

**ZONE 7 BOARD OF DIRECTORS
FINANCE COMMITTEE**

**Wednesday, February 14, 2018
11:00 a.m.**

Location: Boardroom
Zone 7 Administration Building
100 North Canyons Parkway
Livermore, CA 94551

President Quigley
Director Ramirez Holmes
Director Stevens

AGENDA

1. Public Comment on Items Not on Agenda
2. FY 2017-18 Second Quarter Revenue & Expenditure Report
3. Investment Report as of December 31, 2017
4. Verbal Comments
5. Adjournment

FY 2017-18 Unaudited Second Quarter Revenue and Expenditure Report



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

M E M O R A N D U M

DATE: February 14, 2018

TO: Finance Committee

FROM: Osborn Solitei, Treasurer/Assistant General Manager – Finance

SUBJECT: **FY 2017-18 Unaudited Second Quarter Revenue and Expenditure (R&E) Report**

SUMMARY:

Zone 7 adopted its first two-year budget for fiscal years (FY) 2016-17 and 2017-18 in June of 2016. This two-year budget process involved a mid-cycle review of the second budget year to confirm the budget was still in-line with Board priorities, economic conditions, capital project schedules, projected revenues/expenses from the first budget year and reserve policy requirements. This review was conducted in early 2017 and the Board adopted the FY 2017-18 Amended Budget on June 21, 2017.

This report provides a summary of FY 2017-18 revenue and expenditures and explanations of any major variances through the second quarter of FY 2017-18 (July 1, 2017 through December 31, 2017) as well as second quarter projections for fiscal year-end.

Highlights of this report include:

- **Fund 100 – Water Enterprise Operations**
 - Water costs may exceed budget due to the low allocation (20%) from DWR announced for 2018.
 - The budget includes a debt service payment of \$1.2M for the DVWTP Ozone bonds, however based on the current debt financing schedule, the first debt service payment will be in January 2019 and not occurring this fiscal year.
- **Fund 120 – Renewal/Replacement & Systemwide Improvements**
 - Staff issued the bid for the DVWTP Ozone project in January 2018, and bids are due February 20, 2018. The Agency is on track to issue bonds for the ozone projects in late March/April 2018, therefore the FY 2017-18 Q2 revenue projections includes bond proceeds of approx. \$55M for the both projects.
- **Fund 130 – Expansion**
 - The Cawelo capital payment will be refinanced as part of the JPA revenue bond issuance for the ozone projects.
 - In the February 2018 Board meeting staff are recommending early payoff of the Semitropic capital payment with a cost savings of \$0.12 million.

BACKGROUND:

Since New World Systems was implemented on July 1, 2013, staff has been providing periodic budget reports to the Board, now providing a quarterly financial report

This report shows the FY 2017-18 Amended Budget, FY 2017-18 year-to-date (YTD) actuals, second quarter projected fiscal year-end (FYE), current year revenue over expenses, and reserve balances. Revenue over expenses is the net difference between the revenue and expenditure projections.

ANALYSIS:

Water Enterprise Fund (Fund 100)

Primary Funding Source: Water Rates

The purpose of this fund is to ensure the delivery of high quality drinking and irrigation water to the Livermore-Amador Valley. This operations and maintenance fund includes water treatment and distribution of potable (drinking) water; distribution of untreated agricultural/irrigation water; and surface water and groundwater management. Water distributed is a combination of locally stored and imported water from the State Water Project. Activities include purchase of imported water, water treatment; water quality analysis; water resource management; groundwater recharge and protection; infrastructure maintenance; water transfer costs, out-of-area water banking infrastructure and water supply planning and engineering.

The table below shows the audited beginning fund balance, FY 2017-18 Amended Budget, FY 2017-18 YTD Actuals, First Quarter (Q1) and Second Quarter (Q2) Projected FYE and Year-End Projected Over/(Under) Budget.)

<i>Fund 100 - Water Enterprise Operations</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Audited Beginning Fund Balance	\$8,129,885	\$8,254,792	\$8,254,792	\$8,254,792	\$124,907
Revenue	49,347,439	27,689,234	48,856,389	48,684,834	(662,605)
Water Sales	49,034,188	27,442,668	48,543,138	48,369,183	(665,005)
Investment Earnings	43,954	36,760	\$43,954	\$46,354	2,400
Other Revenue	269,297	209,807	\$269,297	\$269,297	-
Expenses	34,391,131	15,640,051	34,391,131	33,005,954	(\$1,385,177)
Labor & Overhead Distributed	15,153,197	6,968,507	15,153,197	14,982,290	(170,907)
Professional Services	2,277,769	751,258	2,277,769	1,924,976	(352,793)
County Services	1,467,256	699,494	1,467,256	1,467,256	-
Water	5,941,300	3,575,107	5,941,300	7,056,033	1,114,733
Chemicals	2,870,605	1,131,573	2,870,605	2,263,146	(607,459)
Utilities	1,932,853	875,557	1,932,853	1,932,853	-
Repairs and Maintenance	1,973,585	856,865	1,973,585	1,713,730	(259,855)
Rental Services	134,985	16,347	134,985	134,985	-
Other Services/ Supplies	2,639,581	765,343	2,639,581	1,530,685	(1,108,896)
Transfers	13,590,656	6,800,278	13,590,656	13,600,556	9,900
Estimated Revenue over Expenses	1,365,652	5,248,905	874,602	2,078,324	712,672
Estimated Ending Fund Balance	\$9,495,537	\$13,503,697	\$9,129,394	\$10,333,116	\$837,579

Revenue

FY 2017-18 YTD revenue is primarily from the sale of 18,205 acre-feet of treated water through December 2017, which is 12% less than the 20,941 acre-feet sold during the same time frame in FY 2012-13. A conservation rate of 20% is assumed in the FY 2017-18 Budget. YTD Treated Water Sales is comprised of two components: Volume-based water sales including a temporary surcharge of \$19M and fixed charges of \$7.2M. On October 18, 2017, the Board adopted Resolution No. 17-82 to sunset the temporary surcharge \$0.57 per 100 cubic feet (CCF) on December 31, 2017. The surcharge has been in place since January 1, 2016.

Other revenue is from investment earnings, Prop 84 Conservation Grant Proceeds and DWR Refunds.

Expenditures

YTD expenditures include payroll through mid-January of \$6.9M. Water production costs, including imported water purchases, chemicals and power total \$5.6M. Other costs total \$2.5M and include; County services, professional services, repairs and maintenance and organizational memberships and dues. The first and second quarter transfers of \$6.7M for the Asset Management Program (AMP) from Fund 100 – Water Enterprise to Fund 120 – Renewal/Replacement & System-wide Improvements has been posted.

The overall end-of-year expenditure projection is \$1.4M less than budget. Water costs may exceed budget due to the low allocation (20%) from DWR announced for 2018. To ensure demands are met, the Agency plans to recover water from Semitropic, purchase water from River Garden Farms and pump more groundwater. The budget includes a debt service payment of \$1.2M for the DVWTP Ozone bonds, however based on the current debt financing schedule, the first debt service payment will be in July 2018 and not occurring this fiscal year. The end-of-year projections for other expenses have been updated based on YTD actuals and prior-year trends.

Reserves

The table below shows the projected ending fund balances for the FY 2017-18 Amended Budget, YTD actual as of December 31, 2017 and Q1 & Q2 projected FYE. The end-of-year projected balance of \$10.3M is \$6M less than of the minimum reserve requirement of \$16.3M. If revenue and expenses occur as projected, some funding (\$0.3M) could be allocated to the Rate Stabilization Reserve.

<i>Fund 100 Reserves</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual¹</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Operating Reserves ²	\$5,653,337	\$5,653,337	\$5,653,337	\$5,653,337	-
Emergency Reserves ³	3,842,200	3,842,200	3,476,057	4,378,794	536,594
Drought Contingency	-	-	-	-	-
Rate Stabilization Reserves	-	4,008,160	-	300,985	300,985
Total Reserves	\$9,495,537	\$13,503,697	\$9,129,394	\$10,333,116	\$837,579

¹The FY 17-18 YTD Actual Total Reserves are estimated balances as of 12/31/2017. These amounts are not projections for fiscal year-end.

²The FY 17-18 Q2 Projected FYE Operating Reserve is funded at the minimum level of 60 days of operating expenses.

³The FY 17-18 Q2 Projected FYE Emergency Reserve is funded at the minimum level of 2% of Water Enterprise assets.

State Water Facilities Fund (Fund 110)

Primary Funding Source: Property Taxes

This fund finances the "fixed cost" payment to the State Department of Water Resources (DWR) to import water to the Agency. The purpose is to pay the fixed costs of the State Water Project delivery system, which includes repayment of voter approved, State incurred, long-term debt.

The table below shows the audited beginning fund balance, FY 2017-18 Amended Budget, FY 2017-18 YTD Actuals, First Quarter (Q1) and Second Quarter (Q2) Projected FYE and Year-End Projected Over/(Under) Budget.)

<i>Fund 110 - State Water Facilities</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Audited Beginning Fund Balance ¹	\$14,867,427	\$16,363,657	\$16,363,657	\$16,363,657	\$1,496,230
Revenue	25,806,106	14,881,214	25,121,245	25,138,993	(667,113)
Dougherty Valley Surcharge	2,227,320	1,539,680	1,542,459	1,539,680	(687,640)
Property Taxes	20,150,000	10,649,232	20,150,000	20,150,000	-
Aid from Governmental Agencies	45,610	1,089	45,610	45,610	-
Investment Earnings	75,888	61,477	75,888	96,415	20,527
DWR Refunds ²	3,307,288	2,629,736	3,307,288	3,307,288	-
Expenses	25,109,685	16,755,903	19,203,854	19,203,854	(5,905,831)
Estimated Revenue over Expenses	696,421	(1,874,689)	5,917,391	5,935,139	5,238,718
Estimated Ending Fund Balance	\$15,563,848	\$14,488,968	\$22,281,048	\$22,298,796	\$6,734,948

¹Fund 110 audited beginning balance of \$16.4M is \$1.5M higher than the FY 2017-18 budget projection of \$14.9M because FY 2016-17 property tax revenue and DWR refunds were higher than anticipated.

Revenue

This is a pass-through fund for fixed charges associated with the State Water Project, assessed as a property tax override. Revenue to-date includes \$10.6M in property tax revenue, \$2.6M from DWR refunds and \$1.5M from Dougherty Valley Surcharges.

Expenditures

YTD expenditures are for DWR fixed charges. These charges occur both monthly and semi-annually. Transportation Capital charges and the improvement portion of the SBA Improvement and Enlargement Project debt service payment are paid in January/July and March/September, respectively. The expenditure projection for FY 2017-18 Q2 FYE has been updated based on DWR invoices for calendar year 2018.

Reserves

The reserve policy sets the minimum reserve requirement for this fund at 50% of the following year’s projected expenses. The table below shows the projected ending fund balances for the FY 2017-18 Amended Budget, YTD actual as of December 31, 2017 and Q2 projected FYE. The projected ending reserve balance of \$22.3M is in compliance with the minimum reserve requirement.

<i>Fund 110 Reserves</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual¹</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Operating Reserve	\$15,563,848	\$14,488,968	\$20,280,468	\$22,298,796	\$6,734,948
Total Reserve	\$15,563,848	\$14,488,968	\$20,280,468	\$22,298,796	\$6,734,948

¹The FY 17-18 YTD Actual Total Reserve is the estimated balance as of 12/31/17. This amount is a not projection for fiscal year-end.

Water Renewal/Replacement & System-Wide Improvements (Fund 120)

Primary Funding Source: Water Rates via a transfer from the Water Enterprise (Fund 100)

This fund is a sub-fund of Fund 100 – Water Enterprise Operations Fund. The purpose of this fund is to ensure that funding is available for capital renewal, replacement and system-wide improvement projects needed to keep the current water treatment and delivery systems functioning effectively. Fund 120 pays for capital projects as outlined in the Agency’s asset management program and the capital improvement program.

The table below shows the audited beginning fund balance, FY 2017-18 Amended Budget, FY 2017-18 YTD Actuals, First Quarter (Q1) and Second Quarter (Q2) Projected FYE and Year-End Projected Over/(Under) Budget.)

<i>Fund 120 - Water Enterprise Renewal/Replacement & Systemwide Improvements</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Audited Beginning Fund Balance¹	\$32,506,098	\$36,515,967	\$36,515,967	\$36,515,967	\$4,009,869
Less commitments for:					-
Estimated Carryovers/Encumbrances	-	-	3,105,052	-	-
Adjusted Beginning Fund Balance	32,506,098	36,515,967	33,410,916	36,515,967	4,009,869
Revenue	48,154,593	7,201,396	48,154,593	69,284,520	21,129,927
Facility Use Fees	600,000	321,125	600,000	646,125	46,125
Investment Earnings	153,093	177,186	153,093	236,895	83,802
Other Revenue	2,500	2,290	2,500	2,500	-
Bond Proceeds ²	34,000,000	1,294	34,000,000	55,000,000	21,000,000
Transfers	13,399,000	6,699,500	13,399,000	13,399,000	-
Expenses	20,881,561	2,881,299	17,776,500	41,853,092	20,971,531
Labor & Overhead Distributed	2,102,573	669,810	2,102,573	1,440,092	(662,481)
Capital Projects	18,778,988	2,211,489	15,673,927	40,413,000	21,634,012
Estimated Revenue over Expenses	27,273,032	4,320,096	30,378,093	27,431,428	158,396
Estimated Ending Fund Balance	\$59,779,130	\$40,836,064	\$63,789,009	\$63,947,395	\$4,168,265

Fund 120 audited beginning fund balance of \$36.5M is \$4M higher than the FY 2017-18 budget projection of \$32.5M due to the multi-year nature of capital projects, \$3.1M of which is estimated to be carried forward to FY 2017-18.

² This includes bond proceeds of \$ approx.. 55M.

Revenue

YTD revenue of \$7.2M is from Dougherty Valley facility use fees, interest income, miscellaneous revenue and refunds, and quarterly transfers for the AMP from Fund 100 to this fund. On October 18, 2017, the Zone 7 Board adopted Resolution No. 17-85 authorizing the formation of the Livermore Valley Water Financing Authority to issue JPA revenue bonds to finance the DVWTP and PPWTP Ozone Projects. Staff issued the bid for the DVWTP Ozone project in January 2018, and bids are due February 20, 2018. The Agency is on track to issue bonds for the ozone projects in late March/April 2018. Therefore, the FY 2017-18 Q2 revenue projections includes bond proceeds of approx. \$36M for the DVWTP Ozone Project and approximately \$19M for the PPWTP Ozone project.

Expenditures

YTD expenses include agency staff labor and professional services for projects such as the PPWTP Upgrades and Ozone projects. Other project costs include the DVWTP 4.5 MG Clearwell Interior Recoating, Hopyard Pipeline Repair, and the Stoneridge Sodium Hypochlorite Tank Replacement. The year-end expenditure projection reflects awarding and committing approximately \$36M for the construction phase of the DVWTP Ozone project, of which \$11.4M is already budgeted. Staff is recommending appropriating \$6.3M from the capital project reserve in this fund to establish the initial Rate Stabilization Reserve for debt financing purposes and will be discussed at the meeting. This amount is equal to two years of debt service payments.

Reserves

The table below shows the projected ending fund balances for the FY 2017-18 Amended Budget, YTD actual as of December 31, 2017 and Q1 & Q2 projected FYE. The FY 2017-18 projected ending fund balance; including bond proceeds is \$63.9M. Of this amount, \$57.6M is designated for capital projects to fund the \$200M of Fund 120 CIP projects the Agency has committed to over the next ten years. The Board adopted the Ten-Year Water System CIP on October 18, 2017 (Resolution No. 17-81). The remaining \$6.3M is the initial Rate Stabilization Reserve, which is equal to two years of debt service payments.

<i>Fund 120 Reserves</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual¹</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Rate Stabilization Reserve	-	-	-	\$6,330,000	\$6,330,000
Designated for Capital Projects Reserve	59,779,130	40,836,064	63,789,009	57,617,395	(2,161,735)
Total Reserve	\$59,779,130	\$40,836,064	\$63,789,009	\$63,947,395	\$4,168,265

¹The FY 17-18 YTD Actual Total Reserve is the estimated balance as of 9/30/17. This amount is a not projection for fiscal year-end.

FY 2017-18 Unaudited Second Quarter Revenue and Expenditure Report

Below is a list of major projects that have been approved and are in the design or construction phase. A separate quarterly project update will be included as a Staff Report in this the February Agenda Package.

<i>Project</i>	<i>Total Estimated Cost</i>	<i>Fund 120 Share</i>	<i>Status</i>	<i>In-service</i>
Del Valle Water Treatment Plant (DVWTP) Ozone Project ¹	\$40M	\$40M	Design	Spring 2020
DVWTP 4.5 MG Clearwell Interior Recoating Project	\$2.7M	\$2.7M	Design	Spring 2018
Patterson Pass Water Treatment Plant (PPWTP) Upgrades Project	\$38.5M	\$11.5M	Design	Winter 2022
PPWTP Ozone Project ¹	\$40.7M	\$20.3M	Design	Winter 2021
DVWTP Polymer Mixing System Replacement	\$0.5M	\$0.5M	Planning	Summer 2018
Mocho Well 2 Repair Project	\$0.4M	\$0.4M	Planning	Spring 2018
COL 1 Well Site Ground Movement/Settlement and Utility Protection	\$0.3M	\$0.3M	Construction	Spring 2018
Stoneridge Sodium Hypochlorite Tank Replacement	\$0.3M	\$0.3M	Construction	Summer 2018

¹Assumes financing obtained.

Water Expansion (Fund 130)

Primary Funding Source: Water Connection Fees.

The purpose of this fund is to ensure that the Agency is able to meet future needs of new customers with development paying its own way. The program is primarily intended to provide funding for new or expanded facilities and additional water supplies to serve additional capacity requirements of development, many of them fixed (i.e., bond payment obligations for debt incurred by others to increase capacity, such as the enlargement portion of the South Bay Aqueduct Improvement and Enlargement Project). Developer fees can only be used for projects related to water system expansion.

FY 2017-18 Unaudited Second Quarter Revenue and Expenditure Report

The table below shows the audited beginning fund balance, FY 2017-18 Amended Budget, FY 2017-18 YTD Actuals, First Quarter (Q1) and Second Quarter (Q2) Projected FYE and Year-End Projected Over/(Under) Budget.)

<i>Fund 130 - Water Enterprise Expansion</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Audited Beginning Fund Balance ¹	\$78,151,778	\$81,547,612	\$81,547,612	\$81,547,612	\$3,395,834
Less commitments for:					-
Estimated Carryovers/Encumbrances	-	-	2,334,393	-	-
Sinking funds	\$14,792,814	\$12,992,197	14,792,814	14,792,814	-
Adjusted Beginning Fund Balance	63,358,964	68,555,415	64,420,405	66,754,798	3,395,834
Revenue	50,233,507	16,589,850	50,233,507	41,512,646	(8,720,861)
Connection Fees	46,753,572	14,199,401	46,753,572	37,439,651	(9,313,921)
Investment Earnings	459,935	366,243	459,935	689,080	229,145
DWR Refunds	3,020,000	1,708,436	3,020,000	3,068,144	48,144
Transfers ²		315,770		315,770	315,770
Expenses	24,437,328	13,577,093	22,102,934	24,141,396	(295,932)
Labor & Overhead Distributed	412,616	288,948	412,616	621,239	208,623
Water	19,684,000	12,418,501	19,684,000	20,355,490	671,490
Capital Projects	4,340,712	869,644	2,006,318	3,164,667	(1,176,045)
Estimated Revenue over Expenses	25,796,179	3,012,757	28,130,573	17,371,249	(8,424,930)
Designation for Capital Reserves	89,155,143	71,568,172	92,550,978	81,826,047	(7,329,096)
Rate Stabilization Reserve	-	-	-	2,300,000	2,300,000
Sinking funds	\$14,792,814	\$12,992,197	14,792,814	14,792,814	-
Estimated Ending Fund Balance	\$103,947,957	\$84,560,369	\$107,343,792	\$98,918,861	(5,029,096)

¹Fund 130 audited beginning fund balance of \$81.5M is \$3.4M higher than the FY 2017-18 budget projection of \$78.1M primarily due to the multi-year nature of capital projects, \$2.3M of which is estimated to be carried forward to FY 2017-18.

Revenue

The primary source of revenue is connection fee revenue. FY 2017-18 YTD revenue is comprised of connection fees from 530 connections, mainly from the Dublin Crossings, Gale and Wallis Ranch developments. Other revenue includes investment earning, DWR refunds and transfers from Fund 310 for Sites Reservoir project. The FY 2017-18 Q2 FYE connection revenue projection has been adjusted downward based on YTD trends.

Expenditures

YTD expenditures are mainly comprised of the first installment of the SBA and Cawelo debt service payments (paid in September and March), transfers to Fund 110 – State Water Facilities Fund, for DWR fixed costs, and the Agency’s staff labor and professional services for projects such as the PPWTP Upgrades and Ozone project.

On January 17, 2018, the Board approved refinancing of the Cawelo capital payment with the Cawelo Water District. The Agency is currently obligated to pay \$1.3M capital payment directly to Cawelo Water District annually through 2035 (100% from Fund 130). The current interest rate is 4.46% and the outstanding amount is \$16M. Refinancing this debt would result in saving of approximately \$2.5M (net present value). Refinancing the Cawelo capital payment will be proposed as a part of the JPA revenue bond issuance for the ozone projects. The debt service for the Cawelo portion of the new debt is estimated to be \$1.1M, and will be paid from Fund 130. Staff is recommending appropriating \$2.3M from the capital project reserves in this fund to establish the initial Rate Stabilization Reserve for the debt financing. This amount is equal to two years of debt service payments.

Staff also recommends early pay-off the Semitropic capital payment obligation. On February 18, 2004, the Board approved Zone 7’s participation in its proportional share (6.5%) of the Stored Water Recovery Unit (SWRU) project by Minute Order. The capital payment for Semitropic is part of the FY 2018-19 Capital Improvement Program with an annual payment of \$0.05M. The total cost of the SWRU project consists of about \$10.5M for a 120-inch pipeline from Semitropic to the California Aqueduct and about \$5.5M for new wells and conveyance enhancements to the Semitropic water system. The \$10.5M pipeline portion of the SWRU project was financed by 30-year bonds (5.266% bond sale interest rate), and Zone 7 is obligated to pay annual payments of \$0.05M as capital payment annually. The Agency’s cost share of the SWRU project is around \$1.58M including interest. The current remaining balance of the capital payment obligation is \$0.79 million and the discounted payoff is \$0.67 million, with a net cost savings of \$0.12 million. Staff recommends to payoff this capital payment obligation from the capital projects reserve in this fund. The end of year expenditure projections includes pay-off of the Semitropic capital payment.

Reserves

The table below shows the audited beginning fund balance, FY 2017-18 Amended Budget, FY 2017-18 YTD Actuals, Q2 Projected FYE and Year-End Projected Over/(Under) Budget.

The 2017-18 projected ending fund balance is \$98.9M, \$81.8M is designated for capital projects to fund the \$710M of Fund 130 CIP projects the Agency has committed to over the next ten years. The Zone 7 Board adopted the Ten-Year Water System CIP on October 18, 2017 (Resolution No. 17-81). The Rate Stabilization Reserve is recommended at \$2.3M and the remaining \$14.8M is for the SBA and Future Contractor’s Share of the SBA sinking funds. The projected ending reserve balance is in compliance with Board policy.

<i>Fund 130 Reserves</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual¹</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Sinking funds	14,792,814	12,992,197	14,792,814	\$14,792,814	-
Rate Stabilization Reserve	-	-	-	2,300,000	2,300,000
Designated for Capital Projects Reserve	89,155,143	71,568,172	92,550,978	\$81,826,047	-\$7,329,096
Total Reserves	\$103,947,957	\$84,560,369	\$107,343,792	\$98,918,861	-\$5,029,096

¹The FY 17-18 YTD Actual Total Reserves are estimated balances as of 9/30/17. These amounts are not projections for fiscal year-end.

Below is a list of major projects that have been approved and are in the design phase.

<i>Project</i>	<i>Total Cost</i>	<i>Fund 130 Share</i>	<i>Status</i>	<i>In-service</i>
Patterson Pass Water Treatment Plant (PPWTP) Upgrades Project	\$38.5M	\$27M	Design	Winter 2022
PPWTP Ozone Project ¹	\$40.7M	\$20.3M	Design	Winter 2021
Non-discretionary obligations	~\$20M annually	~\$20M	n/a	ongoing

¹Assumes financing obtained.

Flood Protection Operations (Fund 200)

Primary Funding Source: Property Taxes.

This fund uses property taxes to provide for general administration, maintenance and operation of regional flood protection facilities. The Agency manages a watershed of 425 square miles in eastern Alameda County, receiving drainage from parts of Contra Costa, Santa Clara and San Joaquin Counties. More than 37 miles of flood control channels and regional drainage facilities are owned and maintained by the Agency. This fund finances a comprehensive year-round maintenance program that includes repairing slides and erosion, refurbishing access roads and associated drainage ditches, installing and repairing gates and fences, and maintaining landscaped areas. This fund pays renewal/replacement and improvement projects for the existing flood protection system.

The table below shows the audited beginning fund balance, FY 2017-18 Amended Budget, FY 2017-18 YTD Actuals, Q1& Q2 Projected FYE and Year-End Projected Over/(Under) Budget.

<i>Fund 200 - Flood Protection Operations</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Audited Beginning Fund Balance ¹	\$18,177,134	\$21,898,222	\$21,898,222	\$21,898,222	\$3,721,088
Less commitments for:					-
Estimated Carryovers/Encumbrances	-	-	3,379,117	-	-
Adjusted Beginning Fund Balance	18,177,134	21,898,222	18,519,105	21,898,222	3,721,088
Revenue	8,364,070	4,601,931	8,364,070	8,485,784	121,714
Property Taxes	8,075,563	4,360,592	8,075,563	8,075,563	-
Investment Earnings	65,247	101,924	65,247	170,521	105,274
Aid from Governmental Agencies	64,700	11,770	64,700	64,700	-
Other Revenue	158,560	127,645	158,560	175,000	16,440
Expenses	22,133,422	6,075,543	18,754,304	18,032,417	(4,101,005)
Labor & Overhead Distributed	2,154,199	918,413	2,154,199	1,974,587	(179,612)
Professional Services	1,853,404	1,362,539	959,828	3,135,055	1,281,651
Utilities	8,845	24,428	8,845	35,000	26,155
Repairs and Maintenance	12,940,414	3,565,883	10,454,872	10,654,019	(2,286,395)
Rental Services	20,083	21,829	20,083	25,000	4,917
Other Services/ Supplies	472,623	182,451	485,956	485,956	13,333
Capital Projects	4,683,854	-	4,670,521	1,722,800	(2,961,054)
Estimated Revenue over Expenses	(13,769,352)	(1,473,612)	(10,390,234)	(9,546,633)	4,222,719
Ending Fund Balance	\$4,407,782	\$20,424,610	\$8,128,871	12,351,590	7,943,808
Fund 200 Reserves					
Designated for Capital Projects Reserve	751,675	751,675	1,093,646	8,695,483	\$7,943,808
Operating Reserves	3,656,107	19,672,935	7,035,225	3,656,107	-
Total Reserves	\$4,407,782	\$20,424,610	\$8,128,871	\$12,351,590	7,943,808

200 audited beginning fund balance of \$21.9M is \$3.7M higher than FY 2017-18 budget projection due to the multi-year nature of capital projects, \$3.4M of which is estimated to be carried forward to FY 2017-18.

Revenue

The primary source of revenue is property taxes. YTD revenue includes the first installment of property taxes of \$4.4M. The second installment will be posted in April. Additional revenue is from investment earnings and rental income. The end-of-year projection for revenue is primarily based on the budget. There is no other information/significant trends available to change other revenue projections at this time.

Expenditures

FY 2017-18 expenditures include agency staff labor, summer Flood Control maintenance work and the Flood Emergency Repair Program. The Foothill Property emergency repair project is complete. On March 15, 2017, the Board adopted Resolution No, 17-10 declaring a local flood emergency. The declared storm disaster caused damage at 208 sites within Zone 7's regional Flood Protection system, estimated at \$44M and several years to repair. Repair of five high priority sites is underway. Staff received notification from the United States Army Corp of Engineers (USACE) confirming that 37 sites have been determined to be eligible for federal assistance under the PL84-99 program. The total cost for repairing 37 sites including engineering, design and construction is estimated to be \$17.3M, with Zone 7 sharing 20% of the total cost or \$3.5M.

Staff is in the process of finalizing an amendment to the Stream Management Master Plan for Board adoption. FY 2017-18 capital projects (i.e. Chain of Lakes Management Area) related to the SMMP are likely to be deferred until the SMMP amendment is adopted.

Reserves

The table below shows the audited beginning fund balance, FY 2017-18 Amended Budget, FY 2017-18 YTD Actuals, Q1& Q2 Projected FYE and Year-End Projected Over/(Under) Budget.

The FY 2017-18 projected ending fund balance is \$12.4M, \$3.6M are operating reserves and \$8.7M is designated for capital projects and flood emergency repairs. The reserve balance is in compliance with Board policy.

<i>Fund 200 Reserves</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual¹</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Designated for Capital Projects Reserve	751,675	751,675	1,093,646	8,695,483	\$7,943,808
Operating Reserves	3,656,107	19,672,935	7,035,225	3,656,107	-
Total Reserves	\$4,407,782	\$20,424,610	\$8,128,871	\$12,351,590	7,943,808

¹The FY 17-18 YTD Actual Total Reserves are estimated balances as of 9/30/17. These amounts are not projections for fiscal year-end.

The table below lists major projects that are in the planning/design phase.

<i>Project</i>	<i>Total Cost</i>	<i>Fund 200 Share¹</i>	<i>Status</i>	<i>In-service</i>
Flood Protection Emergency Repairs	\$44M	\$44M	Design	ongoing
Arroyo Mocho Medeiros-Granada Project	\$16.3M	\$7.0M	Design	Fall 2019
SMMP Update	\$2.7M	\$1.6M	Planning	Winter 2018
Stream Maintenance Program and Permitting Program	\$1.0M	\$0.8M	Planning	Summer 2020

¹The remainder is paid by Fund 210 - Flood Protection Development Impact Fee Fund

Flood Protection Development Impact Fee Fund – Fund 210:

Primary Funding Source: Development Impact Fees.

The purpose of this fund is to ensure that the Agency is able to meet future needs for expansion-related flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. Funds are expended on the planning, design, lands and right of way acquisition, environmental review, permitting, and construction for drainage projects.

The table below shows the audited beginning fund balance, FY 2017-18 Amended Budget, FY 2017-18 YTD Actuals, Q2 Projected FYE and Year-End Projected Over/(Under) Budget.

<i>Fund 210 - Flood Protection DIF Fund</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Audited Beginning Fund Balance	\$58,000,757	\$58,149,282	\$58,149,282	\$58,149,282	\$148,525
Less commitments for:					-
Estimated Carryovers/Encumbrances	-	-	617,941	-	-
Adjusted Beginning Fund Balance	58,000,757	58,149,282	57,531,342	58,149,282	148,525
Revenue	5,453,826	2,760,625	5,170,797	5,615,207	161,381
Development Fees	5,142,325	2,480,482	5,142,325	5,142,325	-
Charges for Services	-	3,472	3,472	3,472	3,472
Investment Earnings	286,501	273,199	-	444,410	157,909
Other Revenue	25,000	-	25,000	25,000	-
Expenses	7,186,291	171,200	6,568,348	2,959,921	(4,226,370)
Labor & Overhead Distributed	456,087	113,084	456,087	456,087	-
Professional Services	625,443	58,080	7,500	625,443	-
Other Services/ Supplies	7,500	36	7,500	7,500	-
Capital Projects	6,097,261	-	6,097,261	1,870,891	(4,226,370)
Estimated Revenue over Expenses	(1,732,465)	2,589,425	(1,397,551)	2,655,286	4,387,751
Estimated Ending Fund Balance	56,268,292	60,738,707	56,133,791	60,804,568	4,536,276

Revenue

YTD revenue is from development impact fees, which are seasonal and other miscellaneous revenue. The end-of-year projection for revenue is mostly based on the budget. There is no other information/significant trends available to change the revenue projection at this time.

Expenditures

Expenditures also include agency staff labor for capital projects such as the SMMP Update and Arroyo Mocho Granada/Murrieta Project. Staff is in the process of finalizing an amendment to the Stream Management Master Plan for Board adoption. FY 2017-18 capital projects (i.e. Chain of Lakes Management Area) related to the SMMP are likely to be deferred until the SMMP amendment is adopted.

Reserves

The table below shows the audited beginning fund balance, FY 2017-18 Amended Budget, FY 2017-18 YTD Actuals, Q2 Projected FYE and Year-End Projected Over/(Under) Budget. The ending fund balance of \$60.8M is designated for capital projects to fund the proposed Flood Protection CIP/draft Stream Management Master Plan amendment. The reserve balance is in compliance with Board policy.

<i>Fund 210 Reserves</i>	<i>FY 17-18 Amended Budget</i>	<i>FY 17-18 YTD Actual¹</i>	<i>FY 17-18 Q1 Projected FYE</i>	<i>FY 17-18 Q2 Projected FYE</i>	<i>Year-End Over/(Under) Budget</i>
Designated for Capital Projects Reserve	\$56,268,292	\$60,738,707	\$56,420,292	\$60,804,568	\$4,536,276
Total Reserves	\$56,268,292	\$60,738,707	\$56,420,292	\$60,804,568	\$4,536,276

The following table lists major projects that are in the planning/design phase.

<i>Project</i>	<i>Total Cost</i>	<i>Fund 210 Share¹</i>	<i>Status</i>	<i>In-service</i>
Arroyo Mocho Medeiros-Granada Project	\$16.3M	\$9.3M	Design	Fall 2019
Camp Parks Detention Basin	\$3.0M	\$3M	Planning	Spring 2018
SMMP Update	\$2.7M	\$1.1M	Planning	Winter 2018
Stream Maintenance Program and Permitting Program	\$1.0M	\$0.2M	Planning	Summer 2020

¹The remainder is paid by Fund 200 - Flood Protection Operations.

Other Funds

Other water enterprise funds and their balances are listed below.

Fund	Description	FY 17-18 Beginning Audited Fund Balance	FY 17-18 Q1 Projected FYE Interest Income	Transfers for Sites Reservoir and California WaterFix ¹	FY 17-18 Projected Ending Fund Balance
Fund 300 - Water Facilities Fund	Used for Chain of Lakes mitigation and planning reserve, quarry discharge exports, miscellaneous fees and deposits, and permit inspection deposits	\$3,458,390	\$17,624	-	\$3,524,836
Fund 310 - Water Supply and Reliability Fund	Used for future water, water storage and Delta-related projects	\$4,217,211	\$18,408	(\$565,770)	\$3,681,545

¹Transfers from Fund 310 to 1) Fund 130 for Sites Reservoir and 2) Fund 100 for the California WaterFix.

- On September 15, 2017, the Zone 7 Board adopted Resolution No. 17-75 supporting the California WaterFix and authorizing up to \$250K from Fund 310 for a gap funding agreement to cover costs starting on January 1, 2018.
- On December 21, 2016, the Board adopted Resolution No. 16-191 authorizing the General Manager to negotiate and execute the Phase 1 Reservoir Project Agreement for funding in the amount of \$850,000 from Fund 310.
- On October 26, 2016, Zone 7 accepted the Sites Project Authority’s counter-offer to participate in the Phase 1 Reservoir Project Committee at 11,380 AF Class 1 water and 8,620 AF of Class 2 water.
- On September 21, 2016, the Board also approved contributions of \$100,000 and \$75,000 from Fund 310 for participation in Los Vaqueros Reservoir Expansion Project planning and Lake Del Valle Expansion study, respectively.
- In the future, staff may also propose using Funds 300 and 310 for other water supply projects, including but not limited to:
 - Chain of Lakes Pipeline
 - Purified Water
 - Future Phases of Sites Reservoir and/or other storage projects
 - Additional gap funding for the California WaterFix



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

January 30, 2018

Board of Directors
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551

Subject: **Investment Report as of December 31, 2017**

Dear Board Members:

Pursuant to Resolution No. 17-42, dated May 17, 2017, the Board adopted the Agency investment policy. In accordance with the investment policy, attached is the Agency investment report as of December 31, 2017. Enclosed with this report is a detailed composition of all investments held in Zone 7's name by securities category as of December 31, 2017. This report reflects the market value and cost of purchase of the securities.

All Agency investments in this investment management portfolio conform to the investment policy and are in accordance with California Government Code Section 53600, et. seq. Below is the Agency's investment portfolio management summary:

Investment Type	Face Amount	Market Value	Book Value	% of Portfolio	Permitted by Agency Policy	In Compliance	Book Yield
Federal Agency Bonds	\$ 1,000,000	\$ 998,646	\$ 995,601	3.74%			1.564%
Federal Agency Discount Notes	8,225,000	8,172,996	8,171,907	30.58%	40%	Yes	1.487%
Corporate Bonds (Medium Term Notes)	6,078,000	6,095,062	6,072,758	22.80%	30%	Yes	1.814%
Commercial Paper	6,500,000	6,472,635	6,473,264	24.22%	25%	Yes	1.656%
Money Market	1,094,426	1,094,426	1,094,426	4.09%	20%	Yes	0.932%
U.S. Treasury Bill	3,900,000	3,887,247	3,886,895	14.54%	No Limit	Yes	1.415%
Cash	8,947	8,947	8,947	0.03%			
Total Investments	\$ 26,806,373	\$ 26,729,959	\$ 26,703,798	100.00%			1.572%
MUFG (Union Bank)	1,048,999	1,048,999	1,048,999				
Total Cash & Investments	\$ 27,855,372	\$ 27,778,958	\$ 27,752,797				1.572%

Traditionally, the Agency's cash and investment have been pooled with the Alameda County Treasury. The County Treasurer acts as the disbursing agent for these funds for the Agency and the cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer for the County.

As of December 31, 2017, the County Treasurer held \$215,099,158 for the Agency. The amount held by the County Treasurer is sufficient to meet all operating cash needs for the Agency within the next six months. Here is a link to the County investment reports: <https://www.acgov.org/treasurer/investments/reports.htm>

I hereby certify that, to the best of my actual knowledge, this report includes all investments in the Agency pool investment portfolio and is in conformity with the Agency's current investment policy dated May 17, 2017.

Market value amounts are from HighMark Capital Management which provides investment management services for the Agency. MUFG Union Bank N.A provides the Agency custody services. Book value amounts include premiums or discounts and are adjusted at year end on the general ledger.

Sincerely,



Osborn Solitei,
Treasurer

Attachment:

- Agency Investment Management Portfolio as of December 31, 2017

cc. Jill Duerig, General Manager



HMCM-Zone 7 Board Reporting

HMCM-Zone 7 Water Agency (100470)

Quarter End (Q4 Y2017)

10/01/2017 - 12/31/2017

Dated: 01/29/2018

Locked Down

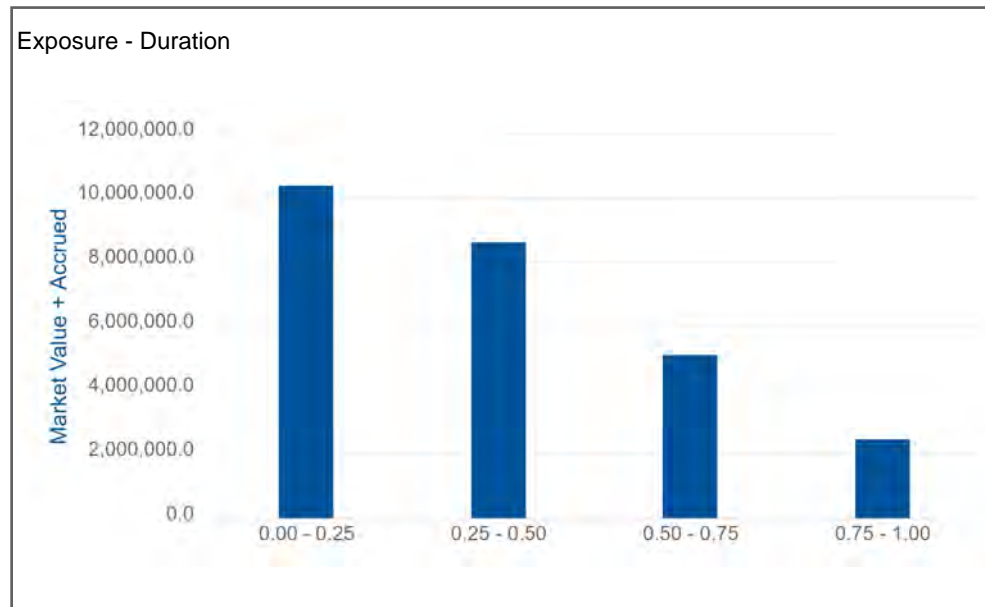
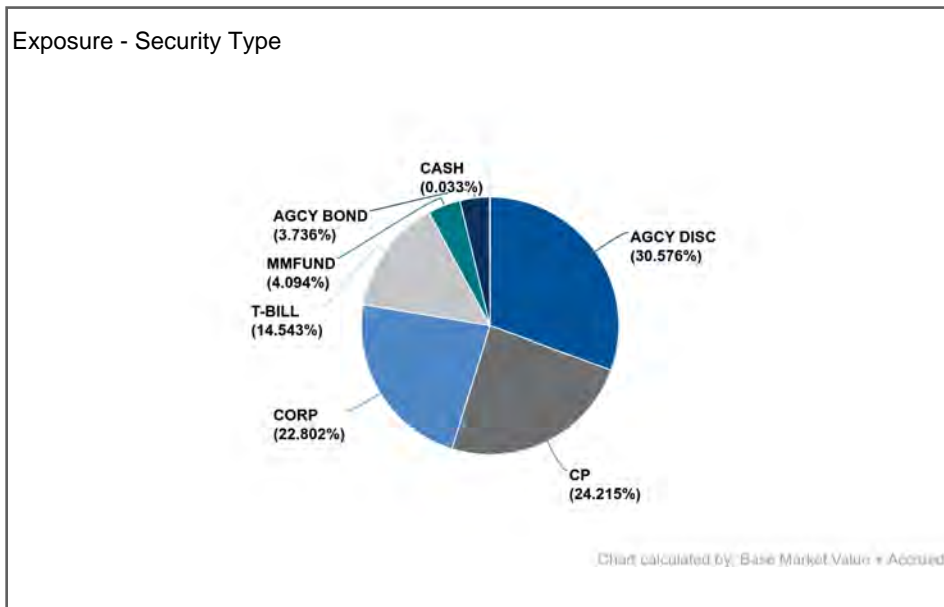
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Dated: 01/29/2018

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Balance Sheet	
Book Value + Accrued	26,731,477.53
Net Unrealized Gain/Loss	-1,518.13
Market Value + Accrued	26,729,959.40

Cash and Fixed Income Summary	
Risk Metric	Value
Cash	8,946.74
MMFUND	1,094,426.43
Fixed Income	25,626,586.23
Duration	0.402
Convexity	0.000
WAL	0.401
Years to Final Maturity	0.403
Years to Effective Maturity	0.401
Yield	1.569
Book Yield	1.572
Avg Credit Rating	AA-/Aa3/AA-



HMCM-Maturity Report

Base Currency: USD As of 12/31/2017

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HMCM-Zone 7 Water Agency (100470)

Dated: 01/29/2018

Effective Maturity	Current Units	Description	Coupon Rate	Coupon Type	Identifier	Moodys Rating	S&P Rating	Fitch Rating	Moodys Underlying Rating	S&P Underlying Rating	Fitch Underlying Rating	Pre-Refunded	Alt Min Tax	Base Market Value + Accrued
12/31/2017	1,033,289.46	FEDERATED GOVT OBL;SVC	0.930	Fixed	60934N807	Aaa	AAAm	AAA	NA	NA	NA	N	N	1,033,289.46
12/31/2017	61,136.97	MORG STAN I LQ:GV;ADV	0.960	Fixed	61747C608	Aaa	AAAm	AAA	NA	NA	NA	N	N	61,136.97
12/31/2017	8,946.74	Receivable	0.000	Fixed	CCYUSD	Aaa	AAA	AAA	NA	NA	NA	N	N	8,946.74
02/20/2018	1,000,000.00	Prudential Public Limited Company	0.000	Zero Coupon	7443M3BL7	P-1	A-1	NA	NA	NA	NA	N	N	997,763.89
03/22/2018	1,000,000.00	Toronto Dominion Bank	0.000	Zero Coupon	89119BCN4	P-1	A-1+	NA	NA	NA	NA	N	N	996,333.33
03/22/2018	250,000.00	Toronto Dominion Bank	0.000	Zero Coupon	89119BCN4	P-1	A-1+	NA	NA	NA	NA	N	N	249,083.33
03/23/2018	1,200,000.00	FEDERAL HOME LOAN BANKS	0.000	Zero Coupon	313385UQ7	P-1	A-1+	F1+	NA	NA	NA	N	N	1,196,400.00
03/29/2018	3,900,000.00	UNITED STATES TREASURY	0.000	Zero Coupon	912796LS6	P-1	A-1+	F1+	NA	NA	NA	N	N	3,887,247.00
04/02/2018	1,000,000.00	Standard Chartered Bank	0.000	Zero Coupon	85324UD26	P-1	A-1	NA	NA	NA	NA	N	N	995,778.61
04/02/2018	1,000,000.00	Apple Inc.	0.000	Zero Coupon	03785ED27	P-1	A-1+	NA	NA	NA	NA	N	N	995,930.28
04/13/2018	1,000,000.00	J.P. Morgan Securities LLC	0.000	Zero Coupon	46640QDD0	P-1	A-1	NA	NA	NA	NA	N	N	995,183.33
04/30/2018	1,000,000.00	Suncorp-Metway Limited	0.000	Zero Coupon	8672E3DW3	P-1	A-1	NA	NA	NA	NA	N	N	994,050.00
04/30/2018	250,000.00	Suncorp-Metway Limited	0.000	Zero Coupon	8672E3DW3	P-1	A-1	NA	NA	NA	NA	N	N	248,512.50
06/12/2018	2,150,000.00	FEDERAL HOME LOAN BANKS	0.000	Zero Coupon	313385XZ4	P-1	A-1+	F1+	NA	NA	NA	N	N	2,135,853.00
06/13/2018	3,300,000.00	FEDERAL HOME LOAN BANKS	0.000	Zero Coupon	313385YA8	P-1	A-1+	F1+	NA	NA	NA	N	N	3,278,154.00
06/16/2018	1,000,000.00	CATERPILLAR FINANCIAL SERVICES CORP	1.700	Fixed	14912L6L0	A3	A	A	NA	NA	NA	N	N	1,000,128.33
07/10/2018	1,575,000.00	FEDERAL HOME LOAN BANKS	0.000	Zero Coupon	313385ZD1	P-1	A-1+	F1+	NA	NA	NA	N	N	1,562,589.00
07/13/2018	963,000.00	TOYOTA MOTOR CREDIT CORP	1.550	Fixed	89236TCP8	Aa3	AA-	A	NA	NA	NA	N	N	968,338.23
07/18/2018	1,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.750	Fixed	3133EGML6	Aaa	AA+	AAA	NA	NA	NA	N	N	998,645.83
07/31/2018	1,000,000.00	AMERICAN EXPRESS CREDIT CORP	1.800	Fixed	0258M0DV8	A2	A-	A	NA	NA	NA	N	N	1,006,880.00
08/10/2018	600,000.00	HOME DEPOT INC	2.250	Fixed	437076BB7	A2	A	A	NA	NA	NA	N	N	605,872.50
11/03/2018	1,000,000.00	MICROSOFT CORP	1.300	Fixed	594918BF0	Aaa	AAA	AA+	NA	NA	NA	N	N	998,524.44
11/16/2018	515,000.00	CHEVRON CORP	1.790	Fixed	166764BA7	Aa2	AA-	NA	NA	NA	NA	N	N	515,338.61
11/28/2018	1,000,000.00	WELLS FARGO BANK NA	1.800	Fixed	94988J5F0	Aa2	AA-	AA-	NA	NA	NA	N	N	999,980.00
05/27/2018	26,806,373.17	---	0.455	---	---	Aa2	AA	AA	NA	NA	NA	N	N	26,729,959.40

* Weighted by: Base Market Value + Accrued.

HMCM-Portfolio Holdings

Base Currency: USD As of 12/31/2017

HMCM-Zone 7 Water Agency (100470)

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Dated: 01/29/2018

AGCY BOND

Description, Identifier	Coupon Rate	Current Face Value, Base Original Units	Settle Date, Effective Maturity	Next Call Date	Original Price, Base Original Cost	Original Purchased Accrued, Remaining Original Purchase Accrued	Net Accumulated Amortization/ Accretion	Accrued Balance, Book Value + Accrued	Book Yield	Days Left to Effective Maturity, Security Type	% Of Book Value + Accrued	Base Market Value + Accrued
FEDERAL FARM CREDIT BANKS FUNDING CORP 3133EGML6	0.750	1,000,000.00 1,000,000.00	12/18/2017 07/18/2018	---	99.529 995,290.00	3,125.00 3,125.00	311.04	3,395.83 998,996.87	1.564	199 AGCY BOND	3.737%	998,645.83
FEDERAL FARM CREDIT BANKS FUNDING CORP 3133EGML6	0.750	1,000,000.00 1,000,000.00	12/18/2017 07/18/2018	---	99.529 995,290.00	3,125.00 3,125.00	311.04	3,395.83 998,996.87	1.564	199 AGCY BOND	3.737%	998,645.83

AGCY DISC

Description, Identifier	Coupon Rate	Current Face Value, Base Original Units	Settle Date, Effective Maturity	Next Call Date	Original Price, Base Original Cost	Original Purchased Accrued, Remaining Original Purchase Accrued	Net Accumulated Amortization/ Accretion	Accrued Balance, Book Value + Accrued	Book Yield	Days Left to Effective Maturity, Security Type	% Of Book Value + Accrued	Base Market Value + Accrued
FEDERAL HOME LOAN BANKS 313385UQ7	0.000	1,200,000.00 1,200,000.00	12/14/2017 03/23/2018	---	99.631 1,195,578.00	0.00 0.00	804.00	0.00 1,196,382.00	1.347	82 AGCY DISC	4.476%	1,196,400.00
FEDERAL HOME LOAN BANKS 313385XZ4	0.000	2,150,000.00 2,150,000.00	12/28/2017 06/12/2018	---	99.318 2,135,327.44	0.00 0.00	353.56	0.00 2,135,681.00	1.491	163 AGCY DISC	7.989%	2,135,853.00
FEDERAL HOME LOAN BANKS 313385YA8	0.000	3,300,000.00 3,300,000.00	12/27/2017 06/13/2018	---	99.307 3,277,131.00	0.00 0.00	680.63	0.00 3,277,811.63	1.496	164 AGCY DISC	12.262%	3,278,154.00
FEDERAL HOME LOAN BANKS 313385ZD1	0.000	1,575,000.00 1,575,000.00	12/21/2017 07/10/2018	---	99.129 1,561,281.75	0.00 0.00	750.75	0.00 1,562,032.50	1.573	191 AGCY DISC	5.843%	1,562,589.00
FEDERAL HOME LOAN BANKS ---	0.000	8,225,000.00 8,225,000.00	--- 06/06/2018	---	99.323 8,169,318.19	0.00 0.00	2,588.93	0.00 8,171,907.12	1.487	157 AGCY DISC	30.570%	8,172,996.00

CASH

Description, Identifier	Coupon Rate	Current Face Value, Base Original Units	Settle Date, Effective Maturity	Next Call Date	Original Price, Base Original Cost	Original Purchased Accrued, Remaining Original Purchase Accrued	Net Accumulated Amortization/ Accretion	Accrued Balance, Book Value + Accrued	Book Yield	Days Left to Effective Maturity, Security Type	% Of Book Value + Accrued	Base Market Value + Accrued
Receivable CCYUSD	0.000	0.00 8,946.74	--- 12/31/2017	---	1.000 8,946.74	0.00 0.00	0.00	0.00 8,946.74	0.000	0 CASH	0.0333%	8,946.74
Receivable CCYUSD	0.000	0.00 8,946.74	--- 12/31/2017	---	1.000 8,946.74	0.00 0.00	0.00	0.00 8,946.74	0.000	0 CASH	0.0333%	8,946.74

CORP

Description, Identifier	Coupon Rate	Current Face Value, Base Original Units	Settle Date, Effective Maturity	Next Call Date	Original Price, Base Original Cost	Original Purchased Accrued, Remaining Original Purchase Accrued	Net Accumulated Amortization/ Accretion	Accrued Balance, Book Value + Accrued	Book Yield	Days Left to Effective Maturity, Security Type	% Of Book Value + Accrued	Base Market Value + Accrued
AMERICAN EXPRESS CREDIT CORP 0258M0DV8	1.800	1,000,000.00 1,000,000.00	12/18/2017 07/31/2018	06/30/2018	99.973 999,730.00	6,900.00 6,900.00	16.80	7,550.00 1,007,296.80	1.843	212 CORP	3.768%	1,006,880.00
CATERPILLAR FINANCIAL SERVICES CORP 14912L6L0	1.700	1,000,000.00 1,000,000.00	12/18/2017 06/16/2018	---	99.969 999,690.00	94.44 94.44	24.11	708.33 1,000,422.44	1.763	167 CORP	3.742%	1,000,128.33
CHEVRON CORP 166764BA7	1.790	515,000.00 515,000.00	12/19/2017 11/16/2018	---	99.973 514,860.95	845.03 845.03	5.44	1,152.31 516,018.71	1.819	320 CORP	1.930%	515,338.61
HOME DEPOT INC 437076BB7	2.250	600,000.00 600,000.00	12/20/2017 08/10/2018	08/10/2018	100.330 601,980.00	3,750.00 3,750.00	-101.97	4,162.50 606,040.53	1.728	222 CORP	2.267%	605,872.50
MICROSOFT CORP 594918BF0	1.300	1,000,000.00 1,000,000.00	12/19/2017 11/03/2018	---	99.565 995,650.00	1,661.11 1,661.11	177.27	2,094.44 997,921.72	1.804	307 CORP	3.733%	998,524.44
TOYOTA MOTOR CREDIT CORP 89236TCP8	1.550	963,000.00 963,000.00	12/19/2017 07/13/2018	---	99.867 961,719.21	6,468.15 6,468.15	80.83	6,965.70 968,765.74	1.786	194 CORP	3.624%	968,338.23
WELLS FARGO BANK NA 94988J5F0	1.800	1,000,000.00 1,000,000.00	12/18/2017 11/28/2018	---	99.888 998,880.00	1,000.00 1,000.00	45.45	1,650.00 1,000,575.45	1.920	332 CORP	3.743%	999,980.00

HMCM-Portfolio Holdings

Base Currency: USD As of 12/31/2017

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HMCM-Zone 7 Water Agency (100470)

Dated: 01/29/2018

Description, Identifier	Coupon Rate	Current Face Value, Base Original Units	Settle Date, Effective Maturity	Next Call Date	Original Price, Base Original Cost	Original Purchased Accrued, Remaining Original Purchase Accrued	Net Accumulated Amortization/Accretion	Accrued Balance, Book Value + Accrued	Book Yield	Days Left to Effective Maturity, Security Type	% Of Book Value + Accrued	Base Market Value + Accrued
---	1.706	6,078,000.00	---	---	99.910	20,718.73	247.93	24,283.29	1.814	247	22.808%	6,095,062.12
---		6,078,000.00	09/04/2018		6,072,510.16	20,718.73		6,097,041.38		CORP		

CP

Description, Identifier	Coupon Rate	Current Face Value, Base Original Units	Settle Date, Effective Maturity	Next Call Date	Original Price, Base Original Cost	Original Purchased Accrued, Remaining Original Purchase Accrued	Net Accumulated Amortization/Accretion	Accrued Balance, Book Value + Accrued	Book Yield	Days Left to Effective Maturity, Security Type	% Of Book Value + Accrued	Base Market Value + Accrued
Apple Inc. 03785ED27	0.000	1,000,000.00	12/22/2017	---	99.548	0.00	447.22	0.00	1.620	92	3.726%	995,930.28
		1,000,000.00	04/02/2018		995,483.06	0.00		995,930.28		CP		
J.P. Morgan Securities LLC 46640QDD0	0.000	1,000,000.00	12/14/2017	---	99.433	0.00	850.00	0.00	1.712	103	3.723%	995,183.33
		1,000,000.00	04/13/2018		994,333.33	0.00		995,183.33		CP		
Prudential Public Limited Company 7443M3BL7	0.000	1,000,000.00	12/18/2017	---	99.714	0.00	626.11	0.00	1.619	51	3.733%	997,763.89
		1,000,000.00	02/20/2018		997,137.78	0.00		997,763.89		CP		
Standard Chartered Bank 85324UD26	0.000	1,000,000.00	12/13/2017	---	99.490	0.00	881.39	0.00	1.681	92	3.725%	995,778.61
		1,000,000.00	04/02/2018		994,897.22	0.00		995,778.61		CP		
Suncorp-Metway Limited 8672E3DW3	0.000	1,000,000.00	12/14/2017	---	99.372	0.00	825.00	0.00	1.662	120	3.721%	994,050.00
		1,000,000.00	04/30/2018		993,720.83	0.00		994,545.83		CP		
Suncorp-Metway Limited 8672E3DW3	0.000	250,000.00	12/22/2017	---	99.355	0.00	125.00	0.00	1.814	120	0.930%	248,512.50
		250,000.00	04/30/2018		248,387.50	0.00		248,512.50		CP		
Toronto Dominion Bank 89119BCN4	0.000	1,000,000.00	12/14/2017	---	99.567	0.00	795.00	0.00	1.600	81	3.728%	996,333.33
		1,000,000.00	03/22/2018		995,671.67	0.00		996,466.67		CP		
Toronto Dominion Bank 89119BCN4	0.000	250,000.00	12/22/2017	---	99.587	0.00	114.58	0.00	1.660	81	0.932%	249,083.33
		250,000.00	03/22/2018		248,968.75	0.00		249,083.33		CP		
---	0.000	6,500,000.00	---	---	99.517	0.00	4,664.31	0.00	1.656	91	24.216%	6,472,635.28
---		6,500,000.00	04/01/2018		6,468,600.14	0.00		6,473,264.45		CP		

MMFUND

Description, Identifier	Coupon Rate	Current Face Value, Base Original Units	Settle Date, Effective Maturity	Next Call Date	Original Price, Base Original Cost	Original Purchased Accrued, Remaining Original Purchase Accrued	Net Accumulated Amortization/Accretion	Accrued Balance, Book Value + Accrued	Book Yield	Days Left to Effective Maturity, Security Type	% Of Book Value + Accrued	Base Market Value + Accrued
FEDERATED GOVT OBL,SVC 60934N807	0.930	0.00	---	---	1.000	0.00	0.00	0.00	0.930	0	3.865%	1,033,289.46
		1,033,289.46	12/31/2017		1,033,289.46	0.00		1,033,289.46		MMFUND		
MORG STAN I LQ:GV;ADV 61747C608	0.960	0.00	12/21/2017	---	1.000	0.00	0.00	0.00	0.960	0	0.229%	61,136.97
		61,136.97	12/31/2017		61,136.97	0.00		61,136.97		MMFUND		
---	0.932	0.00	---	---	1.000	0.00	0.00	0.00	0.932	0	4.094%	1,094,426.43
---		1,094,426.43	12/31/2017		1,094,426.43	0.00		1,094,426.43		MMFUND		

T-BILL

Description, Identifier	Coupon Rate	Current Face Value, Base Original Units	Settle Date, Effective Maturity	Next Call Date	Original Price, Base Original Cost	Original Purchased Accrued, Remaining Original Purchase Accrued	Net Accumulated Amortization/Accretion	Accrued Balance, Book Value + Accrued	Book Yield	Days Left to Effective Maturity, Security Type	% Of Book Value + Accrued	Base Market Value + Accrued
UNITED STATES TREASURY 912796LS6	0.000	3,900,000.00	12/28/2017	---	99.649	0.00	602.55	0.00	1.415	88	14.541%	3,887,247.00
		3,900,000.00	03/29/2018		3,886,291.99	0.00		3,886,894.54		T-BILL		
UNITED STATES TREASURY 912796LS6	0.000	3,900,000.00	12/28/2017	---	99.649	0.00	602.55	0.00	1.415	88	14.541%	3,887,247.00
		3,900,000.00	03/29/2018		3,886,291.99	0.00		3,886,894.54		T-BILL		

Summary

Description, Identifier	Coupon Rate	Current Face Value, Base Original Units	Settle Date, Effective Maturity	Next Call Date	Original Price, Base Original Cost	Original Purchased Accrued, Remaining Original Purchase Accrued	Net Accumulated Amortization/Accretion	Accrued Balance, Book Value + Accrued	Book Yield	Days Left to Effective Maturity, Security Type	% Of Book Value + Accrued	Base Market Value + Accrued

HMCM-Portfolio Holdings

Base Currency: USD As of 12/31/2017

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HMCM-Zone 7 Water Agency (100470)

Dated: 01/29/2018

Description, Identifier	Coupon Rate	Current Face Value, Base Original Units	Settle Date, Effective Maturity	Next Call Date	Original Price, Base Original Cost	Original Purchased Accrued, Remaining Original Purchase Accrued	Net Accumulated Amortization/ Accretion	Accrued Balance, Book Value + Accrued	Book Yield	Days Left to Effective Maturity, Security Type	% Of Book Value + Accrued	Base Market Value + Accrued
---	0.455	25,703,000.00	---	---	95.500	23,843.73	8,414.75	27,679.12	1.572	147	100.000%	26,729,959.40
---		26,806,373.17	05/27/2018		26,695,383.65	23,843.73		26,731,477.53		---		

* Grouped by: Security Type. * Groups Sorted by: Security Type. * Weighted by: Base Market Value + Accrued, except Book Yield by Base Book Value + Accrued.

* Days Left to Effective Maturity = [Effective Maturity]-[As Of Date], Summary Calculation: Weighted Average.

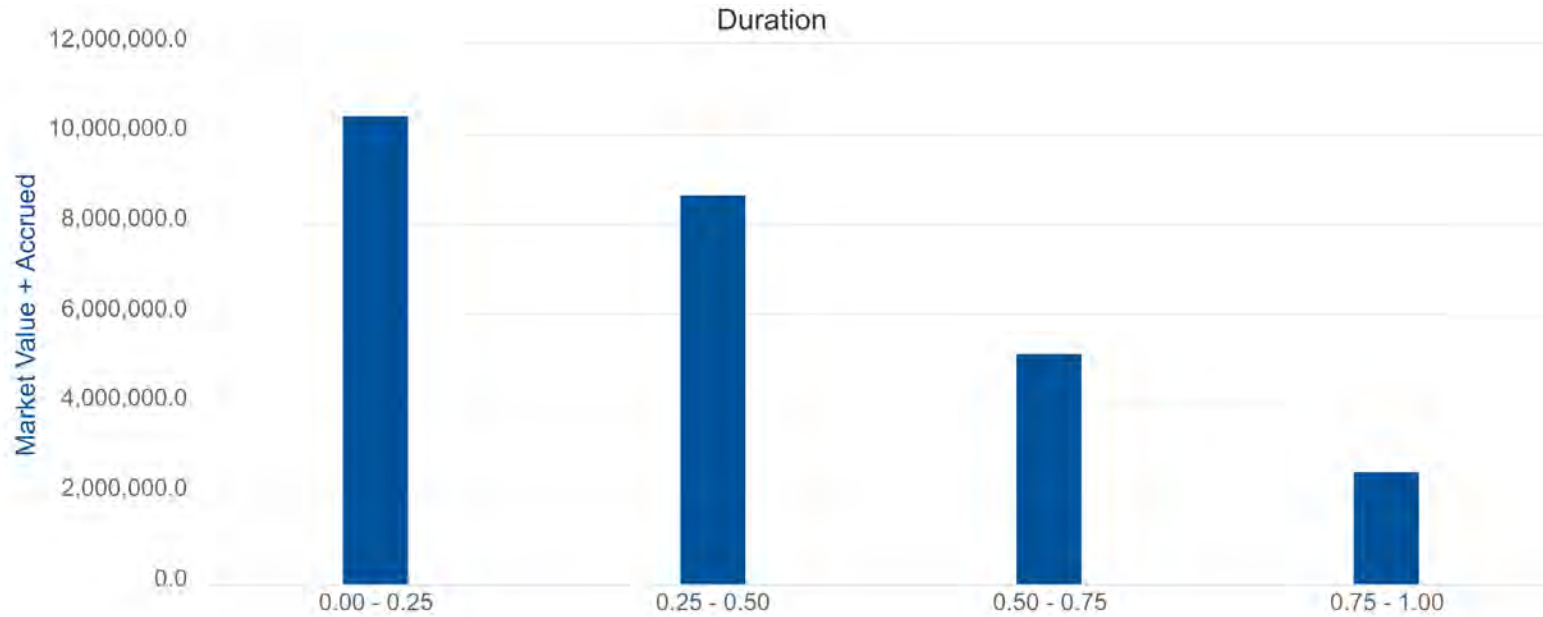
HMCM-Exposure - Duration

As of 12/31/2017

HMCM-Zone 7 Water Agency (100470)

Dated: 01/29/2018

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0.00 - 0.25

Description, Identifier	Security Type	Current Units	Currency	Effective Maturity	Final Maturity	Market Price	Yield	Duration	Convexity	Book Value	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
FEDERATED GOVT OBL;SVC 60934N807	MMFUND	1,033,289.46	USD	12/31/2017	12/31/2017	1.0000	0.930	0.000	0.000	1,033,289.46	0.00	0.00	0.00	1,033,289.46
MORG STAN I LQ:GV;ADV 61747C608	MMFUND	61,136.97	USD	12/31/2017	12/31/2017	1.0000	0.960	0.000	0.000	61,136.97	0.00	0.00	0.00	61,136.97
Receivable CCYUSD	CASH	8,946.74	USD	12/31/2017	12/31/2017	1.0000	0.000	0.000	0.000	8,946.74	0.00	0.00	0.00	8,946.74
Prudential Public Limited Company 7443M3BL7	CP	1,000,000.00	USD	02/20/2018	02/20/2018	99.7764	1.618	0.137	0.002	997,763.89	0.00	0.00	0.00	997,763.89
Toronto Dominion Bank 89119BCN4	CP	1,000,000.00	USD	03/22/2018	03/22/2018	99.6333	1.660	0.218	0.003	996,466.67	0.00	-133.34	0.00	996,333.33
Toronto Dominion Bank 89119BCN4	CP	250,000.00	USD	03/22/2018	03/22/2018	99.6333	1.660	0.218	0.003	249,083.33	0.00	0.00	0.00	249,083.33
FEDERAL HOME LOAN BANKS 313385UQ7	AGCY DISC	1,200,000.00	USD	03/23/2018	03/23/2018	99.7000	1.307	0.229	0.001	1,196,382.00	18.00	0.00	0.00	1,196,400.00
UNITED STATES TREASURY 912796LS6	T-BILL	3,900,000.00	USD	03/29/2018	03/29/2018	99.6730	1.331	0.246	0.001	3,886,894.54	352.46	0.00	0.00	3,887,247.00
Standard Chartered Bank 85324UD26	CP	1,000,000.00	USD	04/02/2018	04/02/2018	99.5779	1.681	0.248	0.003	995,778.61	0.00	0.00	0.00	995,778.61
Apple Inc. 03785ED27	CP	1,000,000.00	USD	04/02/2018	04/02/2018	99.5930	1.620	0.248	0.003	995,930.28	0.00	0.00	0.00	995,930.28
---	---	10,453,373.17	USD	03/15/2018	03/15/2018	89.2180	1.413	0.205	0.002	10,421,672.49	370.46	-133.34	0.00	10,421,909.62

HMCM-Exposure - Duration

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HMCM-Zone 7 Water Agency (100470)

Dated: 01/29/2018

0.25 - 0.50

Description, Identifier	Security Type	Current Units	Currency	Effective Maturity	Final Maturity	Market Price	Yield	Duration	Convexity	Book Value	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
J.P. Morgan Securities LLC 46640QDD0	CP	1,000,000.00	USD	04/13/2018	04/13/2018	99.5183	1.711	0.278	0.003	995,183.33	0.00	0.00	0.00	995,183.33
Suncorp-Metway Limited 8672E3DW3	CP	1,000,000.00	USD	04/30/2018	04/30/2018	99.4050	1.814	0.324	0.004	994,545.83	0.00	-495.83	0.00	994,050.00
Suncorp-Metway Limited 8672E3DW3	CP	250,000.00	USD	04/30/2018	04/30/2018	99.4050	1.814	0.324	0.004	248,512.50	0.00	0.00	0.00	248,512.50
FEDERAL HOME LOAN BANKS 313385XZ4	AGCY DISC	2,150,000.00	USD	06/12/2018	06/12/2018	99.3420	1.465	0.449	0.004	2,135,681.00	172.00	0.00	0.00	2,135,853.00
FEDERAL HOME LOAN BANKS 313385YA8	AGCY DISC	3,300,000.00	USD	06/13/2018	06/13/2018	99.3380	1.465	0.452	0.004	3,277,811.63	342.38	0.00	0.00	3,278,154.00
CATERPILLAR FINANCIAL SERVICES CORP 14912L6L0	CORP	1,000,000.00	USD	06/16/2018	06/16/2018	99.9420	1.825	0.460	0.004	999,714.11	0.00	-294.11	708.33	1,000,128.33
---	---	8,700,000.00	USD	05/31/2018	05/31/2018	99.4392	1.585	0.414	0.004	8,651,448.39	514.38	-789.94	708.33	8,651,881.16

0.50 - 0.75

Description, Identifier	Security Type	Current Units	Currency	Effective Maturity	Final Maturity	Market Price	Yield	Duration	Convexity	Book Value	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
FEDERAL HOME LOAN BANKS 313385ZD1	AGCY DISC	1,575,000.00	USD	07/10/2018	07/10/2018	99.2120	1.501	0.525	0.010	1,562,032.50	556.50	0.00	0.00	1,562,589.00
TOYOTA MOTOR CREDIT CORP 89236TCP8	CORP	963,000.00	USD	07/13/2018	07/13/2018	99.8310	1.866	0.530	0.005	961,800.04	0.00	-427.51	6,965.70	968,338.23
FEDERAL FARM CREDIT BANKS FUNDING CORP 3133EGML6	AGCY BOND	1,000,000.00	USD	07/18/2018	07/18/2018	99.5250	1.616	0.546	0.006	995,601.04	0.00	-351.04	3,395.83	998,645.83
AMERICAN EXPRESS CREDIT CORP 0258MODV8	CORP	1,000,000.00	USD	07/31/2018	07/31/2018	99.9330	1.914	0.568	-0.024	999,746.80	0.00	-416.80	7,550.00	1,006,880.00
HOME DEPOT INC 437076BB7	CORP	600,000.00	USD	08/10/2018	09/10/2018	100.2850	1.780	0.641	-0.119	601,878.03	0.00	-168.03	4,162.50	605,872.50
---	---	5,138,000.00	USD	07/20/2018	07/24/2018	99.6569	1.706	0.552	-0.013	5,121,058.40	556.50	-1,363.37	22,074.03	5,142,325.56

0.75 - 1.00

Description, Identifier	Security Type	Current Units	Currency	Effective Maturity	Final Maturity	Market Price	Yield	Duration	Convexity	Book Value	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
MICROSOFT CORP 594918BF0	CORP	1,000,000.00	USD	11/03/2018	11/03/2018	99.6430	1.727	0.834	0.011	995,827.27	602.73	0.00	2,094.44	998,524.44
CHEVRON CORP 166764BA7	CORP	515,000.00	USD	11/16/2018	11/16/2018	99.8420	1.971	0.868	0.012	514,866.39	0.00	-680.09	1,152.31	515,338.61
WELLS FARGO BANK NA 94988J5F0	CORP	1,000,000.00	USD	11/28/2018	11/28/2018	99.8330	1.985	0.900	0.013	998,925.45	0.00	-595.45	1,650.00	999,980.00
---	CORP	2,515,000.00	USD	11/16/2018	11/16/2018	99.7594	1.879	0.867	0.012	2,509,619.12	602.73	-1,275.54	4,896.76	2,513,843.06

Summary

Description, Identifier	Security Type	Current Units	Currency	Effective Maturity	Final Maturity	Market Price	Yield	Duration	Convexity	Book Value	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
---	---	26,806,373.17	USD	05/27/2018	05/27/2018	95.5260	1.569	0.402	0.000	26,703,798.40	2,044.07	-3,562.19	27,679.12	26,729,959.40

HMCM-Exposure - Duration

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* Grouped by: Duration. * Groups Sorted by: Duration. * Weighted by: Market Value + Accrued.

Exposure-Security Type

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Security Type Category

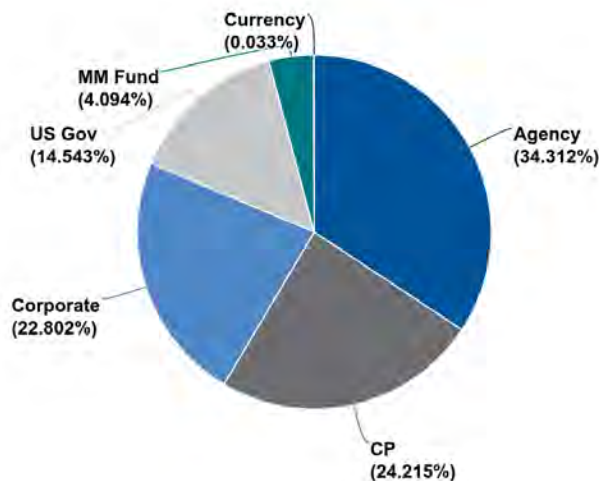


Chart calculated by: Market Value + Accrued

Agency

Description, Identifier	Current Units	Currency	Effective Maturity	Final Maturity	Security Type Category	Book Value	Market Sector	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
FEDERAL FARM CREDIT BANKS FUNDING CORP 3133EGML6	1,000,000.00	USD	---	07/18/2018	Agency	995,601.04	Agency	0.00	-351.04	3,395.83	998,645.83
FEDERAL HOME LOAN BANKS 313385ZD1	1,575,000.00	USD	---	07/10/2018	Agency	1,562,032.50	Agency	556.50	0.00	0.00	1,562,589.00
FEDERAL HOME LOAN BANKS 313385YA8	3,300,000.00	USD	---	06/13/2018	Agency	3,277,811.63	Agency	342.38	0.00	0.00	3,278,154.00
FEDERAL HOME LOAN BANKS 313385XZ4	2,150,000.00	USD	---	06/12/2018	Agency	2,135,681.00	Agency	172.00	0.00	0.00	2,135,853.00
FEDERAL HOME LOAN BANKS 313385UQ7	1,200,000.00	USD	---	03/23/2018	Agency	1,196,382.00	Agency	18.00	0.00	0.00	1,196,400.00
---	9,225,000.00	USD	---	---	Agency	9,167,508.16	Agency	1,088.88	-351.04	3,395.83	9,171,641.83

CP

Description, Identifier	Current Units	Currency	Effective Maturity	Final Maturity	Security Type Category	Book Value	Market Sector	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
Suncorp-Metway Limited 8672E3DW3	1,000,000.00	USD	---	04/30/2018	CP	994,545.83	Financial	0.00	-495.83	0.00	994,050.00
Suncorp-Metway Limited 8672E3DW3	250,000.00	USD	---	04/30/2018	CP	248,512.50	Financial	0.00	0.00	0.00	248,512.50
J.P. Morgan Securities LLC 46640QDD0	1,000,000.00	USD	---	04/13/2018	CP	995,183.33	Financial	0.00	0.00	0.00	995,183.33
Standard Chartered Bank 85324UD26	1,000,000.00	USD	---	04/02/2018	CP	995,778.61	Financial	0.00	0.00	0.00	995,778.61

Exposure-Security Type

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Description, Identifier	Current Units	Currency	Effective Maturity	Final Maturity	Security Type Category	Book Value	Market Sector	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
Apple Inc. 03785ED27	1,000,000.00	USD	---	04/02/2018	CP	995,930.28	Industrial	0.00	0.00	0.00	995,930.28
Toronto Dominion Bank 89119BCN4	1,000,000.00	USD	---	03/22/2018	CP	996,466.67	Financial	0.00	-133.34	0.00	996,333.33
Toronto Dominion Bank 89119BCN4	250,000.00	USD	---	03/22/2018	CP	249,083.33	Financial	0.00	0.00	0.00	249,083.33
Prudential Public Limited Company 7443M3BL7	1,000,000.00	USD	---	02/20/2018	CP	997,763.89	Financial	0.00	0.00	0.00	997,763.89
---	6,500,000.00	USD	---	---	CP	6,473,264.45	---	0.00	-629.17	0.00	6,472,635.28

Corporate

Description, Identifier	Current Units	Currency	Effective Maturity	Final Maturity	Security Type Category	Book Value	Market Sector	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
WELLS FARGO BANK NA 94988J5F0	1,000,000.00	USD	---	11/28/2018	Corporate	998,925.45	Financial	0.00	-595.45	1,650.00	999,980.00
CHEVRON CORP 166764BA7	515,000.00	USD	---	11/16/2018	Corporate	514,866.39	Industrial	0.00	-680.09	1,152.31	515,338.61
MICROSOFT CORP 594918BF0	1,000,000.00	USD	---	11/03/2018	Corporate	995,827.27	Industrial	602.73	0.00	2,094.44	998,524.44
HOME DEPOT INC 437076BB7	600,000.00	USD	---	09/10/2018	Corporate	601,878.03	Industrial	0.00	-168.03	4,162.50	605,872.50
AMERICAN EXPRESS CREDIT CORP 0258M0DV8	1,000,000.00	USD	---	07/31/2018	Corporate	999,746.80	Financial	0.00	-416.80	7,550.00	1,006,880.00
TOYOTA MOTOR CREDIT CORP 892361TCP8	963,000.00	USD	---	07/13/2018	Corporate	961,800.04	Industrial	0.00	-427.51	6,965.70	968,338.23
CATERPILLAR FINANCIAL SERVICES CORP 14912L6L0	1,000,000.00	USD	---	06/16/2018	Corporate	999,714.11	Industrial	0.00	-294.11	708.33	1,000,128.33
---	6,078,000.00	USD	---	---	Corporate	6,072,758.09	---	602.73	-2,581.99	24,283.29	6,095,062.12

Currency

Description, Identifier	Current Units	Currency	Effective Maturity	Final Maturity	Security Type Category	Book Value	Market Sector	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
Receivable CCYUSD	8,946.74	USD	---	12/31/2017	Currency	8,946.74	Cash	0.00	0.00	0.00	8,946.74
Receivable CCYUSD	8,946.74	USD	---	12/31/2017	Currency	8,946.74	Cash	0.00	0.00	0.00	8,946.74

MM Fund

Description, Identifier	Current Units	Currency	Effective Maturity	Final Maturity	Security Type Category	Book Value	Market Sector	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
FEDERATED GOVT OBL,SVC 60934N807	1,033,289.46	USD	---	12/31/2017	MM Fund	1,033,289.46	Cash	0.00	0.00	0.00	1,033,289.46
MORG STAN I LQ:GV;ADV 61747C608	61,136.97	USD	---	12/31/2017	MM Fund	61,136.97	Cash	0.00	0.00	0.00	61,136.97
---	1,094,426.43	USD	---	12/31/2017	MM Fund	1,094,426.43	Cash	0.00	0.00	0.00	1,094,426.43

US Gov

Description, Identifier	Current Units	Currency	Effective Maturity	Final Maturity	Security Type Category	Book Value	Market Sector	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
UNITED STATES TREASURY 912796LS6	3,900,000.00	USD	---	03/29/2018	US Gov	3,886,894.54	Government	352.46	0.00	0.00	3,887,247.00

Exposure-Security Type

HMCM-Zone 7 Water Agency (100470)

As of 12/31/2017

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Description, Identifier	Current Units	Currency	Effective Maturity	Final Maturity	Security Type Category	Book Value	Market Sector	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
UNITED STATES TREASURY 912796LS6	3,900,000.00	USD	---	03/29/2018	US Gov	3,886,894.54	Government	352.46	0.00	0.00	3,887,247.00

Summary

Description, Identifier	Current Units	Currency	Effective Maturity	Final Maturity	Security Type Category	Book Value	Market Sector	Unrealized Gain	Unrealized Loss	Accrued Balance	Market Value + Accrued
---	26,806,373.17	USD	---	---	---	26,703,798.40	---	2,044.07	-3,562.19	27,679.12	26,729,959.40

* Grouped by: Security Type Category. * Groups Sorted by: Security Type Category. * Weighted by: Market Value + Accrued.

Disclaimer

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Dated: 01/29/2018

It is recommended that you compare the security positions shown on the periodic investment statement ("investment statement") you receive from HighMark Capital Management to those shown on the statement you receive from the Custodian ("custodial statement"). Differences in reported security positions may exist because investment statements are presented on a trade date basis whereas the information presented on the custodial statement is generally shown on a settlement date basis. There also may be differences in the values shown for your investments due to accrued but uncollected income and the use of differing valuation sources and methods.