



BOARD PACKAGE

January 4, 2023

Special Board Meeting – 5:00 p.m.

Regular Board Meeting – 6:00 p.m.

SPECIAL & REGULAR BOARD MEETING AGENDAS

January 4, 2023

Phelan Community Center
4128 Warbler Road, Phelan, CA 92371
& Via Conference Call (see below)

THESE MEETINGS WILL BE CONDUCTED IN ACCORDANCE WITH THE PROVISIONS OF ASSEMBLY BILL 361, WHICH EFFECTIVE OCTOBER 1, 2021, MODIFIED CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT WITH RESPECT TO REMOTE TELECONFERENCE BOARD MEETINGS DURING PERIODS OF STATE-DECLARED EMERGENCIES.

Pursuant to AB361, and as a precaution to our Board of Directors, District staff, and general public as a result of the ongoing COVID-19 pandemic, the Phelan Piñon Hills Community Services District will hold this meeting of its Board of Directors both in-person at the above location and via teleconference or video conference. Members of the public may watch and participate in the meeting by physical attendance or by Zoom or telephone conference via the remote instructions below.

REMOTE PARTICIPATION INFORMATION:

Dial-in

1-669-444-9171
Meeting ID: 821 6969 8645
Passcode: 169691

Zoom

<https://us06web.zoom.us/j/82169698645?pwd=amNtRE80c0s4QXFXVzFKZ2VMRkRIQT09>
Meeting ID: 821 6969 8645
Passcode: 169691

One-Tap Mobile

+16694449171,,82169698645#

Remote Comment Procedure:

- You will be muted until you are called on during the public comment period.
- You will be recognized by the last 4 digits of your phone number or Zoom ID and asked if you have a comment.
 - If you do not have a comment, state "no comment."
 - If you do have a comment, please state your name, where you live, and limit your comment to 5 minutes. After 5 minutes you may be muted so that others can comment.
- You may also email your public comment to the Board Secretary at ksevy@pphcsd.org by the meeting start time listed on this agenda. Your comment will be added to the record by the Board Secretary.

Please check the District website for updates on this meeting. We encourage you to sign up for our email notifications by emailing ksevy@pphcsd.org or by visiting our website and completing the signup form at www.pphcsd.org under the "Agendas and Minutes" tab.



Mission Statement:

The Mission of the Phelan Piñon Hills Community Services District is to efficiently provide authorized services and maximize resources for the benefit of the community.

Authorized Services:

- Water
- Parks & Recreation
- Street Lighting
- Solid Waste & Recycling

SPECIAL BOARD MEETING – 5:00 P.M.

Call to Order – Pledge of Allegiance

Roll Call1) **Approval of Agenda**

2) **Public Comment** – Under this item, any member of the public wishing to directly address the Board on any item of interest that may or may not be within the subject matter jurisdiction of the Board, but not listed on the agenda, may do so at this time. However, the Board is prohibited by law from taking any action on any item not appearing on the agenda unless the action is otherwise authorized by the Brown Act. Any member of the public wishing to directly address the Board on any item listed on the agenda may do so when the item is being considered by the Board. *If you wish to address the Board, please do so by the method listed on the first page of this agenda.* Speakers are requested to be brief in their remarks. The Chair may limit each speaker to a comment period of five (5) minutes.

3) **Closed Session**

Conference with Real Property Negotiators
(Government Code Section 54956.8)

Property: 9535 Sheep Creek Road, Phelan, California

District Negotiator: Donald J. Bartz, General Manager

Negotiating Parties: Municipal Finance Corporation

Under Negotiation: Site Lease and Lease Agreement

4) **Return to Open Session** – Announcement of Reportable Closed Session Actions

5) **Adjournment****REGULAR BOARD MEETING – 6:00 P.M.**

Call to Order – Pledge of Allegiance

Roll Call1) **Approval of Agenda**

2) **Public Comment** – Under this item, any member of the public wishing to directly address the Board on any item of interest that may or may not be within the subject matter jurisdiction of the Board, but not listed on the agenda, may do so at this time. However, the Board is prohibited by law from taking any action on any item not appearing on the agenda unless the action is otherwise authorized by the Brown Act. Any member of the public wishing to directly address the Board on any item listed on the agenda may do so when the item is being considered by the Board. *If you wish to address the Board, please do so by the method listed on the first page of this agenda.* Speakers are requested to be brief in their remarks. The Chair may limit each speaker to a comment period of five (5) minutes.

a) **General Public**b) **Community Reports**

- C.E.R.T.
- County Supervisor
- Fire
- Mojave Water Agency
- School District
- Sheriff

3) Consent Items

- a) Approval of Board Minutes
- b) Acceptance of Board Stipends/Reimbursements
- c) Adoption of Resolution No. 2023-01; Authorizing Remote Teleconference Meetings for the Period of January 9, 2023, to February 8, 2023

4) Matters Removed from Consent Items**5) Presentations/Appointments****6) Continued/New Agenda Items**

- a) Second Reading of Ordinance No. 2023-01; Establishing Regulations for Custody and Use of the District Seal, District Logo, and District Insignia
- b) Public Hearing on Ordinance No. 2023-01; Establishing Regulations for Custody and Use of the District Seal, District Logo, and District Insignia
 1. Secretary's Report
 2. Attorney's Report on Action Taken Prior to this Hearing
 3. Staff's Report
 4. Public Comments, Protests, and Objections
 - a. Any person may address the Board on the Ordinance
 - b. Staff responses to comments, protests, and objections
- c) Discussion & Possible Adoption of Ordinance No. 2023-01; Establishing Regulations for Custody and Use of the District Seal, District Logo, and District Insignia
- d) Discussion & Possible Action Regarding 2023/2024 Budget Process Schedule
- e) Discussion & Possible Action Regarding Resolution No. 2023-02; Approving a Site Lease and a Lease Agreement; Making Certain Determinations Relating Thereto; and Authorizing Certain Other Actions In Connection Therewith for the Financing of the Civic Center Building
- f) Discussion and Possible Action Regarding Participation in the California CLASS Investment Pool
- g) Discussion and Possible Action Regarding Cost-of-Living Adjustment for Employees
- h) Review of Ordinance No. 2022-01; Establishing Guidelines for the Conduct of District Public Meetings and Activities
- i) Discussion & Possible Action Regarding Nominations for the Board of Directors for the Association of San Bernardino County Special Districts Board
- j) Update on the Proposed Civic Center & Phelan Park Expansion Projects

7) Committee Reports/Comments

- a) Engineering Committee (Standing)
- b) Finance Committee (Standing)
- c) Legislative Committee (Standing)
- d) Parks, Recreation & Street Lighting Committee (Standing)
- e) Waste & Recycling Committee (Standing)

8) Staff and General Manager's Report

- 9) **Reports**
 - a) Director's Report
 - b) President's Report
- 10) **Correspondence/Information**
- 11) **Review of Action Items**
 - a) Prior Meeting Action Items
 - b) Current Meeting Action Items
- 12) **Set Agenda for Next Meeting**
 - Regular Board Meeting – January 18, 2023
- 13) **Adjournment**

Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, that is sought in order to participate in the above-agendized public meeting should be directed to the District's General Manager at (760) 868-1212 at least 24 hours prior to said meeting.

Agenda materials can be viewed online at www.pphcsd.org

Agenda Item 3a

Approval of Board Minutes

SPECIAL BOARD MEETING MINUTES
December 14, 2022
Phelan Community Center
4128 Warbler Road, Phelan, CA 92371
& Remotely Via Zoom or Conference Call

Board Members Present: Rebecca Kujawa, President
Kathy Hoffman, Director
Chuck Hays, Director
Greg Snyder, Director

Board Members Absent: Mark Roberts, Vice President

Staff Present: Don Bartz, General Manager
Kim Sevy, HR & Solid Waste Manager/District Clerk
George Cardenas, Engineering Manager
Sean Wright, Water Operations Manager
Chris Cummings, Assistant Water Operations Manager
Aimee Williams, Asst. Board Clerk/Administrative Specialist

District Counsel: Steve Kennedy, General Counsel

SPECIAL BOARD MEETING – 5:00 P.M.

Call to Order

President Kujawa called the meeting to order at 5:00 p.m. and the Pledge of Allegiance was conducted.

Oath of Office for New Directors

Ms. Sevy administered the Oath of Office to Director Hays, Director Hoffman, and Director Snyder.

Presentation of Certificate of Appreciation

President Kujawa presented a Certificate of Appreciation to former Director Philips for her service to the District.

Roll Call

All but Director Roberts were present at roll call.

1) **Approval of Agenda**

Director Hoffman moved to approve the Agenda as amended. Director Snyder seconded the motion. Motion carried 4-0.

2) **Public Comment**

a) **General Public**

Public comment was given by:

- Cheryl Rhoden
- Meredith Hergenrader

b) **Community Reports**

- **Snowline School District** – Ryan Holman, Superintendent, congratulated the directors and thanked outgoing Director Philips for her time on the Board. He stated that Snowline School District gave the oath of office to their directors last night at their meeting. Noted the return of the senior citizen holiday dinner this afternoon, where the Performing Arts groups gave performances. He thanked Mr. Wright for continuing the tradition of senior students at Serrano High School painting the District water tank with the graduation year.

3) **Consent Items**

Director Hoffman moved to approve the Consent Items. Director Hays seconded the motion. Motion carried 4-0.

4) **Matters Removed from Consent Items**

None

5) **Presentations/Appointments**

None

6) **Continued/New Agenda Items**

a) **Discussion & Possible Action Regarding Election of Officers**

Staff Recommendation: For the Board to elect a President and Vice President for 2023.

Mr. Bartz presented this item.

Director Hoffman nominated Director Kujawa for President of the Board. Director Hays seconded the motion. Motion carried 4-0.

Director Kujawa nominated Director Roberts for Vice President. Director Hoffman seconded the nomination. Motion carried 4-0.

b) **Discussion & Possible Action Regarding Committee Assignments**

Staff Recommendation: For the Board President to appoint District Committees for 2023 and approved the proposed meeting schedule.

Mr. Bartz presented this item.

President Kujawa appointed Directors to the following committees:

- Engineering – Director Hoffman and Vice President Roberts
- Parks, Recreation, & Street Lighting – President Kujawa and Director Snyder
- Waste & Recycling – Director Hoffman and President Kujawa
- Legislative – Director Hays and Director Snyder
- Finance – Vice President Roberts and Director Hays

c) **First Reading of Ordinance Establishing Regulations for Custody and Use of the District Seal, District Logo, and District Insignia**

Staff Recommendation: For the Board to waive the first reading of the Ordinance Establishing Regulations for Custody & Use of the District Seal, District Logo, and District Insignia

Mr. Bartz presented this item.

Director Hoffman moved to approve the staff recommendation. Director Hays seconded the motion. Motion carried 4-0.

d) **Discussion & Possible Action Regarding Resolution No. 2022-33; Government Banking Public Unit Resolution & Master Signature Authorization Agreement**

Staff Recommendation: For the Board to adopt Resolution No. 2022-33; Government Banking Public Unit Resolution and Master Signature Authorization Agreement.

Mr. Bartz presented this item.

President Kujawa moved to approve the staff recommendation. Director Hoffman seconded the motion. Motion carried 4-0.

e) **Discussion & Possible Action Regarding Purchase and Installation of 1,280 Feet of 8-inch DR14 Pipe on Pinon Hills Road**

Staff Recommendation: For the Board to approve the purchase of materials and authorize construction necessary to install 1280' of 8" DR14 pipe on Pinon Hills Road from inland water works in the amount not to exceed \$61,048.09 plus installation.

Mr. Cardenas and Mr. Wright introduced this item.

Director Snyder moved to approve the staff recommendation. Director Hoffman seconded the motion. Motion carried 4-0.

f) **Update on the Proposed Civic Center & Phelan Park Expansion Projects & Approval of Payment to California Department of Fish and Wildlife for Incidental Take Permit**

Staff Recommendation: For the Board to approve payment in the amount of \$34,585.25 to the California Department of Fish and Wildlife for the Incidental Take Permit.

Mr. Cardenas and Mr. Bartz introduced this item.

Director Hoffman moved to approve the staff recommendation. President Kujawa seconded the motion. Motion carried 4-0.

7) **Committee Reports/Comments**

- a) **Engineering Committee (Standing)** – December meeting was cancelled. Will meet again in January.
- b) **Finance Committee (Standing)** – Nothing new to report. Meets in January.

- c) **Legislative Committee (Standing)** – Meets again in the new year.
- d) **Parks, Recreation & Street Lighting Committee (Standing)** – Did not meet. President Kujawa thanked staff for their hard work on the Christmas tree lighting event and thanked the fire department for their attendance and for delivering Santa Claus. Noted some suggestions that were received on ways to involve the public more. The suggestions will be brought back to the committee for discussion.
- e) **Waste & Recycling Committee (Standing)** – Met in November and a presentation on SB1383 was given. More information will be provided on options for self-haul programs and de minimis user options.

8) **Staff and General Manager's Report**

Mr. Bartz welcomed the new Board members and thanked outgoing Director, Deborah Philips. He invited the new Directors on a tour of the District and to meet with him to discuss any of the District's projects.

Mr. Wright discussed the new well project. The project broke ground last week and water was reached at 450 feet. He offered a tour of the well site to the Directors.

9) **Reports**

a) **Director's Report**

Hays – Thanked the community for electing him and said he looks forward to working with staff and getting familiar with the District and things going on in it.

Hoffman – Thanked everyone for re-electing her.

Snyder – Stated he looks forward to working with everybody at the District. Thanked everybody that elected him to the Board; appreciates the opportunity to serve the community. Hopes to bring a wealth of knowledge and experience to help the District.

b) **President's Report** – Welcomed the new Board members.

10) **Correspondence/Information** – The items in the packet were noted.

11) **Review of Action Items**

- a) **Prior Meeting Action Items** – None
- b) **Current Meeting Action Items** – None

12) **Set Agenda for Next Meeting**

- December 21, 2022 – Cancelled
- Regular Board Meeting – January 4, 2023

13) **Recess to Closed Session**

With no further business before the Board, the Board recessed to closed session at 5:45 p.m.

Closed Session: Conference with Legal Counsel
Significant Exposure to Litigation
Pursuant to Government Code Section 54956.9(d)(2)
One Potential Case

- 14) **Return to Open Session** – Announcement of Reportable Action
The Board returned to open session at 5:58 p.m.

Mr. Kennedy reported that the Board considered a claim that was filed against the District. The Board unanimously voted to reject the claim and refer the matter to the District's insurance carrier. There was no other reportable action.

- 15) **Adjournment**
With no further business before the Board, the meeting was adjourned at 5:58 p.m.

Agenda materials can be viewed online at www.pphcsd.org

Rebecca Kujawa, President of the Board

Date

Kim Sevy, HR & Solid Waste Manager/District Clerk

Date

Agenda Item 3b

Acceptance of Board
Stipends/Reimbursements

**Phelan Piñon Hills Community Services District
BOARD STIPEND & EXPENSE VOUCHER/REPORT**

AB1234 Compliant

2022													
<i>*MAXIMUM PAID @ \$120 PER MEETING DAY AND LIMITED TO 10 MEETINGS PER MONTH</i>										Report of items paid for with District Credit Card***			
Name: Rebecca Kujawa					Date: December 18, 2022								
Reimbursed @ 0.625					REIMBURSEMENT REQUESTED					CREDIT CARD EXPENSES			
Date of mtg. or event	A	Expense Description / Business Purpose			*Meeting (\$120 or N/C)	Miles	Mileage**	Meals	Lodging	Other	Meals	Lodging	Other
12/14/22		Special Board Meeting			120.00	10.20	6.38						
							-						
							-						
							-						
							-						
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							-						
Totals					120.00	10.20	6.38	-	-	-	-	-	-
A: Board Approved? (section 2.4)					Totals:								
I certify the expenses listed above are related to my authorized travel according to the Phelan Piñon Hills Community Services District Policies.					Acct #		Meetings	120.00	Payroll				
							Mileage	6.38	Board Mtg				
							Meals	-	Meals	-			
							Lodging	-	Lodging	-			
							Other	-	Other	-			
					Grand Total			126.38					
Board member's signature below <i>Rebecca A Kujawa</i>													
_____ Signature													

**Mileage is automatically calculated based on the number of miles entered.

***Credit card receipts must be turned in to the office within 24 hours of the charge or return to the District.

Agenda Item 3c

Adoption of Resolution No. 2023-01; Authorizing Remote Teleconference Meetings for the Period of January 9, 2023, to February 8, 2023

MEMORANDUM

DATE: January 4, 2023

TO: Board of Directors

FROM: Don Bartz, General Manager
By: Kim Ward, HR Manager/Executive Secretary

SUBJECT: Discussion & Possible Adoption of Resolution No. 2023-01; Authorizing Remote Teleconference Meetings for the Period of January 9, 2023, to February 8, 2023

STAFF RECOMMENDATION

For the Board to adopt Resolution No. 2023-01; Authorizing Remote Teleconference Meetings for the Period of January 9, 2023, to February 8, 2023, should the Board desire to continue holding remote teleconference meetings.

BACKGROUND

Since the enactment of Governor Gavin Newsom's Executive Order N-29-20, local legislative bodies in California have been able to hold public meetings by "teleconference" (a term which includes videoconferencing) without complying with certain Brown Act requirements for teleconference meetings.

These provisions were set to expire September 30, 2021, with a return to full Brown Act compliance on October 1, 2021. AB 361 was enacted to extend the COVID-19 exceptions to the Brown Act's teleconference requirements in any of the following circumstances:

- The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.
- The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.
- The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

A local agency that holds a meeting under these circumstances is required by AB 361 to do all of the following, in addition to giving notice of the meeting and posting agendas as required under the Brown Act. These additional requirements are intended to protect the public's right to participate in the meetings of local agency legislative bodies:

- Allow the public to access the meeting and require that the agenda provide an opportunity for the public to directly address the legislative body pursuant to the Brown Act's other teleconferencing provisions;

- In each instance when the local agency provides notice of the teleconferenced meeting or posts its agenda, give notice for how the public can access the meeting and provide public comment;
- Identify and include in the agenda an opportunity for all persons to attend via a call-in or an internet-based service option; the legislative body need not provide a physical location for the public to attend or provide comments;
- Conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the public;
- Stop the meeting until public access is restored in the event of a service disruption that either prevents the local agency from broadcasting the meeting to the public using the call-in or internet-based service option, or is within the local agency's control and prevents the public from submitting public comments (any actions taken during such a service disruption can be challenged under the Brown Act's existing challenge provisions);
- Not require comments be submitted in advance (though the legislative body may provide that as an option), and provide the opportunity to comment in real time;
- Provide adequate time for public comment, either by establishing a timed public comment period or by allowing a reasonable amount of time to comment;
- If the legislative body uses a third-party website or platform to host the teleconference, and the third-party service requires users to register to participate, the legislative body must provide adequate time during the comment period for users to register, and may not close the registration comment period until the comment period has elapsed.

AB 361 also provides that, if the state of emergency remains active for more than 30 days, a local agency must make the following findings by majority vote every 30 days to continue using the bill's exemption to the Brown Act teleconferencing rules:

- The legislative body has reconsidered the circumstances of the emergency; and
- Either of the following circumstances exist: The state of emergency continues to directly impact the ability of members to meet safely in person, or State or local officials continue to impose or recommend social distancing measures.

This means that local agencies will have to put an item on the agenda of a Brown Act meeting once every thirty days to make findings regarding the circumstances of the emergency and vote to continue using the law's exemptions.

Staff recommends the Board authorize remote meetings per AB 361 until February 8, 2023, and then move to in-person public and Board participation only thereafter. The use of Zoom could continue for staff and consultant participation as necessary. The meetings would continue to be livestreamed and recorded for the public.

FISCAL IMPACT

None

ATTACHMENT(S)

Resolution No. 2023-01

RESOLUTION NO. 2023-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT RE-RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR NEWSOM, DECLARING THAT LOCAL EMERGENCY CONDITIONS PERSIST, AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE BOARD OF DIRECTORS AND ITS STANDING COMMITTEES FOR THE PERIOD JANUARY 9, 2022, TO FEBRUARY 8, 2022, PURSUANT TO BROWN ACT PROVISIONS

WHEREAS, the Phelan Pinon Hills Community Services District (the “District”) is committed to preserving and nurturing public access and participation in meetings of its Board of Directors; and

WHEREAS, all meetings of the District’s Board of Directors (the “Board”) and its standing committees are open and public, as required by the Ralph M. Brown Act (California Government Code Sections 54950-54963), so that any member of the public may attend, participate, and watch those bodies conduct their business; and

WHEREAS, the Brown Act, in Government Code Section 54953(e), makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition for application of Government Code Section 54953(e) is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the State caused by conditions as described in Government Code Section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District’s boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, on March 4, 2020, Governor Gavin Newsom proclaimed a state of emergency to exist in California as a result of the threat of COVID-19, and such proclamation has not yet been lifted; and

WHEREAS, it is further required under Government Code Section 54953(e) that state or local officials have imposed or recommended measures to promote social distancing or that the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Board previously adopted Resolution No. 2022-32 on December 14, 2022, finding that the requisite conditions exist for the Board and its standing committees to conduct remote teleconference meetings without compliance with Government Code Section 54953(b)(3); and

WHEREAS, as a condition of extending the use of the provisions set forth in Government Code Section 54953(e), the Board must reconsider the circumstances of the state of emergency that exists within the District, and the Board has done so; and

WHEREAS, emergency conditions persist within the District, specifically COVID-19 and its Delta variant, remain highly contagious and, therefore, a threat to the health, safety, and well-being of the District's employees, directors, vendors, contractors, customers, visitors, and residents; and

WHEREAS, directions from the San Bernardino County Department of Public Health and regulations from the State of California impose various social distancing restrictions and provide guidance on best practices with respect to actions to reduce the spread of COVID-19; and

WHEREAS, the Board does hereby find that a state of emergency continues to exist within the District's service area as a result of the continuing presence of COVID-19, which has caused, and will continue to cause, conditions of imminent risk to attendees of Board meetings, and has resulted in local, State, and federal social distancing orders and related guidance, and which has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and the Board desires to re-affirm that a local emergency exists and re-ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency persisting, the Board does hereby find that the Board and all standing committees thereof shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953, as authorized by subdivision (e) of Government Code Section 54953, and that such legislative bodies shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Government Code Section 54953; and

WHEREAS, the District will continue to provide proper notice to the public regarding all Board and standing committee meetings in accordance with Government Code Section 54953(e)(2) and shall continue to provide notice to the public of how they may access any such meeting via call-in number and/or internet link.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Affirmation that Local Emergency Persists. The Board hereby considers the conditions of the state of emergency within the District and proclaims that a local emergency persists throughout the District as a result of the continuing presence of COVID-19, which continues to cause conditions of imminent risk to

attendees of the District's Board and standing committee meetings, and which have resulted in local, State, and federal social distancing orders and guidance, and that continuing to conduct the District's Board and standing committee meetings virtually will minimize the possible spread COVID-19 and any variant thereof.

Section 3. Re-Ratification of Governor's Proclamation of a State of Emergency. The Board hereby re-ratifies the Governor of the State of California's Proclamation of State of Emergency regarding COVID-19, dated March 4, 2020.

Section 4. Remote Teleconference Meetings. The District's General Manager, or his or her designee, and the Board and standing committees of the District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including but not limited to continuing to conduct open and public meetings in accordance with Government Code Section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect on January 9, 2023, and shall be effective until the earlier of (i) the expiration of thirty (30) days from the date thereof, or (ii) such time as the Board adopts a subsequent resolution in accordance with Government Code Section 54953(e)(3) to extend the time during which the Board and standing committees of the District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953.

PASSED AND ADOPTED by the Board of Directors of the Phelan Pinon Hills Community Services District this 4th day of January, 2023, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Agenda Item 4

Matters Removed from
Consent Items

Agenda Item 5

Presentations/Appointments

Agenda Item 6a

Second Reading of Ordinance No. 2023-01; Establishing Regulations for Custody and Use of the District Seal, District Logo, and District Insignia

MEMORANDUM

DATE: January 4, 2023

TO: Board of Directors

FROM: Don Bartz, General Manager
By: Kim Sevy, HR & Solid Waste Manager/District Clerk

SUBJECT: Second Reading of Ordinance 2023-01; Establishing Regulations for Custody & Use of the District Seal, District Logo, and District Insignia

STAFF RECOMMENDATION

For the Board to waive the second reading of the Ordinance 2023-01; Establishing Regulations for Custody & Use of the District Seal, District Logo, and District Insignia.

BACKGROUND

This Ordinance was introduced and discussed at the Board meeting on November 16, 2022. The first reading was waived by the Board on December 14, 2022. In order to adopt an ordinance, a legal process must be followed which includes a first reading, second reading, and public hearing along with noticing and publishing requirements.

The District seal, District logo, and District insignia are personal property of the District and the District can control their use as well as prevent other parties from unauthorized use. Misuse or unauthorized use of the District's official seal, District logo, and other District insignia can cause confusion or misrepresentation that a statement, event, or organization is supported or endorsed by the District. Although a person may be criminally prosecuted for the improper use of the District's official seal if it is used in the context of campaign literature or mass mailings, there are no other statutory prohibitions on the use of the District's official seal or District logo. Therefore, staff is recommending adoption of regulations governing the use of the official District seal, District logo, and other insignia as a preventative measure to address potential fraud, deception, and misuse.

The District does not currently have regulations governing the use of the District's official seal, District logo, or other insignia. California law makes it a misdemeanor to use District seals with the intention of creating an impression that a document is authorized by a public official (Gov't Code §34501.5). The use of the District seal with the intent to deceive voters into thinking a communication is from the District can be a violation of California election law (Elect. Code § 18304).

Although state laws discussed above provide some limits upon the use of the District's official seal to prevent misrepresentations, there is no regulation on whether the District's official seal, logo, or insignia may be used, by whom, in what context, or in what capacity. Modern technology makes it easy for anyone to capture the District's official seal, logo, or insignia and use it to mislead or give the impression that a publication, event, or item is authorized or sponsored by the District.

Adoption of the attached ordinance will provide the District with a tool to help ensure that the District Seal, District logo, and other insignia are used only for purposes directly related to the official business of the District or as expressly authorized.

The proposed ordinance establishes and authorizes uses for the District seal, District logo, and other insignia and will empower the District's General Manager to enforce the Ordinance regarding the use of the District seal, District logo, and other insignia by District staff. Lastly, the proposed ordinance will establish civil fines of up to \$500 and a misdemeanor offense for malicious or commercial uses which are inconsistent with the public good.

FISCAL IMPACT

Publishing Costs

ATTACHMENT(S)

Ordinance & Exhibits

Agenda Item 6b

Public Hearing on Ordinance No. 2023-01; Establishing Regulations for Custody and Use of the District Seal, District Logo, and District Insignia

1. Secretary's Report
2. Attorney's Report on Action Taken Prior to this Hearing
3. Staff's Report
4. Public Comments, Protests, and Objections
 - a. Any person may address the Board on the Ordinance
 - b. Staff responses to comments, protests, and objections

Agenda Item 6c

Discussion & Possible Adoption of Ordinance No. 2023-01; Establishing Regulations for Custody and Use of the District Seal, District Logo, and District Insignia



A. 4176 Warbler Road
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W. www.pphcsd.org

MEMORANDUM

DATE: January 4, 2023

TO: Board of Directors

FROM: Don Bartz, General Manager
By: Kim Sevy, HR & Solid Waste Manager/District Clerk

SUBJECT: Discussion and Possible Adoption of Ordinance No. 2023-01; Establishing Regulations for Custody & Use of the District Seal, District Logo, and District Insignia

STAFF RECOMMENDATION

For the Board to adopt Ordinance 2023-01; Establishing Regulations for Custody & Use of the District Seal, District Logo, and District Insignia.

BACKGROUND

Staff is recommending adoption of regulations governing the use of the official District seal, District logo, and other insignia as a preventative measure to address potential fraud, deception, and misuse.

The proposed ordinance establishes and authorizes uses for the District seal, District logo, and other insignia and will empower the District's General Manager to enforce the Ordinance regarding the use of the District seal, District logo, and other insignia by District staff. Lastly, the proposed ordinance will establish civil fines of up to \$500 and a misdemeanor offense for malicious or commercial uses which are inconsistent with the public good.

In order to adopt an ordinance, a legal process must be followed which includes a first reading, second reading, and public hearing along with noticing and publishing requirements. This Ordinance was introduced and discussed at the Board meeting on November 16, 2022. The first reading was waived by the Board on December 14, 2022. Notice was posted in the District office on December 14, 2022, and on the District website on December 22, 2022. Notice of public hearing was published in the Daily Press on December 21 & December 29, 2022. A summary of the Ordinance and notice of public hearing was published in the Mountaineer Progress on December 29, 2022.

The second reading opportunity was presented, and the public hearing was conducted, prior to this agenda item. In order to enact the Ordinance, it must be adopted by the Board. If adopted, the Ordinance would go into effect 30 days after adoption. If adopted, a summary of the Ordinance, and a record of the vote, would be published on January 12, 2023.

FISCAL IMPACT: Publishing Costs

ATTACHMENT(S): Ordinance & Exhibits

ORDINANCE NO. 2023-01
AN ORDINANCE OF THE PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT,
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
ESTABLISHING REGULATIONS FOR CUSTODY AND USE OF
THE DISTRICT SEAL, DISTRICT LOGO, AND DISTRICT INSIGNIA

WHEREAS, the Phelan Piñon Hills Community Services District (“District”) is a Community Services District located within the County of San Bernardino and is organized and operates pursuant to the California Government Code Section 61000, *et seq.*;

WHEREAS, the District has a District seal that is not protected from unauthorized use by ordinance or copyright law;

WHEREAS, California Government Code § 34501.5 and Elections Code § 18304 solely protect agency seals by prohibiting the use of an agency seal in campaign literature or mass mailing with the intent to deceive voters;

WHEREAS, the unauthorized use, reproduction or facsimile of a District seal for any purpose may create a misleading, erroneous or false impression that the document, item, statement, event, and/or organization is authorized, supported, and/or sponsored by the District or a public official;

WHEREAS, the District desires to protect its official seal from all unauthorized uses to prevent fraud, deception, misrepresentation, and/or abuse; and

WHEREAS, the District’s Board of Directors (“Board”) seeks to ensure that the District seal, District logo, and other District insignia are used only for purposes directly related to the official business of the District, or as expressly authorized.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Phelan Piñon Hills Community Services District as follows:

SECTION 1: RECITALS

The Board hereby finds and determines that the above Recitals are true and correct and are incorporated herein.

SECTION 2: DEFINITIONS

A. “District Seal” means the official seal of the District as adopted by the Board by minute action on February 25, 2009. The District seal is described as a form of a die two inches in diameter; the form of the die is one circle. Within the circle is a view of a green hills, a light brown desert floor, a blue sky, and a Joshua tree centered in the foreground; imprinted inside the perimeter of the circle at the top are the words

“PHELAN PIÑON HILLS” and at the bottom are the words “COMMUNITY SERVICES DISTRICT.” Imprinted above the hills and Joshua tree are the letters “PPHCSD” which are an acronym for the Phelan Piñon Hills Community Services District; imprinted to the left of the Joshua tree are the letters “EST.” which is an abbreviation of established; imprinted to the right of the Joshua tree is the number “2008” which represents the year the District was formed. (SEE EXHIBIT A)

B. “District Logo” means the District’s primary logo used on letterhead and other documents, and is an illustrative logo with a blue mountains/hills, a setting sun between the peaks, and a gold/yellow, wavy line below the mountains. (SEE EXHIBITS B-1 AND B-2)

C. “District Insignia” means in addition to the District logo and District seal, as designated by the Board, any other logos, website banners, letterhead, business cards, or emblems depicting or including the District, as approved by the District’s General Manager (“General Manager”).

SECTION 3: USE OF THE DISTRICT SEAL, DISTRICT LOGO, AND DISTRICT INSIGNIA

A. The General Manager or designee, acting as the custodian of the District Seal, District Logo and any District Insignia, is authorized to use or affix the District Seal, District Logo and any District Insignia to all certificates and documents as may be required by law, by this Ordinance to authenticate official District documents or to indicate institutional sanction for official, legal and ceremonial purposes.

B. The District Seal, District Logo and any District Insignia shall only be used for purposes directly connected with the official business of the District except upon written authorization of the General Manager or designee.

C. District officers, employees, and members of the Board may use stationery, printed materials and other articles with the District Seal, District Logo or District Insignia while acting within the scope of their office or employment.

D. The General Manager shall designate the particular motor vehicle or other vehicles or items of property belonging to the District, or in connection with which replicas or near representations of the District Seal, District Logo or District Insignia shall be used. The District officers or employees having immediate charge or control of the motor vehicles or property shall obtain replicas of the District Seal, District Logo or District Insignia from the General Manager or designee and affix the same thereto and maintain the same thereon.

E. The Board retains the right to create variations of the District Seal and District Logo, and to adopt and establish other official District Seals and District Logos. Such variations may include, but are not limited to, centennial or other seals or logos which mark anniversaries, events, and/or any other District occasion the Board wishes

to commemorate. The District Seal and District Logo may only be altered pursuant to direction by the Board.

F. The District Manager or designee is authorized to determine the appropriate use of District Insignia. The District Manager shall not approve any use of the District Insignia in such a manner as to suggest District endorsement of events, political issues, products, and other uses that are prohibited by law, or in a discriminatory manner or manner inconsistent with this Ordinance.

SECTION 4: PROHIBIT USES OF DISTRICT SEAL, DISTRICT LOGO, AND DISTRICT INSIGNIA

A. It is unlawful for any person or entity to make use of the District Seal, District Logo, and/or District Insignia or any portion, facsimile, mock-up, or reproduction thereof, or make or use of any design, symbol, emblem, insignia or similar device that is an imitation of said District Seal, District Logo, or District Insignia, or that may be mistaken therefor, that is designed, intended or likely to confuse, deceive or mislead the public, for private or commercial purposes or for any purpose other than the official business of the District without the express written consent of the General Manager or their designees under the authority granted by the Board.

B. No person, firm, association, or corporation shall use the District Seal, District Logo, and/or District Insignia, or any facsimile thereof for purposes of supporting or opposing the nomination or election to any District or other public office of him or herself or any other person, or for purposes of supporting or opposing any ballot measure, nor include such District Seal, District Logo, and/or District Insignia on any writing distributed for purposes of influencing the action of the electorate, or any part thereof, in any election. This Section shall not be applicable to writings issued by the District or the Board as a whole pursuant to law.

C. Unauthorized use of the District Seal, District Logo, and/or District Insignia for commercial, malicious, deceptive, fraudulent, or other unauthorized purposes without the express written authorization of the District is declared to be a public nuisance and the District can abate or enjoin such use pursuant to this Ordinance.

SECTION 5: PENALTIES

Violation of this Ordinance may be prosecuted as an infraction or misdemeanor, as determined by the Board, and punishable by a fine not exceeding five hundred dollars (\$500.00), or imprisonment for a term not exceeding six (6) months, or by both such fine and imprisonment. Nothing herein prevents the District from using any other available civil, criminal, and/or administrative remedies allowed by law to protect the District Seal, District Logo, and District Insignia from improper or illegal use.

SECTION 6: ENFORCEMENT OFFICER

The General Manager is hereby declared and appointed as the enforcement officer of this Ordinance, and shall be empowered to take such other actions as authorized herein, or as may otherwise be authorized by the Board or be reasonably necessary, for enforcement of the Ordinance.

SECTION 7: CONFLICTING PROVISIONS

If any provision of this Ordinance is in conflict with any applicable federal or state law or regulation, the federal or state law or regulation shall govern. If provisions of this Ordinance are in conflict with each other, other provisions of the District's regulations or policies, or any other resolution or ordinance of the District, the more restrictive provisions shall control.

SECTION 8: SEVERABILITY

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional or invalid, such decisions shall not affect the validity of the remaining portions of this Ordinance.

SECTION 9: PUBLICATION AND POSTING

The Secretary of the Board is hereby directed to cause a summary of this Ordinance to be published at least five (5) days prior to the date of adoption hereof in a newspaper of general circulation printed and a copy of the full text must be posted at the District office at least five (5) days prior to the meeting. The full text of this Ordinance must be published within ten (10) days after adoption with the names of the directors voting for and against the adoption, and must likewise be posted at the District office.

SECTION 10: EFFECTIVE DATE

This Ordinance shall take effect and be in force thirty (30) days after its passage and the District Clerk is hereby authorized to use summary publication procedures pursuant to Government Code Section 36933 utilizing a newspaper of general circulation published in the District.

APPROVED AND ADOPTED this 4th day of January, 2023.

President of the Phelan Piñon Hills
Community Services District and
of the Board of Directors thereof.

STATE OF CALIFORNIA)
)
COUNTY OF SAN BERNARDINO)

I, Kimberly Sevy, Secretary of the Board of Directors of the Phelan Piñon Hills Community Services District, do hereby certify that the foregoing Ordinance, being Ordinance No. 2023-01, was duly adopted by the Board of Directors of said District at a regular meeting of said Board held on 4th day of February 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Secretary of the Phelan Piñon Hills
Community Services District and
of the Board of Directors thereof.

SEAL

EXHIBIT A



EXHIBIT B-1



EXHIBIT B-2



Agenda Item 6d

Discussion & Possible Action
Regarding 2023/2024 Budget
Process Schedule



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P. (760) 868-1212
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MEMORANDUM

DATE: January 4, 2023

TO: Board of Directors

FROM: Don Bartz, General Manager
By: David Noland, Finance Supervisor

SUBJECT: Review & Discussion Regarding the 2023/2024 Budget Schedule

STAFF RECOMMENDATION

Staff recommends for the Board to review the attached draft 2023/2024 budget timeline and determine if modifications are necessary.

BACKGROUND

Each year, staff completes a schedule for the budget process timeline. This timeline, along with a summary of the budget process, is published on the District's website and a press release is issued in order to encourage public participation.

FISCAL IMPACT

None

ATTACHMENT(S)

2023/2024 Budget Schedule
Draft Press Release - Budget Process & Schedule

Budget Schedule - Committees and Management			
2023/2024 Budget			
January 4, 2023	Wed	6:00 PM	Regular Board Meeting - Board review schedule and approve.
January and February			Management and Supervision staff begin work on operational budgets, reviewing historical expenses, estimating future expenses, gathering quotes and estimates, evaluating goals and programs, etc.
January 9, 2023	Mon	10:30am	Following Staff Meeting: Management meeting budget process
January 10, 2023	Tues	4:30 PM	Special Parks and Recreation Committee - Review and discuss draft budget schedule, long range plans, programs and operational goals.
January 11, 2023	Wed	4:00 PM	Engineering Committee - Review and discuss draft budget schedule, long range plans and operational goals.
January 19, 2023	Thurs	4:30 PM	Solid Waste and Recycling Committee - Review and discuss draft budget schedule, long range plans, programs and operational goals.
February 2023	TBD	TBD	As committees meet quarterly now, they may need to schedule special meeting(s) in January or February in order to complete the long range plans and operational goals by February 8, 2023.
February 8, 2023	Wed	5:00 PM	Long range capital, maintenance plans, programs and capital budgets due to Lori for inclusion in the February 22, 2023 Special Workshop.
February 15, 2023	Wed	Noon	Long range capital, maintenance plans, programs and capital budgets due to Kim for Special Board Meeting.
February 22, 2023	Wed	4:30 PM	Board Workshop - Workshop to review and approve long range capital, maintenance plans, programs, capital budgets, and goals.
March			Staff develops draft budget.
March 16, 2023	Thurs	Noon	Draft Budget due to Kim for inclusion in Finance Committee Meeting.
March 21, 2023	Tues	4:00 PM	Special Finance Committee Meeting - Review and discuss draft budget.
March 30, 2023	Thurs	Noon	Draft budget due to Kim for inclusion in April 5, 2023 Special Board Workshop package.
April 4, 2023	Tues	4:30 PM	Board Workshop - Review draft budget.
April 13, 2023	Thurs	Noon	Final Draft Budget due to Kim for inclusion in Finance Committee Meeting.
April 18, 2023	Tues	4:00 PM	Finance Committee Meeting - Review and discuss final draft budget.
April 27, 2023	Thurs	Noon	Final Draft Budget due to Kim for inclusion in May 3 Special Board Workshop package.
May 3, 2023	Wed	5:00 PM	Board Workshop - Review final draft budget (NOTE: This meeting is tentative. The meeting of April 5, 2023 will determine whether or not this meeting will be necessary).
June 7, 2023	Wed	6:00 PM	Regular Board Meeting - Budget presentation, Hearing, and possible adoption.

**

Note: Shaded meetings are public meetings. Meeting dates are subject to change and notification will be posted accordingly.

** Note meeting date is a Tuesday

PRESS RELEASE - 1/05/2023
PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT
2022/2023 BUDGET PROCESS & SCHEDULE

DRAFT

Each year, staff is tasked with preparing a budget for consideration at an annual Public Hearing in June. The process leading up to the hearing includes several public meetings to provide the Board and the public with information for consideration and opportunities for input into the budget process. These public meetings include workshops, committee, and Board meetings. Beginning in January, committees review and update their respective Long Range Plans including the 10-year Capital Improvement Plan (CIP) and Maintenance plans. In February, staff gathers information in preparation for the budget. February through March, the Board reviews and approves the Long Range Capital Plans. Staff utilizes budget assumptions based on the consumer price index and other economic factors. Considering these guidelines, staff begins the process of preparing a draft budget. Staff works with department managers and supervisors to obtain budget information and incorporates the data with the assumptions as directed by the Board. The draft budget is reviewed by management and presented to the Finance Committee for consideration prior to being presented to the full Board. The Final Draft Budget is made available for review and a public hearing is held in June. The Final Draft Budget is presented to the Board during the public meeting for final review, consideration, and adoption. All of these are public meetings and the District encourages public attendance and participation. The events listed below have been scheduled to promote public participation and ensure the public has the opportunity to become familiar with the budget process. **The Public is invited to ALL of these sessions and is encouraged to attend.**

SCHEDULE OF EVENTS

PUBLIC MEETINGS AND HEARING FOR 2023/2024 BUDGET PROCESS

January & February	Committees meet, review, and update long range capital, maintenance plans, programs, and District goals. Committee meeting agendas are posted on the District calendar, in the office, online, and at the community centers. The public is invited and encouraged to attend and participate in this process.
Wednesday – 4:30 p.m. February 22, 2023	Special Board Workshop – Review and approval of committee proposed long range capital, maintenance plans, programs, and goals.
Tuesday – 4:00 p.m. March 21, 2023	Special Finance Committee – Review Draft Budget
Tuesday – 4:30 p.m. April 4, 2023	Special Board Workshop – Review Draft Budget
Tuesday – 4:00 p.m. April 18, 2023	Finance Committee – Review Final Draft Budget
Wednesday – 5:00 p.m. May 3, 2023	Special Board Workshop – Review Final Draft Budget. Note: This meeting is tentative. The meeting of April 4, 2023, will determine whether or not this meeting will be necessary.
Wednesday – 6:00 p.m. June 7, 2023	Regular Board Meeting Budget Hearing & possible Budget approval (with any modifications identified as a result of the hearing)

NOTE: Due to COVID-19 restrictions, any or all of the above meetings may be held via Zoom. All meetings will have an agenda posted in advance which tell how the meeting will be conducted.

Agenda Item 6e

Discussion & Possible Action
Regarding Resolution No. 2023-
02; Approving a Site Lease and a
Lease Agreement; Making
Certain Determinations Relating
Thereto; and Authorizing Certain
Other Actions in Connection
Therewith for the Financing of
the Civic Center Building

MEMORANDUM

DATE: January 4, 2023

TO: Board of Directors

FROM: Don Bartz, General Manager
By: Lori Lowrance, Assistant General Manager/CFO

SUBJECT: Discussion & Possible Action Regarding Resolution No. 2023-02; Approving a Site Lease and a Lease Agreement; Making Certain Determinations Relating Thereto; and Authorizing Certain Other Actions In Connection Therewith for the Financing of the Civic Center Building.

STAFF RECOMMENDATION

For the Board to approve Resolution No. 2023-02; Approving a Site Lease and a Lease Agreement; Making Certain Determinations Relating Thereto; and Authorizing Certain Other Actions In Connection Therewith for the Financing of the Civic Center Building (Phase I of the Civic Plaza Project).

BACKGROUND

The Board tasked staff with seeking potential funding for the Civic Center Building (Phase I of the Civic Plaza Project). The project is a 14,034 sf Civic Center Building, parking, landscaping, and offsite improvements, to be built at 9535 Sheep Creek Road, on the property north of the District office. On November 2, 2022, staff presented the Board with possible funding from various sources. The Board directed staff to pursue the Lease Purchase financing option with Municipal Financing Corporation.

On November 16, 2022, the Board adopted Resolution #2022-31 Authorizing the Execution and Delivery of a Lease Agreement and Site Lease and Authorizing and Directing Certain Actions in Connection Therewith, which secured the District's interest rates and fees associated with the impending lease.

The Board is now being presented with the lease documents for consideration. After the funding is secured, the Civic Center Building project, in the final phases of permitting, will be brought back to the Board for authorization to go out to bid and the final proposals will be brought back to the Board for review. Upon selection of a proposal, construction will begin on the project.

Staff is recommending that the Board adopt Resolution No. 2023-02; Approving a Site Lease and a Lease Agreement; Making Certain Determinations Relating Thereto; and Authorizing Certain Other Actions In Connection Therewith for the Financing of the Civic Center Building (Phase I of the Civic Plaza Project).

Sources of Financing	Lease (repaid by Enterprise Fund)	Enterprise Fund	Government Funds	Federal Grant	Total
Total Est. Construction Costs	6,000,000.00	500,000.00	2,772,992.69	2,000,000.00	11,272,992.69
Loan Origination Fees	40,000.00				40,000.00
					0.00
Total by Financing Source	6,040,000.00	500,000.00	2,772,992.69	2,000,000.00	11,312,992.69
Total by District Funds		6,540,000.00	2,772,992.69	2,000,000.00	
% of Total		58%	25%	18%	
Government – Parks Fund			772,992.69		
Government – General Fund			2,000,000.00		

FISCAL IMPACT

\$6,040,000 Lease

ATTACHMENT(S)

Resolution No. 2023-02

Site Lease Agreement

Lease Agreement

Memorandum of Lease



RESOLUTION NO. 2023-02

RESOLUTION OF THE PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT APPROVING A SITE LEASE AND A LEASE AGREEMENT; MAKING CERTAIN DETERMINATIONS RELATING THERETO; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Phelan Piñon Hills Community Services District (the “District”) is a community services district duly organized and validly existing under the laws of the State of California; and

WHEREAS, in order to provide funds to finance the acquisition and potential construction of an administrative facility located within the boundaries of the District (the “2023 Project”), the District will lease certain real property owned by the District (the “Leased Property”) to the Municipal Finance Corporation (the “Corporation”) under a Site Lease, currently dated as of January 1, 2023, (the “Site Lease”) between the District and the Corporation and the Corporation will lease the Leased Property to the District under a Lease Agreement, currently dated as of January 1, 2023 (the “Lease Agreement”) between the Corporation and the District; and

WHEREAS, the District desires to obtain funds from Truist Bank (the “Lender”) in order to finance the 2023 Project; and

WHEREAS, pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), under certain circumstances, certain obligations the interest on which is exempt from federal income tax under Section 103 of the Code may be designated by the issuer thereof as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax exempt obligations to deduct for federal income tax purposes a portion of such institution’s interest expense that is allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code; and

WHEREAS, the Board of Directors of the District (the “Board”) wishes to designate the Lease Agreement as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code; and

WHEREAS, the United States Treasury Department has issued Treasury Regulation Section 1.150-2 (the “Reimbursement Regulations”) constituting final regulations with respect to the use of proceeds of a tax-exempt financing for reimbursement purposes and, in order to comply with the Reimbursement Regulations, the District intends to declare its official intent to be reimbursed for the 2023 Project with proceeds of future tax-exempt borrowings, including but not limited to the Lease Agreement; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the Board obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds, including debt instruments such as the Lease Agreement, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the lease payments made pursuant to the Lease Agreement (the “Lease Payments”), (b) the sum of all fees and charges paid to third parties with respect to the Lease Agreement, (c) the amount of proceeds of the Lease

Agreement expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Lease Agreement, and (d) the sum total of all Lease Payments with respect to the Lease Agreement calculated to the final Lease Payment Date under the Lease Agreement plus the fees and charges paid to third parties not paid with the proceeds of the Lease Agreement; and

WHEREAS, in compliance with SB 450, the Board obtained from the Corporation the required good faith estimates and such estimates are disclosed and set forth on Exhibit A attached hereto.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Phelan Piñon Hills Community Services District as follows:

Section 1. Approval of Site Lease. The form of Site Lease, as presented to the District at this meeting, is hereby approved. The President, Vice President, and General Manager or any other officers duly designated by the District (each an “Officer,” and collectively, the “Officers”) are hereby authorized and directed, for and on behalf of the District, to execute, acknowledge and deliver the Site Lease, in substantially the form presented to the District at this meeting, with such changes therein as such Officers may require or approve, with the advice and approval of the District’s General Counsel and Kutak Rock LLP, Special Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. Approval of Lease Agreement. The form of Lease Agreement, as presented to the District at this meeting, along with the Memorandum of Lease, is hereby approved. The Officers are hereby authorized and directed, for and on behalf of the District, to execute, acknowledge and deliver the Lease Agreement, in substantially the form presented to the District at this meeting, with such changes therein as such Officers may require or approve, with the advice and approval of the District’s General Counsel and Special Counsel, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the aggregate principal component of the portion of the Lease Payments (as defined in the Lease Agreement) due under the Lease Agreement shall not exceed \$6,040,000, the scheduled term of the financing does not exceed July 15, 2043 and the interest rate is not greater than 4.750% per annum.

Section 3. Approval of Private Placement. The District hereby approves the assignment of the Lease Payments by the Corporation to the Lender, by a private placement pursuant to and in accordance with an assignment agreement.

Section 4. SB 450 Good Faith Estimates. In accordance with SB 450, good faith estimates of the following have been obtained from the Lender and are set forth on Exhibit A attached hereto: (a) the true interest cost of the lease payments made pursuant to the Lease Agreement, (b) the sum of all fees and charges paid to third parties with respect to the Lease Agreement, (c) the amount of proceeds of the Lease Agreement expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Lease Agreement, and (d) the sum total of all Lease Payments with respect to the Lease Agreement calculated to the final Lease Payment Date under the Lease Agreement plus the fees and charges paid to third parties not paid with the proceeds of the Lease Agreement.

Section 5. Bank Qualified. The Lease Agreement is hereby designated as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code. The Board hereby finds and

determines that the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the District (and all subordinate entities thereof) during calendar year 2023 is not expected to exceed \$10,000,000.

Section 6. Declaration of Reimbursement. The District shall, presently intends, and reasonably expects to finance a portion of the 2023 Project with legally available funds. All of the expenditures covered by this Resolution were or will be paid on and after the date which is 60 days prior to the effective date of this Resolution. The District presently intends and reasonably expects to participate in a tax-exempt financing within 18 months of the date of the expenditure of moneys on the 2023 Project or the date upon which the 2023 Project is placed in service, whichever is later (but in no event more than three years after the date of the original expenditure of such moneys), and to allocate from such financing an amount not to exceed amounts advanced for the 2023 Project from legally available funds to reimburse the District. The District intends for this Resolution to constitute the District's official intent, within the meaning of the Reimbursement Regulations, to support the use of the proceeds of the Lease Agreement to reimburse the District for the prior payment of expenditure related to the 2023 Project.

Section 7. Official Actions. The Officers are hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions which they, or any of them, may deem necessary or advisable in order to consummate the transactions as described herein in connection with the financing of the 2023 Project, including but not limited to, entering into a purchase agreement or similar agreement with the Lender, a project fund agreement and a custodian agreement with a financial institution to be selected by the District.

Section 8. Ratification of Prior Actions. All actions heretofore taken (not inconsistent with the provisions of this Resolution) by the Board or by the officers, employees and agents of the District directed toward the financing of the 2023 Project for the purposes herein set forth are hereby ratified, approved and confirmed.

Section 9. Effective Date. This Resolution shall take effect immediately upon adoption and the Board Secretary shall certify to its adoption.

PASSED, APPROVED, and ADOPTED at a regular meeting of the Board of Directors of the Phelan Piñon Hills Community Services District, this 4th day of January 2023.

AYES:

NOES:

ABSENT:

ABSTAIN:

President
Board of Directors

Attest:

Secretary
Board of Directors

I hereby certify that the above Resolution No. 2023-02 was duly introduced, read and adopted by the District at a regular meeting held on January 4, 2023.

Secretary
Board of Directors

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from the Corporation and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Lease Agreement:

1. *True Interest Cost of the Lease Agreement.* A good faith estimate of the true interest cost of the lease payments made pursuant to the Lease Agreement (the “Lease Payments”), which means the rate necessary to discount the amounts allocable as principal and interest components and payable on the respective Lease Payment Dates, as described under the Lease Agreement to the purchase price received for Lease Agreement, is 4.750%

2. *Finance Charge of the Lease Agreement.* A good faith estimate of the District’s finance charge of the Lease Agreement, which means the sum of all fees and charges paid to third parties (or costs associated with the Lease Agreement), is \$40,000.

3. *Amount of Proceeds to be Received by the District.* A good faith estimate of the amount of proceeds expected to be received by the District for sale of the Lease Agreement less the finance charge of the Lease Agreement described in paragraph 2 above, is \$6,000,000.

4. *Total Payment Amount.* A good faith estimate of the total payment amount, which means the sum total of all Lease Payments the District will make to pay their obligations on the Lease Agreement plus the finance charge of the Lease Agreement described in paragraph 2 above not paid with the proceeds of the Lease Agreement, calculated to the final Lease Payment Date under the Lease Agreement, is \$9,422,931.84.

AFTER RECORDATION PLEASE RETURN TO:

Kutak Rock LLP
5 Park Plaza, Suite 1500
Irvine, CA 92614-8595
Attention: Albert R. Reyes, Esq.

DOCUMENTARY TRANSFER TAX: \$0.00 AS THE TERM OF THE LEASE AND ALL EXTENSIONS IS LESS THAN THIRTY-FIVE (35) YEARS. PROPERTY IS LOCATED IN AN UNINCORPORATED AREA OF THE COUNTY OF SAN BERNARDINO. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383.

SITE LEASE

Dated as of January 1, 2023

between the

PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

and the

MUNICIPAL FINANCE CORPORATION

SITE LEASE

THIS SITE LEASE (the "Site Lease"), dated as of January 1, 2023, is between the PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT, a community services district organized and existing under and by virtue of the laws of the State of California (the "District"), as lessor, and the MUNICIPAL FINANCE CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"), as lessee;

WITNESSETH:

WHEREAS, pursuant to this Site Lease, the District proposes to lease certain real property situated in an unincorporated area of the County of San Bernardino, State of California, more particularly described in Exhibit A attached hereto and made a part hereof and those certain improvements thereon (collectively, the "Property") to the Corporation, all for the purpose of assisting the District in financing the construction and improvement of certain real property owned by the District.

WHEREAS, the Corporation proposes to lease the Property back to the District pursuant to that certain Lease Agreement, dated as of January 1, 2023, a memorandum of which is recorded concurrently herewith (the "Lease Agreement") and to assign all of its rights, title and interest in, to and under this Site Lease and the Lease Agreement, including its right to receive lease payments under the Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under the Lease Agreement in the event of a default thereunder by the District, to Truist Bank, including its successors and assigns (the "Assignee") pursuant to that certain Assignment Agreement, dated as of January 1, 2023, between the Corporation and the Assignee, and recorded concurrently herewith;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

Section 1. Definitions. Capitalized terms used, but not otherwise defined, in this Site Lease shall have the meanings ascribed to them in the Lease Agreement.

Section 2. Site Lease. The District hereby leases to the Corporation and the Corporation hereby leases from the District, on the terms and conditions hereinafter set forth, the Property.

Section 3. Term. The term of this Site Lease shall commence on the Closing Date, as defined in the Lease Agreement, and shall end on _____, 20__, unless such term is extended or sooner terminated as hereinafter provided. If, on _____, 20__, the aggregate amount of Lease Payments (as defined in and as payable under the Lease Agreement) shall not have been paid by reason of abatement, default or otherwise, or provision shall not have been made for their payment in accordance with the Lease Agreement, then the term of this Site Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment, but in no event later than _____, 20__. If, prior _____, 20__, all Lease Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Site Lease shall end.

Section 4. Advance Rental Payment. The District agrees to lease the Property to the Corporation in consideration of the payment by the Corporation of an advance rental payment of \$_____. The District and the Corporation agree that by reason of the assignment of the Lease

Payments to the Assignee under and pursuant to the Assignment Agreement, the advance rental payment referenced in the preceding sentence shall be deemed to have been paid.

Section 5. Purpose. The Corporation shall use the Property solely for the purpose of leasing the Property to the District pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the District under the Lease Agreement, the Corporation and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. District's Interest in the Property. The District covenants that it is the owner in fee of the Property.

Section 7. Assignments and Subleases. Unless the District shall be in default under the Lease Agreement, the Corporation may not assign its rights under this Site Lease or sublet the Property, except as provided in the Lease Agreement and the Assignment Agreement, without the written consent of the District and the Assignee. If the District is in default under the Lease Agreement, the Assignee (including its successors and assigns under the Lease Agreement) may fully and freely assign and sublease the Property or any portion thereof, subject to this Site Lease.

Section 8. Right of Entry. The District reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 9. Termination. The Corporation agrees, upon the termination of this Site Lease, to quit and surrender the Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site at the time of the termination of this Site Lease shall remain thereon and title thereto shall vest in the District.

Section 10. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the District may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease Agreement shall be deemed to occur as a result thereof and the District shall have no right to terminate this Site Lease as a remedy for such default. Notwithstanding the foregoing, so long as the Lease Agreement remains in effect, the District will continue to pay the Lease Payments to the Assignee. In the event of the occurrence of an Event of Default under the Lease Agreement, the Corporation may (i) exercise the remedies provided in the Lease Agreement, (ii) use the Property for any lawful purpose, subject to any applicable legal limitations or restrictions, and (iii) exercise all options provided herein.

Section 11. Quiet Enjoyment. The Corporation, at all times during the term of this Site Lease, shall peaceably and quietly have, hold and enjoy all of the Property subject to the provisions of the Lease Agreement.

Section 12. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Corporation are solely liabilities of the Corporation and the District hereby releases each and every board member, director, officer, employee and agent of the Corporation of and from any personal or individual liability under this Site Lease. No board member, director, officer, employee

or agent of the Corporation shall at any time or under any circumstances be individually or personally liable under this Site Lease for anything done or omitted to be done by the Corporation hereunder.

Section 13. Taxes. All assessments of any kind or character and all taxes, including possessory interest taxes, levied or assessed upon the Property or the Corporation's interest in the Property created by this Site Lease (including both land and improvements) will be paid by the District in accordance with the Lease Agreement.

Section 14. Eminent Domain. In the event the whole or any part of the Property is taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the then unpaid principal component of the Lease Payments, any then unpaid interest component of the Lease Payments and any premium due with respect to the prepayment of Lease Payments to the date such amounts are remitted to the Corporation or its assignee, and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the District. The District hereby waives, to the extent permitted by law, any and all rights that it has or may hereafter have to acquire the interest of the Corporation in and to the Property through the eminent domain powers of the District. However, the District hereby agrees, to the extent permitted by law, that the compensation to be paid in any condemnation proceedings brought by or on behalf of the District with respect to the Property shall be in an amount not less than the total unpaid principal component of Lease Payments, the interest component of Lease Payments accrued to the date of payment of all Lease Payments and any premium due with respect to the prepayment of Lease Payments under the Lease Agreement.

Section 15. Use of the Proceeds. The District and the Corporation hereby agree that the lease to the Corporation of the District's right and interest in the Property pursuant to Section 2 serves the public purposes of the District.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, at the addresses set forth in the Lease Agreement, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 18. Binding Effect. This Site Lease shall inure to the benefit of and shall be binding upon the District and the Corporation and their respective successors and assigns. The Assignee is hereby made a third-party beneficiary hereunder with all rights of a third party beneficiary.

Section 19. Amendment. This Site Lease may not be amended except as permitted under the Lease Agreement.

Section 20. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 21. Applicable Law. This Site Lease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

Section 22. No Merger. Neither this Site Lease, the Lease Agreement nor any provisions hereof or thereof shall be construed to effect a merger of the title of the District to the Property under this Site Lease and the District's leasehold interest therein under the Lease Agreement.

Section 23. Execution in Counterparts. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the District and the Corporation have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

By: _____
Don Bartz
General Manager

MUNICIPAL FINANCE CORPORATION

By: _____
Stefan Morton
Authorized Representative

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____ before me, _____, Notary Public,
personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____ before me, _____, Notary Public,
personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

EXHIBIT A
DESCRIPTION OF THE PROPERTY

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Site Lease, dated as of January 1, 2023, from the Phelan Piñon Hills Community Services District, as lessor (the “District”), to the Municipal Finance Corporation (the “Corporation”), as lessee, is hereby accepted by the undersigned officer on behalf of the Corporation, pursuant to authority conferred by the Board of Directors of the Corporation adopted on December __, 2022, and the lessee consents to recordation thereof by its duly authorized officer.

Dated: January __, 2022

MUNICIPAL FINANCE CORPORATION

By: _____
Stefan Morton
Authorized Representative

LEASE AGREEMENT

Dated as of January 1, 2023

between the

MUNICIPAL FINANCE CORPORATION

and the

PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease Agreement”), dated as of January 1, 2023, is between the MUNICIPAL FINANCE CORPORATION, a corporation duly organized and existing under the laws of the State of California, as lessor (the “Corporation”), and PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT, a community services district organized and existing under and by virtue of the laws of the State of California (the “District”);

WITNESSETH:

WHEREAS, pursuant to that certain Site Lease, dated as of January 1, 2023 (the “Site Lease”), the District has leased that certain real property situated in an unincorporated area of the County of San Bernardino, State of California, more particularly described in Exhibit A attached hereto and made a part hereof and those certain improvements thereon (collectively, the “Property”), to the Corporation, all for the purpose of enabling the District to finance the acquisition and construction of an administrative facility located within the boundaries of the District; and

WHEREAS, the Corporation proposes to lease the Property back to the District pursuant to this Lease Agreement and to assign all of its rights, title and interest in, to and under this Lease Agreement, including its right to receive lease payments under this Lease Agreement (the “Lease Payments”), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the District and its rights under the Site Lease, to Truist Bank including its successors and assigns (the “Assignee”), pursuant to that certain Assignment Agreement, dated as of January 1, 2023, between the Corporation and the Assignee; and

WHEREAS, the District and the Corporation have agreed to enter into this Lease Agreement providing for Lease Payments with an aggregate principal component in the amount of \$_____ for the purpose of implementing the transaction described above; and

WHEREAS, the District and the Corporation agree to mutually cooperate now and hereafter, to the extent possible, in order to sustain the intent of this Lease Agreement and the bargain of both parties hereto.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and the covenants hereinafter contained and for other good and valuable consideration, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I DEFINITIONS; RULES OF INTERPRETATION

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

“Additional Payments” means the amounts specified as such in Section 4.3(b) of this Lease Agreement.

“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 Federal Water Pollution Control Act, 33 USC Sections 1251 et seq.; the Clean Air Act, 42 USC Sections 7401 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 1300 et seq.; the Air Resources 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:

- (a) the existence, cleanup, and/or remedy of contamination on property;
- (b) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (c) the control of hazardous wastes; or
- (d) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

“Assignee” means (a) initially, Truist Bank, as assignee of all rights, title and interests of the Corporation hereunder, and (b) any other entity to whom the rights of the Corporation hereunder are assigned, including subsequent assignees of the Assignee, as provided in Section 7.4.

“Assignment Agreement” means the Assignment Agreement, dated as of January 1, 2023, between the Corporation, as assignor of its rights under the Site Lease and this Lease Agreement, and the Assignee, as assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

“Bond Counsel” means (a) Kutak Rock LLP, 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.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in the State.

“Closing Date” means January ___, 2023.

“Corporation” means the Municipal Finance Corporation, a corporation duly organized and existing under the laws of the State of California.

“Corporation Representative” means the President or the designee of any such official, or any other person authorized by resolution of the Corporation delivered to the Assignee to act on behalf of the Corporation under or with respect to the Site Lease, the Lease Agreement and the Assignment Agreement.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District relating to the authorization and execution of the Lease Agreement, including but not limited to filing and recording fees, fees, charges and disbursements of attorneys, including counsel to the Assignee, counsel to the Corporation, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Lease Agreement, administrative costs of the District and the Corporation incurred in connection with the issuance of the Lease Agreement, and any other cost, charge or fee in connection with the original issuance of the Lease Agreement, including fees of the California Debt and Investment Advisory Commission.

“Default Rate” means an interest rate equal to the initial rate of ___%.

“Determination of Taxability” means any determination, decision or decree by the Commissioner of Internal Revenue, or any District Director of Internal Revenue, or any court of competent jurisdiction, to the effect that an Event of Taxability shall have occurred; provided, however, that the District shall have the opportunity to take such remedial action necessary to restore the tax-exempt status of the interest component of Lease Payments under the Lease Agreement. A Determination of Taxability also shall be deemed to have occurred 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.

“District” means the Phelan Piñon Hills Community Services District, a community services district organized and existing under and by virtue of the laws of the State of California.

“District Representative” means the President, Vice President, General Manager, or the designee of any such official, or any other person authorized by resolution delivered to the Corporation and the Assignee to act on behalf of the District under or with respect to the Site Lease and this Lease Agreement.

“Event of Default” means any of the events of default as defined in Section 8.1.

“Event of Taxability” means, with respect to the Lease Agreement: (a) the application of the proceeds of the advance rental payment by the Corporation pursuant to the Site Lease in such manner that the Lease Agreement becomes an “arbitrage bond” within the meaning of Tax Code Sections 103(b)(2) and 148, and with the result that interest component of the Lease Payments is or becomes includable in a recipient’s gross income (as defined in Tax Code Section 61); or (b) if as the result of any act, failure to act or use of the proceeds of the advance rental payment or any misrepresentation or inaccuracy in any of the representations, warranties or covenants contained in the Lease Agreement or the Site Lease by the District the interest component of Lease Payments is or becomes includable in a recipient’s gross income (as defined in Tax Code Section 61).

“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 of this Lease Agreement 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.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

“Gross Up Rate” means an interest rate equal to ____%.

“Hazardous Substance” means any substance that shall, at any time, be listed as “hazardous” or “toxic” in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Property, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 et seq.).

“Lease Agreement” means this Lease Agreement, dated as of January 1, 2023, between the Corporation and the District, as amended and supplemented hereafter.

“Lease Payment Date” means semiannual payments on January 15 and July 15 in each year, commencing on July 15, 2023, and continuing to and including the date on which the Lease Payments are paid in full.

“Lease Payments” means all payments required to be paid by the District under Section 4.3, including any prepayment thereof under Section 9.1 or 9.2.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Lease Agreement or to meet or perform its obligations under this Lease Agreement on a timely basis, (c) the validity or enforceability of this Lease Agreement, or (d) the exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

“Material Litigation” means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority which, (i) if determined adversely to the District, may have a Material Adverse Effect, (ii) seeks to restrain or enjoin any of the transactions contemplated by this Lease Agreement, or (iii) may adversely affect (A) the exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the District to perform its obligations under this Lease Agreement.

“Net Proceeds” means any insurance or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Permitted Encumbrances” means, as of any time: (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid under Article VI of this Lease Agreement; (b) the Site Lease, this Lease Agreement and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy issued with respect to the Property issued as of the Closing Date; and (e) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the District certifies in writing will not materially impair the use of the Property for its intended purposes.

“Property” means that certain real property more particularly described in Exhibit A to the Site Lease and in Exhibit A to the Lease Agreement.

“Rental Period” means each period during the Term of the Lease commencing on and including January ___ in each year and extending to and including the next succeeding January ___.

“Site Lease” means the Site Lease, dated as of January 1, 2023, between the District, as lessor, and the Corporation, as lessee, together with any duly authorized and executed amendments thereto.

“State” means the State of California.

“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 of this Lease Agreement” or “Term” means the time during which this Lease Agreement is in effect, as provided in Section 4.2.

Section 1.2. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

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

ARTICLE II
COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1. Covenants, Representations and Warranties of the District. The District makes the following covenants, representations and warranties to the Corporation and the Assignee as of the date of the execution and delivery of this Lease Agreement:

(a) *Due Organization and Existence.* The District is a community services district existing under and by virtue of the laws of the State, has full legal right, power and authority under the laws of the State to enter into the Site Lease and this Lease Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the District has duly authorized the execution and delivery by the District of the Site Lease and this Lease Agreement.

(b) *Due Execution.* The representative of the District executing the Site Lease and this Lease Agreement has been fully authorized to execute the same by a resolution duly adopted by the Board of Directors of the District.

(c) *Valid, Binding and Enforceable Obligations.* The Site Lease and this Lease Agreement have been duly authorized, executed and delivered by the District and constitute the legal, valid and binding agreements of the District enforceable against the District in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of the Site Lease and this Lease Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a material violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease or this Lease Agreement or the financial condition, assets, properties or operations of the District.

(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 the Site Lease and this Lease Agreement, or the consummation of any transaction therein and 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 District, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the District or, to the knowledge of the District after reasonable investigation, 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 Adverse Effect upon the consummation of the transactions

contemplated by or the validity of the Site Lease and this Lease 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, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement, or the financial condition, assets, properties or operations of the District.

(g) *Sufficient Funds.* The District reasonably believes that sufficient funds can be obtained to make all Lease Payments and all other amounts required to be paid pursuant to this Lease Agreement.

(h) *No Defaults.* The District has never non-appropriated or materially defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease Agreement, or under any of its bonds, notes, or other debt obligations.

(i) *Fee Title.* The District is the owner in fee of title to the Property. No lien or encumbrance on the Property materially impairs the District's use of the Property for the purposes for which it is, or may reasonably be expected to be, held.

(j) *Use of the Property.* During the term of this Lease Agreement, the Property will be used by the District only for the purpose of performing one or more governmental or proprietary functions of the District consistent with the permissible scope of the District's authority

(k) *Change in Financial Condition.* The District has experienced no material change in its financial condition since June 30, 2021.

(l) *Flooding Risk.* The Property is not located in a flood hazard area and has never been subject to material damage from flooding.

(m) *Value of Property and Useful Life of Property.* The value of the Property (insurance and/or assessed value) is not less than \$ _____ and the useful life of the Property at least extends to _____, 20__.

(n) *Essential to District Operations.* The Property is essential to the District's efficient and economic operations and the lease thereof for use by the District is in the best interest of the District.

(o) *Financial Statements.* The statement of financial position of the District as of June 30, 2021 and the related statement of activities and statement of cash flows and changes in financial position for the year then ended and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Assignee, 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 no (i) change which would have a Material Adverse Effect, and (ii) no material increase in the indebtedness of the District.

(p) *Compliance with Seismic Building Code Requirements.* To the best knowledge of the District, and without independent investigation, the improvements on the Property

were built in compliance with seismic building code requirements of the State of California at the time such improvements were constructed.

(q) *No Material Adverse Change.* Since the most current date of the information, financial or otherwise, supplied by the District to the Assignee:

(i) There has been no change in the assets, liabilities, financial position or results of operations of the District which might reasonably be anticipated to cause a Material Adverse Effect.

(ii) The District has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect.

(iii) The District has not (A) incurred any material indebtedness on, or lease obligations payable from, its general fund, other than the Lease Payments, and trade accounts payable arising in the ordinary course of the District's business and not past due, or (B) guaranteed the indebtedness of any other person.

(r) *Accuracy of Information.* All information, reports and other papers and data furnished by the District to the Assignee were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Assignee a true and accurate knowledge of the subject matter and were provided in expectation of the Assignee's reliance thereon in entering into the transactions contemplated by this Lease 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, which has not been set forth in the financial statements previously furnished to the Assignee or in other such information, reports, papers and data or otherwise disclosed in writing to the Assignee prior to the Closing Date. Any financial, budget and other projections furnished to the Assignee 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. No document furnished nor any representation, warranty or other written statement made to the Assignee in connection with the negotiation, preparation or execution of this Lease Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(s) *Hazardous Substances.* The Property is free of all Hazardous Substances, and the District is in full compliance with all Applicable Environmental Laws.

(t) *No Financial Advisory or Fiduciary Relationship.* The District represents, warrants and covenants that: (i) the transaction contemplated herein and in the Assignment Agreement is an arm's length commercial transaction among the District, the Corporation and the Assignee and its affiliates, (ii) in connection with such transaction, the Assignee and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the District, (iii) the Assignee and its affiliates are relying on the bank exemption in the Municipal

Advisor Rules, (iv) the Assignee and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby or by the Assignment Agreement and the discussions, undertakings and procedures leading thereto (whether or not the Assignee, or any affiliate of the Assignee, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Assignee and its affiliates have financial and other interests that differ from those of the District, and (vi) the District has consulted with their own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Section 2.2. Covenants, Representations and Warranties of the Corporation. The Corporation makes the following covenants, representations and warranties to the District and Assignee as of the date of the execution and delivery of this Lease Agreement:

(a) *Due Organization and Existence.* The Corporation is a corporation duly organized and existing under the laws of the State, has full legal right, power and authority to enter into the Site Lease, this Lease Agreement and the Assignment Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the Corporation has duly authorized the execution and delivery by the Corporation of the Site Lease, this Lease Agreement and the Assignment Agreement.

(b) *Due Execution.* The representative of the Corporation executing the Site Lease, this Lease Agreement and the Assignment Agreement is fully authorized to execute the same under official action taken by the Board of Directors of the Corporation.

(c) *Valid, Binding and Enforceable Obligations.* The Site Lease, this Lease Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of the Site Lease, this Lease Agreement and the Assignment Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a material violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease, this Lease Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the Corporation, 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 the Site Lease, this Lease Agreement or the Assignment Agreement, or the consummation of any transaction herein or therein 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 Corporation, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the Corporation or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site Lease, this Lease Agreement or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease, this Lease Agreement or the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

(g) *Continued Existence of the Corporation.* The Corporation will take or cause to be taken all actions reasonably necessary to continue its existence until such time as the Lease Payments have been paid in full.

(h) *Municipal Advisor Rules.* The Corporation is not acting as an advisor to the District, including, without limitation, as a “Municipal Advisor” as such term is defined in the Municipal Advisor Rules, or an agent or a fiduciary of the District and the Corporation has not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby or by the Site Lease and the discussions, undertakings and procedures leading thereto.

ARTICLE III DEPOSIT AND APPLICATION OF FUNDS

Section 3.1. Deposit of and Application of Funds. The amount of \$_____ shall be derived from amounts paid by the Assignee under the Assignment Agreement. On the Closing Date, the Assignee shall cause the amount of \$_____ to be transferred to the District. In addition, a portion of the amounts paid by the Assignee under the Assignment Agreement (net of amounts retained by the Assignee for its fees) shall be applied by the Assignee to pay financing costs of the transaction in the amount of \$_____. Any financing costs in excess of \$_____ shall be paid by the District.

ARTICLE IV LEASE OF PROPERTY; LEASE PAYMENTS

Section 4.1. Lease of Property by the Corporation Back to the District.

(a) The Corporation hereby leases the Property to the District, and the District hereby leases the Property from the Corporation, upon the terms and conditions set forth in this Lease Agreement.

(b) The leasing of the Property by the District to the Corporation pursuant to the Site Lease shall not affect or result in a merger of the District’s leasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site Lease. This Lease Agreement shall constitute a sublease with respect to the Property. The leasehold interest in the Property granted by

the District to the Corporation pursuant to the Site Lease is and shall be independent of this Lease Agreement; this Lease Agreement shall not be an assignment or surrender of the leasehold interest in the Property granted to the Corporation under the Site Lease.

Section 4.2. Term. The Term of this Lease Agreement commences on the Closing Date and ends on _____, 20__, or the date on which all of the Lease Payments have been paid in full. If on _____, 20__, the Lease Payments payable hereunder shall have been abated at any time and for any reason and not otherwise paid from rental interruption insurance or other sources, or the District shall have defaulted in its payment of Lease Payments hereunder or any Event of Default has occurred and continues without cure by the District, then the term of this Lease Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, as necessary to accommodate the final payment of all Lease Payments due hereunder, not to exceed ten (10) years. The provisions of this Section 4.2 are subject to the provisions of Section 6.1 relating to the taking in eminent domain of the Property or any portion thereof.

Section 4.3. Lease Payments.

(a) *Obligation to Pay*. Subject to the provisions of Sections 6.1 and 6.3 and the provisions of Article IX, the District agrees to pay to the Corporation, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the amounts specified in Exhibit B attached hereto (including any supplements thereto) and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in Exhibit B. The Lease Payments payable in any Rental Period with respect to the Property shall be for the use of the Property during such Rental Period. The interest component of the portion of the Lease Payments has been calculated based on a tax-exempt interest rate of ___% per annum, on the basis of a 360-day year of twelve 30-day months. In the event the District does not make any Lease Payment by the applicable Lease Payment Date, the interest component of the portion of the Lease Payment shall be calculated based on the Default Rate.

(b) *Additional Payments*. In addition to the Lease Payments set forth herein, the District agrees to pay as Additional Payments all of the following:

(i) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Property or upon any interest of the Corporation therein or in this Lease Agreement; provided, however, the District may, at the District's expense and in its name, in good faith contest any such taxes and assessments and, in the event of such contest, may permit such taxes and assessments to remain unpaid during the period of such contest and appeal therefrom unless the Corporation shall notify the District that, in the opinion of Bond Counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property, or any portion thereof, will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes and assessments or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation;

(ii) insurance premiums, if any, on all insurance required under the provisions of Article V hereof;

(iii) any other reasonable fees, costs or expenses incurred by the Corporation in connection with the execution, performance or enforcement of this Lease Agreement or any of the transactions contemplated hereby or related to the Property, including, without limitation, any amounts which may become due; provided, however, the District shall not be responsible for any costs incurred by the Corporation associated with any assignment made by the Assignee;

(iv) any amounts required to be paid as rebate to the United States pursuant to the Tax Certificate; and

(v) upon the occurrence of a Determination of Taxability with respect to this Lease Agreement, the District shall, with respect to future Lease Payments, make Additional Payments resulting from the application of the Gross Up Rate thereto directly to the Corporation equal to the difference between the interest component of the Lease Payments calculated at the interest rate provided in this Lease Agreement and the interest component of the Lease Payments calculated at the Gross Up Rate; provided, however, in no event shall the total of the Lease Payments and the aggregate Additional Payments under this Section 4.3(b)(v) for any Fiscal Year exceed the annual fair rental value of the Property. In addition, the District shall make immediately upon demand of the Corporation an Additional Payment to the Corporation sufficient to indemnify the Corporation for any prior Lease Payments determined to be taxable as a consequence of a Determination of Taxability such that the taxable prior Lease Payments will be calculated at the Gross Up Rate instead of the interest rate set forth in this Lease Agreement; provided, however, in no event shall the total of the Lease Payments and the aggregate Additional Payments under this Section 4.3(b)(v) for any Fiscal Year exceed the annual fair rental value of the Property. To the extent that all such Additional Payments have not been paid to the Corporation at the end of the term of the Lease Agreement, the Term shall be extended in accordance with Section 4.2 hereof.

Amounts constituting Additional Payments payable hereunder shall be paid by the District directly to the person or persons to whom such amounts shall be payable. The District shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 30 days after notice in writing from the Corporation to the District stating the amount of Additional Payments then due and payable and the purpose thereof.

(c) *Effect of Prepayment.* If the District prepays all Lease Payments in full under Section 9.1 or 9.2, the District's obligations under this Section will thereupon cease and terminate. If the District prepays the Lease Payments in part but not in whole under Section 9.1 or 9.3, the principal components of the remaining Lease Payments will be reduced on a pro rata basis; and the interest component of each remaining Lease Payment will be reduced on a pro rata basis.

(d) *Rate on Overdue Payments.* If the District fails to make any of the payments required in this Section 4.3, the payment in default will continue as an obligation of the District until the amount in default has been fully paid, and the District agrees to pay the same with interest thereon, from the date of default to the date of payment at the Default Rate per annum.

(e) *Fair Rental Value.* The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Property for such Rental Period, and will be paid by the District in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Property during each Rental Period. The parties

hereto have agreed and determined that the total Lease Payments due during each Rental Period are not in excess of the fair rental value of the Property during such Rental Periods. In making this determination, consideration has been given to the estimated fair market value of the Property, the estimated replacement cost of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the District and the general public.

(f) *Source of Payments; Budget and Appropriation.* The Lease Payments and Additional Payments are payable from any source of legally available funds of the District, subject to the provisions of Sections 6.1 and 6.3. The District covenants to take such action as may be necessary to include all Lease Payments and Additional Payments in each of its annual budgets during the Term of this Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and Additional Payments. The covenants on the part of the District herein contained constitute duties imposed by law and it is the duty of officials of the District vested with the authority to execute the terms of this Lease Agreement to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the District.

(g) *Allocation of Lease Payments.* All Lease Payments received shall be applied first to the interest components of the Lease Payments due hereunder, then to the principal components of the Lease Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

(h) *No Offsets.* Notwithstanding any dispute between the Corporation, or Assignee as the Corporation's assignee, and the District, the District shall make all Lease Payments when due without deduction or offset of any kind and shall not withhold any Lease Payments pending the final resolution of such dispute.

(i) *Assignment Agreement.* The District understands and agrees that all Lease Payments have been assigned by the Corporation to the Assignee under the Assignment Agreement executed concurrently herewith, and the District hereby consents to such assignment. The Corporation hereby directs the District, and the District hereby agrees, to pay to the Assignee (or to its assignees as directed pursuant to Section 7.4 hereof) all payments payable by the District under this Section 4.3 and all amounts payable by the District under Article IX. Lease Payments shall be paid to the Assignee in accordance with wire instructions provided by the Assignee from time to time.

Section 4.4. Quiet Enjoyment. Throughout the Term of this Lease Agreement, the Corporation will provide the District with quiet use and enjoyment of the Property and the District will peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease Agreement. The Corporation will, at the request of the District and at the District's cost, join in any legal action in which the District asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation and the Assignee have the right to inspect the Property as provided in Sections 5.13(c) and 7.2.

Section 4.5. Title. At all times during the Term of this Lease Agreement, the District shall hold title to the Property, including all additions which comprise fixtures, repairs, replacements or

modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.2.

Upon the termination of this Lease Agreement (other than under Section 8.2(b) hereof), all right, title and interest of the Corporation in and to the Property shall be transferred to and vested in the District. Upon the payment in full of all Lease Payments allocable to the Property, or upon the deposit by the District of security for such Lease Payments as provided in Section 9.3, all right, title and interest of the Corporation in and to the Property shall be transferred to and vested in the District. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate any such transfer.

Section 4.6. Release of Excess Property. The District may, at any time and from time to time, release any portion of the Property (the "Released Property") from the Lease, with the prior written consent of the Assignee, which consent shall be at the Assignee's sole discretion, and upon satisfaction of all of the following requirements which are conditions precedent to such release:

(a) The District shall certify to the Corporation and the Assignee that no Event of Default has occurred and is continuing, and no event giving rise to an abatement of Lease Payments under Section 6.3 has occurred or is continuing with respect to the Property to be remaining following release of the Released Property;

(b) The District shall file with the Corporation and the Assignee, and cause to be recorded in the office of the San Bernardino County Recorder, an amendment to this Lease Agreement which deletes the Released Property from the description of the Property;

(c) The District shall file with the Corporation and the Assignee a written certificate of the District stating the District's determination that the estimated value of the real property which will remain leased under this Lease Agreement following such release is at least equal to the original principal components of the Lease Payments and upon request of the Assignee, the District shall provide to the Assignee additional information and documents to evidence the value of the remaining portion of the Property;

(d) The District shall file with the Corporation and the Assignee a written certificate of the District stating the District's determination that the estimated fair rental value, for each remaining Rental Period and in the aggregate, of the Property remaining after release of the Released Property is at least equal to the remaining Lease Payments for each remaining Rental Period and in the aggregate;

(e) The District shall furnish the Corporation and the Assignee with a written opinion of Bond Counsel stating that the release of the Released Property does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State; and

(f) The District shall file with the Corporation and the Assignee such other information, documents and instruments as the Corporation or the Assignee shall reasonably request, including (if requested by the Assignee) evidence of the insurable value of the Property to be remaining following release of the Released Property, indicating that such value is in excess of the then unpaid principal component of the Lease Payments and such endorsements to the title policy delivered on the Closing Date.

Upon the satisfaction of all such conditions precedent, the Term of this Lease Agreement will thereupon end as to the Released Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Corporation and the District shall execute, deliver and cause to be recorded all documents required to discharge this Lease Agreement of record against the Released Property.

Section 4.7. Substitution of Property. In the event of damage or destruction of the Property due to earthquake or other uninsured casualty for which rental interruption insurance is not available or in the event that following the condemnation of all or a portion of the Property the fair rental value of the Property remaining after such condemnation is less than the remaining Lease Payments due under this Lease Agreement, the District shall substitute under the Site Lease and this Lease Agreement one or more parcels of unimpaired and unencumbered real property, the fair rental value of which, for each remaining Rental Period and in the aggregate, shall be at least equal to the remaining unpaid principal components of the Lease Payments hereunder.

(a) If for any reason the District is unable to so substitute real property for the Property with a fair rental value at least equal to the remaining unpaid principal components of the Lease Payments hereunder, the District shall use its best efforts to obtain other financing in an amount necessary to prepay the principal component of the Lease Payments not supported by the fair rental value of the substituted property, if any.

(b) The District, with Assignee's prior written consent, which consent shall be at the Assignee's sole discretion, has the option at any time and from time to time, to substitute other real property (the "Substitute Property") for the Property or any portion thereof (the "Former Property"), upon satisfaction of all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) No Event of Default has occurred and is continuing.

(ii) The District has filed with the Corporation and the Assignee and caused to be recorded in the office of the San Bernardino County Recorder sufficient memorialization of an amendment hereof which adds the legal description of the Substitute Property to Exhibit A and deletes therefrom the legal description of the Former Property.

(iii) The District has obtained a CLTA or ALTA policy of title insurance insuring the District's leasehold estate hereunder in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the remaining Lease Payments.

(iv) The District has certified in writing to the Corporation and the Assignee that the Substitute Property serves the public purposes of the District and constitutes property which the District is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the District and to serve an essential governmental function of the District.

(v) The Substitute Property does not cause the District to violate any of its covenants, representations and warranties made herein.

(vi) The District has filed with the Corporation and the Assignee a written certificate of the District or other written evidence stating that (i) the value of the Property

after such substitution is at least equal to the remaining unpaid principal components of the Lease Payments, (ii) the fair rental of the Property after such substitution is at least equal to the Lease Payments thereafter coming due and payable, and (iii) the useful life of the Substitute Property at least extends to _____, 20__.

(vii) The District shall furnish the Corporation and the Assignee with a written opinion of Bond Counsel stating that the Substitute Property does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State.

Upon the satisfaction of all such conditions precedent, the Term of this Lease Agreement will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this Section. The Corporation and the District will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease Agreement and the Assignment Agreement of record against the Former Property and to cause the Substitute Property to become subject to all of the terms and conditions of the Site Lease, this Lease Agreement and the Assignment Agreement.

ARTICLE V MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property are the sole responsibility of the District and the District will maintain the Property in good condition. The District will pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Property, as hereinbefore more specifically set forth. The District waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the District under the terms of this Lease Agreement.

The District will pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District is obligated to pay only such installments as are required to be paid during the Term of this Lease Agreement as and when the same become due.

The District may, at the District's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the District that, in its reasonable

opinion, by nonpayment of any such items the interest of the Corporation in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the District will promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation. The District shall promptly notify the Assignee of any tax, assessment, utility or other charge it elects to contest.

Section 5.2. Modification of Property. The District has the right, at its own expense, to make additions, modifications and improvements to the Property or any portion thereof. All additions, modifications and improvements to the Property will thereafter comprise part of the Property and become subject to the provisions of this Lease Agreement. Such additions, modifications and improvements may not in any way damage the Property, prevent the District's beneficial use of the property, or cause the Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

Section 5.3. Commercial General Liability Insurance. The District shall maintain or cause to be maintained throughout the Term of this Lease Agreement a standard commercial general liability insurance policy or policies in protection of the District, the Assignee and their respective members, officers, agents, employees and assigns, and shall name the Assignee as an additional insured. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Such policy or policies must provide coverage with limits and subject to such deductibles as the District shall deem adequate and prudent, and in all events in form and amount (including any deductibles) satisfactory to the Assignee. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District (including, with Assignee's prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 5.4. Casualty Insurance. The District will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, casualty insurance against loss or damage to all buildings situated on the Property and owned by the District, in an amount at least equal to the greater of the replacement value of the insured buildings and the aggregate principal amount of the Lease Payments outstanding, with a lender's loss payable endorsement in favor of the Assignee. Such insurance must, as nearly as practicable, cover loss or damage by all "special form" perils. Earthquake insurance shall only be carried if available from reputable insurers at a reasonable cost as determined by the District Manager of the District. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District (including, with the Assignee's prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.5. Rental Interruption Insurance. The District will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property and the improvements situated thereon as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24 month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such rental interruption insurance shall not be self-insured by the District. The District will apply the Net Proceeds of such insurance towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Section 5.6. Worker's Compensation Insurance. If required by applicable California law, the District shall carry worker's compensation insurance covering all employees on, in, near or about the Property and, upon request, shall furnish to the Corporation certificates evidencing such coverage throughout the Term of this Lease Agreement. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District (including a self-insurance program) and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance.

Section 5.7. Recordation Hereof; Title Insurance. On or before the Closing Date, the District shall, at its expense, (a) cause this Lease Agreement, the Site Lease and the Assignment Agreement, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the San Bernardino County Recorder with respect to the Property, and (b) obtain a CLTA or ALTA title insurance policy insuring the Assignee's interests in the leasehold estate established under the Site Lease and hereunder in the Property, subject only to Permitted Encumbrances, in an amount equal to the original principal components of the Lease Payments. The District will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.8. Insurance Net Proceeds; Form of Policies. All insurance policies (or riders) required by this Article V and provided by third party insurance carriers shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 and provided by third party insurance carriers shall name the District and the Assignee as insured parties and the Assignee as loss payee and shall include a lender's loss payable endorsement for the benefit of the Assignee. In the case of coverage pursuant to Section 5.3, the Corporation and the Assignee shall be added as additional insureds. Prior to the Closing Date, the District will deposit with the Assignee policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy (or rider), the District will furnish to the Assignee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless such insurance is no longer obtainable, in which event the District shall notify the Assignee of such fact.

Section 5.9. Installation of District's Personal Property. The District may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other

items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the District, in which the Corporation has no interest, and may be modified or removed by the District at any time. The District must repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement prevents the District from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest may attach to any part of the Property.

Section 5.10. Liens. The District will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than as herein contemplated and except for such encumbrances as the District certifies in writing to the Assignee do not materially and adversely affect the leasehold estate in the Property hereunder and for which the Assignee provides its prior written approval, which approval shall be at Assignee's sole discretion. Except as expressly provided in this Article V, the District will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The District will reimburse the Assignee for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11. Advances. If the District fails to perform any of its obligations under this Article V, the Corporation may take such action as may be necessary to cure such failure, including the advancement of money, and the District shall be obligated to repay all such advances as additional rental hereunder, with interest at the rate set forth in Section 4.3(d).

Section 5.12. District Consent to Assignment Agreement. The Corporation's rights under this Lease Agreement (excluding the right to receive notices, the right to reimbursement of costs and to indemnification), including the right to receive and enforce payment of the Lease Payments, and the Site Lease, are being assigned to the Assignee pursuant to the Assignment Agreement. The District hereby consents to such assignment and to any additional assignment of such rights by the Assignee or its assignees. The District agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by the Assignee or its assignees to protect their interests in the Property and in this Lease Agreement.

Section 5.13. Environmental Covenants.

(a) *Compliance with Laws; No Hazardous Substances*. The District will comply with all Applicable Environmental Laws with respect to the Property and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Property.

(b) *Notification of Assignee*. The District will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Property and any operations conducted thereon or any conditions existing thereon to the Assignee, and the District will notify the Assignee in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has occurred or is occurring that in any way affects or threatens to affect the Property,

or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Assignee.

(c) *Access for Inspection.* The District will permit the Assignee, its agents, or any experts designated by the Assignee to have full access to the Property during reasonable business hours for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Assignee has no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

ARTICLE VI EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Eminent Domain. If all of the Property shall be taken permanently under the power of eminent domain or sold to a governmental entity threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments in an amount equal to the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the District and the Assignee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

Section 6.2. Application of Net Proceeds.

(a) *From Insurance Award.*

(i) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the District in the event of any such damage or destruction shall be deposited by the District promptly upon receipt thereof in a special fund with the Assignee designated as the “Insurance and Condemnation Fund.”

(ii) Within ninety (90) days following the date of such deposit, the District shall determine and notify the Corporation and the Assignee in writing of its determination either (A) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the District and the Net Proceeds, together with other moneys available therefor, are sufficient to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to Section 9.2 hereof, or (B) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property and the fair rental value of the Property following such repair, restoration, replacement, modification or improvement will at least equal the unpaid principal component of the Lease Payments.

(iii) In the event the District’s determination is as set forth in clause (A) of subparagraph (ii) above, such Net Proceeds shall be promptly applied to the prepayment of the unpaid principal component of the Lease Payments and other amounts pursuant to Section 9.2 of this Lease Agreement; *provided, however,* that in the event of damage or

destruction of the Property in full, such Net Proceeds may be so applied only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments, all accrued and unpaid interest, and all other costs related to such prepayments pursuant to Section 9.2 of this Lease Agreement and otherwise such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Property; *provided further, however*, that in the event of damage or destruction of the Property in part, such Net Proceeds may be applied to the prepayment of the unpaid principal component of the Lease Payments only if the resulting Lease Payments following such prepayment from Net Proceeds represent fair consideration for the remaining portions of the Property and otherwise such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Property, evidenced by a certificate signed by a District Representative.

(iv) In the event the District's determination is as set forth in clause (B) of subparagraph (ii) above, such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the District, and until the Property has been restored to its prior condition, the District shall not place any lien or encumbrance on the Property that is senior to this Lease Agreement without the prior written consent of the Assignee, at its sole discretion.

(b) *From Eminent Domain Award.* If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited by the District in the Insurance and Condemnation Fund and shall be applied and disbursed as follows:

(i) If the District has given written notice to the Corporation and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are not needed for repair or rehabilitation of the Property, the District shall so certify to the Corporation and the Assignee, and the District shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.2 of this Lease Agreement.

(ii) If the District has given written notice to the Corporation and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are needed for repair, rehabilitation or replacement of the Property, the District shall so certify to the Corporation and the Assignee, and the District shall apply such amounts for such repair or rehabilitation.

(iii) If (A) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District has given written notice to the Corporation and the Assignee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under the Lease Agreement or (B) all of the Property shall have been taken in such eminent domain proceedings, then the District shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.2 of this Lease Agreement.

(iv) In making any determination under this Section 6.2(b), the District may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Corporation and the Assignee. Any such determination by the District shall be final.

(c) *From Title Insurance.* The Net Proceeds from a title insurance award shall be deposited by the District in the Insurance and Condemnation Fund and credited towards the prepayment of Lease Payments required to be paid pursuant to Section 9.2 of this Lease Agreement.

Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction. Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the District of the Property or any portion thereof to the extent to be agreed upon by the District and the Assignee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in Exhibit B, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed, based upon an appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as evidenced by a Certificate of a District Representative to the Corporation and the Assignee. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the District waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that (a) the proceeds of rental interruption insurance, or (b) amounts in the Insurance and Condemnation Fund are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

ARTICLE VII OTHER COVENANTS OF THE DISTRICT

Section 7.1. Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF. THE DISTRICT ACKNOWLEDGES THAT THE DISTRICT LEASES THE PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. In no event is the Corporation liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease Agreement for the existence, furnishing, functioning or use of the Property by the District.

Section 7.2. Access to the Property; Grant and Conveyance of Right of Entry. The District agrees that the Corporation, and the Corporation's successors or assigns, has the right at all reasonable times, following at least 48 hours written notice provided to the District, to enter upon and to examine and inspect (to the extent permitted by law and public policy) the Property or any part thereof. The District further agrees that the Corporation, and the Corporation's successors or assigns shall have such rights of access to the Property or any component thereof, following at least 48 hours

written notice provided to the District, as may be reasonably necessary to cause the proper maintenance of the Property if the District fails to perform its obligations hereunder. Neither the Corporation nor any of its assigns has any obligation to cause such proper maintenance.

The District further grants, conveys and confirms to the Corporation, for the use, benefit and enjoyment of the Corporation, its successors in interest to the Property, including the Assignee, and its sublessees, and their respective employees, invitees, agents, independent contractors, patrons, customers, guests and members of the public visiting the Property, a right of entry which shall be irrevocable for the Term of this Lease Agreement over, across and under the property of the District adjacent to the Property to and from the Property for the purpose of: (a) ingress, egress, passage or access to and from the Property by pedestrian or vehicular traffic; (b) installation, maintenance and replacement of utility wires, cables, conduits and pipes; and (c) other purposes and uses necessary or desirable for access to and from and for operation and maintenance of the Property.

Section 7.3. Release and Indemnification Covenants. The District hereby indemnifies the Corporation, the Assignee and their respective directors, officers, agents, employees, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the District or the District's employees, agents, contractors, invitees or licensees, (b) any breach or default on the part of the District in the performance of any of its obligations under this Lease Agreement, (c) any negligence or willful misconduct of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (d) any intentional misconduct or negligence of any sublessee of the District with respect to the Property, (e) the acquisition, construction, improvement and equipping of the Property, (f) the clean-up of any Hazardous Substances or toxic wastes from the Property, or (g) any claim alleging violation of any Applicable Environmental Laws, or the authorization of payment of the costs thereof. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct or gross negligence under this Lease Agreement by the Corporation, the Assignee, or their respective officers, agents, employees, successors or assigns. The indemnification hereunder shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease Agreement or the termination of the Term of this Lease Agreement for any reason. The District and the Corporation each agree to promptly give notice to each other and the Assignee of any claim or liability hereby indemnified against following learning thereof.

Section 7.4. Assignment Agreement by the Corporation. The Corporation's rights, title and interests under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the District hereunder, have been assigned to the Assignee; provided that the Corporation's rights to indemnification and payment or reimbursement for any costs or expenses hereunder have been retained by the Corporation to the extent such rights accrue to the Corporation and shall have been assigned to the Assignee to the extent such rights accrue to the Assignee. The District hereby consents to such assignment. Whenever in this Lease Agreement any reference is made to the Corporation, such reference shall be deemed to refer to the Assignee (including its assignees).

The Assignee may make additional assignments of its rights, title and interests herein; provided such assignment is to (i) an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933, or (ii) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended, and is in compliance with all applicable securities laws, but no such assignment will be effective as against the

District unless and until the Assignee has filed with the District at least five (5) Business Days' prior written notice thereof and an executed copy of an investor's letter addressed to the District and the Corporation substantially in the form of the letter delivered by the Assignee on the Closing Date. The District shall pay all Lease Payments hereunder to the Assignee, as provided in Section 4.3(i) hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the District. During the Term of this Lease Agreement, the District will keep a complete and accurate record of all such notices of assignment.

Section 7.5. Assignment Agreement and Subleasing by the District. This Lease Agreement may not be assigned, mortgaged, pledged or transferred by the District. The District may sublease the Property, or any portion thereof, with the prior written consent of the Assignee, at the Assignee's sole discretion, subject to all of the following conditions:

(a) This Lease Agreement and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District, and any sublease shall be subject and subordinate to this Lease Agreement.

(b) The District shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Assignee a true and complete copy of such sublease.

(c) No such sublease by the District may cause the Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State.

(d) The District shall furnish the Corporation and the Assignee with a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State.

(e) Any such sublease shall be subject and subordinate in all respects to the Site Lease and this Lease Agreement.

Notwithstanding the foregoing, in connection with any sublease entered into for financing purposes, the principal component of the then remaining Lease Payments plus the principal component of the sublease payments shall not exceed the fair market value of the Property.

Section 7.6. Amendment of Lease Agreement. This Lease Agreement may be amended with the prior written consent of the Corporation and the Assignee (at the Assignee's sole discretion) provided such amendment does not, in the Assignee's sole judgment, adversely affect the Assignee.

Section 7.7. Tax Covenants. 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 Lease Payments to become includable in gross income for federal income tax purposes. To that end, the District hereby makes the following specific covenants:

(a) The District hereby covenants that it shall not make or permit any use of the proceeds of this Lease Agreement that may cause the Lease Agreement to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(b) The District covenants that the proceeds of the Lease Agreement will not be used so as to cause the proceeds on the Lease Agreement to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(c) The District covenants not to take any action or permit or suffer any action to be taken if the result of the same would be to cause the Lease Agreement to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) The District represents and covenants that it, together with its subordinate entities, has not and will not issue during the calendar year 2023 obligations (other than private activity bonds (except qualified 501(c)(3) bonds) as defined in Section 145 of the Code) the interest on which is exempt from federal income tax under Section 103 of the Code which, when aggregated with all obligations the interest on which is exempt from federal income tax under Section 103 of the Code, will exceed an aggregate principal amount of \$10,000,000.

Section 7.8. Financial Statements. Within two hundred seventy (270) days following the end of each Fiscal Year of the District during the Term of this Lease Agreement, the District will provide the Assignee with a copy of its audited financial statements for such Fiscal Year. Such audited financial statements shall include the District’s audited financial statements, including such information as is required by applicable Government Accounting Standards Board pronouncements and applicable State law. The District hereby agrees to provide the Assignee with such other information as may be reasonably requested by the Assignee.

Section 7.9. Records and Accounts. The District covenants and agrees that it shall keep proper books of record and accounts of its operations, in which complete and correct entries shall be made of all transactions relating to the District. Said books and records shall at all reasonable times be subject to the inspection of the Assignee upon 72 hours’ prior notice.

Section 7.10. Observance of Laws and Regulations. The District will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the District, including the District’s right to exist and carry on business as a community services district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 7.11. Notices. During the Term of this Lease Agreement, the District shall provide to the Assignee:

(a) immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Lease Agreement, together with a detailed statement by a District Representative of the steps being taken by the District to cure the effect of such Event of Default.

(b) within ten (10) days of knowledge by the District written notice of any Material Litigation or Material Adverse Effect, or any investigation, inquiry or similar proceeding by any Governmental Authority.

(c) with reasonable promptness, such other information respecting the District, and the operations, affairs and financial condition of the District as the Assignee may from time to time reasonably request.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. Any one or more of the following events constitutes an Event of Default hereunder:

(a) Failure by the District to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the District to observe 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 Assignee. 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 Corporation and the Assignee shall not unreasonably withhold their consent to an extension of such time (for a period not to exceed 60 days) 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 federal or State act now existing or which may hereafter be enacted.

(d) Any statement, representation or warranty of a material nature made by the District in or pursuant to this Lease Agreement or its execution, delivery or performance shall have been false, incorrect, misleading or breached in any material respect on the date when made.

(e) Any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which the District is an obligor, if such default arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by the Assignee or any affiliate of the Assignee.

(f) Any default by the District to observe any material covenant, condition or agreement on its part to be observed or performed under the Site Lease.

(g) Any court of competent jurisdiction shall find or rule that the Site Lease or this Lease Agreement is not valid or binding against the District.

(h) Any Material Adverse Effect shall exist.

Section 8.2. Remedies on Default. Whenever any Event of Default has happened and is continuing, the Corporation may exercise any and all remedies available under law or granted under

this Lease Agreement; provided, however, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the District is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; provided, that no termination of this Lease Agreement shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation may exercise any one or more of the following remedies:

(a) *Enforcement of Payments Without Termination.* If the Corporation does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the District agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Property, or, if the Corporation is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Corporation. The District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to enter upon and re-lease the Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place in San Bernardino County for the account of and at the expense of the District, and the District hereby exempts and agrees to hold harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The District agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease Agreement shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The District agrees to surrender and quit possession of the Property upon demand of the Corporation for the purpose of enabling the Property to be re-let under this paragraph. Any rental obtained by the Corporation in excess of the sum of Lease Payments plus costs and expenses incurred by the Corporation for its services in re-leasing the Property shall be paid to the District.

(b) *Termination of Lease.* If an Event of Default occurs and is continuing hereunder, the Corporation at its option may terminate this Lease Agreement and re-lease all or any portion of the Property, subject to the Site Lease. If the Corporation terminates this Lease Agreement at its option and in the manner hereinafter provided due to a default by the District (and notwithstanding any re-entry upon the Property by the Corporation in any manner whatsoever or the re-leasing of the Property), the District nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus

received by the Corporation from such re-leasing shall be applied by the Corporation to Lease Payments due under this Lease Agreement. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the District of the election on the part of the Corporation to terminate this Lease Agreement. The District covenants and agrees that no surrender of the Property, or of the remainder of the Term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

(c) *Proceedings at Law or In Equity.* If an Event of Default occurs and continues hereunder, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

(d) *Remedies under the Site Lease.* If an Event of Default occurs and continues hereunder, the Corporation may exercise its rights under the Site Lease.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be 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 Corporation to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. If any party to this Lease Agreement defaults under any of the provisions hereof and the non-defaulting party should employ attorneys (including in-house legal counsel) or incur 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 agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the non-defaulting party.

Section 8.5. No Additional Waiver Implied by One Waiver. If any agreement contained in this Lease Agreement is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.6. Assignee to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article VIII have been assigned by the Corporation to the Assignee, to which assignment the District hereby consents. Such rights and remedies shall be exercised solely by the Assignee.

ARTICLE IX
PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Optional Prepayment. The District may prepay on any date, commencing on the seventh anniversary of the Closing Date, with 30 days written notice, all or any portion of the Lease Payments, from any available source of funds at a prepayment price equal to the principal component of the Lease Payments to be redeemed, together with accrued interest to the date of prepayment, with no prepayment premium.

Section 9.2. Mandatory Prepayment from Net Proceeds of Insurance or Eminent Domain. The District shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part in such order of prepayment as shall be selected by the District on any date, together with any accrued and unpaid interest, a prepayment premium, if applicable, and any other costs related to such prepayment, from and to the extent of any proceeds of insurance award or condemnation award with respect to the Property to be used for such purpose under Section 6.2. The District and the Corporation hereby agree that such proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the District's obligations under this Section 9.2.

Section 9.3. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the District may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Corporation or a fiduciary reasonably satisfactory to the Corporation, in trust, an amount of cash, which shall be held in a segregated trust or escrow fund under a trust or escrow agreement that is in form and content acceptable to the Corporation, which cash so held is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit B, or (b) invested in whole in non-callable Federal Securities maturing not later than the dates such funds will be required to make Lease Payments or any prepayment in an amount which is sufficient, in the opinion of an independent certified public accountant (which opinion must be in form and substance, and with such an accountant, acceptable to the Corporation and addressed and delivered to the Corporation), together with interest to accrue thereon and without reinvestment and together with any cash which is so deposited, to pay such Lease Payments when due under Section 4.3(a) or when due on any optional prepayment date under Section 9.1, as the District instructs at the time of said deposit; provided, however, that at or prior to the date on which any such security deposit is established, the District shall deliver to the Corporation an opinion of Bond Counsel (in form and substance acceptable to the Corporation) to the effect that any such security deposit will not adversely affect the excludability of the interest component of Lease Payments from gross income of the Assignee for federal income tax purposes. In the event of a security deposit under this Section with respect to all unpaid Lease Payments, (i) the Term of this Lease Agreement shall continue, (ii) all obligations of the District under this Lease Agreement, and all security provided by this Lease Agreement for said obligations, shall thereupon cease and terminate, excepting only (A) the obligation of the District to make, or cause to be made, all of the Lease Payments from such security deposit and, to the extent of any deficiency, as rent payable from other legally available funds of the District, and (B) the release and indemnification obligations of the District under Section 7.3, and (iii) under Section 4.5, the Corporation's leasehold interest in the Property will vest in the District on the date of said deposit automatically and without further action by the District or the Corporation. The District hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Corporation. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement

and, notwithstanding anything to the contrary herein, Lease Payments therefrom shall not be subject to abatement under Section 6.03 hereof to the extent payable from the funds held by the Corporation or the fiduciary as described in the first sentence of this Section 9.3.

ARTICLE X MISCELLANEOUS

Section 10.1. Notices. Any notice, request, complaint, demand or other communication under this Lease 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 transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile transmission 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 Corporation, the District and the Assignee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the District:	Phelan Piñon Hills Community Services District 4176 Warbler Road Phelan, CA 92371 Phone: (760) 868-1212 Attention: General Manager
If to the Corporation:	Municipal Finance Corporation 2945 Townsgate Road, Suite 200 Westlake Village, CA 91361 Attention: President Phone: (805) 719-1236
If to the Assignee:	Truist Bank 214 N. Tryon St., 19 th Floor Charlotte, North Carolina 28202 Attention: William B. DaSilva, Director, Governmental Finance

Section 10.2. Binding Effect. This Lease Agreement inures to the benefit of and is binding upon the Corporation, the District and their respective successors and assigns. The Assignee is hereby made a third party beneficiary hereunder with all rights of a third party beneficiary.

Section 10.3. Severability. If any provision of this Lease 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 10.4. Net-net-net Lease. This Lease Agreement is a “net-net-net lease” and the District hereby agrees that the Lease Payments are an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Further Assurances and Corrective Instruments. The Corporation and the District agree that they will, 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 correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement.

Section 10.6. Waiver of Personal Liability. No member, officer, agent or employee of the District or the Corporation shall be individually or personally liable for the payment of Lease Payments; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 10.7. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 10.8. Applicable Law. This Lease Agreement is governed by and construed in accordance with the laws of the State.

Section 10.9. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Lease Agreement.

Section 10.10. Waiver of Jury Trial; Agreement for Judicial Reference. To the fullest extent permitted by law, each of the District and the Corporation hereby waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, this Agreement or any related documents, or the enforcement of any remedy under any law, statute, or regulation.

To the extent the foregoing waiver of a jury trial is unenforceable under applicable California law, each of the District and the Corporation agrees to refer, for a complete and final adjudication, any and all issues of fact or law involved in any litigation or proceeding (including all discovery and law and motion matters, pretrial motions, trial matter and post-trial motions up to and including final judgment), brought to resolve any dispute (whether based on contract, tort or otherwise) between the parties hereto arising out of, in connection with or otherwise related or incidental to this Agreement to a judicial referee who shall be appointed under a general reference pursuant to California Code of Civil Procedure Section 638, which referee's decision will stand as the decision of the court. Such judgment will be entered on the referee's statement of judgment in the same manner as if the action had been tried by the court. The parties shall select a single neutral referee, who shall be a retired state or federal judge with at least five years of judicial experience in civil matters; provided that the event the parties cannot agree upon a referee, the referee will be appointed by the court.

Section 10.11. Servicing; Appointment of Servicer. The Assignee may engage a servicer, and collaterally assign some or all of its rights under this Lease, to act on behalf of the Assignee under this Lease Agreement as the "Servicer". The Assignee may at any time and from time to time terminate or remove and replace any such Servicer. The Assignee shall give written notice to the District of its appointment, termination, removal or replacement of any Servicer, and the parties may rely on any such notice until any subsequent notice is given. Initially, the Assignee has engaged City National Bank to act as the Servicer hereunder and City National Bank has accepted such engagement. The Assignee is under no obligation to appoint a Servicer; if at any time a Servicer has

not been designated by the Assignee, any references to the “Servicer” herein shall refer to the Assignee. Any opinion or certificate provide for herein that is directed to the Servicer shall also be directed to, and may be relied upon by, the Assignee.

The Assignee shall be solely responsible for providing the funding for the Site Lease Payment under this Lease Agreement. From and after the Closing Date, if the Assignee has appointed a Servicer for the Assignee under this Lease Agreement, the District acknowledges and agrees that the Servicer shall exercise all of the rights and remedies of the Assignee under this Lease Agreement, shall receive all reports, statements, notices and other communications from the District on behalf of the Assignee required to be delivered to the Assignee under this Lease Agreement and shall be entitled to all of the protections afforded the Assignee under this Lease Agreement.

IN WITNESS WHEREOF, the Corporation and the District have caused this Lease Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

MUNICIPAL FINANCE CORPORATION

By: _____
Stefan Morton
Authorized Representative

PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

By: _____
Don Bartz
General Manager

EXHIBIT A
DESCRIPTION OF THE PROPERTY

EXHIBIT B

SCHEDULE OF LEASE PAYMENTS

Due Date	Lease Payment	Principal	Interest
----------	---------------	-----------	----------

AFTER RECORDATION RETURN TO:

Kutak Rock LLP
5 Park Plaza, Suite 1500
Irvine, CA 92614-8595
Attention: Albert R. Reyes, Esq.

DOCUMENTARY TRANSFER TAX: \$0.00 AS THE TERM OF THE LEASE AND ALL EXTENSIONS IS LESS THAN THIRTY-FIVE (35) YEARS. PROPERTY IS LOCATED IN AN UNINCORPORATED AREA OF THE COUNTY OF SAN BERNARDINO. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

MEMORANDUM OF LEASE AGREEMENT

This Memorandum of Lease Agreement (this “Memorandum of Lease Agreement”), is entered into as of January 1, 2023, between the MUNICIPAL FINANCE CORPORATION, a corporation duly organized and existing under the laws of the State of California, as lessor (the “Corporation”), and the PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT, a community services district organized and existing under and by virtue of the laws of the State of California (the “District”), who agree as follows:

Section 1. The Lease. The District leases from the Corporation, and the Corporation leases to the District, certain real property described in Section 2 hereof, and the improvements situated upon said real property, upon the terms and conditions, and for the term, more fully set forth in the Lease Agreement, dated as of January 1, 2023, between the Corporation, as lessor, and the District, as lessee (the “Lease Agreement”), all of the provisions of which are hereby incorporated into this Memorandum of Lease Agreement by reference.

Section 2. Leased Premises; Term. The Corporation leases, lets and demises unto the District and the District leases, hires and takes from the Corporation, that certain parcel of real property situated in an unincorporated area of the County of San Bernardino, State of California, more particularly described in Exhibit A attached hereto and made a part hereof and those certain improvements on the Site (collectively, the “Property”). The Lease Agreement is for a term commencing on the date of recordation of this Memorandum of Lease Agreement and ending on _____, 20__, or such earlier or later date on which the Lease Payments (as defined in the Lease Agreement) are paid in full or provision has been made for such payment in accordance with the Lease Agreement.

Section 3. Assignment of Lessor’s Rights Under Lease Agreement; No Merger of Title. The parties hereto acknowledge that pursuant to the Assignment Agreement, dated as of January 1, 2023, between the Corporation and Truist Bank (the “Assignee”), recorded concurrently herewith, the Corporation has assigned, transferred and delivered to the Assignee, all of its rights, title and interest in, to and under the Site Lease dated as of January 1, 2023 and recorded concurrently herewith (as defined in the Lease Agreement) and the Lease Agreement.

Section 4. Provisions Binding on Successors and Assigns. Subject to the provisions of the Lease Agreement relating to assignment and subletting, the Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the District and their respective successors and assigns, including the Assignee.

Section 5. Purpose of Memorandum. This Memorandum of Lease Agreement is prepared for the purpose of recordation, and it in no way modifies the provisions of the Lease Agreement.

Section 6. Execution. This Memorandum of Lease 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. State Law. This Memorandum of Lease shall be governed by and construed in accordance with the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

MUNICIPAL FINANCE CORPORATION

By: _____
Stefan Morton
Authorized Representative

PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

By: _____
Don Bartz
General Manager

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____ before me, _____, Notary Public,
personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____ before me, _____, Notary Public,
personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

EXHIBIT A

DESCRIPTION OF THE PROPERTY

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Memorandum of Lease, dated as of January 1, 2023, from the Municipal Finance Corporation (the “Corporation”) as lessor, to the Phelan Piñon Hills Community Services District (the “District”), as lessee, is hereby accepted by the undersigned officer on behalf of the District, pursuant to authority conferred by resolution of the District Board adopted on November 16, 2022, and the District consents to recordation thereof by its duly authorized officer.

Dated: January __, 2023

**PHELAN PIÑON HILLS COMMUNITY
SERVICES DISTRICT**

By: _____
Don Bartz
General Manager

Agenda Item 6f

Discussion & Possible Action
Regarding Participation in the
California CLASS Investment
Pool



A. 4176 Warbler Road
P.O. Box 294049
Phelan, CA 92329
P. (760) 868-1212
F. (760) 868-2323
W. www.pphcsd.org

MEMORANDUM

DATE: January 4, 2023
TO: Board of Directors
FROM: Don Bartz, General Manager
By: David Noland, Finance Supervisor
SUBJECT: Discussion and Possible Action Regarding Participation in the California CLASS Investment Pool.

STAFF RECOMMENDATION

For the Board to authorize the enrollment of the District into an agreement to participate in the California Cooperative Liquid Assets Securities System (CLASS).

BACKGROUND

Staff met with California CLASS to review the investment program, which is similar to LAIF (where most of the District's funds were invested). Currently, California CLASS has an opportunity that is paying a higher interest rate than our saving account with DCB / Flagstar:

Flagstar Savings	3.00%	Same Day
California CLASS Prime Fund	4.06%	Same Day

By entering into agreement and registering with California CLASS, the District will be able to utilize California CLASS as an investment opportunity for some of the District's funds, in compliance with the District's Investment Policy.

FISCAL IMPACT

Potential increase in investment revenue.

ATTACHMENT(S)

Registration Form
Program Information
Investment Policy

California
CLASS



California CLASS Registration Packet



Welcome to California CLASS

Thank you for choosing California CLASS!

We believe you have made a sound financial decision in choosing California Cooperative Liquid Assets Securities System (California CLASS). We look forward to being a trusted partner to your organization and its investment management goals and are excited to connect with you to make your investment process a positive, easy experience.

This packet contains all the materials necessary to set up your California CLASS account(s). If you have any questions about the registration process or about your California CLASS account(s), please do not hesitate to contact us. The California CLASS Client Service team can be reached any business day from 8:00 a.m. to 4:00 p.m. PT by phone at (877) 930-5213 or by email at clientservices@californiaclass.com.

Registration Procedures

To participate in California CLASS, please complete the following:

- 1) Review the Joint Exercise of Powers Agreement and the applicable Information Statements relating to the California CLASS Prime Fund and the Enhanced Cash Fund (located in the Document Center at www.californiaclass.com).
- 2) Complete the California CLASS Participant Representation Form (page 4).
- 3) Complete the Participant Registration (page 5).
- 4) Complete the Authorized Contacts Form (pages 6/7).
- 5) Should you be interested in participating in California CLASS Prime, complete the California CLASS Prime Fund Account(s) to be Established form; you may open as many accounts as you wish (page 8).
- 6) Should you be interested in participating in California CLASS Enhanced Cash, complete the California CLASS Enhanced Cash Fund Account(s) to be Established Form; you may open as many accounts as you wish (page 9).
- 7) Keep the original forms for your records and send the completed packet to the California CLASS Client Service team by fax (877) 930-5214 or by email clientservices@californiaclass.com.

Questions? Please contact us; we would love to hear from you:

California CLASS Client Service Team
T (877) 930-5213
clientservices@californiaclass.com

Through the California CLASS website, www.californiaclass.com, Participants will be regularly informed of important program information, holidays, upcoming Board meetings, Participant events, conferences, and more. Board of Trustee meetings, which are open to the public, are generally held quarterly and discuss relevant issues to the governance and operations of the California CLASS program.

Participant Representation Form

Participant Information

Entity Name (Participant) _____

Participant Representations

The undersigned Authorized Signer for the Participant hereby represents and warrants the following during the period the Participant is investing in the California CLASS Investment Program:

- The Participant is (1) a Public Agency (as defined in the Joint Exercise of Powers Agreement) and (2)(a) a political subdivision of the State of California or (b) an organization whose income is excluded from taxable gross income under Section 115 of the Internal Revenue Code, in each case, that has the authority to invest funds in its treasury in investments in accordance with Section 53601 of the California Government Code.
- The Participant is authorized to invest in the California CLASS.
- Any Authorized Signer for the Participant designated in this California CLASS Registration Packet has full power and authority to make investments for the above Participant in the California CLASS Investment Program unless the California CLASS receives written notice from the Participant otherwise.
- The Participant has reviewed and agrees to the limitations described in the Joint Exercise of Powers Agreement and the Information Statements for the Funds within the California CLASS Investment Program and acknowledges that it has been supplied with or been given access to information it requested in connection with making an investment in the California CLASS Investment Program.
- The Participant has reviewed the Investment Policies for the Funds within the California CLASS Investment Program and has determined that they are consistent with the legal and policy limitations applicable to the Participant’s investments.
- The Participant has consulted with its own counsel and advisers as to all matters concerning investment in the California CLASS Investment Program.

Authorized Signer

Signature

Date

Print Name

Title

Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**



Participant Registration

Entity Information

Entity Name (Participant) _____

Entity Type: City/Town County School District Special District
Other (Specify) _____

Mailing Address _____

City _____ Zip _____ County _____

Physical Address (if different than above) _____

City _____ Zip _____ County _____

Tax ID _____ Fiscal Year End Date (Month/Day) _____

California CLASS is hereby authorized to honor any telephone, faxed, or electronic request believed to be authentic for withdrawal of funds. The withdrawal proceeds can be sent only to the bank(s) indicated below unless changed by written instructions. Each Participant is responsible for notifying California CLASS of any changes to its account by filling out and sending via mail or email the Forms available on the California CLASS website.

Wires will be distributed every hour with the final distribution ending at 11:00 a.m. PT; distribution times are subject to change as needed by the California CLASS Administrator. Additionally, California CLASS must be notified of any contributions by 11:00 a.m. PT to receive same day credit. **If funds are not received by 2:00 p.m. PT, contribution orders will be voided.**

Banking Information

Bank Name _____ Bank Routing Number (ABA) _____

Account Title _____ Account Number _____

Bank Contact _____ Contact's Phone Number _____

Wire ACH Both

Additional Banking Information (Optional)

Bank Name _____ Bank Routing Number (ABA) _____

Account Title _____ Account Number _____

Bank Contact _____ Contact's Phone Number _____

Wire ACH Both

Authorized Contacts

Authorized Signers Can:	Read-Only Users Can:
Approve changes to the Investor Profile Update banking/contact information Transfer funds Receive account updates	Receive account updates Request "view-only" access to monthly statements and transaction confirmations

Authorized Signer

Print First and Last Name

Title

Signature Required

Phone

Email

Fax

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations

Additional Contact (Optional)

Print First and Last Name

Title

***(Signature Required if Authorized Signer)**

Phone

Email

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
- Read-Only Access

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations

Additional Contact (Optional)

Print First and Last Name

Title

***(Signature Required if Authorized Signer)**

Phone

Email

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
- Read-Only Access

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations



Authorized Contacts (cont.)

Additional Contact (Optional)

_____	_____
Print First and Last Name	Title
_____	_____
*(Signature Required if Authorized Signer)	Phone
_____	_____
Email	Fax

- Permissions** (check one only)
- Authorized Signer to Move Funds*
 - Read-Only Access

- Email Notifications** (notice of report availability in the online portal)
- Monthly Statements
 - Transaction Confirmations

Additional Contact (Optional)

_____	_____
Print First and Last Name	Title
_____	_____
*(Signature Required if Authorized Signer)	Phone
_____	_____
Email	Fax

- Permissions** (check one only)
- Authorized Signer to Move Funds*
 - Read-Only Access

- Email Notifications** (notice of report availability in the online portal)
- Monthly Statements
 - Transaction Confirmations

Additional Contact (Optional)

_____	_____
Print First and Last Name	Title
_____	_____
*(Signature Required if Authorized Signer)	Phone
_____	_____
Email	Fax

- Permissions** (check one only)
- Authorized Signer to Move Funds*
 - Read-Only Access

- Email Notifications** (notice of report availability in the online portal)
- Monthly Statements
 - Transaction Confirmations



California CLASS Prime Fund Account(s) to be Established

Entity Name (Participant): _____

Desired Subaccount Name(s)*:

(To be completed by Participant)

Multiple horizontal lines for entering subaccount names.

*Name must be limited to 35 characters.

Once your California CLASS account has been established, you will receive a confirmation email with your login credentials from no-reply@californiaclass.com. If you do not receive your login credentials within 48 business hours of submission, please first check your junk or spam folder before calling the California CLASS Client Service team.



California CLASS Enhanced Cash Fund Account(s) to be Established

Entity Name (Participant): _____

Desired Subaccount Name(s)*:

(To be completed by Participant)

California CLASS Enhanced Cash is designed to complement the daily liquidity offered by the California CLASS Prime portfolio.

Enhanced Cash does not seek to maintain a stable net asset value (NAV) and does not offer daily liquidity. Unlike the Prime Fund, investing in Enhanced Cash introduces the potential for the reporting of unrealized and realized gains and losses.

If you have questions about which of your local government’s funds are appropriate for the California CLASS Enhanced Cash portfolio, please contact your California CLASS representative or email info@californiaclass.com.

*Name must be limited to 35 characters.

Once your California CLASS account has been established, you will receive a confirmation email with your login credentials from no-reply@californiaclass.com. If you do not receive your login credentials within 48 business hours of submission, please first check your junk or spam folder before calling the California CLASS Client Service team.



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Diversify and Strengthen Your Public Funds Investment Program

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- ✓ Preservation of principal and access to liquidity
- ✓ Securities marked-to-market daily

- ✓ Same-day liquidity for Prime fund
- ✓ Next-day liquidity for Enhanced Cash fund
- ✓ No minimum balance requirements nor maximum contributions

- ✓ Managed to generate a competitive daily yield
- ✓ Prime fund for agency operating dollars and Enhanced Cash fund for reserves
- ✓ Ratings of 'AAAm' & 'AAAf/S1'

Learn more about investing for California public agencies, and contact us today.



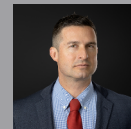
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Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses. California CLASS is rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit www.spglobal.com. California CLASS Enhanced Cash is rated 'AAAf/S1' by FitchRatings. The 'AAAf' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk. More information to come.

What is California CLASS?

California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS offers public agencies a convenient method for investing in highly liquid, investment-grade securities carefully selected to optimize interest earnings while maximizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that provides the framework for the investment of public funds.

How is it governed and managed?

California CLASS is overseen and governed by a Board of Trustees. The Board is made up of public agency finance professionals who participate in California CLASS and are members of the Joint Powers Authority (JPA). The Board of Trustees has entered into an Investment Advisor and Administrator Agreement with Public Trust Advisors, LLC. Public Trust is responsible to the Board for all program investment and administrative activities as well as many of the services provided on behalf of the Participants.

How can we participate?

Enrolling in California CLASS is simple. Public agencies may become Participants simply by filling out the Participant Registration Form that can be found in the document center on the California CLASS website. Public agencies may submit the completed registration packet to California CLASS Client Services for processing at clientservices@californiaclass.com. To obtain account forms and fund documents, visit www.californiaclass.com/document-center/.

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**California Special
Districts Association**

Districts Stronger Together

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Participants benefit from the following:

- Same-day availability of funds in Prime Fund (11:00 a.m. PT cut-off)
- Deposits by wire or ACH
- Ratings of 'AAAm' & 'AAAf/S1'
- Prime fund transacts at stable NAV
- Portfolio securities marked-to-market daily
- Secure online access for transactions and account statements
- No withdrawal notices for Prime Fund
- Participant-to-Participant transactions
- Interest accrues daily and pays monthly
- No maximum contributions
- No minimum balance requirements
- No transaction fees*
- Annual audit conducted by independent auditing firm**
- Dedicated client service representatives available via phone or email on any business day

*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no transaction fees charged from California CLASS for such transactions.
**External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.



What are the objectives of California CLASS?

Safety

The primary investment objective of the California CLASS Prime fund is preservation of principal. Both California CLASS portfolios are managed by a team of investment professionals who are solely focused on the management of public funds nationwide. The custodian for California CLASS is U.S. Bank, N.A.

Liquidity

When you invest in the California CLASS Prime fund, you have access to your funds on any business day. You must notify California CLASS of your funds transaction requests by 11:00 a.m. PT via the internet or phone. There are no withdrawal notices for the daily-liquid California CLASS Prime fund. Enhanced Cash is a variable NAV fund that provides next-day liquidity and a one-day notification of withdrawal.

Competitive Returns

California CLASS strives to provide competitive returns while adhering to the objectives of safety and liquidity. Participants benefit from the investment expertise and institutional knowledge provided by the team of Public Trust professionals. Portfolio performance is strengthened by the extensive knowledge of California public agency cash flows that the Public Trust team possesses.

Ease of Use

To make cash management streamlined and efficient, California CLASS includes many features that make it easy to access account information and simplify record keeping. Participants can transact on any business day using the California CLASS phone number (877) 930-5213, fax number (877) 930-5214, email clientservices@californiaclass.com or via the California CLASS Online Transaction Portal at www.californiaclass.com.

Flexibility

You may establish multiple California CLASS subaccounts. You will receive comprehensive monthly statements that show all of your transaction activity, interest accruals, and rate summaries. These statements have been specifically designed to facilitate public sector fund accounting and to establish a clear accounting and audit trail for your records.

Legality

California CLASS only invests in securities permitted by California State Code Section 53601; permitted investments are further restricted to those approved by the Board of Trustees as set forth in the California CLASS Investment Policies.

Have Questions? Contact us or visit www.californiaclass.com for more information.



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Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. **Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.** Please see the Information Statement for further details on the fee calculation and other key aspects about California CLASS. California CLASS Prime is rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit www.spglobal.com. California CLASS Enhanced Cash is rated by 'AAAf/S1' by FitchRatings. The 'AAAf' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk.

A JOINT POWERS AUTHORITY INVESTMENT POOL

Client-First & User-Friendly Cash Management Solutions Designed for Special Districts of All Sizes

California CLASS provides Participants the following benefits:

- ✓ Convenient, modern transaction portal
- ✓ Dedicated client service team equally committed to all special districts
- ✓ Portfolios managed in accordance with California Government Code
- ✓ Transparent governance by Board of Trustees
- ✓ Portfolios marked-to-market with net asset value and yields posted to website daily

Fund Option	Prime	Enhanced Cash
Portfolio Type	Prime-style fund	Enhanced cash
Purpose	Operating Funds	Strategic Reserves
Rating	'AAAm'	'AAAf/S1'
Min/Max Investment	None	None
Withdrawals	Unlimited	Unlimited
Investment Horizon	Day-to-Day	12-18 Months
Liquidity	Same-Day	Next-Day
WAM	≤60 days	90-200 days
Net Asset Value (NAV)	Stable \$1.00 per share	Variable \$10.00 per share

Learn more about building an optimal liquidity portfolio for your special district; contact us today.



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RESOLUTION NO. 2020-01

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT
ESTABLISHING POLICY NO. 1130
"STATEMENT OF INVESTMENT POLICY"**

WHEREAS, the Phelan Piñon Hills Community Services District ("the District") is a community services district organized and operating pursuant to California Government Code Section 61000 et seq., and a local government agency subject to the requirements of the Political Reform Act of 1974, California Government Code Section 81000 et seq.; and

WHEREAS, the Phelan Pinon Hills Community Services District, under Government Code Section 53646(a)(2), must provide to its governing Board a Statement of Investment Policy; and

WHEREAS, the Statement of Investment Policy has been modeled after similar agency policies and in conformity with California Government Code Sections 53600 and 53635, et seq.; and

WHEREAS, the Statement of Investment Policy provides District Staff with a management tool to implement future investment decisions by the District.

NOW, THEREFORE, BE IT RESOLVED by the District's Board of Directors that Policy No. 1130, "Statement of Investment Policy," attached hereto and incorporated herein by this reference, is hereby adopted as the Investment Policy for public funds held by and entrusted to the Phelan Pinon Hills Community Services District through its elected Board of Directors and employees.

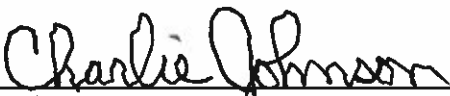
APPROVED AND ADOPTED this 15th day of January 2020.

AYES: Hoffman, Johnson, Kujawa, Philips, Roberts

NOES:

ABSTAIN:

ABSENT:



President of the Board



Secretary

POLICY NO. 1130

SECTION 1131. TABLE OF CONTENTS

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SECTION 1132. INTRODUCTION

1132.01 **Responsibility** - The General Manager, or authorized designee, is responsible for investing the cash balances in all District funds in accordance with the California Government Code, Sections 53600 et seq. and 53635 et seq. This policy does not include Long Term Debt Reserve Funds and Deferred Compensation Funds, which are exceptions covered by other more specific Government Code sections and the legal documents unique to each debt transaction.

1132.02 **Prudent Investor Standard** - The standard of prudence to be used by the General Manager and other individuals assigned to manage the investment portfolio shall be the "prudent investor" standard which states, in essence, that "in investing... property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs..." (Civil Code Sect. 2261, et seq.) This standard shall be applied in the context of managing an overall portfolio. These individuals acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

1132.03 **Investment Intent** - It is the District's full intent, at the time of purchase, to hold all investments until maturity in order to ensure the return of all invested principal. However, it is realistically anticipated that market prices of securities purchased as investments will vary depending on economic conditions, interest rate fluctuations, or individual security credit factors. In a well-diversified investment portfolio, such temporary variations in market value will inevitably result in measurable losses at any specific point in time. From time to time, changes in economic or market conditions may dictate that it is in the District's best interest to sell a security prior to maturity.

SECTION 1133. INVESTMENT FACTORS

1133.01 Principal Investment Factors - The three principle investment factors of **Safety, Liquidity and Yield** are to be taken into consideration, in the specific order listed, when making any and all investment decisions.

1133.01.1 Safety of principal is the foremost factor to be considered during each investment transaction. Safety in investing refers to minimizing the potential for loss of principal, interest or a combination of the two due to the two types of risk, Credit Risk and Market Risk.

1133.01.1.1 Credit Risk, defined as the risk of loss due to failure of the issuer of security, shall be mitigated by only investing in very safe, or "investment grade" securities and diversifying where feasible.

1133.01.1.2 Market Risk, defined as market value fluctuations due to overall changes in interest rates shall be mitigated by limiting the average maturity of the investment portfolio to less than 3 years, with a maximum maturity of any one security of 5 years without prior Board approval. Also, the portfolio will be structured based on liquidity needs so as to avoid the need to sell securities prior to maturity.

1133.01.2 Liquidity refers to the ability to convert an investment to cash promptly with minimum risk of losing some portion of principal or interest. The investment portfolio will be structured based on historic cash flow analysis in order to provide the necessary liquidity as investments routinely mature. A portion of the portfolio will be maintained in liquid short term securities which can be converted to cash if necessary to meet unforeseen disbursement requirements.

1133.01.3 Yield is the average annual return on an investment based on the interest rate, price, and length of time to maturity. The District attempts to obtain the highest yield possible, provided that the basic criteria of safety and liquidity have been met.

SECTION 1134. AUTHORIZED AND PROHIBITED INVESTMENTS

1134.01 Authorized Investment Instruments - The District is subject to California Government Code, Section 53601 et seq. Within the context of the governing language, the General Manager or designee is authorized to invest in the following types of securities. (The percentage noted in this section is the maximum percentage the investment is allowed in regards to the portfolio.)

1134.01.1 Local Agency Bonds – Maximum of 100%. Maximum term of investment 5 years. There is no limitation as to the percentage of the portfolio which can be invested.

1134.01.2 United States Treasury Bills, Notes, and Bonds – Maximum of 100%. Maximum term of investment 5 years. There is no limitation as to the percentage of the portfolio, which can be invested.

1134.01.3 Obligations issued by the Federal Government – Maximum of 100%. Obligations issued by the Government National Mortgage Association (GNMA), the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Student Loan Marketing Association (SLMA). Although there is no percentage limitation on “governmental agency” issues, the prudent person rule shall apply for a single agency name.

1134.01.4 Banker’s Acceptances – Maximum of 25%. Banker’s Acceptances are time drafts drawn on and accepted by a commercial bank. Purchased Banker’s Acceptances shall not exceed 180 days to maturity, or 25% of the market value of the portfolio. No more than 5% of the market value of the portfolio may be invested in Banker Acceptances issued by any one commercial bank.

1134.01.5 Commercial Paper – Maximum of 10%. Commercial Paper rated “P1” by Moody’s Investor Services and A1 by Standard and Poor’s and issued by a United States corporation having assets exceeding \$500,000 and having an “A” or better rating on its long-term debentures as rated by Moody’s and Standard and Poor. Commercial Paper purchases cannot exceed 10% of the market value of the portfolio (30% if the dollar weighted average maturity of all commercial paper does not exceed 270 days). Purchase of commercial paper may not exceed 10% of outstanding paper of an issuing corporation.

1134.01.6 Negotiable Certificates of Deposit - Maximum of 25%. Negotiable Certificates of Deposit (NCD) issued by a nationally or state chartered bank or state or federal savings and loan association. To be eligible for purchase by the District the NCD must be issued by:

1134.01.6.1 A California bank rated “BB” or better by Standard and Poor’s; or

1134.01.6.2 A major national regional bank outside California rated “BBB” or better by Standard and Poor’s; or

1134.01.6.3 A savings and loan association operating in California rated “BBB” or better by Standard and Poor’s.

Purchases of negotiable certificates of deposits may not exceed 25% of the market value of the portfolio. A maturity limitation of five (5) years is applicable on NCDs.

1134.01.7 Repurchase Agreements – Maximum of 20%. The District may invest in Repurchase Agreements with banks and dealers with which the District has entered into a Master Repurchase Agreement which specifies terms and conditions of Repurchase Agreements. A signed copy of the Master Repurchase Agreement shall be required from the authorized financial dealer prior to the execution of any applicable transaction. The maturity of Repurchase Agreements shall not exceed one year. The market value of securities used as collateral for Repurchase Agreements shall be monitored daily and will not be allowed to fall below 102% of the value of the Repurchase agreement as set forth in California Government Code Section 53601 (i) (2).

1134.01.8 Local Agency Investment Fund – Maximum of \$40 million per account. The District may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law.

1134.01.9 Medium-Term Notes – Maximum 30%. Medium-Term Notes with a maximum of five years maturity issued by corporations organized and operating within the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of “A” or its equivalent or better by nationally recognized rating service. No more than 30% of the market value of the portfolio may be invested in Medium-Term Notes.

1134.01.10 Money Market Mutual Funds – Maximum of 20%. Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as defined in Section 53601(k)(2) of the California Government Code. To invest in securities and obligations, which comply, with the investment restrictions pursuant to Section 53601(k)(2), companies shall either:

1134.01.10.1 Attain the highest ranking or the highest letter and numerical ranking provided by not less than two out of the three rating services: Moody’s Investor Service, standard and Poor’s, or Fitch Investor’s Service, Inc.

1134.01.10.2 Retain an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management

in excess of five hundred million dollars (\$500,000,000). The purchase price of shares of beneficial interest purchased pursuant to this section shall not include any commission that these companies may charge and shall not exceed 20% of the District's surplus money that may be invested in money market mutual funds. Further, the District may invest only in money market mutual funds, which have an average maturity of 90 days or less per Securities and Exchange Commission regulations.

All positions in government-sponsored investment pools and permitted money market mutual funds (per Sections G and I, above) shall be subject to periodic review by the General Manager or designee, in order to ensure that the monies in question are managed in a manner consistent with the standards and objectives set forth elsewhere in this policy.

1134.01.11 Collateralized Bank Deposits – Maximum of 100%. The Agency may invest in notes, bonds or other obligations, which are at all times secured by a valid first priority security interest. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or Federal regulations applicable to the types of securities in which the security interest is placed. For the purposes of Time Deposits issued by financial institutions, there is no limitation as to the percent of the portfolio, which can be invested/deposited.

1134.01.12 Investment Pools – Maximum of 30%. Pools and other investment structures rated AA or higher, incorporating investments permitted in California Government Code Sections 53601, 53635, and 5922(d).

1134.01.13 Joint Powers Investment Pools – Maximum of 100%. There is no limitation as to the percentage of the portfolio which can be invested. The pool must incorporate investments permitted in California Government Code Sections 53601, 53635, and 5922(d).

1134.01.14 Summary of Max % Limitations of Investments by Investment Type: The following summary of maximum percentage limits by investment type established for the District's total pooled investment portfolio:

	<u>Investment Type</u>	<u>Limit</u>	<u>Period</u>
1134.01.14.1	US Treasury Bills Notes & Bonds	0 to 100%	No Limit
1134.01.14.2	Obligations Issued by the US Gov.	0 to 100%	No Limit
1134.01.14.3	Banker's Acceptances	0 to 25%	180 Days
1134.01.14.4	Commercial Paper	0 to 10%	270 Days
1134.01.14.5	Negotiable Certificates of Deposit	0 to 25%	5 Years
1134.01.14.6	Repurchase Agreements	0 to 20%	1 Year

1134.01.14.7	Local Agency Investment Fund	\$40 mil/Acct	No Limit
1134.01.14.8	Medium-Term Notes	0 to 30%	5 Years
1134.01.14.9	Money Market Mutual Funds	0 to 20%	90 Days
1134.01.14.10	Collateralized Bank Deposits	0 to 100%	No Limit
1134.01.14.11	Investment Pools	0 to 30%	No Limit
1134.01.14.12	Joint Powers Investment Pools	0 to 100%	No Limit

1134.02 **Prohibited Investments** - In accordance with California Government Code Section 53601.6, the District will not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages. The District may hold previously permitted but currently prohibited investments until their maturity dates.

SECTION 1135. INVESTMENT SPECIFICS

1135.01 **Safekeeping** - All investments of the District shall have the Phelan Piñon Hills Community Services District as registered owner and shall be held in safekeeping by a third party bank trust department, acting as agent for the District under the terms of a custody agreement.

1135.02 **Maximum Maturities** - The District will match its investments with anticipated cash flow requirements. Per California Government Code Sections 53601 et seq., maximum maturities shall not exceed five (5) years. The average maturity of funds should not exceed 1,275 days (3.5 years), and the cash flow requirements shall prevail at all times.

1135.03 **Diversification** - Investments shall be diversified among institutions, types of securities and maturities to maximize safety and yield with changing market conditions. Local financial institutions will be given preferential consideration for investment of District funds consistent with the District's objective of attaining market rates of return, and consistent with constraints imposed by its safety objectives, cash flow considerations and State laws.

1135.04 **Legislative Changes**. Any State of California legislative actions that further restricts allowable maturities, investment type, or percentage allocations will be incorporated into the Phelan Piñon Hills Community Services District Investment Policy and supersede any and all previous applicable language.

SECTION 1136. RESPONSIBILITY AND REVIEW

1136.01 **Delegation and Grants of Authority** - Management responsibility for the investment program is delegated to the General Manager, who shall establish written procedures and policies for the operation of the investment program with this Investment Policy. The General Manager may delegate the responsibility for investment to other management employees as necessary and approved by the Board of Directors.

1136.02 **Ethics & Conflict Of Interest** - The General Manager and all personnel authorized to invest District monies shall refrain from personal business activity which would create a conflict with the proper execution of the investment program, or the execution of impartial investment decisions. A State of California Form 721, Statement of Economic Interests Disclosure shall be completed by the General Manager and other management personnel that invest District monies.

1136.03 **Investment Reports** - The General Manager shall submit a quarterly investment report to the District Board in accordance with Government Code Section 16481.2 containing the following information for each individual investment:

- 1136.03.1 Financial institution
- 1136.03.2 Type of investment
- 1136.03.3 Purchase Price of investment
- 1136.03.4 Rate of interest
- 1136.03.5 Purchase date
- 1136.03.6 Maturity date
- 1136.03.7 Current market value for securities
- 1136.03.8 Other data as required by the District

In addition, the report shall include a statement of compliance of the portfolio with the Board approved Investment Policy and a statement indicating the ability of the District to meet its expenditure requirements for the next six months.

1136.04 **Investment Policy Review** - This investment policy and guidelines shall be adopted by resolution of the District Board on an annual basis after being reviewed to ensure its consistency with the overall objectives of preservation of principal, liquidity, and yield, and its relevance to current law and financial and economic trends.

Agenda Item 6g

Discussion & Possible Action
Regarding Cost-of-Living
Adjustment for Employees



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W. www.pphcsd.org

MEMORANDUM

DATE: January 4, 2023
TO: Board of Directors
FROM: Don Bartz, General Manager
By: David Noland, Finance Supervisor
SUBJECT: Discussion and Possible Action Regarding Cost-of-Living Adjustment for Employees

STAFF RECOMMENDATION

Staff recommends for the Board to implement a Cost-of-Living Adjustment (COLA) increase of 4% to employees' wages effective January 1, 2023.

BACKGROUND

The cost of living in the High Desert has continued to increase extraordinarily over the past two years. This is according to the United States Bureau of Labor Statistics Consumer Price Index (CPI) for the area. Staff is predicting that this number could continue to rise based on the current trend. Because the District is six months behind in applying COLA to wages, the current influx is particularly impactful to staff.

Per District policy and as part of the budget process, the Board implements an annual COLA increase July 1, based on the CPI measurement in January compared to the previous year. Since January 2022, the cost of living has increased 5.9%. With the status of the current economy, and the constant increase in the cost of living, the projected COLA increase for this coming year could be 6.4%.

Staff recommends implementing a 4% COLA increase, effective January 1, of 2023, to lessen the impact of the current cost of inflation. This will help alleviate the consequences to staff and their families and will also help in retaining staff. Any remaining COLA, using the January 2022 to January 2023 periods, will be applied effective July 1, 2023, as per policy.

FISCAL IMPACT

COLA increase of 4%: \$59,500 for remainder of budget year.

ATTACHMENT(S)

CPI index

CPI for All Urban Consumers (CPI-U) Original Data Value

Series Id: CUURS49CSA0

Not Seasonally Adjusted

Series Title: All items in Riverside-San Bernardino-Ontario, CA, all urban consumers, not seasonally adjusted

Area: Riverside-San Bernardino-Ontario, CA

Item: All items

% increases respresent CPI number compared to previous period (every other month)

Year	Jan	%	Mar	%	May	%	Jul	%	Sep	%	Nov	%
2017											100.000	
2018	100.916		101.897		102.929		103.139		103.241		103.616	
2019	103.991		104.749		105.959		105.816		106.412		106.573	0.2%
2020	107.143	0.5%	107.162	0.0%	106.899	-0.2%	107.640	0.7%	108.201	0.5%	108.626	0.4%
2021	109.550	0.9%	110.981	1.3%	113.222	2.0%	114.682	1.3%	115.557	0.8%	117.206	1.4%
2022	118.963	1.5%	122.127	2.7%	123.893	1.4%	125.262	1.1%	125.272	0.0%	125.983	0.6%
<i>estimated Jan 23</i>	126.613	0.5%			9.4%		9.2%		8.4%		7.5%	

Prior Years

2.2%	CPI increase from January 2020 > January 2021
8.6%	CPI increase from January 2021 > January 2022

* This % used on July 1, 2022, received 4.0% on 11/1/21

Current Year

5.9%	CPI increase from January 2022 > November 2022
6.4%	Projected - CPI increase from January 2022 > January 2023

The COLA measurments in prior years were taken from December thru December(according to the approved policy).

The Bureau of labor statistics no longer provides monthly data for our region. Data for 2021/2022 budget used January data.

Agenda Item 6h

Review of Ordinance No. 2022-01;
Establishing Guidelines for the
Conduct of District Public
Meetings and Activities



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MEMORANDUM

DATE: January 4, 2023

TO: Board of Directors

FROM: Don Bartz, General Manager
By: Kim Ward, HR & Solid Waste Manager/District Clerk

SUBJECT: Review of Ordinance No. 2022-01; Establishing Guidelines for the Conduct of District Public Meetings and Activities

RECOMMENDATION

For the Board to review Ordinance No. 2022-01; Establishing Guidelines for the Conduct of District Public Meetings and Activities.

BACKGROUND

The District's "Sunshine Ordinance" is reviewed annually to determine its effectiveness and the necessity for its continued operation. During this review, the Board will determine if any revisions are desired or necessary. The last update of this policy took place on January 18, 2022, where modifications concerning meetings held via teleconference were added.

Ordinance No. 2022-01 is attached for Board review. Should any modifications be required, or desired by the Board, the Ordinance with proposed modifications will be brought back for Board review and possible approval.

FISCAL IMPACT

None

ATTACHED

Ordinance No. 2022-01

ORDINANCE NO. 2022-01
AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT
ESTABLISHING GUIDELINES FOR THE
CONDUCT OF ITS PUBLIC MEETINGS AND ACTIVITIES

WHEREAS, the Board of Directors of the Phelan Piñon Hills Community Services District finds as follows:

A. The Phelan Piñon Hills Community Services District ("the District") is a community services district organized and operating pursuant to California Government Code Section 61000 et seq.

B. The District is governed by an elected Board of Directors ("the Board") whose meetings are subject to the requirements of the Ralph M. Brown Act, California Government Code Section 54950 et seq. ("the Brown Act") pursuant to California Government Code Section 61044.

C. The Board is authorized by Government Code Section 54953.7 to impose requirements upon itself which allow greater access to its meetings than prescribed by the Brown Act.

D. The purpose of this Ordinance is to ensure that the Board's deliberations are open to the public to the fullest extent permitted by law and its activities are performed in a manner that reflects a dedication to the highest standards of integrity and accountability so as to continue to earn the trust and confidence of the public served by the District.

THEREFORE, THE BOARD OF DIRECTORS of the Phelan Piñon Hills Community Services District does hereby adopt and ordain as follows:

Section 1. **COMPLIANCE WITH STATUTORY REQUIREMENTS.**

All meetings of the Board and all committees thereof shall be conducted in

compliance with all applicable requirements of the Brown Act.

Section 2. **ADDITIONAL REQUIREMENTS.**

2.1. **Regular Meetings.** Pursuant to Government Code Section 54954(a), all regular meetings of the Board shall be held at 6:00 p.m. on the first and third Wednesdays of each month at the Phelan Community Center located at 4128 Warbler Road in Phelan, California, and/or by teleconference in accordance with the requirements of the Brown Act, with the intent for meetings to last no more than three (3) hours, and to be adjourned by Board consensus.

2.2. **Special Meetings.** Special meetings of the Board shall be called and conducted in accordance with Government Code Section 54956 and other applicable provisions of the Brown Act. The Board shall not add any non-agendized item to the agenda of a special meeting.

2.3. **Agendas.**

2.3.1. **Descriptions.**

(a) *Open Session.* The agenda for all Board meetings and all committee meetings that are open to the public shall contain a brief, general description of each item of business to be transacted or discussed during the meeting and shall avoid the use of undefined abbreviations or acronyms not in common usage and terms whose meaning are not known to the general public. The description of an agenda item is adequate if it is sufficiently clear and specific to alert a person whose interests are affected by the item that he or she may have reason to attend the meeting or seek more information about the item.

(b) *Closed Session.* In addition to the brief general description of items to be discussed or acted upon in open and public session, the permissive provisions of Government Code Section 54954.5 pertaining to closed session item

descriptions are mandatory under this Ordinance with respect to closed sessions.

2.3.2. **Public Comment.** The agenda for all meetings of the Board shall include an item for Public Comment so as to provide an express opportunity for members of the public to directly address the Board in accordance with the requirements of Government Code Section 54954.3(a) prior to the Board's consideration of the merits of any item placed on the agenda. In the event that a motion is made to reorder the agenda, or add an item to the agenda, or otherwise take any Board action prior to the Public Comment portion of the agenda, the President of the Board shall ask any members of the public in attendance at the meeting whether they wish to comment on the motion that is pending before the Board. During the Board's consideration of items discussed after the Public Comment portion of the agenda, the President of the Board should exercise best efforts to recognize any member of the public who wishes to speak on that issue prior to any action thereon that is taken by the Board. While testimony and input received from the public during Board meetings is a valuable part of the Board's decision-making process, the Board President is nevertheless authorized pursuant to Government Code Section 54954.3(b) to limit the total amount of time allocated for public testimony on particular issues to a reasonable length of time, to limit public testimony to five (5) minutes or less for each individual speaker (although individual speakers will be permitted on a reasonable basis to transfer their unused allotment of time to another speaker), and to prevent a person who is unduly repetitive from continuing to speak.

2.4. **Posting.** The agendas of all Board meetings and all committee meetings that are open to the public shall be posted in the following locations: (1) an exterior window or bulletin board situated outside the location of the Piñon Hills Community Center which is accessible twenty-four (24) hours a day; (2) an exterior window or

bulletin board situated outside the location of the Phelan Community Center which is accessible twenty-four (24) hours a day; (3) an exterior window or bulletin board situated outside the location of the District office which is accessible twenty-four (24) hours a day; and (4) the District website. The District will also post the full agenda packet for all such meetings on the District website and will provide five (5) copies thereof at the physical location of all Board meetings in which the public has in-person access.

2.5. **Cancellation of Meetings.** Regular meetings of the Board may be cancelled by the President of the Board, after consultation with the District's General Manager, upon at least 72 hours' notice given in accordance with the applicable requirements of the Brown Act and Section 2.4 above.

Section 3. **ANNUAL REVIEW.**

Each year the Board shall review this Ordinance to determine its effectiveness and the necessity for its continued operation. The District's General Manager shall report to the Board on the operation of this Ordinance, and make any recommendations deemed appropriate, including proposals to amend the Ordinance. Upon conclusion of its review, the Board may take any action it deems appropriate concerning this Ordinance. Nothing herein shall preclude the Board from taking action on the Ordinance at times other than upon conclusion of the annual review.

Section 4. **SEVERABILITY.**

If any provision of this Ordinance, or the application thereof to any person or circumstances, is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared to be severable.

Section 5. **EFFECTIVE DATE.**

The provisions of this Ordinance shall supersede Ordinance No. 2019-01 adopted

by the Board on January 2, 2019, and shall take effect immediately upon adoption.

Adopted this 19th day of January, 2022.

AYES: Hoffman, Johnson, Kujawa, Philips, Roberts

NOES:

ABSTAIN:

ABSENT:



President, Board of Directors

ATTEST:



Secretary, Board of Directors

Agenda Item 6i

Discussion & Possible Action
Regarding Nominations for the
Board of Directors for the
Association of San Bernardino
County Special Districts Board

MEMORANDUM

DATE: January 4, 2023

TO: Board of Directors

FROM: Don Bartz, General Manager
By: Kim Ward, HR & Solid Waste Manager/District Clerk

SUBJECT: Discussion & Possible Action Regarding Nominations for the Board of Directors for the Association of San Bernardino County Special Districts Board

RECOMMENDATION

Should the Board desire to nominate a Director for the position of Director on the Association of San Bernardino County Special Districts' ("ASBCSD") Board of Directors, staff recommends for the Board to nominate a Director and authorize the Board President to execute a letter of support.

BACKGROUND

The ASBCSD's Board of Directors' election will be held at the membership meeting in February 2023. There are three positions open for election. In order to nominate a Director for a vacant position, ASBCSD requires a letter of support from the District's Board President.

FISCAL IMPACT

There is no fiscal impact for nominating a Director. If elected to the position, the District will be responsible for the \$120 meeting fee and mileage allowable per the District's reimbursement policy, and the meeting/dinner fee of approximately \$35 per meeting, with an average of 11 meetings per year.

ATTACHED

None

Agenda Item 6j

Update on the Proposed Civic
Center & Phelan Park Expansion
Projects



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MEMORANDUM

DATE: January 4, 2023
TO: Board of Directors
FROM: Don Bartz, General Manager
By: Kim Sevy, HR & Solid Waste Manager/District Clerk
SUBJECT: Update on the Proposed Civic Center & Phelan Park Expansion Project

STAFF RECOMMENDATION

None

BACKGROUND

Staff will update the Board on the Proposed Civic Center and Phelan Park Expansion Project.

FISCAL IMPACT

None

ATTACHMENT(S)

None

Agenda Item 7

Committee Reports/Comments

District Meetings List

Board Meeting

Regular Meetings: First & Third Wednesday of the Month

Meeting Time: 6:00pm

Board Members: Chuck Hays, Kathy Hoffman, Rebecca Kujawa Mark Roberts, Greg Snyder

Engineering – Standing Committee

Meeting Frequency: Monthly

Meeting Dates: Second Wednesday of each Month

Meeting Time: 4:00pm

Committee Members: Kathy Hoffman, Mark Roberts

Finance – Standing Committee

Meeting Frequency: Quarterly

Meeting Dates: Third Tuesday in January, April, July, October

Meeting Time: 4:00pm

Committee Members: Mark Roberts, Chuck Hays

Legislative – Standing Committee

Meeting Frequency: Quarterly

Meeting Dates: Second Tuesday in March, June, September, December

Meeting Time: 3:00pm

Committee Members: Chuck Hays, Greg Snyder

Parks, Recreation & Street Lighting – Standing Committee

Meeting Frequency: Quarterly

Meeting Dates: Second Tuesday in February, May, August, November

Meeting Time: 4:30pm

Committee Members: Rebecca Kujawa, Greg Snyder

Waste & Recycling – Standing Committee

Meeting Frequency: Monthly

Meeting Dates: Third Thursday of Each Month

Meeting Time: 4:30pm

Committee Members: Rebecca Kujawa, Kathy Hoffman

Agenda Item 8

Staff & General Manager's Report



Phelan Piñon Hills Community Services District

4176 Warbler Road - PO Box 2940449 - Phelan, CA 92329-4049 - (760) 868-1212 - Fax (760) 868-2323

Assistant General Manager / CFO's Report

November 2022

FINANCIAL DATA:

Enterprise Fund (Water Operations)				
	November	YTD	Total Budget	% of Total Budget
Operational Revenue	\$795,437.93	\$3,647,754.12	\$8,287,548.92	44%
Operational Expenses	\$557,349.77	\$3,464,202.33	\$8,329,076.79	42%
Net Income (Loss)	\$238,088.16	\$183,551.79	-\$41,527.87	-442%
Non-Operational Revenue	\$197,460.46	\$913,440.59	\$1,763,046.40	52%
Non-Operational Expenses	\$0.00	\$38,941.27	\$974,919.08	4%
Net Income (Loss)	\$197,460.46	\$874,499.32	\$788,127.32	111%
Total Revenue	\$992,898.39	\$4,561,194.71	\$10,050,595.32	45%
Total Expense	\$557,349.77	\$3,503,143.60	\$9,303,995.87	38%
Total Net Income (Loss)	\$435,548.62	\$1,058,051.11	\$746,599.45	142%
Capital Outlay/Principal Pmts/C6		\$1,080,209.11	\$4,642,476.34	

Government Funds (Parks, Street Lighting, Solid Waste & Recycling)				
	November	YTD	Total Budget	% of Total Budget
Operational Revenue	\$26,679.43	\$285,483.71	\$531,667.30	54%
Operational Expenses	\$60,243.36	\$337,367.21	\$916,645.95	37%
Net Income (Loss)	-\$33,563.93	-\$51,883.50	-\$384,978.65	13%
Non-Operational Revenue	\$301,470.84	\$334,703.56	\$1,528,448.08	22%
Non-Operational Expenses	\$674.23	\$674.23	\$159,510.88	0%
Net Income (Loss)	\$300,796.61	\$334,029.33	\$1,368,937.20	24%
Total Revenue	\$328,150.27	\$620,187.27	\$2,060,115.38	30%
Total Expense	\$60,917.59	\$338,041.44	\$1,076,156.83	31%
Total Net Income (Loss)	\$267,232.68	\$282,145.83	\$983,958.55	29%

GOVERNMENT FUNDS:	General	Parks and Rec	Street Lighting	Property Tax	Solid Waste	Total
Revenue YTD	147,162.41	24,619.13	80.07	11,982.63	108,192.76	292,037.00
Expense TYD	4,266.74	227,790.50	7,357.57	0.00	37,709.04	277,123.85
Total Net Income (Loss)	142,895.67	-203,171.37	-7,277.50	11,982.63	70,483.72	14,913.15

	Enterprise	Government	Total
Cash Available	\$495,786.36	\$7,933,738.86	\$8,429,525.22
Cash Reserves	\$11,644,198.00	\$632,780.00	\$12,276,978.00
Total Cash	\$12,139,984.36	\$8,566,518.86	\$20,706,503.22

ADMINISTRATIVE DATA:

November 2022

Water Consumption (HCF):	August	September	October	November
2022	131,055	98,969	93,012	65,594
2021	153,959	126,601	92,468	71,157
2020	155,787	119,872	105,801	72,249

Meters In Ground:	August	September	October	November
	7201	7212	7216	7224

Meter Permits Issued:	August	September	October	November
	13	7	6	8

Lock-offs:	August	September	October	November
	49	74	71	101

Customer Service A/R Activities	November Quantity		November \$ Received	
Payments				
Cash	494	8.77%	\$65,062.41	8.08%
Check	608	10.80%	\$248,761.53	30.90%
Credit Card (counter)	148	2.63%	\$30,892.42	3.84%
Mail (checks)	1,385	24.59%	\$119,409.46	14.83%
Online (credit card)	2,997	53.21%	\$340,866.71	42.34%
TOTAL	<u>5,632</u>	<u>100.00%</u>	<u>\$804,992.53</u>	<u>100.00%</u>

Payments Received and Processed	November Quantity	Enterprise	Government
Water	5,610	5,610	
Gvmt (Rentals, Classes, Franchise fee, et	22		22
	<u>5,632</u>	<u>5,610</u> 99.6%	<u>22</u> 0.4%

15

Customer Service Other Activities	November Quantity	Enterprise	Government
Service Orders Processed	420	420	
Assisted Customers at Counter	1,250	1,228 98.2%	22 1.8%
	<u>1,670</u>	<u>1,648</u>	<u>22</u>

Parks, Recreation & Street Lighting Report November 2022

Introduction

The District Parks and Recreation Department operates and maintains community centers, senior centers, parks and streetlights. The District currently has two community centers, one located in Phelan and another in Pinon Hills. Adjacent to each of the centers are two parks that have playgrounds, basketball courts and shaded picnic tables. Parks and recreation are a vital component to any community. It not only adds beauty, but provides safe areas for activities of individuals, families, and groups. The parks are available for use from morning until dusk. The community centers are utilized for a wide range of activities and are available to the community for a small fee. The District currently offers several events and activities, and continues to work on various recreation ideas and continues to partner with local civic groups creating programs that are beneficial to the community at large.

The Parks and Recreation Department realizes the importance of long-range planning to preserve and protect our valuable assets and to allow for efficient use of resources for future growth. The efficient use of resources will allow the District to acquire, develop, operate, and maintain a park and recreation system which enriches the quality of life for residents and visitors alike, and preserves it for future generations. The District continues to develop a sustainable park system that will be supported by decisions that provide services at a sustainable rate, such as providing infrastructure that can be reasonably maintained while setting realistic targets on programs and services.

The District currently owns four vacant parcels for future parks and recreation facilities, a 55 acre parcel on Johnson Road, an 80 acre parcel on Sheep Creek Road, a 25 acre parcel on Chateau Road and a 4 acre parcel on Warbler Road that includes an adjacent 10 acre parcel off of Sahara Road.

The streetlights primarily service the business district of Phelan. There are also lights at strategic intersections to help in providing safety to the community. Expansion of the street lighting to other intersections is considered based upon a safety need, but the District does respect the San Bernardino County “Dark Sky” ordinance and encourages residents to do the same.

Monthly Activity Report

The following report details the number of community center rentals and activities for the month:

Location	Paid Rental	District Use	Donated Use
Phelan Community Center	5	7	5
Phelan Senior Center	4	1	13
Piñon Hills Community Center	5	0	7
Miscellaneous	0	0	0
Phelan Park	0	0	0

Events and Classes

The following is a brief summary of current parks and recreation events:

- Next Parks Committee Meeting – January 10, 2023 4:30 pm Phelan C.C.
- Farmers Market – Mondays, 2:00 pm – 6:00 pm (Phelan C. C. parking lot starting Aug. 8, 2022)
- Line Dancing – Every Friday, 9:00 am – 10:30 am, Phelan C.C.
- Senior Lunches – Monthly
(TBD, discussions are in process with the senior groups regarding the senior lunches)
 - 1st Wednesday at Phelan C.C.
 - 3rd Thursday at Pinon Hills C.C.
- Kids Baking Class – Saturday 11/12/2022 10am – 12 noon, at Phelan C.C
- Kids Baking Class – Saturday 12/10/2022 10am – 12 noon, at Phelan C.C.
- Community Cleanup – Saturday 11/5/2022 8am – 12 noon, at CR&R Service Yard
- Painting Class – Saturday 11/5/2022 Age 5-12, 9am – 10:30am & Age 13+, 11am – 12:30pm at Phelan C.C.
- Painting Class – Saturday 12/17/2022 Age 5-12, 9am – 10:30am & Age 13+, 11am – 12:30pm at Phelan C.C.
- Tree Lighting Ceremony - Friday 12/2/2022 6 pm, at Phelan Park
- Gardening Class – Using a Greenhouse, Saturday 11/12/2022, 10am, Teaching Garden
- Gardening Class – Planting Trees and Pruning, Saturday 12/12/2022, teaching Garden
(Learn to Garden classes are held at the Teaching Garden, just north of PPHCSD Office)

Projects/Activities in Process

- Parks Budget for 2022/2023 – CIP projects are in process and ongoing. Phelan C.C Unit A interior painting done in August. Pinon Hills C.C. restroom plastic wall panels, replaced in September. Pinon Hills Park swing set retaining wall, done in September. Lighting additions for Phelan and Pinon Hills Park done in November.
- Phelan Park Expansion Project – Design with phase planning is in process for the District owned parks properties east of Phelan Park – 4.22-acre parcel, APN 3066-261-08, and adjoining 10-acre parcel, APN 3066-251-14.
- Efforts on funding source possibilities for the Phelan Park expansion project are ongoing.
- Parks Master Plan – Action plan needs are being implemented and are ongoing.



Water Operations Manager's Report November 2022

Introduction

The Phelan Piñon Hills Community Services District (District) maintains a large water distribution system that includes over three hundred & forty miles of water lines. The following are District statistics and information related to the operations of this distribution system and the quality of the water supplied to District customers.

Summary

The District's water distribution system is in compliance with the State Water Resources Control Board- Division of Drinking Water, The Environmental Protection Agency, Safe Drinking Water Act, Cal OSHA, and all other governing agencies.

Current chlorine demand has remained low and steady due to routine maintenance and flushing. Chlorine demand is found by subtracting the chlorine residual from the total chlorine added to the water system. A low chlorine demand indicates water-free or nearly free of pathogenic microorganisms.

Water Quality Samples

The following is a summary of all water quality samples collected this month and any pertinent information related to said samples.

TEST TYPE	NO. OF COLLECTIONS THIS MONTH	TESTING SCHEDULE	NOTES
Raw water and Bac-t samples	50 samples	Monthly	All in compliance, Sampled Weekly
General physical samples	6 samples	Monthly	All in compliance, Sampled Weekly
TTHM/HAA5	0 samples sets	Quarterly	All in compliance.
UCMR 4	0 sample sets	TBD	All in Compliance.
Inorganics	0 samples	Yearly	All in compliance.
Radiological (Gross Alpha)	0 samples	Every 3 Years	All in compliance.
Trichloropropane 1,2,3-TCP	0 samples	Quarterly	All in compliance.
Regulated VOC	0 samples	As needed	All in compliance.
Nitrate as N	0 samples	As needed	All in Compliance.
Chromium 6	4 samples	Quarterly	All in Compliance.
Secondary GP'S	0 samples	As needed	All in Compliance.
Uranium	0 samples	As needed	All in Compliance

Production and Service Order Report

The following is a summary of the District's water production and service orders for the current month.

Total Monthly Production	179.40 A. F. 11 % less than 2021
2021 Monthly Production	200.89 A. F.
USA's Marked	339
Service Orders Completed	465 service orders completed
Main/Service Line Leaks	28 service line leaks repaired. 0 Main line leak/ breaks repaired
Hydrant Repairs/Replacements	0 hydrant repaired/0 replaced
Residential Meters Sold	8
Commercial Meters Sold	0
YTD Total Meters Sold (Calendar)	84 (95 in 2021)
Construction Meters Out	7
Service Lines Replaced	7

Job Code Summary

Job Code	Total Completed
C-Lock - Lock	103
C-Read & Unlock-Open - Read & Unlock - Opening	10
C-Read & Unlock-OC-DM - Read & Unlock - Opening-OC-DM	42
D-Closing Read & Lck - Closing Read & Lock DO NOT USE	3
D-Closing Read-OC-DM - Closing Read & Lock-OC-DM DO NOT USE	1
M- Investigate Lock - Verify Meter Still Locked	37
M- Verify Acct Class - Verify Account Class	0
M- Water Audit - Audit Water Usage	5
M-Backflow - Backflow Information	0
M-Cost Estimate Req - Cost Estimate Request	1
M-Data - Data Log	7
M-Bees- Bees	0
M-Investigate Leak - Investigate Leak	1
M-Investigate No Wtr - Investigate No Water	2
M-Lock No N/O Info - Meter Locked No New Owner Info	22
M-Low/No Consumption - Investigate Low/No Consumption	4
M-Meter Leaking - Meter Leaking	0
M-Meter UTL - Buried - Meter UTL - Buried	0
M-Pressure Ck Hi-Low - Pressure Check Hi-Low	2
M-R/R Angle Stop - Repair/ Replace Angle Stop	0
M-R/R Gate Valve - Repair/ Replace Gate Valve	2
M-Read - Read (do not update Read)	2
M-Repair Svc Line - Repair Service Line	28
M-Repair/Install Box - Meter Box	2
M-Replace Serv Line - Replace Service Line	6

M-Stake Meter Loc - Stake Meter Location	3
M-Status - Status	4
M-Turn off-Cust Req - Turn off - Customer Request	4
M-UNLOCK – UNLOCK	36
M-Verify Leak Repair - Verify Leak Repaired	2
M-Water Loss Leak - Door Hanger Water Loss Leak	1
M-Water Quality Taste - Water Quality - Taste	1
S- Replace Register - Register Not Sending Signal	0
S- Meter Downsize - Meter Downsizing	0
Service Change - Service Status Change	4
S-Replace Mtr & Reg - Replace Entire Meter Max Life Usage	1
S-Replace Reg Hotrod - Replace Register Hotrod Died	68
S-Replace Register - Replace Register Mueller	0
S-Replace Mtr- Replace Entire Meter Bottom Seal Leaking	9
Grand Totals	465

Summary of Current Projects

The following is a brief summary of all current and completed projects for the reported period

- Well Soundings at all wells are being done monthly
- Well 14 Production for September 0.21 AF, YTD 5.43 AF @ \$1055 per AF replacement C/Y 2022
- Valves and Hydrants Maintenance: 0 hydrants flushed and painted YTD Total-49
- Service line replacement program on target to meet current established goals. 162 Replaced Calendar Year to Date, 34 Replaced Fiscal Year To Date
- Air-Vac maintenance & flushing program-0 Flushed & Maintenance YTD-72 of 336 Total Project 21% Complete
- Cla-Val automatic controls valves being systematically rebuilt as a water conservation measure- 17 Complete YTD Water savings from this project is 17 GPM and counting in conjunction with operational efficiency @ 7MG
- Water Meter Replacement Project- 3324 of 7201 Replaced – 46 % Complete
- Equipping Community Fill Station with 200 Amp Electric service- 99% Complete
- Outfitting & Equipping of Mountain well (Well 17)- 5% Complete
- Drilling, Outfitting, and Equipping of Well # 15- 2% Complete (Started 12/5/22)
- Pipeline Protection Project phase 3- Sonora Rd between Phelan Rd & Hollister- 40% Complete

Projects Completed

- Well 11 rehabilitation is complete, pump to waste line installed -100% Complete.
- Tank 1A-3 Interior coating sand, blast, re-coat- 100% Complete
- Replacement of Booster motor B at site Well 10- 100% Complete
- Re-wiring of site 5A Boosters A, B, C and control wiring-100% Complete
- Well Meter and inter-tie Meter annual accuracy program FY 21/22- 100 % Complete
- Electrical Efficiency test performed @ every booster and well within the District- 100% Complete with summaries of notable replacements attached
- Oil Changes and greasing at all district wells 100% Complete Boosters 100 % Complete
- 0 Valves Turned this month as part of the district Valve Exercising Program, 152 Year to Date Turned of 4291
- 317 Dead ends flushed of 317 = every year no matter what < No goal, this is mandatory
- 1936 hydrants = 3 flushed this Year to Date 162 Painted Goal is 968 annually, this is done Bi-Annual
- Tank washouts of 10&11, 3B Complete
- Smithson Springs clean-up performed with Cal-Fire crews @ 1/10 projected cost- 100% Complete
- 4,879,079 Gallons Dispensed from Community Fill Station YTD

Agenda Item 9

Director Reports

Agenda Item 10

Correspondence/Information



BILLING SCHEDULE

JANUARY 2023

January 1
- Bills mailed for **December 2022** charges

January 17
- Payment must be received by 5:00 p.m to avoid disconnection for **November 2022** bill

January 18
-Disconnection date for **November 2022** bill

January 23
-Payment must be received by 5:00 p.m. to avoid penalty for **January 2023** bill



FEBRUARY 2023

February 1
- Bills mailed for **January 2023** charges

February 13
- Payment must be received by 5:00 p.m. to avoid disconnection for **December 2022** bill

February 14
-Disconnection date for **December 2022** bill

February 21
- Payment must be received by 5:00 p.m. to avoid penalty for **February 2023** bill



MARCH 2023

March 1
- Bills mailed for **February 2023** charges

March 20
- Payment must be received by 5:00 p.m. to avoid disconnection for **January 2023** bill

March 21
-Disconnection date for **January 2023** bill

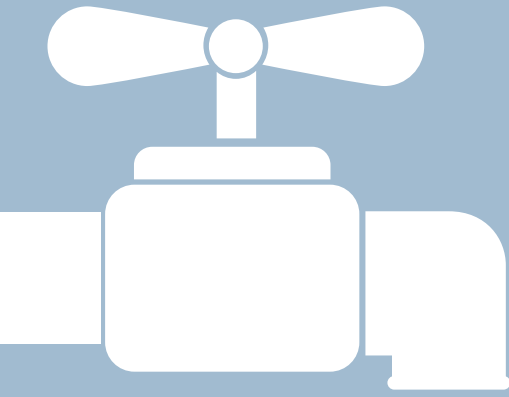
March 22
- Payment must be received by 5:00 p.m. to avoid penalty for **March 2023** bill

Holiday Closure

New Year's Day Observance- Monday January 2, 2023

Martin Luther King Jr. Day- Monday January 16, 2023

President's Day- Monday February 20, 2023



BEFORE YOU EXPERIENCE A WATER EMERGENCY!

Know where shut off valves are located for most plumbing fixtures.



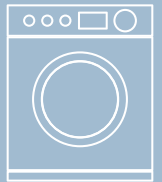
Kitchen Sink and Bathroom Sink: Shut offs are located under sinks in cabinets. There are two valves, one for hot water and one valve for cold water. Both valves must be shut off to work on or replace faucet fixture.

Dishwasher and Garbage Disposal: Shut off is located under kitchen sink in cupboard. You may have to trace water lines to be sure you are shutting off the right valve.

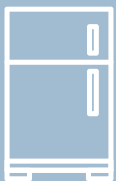


Toilets: Generally, the shut off for the toilet is on the left side, below and to the back side of the toilet. The shut off will be either a riser out of the floor, or protruding from the wall. To make any repairs to the fixtures inside the tank, or to replace entire toilet, the valve must be shut off. If the toilet is in need of repair, but time is not immediately available, the shut off valve can be turned on and off as toilet is needed until leak can be repaired.

Clothes Washer: Generally, hot and cold water supply valves are located behind the washer, on the wall. Note! If you notice the washer partially fills with water when not in use, it could possibly be the electronic valve (operated by the timer) on the back of the washer. If this happens, shutting off the supply valves will prevent water waste until washer can be repaired.



Ice Maker (Refrigerator): For newer homes a water supply valve is located either protruding from the wall, or a riser in the floor behind the refrigerator. Should you have a problem, the refrigerator needs to be moved out away from the wall to access this valve. There is normally enough excess water line to allow for this purpose.



Bathtub and Shower: Most homes do not have individual shut offs for the tub and shower. If you have a leak at the fixtures the water should be shut off at the home's main supply valve, before repairs are made.



Irrigation System: If the irrigation system needs to be shut off due to broken sprinkler or sprinkler line after the control valves, the timer can be turned to the off position. If the system continues to run, or a control valve is broken or leaking, then the supply valve should be shut off. The irrigation supply valve can be located in a plastic can by the control valves, or by the "riser" (supplying water to the house) or in some cases just outside the water meter box. If you cannot locate the irrigation supply valve, contact either the home builder or a plumber.



4176 Warbler Rd
Phelan, CA
760-868-1212
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CONSERVATION 154
IT'S OUR WAY OF LIFE



Help us update our records.



Hello

Receiving your bill and keeping in touch has never been so easy.

Never miss a bill again!

Sign up for ebilling below or by visiting our website at www.pphcsd.org and get your bill delivered directly to your email.

Never miss a payment again!

Sign up for autopay on our website at www.pphcsd.org or in our office and never miss a payment again. Call 760-868-1212 for more information.

Never miss a notification again!

You may also choose to receive your telephone notification via text message instead of recorded message. Complete the form below or call 760-868-1212.

Keep up to date with District news, conservation tips and more!

Follow us on Facebook and Instagram for payment reminders, bill due dates, District workshops and events, and much more or on Instagram for helpful conservation tips and tricks.

Help us keep our records up to date.

Detach and return the bottom portion with your payment, bring into our office, or call 760-868-1212.

OR: Update online at www.pphcsd.org

Customer Name: _____

Service Address: _____

Account Number: _____

Phone Number: _____ Cell/Text Number: _____

Email Address: _____

Billing Options: EBill Only Paper and EBill Paper Bill Only

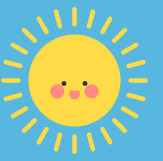
Notifications: Phone Call Only Text Message Only

**Standard messaging rates may apply*

4176 Warbler Rd
Phelan, CA 92371
www.pphcsd.org
760-868-1212



THE WAY WE DISPOSE OF TRASH IS ABOUT TO CHANGE...



Scan this QR code with your phone camera to view more information about the District's solid waste & recycling programs



Scan this QR code with your phone camera to view more information about SB 1383 from CalRecycle



RECYCLING & CALIFORNIA SENATE BILL 1383 ORGANIC WASTE DISPOSAL REQUIREMENTS ARE COMING TO OUR COMMUNITY

LOS REQUISITOS DE RECICLAJE DE PRODUCTOS ORGÁNICOS DEL PROYECTO DE LEY DEL SENADO (SB) 1383 VIENE AL COMUNIDAD



Learn More:

www.pphcsd.org/solid-waste-and-recycling

Questions? ¿Preguntas?

SolidWaste@PPHCSD.org
(760) 868-1212

RECYCLING & ORGANIC WASTE DISPOSAL REQUIREMENTS ARE COMING

THIS IS A STATE MANDATE

Starting in 2022, California jurisdictions must provide trash, recycling, and organics recycling services to residents and businesses. The District will begin residential and commercial programs starting in July 2023. The District is dedicated to keeping you informed about this law and will work with CR&R to share more information as details are confirmed.

ESTO ES UN MANDATO ESTATAL DE CALIFORNIA

A partir de 2022, las jurisdicciones de California deben brindar servicios de basura, reciclaje, y reciclaje de productos orgánicos a los residentes y negocios. El Distrito comenzará programas residenciales y comerciales a partir de Julio de 2023. El Distrito se dedica a mantenerlo informado sobre esta nueva ley y trabajará con la compañía de basura (CR&R) para compartir más información a medida que se confirman los detalles.



Community Information Meeting

Join us for a virtual and in-person information meeting on
January 26, 2023 at 10am



Visit our website at www.PPHCSD.org or scan the QR code above for information on how to attend or view the recording

Agenda Item 11

Review of Action Items

Agenda Item 12

Set Agenda for Next Meeting