



REVISED AGENDA
Regular Board Meeting
Monday, September 25, 2017, 4:00 p.m.

Board of Directors of the Fallbrook Public Utility District
990 E. Mission Road, Fallbrook, California 92028

REVISED INFORMATION
TELECONFERENCE LOCATION

In addition, Director Davies will be teleconferencing pursuant to Government Code section 54953 from the following location:
Cedar City Public Library, West Meeting Room
303 N 100 E, Cedar City, Utah 84721

If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 728-1125, ext. 1130 for assistance so the necessary arrangements can be made.

Writings that are public records and are distributed during a public meeting are available for public inspection at the meeting if prepared by the local agency or a member of its legislative body or after the meeting if prepared by some other person.

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

PUBLIC COMMENT

Members of the public are invited to address the Board of Directors on any item that is within the subject matter jurisdiction of the legislative body. The Board President may limit comments to three (3) minutes.

II. CONSENT CALENDAR-----(ITEM A)****

All items appearing on the Consent Calendar may be disposed of by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors or the public requests removal prior to a vote on a motion to approve the items. Such items shall be considered separately for action by the Board.

- A. APPROVAL OF MINUTES
1. Regular Board Meeting of August 28, 2017

Recommendation: The Board approve the minutes of the aforementioned meeting of the Board of Directors of the Fallbrook Public Utility District.

III. INFORMATION----- (ITEMS B–C)

- B. INTRODUCTION OF NEW ASSISTANT GENERAL MANAGER / CHIEF FINANCIAL OFFICER

Presented by: Jack Bebee, Acting General Manager

- C. SAN DIEGO COUNTY WATER AUTHORITY ISSUES UPDATE
- END TO THE MULTI-YEAR DROUGHT
 - MWD RATE CASE
 - FINANCIAL PRACTICES OF MWD AND THE RISK TO SOUTHERN CALIFORNIA RATEPAYERS

Presented by: Maureen A. Stapleton, General Manager of the San Diego County Water Authority

IV. ACTION / DISCUSSION CALENDAR ----- (ITEMS D–G)

- D. CLAIM FOR PROPERTY DAMAGE AND LOSS

Recommendation: That the Board deny the Claim for property damages and loss by Mr. Fenton for water loss and repairs to his grove road and irrigation equipment, and that staff forward the Claim to the Association of California Water Agencies Joint Powers Insurance Authority for resolution.

- E. SANTA MARGARITA PROPERTY REQUEST FOR PROPOSALS FOR SALE, TRANSFER OR OTHER ARRANGEMENT

Recommendation: That the Board affirm the recommendation from the Water Resources Committee to issue the Notice to Potential Interested Parties for Sale, Transfer or Other Arrangement for the Santa Margarita River property

- F. RECOMMENDATION FROM THE FISCAL POLICY & INSURANCE COMMITTEE ON THE ON-TIME PAYMENT DISCOUNT

Recommendation: That the Board affirm the recommendation from the Fiscal Policy & Insurance Committee to remove the on-time discount to maintain long-term rate stability based on the results of the rate study.

G. BALLOT FOR ACWA REGION 10 BOARD ELECTION FOR THE 2018-2019 TERM

Recommendation: That the Board direct and authorize the Acting General Manager to cast its vote electronically for the slate recommended by the Region 10 Nominating Committee. Since all Nominees are included in the Committee's recommended slate, choosing to cast individual nominations would only be if the District did not want to vote for someone in the recommended slate.

H. RECRUITMENT FOR NEW DISTRICT GENERAL MANAGER

Recommendation: That the Board authorize the Human Resources Manager to secure services of an outside service to assist the Board with hiring a new District General Manager at not-to-exceed \$30,000 or authorize the Human Resources Manager to directly advertise the position and coordinate screening of applications with the Board due to the retirement of the General Manager on January 12, 2018.

V. **ORAL / WRITTEN REPORTS**-----**(ITEMS 1-7)**

1. General Legal Counsel
2. SDCWA Representative
3. Acting General Manager
4. Public Affairs Specialist
5. Notice of Approval of Per Diem for Meetings Attended
6. Director Comments/Reports on Meetings Attended
7. Log of Board Requests

ADJOURN TO CLOSED SESSION

VI. **CLOSED SESSION**

1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS PER GC § 54956.8:

PROPERTY: 1492 NORTH STAGECOACH LANE, FALLBROOK, CA
AGENCY NEGOTIATORS: JACK BEBEE, JEFF MARCHAND
NEGOTIATING PARTIES: BRUCE E. SCHWANDT, TRACEY L. SCHWANDT
UNDER NEGOTIATION: TERMS

2. CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION PER GC § 54956.9 (d)(2):

ONE (1) POTENTIAL CLAIM: EDWARD N. LUEKING/FALLBROOK CAR WASH, LLC

3. CONFERENCE WITH LABOR NEGOTIATORS PER GC § 54957.6:

AGENCY DESIGNATED NEGOTIATORS: BOARD OF DIRECTORS
UNREPRESENTED EMPLOYEE: ACTING GENERAL MANAGER

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (*As Necessary*)

VII. ADJOURNMENT OF MEETING

* * * * *

DECLARATION OF POSTING

I, Mary Lou West, Secretary of the Board of Directors of the Fallbrook Public Utility District, do hereby declare that I posted a copy of the foregoing agenda in the glass case at the entrance of the District Office located at 990 East Mission Road, Fallbrook, California, at least 72 hours prior to the meeting in accordance with Government Code § 54954.2(a).

I, Mary Lou West, further declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct.

September 22, 2017
Dated / Fallbrook, CA



Secretary, Board of Directors



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING

AGENDA

MONDAY, SEPTEMBER 25, 2017
4:00 P.M.

FALLBROOK PUBLIC UTILITY DISTRICT
990 E. MISSION RD., FALLBROOK, CA 92028
PHONE: (760) 728-1125

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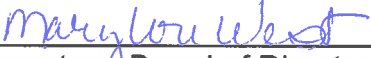
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DECLARATION OF POSTING

I, Mary Lou West, Secretary of the Board of Directors of the Fallbrook Public Utility District, do hereby declare that I posted a copy of the foregoing agenda in the glass case at the entrance of the District Office located at 990 East Mission Road, Fallbrook, California, at least 72 hours prior to the meeting in accordance with Government Code § 54954.2(a).

I, Mary Lou West, further declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct.

September 20, 2017
Dated / Fallbrook, CA


Secretary, Board of Directors

MEMO

TO: Board of Directors
FROM: Mary Lou West, Secretary *MLW*
DATE: September 25, 2017
SUBJECT: Approval of Minutes

Recommendation

The Board approve the minutes of the following board meeting of the Board of Directors of the Fallbrook Public Utility District:

1. Regular Board Meeting of August 28, 2017

**FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

MINUTES

**MONDAY, AUGUST 28, 2017
4:00 P.M.**

**FALLBROOK PUBLIC UTILITY DISTRICT
990 E. MISSION RD., FALLBROOK, CA 92028
PHONE: (760) 728-1125**

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Wolk called the regular meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. A quorum was established with attendance as follows:

Board of Directors

Present: Milt Davies, Member
Jennifer DeMeo, Member
Al Gebhart, Member / Vice President
Don McDougal, Member
Charley Wolk, Member / President

Absent: None

District Staff

Present: Arlene Prater, General Legal Counsel
Brian J. Brady, General Manager
Jack Bebee, Assistant General Manager
Jason Cavender, System Operations Manager
Mick Cothran, Drought Management Coordinator
Noelle Denke, Public Affairs Specialist
Kyle Drake, Collection Supervisor
Ken Hubbard, Utility Technician
Todd Lange, System Service/Shop Supervisor
Jeff Marchand, Engineering Supervisor
Larry Ragsdale, Safety & Risk Administrator
Mary Lou West, Secretary

Also present were others, including, but not limited to: Helene Brazier; Donna Gebhart; Archie and Patricia McPhee; and Zach Kantor-Anaya, Paul Melzer, and David Myers of The Wildlands Conservancy.

PLEDGE OF ALLEGIANCE

President Wolk led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

There were no additions to the agenda.

APPROVAL OF AGENDA

MOTION: Director McDougal moved to approve the agenda as submitted; Director DeMeo seconded. Motion carried; VOTE:

AYES: Directors Davies, DeMeo, Gebhart, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

PUBLIC COMMENT

Members of the public are invited to address the Board of Directors on any item that is within the subject matter jurisdiction of the legislative body. The Board President may limit comments to three (3) minutes.

There were no members of the public who requested to speak during Public Comment.

A. EMPLOYEE OF THE QUARTER FOR AUGUST 2017

1. Ken Hubbard, Utility Technician

The Board commended Ken Hubbard, Utility Technician in the Collection Department, for being chosen as the Employee of the Quarter for August 2017 by Antonio Campos, the previous Employee of the Quarter. Mrs. Denke took a photograph of President Wolk congratulating Mr. Hubbard.

II. **CONSENT CALENDAR**-----**(ITEMS B-D)**

All items appearing on the Consent Calendar may be disposed of by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors or the public requests removal prior to a vote on a motion to approve the items. Such items shall be considered separately for action by the Board.

B. APPROVAL OF MINUTES

1. Regular Board Meeting of July 24, 2017

Recommendation: The Board approve the minutes of the aforementioned meeting of the Board of Directors of the Fallbrook Public Utility District.

C. ADVANCE APPROVAL TO ATTEND MEETINGS

Recommendation: The Board authorize Advance Approval to Attend Meetings for Directors' attendance to the following events: Understanding the Brown Act, September 6, 2017; 2017-18 Metropolitan Water District of Southern California Tours hosted by the San Diego County Water Authority; the Regional Water Authority Facilities Tour, September 13, 2017; 2017 CSDA Annual Conference and Exhibitor Showcase, September 25-28, 2017, and Advanced Water Purification Demonstration Project Tour hosted by Padre Dam, date to be determined.

D. NOTICE OF COMPLETION

Recommendation: That the Board authorize staff to file the attached Notice of Completion with the San Diego County Recorder.

MOTION: Director McDougal moved to approve the Consent Calendar; Director Davies seconded. Motion carried; VOTE:

AYES: Directors Davies, DeMeo, Gebhart, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

III. **INFORMATION**-----**(ITEMS E-G)**

E. STATUS REPORT OF PARCELS WITH DEFERRED WATER AVAILABILITY / STANDBY CHARGES

Dr. Brady provided an overview of the parcels with agreements to defer water availability / standby charges pursuant to Article 24 of the Administrative Code. Dr. Brady pointed out that the majority of the deferral agreements were with the Fallbrook Land Conservancy.

F. STATUS REPORT OF COMMUNITY SERVICE WATER USAGE

Dr. Brady provided a summary of the potable and recycled water usage by community service groups for fiscal year 2016-17. Vice-President Gebhart remarked that the water usage at Jackie Heyneman Park appeared high considering the recent water conservation measures and other upgrades to the facility. Mr. Bebee noted the District provides water to the park, but does not provide other services. Discussion ensued, and it was determined a water usage audit would be performed and the results would be reported to the Board at the next regular meeting. Lastly, President Wolk suggested replacing FPUD with Fallbrook Beautification Alliance in the row with water usage data for the South Mission Road medians.

G. ADVANCED METERING INFRASTRUCTURE (AMI) AND WATERSMART SOFTWARE UPDATE

Presented by: Mick Cothran, Noelle Denke, and Todd Jester

Mrs. Denke and Mr. Cothran presented a demonstration of the features and benefits to customers and the District through integration of WaterSmart software with automated metering infrastructure (AMI) technology. AMI meters interface with WaterSmart to assist with identifying leaks, monitoring water usage, and setting up usage alerts through a WaterSmart portal that customers will be able to access through the District's website or the internet. The integration between AMI meters and WaterSmart is currently being tested by District staff; and once testing has been completed, a public outreach campaign will be launched to notify, educate, and assist customers with accessing and utilizing the WaterSmart platform. Mrs. Denke added that on September 20, a WaterSmart representative would provide on-site training to District staff.

Vice-President Gebhart requested that staff provide Board Members copies of letters sent to ratepayers.

IV. **ACTION / DISCUSSION CALENDAR** ----- (ITEMS H-I)

H. AWARD OF 8 MG RESERVOIR RECOATING

Recommendation: That the Board authorize award of the 8 MG Reservoir Recoating project to the lowest responsible bidder of AMP United at an amount of \$804,060.

Mr. Bebee reported AMP United submitted the lowest bid out of seven received in response to a request for proposals to recoat the interior and exterior of the 8 MG reservoir located in the southwestern area of De Luz off Donnil Lane. The approved budget for fiscal year 2017-18 includes \$1.2 million for the project, and AMP United's bid was \$804,060. Mr. Bebee stated the recommendation is to award the project to AMP United for \$804,060. AMP United has worked for the District in the past, and the work was satisfactory.

MOTION: Director Davies moved to approve staff's recommendation; Director McDougal seconded. Motion carried; VOTE:

AYES: Directors Davies, DeMeo, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: None

I. STATE LEGISLATIVE OPTIONS FOR FUNDING SANTA MARGARITA RIVER PROPERTY PURCHASE AND PROTECTION

Recommendation: Staff supports Board direction.

President Wolk invited David Myers of The Wildlands Conservancy to the podium in response to his request to speak. Mr. Myers stepped to the podium and stated he would be discussing potential state funding mechanisms for the preservation of the Santa Margarita River property. One of the potential alternatives is an initiative for a park and water bond by Joe Caves. Mr. Caves is the founder of Conservation Strategies, who has written almost every major park bond and water bond over the past 20 years. The Wildlands Conservancy pledged \$300,000 to help pass the initiative, which includes two projects for river parkway money: \$50 million for the Santa Ana River and \$15 million for the Santa Margarita River. Mr. Myers reported there are two initiatives that include \$15 million for the Santa Margarita River. In addition, there are two bills in the legislature, SB 5 by Senator Kevin DeLeón and AB 18 by Assembly Member Eduardo Garcia, which are park bonds. It appears SB 5 will move forward, and there is a consensus in the legislature and the Governor's office to do a park bond up to \$4 billion. Unlike the Santa Ana River, there has been no success with local legislators supporting inclusion of the Santa Margarita River in the bond. Mr. Myers opined it was imperative to include the Santa Margarita River in the park bond and suggested the Board adopt a resolution to support that effort.

Brief discussion ensued. The Board decided to send a letter to Senator DeLeón requesting that funds for the Santa Margarita River be included in SB 5.

MOTION: Director Davies moved to send a letter signed by Board Members to Senator DeLeón to request that \$15 million in river parkway money for the Santa Margarita River in San Diego County be included in SB 5; Vice-President Gebhart seconded. Motion carried; VOTE:

AYES: Directors Davies, DeMeo, Gebhart, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

President Wolk invited Donna Gebhart to the podium in response to her request to speak. Mrs. Gebhart stepped to the podium and provided an update relative to the Santa Margarita River property and trails, as follows: (1) Board Members were emailed information relative to SB 5 and AB 18 along with the language suggested by The Wildlands Conservancy for inclusion in SB 5, (2) the information was also sent to Assembly Member Marie Waldron's office, (3) Casey Kramer of Troop 739 raised \$1,800 for his Eagle Scout project to construct and install a kiosk at the Sandia Creek trailhead, and (4) additional "no parking" signs were installed around the Sandia Creek trailhead and parking violations will be enforced by the CHP. Additionally, Mrs. Gebhart distributed photos of the parking lots at the Santa Margarita River trailheads that were full of cars, trucks, and horse trailers to demonstrate the popularity of the trails.

V. ORAL / WRITTEN REPORTS----- (ITEMS 1-6)

1. General Legal Counsel

2. SDCWA Representative/General Manager

- Dr. Brady provided an overview of legislation affecting water purveyors.

3. Assistant General Manager

- Mr. Bebee provided a brief update on the Santa Margarita Conjunctive Use Project and stated once the State Board finalizes the water rights action, the loan process would be complete.

4. Public Affairs Specialist

- Mrs. Denke reported she has been working on letters to customers relative to the 2018 rates.
- The District received a letter of thanks from the Fallbrook Chamber of Commerce for shopping bags donated by the District.

5. Director Comments/Reports on Meetings Attended

- Director Davies requested an item to record non-motorized recreational use easements on the Santa Margarita River property parcels be added to the next regular board meeting agenda.
- Director DeMeo reported attending the San Diego Chapter of CSDA quarterly dinner meeting and the COWU breakfast meeting.
- Director DeMeo requested a presentation by AECOM be included in a future Board meeting agenda.
- Vice-President Gebhart provided highlights of the Geomorphic & Ecological Fundamentals of Stream Restoration Course he attended in Lake Tahoe.

6. Log of Board Requests

ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 4:56 p.m. following an oral announcement of Closed Session Items VI. (1) and (2) by General Legal Counsel Prater.

VI. CLOSED SESSION

1. CONFERENCE TO PROVIDE DIRECTION TO REAL PROPERTY NEGOTIATORS PER GC § 54956.8

PROPERTY: SANTA MARGARITA RIVER PROPERTY (ABOUT 1,380 ACRES OF WILD WATERSHED LAND NORTH OF FALLBROOK AROUND THE SANTA MARGARITA RIVER PRESERVE)

AGENCY NEGOTIATORS: BRIAN J. BRADY AND JACK BEBEE

UNDER NEGOTIATION: TERMS

2. PUBLIC EMPLOYMENT PER GC 54957

TITLE: GENERAL MANAGER; CONSIDERATION OF REQUEST FOR RETIREMENT

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 5:50 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President Wolk adjourned the regular meeting of the Board of Directors of the Fallbrook Public Utility District at 5:51 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

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MEMO

TO: Board of Directors
FROM: Larry Ragsdale, Safety & Risk Administrator 
DATE: September 25, 2017
SUBJECT: Claim for Property Damage and Loss

Purpose

To review the Claim for property damage and loss filed by Michael Fenton.

Summary

On August 31, 2017, Mr. Fenton filed a Claim for damages for water loss and repairs to his grove road and irrigation equipment. Mr. Fenton attributes the damages to District crews working nearby causing a pressure surge that broke his 2-inch main and resulted in his grove road washing out.

Upon inspection, District staff determined the break occurred on the customer's side of the meter. The work done by the District was regular weekly maintenance of a downstream pressure reducing station that does not impact the pressure at the customer's meter. The customer is responsible for installing and maintaining a pressure regulator on their side of the meter to control water pressure to their system when needed. The customer's pressure regulator had not been maintained and was not working.

Recommended Action

That the Board deny the Claim for property damages and loss by Mr. Fenton for water loss and repairs to his grove road and irrigation equipment, and that staff forward the Claim to the Association of California Water Agencies Joint Powers Insurance Authority for resolution.

FALLBROOK PUBLIC UTILITY DISTRICT

P.O. Box 2290
990 East Mission Road
Fallbrook, California 92088-2290

CLAIM ACCEPT/DENY FORM

r

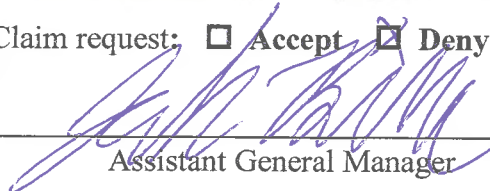
Claimant Name: Michael Fenton

Company: Personal property

Claim ID: 17-316

Date Claim Received: 8/31/2017

Claim request: Accept Deny Date: 9/11/17



 Assistant General Manager


Remarks:

Claim request: Accept Deny Date: _____

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
 Administrative Services Manager

Remarks:

Claim request: Accept Deny Date: 9/11/17



 General Manager

Remarks:

BOARD ACTION
 If applicable
 Accept Deny

GENERAL INCIDENT INFORMATION

Property Incident Other

Event ID: 17-316
 DOI: 8/27/2017
 Event Type: Property Damage
 Company: Personal property

Name of Party: Michael Fenton
 Contact # [REDACTED]
 Parties Address: [REDACTED]
Timeliness of Claim: 0 Year(s) 0 Month(s) 4 Days

Type of Incident: Property Damage		Nature of Incident: Water line Break
Incident Description: Claimant stated 2" line broke after FPUD workers were in the area.		
Location of Incident [REDACTED]		
Date Claim Received	8/31/2017	
Status of Claim	Open	
Incident Reported to JPIA	na	
Date Closed		
Settlement		
Release Signed	na	

DATE	ISSUE/REMARKS	COMMENTS
9/6/17	REL. DENIED.	DAMAGE OCCURRED ON CUSTOMER'S SIDE OF METER.
		SEE ADMIN CODE 19.14

Claim Form

(A claim shall be presented by the claimant or by a person acting on his behalf.)

NAME OF DISTRICT:

1

Claimant name, address (mailing address if different), phone number, social security number, and date of birth.

Name: Michael FENTON

Phone Number: [REDACTED]

Address(es): [REDACTED]

Social Security Number: [REDACTED]

Date of Birth: [REDACTED]

2

List name, address, and phone number of any witnesses.

Name:

Address:

Phone Number: ()

3

List the date, time, place, and other circumstances of the occurrence or transaction, which gave rise to the claim asserted.

Date: 8/29-8/30 Time: N/K

Place: [REDACTED]

Tell What Happened (give complete information):

AFTER WORKERS WERE IN THE AREA WORKING ON A PRESSURE REGULATOR ON OF MY 2" MAINS BROKE AND WASHED OUT A GROVE ROAD

NOTE: Attach any photographs you may have regarding this claim.

4

Give a general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim.

WATER LOSS, ROAD REPAIR, PIPE DIG UP + REPAIR

5

Give the name or names of the public employee or employees causing the injury, damage, or loss, if known.

6

The amount claimed if it totals less than ten thousand dollars (\$10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand dollars (\$10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case.

NO ESTIMATES YET

Date: 8/31

Time: 9:23

Signature: 

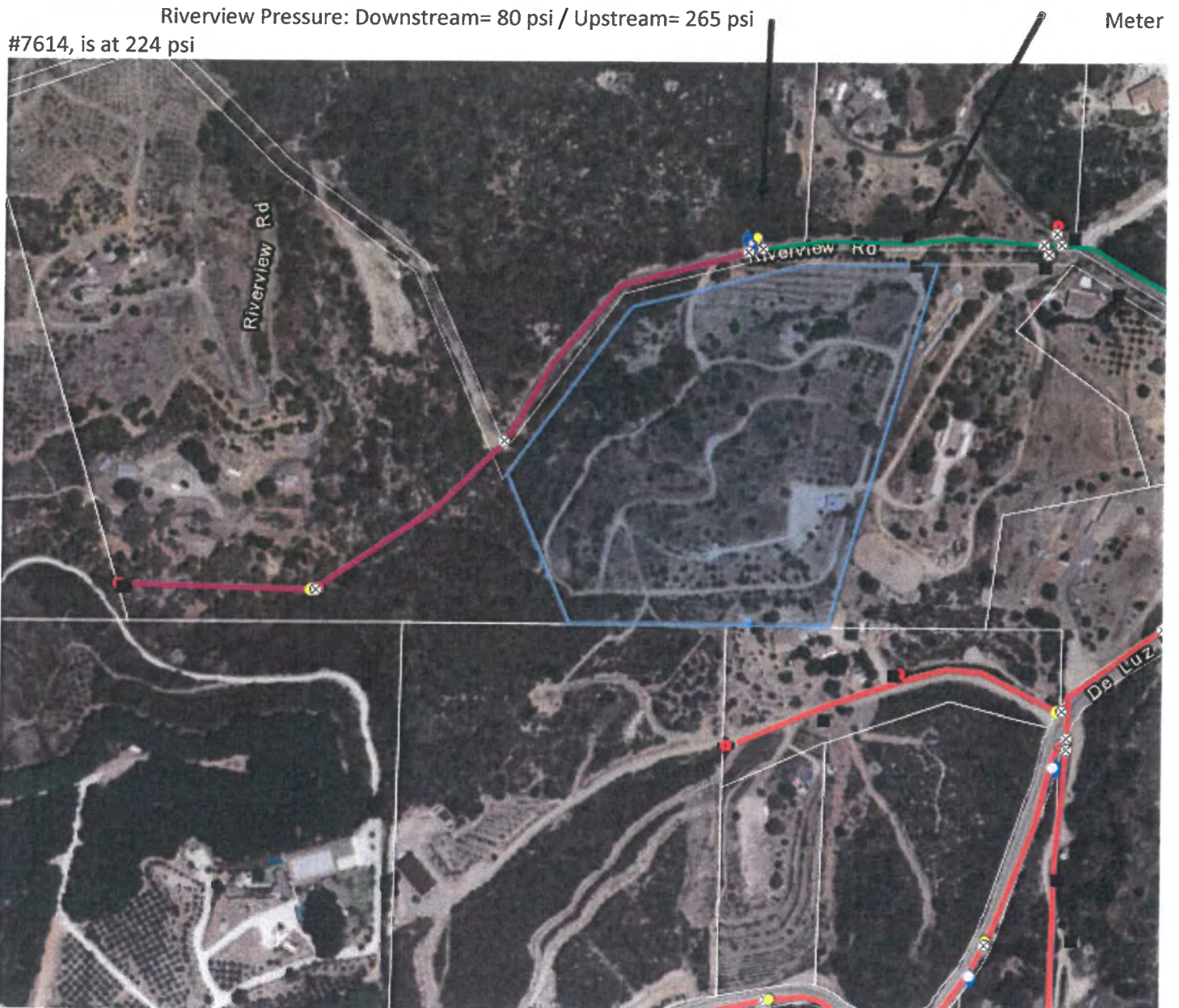
ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT!

Devin Casteel

From: Devin Casteel
Sent: Thursday, August 31, 2017 11:29 AM
To: Larry Ragsdale
Cc: Jason Cavender
Subject: Michael Fenton's Claim

Larry,

Mr. Fenton's Property is upstream of the Riverview PRV and his pressure at his meter is not effected by the PRV Station. He has around 224 psi at meter and around 214 after his R/P device. It is his responsibility to install and maintain a pressure regulator on his side of his service, if his pressure is to high.





Utility Billing Service Request Form

Request Number: 000599-08-2017
Account Number: 014021-000

Last Updated By: MavisC
On: 8/31/2017

Account Status: Active

Name: MICHAEL FENTON
Billing Address: [REDACTED]

Home Phone: [REDACTED]
Business Phone: [REDACTED]
Cell Phone: [REDACTED]
Service Address: 2 [REDACTED]

Request Date: 8/31/2017
Request Description: D6-High Pressure

Water/Gas Meters	Route-Seq Read Dt	Serial No Cons	Register ID No Of Digits	MXU ID	Manufacturer	Model No	Reading
Existing Water Meter	81-087001 8/21/2017	15145798 40	5	79077498	Badger	11/2-11	242

Location: 007614 - BY FERT TANK 332' W OF NEPC GIS = 2.24

Comments:

Called customer + left a message explaining his pressure + that his meter is before the Riverview PRU and he is not effected by it. left him my phone number + asked him to call me if he has any questions (Devia)

Follow up needed? yes no Serviced By: _____ Date: _____ Time: _____

M E M O

TO: Board of Directors
FROM: Water Resources Committee
DATE: September 25, 2017
SUBJECT: Santa Margarita Property Request for Proposals for Sale, Transfer or Other Arrangement

Purpose

For the Board to affirm the recommendation from the Water Resources Committee to issue the attached Request For Proposals (RFP) for Sale, Transfer or Other Arrangement for the District's Santa Margarita River Property.

Summary

Staff has been working with the Water Resources Committee to develop an RFP for parties to propose options for the Property. The Water Resources Committee has reviewed the RFP and has recommended that it be advertised for proposals.

Recommended Action

That the Board affirm the recommendation from the Water Resources Committee to issue the Notice to Potential Interested Parties for Sale, Transfer or Other Arrangement for the Santa Margarita River property.

**NOTICE TO POTENTIAL INTERESTED PARTIES FOR SALE, TRANSFER OR
OTHER ARRANGMENT FOR THE SANTA MARGARITTA RIVER PROPERTY**

Fallbrook Public Utility District
990 East Mission Road
P.O. Box 2290
Fallbrook, CA 92088
<http://www.fpud.com>

INTRODUCTION

Fallbrook Public Utility District (District) operates as a public agency under the Public Utility District Act of the State of California. FPUD was incorporated as a political subdivision of the State of California in 1922. The District was originally formed to provide water to the community of Fallbrook. Since then, the District has expanded its services and treats sewage and provides recycled water. FPUD delivers water to some 35,000 people over a 28,000 acre service area.

The District owns approximately 1,390 acres along the Santa Margarita River (SMR Property). The SMR Property is situated within the middle reach of the Santa Margarita River (SMR) watershed. The northeast corner of the SMR Property is within a quarter mile of the border between San Diego County and Riverside County; the Community of De Luz Heights lies to the west; the San Diego State University Santa Margarita Ecological Reserve lies to the northeast and the San Diego County Santa Margarita Preserve lies to the southwest.

The approximately 1,390-acre property is composed of 34 parcels (Appendix A). The property is located in Section 36 of Township 8 South, Range 4 West; Sections 4,5,6,7,8,9 and 17 of Township 9 South, Range 3 West; and Sections 1 and 12 of Township 9 South, Range 4 West of the U. S. Geologic Survey (USGS) 7.5 minute Fallbrook and Temecula quadrangle maps.

The SMR Property contains approximately 18 miles of multi-use trails for passive recreation (hiking, biking and horseback riding). The trail system is highly utilized and an important component for the community of Fallbrook. While the District owns the SMR Property, the trail maintenance is by the Fallbrook Trails Council (FTC), which is part of Live Oak Park Coalition a 503c non-profit serving the community of Fallbrook.

The SMR Property is currently held in fee by the District and could potentially be developed as identified in the draft appraisal in attachment B. The desire of the District Board of Directors is to find a partner interested in helping the District preserve the SMR Property and existing uses and also secure value for the District to help offset costs of a water supply project through the sale, placement of protective easements on the SMR Property or other options identified by proposers.

The District is providing an opportunity for an individual or organization to be recognized as part of preserving one of the few large riparian parcels in San Diego County.

1. Property History

The SMR Property history is summarized below:

- a. The SMR Property was acquired in 1950's through a combination of land purchases and eminent domain for a dam site.
- b. Later in the 1980's, the District entered into Memorandum of Understanding with Fallbrook Land Conservancy (FLC) to allow trail maintenance for passive recreation use. This was later transferred to the Fallbrook Trails Council (FTC).
- c. The District pursued options to preserve the SMR Property and also receive funds for the transfer or preservation to off-set costs for a water supply project.
- d. District staff worked with the Base to help identify some federal funding through the Readiness and Environmental Protection Integration (REPI) Program that could be secured to provide 50% of the appraised value in exchange for a conservation easement.
- e. A draft appraisal was prepared to meet federal requirements to ensure funds from the Base could be secured. Appraised value for SMR Property was \$10,500,000 (Appendix B)
- f. The Board elected to enter into the Purchase and Sale Agreement with WRC in September 2015 to purchase the SMR Property at 95% of the appraised value and to preserve the property and trail system. WRC partnered with The Wildlands Conservancy (TWC) and the Fallbrook Trails Council (FTC) to try and secure funding and provide an approach to maintain access and use of trails.

- g. In June 2017, the Purchase and Sale agreement period ended and the funding was not secured. The Board voted not to extend the Purchase and Sale Agreement with WRC and it terminated on June 30, 2017.

2. Property Background Information

Identified below is a summary of the key features of the SMR Property:

- The SMR Property contains approximately 1390 acres, which were assembled by the District from 87 legal lots. Some APNs were later combined for convenience by the County to form 37 separate APNs for the property.
- The SMR Property is designated as Public Agency Lands in the County General Plan
- The SMR Property is zoned S80 (Open Space Use Regulations), except one 3.6 acre parcel zoned A70 (Limited agricultural Use Regulations).
- It is estimated the SMR Property could reasonable accommodate up to 60 residential lots.
- Access to the SMR Property is provided by several roads including Sandia Creek Drive which cross through the property.
- There have been several habitat surveys conducted on the SMR Property that identified potential habitat for 9 federal and state listed endangered species.
- There are existing road, power and water lines and associated easements that run through the SMR Property.
- Outside of existing utility and road easements, no additional easements are known to exist on the SMR Property to restrict future development.
- A Phase 1 Environmental Analysis was completed for the SMR Property and it did not identify any Recognized Environmental Conditions
- The District has not yet declared the SMR Property as surplus. If the successful proposal involves sale of the SMR Property by the District, the District will first need to undertake the actions required by Government Code section 54220 et seq., as a condition precedent to moving forward with sale of the SMR Property. Compliance with these Government Code provisions may preclude sale of the property to any proposer.

3. District Goals and Objectives/ Requirements for Use of the SMR Property

- a. District Goals and Objectives:
 - i. To find an experienced and qualified partner to help preserve the property through sale, transfer or other arrangement for the benefit of the Fallbrook community and to maintain the existing passive recreational uses of the property; and
 - ii. To enter into a sale, transfer or other arrangement that will secure value for the District to help offset costs of a planned water supply project.

- b. Requirements for Use of the SMR Property:
 - i. Maintain and/or permit year round access for the entire existing 18 mile trail system on the SMR Property; and
 - ii. Enhance the existing appropriate trail related uses, while protecting the SMR Property from inappropriate uses that damage the property, negatively impact surrounding residences or that may adversely impact the watershed.

PROCESS OF SELECTION

Submissions must contain four (4) complete copies of the proposal and must be received on or before 4:00 p.m. on **January 15, 2018**, at the Fallbrook Public Utility District Office at 990 E. Mission Rd. Fallbrook, CA. Proposals delivered in person or by courier can be delivered to Address above. Proposals sent by U.S. Post Office **must be** addressed to Fallbrook Public Utility District, P.O. Box 2290, Fallbrook, CA 92088, Attention: **Mary Lou West, Board Secretary**. The District will not be responsible for proposals that are delinquent, lost, incorrectly marked, sent to an address other than that given herein, or sent by mail or courier service and not signed for or acknowledged by the District.

Any questions and requests for clarification must be submitted in writing via email to Ms. West at maryloub@fpud.com, prior to 4:00 p.m. on **January 2, 2018**. No questions will be accepted via telephone and oral explanations or instructions shall not be considered binding on the District.

Each proposal shall contain the following:

1. Compensation to be provided to the District for sale, transfer or other arrangement.

2. Terms and conditions of the sale, transfer or other arrangement. Proposals should meet District goals for the property which include:
 - Preserve the existing 18 mile trail system in its entirety.
 - Maintain year round access to the property for passive recreational usages.
 - Preserve the property from development.
 - Operate the property consistent with the District existing rules and requirements (Appendix C).

3. A detailed summary including the following:
 - a. Proposer Ownership Information
 - i. Principals
 - ii. Ownership Structure

 - b. Experience
 - i. Description of completed projects

 - c. Financial Capacity
 - i. Information regarding capitalization and financial strength indicating capability to purchase, transfer or complete other arrangements and preserve the property

A proposal may be considered non-responsive if conditional, incomplete, or if it contains alterations of form, additions not called for, or other irregularities that may constitute a material change to the Proposal.

Proposers are put on notice that the District is a public agency subject to the disclosure requirements of the Public Records Act, California Government Code section 6250 et seq. If confidential or proprietary information is contained within a proposal, it must be submitted in a separate clearly labeled exhibit with all pages marked "Exhibit-Confidential/Proprietary." In accordance with the California Public Records Act, the District will not treat pricing or terms and conditions as confidential. It is understood and agreed upon by any proposer in submitting a proposal that the District has the right to withhold all information regarding the selection of a successful proposal until after final selection.

Fallbrook Public Utility District will evaluate the proposals and may interview proposers before selecting one (1) proposal that best meets the District's needs, goals, and objectives for the property; however, nothing precludes the District from negotiating modifications to a proposal. The proposals will be evaluated based on the ability of the proposer to best meet the stated District needs, goals, and objectives and to demonstrate the financial capacity and experience to complete the purchase, transfer or other arrangement. The proposals will be evaluated based upon the information set forth in the proposals and other information known to the District. The District reserves the right to request clarification and/or request additional information from proposers if necessary.

OTHER MATTERS

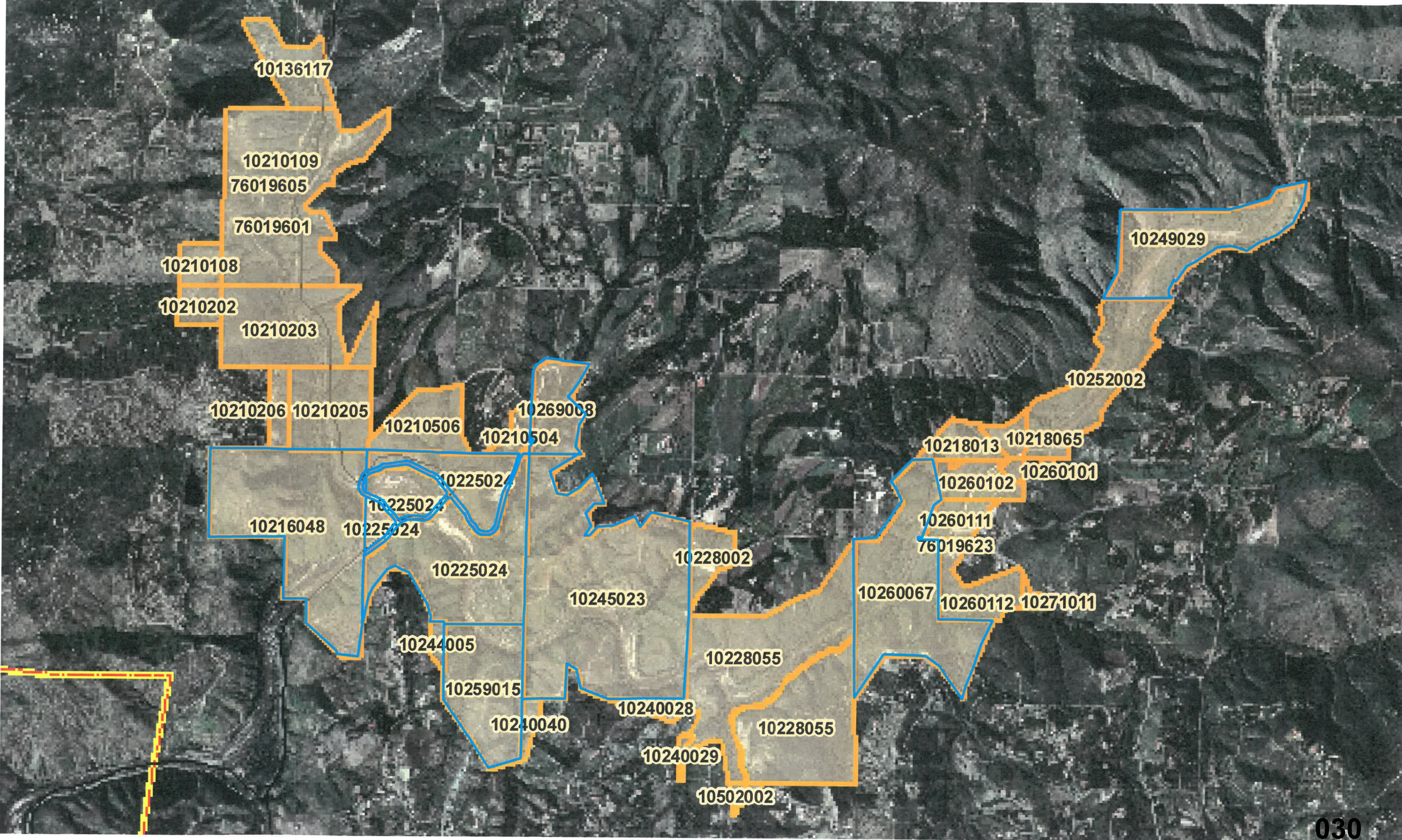
Fallbrook Public Utility District will consider paying a broker's fee to an independent brokerage firm. Fallbrook Public Utility District reserves the right to reject any or all proposals and to cancel this process in part or in its entirety at any time. The District will not compensate any proposer for the cost of preparing any proposal, and all materials submitted with a proposal shall become the property of the District. The District may use any idea in a proposal regardless of whether that proposal is selected.

The right, title and interest in the property to be sold shall not exceed that vested in Fallbrook Public Utility District. Any sale, transfer or other arrangement is subject to all title exceptions and reservations whether or not recorded. The successful proposer may obtain a policy of title insurance at its own expense. Proposers are hereby put on notice that the District has not yet declared the SMR Property as surplus. If the successful proposal involves sale of the SMR Property by the District, the District will first need to undertake the actions required by Government Code section 54220 et seq., as a condition precedent to moving forward with sale of the SMR Property. Compliance with these Government Code provisions may preclude sale of the property to any proposer.

A proposer may desire to survey the property. No warranty is made by Fallbrook Public Utility District relative to the ground locations or property lines, other than monumented highway right-of-way lines.

The sale, transfer or other arrangement related to this property is subject to all matters of public record and any easements, claims or easements or reservations not recorded. Fallbrook Public Utility District does not assume any liability for any possible encumbrances on this property. Fallbrook Public Utility District makes no warranty as to future zoning or availability of utilities. Proposers shall confer with local planning officials to determine the feasibility of any intended uses.

Appendix A



Appendix B

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY OWNER: Fallbrook Public Utilities District

PROPERTY LOCATION: Sandia Creek Drive to North Stagecoach Lane
Fallbrook neighborhood, unincorporated San Diego County

APNs: Numerous; the reader’s attention is invited to the Size and Shape section of this report

DESCRIPTION OF THE LARGER PARCEL: The crescent-shaped property contains 1,389.69 acres of mainly raw land that extends along the Santa Margarita River. The property was assembled in the 1950s out of 87 legal lots. The majority of the property contains a diverse range of native vegetation. The topography ranges from level to steeply sloped. A small portion of the property is farmed and improved with two older single-family homes. The majority of the subject property is zoned S80 (Open Space Use Regulations), excluding one parcel which is zoned A70 (Limited Agricultural Use Regulations). Residential use is permitted in both zones. The entire property is designated Public Agency Lands in the *General Plan*. Access is provided by multiple roadways. In addition to the small area that is farmed, the subject is improved with two old homes. According to our general measurements, the subject contains approximately 16 acres of “Urban/Developed” area, 126 acres of “Non-Native Grassland”, and 22 acres of “Row Crops.” Based on our analysis, the subject property can reasonably accommodate a range near 60 residential lots’.

HIGHEST & BEST USE: Future residential development, and related agricultural use, with some small areas devoted to mitigation.

DATE OF VALUE: September 1, 2014

DATE OF REPORT: September 16, 2014

ESTATE APPRAISED: Fee simple estate

VALUE CONCLUSION: \$10,500,000

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ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

1. Information, estimates, and opinions furnished by others and contained in this report are assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraisers.
2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title, which is assumed to be held in fee simple estate as of the date of valuation unless otherwise stated.
3. It is assumed that the property is readily marketable and free of all liens and encumbrances except any specifically discussed in this report.
4. Photographs, plats, and maps furnished in this report are to assist the reader in visualizing the subject property. No survey of the subject property has been made, and no responsibility has been assumed in this matter.
5. It is assumed that there are no legitimate environmental or ecological reasons that would prevent orderly development of the land to its highest and best use under economically feasible conditions.
6. A soils engineering study was unavailable for this appraisal. It is assumed that there are no hidden or unapparent conditions of the property such as subsoil conditions which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which might be required to discover such factors.
7. Possession of this report, or a copy thereof, does not carry with it the right of publication. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI and SRA designations) may be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communications without prior written consent and approval of the appraisers.
8. This report may not be used for any purpose by anyone other than the party to whom it is addressed without the written consent of the appraisers.
9. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraisers customary compensation relating to any subsequent required depositions, conferences, additional preparation, or testimony.
10. No warranty is made as to the seismic stability of the subject property.

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ASSUMPTIONS AND LIMITING CONDITIONS
(Continued)

11. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraisers assume no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.
12. An engineering survey has not been made by the appraisers. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
13. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights and it is assumed that the property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.
14. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short-term supply and demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraisers and could affect the future income or value projections.
15. Testimony or attendance in court or any other hearing is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance.
16. By acceptance and use of this report, the user agrees that any liability for errors, omissions, or judgment of the appraisers is limited to the amount of the fee charged for the appraisal. Anyone acting in reliance upon the opinions, judgments, conclusions, or data contained herein, who has the potential for monetary loss due to the reliance thereon, is advised to secure an independent review and verification of all such conclusions and/or facts. The user agrees to notify the appraisers, prior to any loan or irrevocable investment decision, of any error which could reasonably be determined from a thorough and knowledgeable review.
17. As used in this report, the word "inspection" means a viewing of the property and its improvements for appraisal purposes; it should not be construed to mean a professional building inspection in which the building structures and systems are reviewed, examined, and/or tested. Measurements taken, if any, are for appraisal purposes only and are not to be relied upon for any other use.
18. Preliminary Reports were prepared by Stewart Title and provided by the client. The 28 reports have varying effective dates in January 2014. The reports cover 28 of the 33 APN's described in this appraisal report. Exceptions to coverage, where possible, were discussed in the body of this report. No responsibility is assumed for undisclosed items of record or any unrecorded items that may limit the utility of the subject property.

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ASSUMPTIONS AND LIMITING CONDITIONS

(Continued)

19. Research and physical inspection of the subject property revealed no apparent contamination by hazardous chemicals or toxic wastes. In addition, no nearby land uses were noted that are commonly associated with such problems. It is assumed that no such contamination of the subject property exists.

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APPRAISERS' CERTIFICATE

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
8. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Uniform Appraisal Standards for Federal Land Acquisitions*.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. We have made a personal inspection of the property that is the subject of this report (from trails and the surrounding public rights of way).
11. No one provided significant real property appraisal assistance to the persons signing this report.
12. As of the date of this report, Robert P. Caringella, MAI and Trevor C. Hubbard, MAI, SRA have completed the continuing education program of the Appraisal Institute. Mr. Caringella and Mr. Hubbard have each received certification from the state of California as a Certified General Real Estate Appraiser.
13. We have not performed any appraisal services on the subject property in the three years prior to the date of this report.

Robert P. Caringella, MAI
AG003295

Trevor C. Hubbard, MAI, SRA
AG044336

September 16, 2014
Date

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IDENTIFICATION OF THE PROPERTY

The subject of this appraisal is located along the Santa Margarita River in the Fallbrook neighborhood, San Diego County. The subject comprises 33 Assessor’s parcels, 87 potential legal lots, and 1,389.69 acres. Although the majority of the subject is raw, a small portion of the property is farmed and a portion is improved with two, older single-family structures. The two older homes are located at 39315 and 39227 Sandia Creek Drive.

OWNERSHIP AND HISTORY

The subject property is owned by Fallbrook Public Utilities District. Although the property was assembled in the late 1950s to create a reservoir, the plan was abandoned in the 1980s. Assemblage was achieved via open market acquisitions and condemnation proceedings. Based on our research and analysis (including a discussion with Mr. Tom Harrington, Senior Land Surveyor at the County of San Diego), the subject property consists of 87 legal lots (an old map depicting the 87 lots is located in the Addenda as Exhibit A). This same map illustrates the locations of historical structures that were demolished following assemblage. As the map illustrates, homes clustered around creeks and the Santa Margarita River. A small area near the southerly portion of the property reportedly was used many decades ago as a repository for concrete and aggregate material.

Although the subject property currently comprises 33 Assessor’s Parcel Numbers (APN’s), it formerly comprised 58 APN’s. The Assessor’s Plat maps indicate the consolidation occurred between 2010 and 2012. According to the client, the Assessor consolidated the parcels for convenience purposes.

To our knowledge, the subject is not currently listed for sale. As of the date of value, portions of the subject are leased to three individuals. The two homes have been individually rented to the same two families for many decades (likely dating back to when the properties were acquired by Fallbrook Public Utilities District). Both homes are rented at nominal rates and will expire at the end of 2014. The portion that’s farmed (row crops) has been leased since 1996. The monthly rental rate is \$246.47 as of the date of value. The lease expires in February 2015.

There are also various pedestrian and equestrian trails throughout the subject property. According to representatives at the Fallbrook Public Utilities District, this trail system exists via an interim agreement with Fallbrook Land Conservancy. Reportedly, the Fallbrook Public Utilities District has the right to revoke this agreement anytime.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property.

INTENDED USE AND USERS OF THE REPORT

The intended use of this report is to provide the client, Western Rivers Conservancy, technical support and value documentation for potential acquisition of the subject site. Intended users include the United States Navy; the Fallbrook Public Utilities District; federal, state, and local agencies; and other nongovernmental organizations, as may be necessary to arrange acquisition of the subject property. There are no other intended uses or users of this report.

DEFINITION OF VALUE

Market value is defined on page 13 of the *Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), Fifth Edition (2000)*, as follows:

“Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.”

DEFINITION OF PROPERTY RIGHTS APPRAISED

A fee simple estate is defined on page 78 of *The Dictionary of Real Estate Appraisal, Fifth Edition (2010)*, as follows:

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

We are not aware of any covenants, conditions, and restrictions (CC&R’s) or other such agreements or restrictions affecting the subject property beyond those noted in this report.

According to Standard Rule 1-2(c)(iv) located on page U-17 of the USPAP, “When exposure time is a component of the definition for the value opinion being developed, the appraiser must also develop an opinion of reasonable exposure time linked to that value opinion”. However, Section A-9 (Purpose of the Appraisal) of UASFLA indicates, “contrary to USPAP Standards Rule 1-2(c), this definition of market value does not call for the estimate of value to be linked to a specific exposure time estimate, but merely that the property be exposed on the open market for a reasonable length of time, given the character of the property and its market. Therefore, the appraiser’s estimate of market value shall not be linked to a specific exposure time when conducting appraisals for federal land acquisition purposes under these Standards.” In conformance with UASFLA, exposure time was therefore not estimated due to this jurisdictional exception¹.

SCOPE OF THE APPRAISAL

This analysis is intended to be an "appraisal" as defined in the *Uniform Standards of Professional Appraisal Practice* (USPAP). It is our intent that the appraisal service be performed in such a manner that the results of the analysis, opinion, or conclusion be that of a disinterested third party. All appropriate data deemed pertinent to the solution of the appraisal problem was collected, confirmed, and reported in conformity with USPAP and the supplemental requirements of the Appraisal Institute. The appraisal was also developed in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA).

In preparing this appraisal, the following tasks were performed:

- the subject property was inspected by the appraisers;
- representatives of the Fallbrook Public Utilities District, San Diego County, and Stewart Title were interviewed;
- title and deed information from the 1950s was researched;
- the physical, legal, and economic characteristics of the subject property were investigated (including interviews with County land use officials, local real estate professionals, and representatives of the title company);

¹ For a discussion on the legal basis for this standard, which results in a jurisdictional exception under USPAP, see Section B-2 of UASFLA.

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- the title exceptions noted in the 28 Preliminary Reports that were provided were analyzed (where possible);
- the larger parcel was determined (there is no “larger” parcel since it is a full acquisition);
- the highest and best use of the property was determined;
- research was conducted to locate, inspect, and verify sales of similar properties;
- relevant market data were inspected and confirmed; and
- the sales comparison approach was used to value the fee simple estate in the subject property (appraising water rights was not part of this assignment).

This appraisal is subject to certain assumptions and limiting conditions that are made part of this report.

DETERMINATION OF THE LARGER PARCEL

In order to determine what needs to be appraised (and damages and special benefits), the larger parcel must first be determined. A "larger parcel" is a designated property from which a portion is acquired and is defined on page 17 of UASFLA, *Fifth Edition* (2000), as follows:

“... that tract, or those tracts, of land which possess a unity of ownership and have the same, or an integrated, highest and best use. Elements of consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use.”

To ascertain what constitutes a larger parcel, three basic criteria are applied. These three criteria are (1) unity of ownership, (2) physical contiguity, and (3) unity of use. Therefore, the larger parcel is typically determined to be that property, impacted by an acquisition, which has unity of ownership, physical contiguity, and unity of use (this was considered consistent with the spirit of UASFLA’s definition).

The subject property is owned by Fallbrook Public Utilities District. The subject property is bordered by separate ownerships (mostly private individuals). While Fallbrook Public Utilities District owns other parcels in the immediate area, they are not physically contiguous to the subject property. The subject property has integrated future uses as described in the Highest and Best Use section of this report. It has been appraised as one holding with future development potential.

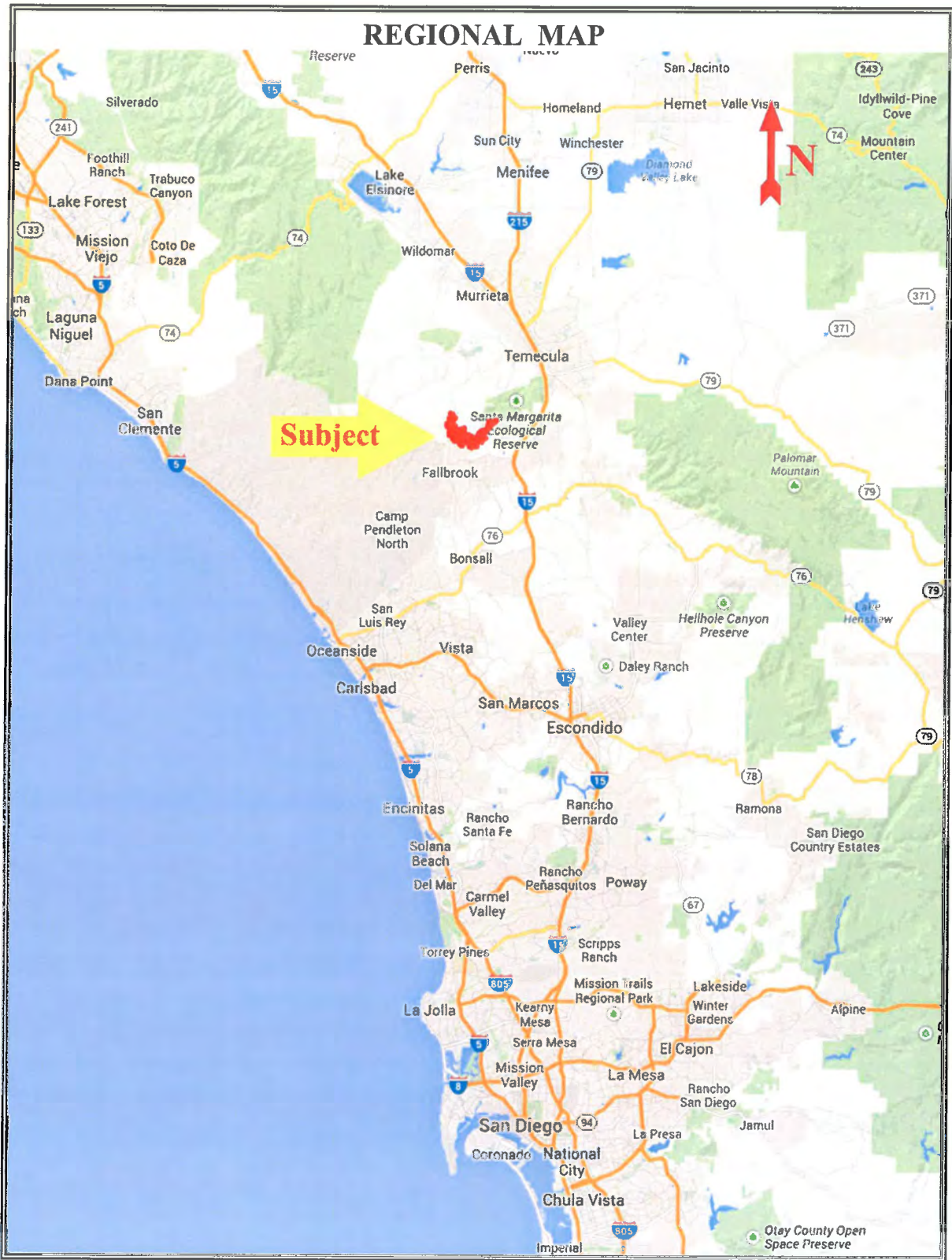
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Based on our analysis, we have concluded the subject property is entire acreage containing the 33 Assessor Parcel Numbers outlined in the following Size and Shape section of this report and visually depicted in the following Area/Neighborhood Map. Since this is a full acquisition, there is no larger parcel. As discussed later in this report, the subject contains 1,389.69 acres. Although the subject property contains some site improvements (including two older homes), they were considered to contribute minimal value.

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The subject property is located in the unincorporated San Diego County community of Fallbrook, which is located in the northern portion of the county. Located in the southwest corner of the United States, San Diego County is bordered on the north by Orange and Riverside Counties, on the east by Imperial County, on the south by Mexico, and on the west by the Pacific Ocean. The terrain varies from ocean beaches to foothills, mountains and deserts. Created in 1850, San Diego was the first county in California. Upon creation, it included the present counties of Riverside, San Bernardino, and Imperial but these were removed by the state legislature in the first few years of statehood.

Population

According to the U.S. Census Bureau, the most recent population estimate for San Diego County was 3,211,252 persons as of January 2013. This represents an increase of about 3.7 percent from the 2010 Census of 3,095,313 persons. In terms of population, San Diego County was the second largest in California as of 2010. Much of the growth in the County since the year 2000 has occurred in the more populated cities. The rural areas of the County tend to have a slower growth in population.

Housing

As of 2013, there were 1,176,718 housing units in San Diego County. The County's homeownership rate was 54.5 percent between 2008-12 compared to 56.0 percent in California. The median value of owner-occupied housing units between 2008-12 was \$419,400 in San Diego County compared to \$383,800 in California. The average household size in San Diego County and California were 2.82 and 2.93 persons, respectively.

Employment and Income

According to the Bureau of Labor Statistics ("BLS"), the County's unemployment rate for April 2014 was 6.0 percent, down from 9.5 percent in January 2012 and 10.5 percent in January 2011. San Diego County's unemployment rate is below California (at 7.4 percent). According to SANDAG and BLS, the most current available average median household income is \$70,926, which is higher than California (at \$53,046).

The S&P Case-Shiller home price index is rising, with San Diego’s index having risen 11.04 percent from May 2013 to May 2014 (the most recent month of publication). From May 2012 to May 2013, the Case-Shiller index rose 14.76 percent. Another index, the First Republic Bank’s Prestige Home Index, tracks changes in homes valued at more than \$1 million. This index has risen the past three years, including 11.9 percent from March 2013 to March 2014 (the most recent month of publication).

The University of San Diego’s Index of Leading Economic Indicators (USD Index) for San Diego County, developed by Professor Alan Gin, Ph.D., is a monthly report on the outlook for the San Diego economy. The USD Index includes six components: building permits, initial claims, stock prices, consumer confidence, help wanted advertising, and national economy. The following table summarizes the past five years (as of January of each year) of the USD Index.

USD Index of Leading Economic Indicators		
Year	Index	Annual % Change
2009	105.2	-16.57%
2010	107.7	2.38%
2011	111.7	3.71%
2012	117.7	5.37%
2013	123.5	4.93%

After peaking in early 2006 (at 144.2), the index declined about 30 percent by early 2009 (at 100.7). Since early 2009, however, the index has slowly increased to 128.1 as of December 2013.

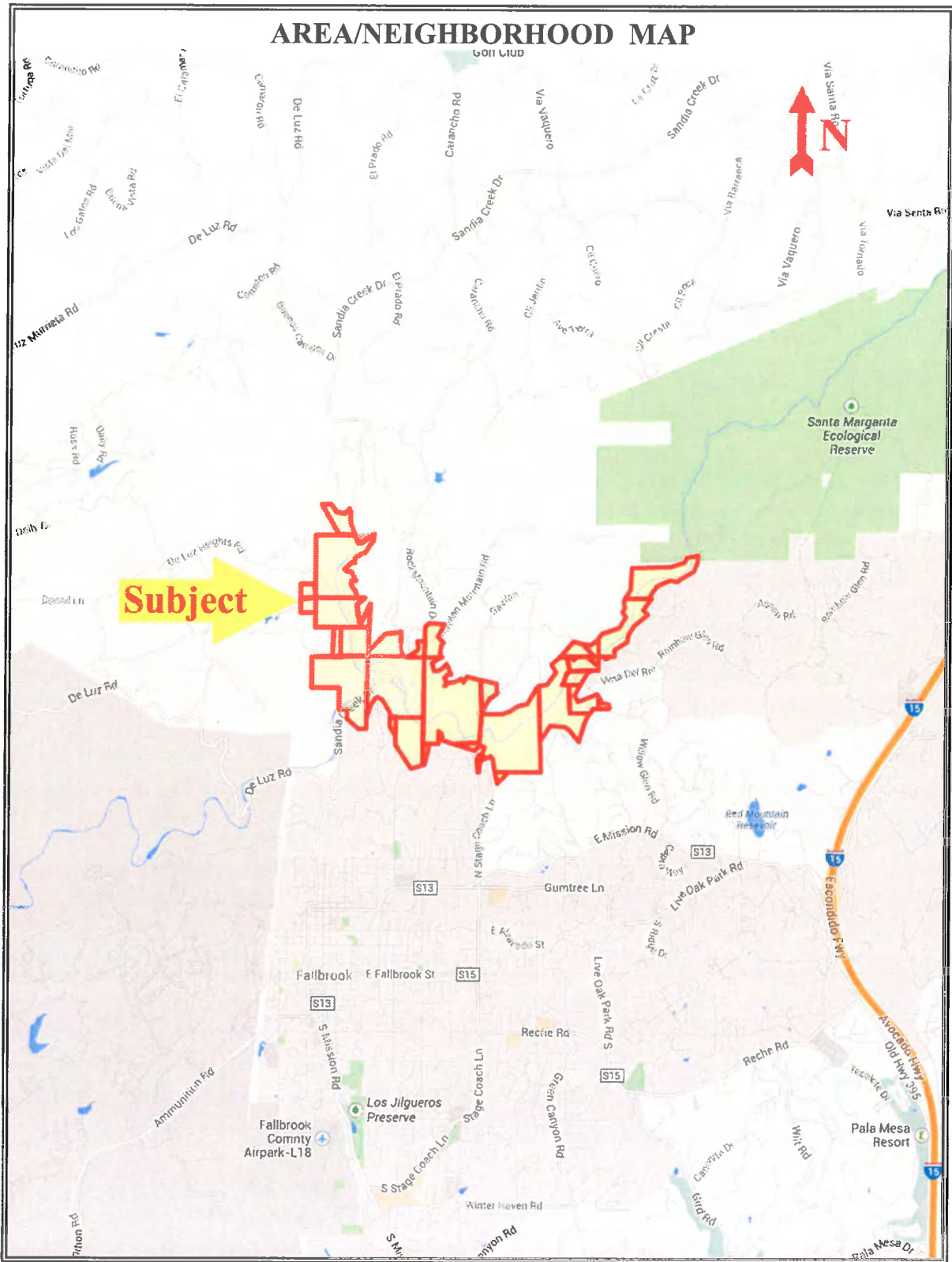
Conclusion

Since the 1970s San Diego County has been a rapidly growing Sunbelt location. The region’s economy is diversified, beginning with the strong presence of the military and government contractors, trending into more biotech, technology, and other industries. With the military presence, there was a relatively small downturn in the San Diego economy during national recessions in the 1970s and 1980s. However, when defense and aerospace spending declined in the early 1990s, San Diego faced declining employment and limited growth. While military and defense contracts still play an important role in the economic stability of San Diego County, the region’s economic base has diversified since the early 1990s. Leaders in this diversification include the high-tech, biotech, and tourism-based industries.

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The primary attraction of San Diego is its coastal location and climate. This has resulted in steady population gains since the mid-1990s. In summary, the physical characteristics of San Diego will continue to make it attractive to investors. The appeal of San Diego has assisted in the economic recovery.

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AREA/NEIGHBORHOOD DESCRIPTION

Fallbrook is located in the northwest portion of San Diego County, just south of the Riverside County line. Fallbrook is generally bounded on the north by Riverside County, on the south by the Bonsall Community, on the east by Interstate 15, and on the west by Marine Corps' Base Camp Pendleton. Fallbrook is a primarily rural residential and agricultural community. Nursery plants, flowers, and groves (primarily avocado and citrus) account for the area's greatest industry revenue. Commercial development is concentrated along South Mission Road and Main Street.

Interstate 15, a north-south freeway, and State Route 76, an east-west highway, serve Fallbrook. Major streets in the area include South Mission Road, Main Street, Stage Coach Lane, East Mission Road, Alvarado Street, and Fallbrook Street. The subject property is located over two miles north of downtown Fallbrook. The property is downstream from the Santa Margarita Ecological Reserve (adjacent to the northeast) and upstream from Camp Pendleton (just southwest of the subject).

Demographic information was provided by the San Diego Association of Governments ("SANDAG"). The most recent 2013 estimated population of Fallbrook was 44,646 persons, with 16,189 total housing units. This represents a 3.0 percent increase in population from the 2010 U.S. Census count of 43,338 persons. The population is expected to increase 6.5 percent to 47,565 persons by 2020. Between 2010 and 2020, the expected population increase in Fallbrook, at 9.8 percent, is lower than the countywide average, at 14.2 percent. As of 2013, the average household size in Fallbrook was 2.88 persons. The median annual household income was \$70,635 as of 2013, which was very similar to the countywide median household income at \$70,926.

Residential Land Market

Various publications on local residential land trends were reviewed for this assignment. CoStar (a real estate database specializing in commercial and large transactions) was utilized to analyze large land transactions in San Diego County. Notable listings and sales of large properties are summarized below.

- Rancho Lilac is a 903-acre property located in the community of Valley Center, San Diego County. The property sold in October 2011 for \$16,500,000 or \$18,272 per acre. Reportedly, a tentative map for 342 units was nearly complete. The property is in the Keys Creek corridor and a wildlife link in the San Luis Rey watershed. The property was purchased under Transnet EMP to mitigate various projects including SR-76. Overall, this property was considered superior to the subject.

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- Peaceful Valley Ranch is a 181-acre property located in the community of Jamul, San Diego County. The property is in escrow for \$2,250,000 or \$12,431 per acre. The property is marketed as a future residential subdivision for 47 lots, equestrian facilities, and open space; no entitlements currently exist. The majority of the property appears to be level or gently sloped. The property was considered overall superior to the subject.
- Dehesa Mountain Estates is a 112-acre property located in the city of El Cajon. The property is listed for \$590,000 or \$5,268 per acre. The majority of the property is located on a hill and reportedly contains Southern Mixed Chaparral and Coastal Sage Scrub. The site is marketed as sustaining six possible lots. Overall, this property was considered inferior to the subject.

With limited residential land remaining in the County and significant barriers to entry, large land transactions are thinly traded similar to the subject. Due to limited data, a meaningful trend analysis from CoStar was unavailable. Finally, real estate agents and brokers active in the land market have reported conflicting trends. While some have a positive outlook, others do not feel the residential land market has fully recovered.

Another way to extract a meaningful trend is to study smaller residential land transactions using the Multiple Listing Service (“MLS”), a database that primarily tracks residential real estate. A sales history of residential lots greater than one acre within the 92028 zip code (representing neighborhoods of Fallbrook, De Luz, and the western portion of Rainbow) was performed. The past four years were studied as well year-to-date 2014 (August 2014). The following table summarizes the results.

Residential Land Trends						
Year	Transactions	Days on Market	Average Sale Price	Median Sale Price	Size (Ac)	Sale Price/ List Price
2010	27	200	\$208,000	\$165,000	10.7	88%
2011	28	178	159,000	157,500	7.9	90%
2012	37	168	222,000	155,000	10.5	85%
2013	46	230	148,000	137,650	9.8	87%
2014	37	172	233,000	190,000	9.2	88%

The market data indicates the residential lot market has improved in the past few years. Year-to-date, both the average and median sale prices have significantly increased. Additionally, the days on the market have decreased and the sale price to list price has slightly increased (a positive trend). If the momentum continues, 2014 will likely have the highest number of transactions since many years ago. As discussed later in the Highest and Best Use section of this report, the subject can probably accommodate a range near 60 lots (with an average size at about 23 acres). Given the above market data is less than half the size of the subject’s average lot size, the average and median

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 sale prices (at \$233,000 and \$190,000 in 2014, respectively) are low indicators for the subject's lots. Nevertheless, the subject's lots would sell for a bulk discount, which could offset the size adjustment.

Single-Family Market

In order to help in the determination of highest and best use and potential value of the subject, a sales history of single-family home transactions within the 92028 zip code (representing neighborhoods of Fallbrook, De Luz, and the western portion of Rainbow) was performed. The past four years were studied as well year-to-date 2014 (August 2014). The following table summarizes the results.

Residential Land Trends						
Year	Transactions	Days on Market	Average Sale Price	Median Sale Price	Average Size (SF)	Avg Price/SF
2010	506	85	\$382,000	\$340,000	2,248	\$170
2011	515	92	394,000	345,000	2,366	167
2012	623	87	397,000	350,000	2,332	170
2013	737	64	483,000	430,000	2,438	198
2014	391	56	510,000	452,000	2,369	215

The market data indicates the single-family home market has improved in the past few years. Year-to-date, both the average and median sale prices have significantly increased. Additionally, the days on the market have decreased and the average price per square foot has steadily increased. Although it appears the number of transactions for 2014 will be down from the prior year, every other indicator shows signs of improvement.

Conclusion

Fallbrook is a desirable residential and agricultural location. The area experienced a notable decline during the recession. The current drought has hurt farmers that lack wells and rely on municipal water. Additionally, the region has experienced significant fires in the recent past, which devastated certain farms. Nevertheless, Fallbrook benefits from a strong agriculture community and is a desirable residential location for residents who value privacy, nature, and equestrian activities. Both the residential land and single-family home market in the immediate subject area is improving. Overall, the long-term outlook for this community was judged to be good.

LAND DESCRIPTION - PHYSICAL CHARACTERISTICS

Location and Access

The subject property is located in the northern portion of the community of Fallbrook, San Diego County. The subject property is served by multiple public roads, which include: Sandia Creek Drive, Rock Mountain Drive, Gavilan Mountain Road, Willow Glen Road, and North Stage Coach Lane. The majority of the developable areas of the subject property have adequate access (substantial driveway improvements would be required before home construction).

Street Improvements

Due to the subject’s size, it is served by multiple public roads. The western portion of the subject is served by Sandia Creek Drive, a two-lane, asphalt-paved roadway. Rock Mountain Drive (which extends off of Sandia Creek Drive) is also a two-lane, asphalt-paved roadway. Gavilan Mountain Road (which extends off Rock Mountain Drive) is also a two-lane, asphalt-paved roadway. The eastern portion of the subject is served by Willow Glen Road, a two-lane, asphalt-paved roadway. North Stage Coach Lane (which extends off Willow Glen Road) is a two-lane, dirt road.

Size and Shape

The Assessor’s Plat maps indicates the subject comprises 1,389.69 acres of land. The subject property is crescent shaped. The 33 APN’s presented in the following table are arranged from east to west.

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Subject Size	
APN	Size (Acres)
102-490-29	65.83
102-520-02	54.61
102-750-05	0.40
102-710-11	3.12
102-180-65	8.50
102-180-13	14.00
102-601-01	2.55
102-601-02	18.49
102-601-03	0.37
102-601-11	12.44
102-601-12	25.66
102-600-67	93.94
102-280-55	177.04
102-280-02	15.79
105-020-02	3.56
102-400-29	2.01
102-400-28	5.29
102-400-40	4.42
102-450-23	194.56
102-690-08	26.37
102-590-15	60.70
102-440-05	3.77
102-250-24	140.83
102-105-04	7.17
102-105-06	29.38
102-160-48	124.14
102-102-05	40.40
102-102-06	7.35
102-102-03	73.46
102-102-02	8.81
102-101-09	128.56
102-101-08	11.75
101-361-17	24.42
Total	33 1,389.69

It is important to note that APN 105-020-02 contains 3.56 acres according to the Assessor's Plat map. Since this figure was also confirmed by a representative at the Assessor's office, we have used this figure in our analysis. The Assessor's Plat maps did not display the total sizes for APNs

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102-750-05 and 102-601-03. The areas in the above table and used in this analysis were derived by using a planimeter and electronic measurements.

It appears that the southeast portions of APNs 102-601-02 and -11 are farmed. APN 102-601-11 is also referred to by the Assessor as APN 760-196-23 (a number given to possessory interests), which is held by Brian Boren. Additionally, APN 102-101-09 appears to be occupied (an aerial indicates various structures and a lawn). APN 102-101-09 is referred to by the Assessor as APNs 760-196-01 (held by William R. Martin) and 760-196-05 (held by Peggy Hartfiel).

In addition to the small area that is farmed, the subject is improved with two older homes. According to our general measurements using a planimeter on the SANGIS vegetation map, the subject contains approximately 16 acres of “Urban/Developed” area, 126 acres of “Non-Native Grassland”, and 22 acres of “Row Crops.” As such, approximately 164 acres contain low biological value according to our general measurements.

Topography and Drainage

The subject’s topography ranges from level to steeply sloped. A topographic map of the subject property, prepared by SANGIS, is located in the **Addenda as Exhibit B**. There are various waterways throughout the property, the most significant being the Santa Margarita River. Sandia Creek extends in a north/south direction through the western portion of the subject property. Additionally, Rainbow Creek extends in a northwest/southeast direction through the eastern portion of the subject property. Both Sandia and Rainbow Creeks connect to the Santa Margarita River.

Flood Hazard

The majority of the subject property is located in FEMA Map No. 06073C0165G, however, portions of the westerly parcels are located in Map No. 06073C0150G. Both maps were revised on May 16, 2012. According to the maps, the majority of the subject property is located in Other Areas: Zone X, which is defined as “areas determined to be outside the 0.2% annual chance floodplain.” The areas that Sandia Creek and Santa Margarita River extend are within Zone A, which is defined as “no base flood elevations determined.” Zone A is located in the “special flood hazard areas subject to inundation by the 1% annual chance flood.” A flood map of the subject property, prepared by SANGIS, is located in the **Addenda as Exhibit C**.

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Since the base (100-year flood level) elevations have not been determined for the area, it is unclear exactly where future development would occur that wouldn't disrupt the flood levels of the rivers (there is ample room as the flood plain is relatively narrow). According to Ordinance No. 8334 (New Series), encroachments, including fill, new construction, substantial improvements, and other development, unless certification by a registered professional engineer is provided demonstrating that encroachments shall not result in any increase in flood levels during the occurrence of the base flood discharge, are prohibited in the floodway. Development is allowed in the flood plain fringe, however, new construction and substantial improvement of any structure shall have the lowest floor raised to or above the base flood elevation (in some cases, one foot above).

Soils

A soils report was not provided for this appraisal. As such, soils conditions as to suitability for potential development is unknown. The area is characterized by hills and ridges separated by alluvium-filled, irregular valleys. We have assumed that soils conditions are adequate to support single-family residential development as allowed under the county land use restrictions. Development on other lots within the surrounding area indicate that this is a reasonable assumption.

Biological Resources

The majority of the subject property contains a diverse range of native vegetation. Although a site-specific biological study was not available for this appraisal, a vegetation map prepared by SANGIS was relied upon and a copy is located in the **Addenda as Exhibit D**. According to the vegetation map, the subject contains a diverse range of sensitive vegetation (summarized in the following table).

- | | |
|---|---|
| Southern Mixed Chaparral | Chamise Chaparral |
| Southern Coast Live Oak Riparian Forest | Riparian Forests |
| Diegan Coastal Sage Scrub | Mule Fat Scrub |
| Coastal Sage-Chaparral Scrub | Coast Live Oak Woodland |
| Dense Coast Live Oak Woodland | Chaparral |
| Scrub Oak Chaparral | Non-Vegetated Channel, Floodway, Lakeshore |
| Open Coast Live Oak Woodland | Fringe |
| Southern Sycamore-alder Riparian Woodland | Southern Cottonwood-Willow Riparian Forest. |

The subject property is located within the Multiple Species Conservation Program (MSCP)-North County Plan (not yet approved). According to the MSCP Habitat Evaluation Model, the majority of the subject property is designated as having areas with "Very High," "High," or

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“Moderate” biological value. Although the subject property is designated as “Special Districts” by the proposed Pre-Approved Mitigation Area (PAMA) Plan, it would be considered PAMA if it were privately owned according to Ms. Bobby Stephenson (a MSCP representative).

There are some non-native or disturbed areas. According to our general measurements using a planimeter on the SANGIS vegetation map, the subject contains approximately 16 acres of “Urban/Developed” area, 126 acres of “Non-Native Grassland”, and 22 acres of “Row Crops.” As such, approximately 164 acres contain low biological value according to our general measurements. According to Ms. Stephenson, areas of the subject property would be suitable for mitigation.

Cultural Resources

To our knowledge, the subject has not been surveyed for cultural resources. As such, it is unclear if there are any cultural resources on the subject.

Seismic Stability

According to a map within the *General Plan*, there does not appear to be a known fault on or immediately near the subject property. Various sources indicate the nearest faults are miles away in Pendleton/De Luz, Temecula, and Pala/Pauma Valley. According to a Special Studies Zones map, the subject does not appear to be within an Alquist-Priolo Special Studies zone.

Utilities and Public Services

Various public utilities are located on or near the subject property, however, future development would required extension of these services to the proposed improvements. Gas and electricity are provided by San Diego Gas & Electric Company. Although a gas line is not located on the subject, the nearest line is located about 3,600 feet south of the property. The subject property is located within the Fallbrook Public Utility District’s (FPUD) water service area. According to a map provided by FPUD, water lines extend through the northwestern, center, and eastern portions of the subject property. Many of the subject lots could be served by public water. Water can also be obtained via well. The area is not served by sewer; development in the immediate area relies on septic. According to the *Design Manual for Onsite Wastewater Treatment Systems*, leach lines must be 50 feet from a drainage course, and 100 feet from either a flowing stream or pond. The subject is located in the North County Fire Protection District of San Diego County and the Fallbrook Union Elementary School District, and Fallbrook Union High School District.

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Hazardous Waste

GeoTracker, an online public record database maintained by the State Water Resources Control Board, was reviewed for this assignment. There is no known hazardous contamination on the subject property (or immediate surrounding properties) according to GeoTracker. We have assumed that the subject is free and clear of any hazardous contamination. No unusual items were noted upon our inspection of the property.

Adverse Influences

During the inspection of the property, no significant adverse influences were noted.

LAND DESCRIPTION - LEGAL CHARACTERISTICS

Legal Description

A legal description of the subject property is included in the Preliminary Reports obtained for this appraisal, which are located in our workfile. The reports were prepared by Stewart Title and have varying effective dates in January 2014.

Easements and Encumbrances

We have reviewed 28 Preliminary Reports issued by Stewart Title provided by the client. The reports have varying effective dates in January 2014. The reports cover 28 of the 33 APN's described in this appraisal report. Notable title exceptions include roads and utilities that are common for this area and these parcel sizes. The locations of the easements require plotting by an engineer or title professional. Some of the deeds that we reviewed are many decades old and are not legible. One such easement is to a former railroad; there is no active rail in the area (a former rail crossing reportedly flooded many decades ago, and the rail endeavor has been defunct for some 50 years). A representative of the property owner also indicated that many of the older encumbrances may have been extinguished due to the plan in the 1950s to create a reservoir by building a dam and inundating the acreage.

The road and utility easements noted by Stewart Title tend to be in favor of SDG&E, the county of San Diego, or private parties (like an adjacent owner that may have certain rights across

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a parcel). The visible easements were noted during our inspection, and do not appear to materially impact the highest and best use. Other notable exceptions include water rights, and certain access rights. In cases where a parcel has no access rights, this may be overcome by the fact that FPUD owns adjacent land with physical and legal access, and can grant access over its own land to serve an "outlying" parcel. As to water rights, we understand that FPUD has certain water rights, some of which may be transferrable and are not part of this proposed transaction. We have not appraised transferrable water rights. Instead, we have reflected the right to use water for typical on-site uses (single-family home and limited agriculture) that would not overburden these rights. There is ground water in the area given the river location, while there is also public water available to many of the subject lots.

Most of the Preliminary Reports also mention the typical exceptions that include "rights of tenants in possession of said land" and "rights of parties in possession" and "rights of the public in an to any portion of the property herein described lying within roads, streets, and highways." Lastly, the report mentions the lack of open deeds of trust.

We have considered the title exceptions on a parcel by parcel basis, however, the ultimate legal lot division does not follow these APN boundaries. Since the subject property was appraised as a whole, it was not necessary to pinpoint all of the encumbrances lot by lot. It is also interesting to note that there are multiple legal descriptions (Parcel 1, 2, 3, etc.) in most of the Preliminary Reports.

We assume that there are no other easements or encumbrances that would have an adverse impact on the subject property. The preceding analysis reflects our interpretation and understanding of these items. Additional information is available in the source documents referenced in the Preliminary Reports; the client is urged to obtain expert legal opinion as to the effect of certain exceptions, if desired.

Zoning and Land Use

With the exception of one parcel, the majority of the subject property is zoned S80 (Open Space Use Regulations). According to the County’s *Zoning Ordinance*, the S80 zone is “intended to provide for appropriate controls for land generally unsuitable for intensive development.” Residential and agricultural uses are permitted in the S80 zone. If subdivided, the S80 zone permits a density of one unit per four acres. If unsubdivided, the S80 permits a density of one unit per legal lot. Although there is an additional open space zone called S81 (Ecological Resource Area), which

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is intended “to recognize and preserve coastal wetlands within the California Coastal Zone,” the subject property is not within this zone.

The most southerly parcel, APN 105-020-02, containing 3.56 acres, is zoned A70 (Limited Agricultural Use Regulations). According to the *Zoning Ordinance*, the A70 zone is “intended to create and preserve areas intended primarily for agricultural crop production.” Residential use is permitted in the A70 zone (one unit per two acres). It appears the majority of the subject’s S80 zoning designation is related to their public ownership for the following reasons. First, according to the *Zoning Ordinance*, “Typically, the S80 Use Regulations would be applied in both urban and rural environments to... public lands...” Second, all of the adjacent property is zoned A70, except one parcel near the northwest portion of the subject (APN: 102-101-10 - owned by SDG&E), which is zoned S80. Based on the density permitted by the zoning, the subject could support up to 347 homes (this was considered very speculative, and the minimum lot size may not properly apply here).

The entire subject property is designated Public Agency Lands in the *General Plan*. Residential and agricultural uses are not permitted in Public Agency Lands, which conflicts with the subject’s zoning designation. It appears the subject’s general plan designation is related to their public ownership as the adjacent parcels are designated Semi-Rural and Rural Lands (this was confirmed by a representative of the planning department). The majority of the parcels adjacent to the north of the subject are designated RL-20 (Rural Lands - one dwelling unit per 20 acres), however some are designated RL-40 (Rural Lands - one dwelling unit per 40 acres). The parcels adjacent to the south of the subject are designated SR-2 (Semi-Rural Residential - one dwelling unit per 2, 4, or 8 acres). These surrounding designations are the best examples of what the subject parcels would be designated if not in public ownership. The prior *General Plan* (adopted 1979) designated the property as Public/Semi-Public Lands. We have reviewed historical documents dating back to the 1950s for this assignment. The evidence suggests the subject property was unzoned back in the 1950s.

If the subject properties were privately owned, they would likely undergo a redesignation process according to the county. Customarily, the subject’s land use and density would mimic adjacent properties. Based on the general plan designations of adjacent, privately-owned properties, the subject’s possible maximum density would range from one dwelling unit per 2, 4, or 8 acres (in areas closer to Fallbrook proper) to between 20 or 40 acres in the northern area (representing the majority of the subject). Since the redesignation process is discretionary, the ultimate density could vary. Further subdivision in the County can be uncertain, lengthy, and costly. Given the many legal

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lots of the subject property, it may not be necessary to subdivide the property any further to maximize the value of the property.

The preceding discussion is intended to provide a summary of the land use regulations impacting the subject property. We are not experts in these regulations, which are quite complex. The client or any other interested party is urged to obtain legal review of the land use regulations as they relate to the subject property, if desired.

Private Restrictions

There are no known private restrictions on the subject property.

Agricultural Preserve

A Williamson Act contract does not exist on the subject property according to a Planner at the County.

LAND DESCRIPTION - ECONOMIC CHARACTERISTICS

Assessment Information

Assessment information relating to the subject properties was unavailable due to the fact they are held by public entities and therefore exempt. Nevertheless, any current assessment and taxes would not be relevant in this appraisal, as California law requires that properties be reassessed at their market value upon sale. Inherent in the definition of value is a sale of the subject. Therefore, this appraisal is predicated on the assumption that the subject would be reassessed upon transfer to reflect the value estimate. The typical tax rate in the surrounding area is 1.07265 percent (tax rate area 75053).

DESCRIPTION OF THE IMPROVEMENTS

As mentioned in the following Highest and Best Use section of this report, the two old homes were considered to contribute nominal value. According to public records, the house located at 39315 Sandia Creek Drive contains 1,096 square feet and the house located at 39227 Sandia Creek

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Drive contains only 384 square feet. According to FPU, the house located at 39315 Sandia Creek Drive was in fair condition. The house located at 39227 Sandia Creek Drive is in poor condition and is expected to be demolished. Both houses are old and near the end of their economic lives.

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SUBJECT PHOTOGRAPHS

Viewing southwest from North Stage Coach Lane (photo right). The farmed portion of the subject property is located on the left.



Viewing north toward Sandia Creek from Sandia Creek Trail Head. There are many flat areas (photo foreground) that could support a single-family home.



Viewing south toward the subject property. There are many flat areas (photo foreground) that could support a single-family home. Sandia Creek Drive is located just right of the photo.



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There are three generally recognized approaches to value. These include the cost, sales comparison, and income capitalization approaches. The sales comparison approach was used to value the subject property. The sales comparison approach is based on the principle of substitution, and relates the subject to similar properties that have recently sold. Sales of large undeveloped raw land in San Diego County were utilized in the analysis. Our investigation of the market data used in this appraisal involved inspection of the properties and researching the sales through sources believed to be reliable. As mentioned in the following analysis, the subject property can reasonably accommodate a range near 60 single-family lots using the existing legal lots. An aggregate retail value and “bulk” analysis was performed as a final check of reasonableness.

Because the subject is unimproved (the two old homes were considered to contribute nominal value), the cost approach was not used to value the subject property. The income capitalization approach was not considered relevant as the property does not produce income.

Prior to valuing the subject property, its highest and best use must be determined. The purpose of the highest and best use analysis is to establish which use will result in the highest value and to assist in identifying relevant market data.

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HIGHEST AND BEST USE

Highest and best use is an important concept in real estate valuation as it represents the premise upon which value is based. As used in this report, *highest and best use* is defined on page 332 of *The Appraisal of Real Estate, 14th Edition* (2013) as follows:

"The reasonably probable use of property that results in the highest value."

In order to meet the reasonably probable criterion, a use must be (1) physically possible, (2) legally permissible, and (3) financially feasible. These criteria are often considered in that order because qualification under a latter test does not matter if the property fails an earlier test. Uses which meet these three criteria are then tested for economic productivity, and the reasonably probable use with the highest value (i.e. maximally productive) is then determined to be the highest and best use. This definition applies to vacant land or improved property. The highest and best use of vacant land could be immediate development of the property or holding for future development.

The highest and best use of a property is determined by social, economic, governmental, and environmental forces. The relative weight that any of these forces carries in determining the highest and best use of a property depends on the individual property. Social forces are exerted primarily by population characteristics. Specifically, the demographic composition of the population reveals the potential demand for real estate. Examples of social forces that influence real estate are population changes, rate of family formations and dissolutions, and age distributions.

Economic forces determine the supply and demand conditions influencing real estate. The desire and ability of the population to satisfy its demand for real estate, or those uses situated on the real estate, are determined by economic forces. Examples of economic forces influencing the demand for real estate are employment and wage levels, the economic base of the region and community, price levels, and the cost and availability of mortgage credit. Examples of economic forces influencing the supply of real estate are the stock of available improved properties, proposed development, occupancy rates, and price patterns of existing properties.

Governmental influences include a broad range of political and legal actions which influence the provision of public services, restrict the supply of real estate through zoning and planning ordinances, establish local, state, and national fiscal policies, and special legislation (e.g., a building moratorium) which may influence property values and availability.

Environmental conditions which may influence real estate include climatic conditions, topography and soil, transportation systems, and the nature and desirability of the immediate

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neighborhood surrounding a property. Environmental forces can be external to the property being appraised or can include characteristics of the property itself. While the four forces that influence value have been identified separately, they work in concert to affect property values. For a given property these forces will probably exert uneven influence on the value, with certain forces having greater impact on that property than others.

Although the subject property is improved with two homes, they are near the end of their economic lives. As of the date of value, the leases that encumber the two homes expire at the end of 2014. Based on our analysis, the improvements contribute nominal value to the subject property.

Physically Possible

Since the subject property generally follows the Santa Margarita River, it is irregular in shape (generally crescent shaped), with changing topography. The majority of the 1,389.69-acre property is moderately sloped (leading downward toward the river). There are many areas throughout the subject property that could accommodate a pad for a home. Some of the flatter or gently sloped areas include areas along Sandia Creek Drive (currently improved with two older houses) and the northeastern area that is farmed.

Surrounding uses consist of homes on large lots (typically containing between two and 20 or more acres) and agriculture (groves and flower farms). Although the higher elevations offer view potential, these areas commonly have more challenging access and expensive development costs.

Water is available via a well or public connection. Development in the area relies on septic. Although percolation is unknown, surrounding uses indicate this is likely. Surrounding buildings in the area are served by electricity (such as the small subject houses along Sandia Creek Drive) and an extension to the subject is physically possible. Solar power is also an alternative.

The majority of the subject property contains sensitive vegetation (only small areas are disturbed - mainly the 15-acre farmed area). Overall, the subject property is physically constrained by topography, flooding, and sensitive vegetation.

Legally Permissible

With the exception of one parcel, the majority of the subject property is zoned S80 (Open Space Use Regulations), which permits residential and agricultural uses. If subdivided, the S80 permits a density of one dwelling unit per four acres. If unsubdivided, the S80 permits a density of

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one dwelling unit per legal lot. The most southerly parcel, APN 105-020-02, is zoned A70 (Limited Agricultural Use Regulations). Residential use is permitted in the A70 zone (one unit per two acres). It appears the majority of the subject’s S80 zoning designation is related to their public ownership. Based on the density permitted by the zoning, the subject could support up to 347 homes (this was considered speculative since it conflicts with the existing general plan and the general plan designations on surrounding, privately owned parcels).

The entire subject property is designated Public Agency Lands in the *General Plan*. Residential and agricultural uses are not permitted in Public Agency Lands, which conflicts with the subject’s zoning designation. It is apparent that the subject’s General Plan designation is related to its public ownership as the adjacent parcels are designated Semi-Rural and Rural Lands. The majority of the parcels adjacent to the north of the subject are designated RL-20 (Rural Lands - one unit per 20 acres), however some are designated RL-40 (Rural Lands - one unit per 40 acres). The parcels adjacent to the south of the subject are designated SR-2 (Semi-Rural Residential - one dwelling unit per 2, 4, or 8 acres). We have reviewed historical documents dating back to the 1950s for this assignment. The evidence suggests the subject property was unzoned back in the 1950s.

If the subject parcels were privately owned, they would likely undergo a redesignation process in the *General Plan*. Customarily, the subject’s land use and density would mimic adjacent properties. Based on the General Plan designations ascribed to the adjacent, privately-owned properties, the subject’s possible maximum density would range from one unit per 2, 4, or 8 acres (in areas closer to Fallbrook proper) to between 20 or 40 acres in the northern area (representing the majority of the subject).

An alternative to subdivision is developing one home per legal lot on the subject property. Based on our research and analysis, this *General Plan* change would be more ministerial than discretionary. When the subject property was assembled in the 1950s, 87 legal lots were created (an old map depicting the individual lots is located in the Addenda as Exhibit A). The manner and date these lots were created comply with the County’s *Determination of Legal Parcel* (Policy G-3) guidelines. Mr. Tom Harrington, Senior Land Surveyor at the County of San Diego, further confirmed that the circumstances that created the subject lots qualify in creating 87 legal lots. However, some “legal” lots may not be “developable” lots. We believe that some of these lots would be merged to create the best mix of developable lots.

Although the subject property likely contains 87 legal lots, it is unlikely every parcel would be developed since some have challenging physical constraints (such as size, topography, flooding,

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septic, and sensitive vegetation). Clustering of homes in the least biologically sensitive areas is also a possibility, however, the County may limit clustering to the point that it becomes a de facto subdivision.

Overall, single-family development (with equestrian use) is legally permissible. Agricultural uses, such as groves, is also legally permissible, however, the subject’s sensitive vegetation poses a significant constraint to that use.

Financially Feasible

By definition, any use which results in positive land value represents a financially feasible use. The first step taken to establish financial feasibility was to research sales of sites similar to the subject. We found several sites purchased for future residential development. Additionally, we found adequate examples of single-family lots (some with income-producing groves) near the subject property. Despite the historic drought, groves that rely on public water are still economically viable. We found several examples of property owners expanding or improving groves in the immediate area. Overall, single-family residential and agricultural uses were considered financially feasible.

Maximally Productive

The maximally productive use of a property is that use which results in the highest land value relative to risk. The residential lot and single-family home market in the area has improved in the past few years. Since the redesignation process is discretionary, the subject’s ultimate density could vary. The subdivision process in the County can be uncertain, lengthy, and costly. Based on the surrounding density, the subject’s notable physical constraints, and likely neighborhood opposition, aggressive subdivision of the subject property was considered to be speculative.

Although the subject property has 87 legal lots, a development of this density was also considered speculative given the subject’s physical constraints (some of the lots are less than one acre and/or have close proximity to the creek and sensitive vegetation). Fewer, larger lots are more likely developable to enable access and septic layouts. The most likely scenario would involve a mixture of single-family development in the most logical legal lots (perhaps with limited clustering), assemblage with surrounding lots, and possibly agriculture. Based on our physical inspection of the subject property, analysis of legal lots, and understanding of existing physical constraints, we have determined the subject property would reasonably accommodate a range near 60 lots. This is

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consistent with the 58 Assessor's parcels that formerly existed (before the Assessor consolidated them into 33 parcels for convenience purposes between 2010 and 2012).

The highest and best use was determined to be future residential development, with some associated agriculture and mitigation.

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SALES COMPARISON APPROACH

In applying the sales comparison approach, the subject property was compared to sales of similar large acreage throughout San Diego County (including one located in Riverside County). The primary sources of data were CoStar, Loopnet, the MLS, and interviews with real estate professionals (brokers/agents/investors). In each case the real estate professionals knowledgeable about the property were contacted to confirm the transaction and to obtain information regarding other meaningful transactions of similar properties. The transactions were field checked to determine locational and other physical characteristics.

Of the units of comparison potentially available for analysis, the price per gross acre is commonly used by buyers of raw land like the subject and was used in this analysis. Every transaction was arm's-length, and located within a 25-mile radius of the subject.

A summary of the transactions judged most helpful in valuing the subject property is presented in reverse chronological order in the following table. A discussion of each transaction follows the table. Maps showing the location of the transactions, and data sheets are included in the Addenda as Exhibits E and F, respectively. Additional data, used as a check of reasonableness, are discussed after the primary market data.

Land Data Summary						
No.	Name/Location/APNs	Date	Sale Price	Size (Acres)	Price/Acre	Comments
1	Moon Valley Nursery 1210 Rainbow Hills Rd Fallbrook 102-720-09, -14, -15, -16, & -18; 102-721-01 thru -05	06/14	\$3,150,000	234.29	\$13,445	Unentitled; interim Ag. use (nursery); improvements (Ag. support) contributed value; supports 8-10 homes
2	Olive Hill Rd & Via Puerta del Sol; Bonsall 126-010-24; 126-020-02 & -05; 126-050-25 & -33	05/14	2,500,000	165.23	15,130	Unentitled; interim Ag. use (nursery); supports ±10-41 homes
3	Safari Highlands Ranch N. of S.D. Zoo - Safari Park North County Metro 240-270-33; 241-060-03; 242-010-02, -36, -37, & -38	03/13 06/13	6,890,493	1,050.73	6,558	Unentitled; zoned for ±27 homes Developer wants master plan
4	Sleeping Lady Ridge Between Questhaven Rd & Wild Willow Hollow Rd San Dieguito 222-122-06, -08, -09, & -10; 222-130-06, -13, & -19	12/12	7,400,000	501.72	14,749	Unentitled; Escondido Creek Conservancy currently has an option to purchase for \$8,300,000; supports ±25 homes
5	Spring Meadow Ranch Sunset Avenue City of Wildomar (Riverside) 362-100-048 & -050; 362-130-002, -005, -015, & -017; 362-140-032, -035, -038, & -040	11/12	7,000,000	785.40	8,913	Unentitled; supports up to ±543 homes, but has physical constraints
6	Rockwood Road Northeast of Safari Park North County Metro 240-270-58; 242-010-71 & -72; 242-020-71, -72, & -73; 242-030-37 & -38; 242-070-09, -12, & -14	03/11	5,500,000	772.39	7,121	Unentitled; assemblage; supports up to ±19 homes

Sale No. 1 is located about 2 miles east of the subject property at 1210 Rainbow Hills Road in Fallbrook. The property sold in June 2014 for \$3,150,000 or \$13,445 per acre. The property was purchased by Moon Valley Nursery. The highest and best use is future residential development, with interim use as a nursery. The 234-acre property is adjacent to I-5. At the time of sale, the property was improved with green houses, shade canopy, a loading dock, 1 million gallon reservoir, fertilization tank, two wells, irrigation system, office space, and a storage shed. Although the improvements contributed value, the buyer’s representative was unable to quantify. The property was previously in receivership, however, this condition did not affect the sale price. More than half

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of the property is disturbed by agriculture. The northern portion contains chaparral and a seasonal creek traverses the middle of the property. A large portion of the property is flat to gently sloped, with steeply sloped areas near the northern/undisturbed portion of the property. The property has physical and legal access. The area near I-5 is zoned RR (Rural Residential), which permits one unit per acre; the *General Plan* designation for this same area is Semi-Rural Residential (SR-10), which permits one unit per 10 or 20 acres. The northern and western portions of the property are zoned Agriculture (A70), which permits one unit per 4 acres; the *General Plan* designation for this same area is Rural Lands (RL-40), which permits one unit per 40 acres. It is important to note that when there is a discrepancy between the zoning and general plan designation, the general plan designation governs (this applies to all market data in this analysis). Based on our rough calculations from the existing *General Plan*, the property could support up to eight homes. There are 10 APNs; if there are 10 legal lots, then the property would likely support up to 10 homes.

Sale No. 2 is located about 8 miles southwest of the subject property at the intersection of Olive Hill Road and Via Puerta del Sol, in the Bonsall community, San Diego County. The property sold in May 2014 for \$2,500,000 or \$15,130 per acre. The property was purchased by an international investor. The highest and best use is future residential development, with interim use as a nursery. Although the majority of the 165.23-acre property is undeveloped and unused, the northern portion is mowed grassland and the southern portion is used as a nursery. The improvements consist of basic wood-frame greenhouses and shade canopies. Although we were unable to confirm if the improvements contributed value, it is unlikely given the type and quality. The northern portion is gently sloped, while the southern portion is gently- to moderately-sloped. A seasonal stream traverses the middle of the property, generally along Olive Hill Road. The property has physical and legal access. The property is zoned Rural Residential (RR), which permits one unit per 2 acres. The *General Plan* designation is Semi-Rural Residential (SR-4), which permits one unit per 4, 8, or 16 acres. Based on our rough calculations from the existing *General Plan*, the property could support between 10 and 41 homes.

Sale No. 3 is located about 23 miles southeast of the subject property in the hilly area above San Pasqual Valley (North County Metro Community), San Diego County. The property is directly north of the San Diego Zoo - Safari Park (just west of Sale No. 6). The property was assembled between March and June of 2013. The 1,050.73 acres were purchased for a total of \$6,890,493, or \$6,558 per acre. Although a portion of the property was purchased through a trustee sale, the sale price was reportedly at market. The proper was unentitled at the time of sale despite being part of a Specific Plan. The master plan proposed by the buyer/developer includes 550 homes, a new fire

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station, and a community center. Assuming the plan progresses, the developer must secure access to the western extension of Rockwood Road (near the newer residential neighborhoods to the west) and upgrade the existing roadway system. Additionally, the property must be annexed into the city of Escondido. According to various news articles, local resistance to the proposed development is strong. According to the buyer, the property could currently support 27 homes (this would be the minimum density if the proposed development failed). The hilly property is in raw condition. The southern two-thirds of the property is located in a Pre-Approved Mitigation Area by the Multiple Species Conservation Program. The majority of the property has Coastal Sage Scrub and Chaparral. The property is zoned General Agriculture (A72), which permits one unit per 10 acres. The *General Plan* designation is Rural Lands (RL-40), which permits one unit per 40 acres.

Sale No. 4 is located about 21 miles southeast of the subject in a hilly area between Questhaven Road and Wild Willow Hollow Road, in the San Dieguito community, San Diego County. The property sold in December 2012 for \$7,400,000 or \$14,749 per acre. The property is raw and was purchased by a private investor who subsequently engaged in a contract with Escondido Creek Conservancy. As of the date of this report, the Conservancy has an option to purchase for \$8,300,000 (the expiration date is unknown). A trail, named “Way Up Trail,” traverses the property and connects to Questhaven Road to the west and Wild Willow Hollow Road to the east. Although the property does have physical access, the deed indicates that it has multiple access easements. Before the prior economic downturn, the property reportedly could accommodate many hundreds of homes (no entitlements exist). This high density is speculative as the property could support up to 25 homes based on our rough calculations from the existing *General Plan*. Given the hilly topography, the ultimate density could be much lower. The property contains mostly chaparral. The majority of the property is zoned Rural Residential (RR), which permits one unit per 4 or 8 acres. A small portion of the property (near the northeast) is zoned Open Space (S80), which permits one unit per legal lot. The *General Plan* designation is Rural Lands (RL-20), which permits one unit per 20 acres.

Sale No. 5 is located about 15 miles north of the subject property in the city of Wildomar, Riverside County. The property sold in November 2012 for \$7,000,000 or \$8,913 per acre. The unimproved property was unentitled at the time of sale. The topography ranges from gently sloped (to the northwest) to moderately sloped (to the east and southwest). The buyer has proposed a development comprising 1,192 homes, 9 acres of retail, 5 acres for a community center, and 42 acres for open space. Based on our rough calculations from the existing *General Plan*, the property could support up to 543 homes. The buyer hopes to obtain full entitlements about four years from the close

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of escrow (late 2016). The typical home in the immediate area is listed in the \$200,000 range. The property is accessed from Sunset Avenue (significant improvements to this roadway would be required to accommodate the proposed development). The majority of the property is zoned R-T (Mobilehome Subdivision and Mobilehome Park Zones), which was considered an outdated zoning designation for the property given the surrounding uses (single-family homes) and physical conditions. A small portion of the property (near the west) is zoned R-5 (Open Area Combining Zone). The property has multiple *General Plan* designations, including: Medium Density Residential (permitting one unit per 0.2-0.5 acre), Rural Mountainous (permitting one unit per 10 acres), Low Density Residential (permitting one unit per 0.5 acre), Very Low Density Residential (permitting one unit per acre), and Estate Density Residential (permitting one unit per 2 acres).

Sale No. 6 is located about 25 miles southeast of the subject property in the hilly area above San Pasqual Valley (North County Metro Community), San Diego County. The property is directly northeast of the San Diego Zoo - Safari Park (just east of Sale No. 3). The hilly property is in raw condition. The property was purchased by a large landowner in the area (assemblage). The property was purchased in March 2011 for \$5,500,000 or \$7,121 per acre. The property was unentitled at the time of sale and its highest and best use is long-term, future residential development (possibly a master-planned community). Access is via the eastern extension of Rockford Road (serving only the a small portion of the property to the west), which is a narrow, rural roadway. The property contains a mixture of Chaparral and Coastal Sage Scrub and about half of the property is located in a Pre-Approved Mitigation Area. The property is zoned General Agriculture (A72), which permits agricultural and residential uses. The *General Plan* designation is Rural Lands (RL-40), which permits one unit per 40 acres. This high density is speculative as the property is designated for up to 19 homes based on our rough calculations from the existing *General Plan*.

Valuation Analysis

To assist in the valuation, the transactions were evaluated based on various elements of comparison. All of the market data involved the sale of the fee simple estate in the property. As such, there were no dissimilarities between the subject and the market data, and this item was not included in the following table. Another element of comparison that was considered was market conditions. The market data span from 2011 to present. As previously mentioned in the Area/Neighborhood section, the residential land market has improved in the past few years. Other elements of comparison that were considered in our analysis include location, access, physical characteristics (mostly topography, site condition, and improvements), size, and

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 entitlements/development intensity. All else equal, smaller properties tend to sell on a higher price per acre basis than larger properties.

The market for large properties (exceeding 1,000 acres) is thin. Meaningful paired data analyses were unavailable as the market for this property type tends to be varied and imperfect. Quantitative adjustments for these items could not be meaningfully extracted from the market data, so qualitative analysis was used. This technique reflects the imperfect nature of the real estate market and helps to narrow the range of value indicators by identifying a bracket into which the final value estimate should fall. It is important to note the individual elements of comparison are not weighted equally as the comparisons vary by degree. The reader is urged to review the “overall comparison” at the bottom of the table as this is the best summation of the market data.

Qualitative Analysis						
Sale No.	1	2	3	4	5	6
Date of Sale	06/14	05/14	03&06/13	12/12	11/12	03/11
Size (Ac)	234.29	165.23	1,050.73	501.72	785.40	772.39
Price per Acre	\$13,445	\$15,130	\$6,558	\$14,749	\$8,913	\$7,121
Market Conditions	Similar	Similar	Similar	Inferior	Inferior	Inferior
Location	Superior	Superior	Similar	Superior	Inferior	Similar
Access	Superior	Superior	Inferior	Inferior	Similar	Inferior
Physical Characteristics	Superior	Superior	Inferior	Inferior	Superior	Inferior
Size	Superior	Superior	Similar	Superior	Superior	Superior
Entitlements/ Development Intensity	Similar	Superior	Similar	Similar	Superior	Inferior
Overall Comparison	Superior	Superior	Inferior	Superior	Superior	Inferior
Indicated Value	Below	Below	Above	Below	Below	Above
	\$13,445	\$15,130	\$6,558	\$14,749	\$8,913	\$7,121

The market data range from \$6,558 to \$15,130 per acre. The low-end of the range is represented by Sale No. 3. Sale No. 3, at \$6,558 per acre, sold during similar market conditions. The property’s location, just north of the San Diego Zoo - Safari Park, was considered overall similar to the subject. Only the eastern extension of Rockwood Road (a narrow, asphalt-paved roadway) serves the southern portion of the subject property. If the proposed 550-home development were to receive approvals, a new roadway extension would have to be built through a residential community to the west and connect to the western extension of Rockwood Road. Additionally, other significant roadway and public infrastructure would be required. Overall, access was judged to be inferior. The property has challenging topography and contains sensitive resources (with the southern two-thirds

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being located in a Pre-Approved Mitigation Area). The physical characteristics were considered overall inferior. The size, at 1,050.73 acres, was judged to be similar. The property was unentitled at the time of sale. The “upside” potential of the property (the developer is applying for 550 homes) was considered superior to the subject, however, the downside potential (accommodating a minimum of 27 homes) was judged to be inferior. There is major public opposition to this project. Overall, the entitlements/density potential of the subject were considered similar. Overall, this property was judged to be inferior to the subject.

The high-end of the range is represented by Sale Nos. 1, 2, and 4. Sale No. 1, at \$13,445 per acre, sold during similar market conditions. The property is located in the northeastern portion of Fallbrook along I-15; the location was judged to be superior to the subject. Access is via Rainbow Hills Road (which extends along the eastern edge of the property), Rainbow Glen Road (which extends through the northern portion of the property), and Oak Crest Road (which extends through the northeastern portion of the property). Overall, access was considered superior to the subject since all of the property has physical and legal access. A large portion of the property is flat to gently sloped. Additionally, the property was improved with improvements (agricultural support) that reportedly contributed value. Overall, the physical characteristics of the property were judged to be superior. The zoning and entitlements (having none) were considered overall similar. The size, at 234.29 acres, was judged to be superior. The property also has some freeway noise exposure. Overall, this property was considered superior to the subject.

Sale No. 2, at \$15,130 per acre, sold during similar market conditions. The location, in Bonsall, was considered superior to the subject. Access is via Olive Hill Road (which bifurcates the property and extends along the northwestern edge of the property), Via Puerta del Sol (which extends along the southwestern edge of the property), and Olive Hill Trail (which extends along the eastern edge of the property). Overall, access was judged to be superior to the subject since all of the property has physical and legal access. A large portion of the property is gently- to moderately sloped. Overall, the physical characteristics of the property were considered superior. Although the property was unentitled (similar to the subject), the zoning permitted a higher density (superior); overall the zoning and entitlements were judged to be superior. The size, at 165.23 acres, was considered superior. Overall, this property was judged to be superior to the subject.

Sale No. 4, at \$14,749 per acre, sold during inferior market conditions. The property’s location, in San Dieguito, was considered superior to the subject. Although the property does not front on a public road, it is nearby to multiple roadways and there are multiple access easements

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according to the deed. Overall, access was judged to be inferior. The property has challenging topography and contains sensitive resources. The physical characteristics were considered overall inferior. The size, at 501.72 acres, was judged to be superior. The property was unentitled at the time of sale; the overall entitlements/development density was considered similar to the subject. Overall, this property was judged to be superior to the subject primarily for location.

The subject property was bracketed by Sale Nos. 5 and 6. Sale No. 5, at \$8,913 per acre, sold during inferior market conditions. The location, in the city of Wildomar, Riverside County, was considered inferior. Access was judged to be similar. Since approximately one-fourth of the property is gently sloped (near the northwestern portion) and the property is much closer to the path of development, the overall physical characteristics were considered superior. The size, at 785.40 acres, was judged to be superior. Although the property was unentitled at the time of sale (a similar condition), the property may support a much higher density (superior). Overall, the “entitlements/development intensity” comparison were considered superior. This property was judged to be overall superior, suggesting the subject should fall below this indicator. The price of this comparable is likely skewed low due to high development costs and the lower retail value of homes in the area.

Sale No. 6, at \$7,121 per acre, sold during inferior market conditions. The property’s location, southeast of the San Diego Zoo - Safari Park, was considered overall similar to the subject. Only the eastern extension of Rockwood Road (a narrow, asphalt-paved roadway) serves the western portion of the subject property. Any suburban residential development would require significant roadway, utility, and other infrastructure. The property has challenging topography and contains sensitive resources (containing a mixture of Chaparral and Coastal Sage Scrub). Unlike Sale No. 3, this property is farther away from the path of development and its development horizon is farther out. Overall, the property’s access and physical characteristics were judged to be inferior. The size, at 772.39 acres, was considered superior. The property was unentitled at the time of sale. As it currently exists, the development intensity is lower than the subject. Although the property has long-term potential, possibly as part of a larger, master-planned development, the horizon is far off. Based on our analysis, the entitlements and development intensity were judged to be inferior to the subject. This property was considered overall inferior, suggesting the subject should fall above this indicator.

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The following table lists the prices per acre for the transactions and their overall comparison to the subject. The sales are arrayed in the following table by price per acre from high to low. The subject property is placed within the overall comparison ranking to assist in reconciliation.

Array of Prices		
No.	Price/Acre	Overall Comparison
2	\$15,130	Superior
4	\$14,749	Superior
1	\$13,445	Superior
5	\$8,913	Superior
Subject	-	-
6	\$7,121	Inferior
3	\$6,558	Inferior

The above market data indicate a valuation at \$7,500 per acre or \$10,420,000 (rounded) for the subject's 1,389.69 acres. This value is intended to reflect all of the opportunities and constraints related to this property. As a check of reasonableness, we have also performed a brief analysis of nearby transactions of smaller lots (between 25 and 80 acres). This additional analysis was considered reasonable given it was determined the subject likely will support legal lots in a range near 60 lots. The following table summarizes the smaller lots that were found in the immediate area (Fallbrook and De Luz).

Small Land Data Summary					
No.	Location/APN	Date	Sale Price	Size (Acres)	Comments
A	Via Del Gavilan Fallbrook 102-180-68	06/14	\$297,000	25.53	One legal lot; income-producing grove; Ag. Preserve contract
B	40162 De Luz Road De Luz 101-311-35 & -37	02/14	465,000	79.48	One legal lot; existing older house contributed some value
C	Lynda Lane Fallbrook 101-360-49	08/13	320,000	47.21	One legal lot; excellent canyon/valley views
D	De Luz Road De Luz 102-110-06; 102-732-05 & -06	04/13	190,000	49.95	3 parcels; legal lot(s) unknown; development constraints; gun range

Sale A is located about two lots north of the center of the subject property along Via Del Gavilan, northern Fallbrook. The property sold in June 2014 for \$297,000. There is reportedly one

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legal lot and has good access. The existing grove produces \$60,000 to \$70,000 annually (gross) and is professionally managed. The property previously sold in April 2014 for \$360,000 (two months earlier). The seller only held the property for a few months because he was relocated out of the country for work. According to the selling agent, the property sold for less because the seller was atypically motivated to sell quickly. Had there been no atypical motivation, the property would reportedly have sold for between \$400,000 and \$425,000. It is important to note that the seller invested hundreds of thousands of dollars into upgrading the grove. According to the Assessor's Plat map, the property is subject to an agricultural preserve contract.

Sale B is located about five miles west of the subject property at 40162 De Luz Road, De Luz. The property sold in February 2014 for \$465,000. There is reportedly one legal lot. Access is via a dirt road. The property was improved with an older home and a well. There were lemon groves many years ago. According to the listing agent, the property would have sold for \$400,000 had there been no improvements. The highest and best use is to demolish the existing home (in the future) and build an estate home on an area of the property with a view. The property previously sold in August 2013 for \$297,000. The seller was reportedly atypically motivated and had no professional representation by a real estate agent/broker. According to the listing agent, the prior seller let the buyer "have it."

Sale C is located about two lots northwest of the northwest portion of the subject property, northern Fallbrook. Access is via a dirt driveway that extends over an adjacent neighbor's land. The driveway connects to Lynda Lane, a dirt road. According to the selling agent, the property had legal access to Lynda Lane. The property sold in August 2013 for \$320,000. The property was in raw condition, however, the logical spot for a future home had excellent canyon/valley views. The location and views reportedly influenced the sale price.

Sale D is located about five miles southwest of the subject property, west of De Luz Road, De Luz. The property sold in May 2013 for \$190,000. The property does not have developed physical access to Del Luz Road, and is separated by a creek. Although the selling agent indicated that he was unaware of legal access, the grant deed appears to convey some access rights. If a home were to be considered, access would have to be perfected, and a bridge would need to extend over the existing creek. At least half of the property appears to be naturally vegetated and steeply sloped. The property is located on the border of Camp Pendleton. According to the selling agent, there was no conservation easement affecting this property. The buyer intends to use the property as a personal gun range (development potential is somewhat uncertain).

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The market data range from \$190,000 to \$465,000 on an unadjusted basis. After adjustments, the indicated values of Sale A, B, C, and D were \$415,000, \$400,000, \$320,000 and \$190,000, respectively. The higher end of the range are developable lots, and the lowest is a speculative site. We also interviewed various agents/brokers who are familiar with the subject property and active in the Fallbrook and De Luz neighborhoods. Based on our conversations, a range between \$250,000 and \$300,000 was considered reasonable for a lot similar to the subject's average or typical lot (raw condition, view potential, physical/legal access, and between 20 and 30 acres). It is important to note that some of the subject parcels have less development potential due to physical constraints; the contributory value of these lots would fall near the indicated value of Sale D, at the lower end of the range. Some of the lots are more desirable and may sell for closer to \$400,000.

Based on our investigation and research, we have concluded that the retail value (before considering bulk discount) of the average lot for the subject property would range from \$250,000 to \$300,000. This translates to an aggregate retail value between \$15,000,000 and \$18,000,000 (before considering bulk discount) for the subject's 60 lots. This conclusion is a range since the lot yield and pricing could vary. Since it would take two to three years to absorb these lots, the subject's 60 lots would sell for a bulk discount if it were all sold together. Based on our experience, bulk discounts tend to range between 25 and 35 percent. To demonstrate, the present value of one dollar per period over a span of 36 months discounted at a real rate of 15.0 percent (blend of debt and equity), results in an implied discount of about 20.0 percent. Additional cost of sales would increase the bulk discount. A longer sell-off period would also increase the discount. We also interviewed an experienced real estate agent who is very active in Fallbrook and familiar with the subject property. He felt that the bulk discount would be around 35 percent. Applying a 35 percent bulk discount, the implied bulk value is between \$9,750,000 and \$11,700,000 (rounded). This is a very cursory analysis intended to be check of reasonableness.

Conclusion

In the direct comparison approach, the indicated value was \$10,420,000. This analysis was given most weight. The aggregate retail value indications were \$9,750,000 and \$11,700,000. Since the aggregate retail value analysis was a check of reasonableness, less weight was applied.

Neither of these value indications included the contributory value of the improvements. As previously mentioned, the 384-square-foot house located at 39227 Sandia Creek Drive was in poor

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condition and expected to be demolished. However, the 1,096-square-foot house located at 39315 Sandia Creek Drive was reportedly in fair condition. In determining the contributory value of this home, we analyzed Sale B, which had an older house. According to the listing agent, the older house contributed about \$65,000. We feel this is meaningful indicator for the subject's 1,096-square-foot house. Based on our analysis, the contributory value of the 1,096-square-foot house was determined to be \$65,000; this is a relatively minor contribution to the larger parcel. The impact of the house also allows for more readily available financing for the lot on which it is situated.

Based on our research and analysis, it is our conclusion that the market value of the subject property, as of September 1, 2014, is \$10,500,000. This appraisal is subject to the assumptions and limiting conditions stated at the beginning of this report.

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Appendix C

ORDINANCE NO. 336

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE
FALLBROOK PUBLIC UTILITY DISTRICT GOVERNING ITS SANTA
MARGARITA RIVER PROPERTY**

BE IT ENACTED BY the Board of Directors of the Fallbrook Public Utility District as follows:

Regulations for Use of the Santa Margarita River Property

The Board of Directors of the District hereby adopts and approves the regulations attached to Ordinance No. 336 as Exhibit "A" and incorporated herein by reference as the regulations pertaining to use of the Santa Margarita River Property. These regulations shall apply to all persons using the District's property and shall apply to all portions of the property.

Effective Date

This Ordinance shall be posted at three public places in the District and to cause the same to be published pursuant to Section 6061 of the Government Code in the Fallbrook Village News, a newspaper of general circulation, printed, published and circulated in said District.

This Ordinance shall take effect 30 days after its passage.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors of the Fallbrook Public Utility District held this 23rd day of May, 2016, by the following roll call vote:

AYES:	Directors Anderson, Davies, Gebhart, McDougal, and Wolk
NOES:	None
ABSTAIN:	None
ABSENT:	None



President, Board of Directors

ATTEST:



Secretary, Board of Directors

Exhibit "A" ORDINANCE NO. 336

**FALLBROOK PUBLIC UTILITY DISTRICT
Regulations for Use of the Santa Margarita River Property Owned by the District**

Section No. Section Name

1. Definitions
2. Breaking, Cutting, or Injuring Plants
3. Care of Wildlife
4. Taking Wood
5. Motor Vehicles and Other Conveyances
6. Bicycles
7. Glass Beverage Containers Prohibited
8. Regulation of Equestrians
9. Pollution of Streams (Generally)
10. Dogs
11. Camp Fires
12. Camping
13. Disposal of Rubbish and Garbage
14. Unreasonable Noises
15. Advertising
16. Hunting and Fishing
17. Possession and Use of Firearms and Weapons
18. No Smoking Allowed
19. Night Closing
20. Fireworks Prohibited
21. Permit for Organized Public Programs or Private Programs
22. Illegal Drugs
23. Care of District Property
24. Off Trail Travel
25. Care of Watershed
26. Exemptions from Regulations
27. Severability

Section 1: Definitions

Alcoholic Beverages. For purposes of this title, the term alcoholic beverages shall include alcohol, spirits, liquor, wine, beer and every liquid or solid containing one-half of one percent or more of alcohol by volume and which is fit for beverage purposes either alone or when diluted, mixed or combined with other substances. No alcohol is allowed within the Santa Margarita River Property.

Property Manager. Property Manager is defined as the FPUD Supervisor tasked with overseeing the Property.

Peace Officer. Peace Officer is defined as any peace officer, as defined in Chapter 4.5

(commencing with Section 830) of Title 3 of Part 2 of the Penal Code.

Trail Rights-of-Way. Trail Rights-of-Way is defined as trail usage priority to yield to traffic in the following order: horses, hikers, and bicyclists.

Section 2: Breaking, Cutting or Injuring Plants

No person shall pluck, take, remove, damage, or destroy any flower, shrubbery, plant, vine, tree, grass, ground cover or other natural or cultivated growth within the Santa Margarita River Property except with prior written permission of the Property Manager.

Section 3: Care of Wildlife

It shall be unlawful for any person to hunt, molest, harm, frighten, kill, trap, chase, tease, shoot or throw projectiles at any animal, reptile or bird within the Santa Margarita River Property.

No person shall operate a remote controlled vehicle or drone in or near the property except law enforcement or governmental authorities in the discharge of their duties.

Section 4: Taking Wood

No person shall cut or remove any wood or fallen trees within the Santa Margarita River Property except with written permission of the Property Manager.

Section 5: Motor Vehicles and Other Conveyances

- a) It shall be unlawful for any person at any time to operate or drive an automobile, truck, trailer, motorcycle, motor scooter, motorbike, or any other type of motor vehicle within the Santa Margarita River Property unless such vehicles are in a designated parking or staging area or on a County of San Diego maintained road without prior written permission from the Property Manager.
- b) No person within the Santa Margarita River Property shall fail to comply with all applicable provisions of the State Motor Vehicle Code and traffic laws in regard to equipment, signs, speed limits and operation of vehicles together with such regulations as are contained in these regulations.
- c) No person shall park any vehicle within the Santa Margarita River Property except for the duration of their visit.
- d) Vehicles parked in violation of State of California Vehicle Code Sections 22651 (r) or 22652, may be subject to removal from the Santa Margarita River Property at the vehicle owner's expense.
- e) These provisions shall not apply to motor vehicles and motorized equipment for District maintenance, patrol vehicles, or emergency vehicles in the process of conducting maintenance, operation or enforcement activities within the Santa Margarita River Property and contractors/consultants, performing work for the District as authorized by the Board of Directors or the District's General Manager.

Section 6: Bicycles

- a) It shall be unlawful for any person to ride a bicycle of any type on other than designated trails. Bicyclists shall be permitted to use designated hiking trails, but must use due care and caution to not interfere with hikers or equestrian users.
- b) Bicycle speed limits shall be as follows:
- c) Fifteen (15) miles/hour maximum in all recreational and park areas
- d) Five (5) miles/hour within one hundred (100) feet of pedestrians and equestrians
- e) Bicyclists must dismount and step to the side of the trail at least fifteen feet away in the presence of horses.
- f) Bicyclists must observe choke points on trails and slow their speed at these choke points. Bicyclist shall verbally notify or signal with a bell when behind or in front of horses, hikers, or other bicyclist.
- g) No motorized bicycles are permitted or allowed.

Section 7: Glass Beverage Containers Prohibited

No person shall possess any glass beverage container within the Santa Margarita River Property of the District except that the sponsor of an organized public event may obtain written permission in advance from the Property Manager to possess glass beverage containers, provided that the containers remain under the sponsor's control and are not distributed to participants of the event.

Section 8: Regulation of Equestrians

Horses ridden within the Santa Margarita River Property shall only be on designated equestrian routes and trails.

Section 9: Pollution of Streams (Generally)

No person shall contaminate or pollute, or cause to be contaminated or polluted, any water of any creek flowing through the Santa Margarita River Property, or to deposit or cause to be deposited any refuse, rubbish or other waste matter of any kind or character, in such waters, or to wash or clean vehicles, clothing, animals or persons in the waters of the property. No body contact or swimming is allowed. No wading or walking in the stream is allowed except at designated trail crossings.

Section 10: Dogs

Dogs will be required to remain on leash at all times in all areas of the Santa Margarita River Property. It shall be the duty of all persons having control of a dog to immediately remove any feces to a proper receptacle.

Section 11: Camp Fires

It shall be unlawful to make any fire, of any kind, or utilize a barbeque, a propane grill,

enclosed fire units, or hibachi-style cooking devices at any time within the Santa Margarita River Property.

Section 12: Camping and Picnicking

No person or group of persons shall camp overnight or remain or stay overnight within the Santa Margarita River Property. The property shall be used for non-motorized trail use only. No group events, group picnicking or other group activities are allowed without a permit.

Section 13: Disposal of Rubbish and Garbage

No person shall throw, dump, or otherwise place or cause to be placed, or leave, either directly or indirectly, any rubbish, garbage, sewage or waste matter, or any trash or refuse of any kind or character, other than in receptacles established and maintained for such purposes. No person shall bring or cause to be brought, any rubbish, garbage, sewage, waste matter, trash or refuse of any kind for the purpose of disposing of same within the property either in the receptacles described herein, or at any other place.

Section 14: Unreasonable Noises

- a) No person shall operate any loudspeaker or any other sound amplification device within the Santa Margarita River Property.
- b) No person, either by voice, mechanical device, tumultuous or other offensive conduct or otherwise, shall create, or permit or cause to be created, any loud or unusual noises at any time which create a nuisance. Noises determined to be too loud or offensive shall be promptly reduced or discontinued as directed by any peace officer or authorized District employee.

Section 15: Advertising

No person shall display or post any plates, markers, signs, commercial or message within the Santa Margarita River Property without prior written approval of the Property Manager.

Section 16: Hunting and Fishing

No person shall take any wild game, animals, birds or eggs within the Santa Margarita River Property except with the prior written permission of the Property Manager.

No fishing allowed and shall be subject to the regulations of the California Fish and Game, et al.

Section 17: Possession and Use of Firearms and Weapons

No person shall take, carry or transport any firearm, pellet gun, pump gun, zip gun, air rifle, bow and arrow, BB gun or weapon of any kind within the Santa Margarita River

Property.

Section 18: No Smoking Allowed

No person shall light matches, smoke cigars, pipes, cigarettes or any other smoking device or instrument or carry, upon, or across, the Santa Margarita River Property, any lighted cigars, pipes, cigarettes or other lighted inflammable material at any time.

Section 19: Night Closing

All trails shall be closed to the public from dusk to dawn based on posted hours. The hours will be coordinated with operating hours of the County of San Diego. Santa Margarita River Property hours may also be revised as deemed necessary by the District's General Manager.

Use of the Santa Margarita River Property outside of posted hours is considered trespassing per California Penal Code 602.

Section 20: Fireworks Prohibited

No fireworks of any kind shall be lit within or discharged within the Santa Margarita River Property.

Section 21: Permit for Organized Public or Private Programs

No person shall conduct any organized public program, public assemblage or public address within the Santa Margarita River Property without first obtaining the written permission of the Property Manager. The General Manager has the authority to approve or reject Special Use or Special Event requests at his or her discretion.

Written permission is required for any uses besides non-motorized trail use on the property as described in this ordinance.

Section 22: Illegal Drugs

No person shall use or possess any illegal or illicit drug in any area within the Santa Margarita River Property.

Section 23: Care of District Property

It shall be unlawful for any person to mark, deface, disfigure, injure, destroy, tamper with, displace, or remove any equipment, buildings, tables, benches, railings, fencing, paving, utilities, or parts or appurtenances thereof, signs, notices, place cards, District property, including but not limited to, monuments, stakes posts or any other boundary markers, or other structures, equipment, facilities or materials within the Santa Margarita River Property.

Section 24: Off Trail Travel

It shall be unlawful for any person or group of persons to travel off any marked or designated trail by any means, including by foot, horse or bicycle, except to enter a developed area of the Santa Margarita River Property. Persons may briefly step off the marked trail to give right-of-way to passing horses, hikers, or bicyclists.

Section 25: Care of Watershed

It shall be unlawful for any person to conduct any activity within the Santa Margarita River Property which may degrade the watershed and/or the resulting quality of water within that watershed.

Section 26: Exemptions from Regulations

The provisions of these regulations shall not apply to or restrict any officer, employee, volunteer or agent of the District, or any other peace officer when such person is acting to enforce any of these regulations.

Section 27: Severability

The District's regulations for the Santa Margarita River Property and their various parts, sections, and clauses thereof are declared by the Board of Directors to be severable. If any part, sentence, paragraph, section, subsection, clause, phrase, part or portion thereof is judged unconstitutional or invalid by a competent jurisdiction, the remainder of these regulations shall not be affected thereby. The Board of Directors hereby declares that it would have passed these regulations and each part thereof, regardless of the fact that one or more of such parts would be declared unconstitutional or invalid.

M E M O

TO: Board of Directors
FROM: Fiscal Policy & Insurance Committee
DATE: September 25, 2017
SUBJECT: Recommendation from the Fiscal Policy & Insurance Committee on the On-time Payment Discount

Purpose

To discuss a recommendation from the Fiscal Policy & Insurance Committee regarding the on-time payment discount.

Summary

The Fiscal Policy & Insurance Committee met on September 12 to further review and discuss the results from the rate study. Based on this meeting the Committee recommends discontinuing the \$5 on-time discount as part of the implementation of the revised rates to maintain long-term rate stability.

Recommended Action

That the Board affirm the recommendation from the Fiscal Policy & Insurance Committee to remove the on-time discount to maintain long-term rate stability based on the results of the rate study.

M E M O

TO: Board of Directors
FROM: Jack Bebee, Acting General Manager, JAB
DATE: September 25, 2017
SUBJECT: Ballot for ACWA Region 10 Board Election for the 2018-2019 Term

Purpose

To review and vote on nominations for the ACWA Region 10 Chair, Vice Chair, and board members who will represent and serve the members of Region 10 for the 2018-2019 term.

Summary

The attached official Region 10 Board Ballot includes the Region 10 Nominating Committee's recommended slate as well as individual candidates running for the Region 10 Board.

The District is entitled to cast only one vote. The agency's authorized representative shall cast its vote for the slate as recommended by the Region 10 Nominating Committee or cast its vote for an individual Region 10 chair, vice chair, and three to five board members.

Recommended Action

That the Board direct and authorize the Acting General Manager to cast its vote electronically for the slate recommended by the Region 10 Nominating Committee. Since all Nominees are included in the Committee's recommended slate, choosing to cast individual nominations would only be if the District did not want to vote for someone in the recommended slate.

Mary Lou West

From: ACWA Region Elections <regionelections@acwa.com>
Sent: Tuesday, August 01, 2017 3:57 PM
Subject: Polls Open! ACWA Region 10 Election Ballot



TO: ACWA REGION 10 MEMBER AGENCY BOARD PRESIDENT
AND GENERAL MANAGER

Ballot for Region 10 Board Election for the 2018-2019 Term

It is time to elect the 2018-2019 ACWA Region 10 Chair, Vice Chair, and board members who will represent and serve the members of Region 10. Attached, you will find the official ballot which includes the Region 10 Nominating Committee's recommended slate as well as individual candidates running for the Region 10 Board.

Your agency is entitled to cast only one vote. Please review the attached ballot and have your agency's authorized representative cast its vote for the slate as recommended by the Region 10 Nominating Committee or cast its vote for an individual Region 10 chair, vice chair and three to five board members.

2018-2019 ACWA Region 10 Ballot is located [HERE](#).
Region 10 Rules and Regulations are located [HERE](#).

Submit the electronic ballot to ACWA by September 29, 2017.
(Ballots received after September 29 will **not** be accepted.)

REMEMBER, YOUR VOTE IS IMPORTANT. Region 10 Board members are elected to represent the issues, concerns and needs of your region. The Region 10 chair and vice chair will serve on ACWA's board of directors for the next two-year term beginning January 1, 2018. Additionally, the newly elected chair and vice chair will make the Region 10 committee appointment recommendations to the ACWA president for the 2018-2019 term. Also, either the chair or vice chair will hold a seat on the ACWA Finance Committee.

If you have questions, please contact your Regional Affairs Representative, Brandon Ida, at brandoni@acwa.com or call 916-441-4545.

Thank you for your careful consideration and participation in the Region 10 election process.

CLEAR FORM



**Please return completed ballot
by September 29, 2017**

E-mail: anaj@acwa.com
Mail: ACWA
910 K Street, Suite 100
Sacramento, CA 95814

General Voting Instructions:

1 You may either vote for the slate recommended by the Region 10 Nominating Committee or vote for individual region board members (please note rules & regulations for specific qualifications). Mark the appropriate box to indicate your decision.

2 Complete your agency information. The authorized representative is determined by your agency in accordance with your agency's policies and procedures.

Region 10 Rules & Regulations:

The chair and vice chair shall be from different counties. The 2018-2019 Term shall consist of a Chair and 2 Board Members from Orange County and a Vice Chair and 3 Board Members from San Diego County. At least one of the chair or vice chair positions must be an elected/appointed director from a member agency.

1

Nominating Committee's Recommended Slate

I concur with the Region 10 Nominating Committee's recommended slate below.

CHAIR:

- **Cathy Green**, Director, Orange County Water District (Orange County)

VICE CHAIR:

- **DeAna Verbeke**, Board Member, Helix Water District (San Diego County)

BOARD MEMBERS:

- **Jim Atkinson**, Director, Mesa Water District (Orange County)
- **Charles T. Gibson**, Board President, Santa Margarita Water District (Orange County)
- **James B. Murtland**, President, Rincon del Diablo MWD (San Diego County)
- **Richard L. Vasquez**, Director, Vista Irrigation District (San Diego County)
- **Vacant** (San Diego County)

OR

Individual Board Candidate Nominations

(See Rules & Regulations before selecting)

I do not concur with the Region 10 Nominating Committee's recommended slate. I will vote for individual candidates below as indicated.

CANDIDATES FOR CHAIR: (CHOOSE ONE)

- Cathy Green**, Director, Orange County Water District (Orange County)

CANDIDATES FOR VICE CHAIR: (CHOOSE ONE)

- DeAna Verbeke**, Board Member, Helix Water District (San Diego County)

CANDIDATES FOR BOARD MEMBERS: (MAX OF 5 CHOICES)

- Jim Atkinson**, Director, Mesa Water District (Orange County)
- Charles T. Gibson**, Board President, Santa Margarita Water District (Orange County)
- Cathy Green**, Director, Orange County Water District (Orange County)
- James B. Murtland**, President, Rincon del Diablo MWD (San Diego County)
- Richard L. Vasquez**, Director, Vista Irrigation District (San Diego County)
- DeAna Verbeke**, Board Member, Helix Water District (San Diego County)

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AGENCY NAME

AUTHORIZED REPRESENTATIVE

DATE

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990 East Mission Road
P. O. Box 2290
Fallbrook, California
92088-2290

(760) 728-1125 (Phone)
(760) 728-5943 (Fax)

Board of Directors:

Milt Davies
Jennifer DeMeo
Al Gebhart
Don McDougal
Charley Wolk

Staff:

Brian J. Brady
General Manager

Jack Bebee
Assistant General Manager

Paula de Sousa Mills
General Counsel

Robert H. James
Of Counsel to the District

Mary Lou West
Board Secretary

**Treasurer's Report
August 31, 2017**

Money Market Account

Disbursements		2,291,082.63
Receipts	\$	2,919,141.07
Interest		
Balance as of 7/31/17	\$	1,648,228.65
Balance as of 08/31/17	\$	2,276,287.09

Operating Account

Disbursements	\$	2,530,653.28
Receipts	\$	2,283,000.00
Balance as of 7/31/17	\$	265,590.59
Balance as of 08/31/17	\$	17,937.31

All investments have been made in accordance with the District's Annual Statement of Investment Policy.

Paula Clark
September 19, 2017

PFM Transaction August 2017							
Transaction Type	Trade Date	Settle Date	Security Description	CUSIP	Principal Proceeds	Accrued Interest	TotalAmount
INTEREST	8/1/2017	8/25/2017	FNMA SERIES 2016-M9 ASQ2	3136ASPX8	0	72.96	72.96
PAYDOWNS	8/1/2017	8/25/2017	FNMA SERIES 2016-M9 ASQ2	3136ASPX8	3527.4	0	3527.4
INTEREST	8/1/2017	8/1/2017	MONEY MARKET FUND	MONEY0002	0	19.97	19.97
SELL	8/3/2017	8/7/2017	US TREASURY NOTES	912828A42	263727.34	966.12	264693.46
BUY	8/3/2017	8/7/2017	WESTPAC BANKING CORP NY CD	96121T4A3	260000	0	260000
SELL	8/3/2017	8/4/2017	NORINCHUKIN BANK NY CERT DEPOS	65602USD1	125018.82	418.06	125436.88
BUY	8/3/2017	8/4/2017	SKANDINAV ENSKILDA BANKEN NY CD	83050FXT3	184927.85	0	184927.85
INTEREST	8/7/2017	8/7/2017	BANK OF MONTREAL CHICAGO CERT DEPOS	06427KRC3	0	2602.76	2602.76
INTEREST	8/12/2017	8/12/2017	CAPTIAL ONE BANK USA NA LT CD	140420UE8	0	2429.86	2429.86
INTEREST	8/12/2017	8/12/2017	CAPTIAL ONE BANK USA NA LT CD	14042E5N6	0	2065.38	2065.38
INTEREST	8/14/2017	8/14/2017	AMERICAN HONDA FINANCE	02665WBM2	0	890	890
BUY	8/15/2017	8/23/2017	ALLY ABS 2017-4 A3	02007FAC9	99998.71	0	99998.71
INTEREST	8/15/2017	8/15/2017	CARMAX ABS 2016-3 A2	14314EAB7	0	81.33	81.33
INTEREST	8/15/2017	8/15/2017	HYUNDAI ABS 2016-B A3	44891EAC3	0	80.63	80.63
INTEREST	8/15/2017	8/15/2017	CNH 2017-A A2	12636WAB2	0	205	205
INTEREST	8/15/2017	8/15/2017	JOHN DEERE ABS 2017-A A3	47787XAC1	0	44.5	44.5
INTEREST	8/15/2017	8/15/2017	FORD ABS 2017-A A3	34531EAD8	0	132.21	132.21
INTEREST	8/15/2017	8/15/2017	TOYOTA ABS 2016-B A3	89231UAD9	0	119.17	119.17
INTEREST	8/15/2017	8/15/2017	TOYOTA ABS 2016-C A3	89237WAD9	0	42.75	42.75
INTEREST	8/15/2017	8/15/2017	JOHN DEERE ABS 2016-B A3	47788NAC2	0	36.46	36.46
PAYDOWNS	8/15/2017	8/15/2017	CARMAX ABS 2016-3 A2	14314EAB7	9305.35	0	9305.35
SELL	8/16/2017	8/17/2017	FIRST RESOURCE BANK LT CD	336177AQ3	244546.75	174.52	244721.27
BUY	8/16/2017	8/17/2017	CREDIT AGRICOLE CIB NY COMM PAPER	22533UB93	248264.44	0	248264.44
SELL	8/16/2017	8/17/2017	CIT BANK LT CD	17284A6P8	99783	473.15	100256.15
BUY	8/16/2017	8/17/2017	FREDDIE MAC NOTES	3137EAEH8	99899	106.94	100005.94
SELL	8/18/2017	8/23/2017	FANNIE MAE GLOBAL NOTES	3135G0R39	84227.35	280.97	84508.32
SELL	8/22/2017	8/29/2017	FANNIE MAE GLOBAL NOTES	3135G0R39	158548.8	555.56	159104.36
BUY	8/22/2017	8/29/2017	INTL BANK OF RECON AND DEV GLOBAL NOTES	459058GA5	139970.6	0	139970.6
INTEREST	8/24/2017	8/24/2017	BNY MELLON (CALLABLE) CORP NOTE	06406HCZ0	0	3784	3784
INTEREST	8/28/2017	8/28/2017	FNMA NOTES	3135G0T29	0	1612.5	1612.5
SELL	8/30/2017	8/31/2017	SYNCHRONY BANK LT CD	36157QSM0	246470	1847.23	248317.23
BUY	8/30/2017	8/31/2017	US TREASURY NOTES	912828T67	241152.73	1023.61	242176.34
INTEREST	8/31/2017	8/31/2017	US TREASURY NOTES	912828D72	0	4000	4000
BUY	9/1/2017	9/7/2017	US TREASURY NOTES	912828XW5	235330.47	771.09	236101.56
BUY	9/1/2017	9/7/2017	BANK OF TOKYO MITSUBISHI UFJ LTD COMM PA	06538CEV9	148306	0	148306
SELL	9/1/2017	9/7/2017	US TREASURY NOTES	912828Q78	99328.13	485.73	99813.86
BUY	9/1/2017	9/7/2017	BANK OF AMERICA CORP CORP NOTES	06051GEM7	147414.8	885.08	148299.88
SELL	9/1/2017	9/7/2017	CHEVRON CORP NOTES	166764BH2	149931	721.96	150652.96
SELL	9/1/2017	9/7/2017	RONDOUT SAVINGS BANK LT CD	776322AP4	244534.5	416.84	244951.34

TRUSTED SOLUTIONS. LASTING RESULTS.

**FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust**

Monthly Account Report for the Period
7/1/2017 to 7/31/2017

Paula Clark
Accounting Supervisor
Fallbrook Public Utility District
PO Box 2290
Fallbrook, CA 92088

Account Summary

Source	Beginning Balance as of 7/1/2017	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 7/31/2017
OPEB	\$755,951.81	\$0.00	\$9,171.96	\$157.49	\$0.00	\$0.00	\$764,966.28
PENSION	\$610,483.21	\$0.00	\$7,387.78	\$127.18	\$0.00	\$0.00	\$617,743.81
Totals	\$1,366,435.02	\$0.00	\$16,559.74	\$284.67	\$0.00	\$0.00	\$1,382,710.09

Investment Selection

Source

OPEB	Moderate Index PLUS
PENSION	Moderate Index PLUS

Investment Objective

Source

OPEB	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.
PENSION	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	1.21%	2.62%	-	-	-	-	2/16/2017
PENSION	1.21%	2.22%	-	-	-	-	2/16/2017

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.



Managed Account Summary Statement

For the Month Ending August 31, 2017

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Summary - Managed Account

Opening Market Value	\$14,326,819.53
Maturities/Calls	(12,832.75)
Principal Dispositions	(1,222,322.06)
Principal Acquisitions	1,274,213.33
Unsettled Trades	0.00
Change in Current Value	24,420.52
Closing Market Value	\$14,390,298.57

Cash Transactions Summary - Managed Account

Maturities/Calls	0.00
Sale Proceeds	1,227,037.67
Coupon/Interest/Dividend Income	18,219.48
Principal Payments	12,832.75
Security Purchases	(1,275,343.88)
Net Cash Contribution	0.00
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	22,935.09
Less Purchased Interest Related to Interest/Coupons	(1,130.55)
Plus Net Realized Gains/Losses	(4,909.84)
Total Cash Basis Earnings	\$16,894.70

Cash Balance

Closing Cash Balance **\$46,586.65**

Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	14,358,955.54
Ending Accrued Interest	58,541.40
Plus Proceeds from Sales	1,227,037.67
Plus Proceeds of Maturities/Calls/Principal Payments	12,832.75
Plus Coupons/Dividends Received	18,219.48
Less Cost of New Purchases	(1,275,343.88)
Less Beginning Amortized Value of Securities	(14,325,095.03)
Less Beginning Accrued Interest	(56,618.13)

AS OF 8/31/17

AS OF 7/31/17

Total Accrual Basis Earnings **\$18,529.80**



Portfolio Summary and Statistics

For the Month Ending August 31, 2017

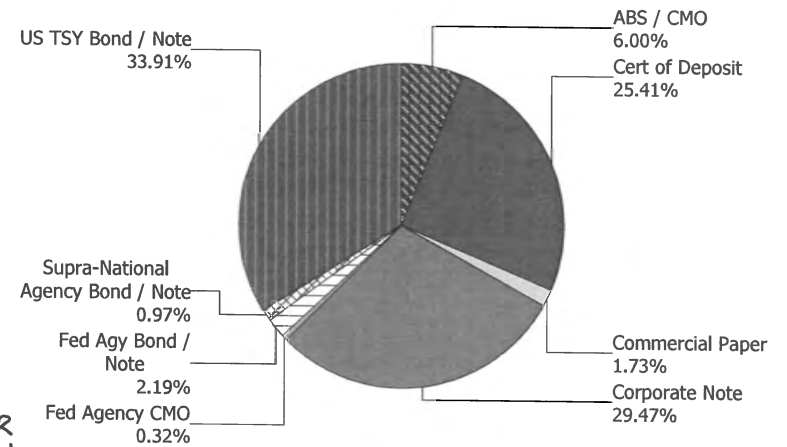
FPUD - INVESTMENT PORTFOLIO - 28710100

Account Summary

Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	4,860,000.00	4,880,416.60	33.91
Supra-National Agency Bond / Note	140,000.00	140,114.38	0.97
Federal Agency Collateralized Mortgage Obligation	45,523.03	45,576.77	0.32
Federal Agency Bond / Note	315,000.00	315,159.23	2.19
Corporate Note	4,167,000.00	4,240,270.48	29.47
Commercial Paper	250,000.00	248,465.50	1.73
Certificate of Deposit	3,645,000.00	3,656,342.47	25.41
Asset-Backed Security / Collateralized Mortgage Obligation	864,108.07	863,953.14	6.00
Managed Account Sub-Total	14,286,631.10	14,390,298.57	100.00%
Accrued Interest		58,541.40	
Total Portfolio	14,286,631.10	14,448,839.97	

MARKET VALUE IS greater than PAR Value

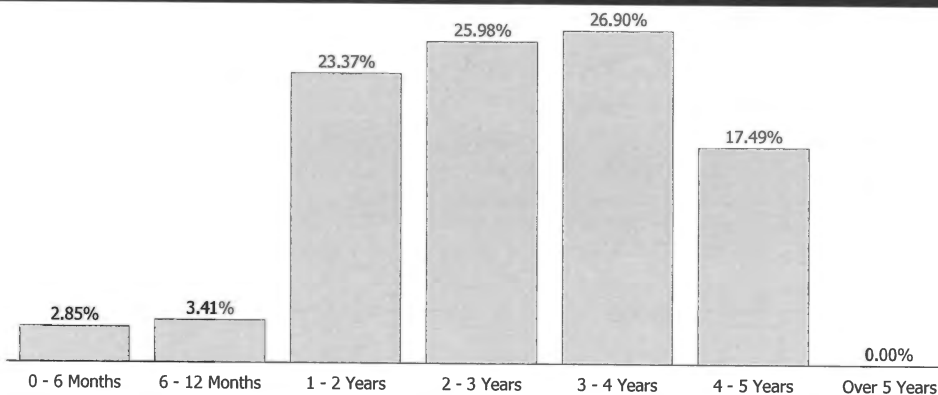
Sector Allocation



Unsettled Trades

0.00 0.00

Maturity Distribution



Characteristics

Yield to Maturity at Cost	1.7% 7/31/17	1.78%
Yield to Maturity at Market		1.66%
Duration to Worst		2.64
Weighted Average Days to Maturity		1025



Managed Account Issuer Summary

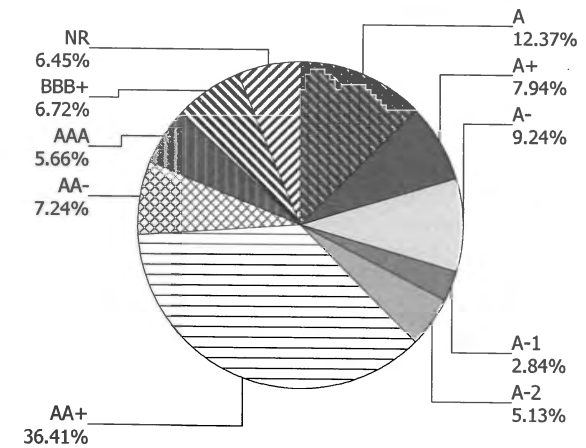
For the Month Ending August 31, 2017

FPUD - INVESTMENT PORTFOLIO - 28710100

Issuer Summary

Issuer	Market Value of Holdings	Percent
ALLY AUTO RECEIVABLES TRUST	100,150.23	0.70
AMERICAN EXPRESS CO	532,826.97	3.71
AMERICAN HONDA FINANCE	115,538.68	0.80
BANK OF BARODA	246,121.61	1.71
BANK OF MONTREAL	281,143.80	1.95
BANK OF NOVA SCOTIA	279,552.28	1.94
BB&T CORPORATION	558,164.65	3.89
BURLINGTON NORTHERN SANTA FE	211,877.20	1.47
CANADIAN IMPERIAL BANK OF COMMERCE	280,700.28	1.95
CAPITAL ONE FINANCIAL CORP	492,323.59	3.42
CARMAX AUTO OWNER TRUST	74,049.45	0.51
CATERPILLAR INC	570,948.89	3.98
CHEVRON CORPORATION	299,918.40	2.08
CITIGROUP INC	380,562.04	2.64
CNH EQUIPMENT TRUST	150,111.84	1.04
CREDIT AGRICOLE SA	248,465.50	1.73
FANNIE MAE	260,805.10	1.81
FORD CREDIT AUTO OWNER TRUST	95,065.67	0.66
FREDDIE MAC	99,930.90	0.69
GOLDMAN SACHS GROUP INC	291,969.68	2.03
HYUNDAI AUTO RECEIVABLES	74,576.53	0.52
INTL BANK OF RECONSTRUCTION AND DEV	140,114.38	0.97
JOHN DEERE OWNER TRUST	95,069.66	0.66
JP MORGAN CHASE & CO	485,520.49	3.37
MORGAN STANLEY	574,176.82	4.00
NORDEA BANK AB	280,700.28	1.95
RONDOUT SAVINGS BANK	245,588.98	1.71
SKANDINAVISKA ENSKILDA BANKEN AB	185,633.98	1.29
STATE BANK OF INDIA	246,330.60	1.71
SUMITOMO MITSUI FINANCIAL GROUP INC	250,957.50	1.74
SVENSKA HANDELSBANKEN AB	199,279.60	1.38
THE BANK OF NEW YORK MELLON CORPORATION	355,208.13	2.47

Credit Quality (S&P Ratings)





Managed Account Issuer Summary

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Issuer	Market Value of Holdings	Percent
TOYOTA MOTOR CORP	154,593.50	1.07
UNITED STATES TREASURY	4,880,416.60	33.92
WELLS FARGO & COMPANY	390,380.38	2.71
WESTPAC BANKING CORP	261,524.38	1.82
Total	\$14,390,298.57	100.00%

decreased .19% from 7/31/17



Managed Account Detail of Securities Held

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note												
US TREASURY NOTES	DTD 06/01/2015 1.500% 05/31/2020	912828XE5	360,000.00	AA+	Aaa	06/27/16	06/29/16	368,704.69	0.87	1,372.13	366,127.33	360,900.00
US TREASURY NOTES	DTD 06/01/2015 1.500% 05/31/2020	912828XE5	525,000.00	AA+	Aaa	09/01/16	09/02/16	533,469.73	1.06	2,001.02	531,247.00	526,312.50
US TREASURY NOTES	DTD 06/30/2015 1.625% 06/30/2020	912828XH8	295,000.00	AA+	Aaa	11/01/16	11/02/16	299,885.94	1.16	820.67	298,794.84	296,659.38
US TREASURY NOTES	DTD 12/02/2013 2.000% 11/30/2020	912828A42	470,000.00	AA+	Aaa	04/27/16	04/29/16	484,357.03	1.31	2,388.52	480,247.55	477,527.52
US TREASURY NOTES	DTD 05/02/2016 1.375% 04/30/2021	912828Q78	150,000.00	AA+	Aaa	02/01/17	02/03/17	147,035.16	1.86	694.97	147,424.99	149,021.55
US TREASURY NOTES	DTD 05/02/2016 1.375% 04/30/2021	912828Q78	335,000.00	AA+	Aaa	01/03/17	01/05/17	328,326.17	1.86	1,552.11	329,306.97	332,814.80
US TREASURY NOTES	DTD 06/02/2014 2.000% 05/31/2021	912828WN6	400,000.00	AA+	Aaa	10/04/16	10/05/16	413,828.13	1.23	2,032.79	411,195.03	406,250.00
US TREASURY NOTES	DTD 08/01/2016 1.125% 07/31/2021	912828S76	175,000.00	AA+	Aaa	05/08/17	05/10/17	170,016.60	1.83	171.20	170,374.60	171,903.38
US TREASURY N/B	DTD 07/31/2014 2.250% 07/31/2021	912828WY2	295,000.00	AA+	Aaa	11/22/16	11/23/16	301,268.75	1.78	577.17	300,271.00	302,248.15
US TREASURY NOTES	DTD 09/02/2014 2.000% 08/31/2021	912828D72	400,000.00	AA+	Aaa	12/01/16	12/05/16	401,406.25	1.92	22.10	401,199.52	406,031.20
US TREASURY NOTES	DTD 10/31/2016 1.250% 10/31/2021	912828T67	245,000.00	AA+	Aaa	08/30/17	08/31/17	241,152.73	1.64	1,031.93	241,155.19	241,258.12
US TREASURY NOTES	DTD 10/31/2016 1.250% 10/31/2021	912828T67	250,000.00	AA+	Aaa	03/14/17	03/16/17	240,703.13	2.10	1,052.99	241,593.19	246,181.75
US TREASURY NOTES	DTD 01/03/2017 2.000% 12/31/2021	912828U81	390,000.00	AA+	Aaa	06/26/17	06/28/17	394,737.89	1.72	1,335.33	394,558.55	395,636.67
US TREASURY NOTES	DTD 02/02/2015 1.500% 01/31/2022	912828H86	460,000.00	AA+	Aaa	07/05/17	07/07/17	452,435.16	1.88	600.00	452,681.05	456,747.80



Managed Account Detail of Securities Held

For the Month Ending August 31, 2017

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022	912828W89	110,000.00	AA+	Aaa	06/26/17	06/28/17	110,648.83	1.75	867.83	110,626.27	110,923.78
Security Type Sub-Total		4,860,000.00					4,887,976.19	1.54	16,520.76	4,876,803.08	4,880,416.60
Supra-National Agency Bond / Note											
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 08/29/2017 1.625% 09/04/2020	459058GA5	140,000.00	AAA	Aaa	08/22/17	08/29/17	139,970.60	1.63	12.64	139,970.65	140,114.38
Security Type Sub-Total		140,000.00					139,970.60	1.63	12.64	139,970.65	140,114.38
Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	45,523.03	AA+	Aaa	06/09/16	06/30/16	45,978.24	1.05	67.72	45,765.35	45,576.77
Security Type Sub-Total		45,523.03					45,978.24	1.05	67.72	45,765.35	45,576.77
Federal Agency Bond / Note											
FREDDIE MAC NOTES DTD 07/19/2017 1.375% 08/15/2019	3137EAEH8	100,000.00	AA+	Aaa	08/16/17	08/17/17	99,899.00	1.43	160.42	99,900.99	99,930.90
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	215,000.00	AA+	Aaa	02/24/17	02/28/17	214,862.40	1.52	26.88	214,885.28	215,228.33
Security Type Sub-Total		315,000.00					314,761.40	1.49	187.30	314,786.27	315,159.23
Corporate Note											
CHEVRON CORP NOTES DTD 05/16/2016 1.561% 05/16/2019	166764BH2	300,000.00	AA-	Aa2	05/09/16	05/16/16	300,000.00	1.56	1,365.88	300,000.00	299,918.40
CITIGROUP INC CORP NOTES DTD 06/09/2016 2.050% 06/07/2019	172967KS9	100,000.00	BBB+	Baa1	06/02/16	06/09/16	99,948.00	2.07	478.33	99,968.91	100,209.70
BURLINGTON NRTH CORP DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	200,000.00	A	A3	06/03/16	06/08/16	220,780.00	1.48	3,916.67	213,182.57	211,877.20



Managed Account Detail of Securities Held

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note												
CATERPILLAR FINANCIAL CORP NOTES DTD 12/01/2014 2.250% 12/01/2019		14912L6F3	565,000.00	A	A3	04/24/15	04/24/15	577,181.40	1.76	3,178.13	571,078.29	570,948.89
AMERICAN HONDA FINANCE DTD 02/16/2017 2.000% 02/14/2020		02665WBM2	90,000.00	A+	A1	02/13/17	02/16/17	89,872.20	2.05	85.00	89,894.71	90,476.55
BNY MELLON (CALLABLE) CORP NOTE DTD 02/24/2015 2.150% 02/24/2020		06406HCZ0	352,000.00	A	A1	07/07/15	07/07/15	352,148.30	2.14	147.16	352,083.35	355,208.13
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020		02665WBT7	25,000.00	A+	A1	07/17/17	07/20/17	24,974.75	1.98	55.52	24,975.69	25,062.13
JP MORGAN CHASE & CO NOTES DTD 07/22/2010 4.400% 07/22/2020		46625HHS2	455,000.00	A-	A3	04/27/16	04/29/16	493,065.30	2.31	2,168.83	481,421.91	485,520.49
WELLS FARGO & COMPANY NOTES DTD 12/07/2015 2.550% 12/07/2020		94974BGR5	385,000.00	A	A2	04/27/16	04/29/16	391,579.65	2.16	2,290.75	389,735.68	390,380.38
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021		61746BEA0	350,000.00	BBB+	A3	05/10/16	05/13/16	352,009.00	2.38	3,159.72	351,504.55	352,358.30
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021		38141GVU5	290,000.00	BBB+	A3	08/10/16	08/15/16	296,693.20	2.11	2,664.38	295,236.57	291,969.68
AMERICAN EXPRESS CREDIT CORP NOTES DTD 05/05/2016 2.250% 05/05/2021		0258M0EB1	285,000.00	A-	A2	05/05/16	05/10/16	286,558.95	2.13	2,066.25	286,165.88	286,357.46
BRANCH BANKING & TRUST CORP NOTE DTD 05/10/2016 2.050% 05/10/2021		05531FAV5	250,000.00	A-	A2	05/10/16	05/16/16	249,835.00	2.06	1,580.21	249,876.50	250,290.25
MORGAN STANLEY BONDS DTD 11/17/2016 2.625% 11/17/2021		61746BED4	220,000.00	BBB+	A3	02/01/17	02/03/17	216,755.00	2.96	1,668.33	217,127.90	221,818.52
BB&T CORP NOTES DTD 03/21/2017 2.750% 04/01/2022		05531FAX1	300,000.00	A-	A2	04/03/17	04/06/17	302,265.00	2.59	3,666.67	302,095.11	307,874.40
Security Type Sub-Total			4,167,000.00					4,253,665.75	2.12	28,491.83	4,224,347.62	4,240,270.48
Commercial Paper												



Managed Account Detail of Securities Held

For the Month Ending August 31, 2017

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Commercial Paper												
CREDIT AGRICOLE CIB NY COMM PAPER DTD 08/15/2017 0.000% 02/09/2018		22533UB93	250,000.00	A-1	P-1	08/16/17	08/17/17	248,264.44	1.43	0.00	248,412.36	248,465.50
Security Type Sub-Total			250,000.00					248,264.44	1.43	0.00	248,412.36	248,465.50
Certificate of Deposit												
CITIBANK NA CERT DEPOS DTD 06/16/2017 1.400% 01/02/2018		17305TPX4	160,000.00	A-1	P-1	06/16/17	06/16/17	160,000.00	1.40	479.11	160,000.00	160,016.08
RONDOUT SAVINGS BANK LT CD DTD 01/23/2015 1.350% 07/23/2018		776322AP4	245,000.00	NR	NR	01/24/15	01/24/15	245,000.00	1.32	362.47	245,000.00	245,588.98
CAPTIAL ONE BANK USA NA LT CD DTD 08/12/2015 1.700% 08/13/2018		14042E5N6	245,000.00	A-2	P-1	08/12/15	08/12/15	245,000.00	1.40	228.22	245,000.00	245,481.43
BANK OF BARODA LT CD DTD 10/28/2013 2.050% 10/29/2018		0606246K4	245,000.00	NR	NR	10/29/13	10/29/13	245,000.00	1.96	1,733.79	245,000.00	246,121.61
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018		13606A5Z7	280,000.00	A+	A1	12/01/16	12/05/16	279,781.60	1.78	1,245.69	279,862.93	280,700.28
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018		65558LWA6	280,000.00	AA-	Aa3	12/01/16	12/05/16	280,000.00	1.74	1,286.76	280,000.00	280,700.28
STATE BANK OF INDIA LT CD DTD 12/18/2013 2.050% 12/18/2018		856283VY9	245,000.00	NR	NR	12/19/13	12/19/13	245,000.00	1.96	1,032.02	245,000.00	246,330.60
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019		86958JHB8	200,000.00	AA-	Aa2	01/10/17	01/12/17	200,000.00	1.91	556.50	200,000.00	199,279.60
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019		06427KRC3	280,000.00	A+	A1	02/08/17	02/09/17	280,000.00	1.90	350.93	280,000.00	281,143.80
BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019		06417GUE6	280,000.00	A+	A1	04/05/17	04/06/17	280,000.00	1.91	2,198.62	280,000.00	279,552.28
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019		86563YVN0	250,000.00	A	A1	05/03/17	05/04/17	250,000.00	2.05	1,665.63	250,000.00	250,957.50
AMERICAN EXPRESS BK FSB LT CD DTD 07/24/2014 2.000% 07/24/2019		02587CAJ9	245,000.00	A-2	P-1	07/25/14	07/25/14	245,000.00	1.92	523.56	245,000.00	246,469.51



Managed Account Detail of Securities Held

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit												
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019		83050FXT3	185,000.00	A+	Aa3	08/03/17	08/04/17	184,927.85	1.85	264.76	184,930.63	185,633.98
CAPTIAL ONE BANK USA NA LT CD DTD 08/12/2015 2.000% 08/12/2019		140420UE8	245,000.00	A-2	P-1	08/12/15	08/12/15	245,000.00	1.94	268.49	245,000.00	246,842.16
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020		96121T4A3	260,000.00	AA-	Aa3	08/03/17	08/07/17	260,000.00	2.05	355.33	260,000.00	261,524.38
Security Type Sub-Total			3,645,000.00					3,644,709.45	1.82	12,551.88	3,644,793.56	3,656,342.47
Asset-Backed Security / Collateralized Mortgage Obligation												
CARMAX ABS 2016-3 A2 DTD 07/20/2016 1.170% 08/15/2019		14314EAB7	74,108.07	AAA	NR	07/14/16	07/20/16	74,102.02	1.18	38.54	74,104.31	74,049.45
TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020		89231UAD9	110,000.00	AAA	Aaa	05/02/16	05/11/16	109,994.38	1.30	63.56	109,996.52	109,813.50
JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020		47788NAC2	35,000.00	NR	Aaa	07/19/16	07/27/16	34,997.21	1.25	19.44	34,998.13	34,880.56
CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020		12636WAB2	150,000.00	AAA	Aaa	03/15/17	03/22/17	149,994.24	1.80	109.33	149,994.24	150,111.84
TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020		89237WAD9	45,000.00	AAA	Aaa	08/01/16	08/10/16	44,998.79	1.14	22.80	44,999.16	44,780.00
CITIBANK ABS 2017-A2 A2 DTD 01/26/2017 1.740% 01/17/2021		17305EGA7	120,000.00	AAA	Aaa	01/19/17	01/26/17	119,977.02	1.75	255.20	120,000.00	120,336.26
JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021		47787XAC1	30,000.00	NR	Aaa	02/22/17	03/02/17	29,995.73	1.79	23.73	29,995.73	30,079.81
HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021		44891EAC3	75,000.00	AAA	Aaa	09/14/16	09/21/16	74,989.91	1.30	43.00	74,992.21	74,576.53
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021		34531EAD8	95,000.00	NR	Aaa	01/18/17	01/25/17	94,999.65	1.67	70.51	94,999.72	95,065.67



Managed Account Detail of Securities Held

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Asset-Backed Security / Collateralized Mortgage Obligation											
JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	30,000.00	NR	Aaa	07/11/17	07/18/17	29,997.80	1.82	24.27	29,997.91	30,109.29
ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	100,000.00	AAA	NR	08/15/17	08/23/17	99,998.71	1.75	38.89	99,998.72	100,150.23
Security Type Sub-Total		864,108.07					864,045.46	1.56	709.27	864,076.65	863,953.14
Managed Account Sub-Total		14,286,631.10					14,399,371.53	1.78	58,541.40	14,358,955.54	14,390,298.57
Securities Sub-Total		\$14,286,631.10					\$14,399,371.53	1.78%	\$58,541.40	\$14,358,955.54	\$14,390,298.57
Accrued Interest											\$58,541.40
Total Investments											\$14,448,839.97



Managed Account Fair Market Value & Analytics

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
U.S. Treasury Bond / Note												
US TREASURY NOTES	DTD 06/01/2015 1.500% 05/31/2020	912828XE5	360,000.00	CITIGRP		100.25	360,900.00	(7,804.69)	(5,227.33)	2.67	2.67	1.41
US TREASURY NOTES	DTD 06/01/2015 1.500% 05/31/2020	912828XE5	525,000.00	TD SEC U		100.25	526,312.50	(7,157.23)	(4,934.50)	2.67	2.67	1.41
US TREASURY NOTES	DTD 06/30/2015 1.625% 06/30/2020	912828XH8	295,000.00	HSBC		100.56	296,659.38	(3,226.56)	(2,135.46)	2.75	2.75	1.42
US TREASURY NOTES	DTD 12/02/2013 2.000% 11/30/2020	912828A42	470,000.00	CITIGRP		101.60	477,527.52	(6,829.51)	(2,720.03)	3.12	3.12	1.49
US TREASURY NOTES	DTD 05/02/2016 1.375% 04/30/2021	912828Q78	150,000.00	CITIGRP		99.35	149,021.55	1,986.39	1,596.56	3.54	3.54	1.56
US TREASURY NOTES	DTD 05/02/2016 1.375% 04/30/2021	912828Q78	335,000.00	MERRILL		99.35	332,814.80	4,488.63	3,507.83	3.54	3.54	1.56
US TREASURY NOTES	DTD 06/02/2014 2.000% 05/31/2021	912828WN6	400,000.00	MORGANST		101.56	406,250.00	(7,578.13)	(4,945.03)	3.59	3.59	1.57
US TREASURY NOTES	DTD 08/01/2016 1.125% 07/31/2021	912828S76	175,000.00	CITIGRP		98.23	171,903.38	1,886.78	1,528.78	3.81	3.81	1.59
US TREASURY N/B	DTD 07/31/2014 2.250% 07/31/2021	912828WY2	295,000.00	BNP PARI		102.46	302,248.15	979.40	1,977.15	3.74	3.74	1.60
US TREASURY NOTES	DTD 09/02/2014 2.000% 08/31/2021	912828D72	400,000.00	MORGANST		101.51	406,031.20	4,624.95	4,831.68	3.83	3.83	1.61
US TREASURY NOTES	DTD 10/31/2016 1.250% 10/31/2021	912828T67	245,000.00	MORGAN_S		98.47	241,258.12	105.39	102.93	4.02	4.02	1.63
US TREASURY NOTES	DTD 10/31/2016 1.250% 10/31/2021	912828T67	250,000.00	CITIGRP		98.47	246,181.75	5,478.62	4,588.56	4.02	4.02	1.63
US TREASURY NOTES	DTD 01/03/2017 2.000% 12/31/2021	912828U81	390,000.00	HSBC		101.45	395,636.67	898.78	1,078.12	4.12	4.12	1.65
US TREASURY NOTES	DTD 02/02/2015 1.500% 01/31/2022	912828H86	460,000.00	MORGAN_S		99.29	456,747.80	4,312.64	4,066.75	4.25	4.25	1.67
US TREASURY NOTES	DTD 03/31/2017 1.875% 03/31/2022	912828W89	110,000.00	MORGAN_S		100.84	110,923.78	274.95	297.51	4.34	4.34	1.68
Security Type Sub-Total			4,860,000.00				4,880,416.60	(7,559.59)	3,613.52	3.52	3.52	1.55
Supra-National Agency Bond / Note												



Managed Account Fair Market Value & Analytics

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Supra-National Agency Bond / Note												
INTL BANK OF RECON AND DEV GLOBAL NOTES	DTD 08/29/2017 1.625% 09/04/2020	459058GA5	140,000.00	JPM_CHAS		100.08	140,114.38	143.78	143.73	2.92	2.92	1.60
Security Type Sub-Total			140,000.00				140,114.38	143.78	143.73	2.92	2.92	1.60
Federal Agency Collateralized Mortgage Obligation												
FNMA SERIES 2016-M9 ASQ2	DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	45,523.03	CSFB		100.12	45,576.77	(401.47)	(188.58)	0.95	1.57	1.63
Security Type Sub-Total			45,523.03				45,576.77	(401.47)	(188.58)	0.95	1.57	1.63
Federal Agency Bond / Note												
FREDDIE MAC NOTES	DTD 07/19/2017 1.375% 08/15/2019	3137EAEH8	100,000.00	MORGAN_S		99.93	99,930.90	31.90	29.91	1.92	1.92	1.41
FNMA NOTES	DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	215,000.00	JPM_CHAS		100.11	215,228.33	365.93	343.05	2.44	2.44	1.46
Security Type Sub-Total			315,000.00				315,159.23	397.83	372.96	2.28	2.28	1.44
Corporate Note												
CHEVRON CORP NOTES	DTD 05/16/2016 1.561% 05/16/2019	166764BH2	300,000.00	WELLSFAR		99.97	299,918.40	(81.60)	(81.60)	1.67	1.67	1.58
CITIGROUP INC CORP NOTES	DTD 06/09/2016 2.050% 06/07/2019	172967KS9	100,000.00	CITIGRP		100.21	100,209.70	261.70	240.79	1.72	1.72	1.93
BURLINGTON NRTH CORP	DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	200,000.00	GOLDMAN		105.94	211,877.20	(8,902.80)	(1,305.37)	1.96	1.96	1.78
CATERPILLAR FINANCIAL CORP NOTES	DTD 12/01/2014 2.250% 12/01/2019	14912L6F3	565,000.00	NEW ACCT		101.05	570,948.89	(6,232.51)	(129.40)	2.18	2.18	1.77
AMERICAN HONDA FINANCE	DTD 02/16/2017 2.000% 02/14/2020	02665WBM2	90,000.00	MIZUHO		100.53	90,476.55	604.35	581.84	2.38	2.38	1.78
BNY MELLON (CALLABLE) CORP NOTE	DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	352,000.00	NEW ACCT	01/24/20	100.91	355,208.13	3,059.83	3,124.78	2.35	2.33	1.77



Managed Account Fair Market Value & Analytics

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Corporate Note												
AMERICAN HONDA FINANCE CORP NOTES	DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	25,000.00	BARCLAYS		100.25	25,062.13	87.38	86.44	2.79	2.79	1.86
JP MORGAN CHASE & CO NOTES	DTD 07/22/2010 4.400% 07/22/2020	46625HHS2	455,000.00	BONY		106.71	485,520.49	(7,544.81)	4,098.58	2.71	2.71	2.00
WELLS FARGO & COMPANY NOTES	DTD 12/07/2015 2.550% 12/07/2020	94974BGR5	385,000.00	WELLSFAR		101.40	390,380.38	(1,199.27)	644.70	3.11	3.11	2.10
MORGAN STANLEY CORP NOTES	DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	350,000.00	SCOTIA		100.67	352,358.30	349.30	853.75	3.43	3.43	2.31
GOLDMAN SACHS GRP INC CORP NT (CALLABLE)	DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	290,000.00	JPMCHASE	03/25/21	100.68	291,969.68	(4,723.52)	(3,266.89)	3.41	3.36	2.43
AMERICAN EXPRESS CREDIT CORP NOTES	DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	285,000.00	GOLDMAN		100.48	286,357.46	(201.49)	191.58	3.49	3.49	2.11
BRANCH BANKING & TRUST CORP NOTE	DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	250,000.00	KEYBAN		100.12	250,290.25	455.25	413.75	3.52	3.52	2.02
MORGAN STANLEY BONDS	DTD 11/17/2016 2.625% 11/17/2021	61746BED4	220,000.00	MORGAN_S		100.83	221,818.52	5,063.52	4,690.62	3.94	3.94	2.42
BB&T CORP NOTES	DTD 03/21/2017 2.750% 04/01/2022	05531FAX1	300,000.00	MORGAN_S		102.62	307,874.40	5,609.40	5,779.29	4.25	4.25	2.15
Security Type Sub-Total			4,167,000.00				4,240,270.48	(13,395.27)	15,922.86	2.89	2.88	2.01
Commercial Paper												
CREDIT AGRICOLE CIB NY COMM PAPER	DTD 08/15/2017 0.000% 02/09/2018	22533UB93	250,000.00	CREDAG		99.39	248,465.50	201.06	53.14	0.44	0.44	1.37
Security Type Sub-Total			250,000.00				248,465.50	201.06	53.14	0.44	0.44	1.37
Certificate of Deposit												
CITIBANK NA CERT DEPOS	DTD 06/16/2017 1.400% 01/02/2018	17305TPX4	160,000.00	CITIGRP		100.01	160,016.08	16.08	16.08	0.34	0.34	1.37
RONDOUT SAVINGS BANK LT CD	DTD 01/23/2015 1.350% 07/23/2018	776322AP4	245,000.00	NEW ACCT		100.24	245,588.98	588.98	588.98	0.89	0.89	1.03



Managed Account Fair Market Value & Analytics

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Certificate of Deposit											
CAPTIAL ONE BANK USA NA LT CD DTD 08/12/2015 1.700% 08/13/2018	14042E5N6	245,000.00	NEW ACCT		100.20	245,481.43	481.43	481.43	0.94	0.94	1.43
BANK OF BARODA LT CD DTD 10/28/2013 2.050% 10/29/2018	0606246K4	245,000.00	NEW ACCT		100.46	246,121.61	1,121.61	1,121.61	1.15	1.15	1.52
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	280,000.00	GOLDMAN		100.25	280,700.28	918.68	837.35	1.23	1.23	1.53
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	280,000.00	MERRILL		100.25	280,700.28	700.28	700.28	1.24	1.24	0.84
STATE BANK OF INDIA LT CD DTD 12/18/2013 2.050% 12/18/2018	856283VY9	245,000.00	NEW ACCT		100.54	246,330.60	1,330.60	1,330.60	1.29	1.29	1.50
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	200,000.00	MERRILL		99.64	199,279.60	(720.40)	(720.40)	1.35	1.35	1.44
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	280,000.00	GOLDMAN		100.41	281,143.80	1,143.80	1,143.80	1.43	1.43	1.56
BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	280,000.00	MERRILL		99.84	279,552.28	(447.72)	(447.72)	1.58	1.58	1.52
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	250,000.00	JPM_CHAS		100.38	250,957.50	957.50	957.50	1.66	1.66	1.78
AMERICAN EXPRESS BK FSB LT CD DTD 07/24/2014 2.000% 07/24/2019	02587CAJ9	245,000.00	NEW ACCT		100.60	246,469.51	1,469.51	1,469.51	1.88	1.88	1.56
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	185,000.00	BARCLAYS		100.34	185,633.98	706.13	703.35	1.89	1.89	1.58
CAPTIAL ONE BANK USA NA LT CD DTD 08/12/2015 2.000% 08/12/2019	140420UE8	245,000.00	NEW ACCT		100.75	246,842.16	1,842.16	1,842.16	1.93	1.93	1.52
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	260,000.00	JPM_CHAS		100.59	261,524.38	1,524.38	1,524.38	2.90	2.90	1.80
Security Type Sub-Total		3,645,000.00				3,656,342.47	11,633.02	11,548.91	1.47	1.47	1.46
Asset-Backed Security / Collateralized Mortgage Obligation											
CARMAX ABS 2016-3 A2 DTD 07/20/2016 1.170% 08/15/2019	14314EAB7	74,108.07	CSFB		99.92	74,049.45	(52.57)	(54.86)	0.35	1.77	1.21



Managed Account Fair Market Value & Analytics

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Asset-Backed Security / Collateralized Mortgage Obligation												
TOYOTA ABS 2016-B A3	DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	110,000.00	CITIGRP		99.83	109,813.50	(180.88)	(183.02)	0.92	1.73	1.40
JOHN DEERE ABS 2016-B A3	DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	35,000.00	RBC CAP		99.66	34,880.56	(116.65)	(117.57)	1.12	1.94	1.43
CNH 2017-A A2	DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	150,000.00	CITIGRP		100.07	150,111.84	117.60	117.60	1.04	1.93	1.60
TOYOTA ABS 2016-C A3	DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	45,000.00	MITSU		99.51	44,780.00	(218.79)	(219.16)	1.17	2.13	1.37
CITIBANK ABS 2017-A2 A2	DTD 01/26/2017 1.740% 01/17/2021	17305EGA7	120,000.00	CITIGRP		100.28	120,336.26	359.24	336.26	1.36	1.83	1.59
JOHN DEERE ABS 2017-A A3	DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	30,000.00	MERRILL		100.27	30,079.81	84.08	84.08	1.63	2.40	1.67
HYUNDAI ABS 2016-B A3	DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	75,000.00	JPMCHASE		99.44	74,576.53	(413.38)	(415.68)	1.68	3.04	1.48
FORD ABS 2017-A A3	DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	95,000.00	CITIGRP		100.07	95,065.67	66.02	65.95	1.85	2.78	1.65
JOHN DEERE ABS 2017-B A3	DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	30,000.00	MITSU		100.36	30,109.29	111.49	111.38	2.20	1.69	1.60
ALLY ABS 2017-4 A3	DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	100,000.00	DEUTSCHE		100.15	100,150.23	151.52	151.51	2.15	2.13	1.68
Security Type Sub-Total			864,108.07				863,953.14	(92.32)	(123.51)	1.35	2.11	1.53
Managed Account Sub-Total			14,286,631.10				14,390,298.57	(9,072.96)	31,343.03	2.59	2.64	1.66
Securities Sub-Total			\$14,286,631.10				\$14,390,298.57	(\$9,072.96)	\$31,343.03	2.59	2.64	1.66%
Accrued Interest							\$58,541.40					
Total Investments							\$14,448,839.97					



Managed Account Security Transactions & Interest

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
08/03/17	08/04/17	SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	185,000.00	(184,927.85)	0.00	(184,927.85)			
08/03/17	08/07/17	WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	260,000.00	(260,000.00)	0.00	(260,000.00)			
08/15/17	08/23/17	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	100,000.00	(99,998.71)	0.00	(99,998.71)			
08/16/17	08/17/17	CREDIT AGRICOLE CIB NY COMM PAPER DTD 08/15/2017 0.000% 02/09/2018	22533UB93	250,000.00	(248,264.44)	0.00	(248,264.44)			
08/16/17	08/17/17	FREDDIE MAC NOTES DTD 07/19/2017 1.375% 08/15/2019	3137EAEH8	100,000.00	(99,899.00)	(106.94)	(100,005.94)			
08/22/17	08/29/17	INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 08/29/2017 1.625% 09/04/2020	459058GA5	140,000.00	(139,970.60)	0.00	(139,970.60)			
08/30/17	08/31/17	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	245,000.00	(241,152.73)	(1,023.61)	(242,176.34)			
Transaction Type Sub-Total				1,280,000.00	(1,274,213.33)	(1,130.55)	(1,275,343.88)			

INTEREST										
08/01/17	08/01/17	MONEY MARKET FUND	MONEY0002	0.00	0.00	19.97	19.97			
08/01/17	08/25/17	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	49,050.43	0.00	72.96	72.96			
08/07/17	08/07/17	BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	280,000.00	0.00	2,602.76	2,602.76			
08/12/17	08/12/17	CAPTIAL ONE BANK USA NA LT CD DTD 08/12/2015 1.700% 08/13/2018	14042E5N6	245,000.00	0.00	2,065.38	2,065.38			
08/12/17	08/12/17	CAPTIAL ONE BANK USA NA LT CD DTD 08/12/2015 2.000% 08/12/2019	140420UE8	245,000.00	0.00	2,429.86	2,429.86			
08/14/17	08/14/17	AMERICAN HONDA FINANCE DTD 02/16/2017 2.000% 02/14/2020	02665WBM2	90,000.00	0.00	890.00	890.00			
08/15/17	08/15/17	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	95,000.00	0.00	132.21	132.21			



Managed Account Security Transactions & Interest

For the Month Ending August 31, 2017

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	08/15/17	08/15/17	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	30,000.00	0.00	44.50	44.50			
	08/15/17	08/15/17	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	110,000.00	0.00	119.17	119.17			
	08/15/17	08/15/17	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	35,000.00	0.00	36.46	36.46			
	08/15/17	08/15/17	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	45,000.00	0.00	42.75	42.75			
	08/15/17	08/15/17	CARMAX ABS 2016-3 A2 DTD 07/20/2016 1.170% 08/15/2019	14314EAB7	83,413.42	0.00	81.33	81.33			
	08/15/17	08/15/17	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	75,000.00	0.00	80.63	80.63			
	08/15/17	08/15/17	CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	150,000.00	0.00	205.00	205.00			
	08/24/17	08/24/17	BNY MELLON (CALLABLE) CORP NOTE DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	352,000.00	0.00	3,784.00	3,784.00			
	08/28/17	08/28/17	FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	215,000.00	0.00	1,612.50	1,612.50			
	08/31/17	08/31/17	US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	400,000.00	0.00	4,000.00	4,000.00			
Transaction Type Sub-Total					2,499,463.85	0.00	18,219.48	18,219.48			
PAYDOWNS											
	08/01/17	08/25/17	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	3,527.40	3,527.40	0.00	3,527.40	(35.27)	0.00	
	08/15/17	08/15/17	CARMAX ABS 2016-3 A2 DTD 07/20/2016 1.170% 08/15/2019	14314EAB7	9,305.35	9,305.35	0.00	9,305.35	0.76	0.00	
Transaction Type Sub-Total					12,832.75	12,832.75	0.00	12,832.75	(34.51)	0.00	
SELL											
	08/03/17	08/04/17	NORINCHUKIN BANK NY CERT DEPOS DTD 05/10/2017 1.400% 11/10/2017	65602USD1	125,000.00	125,018.82	418.06	125,436.88	18.82	18.82	FIFO



Managed Account Security Transactions & Interest

For the Month Ending **August 31, 2017**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
SELL										
08/03/17	08/07/17	US TREASURY NOTES DTD 12/02/2013 2.000% 11/30/2020	912828A42	260,000.00	263,727.34	966.12	264,693.46	(4,214.85)	(2,058.30)	FIFO
08/16/17	08/17/17	FIRST RESOURCE BANK LT CD DTD 01/28/2015 1.300% 07/30/2018	336177AO3	245,000.00	244,546.75	174.52	244,721.27	(453.25)	(453.25)	FIFO
08/16/17	08/17/17	CIT BANK LT CD DTD 03/13/2013 1.100% 03/13/2018	17284A6P8	100,000.00	99,783.00	473.15	100,256.15	(217.00)	(217.00)	FIFO
08/18/17	08/23/17	FANNIE MAE GLOBAL NOTES DTD 10/25/2016 1.000% 10/24/2019	3135G0R39	85,000.00	84,227.35	280.97	84,508.32	(514.25)	(584.79)	FIFO
08/22/17	08/29/17	FANNIE MAE GLOBAL NOTES DTD 10/25/2016 1.000% 10/24/2019	3135G0R39	160,000.00	158,548.80	555.56	159,104.36	(964.80)	(1,100.26)	FIFO
08/30/17	08/31/17	SYNCHRONY BANK LT CD DTD 10/25/2013 2.150% 10/25/2018	36157QSM0	245,000.00	246,470.00	1,847.23	248,317.23	1,470.00	1,470.00	FIFO
Transaction Type Sub-Total				1,220,000.00	1,222,322.06	4,715.61	1,227,037.67	(4,875.33)	(2,924.78)	
Managed Account Sub-Total					(39,058.52)	21,804.54	(17,253.98)	(4,909.84)	(2,924.78)	
Total Security Transactions					(\$39,058.52)	\$21,804.54	(\$17,253.98)	(\$4,909.84)	(\$2,924.78)	

**Fallbrook Public Utility District
2017-18 Budget Overview-Through 08/30/17**

	2017-18 Adopted Budget	2017-18 Actual YTD	2017-18 Projected	Change from Projected to Adopted Budget	Percent Change from Prior Budget
REVENUES:					
Water Sales	8,673	1,873			
Recycled Sales	850	147			
	9,523	2,020	9,523.00	-	0.0%
Operating Revenues:					
Water Sales	16,124,308	3,230,334	16,124,308	-	0.0%
MWD Readiness to Serve	405,267	84,467	506,803	101,536	25.1%
CWA Infracture Access Charge	411,331	66,332	397,990	(13,341)	-3.2%
Meter Service Charges	5,348,419	909,285	5,455,710	107,291	2.0%
Wastewater Service Charges	5,787,904	921,666	5,529,994	(257,910)	-4.5%
Overuse Penalties	0		0	-	0.0%
Sundry Other Revenue	306,100	62,392	306,100	-	0.0%
CWA Rebates	162,448	38,320	162,448	-	0.0%
Total Operating Revenue	28,545,777	5,312,796	28,483,353	(62,424)	-0.2%
Non Operating Revenues:					
Capital Improvement Charge	2,396,200	382,156	2,292,933	(103,267)	-4.3%
Property Taxes*	1,916,938	40,568	1,916,938	-	0.0%
Water Standby/Availability Charge	203,000		203,000	-	0.0%
Water/Wastewater Capacity Charges	136,914	12,927	136,914	-	0.0%
Portfolio Interest**	207,356	40,940	245,640	38,284	18.5%
Pumping Charge	131,840	29,799	178,791	46,951	35.6%
Prop 84 & 50 Funds	0	28,500	28,500	28,500	100.0%
SRF Loan Proceeds	0		0	-	0.0%
CSI Rebate	0		0	-	0.0%
Facility Rents & Other Non Operating Revenues	173,055	28,552	171,310	(1,745)	-1.0%
Total Non Operating Revenues	5,165,303	563,440	5,174,026	8,723	0.2%
*FY 16-17 Opening Balances (did not use Raftelis figures)					
**Portfolio interested as calculated on actual investments					
Total Budgeted Revenues	33,711,080	5,876,236	33,657,379	(53,701)	-0.2%
EXPENDITURES:					
Operating Expenses:					
AF Purchased Potable Water	9,223	2,157			
AF Produced Recycled Water	902	259			
	10,125	2,416	10,125		
Purchased Water Expense	13,228,586	2,823,096	13,228,586	-	0.0%
MWD Readiness to Serve	405,267	59,533	357,195	(48,072)	-11.9%
CWA Infracture Access Charge	411,331	67,572	405,432	(5,899)	-1.4%
Production-Water Quality & Treatment	1,388,176	161,552	969,311	(418,865)	-30.2%
Distribution & Pumping	1,896,071	231,670	1,390,018	(506,053)	-26.7%
Customer Service	1,421,119	192,273	1,153,640	(267,479)	-18.8%
General Administration	5,094,194	732,123	4,392,740	(701,454)	-13.8%
Collection, Treatment & Disposal	2,731,560	499,033	2,994,196	262,636	9.6%
Total Operating Expenses	26,576,304	4,766,851	24,891,117	(1,685,187)	-6.3%
Debt Service Expenses					
Red Mountain SRF	395,893	197,712	395,893	-	0.0%
WWTP SRF	1,845,746	0	1,845,746	-	0.0%
QECCB Solar Debt	372,854	0	372,854	-	0.0%
CalPERS 17-18 Unfunded Actuarial Liability Lump Sum	572,652	572,652	572,652	-	0.0%
PARS	750,000		750,000	-	0.0%
Total Debt Service Expenses	3,937,145	770,364	3,937,145	-	0.0%
Net Revenue/(loss) From Operations and Debt Service	3,197,631	339,021	4,829,118	1,631,487	51.0%
Capital Project Expenses-completed and ongoing projects	8,395,283	747,964	8,395,283	-	0.0%
NET REVENUES & EXPENDITURES	(5,197,652)	(408,943)	(3,566,165)	1,631,487	-31.4%
Estimated Reserves as of 7/1/17	11,349,777	14,988,998	14,988,998	3,639,221	32.1%
Estimated Reserves as of 6/30/18	6,152,125	14,580,056	11,422,833	5,270,708	85.7%

**Fallbrook Public Utility District
2017-18 Budget Overview-Through 08/31/17**

	2017-2018 Adopted Budget	2017-2018 Actual YTD	2017-18 Projected	Change from Projected to Adopted Budget	
Labor Costs:					
Annual Wages	5,828,492	1,147,958.45	6,887,751	1,059,259	18.2%
Direct Benefits:					
Medical/Dental/Vision (ACWA JPIA)	908,782	152,865	901,104	(7,678)	-0.8%
Other Post Employment Benefits (OPEB) contribution	150,000	0	150,000	-	0.0%
Life Insurance/Long Term Disability(Lincoln Life Ins)	35,780	6,380	38,832	3,052	8.5%
Uniforms/Safety Equipment	38,317	1,342	38,317	-	0.0%
Auto Allowance & Rec Fund	18,700	1,504	18,045	(655)	-3.5%
Total Wages & Direct Benefits	6,980,071	1,310,049	8,034,048	1,053,977	15.1%
Indirect Benefits:					
CalPERS/401A* (Lincoln Financial)	558,770 *	86,822	520,932	(37,838)	-6.8%
CalPERS Lump Sum Unfunded Liability Payment	572,652	572,652	572,652	-	0.0%
CalPERS Side Fund Payoff**	585,000 **		585,000	-	0.0%
CalPERS Unfunded Liability contribution	100,000 ***	0	100,000	-	0.0%
FICA/Social Security	426,321	66,402	398,410	(27,911)	-6.5%
Workers Comp Premiums (JPIA)	127,023	20,000	127,023	-	0.0%
Other-Unemployment Insurance	0	0	0	-	
**Reimburse Reserves for 6/30/14 Side Fund Payoff				-	
***Actuarial Unfunded Liability of \$9.8M				-	
Total Indirect Benefits	2,369,766	745,876	2,304,016	(65,750)	-2.8%
Total Wages and Fringe Benefits	9,349,837	2,055,925	10,338,065	988,228	10.6%
*Employer Contribution 10.848% for Misc Members and 6.908% for PEPRA Members					
**Reimburse Reserves for 6/30/14 Side Fund Payoff Balance remaining is \$2,058,848 as of 6/30/17					
***Unfunded Actuarial Liability (UAL) of \$9.8M. This action prefunds a portion of the UAL into PARS					

1) Due to the timing of payroll this report includes 5 pay periods over 2 months which increases projection verses overall average of 2.16 per month

8/31/2017

Treasurer's Warrant No. August

TO: Treasurer of the Fallbrook Public Utility District

The bills and claims listed below are approved as authorized by resolution no. 3538 of the Board of Directors dated July 8, 1985. You are hereby authorized and directed to pay said prospective claims in the amounts stated (less discounts in instances where discounts are allowed).

Payroll -8/17

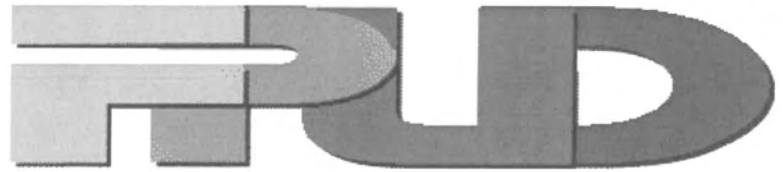
Computer Check Register

Payroll #1	139,655.85
Payroll #2	144,650.11
Payroll #3	<u>140,152.24</u>
	<u>424,458.20</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: AnnaleceB
Printed: 9/6/2017 9:33 AM



Fallbrook Public Utility District

Purchasing Dept. Phone: (760) 728-1151, Fax: (760) 728-8491

Main Office Phone: (760) 728-1125, Fax: (760) 728-6029

Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	00152	FPUD EMPL ASSOCIATION	08/02/2017	905.78
ACH	06758	US TREASURY - PAYROLL TAXES	08/02/2017	60,161.29
ACH	06759	STATE OF CA - PR TAXES	08/02/2017	8,758.27
ACH	06760	STATE OF CA - SDI	08/02/2017	1,830.74
ACH	06761	LINCOLN FINANCIAL GROUP	08/02/2017	5,590.35
ACH	06763	PERS - PAYROLL	08/02/2017	34,790.80
75772	02805	ASBURY ENVIRONMENTAL SERVICES	08/02/2017	120.00
75773	06696	AT & T MOBILTY	08/02/2017	56.09
75774	06020	BABCOCK & SONS, INC.	08/02/2017	1,245.00
75775	02743	BEST BEST & KRIEGER	08/02/2017	321.80
75776	00898	BP BATTERY	08/02/2017	104.61
75777	91069	BRENNTAG PACIFIC INC.	08/02/2017	1,820.61
75778	06012	CALIFORNIA DEPT OF CSS	08/02/2017	231.00
75779	91191	CALIFORNIA SANITATION RISK MAN.	08/02/2017	214.00
75780	91188	CALIFORNIA STATE BOARD OF EQUA	08/02/2017	260.84
75781	06141	CENTRISYS CORPORATION	08/02/2017	6,500.00
75782	UB*00082	WALTER S & TERESA CLUER	08/02/2017	11.45
75783	06021	JOSHUA COUVEAU	08/02/2017	25.11
75784	91141	CURTIS E. STIKA	08/02/2017	325.00
75785	02925	DATA NET SOLUTIONS	08/02/2017	28,365.19
75786	06775	DEPARTMENT OF MOTOR VEHICLES	08/02/2017	40.00
75787	03391	ELECTRICAL SALES INC	08/02/2017	665.45
75788	UB*00080	ETHEL & SHERMAN ELKINS	08/02/2017	82.47
75789	90956	FALLBROOK GLASS INC	08/02/2017	3,145.00
75790	00169	FALLBROOK OIL COMPANY	08/02/2017	963.90
75791	01155	FALLBROOK REFUSE	08/02/2017	138.10
75792	04494	FEDERAL EXPRESS CORPORATION	08/02/2017	255.60
75793	05733	FIRST BANKCARD	08/02/2017	1,590.11
75794	05560	FRANCHISE TAX BOARD	08/02/2017	250.00
75795	UB*00081	RANDY GRETLER	08/02/2017	15.62
75796	03174	HAAKER EQUIPMENT COMPANY	08/02/2017	6,015.27
75797	06577	INFOSEND INC	08/02/2017	1,343.21
75798	05505	TODD JESTER	08/02/2017	302.00
75799	91190	DEBBY LIAN	08/02/2017	150.00
75800	03322	LIGHTHOUSE AUTOMOTIVE	08/02/2017	263.99
75801	06614	MITEL LEASING	08/02/2017	815.12
75802	06602	MORAES/PHAM & ASSOCIATES	08/02/2017	10,300.00
75803	00718	NATIONWIDE RETIREMENT SOLUTIO	08/02/2017	2,018.07
75804	06744	O.S.T.S. INC	08/02/2017	3,000.00
75805	01267	PACIFIC PIPELINE	08/02/2017	2,430.11
75806	04900	PARADISE CHEVROLET CADILLAC	08/02/2017	78.86
75807	03708	PAULEY EQUIPMENT CO INC	08/02/2017	227.40
75808	06688	ANDO PILVE	08/02/2017	5,100.00
75809	06485	FABRIENNE ROBINSON	08/02/2017	25.00
75810	05636	SAM'S CLUB	08/02/2017	4,203.68
75811	00232	SAN DIEGO GAS & ELECTRIC	08/02/2017	44,848.34
75812	91040	SPRINGBROOK NATIONAL USER GRO	08/02/2017	175.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
75813	04092	STATE WATER RESOURCES CONT BRI	08/02/2017	60.00
75814	05608	STEVEN ENTERPRISES INC	08/02/2017	307.01
75815	00159	SUPERIOR READY MIX	08/02/2017	690.56
75816	02972	THERMO ENVIRONMENTAL INSTRUM	08/02/2017	607.56
75817	91091	ORNEEN TOMA	08/02/2017	37.36
75818	04296	TRENCH PLATE RENTAL CO	08/02/2017	787.30
75819	06005	UNIFIRST CORP.	08/02/2017	404.39
75820	06231	WESTERN WATER WORKS SUPPLY CC	08/02/2017	2,595.70
75821	02570	CHERYL WILLIAMS	08/02/2017	117.00
Total for 8/2/2017:				245,687.11
75822	05091	ANALYTICAL TECHNOLOGY INC	08/09/2017	1,542.62
75823	02805	ASBURY ENVIRONMENTAL SERVICES	08/09/2017	702.20
75824	06020	BABCOCK & SONS, INC.	08/09/2017	335.00
75825	05958	BAMM! PROMOTIONAL PRODUCTS, I	08/09/2017	559.19
75826	90980	BENS ASPHALT & MAINTENANCE	08/09/2017	8,615.00
75827	06402	BRIAN BRADY	08/09/2017	54.39
75828	91118	BULLDOG TOWING	08/09/2017	290.00
75829	03978	CAMERON WELDING SUPPLY	08/09/2017	1,909.06
75830	01719	MICKEY M. CASE	08/09/2017	60.00
75831	00370	CROP PRODUCTION SERVICES, INC.	08/09/2017	1,047.34
75832	91143	CULLY REPAIR LLC	08/09/2017	647.34
75833	06299	D & H WATER SYSTEMS, INC	08/09/2017	1,389.98
75834	05180	NOELLE DENKE	08/09/2017	29.90
75835	05192	DIAMOND ENVIRONMENTAL SERVIC	08/09/2017	1,044.43
75836	91123	DIGITAL DEPLOYMENT, INC.	08/09/2017	550.00
75837	04425	DOMINICK'S SANDWICHES	08/09/2017	29.70
75838	09523	FALLBROOK EQUIP RENTALS	08/09/2017	1,554.89
75839	00169	FALLBROOK OIL COMPANY	08/09/2017	4,228.96
75840	90945	FALLBROOK RADIATOR	08/09/2017	116.00
75841	01155	FALLBROOK REFUSE	08/09/2017	258.47
75842	UB*00083	JERRY & MELANIE GAMBRELL	08/09/2017	90.94
75843	00182	GLENNIE'S OFFICE PRODUCTS, INC	08/09/2017	644.35
75844	04958	GOSCH FORD TEMECULA	08/09/2017	148.37
75845	02170	GRAINGER, INC.	08/09/2017	1,034.13
75846	05380	HACH CO	08/09/2017	420.95
75847	05803	HADRONEX INC	08/09/2017	9,576.00
75848	03276	HOME DEPOT CREDIT SERVICES	08/09/2017	4,727.63
75849	04309	JANIKOWSKI CONSTRUCTION	08/09/2017	3,950.00
75850	00190	JCI JONES CHEMICALS INC.	08/09/2017	3,073.71
75851	04027	JOES HARDWARE	08/09/2017	908.38
75852	06479	KNOCKOUT PEST CONTROL & TERMI	08/09/2017	225.00
75853	04926	KONICA MINOLTA PREMIER FINANCE	08/09/2017	3,336.15
75854	03322	LIGHTHOUSE AUTOMOTIVE	08/09/2017	1,115.28
75855	06156	LOMACK SERVICE CORPORATION	08/09/2017	6,820.00
75856	04638	LOWE'S CORPORATION	08/09/2017	2,616.29
75857	91193	DANNY MONROE	08/09/2017	3,359.00
75858	06338	MYTHOS TECHNOLOGY INC	08/09/2017	481.76
75859	06199	PLUMBERS DEPOT INC	08/09/2017	2,717.20
75860	91155	QUALITY GATE COMPANY	08/09/2017	674.95
75861	91175	QUALITY TOOL & EQUIPMENT, INC.	08/09/2017	4,357.42
75862	91077	RED WING SHOE STORE	08/09/2017	289.79
75863	06485	FABRIENNE ROBINSON	08/09/2017	400.00
75864	03930	ROYAL WHOLESALE ELECTRIC	08/09/2017	1,702.95
75865	00231	SAN DIEGO COUNTY WATER AUTH	08/09/2017	1,052,614.40
75866	05403	SAN DIEGO UNION-TRIBUNE CO.	08/09/2017	208.04

Check No	Vendor No	Vendor Name	Check Date	Check Amount
75867	04434	SNAP ON TOOLS	08/09/2017	789.16
75868	06064	SOLENIIS LLC	08/09/2017	7,382.49
75869	06401	SONSRAY MACHINERY LLC	08/09/2017	4,129.75
75870	90929	SOUTHWEST ANSWERING SERVICE, I	08/09/2017	964.39
75871	05883	TESTAMERICA LABORATORIES, INC.	08/09/2017	127.58
75872	06005	UNIFIRST CORP.	08/09/2017	396.31
75873	06594	UTILITY SERVICES ASSOCIATES	08/09/2017	10,225.88
75874	06231	WESTERN WATER WORKS SUPPLY CC	08/09/2017	3,784.61
75875	02570	CHERYL WILLIAMS	08/09/2017	472.50
Total for 8/9/2017:				1,158,729.83
ACH	00152	FPUD EMPL ASSOCIATION	08/16/2017	905.78
ACH	06758	US TREASURY - PAYROLL TAXES	08/16/2017	64,359.85
ACH	06759	STATE OF CA - PR TAXES	08/16/2017	9,787.02
ACH	06760	STATE OF CA - SDI	08/16/2017	1,931.27
ACH	06761	LINCOLN FINANCIAL GROUP	08/16/2017	5,775.35
ACH	06763	PERS - PAYROLL	08/16/2017	34,540.79
75881	00101	ACWA JPIA	08/16/2017	80,894.82
75882	04995	AMERICAN MESSAGING	08/16/2017	111.59
75883	UB*00084	PETER PAVING AND GRADING	08/16/2017	1,031.00
75884	05778	AQUATIC BIOASSAY AND CONSULTIN	08/16/2017	5,105.00
75885	05088	AT&T	08/16/2017	853.61
75886	06020	BABCOCK & SONS, INC.	08/16/2017	240.00
75887	06012	CALIFORNIA DEPT OF CSS	08/16/2017	231.00
75888	05953	CORODATA RECORDS MANAGEMENT	08/16/2017	633.94
75889	UB*00085	ASPLUNDH CONSTRUCTION CORP	08/16/2017	1,096.85
75890	00425	C/O VALLECITOS WATER DISTRICT CX	08/16/2017	50.00
75891	09705	CSDA SAN DIEGO CHAPTER	08/16/2017	30.00
75892	02925	DATA NET SOLUTIONS	08/16/2017	2,677.44
75893	03319	DEPARTMENT OF TOXIC SUBSTANCE	08/16/2017	300.00
75894	05192	DIAMOND ENVIRONMENTAL SERVIC	08/16/2017	1,610.26
75895	91195	EDSI	08/16/2017	75.00
75896	04122	EVOQUA WATER TECHNOLOGIES LLC	08/16/2017	3,943.20
75897	90945	FALLBROOK RADIATOR	08/16/2017	75.00
75898	05560	FRANCHISE TAX BOARD	08/16/2017	250.00
75899	06286	GARDA CL WEST, INC.	08/16/2017	228.46
75900	09517	GENCO	08/16/2017	388.98
75901	02170	GRAINGER, INC.	08/16/2017	1,727.52
75902	02767	GRANGETTO FARM & GARDEN SUPPI	08/16/2017	47.17
75903	91186	HOPKINS TECHNICAL PRODUCTS, INC	08/16/2017	431.56
75904	03161	IDEXX DISTRIBUTION, INC.	08/16/2017	320.88
75905	06577	INFOSEND INC	08/16/2017	1,292.40
75906	06380	JANI-KING OF CALIFORNIA, INC - SA	08/16/2017	2,117.39
75907	91196	MHS	08/16/2017	175.00
75908	03944	MISSION RESOURCE CONSV DISTRIC	08/16/2017	219.00
75909	06338	MYTHOS TECHNOLOGY INC	08/16/2017	2,750.89
75910	90932	NAPA AUTO PARTS	08/16/2017	655.88
75911	03201	NATIONAL SAFETY COMPLIANCE INC	08/16/2017	60.00
75912	00718	NATIONWIDE RETIREMENT SOLUTIO	08/16/2017	2,018.07
75913	01406	NORTH COUNTY WELDING SUPPLY	08/16/2017	6.44
75914	03708	PAULEY EQUIPMENT CO INC	08/16/2017	406.89
75915	90939	PCM SALES, INC.	08/16/2017	3,934.37
75916	03137	GARY PITTS	08/16/2017	530.55
75918	00236	SCRAPPYS	08/16/2017	804.51
75919	06737	SIMPSON SANDBLASTING & SPECIAL	08/16/2017	32,513.75
75920	91107	SPECTRUM BUSINESS	08/16/2017	106.50

Check No	Vendor No	Vendor Name	Check Date	Check Amount
75921	91194	TERRAVERDE RENEWABLE PARTNER	08/16/2017	11,562.00
75922	06005	UNIFIRST CORP.	08/16/2017	393.90
75923	00458	VERIZON WIRELESS	08/16/2017	757.42
75924	06231	WESTERN WATER WORKS SUPPLY CC	08/16/2017	4,372.93
75925	91100	WESTIN ENGINEERING, INC.	08/16/2017	1,800.00
75926	02570	CHERYL WILLIAMS	08/16/2017	585.00
75927	90933	CAROLINE WILSON	08/16/2017	86.97
75928	06526	ZEBRON CONTRACTING, INC	08/16/2017	23,925.00
Total for 8/16/2017:				310,728.20
75929	01460	AFLAC	08/23/2017	1,574.51
75930	06020	BABCOCK & SONS, INC.	08/23/2017	330.00
75931	06235	JACK BEBEE	08/23/2017	340.00
75932	00898	BP BATTERY	08/23/2017	94.04
75933	91069	BRENNTAG PACIFIC INC.	08/23/2017	926.98
75934	05897	FILOMENO CABALBAG	08/23/2017	150.00
75935	03134	CALIFORNIA WATER ENVIRONMENT.	08/23/2017	265.00
75936	03978	CAMERON WELDING SUPPLY	08/23/2017	325.93
75937	06676	CAROLLO ENGINEERS, INC	08/23/2017	7,820.38
75938	02176	CORELOGIC SOLUTIONS, LLC	08/23/2017	225.00
75939	06675	CORODATA SHREDDING, INC	08/23/2017	54.50
75940	05714	COUNTY OF SD DEPT PUBLIC WORKS	08/23/2017	571.00
75941	06299	D & H WATER SYSTEMS, INC	08/23/2017	13,482.55
75942	05180	NOELLE DENKE	08/23/2017	220.89
75943	05192	DIAMOND ENVIRONMENTAL SERVIC	08/23/2017	714.98
75944	04425	DOMINICK'S SANDWICHES	08/23/2017	16.69
75945	06303	EXECUTIVE LANDSCAPE INC.	08/23/2017	1,753.50
75946	00170	FALLBROOK WASTE & RECYCLING	08/23/2017	549.70
75947	00182	GLENNIE'S OFFICE PRODUCTS, INC	08/23/2017	491.32
75948	04958	GOSCH FORD TEMECULA	08/23/2017	29.07
75949	02170	GRAINGER, INC.	08/23/2017	238.67
75950	05380	HACH CO	08/23/2017	319.66
75951	UB*00086	SHERYL HAILEY	08/23/2017	71.06
75952	06577	INFOSEND INC	08/23/2017	2,355.24
75953	06267	J2 GLOBAL IRELAND LIMITED	08/23/2017	59.91
75954	90924	LAW OFFICES OF STEPHEN V. LOPARI	08/23/2017	1,943.00
75955	03765	LENNIHAN LAW	08/23/2017	2,413.62
75956	91130	LINCOLN NATIONAL LIFE INSURANC	08/23/2017	3,144.22
75957	06633	MAINTENANCE CONNECTION INC	08/23/2017	756.20
75958	03944	MISSION RESOURCE CONSV DISTRIC	08/23/2017	219.00
75959	06602	MORAES/PHAM & ASSOCIATES	08/23/2017	4,360.00
75960	06024	MATTHEW MORGAN	08/23/2017	77.78
75961	06338	MYTHOS TECHNOLOGY INC	08/23/2017	481.76
75962	01406	NORTH COUNTY WELDING SUPPLY	08/23/2017	21.33
75963	06744	O.S.T.S. INC	08/23/2017	1,200.00
75964	01267	PACIFIC PIPELINE	08/23/2017	821.05
75965	04900	PARADISE CHEVROLET CADILLAC	08/23/2017	306.24
75966	02283	PETERS PAVING & GRADING	08/23/2017	450.00
75967	00215	PETTY CASH	08/23/2017	106.62
75968	06199	PLUMBERS DEPOT INC	08/23/2017	909.47
75969	04075	RAYNE WATER SYSTEMS	08/23/2017	125.00
75970	06485	FABRIENNE ROBINSON	08/23/2017	20.00
75971	91173	ROTORK CONTROLS INC.	08/23/2017	5,753.82
75972	91159	SCELZI ENTERPRISES, INC	08/23/2017	17,665.86
75974	06314	SUNPOWER CORPORATION SYSTEM	08/23/2017	29,699.66
75975	00159	SUPERIOR READY MIX	08/23/2017	3,173.54

Check No	Vendor No	Vendor Name	Check Date	Check Amount
75976	06735	TCN, INC.	08/23/2017	241.45
75977	05883	TESTAMERICA LABORATORIES, INC.	08/23/2017	739.23
75978	00250	TRY ENTERPRISES	08/23/2017	4,920.00
75979	00724	UNDERGROUND SERVICE ALERT	08/23/2017	392.80
75980	06005	UNIFIRST CORP.	08/23/2017	389.06
75981	06211	UNITED IMAGING	08/23/2017	511.36
75982	03027	UPS STORE	08/23/2017	26.48
75983	00458	VERIZON WIRELESS	08/23/2017	666.17
75984	05909	WAGNER & BONSIGNORE, CONSULTI	08/23/2017	587.50
75985	02570	CHERYL WILLIAMS	08/23/2017	324.00
Total for 8/23/2017:				115,426.80
ACH	00152	FPUD EMPL ASSOCIATION	08/30/2017	905.78
ACH	02582	EMPLOYMENT DEVELOPMENT DEPT	08/30/2017	7,698.00
ACH	06758	US TREASURY - PAYROLL TAXES	08/30/2017	59,556.22
ACH	06759	STATE OF CA - PR TAXES	08/30/2017	8,745.22
ACH	06760	STATE OF CA - SDI	08/30/2017	1,832.05
ACH	06761	LINCOLN FINANCIAL GROUP	08/30/2017	5,775.35
ACH	06763	PERS - PAYROLL	08/30/2017	34,601.64
75993	UB*00084	PETER PAVING AND GRADING	08/30/2017	178.00
75994	06661	MARK APRIL	08/30/2017	252.00
75995	06696	AT & T MOBILTIY	08/30/2017	55.32
75996	UB*00088	SOCAL AUTOHAUS	08/30/2017	88.21
75997	06235	JACK BEBEE	08/30/2017	60.00
75998	02743	BEST BEST & KRIEGER	08/30/2017	10,751.08
75999	05615	BOOT WORLD INC.	08/30/2017	126.06
76000	00898	BP BATTERY	08/30/2017	203.63
76001	06012	CALIFORNIA DEPT OF CSS	08/30/2017	231.00
76002	UB*00087	PETRINA CAMMARATA	08/30/2017	154.46
76003	05899	PAULA CLARK	08/30/2017	1,080.32
76004	91174	COASTAL FLANGE, INC.	08/30/2017	6,290.00
76005	06448	WILLIAM DENKE	08/30/2017	198.00
76006	03391	ELECTRICAL SALES INC	08/30/2017	2,292.40
76007	05588	ESCONDIDO METAL SUPPLY	08/30/2017	1,200.34
76008	06507	EUROFINS EATON ANALYTICAL INC	08/30/2017	2,400.00
76009	00169	FALLBROOK OIL COMPANY	08/30/2017	4,853.97
76010	04494	FEDERAL EXPRESS CORPORATION	08/30/2017	96.17
76011	01432	FERGUSON WATERWORKS #1083	08/30/2017	5,262.51
76012	05733	FIRST BANKCARD	08/30/2017	6,151.53
76013	91198	FIRST BANKCARD	08/30/2017	703.46
76014	91199	FIRST BANKCARD	08/30/2017	1,423.00
76015	91200	FIRST BANKCARD	08/30/2017	855.42
76016	91201	FIRST BANKCARD	08/30/2017	540.33
76017	91202	FIRST BANKCARD	08/30/2017	66.94
76018	91204	FIRST BANKCARD	08/30/2017	198.00
76019	05560	FRANCHISE TAX BOARD	08/30/2017	250.00
76020	04958	GOSCH FORD TEMECULA	08/30/2017	69.52
76021	05925	HD SUPPLY WATERWORKS	08/30/2017	1,656.94
76022	00190	JCI JONES CHEMICALS INC.	08/30/2017	3,076.24
76023	05505	TODD JESTER	08/30/2017	136.00
76024	90953	JR FILANC CONSTRUCTION CO., INC.	08/30/2017	34,451.09
76025	90887	LLOYD PEST CONTROL	08/30/2017	169.00
76026	91061	MICHELLI MEASUREMENT GROUP	08/30/2017	475.50
76027	00718	NATIONWIDE RETIREMENT SOLUTIO	08/30/2017	2,018.07
76028	01406	NORTH COUNTY WELDING SUPPLY	08/30/2017	109.74
76029	06298	ONESOURCE DISTRIBUTORS, LLC	08/30/2017	263.50

Check No	Vendor No	Vendor Name	Check Date	Check Amount
76030	01267	PACIFIC PIPELINE	08/30/2017	4,814.92
76031	06110	SKY PETERSON	08/30/2017	139.00
76032	91205	DEBRA RAMSEY	08/30/2017	300.15
76033	UB*00089	JILL REYNOLDS	08/30/2017	129.73
76034	00232	SAN DIEGO GAS & ELECTRIC	08/30/2017	44,869.16
76035	06401	SONSRAY MACHINERY LLC	08/30/2017	799.76
76036	00159	SUPERIOR READY MIX	08/30/2017	3,973.90
76037	04296	TRENCH PLATE RENTAL CO	08/30/2017	673.05
76038	00233	WAXIE SANITARY SUPPLY	08/30/2017	1,873.09
76039	06231	WESTERN WATER WORKS SUPPLY CC	08/30/2017	8,293.19
76040	02570	CHERYL WILLIAMS	08/30/2017	306.00
76041	06736	JEFF WOLFE	08/30/2017	139.00

Total for 8/30/2017: 273,812.96

Report Total (275 checks): 2,104,384.90



Brian J. Brady

General Manager

Acting General Manager Report

Summary of Key Priorities during interim period

1. Rate Study and Proposed Rate Changes

Action: Continue Public Outreach. Keep Board informed of outreach efforts.

Status: Four Letters sent to specific customer groups are more impacted from results of rate study (TSAWR, Sewer Customers, Pumping Customers, Large Meters/Standby). The District held two public meetings on September 12th and 14th to discuss TSAWR rates and changes to sewer rates.

Future Actions: Complete required proposition 218 mailings by September 27th at least 45 days prior to rate hearing. Re-schedule rate hearing for week of November 13th. Send additional targeted letters to residential water customers and large lot domestic customers in early October. Provide additional articles in village news on rates prior to and after rate hearing. Transition new AGM/CFO fully into the process by the end of October.

2. District Budget and Financial Reports

Action: Continue to Improve District budgeting process and financial reporting to the Board. Complete FY 15/16 Audit for Board approval at October regular board meeting.

Status: Staff has been reviewing all line items and sources for budget and financial reporting data and identifying areas of potential improvement to review with new AGM/CFO. The draft audit should be prepared by the week of September 25th to review with the Fiscal Policy and Insurance Committee.

Future Actions: The new AGM/CFO to review District budget and reporting and work with Fiscal Policy and Insurance Committee to develop recommendations for improving budgeting process and reporting to the Board. Complete Audit for Board Approval by October regular Board meeting.

3. Santa Margarita Property

Action: Issue Notice to Interested Parties Regarding Notice Transfer or Other Arrangement for Property. Continue to maintain safe operation of the property.

Status: Once Board approval is received notice will advertised for proposals. District continues to utilize outside security to help maintain property operations. Security hours will be adjusted as needed.

Future Actions: Work with the Water Resources Committee and Board to evaluate proposals and identify preferred proposal. Target bringing forward preferred proposal from committee for January 2018 regular Board meeting.

4. Santa Margarita Conjunctive Use Project

Action: Complete steps necessary to issue the project for Construction.

Status: Before the State Revolving Fund (SRF) funding can be secured for construction, the water rights permit changes must be approved by the State Water Resources Control Board (SWRCB) and

the Settlement Agreement between the District and U.S. must be finalized. The SWRCB is processing the permits and some revisions have been requested, but no hurdles in securing the permits are anticipated. The settlement agreement is moving through the final approval stages by the U.S. Once these are completed the SRF funding package should be finalized.

Future Actions: Target signing of settlement agreement by end of calendar year 2017. Develop outreach by end of calendar year 2017 to publicize the Board's accomplishment in resolving the litigation related to U.S. versus FPUD and benefits to ratepayers. Target securing SRF funding by end of calendar year 2017 and advertise for construction in early summer 2018.

Status of Key Capital Projects

Donnil PS Emergency Generator

Awarded Construction Cost	\$139,900
Change Orders	\$ -
Total Cost	\$ 139,900.00
Total Completed	\$ 42,750.00
Percent Complete	31%
End Date	8/24/2017
Days Added	
Funding Source	Water Capital

SMRCUP Design

Awarded Design Cost*	\$ 3,205,140.00
Contract Ammendments	\$ 2,619.00
Total Cost	\$ 3,207,759.00
Total Completed	\$2,431,431
Percent Complete**	76%
End Date	4/1/2017
Days Added	0
* Only Preliminary Design and Design Task was Authorized for \$2,433,846	
**Authorized Tasks Completed (Design Complete)	
Funding Source	Prop 50 Grant: \$2.4 Million Balance Water Capital

Beaver Creek Pipeline Replacement

Awarded Construction Cost (Pending Approval)	\$ 1,446,000.00
Change Orders*	\$ 20,767.17
Total Cost	\$ 1,446,000.00
Total Completed	\$ 1,388,524.00
Percent Complete	96%
End Date	12/25/2016
Days Added	6
Funding Source	Water Capital
*Final Change Order Pending	

N. Brandon and E. Alvarado Sewer Replacement

Awarded Construction Cost	\$ 1,379,000.00
Change Orders	
Total Cost	\$ 1,379,000.00
Total Completed	\$ 34,550.00
Percent Complete	3%
End Date	2/3/2018
Days Added	
Funding Source	Wastewater Capital

Vista Del Rio 30-14 Inch Connection

Awarded Construction Cost	\$148,000
Change Orders	\$ -
Total Cost	\$ 148,000.00
Total Completed	\$ 148,000.00
Percent Complete	100%
End Date	8/4/2017
Days Added	
Funding Source	Water Capital

8 MG Tank Recoating

Awarded Construction Cost	\$804,060
Change Orders	\$ -
Total Cost	\$ 804,060.00
Total Completed	\$ -
Percent Complete	0%
End Date	
Days Added	
Funding Source	Water Capital

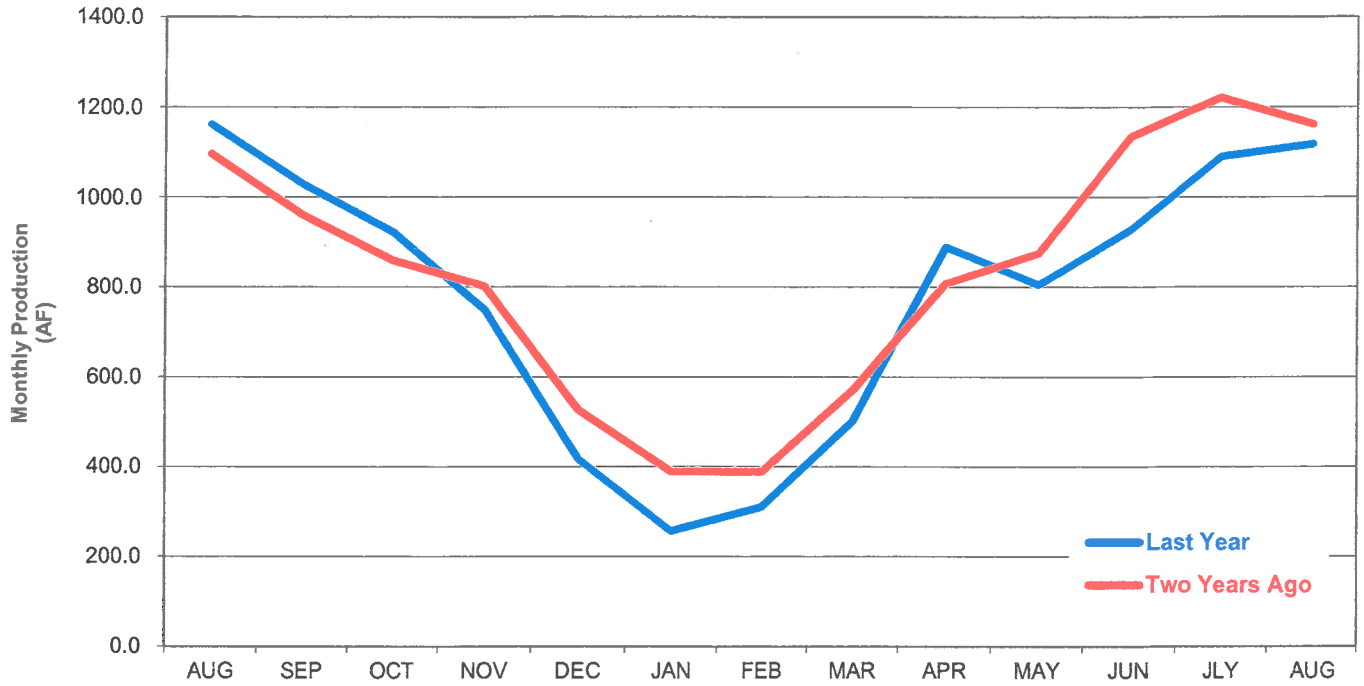
Pheasant Run Pipeline Replacement

Awarded Construction Cost	Project In Design
Change Orders*	
Total Cost	
Total Completed	
Percent Complete	
End Date	
Days Added	
Funding Source	

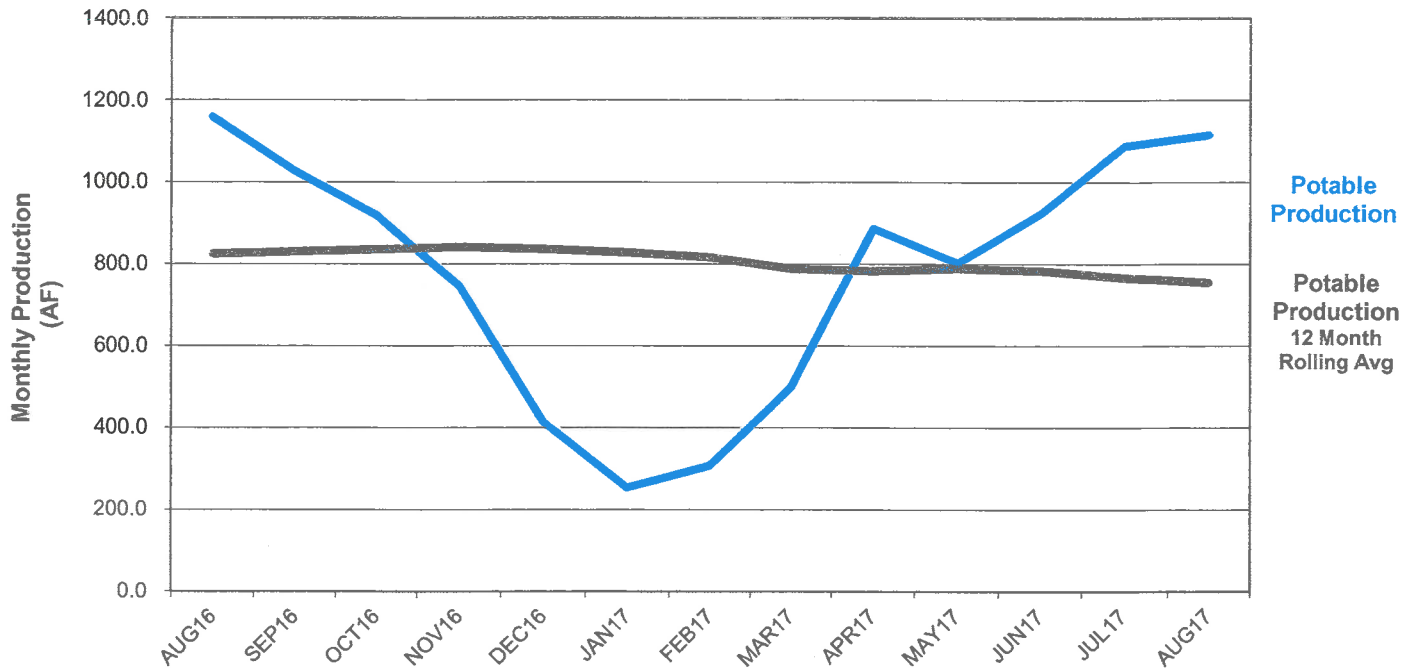
24" FB3 Pipeine Replacement Under I-15

Awarded Construction Cost	Project In Design
Change Orders*	
Total Cost	
Total Completed	
Percent Complete	
End Date	
Days Added	
Funding Source	

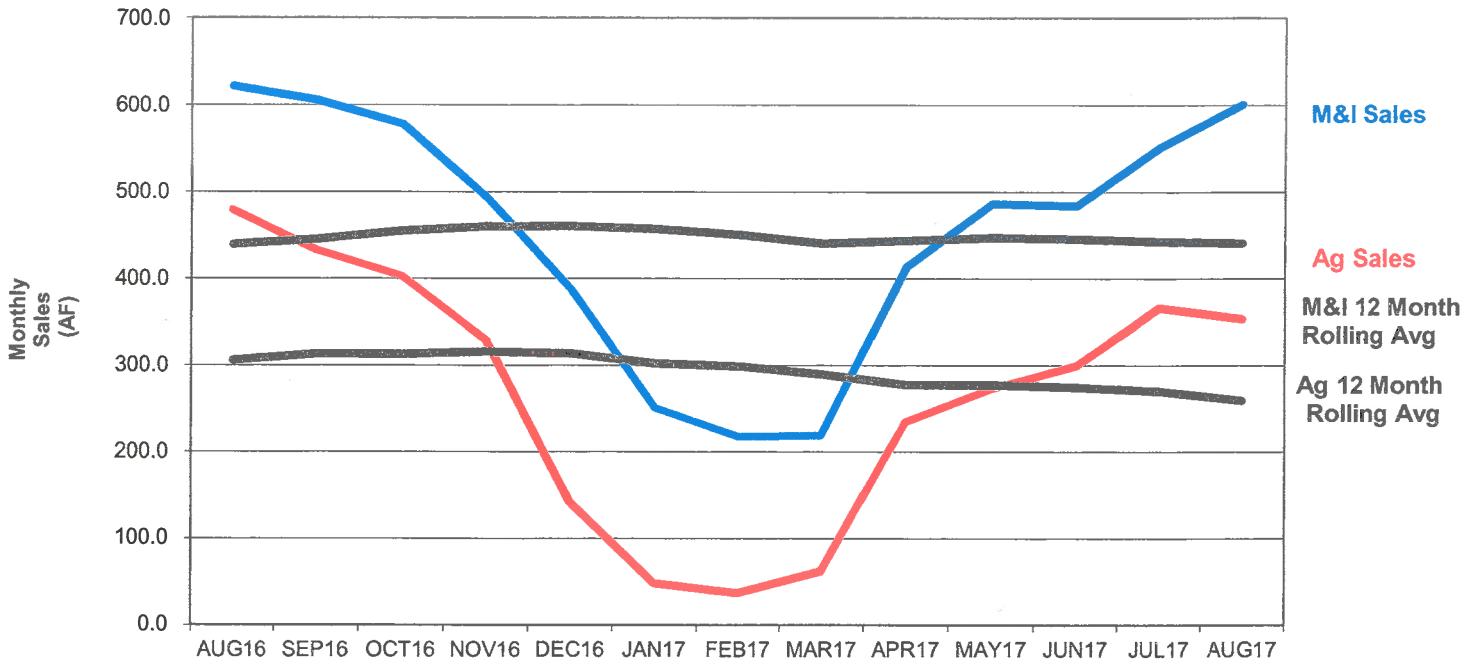
Fallbrook Public Utility District Annual Production



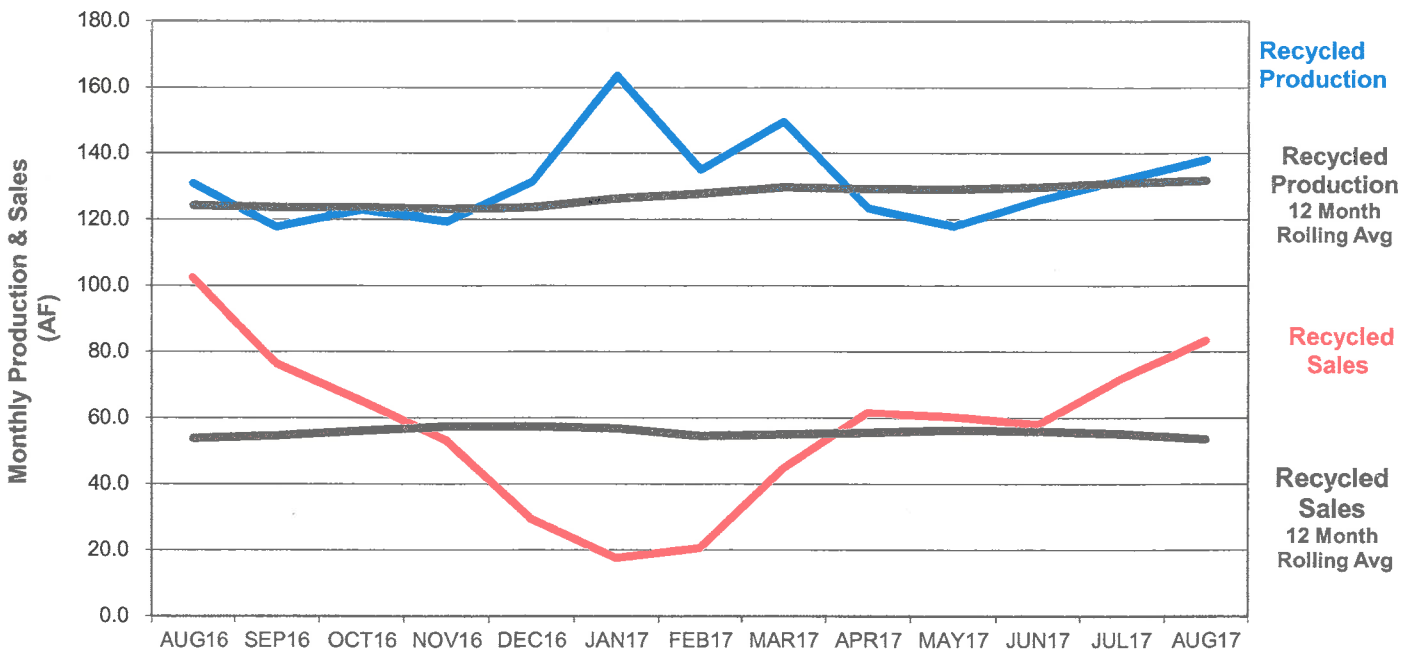
Fallbrook Public Utility District Total Potable Production



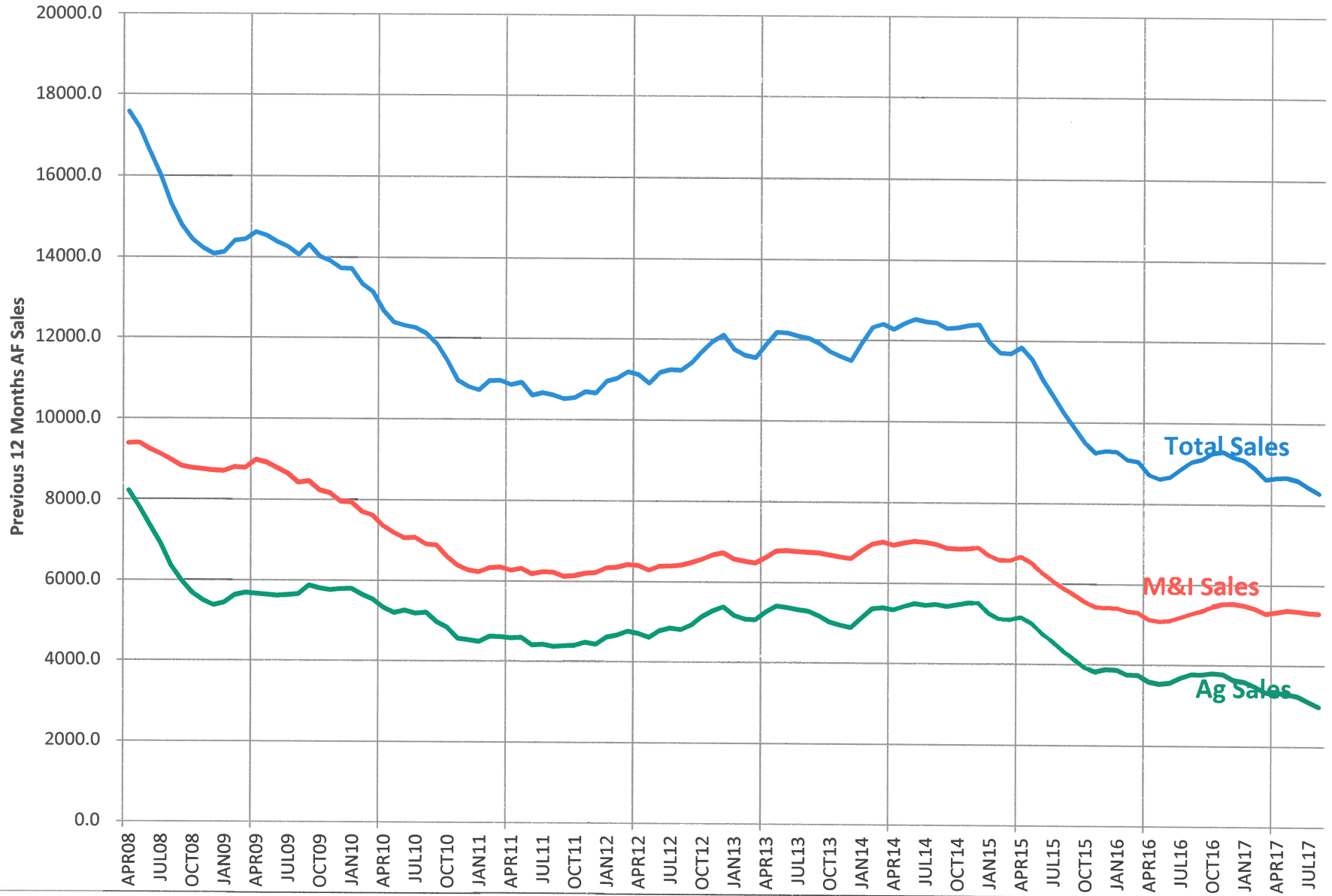
Fallbrook Public Utility District Ag and M&I Sales



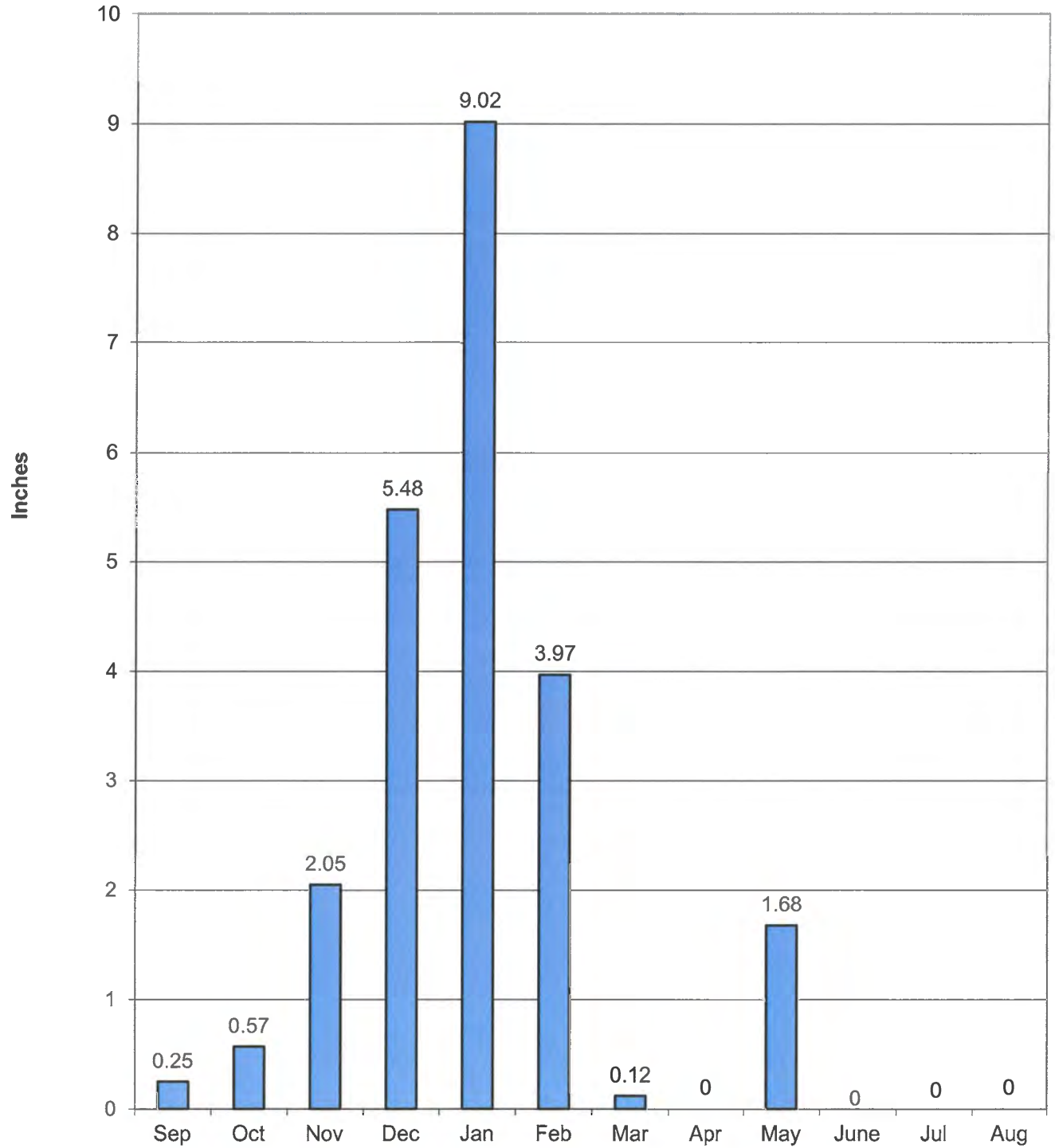
Fallbrook Public Utility District Recycled Water Production & Sales



FPUD 12 Month Running Water Sales

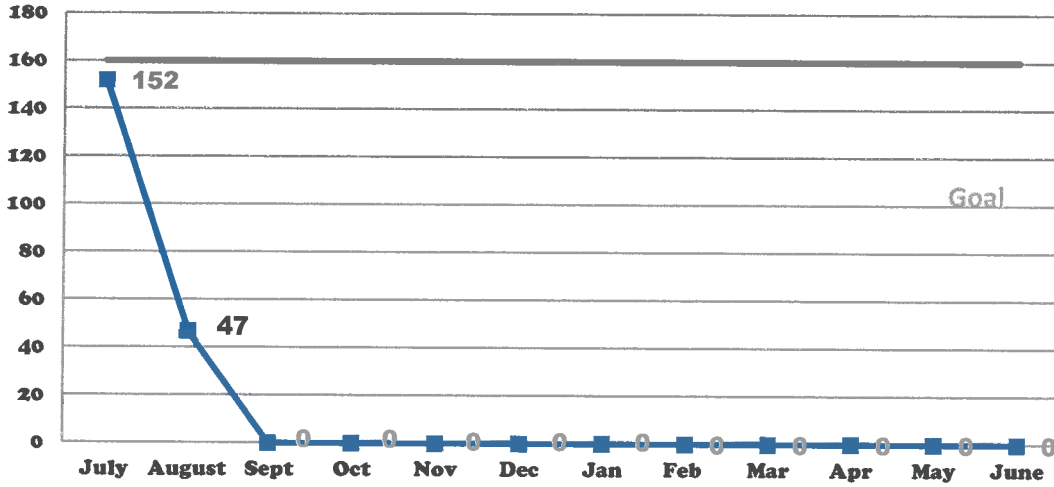


Fallbrook Rainfall In The Last 12 Months



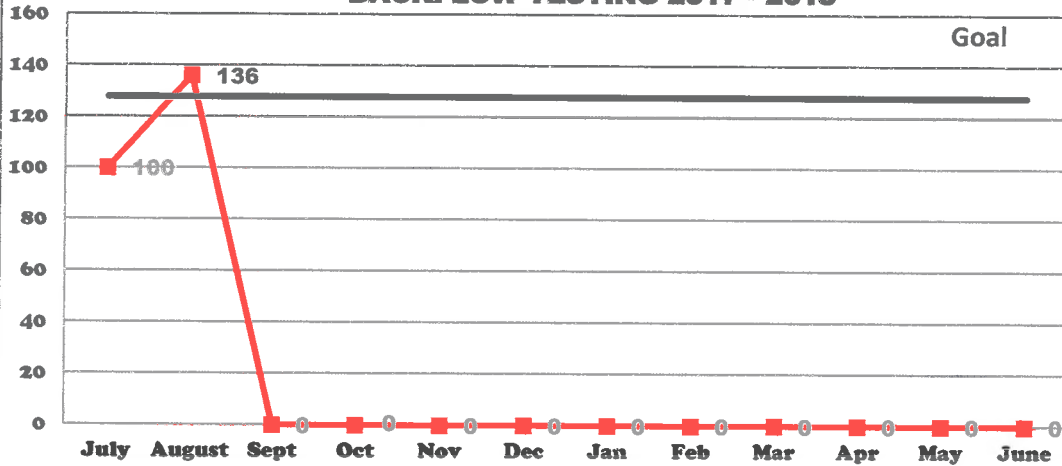
**DEPT 5
MONTHLY REPORTS**

METER EXCHANGE PROGRAM 2017 - 2018



TOTAL # METERS TO EXCHANGE: 1920
TOTAL # METERS EXCHANGED: 199
METERS LEFT TO EXCHANGE: 1721
PERCENTAGE REMAINING 89.64%

BACKFLOW TESTING 2017 - 2018



TOTAL TESTED GOAL: 1505
TOTAL TESTED TO DATE: 236
TOTAL NUMBER OF DEVICES ON STAND BY: 126
DEVICES REMAINING TO TEST: 1143
PERCENTAGE REMAINING 75.95%

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS



DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: COWU Stoneridge Country Club
Poway

Date(s) of Attendance: 9/19/17

Purpose of Function: Education

Sponsoring Organization: VWD

Summary of Conference or Meeting:

Chris Harris, exec director Colorado River Board
on the Lower Colorado River Basin
Drought Contingency Plan (DCP)

Details on how they are working
toward greater consistency and
stability on the Colorado River
very interesting!

Director Signature: Jennifer DeMeo

Date: 9/19/2017

The Administrative Code requires reports of conferences or meetings for which a director requests per diem or expense reimbursement. Reports must be submitted to the secretary no later than one (1) week prior to the board meeting.

Reports must be submitted before the District will pay per diem or reimbursement for the conference or meeting. Reports are not required for board or committee meetings or meetings with board or committee officers, the general manager, or the general counsel.

LOG OF BOARD REQUESTS
September 25, 2017 Regular Board Meeting

Item No.	Date Requested	Requestor and Request	Action by Staff/Schedule	Date Completed
6	GM Target Activities	<u>Board:</u> SMR CUP Maintain current schedule for finalizing MOU and EIS with USMC and necessary work with California SWRCB.	<u>Status:</u> On-going. (a) EIR to Board for certification by September 2016. Complete. (b) Final Settlement Agreement to Board by May 2017. (Delayed to December 2017; still in approval process by U.S.) (c) Prepare reports to Board. Next report September 2017.	
10	GM Target Activities	<u>Board:</u> General Manager to actively participate in SDCWA board policy discussion.	<u>Status:</u> On-going.	
12	GM Target Activities	<u>Board:</u> Urban Water Standards (SWRCB); Urban Advisory Group (UAG) process. Targeted community outreach to be developed working with Conservation Committee.	<u>Status:</u> On-going. Status of SWRCB guidelines to Board by November 2016 (complete). Comment period extended by SWRCB until March 2017. (complete) Last Board update in March 2017. This activity to be combined with outcome of (Urban Water Standards), now targeted for August 2017.	
13	GM Target Activities	<u>Board:</u> Metropolitan (new fixed charge on treated water)	<u>Status:</u> Complete/monitor on-going. Board briefed on 1/23/17. On-going analysis and development of rate alternatives w/SDCWA general managers group. Next report progress to Board in September 2017.	
14	GM Target Activities	<u>Board:</u> SDG&E General Rate Case re: Solar Contracts	<u>Status:</u> Water district consortium coordinating with BB&K special counsel. CPUC hearings originally scheduled for 10/17-10/21/2016. Opening briefs now set for 1/20/17 and reply briefs for 2/10/17. Proposed decision scheduled for February 27, 2017 unlikely. Updated Board in May 2017. Next update September 2017.	
22	GM Target Activities	<u>Board:</u> Explore functional consolidation opportunities with neighboring water districts (Valley Center, Yuima, Rainbow) in areas of information services, engineering, technical assistance, equipment sharing.	<u>Status:</u> General Managers are meeting in January 2017 to establish scope. At request of VCMWD and RMWD general managers, meeting postponed past March 2017. Meeting now scheduled for September 2017.	
24	GM Target Activities	<u>Board:</u> Update FPUD board room audio-visual equipment in conjunction with North County Fire.	<u>Status:</u> Upgrade to projection equipment complete. Audio equipment vendor proposal to be funded through MOU with NC Fire. Awaiting North County Fire requirements.	

LOG OF BOARD REQUESTS
September 25, 2017 Regular Board Meeting

Item No.	Date Requested	Requestor and Request	Action by Staff/Schedule	Date Completed
32	GM Target Activities	<u>Board</u> : Establish a 5-year strategic plan with 6 month updates. Complete by first quarter 2017.	<u>Status</u> : Need Board input.	
37	2/21/17	<u>Director Wolk</u> : Sit down with staff to walk-through the steps to the monthly accounting closing process.	<u>Brian J. Brady/Jack Bebee</u> : To schedule time with Director Wolk.	8/10/17
41	4/24/17	<u>Director Gebhart</u> : In lieu of paper board packets, request to be provided laptop computers.	<u>Brian J. Brady</u> : Finalizing equipment selection. Laptops distributed August 22, 2017.	8/22/17
42	6/26/17	<u>Board</u> : Contact fire agencies to develop a Fire Management Plan outline.	<u>Jack Bebee</u> : Contact North County Fire Protection District and Cal Fire, and reported to Board in August. Fire agencies requested meeting after fire season.	
43	7/18/17	<u>FP&I Committee</u> : Water bill analysis. Explore /make service period and meter read period coincide.	<u>Brian J. Brady/Jack Bebee</u> : Bring back to FP&I Committee in August.	8/22/17
44	7/18/17	<u>FP&I Committee</u> : Improving year end closing and audit process.	<u>Brian J. Brady/Jack Bebee</u> : <u>August</u> <ol style="list-style-type: none"> 1. Capital projects process and potential improvements. 2. Provide update on unbilled receivables with input from auditor and other Districts, if needed. 3. Provide update on timing of invoices based on feedback from auditor. 4. Determine timing of GASB 68 report from PERS and from auditor. <u>September</u> <ol style="list-style-type: none"> 1. Meeting with Auditor and FP&I Committee 2. Provide updates from September tasks above. 3. Have audit draft for review <u>October</u> <ol style="list-style-type: none"> 1. Provide final update on improvements to expedite closing CIP at year end. 2. Provide final update on improvements to expedite reconciliation of sick/vacation and comp time balances. 3. Have audit ready for Board approval. 	

LOG OF BOARD REQUESTS
September 25, 2017 Regular Board Meeting

Item No.	Date Requested	Requestor and Request	Action by Staff/Schedule	Date Completed
45	7/31/17	<u>Director Davies</u> : "Bequests to a Santa Margarita River Property Endowment Fund."	<u>Brian J. Brady</u> : Added to August 16, 2017 Water Resources Committee meeting agenda and the August 28, 2017 Board of Directors regular board meeting agenda.	8/16/17

Note: Number sequencing is not in order as those tasks completed are removed from this list. New tasks are assigned a new number.

To: Board of Directors
Subject: SDCWA Activity Report

The attached report summarizes the September 19, 2017 discussion at the Member Agency Members meeting regarding the following Sacramento legislative topics:

- Long-Term Water Use Efficiency
- Public Goods Charge on Water
- Resource Bonds and the Salton Sea
- Potable Reuse

Of particular interest to the Board may be the discussion of SB 5 (De Leon) on page 4 of the report.

2017 LEGISLATIVE SESSION

During the early hours of September 16, 2017, the Legislature adjourned its 2017 legislative session. The Governor will have 30 days (until October 16, 2017) to act on measures passed by the Legislature and sent to him for final action during the last weeks of the legislative session. All bills that were introduced in 2017 but that did not get passed by the Legislature, remain eligible to be considered during 2018, pursuant to a number of specific legislative deadlines that will apply. The Legislature is scheduled to convene the second year of its 2017-2018 two-year legislative session on January 3, 2018.

LONG-TERM WATER USE EFFICIENCY

ISSUE/BACKGROUND

The Legislature adjourned its 2017 legislative session on September 16, 2017 without taking action on AB 1668 (Friedman) and SB 606 (Hertzberg/Skinner), making them both two-year bills. A substantial advocacy effort during the final weeks of the 2017 legislative session focused on a number of policy areas that remain problematic and unresolved, including:

- Legislature's role in establishing targets
- Recycled water variances and potable reuse credit
- CII performance measures
- Single path to compliance for retail water suppliers
- State enforcement authorities

ACWA and a large coalition of water interests (including the Water Authority and many of its member agencies) actively advocated for a package of amendments to address the concerns presented in both measures, within the context of an Oppose Unless Amended position.

As it became clear that there was little appetite on behalf of the Administration to address the major policy issues advanced by the water community coalition, the coalition shifted its proposed amendment focus. Rather than pursue substantive policy amendments, the coalition attempted to amend the measures to extract all of the provisions relating to urban water use standards and targets out of the bills. That amendment approach would have allowed the provisions relating to water shortage contingency planning, agricultural water management planning, and small community drought planning to proceed successfully to passage during the 2017 legislative session, while allowing the stakeholders to continue working on the more controversial water use standards and targets provisions over the Fall and Winter.

There appeared to be some traction for the approach to remove the water use standards and targets provisions from AB 1668 and SB 606 during the final days of the legislative session, but the legislative clock ran out on amendments, and the coalition was left to advocate turning AB 1668 and SB 606 into two-year bills. During a very intense advocacy effort during the final week of the legislative session, the authors decided to not bring AB 1668 and SB 606 to Floor votes in their respective houses as the measures did not have sufficient votes for passage.

It is widely expected that AB 1668 and SB 606 will be the subject of discussions and negotiations over the interim recess of the Legislature, and it is a near certainty that the measures will again be considered for passage when the Legislature convenes its 2018 legislative session.

WATER AUTHORITY ENGAGEMENT

The Water Authority, member agencies, and San Diego regional organizations were all very active in advocating for protection of the San Diego region's interests relative to long-term water use efficiency standard setting and water shortage contingency planning.

The Water Authority was actively involved in direct legislative advocacy within the Capitol, sharing the region's perspectives with the San Diego legislative delegation, legislative leadership, key members of policy and fiscal committees, and the Governor's office.

Finally, the Water Authority worked very closely with member agencies to demonstrate strong regional support for common perspectives on these policy issues. The Water Authority also engaged actively with local and regional organizations throughout San Diego County to build support for the Water Authority's policy positions on the long-term water use efficiency legislation.

PUBLIC GOODS CHARGE ON WATER

ISSUE/BACKGROUND

The Legislature adjourned its 2017 legislative session on September 16, 2017 without taking action on SB 623 (Monning), making it a two-year bill.

On September 1, 2017, the Assembly Appropriations Committee referred SB 623 to the Assembly Rules Committee to make it a two-year bill. Rumors filled the halls of the Capitol from September 1 through the last week of the legislative session that the measure's proponents – the production agriculture and environmental justice communities – were working to withdraw SB 623 from the Assembly Rules Committee and have it referred to the Assembly Floor for a vote.

The opponents – which included most of the statewide water community and major business interests – continued to advocate for holding SB 623 in the Assembly Rules Committee, and ultimately the bill was held in committee to make it a two-year bill.

As it was crafted, SB 623 would have imposed a fertilizer fee, a dairy fee, and a water charge on ratepayers of retail water suppliers, using the following structure:

- A charge of \$0.95 per month per account for customers with a water meter less than one inch in size
- \$4/month for customers with meter sizes greater than one inch and less than or equal to 2 inches
- \$6/month for customers with meter sizes greater than 2 inches and less than or equal to 4 inches
- \$10/month for customers with meter sizes greater than 4 inches
- A charge of \$0.95 per month for customers with no meters

As structured, SB 623 would raise approximately \$195 million of annual revenue in the following manner:

- Water tax = \$175 million/year – 90% of revenue
- Fertilizer tax = \$14 million/year – 7% of revenue
- Dairy tax = \$5.6 million/year – 3% of revenue

As a result of the disproportionate revenue collection from ratepayers of urban retail water agencies, as compared with the funding contribution apportioned to the agricultural community (fertilizer and dairy taxes), SB 623 would contradict the fundamental California policy principle of “polluter pays.” While SB 623 would require the agriculture and dairy industries to contribute towards clean-up of drinking water pollution through industry assessments, the total contribution of both is **approximately 10% of the total revenue generated**, even though much of the legacy contamination of groundwater sources – particularly within the Central Valley, San Joaquin Valley, and Salinas Valley – can be attributed significantly to agricultural and dairy operations.

Although SB 623 was not furthered considered during the 2017 legislative session once it was referred to the Assembly Rules Committee, it is very clear that the proponents will once again make a major push to advance SB 623 during the 2018 session. Their efforts have already begun, as evidenced by the very active social media campaign that the proponents have launched in support of SB 623.

WATER AUTHORITY ENGAGEMENT

The Water Authority Board of Directors adopted an Oppose Unless Amended position on SB 623 at its June 2017 Board meeting. Water Authority staff and legislative advocates communicated the Board’s policy position throughout the Capitol, and actively engaged in the advocacy to oppose the water tax provisions of the measure. Water Authority staff coordinated closely with others in the water community, including ACWA and CMUA, to ensure that a strong coalition was engaged in opposition to the public goods charge and was activated once the amendments were placed into SB 623 when the Legislature returned from its Summer recess.

The San Diego region was very active in opposing the water tax component of SB 623, with the following entities (and likely many more) submitting letters in opposition to the measure to the Assembly Appropriations Committee:

City of San Diego
Business Alliance for Water

East County Economic Development Corporation
Escondido Chamber of Commerce
Fallbrook Public Utility District
Helix Water District
Industrial Environmental Association
National City Chamber of Commerce
Oceanside Chamber of Commerce
Olivenhain Municipal Water District
Otay Mesa Chamber of Commerce
Padre Dam Municipal Water District
Rainbow Municipal Water District
Rincon del Diablo Municipal Water District
San Diego County Water Authority
San Diego Hotel Motel Association
San Diego Regional Chamber of Commerce
San Diego Regional Economic Development Corporation
Santa Fe Irrigation District
Vallecitos Water District
Valley Center Municipal Water District

RESOURCES BONDS & THE SALTON SEA

ISSUE/BACKGROUND

During the final weeks of the 2017 legislative session, SB 5 (De Leon) gained significant traction within the Legislature and was passed and sent to the Governor's desk prior to adjournment of the session.

In its final version, SB 5 will place a \$4 billion parks, resources, and water bond on the June 2018 primary election ballot (if signed by the Governor). The measure includes \$200 million for Salton Sea restoration and implementation of the 10-year Salton Sea management plan (for which the Water Authority was a strong advocate), and the following funding allocations for water-related projects:

- \$250 million for safe drinking water programs, predominantly in disadvantaged communities
- \$80 million for groundwater contamination cleanup projects (disadvantaged community focus)
- \$550 million for flood protection and repair
- \$290 million for groundwater and water recycling projects

WHAT'S NEXT?

The Governor will have until October 16 to take action on SB 5, although all indications are that the measure will almost certainly be signed for placement on the June 2018 primary election ballot. It is unclear what the passage of SB 5 will mean for the two-ballot initiative resources bond measures that are currently in play. The Caves initiative (\$7.5 billion) was recently issued

a ballot title and summary by the Attorney General and was cleared for circulation to collect signatures. The Meral initiative (\$8.3 billion) is still pending issuance of ballot title and summary. Presumably the ballot initiative measures will not continue to proceed given the Legislature's action on SB 5. However, there have not yet been any formal announcements made.

POTABLE REUSE

During the last week of the legislative session, on unanimous votes of each house, the Legislature overwhelmingly passed AB 574 (Quirk), which is a measure sponsored by WaterReuse California and supported by the Water Authority Board of Directors. AB 574 would define potable reuse terms and require the establishment of regulations for potable reuse.

Specifically, AB 574 would establish potable reuse definitions and suggestions from the recent report to the Legislature, "*Investigation on the Feasibility of Developing Uniform Water Recycling Criteria for Direct Potable Reuse.*" The report, developed with the input of an expert panel, concluded that it is feasible and safe to develop and adopt regulations for direct potable reuse as drinking water, provided that certain research and key knowledge gaps are addressed. AB 574 would set a deadline in statute of 2023 for the State Water Resources Control Board to develop regulations for "raw water augmentation," a subcategory of direct potable reuse. The measure would allow the SWRCB more time to finish the regulations if the research is not complete.

The Governor has until October 16 to take action on AB 574.

STATE LEGISLATIVE PROPOSALS - 2018

In anticipation of the 2018 state legislative session, it is that time of the year to solicit whether any statutory changes will be necessary for the Water Authority to consider advancing on behalf of itself or the member agencies during the 2018 state legislative session, and submit proposals for legislation for the coming year to the Government Relations office. We are asking for any legislative proposals or concepts to be submitted by **Friday, October 13, 2017.**

Sacramento FYI

Upcoming Legislative Deadlines

UPCOMING LEGISLATIVE DEADLINES

- September 16 – Last day of 2017 legislative session – Interim recess begins
- October 16 – Deadline for Governor to act on legislation passed by Legislature during final two weeks
- January 3, 2018 – Legislature convenes the 2018 state legislative session