00	2.69%	9,741,986.33 9,757,199.21	2.87%	9,727,564.20 36,262.16	14.50% (29,635.01)	Aaa / AA+ AAA	2.15 2.07
TOTAL PORTFOLIO		67,949,804.29	2.14%	67,615,496.68 67,649,616.18	2.61%	67,124,872.55 210,171.52	100.00% (524,743.63)	Aa1 / AA+ AAA	1.18 1.07
TOTAL MARKET VALUE PLUS ACCRUED						67,335,044.07			

DATE: NOVEMBER 21, 2018
TO: BOARD OF DIRECTORS
SUBJECT: TEMPORARY EXTENSION OF GENERAL MANAGER'S EMPLOYMENT AGREEMENT

BACKGROUND:

On November 21, 2016, the District entered into an employment agreement (Agreement) with Glenn Pruum 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 Pruum

**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 Pruum ("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 Pruum 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 Pruum, General Manager



**CASA Winter Conference
Renaissance Indian Wells
January 23-25, 2019**

Schedule At-A-Glance | Subject to Change

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