



**WALNUT VALLEY WATER DISTRICT
271 South Brea Canyon Road
Walnut, California 91789**

**FINANCE COMMITTEE MEETING
Wednesday, October 16, 2013, 4:30 p.m.**

❖ Chair Director Wu ❖ Member Director Hilden ❖ Alternate Director Kwong

1. Public Comment
2. Investment Transactions Report
 - A. Discussion
 - B. Committee Recommendation
3. Other Post-Employment Benefits (OPEB) Trust Investment Guidelines Document
 - A. Discussion
 - B. Committee Recommendation
4. Water Revenue Bonds: 2013 Transition Timing
5. Revenue Bond Funds Held in Trust – Union Bank
6. Other
7. Public Comment on Closed Session
8. Adjourn to Closed Session
9. Closed Session
Conference with Legal Counsel – Potential Litigation:
Significant exposure to litigation pursuant to Government Code Section 54956.9(b) – One Case.
10. Reconvene in Open Session
11. Adjournment
 - A. Report of Action, if any, Taken in Closed Session

NOTE: To comply with the Americans with Disabilities Act, if you need special assistance to participate in any committee meeting, please contact the General Manager's office at least 48 hours prior to the meeting to inform the District of your needs and to determine if accommodation is feasible.

Monthly Account Statement

Walnut Valley Water District Consolidated

September 1, 2013 through September 30, 2013

Chandler Team

For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian

Bank of New York Mellon Trust
Company
Amy Kung
213-630-6374

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Prices are provided by IDC, an independent pricing source.



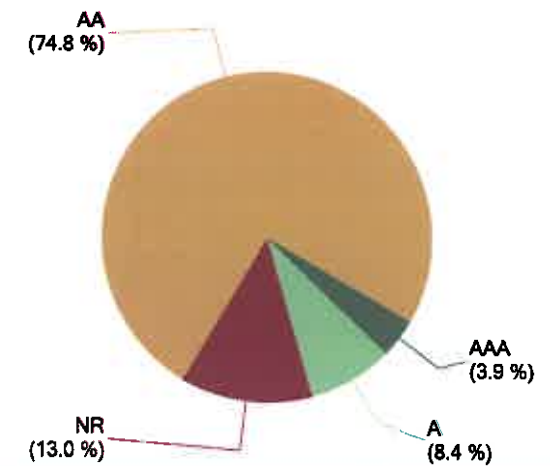
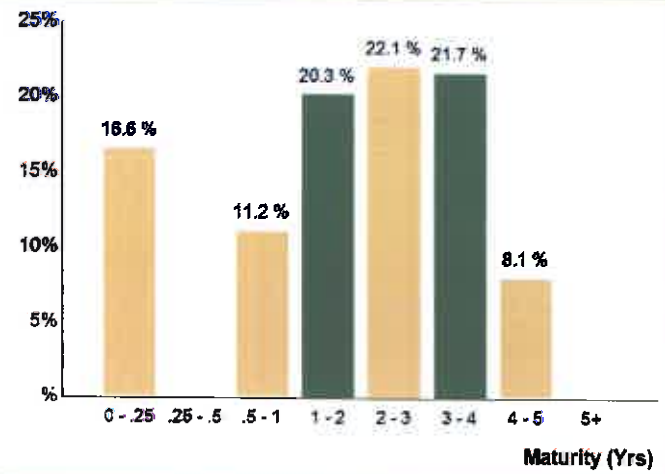
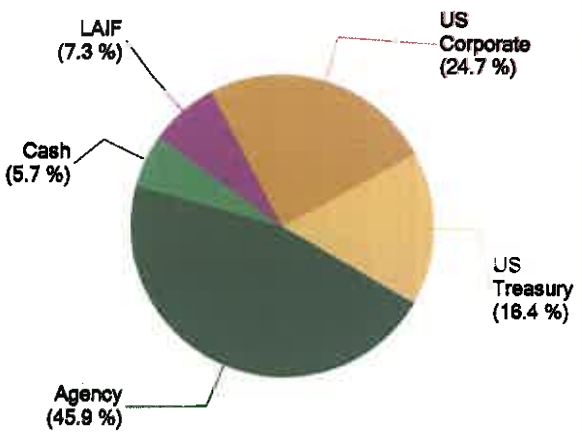
PORTFOLIO CHARACTERISTICS ACCOUNT SUMMARY TOP ISSUERS

Average Duration	2.04
Average Coupon	1.67 %
Average Purchase YTM	1.10 %
Average Market YTM	0.64 %
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	2.09 yrs
Average Life	2.09 yrs

	Beg. Values as of 8/31/13	End Values as of 9/30/13
Market Value	38,876,304	38,802,544
Accrued Interest	173,649	178,864
Total Market Value	39,049,953	38,981,408
Income Earned	35,703	36,135
Cont/WD		
Par	38,467,545	38,298,605
Book Value	38,758,713	38,572,454
Cost Value	39,245,879	39,076,939

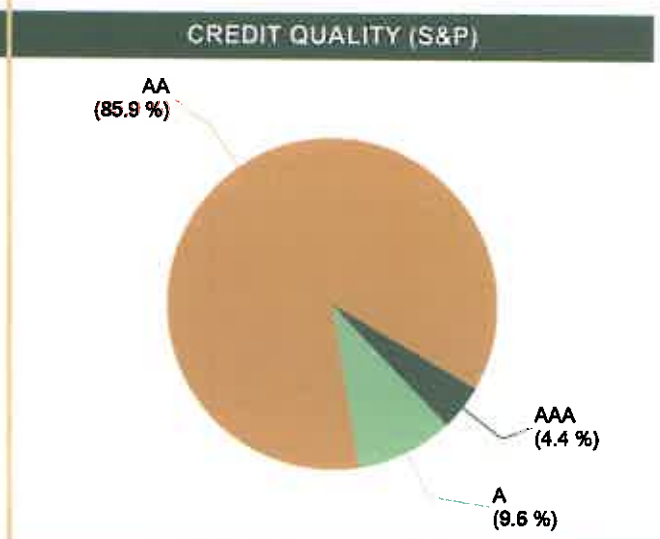
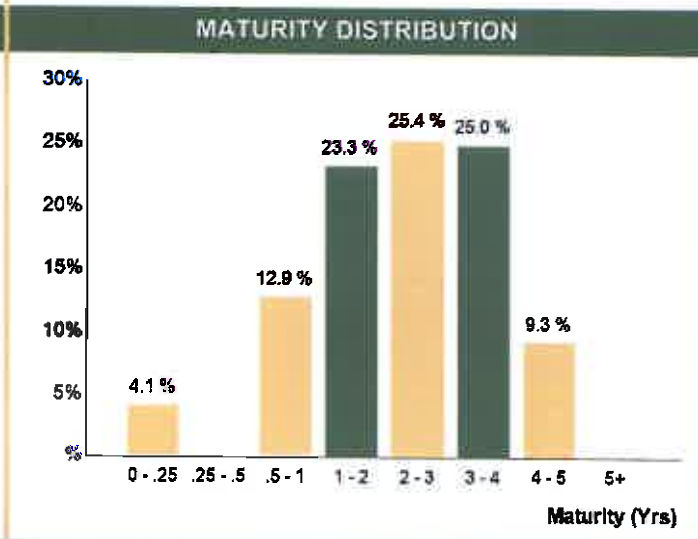
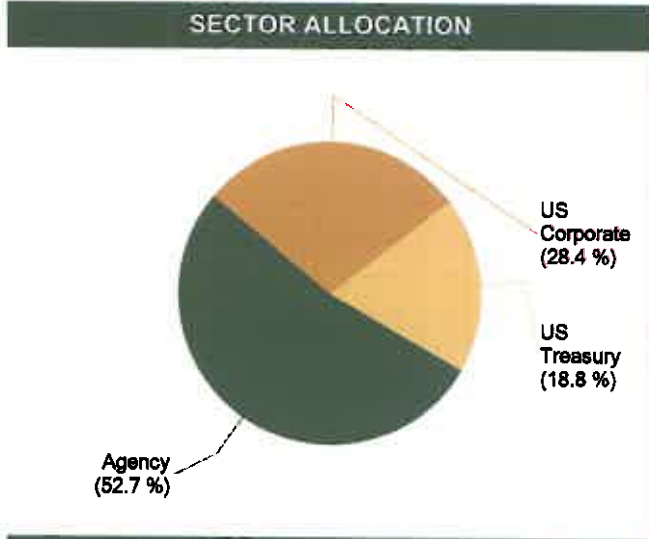
Issuer	% Portfolio
Government of United States	16.4 %
Federal Home Loan Mortgage Corp	13.1 %
Federal Home Loan Bank	12.7 %
Federal National Mortgage Assoc	11.1 %
Federal Farm Credit Bank	8.4 %
Local Agency Investment Fund	7.3 %
Bank Cash Account	5.7 %
Johnson & Johnson	2.0 %
Total	76.7 %

SECTOR ALLOCATION MATURITY DISTRIBUTION CREDIT QUALITY (S&P)





PORTFOLIO CHARACTERISTICS		ACCOUNT SUMMARY			TOP ISSUERS	
Average Duration	2.34		Beg. Values as of 8/31/13	End Values as of 9/30/13	Issuer	% Portfolio
Average Coupon	1.90 %	Market Value	33,662,634	33,753,939	Government of United States	18.8 %
Average Purchase YTM	1.24 %	Accrued Interest	171,154	175,424	Federal Home Loan Mortgage Corp	15.0 %
Average Market YTM	0.71 %	Total Market Value	33,833,788	33,929,363	Federal Home Loan Bank	14.6 %
Average S&P/Moody Rating	AA+/Aa1	Income Earned	34,672	35,190	Federal National Mortgage Assoc	12.8 %
Average Final Maturity	2.41 yrs	Cont/WD		-52,114	Federal Farm Credit Bank	9.7 %
Average Life	2.41 yrs	Par	33,253,875	33,250,000	Johnson & Johnson	2.3 %
		Book Value	33,545,043	33,523,848	JP Morgan Chase & Co	2.2 %
		Cost Value	34,032,209	34,028,334	US Bancorp	2.2 %
						77.7 %



PERFORMANCE REVIEW

Total Rate of Return As of 9/30/2013	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			7/31/2009	Since 7/31/2009
					3 Yrs	5 Yrs	10 Yrs		
Walnut Valley Water District	0.44 %	0.49 %	0.06 %	0.17 %	1.24 %	N/A	N/A	1.88 %	8.05 %
1-5 Year Government*	0.51 %	0.46 %	-0.08 %	-0.03 %	1.15 %	N/A	N/A	1.62 %	6.91 %

*1-3 Year Treasuries to 8/31/10; Then 1-5 Govt



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port Gain/Loss	Moody S&P	Maturity Duration
AGENCY									
31331GCS6	FFCB Note 3.875% Due 10/7/2013	500,000.00	03/30/2010 2.08 %	530,223.00 500,141.01	100.06 0.61 %	500,316.00 9,364.58	1.31 % 174.99	Aaa AA+	0.02 0.02
31359MTG8	FNMA Note 4.625% Due 10/15/2013	875,000.00	11/24/2009 1.88 %	964,768.00 875,884.41	100.18 0.37 %	876,549.63 18,660.59	2.30 % 665.22	Aaa AA+	0.04 0.04
3137EACB3	FHLMC Note 2.5% Due 4/23/2014	560,000.00	07/15/2010 1.51 %	580,301.12 563,007.57	101.36 0.09 %	567,617.68 6,144.44	1.47 % 4,610.11	Aaa AA+	0.56 0.56
3133XWE70	FHLB Note 2.5% Due 6/13/2014	500,000.00	02/25/2011 1.56 %	515,050.00 503,195.46	101.65 0.14 %	508,273.50 3,750.00	1.31 % 5,078.04	Aaa AA+	0.70 0.70
3137EACD9	FHLMC Note 3% Due 7/28/2014	600,000.00	Various 1.31 %	638,079.10 608,075.46	102.31 0.21 %	613,846.20 3,150.00	1.58 % 5,770.74	Aaa AA+	0.82 0.82
31331GL80	FFCB Note 3% Due 9/22/2014	700,000.00	02/24/2010 2.49 %	715,465.80 703,298.88	102.77 0.16 %	719,397.70 525.00	1.85 % 16,098.82	Aaa AA+	0.98 0.97
3137EACH0	FHLMC Note 2.875% Due 2/9/2015	600,000.00	Various 1.92 %	624,651.03 607,417.31	103.55 0.25 %	621,304.80 2,491.67	1.60 % 13,887.49	Aaa AA+	1.36 1.34
3133XWX95	FHLB Note 2.75% Due 3/13/2015	600,000.00	12/14/2010 1.94 %	619,737.00 606,732.00	103.56 0.29 %	621,371.40 825.00	1.60 % 14,639.40	Aaa AA+	1.45 1.43
3133XWNB1	FHLB Note 2.875% Due 6/12/2015	650,000.00	07/29/2010 1.80 %	682,259.50 661,230.95	104.25 0.36 %	677,642.55 5,658.16	1.75 % 16,411.60	Aaa AA+	1.70 1.66
880591DY5	Tennessee Valley Authority Note 4.375% Due 6/15/2015	205,000.00	07/23/2010 1.96 %	227,906.29 212,981.91	106.75 0.40 %	218,846.72 2,640.80	0.57 % 5,864.81	Aaa AA+	1.71 1.64
313372XB5	FHLB Note 2.125% Due 6/30/2015	725,000.00	05/26/2011 1.49 %	743,277.25 732,808.59	102.92 0.45 %	746,185.23 3,894.36	1.92 % 13,376.64	Aaa AA+	1.75 1.72
31398AU34	FNMA Note 2.375% Due 7/28/2015	650,000.00	07/29/2010 1.84 %	666,562.00 656,038.23	103.65 0.37 %	673,752.30 2,701.56	1.74 % 17,714.07	Aaa AA+	1.82 1.79
3137EACM9	FHLMC Note 1.75% Due 9/10/2015	775,000.00	Various 1.61 %	779,703.25 776,993.65	102.64 0.39 %	795,437.53 791.15	2.04 % 18,443.88	Aaa AA+	1.95 1.92
31331J2S1	FFCB Note 1.5% Due 11/16/2015	675,000.00	06/20/2012 0.59 %	695,729.25 687,941.19	102.30 0.41 %	690,502.73 3,796.88	1.78 % 2,561.54	Aaa AA+	2.13 2.09
3133ECBJ2	FFCB Note 0.43% Due 11/16/2015	700,000.00	01/11/2013 0.42 %	700,294.00 700,220.22	99.93 0.46 %	699,507.20 1,128.75	1.80 % (713.02)	Aaa AA+	2.13 2.11
3133XXP43	FHLB Note 3.125% Due 3/11/2016	500,000.00	12/20/2011 1.05 %	542,775.00 524,744.03	106.11 0.60 %	530,573.50 868.06	1.36 % 5,829.47	Aaa AA+	2.45 2.37
3135G0AL7	FNMA Note 2.25% Due 3/15/2016	625,000.00	07/29/2011 1.54 %	644,710.00 635,443.62	104.01 0.61 %	650,048.75 625.00	1.67 % 14,605.13	Aaa AA+	2.46 2.40
3137EACT4	FHLMC Note 2.5% Due 5/27/2016	625,000.00	07/29/2011 1.63 %	650,183.75 638,833.93	104.80 0.67 %	655,001.88 5,381.94	1.69 % 16,167.95	Aaa AA+	2.66 2.56
313373SZ6	FHLB Note 2.125% Due 6/10/2016	625,000.00	06/24/2011 1.74 %	636,318.75 631,153.94	103.85 0.68 %	649,075.00 4,095.05	1.68 % 17,921.06	Aaa AA+	2.70 2.61
3137EACW7	FHLMC Note 2% Due 8/25/2016	600,000.00	08/31/2011 1.23 %	622,338.60 612,998.12	103.62 0.74 %	621,706.80 1,200.00	1.60 % 8,708.68	Aaa AA+	2.90 2.82



Holdings Report

As of 9/30/13

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Maturity Duration
AGENCY									
3135G0ES8	FNMA Note 1.375% Due 11/15/2016	700,000.00	03/06/2012 0.98 %	712,499.90 708,330.83	101.67 0.83 %	711,660.60 3,636.11	1.83 % 3,329.77	Aaa AA+	3.13 3.04
313371PV2	FHLB Note 1.625% Due 12/9/2016	500,000.00	12/26/2012 0.63 %	519,400.00 515,673.37	102.03 0.98 %	510,159.00 2,527.78	1.32 % (5,514.37)	Aaa AA+	3.19 3.09
3137EADC0	FHLMC Note 1% Due 3/8/2017	525,000.00	05/10/2012 1.00 %	525,006.83 525,004.86	100.31 0.91 %	526,629.60 335.42	1.35 % 1,624.74	Aaa AA+	3.44 3.37
3135G0JA2	FNMA Note 1.125% Due 4/27/2017	525,000.00	05/10/2012 1.04 %	527,136.23 526,537.33	100.34 1.03 %	526,809.15 2,526.56	1.36 % 271.82	Aaa AA+	3.58 3.48
3137EADF3	FHLMC Note 1.25% Due 5/12/2017	675,000.00	06/20/2012 0.98 %	683,768.25 681,475.54	100.68 1.06 %	679,605.53 3,257.81	1.75 % (1,870.01)	Aaa AA+	3.62 3.51
313379FW4	FHLB Note 1% Due 6/9/2017	675,000.00	06/20/2012 1.03 %	674,014.50 674,268.21	99.58 1.12 %	672,192.68 2,100.00	1.73 % (2,075.53)	Aaa AA+	3.69 3.60
3133EAY28	FFCB Note 0.83% Due 9/21/2017	675,000.00	09/25/2012 0.82 %	675,486.00 675,387.25	98.35 1.26 %	663,873.98 155.63	1.70 % (11,513.27)	Aaa AA+	3.98 3.89
3135G0WJ8	FNMA Note 0.875% Due 5/21/2018	900,000.00	07/16/2013 1.56 %	871,236.00 872,471.76	97.15 1.51 %	874,390.50 2,843.75	2.25 % 1,918.74	Aaa AA+	4.64 4.51
Total Agency		17,465,000.00	1.41 %	17,968,880.40 17,818,289.63	0.62 %	17,802,278.14 95,076.05	45.91 % 183,988.51	Aaa AA+	2.22 2.17
CASH									
90CASH\$00	Cash Custodial Cash Account	2,214,176.87	Various 0.00 %	2,214,176.87 2,214,176.87	1.00 0.00 %	2,214,176.87 0.00	5.68 % 0.00	NR NR	0.00 0.00
Total Cash		2,214,176.87	N/A	2,214,176.87 2,214,176.87	0.00 %	2,214,176.87 0.00	5.68 % 0.00	NR NR	0.00 0.00
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	2,834,428.24	Various 0.25 %	2,834,428.24 2,834,428.24	1.00 0.25 %	2,834,428.24 3,439.66	7.28 % 0.00	NR NR	0.00 0.00
Total LAIF		2,834,428.24	0.25 %	2,834,428.24 2,834,428.24	0.25 %	2,834,428.24 3,439.66	7.28 % 0.00	NR NR	0.00 0.00
US CORPORATE									
911312AL0	UPS Note 3.875% Due 4/1/2014	450,000.00	06/24/2011 0.77 %	488,020.50 456,871.63	101.68 0.53 %	457,547.85 8,718.75	1.20 % 676.22	Aa3 A+	0.50 0.49
91159HGR5	US Bancorp Note 4.2% Due 5/15/2014	725,000.00	Various 0.70 %	776,177.25 740,586.53	102.41 0.34 %	742,458.00 11,503.33	1.93 % 1,871.47	A1 A+	0.62 0.61
594918AB0	Microsoft Note 2.95% Due 6/1/2014	700,000.00	01/05/2011 1.75 %	727,559.00 705,409.40	101.71 0.39 %	711,984.00 6,883.33	1.84 % 6,574.60	Aaa AAA	0.67 0.66
36962G5M2	General Electric Capital Corp Note 2.15% Due 1/9/2015	725,000.00	03/06/2012 1.21 %	743,944.25 733,502.97	102.07 0.52 %	740,040.85 3,550.49	1.91 % 6,537.88	A1 AA+	1.28 1.26



Holdings Report

As of 9/30/13

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int	% of Port. Gain/Loss	Moody S&P	Maturity Duration
US CORPORATE									
459200HB0	IBM Corp Note 0.55% Due 2/6/2015	700,000.00	Various 0.63 %	698,359.00 699,271.30	100.13 0.46 %	700,891.80 588.19	1.80 % 1,620.50	Aa3 AA-	1.35 1.34
191216AX8	Coca Cola Company Note 0.75% Due 3/13/2015	650,000.00	05/22/2012 0.64 %	652,054.00 651,061.17	100.40 0.48 %	652,573.35 243.75	1.67 % 1,512.18	Aa3 AA-	1.45 1.44
46625HHR4	JP Morgan Chase Note 3.4% Due 6/24/2015	725,000.00	Various 1.49 %	767,136.00 748,250.80	104.19 0.96 %	755,380.40 6,641.80	1.95 % 7,129.60	A2 A	1.73 1.68
931142CX9	Wal-Mart Stores Note 1.5% Due 10/25/2015	365,000.00	03/06/2012 0.75 %	374,738.20 370,541.59	101.83 0.61 %	371,683.88 2,372.50	0.96 % 1,142.29	Aa2 AA	2.07 2.03
478160AY0	Johnson & Johnson Note 2.15% Due 5/15/2016	750,000.00	05/25/2011 2.09 %	752,002.50 751,058.20	103.80 0.69 %	778,467.00 6,091.67	2.01 % 27,408.80	Aaa AAA	2.62 2.54
38259PAC6	Google Inc Note 2.125% Due 5/19/2016	675,000.00	10/17/2011 1.57 %	691,402.50 684,421.88	103.64 0.73 %	699,572.03 5,259.38	1.81 % 15,150.15	Aa2 AA	2.64 2.55
94974BFD7	Wells Fargo Corp Note 2.1% Due 5/8/2017	710,000.00	10/18/2012 1.36 %	732,933.00 728,188.72	102.09 1.50 %	724,869.53 5,922.58	1.87 % (3,319.19)	A2 A+	3.61 3.44
064058AA8	Bank of New York Note 1.969% Due 6/20/2017	550,000.00	02/27/2013 1.21 %	567,594.50 565,189.66	100.89 1.72 %	554,908.75 3,038.28	1.43 % (10,280.91)	Aa3 A+	3.72 3.56
166764AA8	Chevron Corp. Callable Note Cont 11/5/17 1.104% Due 12/5/2017	540,000.00	12/26/2012 0.95 %	544,109.40 543,478.06	98.57 1.46 %	532,252.08 1,920.96	1.37 % (11,225.98)	Aa1 AA	4.18 4.05
037833AJ9	Apple Inc Note 1% Due 5/3/2018	675,000.00	06/12/2013 1.56 %	657,342.00 658,392.95	96.33 1.84 %	650,196.45 2,775.00	1.68 % (8,196.50)	Aa1 AA+	4.59 4.44
084664BY6	Berkshire Hathaway Note 2% Due 8/15/2018	500,000.00	08/12/2013 1.98 %	500,380.00 500,370.22	100.28 1.94 %	501,391.00 1,277.78	1.29 % 1,020.78	Aa2 AA	4.88 4.61
Total US Corporate		9,440,000.00	1.27 %	9,673,752.10 9,536,595.08	0.91 %	9,574,216.97 66,787.79	24.73 % 37,621.89	Aa3 AA	2.33 2.25
US TREASURY									
912828SU5	US Treasury Note 0.25% Due 5/15/2015	675,000.00	06/20/2012 0.42 %	671,785.46 673,204.35	99.99 0.25 %	674,947.35 637.40	1.73 % 1,743.00	Aaa AA+	1.62 1.62
912828UG3	US Treasury Note 0.375% Due 1/15/2016	320,000.00	02/27/2013 0.34 %	320,313.57 320,249.42	99.94 0.40 %	319,800.00 254.35	0.82 % (449.42)	Aaa AA+	2.29 2.28
912828QR4	US Treasury Note 1.5% Due 6/30/2016	380,000.00	10/17/2012 0.52 %	393,672.37 390,150.55	102.55 0.56 %	389,707.86 1,440.49	1.00 % (442.69)	Aaa AA+	2.75 2.69
912828QX1	US Treasury Note 1.5% Due 7/31/2016	730,000.00	08/31/2011 0.91 %	750,533.70 741,828.33	102.53 0.60 %	748,477.76 1,844.84	1.92 % 6,649.43	Aaa AA+	2.84 2.77
912828RF9	US Treasury Note 1% Due 8/31/2016	775,000.00	Various 0.90 %	778,634.43 777,264.56	101.06 0.63 %	783,234.38 663.68	2.01 % 5,969.82	Aaa AA+	2.92 2.87
912828RM4	US Treasury Note 1% Due 10/31/2016	765,000.00	12/15/2011 0.84 %	770,799.83 768,666.82	100.93 0.69 %	772,112.21 3,201.36	1.99 % 3,445.39	Aaa AA+	3.09 3.02
912828RU6	US Treasury Note 0.875% Due 11/30/2016	750,000.00	03/06/2012 0.77 %	753,547.43 752,374.54	100.45 0.73 %	753,339.75 2,205.43	1.94 % 965.21	Aaa AA+	3.17 3.11



Holdings Report

As of 9/30/13

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Maturity Duration
US TREASURY									
912828SC5	US Treasury Note 0.875% Due 1/31/2017	650,000.00	09/25/2012 0.57 %	658,406.47 656,447.78	100.24 0.80 %	651,574.30 958.22	1.67 % (4,873.48)	Aaa AA+	3.34 3.28
912828SY7	US Treasury Note 0.625% Due 5/31/2017	700,000.00	01/11/2013 0.65 %	699,209.38 699,338.02	98.88 0.94 %	692,125.00 1,470.29	1.78 % (7,213.02)	Aaa AA+	3.67 3.61
912828UJ7	US Treasury Note 0.875% Due 1/31/2018	600,000.00	08/27/2013 1.29 %	588,798.89 589,439.33	98.69 1.19 %	592,125.00 884.51	1.52 % 2,685.67	Aaa AA+	4.34 4.23
Total US Treasury		6,345,000.00	0.75 %	6,385,701.53 6,368,963.70	0.69 %	6,377,443.61 13,560.57	16.40 % 8,479.91	Aaa AA+	3.04 2.98
TOTAL PORTFOLIO		38,298,605.11	1.10 %	39,076,939.14 38,572,453.52	0.64 %	38,802,543.83 178,864.07	100.00 % 230,090.31	Aa1 AA+	2.09 2.04
TOTAL MARKET VALUE PLUS ACCRUED						38,981,407.90			



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	09/04/2013	60934N807	0.14	Federated Govt Oblig Fund Inst.	1.000	0.01 %	0.14	0.00	0.14	0.00
Purchase	09/08/2013	60934N807	2,625.00	Federated Govt Oblig Fund Inst.	1.000	0.01 %	2,625.00	0.00	2,625.00	0.00
Purchase	09/10/2013	60934N807	6,781.25	Federated Govt Oblig Fund Inst.	1.000	0.01 %	6,781.25	0.00	6,781.25	0.00
Purchase	09/11/2013	60934N807	7,812.50	Federated Govt Oblig Fund Inst.	1.000	0.01 %	7,812.50	0.00	7,812.50	0.00
Purchase	09/13/2013	60934N807	10,687.50	Federated Govt Oblig Fund Inst.	1.000	0.01 %	10,687.50	0.00	10,687.50	0.00
Purchase	09/15/2013	60934N807	7,031.25	Federated Govt Oblig Fund Inst.	1.000	0.01 %	7,031.25	0.00	7,031.25	0.00
Purchase	09/21/2013	60934N807	2,801.25	Federated Govt Oblig Fund Inst.	1.000	0.01 %	2,801.25	0.00	2,801.25	0.00
Purchase	09/22/2013	60934N807	10,500.00	Federated Govt Oblig Fund Inst.	1.000	0.01 %	10,500.00	0.00	10,500.00	0.00
	Subtotal		48,238.89				48,238.89	0.00	48,238.89	0.00
Security Contribution	09/30/2013	90CASH\$00	1,534,935.41	Cash Custodial Cash Account	1.000		1,534,935.41	0.00	1,534,935.41	0.00
	Subtotal		1,534,935.41				1,534,935.41	0.00	1,534,935.41	0.00
TOTAL ACQUISITIONS			1,583,174.30				1,583,174.30	0.00	1,583,174.30	0.00
DISPOSITIONS										
Security Withdrawal	09/30/2013	60934N807	52,113.89	Federated Govt Oblig Fund Inst.	1.000		52,113.89	0.00	52,113.89	0.00
Security Withdrawal	09/30/2013	90LAIF\$00	1,700,000.00	Local Agency Investment Fund State Pool	1.000		1,700,000.00	0.00	1,700,000.00	0.00
	Subtotal		1,752,113.89				1,752,113.89	0.00	1,752,113.89	0.00
TOTAL DISPOSITIONS			1,752,113.89				1,752,113.89	0.00	1,752,113.89	0.00
OTHER TRANSACTIONS										
Interest	09/08/2013	3137EADC0	525,000.00	FHLMC Note 1% Due 3/8/2017	0.000		2,625.00	0.00	2,625.00	0.00
Interest	09/10/2013	3137EACM9	775,000.00	FHLMC Note 1.75% Due 9/10/2015	0.000		6,781.25	0.00	6,781.25	0.00
Interest	09/11/2013	3133XXP43	500,000.00	FHLB Note 3.125% Due 3/11/2016	0.000		7,812.50	0.00	7,812.50	0.00
Interest	09/13/2013	191216AX8	650,000.00	Coca Cola Company Note 0.75% Due 3/13/2015	0.000		2,437.50	0.00	2,437.50	0.00
Interest	09/13/2013	3133XWX95	600,000.00	FHLB Note 2.75% Due 3/13/2015	0.000		8,250.00	0.00	8,250.00	0.00



Transaction Ledger

8/31/13 Thru 9/30/13

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	09/15/2013	3135G0AL7	625,000.00	FNMA Note 2.25% Due 3/15/2016	0.000		7,031.25	0.00	7,031.25	0.00
Interest	09/21/2013	3133EAY28	675,000.00	FFCB Note 0.83% Due 9/21/2017	0.000		2,801.25	0.00	2,801.25	0.00
Interest	09/22/2013	31331GL80	700,000.00	FFCB Note 3% Due 9/22/2014	0.000		10,500.00	0.00	10,500.00	0.00
	Subtotal		5,050,000.00				48,238.75	0.00	48,238.75	0.00
Dividend	09/04/2013	60934N807	3,875.00	Federated Govt Oblig Fund Inst.	0.000		0.14	0.00	0.14	0.00
	Subtotal		3,875.00				0.14	0.00	0.14	0.00
TOTAL OTHER TRANSACTIONS			5,053,875.00				48,238.89	0.00	48,238.89	0.00



Walnut Valley Water District

September 30, 2013

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with State law and with the District's investment policy.

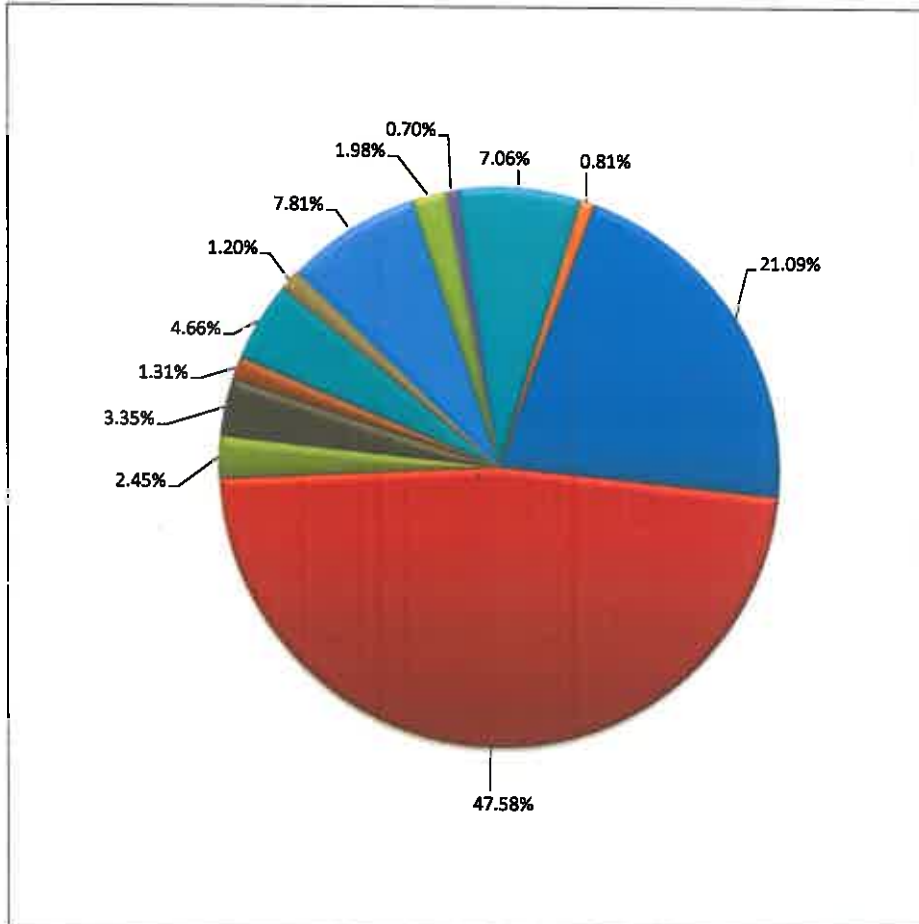
Category	Standard	Comment
Local Agency Bonds	No Limitation	Complies
Treasury Issues	No Limitation	Complies
Agency Issues	No Limitation	Complies
Banker's Acceptances	40% maximum; <180 days maturity	Complies
Commercial Paper	25% maximum; <270 days maturity; A-1/P-1/F-1 minimum ratings	Complies
Negotiable Certificates of Deposit	30% maximum; 5 years maximum maturity	Complies
Repurchase Agreements	No limitation; 1-year maximum maturity	Complies
Reverse Repurchase Agreements	20% maximum; <92 days maturity	Complies
Medium Term Notes	30% maximum; 5 years maximum maturity; A-rated or better	Complies
Money Marker Mutual Funds	20% maximum; AAAf/Aaaf, minimum rating	Complies
Collateralized Certificates of Deposits	5 years maximum maturity	Complies
Time Deposits	5 years maximum maturity	Complies
Mortgage Pass-throughs, CMOs and Asset Backed Securities	20% maximum; AA-rated issue; A-rated issuer	Complies
Local Agency Investment Fund - L.A.I.F.	Maximum program limitation	Complies
Prohibited Securities	Inverse floaters; Ranges notes, Interest- only strips from mortgaged backed securities; Zero interest accrual securities	Complies
Maximum maturity	5 years	Complies



**Net of Fees Performance Report
as of 09/30/2013**

Walnut Valley Water District		
	Porfolio	Index
Period	Net of 10.9 bps annual fee	*ML 1-5 Year US Government
1 month	0.43%	0.51%
3 months	0.46%	0.46%
Year to Date	-0.02%	-0.08%
Lastest 12 Months	0.06%	-0.03%
Inception Date	7/31/09	7/31/09
Since Inception	7.56%	6.91%
Annualized Since Inception	1.77%	1.62%

Walnut Valley Water District Summary of Cash and Investments by Reserve Fund September 30, 2013



ALLOCATION OF CASH AND INVESTMENTS			
Unrestricted			
Category 1			
General	\$	8,077,026.82	21.09%
	\$	8,077,026.82	21.09%
Designated			
Category 2			
Replacement	\$	18,219,665.14	47.58%
Capital Improvement	\$	938,352.12	2.45%
Rate Stabilization	\$	1,281,603.39	3.35%
B/G Catastrophic Ins	\$	500,000.00	1.31%
Employee Liabilities	\$	1,784,236.87	4.66%
Project Reserve	\$	460,981.49	1.20%
	\$	23,184,839.01	60.55%

Restricted Reserves			
Category 3			
Customer/Developer Deposits	\$	2,992,305.85	7.81%
	\$	2,992,305.85	7.81%
Category 4			
ASC	\$	758,914.94	1.98%
Badillo/Grand-Maintenance	\$	269,823.62	0.70%
RCC	\$	2,705,520.60	7.06%
RCC/Tres Hermanos	\$	310,174.27	0.81%
	\$	4,044,433.43	10.55%

Total \$ 38,298,605.11 100.00%

Category 1 - These are funds that accumulate from day-to-day operations and represent the net equity in the District's General Fund. All interest earned is retained in the General Fund.

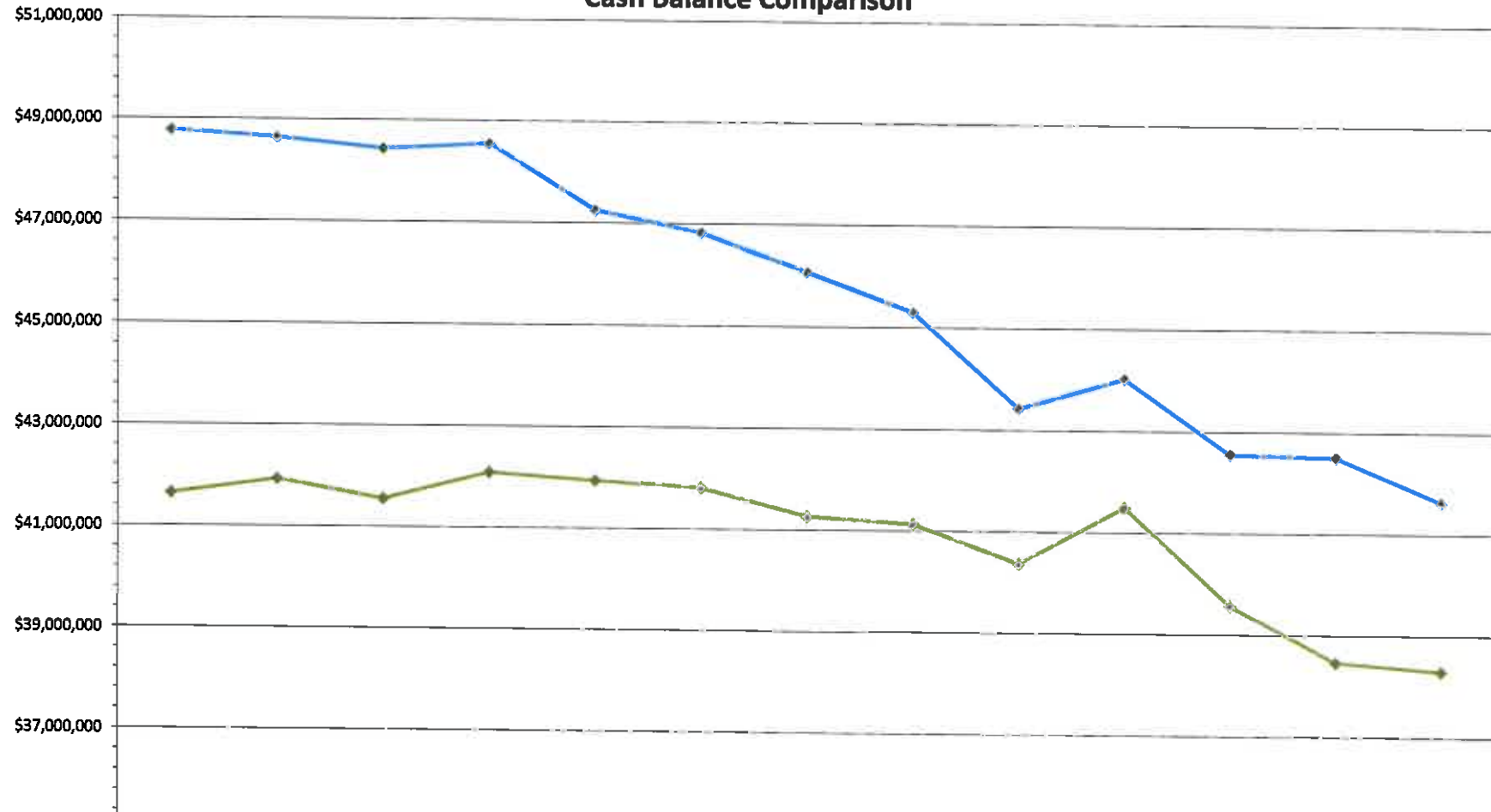
Category 2 - These funds, although not legally or externally restricted, have been reserved pursuant to the Board's desire to provide a stable and equitable rate structure. All interest earned related to these funds is retained by each designated fund.

Category 3 - These funds have legal or external restrictions. These Restricted Funds can only be used for the specific purposes established for the fund. All interest earned is retained in the General Fund.

Category 4 - These funds have legal or external restrictions. All interest earned must be retained by each Restricted Fund and can only be used for the specific purposes established for the fund.

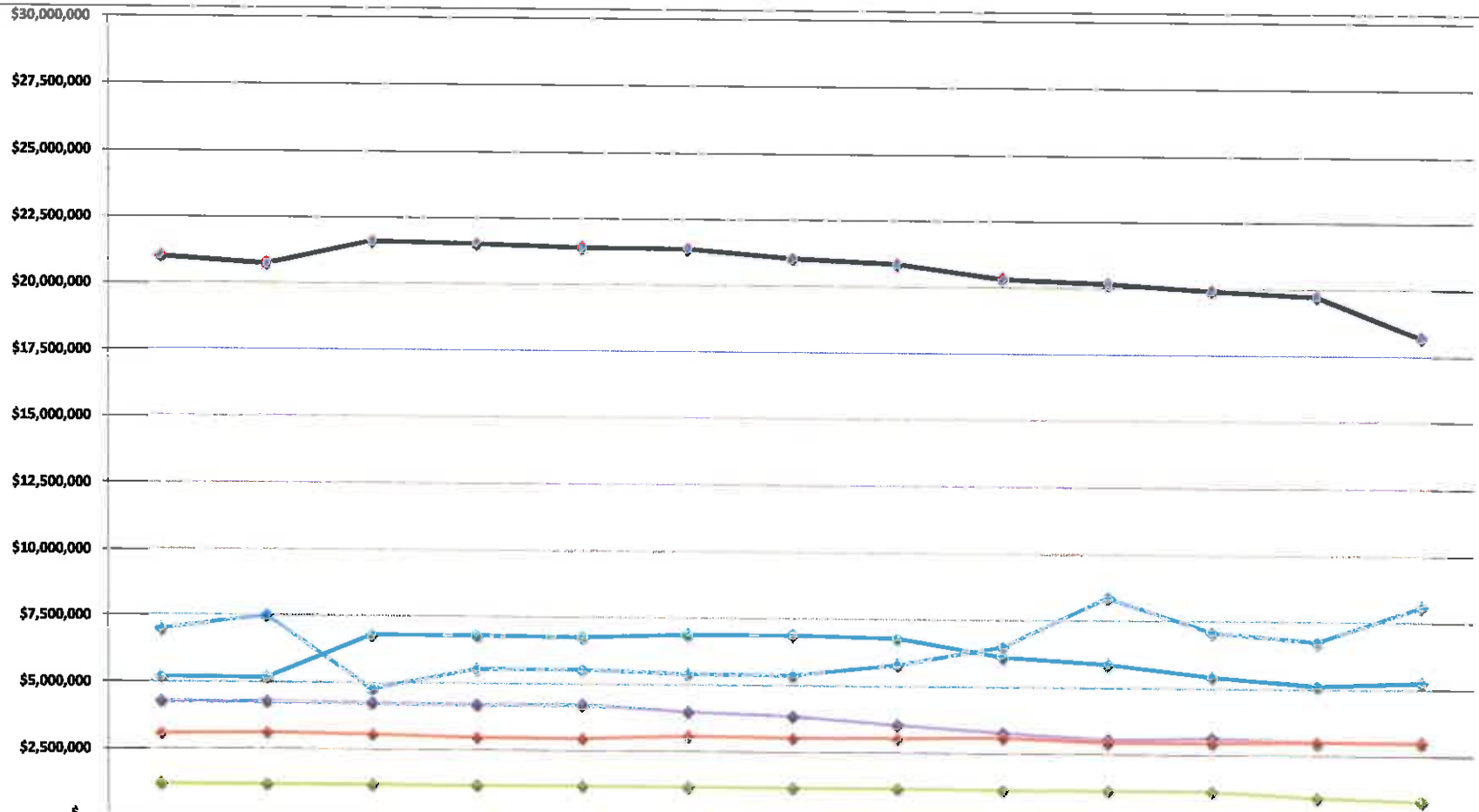
Note: Effective 6/30/12, the Badillo Grand Catastrophic Insurance Fund was reclassified from a Restricted Fund to a Designated Fund.

Walnut Valley Water District Cash Balance Comparison



	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
9/11-9/12	\$48,767,981	\$48,633,331	\$48,429,440	\$48,535,275	\$47,243,035	\$46,815,189	\$46,045,678	\$45,284,222	\$43,420,159	\$44,019,174	\$42,548,982	\$42,496,859	\$41,631,436
9/12-9/13	\$41,631,436	\$41,917,422	\$41,538,574	\$42,075,092	\$41,926,993	\$41,782,972	\$41,242,111	\$41,112,863	\$40,360,817	\$41,468,736	\$39,573,756	\$38,467,545	\$38,298,605

**Walnut Valley Water District
Cash Balances
September 2012 - September 2013**



	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	Jul 2013	Aug 2013	Sept 2013
General*	\$6,982,330	\$7,502,316	\$4,756,341	\$5,521,679	\$5,522,437	\$5,384,425	\$5,363,979	\$5,791,421	\$6,487,176	\$8,359,613	\$7,075,631	\$6,742,317	\$8,077,027
Acreage Supply Charge	\$1,160,217	\$1,161,946	\$1,163,112	\$1,150,616	\$1,151,993	\$1,146,527	\$1,141,116	\$1,140,795	\$1,109,790	\$1,111,386	\$1,110,784	\$885,658	\$758,915
Reservoir Capacity Charge	\$4,264,622	\$4,260,263	\$4,225,267	\$4,190,065	\$4,207,905	\$3,967,277	\$3,831,066	\$3,530,074	\$3,259,798	\$3,040,019	\$3,120,271	\$3,012,858	\$3,015,695
Reserve for Replacement	\$20,980,226	\$20,713,577	\$21,563,961	\$21,479,309	\$21,361,016	\$21,347,920	\$21,013,574	\$20,837,816	\$20,305,479	\$20,154,156	\$19,914,901	\$19,728,160	\$18,219,665
All other General Fund Cash*	\$5,187,360	\$5,172,912	\$6,780,146	\$6,775,062	\$6,736,326	\$6,861,420	\$6,865,214	\$6,774,157	\$6,103,677	\$5,860,116	\$5,408,725	\$5,092,906	\$5,234,997
Customer/Dev. Deposits*	\$3,056,680	\$3,106,410	\$3,049,747	\$2,958,360	\$2,947,315	\$3,075,404	\$3,027,162	\$3,038,599	\$3,094,897	\$2,943,444	\$2,943,444	\$3,005,647	\$2,992,306
Grand Total	\$41,631,436	\$41,917,422	\$41,538,574	\$42,075,092	\$41,926,993	\$41,782,972	\$41,242,111	\$41,112,863	\$40,360,817	\$41,468,736	\$39,573,756	\$38,467,545	\$38,298,605

WVWD – Staff Report



TO: Finance Committee
FROM: Director of Finance
DATE: October 16, 2013
SUBJECT: Other Post-Employment Benefits (OPEB) Trust Investment Guidelines Document

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Committee recommend the Board of Directors approve the Investment Guidelines Document related to the District's Post-Retirement Health Care Plan Trust (OPEB Trust).

Background Information

Beginning with the FY 2008-09 financial statements, the District became subject to Governmental Accounting Standards Board (GASB) 45 as it relates to other post-employment benefits. GASB 45 was established to improve the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and to what extent progress is being made in funding the plan.

Although GASB 45 requires reporting of OPEB, it does not require funding this liability. However, prudent financial practice would be for setting money aside to meet this obligation. Recognizing the need to manage this liability the Board approved the establishment of a Post-Retirement Health Care Plan Trust with Public Agency Retirement Service (PARS) in December 2012. Establishing a trust specifically for OPEB allows the District to invest assets long term, in a broader range of investment products, and potentially earning a rate of return higher than the return earned on the District's portfolio.

In addition, the Board approved the transfer of approximately \$2.5 million, previously designated for OPEB, to the trust. To date \$1.8 million has been transferred to the trust with the remaining balance to be transferred by December 2013.

PARS

Under this program, PARS is the plan administrator, US Bank is the Trustee, and Highmark Capital is the investment manager. As the Investment manager Highmark Capital has drafted an Investment Guideline Document for consideration of approval by the Board. The purpose of this document is to:

- Facilitate communication between the Plan Sponsor (District) and its plan fiduciaries;
- Confirm the Plan's investment objectives and constraints;
- Outline the duties and responsibilities of the Plan Sponsor, Trustee, and Investment Manager;
- Confirm the designated Investment Manager, Highmark Capital, as having discretion and management responsibility to all assets of the Plan.

Staff is recommending that the Board of Directors approve the Investment Guidelines Document related to the District's Post-Retirement Health Care Plan Trust.



Investment Guidelines Document

Walnut Valley Water District
General & Group C
Post-Retirement Health Care Plan

October 2013

Investment Guidelines Document

Scope and Purpose

The purpose of this Investment Guidelines Document is to:

- Facilitate the process of ongoing communication between the Plan Sponsor and its plan fiduciaries;
- Confirm the Plan's investment goals and objectives and management policies applicable to the investment portfolio identified below and obtained from the Plan Sponsor;
- Provide a framework to construct a well-diversified asset mix that can potentially be expected to meet the account's short- and long-term needs that is consistent with the account's investment objectives, liquidity considerations and risk tolerance;
- Identify any unique considerations that may restrict or limit the investment discretion of its designated investment managers;
- Help maintain a long-term perspective when market volatility is caused by short-term market movements.

Key Plan Sponsor Account Information as of October 3, 2013

Plan Sponsor:	Walnut Valley Water District
Governance:	Board of Directors of the Walnut Valley Water District
Plan Name ("Plan"):	Walnut Valley Water District - General Walnut Valley Water District – Group C Post-Retirement Health Care Plan
Trustee:	US Bank Contact: Fran Schoenfeld, 949-224-7204 fran.schoenfeld@usbank.com
Account Number ("Account"):	6746046600 (General) & 6746046601 (Group C)
Type of Account:	GASB Retiree Health Program
ERISA Status:	Not subject to ERISA
Investment Manager:	US Bank, as discretionary trustee, has delegated investment management responsibilities to HighMark Capital Management, Inc. ("Investment Manager"), an SEC-registered investment adviser Contact: Ahmed Khatib, CFA, CFP®, 949-553-2591 ahmed.khatib@highmarkcapital.com

Investment Authority: Except as otherwise noted, the Trustee, US Bank, has delegated investment authority to HighMark Capital Management, an SEC-registered investment adviser. Investment Manager has full investment discretion over the managed assets in the account. Investment Manager is authorized to purchase, sell, exchange, invest, reinvest and manage the designated assets held in the account, all in accordance with account's investment objectives, without prior approval or subsequent approval of any other party(ies).

Investment Objectives and Constraints

The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the Plan. The following objectives are intended to assist in achieving this goal:

- The Plan should earn, on a long-term average basis, a rate of return equal to or in excess of the target rate of return of 5 - 5.5%.
- The Plan should seek to earn a return in excess of its policy benchmark over the long-term.
- The Plan's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Plan Sponsor recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Plan Sponsor allocates its assets (asset allocation) with a strategic, long-term perspective of the capital markets.

Investment Time Horizon:	Long-term
Anticipated Cash Flows:	Distributions are expected to be minimal in the initial years of the Plan
Target Rate of Return:	5 - 5.5% annual target
Investment Objective:	The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth herein. The investment objective the Plan Sponsor has selected is the Moderate Objective, which has a dual goal to seek moderate growth of income and principal.
Risk Tolerance:	<i>Moderate</i> The account's risk tolerance has been rated moderate, which demonstrates that the account can accept average, or moderate, price fluctuations to pursue its investment objectives.

Strategic Asset Allocation: The asset allocation ranges for this objective are listed below:

<i>Strategic Asset Allocation Ranges</i>		
Cash	Fixed Income	Equity
0-20%	40%-60%	40%-60%
Policy: 5%	Policy: 45%	Policy: 50%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The Investment Manager will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with your objectives.

Security Guidelines:

Equities

With the exception of limitations and constraints described above, Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities.

Total Equities	40%-60%
<i>Equity Style</i>	<i>Range</i>
Domestic Large Cap Equity	15%-45%
Domestic Mid Cap Equity	0%-10%
Domestic Small Cap Equity	0%-15%
International Equity (incl Emerging Markets)	0%-15%
Real Estate Investment Trust (REIT)	0%-10%

Fixed Income

In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Total Fixed Income	40%-60%
<i>Fixed Income Style</i>	<i>Range</i>
Long-term bonds (maturities >7 years)	0%-25%
Intermediate-term bonds (maturities 3-7 years)	25%-60%
Short-Term bonds (maturities <3 years)	0%-25%
High Yield bonds	0%-10%

Performance Benchmarks:

The performance of the total Plan shall be measured over a three and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance shall be compared to the return of the total portfolio blended benchmark shown below.

Total Portfolio Blended Benchmark

26.50%	S&P500
5.00%	Russell Mid Cap
7.50%	Russell 2000
3.25%	MSCI EM FREE
6.00%	MSCI EAFE
1.75%	Wilshire REIT
33.50%	BC US Aggregate
10.00%	ML 1-3 Year US Corp/Gov't
1.50%	US High Yield Master II
5.00%	Citi 1Mth T-Bill

Asset Class/Style Benchmarks

Over a market cycle, the long-term objective for each investment strategy is to add value to a market benchmark. The following are the benchmarks used to monitor each investment strategy:

Large Cap Equity	S&P 500 Index
Growth	S&P 500 Growth
Value	S&P 500 Value
Mid Cap Equity	Russell MidCap Index
Growth	Russell MidCap Growth
Value	Russell MidCap Value
Small Cap Equity	Russell 2000 Index
Growth	Russell 2000 Growth
Value	Russell 2000 Value
REITs	Wilshire REIT
International Equity	MSCI EAFE
Investment Grade Bonds	BarCap US Aggregate Bond
High Yield	Credit Suisse High Yield

Security Selection

Investment Manager may utilize a full range of investment vehicles when constructing the investment portfolio, including but not limited to individual securities, mutual funds, and exchange-traded funds. In addition, to the extent permissible, Investment Manager is authorized to invest in shares of mutual funds in which the Investment Manager serves as advisor or sub-advisor.

Investment Limitations:

The following investment transactions are prohibited:

- Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
- Venture Capital
- Short sales*
- Purchases of Letter Stock, Private Placements, or direct payments
- Leveraged Transactions*
- Commodities Transactions Puts, calls, straddles, or other option strategies*
- Purchases of real estate, with the exception of REITs
- Derivatives, with exception of ETFs*

**Permissible in diversified mutual funds and exchange-traded funds*

Duties and Responsibilities

Responsibilities of Plan Sponsor

The Board of Directors of Walnut Valley Water District is responsible for:

- Confirming the accuracy of this Investment Guidelines Document, in writing.
- Advising Trustee and Investment Manager of any change in the plan/account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.
- Monitoring and supervising all service vendors and investment options, including investment managers.
- Avoiding prohibited transactions and conflicts of interest.

Responsibilities of Trustee

The plan Trustee is responsible for:

- Valuing the holdings.
- Collecting all income and dividends owed to the Plan.
- Settling all transactions (buy-sell orders).

Responsibilities of Investment Manager

The Investment Manager is responsible for:

- Assisting the Board of Directors with the development and maintenance of this Investment Guidelines Document annually.
- Meeting with the Board of Directors annually to review portfolio structure, holdings, and performance.
- Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Researching and monitoring investment advisers and investment vehicles.
- Purchasing, selling, and reinvesting in securities held in the account.
- Monitoring the performance of all selected assets.
- Voting proxies, if applicable.
- Recommending changes to any of the above.

- Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each year, and being available at such other times within reason at your request.
- Preparing and presenting appropriate reports.
- Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

Acknowledgement and Acceptance

I/We being the Plan Sponsor with responsibility for the account(s) held on behalf of the Plan Sponsor specified below, designate Investment Manager as having the investment discretion and management responsibility indicated in relation to all assets of the Plan or specified Account. If such designation is set forth in the Plan/trust, I/We hereby confirm such designation as Investment Manager.

I have read the Investment Guidelines Document, and confirm the accuracy of it, including the terms and conditions under which the assets in this account are to be held, managed, and disposed of by Investment Manager. This Investment Guidelines Document supersedes all previous versions of an Investment Guidelines Document or investment objective instructions that may have been executed for this account.

_____ Date: _____
 Plan Sponsor: Walnut Valley Water District

_____ Date: _____
 Investment Manager: Ahmed Khatib, CFA, CFP®, Senior Portfolio Manager, (949) 553-2591



WVWD – Staff Report

TO: Finance Committee
FROM: General Manager
DATE: October 16, 2013
SUBJECT: Water Revenue Bonds: 2013 Transition Timing

Action/Discussion

Fiscal Impact

Resolution

Information Only

Recommendation

For information only.

Background

The attached analysis prepared for the District by Citi Municipal Securities Division illustrates the excellent timing of our Water Revenue Bonds, Series 2013A issued in March 2013.

Over the last six months, debt markets (and specifically the Municipal Market) have endured volatility. Interest rates have risen an average of 100 to 150 basis points (1.00 – 1.50%) as uncertainty about an improving economy and future Federal Reserve policies cloud the market.

As far as the District is concerned, by pricing in March (as opposed to waiting until September), more than \$3.3 million was saved over the life of the financing. This translates into \$2.3 million in present value benefit.

MH:ja

September 2013



Walnut Valley Water District

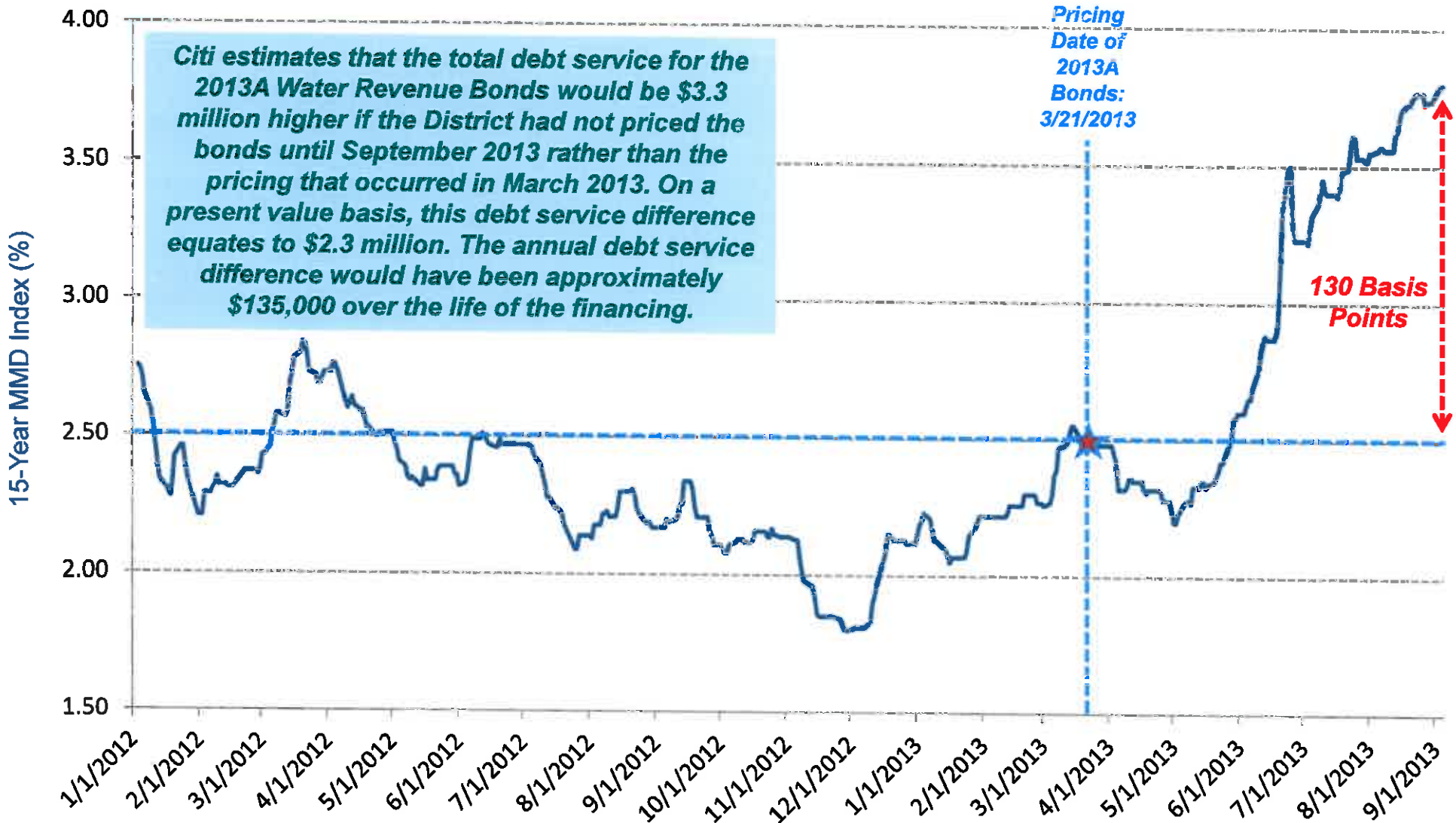
Water Revenue Bonds: 2013 Transaction Timing

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Strictly Private and Confidential

2013A Water Revenue Bonds: Timing of Pricing

The 2013A Water Revenue Bonds were well timed. Rates have risen dramatically since pricing.



Estimated debt service difference is based upon actual pricing results versus hypothetical pricing terms as of the alternative pricing date. For all scenarios, present value savings are calculated at the arbitrage yield of the actual pricing to the actual pricing date.



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In January 2007, Citi released a Climate Change Position Statement, the first US financial institution to do so. As a sustainability leader in the financial sector, Citi has taken concrete steps to address this important issue of climate change by: (a) targeting \$50 billion over 10 years to address global climate change: includes significant increases in investment and financing of alternative energy, clean technology, and other carbon-emission reduction activities; (b) committing to reduce GHG emissions of all Citi owned and leased properties around the world by 10% by 2011; (c) purchasing more than 52,000 MWh of green (carbon neutral) power for our operations in 2006; (d) creating Sustainable Development Investments (SDI) that makes private equity investments in renewable energy and clean technologies; (e) providing lending and investing services to clients for renewable energy development and projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy & mitigation



Walnut Valley Water District
Revenue Bond Funds Held in Trust - Union Bank
September 30, 2013

Beginning Balance, September 01, 2013		\$ 19,847,260.56
Receipts:		
Interest Income		8.99
Disbursements:		
Puente Basin Water Agency - RMC Feasibility Study ¹	(72,990.25)	
Puente Basin Water Agency - RMC 10% Design Pomona Basin ¹	(47,553.37)	
Puente Basin Water Agency - LHCWD Project ¹	(247,696.74)	
Puente Basin Water Agency - CDWC Project ¹	(176,122.42)	
Ridgeline Pump Station Modifications (P#12-3267) ²	(168,750.00)	
30 kw Diesel Portable Generator (P#13-3290) ²	(39,490.70)	
Ace Nogales Grade Separation (P#03-2820) ³	(252,740.79)	
	(1,005,344.27)	
Ending Balance, September 30, 2013		\$ 18,841,925.28

1 Related to projects identified in the Official Statement dated March 21, 2013

2 Substitute projects approved by the Board on September 16, 2013. Reimbursed amounts will be placed in the Project Reserve

3 Substitute project approved by the Board on April 18, 2013. Reimbursed amounts will be placed in the Project Reserve