



Marina Coast Water District
Request for Proposals

May 8, 2015

Public Financial Management, Inc.
601 South Figueroa Street, Suite 4500
Los Angeles, CA 90017
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May 8, 2015

Kelly Cadiente
Director of Administrative Services
Marina Coast Water District
11 Reservation Road
Marina, CA 93933

Dear Ms. Cadiente:

On behalf of Public Financial Management, Inc. ("PFM" or "the Firm") we are very pleased to have this opportunity to present our proposal to serve as Financial Advisor to the Marina Coast Water District ("the District").

PFM is the nation's largest independent financial advisory firm and is the largest firm in California. PFM's experience with California water and the issues associated with the water business is unmatched. Unlike other financial advisory firms, we understand the water business first, and have an elite team of financial experts to help the District address the many challenges facing utilities in California..

PFM's favored relationship is to serve as an extension of your staff. Our relationship with our utility clients goes beyond just serving on bond transactions. While we are very good at transactions, there is more that we do for clients on a regular day-to-day basis that leads to successful transactions months or even years down the road.

We are ready to start immediately to integrate into financial planning, risk management, modeling, and budgeting efforts, as you require. Further – no financial advisory firm sees more transactions or deals with more issues than PFM. We bring a national perspective with local understanding to our work with California water clients. Brian Thomas, Managing Director, has served as the Assistant General Manager and Chief Financial Officer for the Metropolitan Water District before I joined PFM, and have 30 years of experience in the water industry. This experience combined with the most talented financial analysts, PFM's unique Pricing Group, and our full suite of services will provide the District with the highest quality of service and expertise. The core team that you will see on a regular basis is supported by the full resources of the PFM Group, which has significant investment, derivative, structured product, and consulting groups that are always available to Marina Coast Water District.

We understand the requirements of this engagement and are able to fulfill the entire scope of services. We have done our homework, we are ready to begin work immediately, and we will provide the highest quality of advice and timely delivery of that advice available. Please contact either of us if you have any questions concerning this proposal.

Any Managing Director of Public Financial Management, Inc., as a Principal/Partner in the firm, is authorized to sign agreements and represent for the firm; for this Request for Proposals, Brian Thomas, Managing Director, will represent PFM. The primary contact for this engagement will also be Mr. Thomas. This proposal is valid for 90 days.

Sincerely,

Public Financial Management, Inc.

Brian Thomas, *Managing Director*
601 South Figueroa Street, Suite 4500
Los Angeles, CA 90017
(213) 489-4075
(213) 489-4085 (fax)
thomasb@pfm.com

William Frymann, *Director*
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San Francisco, CA 94111
(415) 982-5544
(415) 982-4513 (fax)
frymannw@pfm.com



EXPERIENCE AND QUALIFICATIONS

The proposal should state the size of the firm, the location of the office from which the work on this engagement is to be performed. The proposal must contain a statement that the advisor is registered with the SEC and MSRB. The proposal should describe any engagement which may interfere with your firm's ability to provide independent and unbiased advice to the District. Provide a brief description of litigation pending against your firm with respect to municipal securities matters. In addition, describe any public finance transaction during the past five years in which your firm, if applicable, was removed or asked to resign from the financing.

OVERVIEW OF THE FIRM

Public Financial Management, Inc. ("PFM") is the nation's premier, independent municipal financial advisory firm. PFM was founded in 1975 on the principle of providing sound, independent financial advice to state and local governments. Since 1975, PFM's mission and commitment to the highest quality of service have remained unchanged and today, PFM is the country's leading municipal financial advisory firm. Together with our affiliate, PFM Asset Management, LLC ("PFMAM"), the firm has expanded into 39 professional locations across the country—including the Los Angeles office from which the work from the scope of services would be performed—and is staffed by more than 500 employees. Our long history and consistent growth speak to the Firm's stability. PFM and PFMAM—together, the PFM Group—is wholly owned by its Managing Directors.

The PFM Group	
PFM I, LLC	
Public Financial Management, Inc.	PFM Asset Management LLC
<p>Management & Budget Consulting Provides budget and operations advice to state and local governments, as well as non-profits.</p> <p>Financial Advisory Leading financial advisor to state and local governments in the nation, having advised on more than \$48 billion of bond issuance in 2014.*</p>	<p>Asset Management* Manages \$53 billion of funds for government, healthcare, higher education, and insurance organizations, including \$49.6 billion in fixed-income strategies.</p> <p>Investment Consulting* Consults on \$50.4 billion, including \$37.8 billion in fixed-income strategies.</p>

*As of December 31, 2014. Ranked by Thomson Reuters for calendar year 2014, based on principal amount and number of transactions.

PFM offers resources that equal or surpass those of any investment bank or financial advisory firm. In fact, in 2014, PFM worked on more municipal securities transactions than any underwriting firm.¹ ***We do not trade or underwrite securities for our clients or for our own account***, and we are able to serve, without conflicts, as an unconditional advocate.

PFM does not believe to have any engagements that may interfere with our ability to provide independent and unbiased advice to the District.

The PFM Group is organized around four primary areas, which are available to all of our clients.²

- **Financial Advisory.** PFM engages in bond or loan-transaction management, debt-portfolio optimization; capital planning; revenue forecasting and evaluation; resource allocation; and debt policy development, among other services.
- **Management and Budget Consulting.** PFM also provides a broad range of services, including multi-year financial planning; consolidation and shared-services analysis; operational and program analysis; revenue maximization; fleet management; workforce analysis; and pension and other post-employment benefits ("OPEB") review and strategies. This would be provided under a separate agreement.
- **Asset Management.** PFMAM provides liquidity analysis, identifies proper core investment fund levels, and helps clients seek to earn competitive returns on their operating and reserve funds. Additionally, PFMAM provides investment and retirement-plan consulting services to pension funds, endowments, and similar funds. PFMAM's Structured Products Group assists clients with structuring and restructuring advance refunding escrow portfolios, as well as in the structuring and procurement of forward delivery agreements, guaranteed investment contracts, and flexible repurchase agreements.

¹ Source: Thomson Reuters.

² Services through each affiliate of the PFM Group would be provided under separate agreements.



- Swap Advisory Services.** As a result of the Securities and Exchange Commission (“SEC’s”) Final Rules for Municipal Advisors, PFM Swap Advisors (“PFMSA”) was created in 2014 as a separate operating entity to provide dedicated swap advisory services to municipal clients. PFMSA advises clients on obtaining interest rate swaps, caps, and collars in order to help manage exposure to interest rates; this group also advises clients on fuel-hedging strategies.

PFM’s entire business is devoted to municipal finance advisory services—and we have the track record to prove it. Although rankings provide only a shorthand method of measuring success, rankings add credence when coupled with the length of service and level of satisfaction we provide our clients. At PFM, we view our decade-long association with many clients as an affirmation of our ability to meet their needs thoughtfully and efficiently. We are committed to developing long-term relationships with our clients to ensure that their interests are protected and their goals are achieved. Our national reputation and consistent growth reflect our clients’ recognition of our capabilities and the value we add.

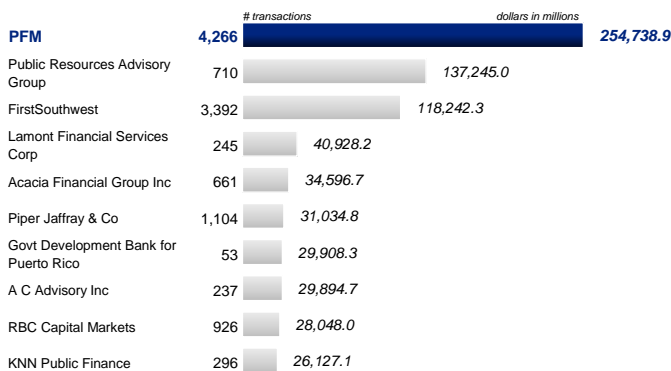
2014 YEAR END FINANCIAL ADVISOR RESULTS LONG-TERM MUNICIPAL NEW ISSUES	
CATEGORY	RANK BY PAR AND/OR NO. OF DEALS
Overall Long-Term	#1
Water Sewer & Gas	#1
Competitive	#1
Negotiated	#1
New Money	#1
Refunding	#1
Revenue	#1
Taxable	#1
Tax-Exempt	#1
Variable Rate	#1
Short-Term	#1
Private Placement	#1

Source: Thomson Reuters.

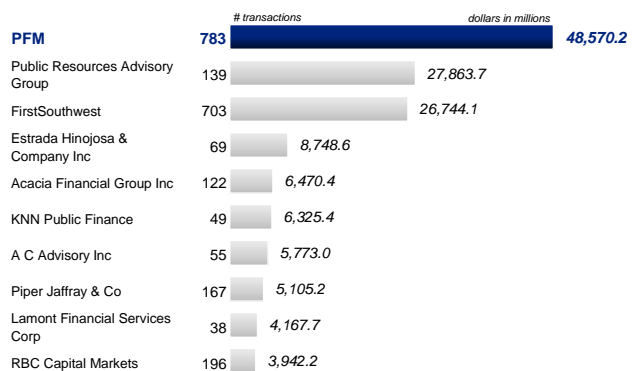
During the past five years, the Firm has not been removed or asked to resign from any financings PFM was involved—which is another testament of our commitment and devotion to our client’s satisfaction and success.

As shown below, no other firm has our experience when measured as a function of both the number and par amount of transactions executed. Over the last five years (2010-2014), PFM has executed 4,266 transactions totaling \$254.7 billion in par. Last year, PFM completed 783 transactions totaling \$48.6 billion in par.

2010 - 2014 Overall Long Term Municipal New Issues
National Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters



2014 Full Year Overall Long Term Municipal New Issues
National Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters



Our experience and qualifications, highlighted throughout this proposal, allow us to bring acute insights in our role as a Financial Advisor. We know the preferences of the investor community, and the financial and credit structures that are currently best accepted. We know which investors are active buyers, the types of securities they currently prefer, and the maximum price they are willing to pay for a given security.

ADVISORY EXPERIENCE WITH MUNICIPAL UTILITIES

*PFM is Financial Advisor to more municipal utilities, and has served as Financial Advisor on more municipal utility transactions than any other firm in the U.S.*³ In aggregate, PFM represents, by far, the largest number of water utility issuers nationally—including many of the largest (San Antonio Water System, DC Water, Las Vegas Valley Water District, Contra Costa Water District, Metropolitan Water District, etc.). PFM offers accumulated experience in the public utility space that our team has acquired by representing more such clients than almost all of our competitors combined. PFM has worked

³ Source: Thomson Reuters.



on billion-dollar issues and complex derivative transactions for large wholesale systems, as well as plain vanilla transactions for small systems.

Some of our firms' decade-plus relationships with California utility clients are shown below.

PFM's Decade+ Relationships with California Utility Clients

Water Utility Department

17 years	16 years	15 years	14 years	10 years	16 years	25 years	13 years	20 years	25 years
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ADVISORY EXPERIENCE WITH CALIFORNIA WATER AGENCIES

PFM combines local resources and expertise with the nation's most active water, wastewater, and utility advisory group, whose primary focus is advising utilities such as the District. We advised on 101 water, sewer, and gas issues, totaling more than \$6 billion in 2014. In doing so, PFM has completed 324 water, sewer, and gas transactions in the past three years (2012-2014) for a total par amount in excess of \$17 billion. In addition to bond transactions, PFM has assisted our California water and wastewater clients with more than 15,000 hours of non-bond financial advisory projects in the past five years. We provide Thomson Reuters ranking charts below to highlight this point.

2012 - 2014 Water Sewer & Gas Long Term Municipal New Issues
National Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters

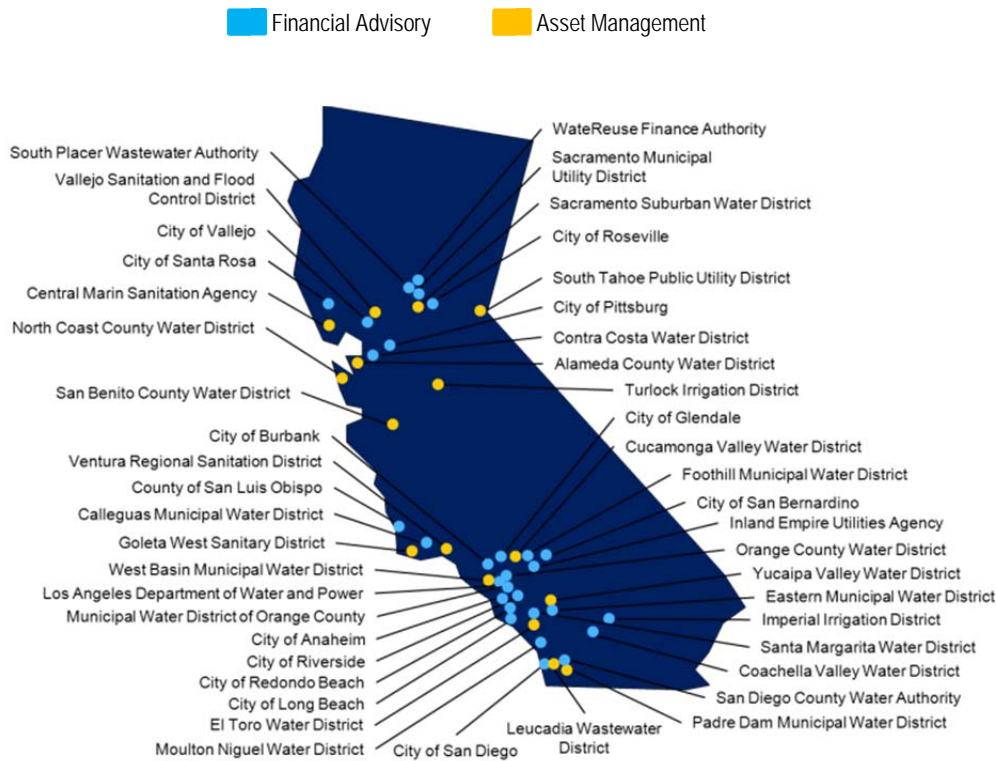
	# transactions	dollars in millions
PFM	324	17,255.8
FirstSouthwest	581	12,446.8
Public Resources Advisory Group	52	6,961.1
Acacia Financial Group Inc	51	3,929.4
Montague DeRose & Associates LLC	27	3,692.4
Lamont Financial Services Corp	37	3,658.2
Piper Jaffray & Co	62	2,867.2
Drexel Hamilton LLC	28	2,797.1
RBC Capital Markets	181	2,127.9
Govt Development Bank for Puerto Rico	2	2,095.7

2014 Full Year Water Sewer & Gas Long Term Municipal New Issues
National Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters

	# transactions	dollars in millions
PFM	101	6,291.6
FirstSouthwest	181	5,702.5
Montague DeRose & Associates LLC	10	1,538.4
Acacia Financial Group Inc	18	1,381.5
Lamont Financial Services Corp	13	1,098.6
Public Resources Advisory Group	13	966.3
Piper Jaffray & Co	14	942.8
Drexel Hamilton LLC	11	866.5
RBC Capital Markets	70	764.2
The Majors Group	2	727.0

Of particular relevance to the District, PFM has significant water experience in the State of California, including Los Angeles Department of Water and Power, Contra Costa Water District, Coachella Valley Water District, and Eastern Municipal Water District. In addition, the PFM Team assigned to the District also has experience with many other water districts, including the Inland Empire Utilities Agency, Foothill Municipal Water District, Moulton Niguel Water District, West Basin Municipal Water District, and Santa Margarita Water District. We also have worked with the Municipal Water District of Orange County as it evaluated the Poseidon Seawater Desalination Project, helping to negotiate and develop a term sheet for the participants to consider. We are now working with the Irvine Ranch Water District as it evaluates the potential impact of this project on Irvine's water rates and costs. The table to the right shows a sample of PFM's national client base in the water and wastewater sector, while the map on the following page shows many of PFM and PFAM's California clients.

Large National Water Clients	
New York Environmental Facilities Group	Iowa Finance Authority
Massachusetts Water Resources Authority	County of Miami-Dade
Metropolitan Water District of So. California	Pittsburgh Water & Sewer Authority
JEA Water & Sewer System	San Diego Public Facilities Financing Auth.
Minnesota Public Facilities Authority	City of Norfolk
City of Austin	Oklahoma City Water Utilities Trust
District of Columbia Water & Sewer Authority	City of Kansas City
Gwinnett County Water & Sewerage Authority	County of San Luis Obispo
San Francisco City & County PUC	City of Riverside
City of Philadelphia Water & Sewer	Met. Gov. of Nashville & Davidson County
City of Portland	City of New Orleans
City of Baltimore	City of Melbourne
County of Hamilton	Nassau County Sewer & Storm Wtr. Fin. Auth.
Fairfax County	South Placer Wastewater Authority
Contra Costa Water District	City of Tallahassee
City of Phoenix	Memphis Light, Gas & Water
County of Dekalb	Fairfax Water



UNIQUE SPECIAL PROJECTS ADVISORY EXPERIENCE WITH PUBLIC UTILITIES

As mentioned, PFM's experience with clients is not limited to financing transactions alone. As a result of decades of experience as the premier financial advisory firm for utilities, PFM has developed a strong understanding of the water business and we have completed a number of interesting engagements, including the following.

- Feed-in-tariff study for the Los Angeles Department of Water and Power.
- Extensive rates and charges study for the water wholesaler Southern Nevada Water Authority.
- Public-private partnership ("P3") groundwater treatment facility study for the Los Angeles Department of Water and Power.
- Long-range financial planning for the Long Beach Water Department.
- Sophisticated enterprise reserve study for Burbank Water and Power.
- Real property financial management policy for Riverside Public Utilities.

FINANCIAL MODELING EXPERTISE

PFM has extensive experience with sophisticated financial plan and model development. PFM's Quantitative Strategies Group works with other PFM teams to develop customized tools to address complex questions in changing market environments. The Quantitative Strategies Group has worked with PFM's Utility Group on numerous engagements, including development of a complex structured financing model for the Alaska Energy Authority's \$6 billion Susitna Watana Hydroelectric project and for Colorado Springs Utilities' long-term, 10-year, financial plan.

FAMILIARITY WITH MARINA COAST WATER DISTRICT

PFM is ready to start working with the District on its advance refunding of the 2006 Certificates of Participation ("2006 COPs"). Keeping in mind the District's goal of completing the transaction by June 30, 2015, PFM is ready to start working with BOSC, Inc. on a negotiated sale of the District's refunding. We will proactively manage the transaction's schedule, review legal and bond documents, work on rating presentation, independently structure numbers and cash flows, analyze and negotiate favorable pricing term, and ensure a successful closing for the District, in addition to the other duties within the scope of services.



PFM has performed a refunding analysis on the 2006 COPs with our proprietary Refunding Screen Model. The table below shows a summary of our Refunding Screen Model's results. The model allows us to not only look at savings level on a maturity-by-maturity basis, but also looks at the option value associated with each maturity. Option value is the expected value of monetizing the call at various points in the future. When evaluating whether or not to refund a candidate bond, we look at refunding efficiency to determine if that bond is best suited to be refunded today or at a later date. The use of refunding efficiency in the refunding decision-making process allows us to assist the District in making educated, analytically grounded and responsible decisions to get the most savings from their callable bonds

Marina Coast Water District Certificates of Participation Maturity by Maturity Savings Analysis Summary											
Series Name	Refunded Bond Maturity	Refunded Par Amount	Escrow Cost	Gross Savings	PV Savings	PV Savings Percent of Par	Refunding Efficiency	Cumulative PV Savings	Cumulative PV Percent of Par	Cumulative Arbitrage	Cumulative NA % of PV Svgs
2006 Series	6/1/2017	970,000	1,006,900	7,606	7,313	0.754%	46.402%	7,313	0.754%	(9,609)	(131.39%)
2006 Series	6/1/2018	1,010,000	1,048,421	25,898	24,376	2.413%	69.314%	31,689	1.600%	(23,011)	(72.61%)
2006 Series	6/1/2019	1,050,000	1,091,254	47,479	43,682	4.160%	77.600%	75,371	2.487%	(39,270)	(52.10%)
2006 Series	6/1/2020	1,540,000	1,606,272	115,013	104,198	6.766%	83.494%	179,569	3.929%	(65,984)	(36.75%)
2006 Series	6/1/2021	1,140,000	1,186,213	88,956	77,439	6.793%	82.447%	257,008	4.501%	(87,680)	(34.12%)
2006 Series	6/1/2022	1,190,000	1,247,152	155,560	135,213	11.362%	87.152%	392,221	5.684%	(112,611)	(28.71%)
2006 Series	6/1/2023	1,250,000	1,310,034	179,875	151,803	12.144%	86.797%	544,024	6.675%	(140,944)	(25.91%)
2006 Series	6/1/2024	1,310,000	1,372,915	202,158	165,451	12.630%	86.218%	709,475	7.500%	(172,757)	(24.35%)
2006 Series	6/1/2025	1,380,000	1,446,277	232,802	185,456	13.439%	86.397%	894,931	8.256%	(207,580)	(23.20%)
2006 Series	6/1/2026	1,450,000	1,519,639	233,169	180,441	12.444%	80.888%	1,075,372	8.750%	(245,819)	(22.86%)
2006 Series	6/1/2027	1,515,000	1,587,761	228,415	171,421	11.315%	75.571%	1,246,793	9.031%	(287,635)	(23.07%)
2006 Series	6/1/2028	1,590,000	1,666,363	223,972	163,019	10.253%	70.654%	1,409,812	9.158%	(333,325)	(23.64%)
2006 Series	6/1/2029	1,675,000	1,755,445	228,243	161,787	9.659%	66.991%	1,571,599	9.207%	(382,563)	(24.34%)
2006 Series	6/1/2030	1,755,000	1,839,287	230,109	158,821	9.050%	63.514%	1,730,419	9.192%	(435,309)	(25.16%)
2006 Series	6/1/2031	1,845,000	1,933,610	233,834	157,287	8.525%	60.418%	1,887,706	9.133%	(491,803)	(26.05%)
2006 Series	6/1/2032	1,940,000	2,033,172	236,448	154,994	7.989%	57.431%	2,042,700	9.034%	(552,302)	(27.04%)
2006 Series	6/1/2033	2,035,000	2,132,735	242,999	155,567	7.645%	55.094%	2,198,268	8.920%	(616,527)	(28.05%)
2006 Series	6/1/2034	2,140,000	2,242,778	249,561	156,055	7.292%	52.846%	2,354,323	8.790%	(684,871)	(29.09%)
2006 Series	6/1/2035	2,240,000	2,347,581	254,243	155,309	6.933%	50.668%	2,509,632	8.646%	(757,250)	(30.17%)
2006 Series	6/1/2036	2,355,000	2,468,104	262,864	157,067	6.669%	48.864%	2,666,699	8.498%	(834,009)	(31.27%)
2006 Series	6/1/2037	2,860,000	2,997,357	313,236	183,114	6.403%	47.125%	2,849,813	8.323%	(928,030)	(32.56%)

Note: assumes market conditions as of May 1st, 2015

Based on current market conditions from May 1st and May 8th, we see aggregate net savings ranging from \$2.85 million to \$2.78 million or 8.3% to 8.1% savings of refunded bonds based on recent market movement. Appendix A includes a detailed look at our refunding analysis using PFM's Refunding Screen Model—that includes the option value analysis, as well as a preliminary set of refunding cash flows detailing a possible structure of the refunding. Today's market is very volatile, and the ability to update numbers, revise strategy and move quickly is an important element of success. To that end, PFM is uniquely qualified to model structures with the insight of our own independent Pricing Group.

SEC AND MSRB QUALIFICATIONS

The proposer must be a Registered Municipal Advisor with the Securities and Exchange Commission at the time of proposal submission.

PFM is an affiliated company of the PFM Group, which also includes PFAM and PFMSA. The PFM Group provides bond transaction, capital planning, and strategic consulting advice through PFM; investment advisory and arbitrage rebate services through PFAM, an SEC-registered investment advisor; and swap monitoring and advice through PFMSA, a Qualified Independent Representative under the Dodd-Frank Act of 2010. PFM is a registered Municipal Advisor with the SEC and the Municipal Securities Rulemaking Board ("MSRB"). PFMSA is a registered Municipal Advisor with the SEC and MSRB, and Commodities Trading Advisor with the Commodities Futures Trading Commission ("CFTC"). We have included the appropriate certificates in Appendix B.

PENDING LITIGATION

Provide a brief description of litigation pending against your firm with respect to municipal securities matters.

Public Financial Management and an affiliate (collectively "PFM") were joined as "4th party defendants" in a lawsuit initiated by a school district against its swap counterparty for declarative relief that the swap is unenforceable. The swap counterparty joined the school district's bond counsel as a defendant, and bond counsel then joined PFM, claiming that if counsel were to be liable for any damages it would be entitled to contribution from PFM. This suit was settled in early 2013; PFM contributed less than 1% of the amounts agreed in settlement. To the best of our knowledge, PFM has no other pending litigation at this time.



EXPERIENCE AND QUALIFICATIONS

The proposal should provide a brief description of your firm and its relevant experience as financial advisor counsel in matters pertaining to public finance and experience with municipal water agencies in California. The proposal should describe the qualifications and relevant experience for all personnel and other specialists who will be assigned to this engagement. The description should also include their role and responsibilities including identifying who will be the individual charged with the day-to-day responsibility for this engagement. Provide brief resumes for each emphasizing recent relevant municipal utility financing experience. (Resumes may be included as an appendix).

PFM'S MARINA COAST WATER DISTRICT TEAM

It is PFM's express intent to provide direct accountability and clear communication channels. To that end, **Managing Director Brian Thomas** and **Director Will Frymann** would serve as PFM's day-to-day support for the District. Brian Thomas has advised numerous public utilities in the western region while at PFM, and previously served as the Chief Financial Officer and Assistant General Manager at the Metropolitan Water District of Southern California; before that, he was the Assistant General Manager for the City of Anaheim Public Utilities Department, and previously served as the Assistant General Manager for Finance and Administration for Riverside Public Utilities. Will Frymann has extensive experience with public utility issuers in California, Colorado, Texas, Washington, and Alaska. He has developed many of the Firm's quantitative models for utility client engagements, including for complex project finance structures.

PFM'S MARINA COAST WATER DISTRICT TEAM	
Engagement Manager / Primary Day-to-Day Contact	
Brian Thomas <i>Managing Director</i> <small>Los Angeles, CA</small>	
Day-to-Day Contact & Engagement Support	
Will Frymann <i>Director</i> <small>San Francisco, CA</small>	
Analytical Support	Pricing Support
Maria Figueroa <i>Senior Analyst</i> <small>Los Angeles, CA</small>	Todd Fraizer <i>Managing Director</i> <small>Charlotte, NC</small>

Brian Thomas and Will Frymann will receive engagement support from Maria Figueroa, Senior Analyst. She is responsible for providing all of the day-to-day analytical and execution support to those engagements. Pricing support will come from PFM's independent Pricing Group lead by **Todd Fraizer, Managing Director**.

Additionally, we would like to highlight again that PFM has a national Public Utility Group, of which Brian Thomas, Will Frymann and Maria Figueroa are a part.



NAME & TITLE	RELEVANT EXPERIENCE
<p>Brian Thomas <i>Managing Director</i></p>	<ul style="list-style-type: none"> — Co-heads PFM's engagements with utility clients throughout the western region. — Immediately prior to joining PFM, he was the Assistant General Manager and Chief Financial Officer for the Metropolitan Water District of Southern California, the nation's largest supplier of treated drinking water, for 10-½ years. As the Assistant General Manager and Chief Financial Officer, he was responsible for all financial functions, including treasury and debt management, capital planning, financial reporting, the \$1.8 billion expenditure budget, and water rates and charges. — Serves as Financial Advisor to some of the largest water and wastewater utilities in the West, including Metropolitan Water District of Southern California, Southern Nevada Water Authority, Eastern Municipal Water District, Contra Costa Water District, Colorado Springs Utilities, and Las Vegas Valley Water District. — Has Bachelor of Science degrees in Biology and Economics from California Polytechnic State University, Pomona; and a Masters and Ph.D. in Economics from the University of California, Riverside
<p>Will Frymann <i>Director</i></p>	<ul style="list-style-type: none"> — Serves as Financial Advisor to many of the municipal utilities in the western United States and provides transaction structuring, financial planning, and risk-management services — Clients include Northern California Power Agency, Transmission Agency of Northern California Redding Electric Utility, Roseville Electric, Silicon Valley Power, Contra Costa Water District, San Francisco Public Utilities Commission, CPS Energy, Colorado Springs Utilities, Imperial Irrigation District, Los Angeles Department of Water and Power, Riverside Public Utilities, Southern California Public Power Authority, and Alaska Energy Authority, among others. — Developed many of the quantitative models for PFM's engagements. — Directly involved in issuance of approximately \$15 billion in utility bonds. — Has a Bachelor of Science degree in Cognitive Science from the University of California, Los Angeles; and a Master of Business Administration degree from the University of California, Berkeley.
<p>Maria Figueroa <i>Senior Analyst</i></p>	<ul style="list-style-type: none"> — Works in the Financial Advisory sector, and primarily provides technical and quantitative support for the Los Angeles office and State Revolving Fund clients. — Works on structuring, sizing, and pricing new money and refunding municipal bond issues, assessing municipal issuers' outstanding debt, and performing analyses of refunding opportunities. — Assists in the creation of rating presentations, cash flow modeling, default tolerance analysis, debt capacity and funding analyses. — Currently working with Eastern Municipal Water District, Moulton Niguel Water District, West Basin Municipal Water District, Western Municipal Water District, The City of Long Beach, Los Angeles County the Energy Network Program, Massachusetts Clean Water Trust, New York State Environmental Facilities Corporation, and Kentucky Infrastructure Authority, among others. — Has a degree in Economics from The University of North Carolina at Chapel Hill.
<p>Todd Fraizer <i>Managing Director</i></p>	<ul style="list-style-type: none"> — Leads PFM's Pricing Group in the Charlotte office, which provides pricing resources and negotiation support for PFM's clients nation-wide, continually enhancing, expanding, and centralizing the firm's bond pricing expertise. — Has assisted in pricing thousands of transactions totaling more than \$250 billion of municipal bonds for PFM issuer clients since 2006, including a number of utilities across the country. — Has a Bachelor of Arts degree in English Literature from the University of Kansas and a Master of Business Administration from the University of Missouri-Kansas City.



PFM'S APPROACH

The proposal should describe your approach to this assignment. Describe three examples of your firm's experience in municipal market. Please include the amount and when these services were provided. Describe other issues your firm believes are relevant to the District in selecting financial counsel services.

PFM believes the role of the Financial Advisor at the highest level goes well beyond the tasks involved in any scope of services. ***PFM can perform the full scope of services requested by the District, and we intend to function as an extension of District's staff for matters where PFM's input is valuable.*** We also believe the District is hiring us to be an advocate, confidant, and strategic sounding board—to that end, ***PFM's expertise extends far beyond the traditional aspects of municipal finance.***

DEVELOPING PLANS OF FINANCE. PFM takes an approach of defining its services in relation to the formation and management of capital assets. For example, for the District, PFM can utilize its expertise with long-term financial planning, sophisticated model development, and existing proprietary models to provide tools that answer complex debt management questions in a changing market environment. To best help the District manage its borrowing requirements and financial position, ***we see ourselves as helping to develop financing strategies that support the long-term vision, policy goals, and objectives of the District.***

SCHEDULING AND COORDINATING. PFM typically assumes the role of coordinator and catalyst for the financing process; to that end, PFM is accustomed to preparing and providing updated financing schedules. ***PFM would be able to work seamlessly with the District in helping to coordinate and schedule the various aspects of financings.***

DEVELOPING FINANCING DOCUMENTS. ***At PFM, we take pride in our ability to contribute constructively and substantively to the document-drafting process.*** Our experience in the realm of utility finance has given us insider knowledge, and it enables us to point to examples where different counsels have provided differing opinions, perspectives and approaches. PFM regularly coordinates with bond counsel, tax counsel, underwriters, banks, trust departments and other team members and their counsels throughout the preparation, review, and finalizing of all bond documents and we are frequently able to contribute significant value which is not only cost saving but is also helpful in reducing risk.

PFM is able to assist the District in any review and negotiations relating to its financial matters. Our pervasive presence, sophistication, and experience in the municipal market place give us an understanding of issues that strengthens our client's hand in negotiation processes and in document drafting.

PFM Transaction Management

Develop and Monitor Financing Schedule and Distribution List

- Serves as plan for upcoming financing.

Analyze Debt Structure Alternatives

- Develop and present creative ideas and solutions that maximize future flexibility including lease-to-own agreements.
- Perform stress-test analysis to measure the strength of structures in different scenarios.

Recommend Type and Timing of Sale

- Tailor the bond issuance for the most efficient and effective marketing, ensuring the greatest investor participation.

Organize Working Group

- Draft request for proposals and review proposals for working group members.
- Select a team that can most efficiently bring an issue to market.
- Organize the Underwriting team, if applicable, to ensure they are working in the State's best interests, are presenting a common message to investors, and are focused on the transaction.

Develop Terms of the Financing

- Ensure credit quality and present terms which are attractive to investors to create broad-based interest in the debt.
- Review and advise on the construction of the legal documents.

Develop a Marketing Plan

- Work with the Underwriters and disclosure counsel to develop a specific marketing plan directed at targeted investors.
- Devise a plan to ensure that State residents and other retail investors have opportunities to purchase bonds.

Price the Bonds and Provide Post-Pricing Analysis

- Ensure the State achieves the lowest interest rate for the market.
- Provide independent price views.
- Provide written documentation of the sale, verification of pricing, and the distribution of bonds.
- Provide on-the-fly structuring ideas to adapt to the market.
- Assure compliance with all regulatory and legal requirements.



DEBT MANAGEMENT. The District can also draw upon PFM to help make strategic financial decisions to accomplish long-term goals. PFM would work with the District to identify a financing strategy that would entail determining bonding needs and capacity, identifying credit market concerns and opportunities, and evaluating alternative financing techniques and strategies. PFM is experienced in all of these advisory engagements.

PFM sees our primary role as a provider of information, expertise, and analysis, enabling the District to develop a framework for informed decision-making. PFM will analyze alternative debt structures and evaluate the merits and challenges associated with each strategy. PFM will provide the necessary analysis of the objective factors that will affect the conduct and outcome of a financing transaction, and make appropriate recommendations.

PFM's complete knowledge of the District's direct and indirect outstanding debt will allow us to provide this type of high-quality consultation from Day One.

SALE MANAGEMENT. PFM evaluates the existing and expected market conditions, as well as the unique credit, legal, and structural features of any transaction to develop a successful sale. PFM will work with the District's selected underwriter, BOSC, Inc., to develop and execute a successful rating presentation, investor marketing, and with assistance from PFM's Pricing Group, favorable pricing terms for the District at the time of pricing, helping to ensure that the District's obligations are priced fairly and in consensus with market conditions.

PFM is very keen on the active management of a transaction and will work closely with BOSC, Inc., and Jones Hall as Bond Counsel, to help ensure a successful transaction for the District. PFM will manage the entire sale process, from the finest details (e.g., financial schedule and working group calls) to the largest value drivers.

RATING AGENCY EXPERIENCE. As a nationwide firm, PFM keeps abreast of all laws and regulations at the federal level, as well as those that are specific to the states in which our clients operate. We have a dedicated Compliance department that works to ensure that we are aware of and advise our clients in accordance with applicable laws and regulations.

PFM has developed considerable experience working with the major national rating agencies. PFM maintains constant dialogue with rating analysts, and is well aware of any changing criteria or areas of focus. As such, PFM's rating expertise and advice is considered throughout our financial advisory engagement and seamlessly integrated into PFM's delivery of ongoing financial advice.

As a result of our frequent interactions with rating agencies, PFM has developed a clear understanding of the analytical methods they utilize. Our team is trained to conduct in-depth credit analyses comparable to the rating agencies so that both credit strengths and weaknesses can be identified prior to any presentation of data to rating analysts. This experience has been utilized effectively to improve the credit ratings assigned to numerous issuers across the nation and to introduce several new credits to the market.

PFM considers participation in the creation and implementation of the credit strategy a vital part of our role as Financial Advisor. We collaborate with the working group to determine the best approach to telling our clients "credit story" and how to best convey that message. Each rating agency

RATING AGENCY PERSPECTIVE ON MARINA COAST WATER DISTRICT CREDITS	
Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Strong balance sheet ▪ Demonstrated ability and willingness to adjust rates ▪ Strong debt service coverage ratios ▪ Maintenance of very strong liquidity historically 	<ul style="list-style-type: none"> ▪ Projected debt service coverage levels below average ▪ Customer concentration and capital needs ▪ Below average wealth and income levels ▪ Reliance on connection fees

looks for specific yet different key data, and the benefit of our experience and understanding of the District's issues is that PFM can help devise the proper message for the District. We will work closely with the rating agencies to fully understand their concerns and methodology, and to design the rating presentations to specifically address each agency's questions in a meaningful way, all while highlighting the District's strengths and providing the appropriate context for its weaknesses.



In addition to issuer-specific credit strategies, PFM plays a very active role in the evolving criteria changes that rating agencies propose and implement. Aside from alerting clients of changes and potential impacts, PFM actively responds to proposed criteria changes and requests for comments by the agencies, as well as initiates dialogue with the agencies and specific analysts. Additionally, PFM often works with other industry participants and representative bodies to encourage more open dialogue of sweeping changes and to help ensure the issuers' concerns are heard. More recently, PFM provided substantial comments to Moody's Investors Service ("Moody's") in response to Moody's proposed changes to its methodology for utility ratings. As noted in the table at right, PFM has assisted many of its utilities clients in ways that resulted in upgrades.

Select Upgrades of PFM California Utility Clients			
Client Name	Old Rating	New Rating	Rating Agency
Anaheim Public Utilities	A+	AA-	S&P
Anaheim Public Utilities	A+	AA-	Fitch
Burbank Water and Power	A+	AA-	S&P
Glendale Water and Power	A+	AA-	S&P
Glendale Water and Power	A1	Aa3	Moody's
Imperial Irrigation District	A+	AA-	S&P
Riverside Public Utilities	A+	AA-	S&P
Riverside Public Utilities	A+	AA-	Fitch
Sacramento Municipal Utility District	A	A+	S&P

This list does not represent an endorsement of PFM or its services. A full client list is available upon request.

An example of PFM's work on rating presentations for Eastern Municipal Water District is included in Appendix C, and is representative of how PFM works with clients to prepare information for the agencies.

PROCUREMENT OF OTHER REQUISITE SERVICES. PFM will assist the District in identifying and procuring special financial-related services that will be required over the course of its financing program. Perhaps most importantly, PFM possesses the size to leverage competitive fees and terms from third parties, including credit providers, printers, and underwriters.

PRICING GROUP. PFM has a dedicated, in-house bond pricing group that will provide back-up resources to our core District team. PFM's Pricing Group operates completely independently of the underwriting of municipal securities by banks and securities dealers, and has the ability to quickly and independently benchmark pricing performance. *PFM's Pricing Group is in the market, on average, two to three times daily. This gives PFM the knowledge of a major investment bank with the independence of a Financial Advisor.*



PFM begins every pricing discussion and competitive sale process with our own independent pricing thoughts developed by looking through market data and hundreds of transactions brought to market. PFM applies sophisticated models such as our "Option Adjusted Yield Model," which allows us to develop pricing levels for all manner of interest rate coupons and call features. We are the only financial advisory firm, independent or not, actively providing this level of analysis for our clients. PFM would act as the District's agent in any pricing. PFM takes great pride in providing aggressive and informed representation to our clients in the pricing of securities.

PFM will also help the District through the other aspects of pricing, including developing the right designation policy, evaluating underwriter performance, communicating directly with investors, and developing alternative structuring recommendations in real time. PFM does this several times per week as a firm, and with the Pricing Group backing up the District's PFM engagement team, the District can be assured that the most timely, and relevant market information will be combined with the most in-depth water sector-related information to produce optimal pricing results.



RESPONDING TO REQUESTS. PFM will help craft responses to requests from ratings agencies, bond insurance companies, banks, credit providers, investors, or any other concerned parties. PFM will review and comment on any financial reports, press releases, rating agency reports, and other related materials relevant to the District. Our familiarity with the District's projects, debt, credit, and legal considerations enhances our ability to provide the most favorable and timely response.

POST ISSUANCE COMPLIANCE. PFM's affiliate, PFAM, maintains a group that specializes in arbitrage rebate calculations and provides arbitrage rebate services. BondResource Partners, which is also part of The PFM Group, provides verification agent services. *PFM considers it our role as Financial Advisor to keep clients informed of important developments such as the SEC's "Municipalities Continuing Disclosure Cooperation Initiative" and to help clients work through the necessary steps to efficiently conduct business related to financial matters.* To that end, PFM also works with clients to review and advice on policies and procedures to insure post-issuance compliance.⁴

FINANCIAL MODELING, RATE STUDIES AND RATE MODELING. *PFM's District team is amply capable of maintaining and providing updates to the District's Refunding Transaction, and has significant experience with sophisticated financial modeling.* As mentioned above, PFM has a dedicated Quantitative Strategies Group that can provide valuable resources to our core District team. The Quantitative Strategies Group constantly monitors the municipal market in order to stay abreast of new and emerging products and strategies. PFM's strong market presence places us at the forefront of the development and implementation of these tools and strategies for our clients.

CASE STUDY: EASTERN MUNICIPAL WATER DISTRICT

PFM has been working with Eastern Municipal Water District since 2011. Over the past two years, Eastern and PFM have developed a financing plan that would relieve near-term debt service pressures, and provide additional financial flexibility to the District. As part of that effort, Eastern developed a new "working lien" to modernize its indenture, including eliminating the need for a reserve fund and more typical additional bonds test. As a result, Eastern refunded three series of bonds, each totaling \$50 million in 2014 to reamortize principal payments to dates beyond 2027. Further, the new bonds were all issued as revenue bonds rather than Certificates of Participation, since they were refunding bonds. As shown in the graph below, this restructuring provided about \$16 million of debt service savings over the next decade, and served to level debt service.

	Series 2014A	Series 2014B	Series 2014C
Par Amount	\$48,645,000	\$45,175,000	\$54,765,000
Final Maturity	7/1/2046	7/1/2046	7/1/2030
Interest Mode	Variable Rate	Variable Rate	Variable Rate
Refunded Series	Series 2008E	Series 2008D	Series 2008A



⁴ Services by PFAM would be provided under a separate agreement.



CASE STUDY: LOS ANGELES DEPARTMENT OF WATER AND POWER

PFM has worked with the Los Angeles Department of Water and Power on its efforts to utilize securitization to finance a portion of the capital program. The idea of securitization as one way to reduce financing costs surfaced as PFM worked with LADWP staff on the different ways to finance the groundwater clean-up program. Over the past two years, PFM has been a member of the financing team that drafted the legislation (commonly referred to as AB850), developed schedules and milestones to effect the transaction, communicated with rating agencies to understand the credit issues, and has been instrumental in the discussions associated with creating the joint powers agency needed to issue the debt associated with this type of financing.

CASE STUDY: LAS VEGAS VALLEY WATER DISTRICT

Two years ago, as part of its regular monitoring of the District’s debt, PFM and Citi identified an opportunity to refund approximately \$340 million of outstanding Build America Bonds for savings. The particular series of Build America Bonds had a unique call feature that enabled the District to refund the bonds at a price of 109 at any time. This was critical as the federal government’s recent sequestration reduced the subsidy the government was providing to the District. But – interest rates rose, and the transaction was delayed until December 2014, at which time the District was able to access the market to eliminate future sequestration risk (that is, the potential the federal government would reduce or even eliminate the subsidy in the future) by refunding the bonds. In addition, the refunding bonds were issued on a tax-exempt basis, with traditional 10-year par calls, preserving the District’s ability to refund the bonds in the future if interest rates allowed, providing future flexibility and opportunity to reduce debt service costs. This transaction is a good example of PFM’s ability to identify unique opportunities, provide unbiased advice (including recommendations to delay the initial sale), and work with bond counsel and the underwriter to achieve the District’s objectives.

CLIENT REFERENCES

For the firm’s office that will be assigned responsibility, list the most significant engagements (maximum of three) performed in the last two (2) years that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, and the name and telephone number of the principal client contact.

EASTERN MUNICIPAL WATER DISTRICT	SANTA MARGARITA WATER DISTRICT	CITY OF RIVERSIDE
 <p><i>PFM Role: on retainer for all finance issues including bond transactions and derivatives for all Eastern Municipal Water District (“EMWD”) projects. PFM has worked with EMWD on evaluating tiered-rate structures, developing new projects, and on a variety of bonds, loans, and credit agreements. This included five series of refunding bonds, and SIFMA Flex Notes. PFM has also advised on three different “rolls” of the SIFMA index products.</i></p>	 <p><i>PFM Role: Served as financial advisor on two series of refunding bonds. These bonds, totaling about \$80 million, were used to refund outstanding general obligation bonds for savings. These bond sales resulted in net present value savings of over 8% - saving taxpayers in the relevant community facility districts. PFM managed the process to select underwriters, bond counsel, trustee, and other professional services. In addition, PFM worked with the underwriter to structure the transaction, resulting in the lowest yield on unrated debt in the past year</i></p>	 <p><i>PFM Role: Over the past year, PFM worked with RPU on several initiatives for the water system. PFM helped RPU draft a Real Property Financial Policy to provide guidelines for purchase, sale and/or effective use of tens of millions of dollars of land assets held by the water system. PFM also helped RPU remarket an innovative series of water bonds which has a variable rate that is currently allowing the water system to borrow at an amazingly low all-in rate of 0.13% for approximately \$50 million.</i></p>
<p>Debbie Cherney <i>Asst. General Manager, Finance & Admin.</i> 2270 Trumble Road Perris, CA 92570 Phone: (951) 928-6154 cherneyd@emwd.org</p>	<p>Kristin Griffith <i>Director of Finance</i> 26111 Antonio Parkway Rancho Santa Margarita, CA 92688 Phone: (949) 459-6546 kristing@smwd.com</p>	<p>Laura Chavez-Nomura <i>Assistant General Manager – Finance</i> Riverside Public Utilities – Water System 3901 Orange Street Riverside, CA 92501 Phone: (951) 826-5492 lnomura@riversideca.gov</p>



COMPENSATION AND FEES

This fee must include any and all fees that will be required in connection with the outline scope of services. The response should specify the basis upon which your fees will be calculated, expenses for which you would expect reimbursement, whether you would charge for travel time, the scope of services to be provided for your quoted fees and any other bond or tax counsel services that are not included in your fee proposal. The District may seek advice on an as-needed basis. Please provide your firm's proposed hourly rates for services.

PFM proposes to provide the District with comprehensive financial advisory services, and will guarantee the availability of our core advisory team for the District. PFM will also make available professionals from our larger Public Utility Group, our Pricing Group, and other specialist areas as needed for additional support. PFM would respectfully request consideration of the following fee schedules.

We have provided a fee schedule for transactions, and an hourly schedule for those tasks better suited for fees based on time and material. These hourly rates would serve as the basis of task orders for specific work unrelated to a transaction. We also are prepared to discuss a retainer-based contract if this were the District's preference.

PFM does not want fees to be an obstacle to PFM being hired as the District's Municipal Advisor. We are willing to negotiate a mutually agreed-to fee that could better reflect the workload and complexity of a particular transaction or set of transactions, and we are happy to discuss this proposal in greater detail with you and to provide any additional information.

BOND TRANSACTION FEES

All work pertaining to the issuance of bonds will be covered with a fixed transaction fee of **\$40,000**. This covers, and is not limited to, the planning work, execution of the transaction, and follow-on transaction related post-closing work related to the transaction. This fee also covers the incidental questions and requests that may or may not be related to a transaction and that may occur from time to time.

NON-TRANSACTION FEES

For general advisory work and special projects not related to a transaction, such as the development of a financial model, a specific reserve or financial planning study or project negotiations/development work, the District and PFM could negotiate a separate fixed-fee arrangement or use the hourly rates shown here (PFM does not charge for administrative time logged by Senior Associates and Associates), or a single weighted hourly rate of \$300/per hour for all employees (excluding Senior Associates and Associates). To the extent necessary to provide a reasonable estimate of cost before work begins, PFM will work with the District to establish a budget based on the rates shown in the table, and utilize these rates for final project billing based on actual hours required for the task. Significant variance between estimate and final cost of greater than 10% will require added approvals and explanation prior to payment. PFM's hourly fees would be subject to a 2% annual escalation, except to the extent that the Consumer Price Index is less than 2%, in which case annual escalation would be limited to CPI.

PFM HOURLY RATES	
Managing Director	\$ 350
Director	\$ 325
Senior Managing Consultant	\$ 300
Senior Analyst	\$ 250
Analyst	\$ 225

EXPENSES

In addition to the professional fees, we request that we be reimbursed for all out-of-pocket expenses on an actual cost basis, subject to any limitations that the District has established for consultants. PFM does not charge for travel time. PFM is not a law firm, so it does not provide any bond or tax counsel services.



Acceptance Letter



ACCEPTANCE

Firm Name: Public Financial Management, Inc.

Address: 601 S. Figueroa Street

Suite 4500

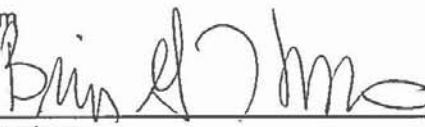
Telephone: (213) 489-4075

Fax: (213) 489-4085

Subject: Request for Proposal for Financial Advisor Services

By my signature below, I, on behalf of the firm named above, acknowledge that I have read and understand the subject Request for Proposal (RFP) and all its attachments. I further acknowledge that, by submission of a proposal in response to the subject RFP, the firm named above accepts all the terms and conditions set forth in the subject RFP and its attachments, including, but not limited to, the Sample Contract, its insurance and indemnification clauses, and all other terms and conditions set forth therein.

ACCEPTED:

Firm


Signature

Brian Thomas
Name (please print)

Managing Director
Title

May 8, 2015
Date

Please Return Signed Form with Proposal Response



ACCEPTANCE

Firm Name: Public Financial Management, Inc.

Address: 601 S. Figueroa Street

Suite 4500

Telephone: (213) 489-4075

Fax: (213) 489-4085

Subject: Request for Proposal for Financial Advisor Services

By my signature below, I, on behalf of the firm named above, acknowledge that I have read and understand the subject Request for Proposal (RFP) and all its attachments. I further acknowledge that, by submission of a proposal in response to the subject RFP, the firm named above accepts all the terms and conditions set forth in the subject RFP and its attachments, including, but not limited to, the Sample Contract, its insurance and indemnification clauses, and all other terms and conditions set forth therein.

ACCEPTED:

Firm
Brian A Thomas
Signature

Brian Thomas
Name (please print)

Managing Director
Title

May 8, 2015
Date

Please Return Signed Form with Proposal Response



Appendix A



PFM's Proprietary Refunding Screen (Detailed Results)

**Marina Coast Water District
Certificates of Participation
Maturity by Maturity Savings Analysis**

Maturities Ranked by Issuer

Series	Component	Dates			Issue Amount		Issue Price		Call Provisions		Yields				Refunding Escrow			Savings			Option Value (\$)			Cumulative Results				
		Maturity	Par Amount	Coupon	Date	Price	Bond (1)	Arbitrage	SLGS (2)	Escrow	Escrow Cost	Arbitrage	NA % of PV Svgs	Gross	PV (3)	% of Par (4)	PV (3)	% Refunded Par	Svgs as %	Refunded Par	Refunding Par	PV Savings	% of Par (4)	Arbitrage	NA % of PV Svgs	#		
2006 Series	Serial	6/1/2017	970,000	4.000%	6/1/2016	100.0%	1.220%	1.220%	0.200%	0.200%	1,006,900	(9,609)	131.39%	7,606	7,313	0.754%	15,761	1.62%	46.402%	970,000	947,483	7,313	0.754%	(9,609)	(131.39%)	1		
2006 Series	Serial	6/1/2018	1,010,000	4.000%	6/1/2016	100.0%	1.570%	1.570%	0.200%	0.200%	1,048,421	(13,401)	54.98%	25,898	24,376	2.413%	35,167	3.48%	69.314%	1,980,000	1,910,592	31,689	1.600%	(23,011)	(72.61%)	2		
2006 Series	Serial	6/1/2019	1,050,000	4.125%	6/1/2016	100.0%	1.800%	1.800%	0.200%	0.200%	1,091,254	(16,259)	37.22%	47,479	43,682	4.160%	56,291	5.36%	77.600%	3,030,000	2,892,333	75,371	2.487%	(39,270)	(52.10%)	3		
2006 Series	Serial	6/1/2020	1,540,000	4.500%	6/1/2016	100.0%	1.990%	1.990%	0.200%	0.200%	1,606,272	(26,714)	25.64%	115,013	104,198	6.766%	124,797	8.10%	83.494%	4,570,000	4,312,205	179,569	3.929%	(65,984)	(36.75%)	4		
2006 Series	Serial	6/1/2021	1,140,000	4.250%	6/1/2016	100.0%	2.170%	2.170%	0.200%	0.200%	1,186,213	(21,696)	28.02%	88,956	77,439	6.793%	93,927	8.24%	82.447%	5,710,000	5,346,194	257,008	4.501%	(87,680)	(34.12%)	5		
2006 Series	Serial	6/1/2022	1,190,000	5.000%	6/1/2016	100.0%	2.360%	2.360%	0.200%	0.200%	1,247,152	(24,930)	18.44%	155,560	135,213	11.362%	155,146	13.04%	87.152%	6,900,000	6,422,847	392,221	5.684%	(112,611)	(28.71%)	6		
2006 Series	Serial	6/1/2023	1,250,000	5.000%	6/1/2016	100.0%	2.540%	2.540%	0.200%	0.200%	1,310,034	(28,334)	18.66%	179,875	151,803	12.144%	174,894	13.99%	86.797%	8,150,000	7,546,259	544,024	6.675%	(140,944)	(25.91%)	7		
2006 Series	Serial	6/1/2024	1,310,000	5.000%	6/1/2016	100.0%	2.710%	2.710%	0.200%	0.200%	1,372,915	(31,813)	19.23%	202,158	165,451	12.630%	191,897	14.65%	86.218%	9,460,000	8,718,749	709,475	7.500%	(172,757)	(24.35%)	8		
2006 Series	Serial	6/1/2025	1,380,000	5.000%	6/1/2016	100.0%	2.810%	2.810%	0.200%	0.200%	1,446,277	(34,823)	18.78%	232,802	185,456	13.439%	214,655	15.55%	86.397%	10,840,000	9,945,479	894,931	8.256%	(207,580)	(23.20%)	9		
2006 Series	Serial	6/1/2026	1,450,000	5.000%	6/1/2016	100.0%	2.930%	2.930%	0.200%	0.200%	1,519,639	(38,239)	21.19%	233,169	180,441	12.444%	223,077	15.38%	80.888%	12,290,000	11,247,030	1,075,372	8.750%	(245,819)	(22.86%)	10		
2006 Series	Term2031	6/1/2027	1,515,000	5.000%	6/1/2016	100.0%	3.060%	3.060%	0.200%	0.200%	1,587,761	(41,817)	24.39%	228,415	171,421	11.315%	226,835	14.97%	75.571%	13,805,000	12,621,299	1,246,793	9.031%	(287,635)	(23.07%)	11		
2006 Series	Term2031	6/1/2028	1,590,000	5.000%	6/1/2016	100.0%	3.180%	3.180%	0.200%	0.200%	1,666,363	(45,689)	28.03%	223,972	163,019	10.253%	230,727	14.51%	70.654%	15,395,000	14,077,642	1,409,812	9.158%	(333,325)	(23.64%)	12		
2006 Series	Term2031	6/1/2029	1,675,000	5.000%	6/1/2016	100.0%	3.250%	3.250%	0.200%	0.200%	1,755,445	(49,238)	30.43%	228,243	161,787	9.659%	241,506	14.42%	66.991%	17,070,000	15,620,525	1,571,599	9.207%	(382,563)	(24.34%)	13		
2006 Series	Term2031	6/1/2030	1,755,000	5.000%	6/1/2016	100.0%	3.320%	3.320%	0.200%	0.200%	1,839,287	(52,747)	33.21%	230,109	158,821	9.050%	250,055	14.25%	63.514%	18,825,000	17,246,227	1,730,419	9.192%	(435,309)	(25.16%)	14		
2006 Series	Term2031	6/1/2031	1,845,000	5.000%	6/1/2016	100.0%	3.380%	3.380%	0.200%	0.200%	1,933,610	(56,494)	35.92%	233,834	157,287	8.525%	260,329	14.11%	60.418%	20,670,000	18,963,572	1,887,706	9.133%	(491,803)	(26.05%)	15		
2006 Series	Term2037	6/1/2032	1,940,000	5.000%	6/1/2016	100.0%	3.440%	3.440%	0.200%	0.200%	2,033,172	(60,499)	39.03%	236,448	154,994	7.989%	269,879	13.91%	57.431%	22,610,000	20,778,078	2,042,700	9.034%	(552,302)	(27.04%)	16		
2006 Series	Term2037	6/1/2033	2,035,000	5.000%	6/1/2016	100.0%	3.480%	3.480%	0.200%	0.200%	2,132,735	(64,225)	41.28%	242,999	155,567	7.645%	282,369	13.88%	55.094%	24,645,000	22,687,557	2,198,268	8.920%	(616,527)	(28.05%)	17		
2006 Series	Term2037	6/1/2034	2,140,000	5.000%	6/1/2016	100.0%	3.520%	3.520%	0.200%	0.200%	2,242,778	(68,343)	43.79%	249,561	156,055	7.292%	295,300	13.80%	52.846%	26,785,000	24,702,016	2,354,323	8.790%	(684,871)	(29.09%)	18		
2006 Series	Term2037	6/1/2035	2,240,000	5.000%	6/1/2016	100.0%	3.560%	3.560%	0.200%	0.200%	2,347,581	(72,379)	46.60%	254,243	155,309	6.933%	306,522	13.68%	50.668%	29,025,000	26,817,392	2,509,632	8.646%	(757,250)	(30.17%)	19		
2006 Series	Term2037	6/1/2036	2,355,000	5.000%	6/1/2016	100.0%	3.590%	3.590%	0.200%	0.200%	2,468,104	(76,759)	48.87%	262,864	157,067	6.669%	321,439	13.65%	48.864%	31,380,000	29,046,733	2,666,699	8.498%	(834,009)	(31.27%)	20		
2006 Series	Term2037	6/1/2037	2,860,000	5.000%	6/1/2016	100.0%	3.620%	3.620%	0.200%	0.200%	2,997,357	(94,021)	51.35%	313,236	183,114	6.403%	388,571	13.59%	47.125%	34,240,000	31,760,624	2,849,813	8.323%	(928,030)	(32.56%)	21		

- (1) MMD AAA GO. Scale plus 0.65 % as of 5/1/15.
- (2) State and Local Government Series (SLGS) rates as of 5/1/15.
- (3) Present Value Savings as of 6/18/15.
- (4) PV Savings as a percentage of Refunded Par.
- (5) Call date on refunding bonds is 06/01/2025.

← Savings greater than 2% AND Option Value greater than 65%

← Savings greater than 3%



May 8, 2015 3:04 pm Prepared by Public Financial Management, Inc.

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Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

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SOURCES AND USES OF FUNDS

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Dated Date 06/18/2015
Delivery Date 06/18/2015

Sources:

Bond Proceeds:

Par Amount 31,925,000.00
Premium 4,371,061.45

36,296,061.45

Uses:

Refunding Escrow Deposits:

Cash Deposit 0.05
SLGS Purchases 35,832,999.00
35,832,999.05

Delivery Date Expenses:

Cost of Issuance 300,000.00
Underwriter's Discount 159,625.00
459,625.00

Other Uses of Funds:

Additional Proceeds 3,437.40

36,296,061.45

Notes:
COI \$300k
UD \$5 per Bond



SUMMARY OF REFUNDING RESULTS

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Dated Date	06/18/2015
Delivery Date	06/18/2015
Arbitrage yield	3.185679%
Escrow yield	0.218616%
Value of Negative Arbitrage	978,507.08
Bond Par Amount	31,925,000.00
True Interest Cost	3.713294%
Net Interest Cost	4.036477%
Average Coupon	5.000000%
Average Life	13.691
Par amount of refunded bonds	34,240,000.00
Average coupon of refunded bonds	4.962761%
Average life of refunded bonds	13.655
PV of prior debt to 06/18/2015 @ 2.766810%	42,537,840.33
Net PV Savings	2,780,511.33
Percentage savings of refunded bonds	8.120652%
Percentage savings of refunding bonds	8.709511%



SAVINGS

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 06/18/2015 @ 2.7668097%
06/01/2016	1,666,762.50	1,520,871.53	145,890.97	143,611.96
06/01/2017	2,636,762.50	2,466,250.00	170,512.50	162,066.32
06/01/2018	2,637,962.50	2,467,750.00	170,212.50	157,426.97
06/01/2019	2,637,562.50	2,467,000.00	170,562.50	153,507.18
06/01/2020	3,084,250.00	2,884,000.00	200,250.00	175,284.83
06/01/2021	2,614,950.00	2,447,750.00	167,200.00	142,482.40
06/01/2022	2,616,500.00	2,449,750.00	166,750.00	138,274.76
06/01/2023	2,617,000.00	2,449,000.00	168,000.00	135,510.69
06/01/2024	2,614,500.00	2,445,500.00	169,000.00	132,598.04
06/01/2025	2,619,000.00	2,449,250.00	169,750.00	129,552.23
06/01/2026	2,620,000.00	2,449,750.00	170,250.00	126,387.82
06/01/2027	2,612,500.00	2,447,000.00	165,500.00	119,518.29
06/01/2028	2,611,750.00	2,446,000.00	165,750.00	116,430.94
06/01/2029	2,617,250.00	2,451,500.00	165,750.00	113,251.58
06/01/2030	2,613,500.00	2,443,000.00	170,500.00	113,307.46
06/01/2031	2,615,750.00	2,446,000.00	169,750.00	109,726.85
06/01/2032	2,618,500.00	2,449,750.00	168,750.00	106,099.12
06/01/2033	2,616,500.00	2,449,000.00	167,500.00	102,433.72
06/01/2034	2,619,750.00	2,448,750.00	171,000.00	101,709.79
06/01/2035	2,612,750.00	2,443,750.00	169,000.00	97,769.13
06/01/2036	2,615,750.00	2,449,000.00	166,750.00	93,825.82
06/01/2037	3,003,000.00	2,808,750.00	194,250.00	106,298.03
	57,522,250.00	53,779,371.53	3,742,878.47	2,777,073.93

Savings Summary

PV of savings from cash flow	2,777,073.93
Plus: Refunding funds on hand	3,437.40
Net PV Savings	2,780,511.33



BOND SUMMARY STATISTICS

Marina Coast Water District
 Revenue Refunding Bonds, Series 2015
 DRAFT - For RFP Discussion Purposes Only

Dated Date	06/18/2015
Delivery Date	06/18/2015
Last Maturity	06/01/2037
Arbitrage Yield	3.185679%
True Interest Cost (TIC)	3.713294%
Net Interest Cost (NIC)	4.036477%
All-In TIC	3.797683%
Average Coupon	5.000000%
Average Life (years)	13.691
Duration of Issue (years)	10.080
Par Amount	31,925,000.00
Bond Proceeds	36,296,061.45
Total Interest	21,854,371.53
Net Interest	17,642,935.08
Total Debt Service	53,779,371.53
Maximum Annual Debt Service	2,884,000.00
Average Annual Debt Service	2,449,775.24

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	31,925,000.00	113.692	5.000%	13.691	25,907.55
	31,925,000.00			13.691	25,907.55

	TIC	All-In TIC	Arbitrage Yield
Par Value	31,925,000.00	31,925,000.00	31,925,000.00
+ Accrued Interest			
+ Premium (Discount)	4,371,061.45	4,371,061.45	4,371,061.45
- Underwriter's Discount	(159,625.00)	(159,625.00)	
- Cost of Issuance Expense		(300,000.00)	
- Other Amounts			
Target Value	36,136,436.45	35,836,436.45	36,296,061.45
Target Date	06/18/2015	06/18/2015	06/18/2015
Yield	3.713294%	3.797683%	3.185679%



BOND PRICING

Marina Coast Water District
 Revenue Refunding Bonds, Series 2015
 DRAFT - For RFP Discussion Purposes Only

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)
Serial Bonds:							
	06/01/2017	870,000	5.000%	1.230%	107.251		63,083.70
	06/01/2018	915,000	5.000%	1.600%	109.767		89,368.05
	06/01/2019	960,000	5.000%	1.830%	112.033		115,516.80
	06/01/2020	1,425,000	5.000%	2.020%	113.976		199,158.00
	06/01/2021	1,060,000	5.000%	2.210%	115.481		164,098.60
	06/01/2022	1,115,000	5.000%	2.390%	116.626		185,379.90
	06/01/2023	1,170,000	5.000%	2.570%	117.376		203,299.20
	06/01/2024	1,225,000	5.000%	2.730%	117.920		219,520.00
	06/01/2025	1,290,000	5.000%	2.830%	118.706		241,307.40
	06/01/2026	1,355,000	5.000%	2.960%	117.473 C	3.106%	236,759.15
	06/01/2027	1,420,000	5.000%	3.080%	116.349 C	3.331%	232,155.80
	06/01/2028	1,490,000	5.000%	3.190%	115.329 C	3.516%	228,402.10
	06/01/2029	1,570,000	5.000%	3.270%	114.594 C	3.655%	229,125.80
	06/01/2030	1,640,000	5.000%	3.350%	113.865 C	3.778%	227,386.00
	06/01/2031	1,725,000	5.000%	3.410%	113.322 C	3.873%	229,804.50
	06/01/2032	1,815,000	5.000%	3.470%	112.782 C	3.958%	231,993.30
	06/01/2033	1,905,000	5.000%	3.510%	112.423 C	4.022%	236,658.15
	06/01/2034	2,000,000	5.000%	3.550%	112.066 C	4.080%	241,320.00
	06/01/2035	2,095,000	5.000%	3.590%	111.710 C	4.132%	245,324.50
	06/01/2036	2,205,000	5.000%	3.620%	111.445 C	4.175%	252,362.25
	06/01/2037	2,675,000	5.000%	3.650%	111.179 C	4.214%	299,038.25
		31,925,000					4,371,061.45



BOND PRICING

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Dated Date	06/18/2015	
Delivery Date	06/18/2015	
First Coupon	12/01/2015	
Par Amount	31,925,000.00	
Premium	4,371,061.45	
Production	36,296,061.45	113.691657%
Underwriter's Discount	(159,625.00)	(0.500000%)
Purchase Price	36,136,436.45	113.191657%
Accrued Interest		
Net Proceeds	36,136,436.45	

Note: AAA MMD as of 5/8/2015 + 65 bps



BOND DEBT SERVICE

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Dated Date 06/18/2015
Delivery Date 06/18/2015

Period Ending	Principal	Coupon	Interest	Debt Service
06/01/2016			1,520,871.53	1,520,871.53
06/01/2017	870,000	5.000%	1,596,250.00	2,466,250.00
06/01/2018	915,000	5.000%	1,552,750.00	2,467,750.00
06/01/2019	960,000	5.000%	1,507,000.00	2,467,000.00
06/01/2020	1,425,000	5.000%	1,459,000.00	2,884,000.00
06/01/2021	1,060,000	5.000%	1,387,750.00	2,447,750.00
06/01/2022	1,115,000	5.000%	1,334,750.00	2,449,750.00
06/01/2023	1,170,000	5.000%	1,279,000.00	2,449,000.00
06/01/2024	1,225,000	5.000%	1,220,500.00	2,445,500.00
06/01/2025	1,290,000	5.000%	1,159,250.00	2,449,250.00
06/01/2026	1,355,000	5.000%	1,094,750.00	2,449,750.00
06/01/2027	1,420,000	5.000%	1,027,000.00	2,447,000.00
06/01/2028	1,490,000	5.000%	956,000.00	2,446,000.00
06/01/2029	1,570,000	5.000%	881,500.00	2,451,500.00
06/01/2030	1,640,000	5.000%	803,000.00	2,443,000.00
06/01/2031	1,725,000	5.000%	721,000.00	2,446,000.00
06/01/2032	1,815,000	5.000%	634,750.00	2,449,750.00
06/01/2033	1,905,000	5.000%	544,000.00	2,449,000.00
06/01/2034	2,000,000	5.000%	448,750.00	2,448,750.00
06/01/2035	2,095,000	5.000%	348,750.00	2,443,750.00
06/01/2036	2,205,000	5.000%	244,000.00	2,449,000.00
06/01/2037	2,675,000	5.000%	133,750.00	2,808,750.00
	31,925,000		21,854,371.53	53,779,371.53



SUMMARY OF BONDS REFUNDED

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Enterprise Revenue COPs Series 2006:					
Serial Bonds	06/01/2017	4.000%	970,000.00	06/01/2016	100.000
	06/01/2018	4.000%	1,010,000.00	06/01/2016	100.000
	06/01/2019	4.125%	1,050,000.00	06/01/2016	100.000
	06/01/2020	4.500%	1,540,000.00	06/01/2016	100.000
	06/01/2021	4.250%	1,140,000.00	06/01/2016	100.000
	06/01/2022	5.000%	1,190,000.00	06/01/2016	100.000
	06/01/2023	5.000%	1,250,000.00	06/01/2016	100.000
	06/01/2024	5.000%	1,310,000.00	06/01/2016	100.000
	06/01/2025	5.000%	1,380,000.00	06/01/2016	100.000
	06/01/2026	5.000%	1,450,000.00	06/01/2016	100.000
2031 Term Bond	06/01/2031	5.000%	8,380,000.00	06/01/2016	100.000
2037 Term Bond	06/01/2037	5.000%	13,570,000.00	06/01/2016	100.000
			34,240,000.00		



ESCROW REQUIREMENTS

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Dated Date 06/18/2015
Delivery Date 06/18/2015

Period Ending	Interest	Principal Redeemed	Total
12/01/2015	833,381.25		833,381.25
06/01/2016	833,381.25	34,240,000.00	35,073,381.25
	1,666,762.50	34,240,000.00	35,906,762.50



ESCROW COST

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	12/01/2015	833,042	0.090%	833,042.00
SLGS	06/01/2016	34,999,957	0.220%	34,999,957.00
		35,832,999		35,832,999.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
06/18/2015	35,832,999	0.05	35,832,999.05	0.218616%
	35,832,999	0.05	35,832,999.05	



ESCROW CASH FLOW

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Date	Principal	Interest	Net Escrow Receipts	Present Value to 06/18/2015 @ 0.2186161%
12/01/2015	833,042.00	340.05	833,382.05	832,557.98
06/01/2016	34,999,957.00	73,423.41	35,073,380.41	35,000,441.02
	35,832,999.00	73,763.45	35,906,762.45	35,832,999.00

Escrow Cost Summary

Purchase date	06/18/2015
Purchase cost of securities	35,832,999.00
Target for yield calculation	35,832,999.00



ESCROW SUFFICIENCY

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
06/18/2015		0.05	0.05	0.05
12/01/2015	833,381.25	833,382.05	0.80	0.85
06/01/2016	35,073,381.25	35,073,380.41	(0.84)	0.00
	35,906,762.50	35,906,762.50	0.00	



ESCROW STATISTICS

Marina Coast Water District
Revenue Refunding Bonds, Series 2015
DRAFT - For RFP Discussion Purposes Only

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 35,832,999.05	0.940	0.218616%	0.218616%	34,854,491.96	978,507.08	0.01
35,832,999.05				34,854,491.96	978,507.08	0.01

Delivery date	06/18/2015
Arbitrage yield	3.185679%
Composite Modified Duration	0.940



Appendix B



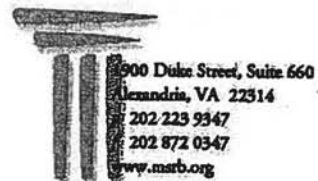
Certificate of Current MSRB Registration

The Municipal Securities Rulemaking Board (MSRB) certifies that the organization listed below is registered with the MSRB as of the date of this letter.

MSRB ID:	K0204	Registration Date:	December 6, 2010
Registration Type:	Municipal Advisor	Company Name:	Public Financial Management, Inc.

This certificate may be verified by contacting the MSRB Market Information Department at (703) 797-6668 or by email to MarketInformation@msrb.org.

Signature: Stephanie Braddell
Name: Stephanie Braddell, Operations Manager
Date: September 12, 2011





Registration Submitted Successfully

The Municipal Advisor Temporary Registration Form has been successfully submitted. You will receive an e-mail, sent to the address that you provided, as a record of successful submission of the form. We recommend that you print the current page and retain for your records.

[Print Form](#)

Municipal Advisor Registration Number: 866-00397-00

ITEM 1 - Identifying Information

- A. * This is:
 - An initial temporary registration as a municipal advisor
 - An amendment of temporary registration as a municipal advisor
 - A withdrawal of temporary registration as a municipal advisor

B. * Full Legal Name of municipal advisor:
(Firm name or name of sole proprietor)

C. Name under which the municipal advisor conducts business, if different:

D. Identification Number of the municipal advisor:

(Note: If you are a sole proprietor, leave this space blank. Do NOT fill in your social security number.)

E. If the municipal advisor is also registered with the SEC as an investment adviser, its SEC file number: 801-

F. If the municipal advisor is also registered with the SEC as a broker, dealer, or municipal securities dealer, its SEC file number: 008-

G. If the municipal advisor has a number ("CRD Number") assigned by the FINRA's CRD system or by the IARD system, its CRD number:

(Do not provide the CRD number of the municipal advisor's officers, employees, or affiliates)



H. Municipal advisor's principal office and place of business (do not use a P.O. Box):

(1) * Address
 Line 1:
 Address
 Line 2:
 * City:
 * Country: * State:
 * Zip+4/Postal Code:
 (2) * Telephone number at this location: Example: (000)000-0000
 Facsimile number at this location: Example: (000)000-0000
 if any:
 General e-mail address for (4) the municipal advisor, if any: @
 Website, if any, of the municipal advisor: (5)

I. Mailing address, if different from the municipal advisor's principal office and place of business address:

Address Line 1:
 Address Line 2:
 City:
 Country: State:
 Zip+4/Postal Code:

J. Contact person:

* By:
 (First Name, MI, Last Name)

(Contact person should be an employee whom the municipal advisor has authorized to receive information and respond to questions about this registration.)

Title:
 * Telephone Number, including area code: Example: (000)000-0000
 Facsimile Number, if any, including area code: Example: (000)000-0000
 * Address Line 1:
 Address Line 2:
 * City:
 * Country: * State:
 * Zip+4/Postal Code:



Email address, if any, of contact person: @

ITEM 2 - Municipal Advisory Activities

What type(s) of municipal advisory services does the municipal advisor provide? Check all that apply.

- (1) Advice concerning the issuance of municipal securities
- (2) Advice concerning the investment of the proceeds of municipal securities
- (3) Advice concerning guaranteed investment contracts
- (4) Recommendation and/or brokerage of municipal escrow investments
- (5) Advice concerning the use of municipal derivatives (e.g., swaps)
- (6) Solicitation of business from a municipal entity or obligated person for an unaffiliated person or firm (e.g., third party marketers, placement agents, solicitors and finders)
- (7) Preparation of feasibility studies, tax or revenue projections, or similar products in connection with offerings or potential offerings of municipal securities
- (8) Other (specify):

ITEM 3 - Disciplinary Information

In this Item, we ask for information about the municipal advisor's disciplinary history and the disciplinary history of all associated municipal advisor professionals (as defined in the Glossary accompanying this form). For any question to which you answer "yes", a drop-down box will appear for you to supply relevant information. *Note: If you have submitted a Criminal Disclosure Report Page or Pages, a Regulatory Action Disclosure Reporting Page or Pages or a Civil Judicial Action Disclosure Reporting Page or Pages to FINRA or the SEC in connection with other filings, you may provide such information by referencing the public disclosure system (BrokerCheck or Investment Adviser Public Disclosure) that currently contains the disclosure, the CRD number of the entity under which the disclosure is listed, and whether the entity under which the disclosure is listed is a firm or individual. (Example: Please reference BrokerCheck, CRD 123456, for the individual Mr. X for reportable disclosures; Example: Please reference IAPD, CRD 987654, for the firm X's reportable disclosures.)*

One event may result in "yes" answers to more than one of the questions below.

A. In the past ten years, has the municipal advisor or any associated municipal advisor professional:

- * (1) been convicted of or pled guilty or nolo contendere (no contest) in a domestic, foreign, or military court to any felony?
- * (2) been charged with any felony?

(You may limit your response to Item 3.A(2) to charges that are currently pending.)

B. In the past ten years, has the municipal advisor or any associated municipal advisor professional:

- * (1) been convicted of or pled guilty or nolo contendere (no contest) in a domestic, foreign, or military court to a misdemeanor involving: investments or an investment-related business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?
- * (2) been charged with any misdemeanor listed in Item 3.B(1)?

(You may limit your response to Item 3.B(2) to charges that are currently pending.)

C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever:

- * (1) found the municipal advisor or any associated municipal advisor professional to have made a false statement or omission?
- * (2) found the municipal advisor or any associated municipal advisor professional to have been involved in a violation of its regulations or statutes?
- * (3) found the municipal advisor or any associated municipal advisor professional to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?



Municipal Advisor Temporary Registration

- * (4) entered an order against the municipal advisor or any associated municipal advisor professional in connection with investment-related activity? No
- * (5) imposed a civil money penalty on the municipal advisor or any associated municipal advisor professional, or ordered the municipal advisor or any associated municipal advisor professional to cease and desist from any activity? No

D. Has any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority:

- * (1) ever found the municipal advisor or any associated municipal advisor professional to have made a false statement or omission, or been dishonest, unfair, or unethical? No
- * (2) ever found the municipal advisor or any associated municipal advisor professional to have been involved in a violation of investment-related regulations or statuses? No
- * (3) ever found the municipal advisor or any associated municipal advisor professional to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted? No
- * (4) in the past ten years, entered an order against the municipal advisor or any associated municipal advisor professional in connection with an investment-related activity? No
- * (5) ever denied, suspended, or revoked the municipal advisor's or any associated municipal advisor professional's registration or license, or otherwise prevented the municipal advisor or any associated municipal advisor professional, by order, from associating with an investment-related business or restricted the municipal advisor's or any associated municipal advisor professional's activity? No

E. Has any self-regulatory organization or commodities exchange:

- * (1) ever found the municipal advisor or any associated municipal advisor professional to have made a false statement or omission? No
- * (2) ever found the municipal advisor or any associated municipal advisor professional to have been involved in a violation of its rules (other than a violation designated as a 'minor rule violation' under a plan approved by the SEC)? No
- * (3) ever found the municipal advisor or any associated municipal advisor professional to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted? No
- * (4) ever disciplined the municipal advisor or any associated municipal advisor professional by expelling or suspending it from membership, barring or suspending its association with other members, or otherwise restricting its activities? No

* **Has the municipal advisor's or any associated municipal advisor professional's authorization to act as an attorney, accountant, or federal contractor ever been revoked or suspended?** No

* **Is the municipal advisor or any associated municipal advisor professional the subject of any regulatory proceeding that could result in a 'yes' answer to any part of Item 3.C., 3.D, or 3.E?** No

H. * (1) **Has any domestic or foreign court:**



Municipal Advisor Temporary Registration

- * (a) in the past ten years enjoined the municipal advisor or any associated municipal advisor professional in connection with any investment-related activity? No
- * (b) ever found that the municipal advisor or any associated municipal advisor professional was involved in a violation of investment-related statutes or regulations? No
- * (c) in the past ten years dismissed, pursuant to a settlement agreement, an investment-related civil action brought against the municipal advisor or any associated municipal advisor professional by a state or foreign financial regulatory authority? No
- * (2) Is the municipal advisor or any associated municipal advisor professional now the subject of any civil proceeding that could result in a "yes" answer to any part of Item 3.H(1)? No

ITEM 4 - Execution

By selecting this box I am certifying to the following statement.

The municipal advisor consents that service of any civil action brought by or notice of any proceeding before the Securities and Exchange Commission or any self-regulatory organization in connection with the municipal advisor's activities may be given by registered or certified mail or confirmed telegram to the municipal advisor's contact person at the main address, or mailing address, if different, given in Items 1.H, 1.I., and 1.J.

By selecting this box I am certifying to the following statement.

The undersigned deposes and says that he/she has executed this form on behalf of, and with the authority of, the municipal advisor. The undersigned and the municipal advisor represent that the information and statements contained herein and other information filed herewith, all of which are made a part hereof, are current, true and complete. The undersigned and the municipal advisor further represent that, if this is an amendment, to the extent that any information previously submitted is not amended such information is currently accurate and complete.

WARNING: Intentional misstatements or omissions of fact constitute Federal criminal violations. See, 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Date: **09/24/2010**

Full Legal Name of Municipal Advisor: **Public Financial Management, Inc.**

* By: Stephen Boyle
(First Name, MI, Last Name)

(Individual certifying this registration)

Title:



Appendix C



EASTERN MUNICIPAL WATER DISTRICT

Credit Rating Presentation

April 16, 2015

2270 Trumble Road
Perris, CA 92570
(951) 928-3777

www.emwd.org



CREDIT RATING PRESENTATION

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Introduction



INTRODUCTION

MEETING PARTICIPANTS

Eastern MWD

Joseph Kuebler, *Board Director and Treasurer*

Paul Jones, *General Manager*

Debby Cherney, *Deputy General Manager*

Charles Turner, *Director of Finance*

The PFM Group

Brian Thomas, *Managing Director*

Will Frymann, *Director*

BofAML

Jeff Bower, *Managing Director*

Citi

Cameron Parks, *Director*

Stifel

Guillermo Garcia, *Director*



INTRODUCTION

PURPOSE OF MEETING

- Update on the District
 - Management and strategic initiatives.
 - Service area economy and activity.
 - Water supply update and drought response.

- District's Financial Overview and Capital Plan
 - Revenues, rates, and projections.
 - Capital Improvement Program and funding plan.

- Requested Ratings
 - Short and long-term rating for Series 2015A (variable rate).
 - Long-term rating for Series 2015B (fixed rate).



District Overview

DISTRICT OVERVIEW

HISTORY OF RELIABLE SERVICE DELIVERY TO THE REGION

- Eastern was organized on October 16, 1950 under the Municipal Water District Act of California
 - Independent Special District.
 - Formed primarily to import Colorado River water into its service area.
 - Metropolitan Water District of Southern California Member Agency since 1951.
 - In 1962, initiated wastewater services.

- Governed by five district-elected Directors
 - Board has authority to set rates, approve budgets, and make all other policy.
 - Not regulated by Public Utilities Commission or City Council.

- Provides essential services
 - Potable Water.
 - Wastewater Collection and Treatment.
 - Recycled Water.



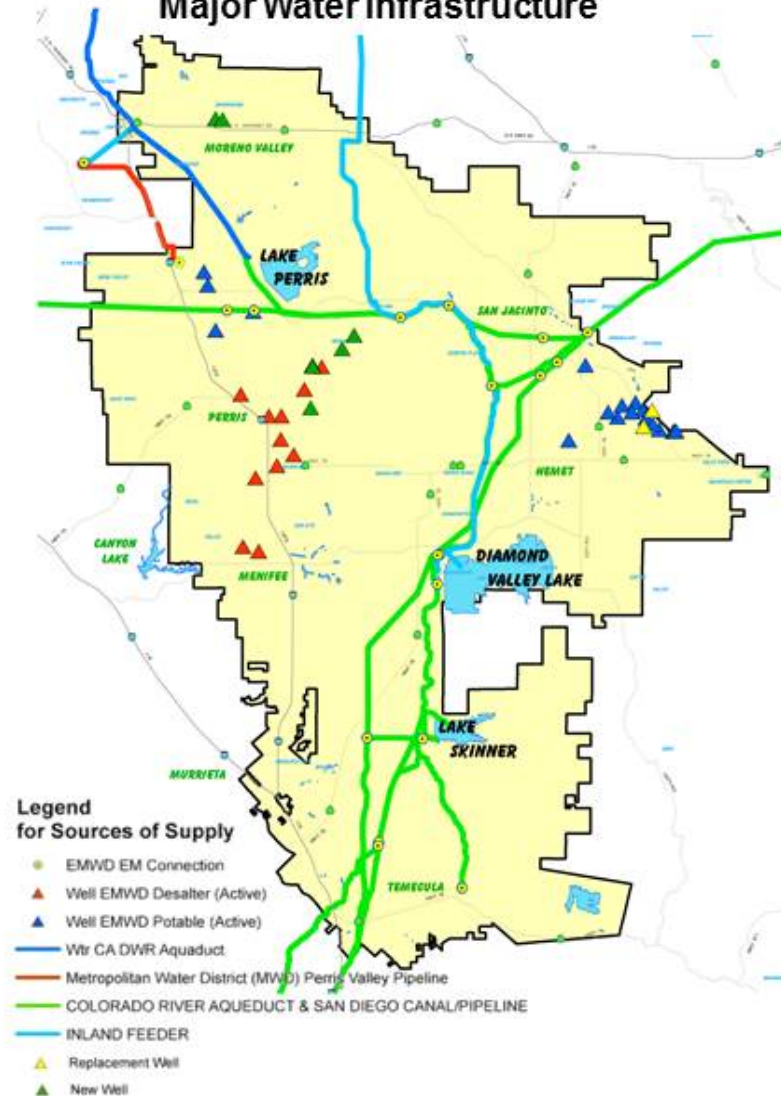
DISTRICT OVERVIEW

LARGE AND DIVERSE SERVICE AREA

Operational Statistics:

- Service Area
 - Eight incorporated cities and portions of unincorporated Riverside County.
 - Population of District: 784,834
 - 555 square miles
- Potable Water System
 - Miles of pipeline: 2,448
 - Active pumping facilities: 83
 - Active domestic wells: 18
 - Active desalter wells: 11
 - Water filtration plants: 2
 - Desalination plants: 2
 - Active water accounts: 142,377
- Wastewater System
 - Miles of wastewater lines: 1,799
 - Number of treatment plants: 5
 - Wastewater connections: 235,194
- Recycled Water System
 - Miles of pipeline: 215
 - Number of pumping facilities: 21

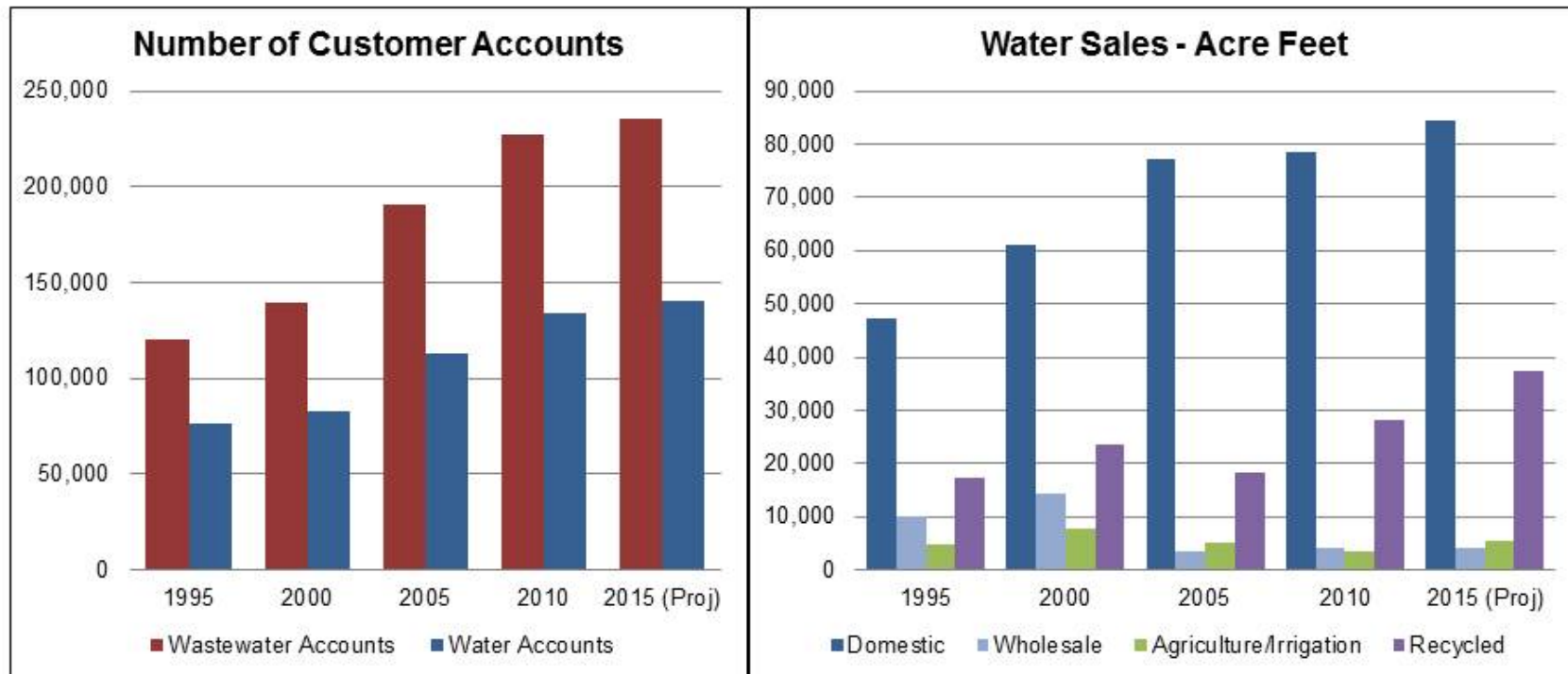
Major Water Infrastructure



DISTRICT OVERVIEW

GROWING SERVICE AREA

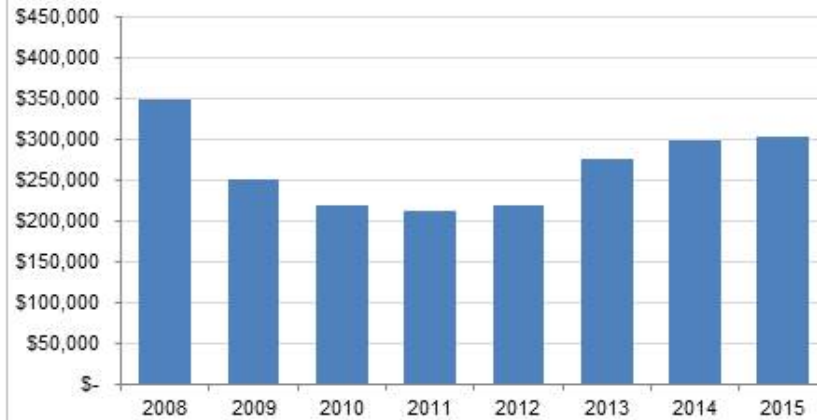
- Steady customer growth for several decades with additional expansion anticipated (40% built-out).
- Wastewater accounts make up the majority of customers and have grown faster than water accounts.
- Water needs have changed – District has successfully adapted.



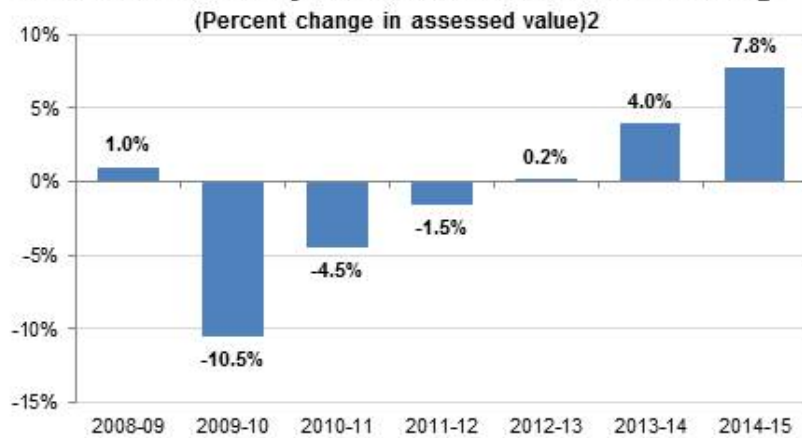
DISTRICT OVERVIEW

RIVERSIDE COUNTY ECONOMY IS IMPROVING

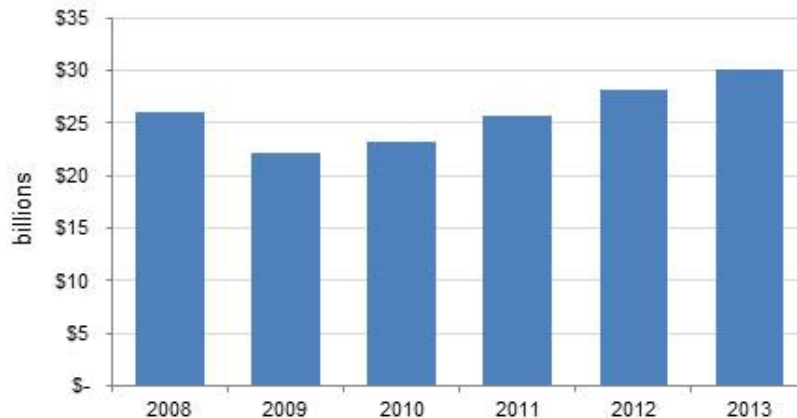
Riverside County Median Home Prices¹



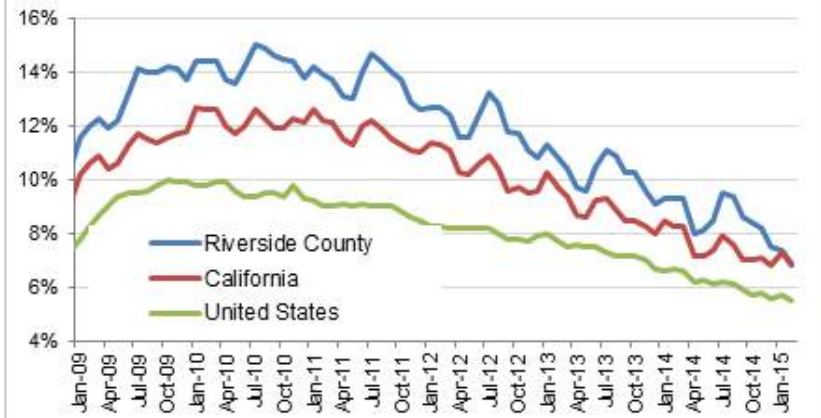
Riverside County Assessed Value is Growing



Riverside County Taxable Sales³



Unemployment Rate is Declining⁴

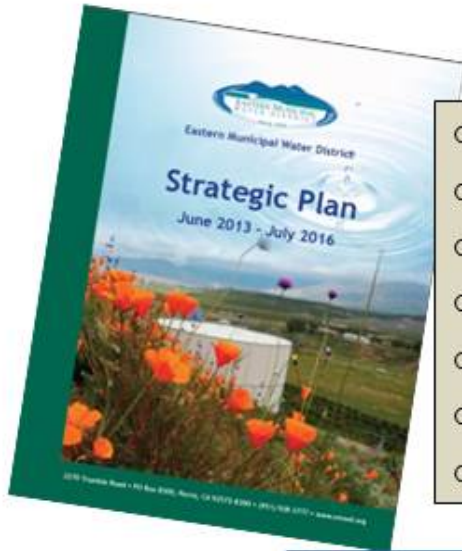


1. Source: Zillow
2. Source: County Assessor

3. Source: California State Board of Equalization, Research and Statistics Division
4. Source: Bureau of Labor Statistics

DISTRICT OVERVIEW

THE DISTRICT CONTINUES TO SUCCESSFULLY EXECUTE ITS STRATEGIC PLAN



- Superior Customer and Community Service
- Highly Reliable Water, Wastewater and Recycled Water Services
- Public and Environmental Health
- Sound Planning and Appropriate Investment
- Fiscal Responsibility and Transparency
- An Exemplary Employer of Choice
- Organizational Efficiency and Teamwork



Specific Actionable
Projects and Goals,
Target Dates and
Staffing
Responsibilities

Most Strategic Priorities are Multi-Year Efforts

45 Strategic Priorities for FY 2013-14

17 New Priorities added in FY 2014-15

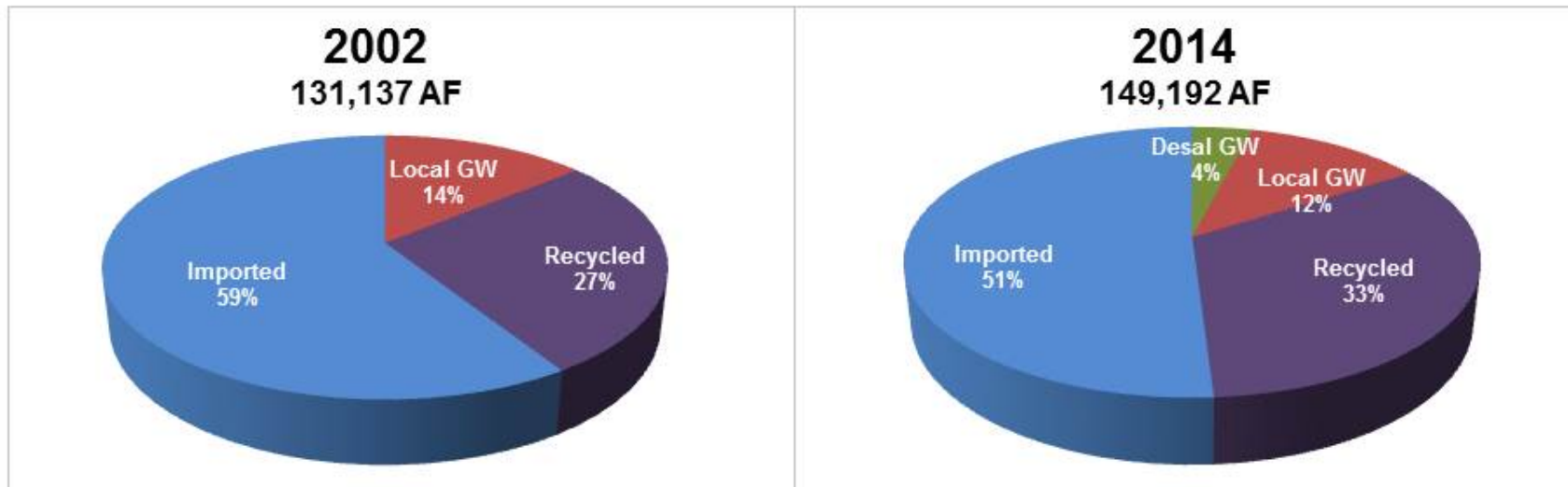
- Completed 13 during FY 2013-14, another 7 so far in FY 2014-15.
- Substantial completion or key milestones reached on all others.
- Deferred 1 indefinitely.



Water Supply and Drought Response

WATER SUPPLY AND DROUGHT UPDATE

ACHIEVING LONG-TERM SUPPLY BALANCE WITH LOCAL RESOURCES

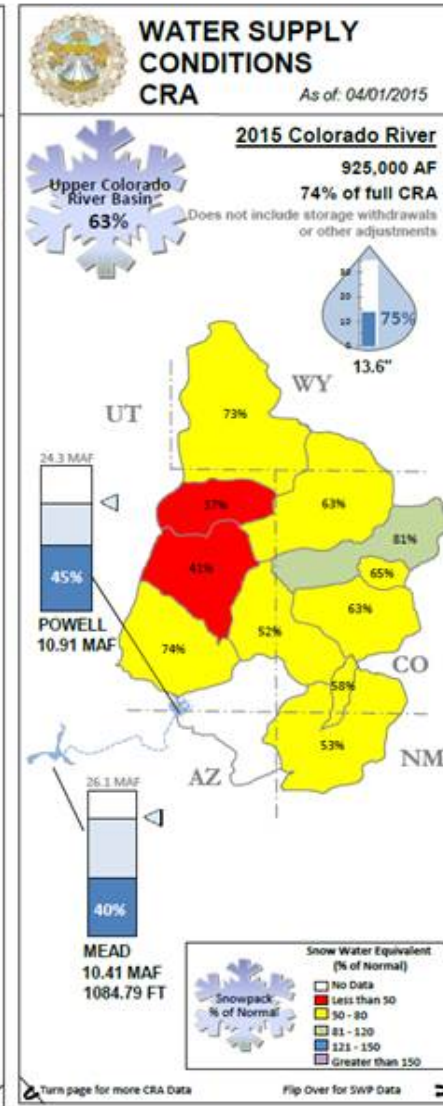
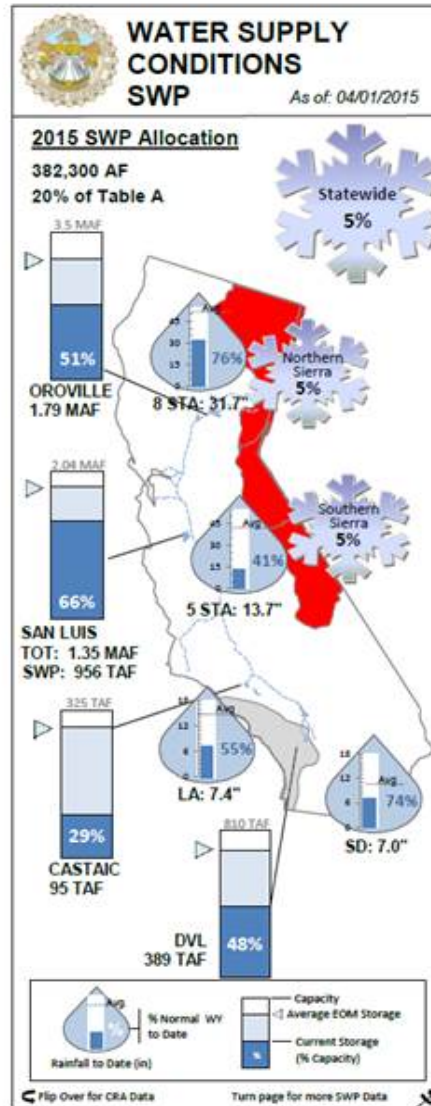
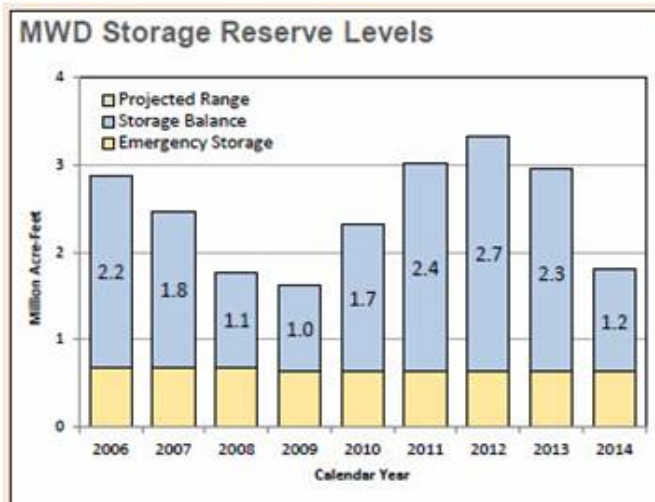


- Maximizing the District’s groundwater production
 - Production capacity of 23,000 AF/year (supported by a sustainable basin management plan and adjudication).
 - Planned Desalter capacity of 15,000 AF/year (current capacity of 9,600 AF/year).
- Increasing recycled water – drought-proof water supply
 - Recycled water supply has grown by nearly 39% in the last 12 years.
 - In last two years, 100% of recycled water was beneficially reused.

WATER SUPPLY AND DROUGHT UPDATE

LOWEST SNOWPACK ON RECORD, STORAGE LEVELS DECREASING

- Sierra snowpack surveys driest on record.
- State reservoirs have been at or below average storage levels.
- MWD has substantially drawn down dry-year storage supplies.



WATER SUPPLY AND DROUGHT UPDATE

EXTERNAL WATER SHORTAGE CONTINGENCY ACTIONS

- MWD Water Supply Allocation Plan
 - MWD Board declared a Level 3 Allocation on April 14.
 - 15% reduction = 0% reduction for EMWD due in part to credits for demand hardening and mandatory use restrictions.

- State Water Resources Control Board (SWRCB)
 - EMWD is in full compliance with 2014 emergency drought regulations.
 - Mandatory restrictions – 2 days/week outdoor watering, or alternative compliance path for Allocation-Based Rate Structures.

- Governor Brown’s April 1, 2015 Executive Order
 - Mandates a 25% reduction in water use relative to 2013 by February 2016.
 - Directs urban water suppliers to develop conservation rate structures (like EMWD’s allocation-based rate structure).
 - Provides funding for turf removal, appliance rebates.
 - Prohibits irrigation of street medians and using potable water for irrigation in new construction that is not delivered by micro-spray or drip.
 - Requires additional data reporting; note that much is subject to further interpretation.
 - SWRCB developing additional Emergency Regulations to implement Governor’s order.



WATER SUPPLY AND DROUGHT UPDATE

EXTERNAL WATER SHORTAGE CONTINGENCY ACTIONS

- State Board's Draft Regulatory Framework - April 7, 2015
 - Simplistic outline for the implementation of a 25% reduction statewide using a 2013 baseline.
 - Framework favors coastal areas with higher densities.
 - Apportionment ranges are based on Residential GPCD numbers reported for September 2014, and are excessively wide, with tiers for targeted reductions set at 10%, 20%, 25% and 35%.
- EMWD's Comments – April 13, 2015
 - No credit is provided to agencies who achieved significant conservation savings prior to 2013.
 - The GPCD data is not adjusted for climate or housing density.
 - The base year/month is arbitrary.
 - No credit is provided for drought-proof supply development, including recycled water.
- Proposed Regulations to be Released end of April and Hearing to be set for May 5 or 6, 2015.

EMWD is working with a group of other agencies to provide a more credible quantitative model to achieve a 25% statewide savings.

WATER SUPPLY AND DROUGHT UPDATE

EMWD HAS A VARIETY OF STRATEGIES AND TOOLS TO ADDRESS ONGOING DROUGHT CONDITIONS



- Diversified Water Supply Portfolio balances imported water with local groundwater and recycled water.
- Allocation-Based Rate Structure
 - Sends a strong pricing signal for conservation.
 - Budgets can be altered in times of drought to send progressively stronger pricing signals using the District's Water Shortage Contingency Plan.
- Mandatory Restrictions on Water Uses
 - Enforcement/ Customer Reporting.
- Customer Incentives
 - Turf removal.
 - Water efficient devices.
- Active Customer Outreach
 - Public Agencies.
 - Homeowners' Associations.
 - Landscape Accounts.
- Riverside County Landscape Task Force leading market transformation with building industry participation.
- Advocacy for Fair Implementation of statewide reductions.

WATER SUPPLY AND DROUGHT UPDATE
**FOUNDATION OF EMWD WATER USE EFFICIENCY –
THE ALLOCATION-BASED RATE STRUCTURE**

- Commonly Used Names
 - “Allocation-based Rate Structure”
 - “Water Budget Rate Structure”
 - “Conservation-based Rate Structure”
 - “Tiered Rate Structure”

Tiered Water Rates (\$ CCF)	Current Rate	Effective Jan. 1, 2016
Tier 1: Indoor	\$1.793	\$1.861
Tier 2: Outdoor	\$3.280	\$3.405
Tier 3: Excessive	\$5.879	\$6.102
Tier 4: Wasteful	\$10.755	\$11.164

- Creates an “Allocation” or “Water Budget” for each customer account based upon reasonable indoor and outdoor needs and efficient use.
- Uses **Economic Incentives**: Water is priced to customer *lower for use within allocation* – much *higher for use over allocation*.
- Helps **Insulate District** from loss of revenues associated with conservation efforts.
- **Proven effective** in reducing water demands.

2014 UC Riverside Study:

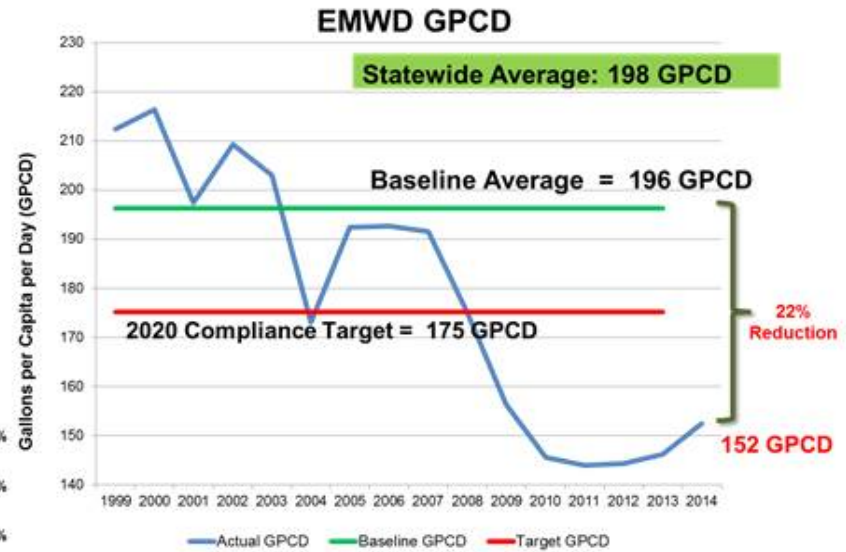
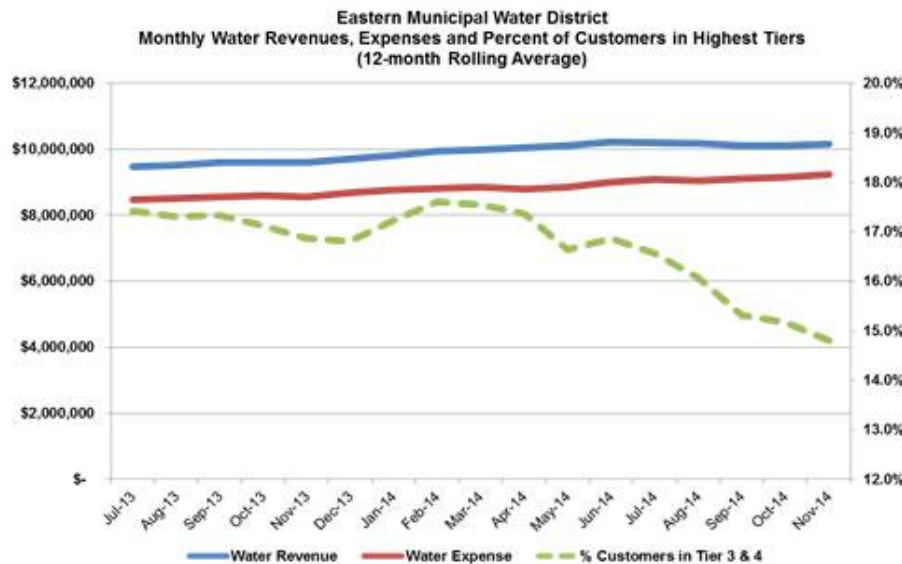
“Average prices rose less than 4% under water budgeting, but would have had to rise 34% under flat rate pricing to achieve the same demand effect. “Controlling for the effects of inflation and the recent economic downturn, EMWD’s Budget-based rate structure resulted in at least a 15% reduction in water use.”



WATER SUPPLY AND DROUGHT UPDATE

EMWD'S RATE STRUCTURE MITIGATES DROUGHT'S FINANCIAL IMPACTS

- EMWD's margins are holding despite reductions in Tier 3 and Tier 4 sales.



- EMWD has achieved significant water savings through its allocation-based rate structure, without significant negative impacts on sales revenue.



WATER SUPPLY AND DROUGHT UPDATE

EMWD USES ITS RATE STRUCTURE TO PROGRESSIVELY MOVE THROUGH ITS WATER SHORTAGE CONTINGENCY PLAN (WSCP)

Stage	Date Approved	Description	Actions
Stage 1	April 2011	Supply Watch	Voluntary reduction up to 10%
Stage 2	April 2014	Supply Alert	Voluntary reduction up to 25%
Stage 3	August 2014 (3a)	Mandatory Waste Reduction	3a: No variance adjustments; observation based penalties 3b: Tier 3 budgets decreased by 50% 3c: Tier 3 budgets decreased by 100%
Stage 4		Mandatory Outdoor Reduction	Watering schedules limited (1-2 days/week) 4a: Tier 2 budgets decreased by 10% 4b: Tier 2 budgets decreased by 50% 4c: Tier 2 budgets decreased by 100%
Stage 5		Mandatory Indoor Reductions	Catastrophic stage (50% reduction in demand) 5a: Tier 1 budgets decreased by 10% 5b: Tier 1 budgets decreased by 30% 5c: Tier 1 budgets decreased by 50%

Stage 4
Triggering Stage 4b of EMWD's WSCP would support achieving the 25% mandated savings level.

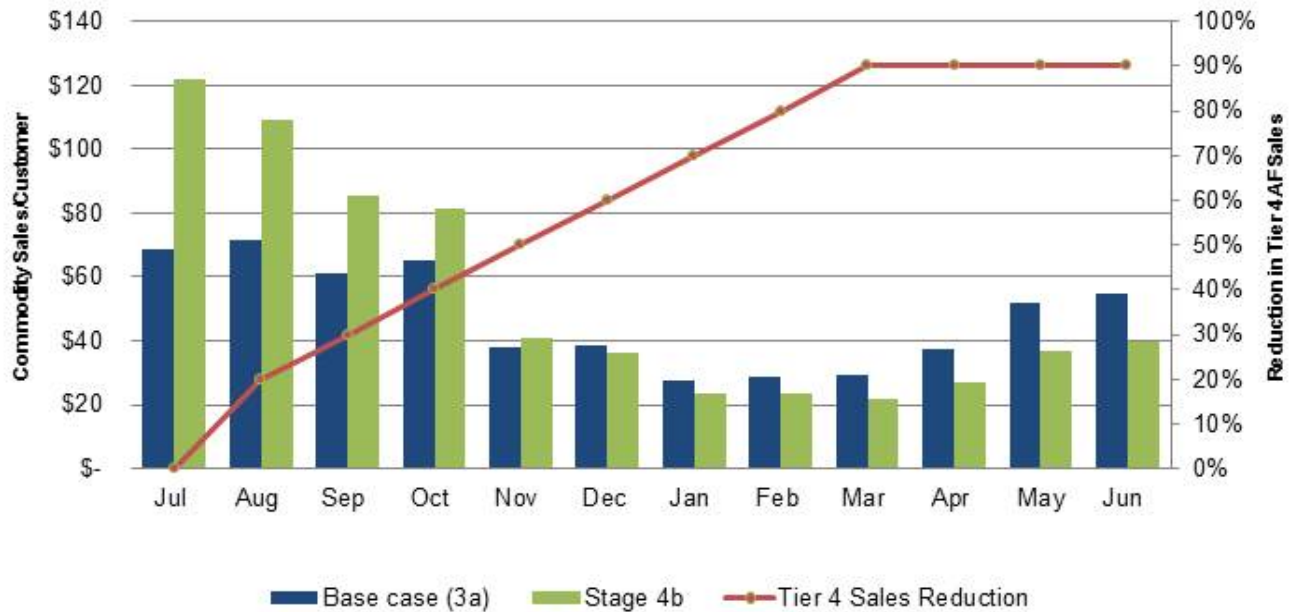
- After implementation of Stage 3a and associated outreach, EMWD saw Tier 3 “excessive” and Tier 4 “wasteful” sales and number of customers in these tiers dramatically decline.

WATER SUPPLY AND DROUGHT UPDATE

EMWD'S RATE STRUCTURE MITIGATES DROUGHT'S FINANCIAL IMPACTS

- At Stage 3a, District projects 68,000 AF of tiered water sales per year.
- At Stage 4b, District could see acre-foot sales decrease by 20% or more.
 - Stage 4b projected to increase revenue over the near-term (5-8 months).
 - District projects FY 2016 revenue increase of approximately \$5 million.

FY 2016 Pro Forma - Commodity Sales(\$)/ Tier Customer
 Base case (WSCP Stage 3a) relative to WSCP Stage 4b



- Notes: Base case sales using FY15 actual monthly sales per tier. Stage 4b effective July 1 assuming no Tier 3 sales; 50% of tier 2 sales become Tier 4; monthly reduction in Tier 4 sales until 90% reduction achieved. FY 2016 revenue projection assumes some form of revenue adjustment during July through September.



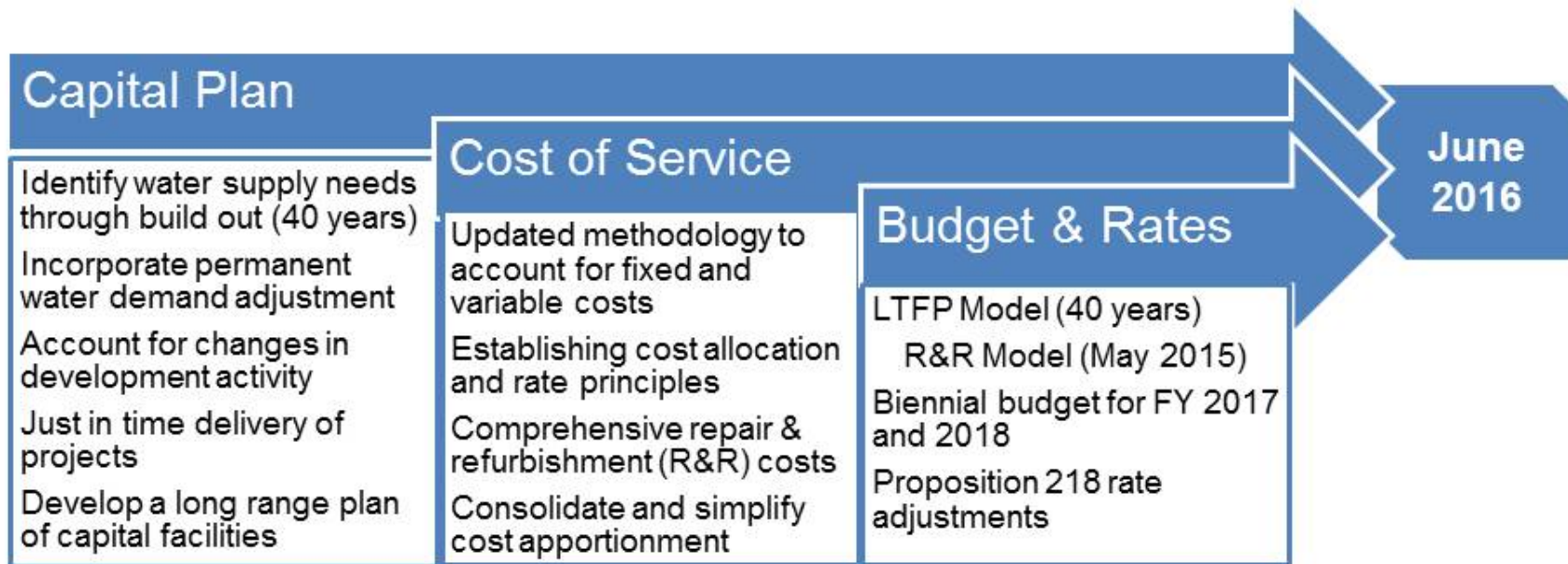


Rates & Fees

RATES & FEES

RATE SETTING AND THE LONG-TERM FINANCIAL PLANNING (LTFP) PROCESS

- Updating our approach to rates: long-term view.
- Ensuring adequate reserves and capital resources through 40 years, eliminating rate spikes.

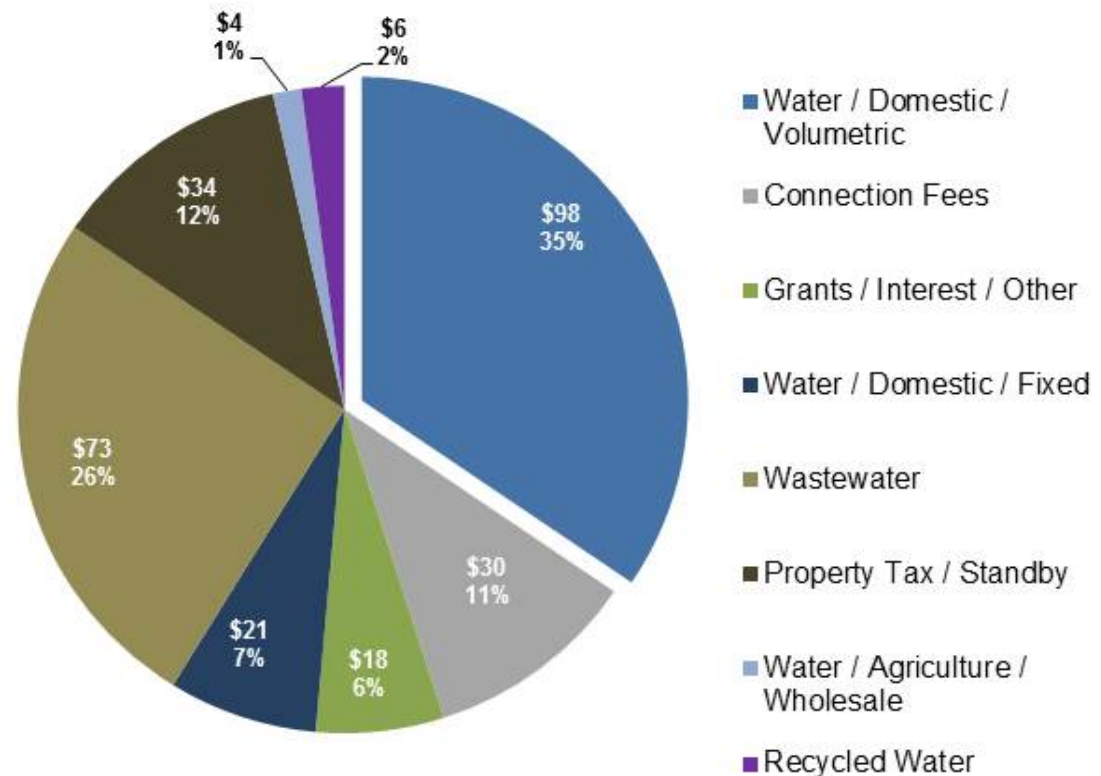


RATES & FEES

REVENUE DIVERSITY

- District has a diverse revenue stream.
 - Stable mix of fixed utility charges, property taxes, standby charges, and various fees.
- Domestic water accounts for 35% of total revenues.
 - As a result, a 10% reduction in water revenue equates to a 3.5% reduction in total revenue.
- Wastewater revenues not based on water use.

FY 2014 Revenue (\$ Million)



RATES & FEES

FIXED REVENUES COVER MOST FIXED COSTS

- Fixed revenue approaching level of fixed expenses, including debt service.
 - District continues to adjust fixed charges to increase financial stability.
 - Volumetric revenue remained stable as demand for essential water service remains strong.

FY 2014 Revenue and Expense
(\$ million)



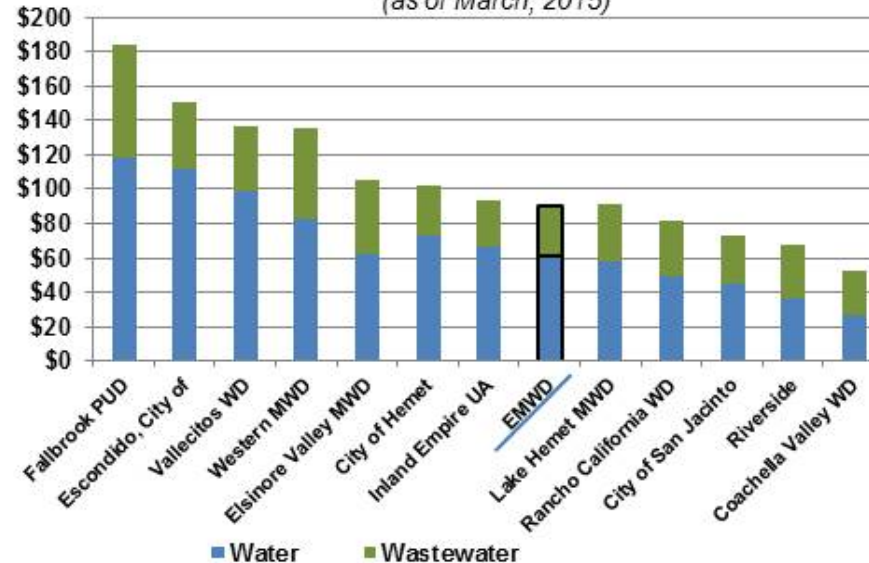
RATES & FEES

WELL-MANAGED STRUCTURE AND COMPETITIVE WATER AND WASTEWATER RATES

- Budget-based water conservation rate structure.

Tiered Water Rates (\$ CCF)	Current Rate	Effective Jan. 1, 2016
Tier 1: Indoor	\$1.793	\$1.861
Tier 2: Outdoor	\$3.280	\$3.405
Tier 3: Excessive	\$5.879	\$6.102
Tier 4: Wasteful	\$10.755	\$11.164

Typical Customer's Monthly Bill Water & Sewer Services - Inland Districts
(as of March, 2015)



- Wastewater block rate structure charges based upon household size.

- Customer account write-offs are low and represented only 1% of total sales at the height of the recession; highlighting the essential services provided by the District.

	2008	2009	2010	2011	2012	2013	2014
Riverside-San Bernardino-Ontario MSA Unemployment Rate (June of each year)	8.1%	13.5%	14.3%	14.1%	12.7%	10.3%	8.5%
Customer Account Write-Offs (% of sales)	0.9%	1.0%	0.7%	0.5%	0.5%	0.4%	0.5%

Source: bls.gov and EMWD CAFR FY2014

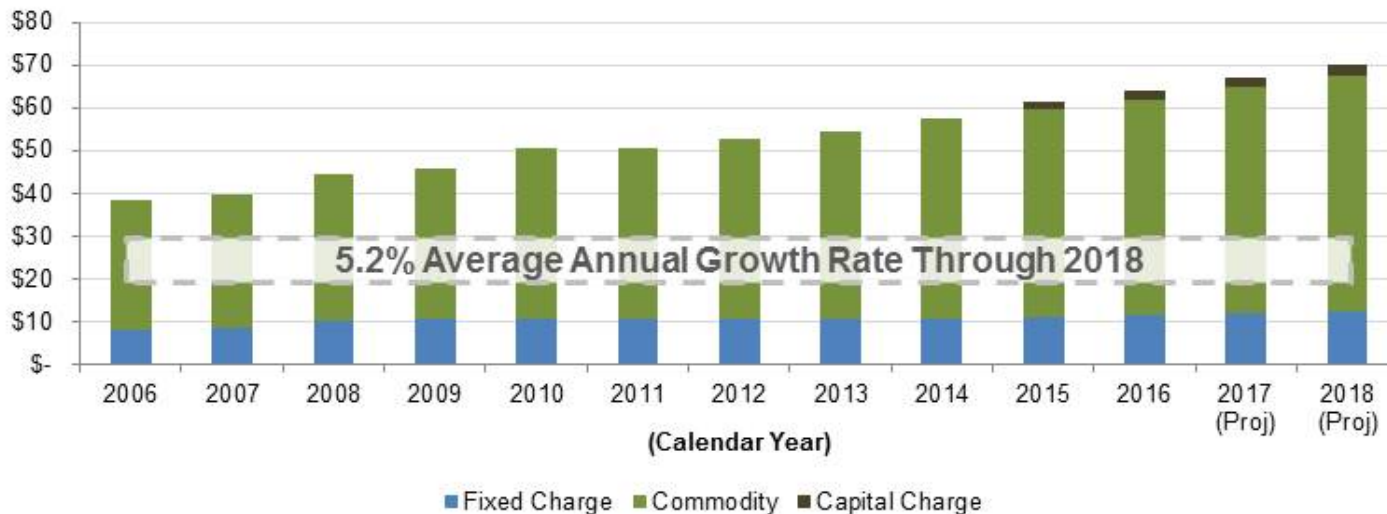


RATES & FEES

CONSISTENT WATER RATE INCREASES MEET REVENUE REQUIREMENTS

- The Board approved:
 - A 3.8% increase in commodity rates and the daily service charge in FY 2015, 3.8% in FY 2016, and 4.5% thereafter.
 - A new fixed monthly capital charge of \$1.75 beginning in FY 2015 for water supply reliability and an additional \$0.50 beginning in FY 2016.

Historical and Projected Typical Monthly Water Bills



Notes:

- Water rates adjusted January 1 of each year;
- Fixed charge per month for A101 rate area. (Based upon Daily Service Charge x 365 days / 12 months);
- Commodity Charges through 2008 are calculated using 18 Billing Units (CCF) (A101 rate area);
- Commodity Charges are calculated for a customer using 18 Billing Units (CCF) within allocation; 7 units in Tier 1; 11 units in Tier 2 (A101 rate area);
- Projected rates reflect average monthly bill per fiscal year for residential customer (4 person household) using 7 billing units (BU) at Tier 1 and 11 BU at Tier 2 rate.

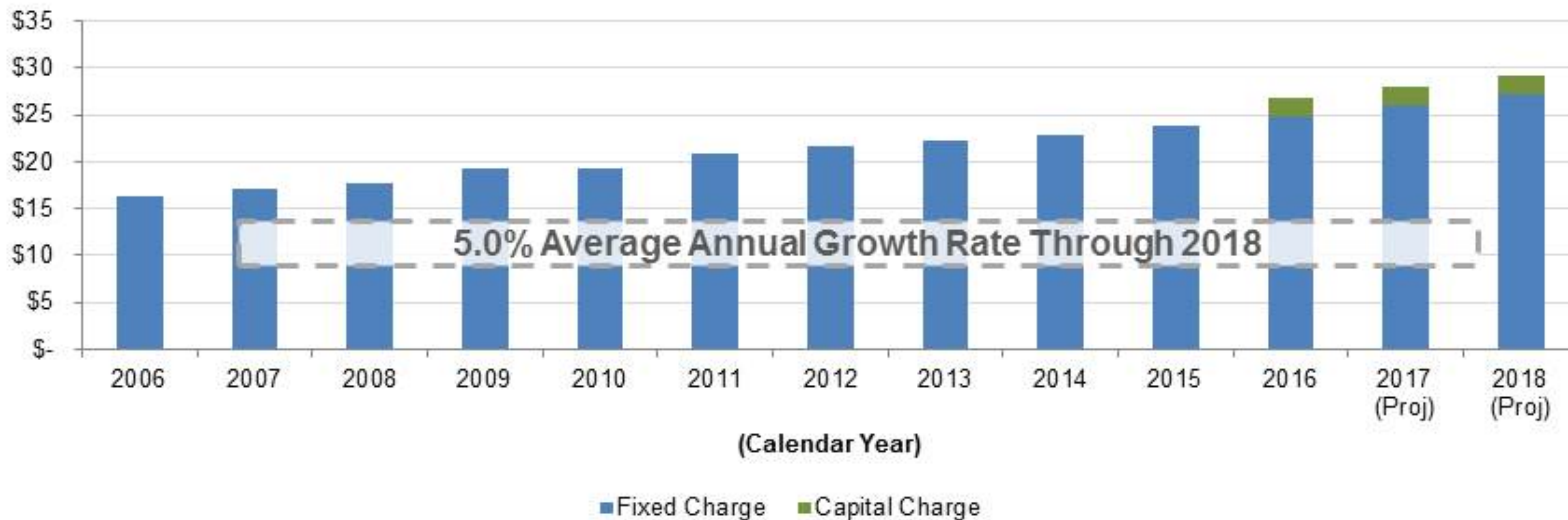


RATES & FEES

WASTEWATER SYSTEM RATES HAVE BEEN INCREASED AS NECESSARY BY THE BOARD

- The Board approved:
 - A 4.5% increase in the daily service charge in FY 2015, 4.5% in FY 2016, and 4.5% thereafter.
 - A new monthly fixed capital charge of \$1.50 in FY 2016 for capital program and \$2.00 in FY 2017 and FY 2018.

Historical and Projected Typical Monthly Wastewater Bills



Notes:

- Wastewater rates adjusted July 1 of each year;
- Service charge per month for S201 rate area. (Based upon Daily Service Charge x 365 days / 12 months);
- Assumes four-person household (Wastewater Block 2) starting in 2013;
- Projected rates reflect average monthly bill per fiscal year for four person household.

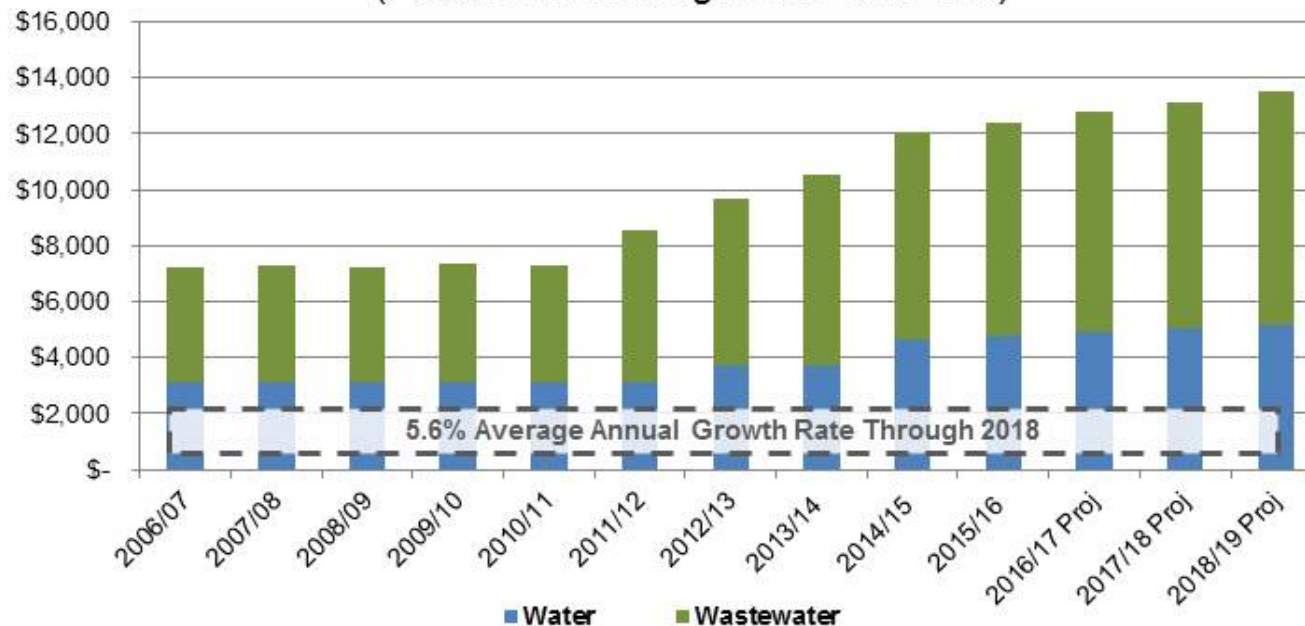


RATES & FEES

CONNECTION FEES WILL CONTINUE TO STEADILY INCREASE

- The District has increased Connection Fees to ensure full cost of supplies and labor are passed on to developers.
- Connection Fee increases provided a buffer during low development years like FY 2012 and additional revenue during strong development years like FY 2013 and FY 2014 where actuals exceeded projections.
- Board approved future Connection Fees will increase at Engineering News-Record Construction Cost Index, at a minimum.

Connection Fees
(Fiscal Year Average Per EDU/EMS)





Financial Profile, Results, and Projections



FINANCIAL PROFILE , RESULTS, AND PROJECTIONS

RECENT FINANCIAL PERFORMANCE CONTINUES TO BE STRONG

- o Debt service coverage ratio was 2.04x and 2.12x in FY13 and FY14, respectively.
- o Continuing growth and timely rate increases have produced favorable results.

(\$000s)	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014
OPERATING REVENUES:				
Water Sales	102,010	104,741	112,457	122,724
Wastewater Service Charges	62,610	65,983	68,957	73,100
Recycled Water Sales	4,505	5,135	5,676	6,125
Total Operating Revenues	169,124	175,860	187,090	201,950
OPERATING EXPENSES:				
Water purchases	46,490	52,698	58,446	63,851
Water operations	41,365	40,789	40,995	44,194
Wastewater operations	47,351	47,057	46,272	48,703
Other Post Employment Benefits (OPEB)	-	2,621	5,740	6,123
General and administrative	26,708	27,113	28,393	28,352
Total Operating Expenses	161,914	170,277	179,845	191,222
OPERATING INCOME (LOSS)	7,210	5,582	7,245	10,727
NON-OPERATING REVENUES:				
Property taxes - General Purpose	25,885	26,574	27,243	28,061
Standby charges	5,570	5,601	5,635	5,701
Connection and Development Fees	11,281	12,640	20,402	30,150
Interest income	7,664	7,432	4,485	3,133
Grants/Other Income/(expense)	17,400	17,874	15,433	6,162
Total Non-Operating Revenues	67,799	70,120	73,199	73,207
Net Revenues Available for Debt	75,010	75,703	80,444	83,934
Annual Debt Service:				
Debt Service Payments	32,732	37,045	35,062	35,521
SRF Debt Service Payments	5,704	4,115	4,322	4,013
New Issuance Debt Service Payments	-	-	-	-
Total Parity Debt Obligation	38,436	41,160	39,384	39,534
Debt Service Coverage Ratio	1.95x	1.84x	2.04x	2.12x





FINANCIAL PROFILE, RESULTS, AND PROJECTIONS

FY 2015 YEAR-TO-DATE FINANCIAL PERFORMANCE IS ON BUDGET

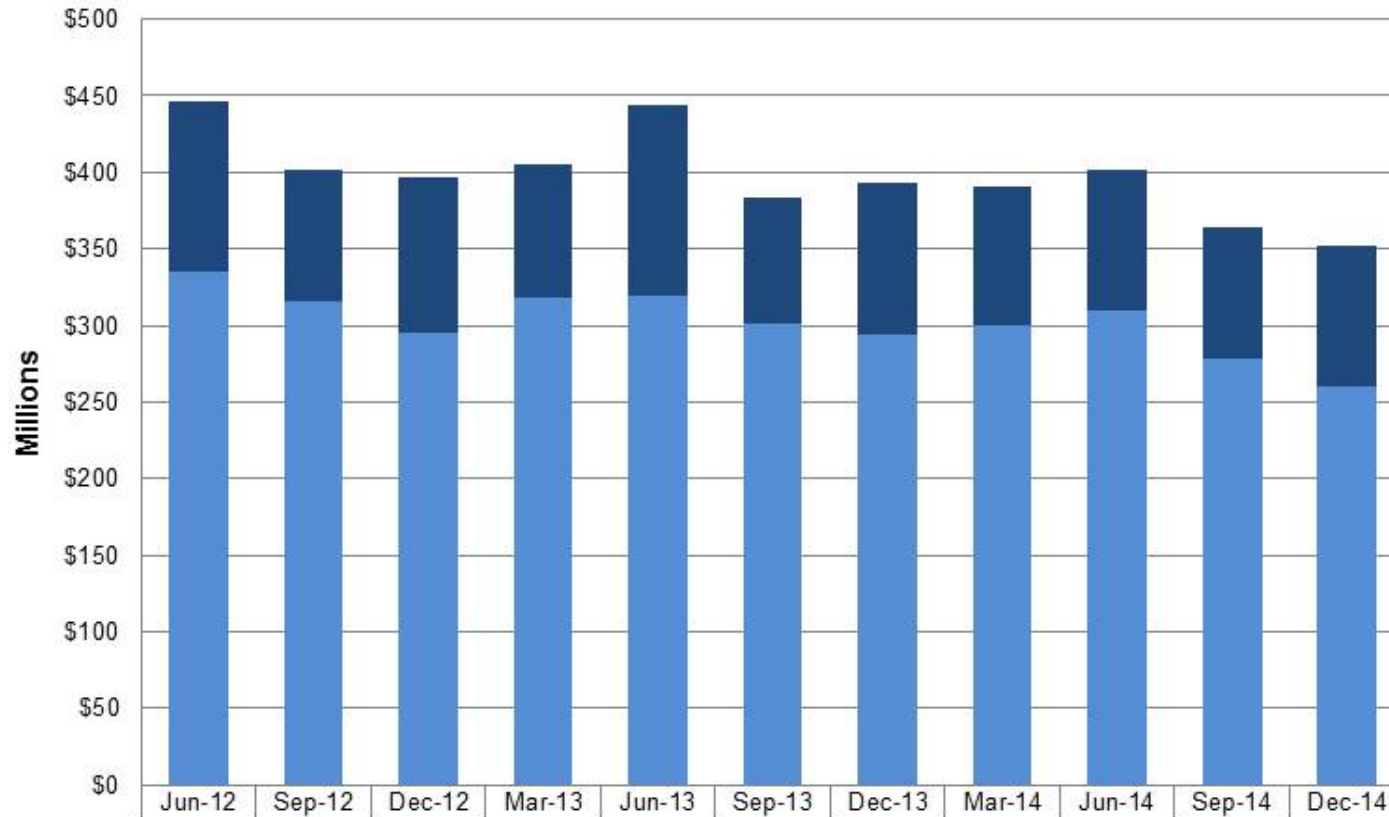
Year-to-Date Sales and Operating Costs (\$000s)				
	FY 15 Second Quarter		Variance to Budget Over / (Under)	Variance to Budget %
	Year-to-date ending December 31, 2014			
	Actual	Budget		
Sales:				
Water	\$66,389	\$66,850	(\$461)	-0.69%
Wastewater	38,273	36,979	1,294	3.50%
Recycled	3,168	3,474	(306)	-8.81%
Total Sales	107,830	107,303	527	0.49%
Operating Costs:				
Water	58,321	57,691	629	1.09%
Wastewater	22,406	22,752	(346)	-1.52%
Recycled	3,210	3,304	(94)	-2.85%
Total Operating Costs	83,936	83,747	189	0.23%
Available to Fund Capital Program	\$23,893	\$23,556	\$337	1.43%



FINANCIAL PROFILE, RESULTS, AND PROJECTIONS

CASH BALANCES AT A GLANCE

- Exceptionally strong cash balances with almost 500 days available cash on hand.



■ Restricted Cash	111.4	86.5	102.3	86.5	123.8	82.1	98.8	91.2	92.0	85.2	92.4
■ Available Cash	335.2	315.2	294.7	318.4	319.8	300.8	294.1	299.6	309.2	278.7	260.2

- Restricted Cash represents legally restricted bond funds

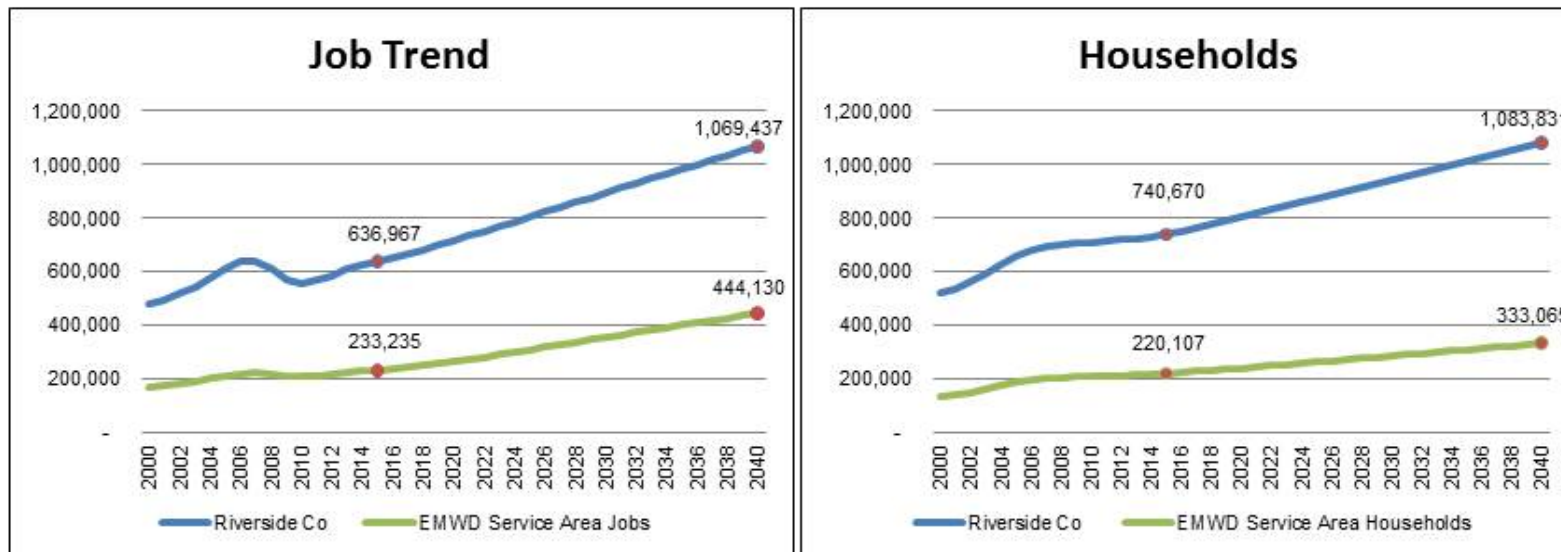


FINANCIAL PROFILE , RESULTS & PROJECTIONS

JOBS = HOMES = NEW CONNECTIONS

UCLA Anderson March 2015 Forecast: California Job Growth of 2.4%, 2.2% and 1.5% in 2015, 2016 and 2017, respectively.

- Job growth leads to new households.
- Peak jobs level from 2007 will be met in 2015 following several years of hiring.
 - Significant driver is logistics, adding 20% of new jobs in 2014 with median pay of \$43,911.
- Empire Economics projections within the District's service area¹:
 - 2.6% CAGR in jobs growth from 2015 to 2040.
 - 1.7% CAGR in household growth from 2015 to 2040.



1. Empire Economics, Inc. - March 2015 Connections Forecast



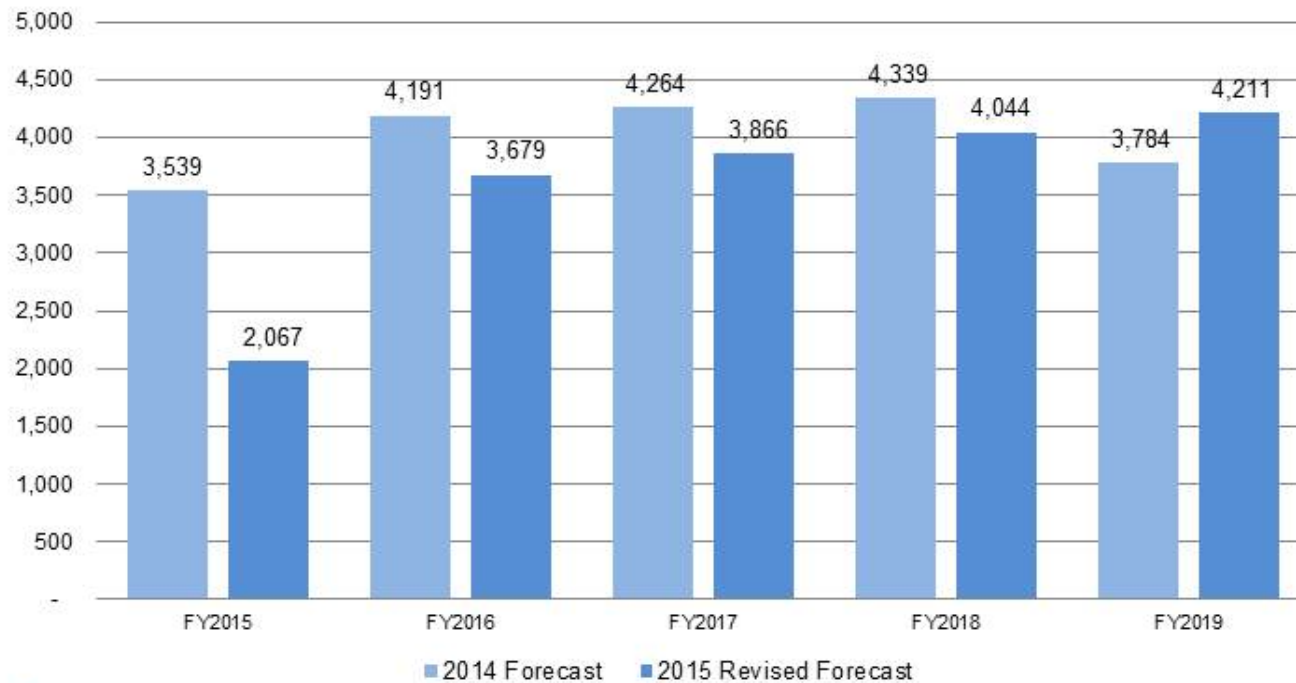
FINANCIAL PROFILE, RESULTS & PROJECTIONS

CONNECTIONS SUMMARY

○ Connections

- Connections leveled off in late 2014 and beginning of 2015.
- Forecast now revised to reflect the market pause.
- Anticipate connections will return with restored job levels later in calendar year 2015.

Wastewater Connections (EDU) - Fiscal Year





CIP and Funding Plan

CIP AND FUNDING PLAN

CAPITAL IMPROVEMENT PLAN ESSENTIAL TO LONG-TERM SUSTAINABILITY

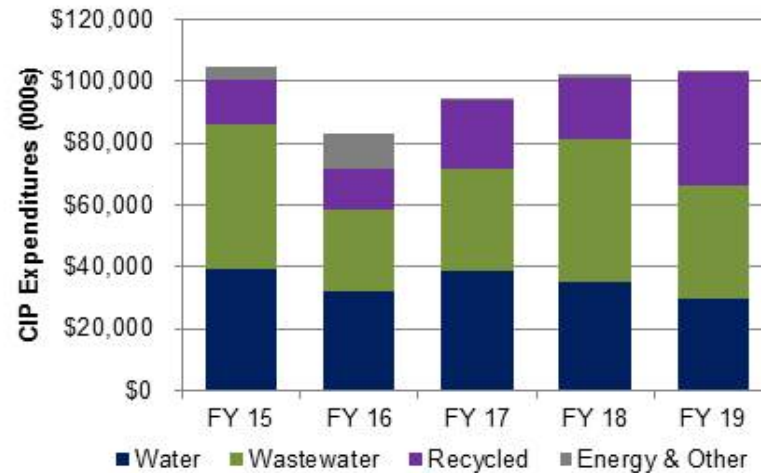
What we are doing:

- CIP Prioritization to meet Strategic Goals
 - Water Supply Reliability
 - Portfolio of Projects.
 - Supply System Redundancy.
 - Recycling 100 percent of treated water.
 - Energy Independence
 - Photovoltaic facility – headquarters independent of grid.
 - Biogas Fuel Cells.

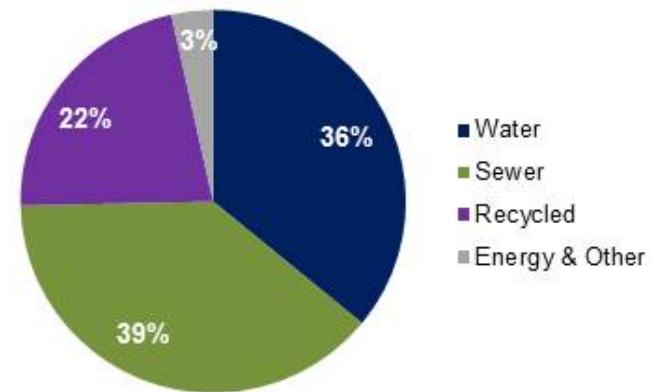
- Adaptable CIP that is calibrated upon:
 - Capacity needs.
 - Capacity demands.
 - Funding opportunity.

- Adjust CIP as needed going forward

Projected CIP Expenditures



% of Total CIP Spending by Service Type (FY 2015 - 2019)



CIP AND FUNDING PLAN

STRATEGIC CAPITAL PROJECTS: WATER SUPPLY AND TRANSMISSION

Groundwater Development (\$19.5 Million)

- Wells 94, 95 and 96 Drill and Equip Project.
- Moreno Valley Wells (2) Equipping/Treatment Project.
 - Program to develop three new wells, rehabilitate two others.
 - Site acquisition, centralized treatment facilities, transmission pipelines and two replacement wells.
 - Additional local supply to increase local water production, reduce reliance on imported water.
 - Provides additional 3,000 AF/year of water.



Redlands and Hemlock Booster Pumping Station Project (\$4.9 Million)

- Construction of new pumping station and related appurtenances.
- Installation of approximately 1,500 linear feet of 24-inch diameter discharge pipeline.

CIP AND FUNDING PLAN

STRATEGIC CAPITAL PROJECTS: WATER STORAGE

Potable Water Storage Augmentation (28.4 MG Storage)

- Audie Murphy Ranch Tank – 5 MG Storage, \$6.0 Million.
- Goetz Road Tank – 13.4 MG Storage, \$12.6 Million.
- Belle Terre Tank – 4 MG Storage, \$6.0 Million.
- 1764 Petit Tank – 6 MG Storage, \$9.8 Million.
 - Project benefits include: improved water supply reliability, accommodates growth, and replaces aging infrastructure.



Recycled Water Storage (256 MG Storage)

- North Trumble Road Recycled Storage Ponds No. 1 - \$ 9.5 Million.
- Perris Valley RWRP Case Rd. Pond Improvement - \$1.7 Million.
 - Project benefits include: provides increased capacity for non potable applications. Reduces reliance on potable water for irrigation and industrial uses.

CIP AND FUNDING PLAN

STRATEGIC CAPITAL PROJECTS: WASTEWATER, RECYCLED TRANSMISSION, AND ENERGY

Solar Phase II Initiative – Regional Water Reclamation Facility Solar Project

- Solar Generating Facilities at five Regional Water Reclamation Facilities to offset facility base electrical load.
- Design/Build Delivery to site up to five facilities in size up to 1 MW (Megawatt) each.
- California Solar Initiative – Step 9.
- \$22 million program.



Temecula Valley RWRf 23-MGD Expansion and Recycled Water Project

- Project installs advanced membrane bioreactor secondary treatment process.
- Project expands plant capacity by 5-MGD supporting growth in the Temecula service area. \$80 million
- Parallel Recycled Water pipeline from TVRWRf facility. \$18 million

Temecula Valley RWRf and Solar Phase II funding:

- \$120 million SRF loan, 30-year at 1% interest rate, on working lien.
- SRF loan application underway with State.



Plan of Finance



PLAN OF FINANCE

PROPOSED 2015 PLAN OF FINANCE

	2015A Bonds	2015B Bonds	SRF Loan
Use of Funds	Current Refund 2008G VRDOs	New Money	New Money
Par Amount	\$50,000,000 ⁽¹⁾	\$80,000,000 ⁽¹⁾	\$120,000,000 ⁽¹⁾
Refunded Par Amount	\$50,000,000	N/A	N/A
Lien	Working	Working	Working
Rate Covenant / ABT*	1.15x	1.15x	1.15x
DSRF Requirement	None	None	None
Tax-Status	Tax-Exempt	Tax-Exempt	Tax-Exempt
Principal (July 1)	2036-2038	2039-2046 ⁽¹⁾	2020-2049 ⁽¹⁾
Interest Rate Mode	Variable (Weekly) ⁽²⁾	Fixed (Market)	Fixed (1%)

(1) Preliminary, subject to change.

(2) Supported by a Bank of Tokyo MUFG facility expiring in June 2018.

** Net revenues under working lien are gross revenues less O&M and senior obligation debt service.*

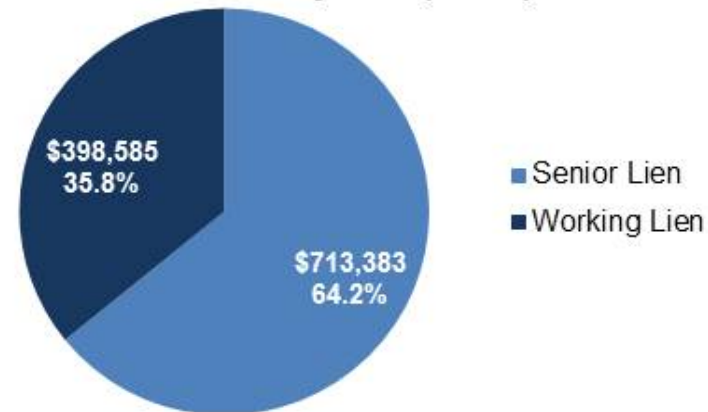


PLAN OF FINANCE

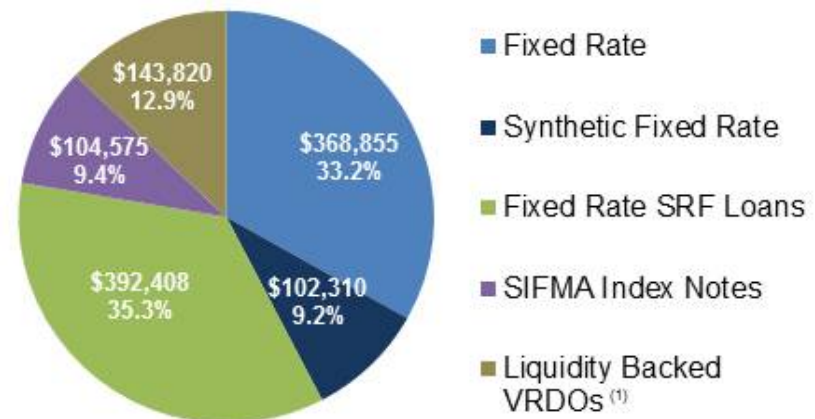
HIGHLIGHTS OF DEBT PORTFOLIO (AFTER 2015 PLAN OF FINANCE)

- 35.8% of total debt on new working lien.
- Proactive use of low-cost SRF funding, when available.
- All bank facilities expire in 2017 or 2018.
- Interest rate swaps recently novated to Wells Fargo on the working lien.
- Termination payments subordinate to working lien.

Portfolio by Lien (\$ 000)



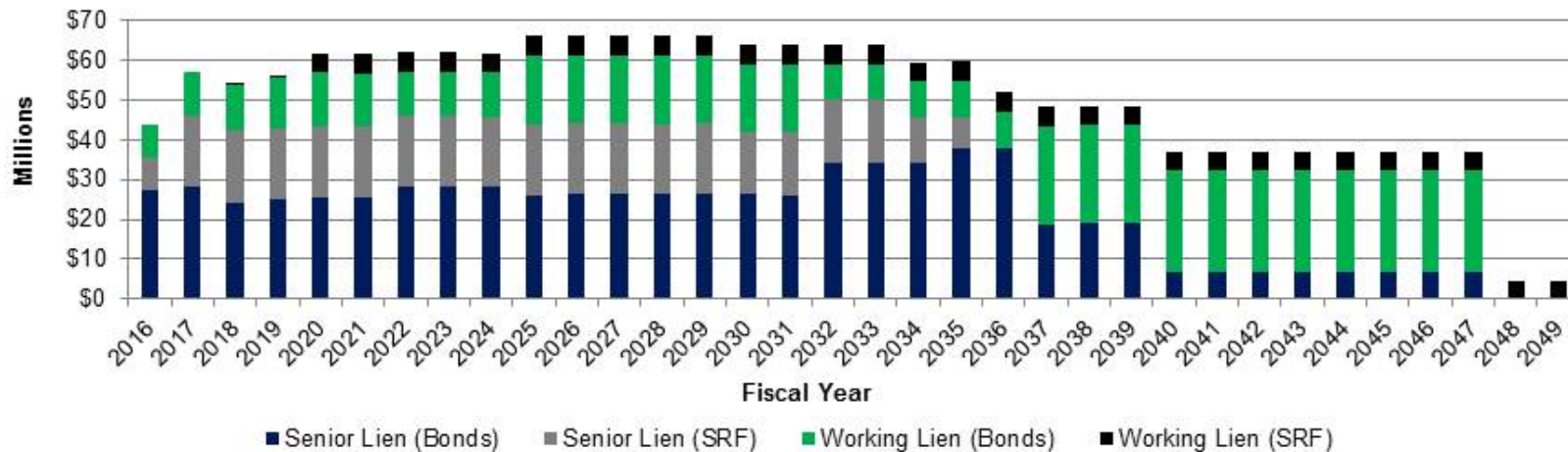
Portfolio by Product (\$ 000)



(1) Swaps associated with underlying liquidity backed VRDOs terminate on 7/1/2020 and 7/1/2030.

PLAN OF FINANCE
HIGHLIGHTS OF DEBT PORTFOLIO (AFTER 2015 PLAN OF FINANCE)

	As of January 1, 2015	After 2015 Plan of Finance ⁽¹⁾	Projected Total Debt ⁽¹⁾
Senior Lien (Bonds)	\$490,975,000	-\$50,000,000	\$440,975,000
Senior Lien (SRF)	\$272,407,501	-	\$272,407,501
Working Lien (Bonds)	\$148,585,000	+\$130,000,000	\$278,585,000
Working Lien (SRF)	-	+\$120,000,000	\$120,000,000
Total Outstanding	\$911,967,501	\$200,000,000	\$1,111,967,501

Projected Debt Service Profile⁽¹⁾


(1) Preliminary, subject to change

Note: Potential termination payment under either swap is subordinate to the senior and working liens



PLAN OF FINANCE

FINANCIAL PROJECTIONS

(\$000s)	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019
OPERATING REVENUES:					
Water Sales	118,843	126,376	132,063	138,006	144,216
Wastewater Service Charges	76,177	82,940	89,454	94,833	100,327
Recycled Water Sales	8,286	9,054	9,507	9,982	10,481
Total Operating Revenues	203,306	218,370	231,023	242,821	255,024
OPERATING EXPENSES:					
Water purchases	61,487	61,377	63,525	65,748	68,050
Water operations	47,254	47,866	51,239	53,426	55,626
Wastewater operations	50,928	53,498	54,942	56,426	57,949
Other Post Employment Benefits (OPEB)	8,843	8,553	10,691	12,295	13,525
General and administrative	29,620	31,710	32,661	33,641	34,650
Total Operating Expenses	198,131	203,004	213,059	221,536	229,800
OPERATING INCOME (LOSS)	5,175	15,366	17,964	21,285	25,224
NON-OPERATING REVENUES:					
Property taxes - General Purpose	27,785	28,341	28,908	29,486	30,075
Standby charges	5,670	5,727	5,784	5,842	5,900
Connection and Development Fees	24,362	41,809	45,225	48,705	52,212
Interest income	2,850	2,261	5,092	7,539	8,507
Grants/Other Income/(expense)	6,500	4,642	4,642	4,642	4,642
Total Non-Operating Revenues	67,167	82,779	89,651	96,214	101,337
Net Revenues Available for Debt	72,342	98,145	107,614	117,499	126,561
Annual Debt Service:					
Parity Debt Service	35,612	35,615	46,221	42,242	43,015
Subordinate Debt Service	5,139	8,324	10,972	11,963	13,036
Total Consolidated Debt Service	40,750	43,939	57,194	54,205	56,051
Parity DSC Ratio (x)	2.0	2.8	2.3	2.8	2.9
Consolidated DSC Ratio (x)	1.8	2.2	1.9	2.2	2.3

Notes:

- o Pro forma Includes projected issuance of \$200m of new debt within the 5-year timeframe
- o See Appendix for additional notes and assumptions





PLAN OF FINANCE

FINANCIAL PROJECTIONS (WSCP 4B DURING FY2016)

(\$000s)	Projected FY 2015	Projected FY 2016	
OPERATING REVENUES:			
Water Sales	118,843	131,376	\$5 million addition
Wastewater Service Charges	76,177	82,940	
Recycled Water Sales	8,286	9,054	\$3.6 million reduction
Total Operating Revenues	203,306	223,370	
OPERATING EXPENSES:			
Water purchases	61,487	57,761	\$0.4 million reduction
Water operations	47,254	47,498	
Wastewater operations	50,928	53,498	
Other Post Employment Benefits (OPEB)	8,843	8,553	
General and administrative	29,620	31,710	
Total Operating Expenses	198,131	199,020	
OPERATING INCOME (LOSS)	5,175	24,350	
NON-OPERATING REVENUES:			
Property taxes - General Purpose	27,785	28,341	
Standby charges	5,670	5,727	
Connection and Development Fees	24,362	41,809	
Interest income	2,850	2,261	
Grants/Other Income/(expense)	6,500	4,642	
Total Non-Operating Revenues	67,167	82,779	
Net Revenues Available for Debt	72,342	107,129	
Annual Debt Service:			
Parity Debt Service	35,612	35,615	
Subordinate Debt Service	5,139	8,324	
Total Consolidated Debt Service	40,750	43,939	
Parity DSC Ratio (x)	2.0	3.0	FY 2016 Coverage improves as result of higher water revenue and lower water expenses.
Consolidated DSC Ratio (x)	1.8	2.4	

- FY 2016 projection
 - WSCP 4b
 - 4,000 AF less water purchases
- FY 2017 – FY 2019 projection
 - District to update Cost of Service and Rates during FY 2016
 - Will evaluate fixed/variable revenue and costs and tiered rates

Notes:

- For FY 2016, Assumes Stage 4b effective July 1, 2015 with revenue adjustments, reduction of 4,000 acre-feet MWD Tier 1 water purchases, and lower energy cost.





Conclusion

CONCLUSION

THE DISTRICT CONTINUES TO BE A STRONG CALIFORNIA ESSENTIAL SERVICE CREDIT

- Regional Supplier of Water and Wastewater Services
 - Well diversified revenue base not dependent on new connections.
 - Growing local economy.
- Strategies and Tools to Address Drought Conditions
 - Diversified Water Supply Portfolio and Allocation-Based Rate Structure.
- Industry-Leading Rate Design
 - Allocation-based water rate structure.
 - Wastewater block residential rates based on household size.
 - New fixed charges added in 2014 and 2015 to fund long-term capital needs.
- Strong Board of Directors and Professional Management Team
 - Demonstrated history of raising rates as needed.
 - Committed to smart, effective long-term planning.
- Solid Liquidity Position
 - Includes \$260 million in available cash (497 days cash-on-hand as of December 31, 2014).
- Prudent Capital Plan
 - Adaptable CIP plan, adjusted on an ongoing basis.
- Robust historical and projected debt service coverage levels



Timing Needs and Significant Dates

TIMING NEEDS AND SIGNIFICANT DATES
SCHEDULE FOR PROPOSED REFUNDING AND REMARKETINGS

	2012A Bonds	2015A Bonds	2015B Bonds
Purpose	Index Note Remarketing	Current Refund 2008G VRDOs	New Money
Par Amount	\$50,000,000	\$50,000,000 ⁽¹⁾	\$80,000,000 ⁽¹⁾
Lien	Senior	Working	Working
Coupon Type	Variable	Variable	Fixed
Requested Rating Date	N/A	May 20	May 20
Requested Ratings	N/A	Short-term⁽²⁾ & Long-term	Long-term
Pricing / Remarketing Date	May 5⁽¹⁾	June 2⁽¹⁾	June 17⁽¹⁾



Appendix



APPENDIX

CAPITAL IMPROVEMENT DETAILS

5-YEAR CAPITAL IMPROVEMENT PROGRAM (\$000s)

Type	Program	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total	%
WATER								
	Supply (Desalination, Filtration, Groundwater Development)	\$7,224	\$11,381	\$15,111	\$2,957	\$6,249	\$42,923	
	Storage	10,480	7,016	15,647	20,793	12,874	66,811	
	Transmission	21,785	13,865	7,907	11,218	10,658	65,432	
	WATER TOTAL	\$39,489	\$32,262	\$38,665	\$34,968	\$29,781	\$175,166	36%
WASTEWATER								
	Regional Water Reclamation Facilities	\$16,414	\$13,786	\$25,985	\$37,538	\$27,767	\$121,491	
	Transmission	29,644	12,170	6,502	8,307	7,979	64,602	
	Other	548	499	498	498	499	2,542	
	WASTEWATER TOTAL	\$46,606	\$26,455	\$32,985	\$46,344	\$36,244	\$188,634	39%
RECYCLED								
	Desalination (IPR)	\$1,202	\$2,966	\$5,352	\$12,971	\$36,019	\$58,511	
	Transmission	4,403	3,096	14,716	6,738	1,043	29,995	
	Storage	9,099	6,708	2,078	23	60	17,968	
	RECYCLED TOTAL	\$14,704	\$12,770	\$22,146	\$19,732	\$37,122	\$106,473	22%
ENERGY								
	ENERGY & OTHER TOTAL	\$3,959	\$11,596	\$361	\$1,102	\$7	\$17,026	3%
	TOTAL	\$104,759	\$83,083	\$94,157	\$102,146	\$103,154	\$487,299	100%



APPENDIX

ASSUMPTIONS TO FINANCIAL PROJECTIONS

1. Reflects Fiscal Year 2015 budgeted amounts with certain adjustments.
2. Reflects reductions in water sales resulting from District response to drought conditions. Based on District projections of increases in connections, approved rate increases of an average of approximately 3.8% effective January 1, 2015 and January 1, 2016 and projected rate increases of approximately 4.5% per annum thereafter. Also reflects \$1.75 monthly Water Reliability Capital Charge beginning January 1, 2015, increasing to \$2.25 monthly beginning January 1, 2016 to offset MWD's water rates and rising energy and labor costs. Water sales projected at approximately 85,000 acre feet per year. Increases in rates and charges are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that such increases will be adopted as projected.
3. Based on District projections of increases in connections, adopted rate increases of approximately 4.5% effective July 1, 2015 and projected rate increases of approximately 5% per annum thereafter to cover energy, labor and other operational costs. Also reflects \$1.50 monthly Sewer Capital Charge beginning July 1, 2016, increasing to \$2.00 monthly beginning July 1, 2017. Increases in rates and charges are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that such increases will be adopted as projected.
4. Based on District projections of increases in connections and projected rate increases of 10% per annum in Fiscal Year 2016 and 5% per annum thereafter. Rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that such rate increases will be adopted as projected.
5. Based on District projections. Reflects reductions in water purchases resulting from District response to drought conditions. Also reflects MWD rates. Does not include costs associated with water purchases for groundwater recharge purposes under the Settlement Act. Assumes potable water supply mix of 73% imported water, or approximately 72,000 acre feet and 67,000 acre feet in Fiscal Years 2015 and 2016, respectively.
6. Based on District projections. In Fiscal Year 2015, water operating costs are projected to increase by approximately 7%, reflecting projected increases in energy and chemical costs.
7. Projected to increase by approximately 5% per annum in Fiscal Years 2015 and 2016, reflecting projected increases in energy and chemical costs, and approximately 3.7% per annum thereafter.
8. Reflects projected deposits to OPEB Trust. Reflects \$2,000,000 contribution to OPEB Trust in September 2014.
9. Projected to increase approximately 4.5% in Fiscal Year 2015, approximately 7% in Fiscal Year 2016 and approximately 3% per annum thereafter. Increases reflect projections of higher wages and benefits due to contractual obligations.
10. Fiscal Year 2015 amount based on adopted budget. Projected to increase approximately 2% per annum thereafter, reflecting increased assessed values in the District service area and additional taxes received as a result of the dissolution of redevelopment agencies in the State of California and the concomitant elimination of certain tax increment sharing obligations.
11. Projected to decrease slightly from Fiscal Year 2014 amount in Fiscal Year 2015 and to increase approximately 1% per annum thereafter.
12. One-time charge revenues received from developers used to finance wastewater treatment plant facility expansions, transmission mains, sewer lift stations and disposal facilities. Reflects District projections of development within the District. Sewer EDUs are projected to increase from 2,067 in Fiscal Year 2015 to 4,211 in Fiscal Year 2019. The proposed rates over the forecast period range from \$7,547 per EDU in Fiscal Year 2015 to \$8,494 per EDU in Fiscal Year 2019.
13. One-time charge revenues received from developers used to finance water treatment plant facility expansions, distribution mains, water pumping plants, wells and storage tanks. Reflects District projections of development within the District. Water EMSes are projected to increase from 1,756 in Fiscal Year 2015 to 2,948 in Fiscal Year 2019. The proposed rates over the forecast period range from \$4,690 in Fiscal Year 2015 to \$5,278 in Fiscal Year 2019.
14. Established in 2004 at \$300 per connection. Proceeds support projects that will provide for improved utilization of the District's available resources. Projected to remain at \$300 over the forecast period. Projected revenue is based on the projected water EMSes.
15. As of December 31, 2014, the District had approximately \$260,218,000 in available cash reserves, representing approximately 461 days cash on hand. The District's total investment portfolio (including restricted reserves), from which it derives interest earnings, is approximately \$352,591,000 and is invested in various securities with an average yield of approximately 0.88% as of December 31, 2014.
16. Includes delinquency charges, industrial permitting, meter rentals, plan checks and other miscellaneous revenues, which are projected to remain stable, plus grant revenues, less disposal of plant assets, abandonments, bad debt expense, special studies and miscellaneous interest expenses. Net other income is projected to remain stable at approximately \$4,642,000 per annum.
17. Operating Income (Loss) plus Total Non Operating Revenues.
18. Variable rates of interest over the forecast period are assumed at 0.75%, 1.25%, 1.75%, 2.25% and 3.00% for Fiscal Years 2015 through 2019, respectively.
19. Includes the projected debt service on new State Loans that have been executed but will not begin to be repaid until Fiscal Years 2016 and 2017, respectively.
20. Net Water and Sewer Revenues for Debt Coverage divided by Total Parity Obligation Debt Service.
21. Net Water and Sewer Revenues for Debt Coverage minus Total Parity Obligation Debt Service.
22. Reflects debt service on the 2014A Bonds at projected interest rates of 0.75%, 1.25%, 1.75%, 2.25% and 3.00% for Fiscal Years 2015 through 2019, respectively.
23. Reflects debt service on the 2014B Bonds at projected interest rates of 0.75%, 1.25%, 1.75%, 2.25% and 3.00% for Fiscal Years 2015 through 2019, respectively.
24. Reflects debt service on the 2014C Bonds at a projected interest rate of 3.10% per annum.
25. Reflects issuance of the 2015A Bonds.
26. Reflects projected issuance of additional subordinate obligations, including the 2015B Bonds, in the approximate aggregate principal amount of \$200,000,000 to finance capital improvements. There can be no assurance that such obligations will be issued, or that the debt service with respect to such obligations will be in the amounts set forth herein.
27. Revenues Available for Subordinate Obligations divided by Total Subordinate Obligation Debt Service.
28. Revenues Available for Subordinate Obligations minus Total Subordinate Obligation Debt Service.
29. Total Parity Obligation Debt Service plus Total Subordinate Obligation Debt Service.
30. Net Water and Sewer Revenues for Debt Coverage divided by Total Debt Service.

Source: Eastern Municipal Water District.



Preliminary, subject to change.