

PAJARO/SUNNY MESA
COMMUNITY SERVICES DISTRICT
136 San Juan Road, Royal Oaks, CA 95076
O (831) 722-1389 | Fax (831) 722-2137
www.pajarosunnymesa.com

AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS
DISTRICT CONFERENCE BOARD ROOM
136 SAN JUAN ROAD, ROYAL OAKS, CA 95076

JUNE 24, 2021
5:30 P.M.

“Notice of Teleconferenced Meeting”

Pursuant to Governor Newsom’s March 17, 2020 Executive Order N-29-20 regarding COVID-19, members of the Pajaro/Sunny Mesa Community Services District Board of Directors and staff may participate in this meeting by teleconference.

To reduce the spread of COVID-19, members of the public may join the meeting from their computers via Zoom Meeting by entering the following link: <https://zoom.us/j/93708363904?pwd=T1VtL2dHaTRMT2hiSWhWb3ZhdEh3QT09> or by calling 1 (669) 900-9128 and when prompted, enter meeting ID: 937 0836 3904# and passcode 179080#. There will be no in-person participation in the meeting under the authority of Governor Newsom’s Executive Order N-29-20. You may also submit written comments in writing either at District Offices in person or by email by 2:00 pm on June 24, 2021.

To submit a comment by email, please send to info@pajarosunnymesa.com and write “Public Comment” in the subject line. Include the item number and/or title of the item in the body of the email and your comments. All comments received by 2:00 pm will be emailed to the Board members and included as an “Add to Packet” on the District’s website before the meeting. Those comments received after 2:00 pm will be added to the record of the meeting and shared with Board members at the meeting.”

The Pajaro/Sunny Mesa Community Services District welcomes you to its meetings regularly scheduled on the fourth Thursday of each month, and your interest and participation is encouraged and appreciated.

Contact the District office at the email address or telephone number above if you believe you require any modification or accommodation for any disability which might impair your ability to participate in the meeting.

Documents provided to the District after the agenda has been published will be available at the District office and available for photocopying during ordinary business hours as Public Records at the cost set by resolution by the Board from time to time. This is ordinarily \$.25 per page. Documents provided to the Board for agenda items will ordinarily be placed on the District website if time permits. Otherwise, late documents will be provided to the Board at the meeting and a copy placed with the agendas available to the Public at Board meetings.

AMERICANS WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Pajaro Sunny Mesa Community Services District at (831) 722-1389 before the meeting to allow the District to make reasonable accommodations.

1. PLEDGE OF ALLEGIANCE

2. CALL TO ORDER AND ROLL CALL

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lamboley _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

ADMINISTRATIVE STAFF: General Manager Don Rosa _____
 Bookkeeper Amy Saldade _____
 Recorder Judy Vazquez-Varela _____

DISTRICT COUNSEL: Attorney Alan Smith _____

3. ADDITIONS TO AGENDA [SUBDIVISION (b), GOVERNMENT CODE § 54954.2]

The Board may act on items of business not appearing on the posted agenda if (1) three members determine that an emergency (as defined in Section 54956.5 exists), (2) two-thirds vote of the members present, or, if less than two-thirds of the members are present, a unanimous vote of those members present, determine that there is a need to take immediate action and that the need for action came to the attention of the District after the agenda was being or (3) the item was posted for a prior Board meeting not more than five calendar days before the date action is taken, and at the prior meeting the item was continued to the meeting at which action is taken. Before discussing any item pursuant to this subdivision, the Board will publicly identify the item.

4. COMMENTS FROM PUBLIC OR MEMBERS OF BOARD ON ITEMS NOT ON AGENDA

Any person may address the Board on any item not on the agenda when recognized by the Board President.

Any Board member may comment on any item not on the agenda.

ACTION ITEMS

Consent Agenda

Any person may comment on any item on the consent agenda.

1. DRAFT MINUTES OF MAY 27, 2021 REGULAR MEETING

Approval of draft minutes for regular meeting on 5/27/2021

Motioned by: Director _____ Seconded by: Director _____
 Ayes: _____ Noes: _____ Absent: _____ Abstained: _____
 Motion passed: _____ Motion Failed: _____ Motion Tabled: _____

Roll Call Vote:

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lambolely _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

Old Business:

1. NONE

New Business:

1. REVIEW AND MOTION TO APPROVE DRAFT FINANCIAL REPORTS FOR MAY 2021

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve Draft Financial Reports May 2021

Motioned by: Director _____ Seconded by: Director _____
 Ayes: _____ Noes: _____ Absent: _____ Abstained: _____
 Motion passed: _____ Motion Failed: _____ Motion Tabled: _____

Roll Call Vote:

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lambolely _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

2. REVIEW AND MOTION TO APPROVE CHECKS AND DIRECT STAFF TO SIGN CHECKS (CHECK LISTING)

1. General Fund 605: Check # _____ through check # _____ for a total of \$ _____
2. Water Account: Check # _____ through check # _____ for a total of \$ _____
3. Holding Acct: Check # _____ through check # _____ for a total of \$ _____
4. Street Maint. Acct: Check # _____ through check # _____ for a total of \$ _____
5. Reorganization Acct: Check # _____ through check # _____ for a total of \$ _____
6. Construction Acct: Check # _____ through check # _____ for a total of \$ _____
7. Acct: Check # _____ through check # _____ for a total of \$ _____

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve checks and direct staff to sign checks

Motioned by: Director _____ Seconded by: Director _____
Ayes: _____ Noes: _____ Absent: _____ Abstained: _____
Motion passed: _____ Motion Failed: _____ Motion Tabled: _____

Roll Call Vote:

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lambolely _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

3. REQUEST FOR QUALIFICATION STATEMENTS (RFQ)

- Local Hazard mitigation plan preparation

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve advertising and posting of RFQ

Motioned by: Director _____ Seconded by: Director _____
Ayes: _____ Noes: _____ Absent: _____ Abstained: _____
Motion passed: _____ Motion Failed: _____ Motion Tabled: _____

Roll Call Vote:

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lambolely _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

4. RESOLUTION NO. 06-02-21

- Appointing Consultants for authorization, issuance of 2021 Bonds
- Attached agreements and Debt Service schedule
- Trust Agreement with US Bank Global Corporate Trust
- Bond Purchase Agreement with Stinson Securities, LLC
- Continuing Disclosure Agreement with NBS Government Finance Group
- Bond Counsel Agreement with Robert M. Haight

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve adoption of Resolution No. 06-02-21

Motioned by: Director _____ Seconded by: Director _____
Ayes: _____ Noes: _____ Absent: _____ Abstained: _____
Motion passed: _____ Motion Failed: _____ Motion Tabled: _____

Roll Call Vote:

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lambolely _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

5. RESOLUTION NO. 06-03-21

- Authorizing and directing execution of agreements and approval of documents
- Attached agreements and schedules

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve adoption of Resolution No. 06-03-21

Motioned by: Director _____ Seconded by: Director _____
 Ayes: _____ Noes: _____ Absent: _____ Abstained: _____
 Motion passed: _____ Motion Failed _____ Motion Tabled _____

Roll Call Vote:

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lamboley _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

6. FINAL BUDGETS 2021-2022: APPROVAL AND ADOPTION

- Copies of all final Budgets
- Notes to Operating budget

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve and adopt all budgets for the 2021-2022 fiscal year

Motioned by: Director _____ Seconded by: Director _____
 Ayes: _____ Noes: _____ Absent: _____ Abstained: _____
 Motion passed: _____ Motion Failed: _____ Motion Tabled: _____

Roll Call Vote:

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lamboley _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

7. PAJARO PARK FUNDING:

- Discussion: Thoughts and ideas on how to fund the Pajaro Park operation and maintenance in the future years
- Annual cost to operate Park = \$59,000
- Cash on hand as of 6/18/2021 = \$84,000
- County contribution (year to year decision) = \$25,000
- Funds will carry us through 3 years

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve ???

Motioned by: Director _____ Seconded by: Director _____
Ayes: _____ Noes: _____ Absent: _____ Abstained: _____
Motion passed: _____ Motion Failed: _____ Motion Tabled: _____

Roll Call Vote:

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lamboley _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

8. RESOLUTION NO. 06-04-21: WATER SYSTEM ACQUISITION POLICY

- Copy of Resolution
- Copy of Exhibit A "Policy"

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve adoption of Resolution No. 06-04-21

Motioned by: Director _____ Seconded by: Director _____
Ayes: _____ Noes: _____ Absent: _____ Abstained: _____
Motion passed: _____ Motion Failed: _____ Motion Tabled: _____

Roll Call Vote:

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lamboley _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

STAFF/COMMITTEE REPORTS: (INFORMATION ONLY, NO ACTION)

This part of agenda is for the Staff to report to the Board on District operations however no action is agendized and no action may be taken other than asking for an action item to be brought to the Board at a future meeting.

1. Water Conservation:

- Staff is currently preparing flyers/ notices to be sent out with water bills in the future.
- Water conservation tips, for indoor and outdoor usage
- Currently, all voluntary, no conservation mandates or orders

2. District Operations Update: changes due to COVID-19 and "Shelter in Place" order
Report from General Manager

- All District facilities are fully open and operating, following CDC and State guidelines

3. District Operations Report

4. Usage Comparison Report 2013/2021

CLOSED SESSION:

A. NONE

MOTION TO ADJOURN

Next Board meeting date: _____
 Motioned by: Director _____ Seconded by: Director _____
 Ayes: _____ Noes: _____ Absent: _____ Abstained: _____
 Motion passed: _____ Motion Failed: _____ Motion Tabled: _____

- o (11/21) President Sanford Coplin _____
- o (11/23) Vice President Robert Moody _____
- o (11/23) Secretary Darlene Lamboley _____
- o (11/21) Assistant Secretary Michael Moore _____
- o (11/21) Treasurer Harry Wiggins _____

Adjournment Time: _____ p.m.

MINUTES

The regular meeting of the Pajaro/Sunny Mesa Community Services District Board of Directors via Zoom videoconferencing was called to order at 5:32 pm on May 27, 2021.

ROLL CALL: President Sanford Coplin
Vice President Robert Moody
Secretary Darlene Lamboley
Treasurer Harry Wiggins

ADMINISTRATIVE STAFF: General Manager Don Rosa
Bookkeeper Amy Saldade
Recorder Judy Vazquez-Varela

ABSENT DIRECTOR(S) & STAFF: Assistant Secretary Michael Moore

DISTRICT COUNSEL: Robert Haight-Bond Counsel
Lonnie Odom-Underwriter

ADDITION(S) TO AGENDA: None

PUBLIC IN ATTENDANCE:

- 1. Brian Birkeland from Langley/Valle Pacifico WS

PUBLIC COMMENTS: None

Action Items

- 1. Consider and approve the Minutes of the April 22, 2021, Regular Board Meeting

Motion was made by Director Lamboley and seconded by Director Moody to approve the Regular Board Meeting Minutes of April 22, 2021. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; H. Wiggins
Noes: None
Absent: M. Moore
Abstain: None

OLD BUSINESS: None

NEW BUSINESS: (Action Items)

- 1. Review and consider approving the Financial Reports for April 2021

Bookkeeper Saldade presented the financial report stating the District's current cash on hand for April 2021 is \$473,800. April's total income surpassed total expenses by \$231,226. April's cash surpassed March's cash by \$16,910.

Motion made by Director Wiggins and seconded by Director Moody to approve the April 2021 Financials. Motion carried.

Roll Call Vote:	Ayes:	S. Coplin; R. Moody; D. Lamboley; H. Wiggins
	Noes:	None
	Absent:	M. Moore
	Abstain:	None

MONTHLY EXPENDITURES REPORT FOR REVIEW

APPROVAL OF CHECKS:

2. Review and consider approving of checks and directing Staff to sign checks
 1. General Fund 633: Total of \$0.00
 2. Operating Account: Check No. 24700 through Check No. 24728 for a total of \$188,917.36
 3. Reserve Account: Total of \$37,855.56
 4. Street Maintenance Account: Check No. 535 for a total of \$1,056.20
 5. Pajaro Park Account: Total of \$1,466.10
 6. COP 2010 Account: Total of \$4,935.35
 7. Debt Service Reserve Account: Total of \$0.00

Motion was made by Director Wiggins seconded by Director Moody to approve the April 2021 checks, and direct Staff to sign checks. Motion carried.

Roll Call Vote:	Ayes:	S. Coplin; R. Moody; D. Lamboley; H. Wiggins
	Noes:	None
	Absent:	M. Moore
	Abstain:	None

3. Consider approving selling Bonds for \$1,817,718.85 for the sole purpose of purchasing and installing 16 Emergency, Back-up generators

Robert Haight and Lonnie Odom discussed the Bond details and debt service schedule for 25 years, they will be working with General Manager Rosa to generate documentation for Bond Sale.

Mr. Birkeland asked if the bond process is approved in June meeting, documents are provided by July and close by mid-August will all generators be up and running in two years? General Manager Rosa responded no, the purchase and installation of all generators could take up to 5 years once the bond is secured. Three (3) to Four (4) generators would be up and running per year, the first three being operations center, Langley booster station and well station. Langley is the only water system that all connections are supplied water via pressure system.

Motion tabled.

4. Consider submitting proposal to Monterey County to acquire surplus property

The Board was provided with a notice received from Monterey County Public Works of availability of surplus property with a deadline submittal of interest of June 22, 2021, and a copy of the letters previously sent to Monterey County of District interest in the surplus property. The District will respond by resubmitting an updated cover letter to reflect Director Coplin as President and to clearly state that the property be transferred free of cost to the District, along with the previously sent packet.

Motion made by Director Wiggins and seconded by Director Lamboley to approve submitting proposal to Monterey County to acquire surplus property. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; H. Wiggins
 Noes: None
 Absent: M. Moore
 Abstain: None

5. Consider approving the Capital Improvement Plan-10 year look-ahead

The Board was provided a 2021-2022 Work Plan, 2022-2031 Capital Reserves and Expenses Summary, and 10 Year Capital Improvement Plan.

Motion made by Director Wiggins and seconded by Director Lamboley to approve the Capital Improvement Plan 10 year look-ahead and 2021-2022 Work plan. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; H. Wiggins
 Noes: None
 Absent: M. Moore
 Abstain: None

6. Consider approving the 2021-2022 Pajaro Street Lighting Preliminary Comparison Budget

The Board was provided with the 2021-2022 Pajaro Street Lighting Preliminary Comparison Budget.

Motion made by Director Wiggins and seconded by Director Lamboley to approve 2021-2022 Preliminary Pajaro Street Lighting Budget and publication. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; H. Wiggins
 Noes: None
 Absent: M. Moore
 Abstain: None

7. Consider approving the 2021-2022 Street Maintenance/Subdivision Maintenance Budget

The Board was provided with the 2021-2022 Street Maintenance/Subdivision Maintenance Budget.

Motion made by Director Moody and seconded by Director Lamboley to approve 2021-2022 Street Maintenance/Subdivision Maintenance Budget and publication. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; H. Wiggins
 Noes: None
 Absent: M. Moore
 Abstain: None

- 8. Consider approving the 2021-2022 Pajaro Community Parks/Public Area Preliminary Comparison Budget

The Board was provided with the 2021-2022 Pajaro Community Parks/Public Areas Preliminary Comparison Budget.

Motion made by Director Moody and seconded by Director Lamboley to approve 2021-2022 Preliminary Pajaro Community Parks/Public Areas Budget and publication. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; H. Wiggins
 Noes: None
 Absent: M. Moore
 Abstain: None

- 9. Consider approving the 2021-2022 Pajaro Park Preliminary Comparison Budget

The Board was provided with the 2021-2022 Pajaro Park Preliminary Comparison Budget. Board directed Staff to add Pajaro Park fund raising discussion to next months meeting agenda.

Motion made by Director Moody and seconded by Director Wiggins to approve 2021-2022 Pajaro Park Preliminary Comparison Budget and publication. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; H. Wiggins
 Noes: None
 Absent: M. Moore
 Abstain: None

- 10. Consider approving the 2021-2022 Operating/Water Preliminary Comparison Budget

The Board was provided with the 2021-2022 Operating/Water Preliminary Comparison Budget and the notes to the budget

Motion made by Director Moody and seconded by Director Lamboley to approve 2021-2022 Operating/Water Preliminary Comparison Budget and publication in The Pajaronian and on the District website. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; H. Wiggins
 Noes: None
 Absent: M. Moore

Abstain: None

STAFF/COMMITTEE REPORTS: (Informational Only)

1. 2009 Service Truck-Engine failure

- New engine ordered, should have the service truck back by June 4, 2021. The cost for the repairs is \$9,000.00.

2. District Operation: changes due to COVID-19 and "Shelter in Place" order

- **Planned re-opening of Pajaro Park on June 7, 2021/District office on June 14, 2021. Temporary fencing will be removed for opening of the Pajaro Park and Summer Lunch Program will begin June 7, 2021.**
- District office will remain open with strict guidelines.
- District Parks Playgrounds are open at Pajaro and Cayetano Parks
- Copies of notice at District office and list of duties for office.
- No Vendors or members of the public are allowed into office.
- Payments are being received; no change given.
- District has a verbal agreement in place for Mutual Aid with both Castroville CSD and Aromas WD District Counsel is working on a written agreement.
- President Wiggins and Vice President Coplin conducted a conference call with General Manager and Operations Manager to plan for "worst case scenario"
 - President now has District office keys and alarm codes and has advised Staff to have Operations Manuals, keys to facilities and system maps readily available on the conference room table.
 - Contact information for all Board Members, employees and vendors are available in binder.
 - On the January 28, 2021 Regular Board Meeting, election of officers occurred, Director Wiggins will provide current President Coplin with office keys and alarm codes. Director Wiggins has given keys to President Coplin.
- Notices mailed to customers with May bills indicating that their water is safe and unaffected by COVID-19.
- Office remains closed to public; continuing to take payments by phone or drop-off.
- Office will be at ¾ staffing beginning January 4, 2021 with physical distancing requirements met and health screening protocols in place; masks or face coverings to be worn always while indoors.
- All field personnel to work from home (stand-by) when air quality is bad.

3. District Operations Report

Springfield Planning Grant

- Contract with MNS Engineers has been finalized, we received the contract today and have forwarded it to the State for upload to the Construction Grant Application.

Hazard Mitigation Plan

- District Engineer is preparing a Request for Proposal for Professional Engineering Services.

4. Usage Comparison Report 2020/2021

- The report has been changed to reflect year 2013 as the State Water Boards will utilize this year as a base for conservation. The water usage is down in most systems except in Moss Landing and Springfield water systems compared to this month in 2013.

NEXT BOARD MEETING:

The next Regular Board Meeting is to be held on Thursday, June 24, 2021, at 5:30 pm via Zoom videoconferencing.

There being no further business, the Regular Board Meeting of the Pajaro/Sunny Mesa Community Services District was adjourned at 7:42 pm with motion made by Director Lamboley seconded by Director Moody. Motion carried.

Respectfully submitted by:

Sanford Coplin, President

Robert Moody, Vice President

Judith Vazquez-Varela, Recorder

FINANCIAL NOTES - May 2021

Account No:	Account Name:	Increase / Decrease	Description
Income:			
4001-4015	Total Income	+	Water sales 6% above projected monthly budget
Expenses: Indirect			
5165	Computer Software	+	Annual Renewal of Intuit QuickBooks Software
5270	Automotive- Repair & Maintenance	+	Remanufactured engine for 2009 Chevy and new tires for several fleet vehicles
6577	COP Debt Service- Interest	+	Biannual Interest Payment: Pajaro Water Bond
Expenses: Direct			
5220	Water System- Repair & Maintenance	+	Leak Repairs: Moss Landing & Pajaro Locating Service: Pajaro
Other Income:			
4110	Hydrant Sales	+	Steady usage from temporary hydrant meter rentals

June 21, 2021

Balance Sheet

Accrual Basis

As of May 31, 2021

	<u>May 31, 21</u>
ASSETS	
Current Assets	
Checking/Savings	
1001 · SCCB - Operating Account	186,575.82
1002 · SCCB Reserve Account	245,137.35
1003 · SCCB - Sick Leave Account	14,451.84
1004 · SCCB - Street Maint Acct	219,841.17
1006 · SCCB-GF 633	118,000.06
1007 · SCCB - Debt Service Reserve	28,121.50
1032 · SCCB-COP Acct (aka Const. Acct)	237,382.87
1036 · PSM Pajaro Park Acct	85,354.02
1050 · Cash in County Treasury - DS	61,303.75
1051 · Cash in County Treasury - GF	272,245.25
1066 · Union Bank Vega 2303	147,541.11
1068 · Union Bank Vega 2301	0.60
1069 · Union Bank Vega-2302	10,533.41
1095 · Union Bank Wtr Bond-Res 2204	147,826.01
2201 · Union Bank-2015 Wtr Rfd Bd 2201	0.13
Total Checking/Savings	<u>1,774,314.89</u>
Accounts Receivable	
1110 · Invoice Accounts Recv	920.00
1231 · Grants Receivable-A/R	1,472,874.30
Total Accounts Receivable	<u>1,473,794.30</u>
Other Current Assets	
1080 · Petty Cash	400.00
1100 · Water Customer Accounts Recv	225,724.13
1101 · Allowance for Doubtful Accounts	-9,135.09
1115 · Prepaid Expenses	1.31
1153 · Receivable from Monterey County	860.00
1251 · Assess. Rec. - Lighting	1,907.14
1252 · Assessments Rec. - Street Maint	2,903.00
1253 · Assessments Rec. - Water bond	223,000.00
1253.1 · Assess Rec - Water Bond - Count	914.43
1254 · Advanced Pay - Spec. Asses - WB	-16,561.65
Total Other Current Assets	<u>430,013.27</u>
Total Current Assets	<u>3,678,122.46</u>
Fixed Assets	
1084 · CIP-Springfield/Struve	18,967.36
1500 · Land	139,676.30
1510 · Land Improve (Non-office)	314,656.67
1520 · Land Improve (Office)	66,721.46
1521 · A/D - Land Impr (Off)	-51,675.40
1522 · Land - Parks	248,000.00
1530 · Wells	162,488.25
1540 · Pumping Plant Bldg	191,044.92
1541 · A/D - Pumping Plant Bldg	-191,045.00
1550 · District Office Building	144,062.43
1551 · A/D - District Office Building	-125,704.73
1555 · Office Equipment/Furniture	30,573.05
1556 · A/D - Office Equip/Furniture	-30,572.90
1557 · Equipment - Lighting	8,980.18
1559 · A/D - Lighting and Parks	-8,980.18
1560 · Electric Power to Sheds	2,598.59
1561 · A/D - Electric Power to Sheds	-2,599.00
1570 · Equipment - Pumping Plant	510,984.21
1571 · A/D - Equipment - Pumping Plant	-443,661.87
1580 · Distribution Mains [P]	1,487,948.01
1581 · A/D - Distribution Mains	-1,090,371.68
1590 · Meters	86,141.13
1591 · A/D - Meters	-85,271.11
1600 · Hydrants	7,422.43

June 21, 2021

Balance Sheet

Accrual Basis

As of May 31, 2021

	May 31, 21
1601 · A/D - Hydrants	-4,704.72
1610 · Automotive Equipment	221,662.12
1611 · A/D - Automotive Equipment	-156,041.31
1620 · Utility Trans/Distr Plant	115,702.65
1621 · A/D - Utility T&D Plant	-93,257.77
1622 · A/D - Moss Landing	-169,582.31
1630 · Utility Plant	107,992.45
1631 · A/D - Utility Plant	-107,992.00
1640 · Source of Supply Plant	54,616.59
1641 · A/D - Source of Supply Plant	-17,732.73
1650 · Trans & Distr Plant	139,408.08
1651 · A/D - Trans & Distr Plant	-72,965.30
1670 · Small Tools/Equipment	10,773.67
1671 · A/D - Small Tools/Equipment	-8,794.51
1680 · ALCO Water Project	155,809.38
1681 · A/D - ALCO Water Project	-101,276.45
1804 · CIP-Springfield	393,244.44
1805 · CIP-Vega Imprvtmnt Project	4,620,002.33
1805.1 · A/D - Vega	-2,186,481.90
1806 · Moss Landing Bridge Project	251,233.09
1807 · CIP-Langley/VP	247,543.58
1807.1 · A/D - Langley/VP	-78,160.74
1808 · CIP-Normco	296,974.74
1808.1 · A/D - Normco Tank	-127,796.73
1811 · CIP-Vierra Estate	175,238.16
1811.1 · A/D - Vierra Estates	-50,658.72
1812 · CIP-Moss Landing Water System	301,793.12
1812.1 · A/D - Moss Landing Water	-79,020.55
1813 · CIP-Normco Water System	4,520.00
1814 · CIP-Pajaro	2,253,930.99
1816 · Land - Pajaro Park	781,632.00
1817 · Improvements - Pajaro Park	4,717,110.00
1817.1 · A/D - Improvements -Pajaro Park	-1,296,951.63
1818 · Buildings - Pajaro Park	796,400.00
1818.1 · A/D - Buildings-Pajaro Park	-178,569.26
1819 · Equipment - Pajaro Park	43,381.00
1819.1 · A/D - Equipment-Pajaro Park	-27,474.89
1820 · Normco Treatment Facility	127,374.00
1820.1 · A/D-Normco Treatment Facility	-92,120.85
1821 · CIP-Sunny Mesa	-0.39
1822 · CIP-Vega	-0.19
1823 · CIP-Blackie	0.04
Total Fixed Assets	12,357,142.60
Other Assets	
1120 · Due From Gen Fund	0.66
1141 · Due From SC Grant Acct	100.00
1151 · Due from Maint Account	157.19
1220 · Spl Asmnt Revc-Long Term	3,636,801.72
1900 · Due From Other Funds	159,690.92
1950 · Deferred amount on refunding	66,557.60
1951 · Deferred Amt of Ref-Vega Bds15	85,015.09
Total Other Assets	3,948,323.18
TOTAL ASSETS	19,983,588.24
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	23,368.47
2500 · Due to Other Funds	159,693.06
Total Accounts Payable	183,061.53

June 21, 2021

Balance Sheet

Accrual Basis

As of May 31, 2021

	<u>May 31, 21</u>
Credit Cards	
2900 · Wells Fargo- 6120	909.08
2910 · Elan	163.71
Total Credit Cards	<u>1,072.79</u>
Other Current Liabilities	
2005 · Accrued Liabilities	62,567.00
2050 · Accrued Payroll	3,006.82
2100 · Payroll Tax Liabilities	1,199.13
2121 · Customer Security Deposits	18,478.70
2122 · Future Water Conn. Deposits	36,600.00
2123 · Hydrant Meter Deposits	25,050.00
2225 · Accrued Vacation Liability	39,058.86
2230 · Accrued Sick Leave Liability	47,322.88
2263 · 457b EE Plan Payable	3,224.28
2264 · Employee Insurance Payable	-804.09
2265 · EE Aflac Insurance Payable	835.07
2320 · Due to 64 Original Sewer Accts	29,169.90
2324 · Payable to Customers	2,347.79
2325 · Payable to P.V.W.M.A.	9,248.30
Total Other Current Liabilities	<u>277,304.64</u>
Total Current Liabilities	461,438.96
Long Term Liabilities	
2256 · Vehicle Loan Payable	48,735.32
2257 · Reorganization Loan	215,000.00
2267 · Pajaro Tank Loan-0190	507,110.63
2268 · Generator Loan Payable	75,260.70
2333 · COP Bonds Payable	-70,000.00
2350 · Bonds Payable - Water Bond	193,000.00
2360 · Bonds Payable-2015 COP Wtr Rf	1,945,000.00
2361 · Bonds Payable-2015 Vga Wtr Rf	3,502,899.67
2400 · Unamortized Discount on 2015	-31,095.01
2401 · Unamorized Discount-2015 Vega	-12,514.72
Total Long Term Liabilities	<u>6,373,396.59</u>
Total Liabilities	6,834,835.55
Equity	
3000 · Fund Balance	219,540.85
3001 · Restricted-Street Maintenance	192,425.80
3040 · Contributed Capital	248,000.00
3045 · Restricted for Debt Service	4,575,060.23
3050 · Retained Earnings	6,006,426.85
3999 · Suspense	13,037.78
Net Income	1,894,261.18
Total Equity	<u>13,148,752.69</u>
TOTAL LIABILITIES & EQUITY	<u><u>19,983,588.24</u></u>

June 21, 2021

Profit & Loss

Accrual Basis

May 2021

	May 21
Ordinary Income/Expense	
Income	
4001 · Route 1 - Pajaro	24,737.62
4002 · Route 2 - Pajaro	22,200.02
4003 · Route 3 - Commercial	21,407.08
4004 · Route 4 - Trailer Park	1,105.06
4005 · Route 5 - San Juan Rd Apts	936.64
4006 · Route 6 - Sunny Mesa	11,816.30
4007 · Route 7 - CSA 73	13,737.85
4008 · Route 8 - Vega	12,513.72
4010 · Route 10 -Springfield	850.00
4011 · Route 11 - Moss Landing	28,466.47
4012 · Route 12 - Blackie Road	2,994.22
4013 · Route 13 - Normco	34,062.87
4014 · Route 14 - Vierra	4,741.65
4015 · Route 15 - Langley/VP	2,753.54
Total Income	182,323.04
Gross Profit	182,323.04
Expense	
INDIRECT	
5000 · Salaries and Wages	59,566.49
5005 · Administrative Fees	487.60
5030 · Payroll Tax Expense	964.96
5040 · Worker's Comp Insurance	3,949.15
5050 · Employee Health Insurance	17,353.51
5070 · Employee Retirement	8,562.73
5090 · Other Employee Expense	93.89
5130 · Utilities - Office	298.99
5140 · Building Repair & Maint	420.97
5145 · District Wide Repair & Maint	633.21
5150 · Garbage Service	348.96
5160 · Office Equip Rental	232.52
5165 · Computer Software	3,135.01
5170 · Office Equipment Repair & Maint	176.48
5245 · Postage	1,000.00
5250 · Legal Expenses	877.00
5255 · Interest Expense	1,771.42
5256 · Interest Exp-Financed Items	399.85
5266 · Engineering Svcs-Dist Wide	412.50
5270 · Automotive - Repair & Maint	11,276.92
5280 · Conferences, Meetings, Seminars	14.99
5320 · Membership Fees and Dues	459.00
5330 · Telephone	914.41
5340 · Burglar Alarm Monitoring	162.00
5370 · Fuel - Trucks	2,249.69
5391 · Credit Card Transaction Fees	776.77
5400 · Miscellaneous Expense	4.15
5XXX · Indirect Allocation	0.00
6577 · COP Debt Service - Interest	38,677.50
Total INDIRECT	155,220.67
5190 · Soil and Water Tests	1,181.80
5220 · Water System - Repair & Maint	56,154.68
5225 · Street Maintenance	1,030.84
5230 · Park - Repair & Maint	57.83
5231 · Pajaro Park Expense	1,424.54
5310 · Utilities - Well Site	12,408.40
5315 · Utilities - Street Lighting	2,161.17
5426 · Vega Assmnt Bond Expense	46.02
5427 · Improvement Project-Springfield	9,809.40
Total Expense	239,495.35

June 21, 2021

Profit & Loss

Accrual Basis

May 2021

	<u>May 21</u>
Net Ordinary Income	-57,172.31
Other Income/Expense	
Other Income	
4100 · Late Payment Penalties	447.58
4110 · Hydrant Sales	957.08
4280 · Pro-Rata Tax Collection Share	62.62
4285 · P.V.W.M.A. Collection Fee	2,391.72
4305 · Miscellaneous Revenue	67.85
4307 · Returned Check Charges	0.00
4350 · Interest Revenue	6.16
5409 · Pajaro Improve Proj-Grant Reimb	262,273.60
5510 · Board Designated Donation	0.00
5794 · Water Bond Assessments	0.00
Total Other Income	<u>266,206.61</u>
Net Other Income	<u>266,206.61</u>
Net Income	<u><u>209,034.30</u></u>

Pajaro/Sunny Mesa Community Services District
Profit & Loss Budget Performance
 May 2021

9:25 AM
 June 21, 2021
 Accrual Basis

	May 21	Budget	% of Budget	Jul '20 - May 21	YTD Budget	% of Budget	Annual Budget
Ordinary Income/Expense							
Income							
4001 - Route 1 - Pajaro	24,737.62	22,563.34	109.5%	254,302.13	248,416.74	102.4%	271,000.00
4002 - Route 2 - Pajaro	22,200.02	23,000.00	96.5%	247,762.75	253,000.00	97.9%	276,000.00
4003 - Route 3 - Commercial	21,407.08	23,063.34	92.7%	226,401.54	253,916.74	89.2%	277,000.00
4004 - Route 4 - Trailer Park	1,105.06	1,125.00	98.2%	12,556.90	12,375.00	101.5%	13,500.00
4005 - Route 5 - San Juan Rd Apts	936.64	1,116.67	83.9%	10,709.75	12,283.37	87.2%	13,400.00
4006 - Route 6 - Sunny Mesa	11,816.30	11,975.00	98.7%	124,741.75	131,725.00	94.7%	143,700.00
4007 - Route 7 - CSA 73	13,737.85	13,166.67	104.3%	133,880.60	144,833.37	92.4%	158,000.00
4008 - Route 8 - Vega	12,513.72	13,025.00	96.1%	142,587.66	143,275.00	99.5%	156,300.00
4010 - Route 10 - Springfield	850.00	875.00	97.1%	9,375.00	9,625.00	97.4%	10,500.00
4011 - Route 11 - Moss Landing	28,466.47	22,583.34	126.1%	250,062.99	248,416.74	100.7%	271,000.00
4012 - Route 12 - Blackie Road	2,994.22	2,641.67	113.3%	32,005.94	29,058.37	110.1%	31,700.00
4013 - Route 13 - Norrmo	34,062.87	28,750.00	118.5%	311,738.61	316,250.00	98.6%	345,000.00
4014 - Route 14 - Vierra	4,741.65	4,383.34	108.2%	48,046.38	48,216.74	99.6%	52,600.00
4015 - Route 15 - Langley/VP	2,753.54	2,741.67	100.4%	29,413.06	30,158.37	97.5%	32,900.00
Total Income	182,323.04	171,050.04	106.6%	1,833,585.06	1,881,550.44	97.5%	2,052,600.00
Gross Profit	182,323.04	171,050.04	106.6%	1,833,585.06	1,881,550.44	97.5%	2,052,600.00
Expense							
INDIRECT							
5000 - Salaries and Wages	59,566.49	63,500.00	93.8%	701,413.32	698,500.00	100.4%	762,000.00
5005 - Administrative Fees	487.60	500.00	97.5%	5,142.44	5,500.00	93.5%	6,000.00
5010 - Contract Labor	0.00	2,000.00	0.0%	15,945.00	22,000.00	72.5%	24,000.00
5030 - Payroll Tax Expense	964.96	1,333.34	72.4%	13,946.74	14,666.74	95.1%	16,000.00
5040 - Worker's Comp Insurance	3,949.15	1,666.67	236.9%	12,434.64	18,333.37	67.8%	20,000.00
5050 - Employee Health Insurance	17,353.51	15,666.67	110.8%	172,323.61	172,333.37	100.0%	188,000.00
5070 - Employee Retirement	8,562.73	9,525.00	89.9%	102,496.79	104,775.00	97.8%	114,300.00
5090 - Other Employee Expense	93.89	208.34	45.1%	2,806.58	2,291.74	122.5%	2,500.00
5120 - Property Taxes	0.00	125.00	0.0%	-4,099.58	1,375.00	-298.2%	1,500.00
5130 - Utilities - Office	298.99	333.34	89.7%	3,199.04	3,666.74	87.2%	4,000.00
5140 - Building Repair & Maint	420.97	1,250.00	33.7%	12,788.69	13,750.00	93.0%	15,000.00
5145 - District Wide Repair & Maint	633.21	1,333.34	47.5%	15,184.06	14,666.74	103.5%	16,000.00
5150 - Garbage Service	348.96	308.34	113.2%	3,240.60	3,391.74	95.5%	3,700.00
5160 - Office Equip Rental	232.52	833.34	27.9%	7,560.51	9,166.74	82.5%	10,000.00
5165 - Computer Software	3,135.01	300.00	376.2%	12,678.74	9,166.74	138.3%	10,000.00
5170 - Office Equipment Repair & Maint	176.48	0.00	58.8%	2,708.99	3,300.00	82.1%	3,600.00
5175 - Small Tools - Repair & Maint	0.00	83.34	0.0%	678.75	916.74	74.0%	1,000.00
5180 - Casualty Ins/Liability Ins	0.00	2,583.34	0.0%	30,100.96	28,416.74	105.9%	31,000.00
5200 - Billing Supplies	0.00	308.34	0.0%	3,749.23	3,391.74	110.5%	3,700.00
5240 - Office Supplies	0.00	291.67	0.0%	2,917.14	3,208.37	90.9%	3,500.00
5245 - Postage	1,000.00	708.34	141.2%	9,047.70	7,791.74	116.1%	8,500.00
5250 - Legal Expenses	877.00	2,250.00	39.0%	14,746.23	24,750.00	59.6%	27,000.00
5255 - Interest Expense	1,771.42	1,063.34	163.5%	46,926.86	11,916.74	393.8%	13,000.00
5255 - Interest Exp-Financed Items	399.85	200.00	199.9%	2,162.55	2,200.00	98.3%	2,400.00
5260 - Accounting & Bookkeeping	0.00	3,063.34	0.0%	36,665.00	33,916.74	108.1%	37,000.00
5266 - Engineering Svcs-Dist Wide	412.50	3,416.67	12.1%	39,412.50	37,583.37	104.9%	41,000.00
5270 - Automotive - Repair & Maint	11,276.92	833.34	1,353.2%	15,008.36	9,166.74	163.7%	10,000.00
5280 - Conferences, Meetings, Seminars	14.99	41.67	36.0%	224.97	458.37	49.1%	500.00
5290 - Travel Expenses	0.00	41.67	0.0%	0.00	458.37	0.0%	500.00
5300 - Books & Subscriptions	0.00	125.00	0.0%	75.00	1,375.00	5.5%	1,500.00
5305 - Water Conservation Program	0.00	125.00	0.0%	0.00	1,375.00	0.0%	1,500.00
5320 - Membership Fees and Dues	459.00	1,666.67	27.5%	18,966.10	18,333.37	103.5%	20,000.00
5326 - Licenses and Certifications	0.00	166.67	0.0%	490.05	1,833.37	26.7%	2,000.00

Pajaro/Sunny Mesa Community Services District Profit & Loss Budget Performance May 2021

9:25 AM
June 21, 2021
Accrual Basis

	May 21	Budget	% of Budget	Jul '20 - May 21	YTD Budget	% of Budget	Annual Budget
5330 · Telephone	914.41	1,416.67	64.5%	15,045.01	15,583.37	96.5%	17,000.00
5340 · Burglar Alarm Monitoring	162.00	66.67	243.0%	708.00	733.37	96.5%	800.00
5370 · Fuel - Trucks	2,249.69	2,000.00	112.5%	22,573.62	22,000.00	102.6%	24,000.00
5390 · Bank Charges	0.00	16.67	0.0%	1,029.24	183.37	561.3%	200.00
5391 · Credit Card Transaction Fees	776.77	500.00	155.4%	8,792.58	5,500.00	159.9%	6,000.00
5400 · Miscellaneous Expense	4.15	16.67	24.9%	-195.60	183.37	-106.7%	200.00
5XXX · Indirect Allocation	0.00			0.00			
6560 · Payroll Processing Expenses	0.00	50.00	0.0%	1.75	550.00	0.3%	600.00
6577 · COP Debt Service - Interest	38,677.50	6,500.00	595.0%	77,355.00	71,500.00	108.2%	78,000.00
Total INDIRECT	155,220.67	127,291.80	121.9%	1,426,251.17	1,400,209.80	101.9%	1,527,500.00
5190 · Soil and Water Tests	1,181.80	2,666.67	44.3%	20,919.20	29,333.37	71.3%	32,000.00
5220 · Water System - Repair & Maint	56,154.68	18,750.00	299.5%	209,644.55	206,250.00	101.6%	225,000.00
5225 · Street Maintenance	1,030.84	2,720.84	37.9%	18,258.04	29,929.24	61.0%	32,650.00
5230 · Park - Repair & Maint	57.83	83.34	69.4%	1,065.86	916.74	116.3%	1,000.00
5231 · Pajaro Park Expense	1,424.54			20,349.98			
5265 · Engineering Expenses	0.00	166.67	0.0%	0.00	1,833.37	0.0%	2,000.00
5310 · Utilities - Well Site	12,408.40	14,166.67	87.6%	125,449.38	155,833.37	80.5%	170,000.00
5315 · Utilities - Street Lighting	2,161.17	2,333.34	92.6%	21,551.67	25,666.74	84.0%	28,000.00
5325 · Permits	0.00	2,083.34	0.0%	9,662.45	22,916.74	42.2%	25,000.00
5360 · Fuel - Generator	0.00	125.00	0.0%	2,638.26	1,375.00	191.9%	1,500.00
5426 · Vega Assmnt Bond Expense	46.02			7,277.18			
5427 · Improvement Project-Springfield	9,809.40			-12,650.75			
5428 · COP Bond Expense	0.00	291.67	0.0%	3,551.88	3,208.37	110.7%	3,500.00
5433 · Pajaro Water Bond Interest Exp	0.00	883.34	0.0%	13,291.87	9,716.74	136.8%	10,600.00
6575 · Vega Debt Service-Interest	0.00	11,916.67	0.0%	142,960.00	131,083.37	108.1%	143,000.00
Total Expense	239,495.35	183,479.35	130.5%	2,010,220.74	2,018,272.85	99.6%	2,201,750.00
Net Ordinary Income	-57,172.31	-12,429.31	460.0%	-176,635.68	-136,722.41	129.2%	-149,150.00
Other Income/Expense							
Other Income							
4100 · Late Payment Penalties	447.58	416.67	107.4%	4,599.35	4,583.37	100.3%	5,000.00
4101 · Billing Adjustments	0.00	41.67	0.0%	0.00	458.37	0.0%	500.00
4110 · Hydrant Sales	957.08	416.67	229.7%	15,558.77	4,583.37	339.5%	5,000.00
4115 · Testing Fees	0.00	625.00	0.0%	1,280.00	6,875.00	18.6%	7,500.00
4140 · Connection Fees	0.00	388.34	0.0%	52,092.00	3,941.74	1,321.5%	4,300.00
4141 · Application Fees	0.00	45.84	0.0%	1,155.00	504.24	229.1%	550.00
4146 · Other Fees	0.00	33.34	0.0%	0.00	366.74	0.0%	400.00
4200 · Street Maintenance-Reimb	0.00	5,316.67	0.0%	63,314.28	58,483.37	108.3%	63,800.00
4210 · Vega Bond Assessments	0.00	23,166.67	0.0%	280,492.26	254,833.37	110.1%	278,000.00
4280 · Pro-Rata Tax Collection Share	62.62	2,083.34	3.0%	24,254.35	22,916.74	105.8%	25,000.00
4285 · P.V.W.M.A. Collection Fee	2,391.72	2,250.00	106.3%	25,449.92	24,750.00	102.8%	27,000.00
4300 · Collection of Previous W/O Acct	0.00	41.67	0.0%	0.00	458.37	0.0%	500.00
4305 · Miscellaneous Revenue	67.85	125.00	54.3%	67.86	1,375.00	4.9%	1,500.00
4307 · Returned Check Charges	0.00			50.00			
4311 · Interest on Pooled Investments	0.00			440.97			
4340 · Utility Reimbursements	0.00	2,333.34	0.0%	27,457.03	25,666.74	107.0%	28,000.00
4341 · Lighting Admin Reimbursements	0.00	1,000.00	0.0%	12,000.00	11,000.00	109.1%	12,000.00
4345 · Customer Order Reimbursements	0.00			5,870.96			
4346 · District 25% Overhead Fee	0.00	41.67	0.0%	0.00	458.37	0.0%	500.00
4350 · Interest Revenue	6.16	475.00	1.3%	129.51	5,225.00	2.5%	5,700.00
4355 · Audit/Bookkeeping Reimbursement	0.00	58.34	0.0%	0.00	641.74	0.0%	700.00
4360 · Legal Counsel Reimbursement	0.00	33.34	0.0%	0.00	366.74	0.0%	400.00

**Pajaro/Sunny Mesa Community Services District
Profit & Loss Budget Performance**

May 2021

	May 21	Budget	% of Budget	Jul '20 - May 21	YTD Budget	% of Budget	Annual Budget
5408 · Springfield Project-Grant Reimb	0.00			115,866.38			
5409 · Pajaro Improve Proj-Grant Reimb	262,273.60			1,412,015.95			
5424 · Springfield Bottled Wtr Gr Reimb	0.00			4,452.84			
5510 · Board Designated Donation	0.00			0.00			
5794 · Water Bond Assessments	0.00	3,375.00	0.0%	39,000.49	37,125.00	105.1%	40,500.00
5796 · Pajaro Park Revenue	0.00			26,500.00			
Total Other Income	266,206.61	42,237.57	630.3%	2,112,047.92	464,613.27	454.6%	506,850.00
Other Expense							
5435 · Improvement Project-Pajaro	0.00			40,951.06			
6260 · Lighting Expenses	0.00			200.00			
Total Other Expense	0.00			41,151.06			
Net Other Income	266,206.61	42,237.57	630.3%	2,070,896.86	464,613.27	445.7%	506,850.00
Net Income	209,034.30	29,808.26	701.3%	1,894,261.18	327,890.86	577.7%	357,700.00

Pajaro/Sunny Mesa Community Services District
Profit & Loss Budget vs. Actual
May 2021

	May 21	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4001 · Route 1 - Pajaro	24,737.62	22,583.34	2,154.28	109.54%
4002 · Route 2 - Pajaro	22,200.02	23,000.00	-799.98	96.52%
4003 · Route 3 - Commercial	21,407.08	23,083.34	-1,676.26	92.74%
4004 · Route 4 - Trailer Park	1,105.06	1,125.00	-19.94	98.23%
4005 · Route 5 - San Juan Rd Apts	936.64	1,116.67	-180.03	83.88%
4006 · Route 6 - Sunny Mesa	11,816.30	11,975.00	-158.70	98.68%
4007 · Route 7 - CSA 73	13,737.85	13,166.67	571.18	104.34%
4008 · Route 8 - Vega	12,513.72	13,025.00	-511.28	96.08%
4010 · Route 10 -Springfield	850.00	875.00	-25.00	97.14%
4011 · Route 11 - Moss Landing	28,466.47	22,583.34	5,883.13	126.05%
4012 · Route 12 - Blackie Road	2,994.22	2,641.67	352.55	113.35%
4013 · Route 13 - Normco	34,062.87	28,750.00	5,312.87	118.48%
4014 · Route 14 - Vierra	4,741.65	4,383.34	358.31	108.17%
4015 · Route 15 - Langley/VP	2,753.54	2,741.67	11.87	100.43%
Total Income	182,323.04	171,050.04	11,273.00	106.59%
Gross Profit	182,323.04	171,050.04	11,273.00	106.59%
Expense				
INDIRECT				
5000 · Salaries and Wages	59,566.49	63,500.00	-3,933.51	93.81%
5005 · Administrative Fees	487.60	500.00	-12.40	97.52%
5010 · Contract Labor	0.00	2,000.00	-2,000.00	0.0%
5030 · Payroll Tax Expense	964.96	1,333.34	-368.38	72.37%
5040 · Worker's Comp Insurance	3,949.15	1,666.67	2,282.48	236.95%
5050 · Employee Health Insurance	17,353.51	15,666.67	1,686.84	110.77%
5070 · Employee Retirement	8,562.73	9,525.00	-962.27	89.9%
5090 · Other Employee Expense	93.89	208.34	-114.45	45.07%
5120 · Property Taxes	0.00	125.00	-125.00	0.0%
5130 · Utilities - Office	298.99	333.34	-34.35	89.7%
5140 · Building Repair & Maint	420.97	1,250.00	-829.03	33.68%
5145 · District Wide Repair & Maint	633.21	1,333.34	-700.13	47.49%

Pajaro/Sunny Mesa Community Services District
Profit & Loss Budget vs. Actual
May 2021

	May 21	Budget	\$ Over Budget	% of Budget
5150 · Garbage Service	348.96	308.34	40.62	113.17%
5160 · Office Equip Rental	232.52	833.34	-600.82	27.9%
5165 · Computer Software	3,135.01	833.34	2,301.67	376.2%
5170 · Office Equipment Repair & Maint	176.48	300.00	-123.52	58.83%
5175 · Small Tools - Repair & Maint.	0.00	83.34	-83.34	0.0%
5180 · Casualty Ins/Liability Ins	0.00	2,583.34	-2,583.34	0.0%
5200 · Billing Supplies	0.00	308.34	-308.34	0.0%
5240 · Office Supplies	0.00	291.67	-291.67	0.0%
5245 · Postage	1,000.00	708.34	291.66	141.18%
5250 · Legal Expenses	877.00	2,250.00	-1,373.00	38.98%
5255 · Interest Expense	1,771.42	1,083.34	688.08	163.52%
5256 · Interest Exp-Financed Items	399.85	200.00	199.85	199.93%
5260 · Accounting & Bookkeeping	0.00	3,083.34	-3,083.34	0.0%
5266 · Engineering Svcs-Dist Wide	412.50	3,416.67	-3,004.17	12.07%
5270 · Automotive - Repair & Maint	11,276.92	833.34	10,443.58	1,353.22%
5280 · Conferences, Meetings, Seminars	14.99	41.67	-26.68	35.97%
5290 · Travel Expenses	0.00	41.67	-41.67	0.0%
5300 · Books & Subscriptions	0.00	125.00	-125.00	0.0%
5305 · Water Conservation Program	0.00	125.00	-125.00	0.0%
5320 · Membership Fees and Dues	459.00	1,666.67	-1,207.67	27.54%
5326 · Licenses and Certifications	0.00	166.67	-166.67	0.0%
5330 · Telephone	914.41	1,416.67	-502.26	64.55%
5340 · Burglar Alarm Monitoring	162.00	66.67	95.33	242.99%
5370 · Fuel - Trucks	2,249.69	2,000.00	249.69	112.49%
5390 · Bank Charges	0.00	16.67	-16.67	0.0%
5391 · Credit Card Transaction Fees	776.77	500.00	276.77	155.35%
5400 · Miscellaneous Expense	4.15	16.67	-12.52	24.9%
6560 · Payroll Processing Expenses	0.00	50.00	-50.00	0.0%
6577 · COP Debt Service - Interest	38,677.50	6,500.00	32,177.50	595.04%
Total INDIRECT	155,220.67	127,291.80	27,928.87	121.94%
5190 · Soil and Water Tests	1,181.80	2,666.67	-1,484.87	44.32%
5220 · Water System - Repair & Maint	56,154.68	18,750.00	37,404.68	299.49%

Pajaro/Sunny Mesa Community Services District
Profit & Loss Budget vs. Actual
May 2021

	May 21	Budget	\$ Over Budget	% of Budget
5225 · Street Maintenance	1,030.84	2,720.84	-1,690.00	37.89%
5230 · Park - Repair & Maint	57.83	83.34	-25.51	69.39%
5265 · Engineering Expenses	0.00	166.67	-166.67	0.0%
5310 · Utilities - Well Site	12,408.40	14,166.67	-1,758.27	87.59%
5315 · Utilities - Street Lighting	2,161.17	2,333.34	-172.17	92.62%
5325 · Permits	0.00	2,083.34	-2,083.34	0.0%
5360 · Fuel - Generator	0.00	125.00	-125.00	0.0%
5428 · COP Bond Expense	0.00	291.67	-291.67	0.0%
5433 · Pajaro Water Bond Interest Exp	0.00	883.34	-883.34	0.0%
6575 · Vega Debt Service-Interest	0.00	11,916.67	-11,916.67	0.0%
Total Expense	228,215.39	183,479.35	44,736.04	124.38%
Net Ordinary Income	-45,892.35	-12,429.31	-33,463.04	369.23%
Other Income/Expense				
Other Income				
4100 · Late Payment Penalties	447.58	416.67	30.91	107.42%
4101 · Billing Adjustments	0.00	41.67	-41.67	0.0%
4110 · Hydrant Sales	957.08	416.67	540.41	229.7%
4115 · Testing Fees	0.00	625.00	-625.00	0.0%
4140 · Connection Fees	0.00	358.34	-358.34	0.0%
4141 · Application Fees	0.00	45.84	-45.84	0.0%
4146 · Other Fees	0.00	33.34	-33.34	0.0%
4200 · Street Maintenance-Reimb	0.00	5,316.67	-5,316.67	0.0%
4210 · Vega Bond Assessments	0.00	23,166.67	-23,166.67	0.0%
4280 · Pro-Rata Tax Collection Share	62.62	2,083.34	-2,020.72	3.01%
4285 · P.V.W.M.A. Collection Fee	2,391.72	2,250.00	141.72	106.3%
4300 · Collection of Previous W/O Acct	0.00	41.67	-41.67	0.0%
4305 · Miscellaneous Revenue	67.85	125.00	-57.15	54.28%
4340 · Utility Reimbursements	0.00	2,333.34	-2,333.34	0.0%
4341 · Lighting Admin Reimbursements	0.00	1,000.00	-1,000.00	0.0%
4346 · District 25% Overhead Fee	0.00	41.67	-41.67	0.0%
4350 · Interest Revenue	6.16	475.00	-468.84	1.3%
4355 · Audit/Bookkeeping Reimbursement	0.00	58.34	-58.34	0.0%

**Pajaro/Sunny Mesa Community Services District
 Profit & Loss Budget vs. Actual**

May 2021

	May 21	Budget	\$ Over Budget	% of Budget
4360 · Legal Counsel Reimbursement	0.00	33.34	-33.34	0.0%
5794 · Water Bond Assessments	0.00	3,375.00	-3,375.00	0.0%
Total Other Income	3,933.01	42,237.57	-38,304.56	9.31%
Net Other Income	3,933.01	42,237.57	-38,304.56	9.31%
Net Income	-41,959.34	29,808.26	-71,767.60	-140.76%

4360 · Legal Counsel Reimbursement

5794 · Water Bond Assessments

Total Other Income

Net Other Income

Net Income

Total Income **Total Expense** **Difference**
 \$186,256.05 \$228,215.39 **-\$41,959.34**

April Cash **May Cash** **Difference**
 \$473,800.91 \$431,713.17 **-\$42,087.74**

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Check		06/17/2021	Deluxe for Business	1001 · SCCB - Operating Account		-405.67
				5240 · Office Supplies	-405.67	405.67
TOTAL					-405.67	405.67
Check	AP	06/02/2021	Total Merchant Services	1001 · SCCB - Operating Account		-792.37
				5391 · Credit Card Transaction Fees	-792.37	792.37
TOTAL					-792.37	792.37
Check	AP	06/07/2021	FP Mailing Solutions-Online	1001 · SCCB - Operating Account		-1,000.00
				5245 · Postage	-1,000.00	1,000.00
TOTAL					-1,000.00	1,000.00
Bill Pmt -Check	AP	06/10/2021	A. L. Lease Company, Inc.-Online	1001 · SCCB - Operating Account		-86.80
Bill	137304	05/26/2021		5140 · Building Repair & Maint	-62.50	62.50
Bill	137302	05/26/2021		5140 · Building Repair & Maint	-24.30	24.30
TOTAL					-86.80	86.80
Bill Pmt -Check	AP	06/10/2021	Ace Hardware Prunedale- ACH	1001 · SCCB - Operating Account		-213.45
Bill	0519...	05/10/2021		5220 · Water System - Repair & Maint	-19.38	19.38
Bill	0519...	05/13/2021		5220 · Water System - Repair & Maint	-31.23	31.23
Bill	0519...	05/14/2021		5145 · District Wide Repair & Maint	-9.26	9.26
Bill	0519...	05/18/2021		5220 · Water System - Repair & Maint	-12.92	12.92
Bill	0520...	05/21/2021		5220 · Water System - Repair & Maint	-74.13	74.13
Bill	0520...	05/26/2021		5220 · Water System - Repair & Maint	-20.46	20.46
Bill	0520...	05/26/2021		5145 · District Wide Repair & Maint	-17.23	17.23
Bill	0520...	05/27/2021		5220 · Water System - Repair & Maint	-28.84	28.84
TOTAL					-213.45	213.45
Bill Pmt -Check	AP	06/10/2021	Ace Hardware Watsonville- ACH	1001 · SCCB - Operating Account		-131.31
Bill	205613	05/03/2021		5220 · Water System - Repair & Maint	-25.09	25.09
Bill	205732	05/06/2021		5220 · Water System - Repair & Maint	-15.27	15.27
Bill	206065	05/20/2021		5230 · Park - Repair & Maint	-12.00	12.00
Bill	206070	05/20/2021		5220 · Water System - Repair & Maint	-6.83	6.83
Bill	206162	05/24/2021		5220 · Water System - Repair & Maint	-26.29	26.29
Bill	206188	05/25/2021		5230 · Park - Repair & Maint	-45.83	45.83
TOTAL					-131.31	131.31
Bill Pmt -Check	AP	06/10/2021	Aramark- ACH	1001 · SCCB - Operating Account		-130.52
Bill	5110...	05/07/2021		5140 · Building Repair & Maint	-32.63	32.63
Bill	5110...	05/14/2021		5140 · Building Repair & Maint	-32.63	32.63
Bill	5110...	05/21/2021		5140 · Building Repair & Maint	-32.63	32.63
Bill	5110...	05/28/2021		5140 · Building Repair & Maint	-32.63	32.63
TOTAL					-130.52	130.52
Bill Pmt -Check	AP	06/10/2021	AT&T 2043-Online	1001 · SCCB - Operating Account		-439.47
Bill	MAY ...	05/26/2021		5330 · Telephone	-439.47	439.47
TOTAL					-439.47	439.47
Bill Pmt -Check	AP	06/10/2021	AT&T 2486-Online	1001 · SCCB - Operating Account		-200.51
Bill	MAY ...	05/26/2021		5310 · Utilities - Well Site	-200.51	200.51
TOTAL					-200.51	200.51
Bill Pmt -Check	AP	06/10/2021	AT&T 3439-Online	1001 · SCCB - Operating Account		-33.34

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill	6/1/2...	06/01/2021		5310 · Utilities - Well Site	-33.34	33.34
TOTAL					-33.34	33.34
Bill Pmt -Check	AP	06/10/2021	Bianchi Alarm Systems-Online	1001 · SCCB - Operating Account		-84.00
Bill	24211	05/26/2021		5340 · Burglar Alarm Monitoring	-84.00	84.00
TOTAL					-84.00	84.00
Bill Pmt -Check	AP	06/10/2021	California Tire Mobil Service- Online	1001 · SCCB - Operating Account		-20.00
Bill	49850	06/03/2021		5270 · Automotive - Repair & Maint	-20.00	20.00
TOTAL					-20.00	20.00
Bill Pmt -Check	AP	06/10/2021	Castroville Ace Hardware-Online	1001 · SCCB - Operating Account		-12.51
Bill	1790...	05/06/2021		5220 · Water System - Repair & Maint	-12.51	12.51
TOTAL					-12.51	12.51
Bill Pmt -Check	AP	06/10/2021	Chaz Design- Online	1001 · SCCB - Operating Account		-377.64
Bill	3283	06/04/2021		5230 · Park - Repair & Maint	-377.64	377.64
TOTAL					-377.64	377.64
Bill Pmt -Check	AP	06/10/2021	Corbin Willits Systems-Online	1001 · SCCB - Operating Account		-237.42
Bill	000C...	05/15/2021		5165 · Computer Software	-237.42	237.42
TOTAL					-237.42	237.42
Bill Pmt -Check	AP	06/10/2021	Green Rubber Kennedy Ag- ACH	1001 · SCCB - Operating Account		-42.15
Bill	W-55...	05/03/2021		5145 · District Wide Repair & Maint	-42.15	42.15
TOTAL					-42.15	42.15
Bill Pmt -Check	AP	06/10/2021	Grunsky Law Firm	1001 · SCCB - Operating Account		-877.00
Bill	Inv. 9...	05/24/2021		5250 · Legal Expenses	-877.00	877.00
TOTAL					-877.00	877.00
Bill Pmt -Check	AP	06/10/2021	Mission Uniform Service-Online	1001 · SCCB - Operating Account		-256.81
Bill	5146...	05/03/2021		5140 · Building Repair & Maint	-40.73	40.73
Bill	5147...	05/10/2021		5140 · Building Repair & Maint	-40.73	40.73
Bill	5147...	05/17/2021		5140 · Building Repair & Maint	-40.73	40.73
Bill	5148...	05/24/2021		5090 · Other Employee Expense	-93.89	93.89
				5140 · Building Repair & Maint	-40.73	40.73
TOTAL					-256.81	256.81
Bill Pmt -Check	AP	06/10/2021	PARS- ACH	1001 · SCCB - Operating Account		-487.60
Bill	48060	05/11/2021		5005 · Administrative Fees	-487.60	487.60
TOTAL					-487.60	487.60
Bill Pmt -Check	AP	06/10/2021	PG&E 1438-Online	1001 · SCCB - Operating Account		-2,052.13
Bill	4/27/...	05/26/2021		5310 · Utilities - Well Site	-2,052.13	2,052.13
TOTAL					-2,052.13	2,052.13
Bill Pmt -Check	AP	06/10/2021	PG&E 1826-Online	1001 · SCCB - Operating Account		-25.71

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill	4/20/...	05/19/2021		5310 · Utilities - Well Site	-25.71	25.71
TOTAL					-25.71	25.71
Bill Pmt -Check	AP	06/10/2021	PG&E 6022-Online	1001 · SCCB - Operating Account		-14.54
Bill	4/22/...	05/20/2021		5315 · Utilities - Street Lighting	-14.54	14.54
TOTAL					-14.54	14.54
Bill Pmt -Check	AP	06/10/2021	Santa Cruz Answering Service-Onl...	1001 · SCCB - Operating Account		-89.40
Bill	1009 ...	05/22/2021		5330 · Telephone	-89.40	89.40
TOTAL					-89.40	89.40
Bill Pmt -Check	AP	06/10/2021	Singh Computech- ACH	1001 · SCCB - Operating Account		-170.00
Bill	8786	06/01/2021		5165 · Computer Software	-170.00	170.00
TOTAL					-170.00	170.00
Bill Pmt -Check	AP	06/10/2021	Sturdy Oil Company- ACH	1001 · SCCB - Operating Account		-2,100.13
Bill	CL64...	05/15/2021		5370 · Fuel - Trucks	-1,154.07	1,154.07
Bill	CL64...	05/31/2021		5370 · Fuel - Trucks	-946.06	946.06
TOTAL					-2,100.13	2,100.13
Bill Pmt -Check	AP	06/10/2021	Taylor's Office City- ACH	1001 · SCCB - Operating Account		-124.41
Bill	3288...	06/02/2021		5240 · Office Supplies	-124.41	124.41
TOTAL					-124.41	124.41
Bill Pmt -Check	AP	06/10/2021	Tesco Controls- Online	1001 · SCCB - Operating Account		-270.18
Bill	0073...	05/26/2021		5220 · Water System - Repair & Maint	-270.18	270.18
TOTAL					-270.18	270.18
Bill Pmt -Check	AP	06/10/2021	Tom's Site Service- ACH	1001 · SCCB - Operating Account		-203.49
Bill	57296	05/23/2021		5145 · District Wide Repair & Maint	-203.49	203.49
TOTAL					-203.49	203.49
Bill Pmt -Check	AP	06/10/2021	TOTLCOM, Inc.- Online	1001 · SCCB - Operating Account		-600.00
Bill	312046	06/02/2021		5170 · Office Equipment Repair & Ma...	-600.00	600.00
TOTAL					-600.00	600.00
Bill Pmt -Check	AP	06/10/2021	Univar-ACH	1001 · SCCB - Operating Account		-1,734.94
Bill	4915...	05/14/2021		5220 · Water System - Repair & Maint	-1,734.94	1,734.94
TOTAL					-1,734.94	1,734.94
Bill Pmt -Check	AP	06/10/2021	USA Blue Book- ONLINE	1001 · SCCB - Operating Account		-102.85
Bill	607138	05/18/2021		5145 · District Wide Repair & Maint	-102.85	102.85
TOTAL					-102.85	102.85
Bill Pmt -Check	AP	06/10/2021	WM / Carmel Marina - Office-Online	1001 · SCCB - Operating Account		-348.96
Bill	9586...	06/01/2021		5150 · Garbage Service	-348.96	348.96
TOTAL					-348.96	348.96

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	AP	06/21/2021	A. L. Lease Company, Inc.-Online	1001 - SCCB - Operating Account		-27.25
Bill	137575	06/02/2021		5220 - Water System - Repair & Maint	-27.25	27.25
TOTAL					-27.25	27.25
Bill Pmt -Check	AP	06/21/2021	ACWA-JPIA (med ins)-ACH	1001 - SCCB - Operating Account		-17,046.13
Bill	0668...	06/02/2021		5050 - Employee Health Insurance 2264 - Employee Insurance Payable	-15,651.11 -1,395.02	15,651.11 1,395.02
TOTAL					-17,046.13	17,046.13
Bill Pmt -Check	AP	06/21/2021	AT&T 0646-Online	1001 - SCCB - Operating Account		-228.38
Bill	6/5/2...	06/05/2021		5310 - Utilities - Well Site	-228.38	228.38
TOTAL					-228.38	228.38
Bill Pmt -Check	AP	06/21/2021	AT&T 1782-Online	1001 - SCCB - Operating Account		-33.34
Bill	6/7/2...	06/07/2021		5310 - Utilities - Well Site	-33.34	33.34
TOTAL					-33.34	33.34
Bill Pmt -Check	AP	06/21/2021	AT&T 2627-Online	1001 - SCCB - Operating Account		-33.34
Bill	6/7-7/...	06/07/2021		5310 - Utilities - Well Site	-33.34	33.34
TOTAL					-33.34	33.34
Bill Pmt -Check	AP	06/21/2021	AT&T 5283-Online	1001 - SCCB - Operating Account		-200.51
Bill	6/11/...	06/11/2021		5310 - Utilities - Well Site	-200.51	200.51
TOTAL					-200.51	200.51
Bill Pmt -Check	AP	06/21/2021	AT&T 6542-Online	1001 - SCCB - Operating Account		-65.26
Bill	6/7/2...	06/07/2021		5310 - Utilities - Well Site	-65.26	65.26
TOTAL					-65.26	65.26
Bill Pmt -Check	AP	06/21/2021	AT&T 8925- Wireless/Cell	1001 - SCCB - Operating Account		-385.54
Bill	x060...	06/01/2021		5330 - Telephone	-385.54	385.54
TOTAL					-385.54	385.54
Bill Pmt -Check	AP	06/21/2021	Chevrolet of Watsonville- Online	1001 - SCCB - Operating Account		-8,246.89
Bill	249249	05/24/2021		5270 - Automotive - Repair & Maint	-8,246.89	8,246.89
TOTAL					-8,246.89	8,246.89
Bill Pmt -Check	AP	06/21/2021	Coastal Paving & Excavating- ACH	1001 - SCCB - Operating Account		-11,635.35
Bill	Inv. 9...	06/16/2021		5220 - Water System - Repair & Maint	-11,635.35	11,635.35
TOTAL					-11,635.35	11,635.35
Bill Pmt -Check	AP	06/21/2021	Elan-Online	1001 - SCCB - Operating Account		-229.10
Bill	June ...	06/03/2021		2910 - Elan	-229.10	229.10
TOTAL					-229.10	229.10
Bill Pmt -Check	AP	06/21/2021	Green Rubber Kennedy Ag- ACH	1001 - SCCB - Operating Account		-161.58
Bill	W-55...	06/02/2021		5220 - Water System - Repair & Maint	-54.13	54.13

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill	W-55...	06/09/2021		5220 · Water System - Repair & Maint	-65.54	65.54
Bill	W-55...	06/09/2021		5220 · Water System - Repair & Maint	-28.51	28.51
Bill	W-55...	06/09/2021		5220 · Water System - Repair & Maint	-13.40	13.40
TOTAL					-161.58	161.58
Bill Pmt -Check	AP	06/21/2021	Grunsky Law Firm	1001 · SCCB - Operating Account		-1,425.00
Bill	Inv. 9...	06/07/2021		5250 · Legal Expenses	-425.00	425.00
Bill	Inv. 9...	06/14/2021		5250 · Legal Expenses	-1,000.00	1,000.00
TOTAL					-1,425.00	1,425.00
Bill Pmt -Check	AP	06/21/2021	MBAS- ACH	1001 · SCCB - Operating Account		-345.60
Bill	2105...	05/24/2021		5190 · Soil and Water Tests	-45.00	45.00
Bill	2106...	06/11/2021		5190 · Soil and Water Tests	-75.60	75.60
Bill	2106...	06/17/2021		5190 · Soil and Water Tests	-180.00	180.00
Bill	2106...	06/17/2021		5190 · Soil and Water Tests	-45.00	45.00
TOTAL					-345.60	345.60
Bill Pmt -Check	AP	06/21/2021	Mid Valley Supply- ACH	1001 · SCCB - Operating Account		-942.86
Bill	I2526...	05/20/2021		5220 · Water System - Repair & Maint	-130.04	130.04
				5220 · Water System - Repair & Maint	-32.51	32.51
				5220 · Water System - Repair & Maint	-32.51	32.51
				5220 · Water System - Repair & Maint	-32.51	32.51
				5220 · Water System - Repair & Maint	-32.51	32.51
Bill	I2527...	05/28/2021		5220 · Water System - Repair & Maint	-97.53	97.53
				5220 · Water System - Repair & Maint	-97.53	97.53
				5220 · Water System - Repair & Maint	-32.51	32.51
				5220 · Water System - Repair & Maint	-32.53	32.53
Bill	I2528...	06/02/2021		5220 · Water System - Repair & Maint	-65.02	65.02
				5220 · Water System - Repair & Maint	-32.51	32.51
				5220 · Water System - Repair & Maint	-32.51	32.51
				5220 · Water System - Repair & Maint	-32.52	32.52
Bill	I2530...	06/10/2021		5220 · Water System - Repair & Maint	-65.02	65.02
				5220 · Water System - Repair & Maint	-32.51	32.51
				5220 · Water System - Repair & Maint	-32.51	32.51
				5220 · Water System - Repair & Maint	-32.51	32.51
				5220 · Water System - Repair & Maint	-65.02	65.02
				5220 · Water System - Repair & Maint	-32.53	32.53
TOTAL					-942.86	942.86
Bill Pmt -Check	AP	06/21/2021	Mission Uniform Service-Online	1001 · SCCB - Operating Account		-40.73
Bill	5148...	05/31/2021		5140 · Building Repair & Maint	-40.73	40.73
TOTAL					-40.73	40.73
Bill Pmt -Check	AP	06/21/2021	Monterey One Water- Online	1001 · SCCB - Operating Account		-69.98
Bill	JUNE...	05/31/2021		5130 · Utilities - Office	-25.73	25.73
Bill	05/1/...	05/31/2021		5310 · Utilities - Well Site	-44.25	44.25
TOTAL					-69.98	69.98
Bill Pmt -Check	AP	06/21/2021	PG&E 0819-Online	1001 · SCCB - Operating Account		-8,638.66
Bill	5/6/2...	06/07/2021		5310 · Utilities - Well Site	-3,838.07	3,838.07
				5310 · Utilities - Well Site	-2,427.27	2,427.27
				5310 · Utilities - Well Site	-188.96	188.96
				5310 · Utilities - Well Site	-871.19	871.19
				5310 · Utilities - Well Site	-359.97	359.97
				5315 · Utilities - Street Lighting	-88.94	88.94
				5310 · Utilities - Well Site	-864.26	864.26
TOTAL					-8,638.66	8,638.66
Bill Pmt -Check	AP	06/21/2021	PG&E 6857-Online	1001 · SCCB - Operating Account		-3,865.41
Bill	4/28/...	06/08/2021		5310 · Utilities - Well Site	-1,288.21	1,288.21

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
				5310 · Utilities - Well Site	-263.48	263.48
				5130 · Utilities - Office	-181.05	181.05
				5310 · Utilities - Well Site	-74.90	74.90
				5315 · Utilities - Street Lighting	-2,057.77	2,057.77
TOTAL					-3,865.41	3,865.41
Bill Pmt -Check	AP	06/21/2021	Pure Water- ACH	1001 · SCCB - Operating Account		-8,186.70
Bill	379477	06/01/2021	State Water Resources Control Board	5427 · Improvement Project-Springfield	-6,464.10	6,464.10
Bill	379476	06/01/2021	State Water Resources Control Board	5427 · Improvement Project-Springfield	-1,722.60	1,722.60
TOTAL					-8,186.70	8,186.70
Bill Pmt -Check	AP	06/21/2021	Quinn Company- ACH	1001 · SCCB - Operating Account		-1,054.50
Bill	WON...	06/10/2021		5220 · Water System - Repair & Maint	-294.50	294.50
Bill	WON...	06/10/2021		5220 · Water System - Repair & Maint	-294.50	294.50
Bill	WON...	06/10/2021		5220 · Water System - Repair & Maint	-465.50	465.50
TOTAL					-1,054.50	1,054.50
Bill Pmt -Check	AP	06/21/2021	Royal Oaks Auto Repair Inc.	1001 · SCCB - Operating Account		-183.00
Bill	36497	06/03/2021		5230 · Park - Repair & Maint	-183.00	183.00
TOTAL					-183.00	183.00
Bill Pmt -Check	AP	06/21/2021	Singh Computech- ACH	1001 · SCCB - Operating Account		-340.00
Bill	8804	06/11/2021		5165 · Computer Software	-170.00	170.00
Bill	8802	06/11/2021		5165 · Computer Software	-170.00	170.00
TOTAL					-340.00	340.00
Bill Pmt -Check	AP	06/21/2021	Soil Control Lab- ACH	1001 · SCCB - Operating Account		-825.00
Bill	1040...	04/28/2021		5190 · Soil and Water Tests	-50.00	50.00
Bill	1040...	04/28/2021		5190 · Soil and Water Tests	-50.00	50.00
Bill	1040...	04/28/2021		5190 · Soil and Water Tests	-75.00	75.00
Bill	1040...	04/28/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1040...	04/28/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1050...	05/19/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1050...	05/19/2021		5190 · Soil and Water Tests	-50.00	50.00
Bill	1050...	05/19/2021		5190 · Soil and Water Tests	-50.00	50.00
Bill	1050...	05/19/2021		5190 · Soil and Water Tests	-75.00	75.00
Bill	1050...	05/19/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1050...	05/26/2021		5190 · Soil and Water Tests	-75.00	75.00
Bill	1050...	05/26/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1060...	06/10/2021		5190 · Soil and Water Tests	-75.00	75.00
Bill	1060...	06/10/2021		5190 · Soil and Water Tests	-50.00	50.00
Bill	1060...	06/10/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1060...	06/10/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1060...	06/10/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1060...	06/10/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1060...	06/10/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1060...	06/10/2021		5190 · Soil and Water Tests	-25.00	25.00
Bill	1060...	06/10/2021		5190 · Soil and Water Tests	-25.00	25.00
TOTAL					-825.00	825.00
Bill Pmt -Check	AP	06/21/2021	Staples Credit Plan-Online	1001 · SCCB - Operating Account		-65.74
Bill	JUNE...	06/08/2021		5240 · Office Supplies	-65.74	65.74
TOTAL					-65.74	65.74
Bill Pmt -Check	AP	06/21/2021	Thomas E Yeager, P.E.- ACH	1001 · SCCB - Operating Account		-646.50
Bill	Invoic...	06/01/2021		5427 · Improvement Project-Springfield	-121.75	150.00
				5266 · Engineering Svcs-Dist Wide	-524.75	646.50
TOTAL					-646.50	796.50

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	AP	06/21/2021	TIAA Commercial Finance, Inc.	1001 · SCCB - Operating Account		-194.40
Bill	8206...	06/08/2021		5160 · Office Equip Rental	-194.40	194.40
TOTAL					-194.40	194.40
Bill Pmt -Check	AP	06/21/2021	Wells Fargo- 6120 ONLINE	1001 · SCCB - Operating Account		-919.07
Bill		06/10/2021		2900 · Wells Fargo- 6120	-919.07	919.07
TOTAL					-919.07	919.07
Bill Pmt -Check	AP	06/21/2021	Wells Fargo 0721-Online	1001 · SCCB - Operating Account		-14.99
Bill	June ...	06/17/2021		2905 · Wells Fargo- 0721	-14.99	14.99
TOTAL					-14.99	14.99
Check	PARS	06/02/2021	US Bank - PARS #6746022400	1001 · SCCB - Operating Account		-4,284.39
				5070 · Employee Retirement	-4,284.39	4,284.39
TOTAL					-4,284.39	4,284.39
Check	PARS	06/16/2021	US Bank - PARS #6746022400	1001 · SCCB - Operating Account		-4,294.24
				5070 · Employee Retirement	-4,294.24	4,294.24
TOTAL					-4,294.24	4,294.24
Bill Pmt -Check	24739	06/10/2021	Santa Cruz County Bank	1001 · SCCB - Operating Account		-566.04
Bill	ACC...	05/23/2021		2256 · Vehicle Loan Payable	-454.08	454.08
				5256 · Interest Exp-Financed Items	-111.96	111.96
TOTAL					-566.04	566.04
Bill Pmt -Check	24750	06/21/2021	Monterey County Environmental H...	1001 · SCCB - Operating Account		-17,855.00
Bill	IN101...	06/09/2021		5325 · Permits	-707.00	707.00
Bill	IN101...	06/09/2021		5325 · Permits	-2,239.00	2,239.00
Bill	IN101...	06/09/2021		5325 · Permits	-2,764.00	2,764.00
Bill	IN101...	06/09/2021		5325 · Permits	-3,256.00	3,256.00
Bill	IN101...	06/09/2021		5325 · Permits	-3,256.00	3,256.00
Bill	IN101...	06/09/2021		5325 · Permits	-2,472.00	2,472.00
Bill	IN101...	06/09/2021		5325 · Permits	-3,161.00	3,161.00
TOTAL					-17,855.00	17,855.00
Bill Pmt -Check	24751	06/21/2021	Ms. Veronica Alcaraz	1001 · SCCB - Operating Account		-21.83
Bill	Credi...	06/01/2021		1100 · Water Customer Accounts Recv	-21.83	21.83
TOTAL					-21.83	21.83
Bill Pmt -Check	24752	06/21/2021	Rebecca Ugale	1001 · SCCB - Operating Account		-5.74
Bill	Credi...	06/01/2021		1100 · Water Customer Accounts Recv	-5.74	5.74
TOTAL					-5.74	5.74
Bill Pmt -Check	24753	06/21/2021	Santa Cruz County Bank-0190	1001 · SCCB - Operating Account		-1,334.45
Bill	Intere...	06/08/2021		5255 · Interest Expense	-1,334.45	1,334.45
TOTAL					-1,334.45	1,334.45
Bill Pmt -Check	24754	06/21/2021	Watsonville Pajaronian	1001 · SCCB - Operating Account		-94.23
Bill	25976	06/18/2021		5250 · Legal Expenses	-94.23	94.23

Pajaro/Sunny Mesa Community Services District
Check Detail - COP 2010 Account
June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Check	AP	06/08/2021	Santa Cruz County Bank-0190	1032 - SCCB-COP Acct (aka Const...		-212,992.57
				2267 - Pajaro Tank Loan-0190	-212,992.57	212,992.57
TOTAL					-212,992.57	212,992.57
Bill Pmt -Check	AP	06/10/2021	Quinn Company- ACH	1032 - SCCB-COP Acct (aka Const...		-4,977.85
Bill	E241...	06/02/2021		5220 - Water System - Repair & Maint	-4,977.85	4,977.85
TOTAL					-4,977.85	4,977.85

Pajaro/Sunny Mesa Community Services District
Check Detail - Reserve Account

June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	AP	06/10/2021	Caterpillar Financial Services	1002 · SCCB Reserve Account		-1,394.82
Bill	3099...	05/18/2021		2268 · Generator Loan Payable 5256 · Interest Exp-Financed Items	-1,203.11 -191.71	1,203.11 191.71
TOTAL					-1,394.82	1,394.82
Bill Pmt -Check	AP	06/10/2021	NBS- ACH	1002 · SCCB Reserve Account		-46.02
Bill	3211...	05/17/2021		5426 · Vega Assmnt Bond Expense	-46.02	46.02
TOTAL					-46.02	46.02
Bill Pmt -Check	AP	06/21/2021	Thomas E Yeager, P.E.- ACH	1002 · SCCB Reserve Account		-150.00
Bill	Invoic...	06/01/2021		5427 · Improvement Project-Springfield 5266 · Engineering Svcs-Dist Wide	-28.25 -121.75	150.00 646.50
TOTAL					-150.00	796.50
Bill Pmt -Check	120	06/11/2021	Marine Industrial Tank	1002 · SCCB Reserve Account		-15,612.50
Bill		06/03/2021		1808 · CIP-Normco	-15,612.50	31,225.00
TOTAL					-15,612.50	31,225.00

Pajaro/Sunny Mesa Community Services District
Check Detail - Pajaro Park Account
June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	AP	06/10/2021	D&G Sanitation LLC	1036 · PSM Pajaro Park Acct		-549.53
Bill	281746	05/31/2021		5231 · Pajaro Park Expense	-549.53	549.53
TOTAL					-549.53	549.53
Bill Pmt -Check	AP	06/10/2021	Panther Protective Services- ACH	1036 · PSM Pajaro Park Acct		-450.00
Bill	005-2...	05/24/2021		5231 · Pajaro Park Expense	-450.00	450.00
TOTAL					-450.00	450.00
Bill Pmt -Check	AP	06/10/2021	PG&E 3540 Pajaro Park-Online	1036 · PSM Pajaro Park Acct		-97.92
Bill	4/21/...	05/20/2021		5231 · Pajaro Park Expense	-97.92	97.92
TOTAL					-97.92	97.92
Bill Pmt -Check	AP	06/10/2021	Ace Hardware Watsonville- ACH	1036 · PSM Pajaro Park Acct		-191.26
Bill	205817	05/10/2021		5231 · Pajaro Park Expense	-56.79	56.79
Bill	205833	05/11/2021		5231 · Pajaro Park Expense	-15.16	15.16
Bill	205887	05/12/2021		5231 · Pajaro Park Expense	-13.01	13.01
Bill	205964	05/17/2021		5231 · Pajaro Park Expense	-68.08	68.08
Bill	206027	05/19/2021		5231 · Pajaro Park Expense	-38.22	38.22
TOTAL					-191.26	191.26
Bill Pmt -Check	AP	06/21/2021	Mid Valley Supply- ACH	1036 · PSM Pajaro Park Acct		-265.39
Bill	l2529...	06/08/2021		5231 · Pajaro Park Expense	-265.39	265.39
TOTAL					-265.39	265.39
Bill Pmt -Check	AP	06/21/2021	State Steel Company	1036 · PSM Pajaro Park Acct		-393.29
Bill	inv 1...	06/09/2021		5231 · Pajaro Park Expense	-393.29	393.29
TOTAL					-393.29	393.29

Pajaro/Sunny Mesa Community Services District
Check Detail - Street Maintenance Account
June 2021

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	AP	06/10/2021	AT&T 5203 Street Maint-Online	1004 - SCCB - Street Maint Acct		-209.92
Bill	6/1/2...	06/01/2021		5225 - Street Maintenance	-209.92	209.92
TOTAL					-209.92	209.92
Bill Pmt -Check	AP	06/10/2021	Lewis Tree Service, Inc- Online	1004 - SCCB - Street Maint Acct		-750.00
Bill	32752	05/18/2021		5225 - Street Maintenance	-750.00	750.00
TOTAL					-750.00	750.00
Bill Pmt -Check	AP	06/10/2021	PG&E 9545 Street Maint-Online	1004 - SCCB - Street Maint Acct		-57.16
Bill	4/21/...	05/20/2021		5225 - Street Maintenance 5310 - Utilities - Well Site	-39.89 -17.27	39.89 17.27
TOTAL					-57.16	57.16
Bill Pmt -Check	AP	06/21/2021	Darrel Varni Electric, Inc.	1004 - SCCB - Street Maint Acct		-1,308.89
Bill	inv # ...	06/10/2021		5225 - Street Maintenance	-1,308.89	1,308.89
TOTAL					-1,308.89	1,308.89
Bill Pmt -Check	537	06/10/2021	Pajaro/Sunny Mesa Comm Svcs Dist	1004 - SCCB - Street Maint Acct		-31.03
Bill	MAY ...	06/07/2021		5225 - Street Maintenance	-31.03	31.03
TOTAL					-31.03	31.03

**PAJARO SUNNY MESA
COMMUNITY SERVICES DISTRICT
REQUEST FOR QUALIFICATION STATEMENTS**

FOR PREPARING A

LOCAL HAZARD MITIGATION PLAN (LHMP)

FOR THE PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT (PSMCSD)

RFQ Issue Date:

June 25, 2022

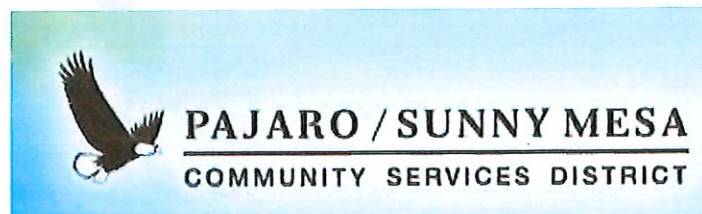
Submittal Due Date:

No later than 4:00 PM July 23, 2021

136 San Juan Road
Royal Oaks, CA 95076

TELEPHONE: (831) 722-1389

<http://pajarosunnymesa.com/>



REQUEST FOR QUALIFICATIONS

PSMCS D

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Figure 1: PSMCS D Boundaries

Table 1: PSMCS D LHMP Staffing Estimate

PSMCS D Standard Consulting Contract

I. COMMUNITY DESCRIPTION

General Information

The PSMCSD is seeking a qualified consultant to coordinate, facilitate and prepare a PSMCSD Local Hazard Mitigation Plan (LHMP) pursuant to the Disaster Mitigation Act of 2000. The plan will be consistent with the State of California's FEMA approved mitigation plan. PSMCSD's LHMP will identify mitigation actions that will make PSMCSD more disaster resistant.

This will be an inclusive planning process and include nearby agency participants as well as other stakeholders who will be invited to participate in the plan development process and serve as members of a planning committee.

Community Information

The PSMCSD is located in North Monterey County. The PSMCSD provides essential services to the unincorporated community of Pajaro which is located across the Pajaro River from Watsonville. These services include street lighting, community park maintenance, subdivision maintenance, and water.

In addition to providing water service to Pajaro, the PSMCSD provides water service to the adjacent and/or nearby communities of:

- Blackie No. 18
- Langley/Valle Pacifico
- Moss Landing Harbor
- Normco
- Springfield
- Sunny Mesa
- Vega Road No. 01
- Vierra Estates

The total number of water customers in the PSMCSD is approximately 1,500. The smallest water system is Blackie No. 18 with 21 customers and the largest is Pajaro with 471 customers. See Figure 1.

Land uses within the Pajaro Valley are varied, and there is a significant agricultural base. Residential and commercial properties are scattered throughout the PSMCSD service area with concentrations in Pajaro and Moss Landing.

Dynegy operates a 1020 MW natural gas power generation facility couple with a 300kW/1200MWhr battery storage facility at Moss Landing. The Moss Landing Research Lab is also located in Moss Landing.

There are other public agencies that provide essential public services throughout the PSMCSD. These include, but are not limited to:

- Highways – Caltrans
- Local Roads and Streets – Monterey County
- Fire Protection – North County Fire District
- Wastewater Collection, Moss Landing – Castroville Community Services District
- Wastewater Collection, Pajaro and Sunny Mesa – Pajaro County Sanitation District (Monterey County)
- Wastewater Pumping and Transmission – Monterey One
- Reclaimed Water Pumping and transmission Facilities – Pajaro Valley Water Management Agency.

Other nearby agencies that have completed their own LMHPs include the City of Watsonville and Monterey County. These LHMPs need to be reviewed during the development of the development of the PSMCSD LHMP which should be compatible with those of other agencies.

The Watsonville LHMP was completed in 2020 and the Monterey County LHMP was completed in 2016. The update of the 2016 Monterey County Multi-Jurisdictional Hazard Mitigation Plan began in May 2020 and was delayed for 12 months due to the COVID-19 global health crisis. Planning efforts resumed in March 2021 and are anticipated to take 9-12 months; an additional 9 months for review, approval, and adoption. The Operations Manager of the PSMCSD shall coordinate with Monterey County with respect to the County's LHMP as it applies to the PSMCSD LHMP.

Cal OES Pre-disaster Mitigation Planning Grant

Recognizing the need for a locally completed plan that could be used for future planning, funding, and compliance efforts, the PSMCSD applied for Pre-Disaster Mitigation Planning through Cal OES. The PSMCSD secured a Cal OES Pre-disaster Mitigation Grant in the amount of \$150,000 to fund preparation of a plan. The grant covers the direct cost of PSMCSD staff and the costs of an outside consultant. The grant is active from July 10, 2020, to July 9, 2024.

II. SCOPE OF WORK

Scope of Work

The PSMCSD is seeking to contract with a consultant to prepare a Local Hazard Mitigation Plan (LHMP) in accordance with the requirements of Disaster Mitigation Act of 2000. In addition, the PSMCSD requires the preparation of the LHMP adhering to the 10-step process of Section 510, "Floodplain Management Planning" of the 2017 CRS Coordinators Manual.

LHMP Planning/Development Process (Tasks 1 and 2)

As part of the LHMP planning and development process, the PSMCSD will recruit members for and organize a Hazard Mitigation Planning Committee (HMPC). Members of the HMPC will include stakeholders from the following affected agencies and institutions:

- CalTrans
- Monterey County, various departments
- City of Watsonville
- North County Fire District
- Castroville Community Services District
- Monterey One
- Pajaro Valley Water Management District
- Dynegy
- Moss Landing Harbor District
- Members of the public (residents, community leaders, and business owners)

The HMPC will:

- Participate in the planning process, attend meetings, and provide data as requested
- Solicit input from citizens and professionals with knowledge of applicable hazards
- Identify how the risk differs across the planning area
- Identify new/proposed mitigation projects
- Review drafts of the plan
- Hold public meetings
- Coordinate the formal adoption of the plan by governing boards.

The consultant shall participate with the HMPC meetings and facilitate a maximum of 5 public meetings focused on educating the public on the LHMP development process and identify community concerns. The consultant shall provide content to post on the PSMCSD's webpage. When a final draft LHMP is developed, the public will be invited to review and provide comments. Public comments will be evaluated and incorporated by the consultant.

The LHMP will thoroughly document the hazard mitigation planning process, including but not limited to:

- A narrative description of how the plan was prepared and the process followed

- An outline of plan development meeting dates, attendees, and agendas
- Identification of agencies and organizations that participated in plan development
- Coordination with existing planning mechanisms
- Coordination with existing stakeholder groups
- Description of how the public was involved and strategy for public outreach/meetings

Risk Assessment (Hazard Identification, Vulnerability Assessment, and Capability Assessment)

A detailed risk assessment will be developed for this LHMP. The purpose of this section is to understand the risk and vulnerability of identified natural and man-made hazards and to provide a basis for hazard mitigation strategy development. The risk assessment will include:

a) Hazard Identification and Profiles (Task 3): The Hazard Identification and Profiles will include a description and prioritization of the hazards that have occurred within the PSMCSD. The hazard categories may include:

- Flood-related hazards
- Drought-related hazards
- Earthquake hazards
- Other geologic and soil hazards
- Wildfire hazards
- Severe weather-related hazards
- Climate change hazards
- Man-made hazards
- Other hazards as identified by the HMPC and other data sources

b) Hazard Mapping (Task 3): The risk assessment will include maps (from various sources identified by the Consultant. The geographic information data will comprise a comprehensive inventory for use in developing map data layers (to the extent data is available), of the following items relative to the multiple hazard area:

- Public buildings
- Critical facilities and infrastructure
- Maps that depict the location of parcels, structures, land use, and populations
- Structures will be differentiated by type of use (e.g. residential, commercial, industrial, etc.)

c) Vulnerability Assessment (Task 4): Based on hazard identification and mapping, the Consultant will develop an overview of the PSMCSD's vulnerability to specific hazards. Digital maps and GIS data will be prepared that identify local assets that are located within known hazard areas.

FEMA's HAZUS will be used to model losses. The vulnerability assessment will include:

- Types and numbers of buildings, infrastructure, and critical facilities located within the planning area and within identified hazard areas
- An inventory of all repetitive flood loss structures, as defined by FEMA, if applicable
- Potential dollar losses from identified hazards will be estimated through a process that

- utilizes HAZUS-MH and GIS analysis of County assessor's data with hazard locations
- Description of land uses and development trends to advise future land use decisions

d) Capability Assessment: A capability assessment will be conducted that will inventory those existing plans, policies, and procedures that the PSMCSD has in place to temper the effect of hazards. This will include protective measures under the National Flood Insurance Program (NFIP), building codes, zoning ordinances, completed or ongoing mitigation projects, and mitigation policies established in the general or comprehensive plans of participating jurisdictions.

Hazard Mitigation Strategy (Tasks 5 and 6)

The LHMP will include a mitigation strategy to address its exposure to identified hazards. This will require meetings of the HMPC, facilitated by the consultant, and include:

- Developing mitigation goal statements that focus on reducing the risk and vulnerability associated with the identified hazards.
- Developing a comprehensive range of specific mitigation actions items being considered to reduce the effects of each hazard, based on the risk assessment. This section will include a list of prioritized hazard mitigation action items that best meet the PSMCSD's needs for hazard damage reduction. Prioritization factors will include an analysis of proposed mitigation projects focused on several key areas, including but not limited to economic (including benefits and cost), engineering, technical, legal, environmental, social, and political feasibility.

A draft plan will be prepared meeting the requirements of Cal OES and FEMA reviewers. The Consultant will ensure that all components are included in the plan. The draft plan will be made available to the HMPC for review and comment. The Consultant will incorporate HMPC comments and prepare a public review draft to be distributed to interested parties.

Hazard Mitigation Plan Maintenance Process

a) Monitoring, Evaluating, and Updating: This chapter will detail how the PSMCSD HMPC will monitor, evaluate, implement, and update the plan. The plan will be revised, updated, and readopted every five years in accordance with the requirements of the Disaster Mitigation Act of 2000.

b) Incorporation into Existing Planning Mechanisms: The PSMCSD will implement and incorporate hazard mitigation plan goals and actions into other local planning documents, such as the local emergency operations plan, community wildfire protection plans, storm water program, climate action plan, etc.

c) Implementation Schedule

The completed LHMP will include procedures for ensuring the Plan's implementation, including an implementation schedule for each action item.

d) Continued Public Involvement (Task 7)

The PSMCSD is committed to continued public involvement in the LHMP development, maintenance, and future updates. A description of public involvement activities for the Plan will be included.

e) Final Plan (Task 7)

The Consultant will collect and incorporate public comments to the public review draft, make all necessary revisions, and will prepare a Final Plan for submittal to Cal OES and FEMA Region IX for review and approval. The Consultant is responsible for all plan revisions from Cal OES, FEMA, or the PSMCSD until it is adopted by Board of Directors of the PSMCSD.

f) LHMP Adoption and Approval

The Board of Directors of the PSMCSD will adopt the LHMP upon approval of the Plan from Cal OES and FEMA Region IX.

III. QUALIFICATIONS SUBMITTAL, INSTRUCTIONS AND FORMAT

Statements of Qualifications (SOQ) submittals are due by 4:00 PM on Friday July 23, 2021. Qualifications may be mailed or delivered to **Pajaro/Sunny Mesa CSD, 136 San Juan Road, Royal Oaks, CA 95076, Attention: Judy Vazquez-Varela, labeled: Professional Services for Pajaro/Sunny Mesa CSD Local Hazard Mitigation Plan Request for Qualifications.** Please submit three (3) printed and bound copy (8 ½" by 11") and an electronic copy in pdf format on a USB drive. Two sided copies are acceptable and encouraged. **Late, emailed, or faxed submittals will be immediately considered nonresponsive without further review and eliminated from consideration.** Questions may be directed to Judy Vazquez-Varela, Operations Manager, in writing via email to:

judyvazquez@pajarosunnymesa.com. The last day to submit questions is July 16,2021

The questions and answers will be issued as an addendum which can be accessed at the PSMCSD's Request for Qualifications documents web page listed below:

<http://pajarosunnymesa.com/index.php?page=projects>

The PSMCSD reserves the right to reject any or all submittals, waive any irregularities, and select firms which, in its opinion, best serve the PSMCSD's interests. **The Consultant is responsible for all costs associated with the Statement of Qualifications submission.** The qualifications submittal shall not exceed ten (10) sheets of paper (20 pages double sided), excluding table of contents, cover letter, resumes for key personnel, and any promotional materials. be submitted. Resumes shall be included for **ALL** key personnel identified in the organization chart and in Table 1 and shall include all LHMP that they have worked on. The PSMCSD prefers a quality submission over quantity and succinct, responsive proposals are welcomed. **Submissions will not be returned.**

All Consultant SOQ submissions shall provide the following general information: Business type (corporation, partnership, sole proprietorship) firm's organization structure, background, general qualifications, and recent experience preparing Local Hazard Mitigation Plans to comparable communities in California.

Additional specific required information:

- a. Location of the office(s) where the services are performed
- b. Special firm knowledge or capabilities
- c. Project organization chart that identifies all staff and subconsultants who will work on the LHMP preparation and key personnel resumes. Firm personnel shall be referenced to personnel resume included in an appendix

- d. A revised scope of services that demonstrates by task description, the Consultant's understanding of the requirements developing a LHMP. This revised scope will form of the basis of the Scope of Services to be included in the Consulting Contract.
- e. A completed attached Table 1 that identifies the estimated hours by task for key personnel and subconsultants and all direct project expenses.
- f. A current rate schedule will also be submitted showing hourly rates and direct expenses.
- g. Relevant information shall include at least 3, but no more than 5 completed LHMP plans prepared using the CRS 10 step process for public agencies. Names and current agency contact information shall be provided
- h. Provide a written statement demonstrating the consultants understanding of the District's goals for the LHMP preparation project.

IV. SELECTION PROCESS

The PSMCSD qualifications review panel (General Manager, Operations Manager, Board Member, and District Engineer) will assess each SOQ submission.

The PSMCSD may request firms participate with a virtual interview to better determine the "best fit" among firms with similar qualifications. The PSMCSD will provide interview invitations and selection information on a project specific basis as the need occurs. **All consultant costs associated with the project interview are the consultant's responsibility.**

The PSMCSD reserves the right to reject any and all consultants.

V. SELECTION CRITERIA

Some of the criteria for selection of the consultants are listed below, not necessarily in order of importance:

- Prior Experience in working successfully with various agencies, especially smaller agencies, in the planning and preparation of an LHMP
- Demonstrating the consultants understanding of the PSMCSD’s goals for an LHMP prepared using the CRS 10 step process.
- Qualifications of key staff persons who will work of the project
- Work program for planning and preparing the LHMP and ability to adhere to schedules and budgets
- Experience in Monterey County and/or nearby counties of a rural nature
- Firm organization and location
- References and recommendations

Schedule for RFQ Process

June 25, 2021	Request for Qualifications posted to District website.
July 16, 2021	Deadline to submit questions to District
July 20, 2021	Addendum (including questions and answers) posted, if required)
July 23,2021	Submissions are due no later than 4:00 PM on July 23, 2021 , at the offices of the PSMCSD 136 San Juan Road 136 San Juan Road, Royal Oaks, CA 95076. Late submittals will not be accepted.
TBD	At the Districts’ option interview selected firms
August 27, 2021	Execute Consulting Services Agreement

VI. CONTRACT REQUIREMENTS

Once project scope and fee are negotiated, the Consultant shall execute a standard PSMCSD consultant services agreement, which will define basic contractual relationships with attachments that specify the scope of services, compensation schedule, and deliverable schedule. A sample PSMCSD Consulting Contract is posted with this SOQ.

END OF REQUEST FOR QUALIFICATIONS

Pajaro/Sunny Mesa Community Services District

RESOLUTION NO. 06-02-21

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE PAJARO/SUNNY MESA
COMMUNITY SERVICES DISTRICT APPOINTING CONSULTANTS FOR THE
AUTHORIZATION, ISSUANCE AND DELIVERY OF 2021 WATER REVENUE BONDS,
APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN
CONNECTION THEREWITH**

2021 WATER REVENUE BONDS

RESOLVED BY THE BOARD OF DIRECTORS OF THE PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT (the "DISTRICT") THAT:

WHEREAS, the District is contemplating the authentication, issuance and delivery of its 2021 Water Revenue Bonds (the "Bonds") to fund the 2021 Project, fund a reserve fund and pay costs of issuance (the "Project") and it is necessary to appoint various consultants to advise the District and perform services necessary to finance the Bonds; and

WHEREAS, that the District desires, and it is in the public interest and general welfare, to appoint and employ the Law Office of Robert M. Haight, Santa Cruz, California, as bond counsel (the "Bond Counsel") for the preparation and conduct of the proceedings necessary to authorize, issue and deliver the Bonds; as disclosure counsel (the "Disclosure Counsel") to prepare the preliminary and final official statement (the "Official Statement"), the Continuing Disclosure Agreement and the Bond Purchase Agreement; to be submitted to and approved by the Board of Directors of the District; and

WHEREAS, that the District desires, and it is in the public interest and general welfare, to appoint Stinson Securities, LLC as underwriter (the "Underwriter") to underwrite the purchase of the Bonds pursuant to a Bond Purchase Agreement, by and between the District and the Underwriter, to be approved by the General Manager at the time of Bond pricing; and

WHEREAS, that the District desires, and it is in the public interest and general welfare, to appoint U.S. Bank Global Corporate Trust, Los Angeles, California, to act as Trustee (the "Trustee") pursuant to a Trust Agreement to be approved by the District, and

WHEREAS, that the District desires, and it is in the public interest welfare, to appoint NBS Government Finance Group, Temecula, CA. as Dissemination Agent (the "Dissemination Agent") pursuant to a Continuing Disclosure Agreement to be approved by the District.

NOW, THEREFORE, the Board of Directors of the Pajaro/Sunny Mesa Community Services District DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. The execution and delivery of the Bonds shall be in a principal amount to be determined by the Board of Directors of the District, but not to exceed \$2,000,000 and at an average annual coupon of not to exceed 4.00%.

SECTION 3. The Law Office of Robert M. Haight, Santa Cruz, California, be and they are hereby appointed and employed as Bond Counsel, to do all legal services required in the conduct of said proceedings, examining and approving all legal documents in connection therewith, advising all District officials on all

matters relating thereto when called upon or when deemed necessary, and, as Disclosure Counsel to prepare a Preliminary Official Statement, an Official Statement, Bond Purchase Agreement and a Continuing Disclosure Agreement; and that their compensation for all of said services, be, and it is hereby fixed pursuant to the Agreement for Legal Services on file with the District Secretary and which Agreement is hereby approved and the General Manager is authorized to execute said Agreement on behalf of the District.

SECTION 4. That Stinson Securities, LLC, be and they are hereby appointed as Underwriter to the District and shall be paid on a contingency basis a reasonable fee from the bond proceeds, which fee shall be approved by the General Manager of the District.

SECTION 5. That U.S. Bank Global Corporate Trust, Los Angeles, California, is appointed to act as Trustee, and the General Manager of the District, or his written designee, is hereby authorized to enter into a Trust Agreement upon it being approved by the Board of Directors of the District.

SECTION 6. That NBS Government Finance Group, Temecula, CA., is appointed to act as Dissemination Agent and the General Manger of the District, or his written designee, is hereby authorized to enter into a Continuing Disclosure Agreement upon it being approved by the Board of Directors of the District.

SECTION 7. This Resolution shall take effect from and after its date of adoption.

The foregoing Resolution was introduced, passed and adopted at a regular meeting of the Board of Directors of the Pajaro/Sunny Mesa Community Services District held on the 24 day of June 2021, by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

APPROVED:

ATTEST:

**Sanford Coplin President,
Pajaro/Sunny Mesa Community Services District**

**District Secretary,
Pajaro/Sunny Mesa Community Services District**

I, DON ROSA, HEREBY CERTIFY THAT THE FOREGOING IS A FULL, CORRECT, AND TRUE COPY OF RESOLUTION NO. 06-02-21 AS ADOPTED BY THE BOARD OF DIRECTORS OF THE PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT, AT A REGULAR MEETING HELD ON JUNE 24, 2021, AND I FURTHER CERTIFY THAT SAID RESOLUTION HAS NEVER BEEN RESCINDED OR MODIFIED.

DATED: _____, 2021

DISTRICT SECRETARY

SOURCES AND USES OF FUNDS

Pajaro-Sunny Mesa CSD 2021 Water Revenue Bonds
2021 Bonds

Sources:	
<hr/>	
Bond Proceeds:	
Par Amount	1,555,000.00
Premium	151,807.00
	<hr/>
	1,706,807.00
	<hr/> <hr/>
Uses:	
<hr/>	
Project Fund Deposits:	
Project Funds	1,500,000.00
Other Fund Deposits:	
Reserve Fund	97,150.00
Delivery Date Expenses:	
Cost of Issuance	75,000.00
Underwriter's Discount	31,100.00
	<hr/>
	106,100.00
Other Uses of Funds:	
Additional Proceeds	3,557.00
	<hr/>
	1,706,807.00
	<hr/> <hr/>

BOND SUMMARY STATISTICS

Pajaro-Sunny Mesa CSD 2021 Water Revenue Bonds
2021 Bonds

Dated Date	08/19/2021
Delivery Date	08/19/2021
Last Maturity	09/02/2047
Arbitrage Yield	2.485006%
True Interest Cost (TIC)	3.076844%
Net Interest Cost (NIC)	3.268950%
All-In TIC	3.478357%
Average Coupon	3.773027%
Average Life (years)	15.399
Duration of Issue (years)	11.700
Par Amount	1,555,000.00
Bond Proceeds	1,706,807.00
Total Interest	903,494.86
Net Interest	782,787.86
Total Debt Service	2,458,494.86
Maximum Annual Debt Service	97,150.00
Average Annual Debt Service	94,426.35
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	20.000000
Total Underwriter's Discount	20.000000
Bid Price	107.762508

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	500,000.00	105.441	2.922%	6.296
Term 2037	290,000.00	109.087	3.500%	14.088
Term 2047	765,000.00	112.843	4.000%	21.847
	1,555,000.00			15.399

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,555,000.00	1,555,000.00	1,555,000.00
+ Accrued Interest			
+ Premium (Discount)	151,807.00	151,807.00	151,807.00
- Underwriter's Discount	-31,100.00	-31,100.00	
- Cost of Issuance Expense		-75,000.00	
- Other Amounts			
Target Value	1,675,707.00	1,600,707.00	1,706,807.00
Target Date	08/19/2021	08/19/2021	08/19/2021
Yield	3.076844%	3.478357%	2.485006%

BOND PRICING

Pajaro-Sunny Mesa CSD 2021 Water Revenue Bonds
2021 Bonds

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	09/02/2022	40,000	2.000%	0.350%	101.704
	09/02/2023	40,000	2.000%	0.600%	102.828
	09/02/2024	40,000	2.000%	0.900%	103.287
	09/02/2025	45,000	3.000%	1.200%	107.070
	09/02/2026	45,000	3.000%	1.800%	105.752
	09/02/2027	45,000	3.000%	2.000%	105.658
	09/02/2028	45,000	3.000%	2.100%	105.857
	09/02/2029	50,000	3.000%	2.150%	106.241
	09/02/2030	50,000	3.000%	2.200%	106.522
	09/02/2031	50,000	3.000%	2.250%	106.703
	09/02/2032	50,000	3.000%	2.300%	106.787
		<u>500,000</u>			
Term 2037:	09/02/2037	290,000	3.500%	2.550%	109.087 C
Term 2047:	09/02/2047	765,000	4.000%	2.650%	112.843 C
		<u>1,555,000</u>			

Dated Date	08/19/2021	
Delivery Date	08/19/2021	
First Coupon	03/02/2022	
Par Amount	1,555,000.00	
Premium	151,807.00	
Production	1,706,807.00	109.762508%
Underwriter's Discount	-31,100.00	-2.000000%
Purchase Price	1,675,707.00	107.762508%
Accrued Interest		
Net Proceeds	1,675,707.00	

BOND DEBT SERVICE

Pajaro-Sunny Mesa CSD 2021 Water Revenue Bonds
2021 Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/02/2022			29,244.86	29,244.86	
09/02/2022	40,000	2.000%	27,275.00	67,275.00	96,519.86
03/02/2023			26,875.00	26,875.00	
09/02/2023	40,000	2.000%	26,875.00	66,875.00	93,750.00
03/02/2024			26,475.00	26,475.00	
09/02/2024	40,000	2.000%	26,475.00	66,475.00	92,950.00
03/02/2025			26,075.00	26,075.00	
09/02/2025	45,000	3.000%	26,075.00	71,075.00	97,150.00
03/02/2026			25,400.00	25,400.00	
09/02/2026	45,000	3.000%	25,400.00	70,400.00	95,800.00
03/02/2027			24,725.00	24,725.00	
09/02/2027	45,000	3.000%	24,725.00	69,725.00	94,450.00
03/02/2028			24,050.00	24,050.00	
09/02/2028	45,000	3.000%	24,050.00	69,050.00	93,100.00
03/02/2029			23,375.00	23,375.00	
09/02/2029	50,000	3.000%	23,375.00	73,375.00	96,750.00
03/02/2030			22,625.00	22,625.00	
09/02/2030	50,000	3.000%	22,625.00	72,625.00	95,250.00
03/02/2031			21,875.00	21,875.00	
09/02/2031	50,000	3.000%	21,875.00	71,875.00	93,750.00
03/02/2032			21,125.00	21,125.00	
09/02/2032	50,000	3.000%	21,125.00	71,125.00	92,250.00
03/02/2033			20,375.00	20,375.00	
09/02/2033	55,000	3.500%	20,375.00	75,375.00	95,750.00
03/02/2034			19,412.50	19,412.50	
09/02/2034	55,000	3.500%	19,412.50	74,412.50	93,825.00
03/02/2035			18,450.00	18,450.00	
09/02/2035	60,000	3.500%	18,450.00	78,450.00	96,900.00
03/02/2036			17,400.00	17,400.00	
09/02/2036	60,000	3.500%	17,400.00	77,400.00	94,800.00
03/02/2037			16,350.00	16,350.00	
09/02/2037	60,000	3.500%	16,350.00	76,350.00	92,700.00
03/02/2038			15,300.00	15,300.00	
09/02/2038	65,000	4.000%	15,300.00	80,300.00	95,600.00
03/02/2039			14,000.00	14,000.00	
09/02/2039	65,000	4.000%	14,000.00	79,000.00	93,000.00
03/02/2040			12,700.00	12,700.00	
09/02/2040	70,000	4.000%	12,700.00	82,700.00	95,400.00
03/02/2041			11,300.00	11,300.00	
09/02/2041	70,000	4.000%	11,300.00	81,300.00	92,600.00
03/02/2042			9,900.00	9,900.00	
09/02/2042	75,000	4.000%	9,900.00	84,900.00	94,800.00
03/02/2043			8,400.00	8,400.00	
09/02/2043	80,000	4.000%	8,400.00	88,400.00	96,800.00
03/02/2044			6,800.00	6,800.00	
09/02/2044	80,000	4.000%	6,800.00	86,800.00	93,600.00
03/02/2045			5,200.00	5,200.00	
09/02/2045	85,000	4.000%	5,200.00	90,200.00	95,400.00
03/02/2046			3,500.00	3,500.00	
09/02/2046	85,000	4.000%	3,500.00	88,500.00	92,000.00
03/02/2047			1,800.00	1,800.00	
09/02/2047	90,000	4.000%	1,800.00	91,800.00	93,600.00
	1,555,000		903,494.86	2,458,494.86	2,458,494.86

RESOLUTION NO. _____

RESOLUTION CERTIFYING COMPLIANCE WITH STATE LAW WITH RESPECT TO THE LEVYING OF GENERAL AND SPECIAL TAXES, ASSESSMENTS, AND PROPERTY-RELATED FEES AND CHARGES

WHEREAS, _____ ("Public Agency") requests that the Monterey County Auditor-Controller enter those general or special taxes, assessments, or property-related fees or charges identified in Exhibit "A" on the tax roll for collection and distribution by the Monterey County Treasurer-Tax Collector commencing with the property tax bills for fiscal year 2021-22

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Public Agency hereby certifies that it has, without limitation, complied with all legal procedures and requirements necessary for the levying and imposition of the general or special taxes, assessments, or property-related fees or charges identified in Exhibit "A", regardless of whether those procedures and requirements are set forth in the Constitution of the State of California, in State statutes, or in the applicable decisional law of the State of California.

2. The Public Agency further certifies that, except for the sole negligence or misconduct of the County of Monterey, its officers, employees, and agents, with regards to the handling of the USB thumb drive or electronic file identified as Exhibit "A", the Public Agency shall be solely liable and responsible for defending, at its sole expense, cost, and risk, each and every action, suit, or other proceeding brought against the County of Monterey, its officers, employees, and agents for every claim, demand, or challenge to the levying or imposition of the general or special taxes, assessments, or property-related fees or charges identified in Exhibit "A" and that it shall pay or satisfy any judgment rendered against the County of Monterey, its officers, employees, and agents on every such action, suit, or other proceeding, including all claims for refunds and interest thereon, legal fees and court costs, and administrative expenses of the County of Monterey to correct the tax rolls.

PASSED AND ADOPTED this _____ day of _____, 20____, upon motion of _____, seconded by _____, and carried by the following vote, to wit:

AYES:

NOES:

ABSENT:

TRUST AGREEMENT

by and between

U.S. BANK GLOBAL CORPORATE TRUST
as Trustee

and

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

Dated as of _____, 2021

Relating to

\$ _____

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT
2021 WATER REVENUE BONDS

TRUST AGREEMENT

THIS TRUST AGREEMENT, made and entered into as of ____, 2021 (the "Agreement"), by and between U.S. BANK GLOBAL CORPORATE TRUST, as trustee (the "Trustee"), a national banking association duly organized and existing under the laws of the United States of America and PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT, a community services district duly organized and existing under the laws of the State of California (the "District");

W I T N E S S E T H :

In consideration of the mutual covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I DEFINITIONS; RULES OF CONSTRUCTION; CONTENTS OF BONDS AND OPINIONS; RECITALS

SECTION 1.1. DEFINITIONS

Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Trust Agreement.

Agreement. The term "Agreement" means this Trust Agreement, as originally executed or as it may from time to time be amended or supplemented as provided for herein.

Bond Payment Fund. The term "Bond Payment Fund" means the fund by that name established in Section 5.02 hereof.

Code. The term "Code" means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations in effect with respect thereto.

Contracts. The term "contracts" mean indebtedness represented by a loan, Certificates of Participation or other debt instrument to be paid from Net Water Revenues.

Delivery Cost Fund. The term "Delivery Cost Fund" means the fund by that name established in Section 3.04 hereof.

Delivery Costs. The term "Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, execution, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original execution and delivery of the Bonds.

Depository or DTC. The term "Depository" or "DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Bonds.

District. The term "District" means the Pajaro/Sunny Mesa Community Services District, a public agency.

Event of Default. The term "Event of Default" means with respect to this Trust Agreement, any of the events in Section 7.3.

Fiscal Year. The term "Fiscal Year" means that period commencing on July 1, of any year and ending June 30 of the next year.

Independent Certified Accountant. The term "Independent Certified Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by or acceptable to the District, and who, or each of whom: (a) is in fact independent and not under domination of the District; (b) does not have any substantial interest, direct or indirect, with the District; and (c) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

Independent Municipal Consultant. The term "Independent Municipal Consultant" means any consultant or firm of such consultants appointed by or acceptable to the District and who, or each of whom: (a) is judged by the District to have experience in matters relating to the financing of projects; (b) is in fact independent and not under domination of the District; and (c) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

Information Services. The term "Information Services" means the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future.

Interest Fund. The term "Interest Fund" means the fund by that name established in Section 5.02 hereof.

Investment Agreement. The term "Investment Agreement" means an investment agreement supported by appropriate opinions of counsel; provided the provider or the guarantor is rated at least "AA" by S&P.

Letter of Representations. The term "Letter of Representations" means the letter of the District and the Trustee delivered to and accepted by the Depository on or prior to delivery of the Bonds as book-entry Bonds setting forth the basis on which the Depository serves as depository for such book-entry Bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the District and the Trustee delivered to and accepted by the Depository.

Net Water Revenues. The term "Net Water Revenues" means, for any Fiscal Year, the Water Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year.

Nominee. The term "Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.10 hereof.

Operation and Maintenance Costs. The term "Operation and Maintenance Costs" means:

(1) Costs spent or incurred for maintenance and operation of the District's Water Enterprise System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the District Water Enterprise System in good repair and working order, and including administrative costs of the District, including but not limited to salaries and wages of employees, payments to retirement or pension plans, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and

(2) All other reasonable and necessary administrative or similar costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the Bonds or any Contract or of any resolution or Trust Agreement authorizing the issuance of any Bonds or of such Bonds, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature and costs of water purchases.

Outstanding. The term "Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.4) all Bonds except: (1) Bonds canceled by the Trustee or delivered to the Trustee for cancellation; (2) Bonds paid or deemed to have been paid within the meaning of Section 10.01; and (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered by the Trustee pursuant to Section 2.10.

Owner. The term "Owner" or "Bond Owner" or "Owner of Bonds" or any similar term, when used with respect to the Bonds, means any person who shall be the registered owner of any Outstanding Bond.

Participants. The term "Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry Bonds as securities depository.

Payment Dates. The term "Payment Dates" means _____ 1 and _____ 1 in each year commencing _____ 1, 2021 and any date on which the unpaid Water Revenue Payments are declared to be due and payable immediately and provided such declaration is not rescinded or annulled.

Permitted Investments. The term "Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

a) for all purposes, including but not limited to defeasance investments in escrow accounts: (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below), or (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America; and

b) for all purposes other than defeasance investments in escrow accounts: (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including the Export - Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration;

Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHA's); and Federal Housing Administration; (2) bonds, notes or other evidences of indebtedness rated "AAA" and "Aaa" by the applicable rating agency issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (3) U.S. dollar denominated deposit accounts, Bonds of deposit, federal funds and bankers acceptances with domestic commercial banks (including the Trustee) which are either insured by the Federal Deposit Insurance Corporation or have a rating on their short term Bonds of deposit on the date of purchase of "A-I" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (4) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase; (5) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including such funds for which the Trustee or an affiliate acts as investment advisor or provides other services; (6) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on the escrow, in the highest rating category of S&P and Moody's or any successor thereto; (7) any Investment Agreement; and (8) the Local Agency Investment Fund.

Prepayment Price. The term "Prepayment Price" means the principal amount with respect to any Bond (or portion thereof) plus the applicable premium, if any, payable upon prepayment thereof pursuant to the provisions of such Bond and this Agreement.

Principal and Interest Payment Dates. The term "Principal Payment Date" or "Interest Payment Date" means each date on which Water Revenue Payments of Principal and/or Interest are scheduled to be paid by the District from Water Revenue pursuant to the Trust Agreement.

Principal Corporate Trust Office. The term "Principal Corporate Trust Office" means the principal corporate trust office of the Trustee in San Francisco, California, provided that for purposes of payment, prepayment, exchange, transfer, surrender and cancellation of Bonds such term means the principal corporate trust office of the Trustee in Los Angeles, California or such other office as the Trustee may from time to time designate in writing to the District and the Owners.

Principal Fund. The term "Principal Fund" means the fund by that name established in Section 5.02 hereof.

Rebate Fund. The term "Rebate Fund" means the fund by that name established in Section 5.06 hereof.

Record Date. The term "Record Date" means, with respect to any Payment Date for a Bond, the fifteenth day of the calendar month prior to such Payment Date.

Reserve Fund. The term "Reserve Fund" means the fund by that name established in Section 5.04 hereof.

Reserve Requirement. The term "Reserve Requirement" means the lesser of (i) 10% of the proceeds of the Bonds, (ii) the maximum annual debt service, or (iii) 125% of the average annual debt service on the Bonds.

Securities Depositories. The term "Securities Depositories" means: The Depository Trust Company, 55 Water Street, New York, New York 10041, Attn: Redemption Area, Fax-(212) 855-7232 or 7233; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses as such depositories may specify and/or such other securities depositories as the District may designate in a Written Request of the District delivered to the Trustee.

Special Counsel. The term "Special Counsel" means any attorney at law or firm of attorneys selected by the District, of nationally-recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

State. The term "State" means the State of California.

Statement of the District. The term "Statement of the District" means a statement signed by or on behalf of the District by the President and by the Secretary or by any two persons (whether or not members of the Board of Directors) who are specifically authorized by resolution of the District to sign or execute such a document on its behalf. If and to the extent required by the provisions of Section 1.03, each Statement of the District shall include the statements provided for in Section 1.03.

Tax Certificate. The term "Tax Certificate" means the Tax Certificate dated _____ 1, 2021, concerning certain matters pertaining to the use and investment of proceeds of the Bonds executed by and delivered to the District on the date of execution and delivery of the Bonds, including any and all exhibits attached thereto.

Trustee. The term "Trustee" means U.S. Bank Global Corporate Trust, a national banking association duly organized and existing under and by virtue of the laws of the United States of America having a principal corporate trust office in San Francisco, California, or such other office as the Trustee may from time to time designate in writing to the District, the Owners, or its successor as Trustee hereunder.

Water Revenue Fund. The term "Water Revenue Fund" means the fund by that name established and maintained pursuant to Section 5.01 (b).

Water Revenues- The term "Water Revenues" means all income, rents, rates, fees, charges and other moneys collected or received by the District pertaining to the sale and delivery of water, including, without limiting the generality of the foregoing:

(1) all income, rents, rates, fees, charges, or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the District; plus

(2) the proceeds of the District's replenishment assessment, additional replenishment assessment and general assessment, including moneys provided to the District by a redevelopment agency in lieu of such general assessment or the tax described above; plus

(3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including District reserves; plus

(4) amounts received from the sale of water by the District, including but not limited to an amount equal to the amount a retail water agency within the District pays for supplemental water under a District in lieu program.

Water Revenue Payment. The term "Water Revenue Payments," means Net Water Revenues of the District transferred to the Trustee for the deposit into the Principal Fund and Interest Fund.

Written Consent of the District, Written Order of the District, Written Request of the District, and Written Requisition of the District. The terms "Written Consent of or District," "Written Order of or District," "Written Request of the District," and "Written Requisition of the District" mean, respectively, a written consent, order, request or requisition signed by or on behalf of (i) the District by the President or General Manager or by the Secretary or by any two persons (whether or not members of the Board of Directors) who are specifically authorized by resolution of the District to sign or execute such a document on its behalf.

SECTION 1.2. RULES OF CONSTRUCTION

Words of any gender shall be deemed and construed to include all genders, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa

1.3. CONTENT STATEMENTS AND OPINIONS

Every statement or opinion with respect to compliance with a condition or covenant provided for in this Agreement, including each Statement of shall include (a) a statement that the person or persons making or giving such statement or opinion have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such statement or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

ARTICLE II BONDS; TERMS AND PROVISIONS

SECTION 2.1. PREPARATION OF BONDS

The Trustee is hereby authorized to authenticate and deliver Bonds, to be denominated "2021 Water Revenue Bonds" (the "Bonds") in an aggregate principal amount of \$_____ evidencing undivided interests in Water Revenue Payments to be paid by the District from Water Revenue under the Trust Agreement.

SECTION 2.2. DENOMINATIONS; MEDIUM AND PLACE OF PAYMENT; DATING

The Bonds shall be delivered in the form of fully registered Bonds and in the denomination of \$5,000 each or any integral multiple thereof; provided that no Bond shall have principal represented thereby maturing in more than one year.

The principal and Prepayment Price with respect to the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee. Interest with respect to the Bonds shall be payable by check or draft of the Trustee mailed by first class mail on each Payment Date of the Bonds to the respective Bond Owners of record thereof as of the close of business on the Record Date at the addresses shown on the books required to be kept pursuant to Section 2.8 or, upon the written request received by the Trustee of an Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, by wire transfer of immediately available funds to an account in the United States designated by such Owner prior to the applicable Record Date.

The Bonds shall be dated as of the date of initial delivery thereof. Interest with respect to the Bonds shall be payable from the Payment Date preceding their date of execution, unless such date shall be after a Record Date and on or before the succeeding Payment Date, in which case interest shall be payable from such Payment Date or unless such date shall be on or before the first Record Date, in which case interest shall be payable as of the date of initial delivery thereof provided, however, that if, as shown by the records of the Trustee, interest represented by the Bonds shall be in default, Bonds executed in exchange for Bonds surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to the Bonds, or, if no interest has been paid or duly provided for with respect to the Bonds, as of the date of initial delivery thereof.

2.3. PAYMENT PRINCIPAL AND INTEREST WITH RESPECT TO BONDS

(a) The Bonds shall become payable on _____ 1 in the years and in the amounts and with an interest component as provided in subsection (b) below at the rates, as follows:

Bond Payment Date	Principal	Interest
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Principal or Prepayment Price due with respect to the Bonds at maturity or prepayment thereof shall, to the extent of the aggregate principal amount stated upon the Bonds, represent the sum of those portions of the Payments designated as principal coming due on the Payment Dates immediately preceding _____ 1 in each year.

(b) Interest with respect to the Bonds shall be payable on each Interest Payment Date to and including the date of maturity or prior prepayment. Said interest shall represent the sum of those portions of the Interest Payments designated as interest coming due on the Interest Payment Dates, at the rates set forth in subsection (a) above. Interest with respect to the Bond will be computed on the basis of a 360-day year of twelve thirty-day months.

SECTION 2.4. FORM OF BONDS

The Bonds and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Agreement.

SECTION 2.5. AUTHENTICATION

The Bonds shall be executed by and in the name of the Trustee, as trustee under this Agreement, by the manual signature of an authorized officer or signatory of the Trustee.

SECTION 2.6. TRANSFER OF BONDS

Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.8, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Trustee shall execute and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount and of authorized denomination or denominations. The Trustee may charge a sum for each new Bond executed and delivered upon any transfer. The Trustee may require the payment by any Bond Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of Bonds the Trustee shall cancel and destroy the Bonds it has received.

2.7. EXCHANGE BONDS

Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The Trustee may charge a sum for each new Bond executed and delivered upon any exchange except in the case of any exchange of temporary Bonds for definitive Bonds. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Bonds the Trustee shall cancel and destroy the Bonds it has received.

The Trustee shall not be required to register the exchange, or transfer pursuant to 2.6 hereof, of any Bond (i) within 15 days preceding selection of Bonds for prepayment or (ii) selected for prepayment.

SECTION 2.8. BOND REGISTRATION BOOKS

The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall upon reasonable prior notice and at all reasonable times be open to inspection by the District; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

The person in whose name any Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest with respect to and principal of, and

Prepayment Price represented by such Bond shall be made only to or upon the order in writing of such registered Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such Bond to the extent of the sum or sums so paid.

SECTION 2.9. BONDS MUTILATED, LOST, DESTROYED OR STOLEN

If any Bond shall become mutilated, the Trustee shall execute and deliver a new Bond of like tenor, maturity and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated.

Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed. All Bonds acquired by the District, whether by purchase or gift or otherwise shall be surrendered to the Trustee for cancellation. Whenever in this Trust Agreement provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given indemnifying the Trustee, the District, and the Trustee, at the expense of the Bond Owner, shall execute and deliver a new Bond of like tenor and maturity, and numbered as the Trustee shall determine, in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond executed under this Section and of the expenses which may be incurred by the Trustee under this Section. Any Bond executed under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds secured by this Agreement. The Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for prepayment, the Trustee may make payment of such Bond upon receipt of indemnity satisfactory to the Trustee.

2.10. BOOK-ENTRY SYSTEM

(a) Election of Book-Entry System. Prior to the execution and delivery of the Bonds, the District may provide that such Bonds shall be initially executed and delivered as book-entry Bonds. If the District shall elect to deliver any Bonds in book-entry form, then the District shall cause the delivery of a separate single fully registered Bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination corresponding to that total principal amount of the Bonds designated to mature on such date. Upon initial execution and delivery, the ownership of each such Bond shall be registered in the Bond registration books in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 2.10 (e).

With respect to book-entry Bonds, the District and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond registration books, of any notice with respect to book-entry Bonds, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District prepays the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest with respect to book-entry Bonds. The District and the Trustee may treat and consider the person in whose name each book-entry Bond is registered in the Bond registration books as the absolute Owner of such book-entry Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of prepayment and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest with respect to the Bonds only to or upon the order of the respective Owner, as shown in the Bond register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest evidenced and represented by the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond registration books, shall receive a Bond evidencing the obligation to make payments of principal, premium, if any, and interest evidenced and represented by the Bonds. Upon delivery by the Depository to the Owner and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Trust Agreement shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the District and the Trustee shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the Owners, as shown on the Bond registration books. By executing a Letter of Representations, the Trustee shall agree to take all action necessary at all times so that the District will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District and the Trustee shall take such other actions, not inconsistent with this Trust Agreement, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(c) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Bond for each of the maturity dates of such book-entry Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.6 and 2.7 hereof.

(d) Payments to Depository. Notwithstanding any other provision of this Agreement to the contrary, so long as all Outstanding Bonds are held in book-entry form and registered in the name of the Nominee, all payments with respect to principal, prepayment premium, if any, and interest with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of Bonds to Substitute Depository.

(i) The Bonds shall be initially executed and delivered as provided in Section 2.1 hereof. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

a. to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.10(e) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

b. to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

c. to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.10(e), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the District to the Trustee designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.10(e), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the District to the Trustee, new Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, subject to the limitations of Section 2.1 hereof, provided that the Trustee shall not be required to deliver such new

Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(iii) In the case of a partial prepayment or an advance of any Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(iv) The District and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Bonds.

SECTION 2.11. ADDITIONAL DISTRICT INDEBTEDNESS

General. The District covenants not to issue or incur any obligations payable from Net Water Revenues senior to the Bonds. The District may issue Contracts or Bonds payable from Net Water Revenues on parity with the Bonds in the future as described herein. This Agreement does not impose any limitation on the issuance of additional obligations payable from Net Water Revenues subordinate to the Bonds.

The District may execute any Contracts or issue any Bonds, as the case may be, payable from Net Water Revenues after payment of Operation and Maintenance Costs, on parity with the Bonds, provided that certain conditions are satisfied as provided below.

(a) The Net Water Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Contracts or Bonds, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Consultant on such calculation on file with the District, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service on any outstanding Parity debt for such Fiscal Year; and

(b) The Net Water Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Contracts or Bonds, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the District, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service on any outstanding Parity debt for such Fiscal Year.

ARTICLE III
DELIVERY OF BONDS; ESTABLISHMENT OF VARIOUS FUNDS

SECTION 3.1. DELIVERY OF BONDS

The District shall execute and the Trustee is hereby authorized to authenticate and deliver Bonds in an aggregate principal amount of \$_____ upon the Written Order of the District.

SECTION 3.2. APPLICATION OF PROCEEDS OF BONDS

The proceeds received from the sale of the Bonds shall be deposited with the Trustee, who shall deposit the sum of \$_____ into the Delivery Cost Fund, deposit the sum of \$_____ in the Construction Fund and deposit the sum of \$_____ (the amount of the initial Reserve Requirement) into the Reserve Fund.

SECTION 3.3. VALIDITY OF BONDS

The validity of the execution and delivery of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the District or the Trustee with respect to or in connection with the Trust Agreement. The recital contained in the Bonds that all acts, conditions and things required by the Constitution and statutes of the State of California and this Agreement to exist, to have happened and to have been performed precedent to and in the delivery thereof do exist, have happened and have been performed in due time, form and manner as required by law shall be conclusive evidence of their validity and of compliance with the provisions of law in their delivery.

SECTION 3.4. DELIVERY COST FUND

There is hereby established with the Trustee the Delivery Cost Fund which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it. The moneys in the Delivery Cost Fund shall be used and withdrawn by the Trustee to pay Delivery Costs upon submission of Written Requisitions of the District substantially in the form of Exhibit B attached hereto stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. On the six-month anniversary of the date of this Agreement, or upon the earlier Written Request of the District, all amounts remaining in the Delivery Cost Fund shall be transferred by the Trustee for deposit in the Bond Payment Fund.

SECTION 3.5. PRINCIPAL FUND

There is hereby established with the Trustee the Principal Fund which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it in accordance with the terms of Section 5.2(b) hereof.

SECTION 3.6. INTEREST FUND

There is hereby established with the Trustee the Interest Fund which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it in accordance with the terms of Section 5.2(a) hereof.

SECTION 3.7. RESERVE FUND

There is hereby established with the Trustee the Reserve Fund which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it in accordance with the terms of Section 5.4 hereof.

SECTION 3.8. CONSTRUCTION FUND

There is hereby established with the Trustee the Escrow Fund which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it.

ARTICLE IV
PREPAYMENT OF BONDS

SECTION 4.1. OPTIONAL PREPAYMENT

The Bonds shall be subject to prepayment prior to their respective stated maturities, as a whole or in part on any Interest Payment Date in the order of maturity as directed by the District in a Written Request provided to the Trustee at least 60 days prior to such date and by lot within each maturity in integral multiples of \$5,000, _____ on or after _____ 1, 20 from amounts prepaid by the District pursuant to the Trust Agreement at a Prepayment Price below equal to the principal amount of such Bonds to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment:

Prepayment Dates (Inclusive)	Prepayment Price
_____ 1 - _____ 1, 20__	%
_____ 1 - _____ 1, 20__	%
_____ 1 - _____ 1, 20__, and thereafter	%

SECTION 4.2. MANDATORY SINKING FUND PREPAYMENT

The Bonds maturing on _____ 1, 20__ and _____ 1, 20__ (the "Term Bonds") are subject to mandatory prepayment in part, by lot, on _____ 1 in each of the following years commencing _____ 1, 20__ and _____ 1, 20__ from principal and interest payments made by the District to the Trustee pursuant to the Trust Agreement, at a prepayment price equal to the principal amount evidenced thereby to be prepaid, without premium, in the aggregate respective principal amounts, and on _____ 1 in the respective years as set forth in the following tables; provided, however, that if some, but not all, of such Term Bonds have been prepaid pursuant to the terms of the Trust Agreement, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Bonds so prepaid, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of \$5,000, as determined by the District and specified in writing to the Trustee.

20__ TERM BOND

Sinking Fund Prepayment Date	Principal Amount of Term Bond to be Prepaid

SECTION 4.3. EXTRAORDINARY PREPAYMENT FROM INSURANCE AND CONDEMNATION PROCEEDS

The Bonds shall be subject to extraordinary prepayment from insurance and condemnation proceeds prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee at least 30 days prior to

such date and by lot within each maturity in integral multiples of \$5,000 upon the terms and conditions of, and as provided for in this Trust Agreement, at a Prepayment Price equal to the principal amount thereof plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

SECTION 4.4. SELECTION OF BONDS FOR PREPAYMENT

Whenever less than all of the Bonds are called for prepayment, the Trustee shall select the Bonds or portions thereof to be prepaid from the Outstanding Bonds in accordance with Section 4.1 hereof. The Trustee shall promptly notify the District in writing of the numbers of the Bonds or portions thereof so selected for prepayment.

SECTION 4.5. NOTICE OF PREPAYMENT

The District shall deliver notice of prepayment under Section 4.1 to the Trustee not less than 40 days prior to the proposed prepayment date. Notice of prepayment shall be sent to the respective Owners of any Bonds designated for prepayment at their addresses appearing on the Bond registration books and to the Information Services and to the Securities Depositories at least 20 days but not more than 30 days prior to the prepayment date.

Each notice of prepayment shall state the date of notice, the prepayment date, the place or places of prepayment and the Prepayment Price, shall designate the maturities, CUSIP numbers, if any, and, if less than all Bonds of any such maturity are to be prepaid, the serial numbers of the Bonds of such maturity to be prepaid by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, have been called for prepayment and, in the case of Bonds to be prepaid in part only, the respective portions of the principal amount thereof to be prepaid. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the Prepayment Price thereof or of said specified portion of the principal represented thereby in the case of a Bond to be prepaid in part only, together with interest accrued with respect thereto to the prepayment date, and that (provided that moneys for prepayment have been deposited with the Trustee) from and after such prepayment date interest with respect thereto shall cease to accrue, and shall require that such Bonds be then surrendered to the Trustee. Any defect in the notice or the mailing thereof will not affect the validity of the prepayment of any Bond.

Notice of prepayment of Bonds shall be given by the Trustee on behalf of and at the expense of the District.

SECTION 4.6. PARTIAL PREPAYMENT OF BOND

Upon surrender of any Bond prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Bond surrendered and of the same maturity.

SECTION 4.7. EFFECT OF PREPAYMENT

When notice of prepayment has been duly given as aforesaid, and moneys for payment of the Prepayment Price of, together with interest accrued to the prepayment date with respect to, the Bonds (or portions thereof) so called for prepayment are held by the Trustee, the Bonds (or portions thereof) so called for prepayment shall, on the prepayment date designated in such notice, become due and payable at the Prepayment Price specified in such notice and interest accrued thereon to the prepayment date; and from and after the prepayment date interest represented by the Bonds so called for prepayment shall cease

to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Agreement, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

All Bonds prepaid pursuant to the provisions of this Article shall be canceled upon surrender thereof and destroyed by the Trustee.

ARTICLE V WATER REVENUE PAYMENTS

SECTION 5.1. PLEDGE AND DEPOSIT OF WATER REVENUES

(a) All of the Water Revenues, all amounts held in the Water Revenue Fund described in subsection (b) below and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Trust Agreement (except the Rebate Fund) are hereby irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of the Trust Agreement, subject however to the pledge thereon securing parity debt, and the Water Revenues shall not be used for any other purpose while the Bonds remain Outstanding; provided that out of the Water Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. Said pledge, together with the pledge created for the benefit of other Bonds and Contracts, shall constitute a first lien on and security interest on Water Revenues and, subject to application of Water Revenue Fund and all amounts on deposit therein as permitted herein, the Water Revenue Fund and other funds and accounts created hereunder for the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with the terms hereof, and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the District, irrespective of whether such parties have notice hereof.

(b) In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to receive all Water Revenues in trust hereunder and shall be deposited when and as received in a special fund designated as the "Water Revenue Fund," which fund has been previously established by the District and is hereby continued and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as the Bonds remain unpaid. Moneys in the Water Revenue Fund shall be used and applied by the District as provided herein. All moneys in the Water Revenue Fund shall be held in trust and shall be applied, used and withdrawn for the purposes set forth in this Section.

(c) The District shall, from the moneys in the Water Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter all remaining moneys in the Water Revenue Fund shall be applied by the District at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(d) Not later than the first business day preceding each date on which principal of or interest on the Bonds becomes due and payable, the District shall transfer from the Water Revenue Fund to the Trustee for deposit in the Bond Payment Fund funds sufficient for payment of principal and interest due and for Bond redemption, if applicable.

All amounts designated by the District as interest, shall be applied by the Trustee solely in the Interest Fund of the Bond Payment Fund for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Trust Agreement).

All amounts designated by the District as principal shall be deposited by the Trustee in the Principal Fund of the Bond Payment Fund for the purpose of paying principal on the Bonds at their respective maturity dates.

(e) All amounts designated by the Trustee as redemption funds shall be applied by the Trustee solely for the purpose of paying the principal of and interest on the Bonds to be redeemed; provided, however, that at any time prior to giving notice of redemption of any such Bonds, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest), as shall be directed pursuant to a Written Certificate of the District, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds. The Trustee shall establish and maintain a Delivery Costs Fund in accordance with Section 3.4 hereof.

(f) All amounts in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (a) paying interest on or principal of the Bonds, when due and payable to the extent that moneys deposited in the Interest Fund or Principal Fund, respectively, are not sufficient for such purpose, and (b) making the final payments of principal of and interest on the Bonds. On the date on which all Bonds shall be retired hereunder or provision made therefor, all moneys then on deposit in the Reserve Fund shall be withdrawn by the Trustee and paid to the District as a refund of Principal or Interest Payments. In the event of any deficiency in the Reserve Fund (whether due to a payment therefrom or due to the fluctuation in market value of securities credited thereto, or otherwise) as of the fifteenth (15th) day of the month preceding any Interest Payment Date, the Trustee shall promptly notify the District in writing of the amount of such deficiency and the District shall fund such deficiency from Net Revenues. Any amounts on deposit in the Reserve Fund at any time in excess of the Reserve Requirement shall be transferred to the Water Revenue Payment Fund.

The Reserve Fund may be maintained in the form of one or more separate subaccounts, which are established for the purpose of holding the proceeds of separate issues of the Bonds in conformity with applicable provisions of the Tax Code.

SECTION 5.2. BOND PAYMENT FUND

There is hereby established with the Trustee the Bond Payment Fund of which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any Water Revenue Payments remain unpaid. All moneys on deposit in the Bond Payment Fund (including income or profit from investments) shall be retained therein except as expressly provided herein.

The Trustee shall transfer from the Bond Payment Fund the following amounts at the times and in the manner hereinafter provided, and shall deposit such amounts in one or more of the following respective funds, each of which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it, and each of which shall be disbursed and applied only as hereinafter authorized. Such amounts shall be so transferred to and deposited in the following respective funds in the following order of priority, the requirements of each such fund at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority:

(a) Interest Fund. The Trustee, on the last business day before each Interest Payment Date (commencing on the last business day before ___1, 20__), shall deposit in the Interest Fund from Water Revenues an amount representing interest coming due with respect to the Bonds on the next succeeding ___1 or ___1, as the case may be. No deposit need be made into the Interest Fund so long as there shall be in such fund moneys sufficient to pay the interest portion of Bonds then Outstanding due, if any, on the next ___1 or ___1, as the case may be.

Except as hereinafter provided, moneys in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest with respect to the Bonds when due and payable (including accrued interest on any Bonds prepaid prior to maturity pursuant to this Agreement).

(b) Principal Fund. The Trustee, on the last business day before each ____ 1 (commencing on the last business day before ____ 1, 20__), shall deposit in the Principal Fund from Water Revenues an amount equal to the principal coming due with respect to the Bonds on the next succeeding ____ 1. No deposit need be made into the Principal Fund so long as there shall be in such fund moneys sufficient to pay the portion of all Bonds then Outstanding designated as principal and coming due on the next succeeding ____ 1.

Except as hereinafter provided, moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal with respect to the Bonds when due and payable.

SECTION 5.3. INVESTMENT OF MONEYS IN SPECIAL FUNDS

Any moneys in the Delivery Cost Fund, the Bond Payment Fund, the Interest Fund, the Principal Fund and the Reserve Fund shall be invested by the District or, upon the Written Request of the District, by the Trustee, in Permitted Investments which will mature on or before the dates when such moneys are scheduled to be needed for payment from such fund. Securities acquired as an investment of moneys in a fund shall be credited to such fund.

In the absence of written investment direction from the District, the Trustee shall invest moneys held by it solely in Permitted Investments specified in clause (5) of subsection (b) the definition thereof and the District will execute and deliver such documents as the Trustee shall reasonably request prior to such investment being effected. Except as otherwise expressly provided herein, investments shall be valued by the Trustee as frequently as reasonably deemed necessary, but not less often than annually, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored by the District no later than the succeeding annual valuation date. The Trustee shall also value investments hereunder in connection with the or prepayment of the Bonds as directed in a Written Request of the District.

Any interest, profit or other income on such investments will be deposited when received by the Trustee in the Reserve Fund to the extent the amount available and contained therein is less than the Reserve Requirement and thereafter in the Bond Payment Fund established hereunder.

Subject to the further provisions of Section 6.3 hereof, the Trustee may sell or present for prepayment any obligations so purchased at the direction of the District whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fee therefor. The Trustee may commingle any of the funds or accounts established pursuant to this Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling.

SECTION 5.4. REBATE FUND

(a) Establishment. The Trustee shall establish, when required, a separate account for the Bonds designated the "Rebate Fund." Absent an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds will not be adversely affected, the District shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts

on deposit in the Rebate Fund for the Bonds shall be governed by this Section and the Tax Certificate for the Bonds, unless and to the extent that the District delivers to the Trustee an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds will not be adversely affected if such requirements are not satisfied. The Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if the Trustee follows the directions of the District and the Trustee shall have no independent responsibility to or liability resulting from failure of the Trustee to enforce compliance by the District with the Tax Certificate or the provisions of this Section.

(b) Annual Computation. Within 55 days of the end of each Bond Year (as such term is defined in the Tax Certificate), the District shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section (B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the "Rebatable Arbitrage"). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(c) Annual Transfer. Within 55 days of the end of each Bond Year, upon the written Request of the District, an amount shall be deposited to the Rebate Fund by the Trustee from any Revenues legally available for such purpose (as specified by the District in the aforesaid written Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written Request of the District, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Revenue Fund.

(d) Payment to the Treasury. The Trustee shall pay, as directed by Request of the District, to the United States Treasury, out of amounts in the Rebate Account,

(i) not later than 60 days after the end of (X) the fifth Bond Year, and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(ii) not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(e) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in Subsection (a) above being made may be withdrawn by the District and utilized in any manner by the District.

(f) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the Bonds.

ARTICLE VI
COVENANTS

SECTION 6.1. PERFORMANCE UNDER TRUST AGREEMENT

The District covenants and agrees with the Owners of the Bonds to perform all obligations and duties imposed on them under the Trust Agreement and, together with the Trustee, to enforce such Trust Agreement in accordance with its terms.

The District will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Trust Agreement to be kept, performed and complied with by it.

The District agrees not to do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Trust Agreement.

SECTION 6.2. RATE COVENANT

This Agreement will require the District to the fullest extent permitted by law, to fix, prescribe and collect rates and charges for the Water Service provided by the Water System which will be at least sufficient to yield during each Fiscal Year Water System Net Water Revenues equal to one hundred fifteen percent (115%) of Debt Service for such Fiscal Year allocable to the Bonds, including any parity obligations.

The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Water System Net Water Revenues from such reduced rates and charges will at all times be sufficient to meet the covenant described in the prior paragraph.

SECTION 6.3. BUDGETS

On or prior to the fifteenth day of each Fiscal Year, the District shall certify to the Trustee that the amounts budgeted for payment of Water Revenue Payments from Water Revenues are fully adequate for the payment of all Water Revenue Payments due under the Trust Agreement for such Fiscal Year. If the amounts so budgeted are not adequate for the payment of Water Revenue Payments due under the Trust Agreement, the District will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be raised by the District from Water Revenues in the then ensuing Fiscal Year for the payment of Water Revenue Payments due under the Trust Agreement and will notify the Trustee of the proceedings then taken or proposed to be taken by the District.

SECTION 6.4. TAX COVENANTS

Notwithstanding any other provision of this Agreement, absent an opinion of Special Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will not take or omit to take any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

(b) Arbitrage. The District will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The District will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(e) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes.

(f) Miscellaneous. The District will take no action, or omit to take any action, inconsistent with its expectations stated in any Tax Certificate executed with respect to the Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District from executing and delivering, Bonds the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation.

SECTION 6.5. ACCOUNTING RECORDS AND REPORTS

The Trustee shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions made by it relating to the receipts, disbursements, allocation and application of the Water Revenue Payments, and such books shall be available upon reasonable prior notice for inspection by the District and by any Owner of Bonds, or his agent or representative, at reasonable hours and under reasonable conditions. The Trustee shall furnish the District monthly cash transaction statements which include detail for all receipts, disbursements, allocation and application of amounts on deposit in the funds and accounts created hereunder and all investment transactions effected by the Trustee or brokers selected by the District. Upon the District's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the

Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 6.6. COMPLIANCE WITH TRUST AGREEMENT

The Trustee will not execute, or permit to be executed, any Bonds in any manner other than in accordance with the provisions of this Agreement, and the District will not suffer or permit any default by it to occur under this Agreement, but will faithfully observe and perform all the covenants, conditions and requirements hereof.

SECTION 6.7. OBSERVANCE OF LAWS AND REGULATIONS

To the extent necessary to assure their performance hereunder, the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District, respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

SECTION 6.8. COMPLIANCE WITH CONTRACTS

The District shall comply with the terms, covenants and provisions, express or implied, of all contracts for the use of the 2021 Water Revenue Bonds by the District, and all other contracts and agreements affecting or involving the 2021 Water Revenue Bonds to the extent that the District is a party thereto.

SECTION 6.9. PROSECUTION AND DEFENSE OF SUITS

The District shall promptly, upon request of the Trustee or any Bond Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Water System or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee (including all of its employees, officers and directors) and every Bond Owner harmless from all loss, cost, damage and expense, including attorneys' fees; which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

The District shall defend against every suit, action or proceeding at any time brought against the Trustee (including all of its employees, officers and directors) upon any claim arising out of the receipt, application or disbursement of any of the Water Revenue Payments or involving the rights of the Trustee under this Agreement; provided that the Trustee at such party's election may appear in and defend any such suit, action or proceeding. The District shall indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the Trustee against any attorneys' fees or other expenses which the Trustee may incur in connection with any litigation (including pre-litigation activities) to which it may become a party by reason of serving as Trustee under this Agreement. The District shall promptly reimburse Trustee in the full amount of any attorneys' fees or other expenses which the Trustee may incur in litigation or otherwise in order to enforce such party's rights under this Agreement or the Bonds, provided that such litigation shall be concluded favorably to such party's contentions therein.

SECTION 6.10. RECORDATION AND FILING

The Trustee, upon written direction of the District, shall record, register, file, renew, refile and rerecord all such documents, including financing statements, as may be required by law in order to maintain a security interest in this Agreement all in such manner, at such times and in such places as may be required by, and to the extent permitted by, law in order fully to preserve, protect and perfect the security of the Bond Owners and the rights and security interests of the Trustee. The Trustee, upon written direction of the District, shall (subject to Section 8.5) do whatever else may be necessary or be reasonably required in order to perfect and continue the lien of this Agreement.

Notwithstanding anything to the contrary above, the Trustee shall have no duty or liability whatsoever to monitor or notify any party with respect to the timeliness, sufficiency or validity of any such recording, re-recording, filing, filing of continuation statements and the like with respect to this Agreement; it being expressly understood and agreed that the Trustee's duties under this Section shall be exclusively limited to following the express written filing or recording instructions of the District, from time to time with respect to the above described actions so long as the District shall supply said recording or filing instruments.

SECTION 6.11. EMINENT DOMAIN

If all or any part of the project financed by the 2010 Certificates of Participation shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be applied in the manner specified in Section 10.2(a) of this Agreement .

SECTION 6.12. FURTHER ASSURANCES

Whenever and so often as requested so to do by the Trustee or any Bond Owner, the District will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Bond Owners all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Agreement.

ARTICLE VII

THE ENTERPRISE; DEFAULT AND LIMITATION OF LIABILITY

SECTION 7.1. THE ENTERPRISE

"Enterprise" means any and all water facilities, properties and improvements at any time owned, controlled or operated by the District for the distribution of water, including water treatment plants, water mains, laterals, pumping stations, pipes, valves, machinery, and all other appurtenances necessary, useful or convenient for the distribution of water, and any necessary lands, rights or way and other real or personal property useful in connection therewith.

The Enterprise is estimated to have a value at least equal to the principal amount of the Bonds, although no current independent appraisal of the Enterprise has been obtained. The Bonds are not secured by the Enterprise and the Enterprise is not subject to sale, lease or other disposition in the event of default. The Bonds are secured by the Net Water Revenues and the amounts in certain funds and accounts as

described herein. The Water Revenue Payments are not subject to abatement in the event of loss of use or enjoyment of the Enterprise or the Project.

SECTION 7.2. NOTICE OF NON-PAYMENT

In the event of delinquency in the payment of any Water Revenue Payments due by the District pursuant to the Trust Agreement, the Trustee shall, after one business day following the date upon which such delinquent Installment Payment was due, as soon as practicable give written notice of the delinquency and the amount of the delinquency to the District.

SECTION 7.3. EVENTS OF DEFAULT; ACTION ON DEFAULT OR TERMINATION

The following shall constitute "Event Of Default" hereunder:

- (a) If payment of interest on the Bonds shall not be made when due; or
- (b) If payment of any Water Revenue Payments shall not be made when due and payable; or
- (c) If the District shall fail to observe or perform in any material way any other agreement, condition, covenant or term contained herein on its part to be observed or performed, and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the District by the Trustee or by the Owners of not less than fifty per cent (50%) in aggregate principal amount of the Bonds, provided, that if such default be such that it cannot be corrected within the applicable period, it shall not constitute an Even of Default if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected.

If an Event of Default has occurred hereunder and is continuing, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Trust Agreement or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of Article VIII hereof, exercise any other remedies available to the Trustee and the Bond owners in law or at equity.

Upon declaration of the entire principal amount of the unpaid Water Revenue Payments and the accrued interest thereon to be due and payable immediately and provided such declaration is not rescinded or annulled, all in accordance with this Agreement, the Trustee shall apply all moneys received as Water Revenue Payments and all moneys held in any fund or account hereunder (except the Rebate Fund) to the payment of the entire principal amount of the Bonds and the accrued interest with respect thereto, with interest on the overdue Bonds at the rate or rates of interest or yields-to-maturity applicable to the Bonds if paid in accordance with their terms.

All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Trust Agreement and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided herein, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth herein, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, as applicable, with interest on the overdue principal, and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority, ratably to the aggregate of such principal and interest.

SECTION 7.4. OTHER REMEDIES OF THE TRUSTEE

The Trustee may

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any board member, officer or employee thereof, and to compel the District or any such board member, officer or employee to perform or carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any default hereunder to require the District and its directors, officers and employees to account as the trustee of an express trust.

SECTION 7.5. NON-WAIVER

A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned, the Trustee and the District shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.6. REMEDIES NOT EXCLUSIVE

No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law.

SECTION 7.7. NO OBLIGATION BY THE DISTRICT TO OWNERS

Except for the payment of Water Revenue Payments when due in accordance with this Agreement and the performance of the other covenants and agreements of the District contained in this Agreement and herein, the District shall have no obligation or liability to the Owners of the Bonds with respect to this Agreement or the execution, delivery or transfer of the Bonds, or the disbursement of Water Revenue Payments to the Owners by the Trustee; provided however that nothing contained in this Section shall affect the rights, duties or obligations of the Trustee expressly set forth herein.

SECTION 7.8. TRUSTEE APPOINTED AGENT FOR BOND OWNERS; DIRECTION OF PROCEEDINGS

The Trustee is hereby appointed the agent and attorney of the Owners of all Bonds outstanding hereunder for the purpose of filing any claims relating to the Bonds. The Owners of a majority in aggregate principal amount of the Bonds Outstanding hereunder shall, upon tender to the Trustee of reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such direction, have the right to direct the method and place of conducting all remedial proceedings by the Trustee, provided such direction shall be in accordance with law and the provisions of this Trust Agreement and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond-Owners not parties to such a direction.

SECTION 7.9. POWER OF TRUSTEE TO CONTROL PROCEEDINGS

In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Bonds then outstanding pursuant to Section 7.7 hereof, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of, any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Bonds Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

SECTION 7.10. LIMITATION ON BOND OWNERS' RIGHT TO SUE

No Owner of any Bond executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender or indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder; it

being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest with respect to such Bond, as herein provided, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or Section 7.10 or any other provision of this Agreement.

SECTION 7.11. NO OBLIGATION WITH RESPECT TO PERFORMANCE BY TRUSTEE

The District shall not have any obligation or liability to any of the Owners of the Bonds with respect to the performance by the Trustee of any duty imposed upon it under this Agreement.

SECTION 7.12. NO LIABILITY TO OWNERS FOR PAYMENT

Except as provided in this Agreement, the Trustee shall not have any obligation or liability to the Owners of the Bonds with respect to the payment of the Water Revenue Payments by the District when due, or with respect to the performance by the District of any other covenant made by it in the this Agreement or herein.

SECTION 7.13. NO RESPONSIBILITY FOR SUFFICIENCY

The Trustee shall not be responsible for the sufficiency of this Agreement to receive Water Revenue Payments pursuant to the Trust Agreement. The Trustee shall not be responsible or liable for selection or liquidation of investments or any loss suffered in connection with any investment of funds made by it under the terms of and in accordance with this Agreement.

SECTION 7.14. INDEMNIFICATION OF TRUSTEE

The District shall to the extent permitted by law, indemnify the Trustee (including all of its employees, officers and directors) and hold it harmless against any loss, liability, expenses or advances, including but not limited to fees and expenses of counsel and other experts, incurred or made without negligence or willful misconduct on the part of the Trustee, (i) in the exercise and performance of any of the powers and duties hereunder by the Trustee or (ii) arising out of or relating to any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Bonds, including the costs and expenses of defending itself against any claim of liability arising under this Agreement. Such indemnity shall survive payment of the Bonds and discharge of this Agreement or resignation or removal of the Trustee.

ARTICLE VIII THE TRUSTEE

SECTION 8.1. EMPLOYMENT OF TRUSTEE

In consideration of the recitals hereinabove set forth and for other valuable consideration, the District hereby agrees to employ the Trustee to receive, hold, invest and disburse the moneys received pursuant to This Agreement for credit to the various funds and accounts established by this Agreement; to execute, deliver and transfer the Bonds; and to apply and disburse the Water Revenue Payments received

from the District to the Owners of Bonds; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Agreement.

SECTION 8.2. ACCEPTANCE OF EMPLOYMENT

In consideration of the compensation herein provided for, the Trustee accepts the employment above referred to subject to the terms and conditions of this Agreement.

SECTION 8.3. TRUSTEE: DUTIES, REMOVAL AND RESIGNATION

By executing and delivering this Agreement, the Trustee accepts the duties and obligations of the Trustee provided in this Agreement, but only upon the terms and conditions set forth in this Agreement.

The District may, by written request to the Trustee, remove the Trustee and appoint a successor Trustee; provided, however, that if the District is in default under this Agreement the Owners of a majority in aggregate principal amount of all Bonds Outstanding may, by written request to the Trustee, remove the Trustee and appoint a successor Trustee. Any such successor shall be a bank or trust company doing business and having a corporate trust office in California, which has (or the parent holding company of which has) a combined capital (exclusive of borrowed capital) and surplus of at least _____ million dollars (\$ _____) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice to the District and by giving to the Bond Owners notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event that the District does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may at the expense of the District petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon written acceptance of appointment by the successor Trustee.

SECTION 8.4. COMPENSATION OF THE TRUSTEE

The District shall from time to time, subject to any agreement in effect with the Trustee, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee (including all of its employees, officers and directors) for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. Such compensation and reimbursement shall be paid by the District; provided, however, that the Trustee shall not otherwise have any claims, except in accordance with Section 7.13 hereof or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder but may take whatever legal actions are lawfully available to it directly against the District. The obligations of the District under this Section shall survive resignation or removal of the Trustee and payment of the Bonds and discharge of this Agreement.

SECTION 8.5. PROTECTION OF THE TRUSTEE

The Trustee shall be protected and shall incur no liability whatsoever in acting or refraining from acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, Bond,

statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of this Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at the request of any such person unless such Bond shall be deposited with the Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to the Trustee. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

Whenever in the administration of its duties under this Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by a certificate of the District and such Bond shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Agreement upon the faith thereof, but in its discretion the Trustee may (but shall have no duty), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds provided pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to this Agreement. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the District, and may act as depository, trustee, or agent for any committee or body of Owners of Bonds or of obligations of the District as freely as if it were not Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Agreement or in the performance of its duties hereunder or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

The recitals, statements and representations by the District contained in this Agreement or in the Bonds shall be taken and construed as made by and on the part of the District and not by the Trustee and the Trustee does not assume, and shall not have, any responsibility or obligations for the correctness of any thereof.

The Trustee undertakes to perform such duties, and only such duties as are specifically set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Trustee.

No provision in this Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the District having any claim against the Trustee arising from this Agreement shall look only to the funds and accounts held

by the Trustee hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder or under this Agreement unless and until it shall have actual knowledge thereof or have received notice thereof at its corporate trust office at the address set forth in Section 11.11 hereof. The Trustee shall, during the existence of any Event of Default (which has not been cured) use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

The Trustee shall not be accountable for the use or application by the District, or any other party of any funds which the Trustee has released in accordance with the terms of this Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in the Trustee by this Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Agreement unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

SECTION 8.6. MERGER OR CONSOLIDATION

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 8.3 hereof), shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE IX AMENDMENT OF TRUST AGREEMENT

SECTION 9.1. AMENDMENTS PERMITTED

a) This Agreement and the rights and obligations of the District and of the Owners of the Bonds and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.4 hereof, shall have been filed, provided, however, that no such modification or amendment shall (1) extend the stated maturities of the Bonds, or reduce the rate of interest or yields-to-maturity, as the case may be, represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Owners of Bonds whose consent is required for the execution of any amendment or modification of this Agreement, or (3) modify any of the rights or obligations of the Trustee or without its written consent thereto.

b) This Agreement and the rights and obligations of the District and of the Owners of the Bonds may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any Bonds, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the District contained in this Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the District, and which shall not adversely affect the interests of the Owners of the Bonds;

(ii) to cure, correct or supplement any ambiguous or defective provision contained in this Agreement or in regard to questions arising under this Agreement, as the District may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the Bonds; and

(iii) subject to the Trustee's judgment, to make such other amendments or modifications as may be in the best interests of the Owners of the Bonds.

SECTION 9.2. ENDORSEMENT OR REPLACEMENT OF BONDS AFTER AMENDMENT OR SUPPLEMENT

After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Bonds may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Trustee to the Owner of any Outstanding Bond and presentation of such Owner's Certificate for such purpose at the principal corporate trust office of the Trustee a suitable notation as to such action shall be made on such Owners Certificate. If the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Trustee to the Owner of any Outstanding Bonds such new Bonds shall be exchanged at the principal corporate trust office of the Trustee without cost to each Owner for Bonds then Outstanding upon surrender of such Outstanding Bonds.

SECTION 9.3. AMENDMENT OF PARTICULAR BONDS

The provisions of this Article shall not prevent any Owner from accepting any amendments to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X
DEFEASANCE

SECTION 10.1. DISCHARGE OF TRUST AGREEMENT

When the obligations of the District under this Agreement shall cease pursuant to Article X of the Trust Agreement (except for the right of the Trustee and the obligation of the District to have the money and Permitted Investments mentioned therein applied to the payment of Water Revenue Payments as therein set forth and the obligation to apply moneys on deposit in the Rebate Fund as provided in Section 5.6 herein), then and in that case the obligations created by this Agreement shall thereupon cease, terminate and become void except for the obligation of the District to direct the Trustee to apply money on deposit in the Rebate Fund as provided herein which shall continue until such moneys are so applied and the right of the Owners to have applied and the obligation of the Trustee to apply such moneys and Permitted Investments to the payment of the Bonds as herein set forth, and subject to application of moneys on deposit in the Rebate Fund as provided in Section 5.6, the Trustee shall turn over to the District, after provision for payment of amounts due the Trustee hereunder, as an overpayment of Water Revenue Payments, any surplus in the Bond Payment Fund and all balances remaining in any other funds or accounts other than moneys and Permitted Investments held for the payment of the Bonds at maturity or on prepayment, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the benefit of the Owners and shall be applied by the Trustee to the payment, when due, of the principal or interest and premium, if any, represented by the Bonds, and after such payment, this Agreement shall become void.

If moneys or securities described in clause (a) of the definition of Permitted Investments are deposited with and held by the Trustee as hereinabove provided, the Trustee shall within thirty (30) days after such moneys or Permitted Investments shall have been deposited with it, mail a notice, first class

postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.8, setting forth (a) the date fixed for prepayment of the Bonds, (b) a description of the moneys or securities described in clause (a) of the definition of Permitted Investments so held by it, and (c) that this Agreement has been released in accordance with the provisions of this Section.

SECTION 10.2. DEPOSIT OF MONEY OR SECURITIES WITH TRUSTEE

Whenever in this Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or prepay any Bonds, the money or securities to be so deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Agreement and shall be —

(a) lawful money of the United States of America in an amount equal to the principal amount represented by such Bonds and all unpaid interest represented thereby to maturity, except that, in the case of Bonds which are to be prepaid prior to maturity and in respect of which notice of such prepayment shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Prepayment Price and all unpaid interest to such date of prepayment if any, represented by such Bonds; or

(b) non-callable securities described in clause (a) of the definition of Permitted Investments which will provide money sufficient to pay the principal at maturity or upon prepayment plus all accrued interest to maturity or to the prepayment date, as the case may be, represented by the Bonds to be paid or prepaid, as such amounts become due, plus premium, if any, provided that, in the case of Bonds which are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Agreement or by Written Request of the District) to apply such money or securities to the payment of such principal or Prepayment Price and interest represented by such Bonds.

SECTION 10.3. UNCLAIMED MONEYS

Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the interest, principal or Prepayment Price represented by any of the Bonds which remain unclaimed for two years after the date of deposit of such moneys if deposited with the Trustee after the date when the interest, principal or Prepayment Price represented by such Bonds have become payable, shall at the Written Request of the District be repaid by the Trustee to the District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of the interest and principal or Prepayment Price represented by such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee shall, at the written request and expense of the District, first mail a notice to the owners of the Bonds so payable that such moneys remain unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the District.

ARTICLE XI MISCELLANEOUS

SECTION 11.1. BENEFITS OF TRUST AGREEMENT LIMITED TO PARTIES

Nothing contained herein, expressed or implied, is intended to give to any person other than the District, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any

agreement, condition, covenant or term required herein to be observed or performed by or on behalf of the District shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 11.2. SUCCESSOR DEEMED INCLUDED IN ALL REFERENCES TO PREDECESSOR

Whenever either the District or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Trustee or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the District or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.3. EXECUTION OF DOCUMENTS BY OWNERS

Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's, attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the Bond of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Bonds and the amount, payment date, number and date of owning the same may be proved by the books required to be kept by the Trustee pursuant to the provisions of Section 2.8.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the District or the Trustee in good faith and in accordance therewith.

SECTION 11.4. DISQUALIFIED BONDS

Bonds owned or held by or for the account of the District (but excluding Bonds held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Agreement, and shall not be entitled to consent to or take any other action provided for in this Agreement.

The Trustee may adopt appropriate regulations to require each Owner of Bonds, before his consent provided for in this Agreement shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section.

SECTION 11.5. WAIVER OF PERSONAL LIABILITY

No director, officer or employee of the District shall be individually or personally liable for the payment of the interest, principal or the prepayment premiums, if any, represented by the Bonds, but nothing contained herein shall relieve any director, officer or employee of the District or from the performance of any official duty provided by any applicable provisions of law or by this Agreement.

SECTION 11.6. ACQUISITION OF BONDS BY THE DISTRICT; DESTRUCTION OF BONDS.

All Bonds acquired by the District, whether by purchase or gift or otherwise shall be surrendered to the Trustee for cancellation. Whenever in this Agreement provision is made for the cancellation by the

Trustee of any Bonds, the Trustee shall destroy such Bonds and upon written request deliver a Certificate of such destruction to the District.

SECTION 11.7. HEADINGS

Headings preceding the text of the several Articles and Sections hereof, and the table of contents, are solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

SECTION 11.8. FUNDS AND ACCOUNTS

Any fund required by this Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with sound industry practices and with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

SECTION 11.9. PARTIAL INVALIDITY

If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the District or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The District and the Trustee hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstances may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.10. CALIFORNIA LAW

This agreement shall be construed and governed in accordance with the laws of the state of California.

SECTION 11.11. NOTICES

All written notices to be given under this Agreement to the parties hereto shall be given by mail, facsimile transmission or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time.

If to the District: Pajaro/Sunny Mesa Community Services District
 136 San Juan Road
 Watsonville, CA 95076
 Attention: General Manager
 Facsimile: 831-722-2137

If to the Trustee: U.S. Bank Global Corporate Trust
 1 California Street, Suite 1000
 San Francisco, CA 94111
 (415) 677-3781
 Email:

SECTION 11.12. EXECUTION IN COUNTERPARTS

This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

SECTION 11.13. BUSINESS DAY

When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period with no interest accruing for the period after such nominal date.

IN WITNESS WHEREOF*, the parties have executed and attested this Agreement by their officers hereunto duly authorized as of the date and year first written above.

U.S. BANK GLOBAL CORPORATE TRUST, as Trustee

By: _____
 Authorized Officer

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

By: _____
 President

ATTEST: _____
 Secretary

BOND PURCHASE AGREEMENT

by and between

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

and

STINSON SECURITIES, LLC.

Relating to

\$ _____

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT
2021 WATER REVENUE BONDS

Dated as of _____, 2021

\$ _____

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

2021 WATER REVENUE BONDS

BOND PURCHASE AGREEMENT

_____, 2021

Board of Directors

Pajaro/Sunny Mesa Community Services District

136 San Juan Road

Watsonville, California 95076

Ladies and Gentlemen:

The undersigned, Stinson Securities' LLC. (the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with you, the Pajaro/Sunny Mesa Community Services District (the "District"), for the purchase by the Underwriter and the execution and delivery to be caused by you under a Trust Agreement (the "Trust Agreement") dated as of _____ 1, 2021, by and between the District and U.S. Bank Global Corporate Trust, as Trustee (the "Trustee") of the Bonds described herein. This offer is made subject to acceptance by the District prior to midnight, California time, on the date hereof. If this offer is not so accepted, this offer will be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to acceptance. Upon acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the District and the Underwriter.

1. Purchase. Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations and agreements hereinafter set forth, the Underwriter hereby agrees to purchase and the District agrees to cause the Bonds to be executed and delivered to the Trustee who shall authenticate said Bonds and deliver the same to the Underwriter all (but not less than all) of \$ _____ aggregate principal amount of the Pajaro/Sunny Mesa Community Services District 2021 Water Revenue Bonds dated the date of delivery thereof (the "Bonds"), executed and delivered by the Trustee on behalf of the District (i) to fund a construction fund described in the hereinafter referenced Trust Agreement and the expenses incidental thereto (including reimbursement for any such costs or expenses paid by it for the account of the District, including costs and expenses paid by the District prior to the date of closing); (ii) to pay certain issuance costs and expenses of the Bonds; and (iii) to fund a Reserve Fund. The aggregate purchase price for the Bonds shall be \$ _____ (being the principal amount \$ _____) less Underwriter's discount of \$ _____, and less an original issue discount of \$ _____.

The Bonds shall be substantially in the form described in, and shall be executed, delivered, and secured under and pursuant to, and shall be payable and subject to redemption, as provided in the Trust Agreement. The Bonds are more fully described in the Official Statement of the District dated _____, 2021, relating to the Bonds (including the cover page and all appendices, exhibits, and statements thereon or attached thereto being herein called the "Official Statement"). The Bonds will mature on the dates and in the amounts, and will bear interest at the rates shown in Schedule 1 attached hereto.

A Preliminary Official Statement dated _____, 2021 (including the cover page and all appendices, exhibits, and statements thereon or attached thereto being herein called the "Preliminary Official Statement") has been delivered to the Underwriter in connection with the Bonds. The District hereby ratifies the use by the Underwriter of the Preliminary Official Statement which the District has deemed final as of its date within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 by delivering a Bond to the Underwriter substantially in the form of Exhibit A attached hereto. The District will deliver to the Underwriter, as promptly as practical, but in no event later than the seventh (7th) Business Day after the District has accepted this Purchase Agreement, such number of copies of the final Official Statement dated the date hereof (the "Official Statement"), with respect to the Bonds, as amended and supplemented from time to time pursuant to 20) of this Purchase Agreement, as the Underwriter may reasonably request in order for the Underwriter to comply with the rules of the Municipal Securities Rulemaking Board and paragraph (b)4 of 17 C.F.R. 240; Rule 15c2-12.

All resolutions adopted by the Board of Directors for the Bonds (collectively, the "Resolutions"); the Trust Agreement dated as of _____, 2021 by and between the District and the Trustee, this Purchase Agreement, the final Official Statement, the Preliminary Official Statement; the Continuing Disclosure Agreement of the District, dated as of _____, 2021 (the "Continuing Disclosure Agreement"); and the Bonds; are collectively referred to herein as the "Financing Documents.

(b) At 8:00 a.m., California time, on _____, 2021, or at such other time or on such other date as the District and the Underwriter mutually agree upon (the "Closing Date"), the District will cause the Trustee (the "Trustee") to deliver or cause to be delivered to the Underwriter or its representative, through the facilities of The Depository Trust Company in New York, New York, the Bonds in book-entry form duly executed, together with the other documents mentioned herein. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in subparagraph (a) above by wire transfer or by certified or official bank check or checks payable in federal funds (such delivery and payment being herein referred to as the "Closing"), to the order of the District in an amount equal to the purchase price.

The Underwriter will accept delivery of the Bonds in San Francisco, California through the facilities of The Depository Trust Company, New York, New York ("DTC"), or such other place as shall have been mutually agreed upon by the Underwriter and the District, and pay the purchase price of the Bonds as set forth above, by wire transfer in immediately available funds to the order of the Trustee (or by such other form of payment in immediately available funds as shall have been mutually agreed upon by the District and the Underwriter). The Bonds in definitive form shall be evidenced by typewritten, lithographed or word-processed Bonds in authorized denominations.

The Bonds shall be executed and delivered in fully registered form and shall be prepared and delivered as one Bond for each maturity, or portion of each maturity, registered in the name of Cede & Co., as nominee of DTC. It is anticipated that CUSIP identification numbers will be inserted on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

The Bonds will be made available to the Underwriter for inspection and packaging, at an office which the District and the Underwriter may mutually agreed upon, not less than 48 hours prior to the Closing Date. The Bonds shall be delivered as fully registered Bonds in such denominations and registered in such names as the Underwriter shall request by written notice given to the Trustee not later than five (5) business days prior to the Closing Date.

(c) The Underwriter agrees to make a bona fide public offering of the Bonds at not in excess of the initial offering prices (or yields) set forth in the Official Statement, which prices may be changed from time to time by the Underwriter after such offering. The Underwriter agrees that from the time the Official Statement becomes available until the earlier of: (i) ninety days from the "End of the Underwriting Period," as defined in Section herein, or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the end of the underwriting period, the Underwriter shall send, no later than the next business day following a request for a copy thereof, by first class mail or other equally prompt means, to any Potential Customer, as defined in the Rule, on request, a single copy of the Official Statement. The Underwriter agrees to file as soon as reasonably practicable a copy of the Official Statement with a nationally recognized municipal securities information repository.

The Underwriter agrees to make a bona fide public offering of all the Bonds at not in excess of the initial public offering prices or yields set forth on the cover page of the Official Statement, plus interest accrued thereon from the date of the Bonds. The Underwriter reserves the right to make concessions to dealers and to change such initial public offering prices or yields as the Underwriter reasonably deems necessary in connection with the marketing of the Bonds. The Underwriter also reserves the right to: (i) over-allot or effect transactions that stabilizes or maintains the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time.

2. Representations, Warranties and Agreement of the District

The District hereby represents and warrants to and agrees with the Underwriter as follows:

(a) The descriptions in the Official Statement of the Financing Documents are accurate; and the Bonds, when delivered to and paid for by the Underwriter on the Closing Date, will be validly executed, delivered and outstanding and entitled to all the benefits and security of the Trust Agreement;

(b) The Preliminary Official Statement is (except for any omissions permitted by Rule 15(c)(2)-12 of the Securities Exchange Act of 1934), and the Official Statement will be as of the Closing Date, true, correct, and complete in all material respects and will not, and in the case of the Official Statement will not as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(c) The District is a community services district duly organized and validly existing under and operating pursuant to the laws of the State of California (the "State") with the full power and authority to execute and deliver the Official Statement, to sell and deliver the Bonds to the Underwriter as provided herein, and to enter into and to adopt, as applicable, the Financing Documents including this Purchase Agreement;

(d) By official action of the District prior to or concurrently with the acceptance hereof, the District has duly approved the distribution of the Preliminary Official Statement and the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in, the Financing Documents and this Purchase

Agreement and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement;

(e) The adoption, execution and delivery of the Financing Documents, including this Purchase Agreement and the Official Statement, and the District's compliance with the provisions thereof, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the District is a party or is otherwise subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument, except as provided in the Financing Documents;

(f) The District is not in any material respect in breach of or default under any applicable law or administrative regulation of the State, the United States, or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument;

(g) There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, or, to the best knowledge of the District, threatened against the District in any material respect affecting the existence of the District or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the sale, execution, or delivery of the Bonds or the payment of Bond principal and interest or in any way contesting or affecting the validity or enforceability of the Bonds, the Financing Documents, or this Purchase Agreement or contesting the powers of the District or its authority to enter into, adopt, or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling, or finding could materially adversely affect the validity or enforceability of the Financing Documents or this Purchase Agreement;

(h) The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities law and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds, provided, however, that in no event shall the District be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject;

(i) For not more than 25 days from the end of the "underwriting period" (as defined in Securities and Exchange Commission Rule 15c2-12(e)(2)), if, in the reasonable opinion of Robert M. Haight ("Bond Counsel") or the Underwriter, an event occurs, of which the District has knowledge, which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in light of the circumstances under which it was presented, not misleading, the District will notify the Underwriter, and, if in the opinion of the District or the Underwriter, or their counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter

and furnish to the Underwriter a reasonable number of copies of any amendments of or supplements to the Official Statement (in form and substance satisfactory to the District and the Underwriter, and their counsel) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection (g), the District will furnish to the Underwriter such information as it may from time to time request. The District may assume that the "end of the underwriting period" for purposes of Securities and Exchange Commission 15c2-12 will occur on the Closing Date unless otherwise notified, in writing, by the Underwriter on or prior to the Closing Date

(j) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (i) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph), at all times subsequent thereto up to and including the Closing Date, the Official Statement so supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in light of the circumstances under which it was presented, not misleading.

(k) The District's pledge of the Revenues (as defined in the Trust Agreement) for the payment of Principal and Interest Payments, together with other moneys in the funds and accounts as specified in the Trust Agreement, constitute the security for the Bonds;

(l) Other than as described in the Official Statement, there are no outstanding liens against any of the revenues of the system which are senior to or on parity with the lien pledge securing the Bonds;

(m) The proceedings to issue and deliver the Bonds will create a valid first parity lien pledge of the Revenues securing the Bonds and in the funds and accounts as provided in the Trust Agreement, including the investments thereof, subject in all cases to the provisions of the Trust Agreement;

(n) Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the District will faithfully perform and abide by all of the covenants, undertakings, and provisions contained in the Financing Documents; and

(o) The District shall undertake, pursuant to the Trust Agreement and the Continuing Disclosure Agreement, to provide certain annual financial information and property information, together with notices of the occurrence of certain events, if material. The District is in compliance with previous undertakings.

3. Conditions to the Obligations of the Underwriter.

The Underwriter hereby enters into this Purchase Agreement in reliance upon the representations, warranties, and agreements of the District contained herein, the representations, warranties, and agreements of the District to be contained in the documents and instruments to be delivered at the Closing, and the performance by the District and the Trustee of their respective obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Purchase Agreement to purchase, to accept the delivery of, and to pay for the Bonds shall be subject, at the option of the Underwriter, (i) to the accuracy in all material respects of the representations, warranties, and agreements of the District contained herein as of the date hereof and as of the Closing Date, (ii) to the

accuracy in all material respects of the statements of the officers and other officials of the Trustee and the District made in any Bond or other document furnished pursuant to the provisions hereof, (iii) to the performance by the District and the Trustee of their respective obligations to be performed hereunder and under the Financing Documents at or prior to the Closing Date, and (iv) to the following additional conditions:

(a) The representations, warranties, and agreements of the District contained herein shall be true, complete, and correct in all material respects on the date hereof and on the Closing Date, as if made on and at the Closing;

(b) At the Closing, the Financing Documents shall have been duly adopted, authorized, executed, and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed, and delivered by the District, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the District as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(c) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering price set forth in the Official Statement, of the Bonds or the market price generally of obligations of the general character of the Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriter (evidenced by a written notice to the District terminating the obligation of the Underwriter to accept delivery of and make any payment for the Bonds), by reason of any of the following statements of fact, regardless of whether the statements of fact were in existence or known on the date of this Purchase Agreement:

- i. Legislation shall have been introduced in or enacted by the Congress of the United States or enacted by the State or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice, or otherwise), by the Chair of the United States, the Treasury Department of the United States the Internal Revenue Service, or the Chair or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means for the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or the State, including the Tax Court of the United States, or a ruling shall have been made or a regulation shall have been proposed or made or a press release or other form of notice shall have been executed and delivered by the Treasury Department of the United States, or the Internal Revenue Service, or other authority of the United States or the State, with respect to taxation by the State upon revenues or other income of the general character to be derived by the District or by any similar body, or upon interest on obligations of the general character of the Bonds, which may have the purpose or effect, directly or indirectly, of affecting the tax status of the District, its property or income, its securities (including the Bonds), or the interest thereon, or any tax exemption granted or authorized by legislation of the State;
- ii. The outbreak or declaration of war, declaration or engagement in a police action or engagement in major military hostilities by the United States, or any escalation of any

- existing conflict or hostilities, or the occurrences or any other national emergency or calamity relating to the effective operation of the government of or the financial community in the United States resulting from the foregoing, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price or the marketability of the Bonds;
- iii. The declaration of a general banking moratorium by federal, New York, or California authorities, or the general suspension or material limitation of trading on any national securities exchange, which materially adversely affects the market price of the Bonds;
 - iv. The imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirement of, the Underwriter, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds;
 - v. Legislation enacted (or resolution passed) by, or introduced or pending legislation amended in the Congress or recommended for passage by the Chair of the United States, or an order, decree, or injunction executed and delivered by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), or press release executed and delivered or made by or on behalf of the Securities and Exchange Commission, or any other governmental District having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or that the issuance and delivery, offering, or sale of obligations of the general character of the Bonds, or of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect; or
 - vi. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;
 - vii. Action by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or by or on behalf of the State or the California Franchise Tax Board, with the purpose of changing the federal or State income tax rates, respectively, which materially adversely affects the market price of the Bonds;
 - viii. Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; or

- ix. Any change or development involving a prospective change in the condition of the District, financial or otherwise, or in the operations of the District, from those set forth in the Official Statement that makes the Bonds, in the reasonable judgment of the Underwriter, impracticable to market on the terms and in the manner contemplated by the Official Statement;
- (d) At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:
- i. One copy of the Financing Documents, each as duly adopted, executed and delivered by the respective parties;
 - ii. The approving opinion, dated the Closing Date and addressed to the District, of Bond Counsel in substantially the form attached to the Official Statement as Appendix C;
 - iii. The supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, substantially to the effect that (i) the statements contained in the Official Statement on the cover and under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," and "LITIGATION," insofar as such statements purport to summarize certain provisions of the Financing Documents and Federal and State law, present an accurate summary of such provisions, (ii) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended, and (iii) the Financing Documents, including this Purchase Agreement, have been duly adopted, authorized, executed, and delivered, as applicable, by the District and, assuming due authorization, execution, and delivery by the other parties thereto, constitute legal, valid, and binding agreements of the District enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought;
 - iv. The opinion of the District Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that, with respect to the execution and delivery of the Bonds, (i) the District was duly organized and is validly existing under the laws of the State as a community services district, (ii) the District has full legal right, power, and authority (1) to conduct its affairs and to own its properties, and (2) to execute and deliver this Purchase Agreement and the Financing Documents to which it is a party, (iii) each of the Resolutions has been duly adopted by the District, is in full force and effect, and, except as expressly otherwise provided, has not been amended, modified, or supplemented, and continues to be legal, valid, and binding Resolutions of the District enforceable in accordance with their terms, and (iv) the execution and delivery, or adoption, as applicable, and performance by the District of this Purchase Agreement and the Financing Documents on the terms and conditions thereof have been duly authorized by all necessary action, and, to the best of such counsel's knowledge after due inquiry, will not violate or contravene any order or decree of any court, tribunal, governmental authority, bureau, or agency, or violate or cause a default under any mortgage, trust agreement, contract, or other agreement to which the District is a party or that is binding upon it;
 - v. The opinion of Robert M. Haight, Disclosure Counsel ("Disclosure Counsel"), dated the Closing Date, to the effect that (i) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended, and (ii) based upon

their participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy or completeness of the statements in the Official Statement, such counsel does not believe that, as of the date thereof or the Closing Date, the Official Statement (except for the financial statements and other financial statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions, or expressions of opinion, any information about assessed valuation, appraisals, absorption or environmental matters, Appendix A included in the Official Statement, as to which no view need be expressed) contains any untrue statement of material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

- vi. The opinion of Bond Counsel, dated the Closing Date, to the effect that (i) after due inquiry and investigation the portion of each payment accruing under the Trust Agreement designated as and comprising interest and received by the Owners of the Bonds is excluded under existing statutes, regulations, rulings and court decisions, from gross income for Federal income tax purposes pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from personal income taxes of the State of California under present law. In addition, the Bonds are not a "private activity bond" as defined in Section 141(a) of the Code and, therefore, the portion of each payment designated as and comprising interest received by the Owners of the Bonds is not an item of tax preference for purposes of the Code's alternative minimum tax provisions.
- vii. The opinion of the Law Office of Robert M. Haight, Attorney at Law, as Bond Counsel, in the form and substance set forth in the Official Statement as Appendix C.
- viii. The opinion of counsel to the Trustee; dated the Closing Date; to the effect that (i) the Trustee has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States of America, with the full power and authority to accept and administer the trusts, duties and obligations imposed on it by the Trust Agreement and to enter into the Trust Agreement; (ii) the Trustee has duly authorized, executed and delivered the Trustee Documents and the Trustee Documents constitute the legal, valid and binding obligations of the Trustee enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limited by the rights of creditors generally; and (iii) the Trustee has duly authenticated and delivered the Bonds in accordance with the Trust Agreement and the direction of the District.
- ix. A Bond or Bonds, dated the Closing Date, signed by a duly authorized official of the District satisfactory to the Underwriter, in form and substance satisfactory to the Underwriter, to the effect that (i) the representations, warranties, and agreements of the District contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing date, (ii) no litigation is pending or threatened (1) to restrain or enjoin the execution, sale, or delivery of any of the Bonds, (2) in any way contesting or affecting the validity of the Bonds, this Purchase Agreement, or the Financing Documents, or (3) in any way contesting the existence of powers of the District or which if determined adversely to District would have a material negative financial impact, and (iii) the information in the Preliminary Official Statement is deemed final by the District as of the date thereof within the meaning of Securities and Exchange Commission Rule 15c2-12, and no event affecting the District has occurred since the date of the Official Statement which either

makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect;

- x. A certificate, dated as of the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, to the effect that (i) such official is an authorized officer of the Trustee; (ii) the Trustee has been appointed to serve as Trustee for the Bonds under the Trust Agreement; (iii) the Trustee has full power and authority required to carry out the trust intended under the Trust Agreement; (iv) to the best of such officer's knowledge, no litigation is pending or threatened in any way contesting or affecting the existence of powers (including trust powers) of the Trustee or the Trustee's ability to fulfill its duties created by the Trust Agreement; and (v) to the best of such officer's knowledge, the acceptance by the Trustee of the duties and obligations of the Trustee under the Trust Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which the Trustee is subject;
- xi. A Bond, dated the Closing Date and signed by an authorized officer of the Trustee, with respect to the sources and uses of funds deposited under the Trust Agreement;
- xii. A certified copy of the general resolution of the Trustee authorizing the execution and delivery of any Financing Documents to which the Trustee is a party;
- xiii. A copy of the Official Statement, executed on behalf of the District by an authorized representative of the District;
- xiv. A certified copy of each of the Resolutions;
- xv. A copy of Internal Revenue Service Form 8038-G, executed by an authorized officer of the District;
- xvi. Such additional legal opinions, Bonds, proceedings, instruments, and other documents as the Underwriter or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations, warranties, and agreements of the District herein and of the statements and information contained in the Official Statement, and the due performance or satisfaction by the Trustee and the District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by any of them in connection with the transactions contemplated hereby and by the Financing Documents;
- xvii. DTC Letter of Representations, if required;
- xviii. California Debt Investment and Advisory Commission Report of Proposed Debt Execution and delivery form; and
- xix. California Debt Investment and Advisory Commission Report of Final Sale form.
- xx. Continuing Disclosure Undertaking.

If the conditions to the Underwriter's obligations contained in this Purchase Agreement are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted herein, all obligations of the Underwriter hereunder may be terminated at, or at any time prior to, the Closing Date by written notice to the District.

4. Indemnification of the Underwriter

The Issuer agrees to indemnify and hold harmless the Underwriters, and each person, if any, who controls an Underwriter, and their directors, officers, agents and employees, against any and all losses, claims, damages, liabilities and expenses to which the Underwriters may become subject, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof), arise out of or are based upon (i) a claim in connection with the public offering of the Securities to the effect that the Securities or any related security are required to be registered under the Securities Act or any indenture is required to be qualified under the Trust Indenture Act, or (ii) any statement or information in the Preliminary Official Statement or in the Official Statement that is or is alleged to be untrue or incorrect in any material respect, or any omission or alleged omission of any statement or information in the Preliminary Official Statement or the Official Statement (other than in the Excluded Sections) which is necessary in order to make the statements therein not misleading. The foregoing indemnity agreement shall be in addition to any liability that the Issuer otherwise may have.

5. Expenses.

All expenses and costs incident to the authorization, execution, delivery, and sale of the Bonds to the Underwriter, including the costs of printing and preparation of the Bonds, the Preliminary Official Statement, and the Official Statement, the cost of duplicating the Financing Documents, the fees of accountants, legal and other consultants, engineers, appraisers, and rating agencies, if any, the initial fee of the Trustee and its counsel in connection with the sale of the Bonds, the fees and expenses of Bond Counsel, Disclosure Counsel, Underwriter's counsel, and counsel for the District, shall be paid by the District from moneys deposited with the Trustee from Bond proceeds specifically authorized for such purpose

6. Notices.

Any notice or other communication to be given to the District or the Underwriter under this Purchase Agreement may be given by delivering the same in writing to the respective party at the following address.

Underwriter:	Stinson Securities, LLC. 220 Sansome Street, Suite 1330 San Francisco, CA 94104
District:	Pajaro/Sunny Mesa Community Services District 136 San Juan Road Watsonville, California 95076

7. Survival of Representations

The representations of the District set forth in or made pursuant to this Purchase Agreement, shall not be deemed to have been discharged, satisfied, or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriter and regardless of delivery of and payment for the Bonds.

8. Effectiveness: Applicable Law

This Purchase Agreement shall become effective and binding upon the respective parties hereto as of the date first above written upon the execution of the acceptance by a duly authorized officer of the District

and shall be Valid and enforceable as of the time of such acceptance. This Purchase Agreement shall be governed by the laws of the State of California,

9. Counterparts.

This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but. all such counterparts shall together constitute but one and the same instrument,

Very truly yours,

STINSON SECURITIES, LLC.

By: _____

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

By: _____

CONTINUING DISCLOSURE AGREEMENT

by and among

NBS GOVERNMENT FINANCE GROUP

and

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

Relating to

\$ _____

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

2021 WATER REVENUE BONDS

#6
Continuing Disclosure
Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of this 1st day of _____, 2021, is executed and delivered by the Pajaro/Sunny Mesa Community Services District (the "Issuer"), acting on behalf of the 2021 Water Revenue Bonds and NBS GOVERNMENT FINANCE GROUP (the "Dissemination Agent"), in connection with the execution and delivery of the 2021 Water Revenue Bonds of the Pajaro/Sunny Mesa Community Services District (the "Bonds"), acting hereunder in its capacity as Dissemination Agent. The Bonds are being issued pursuant to Trust Agreement approved by the Board of Directors of the Pajaro/Sunny Mesa Community Services District on _____, 2021 (the "Agreement"). The Issuer and the Dissemination Agent covenant and agree as follow:

SECTION 1. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement, unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings when used in this Disclosure Agreement:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean NBS Government Finance Group or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation. In the absence of such a designation, the District shall act as the Dissemination Agent.

"EMMA" or "Electronic Municipal Market Access" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Owner" or "Bond Owner," when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered.

"Participating Underwriter" shall mean the original underwriter of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 3. Provision of Annual Reports

(a) **Delivery of Annual Report.** The District shall, or shall cause the Dissemination Agent to, not later than seven months after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2021-22 Fiscal Year, which is due not later than January 31, 2022, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) **Change of Fiscal Year.** If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than seven months after the end of such new fiscal year end.

(c) **Delivery of Annual Report to Dissemination Agent.** Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b) of this Section 3 for providing the Annual Report to EMMA, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

(d) **Report of Non-Compliance.** If the District is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b) of this Section 3, the District shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the District is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) **Annual Compliance Certification.** The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Agreement, stating the date it was so provided and filed.

SECTION 4. Content of Annual Report. The Annual Report shall contain or incorporate by reference the following:

(a) **Financial Statements.** Audited financial statements of the District for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available,

(b) **Other Annual Information.** To the extent not included in the audited final statements of the District, the Annual Report shall also include financial and operating data with respect to the District for the preceding fiscal year, substantially similar to that provided in the tables in the official statement for the Bonds under the heading "TABLE 6-HISTORIC WATER REVENUE" and "TABLE 7-PROJECTED WATER REVENUE."

(c) Cross References. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on EMMA. The District shall clearly identify each such other document so included by reference. If the document included by reference is a final official statement, it must be available from EMMA.

(d) Further Information. In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

SECTION 5. Reporting of Listed Events.

(a) Reportable Events. The District shall, or shall cause the Dissemination (if not the District) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Defeasances;
- (6) Rating changes;
- (7) Tender offers;
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person; and
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

NOTE: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Material Reportable Events. The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults;
- (2) Modifications to rights of security holders;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the securities;
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person,

other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) Time to Disclose. Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Trust Agreement.

SECTION 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent.

(a) Appointment of Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the District. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Agreement and have no liability to any person, including any Owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the District shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the District.

(b) Compensation of Dissemination Agent. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the District or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) Responsibilities of Dissemination Agent. In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the District to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the District under Section 3.

SECTION 9. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that all of the following conditions are satisfied:

(a) Change in Circumstances. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5 (a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) Compliance as of Issue Date. The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) Consent of Owners; Non-impairment Opinion. The amendment or waiver either (i) is approved by the Owners in the same manner as provided in the Agreement for amendments to the Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners.

If this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the District shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, or the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as for a Listed Event under Section SCC). and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication or including any other information in any Annual Report or notice of

occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Agreement any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance,

SECTION 12. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Dissemination Agent:	NBS Government Finance Group 32605 Temecula Parkway, STE 100 Temecula California 92592 1 (800) 676-7516 Email: disclosure@nbsgov.com
District:	Pajaro/Sunny Mesa CSD 136 San Juan Road, Watsonville California 95076 Main: (831) 722-1389 Fax: (831) 722-0137

Dated: _____, 2021

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

Don Rosa, General Manager

NBS GOVERNMENT FINANCE GROUP

Director

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

Name of Obligation: 2021 WATER REVENUE BONDS

Date of Execution and Delivery: _____, 2021

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above named Bonds as required by the Continuing Disclosure Agreement approved pursuant to a Resolution adopted by the Board of Directors of the District on _____, 2021. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

By _____
PAJARO/SUNNY MESA
COMMUNITY SERVICES DISTRICT

Law Office of
ROBERT M. HAIGHT
120 Jewell Street
Santa Cruz, CA 95060
rmhaight@rmhaightlaw.com
831-239-8068

June 24, 2021

Board of Directors
Pajaro/Sunny Mesa Community Service District
136 San Juan Road
Royal Oaks, California 95076

Re: Fee Arrangement for 2021 Water Revenue Bonds

Dear Honorable Board of Directors:

I am forwarding to you or form of agreement to conduct Water Revenue bond financing proceedings that are presently being contemplated by your Board (the "2021 Water Revenue Bonds").

Upon the execution and delivery of 2021 Water Revenue Bonds, we agree to represent and serve you as herein provided:

1. Consult with you and your staff in order to provide a coordinated financial and legal program for the proposed proceeding.
2. Attend all meetings of the Board of Directors or other bodies relating to the proceedings including, at your request, all informal meetings to explain the proposed proceedings, and such other meetings of the Board of Directors when called upon by you.
3. Prepare all agreements, certificates, resolutions, orders, notices and affidavits necessary in the conduct of said proceedings and such other reports, documents and correspondence of a legal nature as may be necessary. During the course of the proceedings, advise your staff by telephone, correspondence or conference as to legal questions involving the District and relating to said proceedings.
4. Provide an opinion regarding the legal sufficiency of the proceedings.
5. Prepare a Preliminary Official Statement and Final Official Statement to be used by the Underwriter to describe the Project.

For those services as set forth above in Sections 1 through 4, inclusive, our fees shall be the sum of \$35,000 plus expenses not to exceed \$2,500 based upon the District executing and delivering not to exceed \$2,000,000 of 2021 Water Revenue Bonds. Expenses include telephone, facsimile, express mail or UPS delivery, travel at \$0.32 per mile, lodging and meals (if overnight stay is required), copying costs at \$0.25 per page, and transcript preparation and supplies. Services in representing the District in any litigation is not included in our fee.

For those services as set forth above in Section 5, our fee shall be the sum of \$25,000 plus expenses not to exceed \$2,500.

Law Office of
ROBERT M. HAIGHT
120 Jewell Street
Santa Cruz, CA 95060
rmhaight@rmhaightlaw.com
831-239-8068

Our fees shall be paid only if the 2021 Water Revenue Bonds are executed and delivered and not otherwise. If proceedings are terminated for any reason by your Board at any time prior to said delivery, then our fees shall not be due or payable.

Very truly yours,



ROBERT M. HAIGHT

The foregoing agreement was accepted by the Board of Directors of the Pajaro/Sunny Mesa Community Service District at a meeting thereof held on the 24th day of June 2021.

Board President

Pajaro/Sunny Mesa Community Services District

RESOLUTION NO. 06-03-21

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT
APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF
AGREEMENTS AND APPROVAL OF DOCUMENTS IN CONNECTION WITH
THE 2021 WATER REVENUE BONDS AND AUTHORIZING AND DIRECTING
CERTAIN ACTIONS WITH RESPECT THERETO**

2021 WATER REVENUE BONDS

WHEREAS, the Board of Directors (the "Board") of the Pajaro/Sunny Mesa Community Services District (the "District") proposes to fund the District's 2021 Project , fund a reserve fund and pay related costs of issuance in the total principal amount of not to exceed \$2,000,000 and at an average coupon rate of not to exceed 4.00% (the "Bonds") (the "Project") and it is in the public benefit that the Board authorize and direct execution of certain financing documents in connection therewith;

WHEREAS, the documents below specified have been filed with the District, and the members of the Board with the aid of its staff, have reviewed said documents.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Pajaro/Sunny Mesa Community Services District that:

1. The below-enumerated documents are hereby approved, and the President, Vice President, General Manager, Operations Manager or District Treasurer is hereby authorized and directed to execute said documents with such changes, insertions and deletions as may be approved by such official, and the District Secretary is hereby authorized and directed to attest her signature thereto.

- a) the Trust Agreement by and between the District and U.S. Bank Global Corporate Trust as Trustee;
- b) the Bond Purchase Agreement by and between the District and the Underwriter; and
- c) the Continuing Disclosure Agreement by and between NBS Government Finance Group and the District;

2. The District hereby authorizes the execution of the Indenture of Trust Agreement, the Bond Purchase Agreement and the Continuing Disclosure Agreement in substantially the form on file with the District Secretary together with any additions thereto or changes therein approved by either the General Manager, Operations Manager or the District Treasurer, whose execution thereof shall be conclusive evidence of such approval, and hereby delegates to the General Manager, the Operations

Manager and the District Treasurer, the authority to execute such documents as may be required for and in the name and on behalf of the District.

The foregoing Resolution was introduced, passed and adopted at a regular meeting of the Board of Directors of the Pajaro/Sunny Mesa Community Services District held on the 24 day of June 2021, by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

APPROVED:

**Sanford Coplin President,
Pajaro/Sunny Mesa Community Services District**

ATTEST:

**District Secretary,
Pajaro/Sunny Mesa Community Services District**

1, DON ROSA, HEREBY CERTIFY THAT THE FOREGOING IS A FULL, CORRECT, AND TRUE COPY OF RESOLUTION NO. 06-03-21 AS ADOPTED BY THE BOARD OF DIRECTORS OF THE PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT, AT A REGULAR MEETING HELD ON JUNE 24, 2021, AND I FURTHER CERTIFY THAT SAID RESOLUTION HAS NEVER BEEN RESCINDED OR MODIFIED.

DATED: JUNE 24, 2021

DISTRICT SECRETARY

**STREET MAINTENANCE / SUBDIVISION MAINTENANCE
 CONTRACT OPERATIONS AND MAINTENANCE
 FINAL BUDGET**

2021-2022

REVENUE

Parcel Assessments through Monterey County Tax Roll	63,800
---	--------

EXPENSE

Monies held in restricted Acct. for street sealing and repairs	24,635
--	--------

Fees for service paid to vendors	8,015
----------------------------------	-------

Contract fees paid to District	<u>31,150</u>
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Total Expense	63,800
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REVENUE	63,800
----------------	---------------

EXPENSE	<u>63,800</u>
----------------	----------------------

0

Notes: Restricted bank account balance as of 5-19-21 is \$220,842.12

Monies are held for the following subdivisions:

Stone Ridge Estates, Fair Way, Paris Ct, Rose Ct., Heritage Cr., Golf Cr., Colonial Cr.

District provides services to the seven subdivisions, such as, street maintenance, storm drain maintenance, landscape maintenance, banking, and bill payments to vendors.

District provides the assessment information to Mo. Co., annually, per data bond capture review.

District charges actual cost of \$31,150 to perform these services.

**PAJARO COMMUNITY PARKS/PUBLIC AREAS
OPERATIONS AND MAINTENANCE BUDGET**

**Final Budget
2021-2022**

		2021-2022
REVENUE		25,000
(1% Special District Tax-Assessed/ collected by Mo. Co.)		
 EXPENSE		
Tot-Lot (Cayetano Park-Florence @ Cayetano)	2.0 hrs./week	8,000
Berlanga Park (Stender Ave.)	1.25 hrs./week	5,000
Memorial Park (Salinas Rd. @ Stender Ave.)	1.25 hrs./week	5,000
Monument Park (Porter Dr. @ San Juan Rd.)	1.25 hrs./week	5,000
Misc.(Pajaro Sign maintenance, curb painting, graffiti	.25 hrs/week	<u>1,000</u>
Total Labor	4.75 hrs./week	<u>24,000</u>
(4.75 hrs./week X 40 wks. X \$100./hr)		
Groundskeeping Materials and Supplies		<u>1,000</u>
Total Expense		<u>25,000</u>
 REVENUE		25,000
EXPENSE		<u>25,000</u>
		0

Notes: Pro-Rata Tax Assessment (1% Special District Tax) is projected at \$25000 for this fiscal year.

PAJARO STREET LIGHTING ASSESMENT
2021-2022
Final Budget

	2021-2022
REVENUE	
Parcel Assessments	41,100.00
EXPENSE	
Utilities (PG&E)	28,000.00
Maintenance & Administration	12,000.00
Professional Services (Legal & Accounting)	1,100.00
	<hr/> 41,100.00
REVENUE	41,100.00
EXPENSE	<hr/> 41,100.00
	0

No Change to budget this year.

**Pajaro Park Final Budget
2021-2022**

	2021-2022
Personnel Costs	
Management & Administration	3,000
Park Labor	32,000
TOTAL PERSONNEL:	<u>35,000</u>
 Operating Costs	
Sewer	360
Garbage Service	4,200
Electricity - Lights/Special Events - Phone	4,200
Alarm Service	350
Janitorial Supplies	4,200
Office Supplies	360
Building & Grounds Materials	1,500
Other Supplies & Materials	
Pajaro Water Bond and Property Tax	2,600
Gate closing (Security Patrol)	6,000
TOTAL OPERATING:	<u>23,770</u>
 Reserve	 <u>-</u>
 ANNUAL OPERATIONS & MAINTENANCE	 <u><u>\$ 58,770</u></u>

Account No:	Account Name:	Description
Income:		
4001-4015	Water Rate Revenue	Projected increase of 15% over 2020-2021 actual (thru May)
4110	Hydrant Sales	Increased budget amount, based on consistently higher sales
4140	Connection Fees	2 known connections to be added this year
4350	Interest Revenue	Decreased due to re-classification
Expenses: Indirect		
5000	Salaries and Wages	Increase represents an hourly increase to all employees based on compensation schedule, approximately 3.8% average, increased overtime and vacation pay-out projections, integration of contract labor (\$24,000),
5010	Contract Labor	Eliminated contract labor, and integrated into salaries and wages. Determined that we do not necessarily meet the criteria of "contract labor". Impact: nominal increase in workers comp., much easier to handle through regular payroll.
5050	Employee Health Insurance	Slight increase expected this year
5070	Employee Retirement	Increase follows wages
5140	Building Repair & Maintenance	Decrease: Last year included office exterior paint. (\$7000)
5145	District Wide Repair & Maint.	Decrease: Last year included security cameras (\$4000)
5180	Casualty/Liability Insurance	Projected 6.5% increase in premium
5250	Legal Expenses	Budget decrease, returning to normal, general business
5260	Accounting & Bookkeeping	Slight increase to annual audit expected this year
5266	Engineering Expense	Includes Cal OES grant match amount \$37,500
Expenses: Direct		
5190	Soil and Water Testing	Slightly higher sampling quantity due this year
5325	Permits	Anticipation of new generator permits
5360	Fuel-Generator	Fuel for new generators
Debt Service		
	Bond Payments-Generators	\$97000. Principal and interest
	All bonds and Re-Org Loan	\$283,800/year, \$23,650/month
Capital Reserve		
	Add to Capital Reserve \$150,000	Expenditures- \$116,750
Operating Reserve		
	Add surplus funds, end of year	

**2021-2022
Final Budget**

Income			2021-2022
4001	Route 1	Pajaro	321,000
4002	Route 2	Pajaro	315,000
4003	Route 3	Commercial (Pajaro)	292,000
4004	Route 4	Trailer Park (Pajaro)	16,000
4005	Route 5	San Juan Apts	13,500
4006	Route 6	Sunny Mesa	160,000
4007	Route 7	C.S.A. 73 Hillcrest/Bay Farms	173,000
4008	Route 8	Vega/Vista Verde	182,000
4010	Route 10	Springfield	10,200
4011	Route 11	Moss Landing	310,000
4012	Route 12	Blackie Road	40,200
4013	Route 13	Normco	391,000
4014	Route 14	Vierra Estates	60,700
4015	Route 15	Langley/Valle Pacifico	37,500
		Water Services SubTotal	2,322,100
4100		Late Payment Penalties	5,000
4101		Billing Adjustments	200
4110		Hydrant Sales	10,000
4115		Test Fees (Cross Conn-Yearly-Pajaro)	7,500
4140		Connection Fees/Capacity Fees	7,400
4141		Application Fees	550
4146		Other Fees	400
4200		Street Maintenance-Reimbursement	63,800
4210		Vega Bond Assessments	289,000
4280		Pro Rata Tax Collection	25,000
4285		PVWMA Collection Fee	29,000
4300		Collection Previous w/o account	250
4305		Miscellaneous Revenue	1,000
4340		Utility Reimbursement	28,000
4341		Lighting Admin Reimbursement	12,000
4345		Customer Reimbursements	
4346		District 25% Overhead Fee	500
4350		Interest Revenue	150
4355		Audit/Bookkeeping Re-imburement	700
4360		Legal Counsel Reimbursement	400
5794		Pajaro Water Bond	40,500
		Other Subtotal	521,350
		Total Income	2,843,450

**2021-2022
Final Budget**

Expenses INDIRECT			2020-2021
5000		Salaries and Wages	830,000
5005		Administrative Fees	6,000
5010		Contract Labor	-
5030		Payroll Tax Expense	16,000
5040		Workers Comp Insurance	20,000
5050		Employee Health Insurance	190,000
5070		Employee Retirement	120,000
5090		Other Employee Expense	3,000
5120		Property Taxes	1,500
5130		Utilities - Office	4,000
5140		Building Repair & Maintenance	7,500
5145		District Wide Repair & Maint	12,000
5150		Garbage Service	4,200
5160		Office Equipment Rental	10,000
5165		Computer Software	10,000
5170		Office Equipment Repair & Maint	3,600
5175		Small Tools - Repair & Maint.	1,000
5180		Casulty Insurance/Liability Insurance	33,000
5200		Billing Supplies	3,700
5240		Office Supplies	3,800
5245		Postage	8,500
5250		Legal Expenses	20,000
5255		Interest Expense Re Org Loan	11,300
5256		Interest Exp-Financed Items	4,000
5260		Accounting & Bookkeeping	38,500
5266		Engineering Expense District Wide	38,500
5270		Automotive - Repair & Maint	10,000
5280		Seminars & Conferences	500
5290		Travel Expenses	500
5300		Books & Subscriptions	1,500
5305		Water Conservation Program	3,000
5320		Membership Fees & Dues	20,000
5326		Licenses and Certifications	2,000
5330		Telephone	17,000
5340		Burglar Alarm Monitoring	800
5350		Cash Over/Short	
5370		Fuel - Trucks	26,000
5390		Bank Charges	300
5391		Credit Card Transaction Fees	8,000
5400		Miscellaneous Expense	200
6560		Payroll Processing Expenses	-
6577		COP Debt Service - Interest	75,400
Total Expenses INDIRECT			1,565,300

**2021-2022
Final Budget**

Expenses DIRECT			2021-2022
5190		Soil and Water Tests	37,500
5220		Water System - Repair & Maint	225,000
5225		Street Maintenance	32,650
5230		Parks - Repair & Maintenance	1,000
5265		Engineering Expenses	1,000
5310		Utilities - Well Site	170,000
5315		Utilities - Street Lighting	28,000
5325		Permits	30,000
5360		Fuel - Generator	3,000
5426		Vega Assmnt Bond Expense	6,000
5428		COP Bond Expense	3,500
5433		Water Bond Expense - Interest	10,600
5660		Freight & Delivery	
6575		Vega Debt Service - Interest	137,000
Total Expenses DIRECT			685,250
Total Expenses INDIRECT			1,565,300
Total Expenses			2,250,550
Total Income			2,843,450
Total Expenses			2,250,550
Gross Net			592,900
Debt Service			
		Auto Loan	12,500
		2010 COP (Principal only)	70,000
		Re-Organization Loan (Principal only)	30,000
		Vega Debt Service (Principal only)	145,000
		Meeting Stipend (donated to Pajaro Park)	6,000
		Water Bond (Principal only)	31,000
		Bond Payment- Generators	97,000
		Total	391,500
Gross Net			592,900
Debt Service			391,500
Reserve Fund			150,000
Surplus (Remains in operating fund)			51,400
Debt Service Fund	\$23,650 per month=\$283,800/year		
Capital Reserve Fund	\$12,500 per month=\$150,000/year		
Transfer from Reserve	0		-
Capital Outlay-Planned	\$116,750.		

RESOLUTION NO. 06-04-21

RESOLUTION ADOPTING 2021 PAJARO SUNNY MESA COMMUNITY SERVICES DISTRICT WATER ACQUISITION POLICY

:

WHEREAS, from time-to-time persons propose the District acquire additional water systems, and

WHEREAS, from time to time the Board and staff must consider the acquisition of new or additional systems or expansion of existing systems, and

WHEREAS it is in the best interest of the District and ratepayers to have a consistent, thoughtful policy to consider the merger, acquisition of new or additional systems or expansion of existing systems, and

WHEREAS it is in the best interests of the District and ratepayers to know what the District's policy is for new systems be added to the District, and

NOW, THEREFORE, IT IS ORDERED that

- (A) the 2021 Pajaro Sunny Mesa Community Services District Water System Acquisition Policy attached hereto and marked Exhibit "A" is adopted and approved; and
- (B) the 2021 Pajaro Sunny Mesa Community Services District Water System Acquisition Policy shall guide the Board and staff in considering the merger, acquisition of new or additional systems or expansion of existing system
- (C) The 2021 Pajaro Sunny Mesa Community Services District Water System Acquisition Policy shall remain in effect until revoked by the Board.

Adopted, approved, and signed this ____ day of ____, 2021, by the following vote:

- AYES: Directors
- NOES: None
- ABSENT: Director
- ABSTAIN: None

President of the Board of Directors

ATTEST: None

District Secretary

EXHIBIT "A"

**2021 PAJARO SUNNY MESA COMMUNITY SERVICES DISTRICT
WATER ACQUISITION POLICY**

It is the policy of the Pajaro/Sunny Mesa Community Services District that the policy set forth herein guide the District in considering the merger or acquisition of new or additional systems or expansion of existing water systems

1. The system shall be inspected and evaluated by a qualified Water System Engineer to determine the present condition and any work recommended to meet the standards of the State Water Resources Control Board ,
2. Any expense to repair or upgrade the proposed water system to such recommended standards shall be borne by the proposed water system payers or outside financial resources, not by Pajaro/Sunny Mesa Community Services District. i.e.: emergency stand-by generators and automated meter reading capability.
3. A physical inspection and evaluation of the supply system (wells, recharge capacity, storage capacity, water quality and pipes and all appurtenances.
4. An evaluation of ownership and condition of all wells, pipes and equipment shall be provided
5. Determination of status of insurable title to all well sites, pipeline routes, either in fee or easements shall be provided
6. A revenue and expense statement describing the revenue and expenses for any system to be acquired or merged over at least the past three years shall be provided.
7. A report satisfactory to the Board from the State Water Resources Board shall be provided
8. Approval if required by the California Public Utilities Commission shall be provided
9. Approval by Monterey County LAFCO at including annexation costs shall be considered and shall be a condition precedent to the obligation to acquire or merge.
10. Approval by the Monterey County Health officer pursuant to the Monterey County Local Primacy program requirements pursuant to subdivision (h) of section 116375 of the Health and Safety Code

11. Any proposed merger or acquisition , shall require no less than two public meetings for ratepayers and the public to express any concerns on the acquisition and to offer their suggestions before any contract to merge, expand or add any water system.

~ END ~

DRAFT

DISTRICT OPERATIONS REPORT

June 24, 2021

TOPIC	STATUS	DATE OF PLANNED RESPONSE
Grants & Loans Active	<p>IRWMP Grant Pajaro & SRF Planning Grant Springfield.</p> <ul style="list-style-type: none"> Pajaro Grant – Notice of project completion was recorded at Monterey County on May 27, 2021. Springfield Planning Grant – Contract with MNS Engineers has been finalized, waiting for wet signatures to submit to State for complete the Construction Application. 	<p>June 2021</p> <p>No Report</p>
Pajaro Park	Pajaro Park is fully opened, temporary fencing has been removed.	June 2021
Generator Project	Bond issuance. Staff is currently working with Quinn Caterpillar and Darrell Varni Electric on an order and installation schedule.	On Agenda
Hazard Mitigation Plan	<p>Generate a Disaster Mitigation Plan for submission to Monterey County and FEMA.</p> <ul style="list-style-type: none"> District Engineer is preparing a Request for Proposal for Professional Engineering Services 	On Agenda
Multi Community Bottled Water Project	Springfield Water System, Moss Landing Mobile Home Park, Springfield/Bluff/Jensen/Giberson Roads. Three more sign-ups, totaling 194 homes currently receiving bottled water.	No Report
Sunny Mesa Sewer	District is holding monies that is to be refunded to the original Sunny Mesa Sewer customers. Balance Sheet Account #2320-Amount \$29,169.90. Staff is currently reviewing, and has spoken to Bianchi, Kasavan, and Pope for their opinion and assistance if needed.	No Report
Arrowhead Tank Replacement Project	Bid docs prepared by Wyeast Engineering. Documents 100% complete. Project is ready to go out for bid, will need updating. Board has given direction to monitor the integrity of the tanks and report as needed.	No Report
.71 acres Surplus Property	District's letter of interest has been received by Ivo Basor at Monterey County on 6-15-2021	June 2021

Usage Comparison in Gallons 2013-2021

Water Systems	May-18	May-19	May-20	May-21
Pajaro	9,317,836	6,081,988	6,598,108	6,746,960
Normco	3,308,404	2,333,760	3,187,976	3,365,252
Sunny Mesa	2,640,440	2,302,344	2,873,068	2,482,612
Moss Landing	3,077,272	2,069,716	2,143,020	3,045,108
Vega	1,626,152	1,035,980	1,464,584	1,141,448
Vierra Estates	495,176	329,868	380,732	402,424
Springfield (pumped)	664,972	545,890	560,626	629,068
Langley/Valle Pacifico	414,392	270,776	267,784	252,824
Blackie	331,364	198,968	270,776	240,108
District Total	21,876,008	15,169,290	17,746,674	18,305,804

Water Systems	May-13	May-21		Percentage
Pajaro	7,704,512	6,746,960	↓	-12.4%
Normco	3,889,600	3,365,252	↓	-13.5%
Sunny Mesa	3,348,257	2,482,612	↓	-25.9%
Moss Landing	1,996,412	3,045,108	↑	52.5%
Vega	2,090,660	1,141,448	↓	-45.4%
Vierra Estates	522,104	402,424	↓	-22.9%
Springfield (pumped)	673,948	629,068	↓	-6.7%
Langley/Valle Pacifico	354,552	252,824	↓	-28.7%
Blackie	290,224	240,108	↓	-17.3%
District Total	20,870,269	18,305,804	↓	-12.3%