

Board of Directors
Steve Dietrich, President
Jim Keeling, Financial Director
Myron Heavin, Director
Matthew Starbuck, Director



1550 East Burton Mesa Blvd.
Lompoc, California, 93436-2100
805.733.4366
www.mhcsd.org

Brad Hagemann, General Manager

Mission Hills Community Services District Board of Directors

Regular Meeting

Wednesday, June 21, 2023

4:30 PM

1550 East Burton Mesa Blvd, Lompoc, CA - District Board Room

Agenda

Public and staff may access the meeting via Zoom:

URL to sign in for video access.

<https://zoom.us/j/9467006985?pwd=TnBqZGJXbWhCN UdJNXhMZGU3alhDZz09>

Meeting ID: 946 700 6985

To access the meeting via telephone:

Dial in 1 (669) 900-9128

1. Call to Order and Pledge of Allegiance

2. Roll Call

3. Public Comment – Members of the public may address the Board on any item within the jurisdiction of the Board not included on this agenda for up to 3 minutes (Government Code Section 54954.3). **If you are unable to attend, you can submit comments in advance of the meeting to admin@mhcsd.org before 1:00 PM, Tuesday, June 20, 2023.**

4. Consent Agenda - Staff recommends Directors approve the Consent Agenda in one motion. Members of the public may comment on a consent item (3-minute maximum per speaker). Directors may pull a consent item for discussion or separate vote.

A. Consideration of Approval of Minutes from:

- i) May 24, 2023, Special Board Meeting

B. Activity Reports for May

- i) General Manager and Administration Reports
- ii) Water and Wastewater
- iii) Goals and Committee Updates

C. Financial Reports Through May

- i) Revenue and Expenses Previous Year Comparison
- ii) Disbursements Journal

- iii) Variation from Projected Income
- iv) Bank Account Summary
- v) Budget to Actual

5. Regular Business

- A. Re-approve the Burton Ranch Development Agreement and Settlement Agreement to account for some of the properties that makeup the Burton Ranch Development are under different ownership than what was set forth on the Agreements approved by the Board on May 3, 2023.
 - B. Discuss and consider approving a Professional Services Contract with NBS for updating Water and Sewer Connection Fees
 - C. Discuss and consider approving a Professional Services Contract with Stantec Engineering
 - D. Discuss and consider approving Resolution No. 23-353 updating the District’s signatories with Local Agency Investment Fund (LAIF)
- 6. Communications** - The Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide a reference to staff or other resources for information, direct staff to place a topic or report on a future committee or regular meeting agenda.
- A. General Manager’s Comments
 - B. Directors’ Comments
 - C. Public Comments (up to 3 minutes for topics within the District’s jurisdiction)

ADJOURN

Regular Board Meetings are held on the third Wednesday of each month beginning at 4:30 PM Copies of the staff reports, or written materials provided for Mission Hills CSD for Open Session agenda items may be obtained upon request and are also available at the Customer Service Counter of the District Office for public inspection and reproduction during regular business hours. Closed Session items are not available for public review.

In compliance with the Americans with Disabilities Act If you need special assistance to participate in this meeting or if you need the agenda or other documents in the agenda packet provided in an alternative format, contact Board Secretary at 805.733.4366 at least 48 hours before the meeting to ensure that reasonable arrangements can be made. (Agenda Prepared under Government Code Section 54954.2)

**Mission Hills Community Services District
Board of Directors Special Meeting Minutes
Wednesday May 24, 2023
SPECIAL MEETING**

1550 East Burton Mesa Blvd, Lompoc, CA - District Board Room

The Special Meeting of the Board of Directors of the Mission Hills Community Services District was called to order at 4:33 pm on Wednesday, May 24, 2023, at the District Meeting Room, 1550 East Burton Mesa Boulevard, Lompoc, California.

DIRECTORS PRESENT:

By roll call: Steve Dietrich, Myron Heavin, Jim Keeling and Matthew Starbuck.

DIRECTORS ABSENT:

James Mac Kenzie

STAFF PRESENT:

Brad Hagemann, Carry Crumbley, Carol Reynolds, Lupe Huitron, Angel Diosdado, Jose Acosta, Jose Herrera, and Javier Rodriguez.

OTHERS PRESENT:

1. **Call to Order and Pledge of Allegiance**
2. **Roll Call**
3. **Public Comment**-None
No members of the public
4. **Consent Agenda**
 - A. Approval of Minutes
 - i) April 19, 2023, Regular Meeting Minutes
 - ii) May 1, 2023, Special Meeting Minutes
 - iii) May 3, 2023, Special Meeting Minutes

B. Activity Reports for May

- i) General Manager and Administrative Reports
- ii) Water and Wastewater
- iii) Goals and Committee Updates

C. Financial Reports

- i) Revenue and Expenses Previous Year Comparison
- ii) Disbursements Journal
- iii) Variation from Projected Income
- iv) Bank Account Summary
- v) Budget to Actual

Approved Consent Items

Motion made by Director Heavin and seconded by Director Keeling, to approve the Consent Agenda as presented. **Motion passed 4-0 vote.**

5. Discussion Items

A. Discuss and consider approving proposed Cost of Living Adjustment for salary schedule effective July 1st, 2023. Motion made by Director Dietrich and Second by Director Starbuck to approve the proposed Cost of Living Adjustment for Salary Schedule effective July 1, 2023. **Motion passed 4-0.**

B. Consider approval of the FY 2023/24 Operating Budget and Capital Improvement Program Budget.

Motion made by Director Dietrich and Second by Director Keeling to adopt the presented final FY 2023/2024 Operating Budget and Capital Improvement Program Budget. **Motion passed 4-0**

C. Consider authorizing staff to execute a Professional Service Contract to update the District's Water and Sewer Connection fees.

Motion made by Director Dietrich and second by Director Heavin to enter into a Professional services contract to update the District's Water and Sewer Connection Fees for the amount not to exceed \$25,000. **Motion Passed 4-0**

6. Communications - The Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide a reference to staff or other resources for information, direct staff to place a topic or report on a future committee or regular meeting agenda.

A. General Manager’s Comments- None

B. Directors’ Comments- None

C. Public Comments (up to 3 minutes for topics within the District’s jurisdiction.) – None

With no further business to come before the Board, the meeting was adjourned at 5:57pm.

Respectfully submitted:

Lupe Huitron

X

Steve Dietrich, President

X

Lupe Huitron, Board Secretary

Administrative Assistant/Board Secretary

- Posted content via social media.
- Improved District's website by removing/adding and organizing the Navigation structure.
- Assisted customers with payments.
- Contacted Inklings regarding the Consumer Confidence Report (CCR) post cards that will need to be mailed out to all residents in the District.
- Contacted CSDA and removed Director Mackenzie from their roster.
- Contacted Santa Barbara County and inquired about handling a Board Member's Resignation from the District.
- Assisted a Director with Mandated Courses he needed to Complete.
- Contacted Santa Maria Times and had them publish the Public Hearing Notice for the Proposed FY 2023/24 Operations and Capital Improvement Program Budget.
- Updated temporary Board Officer and Committee Assignment document, given that Director Mac Kenzie left office.
- Created a District vehicles Excel spreadsheet (For filing the annual smog check program report with "BAR" (Department of Consumer affairs Bureau of Automotive Repair).

Customer Service/Account Receivables

- **Monthly:** Total Past Due Accounts locked off for past due # 7
- Applied 10% late fee non-pay for May: # 135 accounts.
- *(1 Owner account bal. \$3,673 off since May 2022)*
- 1 Residential Account locked off April bal. due \$ 2,970.
- Received \$ 1,787.00 in May from CSD Low Income Funding program for 2 accounts.

Administrative Services Manager

- Worked with ACWA JPIA to Assist with Claims
- Participated in Finance Meeting
- Participated in Personnel Meeting
- Worked on Updating Fixed Asset List
- Prepared Documentation for FYE Audit
- Reviewed Priorities on Operations with General Manager on Weekly Basis
- Completed 7 ACWA/JPIA, CSDA Leadership Webinars
- Reviewed Priorities with Operations Manager on Weekly Basis
- Reviewed New Grant Availability Daily
- Participated in CSDA Local Chapter Meeting
- Worked with IT to Facilitate DUO Application
- Communicated with Headhunter Regarding GM Opening
- Started GM Recruitment Documentation Review

General Manager Report

Water Tank Rehabilitation Project –The contractor continues to make good progress on the rehabilitation work on the East Tank. We anticipate that the contractor will have the East Tank disinfected and ready to go back into service within the next two weeks. Operations staff will fill the tank, take the required samples and submit the results to the State Regulators for approval prior to putting the tank back on-line.

Staff acknowledgements – I am pleased to report that Jose Herrera has passed his Grade II Water Treatment Operator exam. Jose has only been with the District for a little over a year, but he has clearly embraced this new career field and we are happy to have him as part of our Operations team.

MISSION HILLS COMMUNITY SERVICES DISTRICT

Water Reports – May 2023

Monthly Water Distributed: 15.4 MG

Daily average: 0.49 MGD

Monthly Water Sold: 14.6 MG

Monthly Wastewater Influent: 5.2 MG

Tanks

- East Tank rehab on schedule, next step will be disinfecting the tank.

Compliance

- Completed and submitted State Water Resource Control Board (SWRCB) monthly reports.
- 2022 Potable Water Electronic Annual Report (EAR) was submitted and approved by the State Water Resources Control Board, Division of Drinking Water

Treatment Plant

- Site visit from Swan Industries and Blue - White to present new chlorine and turbidity analyzers for future upgrades.

Certifications

- Angel Diosdado passed Wastewater Treatment Grade 2 Exam
- Jose Herrera Passed Water Treatment Grade 2 Exam

Distribution System Maintenance/Repair

- Replaced 10 Hersey meters to Kamstrup meters.
- Repaired 2 service line leaks and 0 main break.
- Preventative Maintenance Program: **May**
 - Hydrant Maintenance: 11
 - Valve exercised: 25.

MISSION HILLS COMMUNITY SERVICES DISTRICT Wastewater Report – May 2023

Total Plant Monthly Influent flow: 5.4 MG

Average Daily Flow: 0.174 MGD

Ratio of Avg Daily Water produce to Avg. Daily Wastewater Flow: 174,000/ 490,000 = 35%

Compliance

- Submitted CIWQS monthly No-Spill Report for the month of May.
- Collected all weekly settleable solids samples.

Collection System/Lift Station

- Installed Wet Well Wizard at the Mesa Oaks Lift Station.
- Lease expired and returned Air Scrubber. The district will not renew the 2-year lease and field crew is implementing other methods to control odor and reduce H₂S build up.
- Mission Paving contracted to raise two manholes that were prone to I&I.

Wastewater Plant

- SCADA by Pro3 continued to install headworks Flodar system.

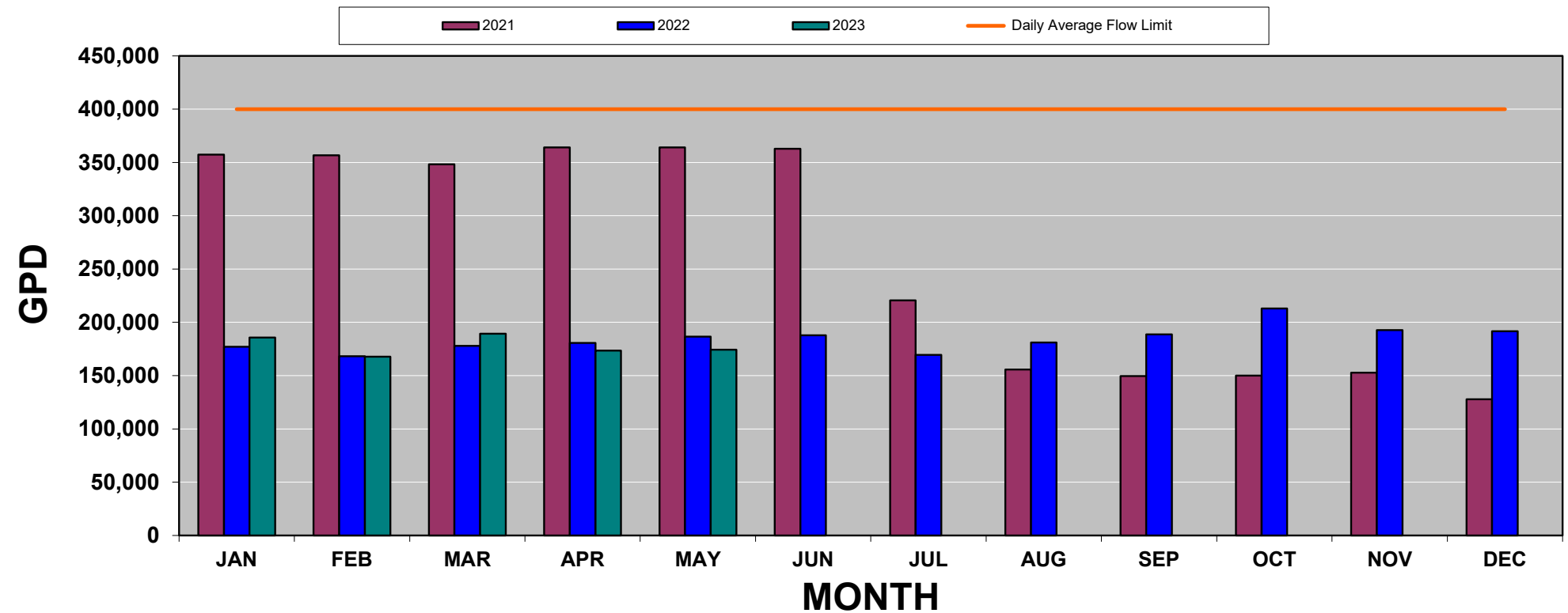
MHCSD AVERAGE DAILY WASTEWATER FLOW (GPD)

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Daily Average Flow Limit	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
2021	357,387	356,786	348,300	364,137	364,059	362,893	220,668	155,799	149,498	149,936	152,728	127,829
2022	177,041	168,115	177,989	180,559	186,491	187,850	169,490	181,125	188,697	212,966	192,728	191,717
2023	185,814	167,689	189,351	173,446	174,311							

July 2021- Sept. 2022 Recycle flow was removed from total effluent flow.

Jan 2021- Jun 2021 inaccurate Flo-dar meter readings

MISSION HILLS CSD AVERAGE DAILY FLOW

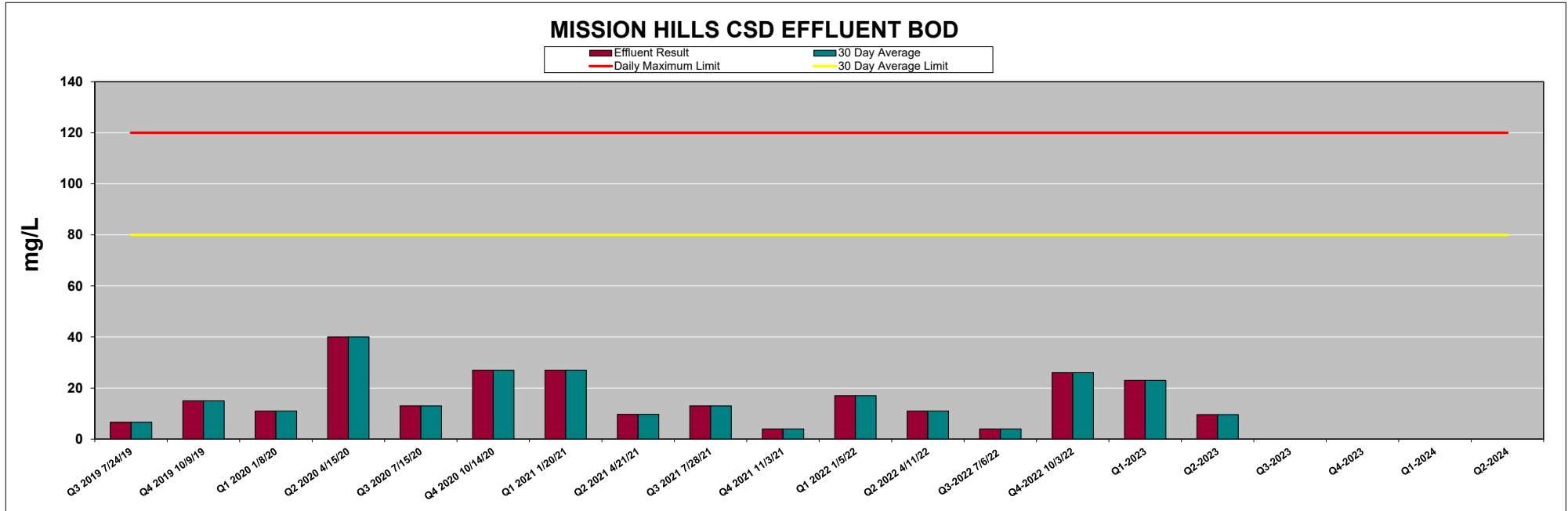


MISSION HILLS CSD EFFLUENT BOD (mg/L)

Consent Item 4. B ii

MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024
Daily Maximum Permit Limit	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120
30 Day Average Permit Limit	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80
Effluent Result	7	15	11	>40	13	27	27	10	13	<4.0	17	11	<4.0	26	23	10				
30 Day Average	7	15	11	>40	13	27	27	10	13	<4.0	17	11	<4.0	26	23	10				

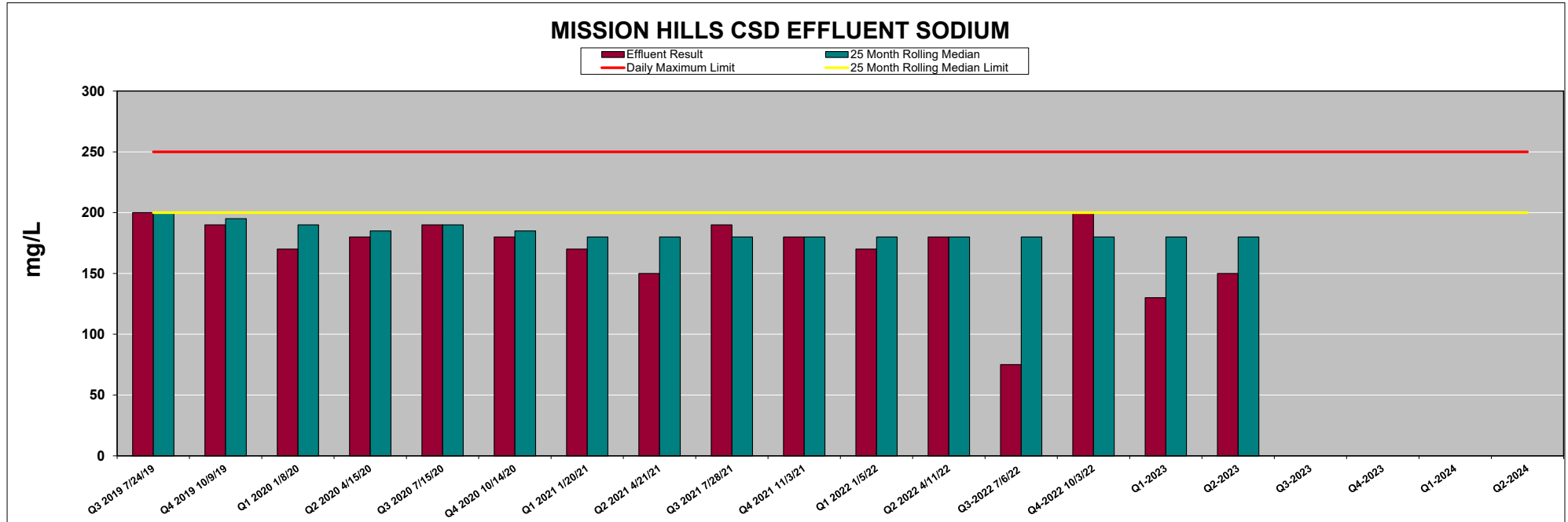
Non-detect, estimated, and greater than (>) results are graphed at their reporting levels or as reported by lab.



MISSION HILLS CSD EFFLUENT SODIUM (mg/L)

Consent Item 4. B ii

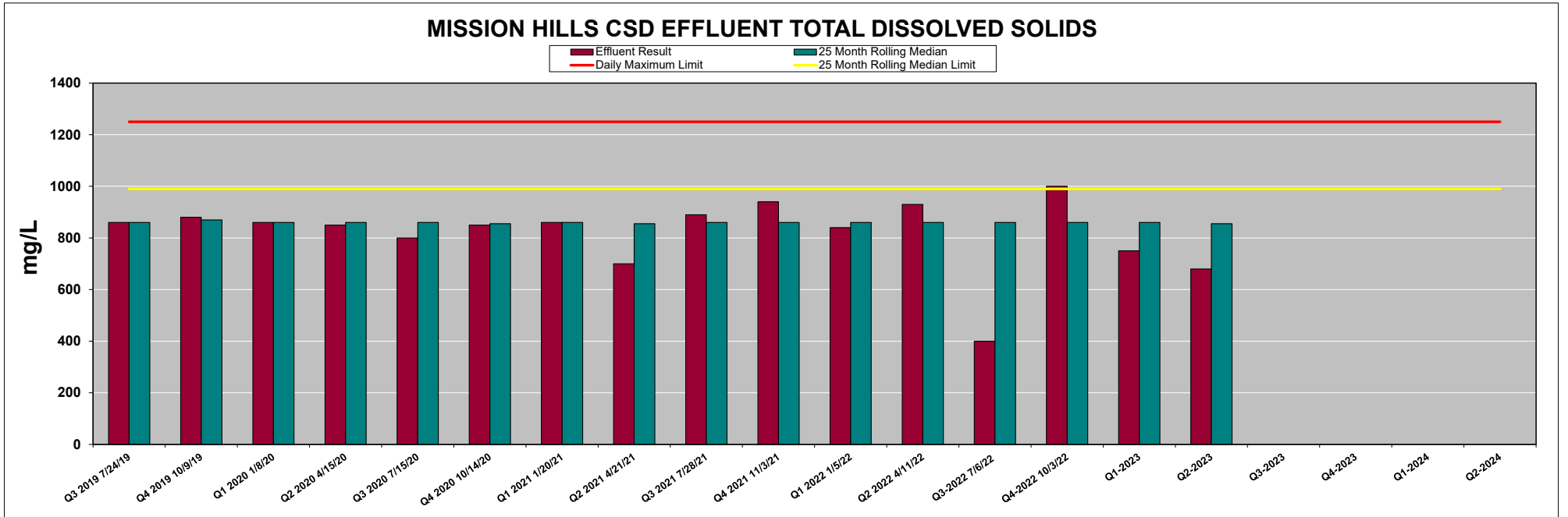
MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024	
Daily Maximum Permit Limit	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250
25 Month Rolling Median Limit	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Effluent Result	200	190	170	180	190	180	170	150	190	180	170	180	75	200	130	150					
25 Month Rolling Median	200	195	190	185	190	185	180	180	180	180	180	180	180	180	180	180					



MISSION HILLS CSD EFFLUENT TOTAL DISSOLVED SOLIDS (mg/L)

Consent Item 4. B ii

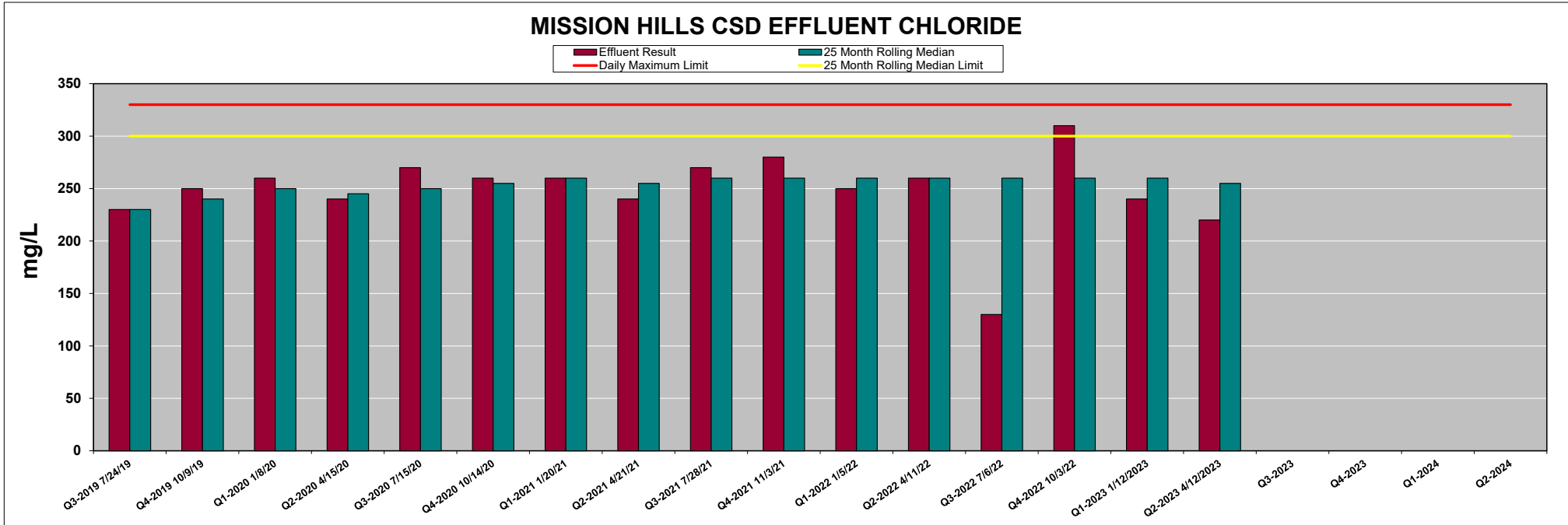
MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024	
Daily Maximum Permit Limit	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
25 Month Rolling Median Limit	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990
Effluent Result	860	880	860	850	800	850	860	700	890	940	840	930	400	1,000	750	680					
25 Month Rolling Median	860	870	860	860	860	855	860	855	860	860	860	860	860	860	860	855					



MISSION HILLS CSD EFFLUENT CHLORIDE (mg/L)

Consent Item 4. B ii

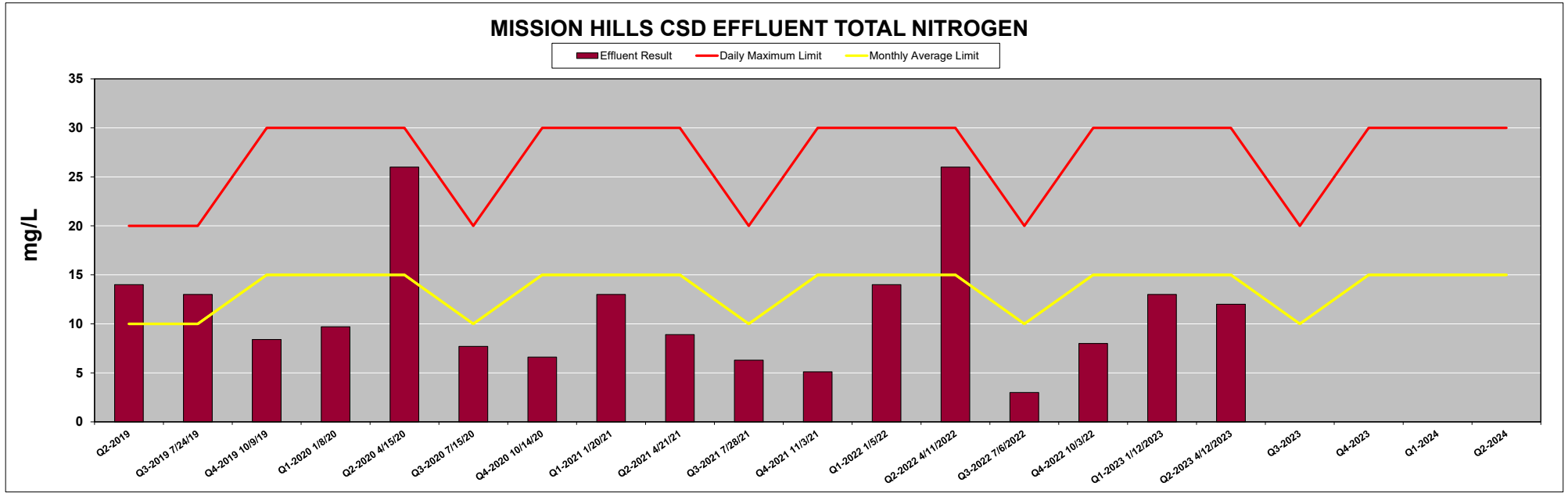
MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024	
Daily Maximum Permit Limit	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330
25 Month Rolling Median Limit	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Effluent Result	230	250	260	240	270	260	260	240	270	280	250	260	130	310	240	220					
25 Month Rolling Median	230	240	250	245	250	255	260	255	260	260	260	260	260	260	260	255					



MISSION HILLS CSD EFFLUENT TOTAL NITROGEN (mg/L)

Consent Item 4. B ii

MONTH	7/24/2019	8/20/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024
Daily Maximum Permit Limit	20	20	30	30	30	20	30	30	30	20	30	30	30	20	30	30	30	20	30	30	30
Monthly Average Limit	10	10	15	15	15	10	15	15	15	10	15	15	15	10	15	15	15	10	15	15	15
Effluent Result	14	13	8	10	26	8	7	13	9	6	5	14	26	3	8	13	12				



Top Goals

Established by Board of Directors

(Staff recommends the Board of Directors consider updating the Top Goals on an annual or by-annual basis)

1. Wastewater TN (Total Nitrogen), Na (Sodium) & Chloride concentration reduction plan and compliance with RWQCB Time Schedule Order.

Staff continues to carefully monitor the treatment system to keep the effluent total Nitrogen levels in compliance with the TSO and WDR standards. The most recent compliance monitoring results and process control monitoring results have remained below the permit limits. Staff is continuing to coordinate with our contact at the RWQCB. Staff has completed the TSO milestones to: Develop and Implement valve repair program - due date 10/31/2022 (completed); and Develop a Chloride Reduction program – due date 11/30/2022 (completed). Staff continues to work on isolating the pond valves so we can perform maintenance and repair as needed and we are working on implementing chloride reduction measures by inspecting areas that have the highest level of chlorides in their wastewater and offering information and encouragement to change out older water self-regenerating systems to canister exchange systems.

2. General Manager Recruitment

Staff has completed the Recruitment Brochure and posted the Vacancy announcement on several recruiting platforms including, but not limited to CSDA, BC Water Jobs and Linked In. We have already received several inquiries. The first formal review of the applications is scheduled for June 30, 2023.

3. Cost Reduction – Energy usage and other applicable initiatives

Please refer to the Energy Committee Update.

4. Public Outreach – Implement regular on-line communications to the community.

Staff continues to post content on the Districts Facebook page, Facebook Forums, District’s Bulletin Board, District’s website, and the Next-Door local Neighborhood website. A variety of Topics have been posted via social media. Staff continues to update the Districts website and ensures that it is structured for easy navigation. Staff has been posting a new item about every two to three weeks. Also refer to the Public Outreach Committee summary.

5. Pursue Grant Funding Opportunities for Capital Projects

Staff has attended several grant funding webinars and has signed up to receive electronic notices of grant funding and low interest loan opportunities. Staff receives weekly notices on grant opportunities, but to date the grants are only available for certain types of projects or Agencies and they are not applicable to the District. We will continue to monitor grant opportunities.

MHCS D COMMITTEE MEETING UPDATES

June 21, 2023, Board Meeting

(Updated June 13, 2023)

Committee	Summary Discussion	Completed Meeting Date
<p style="text-align: center;">Water</p> <p>Starbuck & Dietrich Alt-Keeling</p>	<p>Committee members met on June 14, 2023, to discuss the Stantec Proposal to provide engineering design services for the Burton Ranch projects. The Committee will provide an update to the Board at the June 21, 2023, Board meeting. Next Meeting is scheduled for July 10, 2023.</p>	<p>June 14, 2023</p>
<p style="text-align: center;">Wastewater</p> <p>Starbuck & Heavin Alt-Dietrich</p>	<p>Committee members provided an oral summary of their March 13th meeting at the March 29th Board meeting. Next meeting is scheduled for July 10, 2023.</p>	<p>March 13, 2023</p>
<p style="text-align: center;">Finance</p> <p>Dietrich & Keeling Alt-Heavin</p>	<p>The Committee members met on June 14, 2023, to discuss retaining a consultant to update the District's Water and Sewer Connection Fees. The Committee will provide an update to the Board at the June 21, 2023 Board meeting. Next meeting is scheduled for July 12, 2023.</p>	<p>June 14, 2023</p>
<p style="text-align: center;">Energy</p> <p>Heavin & Starbuck Alt-Dietrich</p>	<p>Committee members provided an oral summary of their March 17th meeting at the March 29th Board meeting. Committee members received an updated solar energy report from Chris Leonard at Watthub for their review and comments. Next meeting TBD.</p>	<p>March 17, 2023</p>
<p style="text-align: center;">Personnel</p> <p>Keeling & Dietrich Alt-Starbuck</p>	<p>Committee Members met on June 14, 2023, to discuss the status of the GM recruitment process. The Committee will provide an update to the Board at the June 21, 2023 Board meeting. Next meeting is scheduled for July 12, 2023.</p>	<p>June 14, 2023</p>
<p style="text-align: center;">GSA for WMA</p> <p>Heavin Alt-General Manager</p>	<p>The June 28, 2023, WMA GSA meeting was cancelled. The next WMA GSA meeting is scheduled for Wednesday, July 26, 2023.</p>	<p>May 24, 2023</p>
<p style="text-align: center;">Community Engagement</p> <p>Heavin & Keeling Alt-Starbuck</p>	<p>Staff continues to post content on social media, Districts Bulletin Board, Districts website and the Next-door Neighborhood website. The recent information being posted is pertaining to the General Manager & Board Member Vacancy, the WMA GSA invitation to apply and become a CAG and the Mission Hills CSD Awareness. Next meeting TBD</p>	<p>March 17, 2023</p>

Development

Dietrich & Keeling
Alt-Starbuck

Development Committee did not meet. Next meeting TBD.

Mission Hills Community Services District
Revenue and Expense Prev Year Comparison
May 2023

	May 23	May 22	\$ Change	Explanation
Ordinary Income/Expense				
Income				
4005 · 48 hour notice fees	285.00	150.00	135.00	
4045 · Late fees	2,074.09	2,083.19	-9.10	
4050 · Miscellaneous income	-34.31	4,938.07	-4,972.38	JPIA RETRO 2022
4060 · Reconnection fees	300.00	200.00	100.00	
4075 · Returned check fees	255.00	75.00	180.00	
4085 · Sewer basic charges	90,642.15	83,817.58	6,824.57	RATE INCREASE 2023
4095 · Street sweeping charges	1,508.76	1,503.48	5.28	
4100 · Rate Stabilization	-183.85	0.00	-183.85	
4105 · Water basic charges	56,112.42	60,090.56	-3,978.14	RATE DECREASE 2023
4115 · Water usage charges	36,395.08	43,552.38	-7,157.30	LOWER CONSUMPTION 2023
Total Income	187,354.34	196,410.26	-9,055.92	
Gross Profit	187,354.34	196,410.26	-9,055.92	
Expense				
6000 · Salaries and wages				
6005 · Wage expense	55,057.98	47,501.80	7,556.18	FULLY STAFFED, PROMOTIONS 2023
6010 · Payroll tax expense	4,639.00	3,948.71	690.29	FULLY STAFFED, PROMOTIONS 2023
Total 6000 · Salaries and wages	59,696.98	51,450.51	8,246.47	
6050 · Employee benefits				
6060 · Disability insurance	242.43	234.78	7.65	
6065 · Health insurance	10,857.91	9,604.12	1,253.79	
6075 · Retirement expenses	1,476.85	1,355.40	121.45	
6090 · Vacation & Sick Leave	4,220.20	3,252.67	967.53	
6095 · Benefit Administration	89.82	89.82	0.00	
Total 6050 · Employee benefits	16,887.21	14,536.79	2,350.42	
6100 · Director fees	1,375.00	875.00	500.00	
6110 · Depreciation expense	28,189.70	31,054.00	-2,864.30	SLIGHTLY LOWER DEPR
6140 · Vehicle expenses				
6145 · Tractor and equipment	0.00	0.00	0.00	
6150 · Vehicle fuel	1,468.17	1,585.19	-117.02	
6155 · Vehicle maintenance	4,586.32	719.38	3,866.94	MORE MAINTENANCE 2023
Total 6140 · Vehicle expenses	6,054.49	2,304.57	3,749.92	
6190 · Dues and memberships	20.00	65.00	-45.00	
6200 · Office expenses				
6210 · Cash (over) / short	0.00	0.00	0.00	
6230 · Office supplies	379.21	422.68	-43.47	
6235 · Postage expense	708.33	570.00	138.33	
6245 · Office Equipment	169.17	169.17	0.00	
Total 6200 · Office expenses	1,256.71	1,161.85	94.86	
6300 · Operating supplies and expenses				
6310 · Miscellaneous supplies	10,744.34	26.10	10,718.24	FAMCON EXPENSES 2023
6325 · Portable equipment	0.00	1,916.17	-1,916.17	
6330 · Shop supplies	865.53	165.76	699.77	
6335 · Small tools and appliances	0.00	86.67	-86.67	
6340 · Chemicals				
6344 · Chlorine	1,282.15	0.00	1,282.15	CHEMICALS 2023
6345 · Corrosion inhibitor	5,746.63	0.00	5,746.63	CHEMICALS 2023
6347 · Other chemicals	0.00	530.92	-530.92	
Total 6340 · Chemicals	7,028.78	530.92	6,497.86	
Total 6300 · Operating supplies and ex	18,638.65	2,725.62	15,913.03	
6350 · Safety expenses				
6360 · Protective Clothing/Uniforms	0.00	777.65	-777.65	
6375 · Other safety expenses	0.00	1,484.84	-1,484.84	
Total 6350 · Safety expenses	0.00	2,262.49	-2,262.49	
6410 · Contractual services				
6420 · Cleaning service	200.00	200.00	0.00	
6425 · Office equip maintenance	370.65	522.31	-151.66	
6430 · Internet access	168.35	163.35	5.00	
6435 · Landscaping services	1,850.68	793.72	1,056.96	

Mission Hills Community Services District
Revenue and Expense Prev Year Comparison
May 2023

	May 23	May 22	\$ Change	Explanation
6437 · Pest Control	110.00	100.00	10.00	
6445 · Security expense	112.50	112.50	0.00	
6450 · Software support	1,350.50	1,666.25	-315.75	
6452 · Credit Card Processing	1,157.38	437.03	720.35	
6453 · Software Subscriptions	128.00	319.12	-191.12	
6455 · Street sweeping services	1,471.18	1,414.60	56.58	
6460 · Uniforms	0.00	821.63	-821.63	
6466 · Emissions Testing	3,517.90	0.00	3,517.90	SCHEDULED TESTING 2023
6470 · Other contractual services	11.75	3,365.25	-3,353.50	SCHWIND ELEC 2022
Total 6410 · Contractual services	10,448.89	9,915.76	533.13	
6475 · Professional services				
6485 · Engineering services	0.00	6,722.85	-6,722.85	TUCKFIELD 2022 LEGAL FEE WRAP UP 2023
6490 · Legal services	9,669.95	2,679.54	6,990.41	
Total 6475 · Professional services	9,669.95	9,402.39	267.56	
6500 · Printing and publication	2,083.62	44.99	2,038.63	BILLING NOTICES 2023
6505 · Equipment lease and rentals	0.00	783.73	-783.73	
6525 · Research and monitoring				
6530 · Lab & Testing Expenses	0.00	246.56	-246.56	
6535 · Monitoring expense	2,816.00	1,930.00	886.00	
Total 6525 · Research and monitoring	2,816.00	2,176.56	639.44	
6600 · Travel and meetings				
6610 · Meals	120.00	105.03	14.97	
6620 · Staff training	869.07	753.23	115.84	
6625 · Travel expenses	0.00	671.38	-671.38	
Total 6600 · Travel and meetings	989.07	1,529.64	-540.57	
6650 · Utilities				
6655 · Cell phones	200.44	185.54	14.90	
6665 · Electrical	10,605.49	6,793.33	3,812.16	UTILITY COST/USAGE 2023
6670 · Natural gas	1,198.81	3,094.97	-1,896.16	
6685 · Telephone	353.78	350.93	2.85	
6691 · Trash & Recycling	322.50	202.09	120.41	
Total 6650 · Utilities	12,681.02	10,626.86	2,054.16	
6720 · Repairs and maintenance				
6745 · Lift station expenses	5,324.06	0.00	5,324.06	PRO3 AUTOMATION 2023
6750 · Collection expense	6,600.00	34.48	6,565.52	MISSION PAVING 2023
6770 · Telemetry	660.00	0.00	660.00	
6775 · Filtration Plant	107.18	4,885.00	-4,777.82	RL JOHNSON 2022
6785 · Wells and pumping	220.14	0.00	220.14	
6790 · Waste water plant	2,951.53	0.00	2,951.53	SUNBELT, PRO3 2023 LEAKS, CARPET CLEANING 2023
6795 · Other repairs and mainten	2,287.09	0.00	2,287.09	
Total 6720 · Repairs and maintenance	18,150.00	4,919.48	13,230.52	
Total Expense	188,957.29	145,835.24	43,122.05	
Net Ordinary Income	-1,602.95	50,575.02	-52,177.97	
Other Income/Expense				
Other Income				
7006 · Market Appreciation/(Depr)	227.47	2,556.59	-2,329.12	BETTER INVESTMENT RETURN 2022
7010 · Interest income	3,530.57	11,150.33	-7,619.76	BETTER INTEREST 2022
Total Other Income	3,758.04	13,706.92	-9,948.88	
Net Other Income	3,758.04	13,706.92	-9,948.88	
Net Income	2,155.09	64,281.94	-62,126.85	

Mission Hills Community Services District
Disbursements Journal
May 2023

	Date	Num	Name	Amount	Explanation
1000 · FSB - Operating 1535412					
	05/03/2023	33306	Santa Barbara Co Special Dist	-120.00	
	05/03/2023	33307	Linde Gas & Equipment Inc	-44.40	
	05/03/2023	33308	Comcast	-168.35	
	05/03/2023	33309	De Lage Landen Financial Ser	-169.17	
	05/03/2023	33310	Mission Paving Inc	-6,600.00	Raise Manhole - Lift Station
	05/03/2023	33311	American Industrial Supply	-155.48	
	05/03/2023	33312	Underground Service Alert of S	-11.75	
	05/03/2023	33313	O'Connor Pest Control	-110.00	
	05/03/2023	33314	Jon's Lawn Mowing	-332.19	
	05/03/2023	33315	California Special Districts Ass	-1,552.80	Audit Preparation
	05/03/2023	33316	Ultrex Inc	-231.35	
	05/03/2023	33317	East Mesa Oaks HOA	-64.55	
	05/03/2023	33318	SoCalGas	-88.98	
	05/12/2023	33319	ACWA/JPIA *Medical Insuranc	-11,655.81	Monthly Medical, Dental, Vision, Life Ins
	05/12/2023	33320	American Industrial Supply	-34.78	
	05/12/2023	33321	Bremer Auto Parts	-220.58	
	05/12/2023	33322	Carmel & Naccasha LLP	-1,239.95	Legal Fees
	05/12/2023	33323	Connected Energy LLC	-16,483.69	Generac Generator Down Payment
	05/12/2023	33324	County of Santa Barbara- Gen	-3,052.18	Vehicle Maintenance/Fuel
	05/12/2023	33325	Fluid Resource Management	-560.00	
	05/12/2023	33326	Hensley Law Group	-8,430.00	Legal Fees
	05/12/2023	33327	Home Depot	-648.13	
	05/12/2023	33328	Reimbursement	-1,665.00	Tuition Reimbursement
	05/12/2023	33329	Ponton Industries, Inc.	-1,014.81	Flo-Dar Cable
	05/12/2023	33330	Santa Maria Times	-58.05	
	05/12/2023	33331	Smith Alarms & Electronics, In	-112.50	
	05/12/2023	33332	SP Maintenance Services, Inc.	-1,471.18	Street Sweeping
	05/12/2023	33333	Staples Business Credit	-70.28	
	05/12/2023	33334	Staples	-59.66	
	05/12/2023	33335	Verizon	-200.44	
	05/12/2023	33336	Waste Management	-322.50	
	05/24/2023	33337	Advantage Technical Services	-18,098.00	Tank Rehabilitation Project
	05/24/2023	33338	Clinical Labs of San Bernardin	-2,816.00	Monitoring Expense
	05/24/2023	33339	Compuvision	-1,350.50	IT Expense
	05/24/2023	33340	Dahl Air Conditioning	-210.00	
	05/24/2023	33341	Famcon Pipe & Supply Inc.	-10,348.66	Hyd Expenses
	05/24/2023	33342	Frontier Communications	-64.88	
	05/24/2023	33343	Reimbursement	-20.00	CWEA Membership
	05/24/2023	33344	ICONIX Waterworks (US) Inc.	-141.38	
	05/24/2023	33345	Juana Garcia Rodriguez	-200.00	Janitorial Service
	05/24/2023	33346	Mission Paving Inc	-750.00	
	05/24/2023	33347	Pro3 Automation Inc	-8,501.38	Ignition Programing Lift Station
	05/24/2023	33348	Reimbursement	-242.07	Travel Expense
	05/24/2023	33349	Standard Insurance Company	-242.43	
	05/25/2023	33350	AALRR	-467.00	
Total 1000 · FSB - Operating 1535412				-100,400.86	
1060 · CHCU - General 4163					
	05/02/2023	EFT	PG&E	-10.50	Utility Bill
	05/08/2023	EFT	PG&E	-2,309.89	Utility Bill

Mission Hills Community Services District
Disbursements Journal
May 2023

	Date	Num	Name	Amount	Explanation
	05/16/2023	EFT	PG&E	-1,318.29	Utility Bill
	05/16/2023	EFT	PG&E	-43.26	Utility Bill
	05/16/2023	EFT	PG&E	-240.02	Utility Bill
	05/16/2023	EFT	PG&E	-506.19	Utility Bill
	05/16/2023	EFT	PG&E	-1,402.30	Utility Bill
	05/16/2023	EFT	PG&E	-4,444.08	Utility Bill
	05/22/2023	EFT	PG&E	-10.54	Utility Bill
	05/25/2023	EFT	SoCalGas	-1,168.53	Utility Bill
	05/25/2023	EFT	TASC	-89.82	
	05/31/2023	EFT	Right Networks	-128.00	
Total 1060 · CHCU - General	4163			-11,671.42	
1070 · CHCU - Payroll 4155					
	05/10/2023		Payroll	-20,224.65	
	05/12/2023	E-pay	EDD	-1,440.50	
	05/12/2023	E-pay	IRS USATAXPYMT	-5,595.92	
	05/12/2023	EFT	CA State Disbursement Unit/E	-299.07	
	05/12/2023	1367	Matrix Trust Company	-4,242.58	401K/457
	05/24/2023		Payroll	-20,820.99	
	05/24/2023		BOD Payroll	-1,257.43	
	05/24/2023	1368	Matrix Trust Company	-4,301.87	401K/457
	05/26/2023	E-pay	EDD	-1,502.79	
	05/26/2023	E-pay	IRS USATAXPYMT	-5,919.44	
	05/26/2023	EFT	CA State Disbursement Unit/E	-299.07	
	05/26/2023	EFT	AFLAC	-66.82	
Total 1070 · CHCU - Payroll	4155			-65,971.13	
1075 · CHCU - ACH 4130					
	05/16/2023	EFT	Springbrook (ACH Services)	-203.21	
	05/31/2023	EFT	Bluefin Payment Systems	1,026.02	
Total 1075 · CHCU - ACH	4130			822.81	
TOTAL				-177,220.60	

Variation From Projected Income

Fiscal Year Ending 6-30-2023

Billing Month	Water			Wastewater			Total (Loss) / Gain	Current Year Units Sold	Last Year Units Sold	Previous 5 Year Average Units Sold
	Projected Income*	Actual Income	Variation	Projected Income	Actual Income	Variation				
Jul-22	\$ 114,125	\$ 115,954	\$ 1,829	\$ 83,750	\$ 84,284	\$ 534	\$ 2,363	22,621	23,039	22,132
Aug-22	\$ 117,875	\$ 116,411	\$ (1,464)	\$ 83,750	\$ 84,012	\$ 262	\$ (1,202)	25,390	25,038	24,000
Sep-22	\$ 116,250	\$ 123,135	\$ 6,885	\$ 83,750	\$ 84,083	\$ 333	\$ 7,218	20,829	21,488	22,252
Oct-22	\$ 112,000	\$ 111,535	\$ (465)	\$ 83,750	\$ 83,923	\$ 173	\$ (292)	16,842	18,786	20,501
Nov-22	\$ 110,125	\$ 104,613	\$ (5,512)	\$ 83,750	\$ 90,668	\$ 6,918	\$ 1,406	15,567	17,377	19,882
Dec-22	\$ 100,625	\$ 98,210	\$ (2,415)	\$ 83,750	\$ 90,466	\$ 6,716	\$ 4,301	10,999	11,828	14,781
Jan-23	\$ 89,125	\$ 84,430	\$ (4,695)	\$ 83,750	\$ 90,525	\$ 6,775	\$ 2,079	9,757	12,272	11,964
Feb-23	\$ 94,375	\$ 80,682	\$ (13,693)	\$ 83,750	\$ 91,044	\$ 7,294	\$ (6,399)	9,472	16,772	14,006
Mar-23	\$ 91,000	\$ 79,765	\$ (11,236)	\$ 83,750	\$ 90,021	\$ 6,271	\$ (4,965)	9,024	19,671	12,885
Apr-23	\$ 90,625	\$ 78,381	\$ (12,244)	\$ 83,750	\$ 90,774	\$ 7,024	\$ (5,220)	13,645	17,723	13,507
May-23	\$ 102,750	\$ 92,508	\$ (10,243)	\$ 83,750	\$ 90,642	\$ 6,892	\$ (3,350)	19,611	23,118	18,495
Jun-23	\$ 111,125	\$ -	\$ -	\$ 83,750	\$ -	\$ -	\$ -		22,524	20,430
Total	\$ 1,250,000	\$ 1,085,623	\$ (53,252)	\$ 1,005,000	\$ 970,441	\$ 49,191	\$ (4,060)	173,757	229,636	214,835
								Year to Date Monthly Averages		
YTD avg	100%	87%		100%	97%			15,796	19,136	17,903
								Yearly Average	19,136	17,903
* Projected Income is calculated by using current year and previous 5 year average monthly units sold.										
Units Sold by Calendar Year (1 Unit = 1 HCF = 748 Gallons)										

Mission Hills Community Services District								11
Budget to Actual Comparison								0.92
JUL 22 -MAY 23								1
	Budgeted	Prorated Budget	Actual		Remainder	% of Budget	Explanation	
Income	Fiscal Year 22-23	JUL 22 -MAY 23	JUL 22 -MAY 23	Difference	Budgeted Amount	92%		
Late Fees/Charges	\$ 50,000	\$ 45,833	\$ 37,673	\$ (8,160)	\$ 12,327	75%	Lower Than Budgeted	
Water Service	\$ 1,250,000	\$ 1,145,833	\$ 1,085,624	\$ (60,210)	\$ 164,376	87%	Slightly Lower than Budgeted - Rain	
Sewer Service	\$ 1,005,000	\$ 921,250	\$ 970,442	\$ 49,192	\$ 34,558	97%	Slightly Higher Than Budgeted	
Street Sweeping	\$ 18,000	\$ 16,500	\$ 16,570	\$ 70	\$ 1,430	92%	On Track With Budget	
	\$ 2,323,000	\$ 2,129,417	\$ 2,110,308	\$ (19,108)	\$ 212,692	91%	Revenue is Slightly Below Budget	
	Budgeted		Actual		Remainder			
Expense	Fiscal Year 22-23	JUL 22 -MAY 23	JUL 22 -MAY 23	Difference	Budgeted Amount			
Salaries & Wages	\$ 705,000	\$ 646,250	\$ 682,115	\$ (35,865)	\$ 22,885	97%	Slightly Higher Than Budgeted	
Employee Benefits	\$ 250,000	\$ 229,167	\$ 214,774	\$ 14,393	\$ 35,226	86%	Slightly Lower Than Budgeted	
Director Fees	\$ 16,500	\$ 15,125	\$ 9,250	\$ 5,875	\$ 7,250	56%	Less Meetings Than Budgeted	
Depreciation	\$ 375,000	\$ 343,750	\$ 310,087	\$ 33,663	\$ 64,913	83%	Depreciation Slightly Lower Than Budgeted	
Election Expense	\$ 3,000	\$ 2,750	\$ -	\$ 2,750	\$ 3,000	0%	No Election Expense	
Vehicle Expense	\$ 23,000	\$ 21,083	\$ 37,288	\$ (16,205)	\$ (14,288)	162%	More Maintenance Than Budgeted - Additional Vehicles	
Insurance	\$ 25,000	\$ 22,917	\$ 11,875	\$ 11,042	\$ 13,125	47%	Lower Than Budgeted	
Memberships	\$ 30,000	\$ 27,500	\$ 25,939	\$ 1,561	\$ 4,061	86%	Lower Than Budgeted	
Office Expenses	\$ 25,000	\$ 22,917	\$ 20,724	\$ 2,193	\$ 4,276	83%	Lower Than Budgeted	
Operating Supplies	\$ 25,000	\$ 22,917	\$ 28,601	\$ (5,685)	\$ (3,601)	114%	Timing Payment Famcon	
Chemicals	\$ 100,000	\$ 91,667	\$ 53,443	\$ 38,223	\$ 46,557	53%	Lower Than Budgeted	
Safety	\$ 5,000	\$ 4,583	\$ 3,757	\$ 827	\$ 1,243	75%	Lower Than Budgeted	
Contractual Services	\$ 125,000	\$ 114,583	\$ 109,810	\$ 4,773	\$ 15,190	88%	Lower Than Budgeted	
Professional Services	\$ 125,000	\$ 114,583	\$ 71,724	\$ 42,860	\$ 53,276	57%	Lower Than Budgeted	
Printing & Publication	\$ 5,300	\$ 4,858	\$ 4,959	\$ (101)	\$ 341	94%	Timing Payment Inklings Billing Notices	
Equipment Lease	\$ 13,500	\$ 12,375	\$ 7,669	\$ 4,706	\$ 5,831	57%	Lower Than Budgeted	
Monitoring	\$ 36,000	\$ 33,000	\$ 15,325	\$ 17,675	\$ 20,675	43%	Lower Than Budgeted	
Travel/Meetings/Meals	\$ 15,000	\$ 13,750	\$ 11,792	\$ 1,958	\$ 3,208	79%	Lower Than Budgeted	
Utilities	\$ 220,000	\$ 201,667	\$ 160,391	\$ 41,276	\$ 59,609	73%	Lower Than Budgeted	
Government Fees	\$ 35,000	\$ 32,083	\$ 33,515	\$ (1,431)	\$ 1,485	96%	Slightly Higher than Budgeted	
Repairs & Maintenance	\$ 80,000	\$ 73,333	\$ 111,017	\$ (37,684)	\$ (31,017)	139%	Timing of Payment Pro3 & Mission Paving	
Miscellaneous Expenses	\$ 25,000	\$ 22,917	\$ -	\$ 22,917	\$ 25,000	0%	Uncollectables or Write Offs	
	\$ 2,262,300	\$ 2,073,775	\$ 1,924,054	\$ 149,721	\$ 338,246	85%	Expenses Are 7% Below Budget	
Resolution 15-229 - Budget Preparation and Approval Process								
C.3. - Whenever a budgeted expense line item has circumstances where a projected expense exceeds a 5% variance of the total budget, the GM will be required to seek a super majority approval from the BoD before the expense is finalized, when possible.								
				5% =	\$ 113,115.00			



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: Brad Hagemann, General Manager
DATE: June 21, 2023
SUBJECT: Re-approval of the Burton Ranch Project Development Agreements to account for some of the properties that makeup the Burton Ranch Development are under different ownership than what was set forth on the agreements approved by the Board on May 3, 2023.

Recommendation / Proposed Motion

- Proposed Motion: Re-Approve the Development Agreement (for water and wastewater services) between the Mission Hills Community Services District (District) and the Burton Ranch Developers; and Re-Approve the Settlement and Release Agreement with the City and the Developers.

Policy Reference

- The Board approves development agreements and issues can and will serve letters.

Budget Resource

Connection Fees from the Burton Ranch Development are expected to contribute approximately \$3.7 million over the next 5 – 7 years to the water fund, if all of the 476 planned units are constructed. Since the wastewater from the Development will be discharged to the City of Lompoc’s treatment plant, and the District will not be required to fund any improvements to the District’s wastewater collection or treatment system, no wastewater connection fees will be charged to the Developer. However, the Developer will provide funding to the District that will be passed through to the City to cover the District’s fair share payment for utilizing capacity in the City’s treatment plant which is based on the City’s existing debt on their wastewater treatment plant.

The District retained Stantec Engineering to prepare a Conceptual Water Supply Analysis and cost estimate for facilities that will be required to support the proposed Burton Ranch Development. The primary new facilities at project buildout include and new water storage tank, a new well and all the piping and electrical appurtenances needed to connect the tank and well to the District’s existing water infrastructure. Stantec estimated the cost of these facilities to be \$3.1

million in 2022 dollars and \$3.6 million escalated to 2025 dollars (assuming a 5% inflation factor). Stantec's Project cost estimate is provided as an attachment to this Staff Report.

Background/Discussion

The Mission Hills Community Services District Board of Directors approved the Burton Ranch Project Agreements at a Special Board meeting on May 3, 2023. The May 3, 2023, Staff Report for this item is provided as an attachment to the Staff Report for the Board's reference.

Following the District and City Council approval of the Agreements several of the Burton Ranch Property owners decided to combine their ownership rights into an LLC. The May 3, 2023, approved Agreements allowed for the for the assignment of the Agreements to other parties, but the property owners were insistent on not signing the Agreements until the LLCs were formed. This action necessitated the City of Lompoc and the District to bring the Agreements back for re-approval.

The Agreements have been revised to reflect the newly formed LLC and are attached to this Staff Report. All other terms and conditions of the Agreements remain the same, except, the District has requested that the annual construction cost index for the Connection Fees shall start on May 3, 2024, instead of execution date of the Development Agreement.

Conclusion

Staff recommends the Board re-approve the Agreements and direct the Board President to sign the Agreements on behalf of the District.

Attachment(s):

1. May 3, 2023, Staff Report for the Burton Ranch Project
2. December 2022, Stantec Cost Estimate for Water Facilities
3. Water and Wastewater Facility Development Agreement
4. Settlement and Release Agreement



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: Brad Hagemann, General Manager
DATE: May 3, 2023
SUBJECT: Burton Ranch Project Development Agreements – Final Draft

Recommendation / Proposed Motion

- Proposed Motion: Approve the Development Agreement (for water and wastewater services) between the Mission Hills Community Services District (District) and the Burton Ranch Developers; Approve the Wastewater Agreement with the City of Lompoc; and Approve the Settlement and Release Agreement with the City and the Developers.

Policy Reference

- The Board approves development agreements and issues can and will serve letters.

Budget Resource

Connection Fees from the Burton Ranch Development are expected to contribute approximately \$3.7 million over the next 5 – 7 years to the water fund, if all of the 476 planned units are constructed. Since the wastewater from the Development will be discharged to the City of Lompoc’s treatment plant, and the District will not be required to fund any improvements to the District’s wastewater collection or treatment system, no wastewater connection fees will be charged to the Developer. However, the Developer will provide funding to the District that will be passed through to the City to cover the District’s fair share payment for utilizing capacity in the City’s treatment plant which is based on the City’s existing debt on their wastewater treatment plant.

Alternatives Considered and Recommendation

Various settlement alternatives were considered over the last several years before arriving at the terms in the attached Development Agreement and Wastewater Services Agreement. Given the cost, uncertainty and demands on staff and the District of continuing with the litigation compared to the benefit of having an agreement where all of the parties have compromised and tentatively agreed to a detailed path forward for the development, staff recommends that the agreements be approved which will (1) resolve the current litigation, (2) have the District

providing water and wastewater service to the Burton Ranch development, and (3) provide the City and Developer the assurances they need regarding water and wastewater service being provided to the development so that if the market conditions are favorable the project can proceed.

Background

A consortium of developers proposes to develop a portion of the property bordered by Highway 1 on the west and Harris Grade on the east (in the area commonly known as “The Wye”). This proposed development, known as Burton Ranch, will consist of up to 476 residential units (current plans show 437 units), including single-family and multi-family homes. No commercial or industrial development has been approved for this development.

In 2000, Mission Hills Community Services District and the City of Lompoc entered into an Annexation Agreement in which the Burton Ranch property would be annexed into the City and into District’s service area for purposes of the District providing water and wastewater services to the Burton Ranch development. In 2006 a development agreement was entered into between the District and the Developer but it expired before the development commenced. While attempting to negotiate a new agreement, in approximately 2019, a dispute arose between the City and the District regarding allegations that the District may not have the capacity to provide water and wastewater services for the development and also regarding the cost of the District providing these services. In July, 2020, the City filed a civil complaint (Suit) against the District regarding these issues. The City sought to have the court give it the right to provide water and wastewater services to the project. The District disputed the City’s allegations and has been defending against the lawsuit. The Suit is in the discovery phase and no trial date has been set.

Discussion

The planning/entitlement process for the Burton Ranch project has been stalled due to the Suit. The District, City and Developers have been negotiating a settlement agreement whereby the District would provide water service directly to the project and provide wastewater treatment and disposal service to the project via a wholesale wastewater treatment agreement with the City. After many months of discussion and negotiation, the three parties have agreed to the financial and operational terms to provide water and wastewater services to the Burton Ranch project.

The settlement involves three separate agreements. They include: a Water and Wastewater Development Agreement (Development Agreement) between the District and the Developers; A Wastewater Agreement between the District and the City. This Agreement is similar to the current agreements between the City and VVCSD and the City and Vandenberg Space Force Base; and a Settlement and Release Agreement between the District, City and Developers that ties together the Development Agreement and the Wastewater Services Agreement and provides the underpinnings for dismissing the Suit.

As noted above, the District, City and Developers have been engaged in extensive negotiations seeking a mutually acceptable settlement agreement and resolution of the Suit. The negotiated resolution provides that the District will supply water service to the project

via the District's existing 14" water main located in Harris Grade Road. The Developer will be responsible for the connection to the District's water main in two locations and installation of the in-tract water distribution system to each household. The in-tract infrastructure once inspected and approved by the District, will be deeded over to District.

The District will own and operate the developer installed in-tract wastewater collection system infrastructure that will transport wastewater from the project to a single connection point, from which the City, through its existing infrastructure, will then transport the project wastewater to the City WWTP. The completed wastewater collection system will also be deeded over to the District.

A summary of the substantial provisions of the Agreements are listed below.

Water and Wastewater Development Agreement

1. Developers will pay connection fees to the District that will total approximately \$3.7 million at build out of 476 units; Developers will advance \$1.5 million of connection fees to the District when they pull their first grading permit and once the "advance payment" is used up, the developer will pay connection fees to the District.
2. Developers will pay for and build all in-tract water and wastewater infrastructure and connections to the District (water) and City (wastewater) infrastructure.
3. Developers will pay water meter installation fees, water conservation fees, will reimburse the District for staff or contractor plan check and field inspection fees.
4. District will design and build new water well and water storage tank to ensure adequate supply and meet fire flow requirements for the project. District will ensure the water tank and well project will be completed no than completion of the 200th unit in the project. District will commence design and preparation of bid documents for the well and tank upon execution of the Settlement Documents. Developer will provide advance funding for preparation of the design and bid documents.

Wastewater Services Agreement

1. Developer will fund and install all infrastructure needed to connect the Burton Ranch project to the City's wastewater collection system at the "one connection point", including a vault that will house a flow meter and wastewater sampling station.
2. Similar to the VVCSD and the Vandenberg Space Force Base, the District will become a "wholesale" wastewater customer of the City and will pay their fair share of the City's costs for the capacity and treatment and disposal of the wastewater generated by the project. The capacity fair share has been calculated based upon the debt on the facility and the proportional capacity use rights of the parties that use the facility. Fair share for actual

treatment for the homes once they are built will be determined by the measuring actual amount of wastewater flowing to the City's WWTP.

3. The Developer will pay the District, who will then pay the City for the project's fair share for capacity in the plant based on the City's past and future debt service on the City's WWTP. The District's fair share of the past debt is approximately is 2% of the WWTP's capacity, which translate to \$1.876 million and also \$145,000 towards a reserve account maintained for the facility. Debt service amount will be paid to the City in accordance with the debt schedule prepared by the City over a period of no more than 14 years and no less than 9 years, depending upon when the developer pulls their first building permit from the City.

4. District agrees to enforce its water softener prohibition and will be limited to discharge no more than 100,000 gallons of wastewater from the Burton Ranch Project to the City's collection system. However, the Wastewater Services Agreement allows for additional wastewater flow from the project upon written authorization and amendment to the Agreement.

Conclusion

Staff recommends the Board approve the three Agreements and direct the Board president to sign the Agreements on behalf of the District.

Attachment(s):

1. Water and Wastewater Facility Development Agreement
2. Wastewater Services Agreement
3. Settlement and Release Agreement

BID SCHEDULE - 100_per_submittal

Stanted

Project: **Conceptual Water Supply Project**
 Location: **Lompoc, CA**
 Client: **Mission Hills Community Services District**
 W.O. No.: **184031566**
 Calc'd By: **JTZ/CEP**
 Path Name: V:\1840\active\184031566\planning\cost\
 File Name: MHCSD_conceptual_study_qty_v4.xlsx

200 E. Carrillo Street, Suite 101
 Santa Barbara, CA 93101
 (805) 963-9532
 Date: 2-Dec-22

Tank at ballfield, Well #8 near ponds
Preferred Option: Alternative 2-B

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT Price	TOTAL COST
Pre- Construction					
1	Topographic Survey	LS	1	\$ 4,000.00	\$4,000
2	Engineering Design	LS	5%	\$ 2,120,000.00	\$106,000
3	Geotechnical Report	LS	1	\$ 6,000.00	\$6,000
4	CEQA	LS	1	\$ 4,500.00	\$4,500
5	Permits	LS	1	\$ 10,000.00	\$10,000
6	Legal	LS	1	\$ 10,000.00	\$10,000
				Pre- Construction Subtotal	\$140,500
Construction					
7	391,000 gallons Welded Steel Tank and Foundation including site work	LS	1	\$ 459,949.27	\$ 459,949.27
8	Tank Inlet Piping and Appurtenances	LS	1	\$ 30,000.00	\$ 30,000.00
9	Tank Outlet Piping and Appurtenances	LS	1	\$ 25,000.00	\$ 25,000.00
10	12-inch PVC C900 Water Piping (mostly pavement)	LF	1050	\$ 180.00	\$ 189,000.00
11	8-inch PVC C900 Water Piping from Well #5 over to Well #7 (50% native- 50% pavement)	LF	500	\$ 150.00	\$ 75,000.00
12	8-inch PVC C900 Water Piping (native soil)	LF	720	\$ 136.00	\$ 97,920.00
13	Groundwater Well with 14-inch dia. PVC casing pipe, 600-feet deep, pump, motor, and controls	LS	1	\$ 868,825.00	\$ 868,825.00
14	Well House	LS	1	\$ 150,000.00	\$ 150,000.00
15	Booster Pumps Package (2- 50 HP each, skid, I&C)	LS	1	\$ 110,000.00	\$ 110,000.00
16	SCADA Integration with HMI	LS	1	\$ 50,000.00	\$ 50,000.00
17	Diesel Backup Generator with switch gear for booster pumps	LS	1	\$ 25,000.00	\$ 25,000.00
18	Power and Communications to Site	LS	1	\$ 40,000.00	\$ 40,000.00
				Construction Subtotal	\$ 2,120,694.27
Construction Support					
19	Construction Management and Inspections		4%	\$ 2,120,000.00	\$ 84,800.00
20	Engineering Support during Construction		1%	\$ 2,120,000.00	\$ 21,200.00
				Construction Support Subtotal	\$ 106,000.00
Startup					
21	Well Testing	LS	1	\$ 10,000.00	\$ 10,000.00
22	Startup	LS	1	\$ 7,500.00	\$ 7,500.00
23	Final Regulatory Documentation	LS	1	\$ 5,000.00	\$ 5,000.00
24	MHCSD Staff Time and Overtime	LS	1	\$ 6,000.00	\$ 6,000.00
25	Sanitize and Document	LS	1	\$ 5,000.00	\$ 5,000.00
				Startup Subtotal	\$ 33,500.00
	Subtotal				\$ 2,400,694.27
	Contingency		30%		\$ 720,208.28
	Total Estimate in 2022				\$ 3,120,902.55
	Escalation	/year	5%	3	\$ 491,932.26
	Total Project Estimate				\$ 3,612,834.81

WATER AND WASTEWATER FACILITY DEVELOPMENT AGREEMENT

BETWEEN:

MISSION HILLS COMMUNITY SERVICES DISTRICT

AND

HARRIS GRADE PARTNERS, L.P.,

GHERINI BURTON RANCH, LLC,

SIGNORELLI BURTON RANCH, LLC

THE TOWBES GROUP, INC.

MJ LAND, LLC,

_____, 2023

Through this WATER AND WASTEWATER FACILITY DEVELOPMENT AGREEMENT ("Agreement") entered into this ___ day of _____, 2023, by and between, MISSION HILLS COMMUNITY SERVICES DISTRICT, a political subdivision of the State of California ("MHCS D") and HARRIS GRADE PARTNERS, L.P., A CALIFORNIA LIMITED PARTNERSHIP; GHERINI BURTON RANCH, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY; SIGNORELLI BURTON RANCH, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY; THE TOWBES GROUP, INC.; A CALIFORNIA CORPORATION, MJ LAND, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("Developers") (collectively, "the Parties"), MHCS D agrees to provide water and wastewater utility services to the Project (defined below) proposed by Developers as permitted by the City of Lompoc within the MHCS D boundaries and service area. Said water and wastewater utility services are to be provided as conditioned and agreed by the Parties as set forth below, and subject to MHCS D rules and regulations and the commitments of both Parties as set forth below.

RECITALS

The Parties enter into this Agreement with reference to the following facts:

A. Developers own fee title to that certain real property consisting of approximately 146 acres located within the MHCS D's boundaries described in Exhibit B, attached hereto and incorporated herein by this reference, and currently designated as Assessor Parcel Numbers 097-250-013, 097-250-040, 097-250-050, 097-250-051, 097-250-083, 097-250-084, 097-250-085, 097-250-086, 097-250-070 ("the Property"). The Property is a portion of the area known as "Burton Ranch." The Property is within the MHCS D's boundaries and subject to MHCS D's jurisdiction so that MHCS D can provide water and sewer to the planned development on the Property.

B. Developers intend to develop the Property with residential development and ancillary passive recreational uses consistent with the Specific Plan ("the Project"). Because of the Property's size -and physical attributes, construction and completion of the Project will take substantial time. The risks and uncertainties associated with the long-term nature of development of the Project could deter Developers from making the financial and planning commitments necessary to accomplish the development of the Project. In recognition of this fact, the Parties hereto desire to enter into this Agreement in order to reduce or eliminate uncertainties regarding water and wastewater services for the ultimate construction of the Project.

C. Pursuant to CEQA, the City of Lompoc has certified environmental documents applicable to the Project and Agreement, consisting of an EIR 02-01 (SCH No. 2002091045) and subsequent Addenda Nos. 1, 2 and 3 dated 2014, 2016 and 2019 respectively.

D. On [_____], MHCS D's governing board - the hearing body for purposes of Development Agreement review - at a duly noticed public meeting, approved this Agreement and MHCS D's provision of water and sewer service to the Project; a wastewater services agreement between MHCS D and the City of Lompoc ("City") for purposes of MHCS D

subcontracting the treatment of the wastewater generated by the Project (“Wastewater Agreement”); and a settlement agreement between the City and MHCS D related to disputes about provision of water and wastewater services to be provided to the Property including litigation commenced by the City in the County of Santa Barbara Superior Court, case number 20CV02225 (“Settlement Agreement”).

E. MHCS D has determined that the Project is a development for which a development agreement is appropriate as it relates to water and wastewater services for the Property. This Agreement will eliminate uncertainty in planning, provide for orderly, phased development and comprehensive water and sewer planning for the Property, provide for installation of necessary improvements and payment of fees, and assist in attaining the most effective utilization of resources within MHCS D at the least cost to its customers.

F. Developers and MHCS D would not have agreed to provide the benefits accruing to MHCS D and Developers hereunder if it were not for the agreement of MHCS D and Developers, memorialized herein and an agreement between City and MHCS D in the Wastewater Agreement, to enter into this Agreement. Under this Agreement, and in consideration of those benefits provided to MHCS D and Developers by the Project, MHCS D has agreed that it shall provide the water, and sewer service (provided the City approves the entitlements referenced in the Wastewater Agreement) and complete certain infrastructure improvements required for development of the Project in accordance with procedures provided by law and in this Agreement. Developers have agreed to perform the obligations set forth in this Agreement. MHCS D has further agreed that, except as otherwise stated herein, the ordinances, rules, regulations, official policies of MHCS D, and Wastewater Agreement applicable to the Project shall be those in existence on the date of MHCS D's approval of this Agreement.

G. The Parties agree that the consideration to be received by MHCS D pursuant to this Agreement and the rights secured to the Developers hereunder pursuant to this Agreement, as well the terms and conditions benefitting and burdening both parties under the Wastewater Agreement, constitute sufficient consideration to support the covenants and agreements of MHCS D and the Developers. By entering into this Agreement, MHCS D desires to vest in Developers, all water and sewer service entitlements necessary in order to complete development of the Project consistent with the Specific Plan, as provided for and subject to all terms and conditions herein.

H. MHCS D, by electing to enter into this Agreement, acknowledges that the obligations of MHCS D shall survive beyond the term or terms of the present MHCS D Board of Directors, that such action will serve to bind MHCS D and future Boards to the obligations thereby undertaken, and that this Agreement shall limit future exercise of certain governmental and proprietary powers of MHCS D. By approving this Agreement, MHCS D has elected to exercise certain governmental powers at the time of entering into this Agreement, rather than deferring its actions to some undetermined future date.

NOW THEREFORE, in consideration of the terms and provisions of this Agreement, the Parties agree as follows:

Section 1. Definitions

1.01 Defined Terms

The terms used in this Agreement, unless the context otherwise requires, shall have the following meanings:

- (a) "Agreement" shall mean this Water and Wastewater Facility Development Agreement.
- (b) "Applicable Law of the Project" shall mean all of the ordinances, resolutions, rules, regulations, the Wastewater Agreement, and official policies of the MHCS D ("MHCS D Rules") in effect as of the execution of the Agreement, except: (i) changes or modifications to the MHCS D Rules concerning the MHCS D's administrative operations, provided that in no event shall any change or modification to a MHCS D Rule that causes a material increase (an increase that exceeds Thirty Five Thousand Dollars (\$35,000)) in costs to the Developers be applicable to the Developers, unless otherwise set forth in this Agreement, until this Agreement expires or sewer and water service has been initiated to each of the planned residential units within the Project, whichever date comes sooner, and (ii) changes MHCS D is required to make due to legal mandates from other regulatory agencies and/or the City.
- (c) "CEQA" shall mean the California Environmental Quality Act, California Public Resources Code section 21000, *et seq.*
- (d) "City" shall mean the City of Lompoc.
- (e) "Developers" shall collectively mean Harris Grade Partners, L.P., a California Limited Partnership; Gherini Burton Ranch, LLC, a California limited liability company; Signorelli Burton Ranch, LLC, a California limited liability company; The Towbes Group, Inc.; a California Corporation, MJ Land LLC, a California Limited Liability Company; or their successors in interest pursuant to Section 8.03 of this Agreement.
- (f) "EIR" shall mean that certain environmental impact report certified in connection with the adoption of the Burton Ranch Specific Plan (EIR 02-01) and subsequent addenda consistent with the Project.

- (g) "Effective Date" shall mean the date that this Agreement and the Wastewater Agreement have been duly approved and executed by the parties thereto.
- (h) "Facilities" shall mean the Sewer Collection System and the Water Distribution System.
- (i) "MHCSD" shall mean the Mission Hills Community Services District.
- (j) "Municipal Well" shall mean a water well designed to produce not less than 520 gallons per minute (gpm).
- (k) "One Point of Connection" shall mean the sole point of connection for influent wastewater from the Project to be conveyed from MHCSD wastewater conveyance infrastructure to the City's wastewater conveyance infrastructure for treatment at the City's wastewater treatment plant to be constructed and located at, and include, the Sewage Flow Meter and Vault.
- (l) "Project" shall mean the development of the Property pursuant to the Specific Plan as defined in Recital B, above.
- (m) "Property" shall mean that certain real property as defined in Recital A, above.
- (n) "Specific Plan" shall mean that certain City of Lompoc Burton Ranch Specific Plan approved February 2006 and as further amended and may be amended from time to time so long such amendments do not increase the allowed density above 476 residential units or allow for non-residential uses.
- (o) "Sewer Collection System" shall mean all in-tract sewer main mains, service lines, and appurtenances, except for the sewer line located on each residential property in the Project up to the point where it connects to the service line located in the public right of way, that are used for collection and transmission of sewage generated from each parcel within the Property to the One Point of Connection to the City's wastewater treatment plant, including the Sewage Flow Meter and Vault.
- (p) "Sewage Flow Meter and Vault" shall mean a device connected to a final distribution point of the Sewer Collection System that is housed in a concrete reinforced pit, and is used to measure the volume of sewage and/or wastewater flowing from the Project. This shall be located on or near to the Property.
- (q) "Wastewater Agreement" shall mean that certain Wastewater Services Agreement between MHCSD and the City for purposes of MHCSD subcontracting the treatment of the wastewater generated by the Project, as defined in Recital D, above.

- (r) “Water Distribution System” shall mean all in-tract water main mains, service lines, and appurtenances that are used for transmission and distribution of drinking water to each parcel within the Property to the point where such connect with the MHCS D’s existing water lines, excluding the water line and meter located on each residential property in the Project.
- (s) “Water Tank” shall mean a storage vessel of not less than 390,000 gallon capacity located on MHCS D property wherein water is initially stored.

1.02 Additional Defined Terms

To the extent that any capitalized terms contained in this Agreement are not defined above, such terms shall have the meaning otherwise ascribed to them in this Agreement.

Section 2. Water Distribution System

2.01 Water System Design and Construction and Water Line Located on Each Residential Lot

Developers’ proposed preliminary Water Distribution System layout has been approved by MHCS D based on its review of Vested Tentative Tract Maps LOM 570 and 571 and Preliminary Tentative Tract Map 629. Developers shall submit Project plans to MHCS D that have been prepared by a California Registered Professional Engineer and approved by the City of Lompoc for the final water system layout, including mains and laterals, and construction details, which shall comply with American Water Works Association (AWWA) potable water system standards and MHCS D Standards, whichever is more stringent.

2.02 Pressure Study and Water Distribution System Modification

The MHCS D standard is to maintain normal water operating pressures between 40 pounds per square inch (psi) and 120 psi.

2.03 Water Conservation

Developers agree to participate in the MHCS D In-Lieu of Water Conservation Fee in the amounts set forth in Exhibit A to ensure the Project will minimize the impact on groundwater.

2.04 Developers To Construct Water Distribution System

Developers will be responsible for the design and construction of the Water Distribution System as required for each phase of development and the water line for each residential parcel within the Property according to the Specific Plan and development permits from the City. The Water Distribution System shall connect to existing MHCS D water mains located in Harris Grade Road in two or more separate locations. Developers shall be responsible for all construction costs for the Water Distribution System, including without limitation the costs associated with connecting each phase of the development to the MHCS D’s now existing water main located in

Harris Grade Road. It is understood that the Developers will develop the Project in phases and the obligations of Developers may be completed in phases. The Water Distribution System shall be constructed and completed under the direction of the Developer responsible for the specific phase of development for which water service is to be provided. The Developers will provide MHCS D and the City with the name and contact information for the primary point of contact for each phase of the Project as well as a list of the specific infrastructure the Developers will be constructing. The Developers will use their best efforts to design and construct the Project to minimize the potential for the installation of self-regenerating water softeners on the residential properties. The Developers are responsible for receiving development permits from the City for development pursuant to the Specific Plan. MHCS D shall have the authority to not install water meters and/or cause certificates of occupancies to not be issued for a particular phase or phases, if such phase or phases or another phase has not complied with the requirements of this Agreement, including without limitation failing to make payments due to MHCS D or failing to build any of Water Distribution System, Sewage Collection System or One Point of Connection in accordance with the terms and conditions of this Agreement.

Section 3. Sewage Collection System and Wastewater Agreement Obligations

3.01 Developers To Construct In-Tract Sewer Collection System

Developers will be responsible for the design and construction of the Sewer Collection System as required for each phase of development and for each parcel within the Property according to the Specific Plan and development permits from the City. The Sewer Collection System shall be located within the public right-of-way of the Property and flow from each parcel to and including the One Point of Connection. It is understood that the Developers will develop the Project in phases and the obligations of Developers may be completed in phases. The Sewage Collection System shall be constructed and completed under the direction of the Developer responsible for the specific phase of development for which sewer service is to be provided. The Developers are responsible for receiving development permits from the City for development pursuant to the Specific Plan. The Developers will provide the City and MHCS D with the name and contact information for the primary point of contact for each phase of the Project as well as a list of the specific infrastructure the Developers will be constructing. MHCS D shall have the authority to cause certificates of occupancies to not be issued for a particular phase or phases, if such phase or phases or another phase has not complied with the requirements of this Agreement, including without limitation failing to make payments due to MHCS D or failing to build any of Water Distribution System, Sewage Collection System or One Point of Connection in accordance with the terms and conditions of this Agreement.

3.02 Wastewater Agreement Obligations

Pursuant to Chapter VII.G of the Wastewater Agreement, MHCS D has the obligation to make periodic debt payments to City (the “Debt Payments”) based upon the amortization schedule incorporated into the Wastewater Agreement as Attachment 1 (the “Amortization Schedule” – there are six possible amortization schedules, and the applicable schedule will be based upon the date Developers first pull a residential building permit). Developers shall pay MHCS D for all Debt Payments that MHCS D would be required to make to the City for the entirety of the

applicable Amortization Schedule. Accordingly, Developers and MHCS D understand and agree that MHCS D is acting as a pass-through entity between the Developers and the City regarding the Debt Payments and that the Developers are accepting all responsibility for making these payments to MHCS D so that MHCS D does not have to use its own funds to make these Debt Payments. Developers shall, at their sole cost and expense, make such Debt Payments to MHCS D on a straight-line schedule in accordance with the Amortization Schedule. Further, during periods 1-4 as set forth on the Amortization Schedule, Developers shall accelerate their periodic payments such that MHCS D never has more than One Hundred Fifty Thousand Dollars (\$150,000) of potential liability for Debt Payments including any applicable Termination Fee. Commencing with period 5, Developers shall continue to pay all straight line Debt Payments when due.

Pursuant to Chapter VI.B of the Wastewater Agreement, MHCS D has the further obligation to make contributions to the City's Wastewater Capital Reserve Fund (WCRF) which it may do by passing such costs onto MHCS D wastewater treatment customers located in Burton Ranch. During period 1, Developers shall pay MHCS D the total required WCRF Reserve, as set forth on the applicable Amortization Schedule. Developers shall only be responsible for payments of the WCRF requirement and in the event the City requires additional annual capital contributions or replenishment of the WCRF such contributions shall be the responsibility of MHCS D, which it may pay by passing such costs onto MHCS D wastewater treatment customers located in Burton Ranch.

Developers agree to pay such amounts to MHCS D at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owed pursuant to the Wastewater Agreement. MHCS D must use such funds to make the applicable Debt Payment and WCRF payments due the City and may choose to make Debt Payments either on a straight-line basis or pursuant to the five-year ramp up schedule in the applicable Amortization Schedule. Any funds MHCS D retains as a result of MHCS D choosing to make payments based on the five-year ramp up schedule shall be held in a separate interest-bearing account until later remitted to the City. Developer maintains the right, subject to their sole discretion, to prepay all payments to MHCS D prior to the date due.

Payment schedules to be followed by Developers for both the Debt Payments and the WCRF contributions are attached hereto as Exhibit C. By way of example, if the first residential building permit is to be pulled on or about October 1, 2024, Developers would, concurrent with their request for building permits from the City, pay MHCS D a straight line debt payment for period 1 of One Hundred Forty Four Thousand Three Hundred Thirty One and 23/100 Dollars (\$144,331.23) plus an accelerated payment of Two Hundred Eighty Two Thousand and Nine Ninety Three and 69/100 Dollar (\$282,993.69) for a final total of Four Hundred Twenty Seven Thousand Three Hundred Twenty Four and 92/100 Dollars (\$427,324.92). In addition, Developers would pay a total of One Hundred Forty-Five Thousand and 98/100 Dollars (\$145,000.00) towards the WCRF requirement. Then, for periods 2 and 3, Developers will have no Debt Payment or WCRF requirement. For payment period 4, Developers shall pay MHCS D a Debt Payment of One Hundred and Fifty Thousand Dollars (\$150,000). For period 5 and all subsequent pay periods, Developers would make a Debt Payment of One Hundred Forty-Four Thousand Three Hundred Thirty-One and 23/100 Dollars (\$144,331.23).

In addition, Chapter VII.G of the Wastewater Agreement states the MHCS D may cancel any remaining future indebtedness upon the fourth payment period if MHCS D “ceases all future development.” MHCS D hereby agrees Developers are in control of the pace and phasing of the Project and decisions of when development of the Project ceases and the risks and obligations associated therewith. Accordingly, MHCS D shall not decide to “cease all future development” and/or pay the early termination fee unless (i) Developers provide written notice to MHCS D that Developers will not be constructing any further improvements on the Property, or (ii) Developers fail to timely make any of the payments due under this Section 3.02 of this Agreement prior to the time that MHCS D would be in default under the Wastewater Agreement for failing to make a Debt Payment or WCRF contribution. In the event Developer decides to cease development of the Project, MHCS D and Developer shall notify City of the decision and Developer shall be responsible for any and all wastewater payments due to MHCS D under this Agreement and not yet paid to MHCS D. All other costs required of MHCS D pursuant to the Wastewater Agreement shall be the sole responsibility of MHCS D.

Section 4. General Conditions

4.01 Acceptance of Plans and Specifications

The completed Facilities, as defined above, must be prepared in conformance with the current published MHCS D Improvement Standards and requirements and must be approved and accepted by MHCS D’s General Manager, which approval shall not be unreasonably withheld. Additionally, the Sewage Collection System is subject to the City’s regulations as set forth in the Wastewater Agreement between the City and MHCS D.

4.02 Drawings

Developers shall provide MHCS D with one set of 24” x 36” reproducible “as built” digital drawing files in pdf, and one copy of the completed Project plans.

4.03 Revision of Plans

Any minor changes in the accepted Facilities plans shall require written approval of Developers and MHCS D’s General Manager. Major changes require written approval of the Developers and the MHCS D Board.

4.04 Rights of Way

Developers will provide to MHCS D, at no cost of MHCS D and in a form acceptable to MHCS D’s General Manager and legal counsel, appropriate easements and rights of way for the operation, maintenance, repair, and replacement of all the Facilities not within existing public rights of way, public utility easements, and/or water and /or wastewater system easements.

4.05 Construction

Developers shall, at no cost to MHCS D, construct the Facilities pursuant to the MHCS D

approved plans or any MHCS D approved modifications thereof. Developers shall provide in any contract for construction of the Facilities that any contractor materials supplier guaranty thereunder, including any one (1) year warranty on the completed improvements, shall inure to the benefit of MHCS D after the works constructed thereunder have passed final inspection and have been conveyed to MHCS D as provided below. Developers shall also provide in any contract for construction of the Facilities that MHCS D is a third-party beneficiary of such contract and that the contractor's public liability and property damage insurance shall be extended to cover Developers and MHCS D and their agents, officers and employees as additional insured, with liability and bodily injury limits of not less than as set forth in Section 5.02 below. The Parties do not intend Developers' one year warranty on the completed improvements to be construed as limiting the period within which MHCS D may bring an action against contractors or issuers of surety bonds for latent construction defects.

4.06 Licensed Contractor

The person or entity constructing the Facilities shall be licensed under the provisions of the Business and Professions Code of the State of California to do the type of work called for in the approved plans and specifications.

4.07 Compliance with Applicable Laws

The Applicant(s) shall obtain all necessary local, county and state permits and approvals, including but not limited to encroachment permits, and shall conform to the requirements thereof. Developers shall give all notices and comply with all applicable local, county, state, and federal laws in connection with the construction of the Facilities and this Agreement.

4.08 Inspection of Construction

MHCS D's General Manager, or his/her agent(s), shall inspect the construction of the Facilities. Said inspection shall be funded by an inspection fee paid by Developers as set forth in Exhibit A. Construction of the Facilities shall not commence until said inspection fee is paid. MHCS D's General Manager, or his/her agent(s) shall notify Developers of any deviation or failure to construct the Facilities pursuant to the accepted plans as soon as such deviation or failure is brought to his/her attention, and Developers shall promptly correct such deviation or failure.

4.09 Conveyance

Within ninety (90) days after completion of construction of the Facilities in accordance with the accepted plans therefore and MHCS D's Improvement Standards:

- (a) Developers shall convey title of the completed Facilities to MHCS D at no cost to MHCS D, free and clear of all liens and encumbrances, by appropriate conveyance documents, accepted in form and content to MHCS D's General Manager and Legal Counsel.
- (b) Developers shall provide MHCS D with one set of 24" x 36" reproducible "as built" drawings on matte mylar (5 mil minimum), electronic drawing files, and

four copies of the completed Project plans.

- (c) Developers shall provide an engineer's certification that the Facilities are constructed in substantial conformance with the plans and specifications submitted to MHCS D.
- (d) Developers shall provide easements as specified above and the following special conditions:
 - (i) MHCS D agrees to quitclaim existing easements, if any, held in MHCS D's name encumbering the Property in the form attached hereto as Exhibit D which MHCS D does not need for its operations. Developers agree to convey to MHCS D and record utility easements, in the form attached hereto as Exhibit E, for the Facilities, over and across portions of the Property outside of the proposed streets. Said easements granted by the Developers shall be recorded prior to the conveyance of any portion of the Property to the Project's homeowner's association. Developers shall, at their own cost, provide MHCS D a standard policy of title insurance (CLTA) for all the easements recorded by Developer. MHCS D shall record quitclaim deeds following recordation of Developers' easements.
 - (ii) Upon satisfaction of all conditions imposed by MHCS D herein, MHCS D shall accept conveyance of title of the completed Facilities, or phases thereof, by resolution and include them as part of its system and shall thereafter operate and maintain said system.

4.10 Accounting

Developers shall furnish an accounting, satisfactory to MHCS D in its reasonable discretion, of the amounts expended for the construction and installation of the Facilities, with values applicable to the various components of the work, together with a list of any other materials and equipment being transferred, and their corresponding values.

4.11 Reimbursement of Plan Review Expenses

Excepting those expenses for which MHCS D is fully responsible as set forth elsewhere in this Agreement, Developer agrees to pay and/or reimburse, as described below, MHCS D for all its staff and consulting costs expended following the Effective Date for any plan review in connection with the Facilities.

Developer shall advance Five Thousand Dollars (\$5,000) as a deposit. Developer authorizes MHCS D to withdraw from the deposit to pay for services pursuant to this Agreement as they are incurred by MHCS D.

MHCSD will notify Developer whenever the balance on deposit is reduced below One Thousand Dollars (\$1,000). Within 15 days after such notification is mailed, Developers will make an additional deposit in Five Thousand Dollar (\$5,000) increments.

Prior to acceptance of the Facilities by MHCSD, MHCSD will furnish to Developers a written accounting of all of MHCSD's plan review costs and expenses incurred in relation to this Agreement. Any funds deposited by the Developers in excess of the actual costs due under this Section 4 or for other payments due MHCSD shall be refunded to the Developers.

4.12 MHCSD Services

MHCSD shall provide water and sewer service sufficient to serve the Project as the Facilities, or phases thereof, are conveyed unless a condition exists as set forth in Section 7.03. MHCSD shall provide any temporary construction water services to the Project as required prior to completion of all phases of the Facilities at the usage rate MHCSD has established for construction usage. Developer shall construct and pay for any equipment or facilities needed to deliver construction water to the point of use. Developers shall not allow any person to use or commence operation of any part of the Facilities prior to MHCSD's acceptance without the express written consent of MHCSD, which shall not be unreasonably withheld. Except for the connection fees and related charges set forth in Exhibit A attached hereto, water and wastewater utility services shall be supplied in accordance with applicable MHCSD rates, ordinances, rules, and regulations as the same may be amended from time-to-time.

4.13 Developers' Responsibilities After Conveyance

After one year following MHCSD's acceptance of the Facilities or phases thereof, Developers shall have no obligation for the operation, maintenance, repair or replacement thereof, and MHCSD shall retain all rights under the construction contracts noted in Section 4.05.

4.14 Application for Water and Sewerage Service

The Project's water and wastewater system shall not be operated, other than for testing purposes, until the systems are functionally complete, fees have been paid (including fees due to the City as set forth on Exhibit A) and proper applications for service have been filed with MHCSD.

4.15 Ownership of Facilities

Upon acceptance of the Facilities by MHCSD, it shall become the sole property of MHCSD and shall be used and operated at MHCSD's sole discretion.

4.16 Rates and Charges for Service

Except for those connection fees and related charges specified in Exhibit A attached hereto and incorporated in full herein by this reference, all other services made available by MHCSD to users within the Project shall be at the established rates and charges as fixed by MHCSD's Board

of Directions from time to time. MHCS D acknowledges and agrees that MHCS D intends to be bound by the connection fees and related MHCS D charges set forth in Exhibit A for a period of seven years following the execution of this Agreement and, notwithstanding any subsequent MHCS D ordinance adopted during that seven-year period establishing different connection fees and related charges for MHCS D users, MHCS D shall impose on Developers only such connection fees and related charges agreed upon herein. Any MHCS D ordinance enacted prior to the expiration of that seven-year period subsequent to the execution of this Agreement which changes MHCS D connection fees and related charges shall include a provision explicitly excluding the Project from such fees and charges until expiration of the seven year period, and shall specifically reference this Agreement. Developers shall have the option, prior to the expiration of the aforementioned seven-year period, to prepay all connection fees at the rates set forth in Exhibit A, in which case any increased connection fee established by a subsequent MHCS D ordinance shall not apply.

4.17 Prevailing Wage

Developers shall comply with state prevailing wage laws, Chapter 1 of Part 7 of Division 2 of the Labor Code, commencing with Section 1720 and Title 8, California Code of Regulations, Chapter 8, Subchapter 3, commencing with Section 16000, as applicable, for any work performed by Developers under this Agreement. Developers shall defend, indemnify and hold MHCS D harmless from any liability, claims, penalties, damages, costs and expenses arising from the failure to comply with state prevailing wage laws related to Developers construction of the Facilities. MHCS D shall be responsible for compliance with prevailing wage laws as required for all work performed by MHCS D under this Agreement.

4.18 Proposition 218 Process

During the term of this Agreement and to the extent required by Proposition 218, MHCS D will prepare a wastewater rate study and adhere to rate increases processes required by law. MHCS D agrees that such rate study will include a separate analysis of rates for the Project because the Project's sewer service is reliant upon and based on the costs of the City's treatment plant rather than MHCS D's existing treatment system.

Section 5. Risk Transfer Requirements

To allocate risks equitably between all Parties and to place responsibility for risks on the entity controlling the risk, the parties agree as follows:

5.01 Hold Harmless

MHCS D is not, by inspection of the construction or installation of the Facilities, representing Developers or providing a substitute for inspection and control of such work by Developers. Any inspections and observations of the Facilities by MHCS D are for the sole purpose of providing notice of the stage and character of such work. Any failure of MHCS D to note variances in the Facilities from the plans does not excuse or exempt Developers from complying with all terms of the plans. The fact that MHCS D inspects the construction of the Facilities and fails to notify Developers of deviations or failures to construct the Facilities pursuant

to the accepted plans shall not be deemed to constitute a guarantee by MHCSD that the Facilities have been built in accordance with the accepted plans. During construction and prior to conveyance thereof to MHCSD and acceptance thereof by MHCSD, Developers shall hold harmless and indemnify MHCSD against all claims, demands and charges by third parties arising out of alleged deviations or failures to construct the Facilities pursuant to the accepted plans. Developers' obligations under this section are comprehensive, except for MHCSD's proven sole or active negligence or willful misconduct.

5.02 Minimum Scope and Limit on Insurance

Developer shall procure and maintain for the duration of this Agreement, insurance against any and all claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of work hereunder by Developers, their agents, representatives, employees, or subcontractors.

- (a) Coverage. Coverage shall be at least as broad as:
 - (i) Commercial General Liability (CGL). Insurance shall be on a primary basis, Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal and advertising injury with limits no less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate for products completed operations and Two Million Dollars (\$2,000,000) General Aggregate. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
 - (ii) Automobile Liability. Insurance Services Office Form CA 0001 covering Code (one)1 (any auto), with limits no less than One Million Dollars (\$1,000,000) per accident for bodily injury and property damage.
 - (iii) Workers Compensation. As required by the State of California, with Statutory Limits, and Employers' Liability insurance with a limit of no less than One Million Dollars (\$1,000,000) per accident for bodily injury or disease.

- (iv) Builder's Risk (Course of Construction). Utilizing an "All Risk" (Special Perils) coverage form, with limits equal to the completed value of the project and no coinsurance penalty provisions. Developers may subject evidence of Builder's Risk insurance in the form of Course of Construction coverage. Such coverage shall name MHCSO as a loss payee as their interest may appear. If the Project does not involve new or major reconstruction, at the option of MHCSO, an installation floater may be acceptable. For such projects, a property installation floater shall be obtained that provides for the improvement, remodel, modification, alteration, conversion or adjustment to existing buildings, structures, processes, machinery and equipment. The property installation floater shall provide property damage coverage for any building, structure, machinery or equipment damaged, impaired, broken, or destroyed during the performance of the Developer's construction obligations under this Agreement, including during transit, installation, and testing at MHCSO's site.
- (v) Surety Bond. As described elsewhere in this Agreement.
- (vi) Professional Liability. Developer's contractor(s) shall maintain professional liability insurance with limits no less than One Million Dollars (\$1,000,000) per occurrence or claim, and Three Million Dollars (\$3,000,000) policy aggregate.

If Developers maintain broader coverage and/or higher limits than the minimums shown above, MHCSO requires and shall be entitled to the broader coverage and/or the higher limits maintained by Developers. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to MHCSO. MHCSO has the right to increase the above insurance amounts annually in amount not to exceed the coverage amounts recommended by California Joint Powers Insurance Authority.

- (b) Self-Insured Retentions. Self-insured retentions must be declared to and approved by MHCSO. At the option of MHCSO, either (i) Developers shall cause the insurer to reduce or eliminate such self-insured retentions with respect to MHCSO, its officers, officials, employees, and volunteers; or (ii) Developers shall provide a financial guarantee satisfactory to MHCSO ensuring payment of losses and related investigations, claim administration, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or MHCSO.

(c) Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions:

- (i) MHCS D, its offers, officials, agents, employees, and volunteers are to be covered as additional insured on the CGL and auto policies with respect to liability arising out of work or operations performed by or on behalf of the Developer including materials, parts, or equipment furnished in connection with such work or operations and automobiles owned, leased, hired, or borrowed by or on behalf of Developers. General liability form of endorsement shall be CG 20 12 12 19 combined with CG 20 10 07 04 and CG 20 37 07 04 or equivalent endorsements reasonably available.
- (ii) For any claims related to the Project, Developers' insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 12 12 19, CG 20 10 07 04 and CG 20 37 07 04 with respect to MHCS D, its officers, official, employees and volunteers. Any insurance or self- insurance maintained by MHCS D, its officers, officials, employees, or volunteers shall be in excess of Developers' insurance and shall not contribute with it.
- (iii) Each policy of insurance required shall provide that coverage shall not be cancelled, except with thirty (30) days written notice to MHCS D.

5.03 Acceptability of Insurers

Insurance to be placed with insurers authorized to conduct business in the State of California with a current AM Best's rating of no less than A: VIII, unless otherwise acceptable to MHCS D.

5.04 Waiver of Subrogation

Developers hereby agree to waiver rights of subrogation which any insurer of Developers may acquire from Developers by virtue of the payment of any loss. Developers agree to obtain any endorsement that may be necessary to affect this waiver of subrogation. The Worker's Compensation policy shall be endorsed with a waiver of subrogation in favor of MHCS D for all work performed by Developers, its employees, agents and subcontractors.

5.05 Verification of Coverage

Developers shall furnish MHCS D with original Certificates of Insurance, including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause), and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements before work begins. Failure to obtain the required insurance

documents prior to beginning work on the Facilities shall not waive Developers' obligation to provide them. MHCS D reserves the right to require complete, certified copies of all compulsory insurance policies, including endorsements, at any time.

5.06 Subcontractors

Developers shall require and verify that all subcontractors maintain insurance meeting all requirements stated herein for ongoing and completed operations, and Developer shall ensure that MHCS D is an additional insured on insurance required from subcontractors.

5.07 Surety Bonds

Developers shall provide the following Surety Bonds or other form of surety as approved in writing by MHCS D: (a) 100% Performance Bond; (b) 100% Payment Bond; (c) 10% Maintenance Bond. The Payment Bond and the Performance Bond shall be in a sum equal to the contract price of the Facilities. If the Performance Bond provides for a one-year warranty, a separate Maintenance Bond is not necessary. Bonds shall be duly executed by a responsible corporate surety, authorized to issue such bonds in the State of California and secured through an authorized agent with an office in California.

5.08 Special Risks or Circumstances

MHCS D reserves the right to modify these requirements, including limits based on the nature of the risk, prior experience, insurer, coverage, or other circumstances. Such modifications shall not be effective without the prior written agreement of Developers, which shall not be unreasonably withheld.

Section 6. Municipal Well and Water Tank

6.01 MHCS D Shall Construct Municipal Well and Water Tank

MHCS D shall construct a Municipal Well and Water Tank on MHCS D property which will augment the MHCS D's existing wells and storage tanks to ensure a safe and reliable water supply for the MHCS D, including the Project. MHCS D shall ensure the Property is provided with adequate and reliable water supply as needed until the Municipal Well and Water Tank is constructed and fully integrated into the MHCS D's water supply system. The level of water treatment provided by the facilities shall be the level of treatment applicable to the entire MHCS D water system. MHCS D shall ensure the Municipal Well and Water Tank are constructed and operable prior to the issuance of the 200th certificate of occupancy for the Project or sooner if required to provide an adequate and reliable water supply to the Project.

6.02 Construction Plans and Specifications

Following execution of the Agreement and upon the later of (i) issuance of the first grading permit for the Project or (ii) 270 days following the Effective Date, MHCS D shall design, prepare plans and specifications for construction, and obtain all necessary approvals for the Municipal Well and Water Tank. Said plans and specifications will be in accordance with the provisions of

this Agreement as well as with all other local, County and state standards and requirements. MHCS D shall share a final draft of such plan, which shall include a detailed estimated total cost breakdown, with Developers. Developer shall provide MHCS D one hundred and twenty (120) days notice prior to requesting a grading permit from the City. For reference purposes only, a draft of the FINAL Conceptual Water Supply memorandum prepared by Stantec dated April 26, 2022 is attached hereto as Exhibit F which contains preliminary specifications and cost estimates for the Municipal Well and Water Tank proposed by MHCS D. Developers shall deposit Fifty Thousand Dollars (\$50,000.00) with the District within ten (10) business days of the Effective Date of this Agreement towards the cost of the preparation of the plans and specifications. MHCS D will notify Developer whenever the balance on deposit is reduced below One Thousand Dollars (\$1,000.00). Within thirty (30) days after such notification is mailed, Developers will make an additional deposit in Ten Thousand Dollar (\$10,000.00) increments. All such deposits shall be credited against Developer's total advance specified in Section 6.05 below.

6.03 Well Capacity

The Municipal Well shall be designed, based upon consultations with a certified well driller and hydrogeologist, to produce not less than 520 gallons per minute ("gpm"). Neither party shall be in breach of this Agreement if, after installation of the well, the Municipal Well does not produce 520 gpm, so long as the Municipal Well was designed, based upon consultations with a certified well driller and hydrogeologist, to produce not less than 520 gpm and MHCS D can otherwise provide adequate and reliable domestic and fire flow water services required by the Project, and otherwise meet all water storage requirements.

6.04 Water Tank Capacity

The Water Tank shall have a capacity of not less than 390,000 gallons. The Water Tank shall be located on MHCS D property near existing wells and may store the water for all of MHCS D's wells prior to treatment. Notwithstanding the size of the Water Tank, MHCS D shall meet all water storage requirements for the Property and Project.

6.05 Costs for Municipal Well and Water Tank

The Municipal Well and Water Tank are critical planned asset projects identified in and/or replacing projects identified in that certain NBS Capacity Charge Study adopted by MHCS D in February 2019 which established water connection fees (or Capacity Charges) based on a buy-in to existing infrastructure and cost share for future planned assets. Accordingly, all Parties agree that Developers' payment of One Million Five Hundred Thousand Dollars (\$1,500,000.00), as an advance against the amount of water capital connection fees, and the payment of water capital connection fees when and if units in excess of the \$1.5 million credits is exhausted, satisfy Developers' obligation to contribute to the cost of the Municipal Well and Water Tank and related infrastructure. Otherwise, MHCS D is responsible for its staff and consulting costs for engineering, legal, and administrative services expended in connection with study, investigation construction and testing of the Municipal Well and Water Tank. Developers have agreed to prepay a portion of the water connection fees in order to provide MHCS D additional capital to support timely construction of such projects as further specified in Exhibit A.

6.06 Ownership of the Municipal Well and Water Tank

MHCS D shall at all times retain ownership, custody and control of the Municipal Well and Water Tank. The Municipal Well and Water Tank will be fully integrated into the MHCS D's existing water treatment and supply system, which will supply water services to not only the Property, but also the MHCS D's existing and other future customers. Developers shall not be responsible for any defects in workmanship or materials and all necessary maintenance and upkeep of the Municipal Well and Water Tank shall be the sole responsibility of MHCS D. The MHCS D shall be free to operate, manage, expand, and improve the Municipal Well and Water Tank as it deems appropriate.

Section 7. Implementation of this Agreement

7.01 Effective Date

This Agreement shall be deemed in full force and effect on the Effective Date.

7.02 Term

The term of this Agreement shall commence upon the Effective Date and shall extend until the seventh (7th) anniversary of the Effective Date. However, once the grading permit is issued to a parcel within the Property or MHCS D commences physical construction of Municipal Well and Water Tank, the Agreement will continue to exist until the Project is completely developed but the Applicable Laws shall change to laws in effect at the end of seventh anniversary of the Effective Date. The running of this shall be automatically stayed for the period of time during which the Parties apply to a court of competent jurisdiction for relief from a material breach of this Agreement. Furthermore, the running of this term shall be automatically stayed in the event MHCS D is unable to honor its commitment to provide water or sewer service to the Project consistent with the terms and conditions set forth in this Agreement, including conditions as described in Section 7.03, or that result of health and safety considerations that are uniformly applied to all MHCS D customers or any unanticipated changes in potable water or wastewater regulations that mandate MHCS D limit or suspend service until compliance is achieved.

7.03 No Default Where Performance is Impossible

Nonperformance, except any and all payments required to be made by Developers under this Agreement, by Developers or MHCS D hereunder shall not be deemed to be a default if such nonperformance is attributable to events beyond the reasonable control of Developers or MHCS D, such as acts of God, war, strikes, riots, floods, earthquakes, fire, work stoppages, casualties, pandemics, supply-chain interruptions, acts of public enemy, unanticipated changes in potable water or wastewater regulations which mandate, due to no fault or negligence by MHCS D, that MHCS D limit or suspend service until compliance is achieved, the failure of any non-MHCS D governmental entity of competent jurisdiction to issue permits required for the development of the Project, the commencement of litigation by a third party to set aside approval of the Project or this Agreement, or any component thereof, or the issuance of a court order preventing development of the Project.

If a Party's performance has been delayed by any such cause, such Party shall, as soon as possible following the occurrence or date of commencement of such nonperformance but in no event later than sixty (60) days from the date that the Party knew or should have known about the issue causing it to be unable to perform, notify the other Party of the nature and expected duration of such nonperformance, steps to be taken to remedy the nonperformance, and shall thereafter diligently pursue any reasonable and available remedy and keep the other Party informed until such time as it is able to perform is obligations. If MHCS D has provided Developers proper notice and is diligently pursuing all reasonable remedies but, even despite these efforts, MHCS D's service of adequate and reliable water is delayed for two (2) years or more, then Developers may elect to suspend performance of water related obligations under this Agreement and seek water service from the City so long as the City is not the cause of the delay or if the City is subject to the same issue that is causing MHCS D to be unable to perform. MHCS D shall be estopped from objecting to such efforts notwithstanding any language to the contrary in this or any other agreement. In the event Developers so elect, Developers shall be deemed to have waived any claim of monetary damages resulting from MCHSD's inability to perform.

Notwithstanding the foregoing and in addition to all other remedies available under the law, if MHCS D's service of adequate and reliable water is delayed due to MHCS D's default or unexcused failure to perform and service is delayed for more than a total of two hundred and ten (210) days, then Developers shall have the right to seek water service from the City, suspend performance of water related obligations under this Agreement and MHCS D shall be estopped from objecting to such efforts notwithstanding language to the contrary in this or any other agreement. Times of performance under this Agreement may also be extended in writing by Developers and MHCS D pursuant to mutual agreement.

7.04 Processing of Applications and Issuance of Can and Will Serve Letters

So long as a condition does not exist as set forth in Section 7.03 and Developers are not in default under this Agreement, upon execution of this Agreement and payment of all associated and due application processing fees as provided in this Agreement, the MHCS D shall promptly and diligently complete all steps necessary to issue, and shall issue, all Will Serve letters required for each phase of the development of the Project, but not limited to (a) the holding of all required public hearings or meetings, if applicable, and the provision of notice for such public hearings or meetings, and (b) the granting of the requested service.

7.05 Cooperation in the Event of Legal Challenge

If any legal or equitable action or other proceeding is brought by any third party, governmental entity challenging the validity of any provision of this Agreement, the Parties shall cooperate in the defense against such action or proceeding.

7.06 Joint and Several Liability

Developers shall be jointly and severally liable to the MHCS D for all obligations under this Agreement. This Agreement may be enforced against each Applicant individually or among two or more of the Developers.

Section 8. Miscellaneous Provisions

8.01 Notices

All notices, approvals, acceptances, demands and other communications required or permitted under this Agreement shall be in writing and shall be delivered in person or by U.S. mail (postage prepaid, certified, return receipt requested) or by Federal Express or other similar overnight delivery service to the party to whom the notice is directed at the address of such party as follows:

TO MHCS D:

Mission Hills Community Services District
Attn: MHCS D Manager
1550 Burton Mesa Blvd.
Lompoc, CA93436-2100

With a copy to:

Mark Hensley
Hensley Law Group
2600 W. Olive Avenue, Suite 500
Burbank, California 91505

TO DEVELOPERS:

Harris Grade Limited Partnership c/o The Towbes Group
33 E. Carrillo Street #200, Santa Barbara, CA 93101

Harris Grade Partners, LP
c/o Martin Farrell Homes, Inc.
Attn: Jon Martin, Vice President
330 East Canon Perdido, Suite F Santa Barbara, CA 93101

Gherini Burton Ranch, LLC
c/o John Gherini, Manager
1114 State Street, Suite 230, Santa Barbara, CA 93101

The Towbes Group, Inc.
c/o Robert Skinner, CEO
33 E. Carrillo Street #200, Santa Barbara, CA 93101

MJ Land, LLC
c/o Donald M. Jensen
1672 Donlon Street, Ventura, CA 93003

Signorelli Burton Ranch, LLC
c/o Joe A. Signorelli, Jr.
1529 Riverside Drive, Lompoc, CA 93436

With a Copy to:

Olivia K. Marr, Esq.
Fauver, Large, Archbald, Spray LLP
820 State Street, 4th Floor
Santa Barbara, CA 93101

Any written communication given by mail shall be deemed delivered two (2) business days after such mailing date; any written communication given by overnight delivery service shall be deemed delivered one (1) business day after the dispatch date; any delivery in person shall be deemed delivered when delivered to the party *to* whom it is addressed. Either party may change its address by giving the other party written notice of its new address as provided above.

8.02 Covenants Running with the Land

The provisions of this Agreement shall constitute covenants which shall run with the land comprising the Property, and the burdens and benefits hereof shall bind and insure to the benefit of each of the Parties hereto and all successors in interest to the Parties hereto. A Memorandum of this Agreement shall be duly recorded in the Official Records in the County of Santa Barbara.

8.03 Transfer of Property

Developers shall have the right to assign or transfer all or any portion of their interest, rights or obligations under this Agreement or in the Property to third parties acquiring an interest or estate in the Property or any portion thereof. Developers shall be required to provide notice of any proposed or completed assignment or transfer as provided by this Agreement as well as provide the name and contact information for the person that will be the primary point of contact for the Property. If all or any of the portion of the Property is transferred by Developers to any person or entity, the transferee shall succeed to all of Developers' rights under this Agreement as they affect the right to proceed with development of that portion of the Property transferred to the transferee (the "Transferred Property"), and the transferee shall automatically assume all obligations of Developers hereunder which relate to the Transferred Property. A transfer of all or any part of the Property to any other person or entity shall release Developers from their obligations hereunder, so long as they are not in breach of this Agreement or have any outstanding payments due to MHCS D, relating only as such obligations relate to the Transferred Property. All obligations under this Agreement shall be joint and several with regard to the Developers and the Property, except that once a phase is totally completed and all of the obligations of that phase have been satisfied then that phase shall be released from further obligations under this Agreement.

8.04 Development Timing

Except as otherwise provided herein, Developers shall not be required to initiate or complete development of any particular portion of the Project within any period of time. Developers may develop the Property in accordance with the Developers' own time schedule as such schedule may exist from time to time. Entering into this Agreement shall not obligate Developers to make any improvements or otherwise develop the Property, or to develop it to any stage of completion once having commenced construction.

8.05 MHCS D Powers

Nothing herein contained shall be deemed to limit, restrict, or modify any right, duty, or obligation given, granted, or imposed upon MHCS D by the laws of the State of California or federal laws now in effect, or hereafter adopted, nor to limit or restrict the power or authority of MHCS D, including the application of any rules, regulations, policies, resolutions or ordinances to the Project, to the extent that such changes are specifically required to be applied to developments such as the Project by changes in state or federal laws or regulations. In the event that any part of provisions contained in this Agreement or incorporated herein, are found to be illegal or unconstitutional by a court of competent jurisdiction, such findings shall not affect the remaining parts, portions, or provisions hereof.

8.06 Attorneys' Fees

In the event any legal or equitable proceeding is brought, including an action for declaratory relief, which is related in any manner to a material breach of this Agreement, the prevailing party shall be entitled to recover actual attorneys' fees and costs, as may be determined by the court in the same action or in a separate action brought for that purpose. The attorney's fees award shall be made as to fully reimburse the prevailing party for all attorney's fees, paralegal fees, costs and expenses actually occurred in good faith, regardless of the size of the judgment, it being the intention of the Parties to fully compensate for all attorneys' fees, paralegal fees, costs and expenses paid or incurred in good faith.

8.07 Modification

This Agreement may not be modified, amended, or terminated, nor may any term of provision hereof be waived or discharged, except in writing signed by the party against whom such amendment, modification, termination, waiver, or discharge is sought to be enforced.

8.08 Waiver

Any waiver at any time by any party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other breach or default, or any other matter. No waiver of any provision of this Agreement shall be effective unless made in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. No waiver of any

right or remedy with respect to any occurrence or event shall be deemed a waiver of any right or remedy with respect to any other occurrence or event.

8.09 Entire Agreement and Amendment

This Agreement, together with all documents and exhibits referred to herein or attached hereto, contains the entire agreement of the Parties hereto with respect to the matters covered thereby, and no other agreement, statement or promise made by any party hereto or to any employee, officer or agent of any party hereto, which is not contained herein, shall be binding or valid. All prior or contemporaneous agreements or writing between or among the Parties are specifically merged into this Agreement.

8.10 Severability

If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, then to the extent that the invalidity or unenforceability does not impair the application of this Agreement as intended by the Parties, the remaining provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect.

8.11 Approvals Independent

All approvals that the MHCS D may grant pursuant to this Agreement constitute independent actions and approvals by the MHCS D. If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, or if the MHCS D terminates this Agreement for any reason, then such invalidity, unenforceability or termination of this Agreement or any part hereof shall not affect the validity or effectiveness of any approvals. In such cases, such approvals will remain in effect pursuant to their own terms, provisions, and conditions of approval.

8.12 Remedies Specified Herein Are Not Exclusive

The use by any party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

8.13 Estoppel Certificate

Within twenty-one (21) days following any written request which either party may make from time to time, the other party to this Agreement shall execute and deliver to the requesting party a statement certifying that: (i) this Agreement is unmodified and in full force and effect, or if there have been modifications hereto, that this Agreement is in full force and effect as modified and stating the date and nature of such modification, and (ii) there are no outstanding notices of default under this Agreement or specifying the dates and nature of any such default. The failure to deliver such a statement within such time shall constitute a conclusive presumption against the party which fails to deliver such statement that this Agreement is in full force and effect without modification except as may be represented by the requesting party and that there are no

outstanding notices of default in the performance of the requesting party, except as may be represented by the requesting party.

8.14 No Third-Party Beneficiary

This Agreement is made and entered into for the sole protection and benefit of the Parties hereto. No other party shall have any right of action based upon any provisions of this Agreement.

8.15 Applicable Law

The Laws of the State of California shall govern the interpretation and enforcement of this Agreement.

8.16 Further Actions

Each party shall promptly take such further actions and execute and deliver to the others all such other further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other parties the full and complete enjoyment of their rights and privileges hereunder.

8.17 Counterparts and Electronic Signatures

This Agreement may be executed by the Parties on any number of separate counterparts, and all such counterparts so executed constitute one agreement binding on all the Parties notwithstanding that all the Parties are not signatories to the same counterpart. In accordance with Government Code §16.5, the Parties agree that this Agreement, agreements ancillary to this Agreement, and related documents to be entered into in connection with this Agreement, will be considered signed when the signature of a party is delivered by electronic transmission, including by counterparts. Such electronic signature will be treated in all respects as having the same effect as an original signature.

[signatures on the following page]

IN WITNESS WHEREOF, Developers and MHCSD have executed this Agreement as of the date first hereinabove written.

MHCSD:

MISSION HILLS COMMUNITY SERVICES MHCSD

By: _____
Name: _____
Title: Board President

By: _____
Name: _____
Title: Legal Counsel

By: _____
Name: _____
Title: Board Secretary

DEVELOPERS:

HARRIS GRADE PARTNERS, L.P.,
A California limited partnership
[APN 097-250-040 and an undivided 50% interest in 097-250-013]

By: MARTIN FARRELL HOMES, INC.,
A California corporation, General Partner

By: _____
Jon Martin, President

GHERINI BURTON RANCH, LLC, a
California limited liability company, as to an undivided 37.5% interest
[APN 097-250-050, -051, -083 and -084]

By: _____
John Gherini, Manager

SIGNORELLI BURTON RANCH, LLC, a
California limited liability company, as to an undivided 50.00% interest
[APNs: 097-250-050, 097-250-051, 097-250-083 and 097-250-084]

By: _____
Joseph Albert Signorelli, Jr., Manager

THE TOWBES GROUP, INC., a California corporation, as to an undivided 12.5% interest [APNs: 097-250-050, 097-20-051, 097-250-083 and 097-250-084] and an undivided 50% interest [APN 097-250-013]

By: _____

Robert L. Skinner, CEO

MJ LAND, LLC, a California Limited Liability Company
[APNs: 097-250-070, 097-250-085 and 097-250-086]

By: _____

Donald M. Jensen, Managing Member

Exhibit A

WATER CONNECTION FEES AND RELATED CHARGES

ASSIGNED FEES:

Current Capacity Charges

- Water Capacity Charge for 1” meter of \$9,100.00 each Single-Family Residence (337) which shall be increased every 12 months following the Effective Date by the California Construction Cost Index (CCCI)
- Water Capacity Charge for 1” meter of \$6,370.00 per Multi-Family Residence (100) which shall be increased every 12 months following the Effective Date by the CCI
- The Wastewater Agreement contains financial obligations owed to the City of Lompoc for connection to and treatment of wastewater from the Project to the City’s treatment plant. Developers shall be responsible for certain financial obligations as specified in Section 3.02 of this Agreement.

Current Published Rates	
	1” Meter
Water	\$ 8,667.00
Sewer	\$ 7,551.00
Capacity Charge	\$ 16,218.00
Assigned Fees for Developers	
Water	
Single family (337)	\$ 9,100.00
Multifamily (100)	\$ 6,370.00
Sewer	\$ 0
Estimated Total Capacity Charge to Developer Based on Above Rates	\$ 3,703,700.00

Prepayment for Critical Planned Assets

- Reference the 2019 Approved NBS Study for Capacity Charges
- Reference the Final Conceptual Water Supply Technical Memorandum prepared by Stantec dated April 2022.

Developer shall prepay Capacity Charges in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00), minus any previously deposited funds provided pursuant to Section 6.02 of this Agreement, upon issuance of the first grading permit for the Project.

Developers shall be credited for such prepayment on a unit-by-unit basis and shall begin additional payment of Capacity Charges upon issuance of building permits for units once the prepayment is completely utilized. The amount of the Capacity Charge in effect at the time each building permit is pulled

is the amount that shall be debited against the One Million Five Hundred Thousand Dollar (\$1,500,000.00) prepayment. For example, following the initial prepayment Developer could construct (if no CCCI adjustment has occurred) and have meters installed at approximately 164 single family homes (based on a flat capacity charge rate of \$9,100.00 per du) prior to making an additional capacity charge payment. Developers' rights to receive credit towards connection fees are not personal to Developers and shall survive the sale by Developers of all or any portion of Developers' property. Developers' right to receive credit toward connection fees shall be extinguished and transferred upon the sale of the property as subsequent owners of the Developers' property shall be entitled to such credit.

MHCSD In-Lieu of Water Conservation Fee

- The current Ordinance 02-68 has a water conservation fee of Three Hundred and Ten Dollars (\$310.00) and shall remain fixed at said rate for seven (7) years, measured from the date of Developers' first payment of a water connection fee pursuant to this Agreement. Said in lieu fees for multi-units shall be Two Hundred Seventeen Dollars (\$217.00). All such fees shall be paid to MHCSD incrementally for each residential unit at the time that the water connection fee is paid for each such unit.

Water Meter Install

- MHCSD will set water meter(s) upon request at a rate of Four Hundred and Five Dollar (\$405.00) per 1" Meter, after MHCSD has accepted improvements to be dedicated to MHCSD, if applicable. This amount may be increased by MHCSD based upon the actual cost of labor and materials.

Inspection Fee

- MHCSD will hire a Professional Engineer to inspect underground infrastructure at a cost of Two Hundred and Five Dollars (\$205.00) per Single Family Residence to be paid by Developers. This amount may be increased by MHCSD based upon the actual cost of labor and materials.

<ul style="list-style-type: none"> • Other Fees This amount may be increased by MHCSD based upon the actual cost of labor and materials. 			
Water Conservation	\$310	337 Single Family	\$ 104,470.00
Water Conservation	\$217	100 Multi Family	\$ 21,700.00
Water Meters Single Family	\$405	337 Single Family	\$ 136,485.00
Water Meters Multi Family	Actual and reasonable cost charge by MHCSD at the time the permit is pulled.	100 Multi Family	
2" Water Meter - Irrigation	\$36,246		
Inspections	\$205	437	\$ 89,585.00
TOTALS			\$

GENERAL CONDITIONS:

- Remaining Water Capacity Charges paid following full utilization of prepayment funds and upon meter installation for each unit.

Exhibit B

Property Legal Descriptions

097-250-013

THAT PORTION OF LOT 19 OF THE PARTITION OF RANCHO LA PURISIMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID LOT IS SHOWN ON MAP FILED WITH REPORT OF THE REFEREE IN ACTION NO. 642 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ENTITLED "JOHN H. WISE, ET AL., PLAINTIFF VS. RAMONA PALO DE JONES, ET AL., DEFENDANTS", AND DESCRIBED IN THE FINAL DECREE OR PARTITION ENTERED THEREON ON DECEMBER 27, 1884, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL 1 DESCRIBED IN THE DEED TO EDWARD E. NEIMAN, ET UX., RECORDED JUNE 4, 1951 AS INSTRUMENT NO. 8499 IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING A POINT IN THE NORTHWESTERLY LINE OF A ROAD KNOWN AS AND CALLED HARRISTON ROAD; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 1 ABOVE REFERRED TO, NORTH 0°13' WEST 401.23 FEET TO A POINT; THENCE SOUTHEASTERLY TO A POINT IN THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD, WHICH BEARS NORTHEASTERLY MEASURED ALONG SAID ROAD LINE 313.6 FEET FROM THE POINT OF BEGINNING; THENCE SOUTHWESTERLY ALONG THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD 313.6 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

097-250-040

PARCEL ONE:

PARCEL ONE OF PARCEL MAP 10,542 IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 2, AT PAGE 6 OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS INCLUDING DIATOMACEOUS EARTH IN AND UNDER THE ABOVE DESCRIBED LAND, AS RESERVED IN THE DEED EXECUTED BY UNION OIL COMPANY OF CALIFORNIA, ET AL., RECORDED DECEMBER 1, 1910 IN BOOK 129, PAGE 134 OF DEEDS, WITHOUT, HOWEVER, THE RIGHT TO ENTER UPON THE SURFACE AND TO USE ANY PART THEREOF ABOVE A DEPTH OF 500 FEET BELOW THE NATURAL SURFACE THEREOF, AS RELINQUISHED BY UNION OIL COMPANY OF CALIFORNIA BY DEED RECORDED APRIL 14, 1959 AS INSTRUMENT NO. 11573 IN BOOK 1615, PAGE 183 OF OFFICIAL RECORDS.

PARCEL TWO:

AN EASEMENT FOR AN UNDERGROUND WATER PIPE LINE IN AND UNDER THAT PORTION OF LOT 19 OF THE PARTITION OF THE RANCHO MISSION DE LA PURISMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF FILLED WITH THE REPORT OF THE REFEREES IN ACTION NO. 642, IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, ENTITLED JOHN H. WISE, ET AL., PLAINTIFFS, VS. RAMONA MALO DE JONES, ET AL., DEFENDANTS, AND DESCRIBED IN THE FINAL DECREE OF PARTITION ENTERED THEREIN ON DECEMBER 27, 1884, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHEASTERLY LINE OF THE 33.408 ACRE TRACT OF LAND AND THE NORTHWESTERLY LINE OF STATE HIGHWAY ROUTE 1 AS SHOWN ON MAP OF PROPERTY OF ELDON F. HOWERTON FILED IN BOOK 42, PAGE 86 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DISTANT THEREON NORTH 29° 36' 00" EAST (SAID COURSE BEING SHOWN ON SAID MAP AS NORTH 29° 07' 35" EAST) 225.05 FEET FROM THE NORTHEASTERLY TERMINUS OF THE TANGENT CURVE IN SAID LINE HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 109° 23' 46" (SAID CURVE BEING SHOWN ON SAID MAP AS HAVING A RADIUS OF 24.95 FEET AND A CENTRAL ANGLE OF 109° 26' 40"), SAID TERMINUS POINT BEING MARKED BY A 6" X 6" CONCRETE HIGHWAY MONUMENT AS SHOWN ON SAID MAP; THENCE NORTH 60° 24' 00" WEST 189.65 FEET; THENCE SOUTH 54° 26' 56" WEST 163.89 FEET TO A POINT IN THE ARC OF A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1560.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 58° 03' 17" WEST (SAID CURVE BEING SHOWN ON SAID MAP FILED IN BOOK 42, PAGE 86 OF RECORD OF SURVEYS AS HAVING A RADIUS OF 1567.94 FEET AND BEING A PORTION OF THE NORTHEASTERLY BOUNDARY LINE OF LOMPOC-CASMALIA ROAD, SHOWN AS LOMPOC-GUADALUPE ROAD); THENCE NORTH 54° 26' 56" EAST 3.01 FEET TO A POINT IN A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1557.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 58° 03' 42" WEST, SAID CURVE BEING CONCENTRIC WITH THE CURVE ABOVE DESCRIBED AS HAVING A RADIUS OF 1560.00 FEET, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9° 32' 43" AN ARC DISTANCE OF 259.89 FEET TO A POINT IN A LINE THAT IS PARALLEL WITH AND DISTANT NORTHWESTERLY 60.00 FEET FROM THE CENTERLINE OF STATE HIGHWAY ROUTE NO. 1, AS SHOWN ON SAID MAP FILED IN BOOK 42, PAGE 86 OF RECORD OF SURVEYS; THENCE NORTH 29° 36' 00" EAST PARALLEL WITH SAID CENTERLINE 20.47 FEET; THENCE SOUTH 82° 39' 30" WEST 11.25 FEET TO A POINT IN A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1547.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 48° 59' 46" WEST, SAID CURVE BEING CONCENTRIC WITH SAID CURVE ABOVE DESCRIBED AS HAVING A RADIUS OF 1557.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9° 05' 20" AN ARC DISTANCE OF 245.27 FEET TO A POINT IN A LINE THAT BEARS NORTH 54° 26' 56" EAST FROM THE TRUE POINT OF BEGINNING; THENCE SOUTH 54° 26' 56" WEST 10.02 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION LYING SOUTHWESTERLY OF THE ARC OF SAID CURVE ABOVE DESCRIBED AS HAVING A RADIUS OF 25.00 FEET.

097-250-050, 097-250-51

THOSE PORTIONS OF LOTS 19 AND 20 OF THE PARTITION OF THE RANCHO LA PURISSIMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID LOTS ARE SHOWN ON

Exhibit B

THE MAP FILED WITH THE REPORT OF THE REFEREES IN ACTION NO. 642, IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, ENTITLED "JOHN H. WISE, ET AL., PLAINTIFFS, VS. RAMONA MALO DE JONES, ET AL., DEFENDANTS" AND DESCRIBED IN THE FINAL DECREE OF PARTITION ENTERED THEREIN ON DECEMBER 27, 1884, BOUNDED AND DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING AT A POINT ON THE LINE BETWEEN LOTS 11 AND 20 OF THE RANCH MISSION DE LA PURISSIMA WHICH BEARS NORTH 89°58' EAST, 96.3 FEET FROM THE COMMON CORNER OF LOTS 11, 12, 19 AND 20 OF SAID RANCH, SAID POINT BEING ON THE WESTERLY LINE OF HTE ROAD KNOWN AS AND CALLED HARRISTON ROAD;

THENCE SOUTHWESTERLY AND ALONG THE WESTERLY LINE OF SAID ROAD TO A POINT ON THE EASTERLY BOUNDARY LINE OF THE LAND DESCRIBED IN PARCEL TWO HEREIN, PROLONGED SOUTHERLY;

THENCE NORTH 0°13' WEST, 2,412.1 FEET, MORE OR LESS, TO A POINT ON THE NORTH LINE OF LOT 19;

THENCE NORTH 89°58' EAST, 1,313.8 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL ONE DESCRIBED IN THE DEED TO EDWARD E. NEIMAN, ET UX., RECORDED JUNE 4, 1051 AS INSTRUMENT NO. 8499 IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING A POINT IN THE NORTHWESTERLY LINE OF A ROAD KNOWN AS AND CALLED HARRISTON ROAD;

THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL ONE ABOVE REFERRED TO, NORTH 0°13' WEST, 401.23 FEET TO A POINT;

THENCE SOUTHEASTERLY TO A POINT IN THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD, WHICH BEARS NORTHEASTERLY MEASURED ALONG SAID ROAD LINE, 313.6 FEET FROM THE POINT OF BEGINNING;

THENCE SOUTHWESTERLY ALONG THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD, 313.6 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED ON DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THERIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACCT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL

Exhibit B

TO THE PRODUCTION OF FISSIONABLE MATERIAL, RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED APRIL 7, 1948 AS INSTRUMENT NO. 4857 IN BOOK 773, PAGE 380 OF OFFICIAL RECORDS.

PARCEL TWO:

BEGINNING AT THE NORTHWEST CORNER OF A TRACT OF LAND IN SAID RANCHO CONVEYED BY ROBERT W. SMITH AND WIFE, AND LAWRENCE W. SMITH AND WIFE, TO ANTONE SCOLARI, BY DEED DATED NOVEMBER 26, 1910 AND RECORDED IN BOOK 129, PAGE 145 OF DEEDS, RECORDS OF SAID COUNTY:

THENCE SOUTH 0°13' EAST, 2,050.87 FEET;

THENCE SOUTH 89°58' WEST, 1,000 FEET TO THE SOUTHEASTERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO WALTER V. LEPSZYD, DATED APRIL 28, 1948 AND RECORDED MAY 13, 1948 IN BOOK 704, PAGE 286 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY:

THENCE NORTHEASTERLY IN A DIRECT LINE ALONG THE EASTERLY LINE OF LEPSZYD TRACT TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED ON DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THERIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACCT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL, RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED APRIL 7, 1948 AS INSTRUMENT NO. 4857 IN BOOK 773, PAGE 380 OF OFFICIAL RECORDS.

PARCEL THREE:

THOSE PORTIONS OF LOTS 18 AND 19 OF THE PARTITION OF THE RANCHO LA PURISSIMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID LOTS ARE SHOWN ON THE MAP FILED WITH THE REPORT OF THE REFEREES IN ACTION NO. 642, IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, ENTITLED "JOHN H. WISE, ET AL., PLAINTIFFS, VS. RAMONA MALO DE JONES, ET AL., DEFENDANTS" AND DESCRIBED IN THE FINAL DECREE OF PARTITION ENTERED THEREIN ON DECEMBER 27, 1884, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH SURVEY PIPE SET ON THE NORTHWEST CORNER OF A TRACT OF LAND IN SAID RANCHO CONVEYED BY ROBERT W. SMITH AND WIFE, AND LAWRENCE W. SMITH AND WIFE, TO ANTONE SCOLARI, BY DEED DATED NOVEMBER 26, 1910 AND RECORDED IN BOOK 129, PAGE 145 OF DEEDS, RECORDS OF SAID COUNTY, BEING ALSO THE NORTHEAST CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO LAURA D. HENDERSON, DATED

DECEMBER 4, 1951 AND RECORDED DECEMBER 31, 1981 AS INSTRUMENT NO. 20285 IN BOOK 1041, PAGE 44 OF OFFICIAL RECORDS;

THENCE SOUTH 89°58' WEST, ALONG THE NORTHERLY LINE OF SAID HENDERSON TRACT, 228.55 FEET TO A MONUMENT (FEE MR. W.);

THENCE SOUTH 89°51'25" WEST, CONTINUING ALONG SAID NORTHERLY LINE, 1,329.59 FEET TO A POINT WHICH BEARS EASTERLY 75.00 FEET FROM THE CENTER LINE OF THE LOMPOC-GUADALUPE ROAD, MEASURED AT RIGHT ANGLES THEREFROM;

THENCE SOUTH 7°17'15" WEST, PARALLEL WITH AND 75 FEET EASTERLY OF THE CENTER LINE OF SAID LOMPOC-GUADALUPE ROAD, MEASURED AT RIGHT ANGLES THEREFROM, 1,408.76 FEET TO A 1/2 INCH SURVEY PIPE FROM WHICH A 6-INCH BY 6-INCH CONCRETE HIGHWAY MONUMENT BEARS NORTH 82°42'45" WEST, 45.00 FEET;

THENCE NORTH 89°51'25" EAST, 1,060.87 FEET TO A 1/2 INCH SURVEY PIPE SET IN THE FIFTH COURSE OF THE HENDERSON TRACT OF LAND ABOVE MENTIONED;

THENCE NORTH 25°48'08" EAST, ALONG SAID FIFTH COURSE, 1,555.30 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED ON DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THORIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWESTERLY CORNER OF THE PARCEL OF LAND DESCRIBED IN THE DEED TO PIER GHERINI AND JOSEPH J. ROSIO RECORDED MARCH 27, 1958 AS INSTRUMENT NO. 6891 IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE ALONG THE WESTERLY BOUNDARY OF SAID PARCEL OF LAND SOUTH 7°45'30" WEST, 200.55 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID WESTERLY BOUNDARY SOUTH 7°45'33" WEST, 1,208.21 FEET TO THE NORTHWESTERLY CORNER OF THE PARCEL OF LAND DESCRIBED IN THE DEED TO ROBERT THOMPSON AND RONALD BOLAY RECORDED JULY 5, 1960 AS INSTRUMENT NO. 21117 IN BOOK 1755, PAGE 289 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE ALONG THE NORTHERLY BOUNDARY OF SAID LAST MENTIONED PARCEL OF LAND SOUTH 89°40'20" EAST, 7.06 FEET;

Exhibit B

THENCE LEAVING SAID NORTHERLY BOUNDARY, NORTH 7°45'30" EAST, 354.95 FEET;

THENCE NORTH 14°36'04" EAST, 151.00 FEET;

THENCE NORTH 36°34'09" EAST, 114.13 FEET;

THENCE NORTH 3°56'39" EAST, 451.00 FEET;

THENCE NORTH 00°34'46" WEST, 103.44 FEET;

THENCE NORTH 27°14'01" WEST, 61.03 FEET TO THE TRUE POINT OF BEGINNING, AS GRANTED TO THE COUNTY OF SANTA BARBARA BY DEED RECORDED OCTOBER 9, 1975 AS INSTRUMENT NO. 35779 IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS.

097-250-83

BEING A PORTION OF PARCEL 2 DESCRIBED IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS,

THENCE, ALONG THE EASTERLY LINE OF SAID LAND, BEING ALSO THE WESTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09' 39" E, A DISTANCE OF 63.60 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47' 02" W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18' 27" W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55' 57" W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57' 52" W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07' 18" W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID EASTERLY LINE;

THENCE, LEAVING SAID EASTERLY RIGHT OF WAY, S 71° 24' 14" E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36' 48", AN ARC DISTANCE OF 48.86 FEET;

THENCE, S 80° 01' 02" E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17' 30", AN ARC DISTANCE OF 47.03 FEET TO A POINT ON THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE, ALONG THE NORTHERLY LINE OF SAID LAND, S 88° 18' 32" E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 475.00 FEET;

THENCE, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01' 14", AN ARC DISTANCE OF 207.43 FEET;

THENCE, S 63° 17' 18" E, A DISTANCE OF 34.51 TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO A POINT ON THE EASTRLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, AND BEING THE TRUE POINT OF BEGINNING;

THENCE 1ST, LEAVING SAID WESTERLY LINE, S 63° 17' 18" E, A DISTANCE OF 27.44 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET, THE RADIAL CENTER OF WHICH BEARS S 50° 42' 48" E;

THENCE 2ND, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 10° 52' 41", AN ARC DISTANCE OF 151.70 TO THE BEGINNING OF A TANGENT REVERSE CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 3RD, WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 18' 11", AN ARC DISTANCE OF 15.41 FEET;

THENCE 4TH, N 63° 17' 18" W. A DISTANCE OF 1.32 FEET TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 5TH, ALONG SAID EASTERLY LINE, S 27° 40' 37" W, A DISTANCE OF 50.01 FEET;

THENCE 6TH, LEAVING SAID EASTERLY LINE, S 63° 17' 18" E, A DISTANCE OF 3.12 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 7TH, SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 86° 44' 14", AN ARC DISTANCE OF 15.14 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET;

THENCE 8TH, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF S 11° 40' 12", AN ARC DISTANCE OF 162.74 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 9TH, CONTINUING SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 9° 48' 19", AN ARC DISTANCE OF 136.74 FEET;

THENCE 10TH, S 01° 58' 25" W, A DISTANCE OF 33.93 FEET TO THE BEGINNING OF TANGENT CURVE, CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 15.00 FEET;

THENCE 11TH, SOUTHERLY AND WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 89° 51' 42", AN ARC DISTANCE OF 23.53 FEET;

THENCE 12TH, S 02° 03' 37" W, A DISTANCE OF 49.00 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID PARCEL 2;

THENCE 13TH, ALONG THE SOUTHERLY LINE OF SAID PARCEL 2, S 88° 09' 53" E, A DISTANCE OF 871.42 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 2;

THENCE 14TH, ALONG THE EAST LINE OF SAID PARCEL 2, N 01° 31' 33" E, A DISTANCE OF 2049.61 TO THE MOST NORTHERLY CORNER OF SAID PARCEL 2, BEING ALSO THE NORTHEAST CORNER OF SAID LAND DESCRIBED IN SAID BOOK 1512, PAGE 283 OF OFFICIAL RECORDS;

THENCE 15TH, ALONG THE WESTERLY LINE OF SAID PARCEL 2, BEING ALSO THE EASTERLY LINE OF SAID LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, S 27° 40' 37" W, A DISTANCE OF 1618.02 FEET TO THE TRUE POINT OF BEGINNING.

SAID LEGAL IS SHOWN AS LOT D OF LOT LINE ADJUSTMENT NO. LOM 569, RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-0088012 OF OFFICIAL RECORDS OF SAID COUNTY.

097-250-84

BEING A PORTION OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, AND A PORTION OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LAND DESCRIBED IN SAID BOOK 1512, PAGE 283 OF OFFICIAL RECORDS;

THENCE 1ST, ALONG THE NORTH LINE OF SAID LAND, N 88° 07' 48" W, A DISTANCE OF 1558.11 FEET TO THE NORTHWEST CORNER OF SAID LAND, BEING ALSO A POINT ON THE EASTERLY RIGHT OF WAY OF LOMPOC-CASMALIA ROAD (STATE HIGHWAY 1) AS DESCRIBED IN THE EASEMENT GRANT TO THE COUNTY OF SANTA BARBARA, RECORDED IN BOOK 1960, PAGE 823 OF OFFICIAL RECORDS;

THENCE 2ND, ALONG SAID EASTERLY RIGHT OF WAY OF LOMPOC CASMALIA ROAD, S 9° 10'

41" W, A DISTANCE OF 200.53 FEET TO THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE 3RD, ALONG THE EASTERLY LINE OF LAST SAID LAND, BEING ALSO THE EASTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09' 39" E, A DISTANCE OF 63.30 FEET TO AN ANGLE POINT THEREIN;

THENCE 4TH, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47' 02" W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE 5TH, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18' 27" W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE 6TH, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55' 57" W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE 7TH, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57' 52" W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE 8TH, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07' 18" W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID WESTERLY LINE;

THENCE 9TH, LEAVING SAID EASTERLY LINE, S 71° 24' 14" E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 325.00 FEET;

THENCE 10TH, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36' 48", AN ARC DISTANCE OF 48.86 FEET;

THENCE 11TH, S 80° 01' 02" E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 325.00 FEET;

THENCE 12TH, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17' 30", AN ARC DISTANCE OF 47.03 FEET TO A POINT ON THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 13TH, ALONG SAID NORTHERLY LINE, S 88° 18' 32" E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 475.00 FEET;

THENCE 14TH, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01' 14", AN ARC DISTANCE OF 207.43 FEET;

THENCE 15TH, S 63° 17' 18" E, A DISTANCE OF 34.51 FEET TO THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO THE SOUTHERLY PROLONGATION OF THE EASTRLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS;

Exhibit B

THENCE 16TH, ALONG SAID SOUTHERLY PROLONGATION AND SAID EASTERLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, N 27° 40' 37" E, A DISTANCE OF 1618.02 FEET TO THE POINT OF BEGINNING.

SAID LEGAL IS SHOWN AS LOT A OF LOT LINE ADJUSTMENT NO. LOM 569, RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-0088012 OF OFFICIAL RECORDS OF SAID COUNTY.

097-250-085

LOT "B" OF LOT LINE ADJUSTMENT NO. LOM 569, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER CERTIFICATE OF CONFORMITY RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-88012, OFFICIAL RECORDS AND DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, AND A PORTION OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, AND A PORTION OF THE LAND DESCRIBED IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ALL AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA, IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE, ALONG THE EASTERLY LINE OF LAST SAID LAND, BEING ALSO THE WESTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09' 39" E, A DISTANCE OF 63.30 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47' 02" W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18' 27" W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55' 57" W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57' 52" W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07' 18" W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID WESTERLY LINE, BEING THE TRUE POINT OF BEGINNING;

THENCE 1ST, LEAVING SAID EASTERLY RIGHT OF WAY, S 71° 24' 14" E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE 2ND, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36' 48", AN ARC DISTANCE OF 48.86 FEET;

THENCE 3RD, S 80° 01' 02" E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE 4TH, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17' 30", AN ARC DISTANCE OF 47.03 FEET TO A POINT OF THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE 5TH, ALONG THE NORTHERLY LINE OF SAID LAND, S 88° 18' 32" E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 475.00 FEET;

THENCE 6TH, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01' 14", AN ARC DISTANCE OF 207.43 FEET;

THENCE 7TH, S 63° 17' 18" E, A DISTANCE OF 34.51 TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 8TH, LEAVING SAID EASTERLY LINE, S 63° 17' 18" E, A DISTANCE OF 27.44 TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET, THE RADIAL CENTER OF WHICH BEARS S 50° 42' 48" E;

THENCE 9TH, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 10° 52' 41", AN ARC DISTANCE OF 151.70 TO THE BEGINNING OF A TANGENT REVERSE CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 10TH, SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 18' 11", AN ARC DISTANCE OF 15.41 FEET;

THENCE 11TH, N 63° 17' 18" W, A DISTANCE OF 1.32 FEET TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 12TH, ALONG SAID EASTERLY LINE, S 27° 40' 37" W, A DISTANCE OF 50.01 FEET;

THENCE 13TH, LEAVING SAID EASTERLY LINE, S 63° 17' 18" E, A DISTANCE OF 3.12 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 14TH, SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 86° 44' 14", AN ARC DISTANCE OF 15.14 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET;

THENCE 15TH, SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 11°

40° 12", AN ARC DISTANCE OF 162.74 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 16TH, ALONG SAID SOUTH LINE AND ITS EASTERLY PROLONGATION, N 88° 12' 29" W, A DISTANCE OF 897.76 FEET TO SOUTHWEST CORNER OF LAST SAID LAND, BEING ALSO A POINT ON THE EASTERLY RIGHT OF WAY OF LOMPOC-CASMALIA ROAD (STATE HIGHWAY 1) AS DESCRIBED IN THE EASEMENT GRANT TO THE COUNTY OF SANTA BARBARA RECORDED IN BOOK 1960, PAGE 823 OF OFFICIAL RECORDS, BEING THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 1424.88 FEET, THE RADIAL CENTER OF WHICH BEARS N 82° 21' 34" E;

THENCE 17TH, ALONG SAID CURVE AND SAID EASTERLY RIGHT OF WAY OF LOMPOC-CASMALIA ROAD, THROUGH A CENTRAL ANGLE OF 16° 49' 07", AN ARC DISTANCE OF 418.26 FEET TO THE NORTHWEST CORNER OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 18TH, ALONG THE NORTH LINE OF LAST SAID LAND, S 88° 18' 32" E, A DISTANCE OF 7.06 FEET TO THE SOUTHEAST CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE 19TH, ALONG THE EASTERLY LINE OF SAID COUNTY LAND, N 09° 07' 18" E, A DISTANCE OF 98.87 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHATUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA, IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THORIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACT OF 1946, (60 STAT. 761) TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL.

097-250-086

PARCEL 3A:

LOT "C" OF LOT LINE ADJUSTMENT NO. LOM 569, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER CERTIFICATE OF CONFORMITY, RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-88012, OFFICIAL RECORDS AND DESCRIBED AS FOLLOWS:

BEING ALL OF PARCEL 1 OF PARCEL MAP NO. 13,719, AS SHOWN ON THE MAP FILED IN BOOK 46, PAGE 65 OF PARCEL MAPS, AND A PORTION OF PARCEL 2 DESCRIBED IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ALL AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE ALONG THE EASTERLY LINE OF SAID LAND, BEING ALSO THE EASTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09' 39" E, A DISTANCE OF 63.30 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47' 02" W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18' 27" W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55' 57" W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57' 52" W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07' 18" W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID WESTERLY LINE;

THENCE, LEAVING SAID EASTERLY RIGHT OF WAY, S 71° 24' 14" E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36' 48", AN ARC DISTANCE OF 48.86 FEET;

THENCE, S 80° 01' 02" E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17' 30", AN ARC DISTANCE OF 47.03 FEET TO A POINT OF THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE, ALONG THE NORTHERLY LINE OF SAID LAND, S 88° 18' 32" E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 475.00 FEET;

THENCE, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01' 14", AN ARC DISTANCE OF 207.43 FEET;

THENCE, S 63° 17' 18" E, A DISTANCE OF 34.51 TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE

283 OF OFFICIAL RECORDS;

THENCE, LEAVING SAID WESTERLY LINE, S 63° 17' 18" E, A DISTANCE OF 27.44 TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, THE RADIAL CENTER OF WHICH BEARS S 50° 42' 48" E A DISTANCE OF 799.00 FEET;

THENCE, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 10° 52' 41", AN ARC DISTANCE OF 151.70 TO THE BEGINNING OF A TANGENT REVERSE CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE, WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 18' 11", AN ARC DISTANCE OF 15.41 FEET;

THENCE, N 63° 17' 18" W, A DISTANCE OF 1.32 FEET TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE, ALONG SAID EASTERLY LINE, S 27° 40' 37" W, A DISTANCE OF 50.01 FEET;

THENCE, LEAVING SAID EASTERLY LINE, S 63° 17' 18" E, A DISTANCE OF 3.12 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE, SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 86° 44' 14", AN ARC DISTANCE OF 15.14 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET;

THENCE, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 11° 40' 12", AN ARC DISTANCE OF 162.74 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO A POINT ON THE EASTERLY PROLONGATION OF THE NORTH LINE OF SAID PARCEL 1, AND BEING THE TRUE POINT OF BEGINNING;

THENCE 1ST, CONTINUING SOUTHERLY ALONG LAST SAID CURVE, THROUGH A CENTRAL ANGLE OF 9° 48' 19", AN ARC DISTANCE OF 136.74 FEET;

THENCE 2ND, S 01° 58' 25" W, A DISTANCE OF 33.93 FEET, TO THE BEGINNING OF A TANGENT CURVE, CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 15.00 FEET;

THENCE 3RD, SOUTHERLY AND WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF S 89° 51' 42", AN ARC DISTANCE OF 23.53 FEET;

THENCE 4TH, S 02° 03' 37" W, A DISTANCE OF 49.00 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF SAID PARCEL 1;

THENCE 5TH, ALONG SAID SOUTHERLY LINE AND THE EASTERLY PROLONGATION THEREOF, N 88° 09' 53" W, A DISTANCE OF 790.21 FEET TO THE MOST SOUTHWESTERLY CORNER OF SAID PARCEL 1, BEING THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, HAVING

A RADIUS OF 1175.90 FEET, THE RADIAL CENTER OF WHICH BEARS N 73° 47' 52" E;

THENCE 6TH, NORTHERLY ALONG SAID CURVE AND THE WESTERLY LINE OF SAID PARCEL 1, THROUGH A CENTRAL ANGLE OF 01° 01' 13", AN ARC DISTANCE OF 20.94 FEET TO AN ANGLE POINT IN SAID WESTERLY LINE;

THENCE 7TH, CONTINUING ALONG SAID WESTERLY LINE, S 88° 11' 03" E, A DISTANCE OF 280.45 FEET TO AN ANGLE POINT IN SAID WESTERLY LINE;

THENCE 8TH, N 01° 50' 47" E, A DISTANCE OF 213.46 FEET TO THE MOST NORTHWESTERLY CORNER OF SAID PARCEL 1;

THENCE 9TH, ALONG THE NORTHERLY LINE OF SAID PARCEL 1, AND THE EASTERLY PROLONGATION THEREOF, S 88° 12' 29" E, A DISTANCE OF 543.30 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL URANIUM, THORIUM AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5(B) (1) OF THE ATOMIC ENERGY ACT OF 1946 (60 STAT., 761) TO BE PARTICULARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, CONTAINED IN WHATEVER CONCENTRATION IN DEPOSITS IN LANDS ABOVE DESCRIBED, AS RESERVED IN DEED FROM UNITED STATES OF AMERICA, RECORDED IN BOOK 721, PAGE 97 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS INCLUDING DIATOMACEOUS EARTH IN AND UNDER THE ABOVE DESCRIBED LAND.

BY AN INSTRUMENT RECORDED DECEMBER 2, 1985, AS INSTRUMENT NO. 64353, ALL RIGHT TITLE AND INTEREST IN AND TO SAID LAND TO A DEPTH OF 100' WAS QUITCLAIMED BY UNION OIL COMPANY OF CALIFORNIA, A CALIFORNIA CORPORATION.

PARCEL 3B:

A NON-EXCLUSIVE EASEMENT FOR WATER WELL, WATERLINE AND WATER TANK OVER THOSE PORTIONS OF PARCEL 2 OF PARCEL MAP NO. 13,719 SHOWN ON SAID MAP AS "10' EASEMENT FOR WATER WELL, WATERLINE AND WATER TANK IN FAVOR OF PARCEL 1 PER THIS MAP". SAID EASEMENT IS APPURTENANT AND FOR THE BENEFIT OF PARCEL 1 OF PARCEL MAP NO. 13,719.

097-250-070

PARCEL 1A:

PARCEL 2 OF PARCEL MAP NO. 13,719 IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 46, PAGES 64 AND 65 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL URANIUM, THORIUM AND ALL OTHER MATERIALS

Exhibit B

DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACT OF 1946 (60 STAT., 761) TO BE PARTICULARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, CONTAINED IN WHATEVER CONCENTRATION IN DEPOSITS IN LANDS ABOVE DESCRIBED, AS RESERVED IN DEED FROM UNITED STATES OF AMERICA, RECORDED IN BOOK 791, PAGE 97 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS INCLUDING DIATOMACEOUS EARTH IN AND UNDER THE ABOVE DESCRIBED LAND.

BY AN INSTRUMENT RECORDED DECEMBER 2, 1985, AS INSTRUMENT NO. 64353, ALL RIGHT TITLE & INTEREST IN & TO SAID LAND TO A DEPTH OF 100' WAS QUITCLAIMED BY UNION OIL COMPANY OF CALIFORNIA, A CALIFORNIA CORPORATION.

PARCEL 1B:

A NONEXCLUSIVE EASEMENT FOR WATER WELL, WATERLINE, AND WATER TANK OVER THOSE PORTIONS OF PARCEL 1 OF PARCEL MAP NO. 13,719, SHOWN ON SAID MAP AS "10' EASEMENT FOR WATER WEL, WATERLINE & WATER TANK IN FAVOR OF PARCEL 2 PER THIS MAP."

PARCEL 1C:

A NONEXCLUSIVE EASEMENT FOR WATERLINE OVER THAT PORTION OF PARCEL 1 OF PARCEL MAP NO. 13719, BEING 20' IN WIDTH AND LYING 10' ON EITHER SIDE OF THE FOLLOWING DESCRIBED CENTERLINE: THE SOUTHERLY PROLONGATION OF THE COMMON NORTH-SOUTH BOUNDARY LINE BETWEEN PARCEL 1 AND PARCEL 2, WHICH BOUNDARY LINE IS REFERRED TO ON SAID MAP AS "N° 04' 13" W, 213.54", THE SAID SOUTHERLY PROLONGATION OF THE COMMON NORTH-SOUTH BOUNDARY LINE EXTENDING TO THE SOUTH BOUNDARY LINE OF PARCEL 1.

THE EASEMENT DESCRIBED IN PARCEL 1B AND 1C ARE APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 2 OF SAID PARCEL MAP NO. 13,719.

Exhibit C

Payment Schedule

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or before 9/1/2024. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2024	1	\$134,021.85	\$252,065.55	\$145,000.00	Debt - \$386,087.40 Reserve -\$145,000.00
2	9/1/2025	35	\$0	\$0	\$0	\$0
3	9/1/2026	69	\$0	\$0	\$0	\$0
4	9/1/2027	103	\$150,000.00	\$0	\$0	Debt - \$150,000.00
5	9/1/2028	137	\$134,021.85	\$0	\$0	Debt - \$134,021.85
6	9/1/2029	171	\$134,021.85	\$0	\$0	Debt - \$134,021.85
7	9/1/2030	205	\$134,021.85	\$0	\$0	Debt - \$134,021.85
8	9/1/2031	239	\$134,021.85	\$0	\$0	Debt - \$134,021.85
9	9/1/2032	273	\$134,021.85	\$0	\$0	Debt - \$134,021.85
10	9/1/2033	307	\$134,021.85	\$0	\$0	Debt - \$134,021.85
11	9/1/2034	341	\$134,021.85	\$0	\$0	Debt - \$134,021.85
12	9/1/2035	375	\$134,021.85	\$0	\$0	Debt - \$134,021.85
13	9/1/2036	409	\$134,021.85	\$0	\$0	Debt - \$134,021.85
14	9/1/2037	443	\$134,021.90	\$0	\$0	Debt - \$134,021.85
DEBT PAYMENT TOTAL: \$ 1,876,305.95			RESERVE FUND TOTAL: \$145,000.00			

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2024 and 9/1/2025. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owed pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2025	1	\$144,331.23	\$282,993.69	\$145,000.00	Debt – \$427,324.92 Reserve –\$145,000.00
2	9/1/2026	38	\$0	\$0	\$0	\$0
3	9/1/2027	75	\$0	\$0	\$0	\$0
4	9/1/2028	112	\$150,000.00	\$0	\$0	Debt – \$150,000.00
5	9/1/2029	149	\$144,331.23	\$0	\$0	Debt – \$144,331.23
6	9/1/2030	186	\$144,331.23	\$0	\$0	Debt – \$144,331.23
7	9/1/2031	223	\$144,331.23	\$0	\$0	Debt – \$144,331.23
8	9/1/2032	260	\$144,331.23	\$0	\$0	Debt – \$144,331.23
9	9/1/2033	297	\$144,331.23	\$0	\$0	Debt - \$144,331.23
10	9/1/2034	334	\$144,331.23	\$0	\$0	Debt - \$144,331.23
11	9/1/2035	371	\$144,331.23	\$0	\$0	Debt - \$144,331.23
12	9/1/2036	408	\$144,331.23	\$0	\$0	Debt - \$144,331.23
13	9/1/2037	445	\$144,331.19*	\$0	\$0	Debt - \$144,331.19
			DEBT PAYMENT TOTAL: \$ 1,876,305.95		RESERVE FUND TOTAL: \$145,000.00	

*Final Payment on Amortization Schedule states \$144,331.23 but should state \$144,331.19 to reach total of \$1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2025 and 9/1/2026. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2026	1	\$156,358.83	\$319,076.49	\$145,000.00	Debt - \$475,435.32 Reserve-\$145,000.00
2	9/1/2027	41	\$0	\$0	\$0	\$0
3	9/1/2028	81	\$0	\$0	\$0	\$0
4	9/1/2029	121	\$150,000.00	\$0	\$0	Debt - \$150,000.00
5	9/1/2030	161	\$156,358.83	\$0	\$0	Debt - \$156,358.83
6	9/1/2031	201	\$156,358.83	\$0	\$0	Debt - \$156,358.83
7	9/1/2032	241	\$156,358.83	\$0	\$0	Debt - \$156,358.83
8	9/1/2033	281	\$156,358.83	\$0	\$0	Debt - \$156,358.83
9	9/1/2034	321	\$156,358.83	\$0	\$0	Debt - \$156,358.83
10	9/1/2035	361	\$156,358.83	\$0	\$0	Debt - \$156,358.83
11	9/1/2036	401	\$156,358.83	\$0	\$0	Debt - \$156,358.83
12	9/1/2037	441	\$156,358.82*	\$0	\$0	Debt - \$156,358.82
			DEBT PAYMENT TOTAL: \$ 1,876,305.95	RESERVE FUND TOTAL: \$145,000.00		

*Final Payment on Amortization Schedule states \$156,358.83 but should state \$156,358.82 to reach total of \$1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2026 and 9/1/2027. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND	TOTAL
1	9/1/2027	1	\$170,573.27	\$361,719.81	\$145,000.00	Debt - \$532,293.08 Reserve - \$145,000.00
2	9/1/2028	44	\$0	\$0	\$0	\$0
3	9/1/2029	87	\$0	\$0	\$0	\$0
4	9/1/2030	130	\$150,000.00	\$0	\$0	Debt - \$150,000.00
5	9/1/2031	173	\$170,573.27	\$0	\$0	Debt - \$170,573.27
6	9/1/2032	216	\$170,573.27	\$0	\$0	Debt - \$170,573.27
7	9/1/2033	259	\$170,573.27	\$0	\$0	Debt - \$170,573.27
8	9/1/2034	302	\$170,573.27	\$0	\$0	Debt - \$170,573.27
9	9/1/2035	345	\$170,573.27	\$0	\$0	Debt - \$170,573.27
10	9/1/2036	388	\$170,573.27	\$0	\$0	Debt - \$170,573.27
11	9/1/2037	431	\$170,573.25*	\$0	\$0	Debt - \$170,573.25
DEBT PAYMENT TOTAL: \$ 1,876,305.95			RESERVE FUND TOTAL: \$145,000.00			

*Final Payment on Amortization Schedule states \$170,573.27 but should state \$170,573.25 to reach total of \$1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2027 and 9/1/2028. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2028	1	\$187,630.59	\$412,891.77	\$145,000.00	Debt – \$600,522.36 Reserve - \$145,000.00
2	9/1/2029	49	\$0	\$0	\$0	\$0
3	9/1/2030	97	\$0	\$0	\$0	\$0
4	9/1/2031	145	\$150,000.00	\$0	\$0	Debt - \$150,000.00
5	9/1/2032	193	\$187,630.59	\$0	\$0	Debt - \$187,630.59
6	9/1/2033	241	\$187,630.59	\$0	\$0	Debt - \$187,630.59
7	9/1/2034	289	\$187,630.59	\$0	\$0	Debt - \$187,630.59
8	9/1/2035	337	\$187,630.59	\$0	\$0	Debt - \$187,630.59
9	9/1/2036	385	\$187,630.59	\$0	\$0	Debt - \$187,630.59
10	9/1/2037	433	\$187,630.64*	\$0	\$0	Debt - \$187,630.59
DEBT PAYMENT TOTAL: \$ 1,876,305.95			RESERVE FUND TOTAL: \$145,000.00			

*Final Payment on Amortization Schedule states \$187,630.59 but should state \$187,630.64 to reach total of \$1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled after 9/1/2028. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owed pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2029	1	\$208,478.44	\$475,435.32	\$145,000.00	Debt - \$683,913.76 Reserve - \$145,000.00
2	9/1/2030	54	\$0	\$0	\$0	\$0
3	9/1/2031	107	\$0	\$0	\$0	\$0
4	9/1/2032	160	\$150,000.00	\$0	\$0	Debt - \$150,000.00
5	9/1/2033	213	\$208,478.44	\$0	\$0	Debt - \$208,478.44
6	9/1/2034	266	\$208,478.44	\$0	\$0	Debt - \$208,478.44
7	9/1/2035	319	\$208,478.44	\$0	\$0	Debt - \$208,478.44
8	9/1/2036	372	\$208,478.44	\$0	\$0	Debt - \$208,478.44
9	9/1/2037	425	\$208,478.43*	\$0	\$0	Debt - \$208,478.44
			DEBT PAYMENT TOTAL: \$ 1,876,305.95		RESERVE FUND TOTAL: \$145,000.00	

*Final Payment on Amortization Schedule states \$208,478.44 but should state \$208,478.43 to reach total of \$1,876,305.95. Corrected here.

Exhibit D

FORM OF QUITCLAIM DEED

**RECORDING REQUESTED BY:
WHEN RECORDED MAIL TO:**
Mission Hills Community Services District
General Manager
1550 Burton Mesa Boulevard
Lompoc, CA, 93436

(This Space for Recorder's Use Only)

APN:

Fee Exempt per GC Sections 6103 and 27383

EASEMENT QUITCLAIM DEED

The undersigned grantor(s) declare(s):

Documentary Transfer Tax is \$ 0 **R&T 11911**

- Computed on full value of property conveyed, or
 Computed on full value less value of liens and
Encumbrances remaining at time of sale.

FOR A VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged,

MISSION HILLS COMMUNITY SERVICES DISTRICT, a special district organized under the laws of the State of California, ("**Transferor**"),

does hereby remise, release and forever quitclaim to

[_____], a California [_____] ("**Transferee**"),

all right, title, and interest Transferor has in the following described Real Property:

The land described herein is situated in the State of California, County of Santa Barbara, City of Lompoc, and legally described as follows:

SEE EXHIBIT "A," ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

THE PURPOSE OF THIS QUITCLAIM DEED IS TO RELINQUISH ANY AND ALL RIGHT FOR [EASEMENT PURPOSE] OF THAT CERTAIN EASEMENT CREATED BY [INSTRUMENT AND RECORDING DATE/DOC NUMBER].

[SIGNATURES ON FOLLOWING PAGE]

Exhibit D

Executed on _____, 202_
at Lompoc, California

MISSION HILLS COMMUNITY SERVICES DISTRICT,
a California special district

By:

_____, Board President

ATTEST:

_____, District Clerk

EXHIBIT A

Legal Description

Exhibit E

FORM OF EASEMENT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Mission Hills Community Services District
General Manager
1551 Burton Mesa Boulevard
Lompoc, CA 93436

SPACE ABOVE FOR RECORDER'S USE

APN:
APN:

PUBLIC UTILITY EASEMENT DEED

The Undersigned Grantor Declares: DOCUMENTARY TRANSFER TAX \$0* No Consideration [Exempt Gov. Code Sections 6103 and 27383].

- Computed on full value of property conveyed, or
- Computed on full value of items or encumbrances remaining at time of sale,
- Unincorporated area City of Lompoc

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
[_____], a California [_____] (“Grantor”), owner of property in the City of Lompoc, County of Santa Barbara, State of California, as more particularly described in Exhibit A, attached hereto and incorporated herein by reference,

hereby GRANTS to the Mission Hills Community Services District, a special district organized under the laws of the State of California (“Grantee”), the following described interest in Grantor’s property: a perpetual easement and right of way for access over that portion of the Grantor’s property described and depicted in Exhibit B2, respectively, attached hereto and incorporated herein by reference for public utility purposes, including the right to construct, maintain, operate, repair, and replace utility improvements.

[_____] , a California
[_____]

By: _____
Its: _____

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 _____, 202_, 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.

Signature _____ (Seal)

Exhibit A
Legal Description

Exhibit F

Stantec Study

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (“Agreement”) is entered into this ___ day of _____, 2023, by and among the CITY of Lompoc (the “CITY”), the Mission Hills Community Services District (the “DISTRICT”) and The Towbes Group, Inc, a California corporation, Harris Grade Partners, LP, a California limited partnership, MJ Land, LLC, a California limited liability company, Gherini Burton Ranch, LLC, a California limited liability company, and Signorelli Burton Ranch, LLC, a California limited liability company (collectively the “DEVELOPER”) (Each of the foregoing being sometimes referred to herein as a “Party” and collectively referred to herein as “Parties”).

RECITALS

- A. WHEREAS, on or about May 18, 2000, CITY and DISTRICT entered into an Annexation Agreement (“Annexation Agreement”) wherein, among other things, CITY would pursue annexation into its geographical boundaries a defined area now commonly known as Burton Ranch, depicted herein as **Exhibit 1**, and whereby DISTRICT would have the exclusive right to provide potable water and wastewater services to Burton Ranch upon annexation to CITY and DISTRICT; and
- B. WHEREAS, on or about May 4, 2006, the Santa Barbara County Local Agency Formation Commission, hereinafter LAFCO, approved the requested annexation of Burton Ranch to be included within CITY’s boundaries, and, also into DISTRICT’S service area.
- C. WHEREAS, DEVELOPER, proposes to develop Burton Ranch with up to approximately 476 single family and multi-family homes pursuant to that certain Burton Ranch Specific Plan adopted February 2006 and as further amended and modified from time to time; (Project) and
- D. WHEREAS, DEVELOPER intends to begin grading of the Project in early 2024 and construction of the first phase of the Project in or about fall 2024, with subsequent phases staggered thereafter; and
- E. WHEREAS, in 2006, DISTRICT and DEVELOPER entered into a development agreement (“District Development Agreement”) for DISTRICT to provide potable water and wastewater services to Burton Ranch, and which expired in 2014; and
- F. WHEREAS, in 2007, DEVELOPER and CITY entered into a development agreement (“City Development Agreement”) regarding development of Burton Ranch and which pursuant to subsequent amendments is effective until May 31, 2024; and
- G. WHEREAS, following expiration of the District Development Agreement, DEVELOPER and DISTRICT attempted negotiations regarding terms for the DISTRICT to provide potable water and wastewater services to Burton Ranch but such negotiations were unsuccessful; and

- H. WHEREAS, in 2019, a dispute arose between the Parties wherein CITY generally contended that DISTRICT does not have the ability to provide water and wastewater services to Burton Ranch and/or that the cost of the DISTRICT providing such services would make the Project infeasible; and
- I. WHEREAS, on or about July 2, 2020, CITY filed a civil complaint against DISTRICT in the Santa Barbara County Superior Court, case number 20CV02225 (the “Action”), alleging, *inter alia*, that DISTRICT does not have the capacity to provide potable water and wastewater services to the proposed Burton Ranch project and sought to provide said services itself; and
- J. WHEREAS, on or about February 9, 2021, CITY filed a Second Amended (and currently operative) Complaint alleging four causes of action: (1) Breach of Contract regarding the DISTRICT’S ability to perform under the Annexation Agreement ;(2) Rescission of the Annexation Agreement based on Mistake of Fact regarding the DISTRICT’S ability to perform under the Annexation Agreement; (3) Rescission of the Annexation Agreement based on Public Policy alleging the DISTRICT was preventing needed housing from being constructed; and (4) Declaratory Relief seeking the court resolve whether the CITY has the authority to provide water and wastewater services to Burton Ranch; and
- K. WHEREAS, DISTRICT categorically disputes each and every one of CITY’s contentions in the Action and asserts that it can provide potable water and wastewater services to Burton Ranch as needed (the recitals in I., J. and K. are hereinafter referred to as the “Dispute”); and
- L. WHEREAS, CITY and DISTRICT have engaged in extensive litigation and formal discovery, but agreed to stay such efforts while participating in settlement negotiations;
- M. WHEREAS, CITY, DISTRICT and DEVELOPER have engaged in extensive and good faith negotiations regarding providing water and wastewater services to the Burton Ranch, and
- N. WHEREAS, CITY owns, operates and maintains a Regional Wastewater Reclamation Plant (“Treatment Plant”) in order to provide services to properties within its service area, and if available capacity exists, then to others by agreement; and
- O. WHEREAS, CITY can and will have the capacity within its Treatment Plant to treat wastewater from anticipated, full development of the Project and
- P. WHEREAS, DISTRICT owns and operates potable water wells and water and is prepared to provide water services to Burton Ranch and construct infrastructure necessary for such service pursuant to the terms and conditions set forth in a separate agreement by and among DISTRICT and DEVELOPER; and

- Q. WHEREAS, DISTRICT agrees to provide wastewater services to Burton Ranch pursuant to the terms and conditions set forth in a separate agreement and enter into agreement with the CITY to treat such wastewater at the Treatment Plant; and
- R. WHEREAS, the Parties desire to enter into this Agreement to settle the Dispute, conclude the Action, and to agree that the CITY will provide wastewater treatment services to DISTRICT for purposes of treating wastewater from Burton Ranch and DISTRICT will provide wastewater and potable water services to Burton Ranch; and
- S. NOW, THEREFORE, for good and valuable consideration, CITY, DEVELOPER and DISTRICT mutually agree as follows:

SETTLEMENT AND RELEASE AGREEMENT

Now therefore, in consideration of the foregoing Recitals and the other good and valuable consideration discussed herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. That the Parties hereby fully incorporate by this reference the recitals set forth above.
2. Water and Wastewater Facilities Development Agreement. That DISTRICT and DEVELOPER have engaged in good faith negotiations resulting in a Water and Wastewater Facilities Development Agreement (“District Agreement” - a copy of which attached hereto as **Exhibit 2** and incorporated by this reference), whereby DISTRICT shall provide potable water services and wastewater services to Burton Ranch, and which shall be executed by DISTRICT and DEVELOPER concurrently with this Agreement.
3. Wastewater Services Agreement. The CITY and DISTRICT have engaged in good faith negotiations resulting in a Wastewater Services Agreement (a copy of which attached hereto as **Exhibit 3** and incorporated by this reference) and which shall be executed by CITY and DISTRICT concurrently with this Agreement.
4. Entitlements. Upon execution of the Agreement, DEVELOPER and CITY will continue to work diligently, cooperatively, and expeditiously, as reasonably possible, to process any applications for amendment to existing Project entitlements and additional Project entitlements, including any analysis required by the California Environmental Quality Act (“CEQA), needed to effectuate the Burton Ranch Development (“Revised Project Entitlements”.) DEVELOPER recognizes and acknowledges that the CITY is under no obligation to approve the Revised Project Entitlements, or any environmental review document prepared in connection with the application, and CITY reserves all of its discretion and the full measure of its police powers to evaluate, approve, conditionally approve, or deny the Revised Project Entitlements on their merits in accordance with applicable procedures, standards and requirements.
5. Dismissal. That within 7 days of the court issuing an Order retaining or declining to retain jurisdiction pursuant to Paragraph 11 below or within thirty (30) days after full

execution of this Agreement whichever is the first to occur, the DISTRICT and CITY shall jointly file with the Superior Court a dismissal of the Action with prejudice.

6. CITY Release. That the CITY, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties hereto and their respective past, present, and future elected owners, officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as “District Releasees and Developer Releasees Releasees”), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys’ fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

7. Mutual Indemnification. Intentionally Omitted.

8. DISTRICT Release. That the DISTRICT, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties and the their respective past, present, and future elected officers, owners, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as “CITY Releasees and DEVELOPER Releasees”), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys’ fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

9. DEVELOPER Release. That the DEVELOPER, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties hereto and their respective past, present, and future elected owners, officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as “CITY Releasees and DISTRICT Releasees”), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys’ fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have

arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

10. Waiver of California Civil Code § 1542. That as further consideration and inducement for this compromised settlement, the Parties hereby knowingly waive any and all rights that they may have under the provisions of California Civil Code §1542 concerning the Claim and the Action and the allegations asserted therein, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTION OF THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

11. Court Retains Jurisdiction per California Civil Code § 664.6. CITY and DISTRICT agree that their respective obligations to each other under this Agreement and the concurrently executed Wastewater Services Agreement are fully incorporated hereto and are to be interpreted in a manner consistent with each other with the intent of providing water and wastewater services to Burton Ranch. Although the Wastewater Services Agreement may be enforced by binding arbitration, CITY and DISTRICT specifically request their respective obligation to each other under this Agreement and the Wastewater Services Agreement be enforced pursuant to Code of Civil Procedure Section 664.6. CITY and DISTRICT intend this stipulation for settlement to be binding and enforceable and that this writing may be used as evidence of that intent. CITY and DISTRICT further agree that within (5) business days after full execution of this Agreement and the Wastewater Services Agreement, counsel for the CITY shall prepare and circulate for execution by CITY and DISTRICT a Stipulation and [proposed] Order for the court to retain jurisdiction over CITY and DISTRICT to enforce their respective obligations pursuant to this Agreement and the Wastewater Services Agreement, and will construe such agreements pursuant to and under the laws of the State of California. If the court refuses to retain jurisdiction, such shall not effect this Agreement and it and the Exhibits hereto will remain in full force and effect.

12. Attorneys' Fees. That in the event either Party is forced to commence an action to enforce the terms of this Agreement, the prevailing party in such an action, as determined by the Court, shall be entitled to receive its reasonable attorneys' fees incurred, as well as all litigation expenses.

13. Waiver of Costs. The Parties agree to bear their own costs and to waive any and all claims to costs, expenses, or fees that arise out of or relate to the Action, except as explicitly stated herein.

14. Compromise of Disputed Claim. That the Parties understand and agree that this Agreement is the compromise of a disputed claim, and that this compromise and release is

not to be construed as an admission of liability on wrongdoing on the part of any Party, which is expressly denied.

15. Understanding/Explanation. That the Parties affirm and acknowledge that they have read the terms of this Agreement and that they understand its words, terms and their effect, and they further appreciate and agree that this is a full and final compromise and release of any and all claims, demands or causes of action whether known or unknown concerning the Controversies and the subject matter set forth in the Action. The Parties further acknowledge, warrant and agree that each has had an opportunity to receive independent advice from legal counsel regarding the meaning of any and all terms in this Agreement prior to his execution of the Agreement.

16. Severability. In the event that any material part of this Agreement is determined by a court of competent jurisdiction to be unlawful and unenforceable, then the entire Agreement shall be deemed void and the parties shall be returned to the same position as they were in before this Agreement being executed and becoming effective.

17. No Promises. That each Party acknowledges that no agent, attorney or representative for the other Party has made any promises, representations or warranties, except as stated herein, to induce them to enter into this Agreement.

18. Authority to Enter Into Agreement. That each Party hereto acknowledges and agrees that it has the authority to execute and deliver this Agreement and that this Agreement constitutes a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with the terms hereof. Each person signing this Agreement in a representative capacity represents and warrants that he or she is authorized to make the attendant representations for the Party on whose behalf he or she is signing, that such Party agrees to be bound by the terms and conditions of this Agreement, and that, prior to executing this Agreement, such Party has taken all actions necessary for this Agreement to be enforceable against it. The CITY warrants and represents that this Agreement, and all exhibits and terms stated herein, were reviewed and approved by the Lompoc CITY Council prior to the CITY's execution of this Agreement. The DISTRICT warrants and represents that this Agreement, and all exhibits and terms stated herein, were reviewed and approved by the DISTRICT's Board of Directors prior to the DISTRICT's execution of this Agreement. The DEVELOPER warrants and represents that this Agreement, and all exhibits and terms stated herein, were reviewed and approved by the entities and persons that comprise the DEVELOPER prior to the DEVELOPER's execution of this Agreement.

19. Integration. That this Agreement contains the entire agreement between the Parties hereby and its terms supersede all prior discussions or agreements between them, except the Annexation Agreement shall continue to be in full force and effect. If any part of this Agreement is determined to be unenforceable, the remaining provisions shall be enforced. Any modification to this Agreement shall be in writing and executed by all Parties.

20. Governing Law. That this Agreement is governed by and shall be interpreted under the laws of the State of California.

21. Construction. That the language in all parts of this Agreement in all cases shall be construed in accordance with its fair meaning, as if prepared by all of the Parties to this Agreement and not strictly for or against any of the Parties. The legal doctrine of construction of ambiguities against the drafting party shall not be employed in any interpretation of this Agreement. This Agreement is deemed to have been drafted jointly by the Parties such that any uncertainty or ambiguity is not to be construed against any one of the parties hereto.

22. Headings. That the headings and titles to paragraphs and sections within this Agreement are for reference and convenience only. They shall not enter into the interpretation hereof, and shall not be construed to modify or effect the written language contained within the paragraphs and sections of the Agreement.

23. Counterparts and Electronic Signatures. This Agreement may be executed by the Parties on any number of separate counterparts, and all such counterparts so executed constitute one agreement binding on all the Parties notwithstanding that all the Parties are not signatories to the same counterpart. In accordance with Government Code §16.5, the Parties agree that this Agreement, agreements ancillary to this Agreement, and related documents to be entered into in connection with this Agreement, will be considered signed when the signature of a party is delivered by electronic transmission, including by counterparts. Such electronic signature will be treated in all respects as having the same effect as an original signature.

24. Press Release. That upon execution of this Agreement by all Parties, the CITY, DEVELOPER and DISTRICT shall jointly draft and agree upon an official press release that respects the interests of both parties without giving credit, blame or advantage to one Party of the other.

[Signature Pages Follow]

SETTLEMENT AND RELEASE AGREEMENT

WE HAVE EXECUTED THIS AGREEMENT ON THE DATE BELOW WRITTEN, EFFECTIVE UPON EXECUTION AND DELIVERY BY ALL PARTIES.

Date _____, 2023

DEVELOPERS

Harris Grade Partners, LP, a California limited partnership

By: Martin Farrel Homes, Inc., a California corporation, its General Partner

By: Jon Martin, President

MJ Land, LLC, a California limited liability company

By: Donald Jensen, Managing Member

Gherini Burton Ranch, LLC, a California limited liability company

By: John Gherini, Manager

The Towbes Group, Inc., a California corporation

By: Michelle Konoske, President

Signorelli Burton Ranch, LLC, a California
limited liability company

By: Joseph Albert Signorelli, Jr., Manager

CITY OF LOMPOC

Date: _____, 2023

By: _____

Its: _____

**MISSION HILLS COMMUNITY
SERVICES DISTRICT**

Date: _____ 2023

By: _____

Its: _____

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

Date: _____, 2023

By: _____

Stephen R. Onstot
Attorneys for the CITY of Lompoc

HENSLEY LAW GROUP

Date: _____, 2023

By: _____
Mark D. Hensley
Attorneys for Mission Hills Community
Services District

Exhibit 1 Burton Ranch Development Area



Imagery provided by Microsoft Bing and its licensors © 2023.

20-11004 EFS

Exhibit 2
Water and Wastewater Facilities Services Agreement

Exhibit 3
Wastewater Services Agreement

execution of this Agreement whichever is the first to occur, the DISTRICT and CITY shall jointly file with the Superior Court a dismissal of the Action with prejudice.

6. CITY Release. That the CITY, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties hereto and their respective past, present, and future elected owners, officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as “District Releasees and Developer Releasees Releasees”), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys’ fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

7. Mutual Indemnification. Intentionally Omitted.

8. DISTRICT Release. That the DISTRICT, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties and the their respective past, present, and future elected officers, owners, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as “CITY Releasees and DEVELOPER Releasees”), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys’ fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

9. DEVELOPER Release. That the DEVELOPER, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties hereto and their respective past, present, and future elected owners, officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as “CITY Releasees and DISTRICT Releasees”), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys’ fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have

arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

10. Waiver of California Civil Code § 1542. That as further consideration and inducement for this compromised settlement, the Parties hereby knowingly waive any and all rights that they may have under the provisions of California Civil Code §1542 concerning the Claim and the Action and the allegations asserted therein, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTION OF THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

11. Court Retains Jurisdiction per California Civil Code § 664.6. CITY and DISTRICT agree that their respective obligations to each other under this Agreement and the concurrently executed Wastewater Services Agreement are fully incorporated hereto and are to be interpreted in a manner consistent with each other with the intent of providing water and wastewater services to Burton Ranch. Although the Wastewater Services Agreement may be enforced by binding arbitration, CITY and DISTRICT specifically request their respective obligation to each other under this Agreement and the Wastewater Services Agreement be enforced pursuant to Code of Civil Procedure Section 664.6. CITY and DISTRICT intend this stipulation for settlement to be binding and enforceable and that this writing may be used as evidence of that intent. CITY and DISTRICT further agree that within (5) business days after full execution of this Agreement and the Wastewater Services Agreement, counsel for the CITY shall prepare and circulate for execution by CITY and DISTRICT a Stipulation and [proposed] Order for the court to retain jurisdiction over CITY and DISTRICT to enforce their respective obligations pursuant to this Agreement and the Wastewater Services Agreement, and will construe such agreements pursuant to and under the laws of the State of California. If the court refuses to retain jurisdiction, such shall not effect this Agreement and it and the Exhibits hereto will remain in full force and effect.

12. Attorneys' Fees. That in the event either Party is forced to commence an action to enforce the terms of this Agreement, the prevailing party in such an action, as determined by the Court, shall be entitled to receive its reasonable attorneys' fees incurred, as well as all litigation expenses.

13. Waiver of Costs. The Parties agree to bear their own costs and to waive any and all claims to costs, expenses, or fees that arise out of or relate to the Action, except as explicitly stated herein.

14. Compromise of Disputed Claim. That the Parties understand and agree that this Agreement is the compromise of a disputed claim, and that this compromise and release is

The Towbes Group, Inc., a California corporation

By: Michelle Konoske, President

Signorelli Burton Ranch, LLC, a California
limited liability company

By: Joseph Albert Signorelli, Jr., Manager

CITY OF LOMPOC

Date: _____, 2023

By: _____

Its: _____

**MISSION HILLS COMMUNITY
SERVICES DISTRICT**

Date: _____ 2023

By: _____

Its: _____

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

Date: _____, 2023

By: _____

Stephen R. Onstot
Attorneys for the CITY of Lompoc

HENSLEY LAW GROUP

Date: _____, 2023

By: _____
Mark D. Hensley
Attorneys for Mission Hills Community
Services District



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Mission Hills Community Services District Board of Directors

FROM: Brad Hagemann, General Manager

DATE: June 21, 2023.

SUBJECT: Discuss and Consider Approval of Consultant Services Agreement with NBS for Preparation of Updated Water and Sewer Connection Fees or Provide Other Direction to staff

Recommendation:

The Board of Directors Consider approval of Consultant Services Agreement with NBS for Updating the District's Water and Sewer Connection Fees or Provide Other Direction to staff

Fiscal Impact:

The District's FY 2023/2024 Budget has available funding in the approved budget to fund the Professional Services Agreement.

Discussion:

At the May 24, 2023 Board meeting, the Directors authorized staff to enter into a contract for updating the District's Water and Sewer Connection fees, provided the cost of the contract was less than \$25,000. Several days after the Board meeting, staff received the attached proposal from NBS to update the District's Connection Fees at a cost of \$44,750 and a schedule of approximately four months.

Based on this proposed cost, staff reached out to the consultant that completed the District's 2021 Water and Sewer Cost of Services and 5-year rate study, and asked them to prepare a proposal and cost estimate to update the District's Connection Fees. The consultant anticipates that they can have a proposal to the District within the next three to four weeks. Staff anticipates, but cannot confirm, that the cost from the District's previous rate study consultant will likely be lower than the NBS proposal.

The Board of Directors can move forward with updating the Water and Sewer Connection Fees pursuant to the NBS proposal, or the Board can wait to review a second proposal and make a decision at a later meeting.

Attachments:

- 1) May 30, 2023, Proposal from NBS, Water and Wastewater Capacity Charge Study.

Aerial view of Mission Hills Community
Services District via Google Earth



MISSION HILLS COMMUNITY SERVICES DISTRICT

Proposal for:

**Water and Wastewater Capacity
Charge Study**

May 30, 2023



nbsgov.com



32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516
nbsgov.com

May 30, 2023

Brad Hagemann
General Manager
Mission Hills Community Services District
1550 E. Burton Mesa Blvd.
Lompoc, CA 93436

RE: Proposal for Water and Wastewater Capacity Charge Study

Dear Mr. Hagemann,

Thank you for the opportunity to submit this proposal to prepare a Water and Wastewater Capacity Charge Study for Mission Hills Community Services District (the "CSD"). We understand that this project is very important to the District.

Throughout this study, we will focus on working with you and your team as partners, providing the technical expertise necessary to develop capacity charges that will best fit your needs, maintain the CSD's financial position while managing growth in the service area, and meet current industry methodology standards. We are prepared to complete the project on an efficient timeline.

Our goal throughout the process is to provide clear reasoning and simple answers to your questions and concerns. This transparency will carry through all of our work, providing the CSD with the tools to communicate and report to the Board of Directors and the CSD's stakeholders.

This proposal lays out NBS' approach to the project and provides background information on the team's experience as it relates to this effort. Please contact me at 800.676.7516 or via email at smares@nbsgov.com if you have any questions or would like to discuss our professional qualifications further. We would genuinely like to work on this project and help the CSD move forward successfully.

Sincerely,

Sara Mares
Director


Jeremy Tamargo
Project Manager

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1 | COMPANY OVERVIEW

**NBS**™ AT-A-GLANCE: HELPING COMMUNITIES FUND TOMORROW

27 YEARS In Business **100% ESOP** NBS is a 100% employee-owned S-Corporation

NBS HEADQUARTERS
32605 Temecula Pkwy | Suite 100
Temecula, CA 92592

SAN FRANCISCO REGIONAL OFFICE
870 Market Street | Suite 1223
San Francisco, CA 94102

CONTACT
Jeremy Tamargo | 800.676.7516
jtamargo@nbsgov.com

LEGAL NAME NBS Government Finance Group **DBA** NBS **59** EMPLOYEES

INDIVIDUAL AUTHORIZED TO NEGOTIATE AGREEMENT
Michael Rentner, President

Since 1996, NBS has supported California municipalities with the implementation and ongoing administration of local funding tools.

While the firm originally focused on Special Financing Districts (SFDs), specifically the formation and administration of special assessments and taxes, we have evolved with our clients' needs and now provide a full range of revenue consulting services. We focus on sustainable water and wastewater utility rate programs, cost allocation plans, cost recovery, and legally justified fee design. Across all practice areas, we have worked with more than **500 public agencies** to date, including cities, counties, school districts, utilities, and special districts.

Utility Rate Group

The NBS Utility Rate Group ensures your utility rates, system capacity fees, and financial plans provide an appropriate level of funding and are also justifiable in a fluid legal and regulatory environment.

500 STUDIES PERFORMED

We act as strong advocates for our many utility clients to ensure that rates and fees address the multitude of challenges facing each community. Just ask the municipalities where we have performed more than 500 studies!

PROP 218 COMPLIANT

Once study results are in, we support you through the Proposition 218 approval process. Working within legal and industry standards, we partner with you to implement solutions for the most challenging financial issues.



Throughout the process, we strive to educate the public, manage community expectations, and work within the often-confusing legal framework to develop the best solutions for your utility. Our analytical support and expert consultants help agency staff and legal counsel navigate the practical and legal challenges.

2 | PROJECT UNDERSTANDING

We understand that the CSD needs to update its water and wastewater capacity charges to reflect the cost of infrastructure needed to serve new customers. This update will lay the groundwork for facilities planning and financing efforts that can help maintain quality public services and the financial stability of the CSD's water and wastewater utilities in the coming decades.

NBS will rely on the CSD's capital improvement plans, existing asset records, and customer growth projections to develop updated capacity charges.

Overview of Capacity Charges - Capacity charges are intended to ensure that future customers pay their "fair share" of the current system assets funded by current ratepayers, plus the costs of new facilities needed to serve them. In its simplest form, capacity charges are the result of dividing the cost (or value) of the system's current capacity plus planned capital improvements, by the expected number of new customers. However, it should be noted that this study will define the maximum amount that can be charged for new connections. Some agencies chose to adopt charges that are less than the maximum, particularly when current ratepayers may benefit from additional customers in the system (e.g., if it would decrease monthly bills for current ratepayers) and when the Board wants to encourage future development.

The following will be key aspects in developing water and wastewater capacity charges for the CSD:

- **Calculation Methodology** – As noted above, in general, the capacity charge is designed to recover both (1) the "buy-in" component, whereby future customers pay for their fair share of existing system assets and (2) the "incremental" component, where future customers pay for the costs of all planned (or "incremental") system facilities required to provide them sufficient capacity in the system. This is referred to as the "Combination Approach".
- **System Asset Values** - An important aspect of different approaches is how they estimate the value of system assets (e.g., pumping, collection, treatment, etc.). For example, current book values typically underestimate the "true value" of facilities, while a replacement-cost-less depreciation approach usually provides a better estimate of the true value of assets.
- **Allocation of Asset Values** - Once the value of the system assets is estimated, these asset values are divided by the system capacity, typically measured in equivalent dwelling units (EDU's) for wastewater utilities and hydraulic capacity (meter size) for water utilities.
- **Customer Growth Projections** - The future period over which the costs of planned improvements are included should be reviewed. For example, some agencies plan for full "build-out"; however, it may make more sense to include a 10-20 year planning period that corresponds to the CSD's capital improvement program. Depending on the methodology used to estimate asset values and the number of future customers, there can be significant differences in the highest to lowest capacity charges calculated. NBS will work with CSD staff to determine the approach that will best meet its needs.

3 | SCOPE OF SERVICES

This section outlines the tasks planned for this study.

TASK 1: KICK-OFF MEETING AND DATA COLLECTION

At the kick-off meeting, we will work with CSD staff to obtain necessary data and review study objectives, tasks, and schedule. Task deliverables include:

- Data request provided to CSD staff prior to the kick-off meeting.
- Review of initial data provided.
- Kick-off meeting with CSD staff via teleconference or web meeting.
- Preliminary schedule for meetings and project deliverables.

The data the CSD will need to provide includes number of existing customer accounts by customer class, financial data typically reported in financial statements such as cash balances and fixed asset data, outstanding debt information, capital improvement plans and master plans.

TASK 2: DEVELOP AND ALLOCATE EXISTING AND FUTURE SYSTEM ASSET VALUES

The actual methodology of estimating the value of existing system assets (for example, collection, pumping, and treatment) is important to the outcome. As noted above, we will use the replacement-cost-less depreciation approach to estimate the value of the CSD's assets as it the best estimate of the true value of system assets. To do so, we will use either the Handy-Whitman Index of Public Utility Construction Costs, which is a regionally specific index that tracks costs for water utility construction, or the Engineering News Record Construction Cost Inflation Index. The District can use the inflation factors going forward, so that capacity charges can keep pace with cost inflation.

NBS will incorporate the planned capital improvement program costs from the 2005 Master into the analysis. Once the values of the existing and planned system assets are estimated, these values are allocated to existing and future customers. NBS will assess the equity of how these values are allocated, and will work with the CSD to determine an appropriate allocation.

TASK 3: CALCULATE CAPACITY CHARGES

The total costs allocated to growth (or value of the system assets available to serve future customers) are then divided by the number of future customers, as determined by the system capacity available to serve growth. This calculation determines the maximum cost the CSD can charge for a new connection.

NBS will consider two methods of estimating the capacity available to future customers: (1) calculate all available remaining capacity, and (2) calculate expected number of units that would be added to the system. This second approach could be less than the available remaining capacity. For example, if there are 1,000 EDU's of remaining capacity in the system, but realistic growth is only 500 EDU's, then the smaller number would be used to calculate the capacity charge. Based on this analysis, NBS will review the new capacity charges with CSD staff and recommend the alternative that best meets its needs.

TASK 4: MEETINGS WITH CSD STAFF

NBS will hold virtual progress meetings with CSD staff to review work products and gain input from Staff on the direction of the study. We also expect to have regular phone/virtual conversations with CSD Staff to discuss how the study is proceeding, solicit input on the study, to review and discuss the study's results and recommendations.

TASK 5: PUBLIC PRESENTATIONS

NBS will provide up to two (2) public presentations, as needed to support the capacity charge adoption processes. As a part of these presentations, NBS will answer questions, present the approval process and receive general input from the Board and public. We will prepare all presentation materials, including a PowerPoint presentation, graphics, charts and handouts. We expect to attend these meetings virtually, however, NBS staff can attend in person subject to the optional in-person meeting fee presented below.

TASK 6: PREPARE STUDY REPORT

NBS will prepare a study report that summarizes the results of the study and the new water and wastewater capacity charges. An executive summary and introduction will present the purpose of the report and results of the study. Tables and charts will be used as appropriate, but the emphasis will be on providing a clear and concise report that will provide the CSD with a thorough administrative record that addresses:

- Findings and recommendations of the study.
- A statement identifying the purpose of the charge and types of facilities funded.
- Overall study methodology, with reference to industry standards as needed.
- Existing and future facility costs available to accommodate growth.
- Service area population and the anticipated growth.
- Schedule of new water and wastewater capacity charges.

We will provide an electronic file in Microsoft Word format of the draft report for the CSD's review and comment. Once we have received the CSD's comments¹, we will incorporate those comments into a final report.

¹We assume CSD staff's comments will be in an electronic Microsoft Work file using track-changes mode.

4 | PROJECT TEAM

Key Personnel

NBS' staff include 59 professionals with extensive experience in the fields of finance, management, engineering, and local governance. The staff selected for Mission Hills Community Services District's Water and Wastewater Capacity Charge Study are those most qualified based on their experience and backgrounds. The following is a brief overview of NBS' proposed consulting team. Our team members work together seamlessly allowing your staff to focus on other priorities.

NBS Project Team Organization



All work will be performed in-house by the above employee-owners of NBS.

JEREMY TAMARGO, PROJECT MANAGER

Role and Responsibilities: Jeremy Tamargo will lead the work efforts as project manager. He will work closely with the CSD to review the overall approach, develop rate alternatives, and suggest creative solutions to consider. Jeremy will direct analytical efforts of the project team and monitor the schedule and delivery of work products to the CSD's satisfaction. He will be available for meetings with CSD staff and public presentations for this project.

Work Experience: Jeremy Tamargo is a professional engineer licensed in the State of Oregon and has an application in technical review with the California Board for Professional Engineers, Land Surveyors, and Geologists for comity licensure in the State of California. He has extensive experience in both the public and

private sectors in civil engineering design as well as preparing utility master plans for municipal agencies in both Oregon and Washington. In his role as Assistant City Engineer at City of Tigard, Jeremy managed the City's System Development Charge program for the Public Works Department, which was used to pay for the installation, construction, extension, and expansion of the City's water, sanitary, sewer, stormwater, park and transportation systems. A member of the American Society of Civil Engineers, he is solutions-oriented and has a passion for focusing on excellence and sustainability on every project. Jeremy has a Master of Science in Environmental Engineering from Syracuse University and a Bachelor of Science in Civil Engineering from University of Notre Dame.

ALLAN HIGHSTREET, SENIOR REVIEW

Role and Responsibilities: Allan Highstreet will provide additional experience in water and sewer rate making and provide senior technical review on this project. He will be available as needed throughout the project to assist the project team with the analysis and technical issues as they arise.

Work Experience: Allan Highstreet has 41 years of experience in the water industry where he was a senior vice president managing water resource planning and development projects for Jacobs Engineering (previously CH2M Hill). Allan's four decades of experience includes preparing water and sewer rate and capacity fee studies, and he provides invaluable experience to the NBS project team for this engagement. His academic background includes a BS in Agricultural Business and a MS in Agricultural Economics.

JORDAN TAYLOR, UTILITY RATE CONSULTANT

Role and Responsibilities: Jordan Taylor is on staff with NBS and has more than a decade of project experience. She will support the project team in performing financial plan analysis, consumption data analysis and validation, cost of service analysis and calculations, and develop the rate design and funding alternatives.

Work Experience: Jordan Taylor has a Bachelor of Science degree in Chemistry and a master's degree in Business Administration with an emphasis in Finance. She offers more than 10 years of accounting experience along with extensive knowledge of financial analysis and budget planning. Jordan has completed more than 40 similar studies across California.

TIM SEUFERT, CLIENT SERVICES DIRECTOR

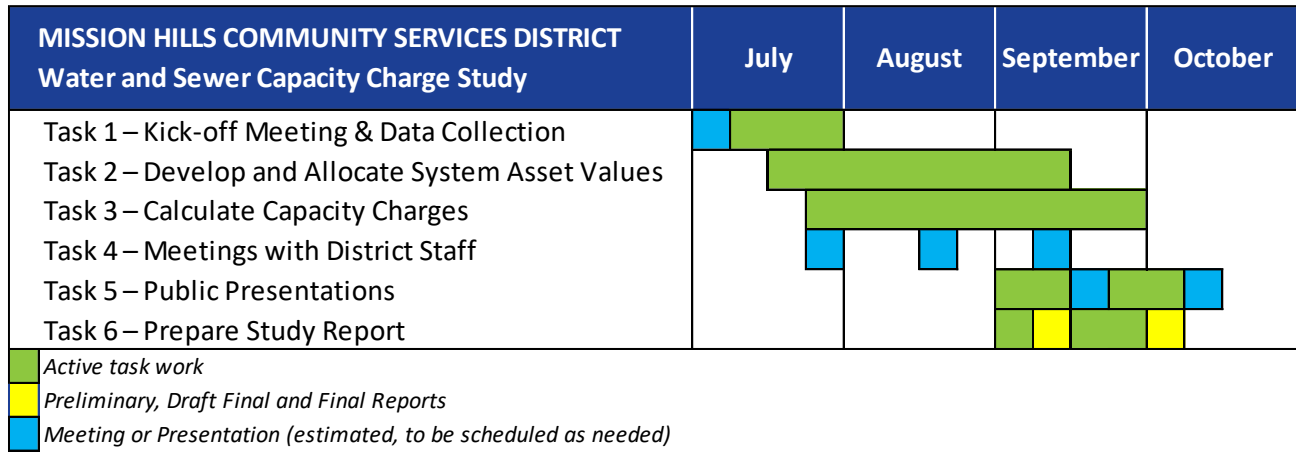
Roles and Responsibilities: As Client Services Director, Tim Seufert will ensure that the CSD's fundamental objectives are being met at all times and that the project is proceeding on a timely basis. He is included on the team as an active representative of our company's commitment to the highest level of service.

Work Experience: Tim Seufert has two decades of local government experience with a wide variety of revenue tools. He also has a decade of corporate financial experience. Tim has been involved with many projects from their inception and feasibility stage to their completion. He has been a presenter at dozens of training seminars, and he is an author on local government finance issues for the California League of Cities, the California Special Districts Association, California Society of Municipal Finance Officers, and other forums.

5 | PROJECT SCHEDULE

The following is an overview of our proposed project schedule. We will discuss a detailed schedule at the kick-off meeting, along with the expected timing for individual tasks.

PROJECT SCHEDULE FOR THE MISSION HILLS COMMUNITY SERVICES DISTRICT



6 | COST PROPOSAL

Our professional fees are based on our understanding of Mission Hills CSD’s needs and the effort we believe is necessary to complete the scope of services described in our proposal. Work will be performed on a time and materials basis, at the hourly labor rates show in the budget table below, with a not-to-exceed fee of \$44,750. **Additional services requested**, such as additional public meetings or additional rate or fee alternatives, can be provided based on these hourly labor rates. All tasks would be mutually agreed upon by NBS and the CSD prior to proceeding.

MISSION HILLS COMMUNITY SERVICES DISTRICT Water and Sewer Capacity Charge Study Project Budget	Consultant Labor (Hours)				Grand Totals	
	Technical Review (Highstreet)	Project Manager (Tamargo)	Consultant (Taylor)	Project Analyst	Consultant Labor (Hrs.)	Consultant Costs (\$)
<i>Hourly Rate</i>	\$250	\$225	\$175	\$150		
Task 1 – Kick-off Meeting & Data Collection	-	4.0	4.0	8.0	16.0	\$2,800
Task 2 – Develop and Allocate System Asset Values						
Task 2.1 – Water	1.0	10.0	14.0	8.0	33.0	6,150
Task 2.2 – Sewer	1.0	10.0	14.0	8.0	33.0	6,150
Task 3 – Calculate Capacity Charges						
Task 3.1 – Water	1.0	14.0	20.0	12.0	47.0	8,700
Task 3.2 – Sewer	1.0	14.0	20.0	12.0	47.0	8,700
Task 4 – Meetings with CSD Staff	-	8.0	8.0	8.0	24.0	4,400
Task 5 – Public Presentations	-	12.0	10.0	-	22.0	4,450
Task 6 – Prepare Study Report	2.0	4.0	8.0	4.0	18.0	3,400
Task Totals	6.0	76.0	98.0	60.0	240.0	\$44,750
Fee per Optional In-Person Meeting						\$1,500



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Mission Hills Community Services District Board of Directors

FROM: Brad Hagemann, General Manager

DATE: June 21, 2023.

SUBJECT: Discuss and Consider Approval of Consultant Services Agreement with Stantec Engineering for Design and Preparation of Bid Documents for water system improvements to support the Burton Ranch Development Project

Recommendation:

Staff recommends that the Board of Directors approve of Consultant Services Agreement with Stantec for Engineering Services for Design and Preparation of Bid Documents for water system improvements to support the Burton Ranch Development Project for a cost not to exceed \$235,500.

Fiscal Impact/Discussion:

The Burton Ranch Development Agreement includes a provision that the Development Group will provide funding for this engineering work. The Development Group will provide an initial sum of \$50,000 and provide additional funding as needed to cover monthly invoice costs from Stantec. The project engineering costs will be deducted from the \$1.5 million advance Connection Fees, due to the District at the time the Development Group pulls their first grading permit.

Based on Stantec's previous engineering support work for the District, including their 2022, Burton Ranch Alternative Water Supply Project and their recent survey work, staff recommends that retaining Stantec to perform these engineering tasks will be the most cost effective way to complete this work. Staff recommends that the Board of Directors approve entering into a Consultant Services Agreements with Stantec for engineering design services for the Burton Ranch water system improvements, in an amount not to exceed \$235,500.

Attachments:

1) Draft Agreement for consulting services including Stantec's June 1, 2023 Proposal for said engineering services.

AGREEMENT FOR CONSULTANT SERVICES

This AGREEMENT FOR CONSULTANT SERVICES (“Agreement”) is made and effective as of June 21, 2023, between **STANTEC CONSULTING SERVICES INC.** (“Consultant”), and the **MISSION HILLS COMMUNITY SERVICES DISTRICT**, a political subdivision of the State of California (“District”). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. TERM

This Agreement shall commence on June 21, 2023 and shall remain and continue in effect until the services and tasks set forth in Section 2, below, have been completed, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Consultant shall perform the tasks described in and comply with all terms and provisions set forth in Consultant’s proposal dated June 1, 2023 (“Consultant’s Proposal”), attached hereto as Exhibit “A,” and incorporated herein by this reference.

3. PERFORMANCE

Consultant shall at all times faithfully, competently and to the best of his/her ability, experience and talent, perform all tasks described herein. Consultant shall employ, at a minimum generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Consultant hereunder in meeting its obligations under this Agreement.

4. AGREEMENT ADMINISTRATION

District’s General Manager shall represent District in all matters pertaining to the administration of this Agreement. Consultant’s Project Manager, Carrie Poytress, shall represent Consultant in all matters pertaining to the administration of this Agreement.

5. PAYMENT

The District agrees to pay the Consultant for its service in accordance with the payment rates and terms set forth in Exhibit “B,” attached hereto and incorporated herein by reference, in monthly progress payments based on time spent on each task.

6. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

(a) The District may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall

immediately cease all work under this Agreement, unless the notice provides otherwise. If the District suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the District shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the District. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the District pursuant to Section 5.

7. TERMINATION ON OCCURRENCE OF STATED EVENTS

This Agreement shall terminate automatically on the occurrence of any of the following events:

- (a) Bankruptcy or insolvency of any party;
- (b) Sale of Consultant's business;
- (c) Assignment of this Agreement by Consultant without the consent of District;
or
- (d) End of the Agreement term specified in Section 1.

8. DEFAULT OF CONSULTANT

(a) The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, District shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

(b) If the District Manager or his/her delegate determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, he/she shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the District shall have the right, notwithstanding any other provision of this Agreement to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

9. **LAWS TO BE OBSERVED.** Consultant shall:

(a) Procure all permits and licenses, pay all charges and fees, and give all notices which may be necessary and incidental to the due and lawful prosecution of the services to be performed by Consultant under this Agreement;

(b) Keep itself fully informed of all existing and proposed federal, state and local laws, ordinances, regulations, orders, and decrees which may affect those engaged or employed under this Agreement, any materials used in Consultant's performance under this Agreement, or the conduct of the services under this Agreement;

(c) At all times observe and comply with, and cause all of its employees to observe and comply with all of said laws, ordinances, regulations, orders, and decrees mentioned above;

(d) Immediately report to the District's General Manager in writing any discrepancy or inconsistency it discovers in said laws, ordinances, regulations, orders, and decrees mentioned above in relation to any plans, drawings, specifications, or provisions of this Agreement; and

(e) The District, and its officers, agents and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

10. **OWNERSHIP OF DOCUMENTS**

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by District that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of District or its designees at reasonable times to such books and records; shall give District the right to examine and audit said books and records; shall permit District to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the District and may be used, reused, or otherwise disposed of by the District without the permission of the Consultant. With respect to computer files, Consultant shall make available to the District, at the Consultant's office and upon reasonable written request by the District, the

necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

11. **INDEMNIFICATION**

(a) Indemnification for Professional Liability. When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless District and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or subcontractors (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this agreement.

(b) Indemnification for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless District, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

(c) General Indemnification Provisions. Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this agreement. In the event Consultant fails to obtain such indemnity obligations from others as required here, Consultant agrees to be fully responsible according to the terms of this section. Failure of District to monitor compliance with these requirements imposes no additional obligations on District and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend District as set forth here is binding on the successors, assigns or heirs of Consultant and shall survive the termination of this agreement or this section.

(d) Indemnification for Design Professional Services. Notwithstanding anything herein to the contrary, to the fullest extent permitted by law for all design professional services arising under this Agreement, Consultant shall indemnify, protect, defend and hold harmless District and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs which arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

12. **INSURANCE**

Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit "C," attached hereto and incorporated herein as though set forth in full.

13. **INDEPENDENT CONSULTANT**

(a) Consultant is and shall at all times remain as to the District a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither District nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the District. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against District, or bind District in any manner.

(b) No employee benefits shall be available to Consultant in connection with performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, District shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for District. District shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

14. **UNDUE INFLUENCE**

Consultant declares and warrants that no undue influence or pressure was or is used against or in concert with any officer or employee of the Mission Hills Community Services District in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the Mission Hills Community Services District will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the District to any and all remedies at law or in equity.

15. **NO BENEFIT TO ARISE TO LOCAL EMPLOYEES**

No member, officer, or employee of District, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the project performed under this Agreement.

16. **RELEASE OF INFORMATION/CONFLICTS OF INTEREST**

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without District's prior written authorization. Consultant, its officers, employees, agents, or subcontractors, shall not without written authorization from the General Manager or unless requested by the District Counsel, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the District. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives District notice of such court order or subpoena.

(b) Consultant shall promptly notify District should Consultant, its officers, employees, agents, or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the District. District retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with District and to provide the opportunity to review any response to discovery requests provided by Consultant. However, District's right to review any such response does not imply or mean the right by District to control, direct, or rewrite said response.

17. **NOTICES**

Any notice which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To District: General Manager
 Mission Hills Community Services District
 1550 Burton Mesa Blvd
 Lompoc, CA 93436

Copy to: Timothy J. Carmel
 Carmel & Naccasha, LLP
 694 Santa Rosa Street
 San Luis Obispo, CA 93401

To Consultant: Stantec Consulting Services, Inc.
200 East Carrillo Street, Suite 101
Santa Barbara, CA 93101

18. **ASSIGNMENT**

The Consultant shall not assign the performance of this Agreement, nor any part thereof, without the prior written consent of the District.

19. **GOVERNING LAW**

The District and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the superior or federal district court with jurisdiction over the Mission Hills Community Services District.

20. **ENTIRE AGREEMENT**

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

21. **TIME**

District and Consultant agree that time is of the essence in this Agreement.

22. **CONTENTS OF PROPOSAL**

Consultant is bound by the contents of Consultant's Proposal, Exhibit "A," attached hereto and previously incorporated herein. Should any of the terms of Consultant's Proposal conflict with the terms of this Agreement, the terms of this Agreement shall prevail.

23. **CONSTRUCTION**

The parties agree that each has had an opportunity to have their counsel review this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto. The captions of the sections are for convenience and reference only, and are not intended to be construed to define or limit the provisions to which they relate.

24. **AMENDMENTS**

Amendments to this Agreement shall be in writing and shall be made only with the mutual written consent of all of the parties to this Agreement.

25. **AUTHORITY TO EXECUTE THIS AGREEMENT**

The person or persons executing this Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

MISSION HILLS COMMUNITY SERVICES DISTRICT

STANTEC CONSULTING SERVICES, INC.

By: _____
Brad Hagemann, General Manager

By: _____
Carrie Poytress, Project Manager

ATTEST:

Lupe Huitron, Board Secretary

By: _____
Venu Kroll, Regional Leader

Approved As To Form:

Timothy J. Carmel, District Counsel

EXHIBIT A
CONSULTANT'S PROPOSAL



June 1, 2023
File: 184031566

Attention: Mr. Brad Hagemann
Mission Hills Community Services District
1550 E. Burton Mesa Blvd.
Lompoc, CA 93436
bh@mhcsd.org

Dear Mr. Brad Hagemann,

Reference: Mission Hills CSD Municipal Well and Water Tank- Construction Documents

Stantec is pleased to submit this proposal to provide engineering and surveying services for the Mission Hills Community Service District (Mission Hills CSD; District) Municipal Well and Water Tank project per the Burton Ranch Development Agreement.

Project Understanding

Mission Hills CSD is required to design and construct a municipal well and raw water storage tank on Mission Hills CSD property to augment their existing water system. The well needs to be designed to produce not less than 520 gallons per minute and the tank shall have a capacity of not less than 390,000 gallons per the Burton Ranch Development Agreement.

The District selected the existing baseball field behind the Mission Hills CSD administration building as the location for the proposed raw water storage tank and the area west of the existing sewage ponds for proposed Well No. 8. Mission Hills CSD is working with Rick Hoffman, the District's hydrogeologist that will indicate the exact location of the proposed Well No. 8, design the well, and select the well pump.

A building is proposed around the proposed Well No. 8. Piping is needed to connect the proposed Well No. 8 and existing wells to the proposed raw water tank. A proposed booster pump station is required on the tank outlet piping to pull raw water from the proposed raw water tank and pump it to the existing Mission Hills CSD water treatment plant on the northside of Burton Mesa Boulevard. The proposed booster pump station will be located near the proposed raw water storage tank.

Description of Work

Based on the request from you, we understand the following scope of work will be required for this project:

Reference: Mission Hills CSD Municipal Well and Water Tank- Construction Documents

Task 1 Site Mapping and Investigation

1.1 Topographic Mapping

We will perform conventional and/or GPS topographic field survey of the proposed waterline alignments, tank site, and well site. Topographic surveying and mapping will locate pavement, curbs, driveways, walks, building corners, and visible surface utilities (accessible sewer and storm drain manholes will be opened and the invert elevation, pipe size and pipe material will be noted), together with topographic features such as crowns, flow lines, grade breaks, etc. Pavement and surface materials will also be identified. Trees larger than 6" in diameter (measured at chest height) will be located and shown on the map along with detail information such as walls, signs, surface material limits, and USA markings, if available.

Note: In areas where the topography poses a safety risk, we will interpret elevations based on available ground measurements.

1. Create an AutoCAD drawing for the project base map, including surveyor's notes and legend. The scale of the base map will be 1" = 20' with a 1-foot contour interval.
2. Mapping will be based on the California State Plane Coordinate System of 1983 (CCS83), and the North American Vertical Datum of 1988 (NAVD88) based on ties to the Lompoc Valley Control Network as shown on the Record of Survey filed in Book 172, Page 004 filed in the County Surveyor's Office and the Datum Shift report dated July 2008 filed with the District of Lompoc.
3. Locate upstream and downstream gravity utility lines beyond the topographical mapping boundary (storm drain and sanitary sewer) inlets/outlets and invert elevations of all crossing gravity utilities. Approximate size of pipe entering/exiting manhole will be noted.
4. Establish semi-permanent survey control points (Iron Pipes with caps, magnetic nails in pavement or scribed "+" in concrete, etc.) along alignment for use by contractor during construction.
5. Create an AutoCAD drawing for the project base map, including a title sheet with surveyor's notes, vicinity map, and legend. The scale of the base map is proposed to be 1" = 20' with a 1-foot contour interval.

Deliverables:

- Survey deliverable will be included as part of 60% design submittal.

1.2 Incorporate Boundary Mapping

The property boundaries were previously mapped and recorded as part of the Record of Survey dated July 2022. The Record of Survey will be used and added to the AutoCAD drawing basemap and a note regarding how the boundary was computed will be added to the title sheet for this project.

1.3 Utility Research and Base Mapping

Stantec will perform a record search utilizing USA Dig Alert and available record drawings. Using the USA Dig Alert database and our contacts with the various agencies, we will request available as-built data, and request information on existing facilities and available future planned projects in the area that may potentially impact the proposed construction schedule.

Reference: Mission Hills CSD Municipal Well and Water Tank- Construction Documents

Mission Hills CSD will collect information on District-owned facilities record drawings and will provide this information to Stantec electronically.

We will plot the information received from Mission Hills CSD and utility providers to prepare the utility base map.

Deliverables:

- Utility information will be included on the basemap as part of the 60% design submittal.

Task 2 Geotechnical Investigation

A geotechnical investigation will be provided by Earth Systems.

To evaluate the subsurface conditions at the proposed raw water storage tank site, one boring will be drilled to a maximum depth of 50 feet below the ground surface (bgs), as conditions dictate and allow. The boring will be drilled with a truck-mounted GtechDrill Model GT8 drill rig equipped with 6-inch hollow stem auger and an automatic trip hammer for sampling. During drilling, samples will be obtained as appropriate using a ring-lined barrel sampler (ASTM D355-17 with shoe similar to D2937-17) and a standard penetrometer sampler (ASTM D1586-18). Soils will be classified in general accordance with the Unified Soil Classification System (ASTM D2488-17). If bedrock is encountered, its properties will be described based upon observation of ring and/or standard penetration samples, observation of the spoils, the effort required to drill into the bedrock, and the energy required to drive samplers into the bedrock. Bulk samples will be secured from the auger cuttings. The boring will be backfilled with soil cuttings. We assume that excess cuttings generated by the drilling operations can be spread at the surface on the site. Copies of the boring logs and a boring location map will be included in the report.

Soil samples obtained from the boring will be tested in the laboratory to determine various engineering properties. The final numbers and types of tests to be performed will be determined depending on the subsurface conditions encountered. The following laboratory tests are anticipated:

1. In situ moisture and density
2. Maximum density and optimum moisture
3. Expansion index
4. Cohesion and angle of internal friction by direct shear

The field and laboratory data will be reviewed by a registered Professional Engineer and evaluated with respect to development of geotechnical criteria for the project. The supervising geotechnical engineer for this project will be Robert Down, PE with Earth Systems. The following items will be addressed in the geotechnical engineering report:

1. Soil, bedrock, and groundwater conditions encountered
2. Preparation of the project areas prior to construction
3. Grading criteria
4. Utility trench backfill
5. Types and depths of shallow foundations
6. Maximum allowable bearing and lateral capacities

Reference: Mission Hills CSD Municipal Well and Water Tank- Construction Documents

7. 2022 California Building Code (CBC) seismic criteria (General Procedure)
8. Liquefaction potential
9. Estimated total and differential settlement
10. Drainage around improvements
11. Observation and testing

Information gathered during the geotechnical investigation will be compiled into a geotechnical engineering report for the project. The report is intended to fulfill the requirements of Sections 1803.1 through 1803.6, J104.3 and J104.4 of the 2022 California Building Code; and common geotechnical engineering practice in this area under similar conditions currently.

It is our intent that the report will be used exclusively by the client to form the geotechnical basis of the design of the project and in the preparation of plans and specifications. One digital copy (.pdf format) of the final report will be provided to the client. Additional electronic copies of the report will be forwarded to others as directed.

The final report will not address issues in the domain of the contractor such as, but not limited to, site safety, subsidence of the site due to compaction, loss of volume due to stripping of the site, shrinkage of soils during compaction, excavatability, shoring, temporary slope angles, construction means and methods, etc. Testing of the soil for corrosion potential, radioisotopes, lead or mold potential, items containing asbestos (natural or in man-made products), hydrocarbons, toxic substances, or other chemical properties are all beyond the scope of the proposed geotechnical investigation. Ancillary structures or features such as LID/BMP improvements, drainage basins, temporary access roads, fences, signage, and nonstructural fills are also not within our proposed work scope. Our proposed work scope does not include any testing for toxic substances, as may be required by the State Department of Toxic Substance Control.

Deliverables:

- Draft Geotechnical Report
- Final Geotechnical report

Task 3 Operational Analysis

Stantec will prepare an Operational Analysis memo to document the existing wells operations and discuss potential changes that may be needed for the existing wells to pump to into the proposed raw water tank instead of at the higher pressure directly through the water treatment plant. The memo will also discuss the potential for the wells to bypass the proposed raw water tank.

Task 4 Design Documents

We will prepare construction plans and CSI technical specifications in the District's format. The final design will conform to requirements of Federal, State, and Local codes, ordinances, and regulations. Front end specifications will be provided by the District, however, we will coordinate relevant information to compile the final bid package. The construction plans will be prepared for 24" x 36" size sheets. We anticipate submittals of plans and specifications at 60%, 90%, and a final bid submittal. We anticipate the plan set will include pipeline alignment plan and profile, tank and booster pump station site plan, well site plan, structural

Reference: Mission Hills CSD Municipal Well and Water Tank- Construction Documents

details including maintenance pads and tank ring foundation wall, mechanical and pumping details, and electrical and control details.

Stantec will prepare a detailed and itemized opinion of probable construction cost for the proposed facilities, which will be updated and submitted at the 90% and final bid design submittals.

We will meet with the District virtually after the 60% and 90% submittals to review and discuss the District comments and questions. The comments will be incorporated into the next submittal. Table 1 shows the estimated number of plans for each discipline.

Table 1- Final Plans

Discipline	Estimated Number of Plan Sheets
General	One (1) Title sheet and one (1) sheet index and notes
Civil	Three (3) plan and profile sheets, one (1) overall site plan, two (2) grading plans, and three (3) detail sheets
Mechanical	Two (2) sheets for the well piping Three (3) sheets for the tank, piping design, and details Two (2) sheets for the pump station and details
Structural	Six (6) sheets for the well building including details and notes Four (4) sheets for the raw water tank including details and notes
Electrical	Three (3) sheets
Total	31 sheets

4.1 General, Civil, and Mechanical

Stantec will prepare the general, civil, and mechanical design drawings and specifications based on our previous experience with the District and project site meeting discussions. Stantec will coordinate with the District’s hydrogeologist for the well location, well design, and well pump size. Stantec will prepare an overall site plan using the topographic survey and basemap for the civil design that can also be used by structural and electrical as backgrounds.

4.2 Structural

Van Sande Structural Consultants will provide structural design services for this project. Van Sande will use the geotechnical report to design the tank foundation, tank anchorage, and the well house with a removeable roof. The structural scope of work includes the following:

1. Coordinate and consult with Stantec during design development and Construction Document phases.
2. Provide architectural and structural engineering plans, details, specifications, and calculations as necessary to obtain building permits for the project. All work will be in conformance with the most recent seismic codes, geotechnical criteria, and structural material specifications.
3. Provide construction cost estimating.

Reference: Mission Hills CSD Municipal Well and Water Tank- Construction Documents

4. Respond to plan check comments. Two rounds of plan check responses are included.

4.3 Electrical

Alan Nolle Engineering (ANE) will provide electrical design services for this project. The electrical scope of work includes the following:

1. Electrical construction documents including electrical plans, symbols list, panel schedules, one line diagram, note specifications on the plans, light fixture schedule, lighting Title 24 documentation, miscellaneous details as required by the Engineer or plan check authority, and any changes required by the plan check authority to obtain a building permit.
2. Electrical will use the civil basemap for the background.
3. All low voltage, AV, fire alarm, and communications systems are considered outside the scope of this work. Raceways, backboards, and line voltage power shall be provided based on requirements given to us.
4. This proposal excludes any coordination & arc flash calculations or studies.
5. This proposal includes utility coordination. We assume the most cost-effective solution will be a new electric service from PG&E. These fees include the work to coordinate that.

Deliverables (Electronic to District PM):

- 60%, 90%, and Final bid drawing sets (PDF to District)
- 90% and Final opinion of probable costs and technical specifications (PDF and Word file to District PM)

Task 5 Project Management

Project management subtask includes the following responsibilities, not limited to:

5.1 Project Management/ Project Meetings

Stantec will provide an experienced, trained project manager to lead the project and act as the key point of contact for the Stantec team. The project management task will include the following key sub-tasks:

1. General project coordination and communication
2. Management of scope, schedule, and budget to ensure project is progressing as planned.
3. Preparation of monthly progress reports and invoices to the Mission Hills CSD and participation in frequent teleconferences throughout the project (including schedule and budget updates)
4. Attend a site walk ahead of design.
5. Conduct scheduled progress meetings (kickoff meeting and progress meetings at the 60%, 90%, and final design stages)
6. Coordination of internal quality control and quality assurance of the deliverable documents
7. Project closeout activities and final delivery and approval of the project

Stantec will invite key, select staff members to participate in the kick-off and design review meetings with the Mission Hills CSD. We will have staff members versed in the various disciplines of public works for

Reference: Mission Hills CSD Municipal Well and Water Tank- Construction Documents

which this scope of work entails. Participation in meetings with the Mission Hills CSD will be part of the project management task.

Deliverables (Electronic to Mission Hills CSD):

- Meeting Agendas and Notes
- Project Reports and Invoices
- Project Schedule

5.2 Quality Assurance/ Quality Control

Stantec will develop and implement proven QA/QC measures throughout the project to ensure ongoing and consistent quality control throughout all project phases. As part of the QA/QC measures, Stantec will capture comments from review meetings and submittals, and thoroughly check the work product to ensure that comments are addressed.

SERVICES NOT INCLUDED

The following services and all other services not specifically listed herein are excluded:

1. Governmental and public agency fees.
2. Sub-surface utility detection or potholing services.
3. Title Company reports, services, and fees.
4. Well Design will be provided by Rick Hoffman, hydrologist.
5. Corrosion protection design for the tank. If during final design, corrosion protection design is required, we will be happy to provide a proposal for this work.
6. Instrumentation and Controls design and integration with the existing SCADA system.
7. Bidding services. We would be happy to provide an additional scope of work if this service is requested.
8. Engineering support during construction and construction administration. We would be happy to provide an additional scope of work if this service is requested.
9. Construction management services (change order, pay applications, dispute management and cost control).
10. Storm Water Pollution Prevention Plan (SWPPP). This will be the responsibility of the contractor.
11. Record drawings. We would be happy to submit a proposal for these services after the project has been constructed.
12. Environmental services including but not limited to biological studies, noise, archeological, etc.
13. Permit preparation and/or processing.
14. Traffic control plans.
15. Permit fees.
16. Services not listed herein.

Proposed Fee

Based on our understanding of your requirements and our experience with similar projects, we estimate that the fee required for our services will be approximately as follows:

Reference: Mission Hills CSD Municipal Well and Water Tank- Construction Documents

Municipal Well and Water Tank Project\$235,500

Our charges will not exceed the above fee estimate without your prior authorization. Stantec reserves the right to reallocate budget between the tasks if necessary, provided the overall total is not exceeded.

We have estimated the cost of our services based on our understanding at this time of the scope and complexity of the work. During the performance of our services, the need for additional or expanded services may be determined. We will make every reasonable effort to keep you informed of our progress and costs incurred.

Schedule

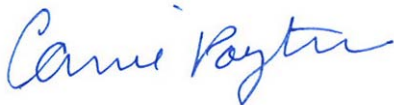
Per the Burton Ranch Development Agreement, the Final bid design documents must be completed within 270 days from effective date of the Development Agreement.

Authorization to Proceed

Should you require additional information or wish to discuss this work authorization further, please give me a call at (805) 308-9158. If Mission Hills Community Services District agrees with this proposal, Mission Hills Community Services District will provide the District's Agreement for Stantec to sign.

Regards,

Stantec Consulting Services Inc.



Carrie Poytress P.E.
Project Manager
Phone: 805-308-9158
carrie.poytress@stantec.com



Venu Kolli P.E.
Regional Leader
Phone: 949-413-9059
venu.kolli@stantec.com

Attachment: Professional Services Agreement
pc v:\1840\active\184031566\promotion\tank and well\20230508_proposal_tank_and_well.docx

EXHIBIT B
FEE ESTIMATE



FEE ESTIMATE - Mission Hills CSD- Municipal Well and Tank

	Project Manager	Project Engineer	Civil/ Mechanical-EIT	Survey Project Manager	2-person Party Chief	2-person Chainman	Survey Processing	Utility research	Expenses	Geotech- Earth Systems	Electrical- Alan Noelle Engineering	Structural- Van Sande
Project Billing Rate	\$240.00	\$210.00	\$165.00	\$210.00	\$155.00	\$155.00	\$205.00	\$125.00				
Total Units (T&M)	100	236	158	8	24	24	24	4				
Fee (T&M)	\$24,000.00	\$49,560.00	\$26,070.00	\$1,680.00	\$3,720.00	\$3,720.00	\$4,920.00	\$500.00	\$42.61	\$9,685.50	\$20,900.00	\$90,200.00
Escalation (T&M)	\$118.01	\$240.93	\$142.94									
Total Fee (T&M)	\$24,118.01	\$49,800.93	\$26,212.94	\$1,680.00	\$3,720.00	\$3,720.00	\$4,920.00	\$500.00	\$42.61	\$9,685.50	\$20,900.00	\$90,200.00

	Hours	Labour	Expense	Subs	Total
Total	578	\$114,671.89	\$42.61	\$120,785.50	\$235,500.00

Task Code	Task Name	Units										
201	Site Mapping and Investigation	4	10	8	24	24	24	4	42.61			
202	Geotechnical Investigation								9,685.50			
203	Operational Analysis	16	36									
204	Design Documents		184	144						20,900.00	90,200.00	
205	Project Management	84	12	4								

	Hours	Labour	Expense	Subs	Total
	98	\$17,030.00	\$42.61		\$17,072.61
				\$9,685.50	\$9,685.50
	52	\$11,400.00			\$11,400.00
	328	\$62,765.26		\$111,100.00	\$173,865.26
	100	\$23,476.63			\$23,476.63

EXHIBIT C

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to District in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to District.

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy from CG 00 01 or the equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or the equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designated to protect against acts, errors or omissions of the Consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than \$1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend the insured. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurer that are admitted carriers in the state California and with an A.M. Bests rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and District agree to the following with respect to insurance provided by Consultant:

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds District, its officials employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992 or current equivalent. Consultant also agrees to require all consultants, and subcontractors to do likewise.

2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against District regardless of the applicability of any insurance proceeds, and to require all Consultants and subcontractors to do likewise.

3. All insurance coverage and limits provided by Consultant and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the District or its operations limits the application of such insurance coverage.

4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to District and approved of in writing.

5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any Consultant or subcontractor.

6. All coverage types and limits required are subject to approval, modification and additional requirements by the District, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect District's protection without District's prior written consent.

7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to District at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, District has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by District shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at District option.

8. Certificate(s) are to reflect that the insurer will provide 30 days notice to District of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will “endeavor” (as opposed to being required) to comply with the requirements of the certificate.

9. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, noncontributing basis in relation to any other insurance or self insurance available to District.

10. Consultant agrees to ensure that subcontractors, and any other party involved with the project that is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to District for review.

11. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any Consultant, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to District. If Consultant’s existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the District. At the time the District shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

12. The District reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the District will negotiate additional compensation proportional to the increase benefit to District.

13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

14. Consultant acknowledges and agrees that any actual or alleged failure on the part of District to inform Consultant of non-compliance with any insurance requirements in no way imposes any additional obligations on District nor does it waive any rights hereunder in this or any other regard.

15. Consultant will renew the required coverage annually as long as District, or its employees or agents face an exposure from operations of any type pursuant to this

agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until District executes a written statement to that effect.

16. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to District within five days of the expiration of the coverages.

17. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to District, its employees, officials and agents.

18. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

19. These insurance requirements are intended to be separate and distinct from any other provision in this Agreement and are intended by the parties here to be interpreted as such.

20. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

21. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge District or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to District. It is not the intent of District to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against District for payment of premiums or other amounts with respect thereto.

22. Consultant agrees to provide immediate notice to District of any claim or loss against Consultant arising out of the work performed under this agreement. District assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve District.



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: Brad Hagemann, General Manager
DATE: June 21, 2023
SUBJECT: **Approve Resolution No. 23-353**

Recommendation / Proposed Motion

- Proposed Motion: Approve Resolution No. 23-353 updating the signatories for District monies in the Local Agency Investment Fund (LAIF) and rescinding Resolution No. 19-325.
- **Policy Reference**

This resolution complies with District Resolution No. 12-202 and Statement of Investment Policy.

Background/Discussion

The California Local Agency Investment Fund (LAIF) program is a voluntary program created by State statute. LAIF began in 1977 as an investment alternative for California's local governments and Special Districts that offer local agencies the opportunity to participate in a major portfolio using the investment expertise of the State Treasurer's Office investment staff, at no additional cost to Special District rate payers.

A new Resolution is required whenever new Directors are elected or appointed or when the District needs to update the District's LAIF account signatories. The updated Resolution remains in effect until rescinded by the Board of Directors.

Attachment: 1

Resolution No. 23-353

RESOLUTION NO. 23-353

**A RESOLUTION OF THE
MISSION HILLS COMMUNITY SERVICES DISTRICT
AUTHORIZING AND UPDATNG THE SIGNATORIES FOR INVESTMENT OF
DISTRICT MONIES IN THE LOCAL AGENCY INVESTMENT FUND (LAIF}**

(RESCINDING RESOLUTION NO. 19-325)

WHEREAS, California Government Code Section 16429.1 was added to the Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, The Board of Directors of the Mission Hills Community Services District does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein is in the best interest of the Mission Hills Community Services District.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby authorize the deposit and withdrawal of the Mission Hills Community Services District monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED that the following Mission Hills Community Services District officers **or their successors in office** shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

Steve Dietrich, President

Jim Keeling, Finance Director/Treasurer

Myron Heavin, Director

Matthew Starbuck, Director

Brad Hagemann, General Manager



MISSION HILLS COMMUNITY SERVICES DISTRICT

6. COMMUNICATIONS- Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide a reference to staff or other resources for information, request the Board President consider placing an item on a future committee meeting or regular meeting.

A. General Manager Comments

B. Director's Comments

C. Public Comments

LAST PAGE OF BOARD PACKET