

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JANUARY 16, 2019, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT MARTIN

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 JANUARY 16, 2019

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. 4-11)
 - A. CLOSED SESSION BOARD MEETING – DECEMBER 19, 2018
 - B. REGULAR BOARD MEETING – DECEMBER 19, 2018

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

- 1.2 WARRANT LIST THROUGH JANUARY 16, 2019 – \$4,261,733.79 (pp. 12-15)

Recommendation: Approve Warrant List

- 1.3 FINANCIAL REPORTS (pp. 16-38)

- A. WATER METER COUNT – DECEMBER 31, 2018
- B. WATER PRODUCTION/SALES REPORT – 2018/2019
- C. QUARTERLY FINANCIAL REPORT – DECEMBER 31, 2018
- D. PER CAPITA WATER CONSUMPTION – DECEMBER 31, 2018
- E. WATER REVENUE AND EXPENSE REPORT – DECEMBER 31, 2018
- F. SEWER REVENUE AND EXPENSE REPORT – DECEMBER 31, 2018
- G. RESERVE FUNDS ACTIVITY – DECEMBER 31, 2018
- H. INVESTMENT REPORT – DECEMBER 31, 2018
- I. LEGAL FEES SUMMARY – DECEMBER 31, 2018

- 1.4 APPROVAL OF AGREEMENT FOR PAYMENT OF CAPACITY FEES FOR SUNSHINE MOUNTAIN VINEYARD, INC., APN: 182-190-91 (pp. 39-51)

The property owner has requested approval to finance the water capital facility fees due for a new 2-inch irrigation meter.

Recommendation: Approve Payment Agreement

- 1.5 APPROVAL OF EXCHANGE AGREEMENT FOR TEMPORARY DELIVERY OF WATER AND TEMPORARY WATER SERVICE AGREEMENT BETWEEN VALLECITOS WATER DISTRICT AND VISTA IRRIGATION DISTRICT FOR SUNSHINE MOUNTAIN VINEYARD, INC., APN: 182-190-91 (pp. 52-65)

The property owner has requested approval of an Exchange Agreement for Temporary Delivery of Water and a Temporary Water Service Agreement between Vallecitos Water District and Vista Irrigation District.

Recommendation: Approve Agreements with Conditions

- 1.6 OPERATIONS & MAINTENANCE METRICS QUARTERLY REPORT – DECEMBER 31, 2018 (pp. 66-73)

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

ACTION ITEMS

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

REPORTS

- 2.1 GENERAL MANAGER

- 2.2 DISTRICT LEGAL COUNSEL
- 2.3 SAN DIEGO COUNTY WATER AUTHORITY
- 2.4 ENCINA WASTEWATER AUTHORITY
 - *Capital Improvement Committee*
 - *Policy and Finance Committee*
- 2.5 STANDING COMMITTEES
- 2.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

*******END OF REPORTS*******

OTHER BUSINESS

- 3.1 MEETINGS (pp. 74-76)

Urban Water Institute's Spring Water Conference

February 27 – March 1, 2019 – Hilton Hotel, Palm Springs, CA

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

- 4.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

- 5.1 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, January 11, 2019.

Diane Posvar

MINUTES OF A CLOSED SESSION MEETING
OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, DECEMBER 19, 2018, AT 4:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Martin called the Closed Session meeting to order at the hour of 4:00 p.m.

General Manager Pruim led the pledge of allegiance.

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

Staff Present: General Manager Pruim
General Counsel Gilpin
Administrative Services Manager Emmanuel
Financial Analyst Arthur
Executive Secretary Posvar
Administrative Secretary Johnson

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF DECEMBER 19, 2018

18-12-10 MOTION WAS MADE by Director Sannella, seconded by Director Elitharp, and carried unanimously, to adopt the agenda for the Closed Session Meeting of December 19, 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

18-12-11 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, to move into Closed Session pursuant to Government Code Section 54957.6.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 5:02 p.m. There was no reportable action from the Closed Session meeting.

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Closed Session Meeting of the Board of Directors at the hour of 5:03 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, December 19, 2018 at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Hal J. Martin, 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, DECEMBER 19, 2018, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Martin called the Regular meeting to order at the hour of 5:06 p.m.

Director Hernandez led the pledge of allegiance.

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

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
Accounting Supervisor Glenn
Information Technology Supervisor Labarrere
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF DECEMBER 19, 2018

President Martin stated that staff requested the Board address Action Item 2.3 before Action Item 2.1.

18-12-12 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, to adopt the agenda for the Regular Board Meeting of December 19, 2018 as amended.

PUBLIC COMMENT

Mike Hunsaker, member of the public and President of the Twin Oaks Valley Property Owners Association, addressed the Board stating his concerns that the health of San Diego County's entire water system is dependent on the Colorado River. The Bureau of Reclamation which controls the Colorado River water system has just issued its latest two-year plan for operating the lower basin, projecting that it will call a water shortage emergency on January 1, 2020. If the water level in Lake Mead drops below 1,075 feet on January 1 of each year a water emergency shortage declaration is made. Under the current rules

pertaining to shortages, if you have water stored for reserves in Lake Mead or anywhere in the basin, you lose those rights. Metropolitan Water District has 500,000 acre feet in storage. It stands to lose it if an emergency is called. Metropolitan also has 100,000 acre feet at San Vicente which it will not lose. He recommended the District buy water at the current rate to avoid a real catastrophe on January 1, 2020. He thanked the Board.

CONSENT CALENDAR

18-12-13 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Closed Session Board Meeting – December 5, 2018
- B. Regular Board Meeting – December 5, 2018
- C. Public Awareness/Personnel/Policy Committee Meeting – December 10, 2018
- D. Finance/Investment Committee Meeting – December 11, 2018

1.2 Warrant List through December 19, 2018 - \$2,296,612.97

1.3 Financial Reports

- A. Water Meter Count – November 30, 2018
- B. Water Production/Sales Report – 2018/2019
- C. Per Capita Water Consumption – November 30, 2018
- D. Water Revenue and Expense Report – November 30, 2018
- E. Sewer Revenue and Expense Report – November 30, 2018
- F. Reserve Funds Activity – November 30, 2018
- G. Investment Report – November 30, 2018
- H. Legal Fees Summary – November 30, 2018

1.4 Approval of Construction Agreement for Firestine Residence, 862 Rock Springs Road, APN: 226-012-46

1.5 Approval of Construction Agreement for Folia and Omeli Single Family Residences, APN: 222-360-35 & 222-360-36

1.6 Approval of Construction Agreement for Montiel 6-Lot Subdivision, APN: 226-111-53, 226-092-66 & 226-092-67

1.7 Approval of Temporary Off-Site Water and Sewer Service Agreements for APN: 226-092-66

1.8 Contract Amendment #4 to Kennedy/Jenks Consultants Incorporated for the San Marcos Interceptor Project, Phase 2

1.9 Retitle Accountant Position to Senior Accountant

Mike Hunsaker, member of the public, addressed the Board regarding the following items:

- 1.1C – It was noted in the minutes of the Public Awareness/Personnel/Policy Committee pertaining to bill adjustments that past practice has always been to charge for the water used. He believes fines for excessive water use during periods of shortage should be factored in. He further stated General Manager Pruum mentioned that new developments are required to submeter, but they don't report water consumption. That makes large meters which are relatively insensitive to leakage the worse form of waste, invisible to VWD to detect and to have corrected. He wanted to emphasize that Director Evans noted the need to eliminate confusion but there still needs to be sacrifices in respect to efficiency, lack of water and shortages.
- 1.3C – He believes the Per Capita Water Consumption Report needs to include a pie chart. In 2007 there was a pie chart showing multi-family versus single-family dwelling use. Do large meters used for high density development show their fair share of what the total water consumption is? The use of single-family dwellings is shown but not the total amount of multi-family dwellings.
- 1.7 – He asked if there was any pre-existing water capacity on the property.

Development Services Senior Engineer Scholl stated there was existing water and sewer to the property.

ACTION ITEMS

CONSIDERATION OF ACWA JPIA REFUND CHECK FOR GAINSHARING

General Manager Pruum stated the Board approved revisions to the Employee Recognition Program at the November 7, 2018 Board meeting. Revisions included the creation of a Gainsharing Incentive Plan as a new Organizational Achievement Award to provide eligible employees with monetary awards for cost saving measures they directly participated in that resulted in gainsharing funds.

Administrative Services Manager Emmanuel stated gainsharing is only available when the District receives a refund check from ACWA JPIA and the Board designates the funds as gainsharing. ACWA JPIA refund checks are not received on a regular basis and are subject to ACWA JPIA's eligibility requirements relating to the District's claims history. Designating future refunds as gainsharing will require approval as a separate action by the Board.

Administrative Services Manager Emmanuel further stated the District received a refund check from ACWA JPIA in February 2018 in the amount of \$145,176.29. Since that time, the Employee Recognition Program was revised to include gainsharing. The 2018 ACWA JPIA refund check was presented to the Board for its consideration of whether to designate a

portion of it as gainsharing funds to be awarded to eligible District employees as recognition for their outstanding efforts in reducing the District's insurance costs. If any portion of the refund is designated as gainsharing funds, the funds would be divided in an amount determined by the Board, with the employees' share paid as lump sum bonuses (taxable compensation and not "compensation earnable" for CalPERS retirement purposes).

Staff recommended, should the Board desire to act on this item, the Board designate a specific amount of the ACWA JPIA refund to be gainsharing funds, determine the amount of funds to be divided between eligible employees, and approve Organizational Achievement Awards for all eligible employees with the gainsharing funds paid as lump-sum bonuses.

President Martin suggested designating the ACWA JPIA refund as gainsharing and awarding \$1,000 to each employee with the balance going into the general fund.

General discussion took place during which it was clarified that the 106 eligible employees would be responsible for paying taxes on the \$1,000 lump sum. Staff will confirm that the District will not incur costs above the total amount of the refund.

18-12-14 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, to designate the ACWA JPIA refund as gainshare funds and award each employee \$1,000.

HILLSIDE PROPERTY AD HOC COMMITTEE CONSIDERATION

General Manager Prum stated the District owns approximately 32.7 acres of land adjacent to the District headquarters and that the Board has expressed an interest in marketing the property. He suggested the Board form an Ad Hoc Committee to oversee the development of this project and appoint two Board members to serve on the Committee.

President Martin recommended Director Hernandez be appointed to the Ad Hoc Committee as well as himself.

General discussion took place during which Legal Counsel Gilpin noted that it is not necessary to agendaize ad hoc meetings nor do they need to be noticed.

18-12-15 MOTION WAS MADE by President Martin, seconded by Director Evans, and carried unanimously, to appointment Director Hernandez and President Martin to the Ad Hoc Committee.

CALL FOR NOMINATIONS TO THE LOCAL AGENCY FORMATION COMMISSION

President Martin stated nominations are being solicited for two special district members to serve on the Local Agency Formation Commission.

General discussion took place.

The Board took no action.

REPORTS

GENERAL MANAGER

None.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the Capital Improvement Committee has not met since the last Board meeting.

Director Elitharp stated the Policy and Finance Committee has not met since the last Board meeting.

STANDING COMMITTEES

Director Evans referred to the minutes of the December 10 Public Awareness/Personnel/Policy Committee meeting.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Elitharp, Martin, Sannella and Hernandez reported on their attendance to the San Diego North Economic Development Council 2018 North County Excellence in Economic Development Awards Luncheon on December 5.

Director Evans reported on her attendance to a legislative roundtable with Assemblywoman Marie Waldron at the San Diego County Water Authority on December 17.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Regular Meeting of the Board of Directors at the hour of 5:41 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, January 16, 2019, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Hal J. Martin, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruijm, Secretary
Board of Directors
Vallecitos Water District

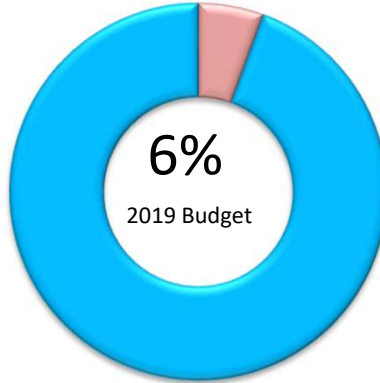
**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
December 31, 2018**

Summary

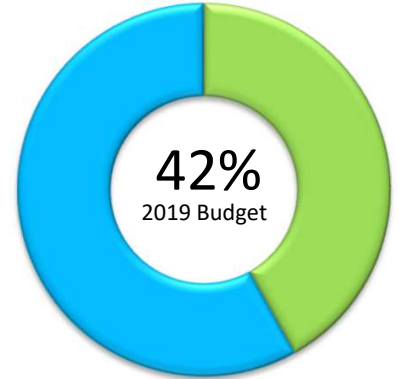
December Disbursements	\$	4,192,034	*
YTD Disbursements	\$	31,374,924	*
FY2019 Budget	\$	74,880,200	

* Excludes Debt Service

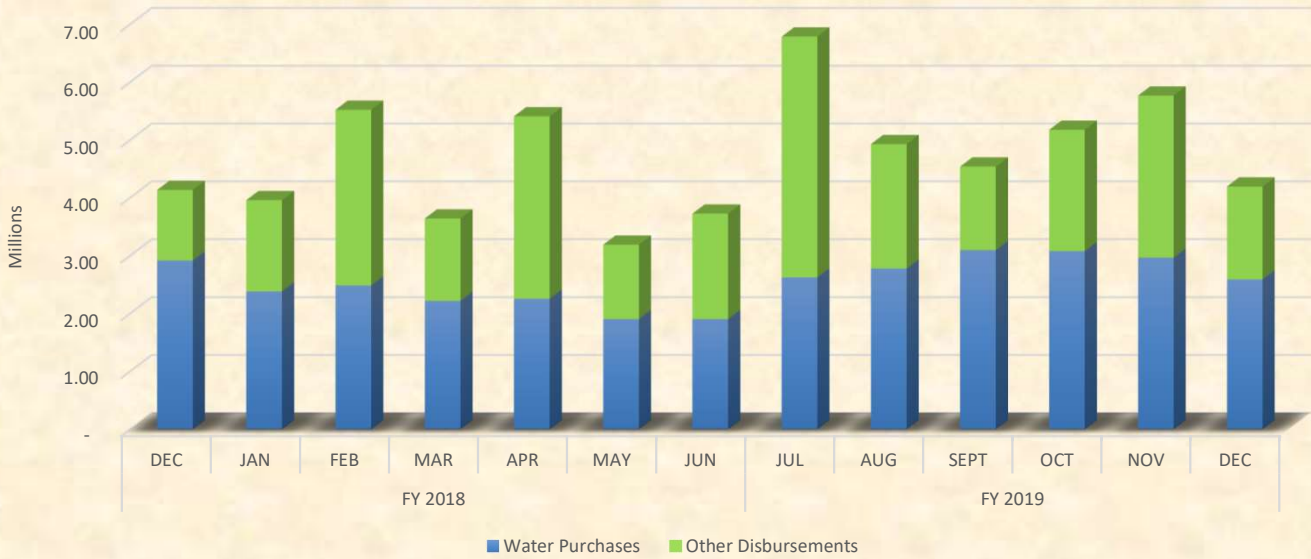
December



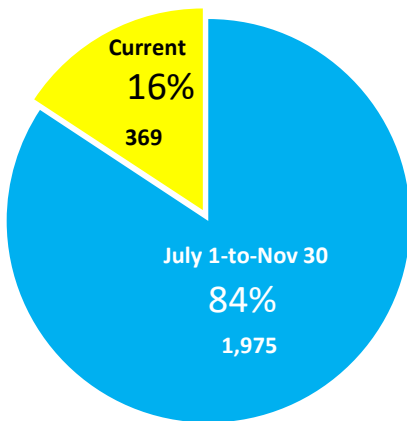
FYTD



Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$17.3M
ENCINA WASTEWATER AUTHORITY	\$3.6M
PUBLIC EMPLOYEES RETIRE SYSTM	\$1.8M
ACWA/JOINT POWERS INSURANCE	\$1.5M
SAN DIEGO GAS & ELECTRIC	\$898K
CASS CONSTRUCTION INC	\$619K
BURTECH PIPELINE INCORPORATED	\$474K
OLIVENHAIN MWD	\$450K
CREW BUILDERS, INC.	\$372K
SANEXEN WATER, INC.	\$358K

VALLECITOS WATER DISTRICT
WARRANTS LIST
January 16, 2019

PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	115300 through	-
Action Mail	Splash Winter Prj 20191-26	115303	6,822.64
ACWA/Joint Powers Insurance	2019 Membership Dues	115304	24,269.73
ACWA/Joint Powers Insurance	Medical Insurance Jan	115305	207,133.19
Airgas USA LLC	Cylinder Rental	115306	220.25
Allied Universal Protection	Weekly Deposit Svc Nov	115307	59.36
Aloha Printing	After Hours Forms	115308	254.53
Ambius	Plant Maintenance Dec	115309	263.00
ASAP Drain Guys & Plumbing	Svc Water Heater Bldg A	115310	355.00
ASCE	Membership Renewal R Scholl	115311	290.00
ASCE	Membership Renewal J Gumpel	115312	295.00
ASCE	Membership Renewal J Hubbard	115313	295.00
Ashley Atkinson	Closed Account Refund	115314	65.68
Shawn Askine	Water Distribution Exam & AWWA Water Quality Cert	115315	155.00
AT&T	Internet Svc Dec	115316	64.25
AT&T	Phone Svc Nov	115317	2,794.39
Bay City Electric Works Inc	Hardware Supplies	115318	74.67
Best Best & Krieger	Legal Svcs Oct	115319	13,307.62
Boncor Water Systems	Soft & Drinking Water Svc Dec	115320	1,726.00
Bonsall Petroleum Constr Inc	Svc Call - Fuel Island	115321	93.75
Breckenridge Prop. Fund 2016	Closed Account Refund	115322	17.61
Brookfield Residential	Closed Account Refund	115323	18.97
Burn Institute	Fire Extinguisher Training 2-6-18	115324	550.00
CA Dept of Forestry/Fire Protection	Crew Work Oct	115325	2,836.75
CDW Government Inc	Iphone Cases 9, Hard Drive Replacement, Cables, Surge Protector	115326	601.23
Christian Wheeler Engineering	Rock Springs Prj 90003, Water Ops Locker Room Expansion Prj 20161-5	115327	10,130.00
Core Logic Information Solutions Inc	Real Quest Svc - For Engineering Maps Nov	115328	206.00
Corodata Media Storage Inc	Backup Storage Tape Nov	115329	193.75
County of San Diego	Recording Fees Nov	115330	80.52
County of San Diego	Water & Sewer Master Plan Prj 20141-3	115331	3,321.00
Craig Elitharp	North County Economic Development Awards 12-7-18	115332	3.05
CWC Rancho Coronado 71, LLC	Closed Account Refund	115333	239.38
CWEA	Lab Analyst Cert D McDougale	115334	102.00
CWEA	Coll Cert Renewal J Scott	115335	92.00
Daphne & John Tyler III	Closed Account Refund	115336	4.02
DirecTV Inc	Satellite Svc Dec	115337	117.24
Dryor Hughef	Closed Account Refund	115338	110.51
EDCO Waste & Recycling Services	Trash Svc Nov	115339	619.91
Electrical Sales Inc	Power Monitor Double Peak PS, Hardware and Electrical Supplies	115340	1,122.07
EMCOR Service	Cooling Tower Media Replacement Prj 20191-14	115341	10,070.00
Rhondi Emmanuel	CalPERS Conference 12-4-18	115342	40.16
Betty Evans	ACWA Meeting 10-17-18, ACWA Conference 11-26-18	115343	222.25
Fabiola Real	Self Improvement Program	115344	2,500.00
Ferguson Enterprises, Inc	Valve Gate, Couplings 12, Air Vac Enclosures 6, Air Valves 10	115345	11,621.95
Fisher Scientific LLC	Lab Supplies	115346	640.46
Fleet Pride	Fleet Supplies Prj 20191-22	115347	207.20
G & R Auto & Truck Repair Inc	Oil Leak Repair Veh 183	115348	562.97
Grainger Inc	Window & Door Sealant, Floor Cleaner, Air Compressor, Hardware Supplies	115349	1,331.46
Harris	1099 & W2 Forms	115350	299.41
Hawthorne Machinery Co.	Backhoe Rental	115351	2,987.69
Helm Incorporated	Ford Truck Scan Tool & Software	115352	703.62
High Point Realty	Closed Account Refund	115353	31.51
Infosend Inc	Door Hangers, Processing, Postage, Printing, Support Fee Nov	115354	10,043.51
Infrastructure Engr Corp	Laurels Sewer Lining & Repairs Prj 20181-8	115355	5,400.00
Interstate Batteries	Generator Battery - S Lake	115356	85.19
Inventive Resources Inc.	Manhole Odor Eliminator Unit	115357	1,010.88
Janna Henderson or Dallas Woodring	Closed Account Refund	115358	96.28
Jeff Katz	Water Ops Locker Room Expansion Prj 20161-5	115359	424.00

VALLECITOS WATER DISTRICT
WARRANTS LIST
January 16, 2019

PAYEE	DESCRIPTION	CHECK#	AMOUNT
JCI Jones Chemicals Inc	Chlorine	115360	2,043.21
Joselin Cruz De Los Santos	Closed Account Refund	115361	23.76
Sue Joubran	Refund Prj 20171-275 Balance	115362	1,822.15
Ken Grody Ford	Hose, Steering Wheel, Veh 249	115363	479.34
Ken Weinberg	Local Resource Program Application - Carlsbad Desalination Water Purchases	115364	4,370.00
Khan Iqbal or Rubyna Iqbal	Closed Account Refund	115365	453.13
Knight Security & Fire Systems	Answering & Patrol Svc Dec	115366	588.19
Timothy Miles Mork	Cleaning Svcs Dec - MRF	115367	553.13
Lloyd Pest Control	Pest Control Nov	115368	1,168.00
Lynn Doan	Closed Account Refund	115369	29.60
Mallory Safety & Supply, LLC	Safety Supplies	115370	921.27
Manpower Temp Services	Customer Service Rep, Weeks Ending: 11-25-18 & 12-9-18	115371	1,709.68
Matheson Tri-Gas Inc	Cylinder Rentals 3	115372	267.01
Mike Sannella	North County Economic Development Awards 12-7-18	115373	3.05
Montroy Supply Co Inc	Hardware Supplies Prj 20191-10	115374	147.85
MSA	Transmitter Replacement - MRF	115375	1,535.55
North County Auto Parts	Fleet Supplies Nov	115376	2,114.87
North County Ford	Ford F250 4X4 Prj 20191-17	115377	29,455.75
Olivenhain MWD	Treated Water Nov	115378	81,817.00
Ostari Inc	CISCO Supplies, Secure Works Subscription 18-19	115379	24,026.09
Pacific Pipeline Supply	Couplings 10, Hardware Supplies	115380	2,886.99
Patriot Portable Restroom Inc	Portable Restroom Rental - MRF	115381	256.61
Pencco, Inc.	Trioxyn, Sulfend RT	115382	14,234.94
Plumbers Depot Inc	Rain Dishes 10 - Odor Control -Areas Within Collections System	115383	714.18
R & B Automation Inc	Actuator Repair & Tuning - MRF	115384	7,345.76
Recycled Aggregate Materials Co Inc	Concrete Recycling	115385	450.00
RDO Equipment	Tree Chipper Maintenance	115386	376.88
Air Quality Compliance Solutions, Inc.	Fuel Island Maintenance	115387	199.50
Rexel USA, Inc	Soft Starters For Pumps 3 - Double Peak Pump Station	115388	882.42
Rick Post Welding	Water Line Welding	115389	540.00
Rupe's Hydraulics	Cylinder Rebuild/Repair Backhoe - Veh 166	115390	945.11
Rusty Wallis Inc	Soft Water Svc Dec	115391	202.00
SDG&E	Power Nov	115392	47,508.95
San Marcos Trophy	Engraving Svcs	115393	8.00
Sanexen Water, Inc.	Stargaze Court Water Line Replacement Prj 20181-5	115394	250,000.00
Sally Sheets	2018 Tax Seminar 12-6-18	115395	86.11
Snap-On-Industrial	Toolbox Work Center, Impact Sockets 9	115396	4,865.02
Spenser's Property Management	Closed Account Refund	115397	150.00
Syntech Systems Inc	Fuel Master Maintenance 18-19	115398	2,650.00
Terra Verde Energy LLC	District Wide Solar Project	115399	15,224.00
The Howard E. Nyhart Co. Inc.	OPEB Actuarial Valuation FY18	115400	2,000.00
The Light House	Fleet Supplies	115401	261.83
Underground Service Alert	Dig Alert Svc	115402	242.65
Unifirst Corporation	Uniform Delivery	115403	1,398.77
Univar USA Inc	Sodium Hypo Liquichlor, Caustic Soda, Sodium Bisulfite	115404	6,841.02
UPS	Shipping Svcs Dec	115405	101.43
Valley Chain & Gear Inc	Hardware Supplies	115406	95.56
Victoria Desiree Bates	Refund Prj 20161-160 Balance	115407	218.25
VWR International	Lab Supplies - MRF	115408	71.63
Walters Wholesale Electric	Hardware Supplies Prj 20191-10	115409	322.44
Water Education Foundation	2019 Membership Dues	115410	11,004.00
Waxie Sanitary Supply	Cleaning Supplies	115411	703.25
Wesley Hopkins	Closed Account Refund	115412	58.96
West Consultants, Inc.	Southlake & Mahr Dam Inundation Studies	115413	5,440.90
Westley Owen	CalPERS Forum 10-22-18	115414	148.69
Tri-City Emergency Medical Group	Medical Svcs Nov	115415	95.00
Xerox Corporation	Copier Lease Oct & Nov	115416	5,581.96
Zoho Corporation	Inventory Management Software	115417	1,998.00
Garnishments	Payroll Garnishments	115420	-

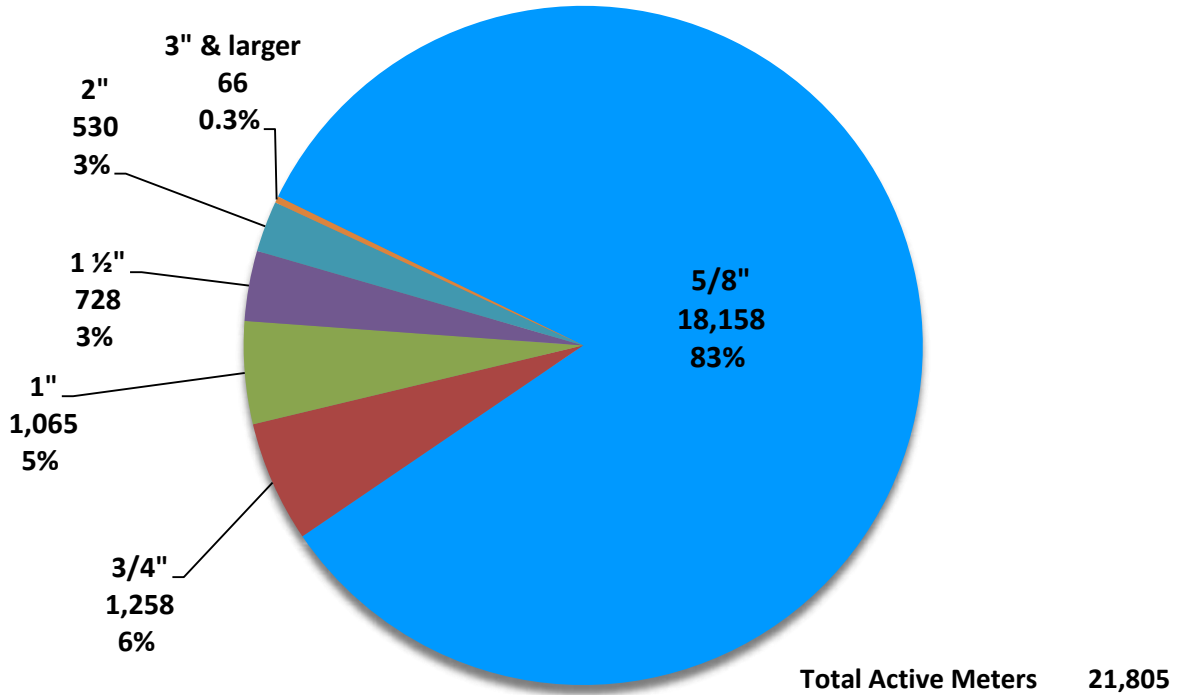
115418 through

VALLECITOS WATER DISTRICT
WARRANTS LIST
January 16, 2019

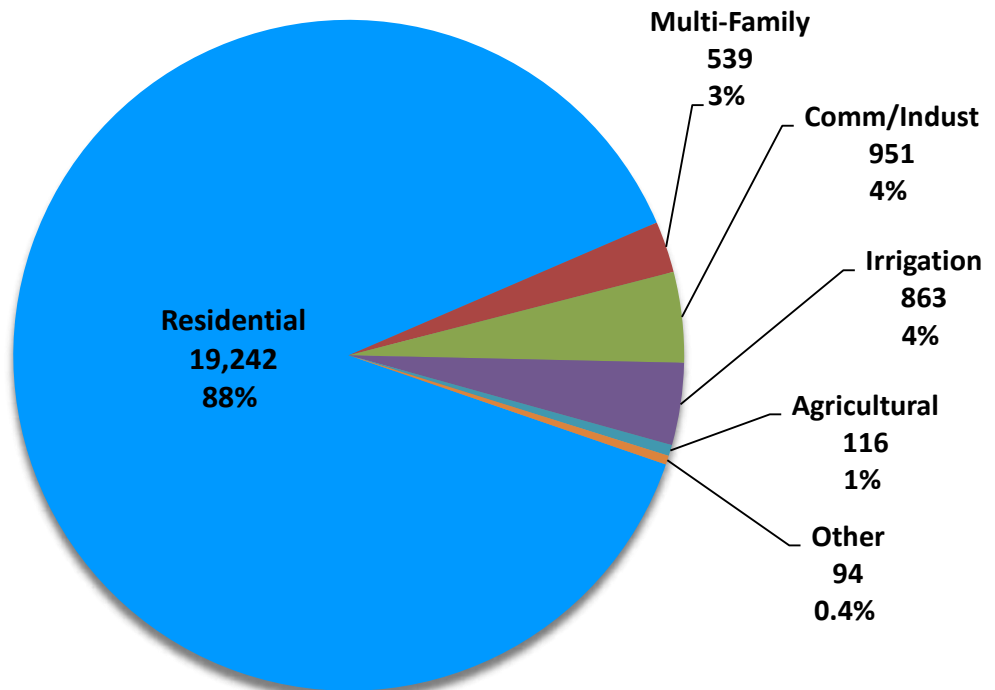
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Total Disbursements (115 Checks)			<u>866,823.05</u>
WIRES			
San Diego County Water Authority	November Water Bill	Wire	2,375,834.01
Public Employees Retirement System	Retirement Contribution - December 19, 2018 Payroll	Wire	69,807.97
Public Employees Retirement System	Retirement Contribution - January 2, 2019 Payroll	Wire	<u>70,623.00</u>
Total Wires			<u>2,516,264.98</u>
PAYROLL			
Total direct deposits			Wire 239,149.17
VWD Employee Association		115300	600.00
Garnishments		115302	607.83
IRS	Federal payroll tax deposits	Wire	85,892.19
Employment Development Department	California payroll tax deposit	Wire	16,441.93
CalPERS	Deferred compensation withheld	Wire	12,863.91
VOYA	Deferred compensation withheld	Wire	<u>5,027.37</u>
Total December 19, 2018 Payroll Disbursements			<u>360,582.40</u>
Total direct deposits			Wire 316,455.28
VWD Employee Association		115418	606.00
Garnishments		115420	607.83
IRS	Federal payroll tax deposits	Wire	119,495.04
Employment Development Department	California payroll tax deposit	Wire	32,102.41
CalPERS	Deferred compensation withheld	Wire	35,891.04
VOYA	Deferred compensation withheld	Wire	<u>12,905.76</u>
Total January 2, 2019 Payroll Disbursements			<u>518,063.36</u>
Total Payroll Disbursements			<u>878,645.76</u>
TOTAL DISBURSEMENTS			<u>4,261,733.79</u>

Vallecitos Water District
 Active Water Meters
 December 31, 2018

Active Meters by Size as of December 31, 2018

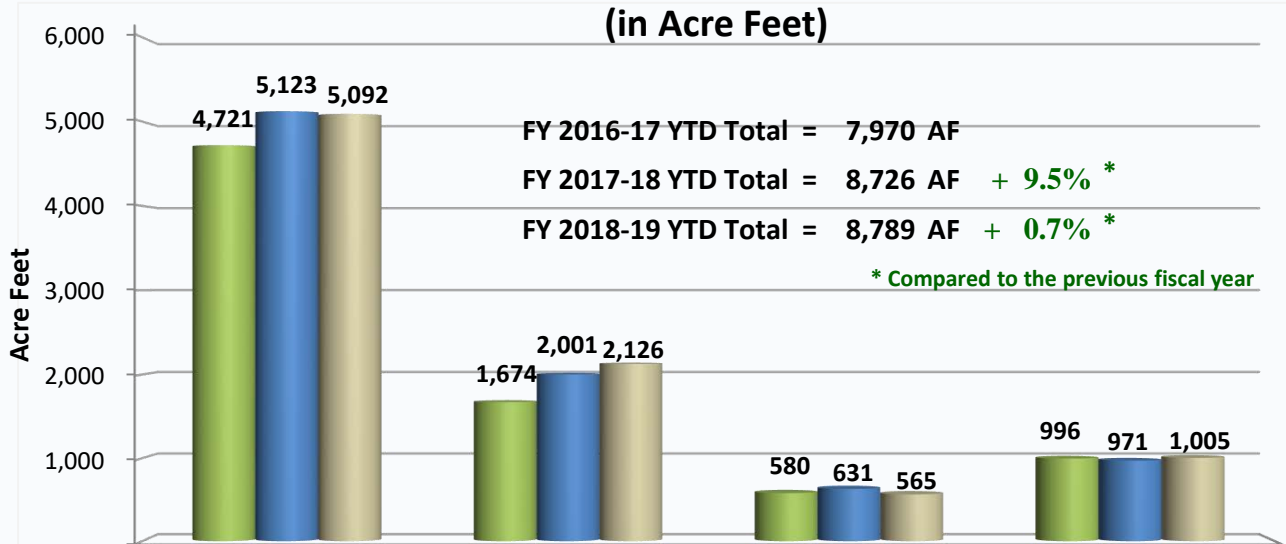


Active Meters by Type as of December 31, 2018



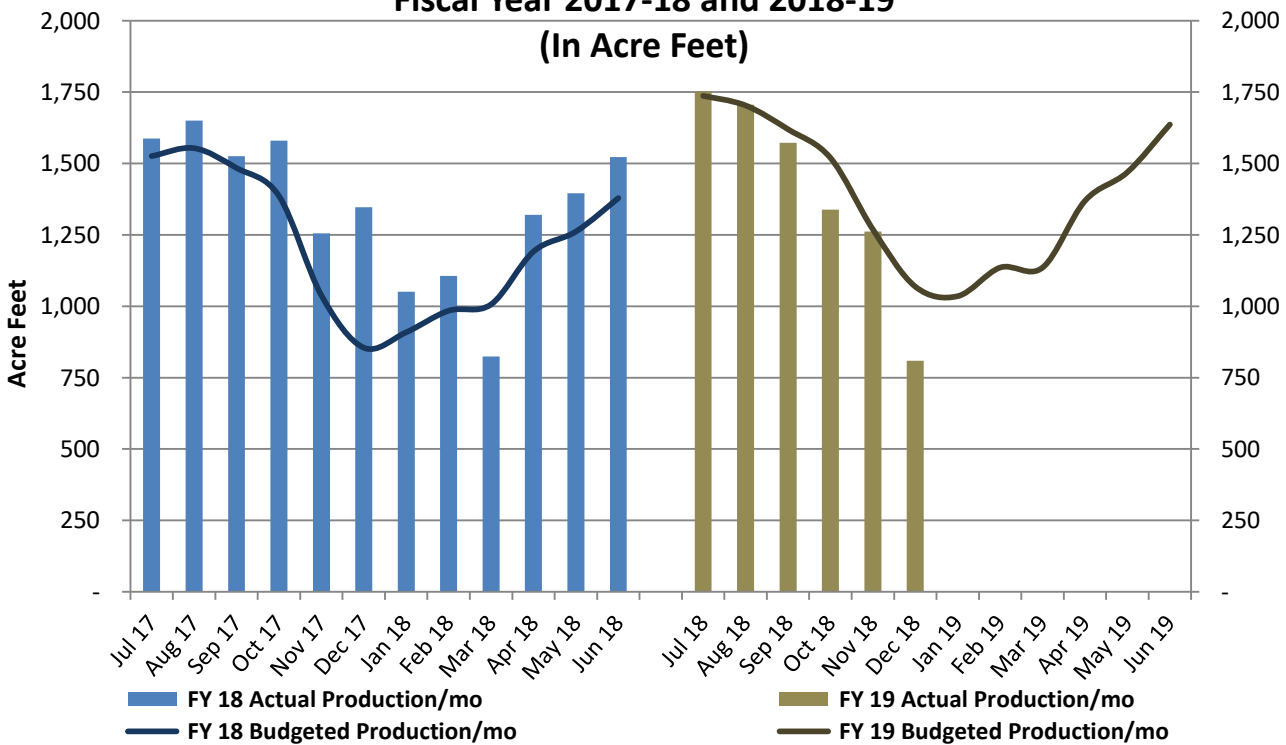
Vallecitos Water District
 Water Production/Sales
 December 31, 2018

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	4,721	1,674	580	996
FY 2017-18	5,123	2,001	631	971
FY 2018-19	5,092	2,126	565	1,005

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



OVERVIEW

With the second quarter complete, the District's water fund has a net operating income of \$4.1 million (before depreciation) while the sewer fund has a net operating income of \$5.2 million (before depreciation). The District is cash funding capital projects and current on all debt service payments. We anticipated increased water revenues this year when putting the budget together and are monitoring expenses in all funds very closely.

WATER FUND

The Water Fund performed better than expected during the second quarter of Fiscal Year 2019.

Revenues: Water sales were 59% of total budget as a result of high demand during the summer months. Ready to Serve (RTS) performed as expected. Pumping Charges are high primarily due to rate increases that took effect in September 2018.

Revenue	Budget	YTD Actual	Percent
Water Sales	\$ 31,800,000	\$ 18,864,156	59%
Ready to Serve	13,300,000	6,785,326	51%
Pumping Charges	340,000	207,142	61%
Other	690,000	330,934	48%
Total	\$ 46,130,000	\$ 26,187,558	57%

Expenses: Water Purchases and General & Administration performed as expected. Operating expenses were higher than budgeted primarily due to the number of water main breaks that occurred in recent months. Supporting expenses were lower than budgeted due to timing of budgeted materials being purchased and outside services being performed.

Expense	Budget	YTD Actual	Percent
Water Purchases	\$ 32,250,000	\$ 16,099,530	50%
Operating	4,517,000	2,640,889	58%
Supporting	4,155,000	1,905,214	46%
General & Admin	2,985,000	1,445,995	48%
Total	\$ 43,907,000	\$ 22,091,628	50%

SEWER FUND

The Sewer Fund continues to be stable as revenues received in this fund stem from fixed monthly charges and are therefore very

Revenues: Sewer service charges performed as planned and Reclaimed Water Sales are adjusted at the end of each fiscal year to recover actual costs. Other revenues are high from the litigation settlement related to illegal dumping in the Encina disposal system.

Revenue	Budget	YTD Actual	Percent
Sewer Service	\$ 17,954,000	\$ 9,244,695	51%
Reclaimed	1,974,000	987,000	50%
Other	80,000	673,556	842%
Total	\$ 20,008,000	\$ 10,905,251	55%

SEWER FUND (continued)

Expenses: Treatment expenses are low due to timing of budgeted materials being purchased and outside services being performed. Operating expenses are lower than expected due to budgeted repairs that have not been performed and lower than anticipated labor. Supporting and General & Administration are low primarily as a result of lower outside service and staffing costs.

Expense	Budget	YTD Actual	Percent
Treatment	\$ 6,173,000	\$ 2,741,182	44%
Operating	2,793,000	1,199,025	43%
Supporting	2,699,000	1,155,868	43%
General & Admin	1,452,000	603,982	42%
Total	\$ 13,117,000	\$ 5,700,057	43%

RESERVES AND FUNDS:

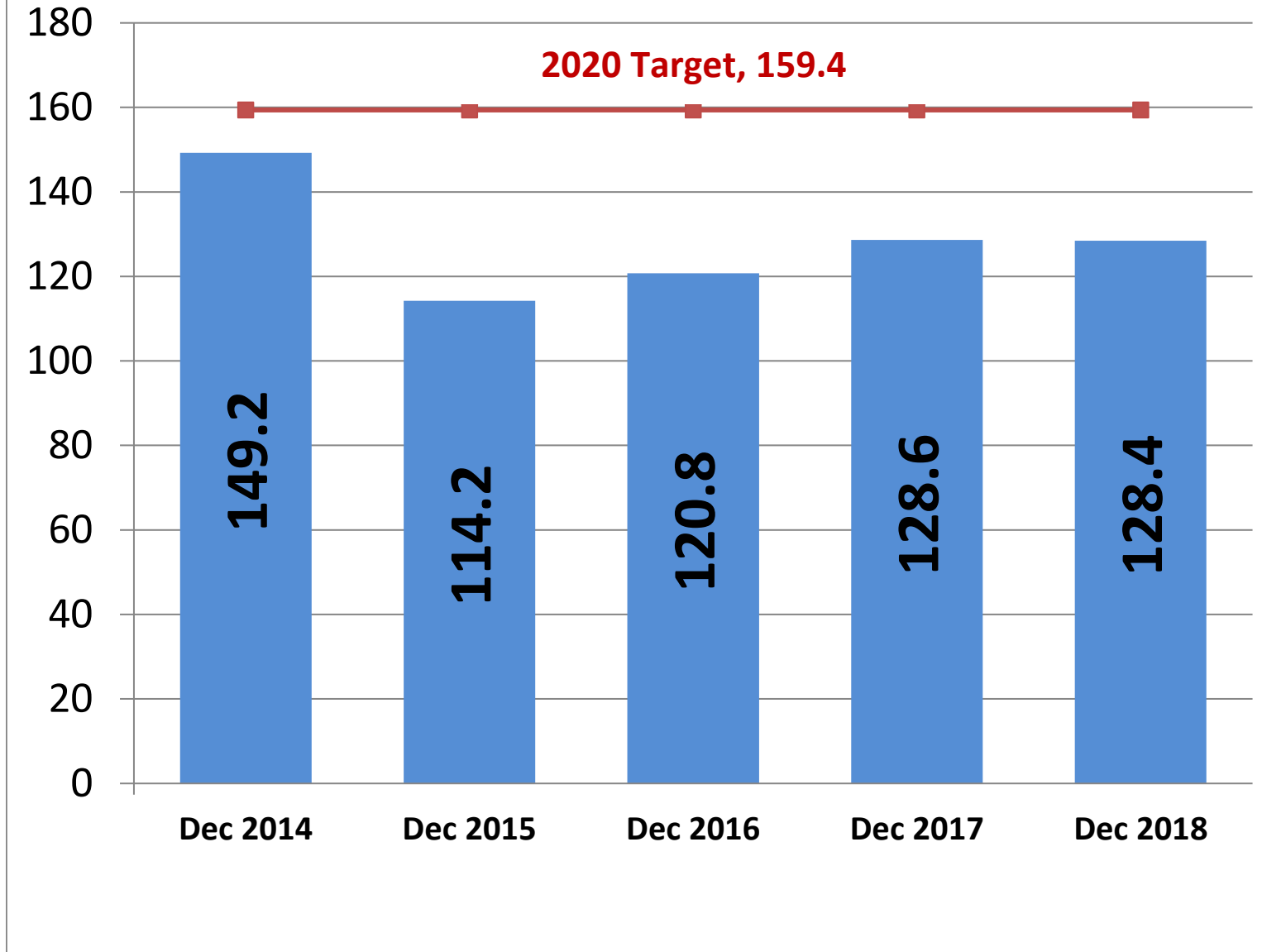
The following is a summary of the replacement reserves and capacity funds as of December 31, 2018.

Water:		
Revenues	Replacement	Capacity
FY 18/19 Operating Transfers	\$ 4,095,930	-
Capital Facility Fees	-	\$ 2,408,209
Property tax & Other	844,372	-
Total Revenue	4,940,302	2,408,209
Distributions		
Capital Projects	1,547,834	101,431
Debt Service	-	553,478
Total Distributions	1,547,834	654,909
Beginning Balance	32,797,105	(9,161,412)
Ending Balance	36,189,573	(7,408,112)
Less: Operating Reserves	5,748,700	-
Replacement Reserve Balance	\$ 30,440,873	\$ (7,408,112)
Replacement Reserve Floor	\$ 7,428,200	
Replacement Reserve Ceiling	\$ 32,224,700	

Wastewater:		
Revenues	Replacement	Capacity
FY 18/19 Operating Transfers	\$ 5,205,194	-
Capital Facility Fees	-	\$ 4,970,254
Property tax & Other	769,338	-
Total Revenue	5,974,532	4,970,254
Distributions		
Capital Projects	2,546,553	473,676
Debt Service	-	806,514
Total Distributions	2,546,553	1,280,190
Beginning Balance	51,677,556	(6,820,836)
Ending Balance	55,105,535	(3,130,772)
Less: Operating Reserves	6,468,600	-
Less: Rate Stabilization	555,035	-
Replacement Reserve Balance	\$ 48,081,900	\$ (3,130,772)
Replacement Reserve Floor	\$ 15,665,900	
Replacement Reserve Ceiling	\$ 48,081,900	

For More Information. This summary is based on detailed information produced by the District's accounting department. If you would like additional information, or have questions, please call 760-744-0460 x262.

Gallons per Capita per Day 12-Month Rolling Average



DATE: JANUARY 16, 2019
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the six months ended December 31, 2018 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 6-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 Six Months Ended December 31, 2018

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Water Sales	\$18,864,156	\$16,454,498	\$ 2,409,658	14.6%	\$18,887,000	\$ (22,844)	-0.1%
Ready-to-serve	6,785,326	6,983,050	(197,724)	-2.8%	6,650,000	135,326	2.0%
Pumping cost recovery	207,142	178,367	28,775	16.1%	203,000	4,142	2.0%
Late & lock charges	213,867	236,286	(22,419)	-9.5%	233,000	(19,133)	-8.2%
Backflow fees	46,619	45,586	1,033	2.3%	48,000	(1,381)	-2.9%
Other revenue	70,448	99,617	(29,169)	-29.3%	62,500	7,948	12.7%
Total Revenue	<u>26,187,558</u>	<u>23,997,404</u>	2,190,154	9.1%	<u>26,083,500</u>	104,058	0.4%
Expenses							
Water costs	16,099,530	16,326,308	(226,778)	-1.4%	17,172,000	(1,072,470)	-6.2%
Pumping costs	443,704	361,820	81,884	22.6%	498,000	(54,296)	-10.9%
Water quality	55,982	59,047	(3,065)	-5.2%	76,000	(20,018)	-26.3%
Water treatment	218,931	220,727	(1,796)	-0.8%	238,000	(19,069)	-8.0%
Tanks & reservoirs	180,263	169,410	10,853	6.4%	227,000	(46,737)	-20.6%
Trans & distribution	1,369,310	689,176	680,134	98.7%	860,000	509,310	59.2%
Services	41,268	86,316	(45,048)	-52.2%	70,000	(28,732)	-41.0%
Meters	309,069	313,817	(4,748)	-1.5%	336,000	(26,931)	-8.0%
Backflow prevention	22,362	17,686	4,676	26.4%	33,000	(10,638)	-32.2%
Customer accounts	315,354	243,112	72,242	29.7%	317,000	(1,646)	-0.5%
Building & grounds	193,218	196,529	(3,311)	-1.7%	189,000	4,218	2.2%
Equipment & vehicles	118,806	135,907	(17,101)	-12.6%	160,000	(41,194)	-25.7%
Engineering	769,827	661,330	108,497	16.4%	792,000	(22,173)	-2.8%
Safety & compliance	126,606	107,948	18,658	17.3%	134,000	(7,394)	-5.5%
Information Technology	381,403	427,391	(45,988)	-10.8%	489,000	(107,597)	-22.0%
General & administrative	1,445,995	1,434,995	11,000	0.8%	1,492,000	(46,005)	-3.1%
Total Expenses	<u>22,091,628</u>	<u>21,451,519</u>	640,109	3.0%	<u>23,083,000</u>	(991,372)	-4.3%
Net Operating Income	<u>\$ 4,095,930</u>	<u>\$ 2,545,885</u>	1,550,045	60.9%	<u>\$ 3,000,500</u>	1,095,430	36.5%

Explanation of Significant Variances

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

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

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

Vallecitos Water District
Sewer Revenue and Expense Report
For the Six Months Ended December 31, 2018

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Sewer service charges	\$9,244,695	\$9,057,493	\$ 187,202	2.1%	\$9,042,000	\$ 202,695	2.2%
Reclaimed water sales	987,000	1,027,500	(40,500)	-3.9%	987,000	-	0.0%
Other revenue	673,556	38,493	635,063	1649.8%	39,000	634,556	1627.1%
Total Revenue	10,905,251	10,123,486	781,765	7.7%	10,068,000	837,251	8.3%
Expenses							
Collection & conveyance	1,014,473	844,418	170,055	20.1%	1,154,000	(139,527)	-12.1%
Lift stations	90,895	97,137	(6,242)	-6.4%	146,000	(55,105)	-37.7%
Source Control	93,657	68,923	24,734	35.9%	95,000	(1,343)	-1.4%
Effluent disposal	1,264,777	1,465,016	(200,239)	-13.7%	1,388,000	(123,223)	-8.9%
Meadowlark	1,476,405	1,332,450	143,955	10.8%	1,698,000	(221,595)	-13.1%
Customer Accounts	225,062	162,461	62,601	38.5%	234,000	(8,938)	-3.8%
Building & grounds	130,442	130,620	(178)	-0.1%	131,000	(558)	-0.4%
Equipment & vehicles	97,572	100,241	(2,669)	-2.7%	120,000	(22,428)	-18.7%
Engineering	308,540	262,444	46,096	17.6%	341,000	(32,460)	-9.5%
Safety & compliance	83,229	69,747	13,482	19.3%	101,000	(17,771)	-17.6%
Information technology	311,023	376,295	(65,272)	-17.3%	422,000	(110,977)	-26.3%
General & administrative	603,982	617,424	(13,442)	-2.2%	726,000	(122,018)	-16.8%
Total Expenses	5,700,057	5,527,176	172,881	3.1%	6,556,000	(855,943)	-13.1%
Net Operating Income	\$5,205,194	\$4,596,310	608,884	13.2%	\$3,512,000	1,693,194	48.2%

Explanation of Significant Variances

Other revenues have a favorable prior year and budget variance from the litigation settlement related to illegal dumping in the Encina disposal system.

Collection & conveyance has an unfavorable prior year variance due to anticipated increases in labor and materials and supplies costs.

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

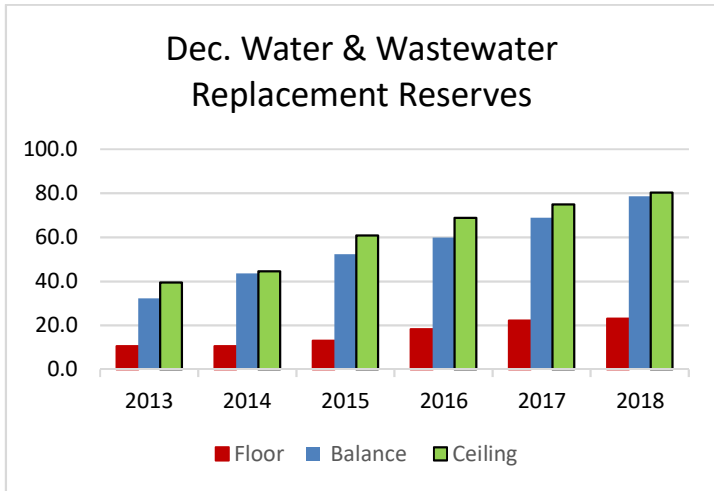
The **Customer Accounts** unfavorable prior year variance is due to anticipated increases in outside services.

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 \$50000 and 20%.

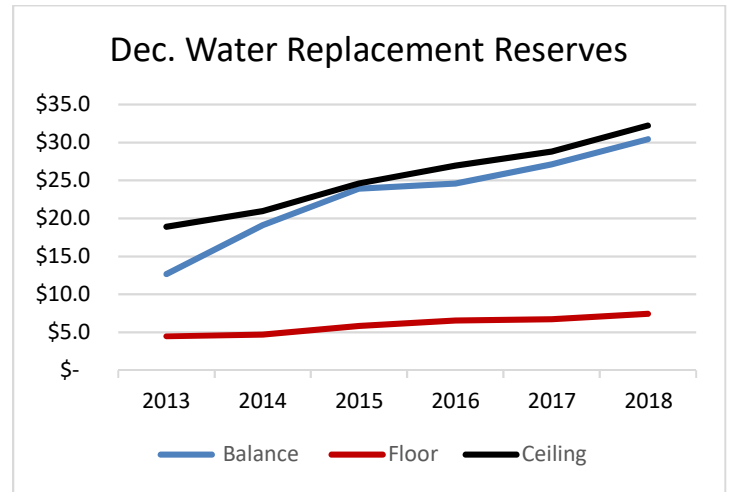
REPLACEMENT RESERVES

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 December 31, 2018, the total water and wastewater replacement reserve balance was \$78.5 million, 14 percent greater than December 31, 2017.



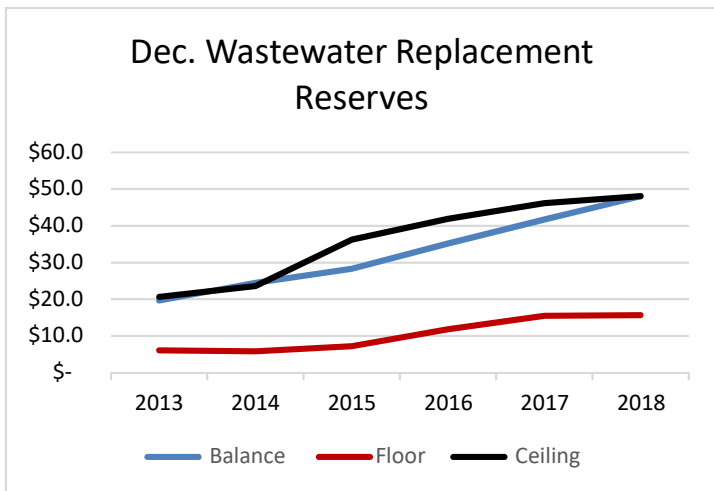
WASTEWATER REPLACEMENT RESERVE

As of December 31, 2018, the balance in the District’s wastewater replacement reserve exceeded the established ceiling of \$48.1 million. In accordance with the reserve policy of the District, \$555,035 was transferred to the rate stabilization account to keep the replacement reserve balance within the established range.



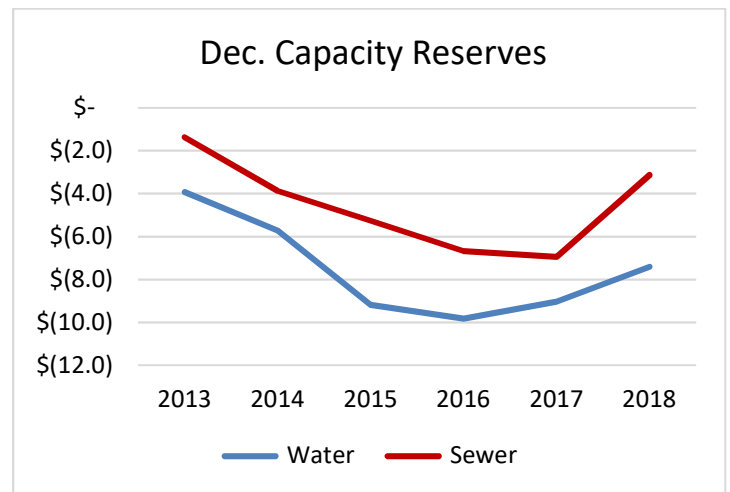
WATER REPLACEMENT RESERVE

As of December 31, 2018, the District’s water replacement reserve totaled \$30.4 million, an increase of 12 percent, or \$3.3 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.



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 December 31, 2018, the water capacity fund had a deficit of \$7.4 million and the sewer capacity fund had a deficit of \$3.1 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 SIX MONTHS ENDED DECEMBER 31, 2018

	110 Water	120	210 Wastewater	220	
	Replacement	Capacity	Replacement	Capacity	Total
BEGINNING BALANCE	\$ 32,797,105	\$ (9,161,412)	\$ 51,677,556	\$ (6,820,836)	\$ 68,492,413
REVENUES					
FY 18/19 Operating Transfers	4,095,930		5,205,194		9,301,124
Capital Facility Fees	-	2,408,209	-	4,970,254	7,378,463
Property Tax	511,130	-	400,533	-	911,663
Investment Earnings	320,046	-	355,609	-	675,655
RDA pass-through	13,196	-	13,196	-	26,391
TOTAL REVENUES	<u>4,940,302</u>	<u>2,408,209</u>	<u>5,974,532</u>	<u>4,970,254</u>	<u>18,293,296</u>
LESS DISTRIBUTIONS					
Capital Projects					
Encina Wastewater Authority Five Year Plan	-	-	1,591,364	114,889	1,706,253
Rock Springs Sewer Replacement	-	-	215,716	263,653	479,369
Stargaze Court Water Line Replacement	469,484	-	-	-	469,484
Expansion of the Men's Locker Room in Building B	212,448	-	204,118	-	416,566
Laurels Sewer Lining	-	-	142,258	-	142,258
Audiovisual Upgrade	64,140	-	61,625	-	125,765
South Lake - Facility Upgrades	86,808	-	-	-	86,808
Solar Panel Inverter Replacement	42,152	-	40,498	-	82,650
Fulton Road And Nctd Sewer Line Rehabilitation	-	-	79,236	-	79,236
District Wide Valve Replacement	72,252	-	-	-	72,252
South Vista Pressure Reducing Station Upgrade	62,298	-	-	-	62,298
Ultrasonic Algae Control System	-	-	58,748	-	58,748
Mountain Belle Tank Chorine System	43,422	-	-	-	43,422
Water & Sewer Master Plan	-	20,986	-	20,987	41,973
Montiel Gravity Outfall	-	-	16,769	20,496	37,265
Replace Roofs On Equipment Storages	14,881	-	14,298	-	29,179
Vulnerability assessment improvements	-	16,970	-	11,313	28,283
Palos Vista Pump Station Generator	26,233	-	-	-	26,233
North Vista Pressure Reducing Station Upgrade	25,564	-	-	-	25,564
MRF - Influent Pumps & Motors	-	-	24,231	-	24,231
Admin Emergency Generator - Auto Transfer Switch	11,882	-	11,881	-	23,763
Palos Vista Pump Station Motor Replacement	22,903	-	-	-	22,903
Encina Land Parallel Outfall	-	-	-	20,689	20,689
Sewer Rehabilitation And Repairs	-	-	18,210	-	18,210
Via Vera Cruz Tank Hill Stabilization	16,576	-	-	-	16,576
Coronado Hills Chlorine Injection System	15,759	-	-	-	15,759
Refurbish Pumps At North Twin Oaks Pump Station	15,355	-	-	-	15,355
All other capital projects	44,169	-	9,279	(16,474)	36,975
Capital Budget - Vehicles/Mobile Equipmnt	301,509	-	58,321	-	359,830
Debt Service	-	553,478	-	806,514	1,359,992
Interest Expense	-	63,476	-	38,123	101,599
TOTAL DISTRIBUTIONS	<u>1,547,834</u>	<u>654,909</u>	<u>2,546,553</u>	<u>1,280,190</u>	<u>6,029,486</u>
ENDING BALANCE	\$ 36,189,573	\$ (7,408,112)	\$ 55,105,535	\$ (3,130,772)	\$ 80,756,222
Less: Operating Reserves	5,748,700	-	6,468,600	-	12,217,300
Less: Rate Stabilization	-	-	555,035	-	555,035
Replacement Reserves/Restricted Funds	<u>\$ 30,440,873</u>	<u>\$ (7,408,112)</u>	<u>\$ 48,081,900</u>	<u>\$ (3,130,772)</u>	<u>\$ 67,983,887</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 DECEMBER 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 December follows:

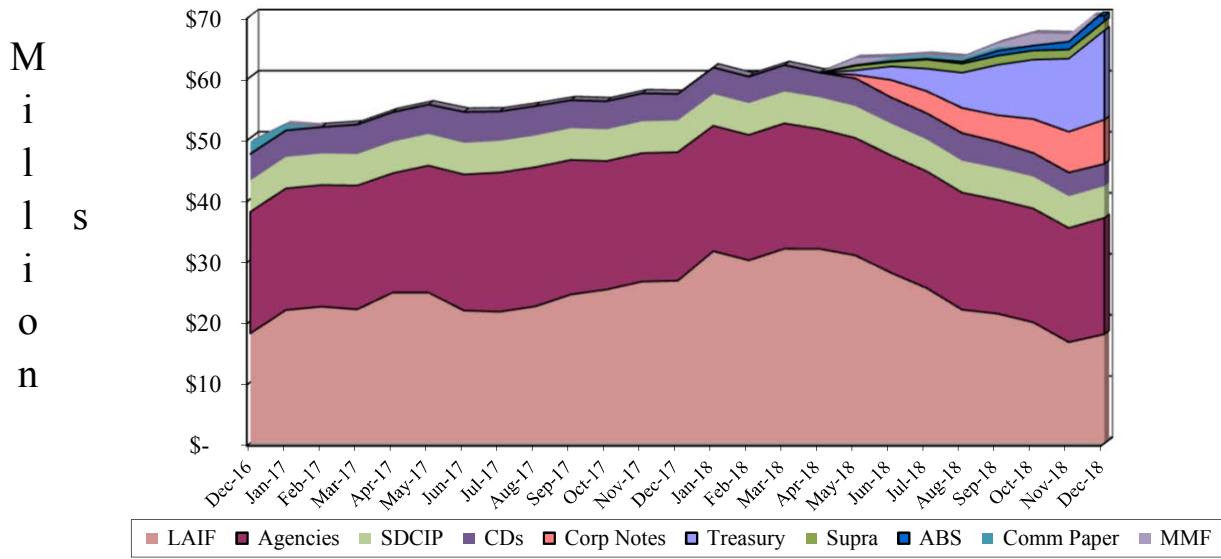
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
12/03/18	Deposit	LAIF	500,000	Open	2.29%
12/05/18	Deposit	LAIF	400,000	Open	2.29%
12/10/18	Deposit	LAIF	550,000	Open	2.29%
12/10/18	Maturity	Sallie Mae CD	(245,000)	12/10/18	1.60%
12/11/18	Deposit	LAIF	2,900,000	Open	2.29%
12/13/18	Deposit	LAIF	1,050,000	Open	2.29%
12/13/18	Purchase	Berkshire Hath Finance	495,015	05/15/22	3.00%
12/13/18	Purchase	Harot 2017-3 A3	381,981	09/20/21	1.79%
12/17/18	Withdrawal	LAIF	(1,900,000)	Open	2.29%
12/19/18	Deposit	LAIF	400,000	Open	2.29%
12/20/18	Withdrawal	LAIF	(3,000,000)	Open	2.29%
12/21/18	Deposit	LAIF	400,000	Open	2.29%
12/27/18	Purchase	Federal Farm CR BKS	1,002,780	12/17/21	2.80%
12/28/18	Full Call	FHLMC	(750,000)	06/28/19	0.75%
12/31/18	Purchase	US Treasury	977,617	07/31/22	1.88%
12/31/18	Purchase	United States Treas Bills	1,599,034	01/10/19	2.21%
Change in investments during the month			<u>\$ 4,761,427</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	2.280%
Weighted average days to maturity	424

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 November 30, 2018. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting

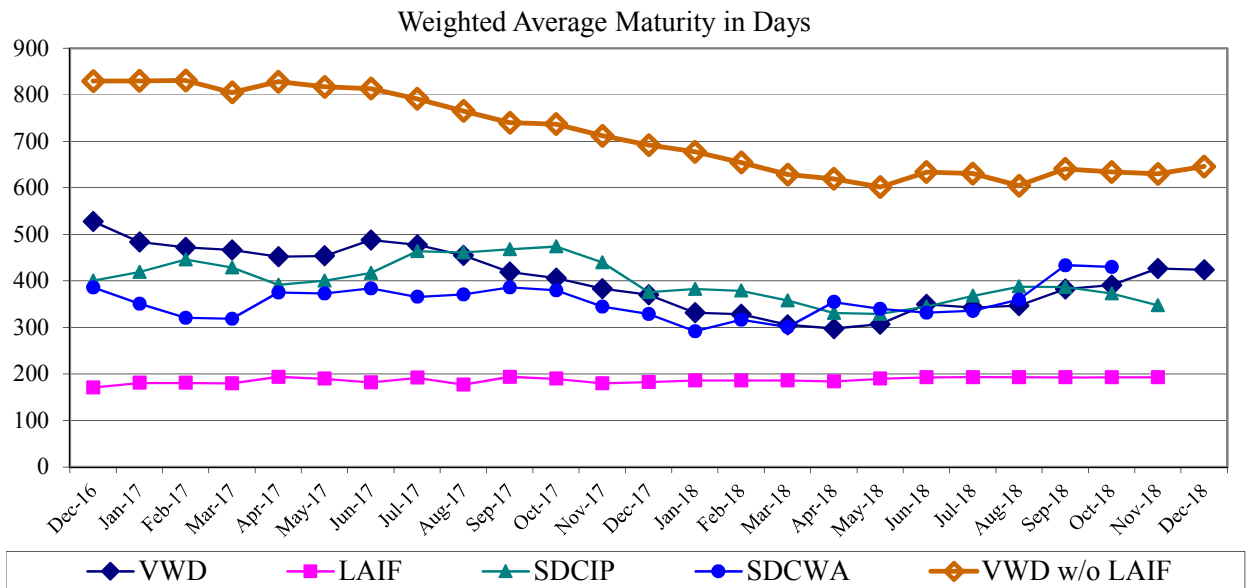
Safety

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.



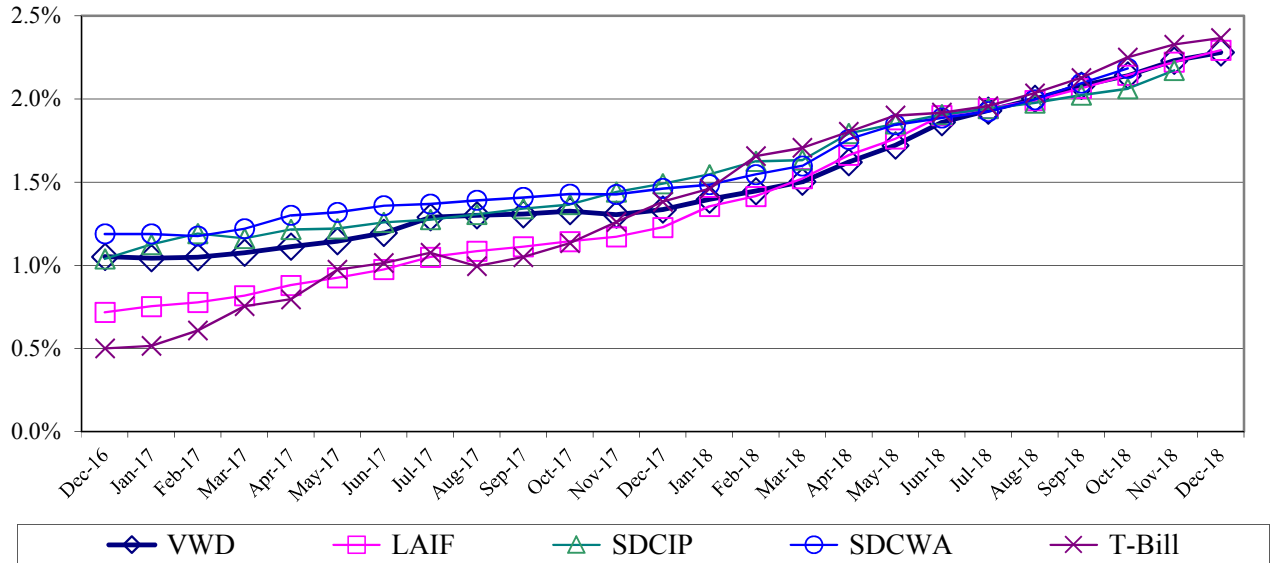
Liquidity

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 \$17.9 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	1.16
Average Coupon	2.04%
Average Purchase YTM	2.29%
Average Market YTM	2.54%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	1.28 yrs
Average Life	1.20 yrs

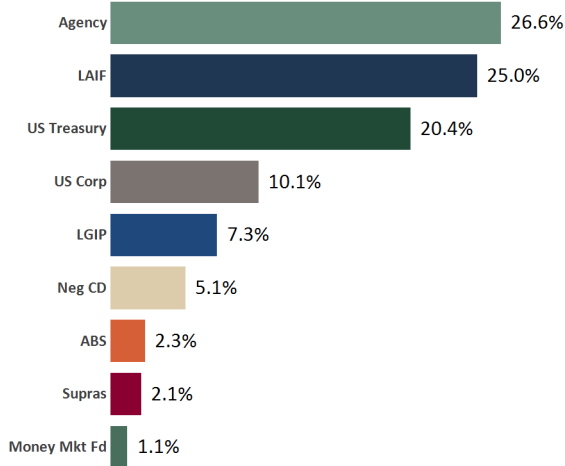
ACCOUNT SUMMARY

	Beg. Values as of 11/30/18	End Values as of 12/31/18
Market Value	67,004,253	71,611,721
Accrued Interest	250,647	311,864
Total Market Value	67,254,900	71,923,585
Income Earned	112,456	123,648
Cont/WD		
Par	67,810,127	72,197,916
Book Value	67,453,597	71,824,028
Cost Value	67,407,922	71,765,137

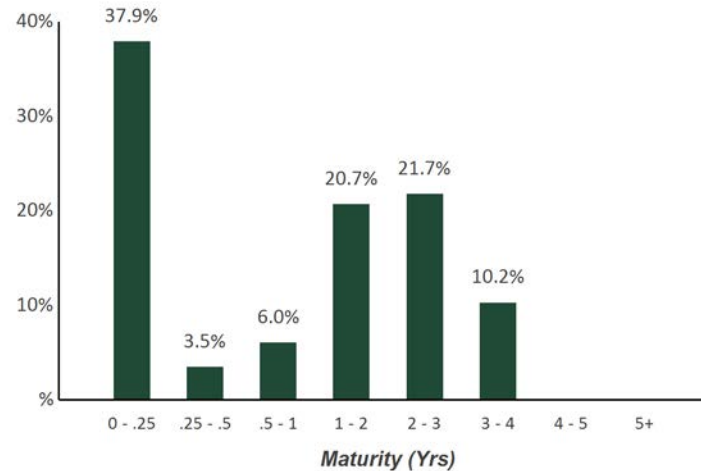
TOP ISSUERS

Local Agency Investment Fund	25.0%
Government of United States	20.4%
County of San Diego Pooled Inve	7.3%
Federal Home Loan Mortgage Corp	7.3%
Federal National Mortgage Assoc	7.2%
Federal Farm Credit Bank	6.6%
Federal Home Loan Bank	5.5%
Dreyfus Treasury and Agency	1.1%
Total	80.4%

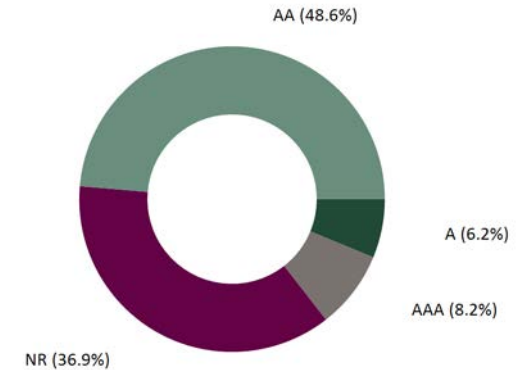
SECTOR ALLOCATION



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%	494,160.16 494,703.53	99.08 2.95%	495,387.50 391.11	0.69% 683.97	Aaa / AAA NR	2.54 0.78
43814PAC4	Honda Auto Receivables Owner T 17-3 A3 1.79% Due 9/20/2021	387,000.00	12/11/2018 2.73%	381,981.09 382,075.32	98.78 2.99%	382,260.80 250.15	0.53% 185.48	NR / AAA AAA	2.72 1.03
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	500,000.00	11/14/2018 3.14%	493,105.47 493,403.54	98.87 2.99%	494,351.00 404.44	0.69% 947.46	Aaa / NR AAA	2.79 0.97
43814UAG4	Honda Auto Receivables 2018-2 A3 3.01% Due 5/18/2022	105,000.00	05/22/2018 3.03%	104,997.71 104,998.05	100.10 2.97%	105,104.37 114.13	0.15% 106.32	NR / AAA AAA	3.38 1.81
43815HAC1	Honda Auto Receivables Owner 2018-3 A3 2.95% Due 8/22/2022	205,000.00	08/21/2018 2.98%	204,971.87 204,974.31	100.06 2.94%	205,128.94 167.99	0.29% 154.63	Aaa / NR AAA	3.64 1.95
Total ABS		1,697,000.00	2.91%	1,679,216.30 1,680,154.75	2.97%	1,682,232.61 1,327.82	2.34% 2,077.86	Aaa / AAA AAA	2.84 1.10

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	99.93 2.42%	499,635.00 2,721.11	0.70% (365.00)	Aaa / AA+ NR	0.06 0.06
3136G3YA7	FNMA Callable Note Qtrly 10/25/2016 1% Due 1/25/2019	500,000.00	07/25/2016 1.01%	499,900.00 499,997.37	99.91 2.36%	499,545.50 2,166.67	0.70% (451.87)	Aaa / AA+ AAA	0.07 0.07
3133EFYS0	FFCB Callable Note Cont 02/22/17 1.15% Due 2/22/2019	367,000.00	03/07/2017 1.40%	365,260.42 366,873.84	99.84 2.25%	366,416.10 1,512.35	0.51% (457.74)	Aaa / AA+ AAA	0.15 0.14
3133EGEF8	FFCB Callable Note Cont 6/13/2017 1.18% Due 6/13/2019	500,000.00	05/26/2017 1.43%	497,500.00 499,455.21	99.39 2.54%	496,969.50 295.00	0.69% (2,485.71)	Aaa / AA+ AAA	0.45 0.44
3130ABJS6	FHLB Callable Note Qtrly 9/28/2017 2% Due 6/28/2019	500,000.00	07/07/2017 2.00%	500,000.00 500,000.00	99.84 2.58%	499,179.50 79.86	0.69% (820.50)	Aaa / AA+ NR	0.49 0.49
3133EGLC7	FFCB Callable Note Cont 10/12/2016 1.08% Due 7/12/2019	500,000.00	07/12/2016 1.10%	499,675.00 499,943.01	99.23 2.55%	496,148.00 2,535.00	0.69% (3,795.01)	Aaa / AA+ AAA	0.53 0.52
3134GAEV2	FHLMC Callable Note Qtrly 2/28/2017 2.5% Due 8/28/2019	750,000.00	08/30/2016 2.45%	750,000.00 750,000.00	99.98 2.57%	749,812.50 1,708.33	1.04% (187.50)	Aaa / AA+ AAA	0.66 0.16
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	500,000.00	09/25/2015 1.32%	498,665.00 499,750.82	98.97 2.64%	494,833.50 1,545.14	0.69% (4,917.32)	Aaa / AA+ AAA	0.75 0.74

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of December 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									
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	98.80 2.67%	494,009.00 1,041.25	0.69% (5,991.00)	Aaa / AA+ NR	0.82 0.81
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	99.44 2.76%	745,785.75 4,031.25	1.04% (4,214.25)	Aaa / AA+ AAA	0.89 0.63
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	98.67 2.70%	493,365.00 18.75	0.69% (6,635.00)	Aaa / AA+ AAA	1.00 0.98
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	98.52 2.51%	492,616.00 1,643.06	0.69% (7,384.00)	Aaa / AA+ AAA	1.25 1.22
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	98.83 2.57%	741,225.75 2,191.88	1.03% (8,774.25)	Aaa / AA+ NR	1.33 1.30
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	98.55 2.55%	739,101.00 1,000.00	1.03% (10,899.00)	Aaa / AA+ AAA	1.41 1.38
3130A8M67	FHLB Callable Note Cont 7/13/2017 1.2% Due 7/13/2020	500,000.00	11/22/2016 1.60%	492,970.00 497,043.06	97.99 2.54%	489,968.50 2,800.00	0.69% (7,074.56)	Aaa / AA+ NR	1.53 1.50
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	98.00 2.65%	979,956.00 4,938.89	1.37% (20,044.00)	Aaa / AA+ AAA	1.65 1.60
3133EGC94	FFCB Callable Note Cont 2/2/2017 1.38% Due 11/2/2020	500,000.00	11/04/2016 1.40%	499,600.00 499,816.04	97.84 2.59%	489,196.50 1,130.83	0.68% (10,619.54)	Aaa / AA+ AAA	1.84 1.79
3133EGR49	FFCB Callable Note Cont 12/7/2017 1.77% Due 12/7/2020	250,000.00	12/07/2016 1.83%	249,437.50 249,728.18	98.46 2.59%	246,141.00 295.00	0.34% (3,587.18)	Aaa / AA+ AAA	1.94 1.88
3134GBT A0	FHLMC Callable Note Qtrly 9/22/2017 1.9% Due 12/22/2020	750,000.00	06/27/2017 1.90%	750,000.00 750,000.00	99.54 2.48%	746,564.25 354.17	1.04% (3,435.75)	Aaa / AA+ AAA	1.98 1.45
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	97.71 2.54%	488,559.00 2,975.00	0.68% (11,441.00)	Aaa / AA+ AAA	2.08 2.01
3133EFC54	FFCB Callable Note Cont 2/17/2017 1.62% Due 2/17/2021	150,000.00	11/18/2016 1.67%	149,667.00 149,833.07	98.06 2.56%	147,097.20 904.50	0.21% (2,735.87)	Aaa / AA+ AAA	2.13 2.06
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	99.53 2.60%	511,593.97 2,677.08	0.72% (2,406.03)	Aaa / AA+ AAA	2.16 0.64
3130A7ES0	FHLB Callable Note Qtrly 6/22/2016 1.75% Due 3/22/2021	275,000.00	04/06/2017 2.11%	274,381.25 274,652.97	99.24 2.58%	272,906.43 1,323.44	0.38% (1,746.54)	Aaa / AA+ NR	2.22 1.20
3133EFZ91	FFCB Callable Note Cont 4/12/2017 1.62% Due 4/12/2021	750,000.00	04/12/2016 1.62%	749,925.00 749,965.83	97.92 2.56%	734,375.25 2,666.25	1.02% (15,590.58)	Aaa / AA+ AAA	2.28 2.21

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of December 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									
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	98.70 2.57%	740,236.50 2,404.58	1.03% (9,763.50)	Aaa / AA+ AAA	2.34 2.26
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	97.15 2.65%	485,737.50 3,208.33	0.68% (14,262.50)	Aaa / AA+ AAA	2.57 2.48
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	97.57 2.55%	975,686.00 5,600.00	1.36% (24,314.00)	Aaa / AA+ AAA	2.65 2.56
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	97.54 2.56%	975,437.00 4,107.64	1.36% (24,563.00)	Aaa / AA+ NR	2.75 2.66
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	96.86 2.71%	968,584.00 2,712.50	1.35% (31,416.00)	Aaa / AA+ AAA	2.83 2.73
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	98.09 2.56%	980,936.00 1,822.92	1.37% (19,064.00)	Aaa / AA+ AAA	2.91 2.80
3133EJ3B3	FFCB Note 2.8% Due 12/17/2021	1,000,000.00	12/26/2018 2.70%	1,002,780.00 1,002,767.20	100.61 2.59%	1,006,063.00 1,088.89	1.40% 3,295.80	Aaa / AA+ AAA	2.96 2.82
Total Agency		19,306,000.00	1.64%	19,293,761.17 19,303,826.60	2.58%	19,047,680.20 63,499.67	26.57% (256,146.40)	Aaa / AA+ AAA	1.72 1.56
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	17,853,171.90	Various 2.30%	17,853,171.90 17,853,171.90	1.00 2.30%	17,853,171.90 108,032.38	24.97% 0.00	NR / NR NR	0.00 0.00
Total LAIF		17,853,171.90	2.30%	17,853,171.90	2.30%	17,853,171.90 108,032.38	24.97% 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,225,000.00	Various 2.25%	5,225,000.00 5,225,000.00	1.00 2.25%	5,225,000.00 0.00	7.26% 0.00	NR / NR AAA	0.00 0.00
Total Local Gov Investment Pool		5,225,000.00	2.25%	5,225,000.00	2.25%	5,225,000.00 0.00	7.26% 0.00	NR / NR AAA	0.00 0.00



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
261908206	Dreyfus Treasury Money Market Fund	825,743.75	Various 2.07%	825,743.75 825,743.75	1.00 2.07%	825,743.75 0.00	1.15% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		825,743.75	2.07%	825,743.75	2.07%	825,743.75 0.00	1.15% 0.00	Aaa / AAA NR	0.00 0.00
NEGOTIABLE CD									
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	99.81 2.36%	244,525.44 1,023.97	0.34% (474.56)	NR / NR NR	0.19 0.19
78012UEY7	Royal Bank of Canada Yankee CD 2.6% Due 4/8/2019	500,000.00	08/24/2018 2.55%	500,130.05 500,055.57	100.01 2.55%	500,055.57 6,319.44	0.70% 0.00	P-1 / A-1+ F-1+	0.27 0.27
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	99.74 2.50%	244,366.43 808.50	0.34% (633.57)	NR / NR NR	0.31 0.30
29266NK97	Enerbank USA Negotiable CD 1.5% Due 5/15/2019	233,000.00	06/18/2015 1.58%	232,301.00 232,934.36	99.62 2.52%	232,123.45 162.78	0.32% (810.91)	NR / NR NR	0.37 0.37
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 8,263.33	0.71% 0.00	P-1 / A-1+ F-1+	0.39 0.39
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	99.60 2.47%	244,011.67 1,364.62	0.34% (988.33)	NR / NR NR	0.71 0.70
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	98.73 2.79%	241,898.06 1,312.26	0.34% (3,101.94)	NR / NR NR	1.19 1.16
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%	244,510.00 244,804.85	97.74 2.93%	239,461.53 1,663.32	0.34% (5,343.32)	NR / NR NR	1.52 1.48
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	96.94 3.24%	237,512.80 674.59	0.33% (7,487.20)	NR / NR NR	1.82 1.77
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	97.66 3.06%	239,272.15 37.25	0.33% (5,727.85)	NR / NR NR	2.00 1.96



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									
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	99.82 2.20%	242,561.63 911.08	0.34% (438.37)	NR / NR NR	2.18 0.17
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	96.32 3.19%	235,977.63 22.15	0.33% (9,022.37)	NR / NR NR	2.50 2.44
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	95.75 3.34%	234,597.55 509.47	0.33% (10,402.45)	NR / NR NR	2.63 2.55
Total Negotiable CD		3,681,000.00	1.86%	3,679,941.05 3,680,794.78	2.73%	3,636,363.91 23,072.76	5.09% (44,430.87)	Aaa / AAA AAA	1.10 0.94
SUPRANATIONAL									
4581X0CD8	Inter-American Dev Bank Note 2.125% Due 11/9/2020	750,000.00	05/22/2018 2.81%	737,865.00 740,858.30	99.07 2.64%	743,000.25 2,302.08	1.04% 2,141.95	Aaa / AAA AAA	1.86 1.80
459058GH0	Intl. Bank Recon & Development Note 2.75% Due 7/23/2021	750,000.00	07/24/2018 2.86%	747,607.50 747,955.54	100.41 2.58%	753,050.25 8,937.50	1.06% 5,094.71	Aaa / AAA NR	2.56 2.43
Total Supranational		1,500,000.00	2.84%	1,485,472.50 1,488,813.84	2.61%	1,496,050.50 11,239.58	2.10% 7,236.66	Aaa / AAA AAA	2.21 2.12
US CORPORATE									
40428HPV8	HSBC USA Inc Note 2.75% Due 8/7/2020	250,000.00	10/10/2018 3.26%	247,772.50 248,043.82	98.91 3.45%	247,279.75 2,750.00	0.35% (764.07)	A2 / A AA-	1.60 1.53
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%	490,920.00 492,013.40	98.57 3.10%	492,849.50 1,852.78	0.69% 836.10	A3 / A A	1.84 1.78
459200JF9	IBM Corp Note 2.25% Due 2/19/2021	500,000.00	06/26/2018 3.07%	489,640.00 491,643.43	97.99 3.23%	489,926.00 4,125.00	0.69% (1,717.43)	A1 / A A	2.14 2.04
69371RN93	Paccar Financial Corp Note 2.8% Due 3/1/2021	300,000.00	07/23/2018 3.12%	297,585.00 297,991.74	99.09 3.23%	297,283.20 2,800.00	0.42% (708.54)	A1 / A+ NR	2.17 2.06
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%	493,125.00 494,026.40	98.77 3.06%	493,843.00 2,638.89	0.69% (183.40)	A1 / A AA-	2.29 2.19



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									
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	350,000.00	06/28/2018 3.08%	349,247.50 349,381.18	100.08 2.96%	350,283.15 1,458.33	0.49% 901.97	A2 / A+ NR	2.36 2.26
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	500,000.00	10/12/2018 3.30%	483,360.00 484,714.42	97.19 3.18%	485,962.00 1,137.50	0.68% 1,247.58	A1 / A AA-	2.38 2.30
808513AW5	Charles Schwab Corp Callable Note Cont 4/21/2021 3.25% Due 5/21/2021	320,000.00	Various 3.09%	321,372.10 321,092.75	100.49 3.03%	321,561.60 1,155.56	0.45% 468.85	A2 / A A	2.39 2.20
931142EJ8	Wal-Mart Stores Note 3.125% Due 6/23/2021	290,000.00	06/20/2018 3.13%	289,985.50 289,988.00	100.71 2.83%	292,060.45 201.39	0.41% 2,072.45	Aa2 / AA AA	2.48 2.37
02665WBG5	American Honda Finance Note 1.7% Due 9/9/2021	500,000.00	07/20/2018 3.19%	478,045.00 481,137.52	96.14 3.21%	480,680.00 2,644.44	0.67% (457.52)	A2 / A+ NR	2.69 2.58
89233P5F9	Toyota Motor Credit Corp Note 3.4% Due 9/15/2021	500,000.00	05/31/2018 3.03%	505,785.00 504,766.96	100.78 3.09%	503,919.50 5,005.56	0.71% (847.46)	Aa3 / AA- A+	2.71 2.54
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	500,000.00	Various 3.29%	489,627.50 490,942.49	98.09 3.32%	490,438.00 6,440.98	0.69% (504.49)	A2 / A A	3.02 2.83
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022	300,000.00	06/27/2018 3.15%	292,848.00 293,850.47	98.10 3.09%	294,294.90 2,776.67	0.41% 444.43	A2 / A NR	3.13 2.95
037833CQ1	Apple Inc Callable Note Cont 4/11/22 2.3% Due 5/11/2022	500,000.00	10/30/2018 3.30%	483,395.00 484,182.03	97.59 3.06%	487,965.00 1,597.22	0.68% 3,782.97	Aa1 / AA+ NR	3.36 3.19
68389XBB0	Oracle Corp Callable Note Cont 3/15/2022 2.5% Due 5/15/2022	500,000.00	Various 3.28%	486,304.00 487,796.80	97.85 3.18%	489,266.50 1,597.23	0.68% 1,469.70	A1 / AA- A	3.37 3.19
084664BT7	Berkshire Hathaway Note 3% Due 5/15/2022	500,000.00	12/11/2018 3.31%	495,015.00 495,090.83	99.77 3.07%	498,853.00 1,916.67	0.70% 3,762.17	Aa2 / AA A+	3.37 3.17
09247XAJ0	Blackrock Inc Note 3.375% Due 6/1/2022	500,000.00	11/28/2018 3.36%	500,215.00 500,209.62	100.75 3.14%	503,727.50 1,406.25	0.70% 3,517.88	Aa3 / AA- NR	3.42 3.20
Total US Corporate		7,310,000.00	3.20%	7,194,242.10 7,206,871.86	3.13%	7,220,193.05 41,504.47	10.10% 13,321.19	A1 / A+ A+	2.68 2.54
US TREASURY									
912796QS1	US Treasury Bill 2.174% Due 1/10/2019	1,600,000.00	12/31/2018 2.21%	1,599,033.78 1,599,130.40	99.95 2.21%	1,599,130.40 0.00	2.22% 0.00	P-1 / A-1+ F-1+	0.03 0.03



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									
912828WW6	US Treasury Note 1.625% Due 7/31/2019	600,000.00	08/29/2018 2.44%	595,593.75 597,224.72	99.46 2.55%	596,788.80 4,080.16	0.84% (435.92)	Aaa / AA+ AAA	0.58 0.57
9128283S7	US Treasury Note 2% Due 1/31/2020	750,000.00	08/24/2018 2.57%	744,082.03 745,521.84	99.35 2.61%	745,107.75 6,277.17	1.04% (414.09)	Aaa / AA+ AAA	1.08 1.06
9128283Y4	US Treasury Note 2.25% Due 2/29/2020	750,000.00	06/25/2018 2.51%	746,835.94 747,811.48	99.60 2.60%	746,982.75 5,733.77	1.05% (828.73)	Aaa / AA+ AAA	1.16 1.13
912828X21	US Treasury Note 1.5% Due 4/15/2020	750,000.00	07/23/2018 2.62%	735,937.50 739,525.55	98.67 2.56%	740,010.00 2,410.71	1.03% 484.45	Aaa / AA+ AAA	1.29 1.26
9128284J6	US Treasury Note 2.375% Due 4/30/2020	750,000.00	11/29/2018 2.80%	745,605.47 745,877.47	99.73 2.58%	748,008.00 3,050.76	1.04% 2,130.53	Aaa / AA+ AAA	1.33 1.30
912828XH8	US Treasury Note 1.625% Due 6/30/2020	750,000.00	05/31/2018 2.43%	737,753.91 741,213.71	98.65 2.55%	739,863.00 33.67	1.03% (1,350.71)	Aaa / AA+ AAA	1.50 1.47
912828Y46	US Treasury Note 2.625% Due 7/31/2020	750,000.00	10/31/2018 2.87%	746,894.53 747,195.84	100.12 2.55%	750,908.25 8,238.79	1.06% 3,712.41	Aaa / AA+ AAA	1.58 1.53
912828VV9	US Treasury Note 2.125% Due 8/31/2020	750,000.00	08/28/2018 2.66%	742,236.33 743,560.28	99.34 2.53%	745,019.25 5,415.23	1.04% 1,458.97	Aaa / AA+ AAA	1.67 1.61
912828L65	US Treasury Note 1.375% Due 9/30/2020	750,000.00	06/27/2018 2.53%	731,044.92 735,341.40	98.04 2.53%	735,264.00 2,634.79	1.03% (77.40)	Aaa / AA+ AAA	1.75 1.71
912828WC0	US Treasury Note 1.75% Due 10/31/2020	750,000.00	07/20/2018 2.64%	735,292.97 738,160.04	98.63 2.52%	739,746.00 2,247.93	1.03% 1,585.96	Aaa / AA+ AAA	1.84 1.78
912828A42	US Treasury Note 2% Due 11/30/2020	750,000.00	11/28/2018 2.85%	737,695.31 738,250.03	99.07 2.50%	743,056.50 1,318.68	1.03% 4,806.47	Aaa / AA+ AAA	1.92 1.86
912828N89	US Treasury Note 1.375% Due 1/31/2021	750,000.00	10/30/2018 2.86%	725,859.38 727,677.99	97.71 2.51%	732,802.50 4,315.56	1.02% 5,124.51	Aaa / AA+ AAA	2.09 2.02
912828U81	US Treasury Note 2% Due 12/31/2021	750,000.00	11/08/2018 3.05%	726,650.39 727,728.38	98.63 2.48%	739,746.00 41.44	1.03% 12,017.62	Aaa / AA+ AAA	3.00 2.89
912828W89	US Treasury Note 1.875% Due 3/31/2022	750,000.00	09/27/2018 2.92%	724,013.67 725,942.34	98.13 2.48%	735,937.50 3,592.89	1.03% 9,995.16	Aaa / AA+ AAA	3.25 3.11
912828XR6	US Treasury Note 1.75% Due 5/31/2022	750,000.00	09/24/2018 2.93%	719,208.98 721,454.16	97.63 2.48%	732,187.50 1,153.85	1.02% 10,733.34	Aaa / AA+ AAA	3.42 3.28
912828XW5	US Treasury Note 1.75% Due 6/30/2022	350,000.00	09/07/2018 2.80%	336,792.97 337,867.41	97.58 2.48%	341,523.35 16.92	0.47% 3,655.94	Aaa / AA+ AAA	3.50 3.37



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									
9128282P4	US Treasury Note 1.875% Due 7/31/2022	1,000,000.00	12/28/2018 2.53%	977,617.19 977,634.30	97.93 2.48%	979,258.00 7,846.47	1.37% 1,623.70	Aaa / AA+ AAA	3.58 3.41
912828L24	US Treasury Note 1.875% Due 8/31/2022	750,000.00	09/20/2018 2.94%	720,439.45 722,533.32	97.86 2.49%	733,945.50 4,778.14	1.03% 11,412.18	Aaa / AA+ AAA	3.67 3.49
Total US Treasury		14,800,000.00	2.66%	14,528,588.47 14,559,650.66	2.49%	14,625,285.05 63,186.93	20.42% 65,634.39	Aaa / AA+ AAA	1.89 1.82
TOTAL PORTFOLIO		72,197,915.65	2.28%	71,765,137.24 71,824,028.14	2.54%	71,611,720.97 311,863.61	100.00% (212,307.17)	Aa1 / AA+ AAA	1.28 1.16
TOTAL MARKET VALUE PLUS ACCRUED						71,923,584.58			

**VALLECITOS WATER DISTRICT
SUMMARY OF LEGAL FEES**

Matter Description	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
General Counsel Services	\$ 2,417	\$ 10,376	\$ 6,959	\$ 4,112	\$ 3,223	\$ 14,057	\$ 6,416	\$ 7,639
Fees and Taxes		208	3,274	1,765	182		1,040	
Labor/Employment		377	1,385	522	609		493	3,770
Engineering - Construction/Contracting		6,797	11,150	2,288	2,059	1,274	1,947	1,404
VWD v. Brian Thomas Boyd					658	1,730	3,375	494
Annual Public Policy & Ethics Program					4,600			
Total	\$ 2,417	\$ 17,758	\$ 22,767	\$ 8,687	\$ 11,331	\$ 17,061	\$ 13,271	\$ 13,308

DATE: JANUARY 16, 2019
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF AGREEMENT FOR PAYMENT OF CAPACITY FEES FOR SUNSHINE MOUNTAIN VINEYARD, INC; APN 182-190-91

BACKGROUND:

Zhanhong Bao, owner of the subject property, has requested approval to finance the Water Capital Facility Fees due for a new 2-inch irrigation meter for the Sunshine Mountain Vineyard.

The 11.57-acre Sunshine Mountain Vineyard property is located at 2284 Sunshine Mountain Road, north of Buena Creek Road and west of Twin Oaks Valley Road.

DISCUSSION:

A "Payment Agreement" is entered between the District and the property owner to allow payment of required fees over time.

The Sunshine Mountain Vineyard property currently has a 3/4-inch meter on the property that was intended to serve a single-family residence. The property was converted into a winery and a vineyard was planted. Over time, the property's water usage has increased to the point where the existing meter cannot accommodate the demand. An additional 2-inch water meter is needed to serve the vineyard while the existing 3/4-inch meter will serve the winery's domestic water use. The required \$61,648.00 in Water Capital Facility Fees for the new 2-inch meter were not anticipated by the property owner and would cause financial hardship if required to be paid immediately.

The owner is requesting a Payment Agreement for the \$61,648.00 in Water Capital Facility Fees plus \$9,861.71 in interest at the rate of 6.0%. Payments of \$1,191.83 will be made monthly for a period of 60 months.

The Payment Agreement will not include \$28,147.00 in San Diego County Water Authority Capacity Fees which are due and payable at the current rate prior to installation of the new meter.

FISCAL IMPACT:

Payment of \$61,648.00 in Water Capital Facility Fees will be collected in accordance with Ordinance No. 176 in regular monthly payments along with the \$9,861.71 in total interest.

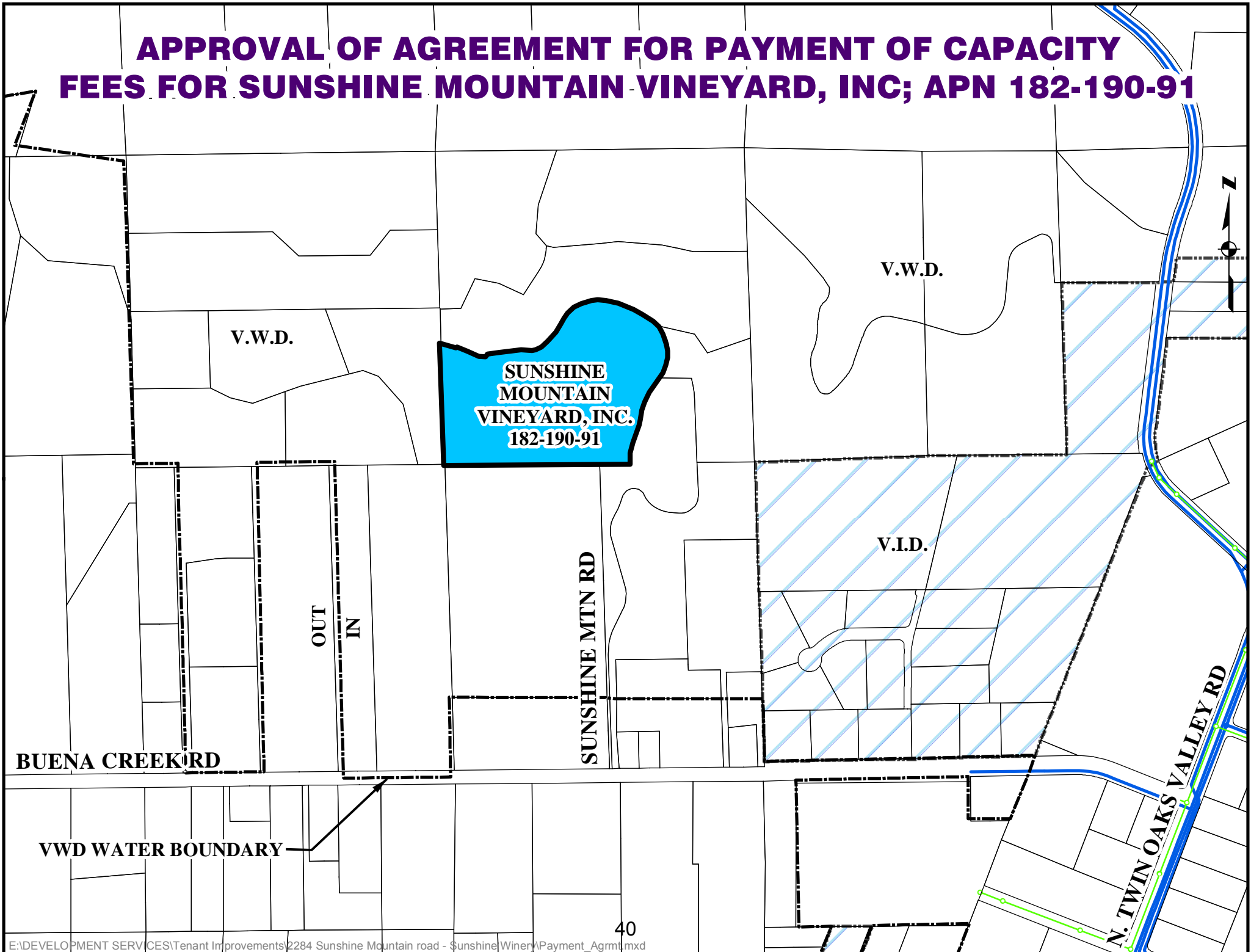
RECOMMENDATION:

Approve the Agreement for Payment of Capacity Fees with the Sunshine Mountain Vineyard.

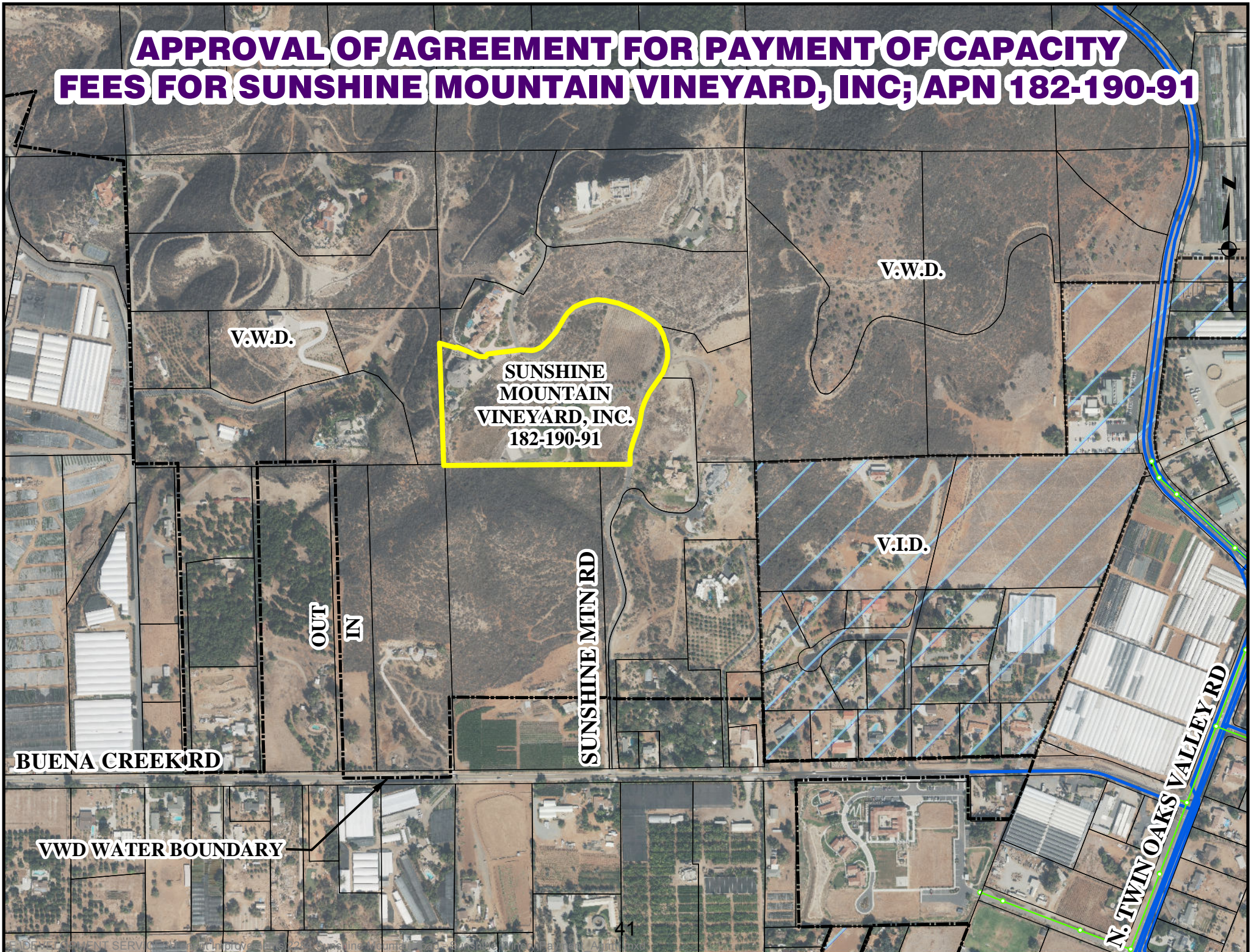
ATTACHMENTS:

2 Map Exhibits – 1 Plat & 1 Aerial
Payment Agreement

APPROVAL OF AGREEMENT FOR PAYMENT OF CAPACITY FEES FOR SUNSHINE MOUNTAIN VINEYARD, INC; APN 182-190-91



APPROVAL OF AGREEMENT FOR PAYMENT OF CAPACITY FEES FOR SUNSHINE MOUNTAIN VINEYARD, INC; APN 182-190-91



**Recording Requested By, and
When Recorded, Return to:**

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069
Attn: District Engineer

Space Above this Line for Recordors Use
No Recording Fee Pursuant to Cal. Gov't Code §§ 6103, 27383

**AGREEMENT FOR PAYMENT OF CAPACITY FEES
BETWEEN VALLECITOS WATER DISTRICT
AND SUNSHINE MOUNTAIN VINEYARD, INC.**

This Agreement for Payment of Capacity Fees (“Agreement”) is made and entered into as of _____, 2018 (the “Effective Date”), by and between the VALLECITOS WATER DISTRICT, (hereinafter referred to as the “District”), a County Water District formed under Division 12 of the California Water Code, and SUNSHINE MOUNTAIN VINEYARD, INC. (the “Owner”), as legal owner of that certain property located within the service area of the District and more particularly described in Exhibit A hereto (the “Property”). The District and Owner are sometimes referred to individually as “Party” and collectively as “Parties.”

RECITALS

A. The District provides water service to properties within its service area in San Diego County, including the Property.

B. The District requires property owners to pay for their share of capacity in the water system based on the demand of a particular project on the District’s water system through the analysis of land designation, size of property to be served, and type of use, all as set forth in Ordinance No. 175 adopted on April 18, 2012, in order to ensure all property owners pay for the demand they place on the water system.

C. More specifically, Ordinance No. 175 assigns equivalent dwelling units (“EDU”) to properties based on estimated water usage, with each EDU equal to projected 500 gallons of water usage per day and requires a connection to be maintained at a size corresponding to the number of assigned EDUs to the property as set forth in Exhibit A to the Ordinance.

D. Upon connecting to the District’s water system, or upon request to increase capacity available to serve the respective property, a property owner is required to pay the capacity fee corresponding to the meter size connection to the water system.

E. Owner previously connected to the District’s water system with a 3/4” water meter and paid the then-applicable capacity fee. As a result of a change in the use of the Property,

additional capacity is required to serve the Property, which will require that the Owner install an additional 2” meter.

F. Consequently, Owner is responsible for paying the capacity fee for a 2” meter (the “Capacity Fee”).

G. Owner has requested, and the District has agreed, to finance the Capacity Fee over a period of 5 years. This Agreement serves a public purpose in encouraging the orderly development of property within the District’s service area, while ensuring payment of fees necessary for the ongoing functioning of the water system.

H. Therefore, to maintain connection to the water system as needed for the Property prior to payment in full of the Capacity Fees, the Parties enter into this Agreement to establish the terms for payment of the Capacity Fees, and to record such obligation as a covenant against the Property and running with the land, which lien shall be released upon satisfaction of the obligations set forth herein.

AGREEMENT

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

1. Mutual Agreement.

1.1 Total Amount of the Capacity Fee Due Under this Agreement:

(i) The total amount of Capacity Fee due under this Agreement is \$71,509.71 broken down as follows:

- \$61,648.00 for the Capacity Fee, which equals the District portion of the current capacity fee for a 2” meter;
- \$9,861.71, which represents the total interest to be accrued on the Capacity Fee at a rate of 6%.

1.2 Upon payment of One Thousand One Hundred Ninety One Dollars and 83 Cents (\$1,191.83) as partial payment of the Capacity Fee (the “Initial Payment”), and upon completion of all other requirements of the District for the Property, the District agrees to continue to provide water service to the Property, and Owner agrees to fulfill the terms of this Agreement.

2. Term.

The term of this Agreement shall be five (5) years, commencing on the Effective Date hereof. This Agreement shall terminate automatically upon the five (5) year anniversary of the Effective Date, upon termination by the District pursuant to Section 5 hereof, or upon payment in full of the Capacity Fee due hereunder, whichever date comes first (the “Termination Date”).

3. Terms of Payment:

This Agreement is applicable only to the Property and the Owner, as identified above.

3.1 Owner shall be required to pay, as of the Effective Date hereof, the Initial Payment of One Thousand One Hundred Ninety-One Dollars and 83 Cents. (\$1,191.83).

3.2 Owner shall pay an additional (59) monthly payments, each of One Thousand One Hundred Ninety-One Dollars and 83 Cents (\$1,191.83), with the final monthly payment to be paid prior to the Termination Date, pursuant to the schedule shown in Exhibit "B" ;

3.3 Owner agrees and acknowledges that Owner shall not be billed separately for installments of the Capacity Fee due hereunder, and that it shall be Owner's sole responsibility to remit each monthly installment of the Capacity Fee on the first business day of each month for the duration of this Agreement.

3.4 Unpaid balances may be paid in advance without any pre-payment penalty.

4. Covenant; Recordation:

4.1 To obtain a connection to the water system prior to payment in full of all Capacity Fees, Owner covenants to make payments in accordance with the terms and conditions of this Agreement.

4.2 Owner agrees that this Agreement and the conditions and obligations herein shall be binding on and shall inure to the benefit of the District, and its successors, heirs, personal representatives, or assigns, and are intended to run with the land.

4.3 Owner agrees that this Agreement shall be recorded against the Property.

5. Events of Default:

The following events shall each constitute an Event of Default hereunder:

5.1 Failure to make any installment due hereunder, provided the District shall provide a grace period of five (5) business days from the due date of each installment.

5.2 Owner's sale of the Property or rental, either on a short-term or long-term basis, of such Property.

5.3 Failure to comply with any other provision hereunder.

6. Remedies:

If an Event of Default occurs, Owner agrees and acknowledges that such a default shall be treated in the same way as a violation of any of the District's ordinances, rules, or regulations, as they exist on the date of such Event of Default, and all remedies existing thereunder shall be

available to the District in the enforcement of this Agreement. In addition, upon occurrence of an Event of Default, the District shall have the following additional remedies:

6.1 The District may terminate this Agreement and declare all Capacity Fees immediately due and payable on the date thereof.

6.2 If Owner fails to pay such Capacity Fees, the District may initiate proceedings for termination of water service in accordance with the District's ordinances, rules, or regulations, or whatever policy for termination of water service exists at such time. Water service shall not be resumed until all delinquent charges, including the Capacity Fees due hereunder, as well as costs of disconnection and reconnection, have been paid in full to the District.

6.3 The District may exercise any and all other remedies available to the District under law.

7. Laws, Venue, and Attorneys' Fees:

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this agreement, the action shall be brought in a state or federal court situated in the County of San Diego, State of California. In the event of any such litigation between the Parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorney's fees, as determined by the court.

8. Release and Termination of Covenant:

Upon satisfaction of the conditions and covenants set forth herein, including the obligation to pay the amounts set forth in Section 3 of this Agreement, the Parties agree that the encumbrance on title to the Property created by this Agreement shall be released and terminated, and that the District shall provide any and all assistance deemed necessary to terminate and release such covenant from title.

9. Incorporation of Recitals and Exhibits:

Each of the exhibits attached hereto (if any) is incorporated herein by this reference. The Parties hereby affirm the facts set forth in the Recitals, above, and agree to the incorporation of the Recitals as though fully set forth herein.

10. Entire Agreement:

This Agreement memorializes and constitutes a final expression and a complete and exclusive statement of the Agreement and understanding between the parties and supersedes and replaces all prior negotiations, proposed agreement and agreements, whether written or unwritten. Each of the Parties to this Agreement acknowledges that no other party, nor any agent or attorney of any party, has made any promise, representation or warning whatsoever, express or implied, which is not expressly contained in this Agreement.

11. Time is of the Essence:

Time is of the essence in this Agreement, and the Parties agree to execute all documents and proceed with diligence to complete all covenants and conditions.

12. Counterparts:

This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

13. No Third Party Beneficiaries:

There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

14. Invalidity; Severability:

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

15. Authority to Enter Agreement:

Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority make this Agreement and bind each respective Party.

16. Waiver:

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

17. Amendment; Modification:

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

18. Recording:

The District may record this Agreement in the San Diego County Records.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for Payment of Fees as of the Effective Date first above written.

DISTRICT:

Date: _____

By: _____

Name: _____

Its: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO)

On _____, 2018 before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (seal)

OWNER:

[Handwritten Signature]

Date: 12.22.2018

By: Sunshine Mountain Vineyard, Inc.
Name: Fang Zhang
Its: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO)

On 12/22/2018, 2018 before me, HAMID EMADIAN NAEINI Notary Public, personally appeared FANG ZHANG, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: [Handwritten Signature] (seal)



EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[INSERT LEGAL DESCRIPTION]

PARCEL 1:

PARCEL "B" AS SHOWN ON THAT CERTAIN CORRECTED CERTIFICATE OF COMPLIANCE, AS EVIDENCED BY DOCUMENT RECORDED JUNE 1, 2011 AS INSTRUMENT NO. 2011-0280787 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 26, TOWNSHIP 11 SOUTH, RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 26 AS SHOWN ON RECORD OF SURVEY MAP NO. 18397; THENCE ALONG THE EASTERLY LINE OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER, NORTH 01° 53' 33" WEST 528.86 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID EASTERLY LINE, NORTH 01° 53' 33" WEST 370.63 FEET; THENCE LEAVING SAID EASTERLY LINE, SOUTH 89° 35' 20" WEST 230.29 FEET; THENCE NORTH 78° 30' 24" WEST 135.88 FEET; THENCE NORTH 85° 21' 00" WEST 190.19 FEET; THENCE SOUTH 83° 24' 26" WEST 72.38 FEET; THENCE SOUTH 85° 28' 33" WEST 202.86 FEET; THENCE NORTH 79° 40' 02" WEST 31.05 FEET TO THE BEGINNING OF A NON-TANGENT 200.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY, A RADIAL LINE TO SAID POINT BEARS SOUTH 89° 40' 21" EAST; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 50' 10" A DISTANCE OF 114.62 FEET; THENCE SOUTH 33° 09' 49" WEST 118.16 FEET; THENCE NORTH 65° 39' 44" WEST 116.42 FEET; THENCE NORTH 79° 04' 18" WEST 102.61 FEET; THENCE SOUTH 25° 22' 29" WEST 140.00 FEET; THENCE SOUTH 88° 12' 33" WEST 90.16 FEET TO THE WESTERLY LINE OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE ALONG SAID WESTERLY LINE, SOUTH 01° 47' 26" EAST 142.91 FEET TO POINT 'A' HEREIN DESCRIBED; THENCE CONTINUING ALONG SAID WESTERLY LINE SOUTH 01° 47' 26" EAST 519.71 FEET TO THE SOUTHWEST CORNER OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE ALONG THE SOUTHERLY LINE OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER NORTH 89° 33' 22" EAST 795.90 FEET; THENCE LEAVING SAID SOUTHERLY LINE NORTH 4° 41' 13" EAST 42.95 FEET TO A TANGENT 250.00 RADIUS CURVE CONCAVE EASTERLY; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 19° 58' 01" AN ARC DISTANCE OF 87.12 FEET TO A POINT OF REVERSE CURVATURE WITH A 250.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 17° 41' 45" AN ARC DISTANCE OF 77.21 FEET TO A POINT OF REVERSE CURVATURE WITH A 250.00 RADIUS CURVE CONCAVE SOUTHEASTERLY; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 30° 23' 48" AN ARC DISTANCE OF 132.63 FEET; THENCE NORTH 37° 21' 18" EAST 50.00 FEET TO A TANGENT 175.00 FOOT RADIUS CURVE CONCAVE WESTERLY; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 55° 56' 19" AN ARC DISTANCE OF 170.85 FEET TO A POINT OF COMPOUND CURVATURE WITH A 229.81 FOOT RADIUS CURVE CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16° 16' 00" AN ARC DISTANCE OF 65.25 FEET TO POINT (B' HEREIN DESCRIBED; THENCE NON-TANGENT TO SAID CURVE SOUTH 77° 17' 47" EAST 150.11 FEET; THENCE SOUTH 34° 27' 56" EAST 97.47 FEET; THENCE NORTH 70° 35' 45" EAST 193.14 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION LYING NORTHERLY OF THE FOLLOWING DESCRIBED

LINE:

BEGINNING AT SAID POINT 'A' HEREIN ABOVE DESCRIBED; THENCE SOUTH $73^{\circ} 22' 56''$ EAST 74.81 FEET; THENCE NORTH $51^{\circ} 20' 46''$ EAST 7.16 FEET; THENCE SOUTH $66^{\circ} 04' 35''$ EAST 102.01 FEET; THENCE SOUTH $79^{\circ} 31' 05''$ EAST 26.15 FEET; THENCE NORTH $24^{\circ} 42' 13''$ EAST 18.30 FEET; THENCE NORTH $84^{\circ} 30' 12''$ EAST 46.14 FEET; THENCE NORTH $80^{\circ} 38' 24''$ EAST 75.42 FEET; THENCE NORTH $87^{\circ} 49' 43''$ EAST 26.66 FEET TO A NON-TANGENT 100.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY, A RADIAL LINE TO SAID POINT BEARS SOUTH $1^{\circ} 53' 37''$ WEST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $56^{\circ} 30' 29''$ A DISTANCE OF 98.63 FEET TO THE BEGINNING OF A TANGENT 275.00 FOOT RADIUS COMPOUND CURVE CONCAVE NORTHWESTERLY; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $25^{\circ} 07' 28''$ A DISTANCE OF 120.59 FEET TO THE BEGINNING OF A TANGENT 180.00 FOOT RADIUS REVERSE CURVE CONCAVE SOUTHEASTERLY; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $74^{\circ} 00' 00''$ A DISTANCE OF 232.48 FEET TO THE BEGINNING OF A TANGENT 450.00 FOOT RADIUS COMPOUND CURVE CONCAVE SOUTHWESTERLY; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $32^{\circ} 06' 38''$ A DISTANCE OF 252.20 FEET TO POINT 'B' HEREIN DESCRIBED, THE POINT OF ENDING.

EXHIBIT "B"

Payment #	Month	Payment	Principal	Interest	Balance
0					\$ 61,648.00
1	1/1/2019	\$ 1,191.83	\$ 883.59	\$ 308.24	60,764.41
2	2/1/2019	1,191.83	888.01	303.82	59,876.40
3	3/1/2019	1,191.83	892.45	299.38	58,983.96
4	4/1/2019	1,191.83	896.91	294.92	58,087.05
5	5/1/2019	1,191.83	901.39	290.44	57,185.66
6	6/1/2019	1,191.83	905.90	285.93	56,279.76
7	7/1/2019	1,191.83	910.43	281.40	55,369.33
8	8/1/2019	1,191.83	914.98	276.85	54,454.34
9	9/1/2019	1,191.83	919.56	272.27	53,534.79
10	10/1/2019	1,191.83	924.15	267.67	52,610.63
11	11/1/2019	1,191.83	928.78	263.05	51,681.86
12	12/1/2019	1,191.83	933.42	258.41	50,748.44
13	1/1/2020	1,191.83	938.09	253.74	49,810.35
14	2/1/2020	1,191.83	942.78	249.05	48,867.58
15	3/1/2020	1,191.83	947.49	244.34	47,920.08
16	4/1/2020	1,191.83	952.23	239.60	46,967.86
17	5/1/2020	1,191.83	956.99	234.84	46,010.87
18	6/1/2020	1,191.83	961.77	230.05	45,049.09
19	7/1/2020	1,191.83	966.58	225.25	44,082.51
20	8/1/2020	1,191.83	971.42	220.41	43,111.09
21	9/1/2020	1,191.83	976.27	215.56	42,134.82
22	10/1/2020	1,191.83	981.15	210.67	41,153.67
23	11/1/2020	1,191.83	986.06	205.77	40,167.61
24	12/1/2020	1,191.83	990.99	200.84	39,176.62
25	1/1/2021	1,191.83	995.95	195.88	38,180.67
26	2/1/2021	1,191.83	1,000.93	190.90	37,179.74
27	3/1/2021	1,191.83	1,005.93	185.90	36,173.82
28	4/1/2021	1,191.83	1,010.96	180.87	35,162.86
29	5/1/2021	1,191.83	1,016.01	175.81	34,146.84
30	6/1/2021	1,191.83	1,021.09	170.73	33,125.75
31	7/1/2021	1,191.83	1,026.20	165.63	32,099.55
32	8/1/2021	1,191.83	1,031.33	160.50	31,068.22
33	9/1/2021	1,191.83	1,036.49	155.34	30,031.73
34	10/1/2021	1,191.83	1,041.67	150.16	28,990.06
35	11/1/2021	1,191.83	1,046.88	144.95	27,943.18
36	12/1/2021	1,191.83	1,052.11	139.72	26,891.07
37	1/1/2022	1,191.83	1,057.37	134.46	25,833.69
38	2/1/2022	1,191.83	1,062.66	129.17	24,771.03
39	3/1/2022	1,191.83	1,067.97	123.86	23,703.06
40	4/1/2022	1,191.83	1,073.31	118.52	22,629.75
41	5/1/2022	1,191.83	1,078.68	113.15	21,551.07
42	6/1/2022	1,191.83	1,084.07	107.76	20,467.00
43	7/1/2022	1,191.83	1,089.49	102.33	19,377.50
44	8/1/2022	1,191.83	1,094.94	96.89	18,282.56
45	9/1/2022	1,191.83	1,100.42	91.41	17,182.14
46	10/1/2022	1,191.83	1,105.92	85.91	16,076.23
47	11/1/2022	1,191.83	1,111.45	80.38	14,964.78
48	12/1/2022	1,191.83	1,117.00	74.82	13,847.77
49	1/1/2023	1,191.83	1,122.59	69.24	12,725.19
50	2/1/2023	1,191.83	1,128.20	63.63	11,596.98
51	3/1/2023	1,191.83	1,133.84	57.98	10,463.14
52	4/1/2023	1,191.83	1,139.51	52.32	9,323.63
53	5/1/2023	1,191.83	1,145.21	46.62	8,178.42
54	6/1/2023	1,191.83	1,150.94	40.89	7,027.48
55	7/1/2023	1,191.83	1,156.69	35.14	5,870.79
56	8/1/2023	1,191.83	1,162.47	29.35	4,708.31
57	9/1/2023	1,191.83	1,168.29	23.54	3,540.03
58	10/1/2023	1,191.83	1,174.13	17.70	2,365.90
59	11/1/2023	1,191.83	1,180.00	11.83	1,185.90
60	12/1/2023	\$ 1,191.83	\$ 1,185.90	\$ 5.93	\$ 0.00

\$ 71,509.71 \$ 61,648.00 \$ 9,861.71

DATE: JANUARY 16, 2019
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF “EXCHANGE AGREEMENT FOR TEMPORARY DELIVERY OF WATER” AND “TEMPORARY WATER SERVICE AGREEMENT BETWEEN VALLECITOS WATER DISTRICT AND VISTA IRRIGATION DISTRICT” FOR SUNSHINE MOUNTAIN VINEYARD, INC; APN 182-190-91

BACKGROUND:

Zhanhong Bao, owner of the subject property, has requested approval of an “Exchange Agreement for Temporary Delivery of Water” and a “Temporary Water Service Agreement between Vallecitos Water District and Vista Irrigation District” to provide water for Sunshine Mountain Vineyard, a commercial vineyard and winery.

The 11.57-acre Sunshine Winery property is located at 2284 Sunshine Mountain Road, north of Buena Creek Road and west of Twin Oaks Valley Road.

DISCUSSION:

An “Exchange Agreement for Temporary Delivery of Water” is entered into between Vallecitos Water District and the property owner in which the District agrees to provide water service to the property through another District’s facilities.

A “Temporary Water Service Agreement between Vallecitos Water District and Vista Irrigation District” is an agreement in which one District provides the water service to a property located in the other District’s service boundary.

The property is within the Vallecitos Water District’s water service boundary, but the District does not have water facilities available to serve the property. Vista Irrigation District has water facilities which front the property and has been providing service to the property through an existing 3/4-inch meter which has an existing “Exchange Agreement for Temporary Delivery of Water” and an existing “Temporary Water Service Agreement between Vallecitos Water District and Vista Irrigation District.”

The property was converted to a winery and a vineyard was planted. Over time, the property’s water usage has increased to the point where the existing meter cannot accommodate the demand. An additional 2-inch water meter is needed to serve the vineyard while the existing 3/4-inch meter will serve the winery’s domestic water use. The new 2-inch meter will require a separate “Exchange Agreement for Temporary Delivery of Water” and a “Temporary Service Agreement between Vallecitos Water District and Vista Irrigation District.”

FISCAL IMPACT:

Payment of \$61,648.00 in Water Capital Facility Fees will be collected in accordance with Ordinance No. 176 in regular monthly payments per a Payment Agreement under a separate agenda item. All other fees will cover actual costs and have no fiscal impact.

RECOMMENDATION:

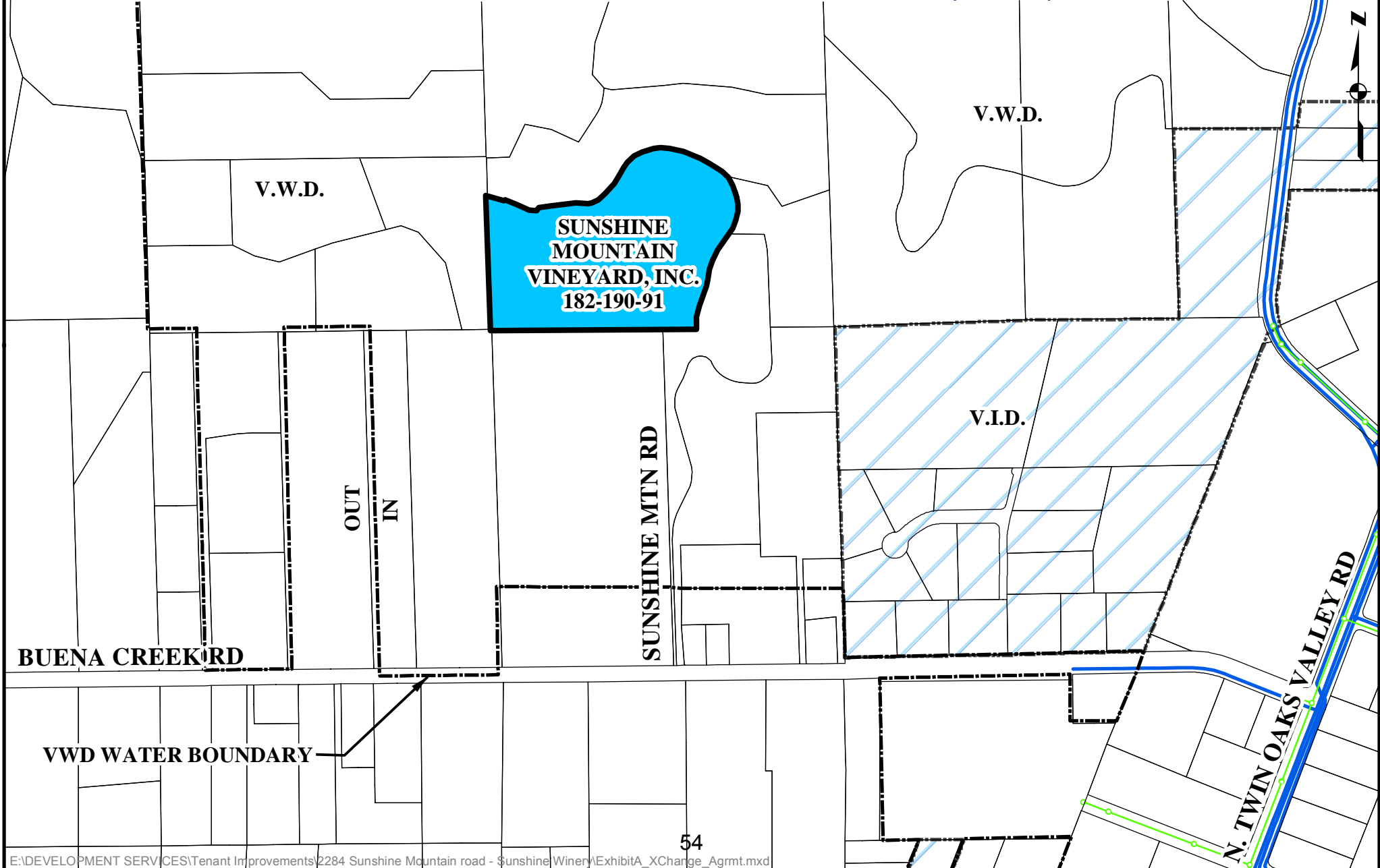
Approve the “Exchange Agreement for Temporary Delivery of Water” and the “Agreement for Temporary Delivery of Water and the Temporary Service Agreement between Vallecitos Water District and Vista Irrigation District” for the Sunshine Mountain Vineyard with the following conditions:

1. Payment of \$500.00 for staff time to prepare the Temporary Water Service Agreement per Ordinance No. 187.
2. Payment of \$500.00 for staff time to prepare the Exchange Agreement for Temporary Delivery of Water per Ordinance No. 187.
3. Payment of \$61,648.00 in Water Capital Facility Fees per separate Payment Agreement.
4. Payment of Vista Irrigation District meter installation costs to be determined by Vista Irrigation District.
5. Installation of meter to be performed by Vista Irrigation District.

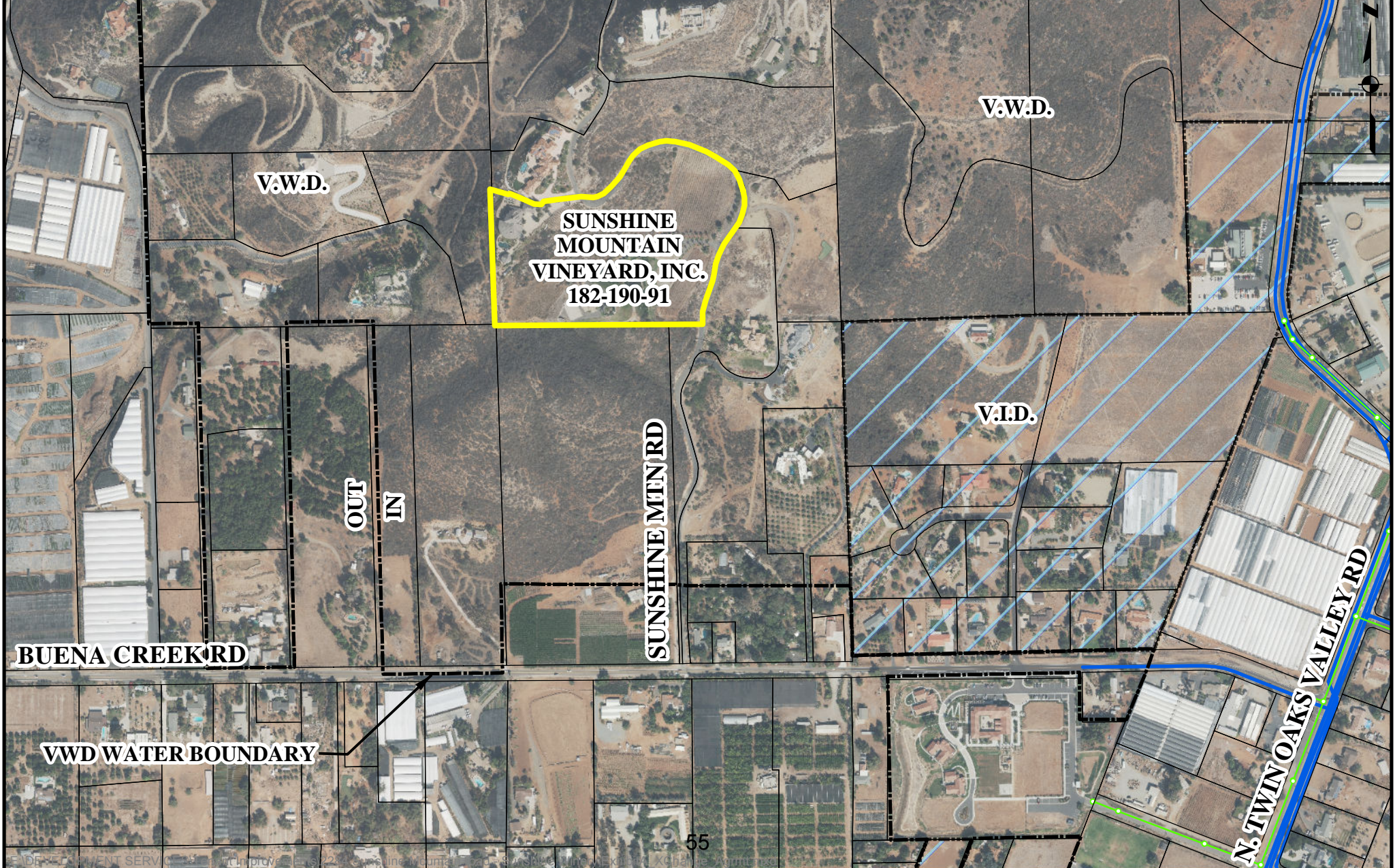
ATTACHMENTS:

- 2 Map Exhibits – 1 Plat & 1 Aerial
- Exchange Agreement for Temporary Delivery of Water
- Temporary Water Service Agreement between Vallecitos Water District and Vista Irrigation District

APPROVAL OF "EXCHANGE AGREEMENT FOR TEMPORARY DELIVERY OF WATER" AND "TEMPORARY WATER SERVICE AGREEMENT BETWEEN VALLECITOS WATER DISTRICT AND VISTA IRRIGATION DISTRICT" FOR SUNSHINE MOUNTAIN VINEYARD, INC; APN 182-190-91



APPROVAL OF "EXCHANGE AGREEMENT FOR TEMPORARY DELIVERY OF WATER" AND "TEMPORARY WATER SERVICE AGREEMENT BETWEEN VALLECITOS WATER DISTRICT AND VISTA IRRIGATION DISTRICT" FOR SUNSHINE MOUNTAIN VINEYARD, INC; APN 182-190-91



Recording requested by &
when recorded, mail to the:

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069

APN: 182-190-91

(Space above for Recorder's use)
Document Transfer Tax: None

**EXCHANGE AGREEMENT FOR
TEMPORARY DELIVERY OF WATER**

This Agreement is made between VALLECITOS WATER DISTRICT ("VALLECITOS"), a County Water District organized and operating pursuant to the County Water District Law, California Water Code § 30000 et seq., and Zhanhong Bao (Sunshine Mountain Vineyard, Inc) ("PROPERTY OWNER").

RECITALS

1. PROPERTY OWNER is the owner of the real property (APN: 182-190-91) situated in the County of San Diego, State of California, described in Exhibit "A" attached hereto ("the PROPERTY").
2. The PROPERTY lies within the boundaries of VALLECITOS.
3. PROPERTY OWNER desires to obtain water service for the PROPERTY and VALLECITOS has no water facilities at present to provide such service.
4. The PROPERTY lies adjacent to water distribution facilities of the Vista Irrigation District ("VISTA"), and a surplus capacity exists at present in the facilities of VISTA which can be utilized for the delivery of water to the PROPERTY.
5. VISTA has agreed to provide water service to the PROPERTY, under a separate agreement (temporary water service agreement between Vallecitos Water District and Vista Irrigation District) hereto as Exhibit "B," as an alternative to and substitute for VALLECITOS pursuant Government Code § 56133(e).

COVENANTS

6. PROPERTY OWNER agrees to reimburse VISTA for the cost of backflow devices which may be installed by VISTA. PROPERTY OWNER shall be responsible for payment of any

backflow service charges. VISTA shall bill VALLECITOS for service charges and VALLECITOS shall bill PROPERTY OWNER.

7. PROPERTY OWNER agrees to pay VALLECITOS the current Water Capital Facility Fee over a 5-year period per a separate financing agreement.

8. PROPERTY OWNER agrees to pay VALLECITOS the current San Diego County Water Authority Fee.

9. PROPERTY OWNER agrees to pay VALLECITOS the current installation deposit as determined by VISTA prior to installation of a water meter.

10. VALLECITOS shall charge PROPERTY OWNER for water delivered at its regularly established rates, or the VISTA rate, whichever is greater, and PROPERTY OWNER shall further pay such charges as may from time to time be established by VALLECITOS.

11. Should VALLECITOS or others hereafter install or provide a VALLECITOS water main capable of servicing PROPERTY OWNER's property, as determined by VALLECITOS, the temporary service connections permitted by this Agreement shall, upon sixty (60) days' written notice to PROPERTY OWNER by VALLECITOS at the address stated below, be terminated.

12. Thereafter, any future water service shall be provided by a connection to the new VALLECITOS water main. The amount of such fee shall include the expense by VALLECITOS in moving meters to new mains, together with such other reasonable charges as the Board of Directors may determine, including a pro-rata share of the cost of installation of such new water mains.

13. PROPERTY OWNER, being the owner of real property described in Exhibit "A", in consideration of the Agreement, consents on behalf of PROPERTY OWNER, his heirs, successors and assigns to participate in any future SPECIAL ASSESSMENT IMPROVEMENT DISTRICT which VALLECITOS may establish under the IMPROVEMENT ACT OF 1911, Division 7, § 5000 et seq., of the California Streets and Highways Code; under the MUNICIPAL IMPROVEMENT ACT OF 1913, Division 12, § 10000 et seq., of the California Streets and Highways Code; under the IMPROVEMENT BOND ACT OF 1915, Division 10, § 8500 et seq., of the California Streets and Highways Code; under the MELLO ROOS COMMUNITY FACILITY ACT, Division 2, § 53311 et seq., of the California Government Code; or any combination of said Acts. PROPERTY OWNER further consents that VALLECITOS may, under the provisions of said Acts or a combination of said Acts, conduct all proceedings for the formation of SPECIAL ASSESSMENT IMPROVEMENT DISTRICT for the construction of improvement designed to provide water service to the area in which PROPERTY OWNER's real property is located. PROPERTY OWNER, for himself, his heirs,

successors and assigns, hereby waives and requests the VALLECITOS WATER DISTRICT to dispense with any and all proceedings and any and all limitations under the SPECIAL ASSESSMENT INVESTIGATION, LIMITATION AND MAJORITY PROTEST ACT OF 1931, Division 4 § 2800 et seq., of the California Streets and Highways Code. This consent is given to VALLECITOS as a part of this Agreement for Temporary Delivery of Water pursuant to the provision of the California Streets and Highways Code, § 2804, as amended, a part of the SPECIAL ASSESSMENT INVESTIGATION, LIMITATION AND MAJORITY PROTEST ACT OF 1931.

14. PROPERTY OWNER understands that in entering into this Agreement for Temporary Delivery of Water, VALLECITOS does so in material reliance on the provisions of this Agreement including, but not limited to, the consent to participate in assessment district proceedings and waiver of all proceedings and all limitations under the SPECIAL ASSESSMENT INVESTIGATION, LIMITATION AND MAJORITY PROTEST ACT OF 1931.

15. Should VISTA determine that its facilities are required for the delivery of water solely to lands lying within its boundaries and no capacity exists for the continued delivery of water to PROPERTY OWNER's real property, VISTA may, at VISTA's sole discretion and upon one hundred eighty (180) day's written notice to VALLECITOS, terminate this Agreement. VALLECITOS agrees to notify PROPERTY OWNER at the address below promptly upon receipt of a notice of termination from VISTA.

16. In the event of termination, the meter and service laterals installed by VISTA shall be removed at PROPERTY OWNER's expense.

17. PROPERTY OWNER acknowledges and accepts the following special risks:

17.1 Water service may be terminated pursuant to this Agreement rendering the property uninhabitable.

17.2 VISTA's water service may be inadequate for peak demand and fire fighting purposes and the real property may be without water service from time to time. VISTA makes no guarantee of any kind as to the pressures or volumes of water available at the meter.

17.3 The PROPERTY will not be transferred to different ownership unless and until that ownership executes a new Agreement with terms effective as of the date of transfer.

18. The parties agree that this Agreement shall be binding upon PROPERTY OWNER, his heirs, successors and assigns in interest to the PROPERTY.

19 PROPERTY OWNER has been advised to consult independent legal counsel before executing this Agreement and has had adequate opportunity for such consultation.

20. The failure of VALLECITOS to enforce this or any term, covenant or condition of this Agreement on the date it is to be performed, shall not be construed as a waiver of VALLECITOS' right to enforce any other term, covenant or condition of this Agreement at any later date.

21. PROPERTY OWNER shall not assign or delegate this Agreement as to all or any portion of the rights or obligations contained in this Agreement without obtaining the written consent of VALLECITOS and any purported assignment or delegation without such written consent shall be void.

22. This Agreement is executed in triplicate and is to be performed in the North County Judicial District, County of San Diego, State of California.

23. The effective date of this Agreement is the ____ day of _____, 201__.

IN WITNESS WHEREOF, this Agreement is executed by the duly authorized officers of VALLECITOS and PROPERTY OWNER.

"DISTRICT" VALLECITOS WATER DISTRICT	
Accepted By: _____ Glenn Pruum, Secretary Board of Directors Vallecitos Water District	Date: _____, 201__

"OWNER"	
By: _____	Date: _____, 201__
Title: _____	
By: _____	Date: _____, 201__
Title: _____	

* If property is owned by husband and wife jointly, both signatures are required. All signatures must be notarized.

Exhibit "A"

PARCEL 1:

PARCEL "B" AS SHOWN ON THAT CERTAIN CORRECTED CERTIFICATE OF COMPLIANCE, AS EVIDENCED BY DOCUMENT RECORDED JUNE 1, 2011 AS INSTRUMENT NO. 2011-0280787 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 26, TOWNSHIP 11 SOUTH, RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 26 AS SHOWN ON RECORD OF SURVEY MAP NO. 18397; THENCE ALONG THE EASTERLY LINE OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER, NORTH 01° 53' 33" WEST 528.86 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID EASTERLY LINE, NORTH 01° 53' 33" WEST 370.63 FEET; THENCE LEAVING SAID EASTERLY LINE, SOUTH 89° 35' 20" WEST 230.29 FEET; THENCE NORTH 78° 30' 24" WEST 135.88 FEET; THENCE NORTH 85° 21' 00" WEST 190.19 FEET; THENCE SOUTH 83° 24' 26" WEST 72.38 FEET; THENCE SOUTH 85° 28' 33" WEST 202.86 FEET; THENCE NORTH 79° 40' 02" WEST 31.05 FEET TO THE BEGINNING OF A NON-TANGENT 200.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY, A RADIAL LINE TO SAID POINT BEARS SOUTH 89° 40' 21" EAST; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 50' 10" A DISTANCE OF 114.62 FEET; THENCE SOUTH 33° 09' 49" WEST 118.16 FEET; THENCE NORTH 65° 39' 44" WEST 116.42 FEET; THENCE NORTH 79° 04' 18" WEST 102.61 FEET; THENCE SOUTH 25° 22' 29" WEST 140.00 FEET; THENCE SOUTH 88° 12' 33" WEST 90.16 FEET TO THE WESTERLY LINE OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE ALONG SAID WESTERLY LINE, SOUTH 01° 47' 26" EAST 142.91 FEET TO POINT 'A' HEREIN DESCRIBED; THENCE CONTINUING ALONG SAID WESTERLY LINE SOUTH 01° 47' 26" EAST 519.71 FEET TO THE SOUTHWEST CORNER OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE ALONG THE SOUTHERLY LINE OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER NORTH 89° 33' 22" EAST 795.90 FEET; THENCE LEAVING SAID SOUTHERLY LINE NORTH 4° 41' 13" EAST 42.95 FEET TO A TANGENT 250.00 RADIUS CURVE CONCAVE EASTERLY; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 19° 58' 01" AN ARC DISTANCE OF 87.12 FEET TO A POINT OF REVERSE CURVATURE WITH A 250.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 17° 41' 45" AN ARC DISTANCE OF 77.21 FEET TO A POINT OF REVERSE CURVATURE WITH A 250.00 RADIUS CURVE CONCAVE SOUTHEASTERLY; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 30° 23' 48" AN ARC DISTANCE OF 132.63 FEET; THENCE NORTH 37° 21' 18" EAST 50.00 FEET TO A TANGENT 175.00 FOOT RADIUS CURVE CONCAVE WESTERLY; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 55° 56' 19" AN ARC DISTANCE OF 170.85 FEET TO A POINT OF COMPOUND CURVATURE WITH A 229.81 FOOT RADIUS CURVE CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16° 16' 00" AN ARC DISTANCE OF 65.25 FEET TO POINT (B' HEREIN DESCRIBED; THENCE NON-TANGENT TO SAID CURVE SOUTH 77° 17' 47" EAST 150.11 FEET; THENCE SOUTH 34° 27' 56" EAST 97.47 FEET; THENCE NORTH 70° 35' 45" EAST 193.14 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION LYING NORTHERLY OF THE FOLLOWING DESCRIBED

LINE:

BEGINNING AT SAID POINT 'A' HEREIN ABOVE DESCRIBED; THENCE SOUTH 73° 22' 56" EAST 74.81 FEET; THENCE NORTH 51° 20' 46" EAST 7.16 FEET; THENCE SOUTH 66° 04' 35" EAST 102.01 FEET; THENCE SOUTH 79° 31' 05" EAST 26.15 FEET; THENCE NORTH 24° 42' 13" EAST 18.30 FEET; THENCE NORTH 84° 30' 12" EAST 46.14 FEET; THENCE NORTH 80° 38' 24" EAST 75.42 FEET; THENCE NORTH 87° 49' 43" EAST 26.66 FEET TO A NON-TANGENT 100.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY, A RADIAL LINE TO SAID POINT BEARS SOUTH 11° 53' 37" WEST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 56° 30' 29" A DISTANCE OF 98.63 FEET TO THE BEGINNING OF A TANGENT 275.00 FOOT RADIUS COMPOUND CURVE CONCAVE NORTHWESTERLY; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 25° 07' 28" A DISTANCE OF 120.59 FEET TO THE BEGINNING OF A TANGENT 180.00 FOOT RADIUS REVERSE CURVE CONCAVE SOUTHEASTERLY; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 74° 00' 00" A DISTANCE OF 232.48 FEET TO THE BEGINNING OF A TANGENT 450.00 FOOT RADIUS COMPOUND CURVE CONCAVE SOUTHWESTERLY; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 06' 38" A DISTANCE OF 252.20 FEET TO POINT 'B' HEREIN DESCRIBED, THE POINT OF ENDING.

**TEMPORARY WATER SERVICE AGREEMENT
BETWEEN VALLECITOS WATER DISTRICT
AND VISTA IRRIGATION DISTRICT**

APN: 182-190-91

This Agreement is made between VALLECITOS WATER DISTRICT ("VALLECITOS"), a County Water District organized and operating pursuant to the County Water District Law, California Water Code § 30000 et seq. and VISTA IRRIGATION DISTRICT ("VISTA"), an Irrigation District organized and operating pursuant to California Water Code § 20500 et seq.

RECITALS

1. Certain real property, more specifically described in the attached Exhibit "A" (the "PROPERTY"), lies within the boundaries of VALLECITOS.
2. The owner of the PROPERTY ("Property Owner") desires to obtain water service, and VALLECITOS has no water facilities at present to provide such service.
3. The PROPERTY lies adjacent to water distribution facilities of VISTA, and a surplus capacity exists at present in the facilities of VISTA which can be utilized for the delivery of water to the PROPERTY.
4. VISTA has agreed to provide water service to the PROPERTY as an alternative to and substitute for VALLECITOS pursuant to California Government Code § 56133(e), and the Local Agency Formation Commission does not need to approve this agreement.

COVENANTS

5. VISTA shall install, at the location approved by VISTA, a meter for the delivery of water to the PROPERTY and shall thereafter deliver water to the PROPERTY under the terms of this agreement and VISTA's rules and regulations.
6. The Property Owner and VALLECITOS will enter into a separate agreement (exchange agreement for temporary delivery of water) providing for payment of all applicable fees, including reimbursement for the cost of backflow devices which may be installed by VISTA and payment of any backflow service charges. VISTA shall bill VALLECITOS for service charges, and VALLECITOS shall bill the Property Owner.
7. VISTA shall periodically read the meter installed under this agreement and shall bill VALLECITOS for service charges and VALLECITOS shall bill property owner.

8. VALLECITOS shall charge the Property Owner for water delivered at its regularly established rates, or the VISTA rate, whichever is greater, and the Property Owner shall further pay such charges as may from time to time be established by VALLECITOS.

9. Should VALLECITOS or others hereafter install or provide a VALLECITOS water main capable of servicing the PROPERTY, as determined by VALLECITOS, the temporary service connections permitted by this agreement shall be terminated upon sixty (60) days' written notice from VALLECITOS.

10. Thereafter, any future water service shall be provided by a connection to the new VALLECITOS main. The fees associated with moving the water meter and service to a new main, together with such other reasonable charges as the Board of Directors may determine, including a pro rata share of the cost of installation of such new water mains shall be paid by the Property Owner.

11. Should VISTA determine that its facilities are required for the delivery of water solely to lands lying within its boundaries and no capacity exists for the continued delivery of water to the PROPERTY, VISTA may, at VISTA's sole discretion and upon one hundred eighty (180) days' written notice to VALLECITOS, terminate this Agreement. VALLECITOS shall provide notice to Property Owner.

12. In the event of termination, the meter and service laterals installed by VISTA shall be removed at Property Owner's expense, which VALLECITOS agrees to require as part of its agreement with Property Owner.

13. VALLECITOS understands and will insure that the Property Owner acknowledges and accepts the following special risks:

- (1) Water service may be terminated pursuant to this Agreement rendering the PROPERTY uninhabitable.
- (2) VISTA's water service may be inadequate for peak demand and fire fighting purposes and the PROPERTY may be without water service from time to time. VISTA makes no guarantee of any kind as to the pressures or volumes of water available at the meter.
- (3) The PROPERTY will not be transferred to different ownership unless and until that ownership executes a new agreement with VALLECITOS and with terms effective as of the date of transfer.

14. This agreement is executed in duplicate and is to be performed in the North County Judicial District, County of San Diego, State of California.

15. The effective date of this Agreement is the _____ day of _____, 201____.

IN WITNESS WHEREOF, this Agreement is executed by the duly authorized officers of VALLECITOS and VISTA.

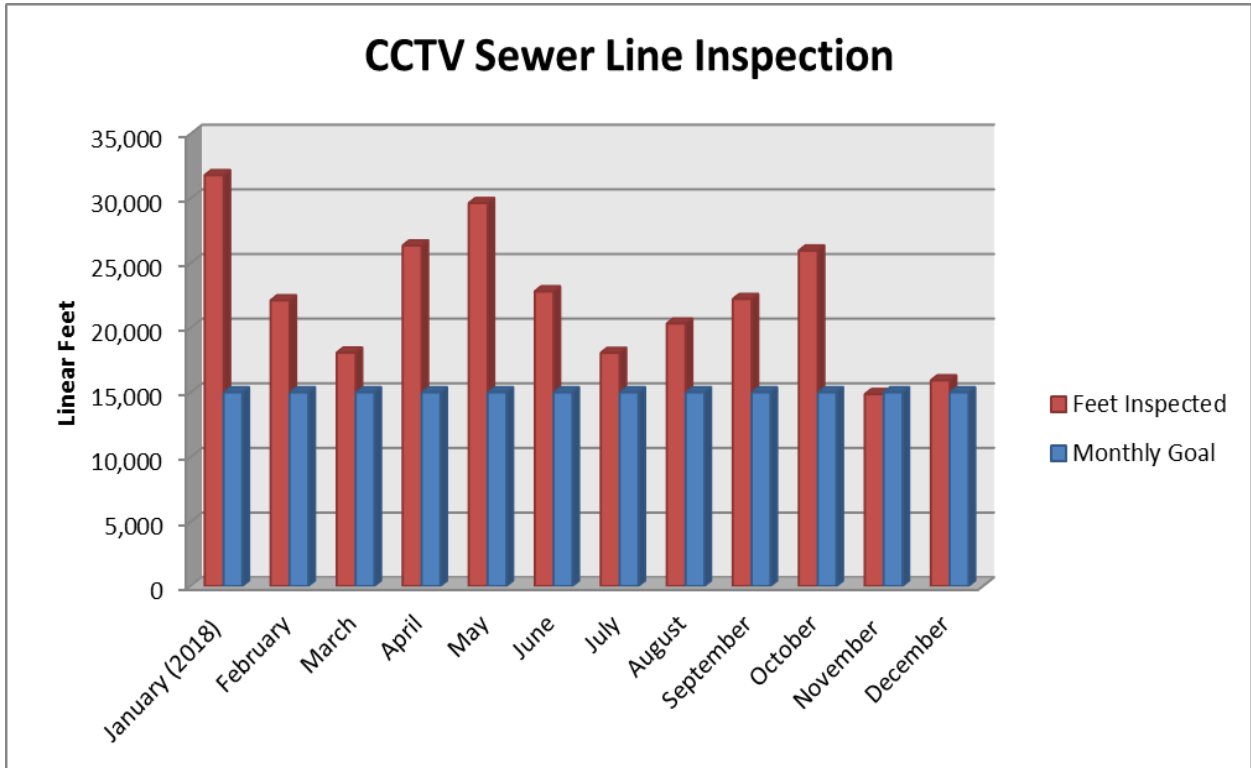
**DISTRICT
VALLECITOS WATER DISTRICT**

Accepted By: _____ Date: _____, 2019
Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

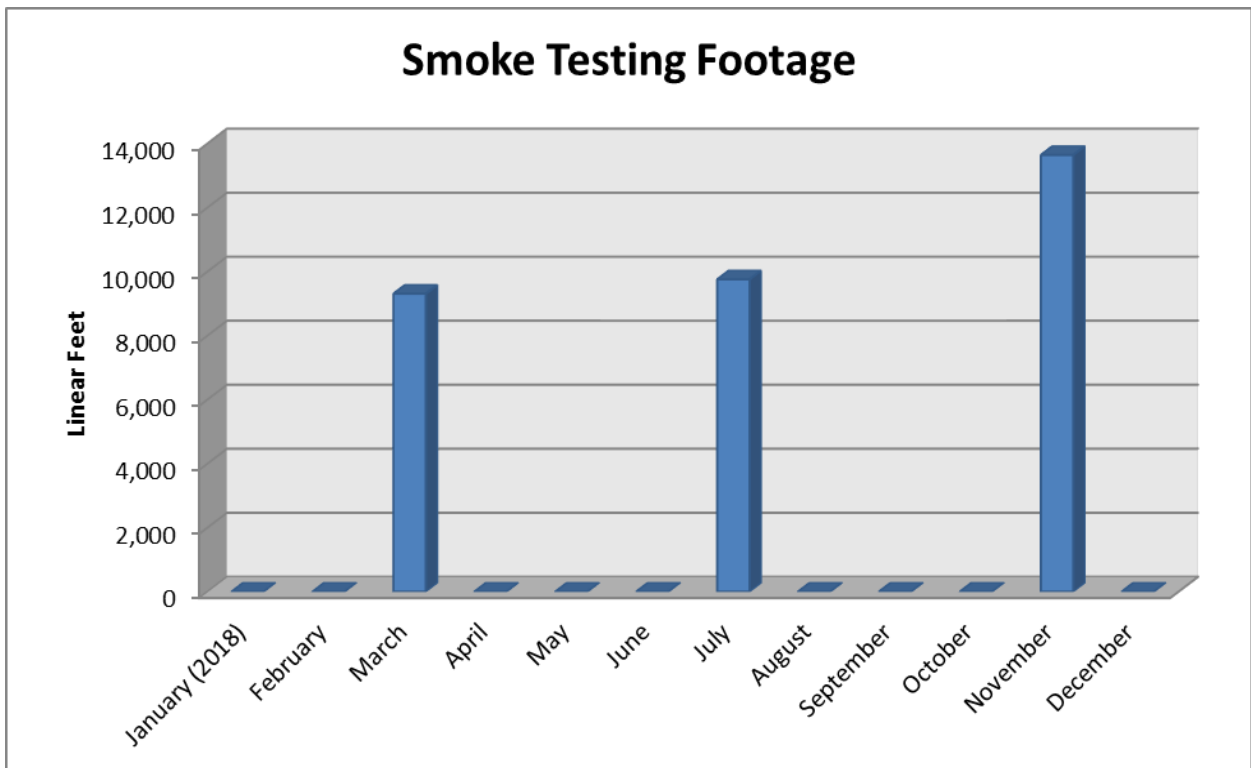
VISTA IRRIGATION DISTRICT

By: _____ Date: _____, 2019
Brett Hodgkiss, General Manager
Vista Irrigation District

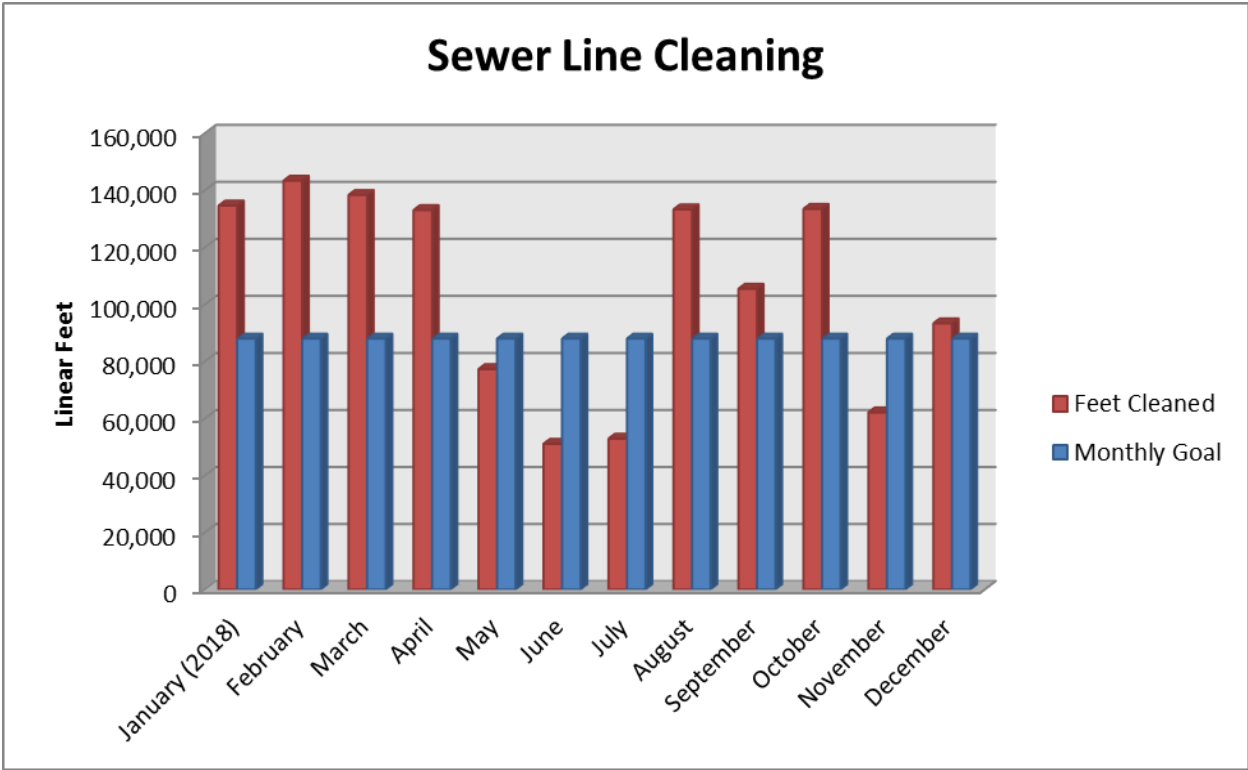
Quarterly O&M Metrics Report



CCTV Sewer Line Inspection Totals in Feet
 Total for Calendar Year 2018 = 268,068 ft.
 (Goal is to inspect at least 180,000 feet of gravity lines per calendar year)

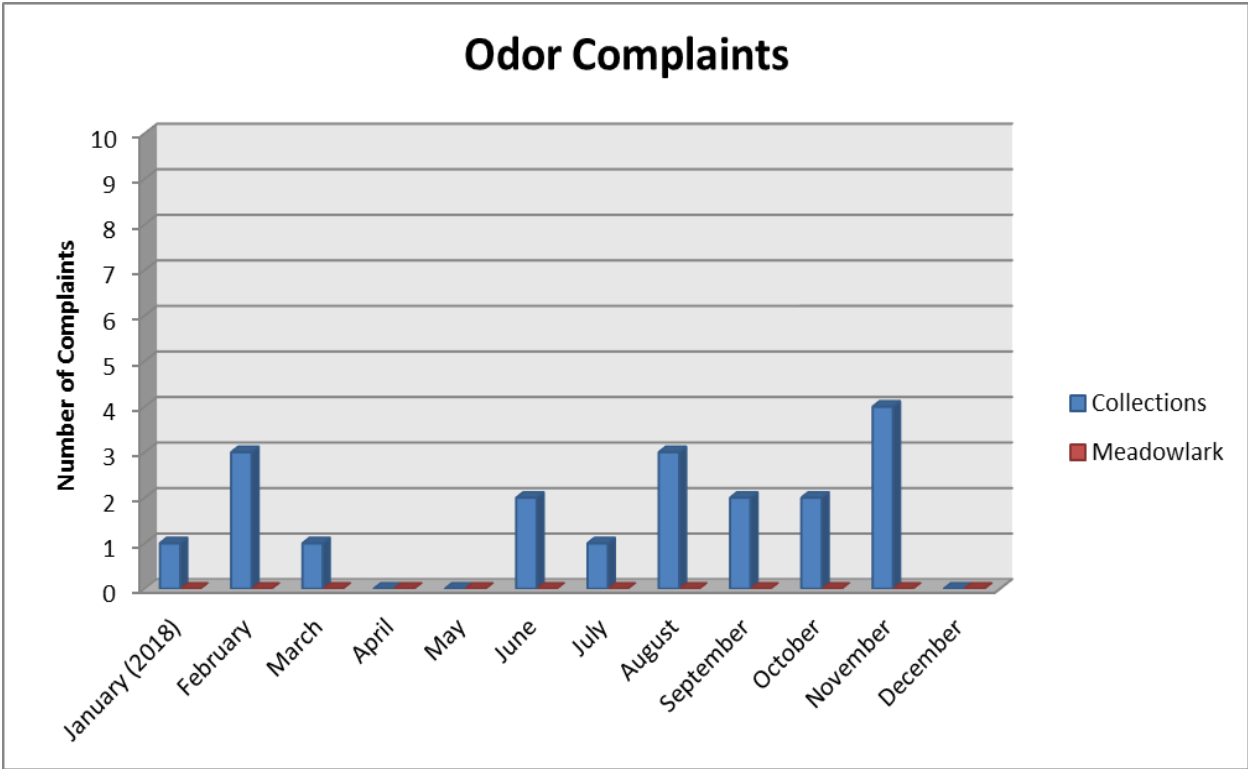


Smoke Testing of Sewer Lines in Feet
 (Goal is to smoke test three areas per calendar year based on suspected I&I)

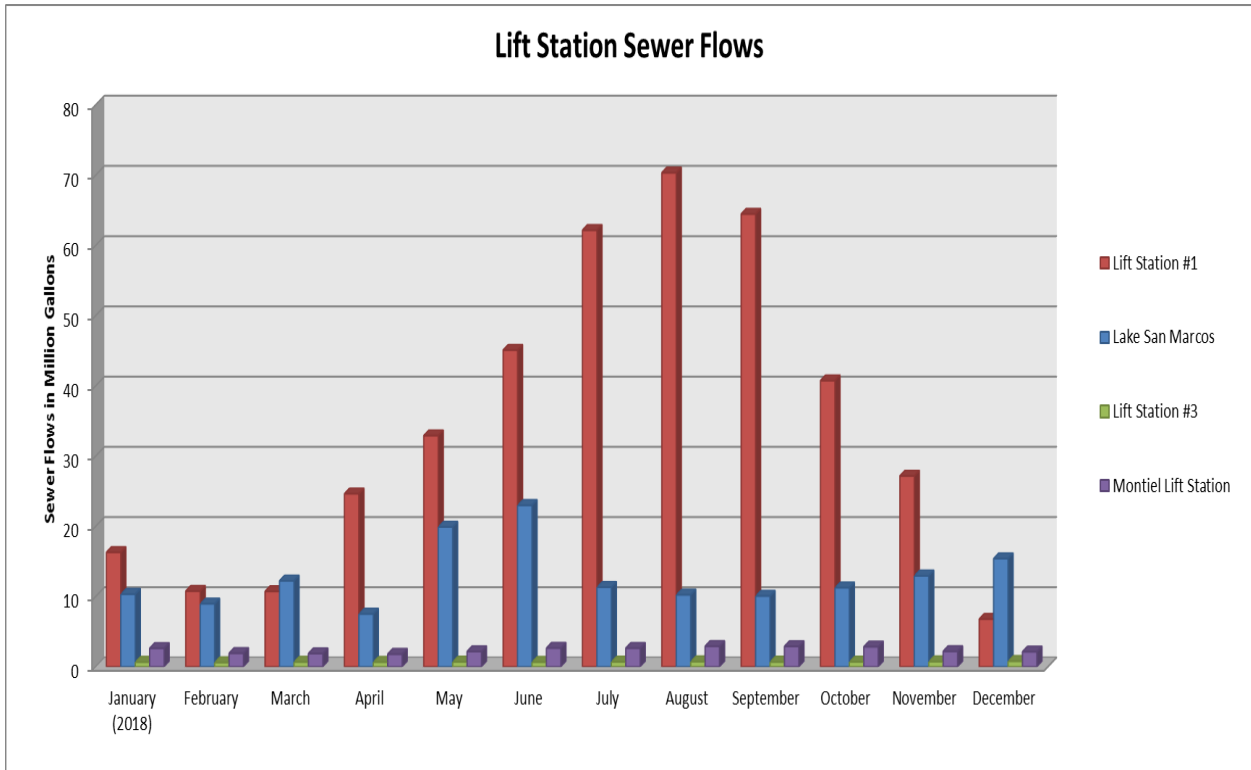


Sewer Line Cleaning Totals in Feet
Total for Calendar Year 2018 = 1,258,520 ft.

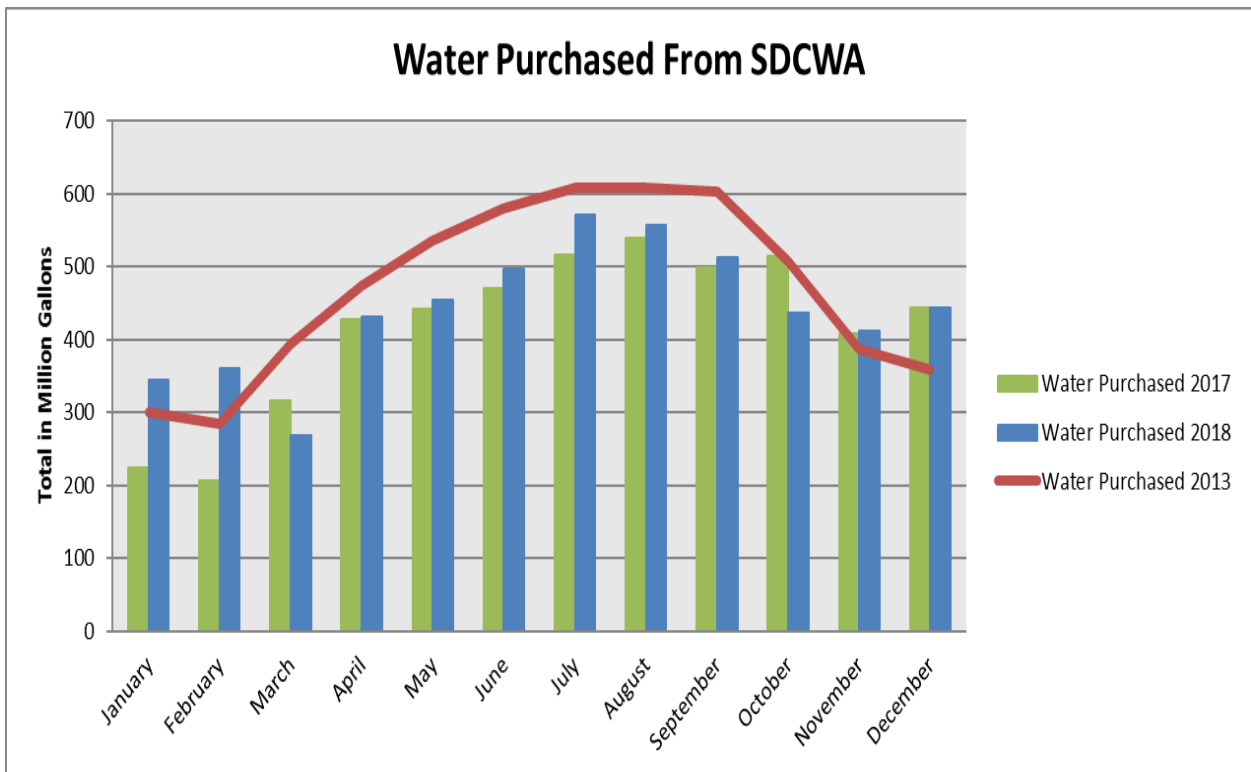
(Goal is to clean 1,000,000 ft. of gravity lines per year and clean the entire system in 15 months or less)



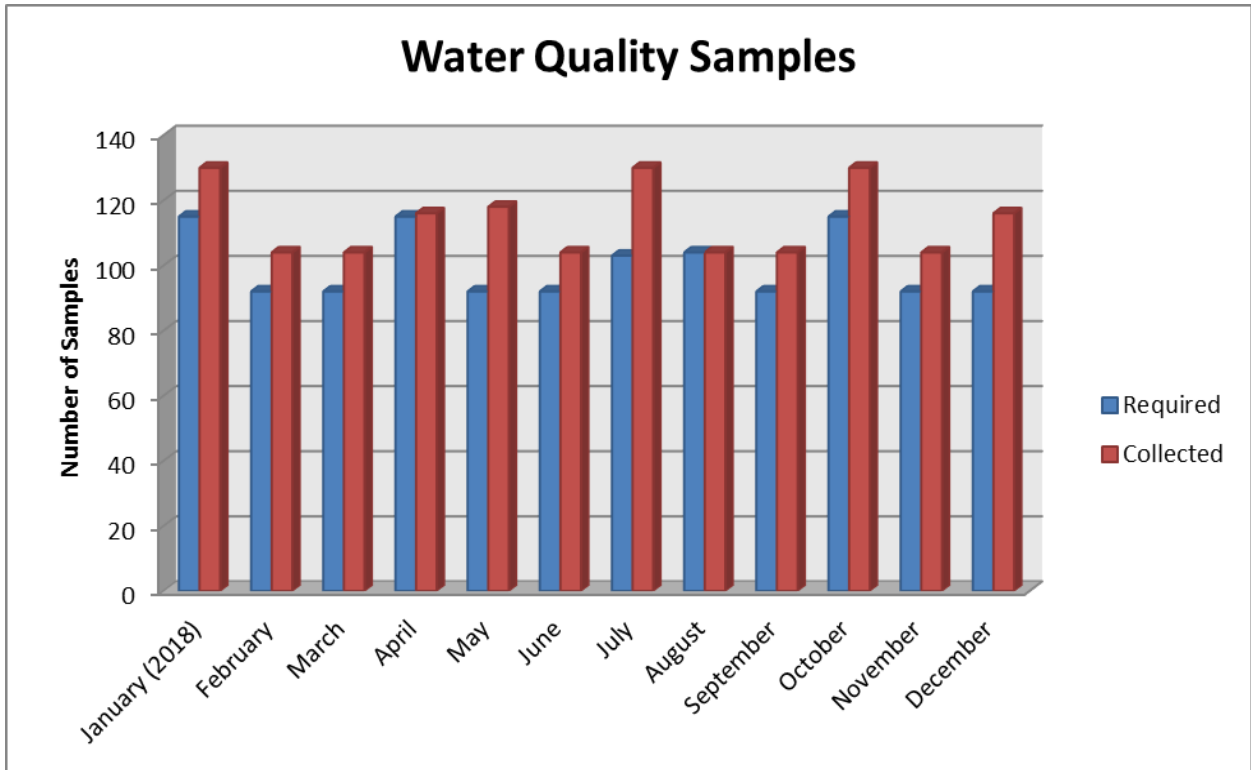
Customer Sewer Odor Complaints



Sewer Flows Pumped from District Lift Stations

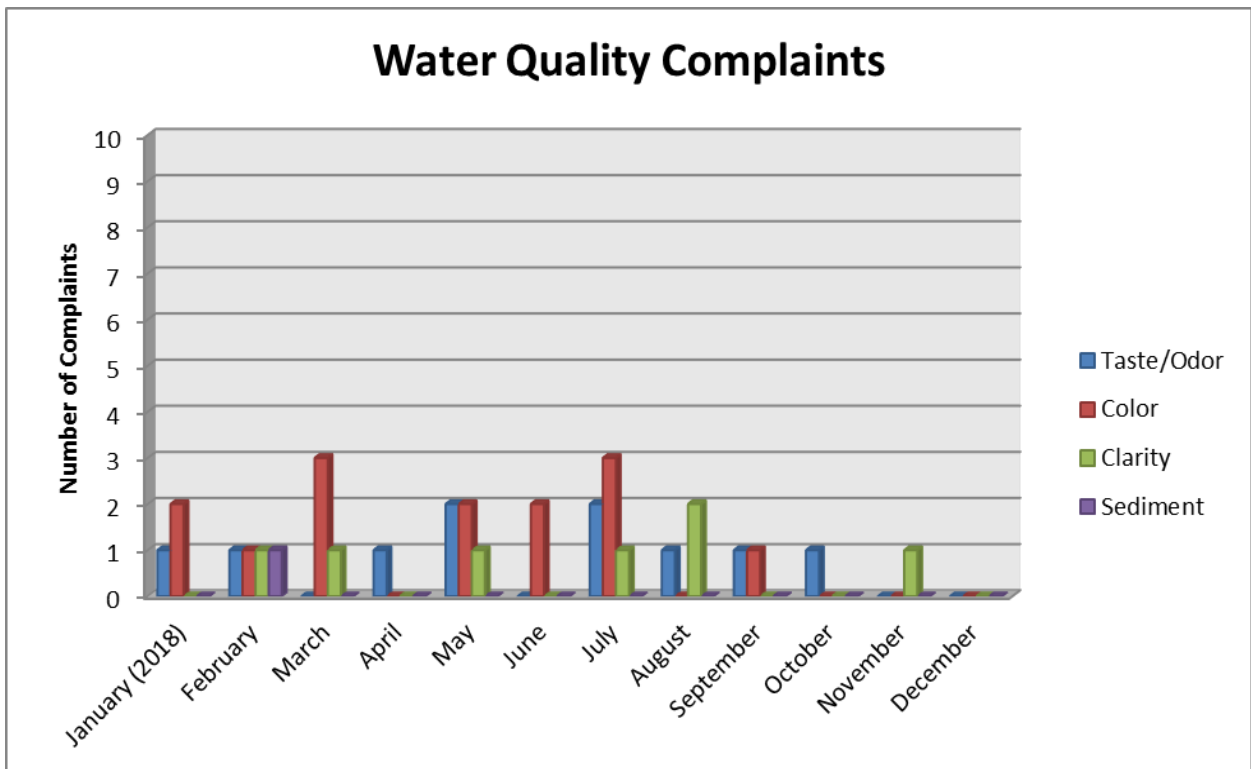


Water Purchased from the San Diego County Water Authority
 Calendar Year 2013 was used by the SWRCB as a baseline for water conservation efforts
 (Includes water from the desalination and OMWD plants)



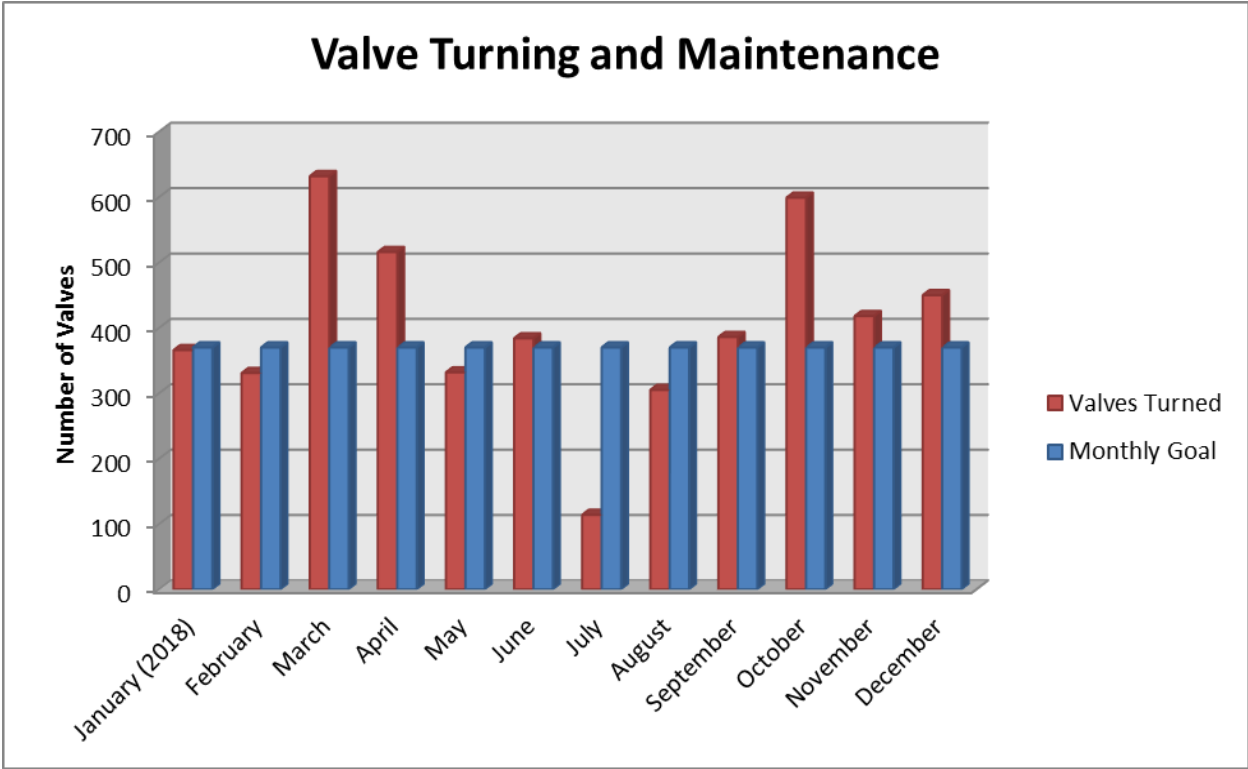
Bacteriological Water Quality Samples

(Number of samples required each month is based on SWRCB regulations & the number of weeks per month)

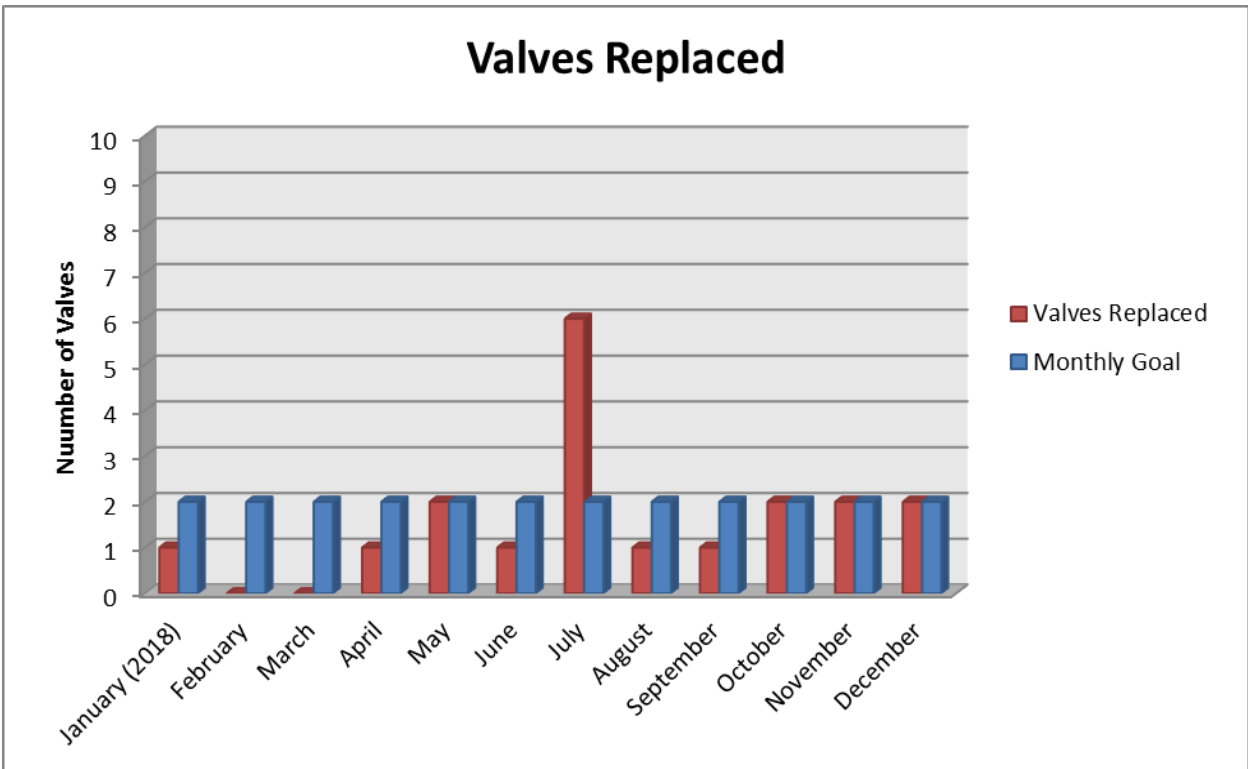


Customer Water Quality Complaints

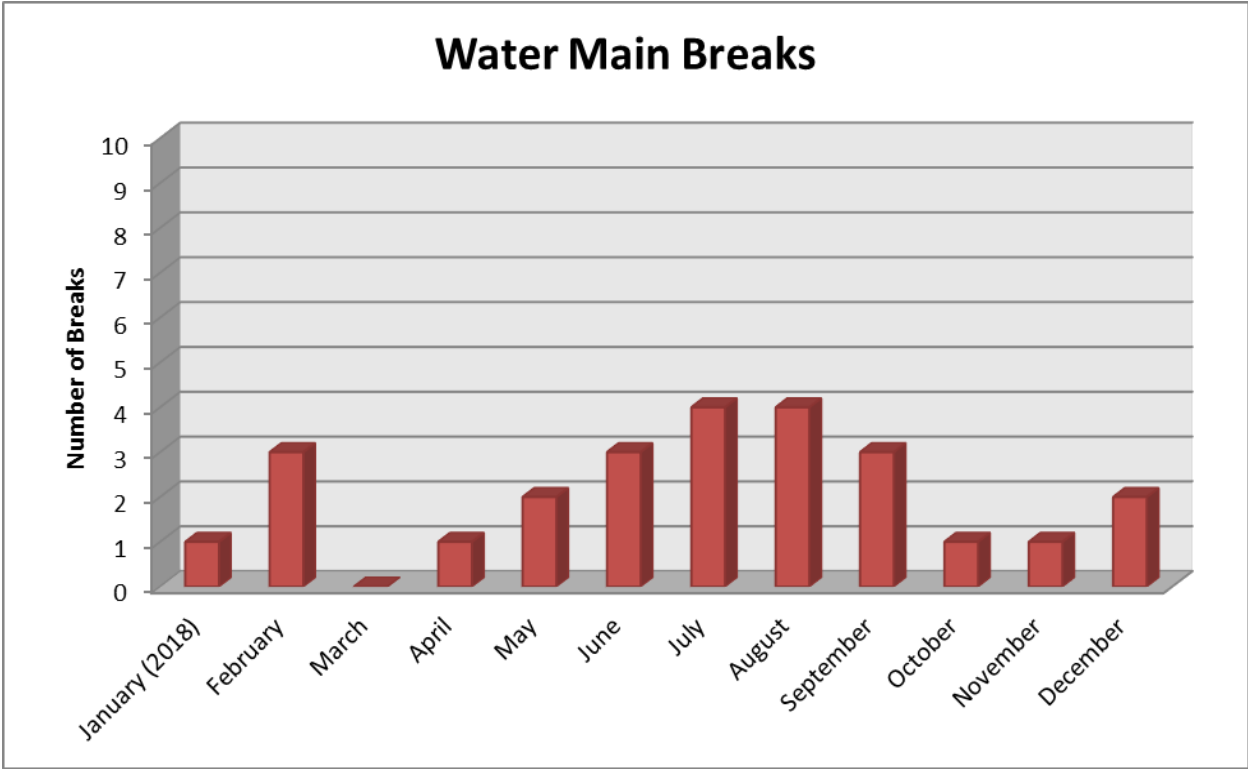
(Water quality issues are typically caused by main breaks, construction activities & customers' plumbing)



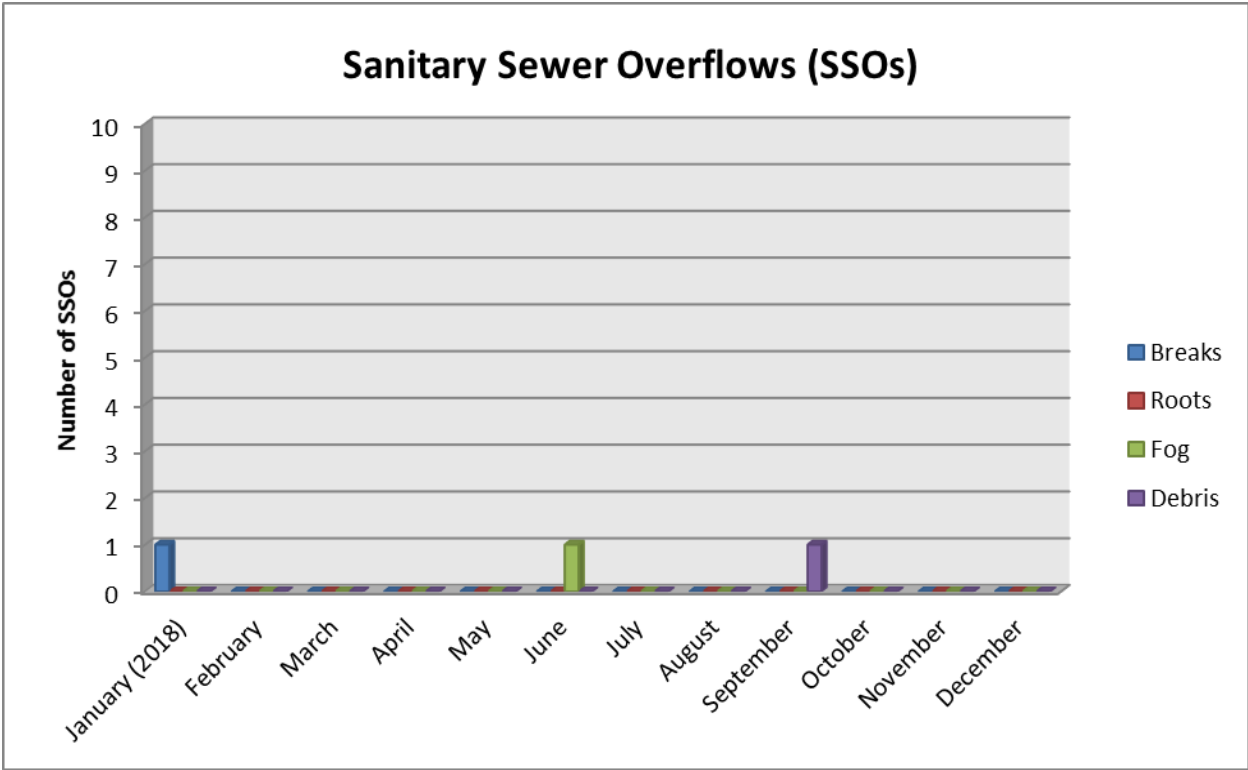
Water Valves Turned in the Distribution System
 The District has 8,874 valves / 54% of valves have been turned in Calendar Year 2018
 (Goal is to turn 50% of valves every calendar year or about 370/Month)



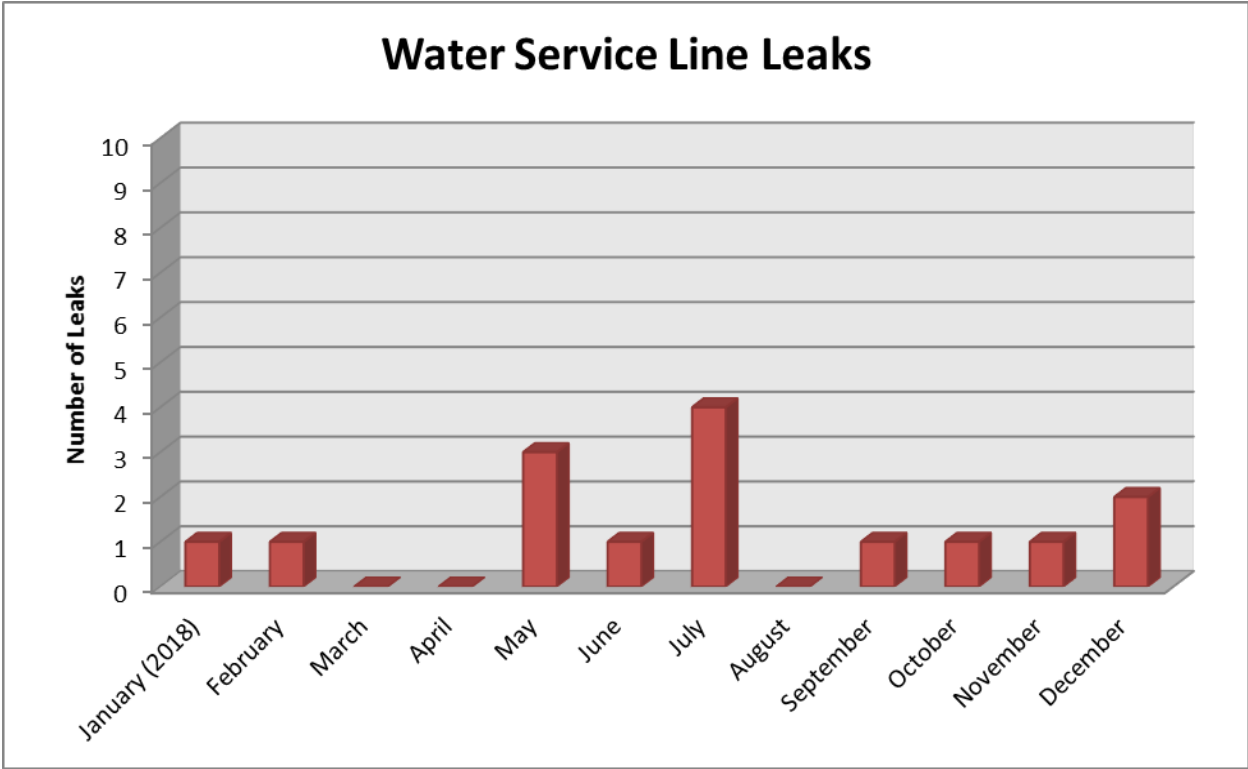
Water Valves Replaced in the Distribution System
 Total replaced so far for Fiscal Year 2018/19 = 10 / There are currently 47 broken valves that need replacing
 (Goal is to replace 20 valves every fiscal year or around 2 per month)



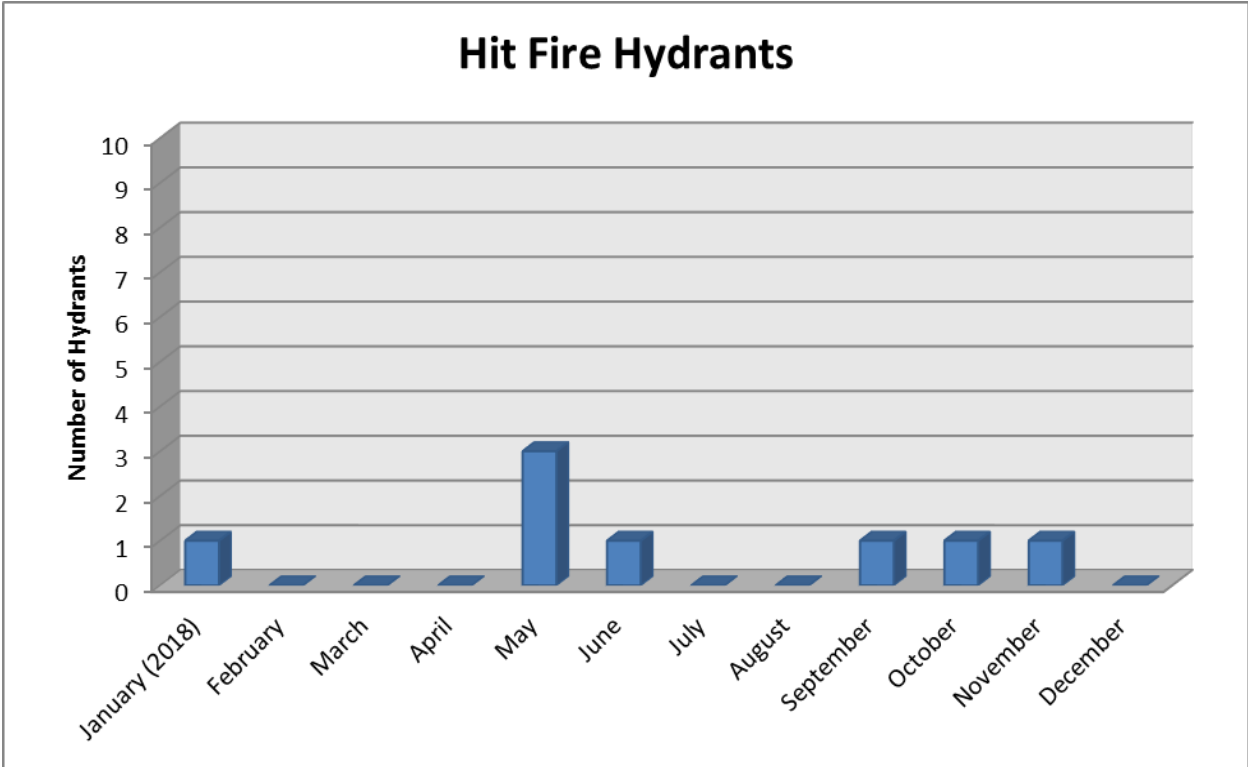
Water Mainline Breaks in the Distribution System
 (There have been 25 water main breaks in calendar year 2018 / There were 30 in 2017)



Sanitary Sewer Overflows (sewer spills and their cause) in the Wastewater Collections System
 (There have been 3 SSOs in calendar year 2018 / There was 1 in 2017)

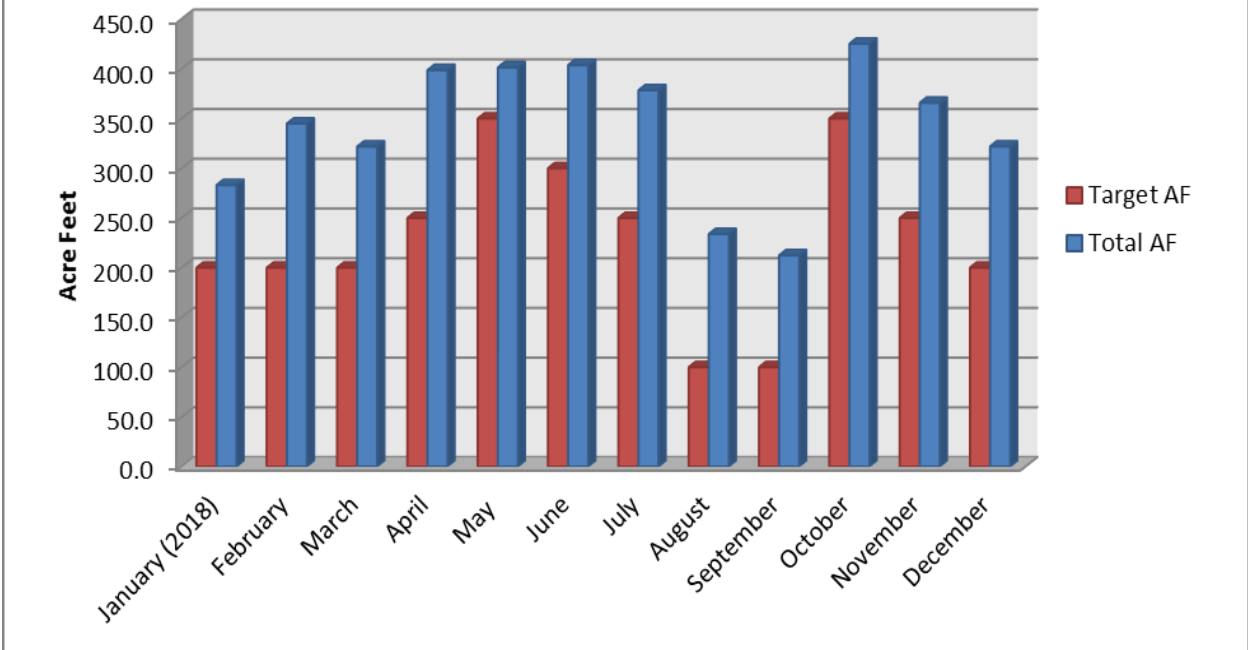


Water Service Line Leaks in the Distribution System
 (There have been 15 water service line leaks in calendar year 2018 / There were 22 in 2017)



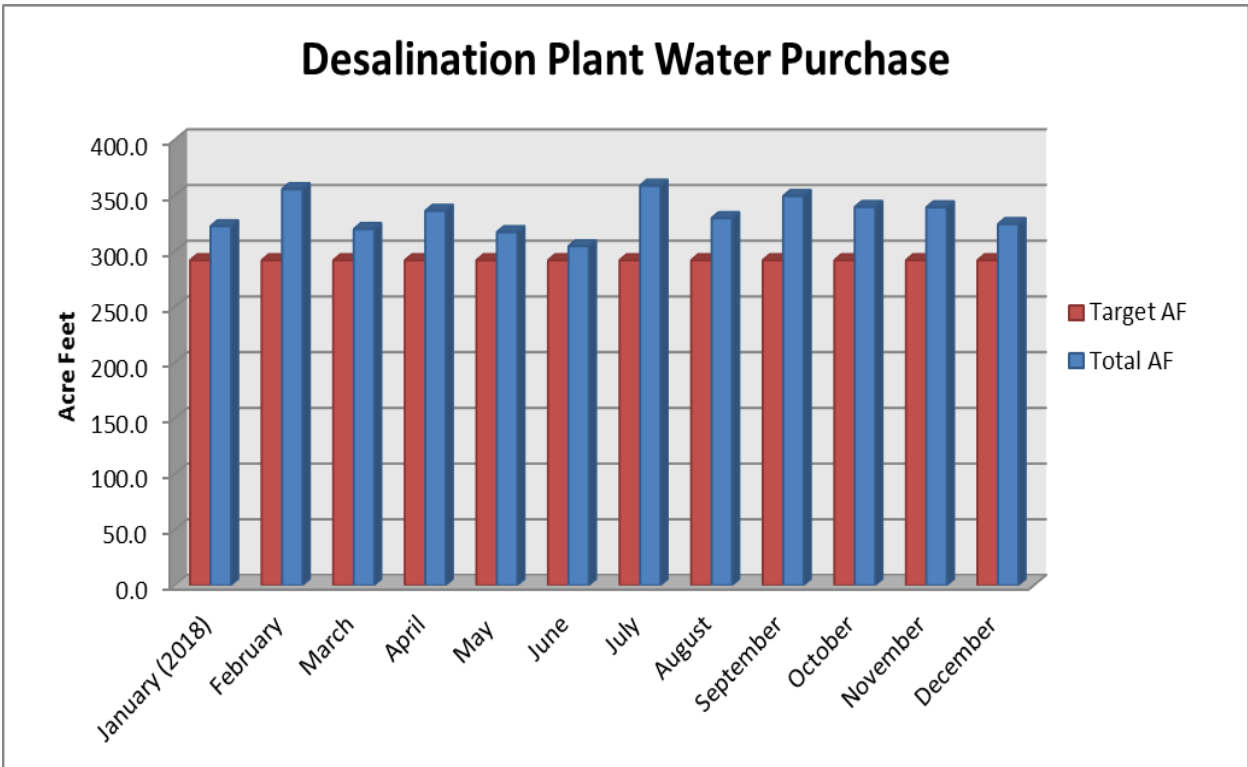
Fire Hydrants Hit in the Distribution System
 (There have been 8 fire hydrants hit in calendar year 2018 / There were 14 in 2017)

San Elijo Pump Station - OMWD Water Purchase



Acre Feet (AF) of Water Purchased from Olivenhain MWD – San Elijo Pump Station
 Our annual minimum take from OMWD is 2,750 AF / We have purchased 4,091 AF in CY 2018
 (The monthly Target Acre Feet varies throughout the year based on the agreement with OMWD)

Desalination Plant Water Purchase



Acre Feet (AF) of Water Purchased from the Carlsbad Desalination Plant
 Our annual minimum take from Desal is 3,500 AF / We have purchased 3,995 AF in CY 2018
 (Our monthly Target Acre Feet is based on our purchase agreement with SDCWA)



**Urban Water Institute's Spring Water Conference || February 27- March 1,
2019**

**Wednesday, February 27, 2019: Changing Times – Tools to Balance in the Wild Water
World**

12:00 p.m. - Registration, Networking & Exhibits (Sorrento Ballroom)

1:00 p.m. - Opening Remarks & Introduction
Greg Quist, Chairman, Urban Water Institute

1:15 p.m. - Welcome to Palm Springs
Opening remarks by the Palm Springs Mayor, Robert Moon (*invited*)

1:30 p.m. Bay Delta – Where are we NOW?
Larry Dick, Moderator
Jennifer Pierre, General Manager, State Water Contractors
Randy Fiorini, Chairman, Delta Stewardship Council (*invited*)
Karla Nemeth, Director of the Department of Water Resources

2:15 p.m. – Unintended Consequences of Water Conservation and How to fix it
Lisa Ohlund
San Gabriel Valley San (*invited*)

3:00 p.m. - Networking Break – Upper San Gabriel Valley Municipal

3:15 p.m. – Debunking Water Myths
Rich Nagel, VP Jacobs Engineering
Ken Weinberg, Delta Stewardship Council (*invited*)

4:45 p.m. - Adjourn

5:00 p.m. to 6:30 p.m. - Welcome Reception – Corollo Engineers

Thursday, February 28, 2019:

**7:45 a.m. - Registration, Networking, Exhibits & Continental Breakfast – Sponsored by
Irvine Ranch Water District**

8:15 a.m. - Opening Remarks/Get to know your Exhibitors

Ane Deister, Executive Director, Urban Water Institute

8:30 a.m. – Recycled Water Conflicting State Regulations – How to Resolve

Jennifer West, Moderator

State WRCB (invited)

Paul Prestia, Division Engineer (Wastewater Planning) Sanitation Districts of Los Angeles County

Aaron Ferguson, Attorney

USFW (invited)

9:15 a.m. – MWD / LACSD – Merging Waters

Paul Brown, Program Manager, Moderator

Devon Upadhyay, Assistant GM, MWD

Tom Love, General Manager, Upper San Gabriel Valley Municipal Water District

Ray Tremblay, Facilities Planning Director, LACSD

10:15 a.m. – Proposition 1 Storage Project Grants – Success Stories

Paul Weghorst, Executive Director for Water Policy, IRWD

Prabhakar Somavarapu, District Engineer, Sac Regional Sanitation District

Jim Watson, GM SITES project

11:15 a.m. - Networking Break – IRWD

11:30 a.m. –Update on Stormwater Measure Passage: Mark Pestrella

12:30 p.m. - Conference Luncheon - Myers Nave

1:30 p.m. – Colorado River Shortage: Drought Contingency Plan

Chris Harris, Executive Director Colorado River Board, moderator

Chuck Cullom, Manager of Colorado River Programs for the Central Arizona Project

Bill Hasencamp, Manager of Colorado River Resources for the Metropolitan Water District of Southern California

Tina Shields, Water Department Manager, IID

Jack Simes, Planning Officer, USBR

2:45 p.m. – Troubled Waters: Tribal Challenges and Solutions to Allocation in the 21st Century

Malissa Hathaway McKeith, Esq., Moderator

Heather Welles, Legal Counsel for Coachella Valley Water District, O'Melveny & Myers

Catherine Munson, Legal Counsel, Agua Caliente, Kilpatrick Townsend

3:30 p.m. - Networking Break – Coachella Valley Water District

3:45 p.m. – Post Elections Update

Ane Deister, Moderator

Eric Sapirstein, President ENS, Federal update

Michael Boccadoro, President, West Coast Advisors

John Withers, California Strategies

4:45 pm - Adjourn

5:00 – 6:30 p.m. - Chairman's Reception – Dudek

Friday, March 1, 2019:

7:45 a.m. - Registration, Networking, Exhibits & Buffet Breakfast – Western Municipal Water District

8:30 a.m. - Opening Remarks

Ane Deister, Executive Director, Urban Water Institute

8:45 a.m. – The Bumpy Road to the Utility of the Future - The Water Industry's Moonshot
Water Industry Moonshot

9:45 a.m. – SGMA – Is the dream still alive?

John Thornton, moderator

Taryn Ravazzini, Deputy Director, California Department of Water Resources

Trevor Joseph, Consultant, Stantec

10:45 p.m. – Communicating with the Public: What to do; what not to do

Beth Beeman, Moderator, IRWD (*Invited*)

Janet Yamaguchi, Vice President, Education, Discovery Cube (Ret.)

Phil Rostentrater, General Manager/Executive Director, Salton Sea Authority

Ron Wildermuth, Retired

11:45 a.m. - Chairman's Raffle

Conference Adjourns



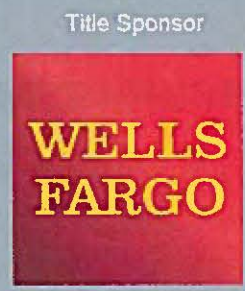
**6th Annual
North County Economic Summit**

**Wednesday, April 10th, 2019
7:00 a.m. to 10:00 a.m.**

**California State University San Marcos
University Student Union Ballroom**

*Registration begins at 7:00 a.m.
Breakfast Served at 7:30 a.m.
Program begins at 8:00 a.m.

Presented by:



"North County's Economic Future:
Challenges & Opportunities"
Sponsor



The Big Picture
Presented by
Mark Vtner
Managing Director & Senior
Economist, Wells Fargo Bank



**2019 North County
Regional Indicators Report**
Presented by
Josh Williams
President, BW Research