

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

FEBRUARY 24, 2022
5:30 P.M.

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://us06web.zoom.us/j/85080451775?pwd=Vi9yK1RuSDVMQlloNXIDV2hCcWdzdz09> or by calling **1 (669) 900-9128** and when prompted, enter meeting ID: **850 8045 1775#** and passcode **456179#**. A link to the Zoom Meeting may also be found in a panel on the right side of the District's home page at www.pajarosunnymesa.com identified as "Board Meeting" You may submit written comments in writing either at District Offices in person or by email through and including the time of the meeting.

To submit a comment by email, please send to info@pajarosunnymesa.com and write "Public Comment" in the subject line. Please 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. All comments received after 2:00 PM will be provided to the Board at the beginning of the meeting. All comments received will be added to the record of 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.

The Governor’s Executive Order No. N-08-21 (Jun. 11, 2021) says that certain COVID-19 Brown Act public meeting exemptions will remain in effect until September 30, 2021, after which it will expire. The Legislature adopted AB 361 as an Urgency Measure which provides, among other things that until January 1, 2024, local agencies may use teleconferencing without complying with specified Ralph M. Brown Act restrictions if the District Board makes certain findings every thirty days.

Staff recommends a teleconference and virtual meeting during February. The attached proposed Resolution 02-01-22 is substantially the same as January but must be adopted monthly. So attached is a proposed Resolution 02-01-22 for consideration for the February 2022 meeting.

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion Resolution No. 02-01-22 allowing teleconference and virtual meetings, to remain in effect for the February 2022 Regular Board Meeting.

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

Roll Call Vote:

- o (11/25) President Sanford Coplin _____
- o (11/23) Vice President Darlene Lamboley _____
- o (11/25) Secretary Donald Olsen _____
- o (11/23) Assistant Secretary Vacant _____
- o (11/25) Treasurer Clinton Miller _____

2. PROPOSED RESOLUTION NO. 02-02-22 PRIVATE PLACEMENT LOAN \$340,000 AND APPOINTING BOND COUNSEL, ROBERT HAIGHT, LOAN CONSULTANT, STINSON SECURITES, LLC., AND COUNSEL FOR FIRST FOUNDATION, NIXON PEABODY, LLC.

- A. Purpose – fund Automated Meter Reading Project
- B. First Foundation Term Sheet
- C. 2022 Loan Agreement
- D. Fee Agreement – Robert M. Haight
- E. Proposed Resolution No. 02-02-22

A copy of items B, C, D and E are included in the packet for this meeting and were also provided in the Board Packet for the January 27, 2022 Regular Meeting.

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve Executing Loan Documents and adopt Resolution No. 02-02-22

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

Roll Call Vote:

- o (11/25) President Sanford Coplin _____
- o (11/23) Vice President Darlene Lamboley _____
- o (11/25) Secretary Donald Olsen _____
- o (11/23) Assistant Secretary Vacant _____
- o (11/25) Treasurer Clinton Miller _____

New Business:

1. REVIEW AND MOTION TO APPROVE DRAFT FINANCIAL REPORTS FOR JANUARY 2022

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve Draft Financial Reports January 2022

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

Roll Call Vote:

- o (11/25) President Sanford Coplin _____
- o (11/23) Vice President Darlene Lamboley _____
- o (11/25) Secretary Donald Olsen _____
- o (11/23) Assistant Secretary Vacant _____
- o (11/25) Treasurer Clinton Miller _____

2. REVIEW AND MOTION TO APPROVE FEBRUARY PAYMENTS (CHECK LISTING) AND AUTHORIZATION FOR STAFF TO SIGN CHECKS

1. General Fund 633: Check # _____ through check # _____ for a total of \$ _____
2. Operating Account: Check # _____ through check # _____ for a total of \$ _____
3. Reserve Acct: Check # _____ through check # _____ for a total of \$ _____
4. Street Maint. Acct: Check # _____ through check # _____ for a total of \$ _____
5. Debt Service Acct: Check # _____ through check # _____ for a total of \$ _____
6. COP Acct: Check # _____ through check # _____ for a total of \$ _____
7. Pajaro Park Acct: Check # _____ through check # _____ for a total of \$ _____

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Approve February payments, and authorizing staff to sign checks

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

Roll Call Vote:

- o (11/25) President Sanford Coplin _____
- o (11/23) Vice President Darlene Lamboley _____
- o (11/25) Secretary Donald Olsen _____
- o (11/23) Assistant Secretary Vacant _____
- o (11/25) Treasurer Clinton Miller _____

3. MOTION TO AUTHORIZE BOARD MEMBER SIGNATURE CARDS FOR ALL FINANCIAL INSTITUTIONS

- Remove: Harry Wiggins, Michael Moore, and Robert Moody
- Add: Donald Olsen and Clinton J. Miller

- Clarifying and Technical Questions to Staff
- Public Input
- Motion/Second
- Board Deliberation
- Motion to Direct Staff to initiate change of all signature cards

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

Roll Call Vote:

- o (11/25) President Sanford Coplin _____
- o (11/23) Vice President Darlene Lamboley _____
- o (11/25) Secretary Donald Olsen _____
- o (11/23) Assistant Secretary Vacant _____
- o (11/25) Treasurer Clinton Miller _____

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. District Operations Update: due to COVID-19
 - Office remains closed to public; continuing to take payments by phone or drop-off
 - Office will be at 3/4 staffing beginning January 3, 2022 with physical distancing requirements met and health screening protocols in place; masks or face coverings to be worn at all times while indoors.
 - No vendors or members of public are allowed into Office
2. Director Robert Moody has resigned from Board
 - Supervisor Phillips will appoint a replacement
3. District Operations Report
4. Usage Comparison Report 2021/2022
5. Pajaro Park Funding for Operation and Maintenance
 - Discussion / ideas

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: _____

- o (11/25) President Sanford Coplin _____
- o (11/23) Vice President Darlene Lamboley _____
- o (11/25) Secretary Donald Olsen _____
- o (11/23) Assistant Secretary Vacant _____
- o (11/25) Treasurer Clinton Miller _____

Adjournment Time: _____ p.m.

MINUTES

The regular meeting of the Pajaro/Sunny Mesa Community Services District Board of Directors was called to order at 5:30 pm on January 27, 2022.

ROLL CALL:

President Sanford Coplin
Vice President Robert Moody
Secretary Darlene Lamboley
Director Don Olsen
Director C.J. Miller

ADMINISTRATIVE STAFF:

General Manager Don Rosa
Bookkeeper Amy Saldate
Recorder Judy Vazquez-Varela

ABSENT DIRECTOR(S) & STAFF:

None

DISTRICT COUNSEL:

Attorney Alan Smith

ADDITION(S) TO AGENDA: None

PUBLIC IN ATTENDANCE: None

PUBLIC COMMENTS: None

Action Items

1. Welcome and Introduction of two (2) Boards member, Don Olsen and C.J. Miller
2. Consider and approve the Minutes of the November 18, 2021, Special Board Meeting

Motion was made by Director Moody and seconded by Director Olsen to approve the Special Board Meeting Minutes of November 18, 2021. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; D. Olsen; C. Miller
 Noes: None
 Absent: None
 Abstain: None

OLD BUSINESS: None

NEW BUSINESS: (Action Items)

1. Review and consider approving financial reports for November 2021

Bookkeeper Saldate informed the Board of Directors that the Total Income was slightly under budget for the month. We had increases in the Credit Card Transactions Fees due to the high volume of receivables by credit/debit cards, Mrs. Saldate will contact the credit card company to reduce rates and/or fees. We also saw an increase in the COP Debt Service Interest budget due to the biannual interest payment to US Bank for the 2015 Water Revenue Refunding Bond. Total Income was greater than Expenses by \$43,737.35 and we saw an

increase in November Cash by \$3,574.06. A new Aging Report was presented showing the aging balances of 30 days with a total of \$28,365.17, 60 days totaling \$2,564.65 and 90 days and over totaling \$12,749.43. Mrs. Saldate explained that the 90 days and over balance is owed by 4 customers, of which one has requested Covid Relief payment plan and the District honored. The customer with the highest balance has been on a payment plan since 2017 and has been making payments consistently, late fees prior to 2017 represent approximately 75 percent of this customers balance and no late fees have been assessed since the payment plan was established. The other two accounts consist of late fees carrying into the 90 days.

Motion was made by Director Olsen and seconded by Director Lamboley to approve the financial reports for November 2021. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; D. Olsen; C. Miller
 Noes: None
 Absent: None
 Abstain: None

2. Review and consider approving financial reports for December 2021

Bookkeeper Saldate informed the Board of Directors that the Total Income was under budget by 18 percent for the month due to the rainfall. We had an increase in Automotive Repair and Maintenance Expense due to a service to the cooling system and new front brakes and rotors to the 2008 Chevy Silverado. We also had an increase in the Bank Charges due to the Pajaro Project Loan extension fees, annual fees for the safe deposit box and the loan payoff processing fee for the Pajaro Generator loan. We also saw an increase in Direct Expense Vega Assessment Bond Interest for the third-party bond administration done by NBS in the preparation of annual report and quarterly administration fees. We saw an increase in the Other Income due to the first installment of parcel assessments; Street Maintenance Reimbursement, Vega Bond Assessments, Pro-Rata Tax Collection Share, Lighting Administration Reimbursement, Audit/Bookkeeping Reimbursement, Legal Counsel Reimbursement, and Water Bond Assessment. Mrs. Saldate stated that the Total Income surpassed our expenses by \$261,582.49 and our December Cash surpassed our November cash by \$47,650.55. The Directors requested that a year to date be incorporated to the Profit & Loss Summary for clarification.

Motion was made by Director Moody and seconded by Director Lamboley to accept the Financial reports for December 2021. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; D. Olsen; C. Miller
 Noes: None
 Absent: None
 Abstain: None

MONTHLY EXPENDITURES REPORT FOR REVIEW

APPROVAL OF PAYMENTS:

3. Review and consider approving December 2021 and January 2022 payments and authorization for Staff to sign checks

1. General Fund 633: Total of \$0.00
2. Operating Account: Check No. 24909 through Check No. 24978 for a total of \$391,593.17
3. Reserve Account: Total of \$34,749.68
4. Street Maintenance Account: Check No. 547-548 for a total of \$1,852.95
5. Pajaro Park Account: Total of \$3,242.91
6. COP 2010 Account: Total of \$197,565.20
7. Debt Service Reserve Account: Total of \$0.00

Motion was made by Director Moody seconded by Director Miller to approve the December 2021 and January 2022 payments. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; D. Olsen; C. Miller
 Noes: None
 Absent: None
 Abstain: None

4. Elect Board Officers for 2022

Operations Manager Vazquez-Varela conducted the Board Officers Election by stations that any member of the Board may nominate themselves or any other member of the Board for any office. After each nomination there can be a discussion and any member can decline or accept nomination. After each discussion Vazquez-Varela called for votes. Director Moody stated that he will be stepping down from the Board due to his schedule, he has contacted Supervisor Phillips. Results are as follows.

- Office: President – Sanford Coplin
- Office: Vice President – Darlene Lamboley
- Office: Secretary – Don Olsen
- Office: Assistant Secretary – Vacant
- Office: Treasurer – C. J. Miller

5. Review and consider adopting Resolution No. 01-01-22 to allow teleconference and virtual meetings

The Board of Directors were provided with the Staff Report and a copy of Resolution No. 01-01-22. Staff recommends teleconference and virtual meetings for the near future, every month desired to continue with teleconference, substantially same resolutions will need to be adopted. Director Moody agrees with teleconference but does not approve the language on the Resolution No. 01-01-22.

Motion was made by Director Olsen seconded by Director Miller to adopt Resolutions No. 01-01-22 with edits, allowing for teleconference and virtual meetings. Motion carried.

Roll Call Vote: Ayes: S. Coplin; D. Lamboley; D. Olsen; C. Miller
 Noes: None
 Absent: None
 Abstain: R. Moody

6. Review and consider adopting Resolution No. 01-02-22 2022 Debt Management Policy

The Board of Directors were provided with the Staff Report, Draft Debt Management, table 7 of the Water Study (showing the Debt Service Coverage, and a copy of the Resolution. District will increase minimum Debt Service Ratio from 1.15 to 1.20.

Motion was made by Director Moody seconded by Director Olsen to adopt Resolutions No. 01-02-22 2022 Debt Management Policy. Motion carried.

Roll Call Vote: Ayes: S. Coplin; R. Moody; D. Lamboley; D. Olsen; C. Miller
 Noes: None
 Absent: None
 Abstain: None

7. Review and consider approving automated meter reading proposed project

The Board of Directors were provided with the Staff Report. Director Lamboley would not like to move into automated meter reading due to the cost to the constituents, she does not want to increase the water rates for this project. Director Moody does not want to move into automated meter reading, he would like to keep the meter reading position available.

Motion was made by Director Olsen seconded by Director Miller to approve directing Staff to create project specifications in preparation of a Request for Proposal. Motion carried.

Roll Call Vote: Ayes: S. Coplin; D. Olsen; C. Miller
 Noes: R. Moody; D. Lamboley
 Absent: None
 Abstain: None

8. Review and consider adopting Resolution No. 01-03-22 Private Placement Loan \$340,000 Appointing Bond Counsel, Robert Haight, Loan Consultant, Stinson Securities. LLC., and Counsel for First Foundation, Nixon Peabody, LLC.

The Board of Directors were provided with First Foundation Term Sheet, 2022 Loan Agreement, Fee Arrangements-Robert M. Haight and the Resolution No. 01-03-22. The Board of Directors would like to revisit this item next board meeting knowing that the interest rate is locked until March 6, 2022.

Motion was made by Director Olsen seconded by Director Moody to table the execution of Loan Documents and adoption of Resolutions No. 01-03-22 the Private Placement Loan \$340,000 Appointing Bond Counsel, Robert Haight, Loan Consultant, Stinson Securities. LLC., and Counsel for First Foundation, Nixon Peabody, LLC. Motion tabled.

Roll Call Vote:	Ayes:	S. Coplin; R. Moody; D. Lambolely; D. Olsen; C. Miller
	Noes:	None
	Absent:	None
	Abstain:	None

9. Review and consider use of funds of Covid Relief Funds received from State of California

Operations Manager Vazquez-Varela informed the Board of Directors of the Funds received from State of California from Covid Relief Funds. Staff applied for the \$6,507.78 incurred due to Covid. The District received \$55,000 in total relief funds. There are no restrictions on how funds can be used. The Board of Directors agreed in putting back into the Operating Account the amount of funds incurred for Covid expenses and put away the rest of the funds.

Motion was made by Director Olsen seconded by Director Moody to approve reimbursing the Operating Account \$6,507.78 and saving the rest of the funds. Motion carried.

Roll Call Vote:	Ayes:	S. Coplin; R. Moody; D. Lambolely; D. Olsen; C. Miller
	Noes:	None
	Absent:	None
	Abstain:	None

STAFF/COMMITTEE REPORTS: (Informational Only)

1. District Operations Update: due to COVID-19

- Office remains closed to public; continuing to take payments by phone or drop off
- Office will be at ¾ staffing beginning January 3, 2022, with physical distancing requirements met and health screening protocols in place; masks or face coverings to be worn at all times while indoors.
- No vendors or members of the public are allowed into Office

2. Board Training and requirements

- Ethics Training is due every two years (CSDA online).
- Sexual Harassment Prevention training is due every two years (live Webinar.) Next live webinar is being offered on February 15, 2022, at 10 am, Staff will host the webinar at District office for Directors interested.
- Board Member Handbook will be provided to all Directors.

3. District Operations Report

Springfield Planning Grant

- Staff is working on the letter of intent and water agreement with the Moss Landing Mobile Home Park owner Lisa Eastman. When the draft is complete it will be forwarded to District Counsel for review.

Generator Project

- Six (6) Generac generators are up and running. The Matterhorn Generac ran flawlessly for 7 hours during a recent power outage.

Hazard Mitigation Plan (LHMP)

- We had great participation from the Planning Committee, the committee has provided important input for the Local Hazard Mitigation Plan. Next Committee meeting will be the last week of February 2022. Project is on schedule.

.71 acres Surplus Property

- The Board of Supervisors approved \$5,000 payment to District from surplus property sale proceeds. County Staff is anticipating this item to be on the February 2022 agenda.

21-22 Work Plan- Sunny Mesa Well 1 Repair

- Now that the well is repaired, we are awaiting State approval to place well online.

4. Usage Comparison Report 2020/2021

- The water usage in November is down in most systems except for Moss Landing, MBARI, our big user was closed down in November 2021 and is now open causing this increase in use.
- The water usage in December is down in most systems except for Vierra Estates due to a major leak on customer side.

NEXT BOARD MEETING:

The next Regular Board Meeting is to be held on Thursday, February 24, 2022, 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 7:46 pm with motion made by Director Olsen seconded by Director Miller. Motion carried.

Respectfully submitted by:

Sanford Coplin, President

Robert Moody, Vice President

Judith Vazquez-Varela, Recorder

Staff Report
January 27, 2022

Consider, pursuant to AB 361 and in order for Board of Directors to continue meeting remotely, that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; the Committees have reconsidered the circumstances of the state of emergency; and the Monterey County Health Officer continues to recommend social distancing measures for meetings of the legislative bodies.

RECOMMENDATION:

It is recommended that the Board of Directors find, pursuant to AB 361 and in order for the Board to continue meeting remotely, that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; the Committees have reconsidered the circumstances of the state of emergency; and the Monterey County Health Officer continues to recommend social distancing measures for meetings of the legislative bodies.

SUMMARY/DISCUSSION:

On September 16, 2021, Governor Newsom signed AB 361. This legislation amends the Brown Act to allow meeting bodies subject to the Brown Act to meet via teleconference during a proclaimed state of emergency in accordance with teleconference procedures established by AB 361 rather than under the Brown Act's more narrow standard rules for participation in a meeting by teleconference. AB 361 provides that if a state or local health official recommends social distancing, a legislative body may meet remotely after September 30, 2021, provided and within 30 days of the first meeting after September 30, and every 30 days thereafter, the legislative body finds 1) the Governor's proclaimed state of emergency is still in effect; 2) the legislative body has reconsidered the circumstances of the state of emergency, and 3) either the Monterey County Health Officer continues to recommend social distancing measures for meetings of legislative bodies or the state of emergency continues to directly impact the ability of the members to meet in person.

The Monterey County Health Officer has recommended social distancing measures for meetings of legislative bodies. In order to continue meeting remotely, Board of Directors must make the findings outlined above.

Accordingly, staff recommends making the appropriate findings. This action will be required every 30 days in order to keep meeting remotely.

A RESOLUTION OF THE PAJARO SUNNY MESA COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS AUTHORIZING TELECONFERENCED PUBLIC MEETINGS IN FEBRUARY, 2022¹

WHEREAS, the Governor issued a Proclamation of a State of Emergency in response to COVID-19 on March 4, 2020; and

WHEREAS, the Governor issued Executive Order N-29-20 on March 17, 2020, changing teleconferencing requirements under the Brown Act; and

WHEREAS, on, the Governor issued Executive Order N-08- 21 on June 11, 2021, extending Order N-29-20 until September 30, 2021; and

WHEREAS, California Assembly Bill 361 became law as an urgency measure on September 16, 2021; and

WHEREAS, AB 361 suspends certain provisions of the Brown Act under certain conditions¹, including

1. The public must be able to watch and comment during the teleconferenced public meetings; and
2. There must be notice of a way the public to access the meeting and comment, including by call-in or an internet connection; and
3. There can be no action when there is a disruption which prevents the District from broadcasting the meeting, or if of a disruption within the District's control which prevents members of the public from offering public comments, until public access is restored; and
4. The District may not require public comments be submitted before the meeting; and
5. The District must allow the public to address the District Board and offer contemporaneous comment; and
6. The Board may not close the public comment period until the public comment has ended or until a reasonable amount of time has passed; and

WHEREAS, the District intends to comply with subdivisions (e) (2) (A through G) of Government Code Sec. 54953; and

WHEREAS, subdivisions (e)(3)(A and B) of Government Code Section 54953 allow

¹ Subdivision (e)((2) (A) through (G) inclusive of the California Government Code (part of the Brown Act)

an alternative to having public meetings in accordance with Government Code Section 54953(b)(3) if the District can make certain findings; and

WHEREAS, although the District reviewed and considered staff recommendations and deliberated at its September 23, 2021 whether to direct Staff to prepare for in person meetings beginning with the October Regular Board Meeting; and

WHEREAS, a Motion was made by Director Coplin on September 23rd and seconded by Director Lamboley to direct Staff to prepare for in person public meetings beginning with the regular October, 2021 Regular Board Meeting and the motion was deliberated and passed 4-0 with one absence; and

WHEREAS, due to the recent increase in infection rates from the Omicron variant of COVID-19, staff recommends that the Board now adopt a resolution, in accordance with the requirements of AB 361, authorizing District Board teleconferenced meetings in January so that meetings may be conducted via teleconference; and

WHEREAS, Monterey County, the State of California and the Country in general, are currently facing a surge in infection rates due to the Omicron variant.

WHEREAS, the District continues to recommend measures to promote social distancing, which includes but is not limited to:

- Requiring District employees to either be vaccinated or show proof of negative COVID-19 testing.
- Requiring staff and the public to wear masks in District buildings.
- Posting COVID-19 safety measures on the District's social media pages; and

WHEREAS, the District Board has considered all information related to this matter, as presented at the public meetings including information provided by the General Manager and others during the public meeting.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The District Board declares that the above recitals are true and correct and are incorporated into this resolution as findings of the District Board.
2. The District Board hereby adopts the following additional findings:
 - (a) That proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15378(b)(5), in that adopting this Resolution does not meet CEQA's definition of a "project," because the Board's action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and because the action is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment and is exempt pursuant to Section 15269(c) of the CEQA Guidelines, as specific actions necessary to prevent or mitigate an emergency.
 - (b) That as a result of the COVID-19 pandemic and the Governor's state of emergency, the District Board has determined that COVID-19, and particularly the Omicron variant, continue to impact the ability of members of the public, the District Board, District staff and consultants to meet safely in person at public meetings and that meeting in person during this period of a surge in COVID-19 cases would present imminent risks to the health or safety of attendees.
 - (c) The District continues to recommend measures to promote social

distancing and the District continues to follow safety measures in response to COVID-19 as ordered or recommended by the Centers for Disease Control and Prevention (CDC), California Department of Public Health (DPH), and/or County of Monterey, as applicable, including facial coverings and social distancing indoors, when required. Based upon that guidance, in person attendance at public meetings presents an imminent risk to the health and safety of attendees, necessitating teleconferencing to allow for meaningful public participation options for all District constituents.

3. The District Board hereby declares that, pursuant to the findings in this Resolution, the District Board shall use teleconferencing to conduct public meetings pursuant to AB 361 and Government Code § 54953, as amended during the month of January, 2022.

4. The District Board determines that, if necessary, it will reconsider these findings at the next regular meeting or within thirty days, whichever last occurs, to continue teleconference hearings if the surge in COVID-19 infections continue to directly impact the ability of the Board to meet safely in person beyond January, 2022.

5. If any section, subsection, sentence, clause, phrase or word of this resolution is for any reason held to be unconstitutional, unlawful or otherwise invalid by a court of competent jurisdiction or preempted by state legislation, such decision or legislation shall not affect the validity of the remaining portions of this resolution. The District Board hereby declares that it would have passed and adopted this resolution and each and all provisions thereof irrespective of the fact that any one or more of said provisions be declared unconstitutional, unlawful or otherwise invalid.

6. This Resolution shall become effective immediately as an urgency measure.



January 6, 2022

RE: **Pajaro/Sunny Mesa Community Services District
2022 Revenue Financing**

Based upon your request and preliminary review of the information provided to-date, First Foundation Public Finance ("FFPF") would like express its interest in underwriting and obtaining credit approval for the following Credit Facility to the Pajaro/Sunny Mesa Community Services District, CA ("Borrower") based on the terms outlined below. This Letter is provided by First Foundation Public Finance for discussion purposes only. *It is not intended to be binding, does not create any obligation on the part of First Foundation Public Finance to Sponsor or any third party, and is not a commitment to lend or agreement of any kind. No obligation whatsoever on the part of First Foundation Public Finance shall arise until execution and delivery of a formal commitment or loan documentation by a duly authorized officer of First Foundation Public Finance, which obligation shall be subject to all of the conditions contained therein.*

The proposed loan conditions are:

STRUCTURE: Term

PURPOSE: Finance improvements to the District's meter reading equipment

MAX. LOAN AMT: \$500,000

INTEREST RATE: Tax-exempt, BQ: 2.73% (3.79% taxable equivalent)

RATE LOCK: The Rate will be for 60 days prior to dosing. If the Credit Facility fails to dose within this period, FFPF reserves the right to adjust the rate.

TERM: 20-years

REPAYMENT: Semi-annual interest and principal payments

AVERAGE LIFE: 11.50-years

PRE-PAYMENT: Repayable at 103% of par in years 1-2, declining to 102% in years 3-4, and 101% in years 5-6. Redeemable at par beginning in year 7 and thereafter.

COLLATERAL: Net revenue pledge

COVENANTS: 1.20x annual debt service coverage

ADDITIONAL TERMS: Documents to be prepared by the Borrower's Bond Counsel for review by FFPF's counsel Nixon Peabody, LLP. Legal fees and expenses of Nixon Peabody, LLP should not exceed \$10,000. All other filing fees and related fees shall be paid by the Borrower in connection with the issuance (including applicable CDIAAC fees).

Periodic financial and collateral reporting by the Borrower, as well as representations and warranties of the Borrower regarding its status and ability to repay, taxability gross-up and covenants and conditions that are appropriate for a Credit Facility of the scope and nature proposed above will be determined as part of FFPF's underwriting and credit approval process.

PDF's of all executed and other documents listed on the Closing Index shall be provided to FFPF no later than 24 hours before the time of the requested wire; provided, that if any documents can only be signed after receipt of the wire, those documents shall be provided immediately after receipt of the wire.

In an event of default, a default rate equal to the Interest Rate + 3.00% will be required.

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Deposit Insurance Corporation, Consumer Response Center, 1100 Walnut Street, Box #11, Kansas City, MO 64106.

2022 LOAN AGREEMENT

This LOAN AGREEMENT (as amended and supplemented, this "Loan Agreement"), dated as of _____, 20__, is between First Foundation Public Finance, as Delaware statutory trust and wholly owned subsidiary of First Foundation Bank (including its successors and assigns, the "Lender"), as lender, and the PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT, a community services district duly organized and existing under the Community Services District Law of the State of California (the "District"), as borrower.

BACKGROUND:

1. The District owns and operates a system for the supply, treatment and distribution of water within the service area of the District (the "Water System").
2. In order to provide funds to finance improvements to the Water System, the District previously incurred the following obligations (collectively, the "Prior Obligations"):
 - (a) 2021 Water Revenue Bonds, dated August 19, 2021, in the principal amount of \$1,660,000.
 - (b) 2015 Water Revenue Refunding Bonds, dated June 25, 2015, in the principal amount of \$2,275,000.
 - (c) 2007 Loan Refinancing and District Improvement Project in the aggregate original principal amount of \$520,000 pursuant to Resolution No.03-01-07, adopted by the Board of Directors of the District on March 14, 2007.
3. The District has determined that it is in its best interests at this time to borrow the amount of \$340,000 from the Lender as provided herein (the "Loan").
4. The repayment of the Loan will be payable from and secured by a pledge of and lien on the net revenues from the operation of the Water System as provided herein.

AGREEMENT:

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Lender formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND APPENDICES

SECTION 1.1. *Definitions.* All terms defined in this Section have the meanings herein specified for all purposes of this Loan Agreement.

"Additional Revenues" means, with respect to the issuance of any Parity Obligations, an allowance for Net Revenues arising from any increase in the charges made for service from the Water System which has become effective prior to the incurring of such Parity Obligations but which, during all or any part of the latest Fiscal Year or such 12-month period, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12-month period, all as shown by the certificate or opinion of an independent certified public accountant employed by the District.

"Applicable Environmental Laws" means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC Sections 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC Sections 6901 et seq.; the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code Sections 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), California Health & Safety Code Sections 25300 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code Sections 13000 et seq.; the Air Resource Act, California Health & Safety code Sections 3900 et seq.; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 et seq.; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern the Electric System.

"Bond Counsel" means (a) Robert M. Haight, Attorney at Law, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

"Closing Date" means January ____, 2022, being the date of execution and delivery of this Loan Agreement by the parties hereto, as first set forth above.

"Determination of Taxability" means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the District files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have occurred;

(ii) on the date when the Lender notifies the District that it has received a written opinion from Bond Counsel to the effect that an Event of Taxability has occurred, which notice shall be accompanied by a copy of such opinion of Bond Counsel, unless, within 180 days after receipt by the District of such notification and copy of such opinion from the Lender, the District shall deliver to the Lender a ruling or determination letter issued to or on behalf of the District by the Commissioner or any District Director of the Internal

Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the District shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon any review or audit or upon any other ground whatsoever, an Event of Taxability has occurred; or

(iv) on the date when the District shall receive notice from the Lender that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed the interest on the Loan Repayments as includable in the gross income of the Lender due to the occurrence of an Event of Taxability, provided that the Lender has provided a copy of document(s) received from the Internal Revenue Service to the District;

provided, however, that no Determination of Taxability shall occur under subparagraph (iii) or subparagraph (iv) above unless the District has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Lender following an event listed in subparagraphs (i), (ii), (iii) or (iv), the District shall reimburse the Lender for any payments, including any taxes, interest, penalties or other charges, Lender shall be obligated to make to the Internal Revenue Service as a result of the Determination of Taxability.

"District" means the Pajaro/Sunny Mesa Community Services District, a community services district formed under the Community Services District Law of the State of California (constituting Division 3 of Title 6 of the California Government Code, commencing with Section 61000).

"Event of Default" means any of the events of default as defined in Section 5.1.

"Event of Taxability" means any action taken or not taken by the District which has the effect of causing interest paid or payable on the Loan Repayments to be includable, in whole or in part, in the gross income of the holder of the Loan Repayments for federal income tax purposes.

"Federal Securities" means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

"Fiscal Year" means each twelve-month period during the Term commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the District as its fiscal year period.

"Gross Revenues" means all gross charges received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Water System or otherwise arising from the Water System, including but not limited to (a) connection charges and (b) earnings on the investment of the foregoing.

"Lender" means First Foundation, organized and existing under the laws of the State of California, and its successors and assigns.

"Loan" means the loan which is made hereunder by the Lender to the District in the principal amount of \$340,000.

"Loan Agreement" means this Loan Agreement, as it may be amended in accordance with its terms.

"Loan Repayment Date" means March 2 and September 2 in each year, commencing March 2, 2022 and continuing to and including the date on which the Loan Repayments are paid in full.

"Loan Repayments" means all payments required to be paid by the District under Section 3.4, including any prepayment thereof under Sections 6.1 or 6.2.

"Maintenance and Operation Costs" means the reasonable and necessary costs and expenses paid by the District for maintaining and operating the Water System, including but not limited to the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water System in good repair and working order, and including but not limited to administrative costs of the District attributable to the Water System and the financing thereof. "Maintenance and Operation Costs" do not include (a) depreciation, replacement and obsolescence charges or reserves therefor, (b) amortization of intangibles or other bookkeeping entries of a similar nature, (c) payments of principal of and interest on any Parity Obligations or other obligations of the District, and (d) costs of capital additions, replacements or improvements which are chargeable to a capital account.

"Maximum Annual Debt Service" means, as of the date of any calculation, the maximum sum obtained for the current or any future Fiscal Year during the Term by totaling the aggregate amount of (i) the Loan Repayments coming due in such Fiscal Year, and (ii) the principal and interest coming due and payable in such Fiscal Year on any Parity Obligations which are payable from the Net Revenues, including the principal amount coming due and payable by operation of mandatory sinking fund redemption. There shall be excluded from such calculation any principal of and interest on any obligations which have been defeased or discharged, or for the payment of which a security deposit has been posted.

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received from the Water System during such period, minus the amount required to pay all Maintenance and Operation Costs of the Water System which are payable during such period, provided the debt service coverage shall not be in any period less than 1.20%

"2007 Loan Resolution" means Resolution No.03-01-07, adopted by the Board of Directors of the District on March 14, 2007, pursuant to which the District issued its 2007

Loan Refinancing and District Improvement Project Loan, in the aggregate principal amount of \$520,000.

"2015 Water Revenue Refunding Bond Resolution" means Resolution No.05-02-15, adopted by the Board of Directors of the District on May 20, 2015, pursuant to which the District issued its 2015 Water Revenue Refunding Bonds, dated June 25, 2015 in the original amount of \$2,275,000.

"2021 Water Revenue Bond Resolution" means Resolution No. 07-01-21, adopted by the Board of Directors of the District on July 22, 2021, pursuant to which the District issued its 2021 Water Revenue Bonds, dated August 19, 2021 in the original amount of \$1,660,000.

"Parity Obligations" means any bonds, notes or other obligations of the District payable from and secured by a pledge of and lien on the Net Revenues on a parity with the Loan Repayments.

"Prior Obligations" means, collectively, the following obligations of the District incurred to finance improvements to the Water System:

- (a) 2007 Loan Resolution between Santa Cruz County Bank and the District, dated as of March 14, 2007, pursuant to which the District is obligated to make payments to Santa Cruz County Bank in the aggregate principal amount of \$520,000;
- (b) 2015 Water Revenue Refunding Bonds, dated June 25, 2015, in the original amount of \$2,275,000
- (c) 2021 Water Revenue Bonds dated August 19, 2021 issued by the District in the aggregate original principal amount of \$1,660,000 pursuant to Resolution No. 07-01-21, adopted by the Board of Directors of the District on July 22, 2021.

"Taxable Rate" means 3.79%.

"Tax Exempt Rate" means with respect to the 2021 Loan Agreement, 2.73%

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

"Term" means the time during which this Loan Agreement is in effect, as provided in Section 3.3.

"Water Revenue Fund" means the "Water Revenue Fund" which the District will establish pursuant to Section 3.6(a) for the receipt and deposit of Gross Revenues derived from the Water System.

"Water System" means the District's system for the supply, treatment and distribution of water within the service area of the District.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1. *Representations, Covenants and Warranties of District.* The District represents, covenants and warrants to the Lender as follows:

- (a) Due Organization and Existence. The District is a community services district and political subdivision of the State of California, duly organized and existing under the Community Services District Law of the State of California, has full legal right, power and authority under the laws of the State of California to enter into this Loan Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the District has duly authorized the execution and delivery of this Loan Agreement
- (b) Authorization and Enforceability. The laws of the State of California authorize the District to enter into this Loan Agreement, to enter into the transactions contemplated hereby and to carry out its obligations hereunder, and the Board of Directors of the District has duly authorized the execution and delivery of this Loan Agreement. This Loan Agreement constitutes the legal, valid and binding agreement of the District enforceable against the District in accordance with its terms.
- (c) No Violations. Neither the execution and delivery of this Loan Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the District, other than as set forth herein.
- (d) Prior Indebtedness. Except for the Prior Obligations to be paid and prepaid with the proceeds of the Loan, the District has not issued or incurred any obligations which are currently outstanding having any priority in payment out of the Gross Revenues or the Net Revenues over the payment of the Loan Repayments.
- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection

with the execution and delivery of this Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

- (f) No Litigation. To the best knowledge of the undersigned, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, educational or other governmental authority pending or, to the knowledge of the District, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Loan Agreement or upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, educational or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the financial conditions, assets, properties or operations of the District.
- (g) No Defaults. To the best knowledge of the District, the District has never not appropriated or defaulted under any of its payment or performance obligations or covenants, either under any loan agreement of the same general nature as this Loan Agreement, or under any of its bonds, notes, or other debt obligations.
- (h) Fee Title. The District is the owner in fee of title, or has necessary rights of access, to the property where the Water System is located. No lien or encumbrance on such property materially impairs the District's use of the property for the purposes for which it is, or may reasonably be expected to be, used.
- (i) Flooding Risk. The Water System's tanks, treatment plants and offices are located in a 100-year flood zone.
- (j) Change in Financial Condition. The District has experienced no material change in its financial condition since the adoption of its budget for the Fiscal Year ending June 30, 2020, which has been provided to the Lender.
- (k) Financial Statements. The statement of net position of the District as of June 30, 2020, and the related statement of revenues, expenses, and changes in net position for the year ended June 30, 2020, and statement of cash flows for the year ended June 30, 2020, and the independent auditor's report with respect thereto, copies of which have heretofore been furnished to the Lender, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the District at such date and for such period, and were prepared in accordance with generally accepted accounting principles. Since the period of such statements, there has been (i) no change which would have a material adverse effect on the District and (ii) no material increase in the indebtedness of the District.

- (l) Accuracy of Information. All information, reports and other papers and data furnished by the District to the Lender were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Lender a true and accurate knowledge of the subject matter and were provided in expectation of the Lender's reliance thereon in entering into the transactions contemplated by this Loan Agreement. No fact is known to the District which has had or, so far as the District can now reasonably foresee, may in the future have a material adverse effect on the District, which has not been set forth in the financial statements previously furnished to the Lender or in other such information, reports, papers and data or otherwise disclosed in writing to the Lender prior to the Closing Date. Any financial, budget and other projections furnished to the Lender by the District or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the District's best estimate of its future financial performance.
- (m) Rate Setting. The District is empowered to set rates, fees and charges for the services and facilities furnished by the Water System without review or approval by any state or local government agency.

SECTION 2.2. *Role of Lender.* The District acknowledges that (i) the Lender is acting solely for its own loan account and not as a fiduciary for the District or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor, (ii) the Lender has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the District with respect to this Loan Agreement, (iii) the Lender has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, if any, or the correctness of any legal interpretation made by counsel to any other party, if any, with respect to any such matters, and (iv) the District has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the financing effectuated through this Loan Agreement from its financial, legal and other advisors (and not from the Lender nor the Lender's legal counsel Nixon Peabody LLP.) to the extent that the District desired to obtain such advice.

SECTION 2.3. *Representations, Covenants and Warranties of Lender.* The Lender represents, covenants and warrants to the District as follows:

- (a) Due Organization and Existence. The Lender is a corporation duly organized and existing under the laws of its jurisdiction of formation; has power to enter into this Loan Agreement; is possessed of full power to make the Loan as provided herein; and the governing board of the Lender, or authorized designees thereof, has duly authorized the execution and delivery of this Loan Agreement.
- (b) No Violations. Neither the execution and delivery of this Loan Agreement, nor the funding of the Loan, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any

material agreement or instrument to which the Lender is now a party or by which the Lender is bound, or constitutes a default under any of the foregoing.

ARTICLE III

TERMS OF LOAN

SECTION 3.1. *Obligation to Make Loan; Amount of Loan.* The Lender hereby agrees to lend to the District, and the District hereby agrees to borrow from the Lender, the Loan in the principal amount not to exceed \$340,000, under the terms and provisions set forth in this Loan Agreement and in the term sheet attached as Appendix "A". The Loan shall be made by the Lender to the District in immediately available funds on the Closing Date.

SECTION 3.2. *Application of Loan Proceeds.* The Lender hereby agrees on the Closing Date to apply the proceeds of the Loan as follows:

(a) Loan Proceeds. Of the proceeds of the Loan, the Lender shall (i) wire the amount of \$_____ in immediately available funds to the Project Fund, and (ii) apply the remaining \$_____ to pay costs of issuance related to the Loan in accordance the following subsection (b).

(b) Payment of Costs of Issuance. As set forth in the foregoing clause (a), a portion of the proceeds of the Loan shall be applied to pay costs of issuance relating to the Loan. On the Closing Date, the Lender shall pay such costs directly to the payees and in the amounts as set forth in a written request filed with the Lender by the authorized officer of the District, upon which the Lender may conclusively rely. Any amount of Loan proceeds not required for payment of such costs on the Closing Date shall be remitted to the District for deposit into the Water Revenue Fund and used for the purposes set forth in Section 3.6.

SECTION 3.3. *Term.* The Term of this Loan Agreement commences on the Closing Date, and ends on the date on which the Loan is paid in full or provision for such payment is made as provided herein.

SECTION 3.4. *Loan Repayments.*

(a) Payment of Principal and Interest. Subject to the remainder of this Section, the District hereby agrees to repay the Loan in the aggregate principal amount not to exceed \$340,000 together with interest (calculated at the rate of 2.73% on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof. Such payments shall made in the respective amounts and on the respective Loan Repayment Dates specified in Appendix A. In the event the Loan Installment is prepaid, the Lender shall file an amended schedule with the District showing the amount of each Loan Repayment coming due thereafter in respect of the Loan.

(b) Prepayment. If the District prepays the Loan Repayments in full under Article VI, the District's obligations under this Loan Agreement shall thereupon cease and

terminate, including but not limited to the District's obligation to pay Loan Repayments under this Section; subject however, to the provisions of Section 6.3 in the case of prepayment by application of a security deposit

(c) Default Rate. If an Event of Default under this Loan Agreement occurs, the District agrees to pay amounts due the Lender with interest thereon, to the extent permitted by law, from the occurrence thereof to the applicable date of payment at the rate of the then applicable interest rate plus 3% per annum.

(d) Taxable Rate. From and after an Event of Taxability, following a Determination of Taxability, the Loan shall bear interest at the Taxable Rate.

SECTION 3.5. *Nature of the District's Obligations.*

(a) Special Obligation. The District's obligation to pay the Loan Repayments is a special obligation of the District limited solely to the Net Revenues of the Water System and amounts on deposit in the Water Revenue Fund. Except as provided in subsection (b) of this Section, the District is not required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Loan Repayments, and no other funds or property of the District are liable for the payment of the Loan Repayments.

(b) Obligations Absolute. The obligation of the District to pay the Loan Repayments from the Net Revenues and the obligation of the District to perform and observe the other agreements contained herein, are absolute and unconditional and are not subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the District or the Lender of any obligation to the District or otherwise with respect to the Water System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Lender. Until such time as all of the Loan Repayments have been fully paid or prepaid, the District:

- (i) will not suspend or discontinue payment of any Loan Repayments,
- (ii) will perform and observe all other agreements contained in this Loan Agreement, and
- (iii) will not terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Water System, the sale of the Water System, the taking by eminent domain of title to or temporary use of any component of the Water System, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Lender to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement.

SECTION 3.6. *Pledge and Application of Net Revenues and Water Revenue Fund.*

(a) Establishment of Water Revenue Fund. The District shall establish and maintain the "Water Revenue Fund," which the District agrees to hold and maintain for the purposes and uses set forth herein during the Term of this Loan Agreement. The District shall deposit all Gross Revenues of the Water System in the Water Revenue Fund promptly upon the receipt thereof.

(b) Pledge. All of the Net Revenues on deposit in the Water Revenue Fund are hereby irrevocably pledged to the punctual payment of the Loan Repayments and any Parity Obligations. The Net Revenues on deposit in the Water Revenue Fund may not be used for any other purpose so long as the Loan Repayments remain unpaid; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by this Section.

(c) Transfers to Make Loan Repayments. All Net Revenues will be held by the District in the Water Revenue Fund in trust for the benefit of the Lender and for the security of any Parity Obligations. The District shall withdraw from the Water Revenue Fund and transfer to the Lender an amount of Net Revenues equal to the aggregate amount of the Loan Repayments and transfer to the appropriate payee thereof the debt service on any Parity Obligations when due and payable.

(d) Other Uses Permitted. The District shall manage, conserve and apply the Net Revenues in such a manner that all deposits required to be made under the preceding provisions of this Section will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing hereunder, the District may at any time and from time to time use and apply Net Revenues for (i) the acquisition and construction of improvements to the Water System, (ii) the prepayment of the Loan and any Parity Obligations, or (iii) any other lawful purpose of the District.

ARTICLE IV

COVENANTS OF DISTRICT

SECTION 4.1. *Operation of Water System in Efficient and Economical Manner; Release and Indemnification Covenants.* (a) The District shall operate the Water System in an efficient and economical manner and shall operate, maintain and preserve the Water System in good repair and working order and in compliance with all Laws, including, but not limited to, Applicable Environmental Laws. The District shall indemnify the Lender and its officers, agents, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of the following:

- (a) the use, maintenance, condition or management of, or from any work or thing done on or about the Water System by the District,
- (b) any breach or default on the part of the District in the performance of any of its obligations under this Loan Agreement,

- (c) any intentional misconduct or negligence of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Water System, and
- (d) any intentional misconduct or negligence of any lessee of the District with respect to the Water System.

No indemnification is made under this Section or elsewhere in this Loan Agreement for willful misconduct, gross negligence, or breach of duty under this Loan Agreement by the Lender, its officers, agents, employees, successors or assigns.

SECTION 4.2. *Sale or Eminent Domain of Water System.* Except as provided herein, the District covenants that the Water System will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the District to pay the Loan Repayments or any Parity Obligations, or would materially adversely affect its ability to comply with the terms of this Loan Agreement or the documents authorizing the issuance of any Parity Obligations. The District shall not enter into any agreement which impairs the operation of the Water System or any part of it necessary to secure adequate Net Revenues to pay the Loan Repayments or any Parity Obligations, or which otherwise would impair the rights of the Lender with respect to the Net Revenues. If any substantial part of the Water System is sold, the payment therefor must either (a) be used for the acquisition or construction of improvements and extensions or replacement facilities or (b) be applied to prepay outstanding obligations of the District relating to the Water System.

Any amounts received as awards as a result of the taking of all or any part of the Water System by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the District, shall either (a) be used for the acquisition or construction of improvements and extension of the Water System, or (b) be applied to prepay outstanding obligations of the District relating to the Water System.

SECTION 4.3. *Insurance.* The District shall at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Water System. If any useful part of the Water System is damaged or destroyed, such part shall be restored to usable condition. All amounts collected from insurance against accident to or destruction of any portion of the Water System shall be used to repair or rebuild such damaged or destroyed portion of the Water System, and to the extent not so applied, shall be applied on a pro rata basis to pay the Loan and any Parity Obligations in the manner provided in this Loan Agreement and in the documents authorizing such Parity Obligations. The District shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the District and the Lender. Any insurance required to be maintained hereunder may be maintained by the District in the form of self-insurance or in the form of participation by the District in a program of pooled insurance. The insurance required by this Section and provided by third party insurance carriers shall name the District and the Lender as insured parties and the Lender as loss payee and shall include a lender's loss payable endorsement for the benefit of the Lender.

SECTION 4.4. *Records and Accounts.* The District shall keep proper books of records and accounts of the Water System, separate from all other records and accounts, in which complete and correct entries are made of all transactions relating to the Water System. Said books shall, upon prior request, be subject to the reasonable inspection of the Lender.

The District shall cause the books and accounts of the Water System to be audited annually by an independent certified public accountant or firm of certified public accountants, not more than 270 days after the close of each Fiscal Year, and shall furnish a copy of such report to Lender. The audit of the accounts of the Water System may be included as part of a general District-wide audit. In addition, the District shall provide the Lender, within 30 days after adoption, a copy of its annual budget.

The District shall cause to be published annually, not more than 270 days after the close of each Fiscal Year, a summary statement showing the amount of Gross Revenues and the disbursements from Gross Revenues and from other funds of the District in reasonable detail. The District shall furnish a copy of the statement, to the Lender.

Additionally, the District shall provide the Lender with a copy of the District's annual budget, as adopted or amended, or post a copy of such report to the internet site of the District (with notice to the Lender of such posting), within 30 days of adoption or amendment.

The District shall also provide the Lender such additional information reasonably requested by the Lender to the extent permitted by law.

SECTION 4.5. *Rates and Charges.*

(a) Covenant Regarding Gross Revenues. The District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which (together with existing unencumbered fund balances which are maintained in the form of cash or cash equivalents, and which are lawfully available to the District for payment of any of the following amounts during such Fiscal Year) are at least sufficient, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order:

- (i) All Maintenance and Operation Costs of the Water System estimated by the District to become due and payable in such Fiscal Year;
- (ii) The Loan Repayments and all principal of and interest on any Parity Obligations which are payable from the Net Revenues as they become due and payable during such Fiscal Year, without preference or priority; and
- (iii) All payments required to meet any other obligations of the District which are charges, liens, encumbrances upon or payable from the Gross Revenues of the Water System during such Fiscal Year.

(b) Covenant Regarding Net Revenues. In addition to the covenant set forth in the preceding clause (a) of this Section, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System

during each Fiscal Year which (together with existing unencumbered fund balances which are maintained in the form of cash or cash equivalents, and which are lawfully available to the District for payment of any of the following amounts during such Fiscal Year) are sufficient to yield Net Revenues which are at least equal to 120% of the Loan Repayments and any Parity Obligations which are payable from the Net Revenues, when and as the same come due and payable during such Fiscal Year.

SECTION 4.6. *No Priority for Additional Obligations.* The District may not issue or incur any bonds or other obligations having any priority in payment of principal or interest out of the Net Revenues over the Loan Repayments.

SECTION 4.7. *Issuance of Parity Obligations.* Except for obligations incurred to prepay or post a security deposit for the Loan in whole, the District may not issue or incur any Parity Obligations unless:

- (a) The District is not then in default under the terms of this Loan Agreement or the documents authorizing any Parity Obligations, and
- (b) The amount of such Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the latest Fiscal Year or as shown by the books of the District for any more recent 12-month period selected by the District, in either case verified by a certificate or opinion of an independent certified public accountant employed by the District, plus (at the option of the District) the Additional Revenues, are at least equal to 120% of the amount of Maximum Annual Debt Service.

SECTION 4.8. [Reserved]

SECTION 4.9. *Assignment by the Lender.* The Lender has the right to make an assignment of its interests herein, but no such assignment will be effective as against the District unless and until the Lender files with the District written notice thereof. The District shall pay all Loan Repayments hereunder under the written direction of the Lender named in the most recent assignment or notice of assignment filed with the District. During the Term, the District shall keep a complete and accurate record of all such notices of assignment.

SECTION 4.10. *Assignment by District.* Neither the Loan nor this Loan Agreement may be assigned by the District, other than to a public agency which succeeds to the interests of the District in and to the Water System and which (by operation of law, by contract or otherwise) becomes legally bound to all of the terms and provisions hereof.

SECTION 4.11. *Amendment of this Loan Agreement.* This Loan Agreement may be amended by the District and the Lender by a written instrument evidencing such amendment.

SECTION 4.12. *Tax Covenants.*

(a) Generally. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured

would cause, the interest components of the Loan Repayments to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The District shall assure that the proceeds of the Loan are not so used as to cause the Loan to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

(c) Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Loan Repayments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The District shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Loan Repayments which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Loan Repayments to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(e) Small Issuer Exemption from Bank Nondeductibility Restriction. The District hereby designates this Loan Agreement for purposes of paragraph (3) of Section 265(b) of the Tax Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Tax Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Tax Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including this Loan Agreement, has been or will be issued by the District, including all subordinate entities of the District, during the calendar year 2016.

(f) Arbitrage Rebate. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Loan.

(g) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in the following sentence, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Loan Agreement, or otherwise containing gross proceeds of the Loan (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at their present value (within the meaning of section 148 of the Tax Code).

For purposes of this subsection (g), the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as

referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

SECTION 4.13. *Maintenance of Depository Relationship.* During the Term, the District shall maintain a depository banking relationship with the Lender.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1. *Events of Default Defined.* The following are Events of Default under this Loan Agreement:

- (a) Failure by the District to pay any Loan Repayment or other payment required hereunder after the date on which such Loan Repayment or other payment becomes due.
- (b) Failure by the District to observe any representation or warranty and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Lender; *provided, however,* if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30-day period, the Lender may not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within such 30-day period and diligently pursued until the default is corrected.
- (c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

- (d) The occurrence of any event of default under and as defined in any documents authorizing the issuance of any Parity Obligations that are issued and outstanding during the Term, and such event of default has not been cured within the timeframes provided in such documents.
- (e) Any representation or certification of the District made hereunder or in connection with this Loan Agreement shall have been incorrect or misleading when made.

SECTION 5.2. *Remedies on Default.* Upon the occurrence and during the continuation of an Event of Default, the Lender may, at its option and without any further demand or notice:

- (a) declare all principal components of the unpaid Loan Repayments, together with accrued interest thereon from the immediately preceding Loan Repayment Date on which payment was made, to be immediately due and payable, whereupon the same will immediately become due and payable; and
- (b) take whatever action at law or in equity may appear necessary or desirable to collect the Loan Repayments then due or thereafter to become due during the Term, or enforce performance and observance of any obligation, agreement or covenant of the District under this Loan Agreement.

The provisions of the preceding clause (a) are subject to the condition that if, at any time after the principal components of the unpaid Loan Repayments have been so declared due and payable under the preceding clause (a), and before any judgment or decree for the payment of the moneys due have been obtained or entered, the District deposits with the Lender a sum sufficient to pay all principal components of the Loan Repayments coming due prior to such declaration and all matured interest components (if any) of the Loan Repayments, with interest on such overdue principal and interest components calculated at the rate of the then applicable interest rate plus 3% per annum, and a sum sufficient to pay all reasonable costs and expenses incurred by the Lender in the exercise of its rights and remedies hereunder, and any and all other defaults known to the Lender (other than in the payment of the principal and interest components of the Loan Repayments due and payable solely by reason of such declaration) have been made good, then, and in every such case, the Lender may, by written notice to the District, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 5.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Lender is exclusive, and every such remedy is cumulative and in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default impairs any such right or power or operates as a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lender to exercise any remedy reserved to it in this Article V it is not

necessary to give any notice, other than such notice as may be required in this Article V or by law.

SECTION 5.4. *Agreement to Pay Attorneys' Fees and Expenses.* If either party to this Loan Agreement defaults under any of the provisions hereof and the non-defaulting party employs attorneys (including in-house counsel) or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys (including those of in-house counsel) and such other expenses so incurred by the non-defaulting party.

SECTION 5.5. *No Additional Waiver Implied by One Waiver.* If any agreement contained in this Loan Agreement is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VI

PREPAYMENT OF LOAN

SECTION 6.1. *Optional Prepayment.*

(a) Loan Installment. The District may, at its option, prepay the unpaid principal components of the Loan Installment on any Loan Repayment Date, in whole, or in part among the remaining Loan Repayments on such basis as the District designates, upon not less than 30 days prior written notice to the Lender, at a prepayment price (expressed as a percentage of the principal amount of the Loan Installment to be prepaid), as set forth in the following table, plus accrued interest to the prepayment date:

<u>Prepayment Date</u>	<u>Prepayment Price</u>
Years 1-2	103%
Years 3-4	102
Years 5-6	101
Year 7 and thereafter	100

SECTION 6.2. *Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain.* The District shall prepay the unpaid principal balance of the Loan in whole on any date, or in part on any Loan Repayment Date, from and to the extent District determines to apply any proceeds of insurance award or condemnation award with respect to the Water System for such purpose under Sections 4.2 or 4.3 at a price equal to the principal amount to be prepaid, without premium. The District and the Lender hereby agree that such proceeds, to the extent remaining after payment of any delinquent Loan Repayments, shall be credited towards the District's obligations under this Section.

SECTION 6.3. *Security Deposit.* Notwithstanding any other provision of this Loan Agreement, the District may on any date secure the payment of Loan Repayments in

whole or in part, by irrevocably depositing with a fiduciary an amount of cash which, together with other available amounts, is either:

- (a) sufficient to pay all such Loan Repayments, including the principal and interest components thereof, when due under Section 3.4(a), or
- (b) invested in whole or in part in Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Loan Repayments when due under Section 3.4(a) or, if such amounts are sufficient to prepay the Loan Repayments in full under Section 6.3, when due on any optional prepayment date under Section 6.1, as the District instructs at the time of the deposit.

In the event of a security deposit under this Section for the payment in full of all remaining Loan Repayments, the pledge of Net Revenues from the Water System and all other security provided by this Loan Agreement for said obligations, will cease and terminate, excepting only the obligation of the District to make, or cause to be made, all of Loan Repayments from such security deposit.

ARTICLE VII

MISCELLANEOUS

SECTION 7.1. *Notices.* Any notice, request, complaint, demand or other communication under this Loan Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Lender or the District may, by written notice to the other party, from time to time modify the address or number to which communications are to be given hereunder.

If to the District:

Pajaro/Sunny Mesa Community Services District
136 San Juan Road
Royal Oaks, California 95076
Attention: General Manager

If to the Lender:

First Foundation Public Finance
2233 Douglas Boulevard, Suite 300
Roseville, California 95661
Attention: Loan Administration

SECTION 7.2. *Binding Effect.* This Loan Agreement inures to the benefit of and is binding upon the Lender and the District and their respective successors and assigns.

SECTION 7.3. *Severability.* If any provision of this Loan Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 7.4. *Net-net-net Contract.* This Loan Agreement is a "net-net-net" contract, and the District hereby agrees that the Loan Repayments are an absolute net return to the Lender, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 7.5. *Further Assurances and Corrective Instruments.* The Lender and the District shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Loan Agreement.

SECTION 7.6. *Execution in Counterparts.* This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 7.7. *Applicable Law.* This Loan Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 7.8. *Captions.* The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Loan Agreement.

Section 7.9 *Judicial Reference.* The Lender and the District hereby agree: (i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Loan Agreement or any document related thereto, any dealings between the District and the Lender related to the subject matter of this Loan Agreement (hereinafter, a "Claim") shall be determined by a consensual general judicial reference (the "Reference") pursuant to the provisions of Section 638 et. seq. of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time; (ii) upon a written request, or upon an appropriate motion by either the Lender or the District, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decision will constitute the conclusive determination of the Claim. The Lender and the District agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (iii) the Lender and the District shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 7.9; (iv) either the Lender or the District, as applicable, may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; (v) the Lender and the District, as applicable, will each have such rights to assert such objections as are set forth in Section 638 et seq. of the California Code of Civil Procedure; and (vi) all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

The parties to the Reference proceeding shall select a single neutral referee (the "Referee"), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least 10 years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within 10 days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the Trinity County Superior Court, or of the U.S. District Court for the Eastern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 7.9.

No provision of this Section 7.9 shall limit the right of either the Lender or the District, as the case may be, to (i) exercise such self-help remedies as might otherwise be available under applicable law; or (ii) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the Lender or the District to the Reference pursuant to this Section 7.9(c).

Promptly following the selection of the Referee, the parties to such Reference proceeding shall each advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

IN WITNESS WHEREOF, the Lender has caused this Loan Agreement to be executed in its corporate name by its duly authorized officer and the District has caused this Loan Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

FIRST FOUNDATION PUBLIC FINANCE
as Lender

By _____
Trevor Mael
Authorized Officer

PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

By _____
Board Chair

Attest:

District Secretary

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

January 27, 2022

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

Re: Fee Arrangement for 2022 Loan Agreement

Dear Honorable Board of Directors:

I am forwarding to you our form of agreement to conduct the 2022 Loan Agreement financing proceedings that are presently being contemplated by your Board (the "2022 Loan Agreement").

Upon the execution and delivery of 2022 Loan Agreement, 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 and opinion regarding the legal sufficiency of the proceedings.
5. Prepare the 2022 Loan Agreement to be used by the Placement Agent to describe the 2022 Loan Project.

For those services as set forth above in Sections 1 through 5, inclusive, or fees shall be the net sum of \$11,000, including all expenses, based upon the district executing and delivering not to exceed \$340,000 of Loan Proceeds. Services in representing the District in any litigation is not included in our fee.

Our fees shall be paid only if the 2022 Loan Agreement is executed and delivered and not otherwise. If proceeding are terminated for any reason by your Board at any time prior to said execution and 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 27th day of January, 2022

BOARD PRESIDENT

Pajaro/Sunny Mesa Community Services District

RESOLUTION NO. 02-02-22

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT APPOINTING BOND COUNSEL, ROBERT HAIGHT, LOAN CONSULTANT, STINSON SECURITIES, LLC., AND COUNSEL FOR FIRST FOUNDATION PUBLIC FINANCE, NIXON PEABODY, LLC., IN THE EXECUTION AND DELIVERY OF THE 2022 LOAN AGREEMENT, APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

2022 LOAN AGREEMENT

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

WHEREAS, the District is contemplating the execution and delivery of its 2022 Loan Agreement (the "Loan") to fund the purchase of new water meters with automated water reading systems (the "Project") and pay costs of issuance and it is necessary to appoint various consultants to advise the District and perform services necessary to finance the Loan and to authorize the General Manager and/or Board President to provide said approval to such documents as may be necessary; 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 execute and deliver the Loan; 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 loan consultant underwrite (the "Underwriter) to assist the District and First Foundation Public Finance (the "Lender") in underwriting the 2022 Loan, by and between the District and the Lender.

WHEREAS, the Board of Directors proposes to fund the 2022 Project, in an amount of not to exceed \$340,000 and at tax exempt interest rate of not to exceed 2.73% and it is in the public benefit that the Board authorize and direct execution financing documents in connection therewith.

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

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

SECTION 2. The execution and delivery of the Loan shall be in a principal amount to be determined by the Board of Directors of the District, but not to exceed \$340,000 and at an average annual rate of not to exceed 2.73% (provided no event of default or event of taxability has occurred as described in the Loan).

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 to prepare the 2022 Loan Agreement; and that their compensation for all of said services, be, and is hereby fixed pursuant to the Agreement for Legal Services on file with the District Secretary 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 Loan Consultant Underwriter for a fee of not to exceed \$7,500, and the fees of Nixon Peabody, LLC, counsel to First Foundation Public Finance ("First Foundation") in the amount of not to exceed \$10,000 for the review of proceedings on behalf of First Foundation, which fees will be paid on a contingency basis from Loan proceeds and shall be approved by the General Manager of the District.

SECTION 5. Loan is in accordance with District's Debt Policy/Debt Service Ratio of at least 1:20 (see table 7).

SECTION 6. The General Manager and/or the Board President shall execute the 2022 Loan Agreement and approve all closing documents as may be necessary.

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 24th day of February 2022, by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

ABSTAIN: DIRECTORS:

APPROVED: AITEST:

President
Pajaro/Sunny Mesa Community Services District

District Secretary,
Pajaro/Sunny Mesa Community Services District

I HEREBY CERTIFY THAT THE FOREGOING IS A FULL, CORRECT, AND TRUE COPY OF RESOLUTION NO.02-02-22 AS ADOPTED BY THE BOARD OF DIRECTORS OF THE PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT, AT A REGULAR MEETING HELD ON February 24, 2022, AND I FURTHER CERTIFY THAT SAID RESOLUTION HAS NEVER BEEN RESCINDED OR MODIFIED.

DATED: February 24, 2022

DISTRICT SECRETARY

FINANCIAL NOTES - January 2022

Account No:	Account Name:	Increase / Decrease	Description
Income:			
4001-4015	Total Income	-	Water sales 16% less than projected budget, presenting a revenue shortfall of \$31,700
Expenses: Indirect			
5000	Salaries & Wages	+	Annual vacation/sick leave accruals and year-end payouts attributing to \$45,800 over projected budget
5320	Membership Fees & Dues	+	Annual membership to Association of California Water Agencies (ACWA) & California Special Districts Association (CSDA)
5391	Credit Card Transaction Fees	+	Met with credit card processor sales rep to address options for reducing fees; implemented fee reduction effective as of February
Expenses: Direct			
5220	Water System Repair & Maintenance	+	Main line repair in Pajaro completed by contractor and District staff
6575	Vega Debt Service-Interest	+	Biannual interest payment to US bank for 2015 Vega Bond

Income & Cash Summary

Total Income	Total Expense	Difference
\$165,039.24	\$206,873.57	\$41,834.33
December Cash	January Cash	Difference
\$591,946.97	\$513,525.66	\$78,421.31

Aging Report: January 2022

		Pajaro/Sunny Mesa/Vega			Moss Landing/Prunedale					
	Balance	Current	30 Days	60 Days	90 Days +	Balance	Current	30 Days	60 Days	90 Days +
	\$117,274.11	\$92,798.11	\$20,147.66	\$3,891.31	\$437.03	\$74,973.38	\$54,584.75	\$7,295.71	\$901.14	\$12,191.78

Aging Balances as of 1/31/22

30 Days Total	\$27,443.37
60 Days Total	\$4,792.45
90+ Days Total	\$12,628.81

Notes:

Customer carrying high balance from Pajaro area requested Covid Relief assistance from a local agency. The District contacted the agency directly for an updated status on the customer's application, which has been approved and is currently awaiting disbursement. No payment was posted to the customer's water account in January. The customer with a high balance from Springfield area, on a payment plan since 2017, has continued making monthly payments of a prearranged amount.

February 16, 2022

Balance Sheet

Accrual Basis

As of January 31, 2022

	Jan 31, 22
ASSETS	
Current Assets	
Checking/Savings	
1001 · SCCB - Operating Account	284,788.99
1002 · SCCB Reserve Account	228,736.67
1003 · SCCB - Sick Leave Account	14,451.84
1004 · SCCB - Street Maint Acct	228,341.08
1006 · SCCB-GF 633	927.63
1007 · SCCB - Debt Service Reserve	158,480.25
1032 · SCCB-COP Acct (aka Const. Acct)	192,336.97
1036 · PSM Pajaro Park Acct	80,171.73
1050 · Cash in County Treasury - DS	102,790.41
1051 · Cash in County Treasury - GF	353,694.38
1053 · US Bank 2021 Gen. Bond -8001	2,004.40
1054 · US Bank 2021 Gen. Bond -8002	1,308,994.00
1057 · US Bank 2021 Gen. Bond -8005	93,752.40
1066 · Union Bank Vega 2303	147,533.15
1068 · Union Bank Vega 2301	0.68
1069 · Union Bank Vega-2302	10,533.63
1095 · Union Bank Wtr Bond-Res 2204	147,821.89
2201 · Union Bank-2015 Wtr Rfd Bd 2201	10.18
Total Checking/Savings	<u>3,355,370.28</u>
Accounts Receivable	
1110 · Invoice Accounts Recv	2,772.06
1231 · Grants Receivable-A/R	18,146.16
Total Accounts Receivable	<u>20,918.22</u>
Other Current Assets	
1080 · Petty Cash	400.00
1100 · Water Customer Accounts Recv	199,928.78
1101 · Allowance for Doubtful Accounts	-8,050.09
1115 · Prepaid Expenses	1.31
1153 · Receivable from Monterey County	860.00
1251 · Assess. Rec. - Lighting	2,540.14
1252 · Assessments Rec. - Street Maint	4,691.00
1253 · Assessments Rec. - Water bond	192,000.00
1253.1 · Assess Rec - Water Bond - Count	1,508.43
1254 · Advanced Pay - Spec. Asses - WB	-16,561.65
Total Other Current Assets	<u>377,317.92</u>
Total Current Assets	<u>3,753,606.42</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)	-66,707.40
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	163,247.47
1551 · A/D - District Office Building	-129,997.73
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	-452,362.87
1580 · Distribution Mains [P]	1,487,948.01
1581 · A/D - Distribution Mains	-1,116,993.68
1590 · Meters	90,114.13

February 16, 2022

Balance Sheet

Accrual Basis

As of January 31, 2022

	Jan 31, 22
1591 · A/D - Meters	-86,117.11
1600 · Hydrants	7,422.43
1601 · A/D - Hydrants	-4,857.72
1610 · Automotive Equipment	229,909.12
1611 · A/D - Automotive Equipment	-171,078.31
1620 · Utility Trans/Distr Plant	115,702.65
1621 · A/D - Utility T&D Plant	-96,120.77
1622 · A/D - Moss Landing	-182,144.31
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	-19,839.73
1650 · Trans & Distr Plant	139,408.08
1651 · A/D - Trans & Distr Plant	-87,149.30
1670 · Small Tools/Equipment	10,773.67
1671 · A/D - Small Tools/Equipment	-9,493.51
1680 · ALCO Water Project	155,809.38
1681 · A/D - ALCO Water Project	-109,066.45
1804 · CIP-Springfield	393,244.44
1805 · CIP-Vega Imprvtmnt Project	4,620,002.33
1805.1 · A/D - Vega	-2,422,897.90
1806 · Moss Landing Bridge Project	251,233.09
1807 · CIP-Langley/VP	247,543.58
1807.1 · A/D - Langley/VP	-90,538.74
1808 · CIP-Normco	331,965.74
1808.1 · A/D - Normco Tank	-147,216.73
1811 · CIP-Vierra Estate	219,195.80
1811.1 · A/D - Vierra Estates	-61,204.72
1812 · CIP-Moss Landing Water System	310,547.47
1812.1 · A/D - Moss Landing Water	-92,276.55
1813 · CIP-Normco Water System	4,520.00
1814 · CIP-Pajaro	2,349,192.69
1816 · Land - Pajaro Park	781,632.00
1817 · Improvements - Pajaro Park	4,717,110.00
1817.1 · A/D - Improvements -Pajaro Park	-1,501,733.63
1818 · Buildings - Pajaro Park	796,400.00
1818.1 · A/D - Buildings-Pajaro Park	-206,764.26
1819 · Equipment - Pajaro Park	43,381.00
1819.1 · A/D - Equipment-Pajaro Park	-31,812.89
1820 · Normco Treatment Facility	127,374.00
1820.1 · A/D-Normco Treatment Facility	-115,894.85
1821 · CIP-Sunny Mesa	13,182.61
1822 · CIP-Vega	66,508.53
1823 · CIP-Blackie	0.04
Total Fixed Assets	11,987,210.05
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	3,502,867.72
1900 · Due From Other Funds	159,690.92
1950 · Deferred amount on refunding	63,229.60
1951 · Deferred Amt of Ref-Vega Bds15	80,014.09
Total Other Assets	3,806,060.18
TOTAL ASSETS	19,546,876.65
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	141,355.16
2500 · Due to Other Funds	159,693.06
Total Accounts Payable	301,048.22

February 16, 2022

Balance Sheet

Accrual Basis

As of January 31, 2022

	<u>Jan 31, 22</u>
Credit Cards	
2900 · Wells Fargo- 6120	107.00
2910 · Elan	347.95
	<hr/>
Total Credit Cards	454.95
Other Current Liabilities	
2005 · Accrued Liabilities	60,186.00
2050 · Accrued Payroll	18,204.79
2100 · Payroll Tax Liabilities	1,832.41
2121 · Customer Security Deposits	19,528.70
2122 · Future Water Conn. Deposits	36,600.00
2123 · Hydrant Meter Deposits	22,550.00
2225 · Accrued Vacation Liability	49,814.26
2230 · Accrued Sick Leave Liability	43,072.66
2263 · 457b EE Plan Payable	4,919.51
2264 · Employee Insurance Payable	461.63
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.	5,545.55
	<hr/>
Total Other Current Liabilities	295,068.27
	<hr/>
Total Current Liabilities	596,571.44
Long Term Liabilities	
2256 · Vehicle Loan Payable	40,741.63
2257 · Reorganization Loan	215,000.00
2267 · Pajaro Tank Loan-0190	167,916.25
2350 · Bonds Payable - Water Bond	159,000.00
2355 · Bonds Payable- 2021 Gen. Bond	1,660,000.00
2360 · Bonds Payable-2015 COP Wtr Rf	1,875,000.00
2361 · Bonds Payable-2015 Vga Wtr Rf	3,347,899.67
2400 · Unamortized Discount on 2015	-29,541.01
2401 · Unamortized Discount-2015 Vega	-11,778.72
2402 · 2021 Gen. Bond Premium	42,391.80
	<hr/>
Total Long Term Liabilities	7,466,629.62
	<hr/>
Total Liabilities	8,063,201.06
Equity	
3000 · Fund Balance	219,540.85
3001 · Restricted-Street Maintenance	202,911.80
3040 · Contributed Capital	248,000.00
3045 · Restricted for Debt Service	4,575,060.23
3050 · Retained Earnings	5,948,216.03
3999 · Suspense	-0.22
Net Income	289,946.90
	<hr/>
Total Equity	11,483,675.59
	<hr/>
TOTAL LIABILITIES & EQUITY	19,546,876.65
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Pajaro/Sunny Mesa Community Services District
Profit & Loss
January 2022

February 16, 2022
 Accrual Basis

	Jan 22
Ordinary Income/Expense	
Income	
4001 · Route 1 - Pajaro	20,325.56
4002 · Route 2 - Pajaro	20,851.78
4003 · Route 3 - Commercial	18,389.71
4004 · Route 4 - Trailer Park	1,175.85
4005 · Route 5 - San Juan Rd Apts	892.52
4006 · Route 6 - Sunny Mesa	10,687.42
4007 · Route 7 - CSA 73	12,761.94
4008 · Route 8 - Vega	12,936.21
4010 · Route 10 -Springfield	850.00
4011 · Route 11 - Moss Landing	25,692.91
4012 · Route 12 - Blackie Road	3,211.44
4013 · Route 13 - Normco	26,614.87
4014 · Route 14 - Vierra	4,619.50
4015 · Route 15 - Langley/VP	2,745.10
Total Income	161,754.81
Gross Profit	161,754.81
Expense	
INDIRECT	
5000 · Salaries and Wages	114,969.18
5005 · Administrative Fees	502.23
5030 · Payroll Tax Expense	3,810.18
5040 · Worker's Comp Insurance	2,996.76
5050 · Employee Health Insurance	14,828.95
5070 · Employee Retirement	8,978.99
5090 · Other Employee Expense	43.10
5130 · Utilities - Office	337.47
5140 · Building Repair & Maint	606.72
5145 · District Wide Repair & Maint	735.92
5150 · Garbage Service	348.96
5160 · Office Equip Rental	665.16
5165 · Computer Software	756.66
5170 · Office Equipment Repair & Maint	235.60
5240 · Office Supplies	275.15
5245 · Postage	1,000.00
5250 · Legal Expenses	1,025.00
5256 · Interest Exp-Financed Items	177.61
5266 · Engineering Svcs-Dist Wide	0.00
5270 · Automotive - Repair & Maint	269.34
5280 · Conferences, Meetings, Seminars	14.99
5320 · Membership Fees and Dues	14,843.00
5330 · Telephone	1,426.90
5370 · Fuel - Trucks	2,178.24
5390 · Bank Charges	9.00
5391 · Credit Card Transaction Fees	1,182.53
5XXX · Indirect Allocation	0.00
6578 · 2021 Bond- Debt Svc. Interest	25,760.13
Total INDIRECT	197,977.77
5190 · Soil and Water Tests	1,451.40
5220 · Water System - Repair & Maint	23,154.49
5225 · Street Maintenance	335.95
5230 · Park - Repair & Maint	47.33
5231 · Pajaro Park Expense	1,684.15
5310 · Utilities - Well Site	10,050.04
5315 · Utilities - Street Lighting	2,217.17
5426 · Vega Assmnt Bond Expense	2,525.00
5427 · Improvement Project-Springfield	9,291.60
6575 · Vega Debt Service-Interest	67,230.00
Total Expense	315,964.90
Net Ordinary Income	-154,210.09

Profit & Loss

January 2022

	Jan 22
Other Income/Expense	
Other Income	
4100 · Late Payment Penalties	481.05
4110 · Hydrant Sales	989.72
4200 · Street Maintenance-Reimb	520.89
4280 · Pro-Rata Tax Collection Share	255.10
4285 · P.V.W.M.A. Collection Fee	1,804.31
4307 · Returned Check Charges	0.00
4311 · Interest on Pooled Investments	160.90
4340 · Utility Reimbursements	88.16
4350 · Interest Revenue	9.35
5406 · Generator Project Reimb.	855.57
5407 · LHMP Project- Grant Reimb	16,480.25
5796 · Pajaro Park Revenue	25,000.00
Total Other Income	46,645.30
Other Expense	
5438 · LHMP Project- Dist. Wide	12,855.06
5444 · OGALS Per Capita Grant	116.25
Total Other Expense	12,971.31
Net Other Income	33,673.99
Net Income	<u><u>-120,536.10</u></u>

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 February 16, 2022
 Accrual Basis

Pajaro/Sunny Mesa Community Services District
 Profit & Loss Budget Performance
 January 2022

	Jan 22	Budget	% of Budget	Jul '21 - Jan 22	YTD Budget	% of Budget	Annual Budget
Ordinary Income/Expense							
Income							
4001 · Route 1 - Pajaro	20,325.56	26,750.00	75.98%	167,527.64	187,250.00	89.47%	321,000.00
4002 · Route 2 - Pajaro	20,851.78	26,250.00	79.44%	162,181.25	183,750.00	88.26%	315,000.00
4003 · Route 3 - Commercial	18,389.71	24,333.33	75.57%	164,930.09	170,333.35	96.83%	292,000.00
4004 · Route 4 - Trailer Park	1,175.85	1,333.33	88.19%	8,861.06	9,333.35	94.94%	16,000.00
4005 · Route 5 - San Juan Rd Apts	892.52	1,125.00	79.34%	7,267.36	7,875.00	92.28%	13,500.00
4006 · Route 6 - Sunny Mesa	10,687.42	13,333.33	80.16%	86,956.72	93,333.35	93.17%	160,000.00
4007 · Route 7 - CSA 73	12,761.94	14,416.66	88.52%	99,329.25	100,916.70	98.43%	173,000.00
4008 · Route 8 - Vega	12,936.21	15,166.66	85.29%	102,661.46	106,166.70	96.7%	182,000.00
4010 · Route 10 - Springfield	850.00	850.00	100.0%	5,950.00	5,950.00	100.0%	10,200.00
4011 · Route 11 - Moss Landing	25,692.91	25,833.33	99.46%	176,440.38	180,833.35	97.57%	310,000.00
4012 · Route 12 - Blackie Road	3,211.44	3,350.00	95.86%	25,345.29	23,450.00	108.08%	40,200.00
4013 · Route 13 - Normco	26,614.87	32,583.33	81.68%	226,723.72	228,083.35	99.4%	391,000.00
4014 · Route 14 - Vierra	4,619.50	5,058.33	91.33%	38,709.75	35,408.35	109.32%	60,700.00
4015 · Route 15 - Langley/VP	2,745.10	3,125.00	87.84%	22,246.83	21,875.00	101.7%	37,500.00
Total Income	161,754.81	193,508.30	83.59%	1,295,130.80	1,354,558.50	95.61%	2,322,100.00
Gross Profit	161,754.81	193,508.30	83.59%	1,295,130.80	1,354,558.50	95.61%	2,322,100.00
Expense							
INDIRECT							
5000 · Salaries and Wages	114,969.18	69,166.66	166.22%	506,202.43	484,166.70	104.55%	830,000.00
5005 · Administrative Fees	502.23	500.00	100.45%	3,486.35	3,500.00	99.61%	6,000.00
5030 · Payroll Tax Expense	3,810.18	1,333.33	285.76%	9,594.23	9,333.35	102.8%	16,000.00
5040 · Worker's Comp Insurance	2,996.76	1,666.66	179.81%	10,023.79	11,666.70	85.92%	20,000.00
5050 · Employee Health Insurance	14,828.95	15,833.33	93.66%	107,913.45	110,833.35	97.37%	190,000.00
5070 · Employee Retirement	8,978.99	10,000.00	89.79%	66,682.25	70,000.00	95.26%	120,000.00
5090 · Other Employee Expense	43.10	250.00	17.24%	668.81	1,750.00	38.22%	3,000.00
5120 · Property Taxes	0.00	125.00	0.0%	1,585.00	875.00	181.14%	1,500.00
5130 · Utilities - Office	337.47	333.33	101.24%	2,275.62	2,333.35	97.53%	4,000.00
5140 · Building Repair & Maint	606.72	625.00	97.08%	3,290.54	4,375.00	75.21%	7,500.00
5145 · District Wide Repair & Maint	735.92	1,000.00	73.59%	8,893.73	7,000.00	127.05%	12,000.00
5150 · Garbage Service	348.96	350.00	99.7%	2,442.72	2,450.00	99.7%	4,200.00
5160 · Office Equip Rental	665.16	833.33	79.82%	4,742.32	5,833.35	81.3%	10,000.00
5165 · Computer Software	756.66	833.33	90.8%	5,811.73	5,833.35	99.63%	10,000.00
5170 · Office Equipment Repair & Maint	235.60	300.00	78.53%	918.13	2,100.00	43.72%	3,600.00
5175 · Small Tools - Repair & Maint.	0.00	83.33	0.0%	283.51	583.35	48.6%	1,000.00
5180 · Casualty Ins/Liability Ins	0.00	2,750.00	0.0%	35,111.19	19,250.00	182.4%	33,000.00
5200 · Billing Supplies	0.00	308.33	0.0%	3,473.47	2,158.35	160.93%	3,700.00

Pajaro/Sunny Mesa Community Services District
Profit & Loss Budget Performance
 January 2022

	Jan 22	Budget	% of Budget	Jul '21 - Jan 22	YTD Budget	% of Budget	Annual Budget
5240 · Office Supplies	275.15	316.66	86.89%	1,821.04	2,216.70	82.15%	3,800.00
5245 · Postage	1,000.00	708.33	141.18%	5,046.96	4,958.35	101.79%	8,500.00
5250 · Legal Expenses	1,025.00	1,666.66	61.5%	7,825.00	11,666.70	67.07%	20,000.00
5255 · Interest Expense	0.00	941.66	0.0%	11,776.08	6,591.70	178.65%	11,300.00
5256 · Interest Exp-Financed Items	177.61	333.33	53.28%	2,451.37	2,333.35	105.06%	4,000.00
5260 · Accounting & Bookkeeping	0.00	3,208.33	0.0%	32,075.00	22,458.35	142.82%	38,500.00
5266 · Engineering Svcs-Dist Wide	0.00	3,208.33	0.0%	173.04	22,458.35	0.77%	38,500.00
5270 · Automotive - Repair & Maint	269.34	833.33	32.32%	8,601.62	5,833.35	147.46%	10,000.00
5280 · Conferences, Meetings, Seminars	14.99	41.66	35.98%	359.93	291.70	123.39%	500.00
5290 · Travel Expenses	0.00	41.66	0.0%	0.00	291.70	0.0%	500.00
5300 · Books & Subscriptions	0.00	125.00	0.0%	0.00	875.00	0.0%	1,500.00
5305 · Water Conservation Program	0.00	250.00	0.0%	618.00	1,750.00	35.31%	3,000.00
5320 · Membership Fees and Dues	14,843.00	1,666.66	890.58%	18,843.06	11,666.70	161.51%	20,000.00
5326 · Licenses and Certifications	0.00	166.66	0.0%	0.00	1,166.70	0.0%	2,000.00
5330 · Telephone	1,426.90	1,416.66	100.72%	9,811.87	9,916.70	98.94%	17,000.00
5340 · Burglar Alarm Monitoring	0.00	66.66	0.0%	384.00	466.70	82.28%	800.00
5370 · Fuel - Trucks	2,178.24	2,166.66	100.53%	18,254.56	15,166.70	120.36%	26,000.00
5390 · Bank Charges	9.00	25.00	36.0%	975.00	175.00	557.14%	300.00
5391 · Credit Card Transaction Fees	1,182.53	666.66	177.38%	7,793.01	4,666.70	166.99%	8,000.00
5400 · Miscellaneous Expense	0.00	16.66	0.0%	163.80	116.70	140.36%	200.00
6577 · COP Debt Service - Interest	0.00	6,283.33	0.0%	37,697.50	43,983.35	85.71%	75,400.00
Total INDIRECT	172,217.64	130,441.53	132.03%	938,070.11	913,092.35	102.74%	1,565,300.00
5190 · Soil and Water Tests	1,451.40	3,125.00	46.45%	21,961.00	21,875.00	100.39%	37,500.00
5220 · Water System - Repair & Maint	23,154.49	18,750.00	123.49%	115,500.68	131,250.00	88.0%	225,000.00
5265 · Engineering Expenses	0.00	83.33	0.0%	0.00	583.35	0.0%	1,000.00
5310 · Utilities - Well Site	10,050.04	14,166.66	70.94%	99,546.71	99,166.70	100.38%	170,000.00
5325 · Permits	0.00	2,500.00	0.0%	2,862.00	17,500.00	16.35%	30,000.00
5360 · Fuel - Generator	0.00	250.00	0.0%	0.00	1,750.00	0.0%	3,000.00
5428 · COP Bond Expense	0.00	291.66	0.0%	2,155.00	2,041.70	105.55%	3,500.00
Total Expense	206,873.57	169,608.18	121.97%	1,180,095.50	1,187,259.10	99.4%	2,035,300.00
Net Ordinary Income	-45,118.76	23,900.12	-188.78%	115,035.30	167,299.40	68.76%	286,800.00
Other Income/Expense							
Other Income							
4100 · Late Payment Penalties	481.05	416.66	115.45%	3,154.39	2,916.70	108.15%	5,000.00
4101 · Billing Adjustments	0.00	16.66	0.0%	0.00	116.70	0.0%	200.00
4110 · Hydrant Sales	989.72	833.33	118.77%	15,227.79	5,833.35	261.05%	10,000.00
4115 · Testing Fees	0.00	625.00	0.0%	11,000.00	4,375.00	251.43%	7,500.00
4140 · Connection Fees	0.00	616.66	0.0%	10,760.00	4,316.70	249.26%	7,400.00

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

January 2022

	Jan 22	Budget	% of Budget	Jul '21 - Jan 22	YTD Budget	% of Budget	Annual Budget
4141 · Application Fees	0.00	45.83	0.0%	605.00	320.85	188.56%	550.00
4146 · Other Fees	0.00	33.33	0.0%	0.00	233.35	0.0%	400.00
4285 · P.V.W./M.A. Collection Fee	1,804.31	2,416.66	74.66%	16,153.43	16,916.70	95.49%	29,000.00
4300 · Collection of Previous W/O Acct	0.00	20.83	0.0%	0.00	145.85	0.0%	250.00
4305 · Miscellaneous Revenue	0.00	83.33	0.0%	55,095.87	583.35	9,444.74%	1,000.00
4341 · Lighting Admin Reimbursements	0.00	1,000.00	0.0%	6,000.00	7,000.00	85.71%	12,000.00
4346 · District 25% Overhead Fee	0.00	41.66	0.0%	250.00	291.70	85.7%	500.00
4350 · Interest Revenue	9.35	12.50	74.8%	48.44	87.50	55.36%	150.00
4355 · Audit/Bookkeeping Reimbursement	0.00	58.33	0.0%	350.00	408.35	85.71%	700.00
4360 · Legal Counsel Reimbursement	0.00	33.33	0.0%	200.00	233.35	85.71%	400.00
Total Other Income	3,284.43	6,254.11	52.52%	118,844.92	43,779.45	271.46%	75,050.00
Net Other Income	3,284.43	6,254.11	52.52%	118,844.92	43,779.45	271.46%	75,050.00
Net Income	-41,834.33	30,154.23	-138.74%	233,880.22	211,078.85	110.8%	361,850.00

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
February 1 - 18, 2022

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Check	AP	02/01/2022	Total Merchant Services	1001 · SCCB - Operating Account		-865.53
				5391 · Credit Card Transaction Fees	-865.53	865.53
TOTAL					-865.53	865.53
Bill Pmt -Check	AP	02/07/2022	Airtec Service	1001 · SCCB - Operating Account		-146.00
Bill	20107	01/26/2022		5140 · Building Repair & Maint	-146.00	146.00
TOTAL					-146.00	146.00
Bill Pmt -Check	AP	02/07/2022	AT&T 2043-Online	1001 · SCCB - Operating Account		-438.65
Bill	JAN 2...	01/26/2022		5330 · Telephone	-438.65	438.65
TOTAL					-438.65	438.65
Bill Pmt -Check	AP	02/07/2022	AT&T 2486-Online	1001 · SCCB - Operating Account		-223.52
Bill	JAN 2...	01/26/2022		5310 · Utilities - Well Site	-223.52	223.52
TOTAL					-223.52	223.52
Bill Pmt -Check	AP	02/07/2022	AT&T 3439-Online	1001 · SCCB - Operating Account		-33.78
Bill	2/1/22...	02/01/2022		5310 · Utilities - Well Site	-33.78	33.78
TOTAL					-33.78	33.78
Bill Pmt -Check	AP	02/07/2022	AT&T 3912-Online	1001 · SCCB - Operating Account		-496.80
Bill	Feb. 2...	02/01/2022		5330 · Telephone	-496.80	496.80
TOTAL					-496.80	496.80
Bill Pmt -Check	AP	02/07/2022	AT&T 5283-Online	1001 · SCCB - Operating Account		-223.78
Bill	1/11/2...	01/11/2022		5310 · Utilities - Well Site	-223.78	223.78
TOTAL					-223.78	223.78
Bill Pmt -Check	AP	02/07/2022	Bianchi Alarm Systems-Online	1001 · SCCB - Operating Account		-78.00
Bill	Inv. 2...	02/01/2022		5340 · Burglar Alarm Monitoring	-78.00	78.00
TOTAL					-78.00	78.00
Bill Pmt -Check	AP	02/07/2022	Corbin Willits Systems-Online	1001 · SCCB - Operating Account		-242.17
Bill	000C...	01/15/2022		5165 · Computer Software	-242.17	242.17
TOTAL					-242.17	242.17
Bill Pmt -Check	AP	02/07/2022	Data Flow Business Systems-Online	1001 · SCCB - Operating Account		-235.60
Bill	326076	01/25/2022		5170 · Office Equipment Repair & Maint	-235.60	235.60
TOTAL					-235.60	235.60
Bill Pmt -Check	AP	02/07/2022	GreatAmerica Financial-Online	1001 · SCCB - Operating Account		-470.76
Bill	30950...	01/28/2022		5160 · Office Equip Rental	-470.76	470.76
TOTAL					-470.76	470.76
Bill Pmt -Check	AP	02/07/2022	Monterey One Water- Online	1001 · SCCB - Operating Account		-69.98
Bill	FEB 2...	01/31/2022		5130 · Utilities - Office	-25.73	25.73
Bill	1/1/22...	01/31/2022		5310 · Utilities - Well Site	-44.25	44.25

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
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Type	Num	Date	Name	Account	Paid Amount	Original Amount
TOTAL					-69.98	69.98
Bill Pmt -Check	AP	02/07/2022	PG&E 1438-Online	1001 - SCCB - Operating Account		-1,624.79
Bill	12/24/...	01/25/2022		5310 - Utilities - Well Site	-1,624.79	1,624.79
TOTAL					-1,624.79	1,624.79
Bill Pmt -Check	AP	02/07/2022	PG&E 1826-Online	1001 - SCCB - Operating Account		-30.65
Bill	12/17/...	01/18/2022		5310 - Utilities - Well Site	-30.65	30.65
TOTAL					-30.65	30.65
Bill Pmt -Check	AP	02/07/2022	PG&E 6022-Online	1001 - SCCB - Operating Account		-14.96
Bill	12/21/...	01/19/2022		5315 - Utilities - Street Lighting	-14.96	14.96
TOTAL					-14.96	14.96
Bill Pmt -Check	AP	02/07/2022	USA Blue Book- ONLINE	1001 - SCCB - Operating Account		-347.60
Bill	851357	01/19/2022		5145 - District Wide Repair & Maint	-347.60	347.60
TOTAL					-347.60	347.60
Bill Pmt -Check	AP	02/07/2022	WM / Carmel Marina - Office-Online	1001 - SCCB - Operating Account		-368.76
Bill	96954...	02/01/2022		5150 - Garbage Service	-368.76	368.76
TOTAL					-368.76	368.76
Bill Pmt -Check	AP	02/07/2022	Ace Hardware Prunedale- ACH	1001 - SCCB - Operating Account		-50.43
Bill	05387...	01/24/2022		5220 - Water System - Repair & Maint	-29.99	29.99
Bill	05388...	01/25/2022		5220 - Water System - Repair & Maint	-13.34	13.34
Bill	05387...	01/25/2022		5220 - Water System - Repair & Maint	-7.10	7.10
TOTAL					-50.43	50.43
Bill Pmt -Check	AP	02/07/2022	Ace Hardware Watsonville- ACH	1001 - SCCB - Operating Account		-43.98
Bill	211592	01/14/2022		5220 - Water System - Repair & Maint	-10.91	10.91
Bill	211711	01/20/2022		5220 - Water System - Repair & Maint	-33.07	33.07
TOTAL					-43.98	43.98
Bill Pmt -Check	AP	02/07/2022	Aramark- ACH	1001 - SCCB - Operating Account		-173.62
Bill	51100...	01/07/2022		5140 - Building Repair & Maint	-32.63	32.63
Bill	51100...	01/14/2022		5140 - Building Repair & Maint	-32.63	32.63
Bill	51100...	01/21/2022		5140 - Building Repair & Maint	-32.63	32.63
Bill	24201...	01/23/2022		5090 - Other Employee Expense	-43.10	43.10
Bill	51100...	01/28/2022		5140 - Building Repair & Maint	-32.63	32.63
TOTAL					-173.62	173.62
Bill Pmt -Check	AP	02/07/2022	C & N Tractors/Rentals- ACH	1001 - SCCB - Operating Account		-47.33
Bill	62775...	01/20/2022		5230 - Park - Repair & Maint	-47.33	47.33
TOTAL					-47.33	47.33
Bill Pmt -Check	AP	02/07/2022	ICONIX Waterworks (US), Inc- ACH	1001 - SCCB - Operating Account		-2,696.41
Bill	U221...	01/25/2022		5220 - Water System - Repair & Maint	-2,139.92	2,139.92
Bill	U221...	01/28/2022		5220 - Water System - Repair & Maint	-556.49	556.49
TOTAL					-2,696.41	2,696.41
Bill Pmt -Check	AP	02/07/2022	J Johnson & Company, Inc.- ACH	1001 - SCCB - Operating Account		-16,857.90

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
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Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill	22-00...	01/28/2022	SCS Cold Storage	5220 · Water System - Repair & Maint	-9,244.21	9,244.21
				5220 · Water System - Repair & Maint	-4,443.94	4,443.94
				5220 · Water System - Repair & Maint	-3,169.75	3,169.75
TOTAL					-16,857.90	16,857.90
Bill Pmt -Check	AP	02/07/2022	Maggiora Bros. Drilling, Inc.- ACH	1001 · SCCB - Operating Account		-1,227.50
Bill	107390	01/01/2022		5220 · Water System - Repair & Maint	-1,227.50	1,227.50
TOTAL					-1,227.50	1,227.50
Bill Pmt -Check	AP	02/07/2022	MBAS- ACH	1001 · SCCB - Operating Account		-639.00
Bill	22010...	01/12/2022		5190 · Soil and Water Tests	-46.80	46.80
Bill	21123...	01/12/2022		5190 · Soil and Water Tests	-45.00	45.00
Bill	22011...	01/13/2022		5190 · Soil and Water Tests	-25.20	25.20
Bill	22011...	01/13/2022		5190 · Soil and Water Tests	-50.40	50.40
Bill	22011...	01/13/2022		5190 · Soil and Water Tests	-25.20	25.20
Bill	22011...	01/13/2022		5190 · Soil and Water Tests	-25.20	25.20
Bill	22011...	01/13/2022		5190 · Soil and Water Tests	-25.20	25.20
Bill	22011...	01/13/2022		5190 · Soil and Water Tests	-25.20	25.20
Bill	22011...	01/19/2022		5190 · Soil and Water Tests	-25.20	25.20
Bill	22011...	01/19/2022		5190 · Soil and Water Tests	-25.20	25.20
Bill	22011...	01/19/2022		5190 · Soil and Water Tests	-25.20	25.20
Bill	22011...	01/19/2022		5190 · Soil and Water Tests	-25.20	25.20
Bill	22011...	01/19/2022		5190 · Soil and Water Tests	-50.40	50.40
Bill	22011...	01/19/2022		5190 · Soil and Water Tests	-50.40	50.40
Bill	22011...	01/19/2022		5190 · Soil and Water Tests	-50.40	50.40
Bill	22011...	01/20/2022		5190 · Soil and Water Tests	-50.40	50.40
Bill	22012...	01/24/2022		5190 · Soil and Water Tests	-50.40	50.40
Bill	22011...	01/28/2022		5190 · Soil and Water Tests	-93.60	93.60
TOTAL					-639.00	639.00
Bill Pmt -Check	AP	02/07/2022	Mid Valley Supply- ACH	1001 · SCCB - Operating Account		-773.60
Bill	I257019	01/21/2022		5220 · Water System - Repair & Maint	-127.17	127.17
				5220 · Water System - Repair & Maint	-42.39	42.39
				5220 · Water System - Repair & Maint	-42.39	42.39
Bill	I257114	01/27/2022		5220 · Water System - Repair & Maint	-127.14	127.14
				5220 · Water System - Repair & Maint	-42.38	42.38
				5220 · Water System - Repair & Maint	-42.38	42.38
				5220 · Water System - Repair & Maint	-42.38	42.38
				5220 · Water System - Repair & Maint	-42.44	42.44
Bill	I262131	02/03/2022		5220 · Water System - Repair & Maint	-105.96	105.96
				5220 · Water System - Repair & Maint	-52.98	52.98
				5220 · Water System - Repair & Maint	-52.98	52.98
				5220 · Water System - Repair & Maint	-53.01	53.01
TOTAL					-773.60	773.60
Bill Pmt -Check	AP	02/07/2022	Mission Uniform Service-Online	1001 · SCCB - Operating Account		-228.80
Bill	51621...	01/03/2022		5140 · Building Repair & Maint	-45.76	45.76
Bill	51626...	01/10/2022		5140 · Building Repair & Maint	-45.76	45.76
Bill	51629...	01/17/2022		5140 · Building Repair & Maint	-45.76	45.76
Bill	51634...	01/24/2022		5140 · Building Repair & Maint	-45.76	45.76
Bill	51638...	01/31/2022		5140 · Building Repair & Maint	-45.76	45.76
TOTAL					-228.80	228.80
Bill Pmt -Check	AP	02/07/2022	PARS- ACH	1001 · SCCB - Operating Account		-502.23
Bill	49766	01/10/2022		5005 · Administrative Fees	-502.23	502.23
TOTAL					-502.23	502.23
Bill Pmt -Check	AP	02/07/2022	Santa Cruz Answering Service-ACH	1001 · SCCB - Operating Account		-95.49
Bill	1009 ...	01/22/2022		5330 · Telephone	-95.49	95.49
TOTAL					-95.49	95.49
Bill Pmt -Check	AP	02/07/2022	Singh Computech- ACH	1001 · SCCB - Operating Account		-255.00

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
February 1 - 18, 2022

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill	9109	01/25/2022		5165 · Computer Software	-255.00	255.00
TOTAL					-255.00	255.00
Bill Pmt -Check	AP	02/07/2022	Soil Control Lab- ACH	1001 · SCCB - Operating Account		-600.00
Bill	11206...	01/05/2022		5190 · Soil and Water Tests	-50.00	50.00
Bill	11206...	01/05/2022		5190 · Soil and Water Tests	-100.00	100.00
Bill	11206...	01/05/2022		5190 · Soil and Water Tests	-25.00	25.00
Bill	11206...	01/05/2022		5190 · Soil and Water Tests	-75.00	75.00
Bill	11206...	01/05/2022		5190 · Soil and Water Tests	-25.00	25.00
Bill	11206...	01/05/2022		5190 · Soil and Water Tests	-25.00	25.00
Bill	11206...	01/05/2022		5190 · Soil and Water Tests	-25.00	25.00
Bill	20100...	01/10/2022		5190 · Soil and Water Tests	-75.00	75.00
Bill	20100...	01/10/2022		5190 · Soil and Water Tests	-25.00	25.00
Bill	20100...	01/10/2022		5190 · Soil and Water Tests	-50.00	50.00
Bill	20100...	01/10/2022		5190 · Soil and Water Tests	-50.00	50.00
Bill	20100...	01/10/2022		5190 · Soil and Water Tests	-25.00	25.00
Bill	20100...	01/10/2022		5190 · Soil and Water Tests	-50.00	50.00
TOTAL					-600.00	600.00
Bill Pmt -Check	AP	02/07/2022	Sturdy Oil Company- ACH	1001 · SCCB - Operating Account		-862.26
Bill	CL74...	01/15/2022		5370 · Fuel - Trucks	-862.26	862.26
TOTAL					-862.26	862.26
Bill Pmt -Check	AP	02/07/2022	Taylor's Office City- ACH	1001 · SCCB - Operating Account		-126.50
Bill	33155...	01/28/2022		5240 · Office Supplies	-126.50	126.50
TOTAL					-126.50	126.50
Bill Pmt -Check	AP	02/07/2022	Tom's Site Service- ACH	1001 · SCCB - Operating Account		-203.49
Bill	65305	01/30/2022		5145 · District Wide Repair & Maint	-203.49	203.49
TOTAL					-203.49	203.49
Bill Pmt -Check	AP	02/07/2022	Valvoline	1001 · SCCB - Operating Account		-113.35
Bill	38291	01/25/2022		5270 · Automotive - Repair & Maint	-113.35	113.35
TOTAL					-113.35	113.35
Bill Pmt -Check	AP	02/17/2022	ACWA-JPIA (med ins)-ACH	1001 · SCCB - Operating Account		-16,244.41
Bill	06816...	02/04/2022		5050 · Employee Health Insurance	-14,828.95	14,828.95
				2264 · Employee Insurance Payable	-1,415.46	1,415.46
TOTAL					-16,244.41	16,244.41
Bill Pmt -Check	AP	02/17/2022	Green Rubber Kennedy Ag- ACH	1001 · SCCB - Operating Account		-42.67
Bill	w-564...	01/24/2022		5220 · Water System - Repair & Maint	-42.67	42.67
TOTAL					-42.67	42.67
Bill Pmt -Check	AP	02/17/2022	Pure Water- ACH	1001 · SCCB - Operating Account		-8,599.95
Bill	391739	02/01/2022		5427 · Improvement Project-Springfield	-6,842.55	6,842.55
Bill	391738	02/01/2022		5427 · Improvement Project-Springfield	-1,757.40	1,757.40
TOTAL					-8,599.95	8,599.95
Bill Pmt -Check	AP	02/17/2022	Sturdy Oil Company- ACH	1001 · SCCB - Operating Account		-1,167.60
Bill	f1642...	12/29/2021		5230 · Park - Repair & Maint	-47.07	47.07
Bill	CL74...	01/31/2022		5370 · Fuel - Trucks	-1,120.53	1,120.53
TOTAL					-1,167.60	1,167.60

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
February 1 - 18, 2022

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	AP	02/17/2022	Taylor's Office City- ACH	1001 · SCCB - Operating Account		-67.58
Bill	33159...	02/02/2022		5305 · Water Conservation Program	-23.93	23.93
Bill	33163...	02/04/2022		5240 · Office Supplies	-43.65	43.65
TOTAL					-67.58	67.58
Bill Pmt -Check	AP	02/17/2022	Univar-ACH	1001 · SCCB - Operating Account		-2,078.43
Bill	49813...	02/01/2022		5220 · Water System - Repair & Maint	-2,078.43	2,078.43
TOTAL					-2,078.43	2,078.43
Bill Pmt -Check	AP	02/17/2022	AT&T 0646-Online	1001 · SCCB - Operating Account		-229.16
Bill	2/5/22...	02/05/2022		5310 · Utilities - Well Site	-229.16	229.16
TOTAL					-229.16	229.16
Bill Pmt -Check	AP	02/17/2022	AT&T 1782-Online	1001 · SCCB - Operating Account		-33.78
Bill	2/7/22...	02/07/2022		5310 · Utilities - Well Site	-33.78	33.78
TOTAL					-33.78	33.78
Bill Pmt -Check	AP	02/17/2022	AT&T 2627-Online	1001 · SCCB - Operating Account		-33.78
Bill	2/7-3/...	02/07/2022		5310 · Utilities - Well Site	-33.78	33.78
TOTAL					-33.78	33.78
Bill Pmt -Check	AP	02/17/2022	AT&T 6542-Online	1001 · SCCB - Operating Account		-66.14
Bill	2/7/22...	02/07/2022		5310 · Utilities - Well Site	-66.14	66.14
TOTAL					-66.14	66.14
Bill Pmt -Check	AP	02/17/2022	AT&T 8925- Wireless/Cell	1001 · SCCB - Operating Account		-394.98
Bill	x0209...	02/01/2022		5330 · Telephone	-394.98	394.98
TOTAL					-394.98	394.98
Bill Pmt -Check	AP	02/17/2022	Elan-Online	1001 · SCCB - Operating Account		-370.31
Bill	FEB 2...	02/03/2022		2910 · Elan	-370.31	370.31
TOTAL					-370.31	370.31
Bill Pmt -Check	AP	02/17/2022	PG&E 6857-Online	1001 · SCCB - Operating Account		-4,127.12
Bill	12/27/...	01/26/2022		5310 · Utilities - Well Site	-1,006.46	1,006.46
				5310 · Utilities - Well Site	-733.19	733.19
				5130 · Utilities - Office	-229.75	229.75
				5310 · Utilities - Well Site	-44.87	44.87
				5315 · Utilities - Street Lighting	-2,112.85	2,112.85
TOTAL					-4,127.12	4,127.12
Bill Pmt -Check	AP	02/17/2022	Wells Fargo- 6120 ONLINE	1001 · SCCB - Operating Account		-126.99
Bill		02/08/2022		2900 · Wells Fargo- 6120	-126.99	126.99
TOTAL					-126.99	126.99
Bill Pmt -Check	AP	02/17/2022	Wells Fargo 0721-Online	1001 · SCCB - Operating Account		-14.99
Bill		02/15/2022		2905 · Wells Fargo- 0721	-14.99	14.99
TOTAL					-14.99	14.99
Bill Pmt -Check	AP	02/17/2022	Amerigas	1001 · SCCB - Operating Account		-846.08

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
February 1 - 18, 2022

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill	31323...	01/31/2022	Pajaro/Sunny Mesa C.S.D.	1811 · CIP-Vierra Estate	-846.08	846.08
TOTAL					-846.08	846.08
Bill Pmt -Check	AP	02/17/2022	TIAA Commercial Finance, Inc.	1001 · SCCB - Operating Account		-194.40
Bill	87325...	02/08/2022		5160 · Office Equip Rental	-194.40	194.40
TOTAL					-194.40	194.40
Check	PARS	02/09/2022	US Bank - PARS #6746022400	1001 · SCCB - Operating Account		-4,551.20
				5070 · Employee Retirement	-4,551.20	4,551.20
TOTAL					-4,551.20	4,551.20
Bill Pmt -Check	24988	02/07/2022	Alvarez Brothers & Sons	1001 · SCCB - Operating Account		-1,125.00
Bill	1151	01/01/2022		5220 · Water System - Repair & Maint	-1,125.00	1,125.00
TOTAL					-1,125.00	1,125.00
Bill Pmt -Check	24989	02/07/2022	Costco Membership	1001 · SCCB - Operating Account		-180.00
Bill	March...	02/01/2022		5320 · Membership Fees and Dues	-120.00	120.00
				1152 · Due from Employee	-60.00	60.00
TOTAL					-180.00	180.00
Bill Pmt -Check	24990	02/07/2022	Santa Cruz County Bank	1001 · SCCB - Operating Account		-566.04
Bill	ACCT...	01/23/2022		2256 · Vehicle Loan Payable	-469.78	469.78
				5256 · Interest Exp-Financed Items	-96.26	96.26
TOTAL					-566.04	566.04
Bill Pmt -Check	24991	02/07/2022	SWRCB-DWOCF	1001 · SCCB - Operating Account		-120.00
Bill	Rene...	02/01/2022		5326 · Licenses and Certifications	-60.00	60.00
Bill	Rene...	02/01/2022		5326 · Licenses and Certifications	-60.00	60.00
TOTAL					-120.00	120.00
Bill Pmt -Check	24992	02/17/2022	Dan Obrien	1001 · SCCB - Operating Account		-9.62
Bill	Credit...	02/01/2022		1100 · Water Customer Accounts Recv	-9.62	9.62
TOTAL					-9.62	9.62
Bill Pmt -Check	24993	02/17/2022	Department of Motor Vehicles	1001 · SCCB - Operating Account		-1.00
Bill	07250...	02/10/2022		5090 · Other Employee Expense	-1.00	1.00
TOTAL					-1.00	1.00
Bill Pmt -Check	24994	02/17/2022	Lilia Gonzalez	1001 · SCCB - Operating Account		-150.00
Bill	Depos...	02/01/2022		2121 · Customer Security Deposits	-150.00	150.00
TOTAL					-150.00	150.00
Bill Pmt -Check	24995	02/17/2022	Mr. Javier Blanco	1001 · SCCB - Operating Account		-150.00
Bill	Depos...	02/01/2022		2121 · Customer Security Deposits	-150.00	150.00
TOTAL					-150.00	150.00
Bill Pmt -Check	24996	02/17/2022	Ms. Danielle Randle	1001 · SCCB - Operating Account		-150.00
Bill	Depos...	02/01/2022		2121 · Customer Security Deposits	-150.00	150.00

Pajaro/Sunny Mesa Community Services District
Check Detail - Operating Account
February 1 - 18, 2022

Type	Num	Date	Name	Account	Paid Amount	Original Amount
TOTAL					-150.00	150.00
Bill Pmt -Check	24997	02/17/2022	Ms. Hulda Nalley	1001 - SCCB - Operating Account		-150.00
Bill	Depos...	02/01/2022		2121 - Customer Security Deposits	-150.00	150.00
TOTAL					-150.00	150.00

Pajaro/Sunny Mesa Community Services District
Check Detail- Business Checking GF 633
February 1 - 18, 2022

Type	Num	Date	Name	Item	Account	Paid Amount	Original Amount
Check		02/17/2022	Pajaro/Sunny Mes...	1006 · SCCB-GF 633			-5,606.09
				1002 · SCCB Reserve Account		-5,606.09	5,606.09
TOTAL						-5,606.09	5,606.09
Check		02/17/2022	Pajaro/Sunny Mes...	1006 · SCCB-GF 633			-19,300.32
				1004 · SCCB - Street Maint Acct		-12,317.38	12,317.38
				1004 · SCCB - Street Maint Acct		-6,982.94	6,982.94
TOTAL						-19,300.32	19,300.32
Check		02/17/2022	Pajaro/Sunny Mes...	1006 · SCCB-GF 633			-55,204.54
				1001 · SCCB - Operating Account		-12,516.49	12,516.49
				1001 · SCCB - Operating Account		-6,000.00	6,000.00
				1001 · SCCB - Operating Account		-200.00	200.00
				1001 · SCCB - Operating Account		-350.00	350.00
				1001 · SCCB - Operating Account		-15,449.79	15,449.79
				1001 · SCCB - Operating Account		-15,115.99	15,115.99
				1001 · SCCB - Operating Account		-5,250.00	5,250.00
				1001 · SCCB - Operating Account		-322.27	322.27
TOTAL						-55,204.54	55,204.54
Bill Pmt -Ch...	ACH	02/18/2022	US Bank		1006 · SCCB-GF 633		-77,530.00
Bill	INV 1...	01/20/2022		6575 · Vega Debt Service-Interest		-67,230.00	67,230.00
				2361 · Bonds Payable-2015 Vga Wtr Rf		-10,000.00	10,000.00
				5426 · Vega Assmnt Bond Expense		-300.00	300.00
TOTAL						-77,530.00	77,530.00

Pajaro/Sunny Mesa Community Services District
Check Detail- Debt Service Reserve
February 1 - 18, 2022

Type	Num	Date	Name	It...	Account	Paid Amount	Original Amount
Bill Pmt -Check	ACH	02/17/2022	US Bank		1007 · SCCB - Debt Service Reserve		-25,760.13
Bill	INV 1902573	01/14/2022			6578 · 2021 Bond- Debt Svc. Interest	-25,760.13	25,760.13
TOTAL						-25,760.13	25,760.13

Pajaro/Sunny Mesa Community Services District
Check Detail - Reserve Account
February 1 - 18, 2022

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	AP	02/17/2022	Thomas E Yeager, P.E.- ACH	1002 · SCCB Reserve Account		-348.75
Bill	Invoic...	02/02/2022	CA Office of Emergency Services	5427 · Improvement Project-Springfield 5266 · Engineering Svcs-Dist Wide	-193.75 -155.00	193.75 155.00
TOTAL					-348.75	348.75

Pajaro/Sunny Mesa Community Services District
Check Detail - COP 2010 Account
 February 1 - 18, 2022

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Check		02/01/2022	Santa Cruz County Bank-0190	1032 · SCCB-COP Acct (aka Const. Ac...		-168,680.45
				2267 · Pajaro Tank Loan-0190	-167,916.25	167,916.25
				5255 · Interest Expense	-707.84	707.84
				5390 · Bank Charges	-56.36	56.36
TOTAL					-168,680.45	168,680.45

Pajaro/Sunny Mesa Community Services District
Check Detail - Pajaro Park Account
February 1 - 18, 2022

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	AP	02/07/2022	Ace Hardware Watsonville- ACH	1036 · PSM Pajaro Park Acct		-16.38
Bill	211888	01/28/2022		5231 · Pajaro Park Expense	-16.38	16.38
TOTAL					-16.38	16.38
Bill Pmt -Check	AP	02/07/2022	AT&T 0577 Pajaro Park-Online	1036 · PSM Pajaro Park Acct		-136.53
Bill	1/13/2...	01/13/2022		5231 · Pajaro Park Expense	-136.53	136.53
TOTAL					-136.53	136.53
Bill Pmt -Check	AP	02/07/2022	Mid Valley Supply- ACH	1036 · PSM Pajaro Park Acct		-83.08
Bill	1257049	01/24/2022		5231 · Pajaro Park Expense	-83.08	83.08
TOTAL					-83.08	83.08
Bill Pmt -Check	AP	02/07/2022	Panther Protective Services- ACH	1036 · PSM Pajaro Park Acct		-450.00
Bill	001-2...	01/27/2022		5231 · Pajaro Park Expense	-450.00	450.00
TOTAL					-450.00	450.00
Bill Pmt -Check	AP	02/07/2022	PG&E 3540 Pajaro Park-Online	1036 · PSM Pajaro Park Acct		-158.35
Bill	12/20/...	01/19/2022		5231 · Pajaro Park Expense	-158.35	158.35
TOTAL					-158.35	158.35
Bill Pmt -Check	AP	02/07/2022	WM / Carmel Marina - Pajaro Park-Onlin	1036 · PSM Pajaro Park Acct		-368.76
Bill	96963...	02/01/2022		5231 · Pajaro Park Expense	-368.76	368.76
TOTAL					-368.76	368.76
Bill Pmt -Check	850	02/07/2022	County of Mntry Sheriff's Alarm-Online	1036 · PSM Pajaro Park Acct		-30.00
Bill	INV. 1...	02/01/2022		5231 · Pajaro Park Expense	-30.00	30.00
TOTAL					-30.00	30.00

Pajaro/Sunny Mesa Community Services District
Check Detail - Street Maintenance Account
February 1 - 18, 2022

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	AP	02/07/2022	Ace Hardware Watsonville- ACH	1004 · SCCB - Street Maint Acct		-16.38
Bill	211889	01/28/2022		5225 · Street Maintenance	-16.38	16.38
TOTAL					-16.38	16.38
Bill Pmt -Check	AP	02/07/2022	AT&T 5203 Street Maint-Online	1004 · SCCB - Street Maint Acct		-211.62
Bill	2/1/22...	02/01/2022		5225 · Street Maintenance	-211.62	211.62
TOTAL					-211.62	211.62
Bill Pmt -Check	AP	02/07/2022	PG&E 9545 Street Maint-Online	1004 · SCCB - Street Maint Acct		-76.39
Bill	12/20/...	01/19/2022		5225 · Street Maintenance 5310 · Utilities - Well Site	-48.10 -28.29	48.10 28.29
TOTAL					-76.39	76.39
Bill Pmt -Check	AP	02/17/2022	Oscar Ortiz	1004 · SCCB - Street Maint Acct		-760.00
Bill	DEC-...	02/08/2022		5225 · Street Maintenance	-760.00	760.00
TOTAL					-760.00	760.00
Bill Pmt -Check	549	02/07/2022	Pajaro/Sunny Mesa Comm Svcs Dist	1004 · SCCB - Street Maint Acct		-70.96
Bill	JAN 2...	02/01/2022		5225 · Street Maintenance	-70.96	70.96
TOTAL					-70.96	70.96

DISTRICT OPERATIONS REPORT

February 24, 2022

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. Recordation confirmed July 16, 2021. • Springfield Planning Grant – Staff is working on the water agreement with Moss Landing Mobile Home Park Owner. When the draft is complete it will be forwarded to District Counsel for review. Staff attended teleconference with Community Water and State to revise workplan. 	<p>No Report</p> <p>February 2022</p>
Pajaro Park	Board and Staff are considering Operations funding.	No Report
Generator Project	6 Generac generators are up and running. The Matterhorn Generac ran flawlessly for 7 hours during a recent power outage.	No Report
Hazard Mitigation Plan	Committee meeting will be on February 22, 2022, at 1:00 pm via Zoom videoconference.	February 2022
Multi Community Bottled Water Project	Springfield Water System, Moss Landing Mobile Home Park, Springfield/Bluff/Jensen/Giberson Roads. One sign-up, totaling 202 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 Wy'east 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	Board of Supervisors approved \$5,000 payment to District from surplus property sale proceeds. County Staff is anticipating this item to be on the February 2022 agenda.	No Report
21-22 Work Plan-Sunny Mesa Well 1 Repair	Awaiting State approval to place well 1 online.	No Report
21-22 Work Plan-Vega Marlin Lane Generator	MBARD is not allowing generator to be in use. New generator has been ordered June 2021, generator has arrived in Texas for final inspections, and we are awaiting transportation to Salinas.	February 2022
21-22 Work Plan-Normco Berta Tank #1	Tank interior rehabilitation completed on June 24, 2021, tank was disinfected per AWWA standards and now online.	Completed in July
21-22 Work Plan-Vierra Celeste Tanks	The Tanks have been offline for over 17 years, property owner is requesting removal. Removal was completed on July 15, 2021.	Completed in July

Usage Comparison in Gallons
2021-2022

Water Systems	Jan-19	Jan-20	Jan-21	Jan-22
Pajaro	5,489,572	4,885,936	4,962,980	4,771,492
Normco	1,683,748	1,104,796	1,678,512	1,579,028
Sunny Mesa	1,466,828	1,498,992	1,510,960	1,585,012
Moss Landing	2,033,064	1,993,420	1,888,700	2,315,060
Vega	722,568	554,268	729,300	848,232
Vierra Estates	175,780	175,032	195,228	255,816
Springfield (pumped)	448,276	393,822	493,680	400,928
Langley/Valle Pacifico	172,040	116,688	151,096	180,268
Blackie	103,972	81,532	152,592	118,932
District Total	12,295,848	10,804,486	11,763,048	12,054,768

Water Systems	Jan-21	Jan-22	Percentage	
Pajaro	4,962,980	4,771,492	↓	-3.9%
Normco	1,678,512	1,579,028	↓	-5.9%
Sunny Mesa	1,510,960	1,585,012	↑	4.9%
Moss Landing	1,888,700	2,315,060	↑	22.6%
Vega	729,300	848,232	↑	16.3%
Vierra Estates	195,228	255,816	↑	31.0%
Springfield (pumped)	493,680	400,928	↓	-18.8%
Langley/Valle Pacifico	151,096	180,268	↑	19.3%
Blackie	152,592	118,932	↓	-22.1%
District Total	11,763,048	12,054,768	↑	2.5%